

# LIVING ABROAD

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## PANAMA

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*“The country's indigenous name means ‘abundance of fish,’ rafters can ride 20 sets of rapids in a single day, wildlife abounds in the scarcely-visited national parks, and a person can snorkel in the Caribbean Sea and swim in the Pacific Ocean ... on the same day!” [www.allaroundpanama.com](http://www.allaroundpanama.com)*

Panama lies between Central and South America, bordered by Costa Rica on the west and Colombia on the east. It is a long and narrow country, between 50 and 120 miles wide. Much of the country's activity revolves around the Panama Canal, which is 82 kilometers (about 51 miles) long and divides the country into eastern and western regions.

Panama is in an advantageous location. Apart from being home to the great Canal, it is within reasonable distance to many other important cities. By plane, Miami is only two hours from Panama, and New Orleans is only three hours away. New York City is a mere four to five hours away, while Amsterdam is about a fourteen to sixteen hour flight from Panama City.

### History

For many years, Panama has been the disputed territory of more powerful nations. The earliest known inhabitants of Panama, the Cueva, Coclé Cultures and Cunas, were all but wiped out when the Spanish arrived on the isthmus in the sixteenth century. After several attempts to colonize Panama, the Spanish settlement of Nombre de Dios was established on the Caribbean coast in 1510. The location of this country (along both the Atlantic and Pacific oceans) proved to be advantageous for the Spanish. From what would become Panama City, the Spanish launched successful forays into Peru, which in turn generated much wealth for the small colony.

Panama went into a decline after Spanish interest waned. When Colombia received its independence from Spain in 1821, Panama became a province of that South American country. Not long afterward, Colombia signed a treaty which allowed the United States of America to construct railways across Panama and to defend it with a military force. The United States eventually negotiated rights to build a canal across the country, leading to more American intervention in Panamanian affairs. It also aided Panama's fight for independence from Colombia, which had been won in 1903 but never has been acknowledged by the larger country. The US intervened and paid US\$25 million to Colombia in 1922 in compensation for their loss of the Central American country.

By 1914, the US had completed the construction of the canal, but it remained involved in Panamanian affairs until 1936, when it relinquished its right to use troops outside the Canal Zone. The two countries continued to argue over the canal contract until the US handed over control in 1977; in that agreement, the US promised to withdraw from Panamanian interests by 1999.

## **Climate**

Panama is almost always hot and humid, with daytime temperatures ranging from 27 to 32 degrees Celsius (80.6 to 90 degrees Fahrenheit). Temperatures change very little, and during most of the year, it is not much cooler at night. Panama is home to two distinct seasons: the dry season, which extends from January to mid-April, and the rainy season, which is from mid-April to December. During the rainy season, it is overcast and cooler, and you should expect about three centimeters (one inch) of rain per day. Rainfall is heavier on the Caribbean side of the highlands, though most people live on or near the Pacific coast. Temperatures are typically hot in the lowlands throughout the year - days usually reach around 32°C (90°F) and only drop to an average of 22°C (72°F). Mountain temperatures are much cooler, ranging between 10-18°C (50 and 64°F) in a day, and they too vary little throughout the year.

## **The Culture**

Panama is a diverse country with a unique identity. Panama's population is just under three million, of which some 70 percent are mestizos and 15 percent of African descent. One of the factors that make it so unique is the blend of cultural mix from the foreign nationals who have settled in Panama over the years. The blend of Asian, African, French, North American and West Indian cultures has created a culture unmatched anywhere in the world.

Panamanians love to socialize, and welcome the opportunity to visit with friends and family. It is quite common for people to stop by unannounced for a visit, and to remain for hours after a dinner party.

Important things to remember: when meeting someone for the first time, it is common to greet them with a handshake. However, when male friends meet each other a nod and a brief hug, known as an “abrazo” is acceptable. Women usually embrace and kiss each other on the cheek. Always use the person’s title when addressing them, such as “Mr.,” “Mrs.,” or “Doctor.”

Panama is a country with a strong national identity. They enjoy good conversation, particularly about the family, friends, sports such as baseball, which is a national pastime. Avoid discussions concerning the United States and its relationship with the Canal Zone, or the invasion in 1989.

