

DISTRIBUTION IN THE COLON FREE ZONE

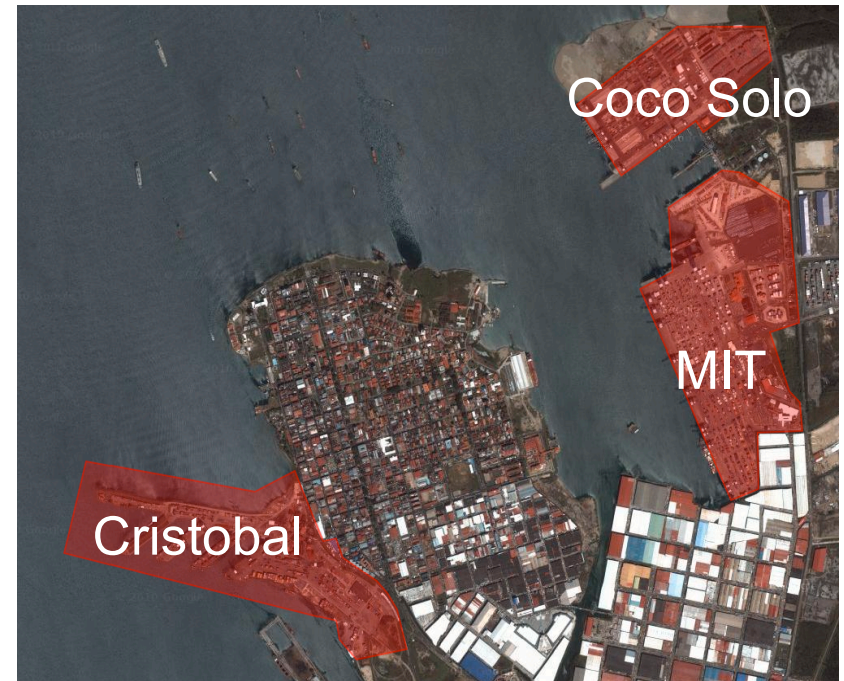
By FCI Logistics
Freight Forwarding Agent and 3PL

Jan 26, 2012



ZONA LIBRE DE COLON

Established in 1948 - Second largest free trade zone in the world



ZONA LIBRE DE COLON



MAP OF PANAMA



CFZ MISSION STATEMENT

To be the first gathering and distribution center of goods in the world, with high levels of efficiency and technology, supported by our staff, offering a quality service to our clients and to contribute to the social and economic development of our community and of our country.

CFZ VISION

- To maintain our status as the most important area of free commerce in the Western Hemisphere.
- To comply with the highest standards of quality.
- To join the technological advances and changes of the globalized world.
- To establish a modern institution, with a well-trained staff, motivated and committed to service.

COLON FREE ZONE (CFZ) FACTS

- Established in 1948
- The largest in the Americas and the second largest Free Trade Zone in the world
- ~1,000 acres in surface area (4 million m²) [10% designated as industrial zone]
- Receives over 250,000 foreign visitors yearly
- Contributes about 8% to GDP
- Administered as an autonomous institution of the Panamanian government
- Operated and managed by its Board of Directors, and Executive Committee and the General Manager of the institution

FACTORS CONTRIBUTING TO ITS SUCCESS

- Privileged geographical location at the crossroads of the world
- Political stability
- One of twelve countries with financial rating highly favorable for investment
- Situated a few miles away from the Panama Canal
- The largest merchant shipping in the world with almost 9,000 ships
- Four state-of-the-art container ports
- Two home ports for cruise liners
- First distribution center of the Western Hemisphere
- A solid and large banking center
- The US Dollar is legal tender
- Modern highway connecting it to the capital city
- A developed insurance and re-insurance business
- Not very onerous business requirements

REASONS TO INVEST IN THE FREE ZONE

- Almost 3,000 companies established
- Economic activity over \$21 Billion
- 0% tax and 100% opportunities
- Major employment generator
- Digital surveillance system
- Multinational cargo companies able to offer service in less than 24 hours
- Laws against money laundering
- Laws protecting trademarks and copyrights
- Certified under ISO 9001 2008
- Airport (cargo and passengers) in the Colon Free Zone currently under expansion

