

Market Research

“Opportunities for Indian Exporters in the Colon Free Zone”

Produced for:

Embassy of India

Panama

April 2007

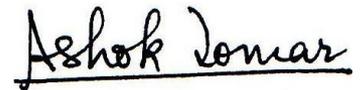
Produced by Investigaciones Mercadologicas

FOREWORD

The Colon Free Zone (CFZ), located at the northern tip of the Panama Canal, is one of the largest free trade zones in the world. Last year, the total trade turnover in this Zone was around US\$14.4 billion, with US\$6.8 billion imports and US\$7.6 billion re-exports. The Zone is used extensively by neighbouring countries of Panama, viz. Colombia, Venezuela, Central American and Caribbean States and others, who make purchases in this local market instead of importing these products from far off continents. The well established business network in the CFZ makes it a convenient commercial hub for exporters as far off as in East Asia, and for buyers in Latin America. The rates of growth in the CFZ are indicative of its increasing popularity.

This study is intended to inform the Indian exporting community, which has so far not made use of the CFZ and the opportunities it offers, to penetrate the South American, Central American and Caribbean markets. It is hoped that this study will generate interest amongst Indian exporters who are seeking to build commercial collaborations with Latin American partners.

I would like to take this opportunity to thank Shri B. Rajagopalan, First Secretary (Com) in the Embassy who has worked hard to give final shape to the Market Survey Report as well as to Mr. Manuel Alvarado Guardia, President, *Investigaciones Mercadologicas, SA* for conducting the Market survey and preparing the report.



(Ashok Tomar)
Ambassador

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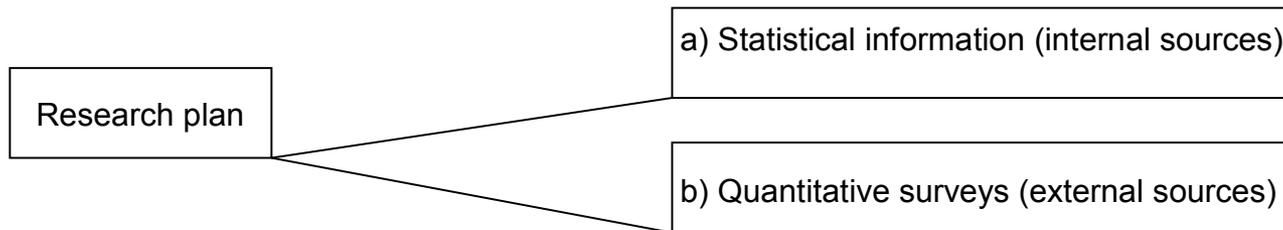


Introduction

The following report is the result of marketing research conducted in Colon Free Zone during March and April.

The main objective of the study was to examine the opportunities for exports from India to Colon Free Zone and to determine the feasibility of establishing a warehouse in this Zone, to be operated by an Indian private party which may have connections or ties with the Exporting Agencies from India.

The market research consists of two parts:



Republic of Panama, 30/04/2007

Objectives of the study

In more specific terms, the objectives of the marketing study are:

- Establish the product groups and value of imports into and re-exports from Colon Free Zone.
- Establish the regions and destination-countries with value of re-exports from Colon Free Zone.
- Analyze the exports being done by other exporters from Asia (PRC, Taiwan, Hong Kong, South Korea and Japan) to Colon Free Zone, in order to provide a comparative statement.
- Establish the product groups and estimated volume / value of imports from India.
- Analyze the strengths, weaknesses, challenges and opportunities for imports from India.
- Determine the feasibility of having a warehouse arrangement which could facilitate logistical transactions of goods imported from India.
- Analyze the utility of establishing a sales office by Indian exporters and also provide cost estimates.

Information on Colon City and the Colon Free Zone



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April 2007

Information on Colon city and the Colon Free Zone

a) The City of Colon

- Colon is the second largest city in the Republic of Panama. Located at the Atlantic entrance to Panama Canal. Colon is the Capital of the Province of Colon.
- Panama's Colon Free Zone ensures its importance as a crossroad for worldwide merchandise traffic. One of the largest port/haven systems in Latin America which even surpasses the Port of Miami. Included are the Manzanillo International Terminal, Colon container Terminal, Panama Port Terminal and Colon Port Terminal.



b) Colon Free Zone

It started operations in 1948 and occupies 400 hectares of land. It is located near the Atlantic Sector Entrance of the Panama Canal. Divided in two big areas: one located in Colon City, segregated from the city itself by a wall; and the other relatively new, in the France Field area, which is designed for warehouses covering 130 acres and at a distance of only 400 yards from the Colon commercial sector.

There are more than 2000 companies presently in the Free Zone. They can count on all services and facilities offered by the Free Zone, for importing, storing, assembling, re-packing and re-exporting products from all over the world: from all types of electrical and electronic appliances to pharmaceutical products, liquor, cigarettes, office and home furniture, clothing, shoes, jewellery, toys, etc. It is considered the “Trading Showcase” of Central and South America as well as of the Caribbean.

Colon Free Zone (“CFZ”) is the largest free zone in the Americas and the second largest in the world. CFZ receives yearly more than 250,000 visitors from all parts of the world, mainly from countries such as Haiti, Jamaica, Costa Rica, Venezuela, Colombia, United States and Ecuador.

CFZ imported and re-exported goods valued at **US\$6.8 billion** and **US\$7.6 billion** respectively in 2006 (*Chart-1, page 11*). It is one of the leaders in global trade. According to statistics, the country noted as the largest importer of goods from CFZ is Venezuela (US\$1.58 billion).

China exports the largest volume of goods to CFZ (US\$1.9 billion). In 2006, re-exports from CFZ increased 15.1% in value and 9.6% in volume, while the imports increased 9.7% in value and 6.9% in volume. The CFZ success is due to a combination of factors such as the geographical location of Panama at the crossroads of the world, the Panama Canal,

the fact that the US dollar is legal tender, a large banking center at its doorstep, a well developed insurance and reinsurance industry, several state-of-the-art container ports and not very onerous business requirements.

Due to its geographic location, the CFZ is a major factor in channeling goods from large exporting countries to consumer markets in Latin America. Most Free Zone merchandise is transshipped from Colon to other parts of the Western Hemisphere and Europe. Imports into the CFZ come mainly from the Far East (63%). The largest individual supplier of the CFZ in 2006 was China (28%), followed by Hong Kong (18%), Taiwan(10%), United States(9%), Japan(3.6%), Korea(2.4%), Mexico, France, Switzerland, Italy, Thailand, Puerto Rico, Switzerland, United Kingdom, Malaysia and Netherlands. These countries supplied more than 85% of all CFZ imports. Venezuela, the largest buyer of merchandise, imports around 20% of all CFZ re-exports. Other principal purchasers are: Colombia, Panama (domestic market), Guatemala, Ecuador, Dominican Republic, Costa Rica, Ecuador, United States, Honduras, Cuba, El Salvador, Mexico, Brazil, Chile, Peru and Haiti. These countries buy approximately 65% of all re-exports from the CFZ.

The CFZ is administered as an autonomous institution of the Panamanian government. The CFZ Administration is operated and managed by its Board of Directors, an Executive Committee and the General Manager of the institution. Corporations or individuals of any nationality may establish operations in the CFZ without obtaining a commercial license or investing any minimum amount of capital. Firms interested in operating in the CFZ must file an application and provide a copy of the articles of incorporation and bank references.

Companies operating in the CFZ can be engaged in four types of sales operations:

- ❖ Re-export of goods from CFZ warehouses
- ❖ Sales to clients located within Panama's customs territory
- ❖ Direct sales to foreign clients in which goods are shipped from a third country manufacturer without physically arriving in the CFZ
- ❖ Transfers in which sales are made to other CFZ firms.

Companies operating from the CFZ enjoy many trade advantages along with special tax incentives such as tax credits, depending on the number of Panamanian employees, and special income tax rates on foreign trade operations.

Companies in the free zone do not pay corporate income tax. Dividends paid on profits from foreign trade operations and from direct sales are not subject to the dividend tax. Merchandise arriving at, stored in, or leaving the CFZ destined for a foreign country is exempt from taxes, charges or any type of tariff. Also, CFZ companies are not subject to any type of federal or municipal tax.

c) Transportation System

- Colon Free Zone is easily accessible from Panama City. Motor vehicles take 55 minutes from Panama to Colon.
- Panama has two modern airports– one international and the other providing services for regional airlines and all types of private planes. Helicopters and light aircraft are commonly used.
- Public bus and taxi services are available.
- Panama Transcontinental Railroad also provides services for passengers and freight.
- Panama Canal Transit.

Chart 1

Statistics of Colon Free Zone Total Imports and Re-exports during 2000-2006

YEAR	TOTAL IMPORTS		YEAR	TOTAL RE-EXPORTS	
	VALUE (US\$ MN.)	WEIGHT (METRIC TONS)		VALUE (US\$ MN.)	WEIGHT (METRIC TONS)
2000	4,464	757830	2000	5,299	709890
2001	4,606	805165	2001	5,385	741125
2002	4,218	786194	2002	4,843	623939
2003	4,004	758302	2003	4,583	698848
2004	5,075	969444	2004	5,473	835210
2005	6,215	1050862	2005	6,660	937887
2006 (P)	6,818	1123254	2006 (P)	7,666	1027756

(P): Provisional statistics

Source: Colon Free Zone Department of
Economic Studies

COLON FREE ZONE							
REGISTERED IMPORTS							
THE MOST IMPORTANT PRODUCT GROUPS (2000-2006)							
VALUE : US\$ MILLION							
PRODUCT GROUPS	2000	2001	2002	2003	2004	2005	2006
(P) Textiles	671	786	719	618	851	1,096	881
Radio, TV & Communication Devices	539	501	459	348	397	478	368
Shoes and Sport Shoes	322	337	309	315	401	515	421
Pharmaceutical products	318	96	88	443	485	565	439
Linen	138	159	145	148	183	191	156
Perfumes & Cosmetics	155	154	141	118	164	200	163
Artificial Synthetic Fibre	212	165	146	119	155	164	122
Audio and Video Equipment	145	136	125	162	205	114	154
Gold Jewellery & Other precious metals	209	153	121	94	116	122	51
Clocks and Watches	147	120	109	76	108	120	86
Liquor beverages & beer	57	65	100	83	110	136	98
CDs/DVDs blank & recorded	32	27	441	87	103	151	94
Bed linen	65	89	592	45	62	81	76
Cigarettes	32	30	23	26	30	33	23

Note: For detailed break up, please refer to Annexure 1 (pages 52 to 56)

(P) Provisional Statistics
(January-September)

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**COLON FREE ZONE
REGISTERED RE- EXPORTS
THE MOST IMPORTANT PRODUCT GROUPS (2000-2006)
VALUE : US\$ MILLION**

PRODUCT GROUPS	2000	2001	2002	2003	2004	2005	2006(P)
Radio,TV & communication devices	547	572	552	397	427	533	392
Textiles	797	844	697	687	739	1,028	864
Clocks and watches	159	136	99	87	102	130	115
Perfumes and cosmetics	218	205	171	176	215	268	205
Audio and video equipment	183	157	140	172	195	224	167
Shoes and sports shoes	395	408	337	305	403	558	463
Artificial synthetic fibre	222	180	150	123	146	163	113
Pharmaceutical products	518	166	137	572	657	768	646
Linen	144	142	117	130	165	210	166
Gold jewellery and other precious metals	207	161	114	92	101	109	58
CDs/DVDs blank and recorded	36	24	55	77	113	161	117
Liquor beverages and beers	23	74	88	85	97	135	108
Cigarettes	30	31	27	26	32	38	31
Bed linen	66	89	63	44	62	90	75

