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## PANAMA- TRADE & INVESTMENT OPPORTUNITIES IN AGRICULTURE

Panama's agricultural sector is diverse and vibrant, producing a range of crops. Agricultural policies focus on competitiveness and sustainability; food security; rural development; and market access. Panama's agricultural sector presents significant and unique opportunities and has the potential to become a significant driver of the country's economic growth. By addressing key challenges and focusing on high-value production, sustainability, value-added products, and knowledge transfer, Panama can unlock its agricultural potential, enhance food security, and create a more prosperous and competitive agricultural sector.

### INTRODUCTION

Panama's agricultural sector is diverse and vibrant, producing a range of crops such as basic grains (rice, maize, beans), fruits (bananas, pineapples, oranges), vegetables (onions, potatoes), and high-quality coffee beans that are highly esteemed in the global market. While agriculture contributed approximately 2.4% to Panama's GDP in 2020, its growth has been inconsistent, largely due to extreme weather events affecting food security. Despite its relatively small economic footprint, agriculture is vital for over 14% of the rural workforce, underscoring its importance to social and economic well-being.

### KEY PRODUCTS AND OPPORTUNITIES

- **Geisha Coffee:** Panama is renowned for its Geisha coffee, a highly sought-after and valuable product. Foreign expertise in specialty coffee cultivation and marketing can enhance production and access to new markets.
- **Exotic Fruits:** Panama's tropical climate is perfect for cultivating exotic fruits such as passionfruit, rambutan, and dragonfruit. Foreign investors with experience in these crops and international market connections can help establish Panama as a reliable supplier.

- **Cacao:** Panama is known for its high-quality cacao, influenced by the country's diverse microclimates and rich, volcanic soils. Panamanian cacao has gained international recognition and is used by premium chocolate makers worldwide.
- **Flower cultivation:** Flowers such as orchids, heliconias, and anthuriums are popular and widely grown. The town of Boquete, located in the highlands of Chiriquí province, is particularly famous for its flower production. Boquete's Flower and Coffee Festival, held annually, showcases the region's floral diversity and attracts visitors from around the world. Flower cultivation in Panama supports local economies and is an integral part of the country's agricultural sector.

## GOVERNMENT INITIATIVES AND AGRICULTURAL POLICY

The Ministry of Agricultural Development (MIDA) in Panama spearheads agricultural policies focused on:

- **Competitiveness and Sustainability:** Promoting efficient and environmentally friendly practices.
- **Food Security:** Ensuring staple foods are affordable and accessible.
- **Rural Development:** Enhancing the quality of life in rural areas.
- **Market Access:** Expanding the reach of Panamanian products in international markets.

MIDA implements these goals and policies through various programs, including:

- **Technical Assistance:** Providing training and resources to farmers.
- **Financial Support:** Offering loans and subsidies.
- **Marketing Initiatives:** Helping farmers sell their products.

## KEY CHALLENGES

Despite its potential, Panama's agricultural sector faces some challenges that have hindered significant growth in recent decades. The following issues have contributed to a stagnant agricultural export sector and a reliance on imports.

- **Climate Vulnerability:** Inadequate techniques for forecasting and managing droughts and heavy rainfall restrict production, especially in Chiriquí's highlands, which account for 80% of agricultural output/production.
- **Logistical Bottlenecks:** Poor transportation infrastructure leads to high post-harvest losses (40-60%), impeding efficient delivery to Panama City.
- **Land Fragmentation:** Small, fragmented landholdings among farmers limit opportunities for economies of scale and technological adoption.
- **Import Competition:** Stagnant domestic production and rising import costs create stiff competition from international markets with more efficient production and lower transportation expenses.

## MOVING FORWARD

Addressing these challenges could unlock Panama's agricultural potential. Key strategies to boost production, reduce losses and to enhance competitiveness in the global market include:

- **Weather Forecasting Technologies:** Investing in advanced systems to predict and manage weather-related impacts.
- **Improved Infrastructure:** Developing better transportation networks to reduce post-harvest losses.
- **Land Consolidation Initiatives:** Encouraging land consolidation to facilitate economies of scale and technology adoption.

