



May 2022

# EU-PANAMA RELATIONS

Lying at the crossroads of the North and South American continents and the Atlantic and Pacific oceans, Panama is of key international strategic importance. The EU and Panama have traditionally had strong and positive bilateral relations. Panama is an important like-minded partner in the region on a range of major international issues (Human Rights, Democracy, multilateralism, regional integration and free trade).

EU and Panama cooperate in many areas like digital transformation, ocean governance, climate and environmental action, including water security or triangular cooperation.

Relations with Panama are governed by the legal frameworks of the EU-Central America Political Dialogue and Cooperation Agreement (PDCA) and the provisional application of the trade pillar of the EU-Central America Association Agreement (AA).

## TRADE



### PANAMA IS:

1<sup>ST</sup>

Export destination for the EU in Central America

2<sup>ND</sup>

Most important trade partner in the region following Costa Rica



### THE EU IS

1<sup>ST</sup>

Export destination for Panama (12.1%)

3<sup>RD</sup>

Supplier after the US and China

TOTAL  
EXPORTS  
PANAMA > EU

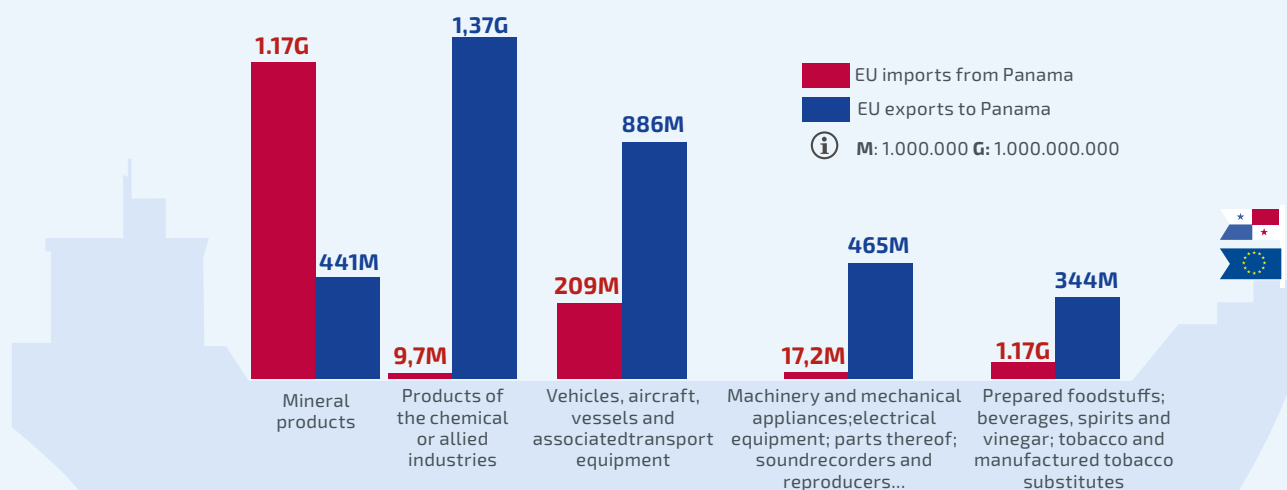


€802  
million  
(2020)

TOTAL  
EXPORTS  
EU > PANAMA



€1.8  
billion  
(2020)





## EU-PANAMA PARTNERSHIP



### THE EUROPEAN INVESTMENT BANK IN PANAMA

The EIB finances projects with a **strong focus on climate action and social impact** that are aligned with the priorities of the EU's external action, as well as the EIB's strategy as Bank for Climate. In Panama, the EIB has identified the following **areas to invest: sustainable transport, water and sanitation, renewable energies & energy efficiency projects, and sustainable agriculture.**

From 1998 to 2020, **nine operations** have been signed, all of them with the public sector, for a total amount of over **800 million euros.**

The **Panama Canal** is the backbone of the country's economy and the linchpin for its foreign relations and socio-political development. The completion of the enlarged Panama Canal is a major achievement, not only for Panama but for international trade in general. The **EIB, in the largest operation in its history in Latin America, provided USD 500 million of the USD 5.2 billion cost of the Panama Canal expansion (2009-2016).**



### EU PENDING PROCEDURES

Despite general good relations, Panama was included in the updated EU list of high-risk countries having strategic deficiencies in their regime on anti-money laundering and counter terrorist financing (AML/CTF), the EU list of non-cooperative tax jurisdictions and received a "yellow card" regarding Illegal, unreported and unregulated fishing (IUU).

The EU and Panama maintain close cooperation to address these issues. For example, the EU has offered technical assistance to Panama through the "EU Global Facility", a project that provides support to partner countries to put in place effective AML/CFT frameworks in compliance with the international standards.



### COOPERATION

Panama will benefit from the **Multiannual Indicative Programme for Latin America (2021-2027)** with €1.5 M specifically allocated to Panama for two priority sectors (i) digital transformation and (ii) climate change.



### DIGITAL TRANSFORMATION & CLIMATE ACTION

The EU and Panama share the **common ambition to lead the digital transformation and a green agenda.**

The establishment of a **Copernicus Emergency Management Service data centre** in Panama with a regional geographic scope for disaster preparedness will be one of the main EU interventions for the coming years.

The future centre will make geospatial data from the EU available to the countries of the region. This accurate and up-to-date information for environmental management and mitigation of the effects of climate change can be linked to natural disaster events, and will serve to guide risk management and recovery activities.

The Copernicus Centre is a key part of the future **Digital Alliance** between the European Union and Latin America and the Caribbean and of our bi-regional cooperation strategy. Together with the extension of the **BELLA submarine** cable to Panama, Copernicus will contribute to the advancement of bi-regional digital priorities and agendas, and to Panama's ambition to become a digital hub in the region.

Panama will host the next international **Our Ocean Conference** in 2023 and the CITES conference in October 2022. Green transition will be key in the context post-COVID recovery.

