

PANAMA

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A new era of cooperation with Japan

The official inauguration of the Panama Canal Expansion last June was the culmination of the most significant upgrade of the world-famous waterway since it originally opened in 1914. The Third Set of Locks has doubled the capacity of the canal, which can now accommodate the larger Post-Panamax vessels with capacities of 13,000 to 14,000 TEUs (twenty-foot equivalent units).

"More than 100 years ago, the Panama Canal connected two oceans. Today, we connect the present and the future. It is an honor to announce that we did this together. We provided this great connection to the world. This is the beginning of a new era." **Panama Canal Administrator and CEO Jorge Quijano** told a huge crowd of Panamanians, foreign heads of state and other dignitaries during the opening ceremonies.

Aside from the obvious advantages brought about through the canal expansion, the opening of the new locks also creates new business opportunities for Japan, particularly for the importation of liquefied natural gas (LNG).

"For the first time in the history of the Panama Canal, LNG vessels will be able to transit through this expanded canal. This means that LNG produced on the eastern seaboard of the U.S. will be going to Japan through the canal. This is essential to Japan's energy security and to our economy," explained **Ambassador of Japan to Panama Hiroaki Isobe**.

While the ambitious \$5 billion project encountered several challenges that caused years of delay, the completion underlined the determination of the Panamanian government to complete its jobs, something that bodes well for other landmark projects in the pipeline.

In April, **Panama President Juan Carlos Varela** met with Japanese Prime Minister Shinzo Abe during an official visit to Tokyo, during which the two leaders also announced a \$2.7 billion official development assistance loan for the Panama Metropolitan Area Urban Transportation Line-3



With the inauguration of the Third Set of Locks of the Panama Canal, the world-famous waterway has allowed the passage of larger ships and as a result, maintained its advantage over its competitors. As the country continues building more infrastructure, Japanese construction and engineering firms remain major players in this nation-building endeavor.



Deputy Minister for Foreign Affairs of Panama Luis Hincapie

Development Project

"The relationship between Panama and Japan has always been great. Having said this, I believe that we are currently at an all-time high," said **Panama's Deputy Minister for Foreign Affairs Luis Hincapie**.

"Japan's involvement in the third line of the metro proves that relations are at the highest level," he added.

Dubbed Metro Line 3, the project will connect the capital to its western suburbs, a vital growth zone in the Panama Metropolitan Area, using hopefully Japanese monorail technology.

The first of its kind in Latin America, the Metro Line 3 project is viewed as a crucial com-

ponent of Panama's growth and will be overseen by Japanese engineering firm **Nippon Koei LAC**, which has decades of experience in the country and the rest of Latin America.

"From the viewpoint of social development, which is the priority of the present administration, this project will ease the burden of time-consuming commutes. It will improve the lives of those who live in the suburban area of Panama City. We expect this project will contribute to the economic and social development of Panama and Panama City," said **Nippon Koei LAC President Makoto Nakao**.

Additionally, the project is widely seen as an excellent opportunity for Japan to become more involved in infrastructure development not only in Panama, but across Latin America and the Caribbean as well.

"I hope the Metro Line 3 project would be a springboard for other Japanese companies. We would like to see more Japanese companies operate here and contribute to Panama, its economy and its people," Isobe said.

This momentum in the relationship between Panama and Japan has not gone unnoticed by the private sector.

Japanese companies, such as **NTN Sudamericana** and **Yamaha Music Latin America**,



Ambassador of Japan to Panama Hiroaki Isobe

have expressed strong confidence in their growth potential as they strengthen their operations and expand their activities in the region through their Panama offices – a move welcomed by Panamanian authorities.

"Beyond the recent canal expansion and other infrastructure projects, Panama has further solidified its position in the region as a hub not only for goods and people, but also for innovation and ideas as well.

Perhaps unknown to many, Panama has taken huge strides in developing its life sciences and its information and communications technology sectors, having nurtured homegrown successes such as **Medistem Panama** and software solutions provider **Smartbytes**.

Panama's growth clusters – Panama Pacifico and Ciudad del Saber (City of Knowledge) – have contributed significantly in harnessing the country's intellectual resources and creating an environment conducive to international collaboration and exchanges.

For the long term, the two countries clearly have more opportunities to nurture and strengthen their relationship. With both sides eager to catapult cooperation to new heights, many have raised interesting ideas such as developing Panama as a transport and logistical hub via direct flights to Japan.

"We strongly believe that a direct flight to Asia represents a huge opportunity for that region, Panama and the whole of Latin America. We think that after tackling a few remaining technical issues, this flight can become a reality in a few years," Hincapie said.

NTN Sudamericana and Yamaha Music Latin America, have expressed strong confidence in their growth potential as they strengthen their operations and expand their activities in the region through their Panama offices – a move welcomed by Panamanian authorities.

