

Belgium's trade relations with

PANAMA

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**Belgian
Foreign Trade Agency**



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1 IMPORTANCE OF BELGIUM AND THE OTHER EU COUNTRIES IN TRADE WITH PANAMA

In the first part of this publication, a couple of tables show the importance of Panama for the countries of the European Union. We

look at which countries are the main suppliers of goods to Panama and which EU countries import the most from Panama.

1.1 EXPORTS

Total exports of goods from the European Union (EU-27) to Panama amounted to almost €1.9 billion in 2020.

Belgium accounted for a share of 10.6%, which made it the 4th largest exporter of goods to Panama within the EU. France took first place with 19.2%, while Germany and Spain occupied second and third place with 18.8% and 11.2% respectively.

Whereas overall European exports (EU-27) to Panama fell by 30.0% (€-802.1 million) in 2020, Belgian exports were up by 44.5% (€+61.1 million). As a result, our country's

share in EU exports of goods to Panama actually increased in 2020.

The value of French and German exports of goods to Panama plunged by 37.5% (€-215.8 million) and 38.9% (€-224.5 million) respectively in 2020, while those of Spain were down by more than half (-54.6% or €-252.0 million) due to the lower value for 'self-propelled railway or tramway coaches, vans and trucks powered from an external source of electricity', 'perfumes and toilet waters' and 'fishing vessels, factory ships and other vessels for processing or preserving fishing products'.

TABLE 1: DEVELOPMENT OF EXPORTS TO PANAMA

In million €	2019	2020	Variation (in %)	Share (in %)
1 France	576.0	360.3	-37.5	19.2
2 Germany	577.9	353.4	-38.9	18.8
3 Spain	461.5	209.5	-54.6	11.2
4 Belgium	137.3	198.5	44.5	10.6
...				
Total EU-27	2,677.9	1,875.8	-30.0	100.0

1.2 IMPORTS

Total imports of goods by the European Union (EU-27) from Panama amounted to €802.1 million in 2020.

Belgium was the 8th largest importer of goods from Panama within the EU with a share of 2.3%. The Netherlands were the largest importer of goods from Panama with a share of 33.3%. Spain and Germany completed the top three with shares of 27.5% and 8.9% respectively.

While EU imports (EU-27) from Panama decreased by 0.5% (€-3.8 million) in 2020, Belgian imports fell by more than half (-51.3% or €-19.7 million). As a result, our country's share of EU imports of goods from Panama has plunged in 2020.

Dutch imports of goods from Panama recorded a drop of 4.8% (€-13.5 million) in 2020, while those of Germany fell by 0.7% (€-0.5 million). The rise in Spanish imports from Panama by 79.3% (€+97.6 million) is to a large extent the result of a higher value for the sub-section 'copper ores and concentrates'.

TABLE 2: DEVELOPMENT OF IMPORTS FROM PANAMA

In million €	2019	2020	Variation (in %)	Share (in %)
1 Netherlands	280.9	267.5	-4.8	33.3
2 Spain	123.1	220.8	79.3	27.5
3 Germany	71.7	71.2	-0.7	8.9
...				
8 Belgium	38.5	18.8	-51.3	2.3
...				
Total EU-27	805.9	802.1	-0.5	100.0

2 IMPORTANCE OF PANAMA AND ITS NEIGHBOURING COUNTRIES FOR BELGIUM'S FOREIGN TRADE (2020)

CLIENT → BELGIAN EXPORTS

SUPPLIER → BELGIAN IMPORTS



INTEREST IN PANAMA

The database of the Belgian Foreign Trade Agency, which registers more than 23,000 companies, holds records on 635 Belgian companies that export to Panama and another 1,495 companies that show an interest in this market.

3 BILATERAL TRADE RELATIONS

3.1 TRADE IN GOODS

In 2020, Panama ranked **85th** among Belgium's main clients, before Togo but after Kazakhstan.

Total Belgian **exports** of goods to Panama amounted to almost **€198.5 million** in 2020, which is **44.5%** (€+61.1 million) more than the previous year. In 2020, exports to Panama were responsible for 0.1% of the total amount of Belgian goods exported.

Panama was Belgium's **125th** largest supplier of goods in 2020, ranking after Paraguay, but ahead of Mauritania.

Total Belgian **imports** of goods from Panama dropped by **51.3%** (€-19.7 million), amounting to **€18.8 million** in 2020. Last year, Panama was responsible for 0.01% of total Belgian imports of goods.