FREE ZONE ECONOMY

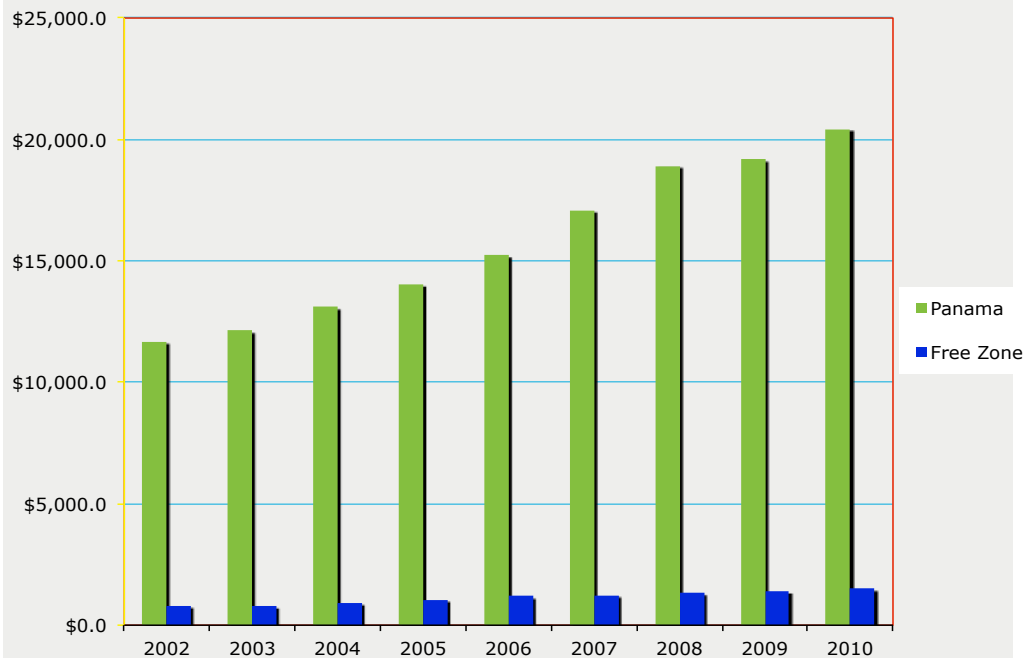
ECONOMIC ACTIVITY OF FREE ZONE (MILLIONS)



Strong year-to-year growth clearly visible over the last 9 years

GROSS DOMESTIC PRODUCT

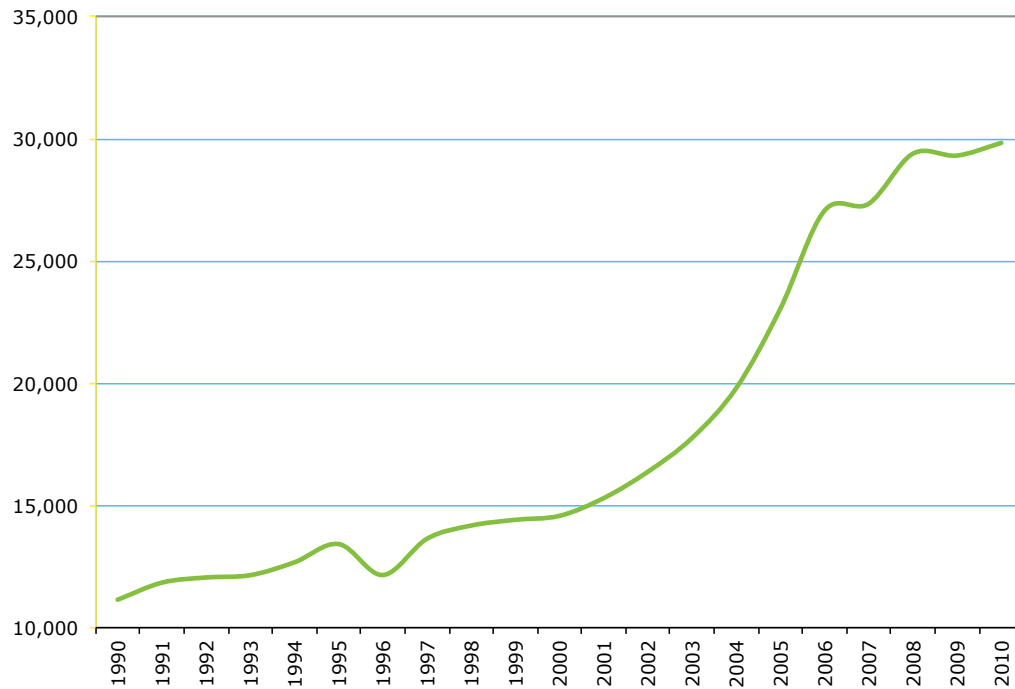
PANAMA AND FREE ZONE GDP (MILLIONS)



