

The great global connection

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DULCIDIO DE LA GUARDIA graduated from Florida State University with a degree in business administration in 1984 and obtained his Masters in business administration from Loyola University in 1986. His experience includes time as Development Manager of the Panama Stock Exchange; Vice President of Private Banking and Investment at the Banco Continental de Panamá. He previously served as Vice Minister of Finance from July 2009 to August 2011.

Located at the centre of the Americas, Panama is utilising its privileged geographic location and its world-class infrastructure and logistics platform to grow at a rate of 6 per cent annually and establish itself as a global hub for inter-connectivity. The steps we have taken to achieve an effective and robust democracy with a strong and vibrant economy have become a model for reform and prosperity in the region.

In 2018, Panama's economy is expected to grow at the highest projected growth rate among Latin American countries. The outlook for this year was revised in October and confirmed by estimates from the International Monetary Fund (IMF), the World Bank and the Economic Commission for Latin America and the Caribbean. For the medium term, according to the latest update of IMF projections published in October 2017, the average growth between 2017 and 2022 will amount to 5.6 per cent -- the highest in Latin America.

The numbers alone show Panama's prosperity. Our country continues to be an epicentre of economic development in Latin America and a gateway to access Latin American markets.

We lead the region in competitiveness and we are among the 50 more competitive economies of the world, according to the Global Competitiveness Index published by the World Economic Forum in 2017. Our economic growth, political and social stability, and responsible fiscal policy, have allowed us to tap into the international capital markets to fund the development of our country.

Our economic growth is also supported by our ambitious public investment plan that stimulates not only the growth of our nation but also the quality of life of our citizens. While the Canal remains an icon of our success, Panama currently allocates more than 6 per cent of GDP to additional infrastructure investments. A few examples are the construction of two metro lines, a fourth bridge over the canal, and the modernisation of our road network to continue offering competitive services to the world.

Our banking system also plays a pivotal role as the backbone of our economic growth. Sophisticated financial intermediation feeds into economic activity via a diversified loan portfolio, where no individual sector accounts for more than 30 per cent. From 2012, our domestic deposit base has grown steadily, and it will continue growing in a sustainable way in the coming years.

Operating at the centre of a complex trade and financial environment, Panama continues to make progress in aligning its regulatory framework with Basel III standards, and is well-placed to fully implement the prudential standards outlined in its first pillar by the end of the year. We fully implemented capital requirements by July 2016, aligning Panama's Common Equity Tier 1, T1 and total capital ratios with Basel III standards.

Since 2014, we also have implemented dynamic provisioning requirements, demanding banks adjust and disclose provisions based on quarterly risk-weighted asset (RWA) changes. Our regulatory agency, the Superintendency of Banks, expects new regulations on risk-based capital charges for operational and market risks as well as short-term liquidity ratio (SLR) to be implemented later this year.

Since President Juan Carlos Varela took office in 2014, we also began a process to strengthen financial transparency in our country. Through tangible actions, we have demonstrated that Panama is relentless in its fight against corruption and against those who intend to abuse our world-class services platforms.

In record time, we have adopted legislation and mechanisms and championed agreements that have earned the recognition of international organisations and global leaders that support the international transparency agenda.

In October of 2017, we joined the Mutual Administrative Convention on Mutual Administrative Assistance in Tax Matters, which allows for multilateral information sharing on request (104 jurisdictions are part of the convention) and provides a single legal basis for cooperation on tax matters. The Organisation for Economic Co-operation and Development (OECD) Global Forum conducted a fast-track peer review of Panama's tax system in 2016 and we were rated as largely compliant on the report presented to the G20 in Hamburg last July. In October last year, we also joined the OECD's Inclusive Framework of Base Erosion and Profit Shifting (BEPS).

Our economic growth, political and social stability, and responsible fiscal policy, have led us to be an ideal partner for doing business in the Latin America region. We will continue to adhere to the mission we have been given by our ideal geographic location: bringing the people, products, businesses, services of the world together. We will continue to be the great connection. **F**