

Dieter W. Jentsch  
Executive Vice-President  
Latin America  
International Banking

The Bank of Nova Scotia  
Executive Offices, Scotia Plaza  
44 King Street West  
Toronto, Ontario  
Canada M5H 1H1



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Hon. Rob Merrifield, PC, MP  
Chair, Standing Committee on International Trade  
House of Commons  
Ottawa, Ontario  
K1A 0A6

Dear Chair,

I am writing on behalf of Scotiabank to provide our views on Bill C-24 - an Act to implement the Free Trade Agreement between Canada and the Republic of Panama. I am the Executive Vice President responsible for Latin America, encompassing our operations in 14 countries, including Panama. We appreciate the opportunity to provide comments on the Bill and strongly urge the Committee to pass the implementing legislation for this FTA. I provide some details below regarding our views on Panama and our support for the FTA.

### **Scotiabank and Latin America**

Scotiabank is one of North America's premier financial institutions and Canada's most international bank. With more than 81,000 employees, Scotiabank and its affiliates serve some 19 million customers in more than 55 countries around the world. We have been offering personal and commercial financial services in Panama for almost four decades. We are proud to be the only Canadian bank in Panama; with just over 350 staff and 12 branches with plans to expand to 20 by October 2014.

### **Our view of Panama**

With our decades of experience operating in Panama, we have seen first hand significant changes and tremendous economic development in the country. We view Panama as an excellent trading partner for Canada, both because of its own strengths and its critical role as a trading hub for the region. This is a high-growth and high-potential market with increasing demands for financial services. Panama's government is stable and democratic and actively seeks foreign investment in all sectors, especially services, tourism and retirement properties.

The country's dollar-based economy offers low inflation in comparison with neighbouring countries and zero foreign exchange risk. From 2005 to 2010 its economy expanded by more than 8% a year, the fastest rate in the Americas. Last year, its economy grew at the remarkably robust rate of more than 10% at a time of continued uncertainty around the world. Panama is also considered the most competitive economy in Central America and the 40<sup>th</sup> most competitive in the world, according to the newly released Global Competitiveness Report 2012-13.

Certainly, Panama has faced some challenges. While the strategic location of the country has been a blessing for its efforts to tap into global trade, it has also had the unfortunate effect of attracting the drug trade. Nevertheless, Panama has made efforts to deal with these issues. The country has an anti-money laundering regime (AML) and is not subject to any countermeasures from the global community aimed at combating money laundering, nor has it been identified by the Financial Action Task Force (FATF) as having strategic deficiencies with its AML/ATF regime. It is a member of the FATF-style regional body Grupo de Acción Financiera de Sudamerica (GAFISUD). Overall, its AML regime was assessed as satisfactory in the latest mutual evaluation performed by the IMF and FATF. As a bank operating throughout this region, AML/ATF compliance is absolutely critical.

Overall, as a financial institution with decades of experience operating in foreign markets like Panama and a world-leading track record of risk management, we believe Panama is an attractive market for Canadian investment.

### **Our view on the Canada-Panama FTA**

In fact, we see a free trade agreement as a means of further solidifying the country's efforts to develop robust institutions and a prosperous economy based on rules and openness to trade.

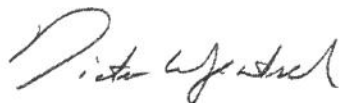
With over 2,500 companies operating within its 450 hectares, Panama's Colon Free Zone (CFZ) is one with the best, most efficient and fastest distribution facilities and it will grow dramatically with the successful expansion of the Panama Canal in 2014.

The Panamanian government is an active proponent of the hemispheric movement toward free trade agreements. Panama has bilateral free trade agreements (FTAs) in force with Peru, Chile, El Salvador, Taiwan, Singapore, Guatemala, Honduras, Nicaragua, and Costa Rica, and has started free trade talks with Colombia. An FTA with Panama provides Canadian firms with greater access to a global trading hub and a rising power within a Central American market of 40 million people.

An agreement with Panama would also help Canadian business vis-à-vis competitors in this market, and institutionalize important investment and dispute settlement. In terms of financial services it would establish NAFTA-equivalent access for all financial services in respect of right of establishment, full national and most-favoured nation treatment, certain cross-border commitments and a robust prudential carve-out. These changes would put Canadian financial services firms on a level playing field with what was offered to the U.S. through their FTA.

We strongly encourage the Canadian government to secure better access to this market through this FTA and promptly pass and implement Bill C-24.

Sincerely,

A handwritten signature in black ink, appearing to read "Dieter W. Jentsch". The signature is written in a cursive style with a large initial 'D'.

Dieter W. Jentsch