Note: For detailed break up, please refer to Annexure 1 (pages 57 to 60)

(P) Provisional Statistics

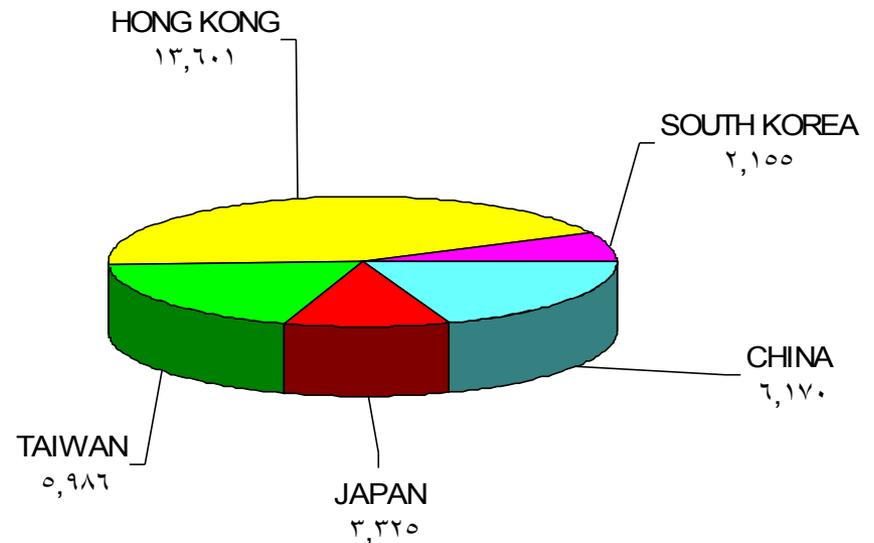
(January-September)

**Main exporters from Asia (China, Taiwan, Hong Kong, South Korea and Japan)
to Colon Free Zone**

During the period 1996 to 2006 the most important exporters to Colon Free Zone were:

- 1) HONG KONG: **\$13,601 million**
- 2) CHINA: **\$ 6,170 million**
- 3) TAIWAN: **\$ 5,986 million**
- 4) JAPAN: **\$ 3,325 million**
- 5) SOUTH KOREA: **\$ 2,155 million**

**COMPARATIVE CHART
IMPORTS REGISTERED IN COLON FREE ZONE**
Period 1996 - 2006 (Value in US\$ million)



Sources: Colon Free Zone Administration
Colon Free Zone Users Association
In depth interview

**Year-wise exports by main exporters from Asia
(China, Taiwan, Hong Kong, South Korea and Japan) to Colon Free Zone**

IMPORTS IN COLON FREE ZONE												
PERIOD:1996-2006												
(IN US\$ MILLION)												
Year From	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006 (P)	TOTAL
JAPAN	398	387	539	295	332	263	203	191	225	245	247	3325
TAIWAN	339	414	376	364	528	617	536	511	683	924	694	5986
HONG KONG	1181	1463	1339	1139	1368	1356	1113	946	1169	1277	1250	13601
SOUTH KOREA	306	275	269	212	177	175	167	117	140	151	166	2155
CHINA	105	147	203	161	207	296	411	540	877	1288	1935	6170
TOTAL	2329	2686	2726	2171	2612	2707	2430	2305	3094	3885	4292	31237

(P) Provisional Statistics

Source: Colon Free Zone Administration

Colon Free Zone Users Association

**REGIONWISE BREAK-UP OF RE-EXPORTS FROM COLON FREE ZONE
PERIOD: 2003 – 2006**

REGION	2003		2004		2005		2006 (P)	
	WEIGHT M.T.	VALUE US\$ mn.	WEIGHT M.T.	VALUE US\$ mn.	WEIGHT M.T.	VALUE US\$ mn.	WEIGHT M.T.	VALUE US\$ mn.
TOTAL	698,451	4,583	835,211	5,473	937,887	6,660	1,027,756	7,666
SOUTH AMERICA	273,848	1,803	383,214	2,487	439,992	3,168	497,247	3,756
CENTRAL AMERICA & THE CARIBBEAN	394,079	2,273	419,781	2,455	459,797	2,903	493,009	3,228
NORTH AMERICA	18,577	317	20,715	346	25,272	389	24,416	455
ASIA	3,612	128	3,908	125	4,922	131	4,336	141
EUROPE	3,896	35	3,245	31	3,667	37	4,305	46
AFRICA	879	9	181	9	248	8	303	9
OCEANIA	19	0.2	15	1	29	4	17	9
RUSSIA	24	0.4	0.9	0.03	9	0.2	0.2	0.02

Note: For country-wise break up, please refer to Annexure 1 (pages 61 to 64)

(P) : Provisional statistics

Source: Comptroller General's Office, External
Commerce Deptt.

Analysis of Imports from India



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April 2007

Introduction

Statistics provided by the Colon Free Zone (CFZ) Administration as well as the Market Survey conducted as part of the study, show a very low level of Indian exports to the Zone.

The average annual exports from India to the CFZ have been US\$40-45 million up to 2004. During the last two years, these exports have risen to around US\$57 million. India's share in global exports to CFZ is presently around 0.84%.

The bulk of Indian exports to the CFZ are textiles and clothing, and some aluminium ware.

There is no Indian company present in the Zone. The Market Survey conducted as part of the study shows quite clearly that our low commercial presence is mainly on account of our physical absence from the Zone and the consequent lack of knowledge among buyers about Indian products.

The CFZ has never been used by Indian exporters, despite the fact that there are no obstacles for India to do business there.

The following charts give details about the kind of products exported by India to CFZ as also the views of buyers in CFZ about Indian products.

Imports from India

during the period 1997-2006

	IMPORTS	
	Value	Weight
Years	(US\$ mn.)	(M.T)
1997	44.96	9,274
1998	40.87	9,755
1999	36.60	11,614
2000	45.41	15,782
2001	49.99	18,804
2002	38.13	13,582
2003	32.62	13,142
2004	44.56	15,194
2005	56.66	16,853
2006 (P)	56.72	16,078
Total Imports	446.52	140,078

The total value of imports from India during the period 1997 to 2006 was **\$446.52** million.

Source: Colon Free Zone Administration

“Statistics and census”

(P): Provisional Statistics

Imports from India (Cont...)
(Most important product groups)

Years	Note books		Synthetic fibre		Cotton shirts		Sweater without neck		Sweater with neck	
	Value	Weight	Value	Weight	Value	Weight	Value	Weight	Value	Weight
	(Thousand \$)	(M.T)	(Thousand \$)	(M.T)	(Thousand \$)	(M.T)	(Thousand \$)	(M.T)	(Thousand \$)	(M.T)
1997	(---)	(---)	7,746	2,151	1,156	75	3,107	256	396	22
1998	(---)	(---)	7,796	2,034	642	64	2,086	179	1,289	94
1999	(---)	(---)	5,795	1,579	145	12	1,316	458	688	63
2000	(---)	(---)	9,232	2,835	201	20	1,747	165	717	64
2001	17	14	3,224	9,758	207	35	3,019	360	737	99
2002	102	62	6,443	2,297	185	22	1,690	177	351	66
2003	620	526	3,232	993	463	184	2,306	318	313	48
2004	1,412	1,188	5,702	1,359	559	112	1,660	242	626	138
2005	1,760	1,386	5,045	1,169	282	17	1,686	198	702	115
2006 (P)	879	732	4,160	1,058	35	5	985	125	547	31
TOTAL IMPORTS	4,790	3,908	58,375	25,233	3,875	546	19,602	2,478	6,366	740

Source: Colon Free Zone Administration/"Statistics"

(P): Provisional Statistics

Imports from India (Cont...)
(Most important product groups)

	Shorts for men		Ladies dresses		Ladies skirts		Men's shirts CIF price less than \$ 66.00 per dozen		Men's shirts CIF price more than \$ 66.00 per dozen	
Years	Value (Thousand \$)	Weight (M.T)	Value (Thousand \$)	Weight (M.T)	Value (Thousand \$)	Weight (M.T)	Value (Thousand \$)	Weight (M.T)	Value (Thousand \$)	Weight (M.T)
1997	1,184	223	480	40	(---)	(---)	7,290	908	1,042	117
1998	1,197	195	456	54	(---)	(---)	3,124	357	464	20
1999	235	44	1,203	159	(---)	(---)	1,164	163	250	14
2000	285	78	1,952	273	928	285	800	105	268	15
2001	269	60	890	164	407	104	977	157	181	8
2002	354	63	320	29	431	96	894	89	155	10
2003	248	47	367	48	168	40	648	55	229	11
2004	346	51	449	73	126	12	998	75	451	22
2005	178	29	208	20	1,684	150	1,105	68	643	27
2006 (P)	228	39	271	31	745	43	568	29	383	13
TOTAL IMPORTS	4,524	829	6,596	891	4,489	730	17,568	2,006	4,066	257

Source: Colon Free Zone Administration/"Statistics"

(P): Provisional Statistics

Imports from India (Cont...)

(Most important product groups)

	Ladies blouses		Cotton linen		Linen		Aluminum kitchen products		Cutlery items	
Years	Value (Thousand \$)	Weight (M.T)								
1997	2,029	334	1,700	423	561	103	1,011	310	1,062	347
1998	2,253	402	426	116	257	69	1,587	652	1,256	439
1999	1,179	192	1,171	314	1,039	294	974	612	1,470	653
2000	1,700	243	794	227	1,622	518	1,673	880	1,188	602
2001	2,779	343	598	186	862	538	2,732	1,707	2,018	1,236
2002	3,607	333	695	238	1,621	516	983	720	1,115	592
2003	1,333	121	837	297	802	284	1,449	806	822	649
2004	1,631	136	995	309	3,073	965	793	448	1,518	735
2005	2,034	131	837	259	2,827	916	915	439	1,048	418
2006 (P)	1,804	108	367	124	1,189	365	904	364	1,466	472
TOTAL IMPORTS	20,349	2,343	8,420	2,493	13,853	4,568	13,021	6,938	12,963	6,143

Source: Colon Free Zone Administration/"Statistics"

(P): Provisional Statistics

Imports from India (Cont...)
(Most important product groups)

	Motorcycle parts		Aluminum utensils		Aluminum dinner ware		Wheel chair parts		Dental products	
Years	Value	Weight	Value	Weight	Value	Weight	Value	Weight	Value	Weight
	(Thousand \$)	(M.T)	(Thousand \$)	(M.T)	(Thousand \$)	(M.T)	(Thousand \$)	(M.T)	(Thousand \$)	(M.T)
1997	503	364	176	49	791	243	486	214	(---)	(---)
1998	18	2	1,365	434	2,000	723	365	271	(---)	(---)
1999	3	0	2,369	889	3,445	1,835	481	461	(---)	(---)
2000	(---)	(---)	2,651	1,141	4,448	2,423	442	403	415	344
2001	4	0	2,126	1,454	3,901	2,083	435	408	624	525
2002	205	243	2,135	1,333	1,272	845	139	143	480	492
2003	(---)	(---)	1,760	1,219	1,209	677	80	84	628	656
2004	7	1	1,729	1,086	1,413	750	39	22	132	117
2005	25	13	1,121	887	1,288	475	346	283	148	149
2006 (P)	97	6	1,297	565	1,968	795	(---)	(---)	99	82
TOTAL IMPORTS	862	629	16,729	9,057	21,735	10,849	2,813	2,289	2,526	2,365