Strong year-to-year growth clearly visible over the last 9 years

EMPLOYMENT IN THE FREE ZONE

EMPLOYMENT



Strong year-to-year growth clearly visible over the last 20 years

ADVANTAGES OF THE COLON FREE ZONE

- Central and High-traffic geographical position
- Transportation connections
- Consolidation/deconsolidation of product lines
- Express import and export procedures
- Proven experience
- Capital flow
- Fiscal incentives

ADVANTAGE: GEOGRAPHICAL POSITION

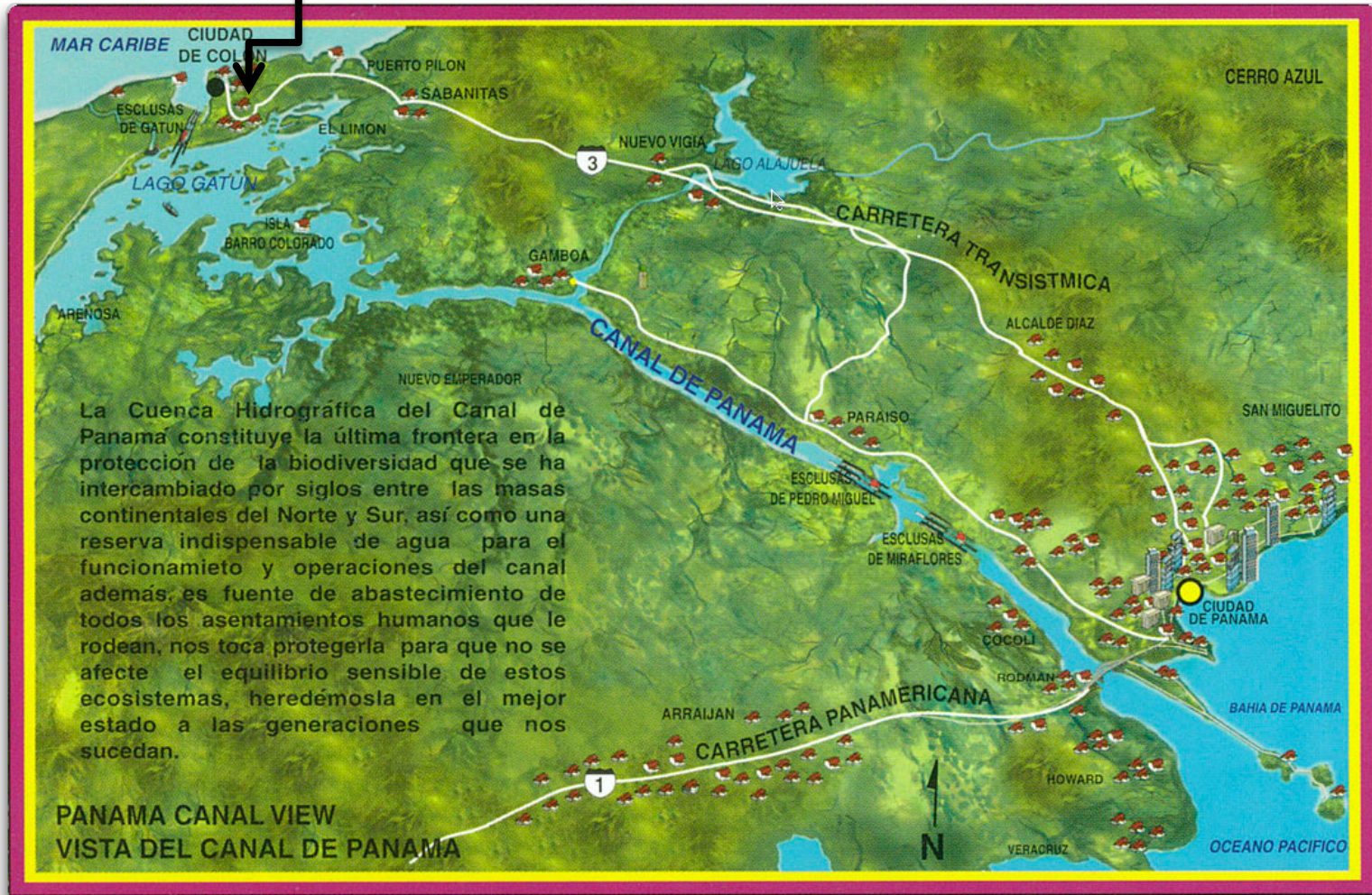
- The location of Panama is ideal to forward goods to the Central American, Caribbean, and South American regions
- High freight traffic due to Canal reduces shipping rates immensely