## **Language**

Spanish is the official language of Panama, but English is commonly spoken in both business and social situations. Foreign nationals, however, should be prepared to speak Spanish in a business setting. For your business meetings, you may want to inquire as to the need for an interpreter.

## **Religion**

As in most Central American countries, the majority of the population is Catholic, but all other denominations are represented and practiced throughout the country.

## **Doing Business**

Panama's economy has traditionally been founded on income derived from services, The Colon Free Zone, The Panama Canal and its banking center.

The other traditional mainstay of the economy is agriculture. About 30 percent of the population works in the agricultural sector. Agrarian reform, although not always practiced, is gradually gaining the support from tenant farmers. Over 50 percent of the land is forested, however, and the need for more arable land is forcing a rapid deforestation. Growing unemployment has forced people to the isolated frontier lands, which are mainly tropical rain forests.

## **Considerations**

Food processing is the main industry, with textile, clothing and chemicals, plastics and other light industries contributing to the economy as well. One of the most dynamic sectors of Panama's economy is banking.

## **Panama Canal Free-Trade Zone**

Set up in 1948, the bustling 360-acre, 200-hectare, area on the Atlantic entrance to the Panama Canal is the world's second largest free-trade area next to Hong Kong. Nearly 1,700 companies use the area's strategic entrance to the canal in order to avoid paying import or export charges. These companies distribute everything from computers to clothes.

## **Business Customs & Etiquette**

Punctuality is appreciated by business people, as is giving your host enough time to plan for your arrival. Thus, you should make appointments at least one week in advance. When you meet with your Panamanian colleagues, a handshake is a normal greeting. Do not rush into a meeting with talk of business right away. Your associates are more likely interested in getting to know you first. The exchange of business cards is important. If it is possible, get them printed in Spanish. This goes for any other literature you will be using for business matters.

Executives and general managers are expected to wear suits, whereas lower-level managers usually wear "guayaberas" (known as *panabrisas*), shirts left untucked and worn over trousers. Foreign businessmen should always wear dark suits on their first visit, but later may wear guayaberas if their business associates do at the next meeting. Businesswomen should wear dresses or skirts and tailored blouses. Since Panamanian women are now moving into higher managerial positions, there should be no difficulties for women doing business.

Be aware of the importance of titles: "Licenciado" for a BA holder; "Doctor" for a Ph.D., lawyer or medical doctor; "Arquitecto" for an architect and "Ingeniero" for an engineer.

Office hours are usually Monday to Friday, 8:00 a.m. to Noon, and then 1:00 p.m. to 5:00 p.m.

## **Security in Panama**

There is moderate crime activity in Panama's cities, but the capital, Panama City, is safer than most. There are, of course, some parts of town to be avoided, particularly at night, like the Chorrillo district. Other areas to be avoided are Marañon, San Miguelito, and Río Abajo. The city of Colon is also not as safe, and it is advisable not to travel unaccompanied through town.

Areas of the Darien province, particularly between the town of Yaviza and the Colombian border, may be dangerous. The only way to get to the Colombian border is by foot; this is not advisable for individual travelers or for small groups. In this area there is limited Panamanian

police presence, and it is known to be inhabited by guerrillas, smugglers and illegal aliens.

In 1996, Panama City adopted a curfew for minors under age 18 in an attempt to minimize violence and delinquency in the city. Young people going to school or work after curfew must carry an identification card or certificate of employment. Minors found violating the curfew will be detained at the local police station until their parents can arrange their release, which may include a US\$50 fine. Throughout Panama City, minors are not allowed out Sunday to Thursday, from 9:00 p.m. to 5:00 a.m., and Friday and Saturday from 11:00 p.m. to 5:00 a.m. In the San Miguelito area, curfew is every day, from 9:00 p.m. to 5:00 a.m.

Driving in Panama is a challenge. Traffic problems, poorly maintained streets, lack of appropriate signs and traffic signals and undisciplined drivers make for hazardous driving conditions. Taking a bus or taxi is not much of an improvement since the vehicles are not often in safe operating condition due to lack of regulatory enforcement. If you go out on the road, be sure to drive defensively.

UK, German and Swiss citizens, to name a few, need only a passport to enter Panama, while people from Australia, Japan, New Zealand, the United States, Venezuela, etc., need a tourist visa or tourist card as well. Contact a local embassy or consulate for current details.

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