Source: Colon Free Zone Administration/"Statistics"

(P): Provisional Statistics

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Imports from India (Concl.)
(Most important product groups)

Years	Air conditioning units		Others	
	Value (Thousand \$)	Weight (M.T)	Value (Thousand \$)	Weight (M.T)
1997	(---)	(---)	13,791	2,975
1998	(---)	(---)	13,603	3,444
1999	(---)	(---)	12,537	3,648
2000	(---)	(---)	14,347	5,161
2001	(---)	(---)	17,457	6,099
2002	(---)	(---)	14,961	5,216
2003	(---)	(---)	15,116	6,079
2004	(---)	(---)	20,902	7,353
2005	7,008	2,162	25,770	7,542
2006(P)	660	212	24,147	7,199
TOTAL IMPORTS	7,668	2,374	172,631	54,716

Source: Colon Free Zone Administration/"Statistics"

(P): Provisional Statistics

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Market Survey



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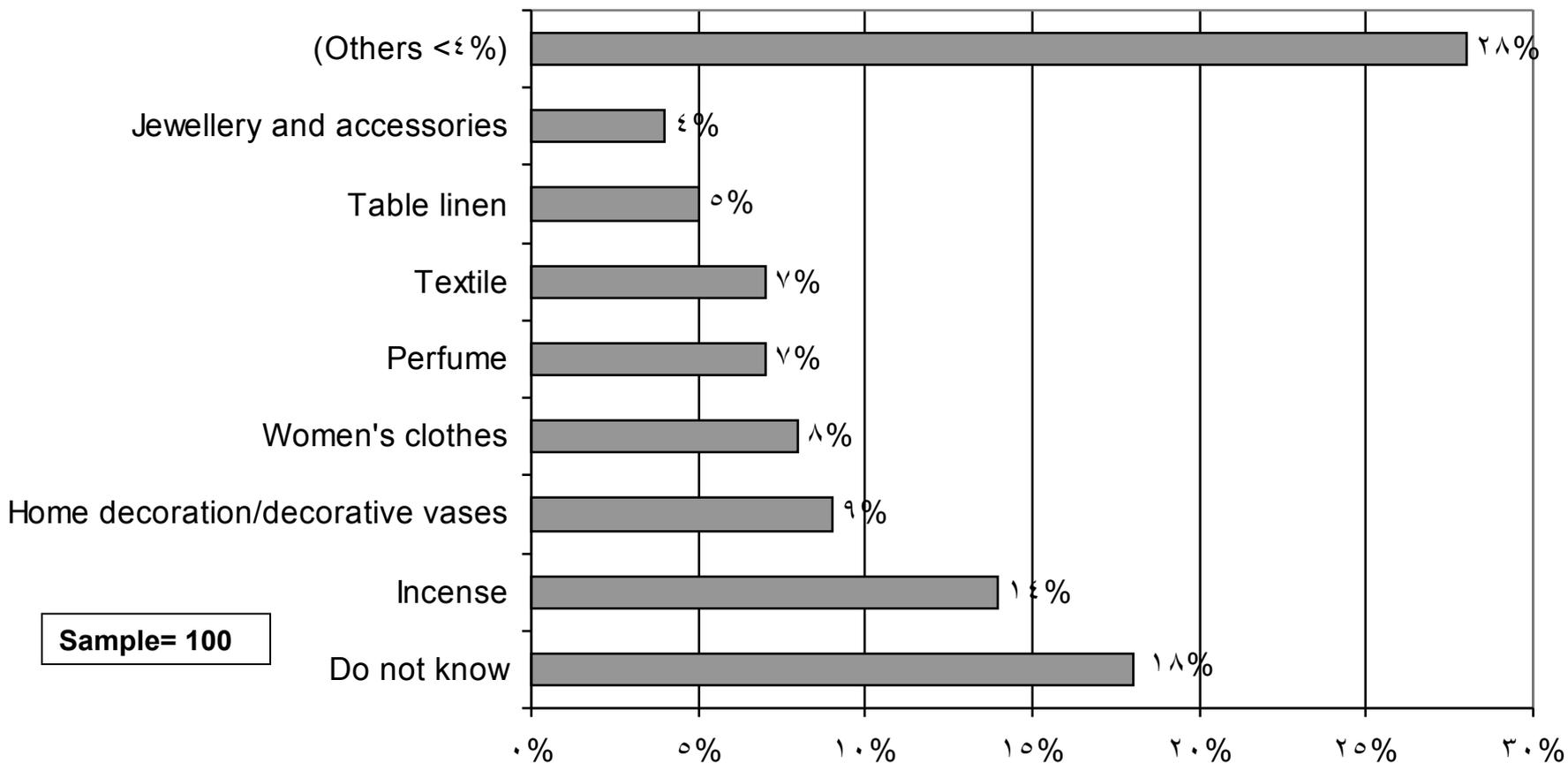
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Market Survey

- A sample study was conducted among Colon Free Zone's regular customers on the places of origin of the products sold, types of products most sold, the destination points of re-exports, etc. The size of the sample study was kept at 100 customers.
- The Free Zone's consumer is well aware of what product he needs. His expectations are strongly related with "price and quality". For the consumer, it is also the meaning of a "good deal".
- A combination of good price and service are strong elements in the decision making as to where and what to buy.
- A "good product" is defined as sturdy with good quality.
- China and Taiwan, followed by Hong Kong, Japan and USA are the countries which were perceived by the customers as supplying most of the products to CFZ.
- Indian products are not well known in this market. Indian products are mainly associated with incense, "home decoration products/ vases and women's clothes", "textiles, perfume and table linen". Nevertheless, 4 out of every 10 CFZ customers interviewed had experience with Indian products, and their qualification of such products was very favourable.

The following pages will present a scope of the attitudes, expectations and opinions of the CFZ customer.

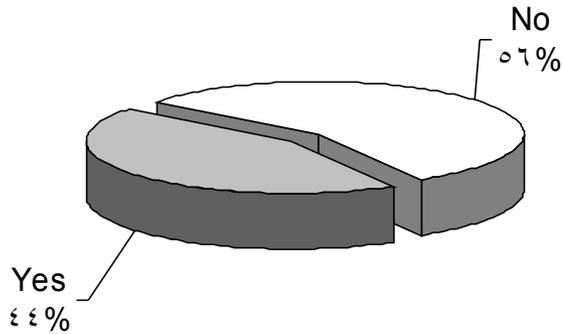
When you think of India, what products come to your mind?



- Most of the cases did not associate India with any product in particular.
- India is more associated with incense
- In 2nd place with “home decoration products/ vases and women clothes”.
- In 3rd place were “textiles, perfume and table linen”

Chart 9

Have you ever bought products made in India?



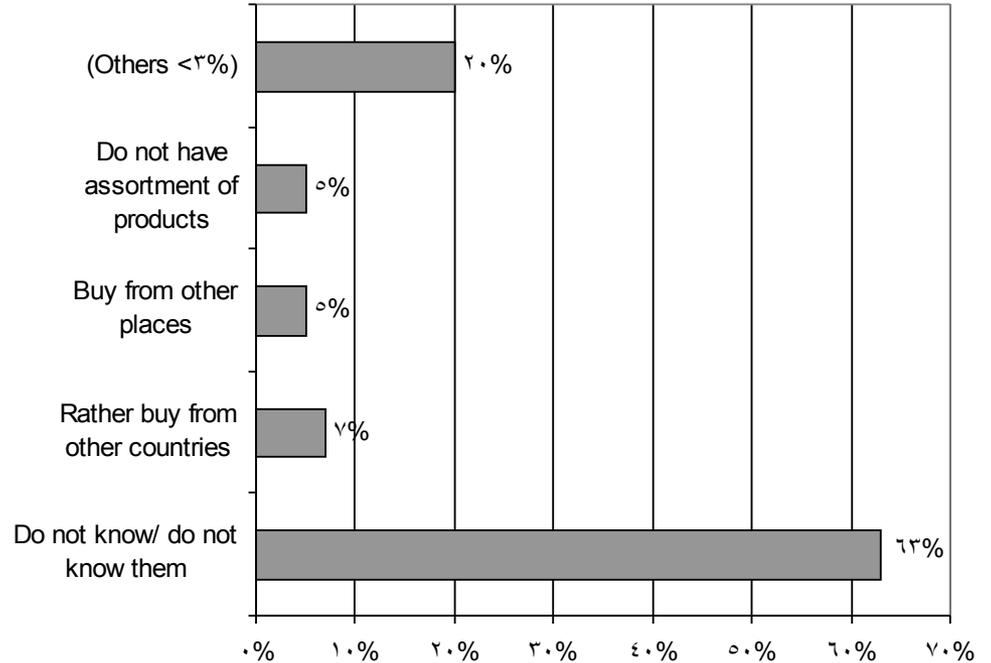
Sample= 100

• 4 of every 10 cases under study, have bought products made in India, and qualify them as "Excellent". The experience was good:

- **Durability**
- **Quality finish**
- **The products sold well in the market**
- **Good textile material**

Chart 10

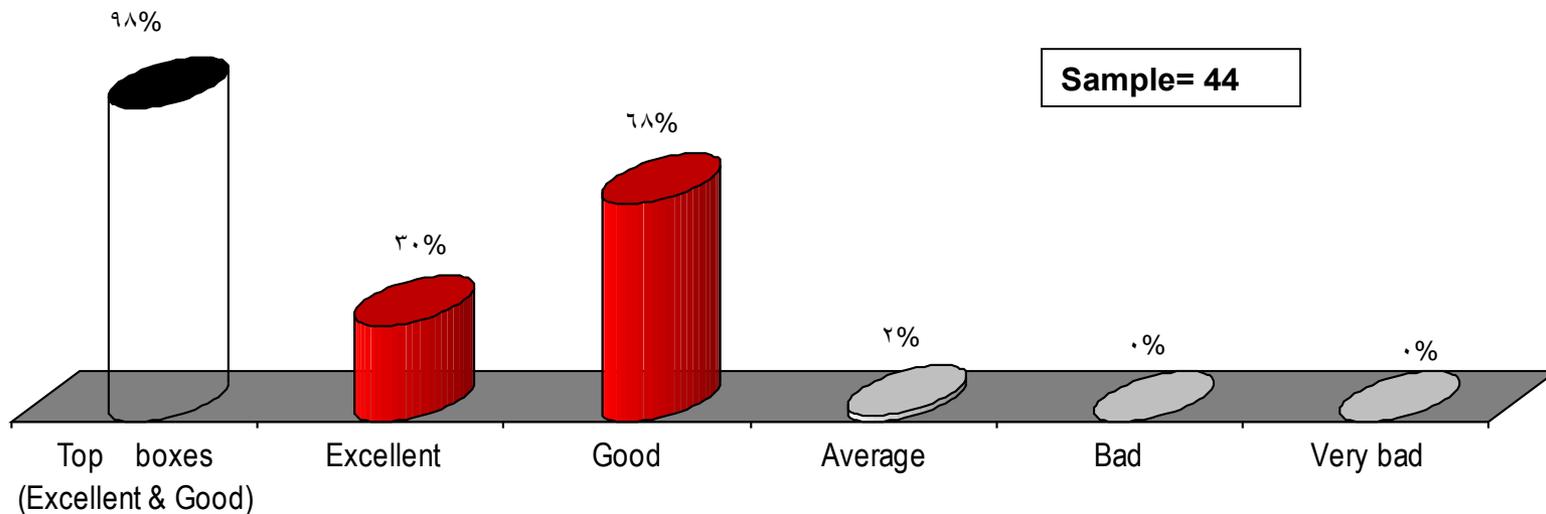
Why have you never bought products made in India?