"I hope this is only the beginning of more Japanese companies coming to Panama. One of the other purposes of my visit to Japan early this year was to invite Japanese companies to do business in Panama, not only for infrastructure projects, but also to use Panama as a base for their operations in the Latin American market," Hincapie said.

Beyond the recent canal expansion and other infrastructure projects, Panama has further solidified its position in the region as a hub not only for goods and people, but also for innovation and ideas as well.

Stem cell pioneer sets sights on Japan

"We enjoy the advantage of having a large amount of clinical data on 2,000 patients. So we analyzed who received which cells and which cells worked best in different conditions. This allowed us to create our selection process through molecular profiling," explained **Medistem Founder and CEO Dr. Neil Riordan**.

Operating what is arguably the country's most advanced laboratory, an 8,000-sq-ft facility in the City of Knowledge science and technology cluster, Medistem has raised its profile in recent years as it develops stem cell-based products for clinical trials for treatment of autism, asthma, multiple sclerosis, osteoarthritis, rheumatoid arthritis and spinal cord injuries.

Utilizing its patented technologies, Medistem harvests human adult stem cells from umbilical

cords, tissues and blood, as well as from bone marrow and adipose tissue.

"We have intellectual property on a methodology for basically defining which are good cells, which are mediocre and which are the useless ones. The U.S. Food and Drug Administration has approved our cells for compassionate use in the United States. This is a big step," Riordan said.

Compassionate use, also known as expanded access, refers to the use of investigational new drugs outside of a clinical trial by patients with serious, life-threatening conditions. After finishing its first prospective clinical trial, and with six others in the pipeline, the company is considering the favorable regulatory conditions for cell therapy in Japan, now a promising market for its products.



Medistem Founder and CEO Dr. Neil Riordan

"Japan has a law on the books that allows a company of our size to commercialize such products. That makes it our number one priority. We are gearing up to present our data to regulators, as well holding talks with potential partners over there," Riordan added.

→ www.medistempanama.com

Japanese engineering experts widens its reach in Latin America

Having marked four decades of successful operations in Latin America and the Caribbean, Japan's largest engineering consulting firm, **Nippon Koei** has once again set another milestone. The company recently assumed the role of project manager of Panama's long-awaited Metro Line 3 project, which will use Japanese monorail technology in connecting Panama City to its western suburb.

Nippon Koei Latin America-Caribbean has taken charge of designing, subcontracting and supervising the construction of the landmark project, which will connect the capital Panama City with its western suburb. The monorail, the first of its kind in Latin America, is seen as the model to follow by the rest of the region.

"We would like to participate actively in railway sector projects in other Latin American countries. Nippon Koei has executed similar projects in other regions, particularly in Asia, and our experience on the Panama Metro Line 3 project should be a good start to expand in the Latin America region," said **Nippon Koei LAC President Makoto Nakao**.

With Latin America accounting for 18 percent of total international sales of the Nippon Koei Group as of the last fiscal year, the Japanese consultancy is steadily strengthening its position in the region, as demonstrated by its performance in Panama.

"We expect to actively expand our business in each country in the region. There is huge demand for infrastructure in those countries that show relatively good macroeconomic performance such as Peru and Colombia. Those countries have many opportunities for us to contribute," Nakao said.



Through the Juan Diaz Wastewater Treatment Plant, Nippon Koei LAC helped Panama City, one of the world's fastest-growing cities, meet its infrastructure needs.

In Panama, Nippon Koei has been also involved in key projects. With the completion of the initial phase of the Juan Diaz Wastewater Treatment Plant, Nippon Koei LAC immediately started work on the second phase in May 2015.

Aside from its work in the water and sanitation sector, which the group has strongly promoted, Nippon Koei LAC is also further increasing its participation in the railway and geothermal sectors, having secured a contract to develop a geothermal plant in Bolivia.

Meanwhile, the sharp increase in the number of public-private partnerships for infrastructure in Latin America has caught the group's interest.

"In addition to infrastructure projects financed by public funds, there is a trend in which the private sector also takes a leading role in infrastructure development. We are working on several of these projects in both Central and South America, and we want to continue to expand our participation in such private sector projects," Nakao said.

→ www.nklac.com/en/home.html

Cemento Interocéanico – a vital contributor to building its nation

Amid rapid economic growth, Panama's government has prioritized infrastructure development to create a sustainable future. Because of this, the local construction industry is experiencing a boom, with **Cemento Interocéanico** – the country's only truly local cement manufacturer – finding itself competing with giants in the industry.

In the last few years, increasing demand for cement has prompted the entry of multinationals, something that has made it tough for homegrown companies. While **Cemento Interocéanico's** market share is small compared to that of its foreign rivals, it has ensured growth by providing quality products and value-added services.