ADVANTAGE: TRANSPORTATION CONNECTIONS

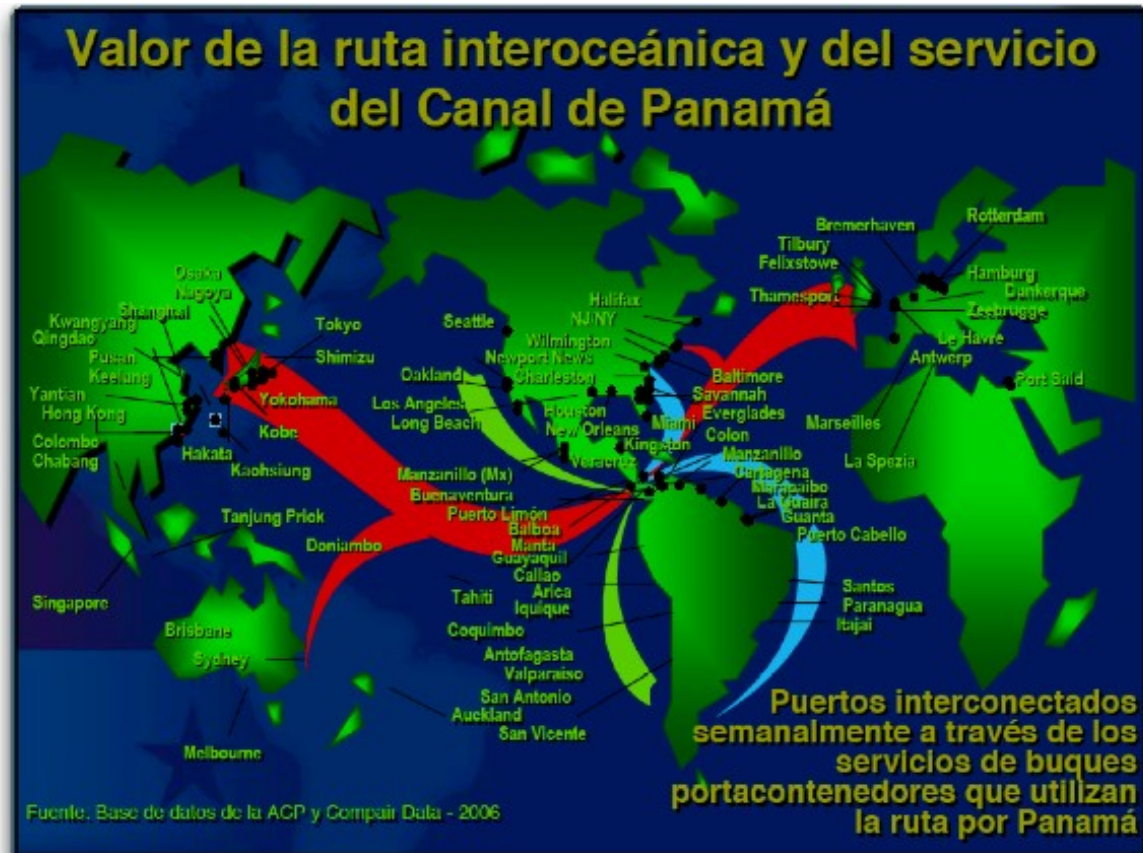
- The presence of four main ports at both ends of the Panama Canal, a modern airport and surface transportation to Central America —all with excellent frequencies and international connections— allow orders to be shipped quickly to their destination