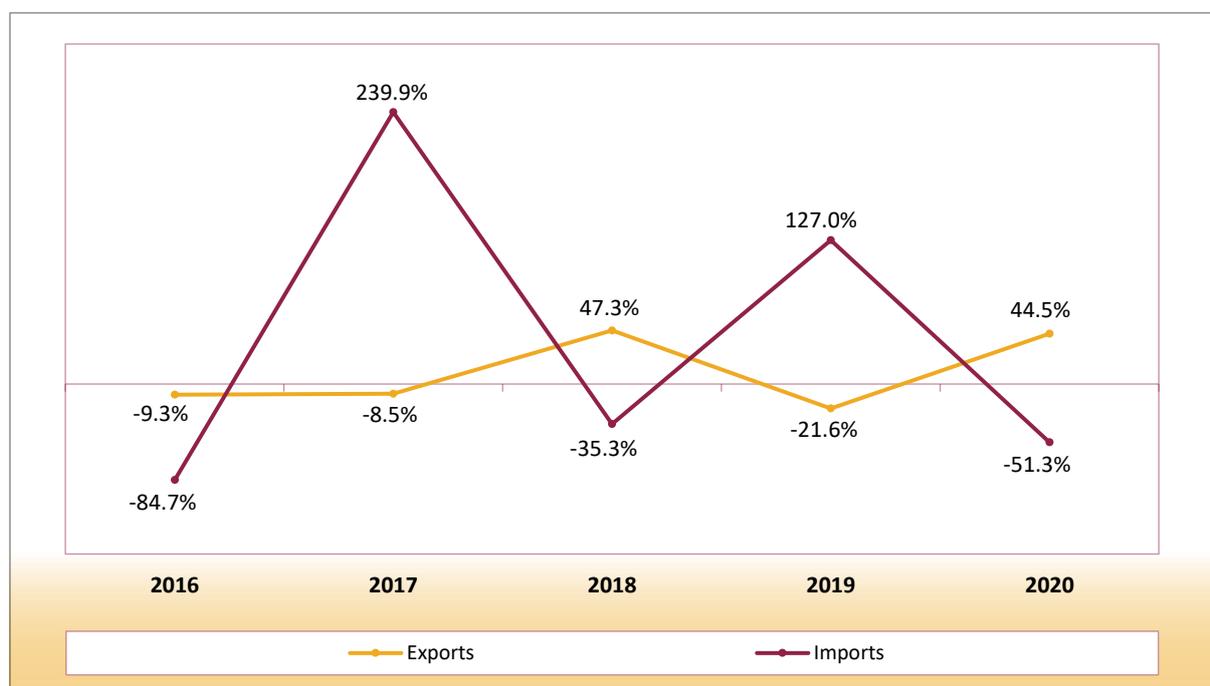
TABLE 3: DEVELOPMENT OF BELGIUM'S TRADE IN GOODS WITH PANAMA

In million €	2016	2017	2018	2019	2020
Exports	129.9	118.9	175.2	137.3	198.5
Imports	7.7	26.2	17.0	38.5	18.8
Trade Balance	122.2	92.7	158.2	98.8	179.7
Exports: variation in %	-9.3	-8.5	47.3	-21.6	44.5
Imports: variation in %	-84.7	239.9	-35.3	127.0	-51.3

Belgium traditionally displays a surplus on its trade balance for goods with Panama. The surplus, which amounted to €122.2 million in 2016, was limited to €92.7 million a year later as a result of imports increasing significantly, while exports recorded a negative growth rate. In 2018, it was the value of exports that grew, while the value of imports was down by about a third. This is why the surplus was

up to €158.2 million. While imports more than doubled in 2019, exports moved in the opposite direction, causing the trade surplus to fall to €98.8 million. Exports picked up again in 2020, while the value of imports decreased by about half. As a result, the trade surplus, which amounted to €179.7 million, reached its highest level of the period under review last year.

FIGURE 1: VARIATION OF EXPORTS AND IMPORTS (IN %)



After total Belgian **exports** of goods to Panama had displayed negative growth rates of 9.3% and 8.5% in 2016 and 2017 due to the lower value for chemical products among other things, they recorded a 47.3% rise in 2018 thanks primarily to an increase in exports of chemical products and mineral products. The value of this last section was reduced to a minimum in 2019, which also caused total exports to fall by 21.6%. Exports picked up again in 2020, thanks to a higher value for base metals, chemical products and the aforementioned mineral products. They helped Belgian exports of goods to Panama to grow by 44.5% this past year.

Due primarily to the lower value of transport equipment, total Belgian **imports** of goods from Panama displayed a negative growth rate of 84.7% in 2016. The same product group was also largely responsible for imports rebounding a year later with a growth rate of 239.9%. Imports of transport equipment once again fell drastically in 2018, causing total imports to plunge by 35.3%. In 2019, the higher value for chemical products was the number one reason why total imports were able to display a 127.0% growth rate. Imports of this group of products were drastically reduced too in 2020, causing total Belgian imports of goods from Panama to plunge by 51.3%.