- **Technology Adoption Programs:** Promoting modern agricultural techniques and equipment to boost productivity.

## **TRADE & INVESTMENT OPPORTUNITIES**

Panama's agricultural sector offers numerous and exciting opportunities for companies with the right expertise:

### **High-Value Production & Innovation:**

- **Specialty Crops & Exotics:** Expand production and markets for Geisha coffee, passionfruit, rambutan, and dragonfruit.
- **Greenhouse Technology and Production:** Switzerland has a strong reputation in greenhouse technology. Utilizing solutions for controlled-environment agriculture and horticulture could enable Panama to produce high-value crops year-round.
- **Seed Development and Propagation:** Develop disease-resistant and high-yielding seed varieties. Swiss companies with expertise in developing and propagating disease-resistant and high-yielding seed varieties can be valuable partners for Panamanian farmers looking to improve crop yields.
- **Precision Agriculture & Vertical Farming:** Implement smart irrigation, weather forecasting techniques, data-driven management, and vertical farming for improved efficiency and resource use. Water scarcity is an increasing concern in Panama. Swiss companies with expertise in precision irrigation systems, which optimize water usage, could play a crucial role in addressing this issue. Additionally, Swiss firms providing sensor technology to monitor soil health, crop growth, and weather conditions would be invaluable for implementing data-driven farming practices.
- **Land Consolidation Initiatives:** Encouraging land consolidation to facilitate economies of scale and technology adoption.

### **Sustainability & Value Creation:**

- **Sustainable Practices:** Adopt organic and regenerative agriculture to enhance soil health, water conservation, and biodiversity. Global demand for organic produce is on the rise. Swiss companies, with their expertise in organic farming practices and certification processes, can help Panamanian farmers meet this growing demand. Additionally, Swiss firms specializing in soil conservation, crop rotation, and other sustainable farming techniques can assist Panamanian farmers in protecting their land and resources.
- **Food Processing & Value-Added Products:** Invest in processing facilities to reduce waste and create higher-value products. Swiss companies with expertise in food processing and preservation technologies can assist Panamanian farmers in reducing post-harvest losses and extending the shelf life of their produce. By collaborating with Panamanian producers, Swiss companies can also help develop value-added products such as jams, juices, and pre-cut vegetables, thereby increasing farmers' profitability.
- **Cold Chain Infrastructure:** Develop reliable cold chain systems for transporting and storing perishable products. Swiss companies with expertise in refrigeration and cold chain management can make significant contributions in this area.

### **Agribusiness and Market Access:**

- **International Market Access:** Leverage established networks to access high-value markets. Swiss companies with established international networks can assist Panamanian farmers in accessing high-value markets for their produce.
- Panama has potential to become an **Agri-Food Hub** by leveraging its logistics capabilities and agricultural sector. A key initiative advancing this goal is the development of agro-logistics parks, which aims to integrate logistics and agriculture to enhance the country's role in the global agri-food supply chain.

## CONCLUSION

Panama's agricultural sector presents significant and unique opportunities and has the potential to become a significant driver of the country's economic growth. By addressing key challenges and focusing on high-value production, sustainability, value-added products, and knowledge transfer, Panama can unlock its agricultural potential, enhance food security, and create a more prosperous and competitive agricultural sector.

## HOW S-GE CAN SUPPORT

We would be delighted to support you in your expansion plans to Panama and connect you with the appropriate business partners to follow up on the planned agricultural projects.

Our renowned experts in Zurich work closely with the Embassy for Panama, Costa Rica, El Salvador and Nicaragua, based in San Jose, Costa Rica, as well as the Swiss-Panamanian Chamber of Commerce based in Panama City, Panama, ensuring that you benefit from firsthand information. We look forward to hearing from you!

Compiled by Swiss Panamanian Chamber of Commerce, Panama City, Panama, May 2024

## GET IN TOUCH



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