Sample= 56

- The most important reason for never buying products made in India was "lack of knowledge"

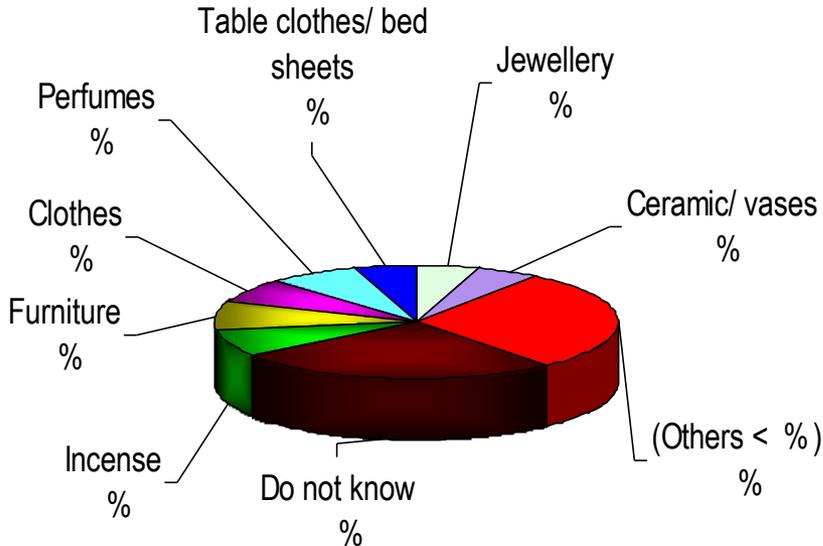
Which of these phrases compare best or how do you feel about the Indian products that you bought ?



- Among those who have dealt with Indian products, the qualification of the experience was “excellent” and is rated as very significant (98%) in the scale of bipolar evaluations.
- The main reasons for such qualifications are:
 - **Quality**
 - **Durability/endurance**
 - **Good market demand**

Chart 12

In your opinion, which Indian products will be more successful in Colon Free Zone?

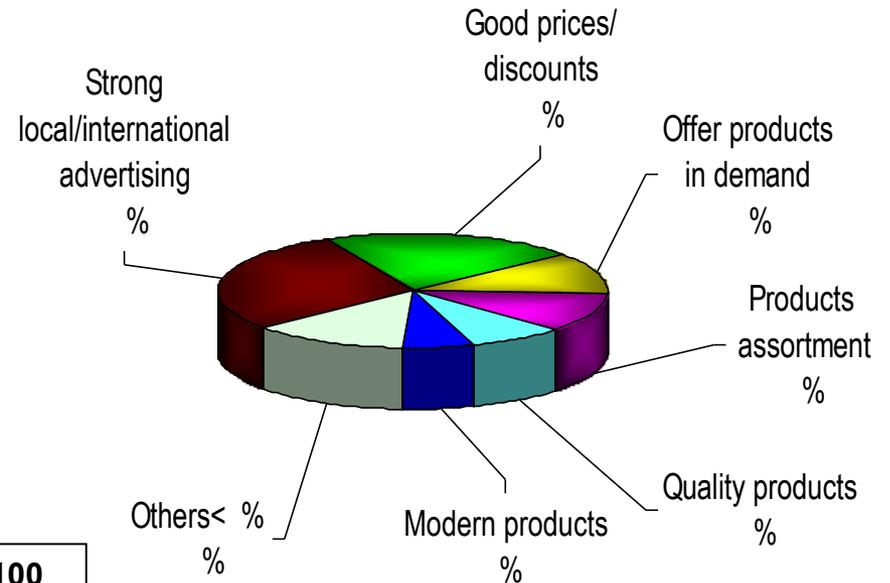


Sample= 100

-The product groups found more successful: “Furniture”, “Incense”. “Clothes”, “Perfume”, “Table clothes”, “Jewellery” and “Ceramic vases”. These are the products often associated with India.

Chart 13

What will you recommend for an Indian company to achieve success at the Colon Free Zone?

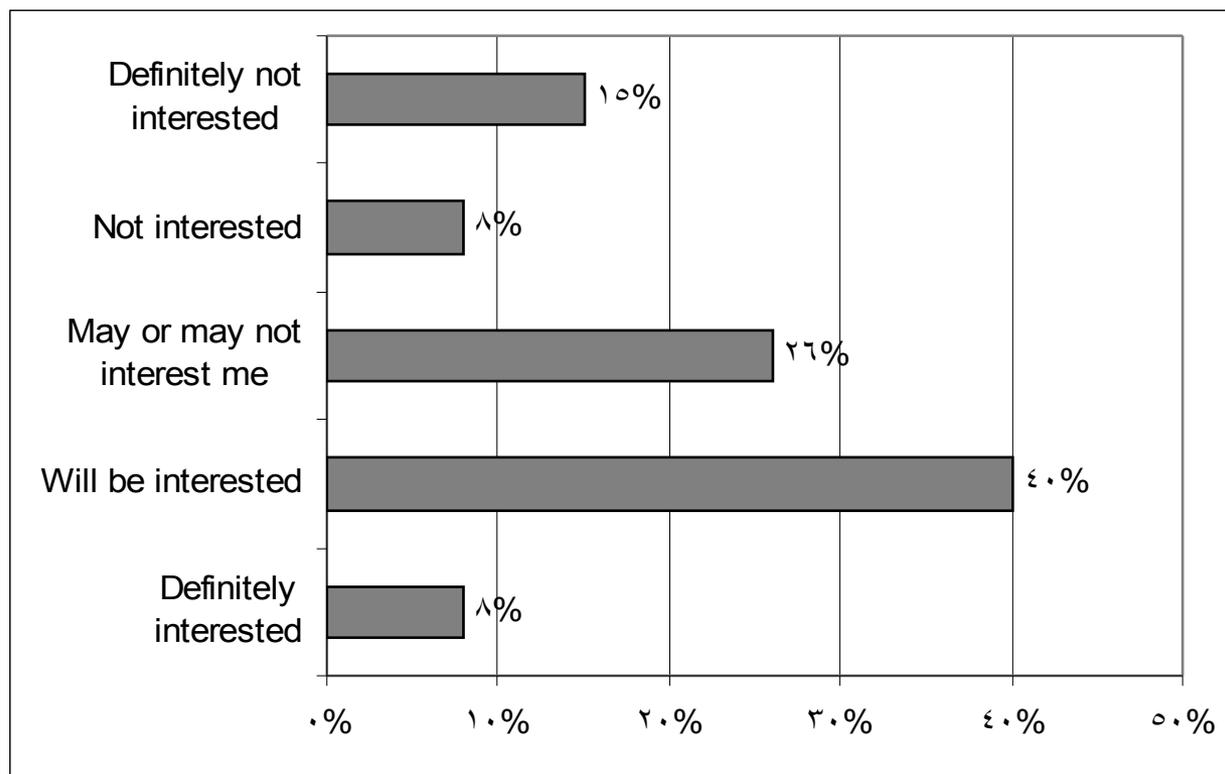


Customer recommendations:

- Strong local and international advertising
- Good prices & discounts
- products offered have good demand in the market
- Variety and quality of products.

Chart 14

If you could locate a company which sells the desired Indian products at Colon Free Zone, which of the phrases will best describe your feelings?



Sample= 100

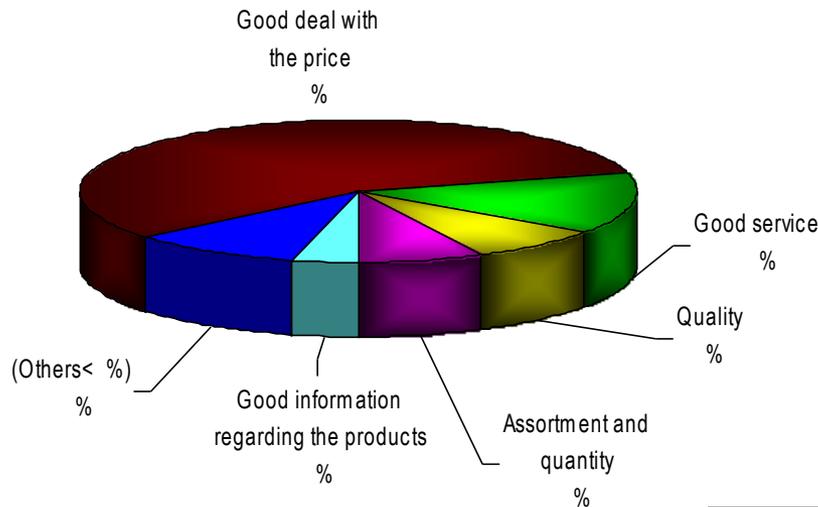
Reasons for interest or lack thereof in Indian products

Reasons	Definitely interested	Interested	Not sure	Not interested	Definitely not interested
	←				→
<u>Do not know</u>	--	--	--	<u>50%</u>	<u>88%</u>
<u>Quality products</u>	<u>23%</u>	<u>25%</u>	--	--	--
<u>Price</u> ==	--	<u>44%</u>	--	--	--
<u>Low prices</u>	--	<u>22%</u>	<u>3%</u>	--	--
<u>Will the products be liked</u>	--	--	<u>38%</u>	--	--
<u>Interesting products</u>	<u>31%</u>	<u>14%</u>	--	--	--
<u>Possible market</u>	<u>15%</u>	<u>8%</u>	--	--	--
<u>Traditional clothes</u>	<u>15%</u>	<u>6%</u>	--	--	--
<u>BASE</u>	<u>11</u>	<u>40</u>	<u>26</u>	<u>8</u>	<u>15</u>

Note: The answers with < 4% were considered not significant and were not used in the analysis.

Chart 16

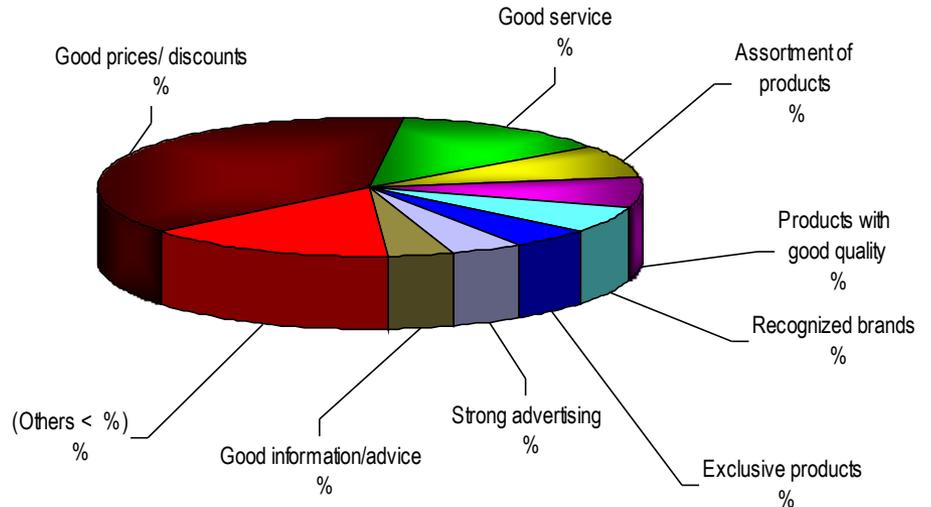
What are the most important attributes in the process of choosing where to buy in the Colon Free Zone?