3.1.1 EXPORTS

In 2020, **chemical products** took the top position in total Belgian **exports** of goods to Panama. With a value of €108.5 million, this group of products represented a share of 54.6% of total exports. This section was mainly composed of ‘medicaments’, ‘immunological products’ and ‘vaccines for human medicine’.

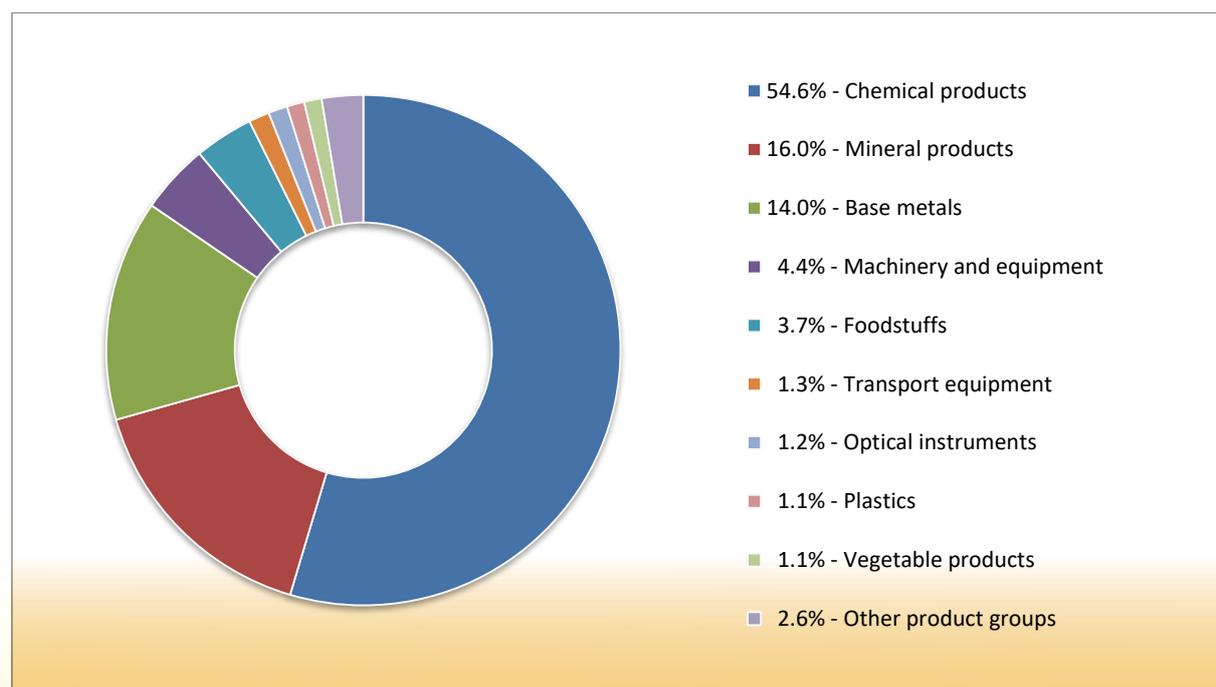
Exports of **mineral products** (main subsections: ‘medium oils’ and ‘oils and other products of the distillation of high temperature coal tar’) amounted to €31.7 million, corresponding to a share of 16.0% of Belgian exports of goods to Panama.

Base metals (main subsection: ‘towers and lattice masts’) completed the top three with a share of 14.0% and exports totaling €27.8 million.

There were six other product groups that also accounted for a share of more than 1.0% of Belgian exports of goods to Panama. These sections were:

- **machinery and equipment:** €8.7 million, corresponding to a share of 4.4%;
- **foodstuffs:** €7.3 million, corresponding to a share of 3.7%;
- **transport equipment:** €2.6 million, corresponding to a share of 1.3%;
- **optical instruments:** €2.3 million, corresponding to a share of 1.2%;
- **plastics:** €2.2 million, corresponding to a share of 1.1% and
- **vegetable products:** €2.1 million, corresponding to a share of 1.1%.

FIGURE 2: BREAKDOWN OF BELGIAN EXPORTS TO PANAMA BY PRINCIPAL COMMODITIES (IN %) — 2020



The chart below shows that, of the ten main product groups, the **mineral products** section recorded the largest increase in 2020. The value of this group of products grew by €31.3 million (+7,281.9%), thanks mainly to higher exports of 'medium oils' and 'oils and other products of the distillation of high temperature coal tar'. The fact that the quantity exported was up by a larger percentage rate than the value of exports indicates that the unit price for this type of products decreased in 2020.

