

PANAMA'S TOURISM BOOMING



Panama, the Central American country, is becoming a more important tourism destination. Tourism industry development is rapid here and the country manages to lure increasing numbers of visitors. It has begun to compete with south Florida and it manages to attract numerous South American visitors as well as people from the Caribbean. Also, many U.S. retirees like to come here and spend their retirement in the shade of the local palms.

Panama attracted approximately 1.1 million visitors last year. What has caused the tourism boom? There is the \$5 billion dollar Canal expansion that has brought a massive wave of investments. Panama has introduced incentives to encourage hotel investment and also the Panamanian costs and taxes are lower than those in south Florida.

The country is also becoming more accessible by air and sea. On the other hand, the U.S. after 9/11, 2001 has become rather unfriendly to some tourists. It is much easier for foreigners to go on vacation to Panama than to the U.S.

The hotel sector in the country witnesses a great boom these days with some 8,000 new hotel rooms planned. The demand for accommodation rises and so does the prices of hotel rooms but they still have some 85 per cent occupancy rates.

The boom has also its negatives. The traffic is becoming a problem because the infrastructure is not sufficient. Some analysts have doubts that the country will manage to lure enough affluent tourists to its newly constructed luxury hotels. There might be ecologic, economic or logistics problems with the rapid and uncoordinated development.

There is also the lack of skilled hospitality personnel. Locals do not have much experience in this kind of business and they also lack the needed language skills. There are worries about the loss of culture as the present day Panamanian tourism projects use ideas from abroad and do not include Panama's culture. Despite all the possible setbacks the country is increasingly interesting for tourism industry investors.

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