Sample= 100

Chart 17

What should a new enterprise do to be better and different than the other companies at Colon Free Zone ?



The marketing strategy will be successful if it is oriented to the **“price”** issue:

“Good price deals” + “service” = customer satisfaction.

To achieve positioning through a good image, the new business should provide:

- 3. “Good price and discounts”**
- 4. “Good service”**
- 5. “Assortment of products”**
- 6. “Recognized brands”**

Source: Quantitative research

Chart 18

In your opinion, which exporter sells more and better products at Colon Free Zone?

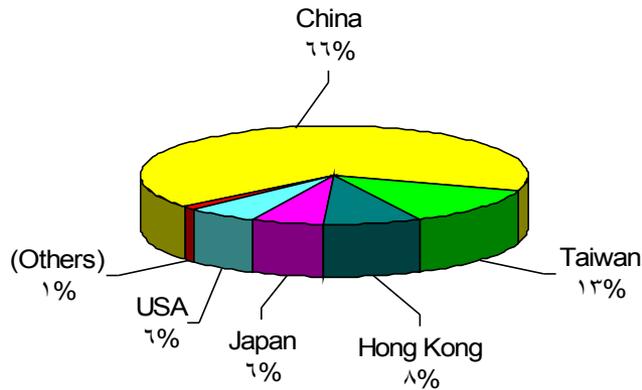
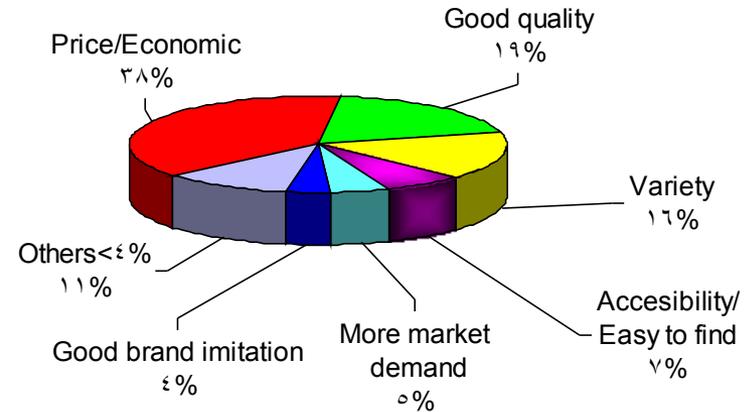


Chart 19

Why do you think that ____ sells more and better products at Colon free Zone?



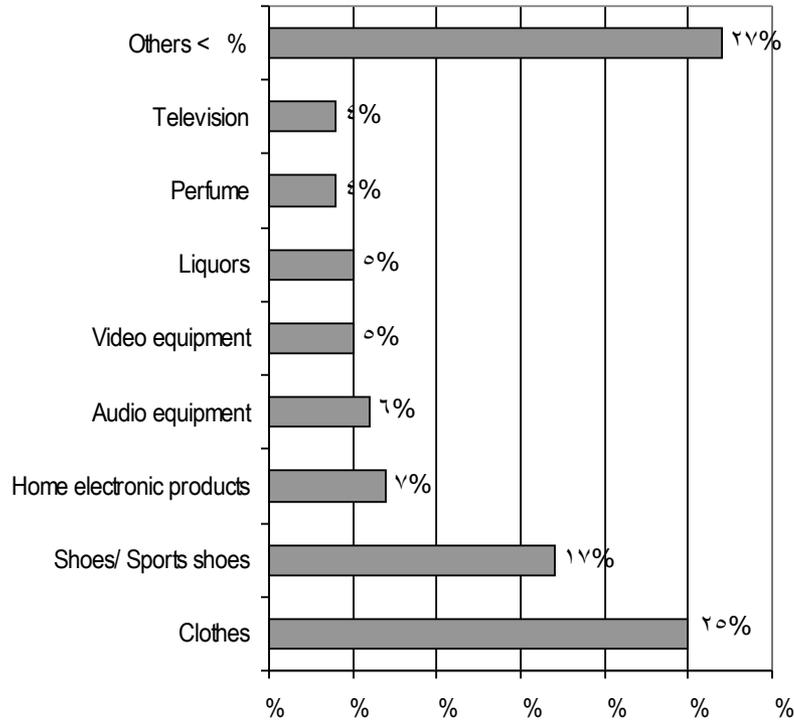
Sample= 100

Source: Quantitative research

- According to the **perception** of the consumers in study, China and Taiwan are the two exporters that have the largest volume of sales in Colon Free Zone.
- In the next place is Hong Kong with 8 perceptual points
- Finally Japan and United States with 6 percentage for each.

Chart 20

Usually what kind of products do you buy here at Colon Free Zone?



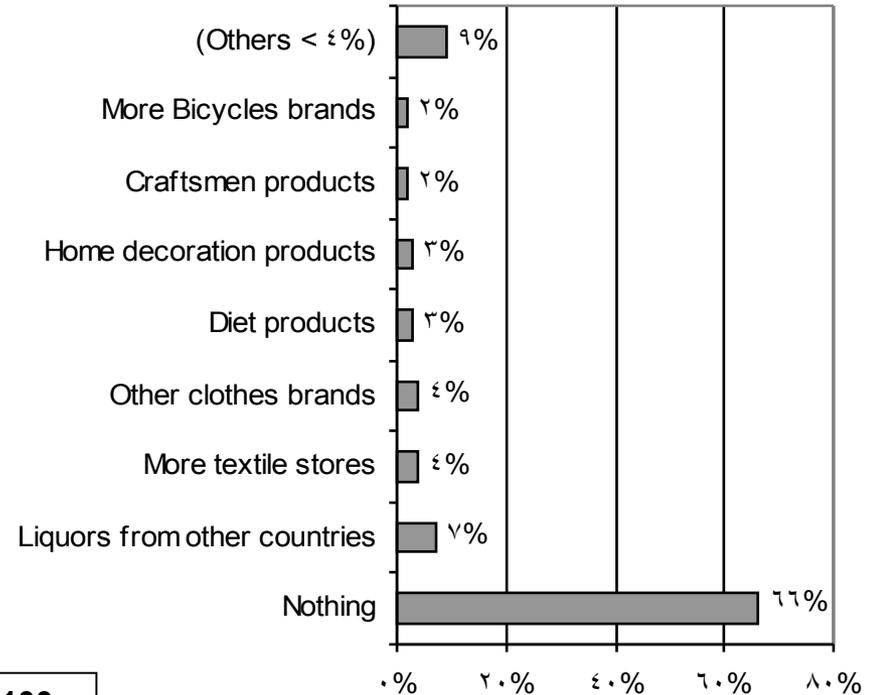
Sample= 100

The most bought products in Colon Free Zone, according to the group in study, are in order of relevance :

- Clothes
- Shoes and Sports shoes
- Home electronic products

Chart 21

What do you think is missing in the Colon Free Zone or what else should be available?

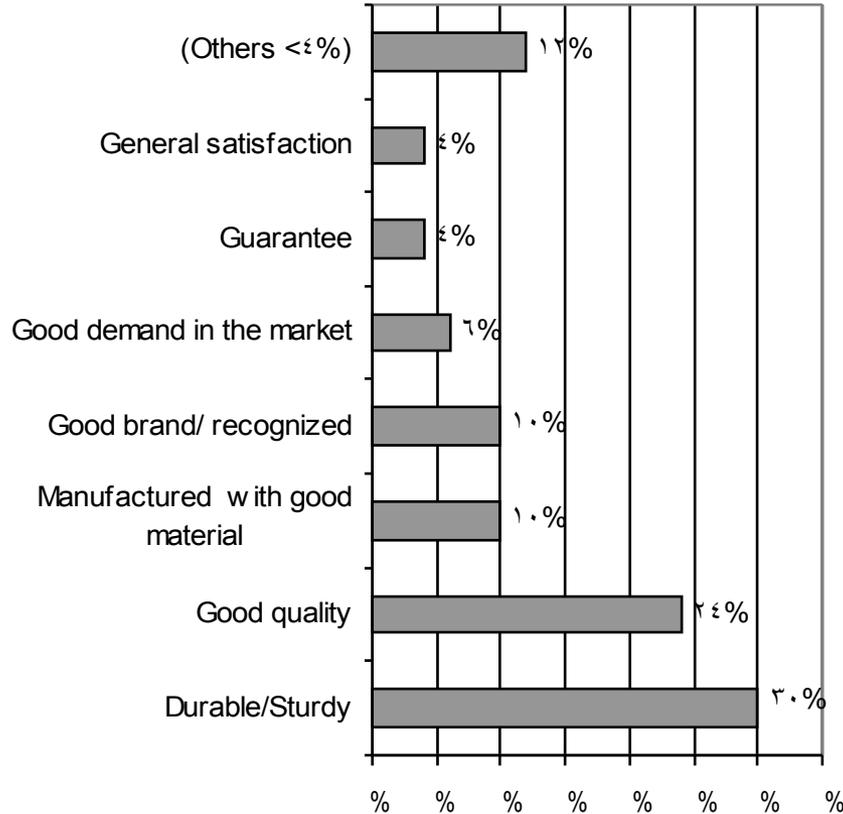


Most of the group studied said that The Colon Free Zone needs nothing else. Those who mentioned some:

- Liquors from other countries
- More textiles stores
- Other cloth brands

Chart 22

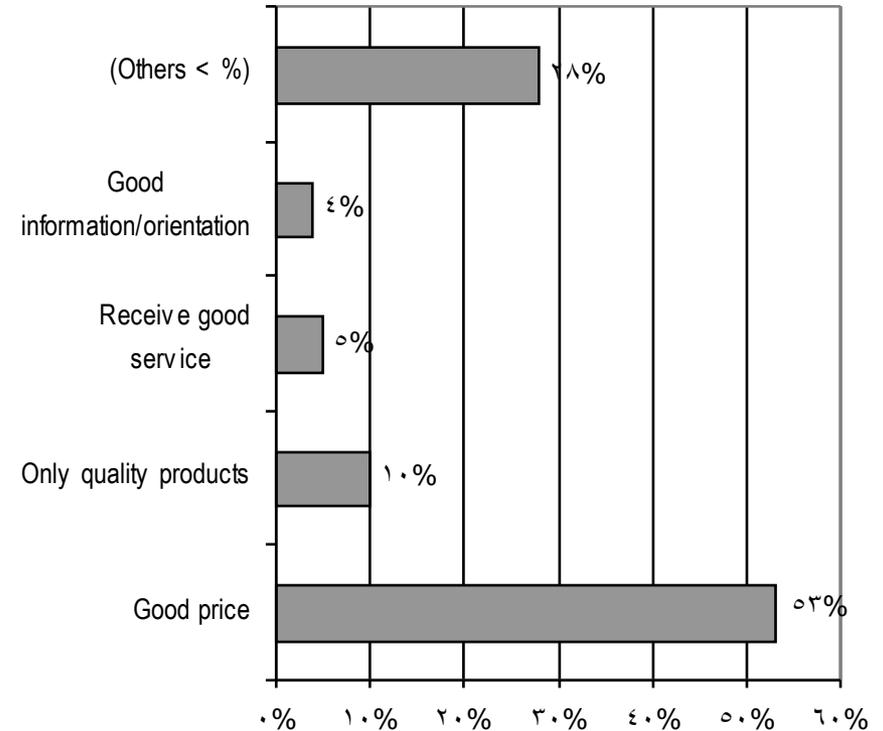
How will you define a good product?