Exports of **chemical products**, the largest section of Belgian exports of goods to Panama, grew by 7.3% (€+7.4 million) this past year.

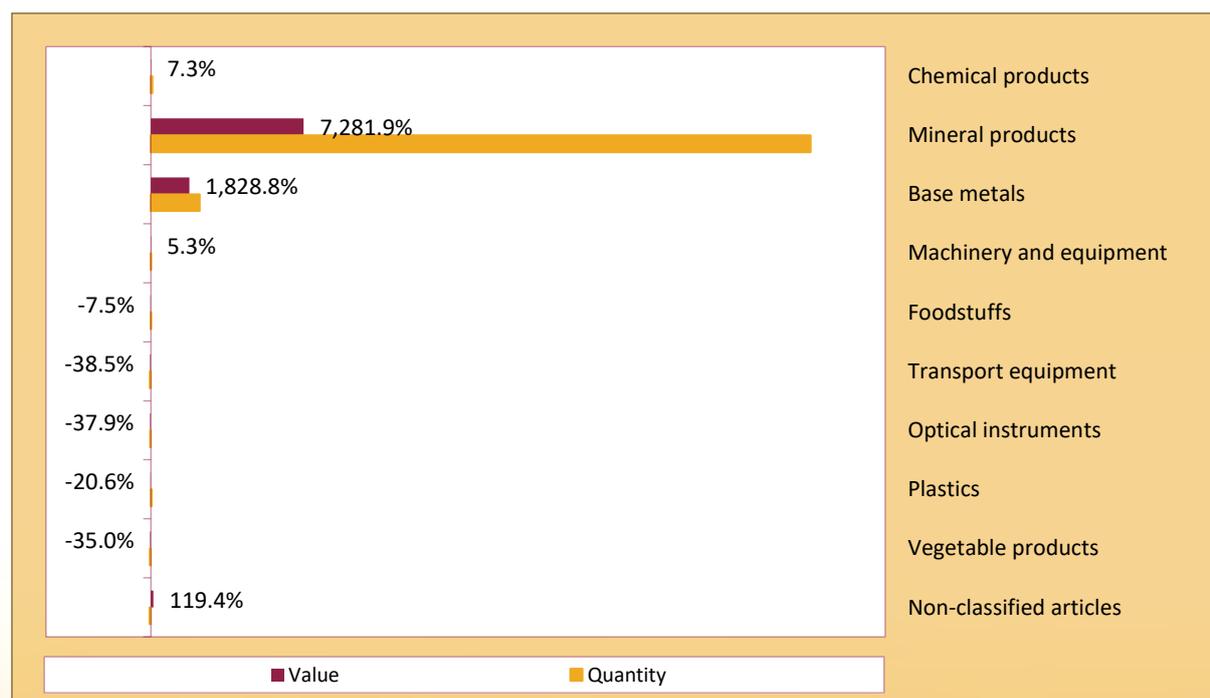
Machinery and equipment (+5.3% or €+0.4 million), **non-classified articles** (+119.4% or €+0.7 million) and **base metals** (+1,828.8% or €+26.4 million) were the other product groups from the top ten for which exports increased. The value of this last section was up primarily thanks to the 'towers and lattice masts' sub-section, which did not yet appear among exports in 2019.

Because of the higher value for the aforementioned product groups, total Belgian exports of goods to Panama recorded a growth rate of 44.5% in 2020 despite the COVID-19 crisis.

Transport equipment was responsible for the largest decrease in the top ten sections. They recorded a negative growth rate of 38.5% (€-1.6 million), amounting to €2.6 million as a result of the lower value for 'vehicles, with only a spark-ignition internal combustion reciprocating piston engine of a cylinder capacity exceeding 1,500 cm³ but not exceeding 3,000 cm³', among other things.

The other product groups in the top ten displaying a decrease in the export value recorded a negative growth rate varying from 7.5% (**foodstuffs**) to 37.9% (**optical, precision and medical instruments**). The drop experienced by this last product group by €1.4 million can be attributed in large part to lower exports of 'orthopedic appliances' and 'tubular metal needles and needles for sutures'.

FIGURE 3: VARIATION OF EXPORTS TO PANAMA BY PRINCIPAL COMMODITIES (IN VALUE AND QUANTITY) — 2020/2019



3.1.2 IMPORTS

Plastics dominated total Belgian imports of goods from Panama in 2020. This group of products, composed primarily of ‘new pneumatic tires of a kind used on motor cars’, represented a value of €4.5 million, corresponding to a share of 23.8%.