PANAMA CANAL TRAJECTORY

Colón Free Zone



INTERCONNECTED PORTS



MAIN PORTS IN PANAMA

Port	Millions of TEUs (2009)
MIT	1.43
Balboa	2.00
CCT	0.55
Cristóbal	0.24
TOTAL	4.22

PORTS ON THE ATLANTIC OCEAN



MIT, CCT AND COLON FREE ZONE



MANZANILLO INTERNATIONAL TERMINAL (MIT)



COLON CONTAINER TERMINAL



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PORT OF CRISTOBAL



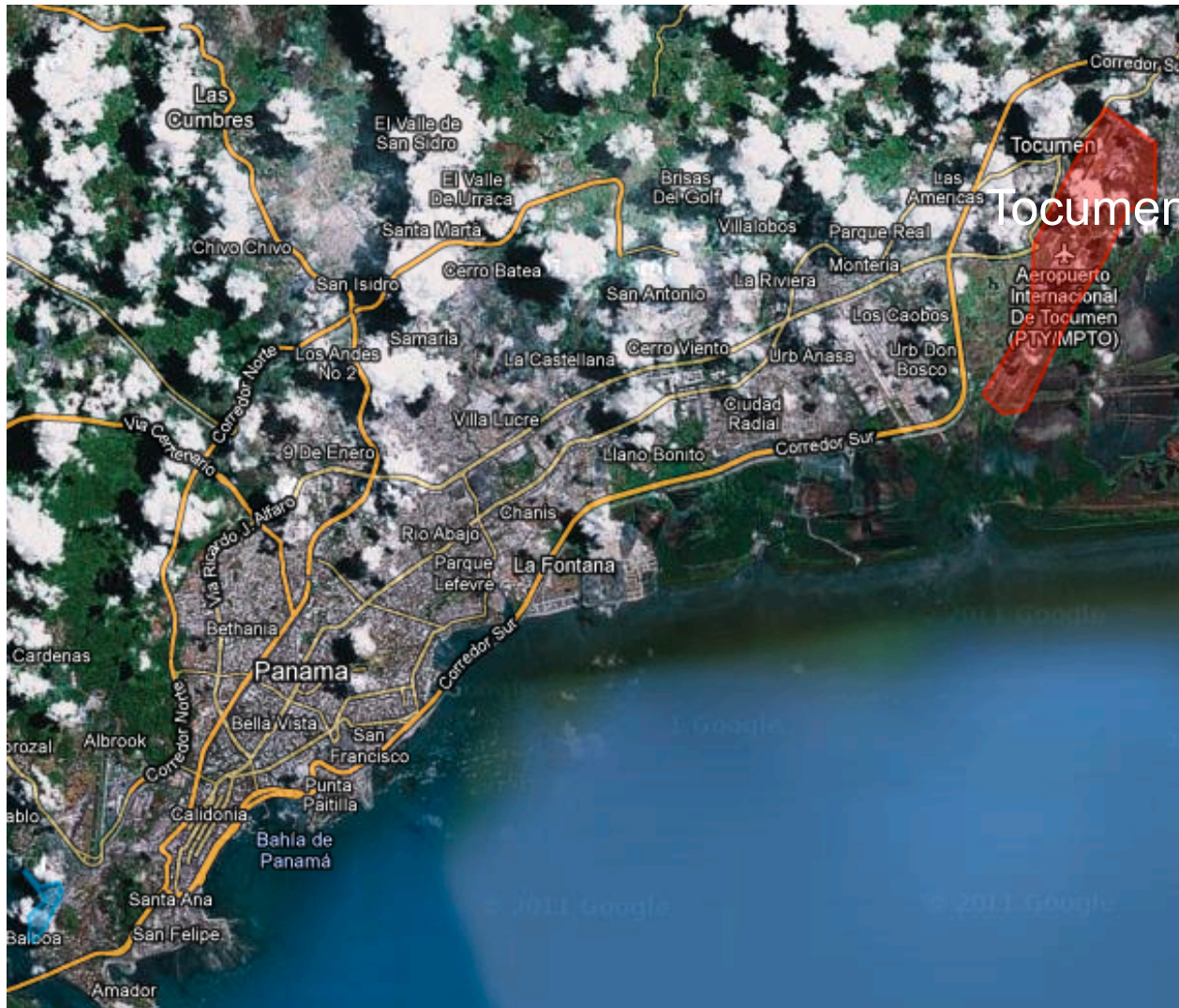
PACIFIC OCEAN PORT: BALBOA



PORT OF BALBOA



TOCUMEN INTERNATIONAL AIRPORT



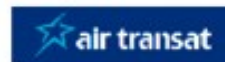
TOCUMEN INTERNATIONAL AIRPORT



TOCUMEN STATISTICS

STATISTICS

Regular Airlines	34
Regular Origins/Destinations	41
Operations	80,330
Passengers	4,748,621
Cargo (Tons)	83,513



ADVANTAGE: CONSOLIDATION/DECONSOLIDATION

- The establishment of a warehouse in the CFZ allows reception of goods from various sources and filling orders made by a single buyer under one invoice

ADVANTAGE: EXPRESS IMPORT AND EXPORT PROC.

- The documentation required for the entry and exit of goods is simple and expeditious
- Merchandise that transits through the CFZ is not subject to import and export taxes

ADVANTAGE: PROVEN EXPERIENCE

- Branches and multinational firms as well as local companies have provided warehousing and forwarding on behalf of foreign corporations in this zone as early as the late 1950s

ADVANTAGE: CAPITAL FLOW

- The movement of funds in and out of Panama is not restricted, and it occurs mainly in US Dollars, currency of legal exchange in the Republic of Panama

ADVANTAGE: FISCAL INCENTIVES

- The net earnings on the re-export operations are exempt from income tax, as well as the dividends declared on such earnings

HOW TO BECOME ESTABLISHED IN THE FREE ZONE

Any company or person of any nationality that wishes to become established in the Colon Free Zone can do so under one or more of the following operational schemes:

- Land Rental Contract
 - The Colón Free Zone rents land to local foreign companies, to build warehouses and offices for their own use or for a third party
- Building or Commercial Rental Contract
 - Private warehouses can be rented after Free Zone Administration's approval
- Contract whereby a company is represented by another