Sample= 100

Chart 23

What will be a good deal in Colon Free Zone?



For the Colon Free Zone’s consumer, a good product is:

1. The one with more durability, sturdy
2. With good quality
3. Manufactured with good materials

A “good deal” for the Colon Free Zone’s consumer is: **“Good price and quality products”**

Recommendations for Indian exporters



The market study brings out the need for Indian exporters to establish their presence in the CFZ. CFZ is an extremely important commercial hub in the Latin American region. Importers throughout the continent of America and even beyond, use the CFZ for large scale imports and purchases of a variety of products. The concentration of a significant number of traders in the Zone enables importers in these countries to place orders and receive goods without having to bother about logistical problems with customs and ports authorities in other continents. The CFZ has well developed trading infrastructure and practices, that facilitate commercial interaction. Thus, for an importer in Colombia, Venezuela or the Caribbean or even in other countries of Latin America, it is often easier to place an order for various products in Colon, and receive the consignment, than to seek out exporters of these products in other continents. Exporters in Hong Kong and China have utilized the services of CFZ for maximum benefit. They have agents, salesmen, warehouses and showrooms in Colon for generating orders.

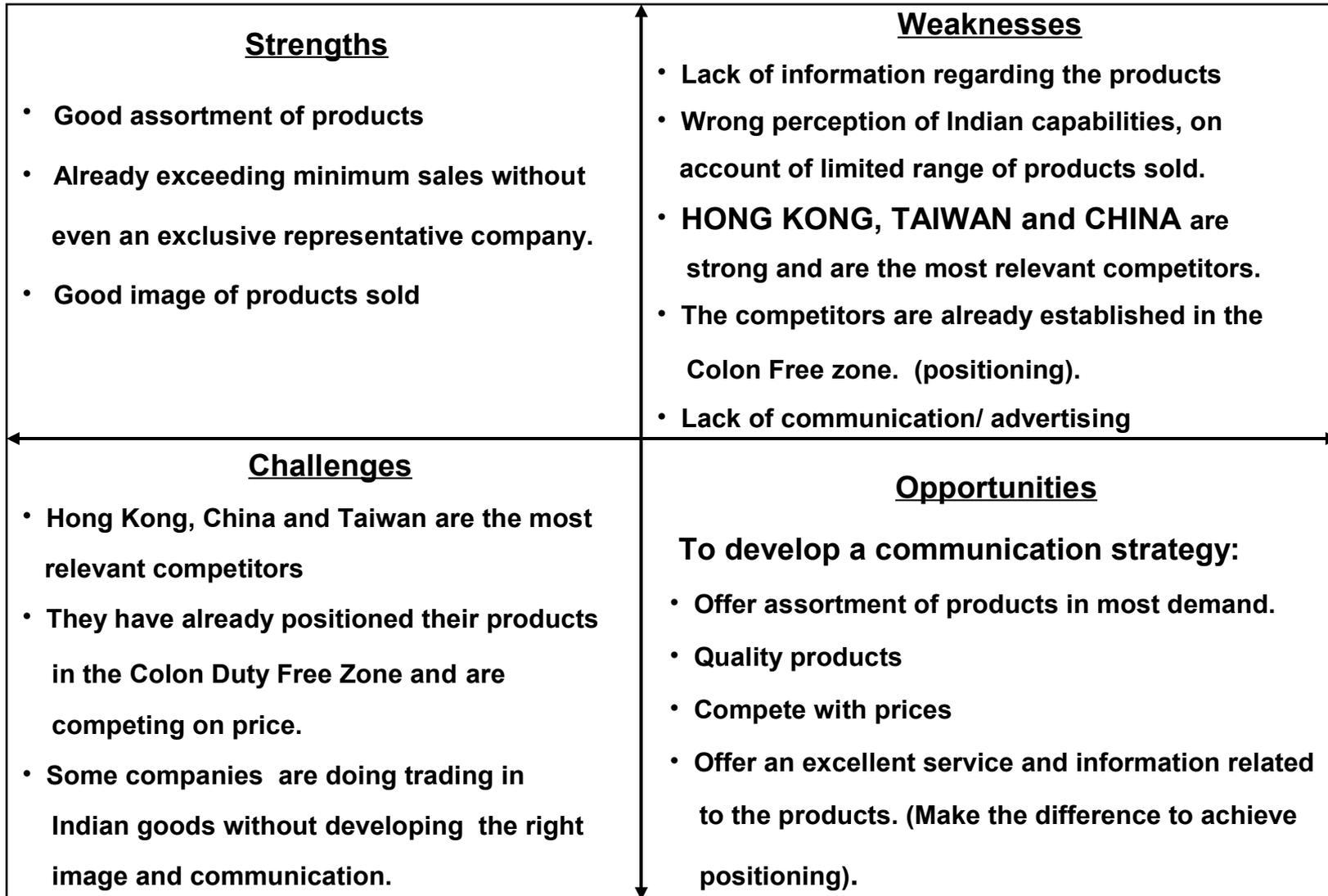
Indian exporters need to look at possibilities in CFZ. Export promotion councils/trade bodies in India also need to encourage their members to make better use of CFZ. The following steps are recommended:

- ❖ Organize Buyer-Seller Meets, both in CFZ and India
- ❖ Organize manufacturer/exporter delegations from India to visit CFZ to introduce their products.
- ❖ Indian exporters/EPCs should consider establishing showrooms and warehouses of their products at CFZ..

These steps will enable exchange of information and contacts between Indian exporters and importers in Colon.

Even without an actual physical presence in the Zone, India is now exporting goods worth US\$57 million annually. With focused attention and systematic use of facilities of CFZ, there is no reason why these exports cannot be increased to US\$400-500 million annually in coming years. The largest product groups sold in CFZ are also among India's main export items viz. textiles, pharmaceuticals, footwear, linen, plastic ware, aluminum ware, electrical goods, spare parts for vehicles, etc. **Charts 26-29** in Annexure-1 provide details of the product groups traded in CFZ and the destination countries of the CFZ exports. The main importers from CFZ are South American, Central American and Caribbean nations, which are the focus of Indian exporters. The CFZ offers a new export route to these nations.

“Analysis of Strengths, Weaknesses, Challenges and Opportunities for imports from India”



How to do business in Colon Free Zone



Investigaciones Mercadologicas

April 2007

How to do business in Colon Free Zone

- According to information gathered from the current owners of businesses in Colon Free Zone, a new company that wants to enter Colon Free Zone, should be able to do a minimum annual sales of \$5 million. Otherwise, it will not survive the operational and financial expenses.

➤ **General rules and regulations:**

According to Law 18 of 1948, companies operating in the Colon Free Zone are required to comply with the following rules:

- No commercial license or minimum capital investment.
- Proof of legal status required:
 1. Articles of incorporation, banking and commercial references.
 2. Employ a minimum of five (5) local workers.
 3. Re-export a minimum of 60% of merchandise imported during the year.
 4. Agreement to pay the rent within the first five (5) days of every month.
 5. Report the commercial movement of all merchandise imported and re-exported to the Administration in the appropriate forms, when the transactions are being made.

➤ **Operation Fees:**

A. Operation permit (Annual payment) → \$ 2,400.00

B. Operation Key (**See definitions on page 45) **(Annual Payment)**

B1. Users \$ 3,000.00

B2. Represented \$ 2,500.00

B3. Storage or Public Deposit Contract \$ 2,500.00

➤ **C. Rent Fee (Monthly Payment):**

1. Lot:

-Urbanized Areas:

- Free Zone Property

- Colon \$ 1.00 per square meter

- France Field \$ 0.60 per square meter

- Non- Urbanized Areas \$ 0.40 per square meter

2. Building:

- Free Zone Property:

- Colon \$ 4.00 per square meter

- France Field \$ 2.75 per square meter

- Coco Solo \$ 2.25 per square meter

D. Garbage disposal fee:	<u>(Monthly Payment)</u>
- Minimum	\$ 30.00
- Maximum	\$ 120.00
E. Security fee (Monthly Payment):	
- Minimum	\$ 50.00
- Maximum	\$ 150.00
F. Assurance deposits (Only once):	
- Initial deposit equivalent to three months rent, plus the notary expenses.	
- Colon Free Zone multimodal logistic center of transportation and services	
- Lot renting agreement:	
- Agreement settled between Free Zone Administration and private parties.	
- Warehouse renting agreement:	
- Agreement settled between Free Zone Administration and private parties.	

Sources: Colon Free Zone Administration
Colon Free Zone Users Association

- Representation agreement:

Will assume the costs of **B2, D, E and F**, in addition to the percentage (for storage, handling, etc) agreed between parties.

- Storage or Public Deposit Contract:

Will assume the costs of operation **A** and **E** in addition to 0.5% F.O.B. (Freight On Board) value of Merchandise.

- Operation Permit Contract:

Private property: Rent agreed between both parties authorized by the General Management based on resolution No. 04-92 of March 25, 1992.

**** Operation Key definitions:**

- **Users:** Free Zone clients who have operation permit or rental agreement to use an office. They are the ones who have an office but may or may not rent a warehouse.
- **Represented:** Companies already established in Free Zone, that represent a specific brand or brands. Those represented brands can be dealt only inside the offices.
- **Storage or Public Deposit Contract:** The Free Zone has a public warehouse for packaging and re packaging , distribution and re-distribution of goods. The cost is 0.5% of the total value of the merchandize. It is a rental space for the company and the contracting company must provide its own personnel. It is a place that can be utilized for storage.

Identify the main channels of imports, including logistics and financing requirements

- The main channels of imports in the Colon Free Zone are groups of **international salesmen teams**.
- They have a basic salary of \$ 500.00 per month plus 1% in sales commission.
- The company pays all their travel expenses.
- The international salesmen use catalogues and product samples.
- International salesmen tour:
 - a) South America (Primary target)
 - From a week to a week and a half in Colombia
 - From a week to a week and a half in Venezuela
 - b) Central America and the Caribbean (Secondary target)
 - An average of two weeks for Central America and the Caribbean.
- Each one of the tours has an average cost of \$ 2,000 to \$ 3,000 for the company.
- According to the source located in Colon Free Zone (In depth interview), which deals with 500 containers, it has a logistic team of 3 units for cargo handling. Their net monthly salary is between \$400 to \$600 each.
- The warehouse has one manager and nine employees on duty (See the sample chart next page).