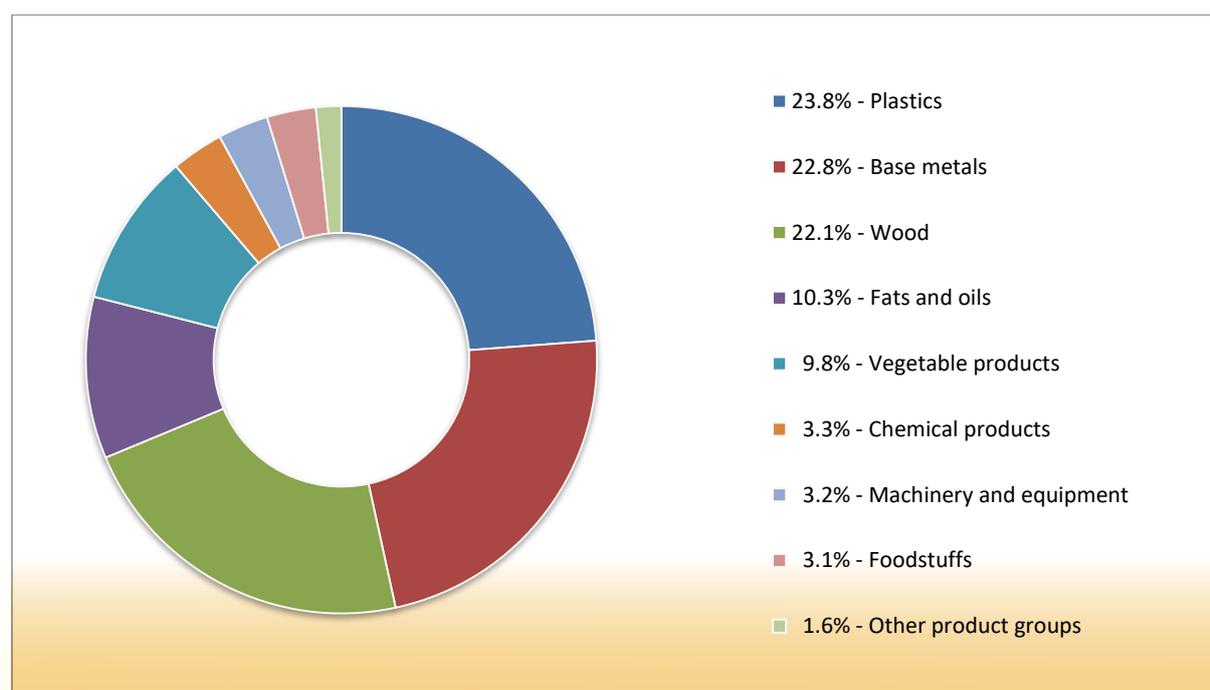
Imports of **base metals** (main subsection: ‘copper waste and scrap’) amounted to €4.3 million, equivalent to a share of 22.8%.

Wood, composed primarily of ‘wood pellets’, completed the top three sections of Belgian imports from Panama, amounting to €4.1 million or a share of 22.1%.

There were five further product groups that also recorded a share of more than 1.0% of Belgian imports from Panama. These sections were:

- **fats and oils:** €1.9 million, corresponding to a share of 10.3%;
- **vegetable products:** €1.8 million, corresponding to a share of 9.8%;
- **chemical products:** €0.6 million, corresponding to a share of 3.3%;
- **machinery and equipment:** €0.6 million, corresponding to a share of 3.2% and
- **foodstuffs:** €0.6 million, corresponding to a share of 3.1%.

