DOING BUSINESS IN PANAMA

Population 4.5 M I GDP Growth 2.9% (*est. 2024) I GDP PC $36K | Still Wine Imports 478K 9 liter cs

The Balboa is the official currency, but the US Dollar circulates freely creating operational benefits by eliminating FX volatility and streamline price models with local importers. The US – Panama Trade Promotion Agreement (TPA) removes import duties for US wines. Hundreds of multinational regional headquarters create a premium customer base from corporate executives, US expats and high net worth retirees. Target the areas of Panama City, Coronado and Boquete for premium and luxury price points.

Wine in Panama

Total Addressable Market

Total Still Wine Category 478K 9 lt cases, imports led by Chile with 256K cs(-1%) followed by Spain 84K cs (-0.6%) and Argentina 74K (-0.7%) US wine imports 26K cs (-23%). Fourth largest country of origin imports.

Consumption Trends

Total still wine category declining (-3.2%), high unemployment limiting disposable incomes.

Still Wine: Selected New World Wine Varietals

000s 9-litre Cases

Category	2024	2025	Market Share 2025	CAGR 2024–25	CAGR 2020–25
- Cabernet Sauvignon	124.98	115.12	31.6%	-7.9%	15.5%
- Malbec	50.04	46.58	12.8%	-6.9%	2.5%
- Merlot	35.44	40.80	11.2%	15.1%	6.6%
- Sauvignon Blanc	44.26	36.77	10.1%	-16.9%	3.8%
- Chardonnay	17.85	21.31	5.9%	19.4%	12.2%
- Carménère	9.23	10.90	3.0%	18.1%	7.0%
- Pinot Gris/Pinot Grigio	8.04	6.08	1.7%	-24.4%	0.8%
- Pinot Noir	6.23	3.61	1.0%	-42.1%	-3.7%
- Shiraz/Syrah	3.71	3.48	1.0%	-6.2%	-10.8%
- Zinfandel	1.60	1.25	0.3%	-21.9%	-6.5%
- White Zinfandel	1.25	1.00	0.3%	-20.0%	0.0%
- Chenin Blanc	0.11	0.09	0.0%	-18.2%	-
- Pinotage	0.04	-	-	-	-
- Other Varietals	73.72	77.01	21.2%	4.5%	-11.8%

Source: IWSR

*https://openfactbook.org/

Trading Notes for Wineries

The off-premise represents 65% of wine consumption. Supermarket chains increasing direct imports creating pressure for local importers on prices and shelf space.

On-premise represents 35% - High HORECA sales percentage vs other regional markets. Numbers helped by increase in tourism and foreign nationals. Rising interest in easy to drink red wines like Zinfandel and Pinot Noir. Wine remains fashionable and aspirational with locals with Rose incentivizing trial in a very hot country.

Market Insights

- With US – Panama Trade Promotion Agreement (TPA) US wines remain price competitive.
- Imported wine consumption figures can be misleading because Panama is an important re-export hub for Central and South America
- Opportunity to position California as premium wine producing region
- Panama has some of the best wine retail stores in the region, like Felipe Motta Wine Store (also importer) with temperature-controlled areas and knowledgeable staff
- Growing interest in young affluent consumer increasingly interested in organic, biodynamic and sustainable wines. California is recognized in the market as a leader in sustainability growing
- Panama is a mature wine market with relatively small population. Growth will come from increased consumption per capita and tourism / expats growth
- California is perceived as premium to luxury. Education and value to quality proposition important for positioning in the market.
- $20 retail is the sweet spot of California wines
- Work with local distributors that supply the airport Duty – Free shops since Panama is a major tourism hub for the region

Taxes, Shipping and Terms

- With US – Panama Trade Promotion Agreement (TPA) California wines are are exempt from import tariffs. (**DAI = Derecho Arancelario de Importacion**)
- All duties and taxes in Panama are calculated based on the CIF (Cost, Insurance, and Freight) value of the shipment
- **A. Selective Consumption Tax (ICS)**
  - Two components
  - 1. Standard Tier USD $0.04 per degree of alcohol content
    - Shelf price under USD$18
  - 2. Premium Tier USD $0.105 per degree of alcohol
    - Shelf price over USD$18

- **B. Value Added Tax (ITBMS)**
  - Alcoholic beverage rate 10%
  - ITBMS = (CIF + ISC) x10%

- **<u>Regulatory Compliance and Barriers</u>**
- Strict Sanitary Regulations
  - MINSA & APA agencies
- 2026 new regulation requiring digital sanitary registration and strict allergen labeling in all packaged foods and beverages
- Sanitary registrations valid for 5 years
  - Need an importer that can navigate the compliance requirements

Notable Importers

Felipe Motta e Hijo S.A.

Global Wine and Spirits

Varela Hermanos S.A.

Bodega Mi Amiga

Vinum S.A.

Pricing Guidelines for Importers

Tax Component	**Calculation Formula**	**USD**
1. CIF Value	Baseline import value per bottle	$ 10.00
2. DAI (Tariff)	$10.00 × 0% (U.S. TPA)	$ -
3. ISC (Excise)	0.75 Liters × 13.5 ABV × $0.105 (Premium Tier)	$ 1.06
4. ITBMS Base	CIF ($10.00) + DAI ($0.00)+ ISC ($1.06)	$ 11.06
5. ITBMS (10% VAT)	$11.06 x 10%	$ 1.11
Total Taxes at Customs	ISC ($1.06) + ITBMS ($1.11)	$ 2.17
Landed Cost Customs	CIF ($10.00) + Total Taxes $2.17	$ 12.17
Port & Logistics Cost	Estimated $1 per bottle	$ 1.00
Landed at Warehouse		$ 13.17
Distributor Margin	35%	$ 7.09
List Price		$ 20.26
Retailer Margin	30%	$ 8.68
Shelf Price		$ 28.94

Tables and Tax information serve as directional reference per market that are subject to changes and updated by each country throughout the year. Contact your local importer for up-to-date information.

Price Tiers

Category	2024 (000s 9L Cases)	2025 (000s 9L Cases)	Market Share	CAGR 2024–25	Price Range (USD$)
Ultra-Premium	0.45	0.45	0.1%	0.0%	72.01 to 153.00
Super-Premium	9.05	8.50	1.8%	-6.1%	40.46 to 72.00
Premium	111.00	107.85	22.6%	-2.8%	25.99 to 40.45
Standard	82.65	76.40	16.0%	-7.6%	14.46 to 25.98
Value	147.75	143.20	30.0%	-3.1%	8.64 to 14.45
Low-Price	142.35	141.10	29.5%	-0.9%	8.63 and under
Still Wine	**493.25**	**477.50**	**100.0%**	**-3.2%**	

Cultural Awareness and Considerations

- Starting to do business with an importer in Panama can be a lengthy process of 6 to 8 months
    - Because the government is in high alert for money laundering activities, requirements to start doing business there can seem excessive to a US winery
- Panama is hot and humid year-round. Proper handling and distribution of wines through temperature-controlled supply chain is critical to maintain quality.
- Recommended to use refrigerated containers (reefers) from to avoid heat damage during transit.
- It’s standard for distributors to match A&P on a per case to build budget for tastings, seminars, and educational activities.
- As a regional hub for many multinationals, Panama has a diverse population that will be in tune with global trends

Contact Information

Juan Botero
Director LATAM & Caribbean
jbotero@wineinstitute.org
786.488.9116

CALIFORNIA WINES