Source: In depth interview

Colon Free Zone Administration

Colon Free Zone Users Association

Market Intel of an average business in Colon Free Zone

The following information is based upon a market Intel of an established business operating in Colon Free Zone (Show room 200 square meters,300 square meters for office and 12,000 square meters of warehouse in France Field):

	<u>Rates</u>	<u>Average monthly Costs</u>
•Electricity office	\$ 1,500.00	\$ 1,500.00
•Electricity in warehouse	\$ 800.00	\$ 800.00
Total salaries of 36 employees (26 in office and 10 in warehouse)	\$ 20,000.00	\$20,000.00
Rent (office)		\$ 500.00
•Salaries description:		
a) Warehouse (10 employees):		
• Warehouse management (1)	\$ 500.00 - \$ 800.00	\$ 650.00
• Warehouse employee (8)	\$ 250.00 - \$ 300.00	\$ 2,200.00
• Driver (1)	\$ 200.00 - \$ 250.00	\$ 225.00
b) Office (26 employees) :		
• Operation Manager (1)	\$ 2,000.00 - \$3,000.00	\$ 2,500.00
• Messenger (1)	\$ 300.00	\$ 300.00
• International salesman(4)	\$ 500.00 base + 1%	\$ 6,541.00
	of sales commissions	\$ 2,050.00
• Secretary (2)	\$ 300.00 - \$ 350.00	\$ 650.00
• Accounting (2)	\$ 400.00 - \$ 500.00	\$ 900.00
• Certified public accountant (1)	\$ 500.00 - \$ 600.00	\$ 550.00
• CPA assistant (1)	\$ 450.00 - \$ 500.00	\$ 475.00
• Other employees that live in Colon (7)	\$ 325.00 - \$ 350.00	\$ 2,359.00
• Other employees that live in Panama(7)	\$ 425.00	\$ 2,975.00
c) Garbage disposal fee	\$ 120.00	\$ 120.00
d) Security fee	\$ 150.00	\$ 150.00
e) Operation Key	\$ 417.00	\$ 417.00
Estimated monthly cost of operation (excluding the warehouse costs).....		<u>\$ 23,812.00</u>

“Advantages of operating in the Colon Free Zone”

➤ **Fiscal benefits:**

- 0% Taxes on profits from re exports.
- 0% Customs duties in import and export quotas.
- 0% Billing taxes.
- Highly competitive costs.
- Immigration facilities for foreign executives.

➤ **Importer’s advantages:**

- Purchase in one place only.
- Excellent assortment of products.
- Credit facilities.
- Clearance in less than 24 hours .

➤ **Exporter’s advantages:**

- From Colon city (strategic location in the American Continent), able to access the American Hemisphere and:
 - Europe
 - Asia
 - Africa
 - Australia

Maritime transport services
(for potential Indian exporters)

Size of containers

POL NAME	POLO CODE	POD	DV20	DV40	HC40
Hong Kong	HKHKG	Manzanillo, Panama	\$1,425	\$1,965	\$1,985
Nhava Sheva	INNSA	Manzanillo, Panama	\$1,800	\$2,640	\$2,660
Kolkata (Calcutta), India	INCCU	Manzanillo, Panama	\$1,800	\$2,640	\$2,660
Cochin, India	INCOK	Manzanillo, Panama	\$1,800	\$2,640	\$2,660
Chennai (Madras), India	INMAA	Manzanillo, Panama	\$1,800	\$2,640	\$2,660
Tuticorin, India	INTUT	Manzanillo, Panama	\$1,800	\$2,640	\$2,660

Inland haulage (surcharge code : DHT) for Colon Free Zone & Panama City.

GRR USD 450/600/675 as from December 1, 2006 Onwards

Source:

Aykira de Muñoz

Ejecutiva de Ventas

Norton Lilly Internacional (Panama), S.A.

Como Agentes de Cia. Sudamericana de Vapores

Tel. (507)431-4544

Fax: (507)441-6057/441-8598

Celular: (507)6613-4631

E-mail: azachary@norton-lilly.com

Colon Free Zone

1. Telephones: (507) 475-9500 /01/ 02 / 03

2. Facsimile: (507) 475-9622

3. Address

P.O. Box 0302-00512, Colon Free Zone
Colon, Republic of Panama

4. E-mail: zonalibre@zolicol.org

5. Web: www.colonfreezone.com
www.zonalibredecolon.com.pa

6. Colon Free Zone Users Association

P.O. Box 0302-00079, Colon Free Zone
Colon, Republic of Panama

Telephone: (507) 441-4244/ 4992/ 4166

Facsimile: (507) 441-4347

e-mail: usuarios@auzonalibrecolon.com

Web: www.auzonalibrecolon.com

Annexure 1

**“Detailed data of imports into and re-exports
from Colon Free Zone”**



Investigaciones Mercadologicas

April 2007

**Republic of Panama
General Controller Office
Statistics and Census Directorate
Imports of main products at Colon Free Zone, by weight and Value CIF, Year 2006**

Code	Description	Gross Weight M.T.	Value FOB US\$ mn.
	TOTAL	1123254	6818
3004.39.90	Medicines that contain hormones or other products, without antibiotics for veterinary medicine	5734	392
8528.12.00	Television receptor machines or recording or reproduction machines with incorporated sound or image in colors	28184	205
6402.99.10	Sports footwear and shoes for dances with sole and upper part of rubber or plastic	31219	183
5407.10.00	Textiles made with threads of high tenacity of nylon or other polyamides or polyester	40794	159
8527.90.00	Other receptor machines of radiotelephony, radiotelegraphy or broadcasting, with recorder or reproducer of sound or clock.	20888	135
6110.90.90	Sweaters like jerseys, pullovers, cardigans, military vests and articles, except those with neck and white	14444	135
6403.19.00	Other sports footwear with sole of rubber, plastic, natural leather or regenerated and upper part of natural leather	7637	120

Code	Description	Gross Weight M.T.	Value FOB US\$ mn.
3303.00.29	Colognes with CIF value of US\$4.43 or more per litre	3779	116
6204.69.29	Long pants for women and children, make from other textile materials	12288	112
6204.62.29	Long pants of cotton for women and children	11680	103
8519.99.00	Other sound reproducers	4226	101
9102.19.00	Bracelet Watches	2194	98
8521.90.00	Recording, sound and imaging machines ,except the ones with magnetic tapes	8129	94
3004.90.99	Other medicines constituted by mixed or without mixing, prepared products for therapeutic or prophylactic uses, dosed or prepared for retail sale.	1106	92
8525.40.00	Video cameras, digital cameras	582	91
2208.30.20	Whisky with CIF value of US\$70.00 or more per box (twelve units)	12683	90
7113.19.00	Jewellery and other precious metals	12	78
6206.90.10	Shirts, blouses for women	6156	71
6402.20.10	Slippers and sandals with foam sole and stripes	21743	67
8524.99.20	Compact discs with sound support	11094	66

Code	Description	Gross Weight M.T.	Value CIF US\$ mn.
3004.20.90	Medicines that contain other antibiotics, except penicillin and for veterinary uses	382	64
6203.49.23	Long pants of cotton for men, with CIF value of US\$100.00 or less per dozen	10120	63
6402.91.94	Women's Footwear (rubber or plastic) with CIF value US\$30.00 or less per pair	11835	61
6108.29.10	Women's lingerie	8556	57
8415.10.90	Air conditioners, split system	14351	56
6203.42.23	Long pants of cotton for men, with CIF value of US\$100.00 or less per dozen	9948	56
6205.90.11	Shirts for men with CIF value US\$66.00 or less per dozen	6866	54
8708.99.90	Spare parts for vehicles	7553	52
6402.99.94	Women's Footwear with sole and upper part of rubber or plastic with CIF value of US\$30.00 or less per pair	9415	51
6110.20.90	Sweaters like jerseys, pullovers, cardigans, vests of cotton, except those with neck and white	4483	47
6402.91.96	Men's Footwear with sole and upper part of rubber or plastic with CIF value of US\$30.00 or less per pair	8372	47
8482.10.00	Ball bearing	5624	47
6206.30.10	Cotton Shirts and blouses for women	3943	45
8527.21.00	Radios for vehicles, combined with sound recorder or reproducer.	1763	44
3303.00.19	Perfumes and Colognes with CIF Value of US\$22.38 or more per litre	1103	43
8518.22.00	Loud speakers	7500	37
4202.22.00	Handbags with outside of plastic or fabric	6557	36
8450.11.90	Washing machines with capacity of 10Kg or less, automatic	10256	35
2402.20.00	Tobacco cigarettes	3763	34

Code	Description	Gross Weight M.T.	Value CIF US\$ mn.
8471.60.00	Computer spare parts	4032	33
6203.41.11	Shorts for men	4812	32
7113.19.00	Jewellery and other precious metals	71	31
6302.31.10	Sheets and linings, except cotton cover beds	8771	28
6110.20.10	Sweaters like jerseys, pullovers, cardigans, vests of cotton, with neck	2304	28
6212.10.00	Women's lingerie	3180	27
6217.10.39	Socks	4964	27
3006.60.00	Hormones Contraceptive preparations and spermicidal	290	27
8414.51.00	Fans	11111	26
	Other merchandise	706930	3097

Pharmaceuticals imported in Colon Free Zone

	2005		2006(P)	
	Weight (Metric Tons)	Value (US Dollar mn.)	Weight (Metric Tons)	Value (US Dollar mn.)
Injectable medicine with penicillin for veterinary use	29	0.2	18	0.2
Injectable medicine with penicillin for human use	58	20.5	42	12.1
Antibiotic oral use type for veterinary use	99	1.3	81	1.2
Oral antibiotics for human use	470	126.6	382	64.2
Medicine with hormones for human use	60	5.7	105	12.5
Injectable medicine and oral medicine without antibiotic for human use	5,084	295.8	5,734	391.9
External use medicine for human use	228	6.5	243	5.8
Contraceptive based with spermicidal hormones	112	9.7	291	27
Total	6,140	466.3	6896	503.9

Source:
Colon Free Zone Department of Economic Studies

(P) Provisional Statistics

**Republic of Panama
General Controller Office
Statistics and Census Directorate**

Re-export of main products from Colon Free Zone, by weight and Value FOB, Year 2006

Code	Description	Gross Weight M.T.	Value FOB US\$ mn.
	TOTAL	1027756	7666
3004.39.90	Medicines that contain hormones or other products, without antibiotics for veterinary medicine	4187	422
3004.90.99	Other medicines constituted by mixed or without mixing, prepared products for therapeutic or prophylactic uses, dosed or prepared for retail sale.	1491	221
6402.99.10	Sport footwear and shoes for dances with sole and upper part of rubber or plastic	31273	218
8528.12.00	Television receptor machines or recording or reproduction machines with incorporated sound or image in colors	26800	212
3303.00.29	Colognes with CIF value of US\$4.43 or more per litre	3555	175
8527.90.00	Other receptor machines of radiotelephony, radiotelegraphy or broadcasting, with recorder or reproducer of sound or clock.	20547	158
5407.10.00	Textiles made with threads of high tenacity of nylon or other polyamides or polyester	37039	151
3004.20.90	Medicines that contain other antibiotics, except penicillin and for veterinary uses	1385	140
6110.90.90	Sweaters like jerseys, pullovers, cardigans, military vests and articles, except those with neck and white	12575	130
6403.19.00	Other sports footwear with sole of rubber, plastic, natural leather or regenerated and upper part of natural leather	5784	129

Code	Description	Gross Weight M.T.	Value FOB US\$ mn.
6204.69.29	Long pants for women and children, made from other textile materials	11403	112
8525.40.00	Video cameras, digital cameras	724	111
6204.62.29	Long pants of cotton for women and children	11501	105
8519.99.00	Other sound reproducers	3365	103
9102.19.00	Bracelet Watches	1712	103
8521.90.00	Recording, sound and imaging machines ,except the ones with magnetic tapes	7620	103
2208.30.20	Whisky with CIF value of US\$70.00 or more each box (twelve units)	12153	93
8524.99.20	Compact discs with sound support	15388	91
7113.19.00	Jewellery and other precious metals	8	85
8415.10.90	Air conditioners, split system	15382	70
6402.20.10	Slippers and sandals with foam sole	17799	63