FIGURE 4: BREAKDOWN OF BELGIAN IMPORTS FROM PANAMA BY PRINCIPAL COMMODITIES (IN %) — 2020



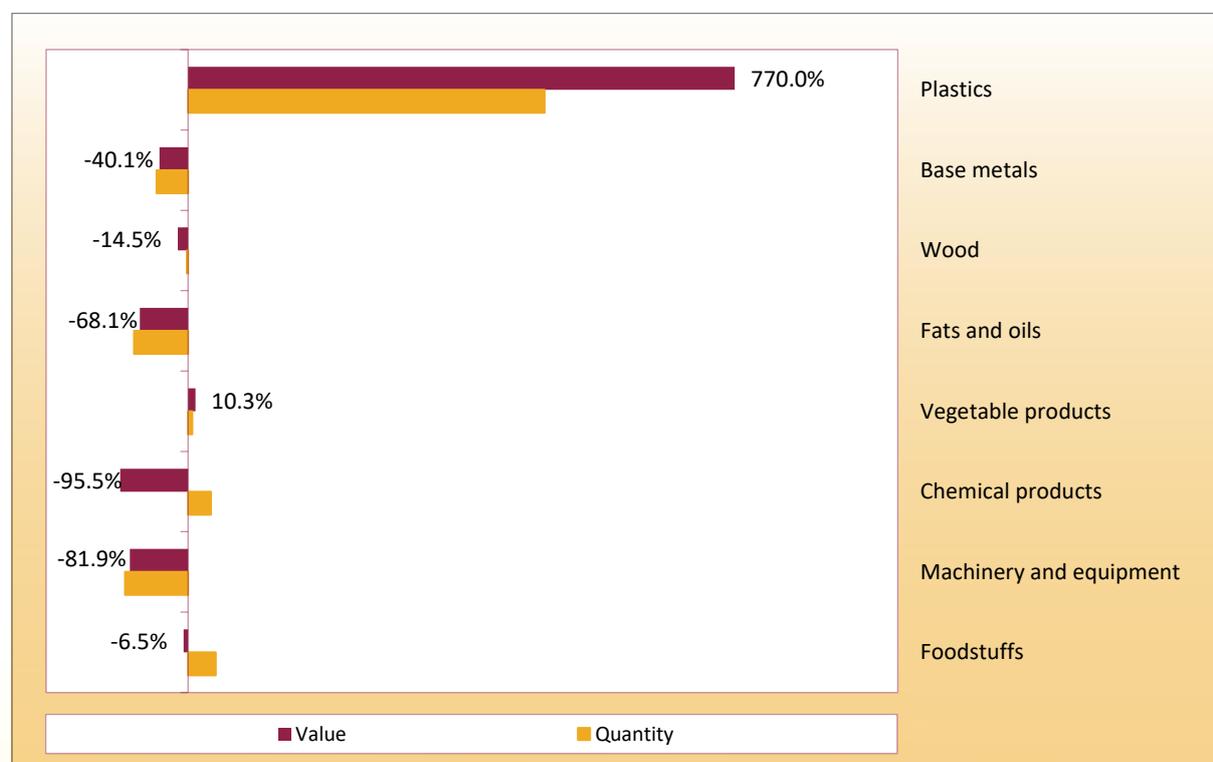
The chart below shows that, of the product groups that represented a share of more than 1.0% in imports, the **plastics** section recorded the largest percentage increase in 2020. The value of this group of products grew by €3.9 million (+770.0%), due largely to higher imports of ‘new pneumatic tires of a kind used on motor cars’. The fact that the quantity imported was up by a smaller percentage rate than the value of imports indicates that the unit price for this type of products increased in 2020.

Vegetable products were the only other product group for which imports increased. The value of this section was up by 10.3% (€+0.2 million).

Total Belgian imports of goods from Panama decreased by 51.3% in 2020, due in large part to the value of **chemical products** and, more specifically, ‘amino-acids’ falling by €13.1 million (-95.5%) in 2020.

The other product groups with a share of more than 1.0% displaying a drop in imports recorded a negative growth rate varying from 6.5% (**foodstuffs**) to 81.9% (**machinery and equipment**). The fall in value of this last product group by €2.7 million can be attributed in part to lower imports of ‘ships’ derricks; cranes, including cable cranes; mobile lifting frames, straddle carriers and works trucks fitted with a crane’.

FIGURE 5: VARIATION OF IMPORTS FROM PANAMA BY PRINCIPAL COMMODITIES (IN VALUE AND QUANTITY) — 2020/2019



3.1.3 GENERAL PATTERN OF DEVELOPMENT OF THE TRADE IN GOODS AFTER THE FIRST THREE MONTHS OF 2021

Exports

Belgian **exports** of goods to Panama amounted to €33.1 million after the first three months of 2021, corresponding to a decrease of 32.1% (€-15.6 million) compared with the same period in 2020.

Chemical products maintained first place in exports after the period under review with a share of 61.6% and an amount of €20.4 million. The value of this group of products was down by 34.8% (€-10.9 million) compared to the corresponding period in 2020. This can be attributed in part to the lower value of 'medicaments'.

The export value of **foodstuffs** has grown by 21.8% (€+0.3 million) after the first quarter of this year, amounting to €1.9 million.

Plastics completed the top three sections of Belgian exports of goods to Panama with a share of 2.9%. The value of this group of products has increased by 115.4% (€+0.5 million) to €1.0 million.

Another reason why total Belgian exports of goods to Panama were down by almost a third after the first three months of 2021 was the development of the **mineral products'** section. The value of this group of products fell by €7.7 million (-97.1%) to only €0.2 million due to decreased exports of 'medium oils' and 'oil and other products of the distillation of high temperature coal tar'.