"In a market dominated by multinationals, you need to innovate, focusing on creating value to customers across the country. There is no other cement grinder like us, 100 percent Panamanian," said **CEO Jorge Azcarraga**. **Cemento Interocéanico** focuses

on local projects. But to maximize its impact on the market, the company is seeking international investors, particularly from Japan, so that it can take on more projects, create additional value-added services, and cater to a more diverse clientele.

But, **Cemento Interocéanico** has various projects in the pipeline that will further secure its standing in the local market.

"The cement market has experienced a slowdown in the last 18 months. However, as an industry and as a company, we reinvent ourselves and seize the business for capturing new opportunities for growth. We are very confident there will be a turnaround soon," Azcarraga said.

→ www.cementointeroceanico.com
→ www.mejoraturpais.com



Cemento Interocéanico's modern and environmentally friendly plant

Japanese bearing manufacturer bets on Panama

As foreign manufacturers troop to fast-growing Panama to set up the headquarters for their Latin American operations, **NTN Sudamericana** has been enjoying early adapter benefits. One of the largest makers of bearing products, the Japanese company has been in the country for 41 years, taking advantage of its strategic geographical location,



stable currency and superior logistical infrastructure.

"You can go on the Pacific and Caribbean side, depending on where the demand is within Latin America. Geographically, Panama has a wonderful strategic location to act as a logistical base," **NTN Sudamericana President Kensaku Hata** pointed out.

In conjunction with the "NTN100" initiative to expand the aftermarket business, the company is further strengthening its presence in Latin America, as seen in the construction of a regional distribution center, which will act as a key piece in deliver-

ing NTN's wide range of automotive and industrial bearings to customers in the region's major markets.

Quick response time – starting with the receipt of orders through the delivery of the product – is vital to the success in the aftermarket business. So, NTN plans to improve its product availability with a new regional distribution center in Panama.

And with the expansion of the Panama Canal, NTN will also improve its logistics to and from Panama and, consequently, improve its customer satisfaction. To further improve its business

and customer service across Latin America, NTN has also invested in the technical training of its sales and engineering force in Panama and deployed satellite engineers to key markets outside the country.

"We are committed to becoming the premium and preferred bearing brand in Latin America and will continually strive to improve on our service level, and on the delivery of world class NTN technologies and solutions to our customers across Latin America," said Hata.

→ www.ntnamerica.com/en/
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Smartbytes expands fast beyond its borders

A success story in every aspect, **Smartbytes** was built from scratch by **CEO Victor Evans**.

In just 12 years, the IT solutions company has grown from a three-person operation in a small apartment to an industry leader with 30 employees making a name for itself around the world.

Smartbytes' success can be attributed to the clever move of Evans to hire the often-overlooked IT experts – the hackers – and bring them into the fold of professional business. Also, his business model focused on professional IT services rather than technology, filling a gap in the market.

"Panama has great talent in IT, but they are working in the wrong places. There is no leader, nowhere to channel that energy to something good," Evans said.

As Panama experiences significant changes in recent years, sev-



eral companies face a multitude of challenges, but as the country also gains more prominence on the world stage, **Smartbytes** has grabbed the attention of industry giants, such as HP, FS, VMware and Microsoft.

Yet, the most valuable asset of **Smartbytes** is its people. Evans' priority is to grow its management team and workforce, while simultaneously, in the longer run, form more partnerships with foreign companies and thus, expand its network outside Panama.

"**Smartbytes** is a company of talent; talent in IT, talent in business and talent in helping you," stressed Evans.

→ www.smartbytes.com.pa

Yamaha Music grooves to Latin America's beat

"Let's all enjoy music. That's how we contribute to society," said **Yamaha Music Latin America President Tomohiro Akiyama** in Panama City.

"Latin America has a very good awareness of dance and music. At a very young age, people here learn to dance. And music comes with that. Music education is key to market acceptance," Akiyama added.

Starting with pianos and organs more than a century ago, Japan-based Yamaha has crafted musical instruments, which are played by renowned musicians around the world.

In Latin America, the company focuses on music education and marketing of musical instruments. To date, more than 4,000 students have learned and enjoyed Yamaha music courses in 10 countries in the



region. Also, the company promotes youth bands and orchestras to fight against delinquency in the region.

As Yamaha Music recently celebrated its 40th year in Latin America, the company has seen its fair share of ups and downs. "In spite of economic volatilities in the region, continuing our service is Yamaha's commitment. Growth in the long run is inevitable," Akiyama said.

With a stable economy in Central America and the Caribbean, coupled with the growing young population in South America, Yamaha Music is stepping up efforts to expand its sales and distribution with unique activities of long-term music playing expansion.

→ www.yamaha.com

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