Code	Description	Gross Weight M.T.	Value FOB US\$ mn.
------	-------------	-------------------	--------------------

8527.21.00	Radios for vehicles, combined with sound recorder or reproducer.	1959	62
6206.90.10	Shirts, blouses for women	4804	62
8482.10.00	Ball bearing	5291	60
6203.42.23	Long pants of cotton for men, with CIF value of US\$100.00 or less per dozen	10064	54
6108.29.10	Women's lingerie	6456	54
8708.99.90	Spare parts for vehicles	7524	53
6205.90.11	Shirts for men with CIF value of US\$66.00 or less per dozen	5272	48
6110.20.90	Sweaters like jerseys, pullovers, cardigans, vests of cotton, except those with neck and white	4436	48
6402.99.94	Footwear (rubber or plastic) with CIF value of US\$.30.00 or less per pair	9211	48
6206.30.10	Cotton Shirts and blouses for women	4057	47
3303.00.19	Perfumes and Colognes with CIF Value of US\$22.38 or more per litre	614	45
2402.20.00	Tobacco cigarettes	4094	45
6203.49.23	Long pants of cotton for men, with CIF value of US\$100.00 or less per dozen	7099	42
6402.91.96	Men's Footwear (rubber or plastic) with CIF value of US\$30.00 or less per pair	7588	42

Code	Description	Gross Weight M.T.	Value FOB US\$ mn.
4202.92.99	Covers for binoculars, wallets, carry currencies, suitcases, bags for tobacco, bags for sport articles, cases for bottles, jewels, make-up, handicrafts that contain in the outside plastic or textile material.	9999	42
6402.91.94	Women's Footwear (rubber or plastic) with CIF value of US\$30.00 or less per pair	6177	36
6110.20.10	Sweaters like jerseys, pullovers, cardigans, vests of cotton, with neck	2577	36
6212.10.00	Women's lingerie	3916	36
9101.19.00	Metal bracelets watches	9	35
6205.30.19	Shirts for men	1147	34
8527.13.00	Radio systems and recorders with reproducer machines	4448	33
8450.11.90	Washing machines with capacity of 10Kg or less, automatic	7923	33
	Other merchandise	671382	3657

COUNTRYWISE BREAK-UP OF RE-EXPORTS FROM COLON FREE ZONE

PERIOD: 2003 – 2006

DESTINATION COUNTRY	2003		2004		2005		2006 (P)	
	WEIGHT M.T.	VALUE US\$ mn.						
SOUTH AMERICA	273,848	1,803	383,214	2,487	439,992	3,168	497,247	3,756
Colombia	122,789	678	168,775	879	165	1,055	184,606	1,241
Galápagos	87	0.5	67	0.6	8	0.04	0	0
Ecuador	42,749	331	37,367	301	41,406	357	36,840	341
Venezuela	61,173	379	125,244	798	176,626	1,189	211,381	1,577
Brazil	9,448	93	10,236	126	12,550	159	14,304	145
Uruguay	1,331	13	1,633	15	1,438	27	2,816	29
Argentina	1,694	16	1,649	21	1,563	25	1,843	30
Bolivia	590	11	1,339	16	1,918	25	1,568	42
Paraguay	1,811	22	2,247	37	1,385	27	1,432	28
Peru	11,295	88	15,767	136	14,450	121	15,978	136
Chile	15,051	144	13,049	126	16,474	144	17,230	140
Guyana	4,288	14	4,585	18	5,099	25	5,640	27
French Guinea	35	0.1	34	0.4	39	0.2	14	0.1
Suriname	1,491	7	1,212	8	1,895	10	3,585	12

DESTINATION COUNTRY	2003		2004		2005		2006 (P)	
	WEIGHT M.T.	VALUE US\$ mn.						
CENTRAL AMERICA & THE CARIBBEAN	394,079	2,273	419,781	2,455	459,797	2,903	493,009	3,228
Guatemala	43,201	316	43,955	326	44,382	375	46,580	411
Belice	7,919	50	7,872	51	7,623	59	7	62
El Salvador	26,215	170	27,831	188	26,351	185	29,911	209
Honduras	34,122	162	37,015	170	41,415	211	47,175	235
Nicaragua	34,074	116	39,307	107	38,199	119	39,079	122
Costa Rica	43,928	240	45,721	262	50,255	315	53,781	359
Panamá	78,566	390	87,682	447	95,954	506	110,268	574
Tourist Stores	3,075	32	3,322	40	5,006	51	4,517	62
Cuba	39,593	208	30,619	175	26,543	177	30,546	215
República Dominicana	31,840	205	39,435	252	58,031	373	57,428	404
Haití	15,875	79	19,771	86	23,339	122	22,995	129
Providencia Island (Colombia)	180	0.09	40	0.1	12	0.09	3	0.02
San Andrés Island (Colombia)	1,992	14	2,218	15	1,447	13	3,106	24
Granada	153	1	366	2	382	2	405	2
Barbados	754	15	1,065	18	1,302	22	1,349	27

DESTINATION COUNTRY	2003		2004		2005		2006 (P)	
	WEIGHT	VALUE	WEIGHT	VALUE	WEIGHT	VALUE	WEIGHT	VALUE
	M.T.	US\$ mn.	M.T.	US\$ mn.	M.T.	US\$ mn.	M.T.	US\$ mn.
Bahamas	674	20	932	19	1,299	25	1,233	24
Jamaica	12,059	80	12,721	87	12	92	13,577	110
Leeward Islands (UK)	389	4	491	6	712	7	611	8
Windward Islands (UK)	1,646	9	1,975	11	2,186	11	2,228	13
Trinidad & Tobago	5,771	48	7,582	67	9,417	74	9,129	91
Guadalupe	417	3	570	4	822	6	729	6
Martinica	137	1	110	1	187	1	186	1
Aruba	5,468	33	2,146	26	2,151	27	1,964	28
Curazao	2,856	31	3,703	41	3,790	45	4,297	53
Bonaire	10	0.1	63	0.3	3	0.03	11	0.06
San Martin (South)	510	7	651	9	773	9	721	8
San Martin (North)	149	3	188	3	307	4	270	4
Virgin Island	74	0.9	139	2	152	1	101	1
Puerto Rico	1,907	21	2,074	27	2,520	40	2,913	33
Other Caribbean countries	58	0.6	71	0.5	0	0	0	0
Other Central American countries	610	2	129	0.9	2,738	17	8	0.04

DESTINATION COUNTRY	2003		2004		2005		2006 (P)	
	WEIGHT	VALUE	WEIGHT	VALUE	WEIGHT	VALUE	WEIGHT	VALUE
	M.T.	US\$ mn.						
NORTH AMERICA	18,577	317	20,715	346	25,272	389	24,416	455
USA	13,507	207	15,956	242	21,075	285	19,691	275
México	4,782	104	4,431	97	3,280	95	4,503	170
Others	287	6	326	7	909	9	216	8
EUROPE	3,896	35	3,245	31	3,667	37	4,305	46
ASIA	3,612	128	3,908	125	4,922	131	4,336	141
AFRICA	671	9	181	9	248	8	303	9
OCEANIA	19	0.2	15	1	29	4	17	9

Annexure 2

Methodology used for the Study



Investigaciones Mercadologicas

April 2007

Methodology used for the Study

a) Internal part

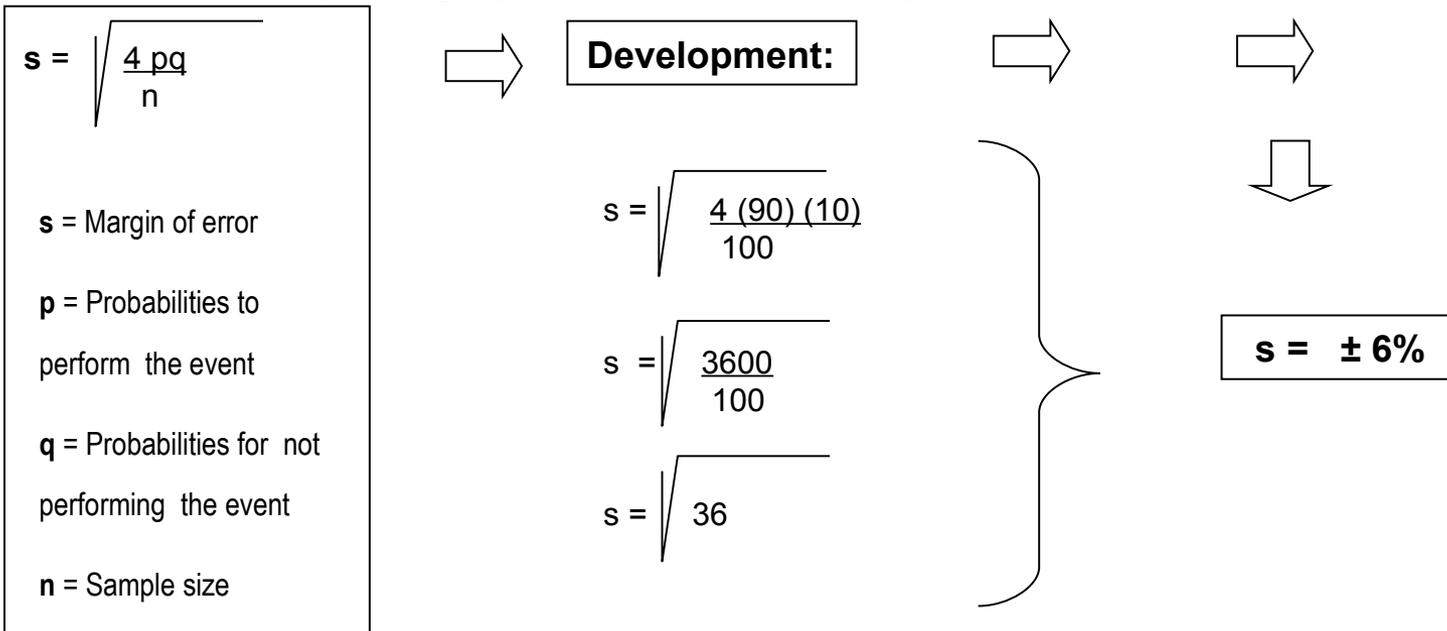
For the internal part, the Agency conducted face to face interviews with the Colon Free Zone Administration and also a Market Intel through several sources.

An economic program was used to perform econometric regressions of the selected country to obtain trends by analyzing the last 10 years and be able to do precise future projections. The plan also contains Market Intel conducted inside the Colon Free Zone.

b) External part

Quantitative Survey

The universe is a “finite population” (persons in transit doing business in Colon Free Zone). Therefore, the sample size was estimated between 100 persons doing business in the Colon Free Zone. This sample provides a margin of error of $\pm 6\%$ and confidence level over 95.5 % (2 sigma). The given value of **p/q** was **90/10** (filters were applied to select only the target group: people in transit, doing business in that location)



Field work

The field work was performed by professionally trained interviewers and the team was supervised by one of our executives on a daily basis.

Digitalization

All the data was processed by using a special survey software. All the information was verified before entering the data into the system.

Chronologic phases