Imports

Belgian **imports** of goods from Panama amounted to €1.2 million after the first three months of 2021. This is a drop of 84.4% (€-6.3 million) in comparison to the same period of 2020.

Base metals took over first place in Belgian imports of goods from Panama after the first quarter of 2021 with a share of 50.9% and an amount of €0.6 million, despite the fact that the value for this section was down by 59.9% (€-0.9 million).

Belgian imports of **plastics** from Panama recorded a decrease of 34.0% (€-0.2 million), causing the value of this section to fall to €0.4 million.

Imports of **machinery and equipment**, which plunged by 60.5% (€-0.2 million), amounted to €0.1 million. This group of products accounted for a share of 9.8% of goods imported from Panama.

The primary reason why total Belgian imports of goods from Panama were down after the first three months of 2021 was the development of the **wood** section. This group of products, which represented a value of €4.1 million after the first quarter of 2020, did no longer appear among imports after the same period of this year.

3.2 TRADE IN SERVICES

The value of Belgian **exports** of services to Panama was down by **26.9%** (€-28.1 million) in 2020, falling from €104.5 million to **€76.4 million**. This made Panama Belgium's **59th** largest customer after Thailand but before Croatia with a share of 0.1% of total Belgian exports of services.

Belgian **imports** of services from Panama accounted for a value of **€131.0 million** in 2020, corresponding to a **1.5%** (€+2.0 million) increase compared to the year before. Panama was Belgium's **45th** largest supplier in 2020 with a share of 0.1% of our country's total imports of services, ranking before Malaysia, but after Slovenia.

TABLE 4: DEVELOPMENT OF BELGIUM'S TRADE IN SERVICES WITH PANAMA

In million €	2018	2019	2020
Exports	213.7	104.5	76.4
Imports	270.8	129.0	131.0
Trade balance	-57.1	-24.5	-54.6
Exports: variation in %	89.8	-51.1	-26.9
Imports: variation in %	76.9	-52.4	1.5

Belgium's **trade balance for services** has been negative for the last three years, with imports of services from Panama outperforming exports to that country each time.

The deficit in Belgium's services trade balance with Panama, which amounted to €57.1 million in 2018, was reduced to roughly €24.5 million a year later due to the value of imports decreasing by a larger amount than

that of the exports. Exports continued declining in 2020, while imports recorded a modest growth rate. This is why the trade deficit was once again up to €54.6 million last year.

The trade balance for services was in contrast to that for goods during the period under review, with the latter traditionally being in our country's favour.

3.2.1 EXPORTS

In 2020, **transportation services** comprised the largest category in terms of total Belgian **exports** of services to Panama with a share of 40.6% and a value of €31.0 million. **Financial services** took 2nd place with 30.9%, while **other business services** settled in third with a share of 9.6%. This last section includes, among other things, ‘merchandising’, ‘operational leasing services’, ‘legal services’, ‘accounting, auditing, bookkeeping and tax consultancy services’, ‘advertising, market research and public opinion polling’ and ‘waste treatment and depollution’.

Transportation services were the only group in the top five sections of exports to Panama that displayed a positive growth rate in 2020, with their value increasing by 35.8% (€+8.2 million) to €31.0 million.

The lower value for **other business services** was part of the reason why total Belgian exports of services to Panama were down by 26.9% in 2020. Exports of this group of services recorded a drop of 65.4% (€-13.9 million) during this past year.

Other groups of service in the top five for which the value of exports declined were: **financial services** (€-2.2 million or -6.8%), **communication services** (€-5.8 million or -55.4%) and **travel services** (€-0.7 million or -45.7%).

Cross-border services that require physical distancing have fallen sharply during the COVID-19 crisis. That helps explain why the value of **construction** in exports of services fell from €8.8 million in 2019 to €0.5 million last year. As a result, this section fell out of the top 5 services exported to Panama.

TABLE 5: BELGIAN EXPORTS TO PANAMA BY PRINCIPAL SERVICES

In million €	2019	2020	2020/2019 Var. in %	2020 Share in %
Transportation services	22.8	31.0	35.8	40.6
Financial services	33.1	30.9	-6.8	40.4
Other business services	21.2	7.3	-65.4	9.6
Communication services	10.4	4.6	-55.4	6.1
Travel services	1.5	0.8	-45.7	1.1
Other services	15.5	1.8	-88.4	2.2
Total	104.5	76.4	-26.9	100.0

3.2.2 IMPORTS

Transportation services not only comprised the largest section of total Belgian exports of services to Panama; they also dominated imports from that country. Among other things, this group of services is composed of sea transport, air transport, space transport, rail transport, road transport, inland waterway transport and pipeline transport. Their value amounted to €115.7 million in 2020, corresponding to a share of 88.4%. **Other business services** and **travel services** rounded of the top three with shares of 7.4% and 1.4% respectively.