 - Colón Free Zone law allows that an established company in the Colón Free Zone may represent another
- Colón Free Zone Public Warehouse Contract
 - This option will allow you to use the Free Zone's public warehouse to store your inventory

THE EASIEST AND SIMPLEST WAY

We recommend that you establish your company as a represented company. **FCI Logistics** can serve as your representative.

The advantages for your company are:

- No need to hire and keep workers of your own
- No need to purchase, rent or acquire property for office and warehouse
- No need to pay monthly fees to the Free Zone (security, garbage service, land rental costs)
- No need to report all commercial transactions to the Administration of the Colón Free Zone; these transactions are reported by the company representing you
- No import duties paid on the cargo that comes in and is then exported
- 0% tax on income

SALES OPERATIONS PERMISSIBLE IN THE CFZ

- Re-export of goods from CFZ warehouses
- Sales to clients located within Panama's Customs territory
- Direct sales to foreign customers 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

REQUIREMENTS FOR REPRESENTATION

Document	FCI	Represented Party
Corporate By-laws		√
National Certificate of Tax Good Standing	√	√
Public Registry Certificate	√	√
Personal Identification Documents of Legal Representative	√	√
Commercial References		√
Banking References		√
Free Zone Certificate of Tax Good Standing	√	
Application Form		√

COSTS FOR REPRESENTATION

Type	Cost	Period
Deposit	\$5,000	One time
Operational Code	\$5,000	Annual
Public Registry Certificate	\$80	Once
Fiscal Stamps	\$4	Once
Certified check	\$5	Once

APPLICATION FORM

General Information

- Basic information of the corporation and its legal representative
- Principal products
- Countries of import and re-export
- Banking and commercial references
- Must be signed by the legal representative of the company

Acceptance of a Representation Contract

- Both parties (Representative and Represented) must sign a representation agreement

Legal Tax Declaration By Legal Representative

- Declaring that the Represented company and the legal representative are not involved in illicit activities

PANAMA CITY @ NIGHT



THANK YOU

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