

MODEST  INNOVATOR

# PANAMA

Population: 3,800,644 | GDP: \$104.1 billion | Language: Spanish | Unicorns 2009-2018: 0



## What did Panama do right?

The country has low federal corporate and individual marginal tax rates of 25 percent and does not tax online streaming services. It has a favorable regulatory approach to recreational drone operators, and commercial flight is legal with a certificate of operation.



## What can Panama do better?

Panama City could lift its ban on short-term rentals. The country could also encourage more students to earn degrees in STEM fields, as only 11.5 percent of graduates earned STEM degrees this year compared to 21.1 percent last year, a figure behind the decline in the country's Human Capital grade from a C to a D.

## KEY TAKEAWAYS



One of six countries to drop in overall rank this year, Panama can improve its performance by better supporting new businesses and relaxing its attitude toward the sharing economy.

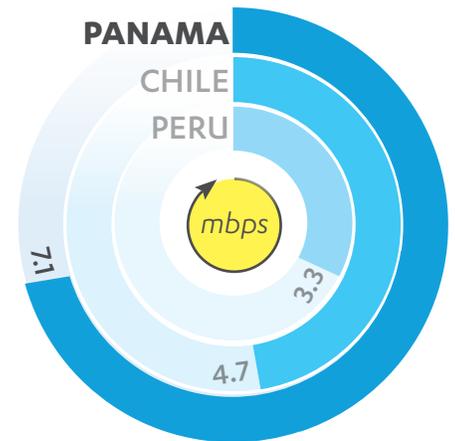
Panama has a low rate of new business entry—only 0.84 per 1,000 people—contributing to the drop in its Entrepreneurial Activity grade to a C on the 2019 Scorecard from a B last year.

Recent changes in Panama's ridesharing rules also brought its Ridesharing grade all the way down to a D this year from an A last year. This includes an Executive Order signed by President Juan Carlos Varela, which prohibits non-citizens from working as rideshare drivers even if they are permanent residents who are otherwise authorized to work.

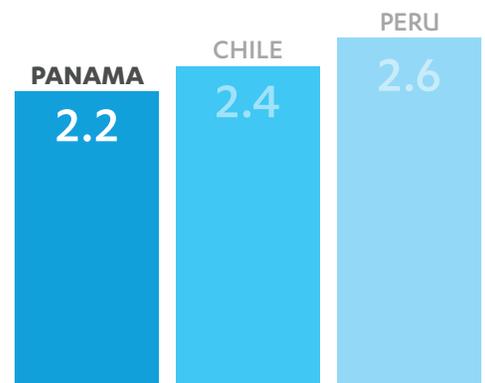
Short-term rentals also continue to face restrictions in Panama. In Panama City, the country's capital, short-term rentals are effectively outlawed, and hosts who rent to guests for fewer than 45 days are subject to fines of up to USD \$50,000.

Sources: (Playa Community) (La Asamblea Nacional) (Gray & Co.)

## Mean Download Speed (Fixed & Mobile)



## Fixed Broadband Cost Per Month



Shown as a percentage of gross monthly income per capita



**Drones**

Clear guidelines for drone research support innovation. However, complex rules requiring operators to obtain a certificate for certain flights limit operation.



**Environment**

Air quality nearly meets the WHO's standard, and 95 percent of the population has access to clean and protected water sources.



**Tax Friendliness**

Streaming services are not subject to tax. The corporate tax rate is 25 percent, and the top individual tax rate is also 25 percent.



**Broadband**

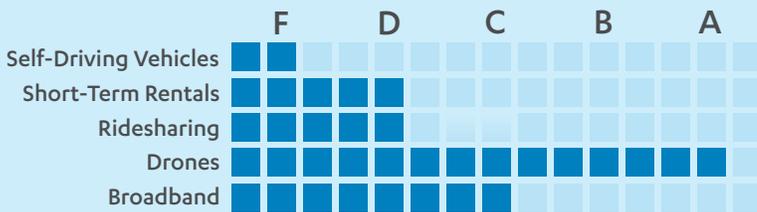
The mean download speed of fixed and mobile internet is below average at 7.1 Mbps. Panama's grade increased from a C- in 2018 to a C.



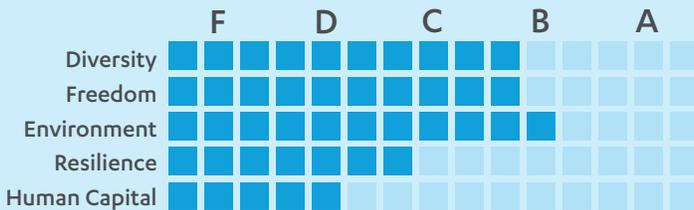
**Entrepreneurial Activity**

The new business entry rate is just 0.84 per 1,000 people, a steep decrease from 14.10 per 1,000 people in 2018.

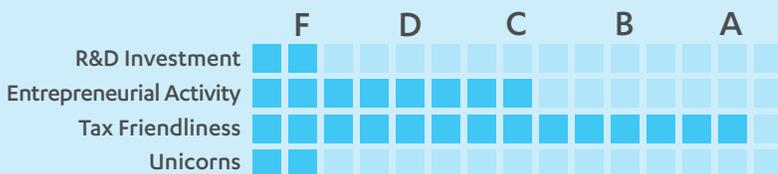
**Technology**



**Society**



**Economy**



**ABOUT THE SCORECARD**

With the 2019 International Innovation Scorecard, the Consumer Technology Association expands the report in breadth and depth, adding 23 new countries and two new categories. In this second edition, we evaluate 61 countries and the European Union across 28 indicators to determine whether they stifle progress or fuel the fires of innovation.

Each country on the Scorecard ranks in one of four tiers: Innovation Champions excel in almost all areas, followed by Innovation Leaders, which earn high scores in most. Behind the Leaders are Innovation Adopters, which promote innovation in some areas but not others. Finally, Modest Innovators may support innovation in one or more areas, but they show the greatest room for improvement.

**ABOUT CTA**

The Consumer Technology Association (CTA)<sup>™</sup> is the preeminent trade organization representing the \$398 billion U.S. consumer technology industry, which supports more than 15 million jobs. CTA serves over 2,200 companies, ranging from the startups and small businesses that make up 80 percent of its membership to some of the world's best-known brands. CTA also owns and produces CES<sup>®</sup>, the world's premier gathering for consumer technology and the innovators who turn today's dreams into tomorrow's realities. Profits from CES are reinvested into CTA's industry services.

**CONTACTS**

**Izzy Santa**  
 Director, Strategic Communications  
 isanta@cta.tech

**Bronwyn Flores**  
 Specialist, Policy Communications  
 bflores@cta.tech

- @ConsumerTechnologyAssociation
- Consumer Technology Association
- @CTA
- @CTATech