The fact that total Belgian imports of services from Panama were up by 1.5% in 2020 was primarily due to the higher value for **transportation services** (+3.6% or €+4.0 million).

Construction services (+20,637.5% or €+1.7 million) and **insurance services** (+175.8% or €+0.6 million) were the other sections that recorded a growth in imports from Panama.

With the borders remaining closed during the first lockdown (March-May 2020) and restrictions continuing to apply afterwards, far fewer Belgian tourists and business travellers went to Panama. The occupancy rate in the hotels was at a lower level and Belgians also spent less on meals and souvenirs during their stay. This contributed to a drop of 60.6% (€-2.9 million) in Belgian imports of **travel services** from Panama.

Other business services was the other remaining section in the top five that displayed a negative growth rate. Their value fell by 11.7% (€-1.3 million) to €9.7 million.

TABLE 6: BELGIAN IMPORTS FROM PANAMA BY PRINCIPAL SERVICES

In million €	2019	2020	2020/2019 Var. in %	2020 Share in %
Transportation services	111.7	115.7	3.6	88.4
Other business services	11.0	9.7	-11.7	7.4
Travel services	4.8	1.9	-60.6	1.4
Construction services	0.0	1.7	20,637.5	1.3
Insurance services	0.3	0.9	175.8	0.7
Other services	1.2	1.1	-8.3	0.8
Total	129.0	131.0	1.5	100.0

4 ECONOMIC INDICATORS FOR PANAMA

Economic structure (2020 - estimates)	
GDP	\$52.9 billion
GDP growth rate	-17.9%
Inflation	-1.6%
Exports of goods (FOB - 2019)	\$10.5 billion
Imports of goods (FOB - 2019)	\$21.5 billion
Trade balance	-\$11.0 billion
Population	4.3 million
Unemployment rate	18.6%
Main customers: % of total (2017)	
United States	20.0
Colombia	8.9
Costa Rica	6.7
Dominican Republic	4.9
Main suppliers: % of total (2017)	
China	19.8
United States	18.5
Singapore	6.9
Mexico	4.3
Main exports: % of total (2017)	
Medicaments	14.6
Oxygen-function amino-compounds	5.6
Sulphonamides	4.5
Main imports: % of total (2017)	
Petroleum oils and oils obtained from bituminous minerals	8.6
Medicaments	6.7
Motor cars and other motor vehicles principally designed for the transport of persons	3.9

Source: TrendEconomy

5 INDEX OF THE UNIT PRICE FOR IMPORTS AND EXPORTS

The table below gives an overview of the development of the index of the unit price for imports and exports for Belgium (with the world).

This index facilitates an analysis of the general development of the price of goods. This makes it possible to consider the global evolution of Belgian imports and exports in perspective by determining the part that is

caused by price developments (and hence which part is caused by a change in quantity).

The table has to be interpreted as follows:

If a given product had an export value of €100 in the year 2015, then this product had an average value of €98.4 in 2020. The same principle applies to imports. If a particular product had an import value of €100 in 2015, the same product then had an import value of €98.8 in 2020.

TABLE 7: INDEX OF THE UNIT VALUE OF TOTAL BELGIAN EXPORTS AND IMPORTS (2015=100)

	Export	Import
2010	91.6	94.2
2011	95.3	98.1
2012	94.6	96.6
2013	96.8	97.1
2014	98.7	99.2
2015	100.0	100.0
2016	103.4	105.3
2017	104.1	105.0
2018	105.3	106.5
2019	105.3	105.9
2020	98.4	98.8

6 SOURCES

WORLD BANK — WWW.WORLDBANK.ORG

NATIONAL BANK OF BELGIUM — WWW.BNB.BE

CREDENDO GROUP — WWW.CREDENDOGROUP.COM

CIA WORLD FACTBOOK — WWW.CIA.GOV

DIRECTORATE-GENERAL COMMERCE, EUROPEAN COMMISSION — [HTTP://EC.EUROPA.EU/TRADE](http://EC.EUROPA.EU/TRADE)

EUROSTAT, EUROPEAN COMMISSION — [HTTP://EC.EUROPA.EU/EUROSTAT](http://EC.EUROPA.EU/EUROSTAT)

WORLD TRADE ORGANIZATION — WWW.WTO.ORG

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