PANAMA

Location

The Republic of Panama is the southernmost of all Central American countries. It borders Costa Rica to the east and Colombia to the west. Directly north of the country is the Caribbean Sea, and to the south is the Pacific Ocean. The country consists of about 30,000 square miles. This is comparable to the size of South Carolina.

Geography

The country of Panama consists of mostly plains and mountains. Two-thirds of the country is plains with a mountain range that runs through the interior of the country. The mountainous regions, the San Blas and part of the Colombian Mountain Chain mountain ranges, are filled with steep, rugged mountains and small upland plains. The highest peaks are higher than one thousand meters, with the Baru Volcano reaching 3,475 meters. The coastal areas of the country are characterized by plains and rolling hills. Tropical forests cover much of these plains.

The most economically viable geographic feature for Panama is the Panama Canal. In operation since 1914, the canal cuts twenty-one days off of the fastest alternative route of going around South America. The canal is located at the lowest elevation and the shortest width in Panama. Despite common perception, the canal actually runs southeast through Panama into the Pacific Ocean.

Climate

The climate for Panama is classified as tropical maritime. The highlands are usually mild and rainy with an average temperature of around 64°F, while the coastlines are typically warm and rainy. The coastlines receive an average temperature of 84 degrees. The average rainfall for the coasts changes drastically from one coast to the other. The Atlantic coast receives about 129 inches per year,
while the Pacific coastline receives about 69 inches per year. The country experiences only two seasons. Winter, also known as the rainy season, runs from May until December. Summer, or the dry season, is from January until April.

**History**

The first settlers of Panama entered the region about 10,000 years ago. These people were the descendents of the people who crossed the land bridge from Asia to North America. Europeans did not reach Panama until 1501, when Rodrigo de Bastidas from Spain explored the Caribbean coast of Panama.

The first Spanish settlements came in 1510. One settlement was founded at the mouth of the Chagres River, and another was founded further to the southwest. However, the Spanish settlements were not well accepted by the local Indian tribes, and the colony was moved northeast. This spot would become the first permanent Spanish settlement in Panama.

Spain continued control of Panama until the early nineteenth century. In 1821, Panama declared their independence from Spain. The country then decided to become part of Colombia, which had just gained its independence. This arrangement lasted for eighty-two years until 1903, when with a little help from the United States; Panama was finally able to break away from Colombia. The United States was mostly interested in protecting the Panama Canal, which they helped finance and construct. The United States purchased the Canal Zone from Panama for a lump sum of ten million dollars and also arranged for annual payments to Panama. The U.S. would control the canal until December 31, 1999, when control was given back to Panama.
Important Dates
The following are important dates for the Panamanians: New Year’s Day (January 1), Martyr’s Day (January 9), Carnival (late February or early March), Labor Day (May 1), Dia del Padre (June 16), Anniversary of Separation from Colombia (November 3), Flag Day (November 4), Anniversary of Independence from Spain (November 28), and Christmas Day (December 25).

Population
The 2003 estimated population for Panama is just over 2.9 million people with a growth rate of 1.5%. The capital city of Panama City is also the largest city in Panama with a population of just over 450,000. The population density for the country is 98 people per square mile. Of this population, seventy percent of the people are considered to be Mestizo. This means that their descent is part Indian and part European. Fourteen percent of the population is West Indian, ten percent is white, and the remaining six percent is Indian.

Currency
The local currency is the Balboa, and it currently (2003) has the same value of one U.S. dollar. In fact, the bank notes are American dollars. American and Panamanian coins are in circulation.

Economy
Three-fourths of Panama’s gross domestic product (GDP) is generated from its service sector, which is heavily influenced by banking, commerce, and tourism. These services have continued to grow because of offshore banking and canal usage. Panama recently joined the World Trade Organization, and it also approved a tariff reduction that will give the country the lowest average tariff rates in Latin America.
**Education**

The government in Panama pays for education through the university level. Education is compulsory for six years. The government spends around 17.6 percent of its annual budget on education. As a result, Panama’s literacy rate of ninety-seven percent is one of the highest rates in its region.

Universities, schools, and institutes mainly provide the higher education in Panama. There are both public and private universities. The University of Panama is responsible for establishing the guidelines that affect the universities in the country.

**Language**

The official language of Panama is Spanish. However, many residents are bilingual in Spanish and English.

**Religion**

The majority of Panamanians are Roman Catholic. This equates to roughly ninety-three percent of the population. Protestants make up around six percent of the overall population.

**Agriculture**

Because of its tropical climate, Panama’s major agricultural products include bananas, sugar cane, coconuts, and other tropical products. The country also grows corn, soybeans, and potatoes. In addition, Panama also supports livestock and shrimping industries. Overall, agriculture accounts for eight percent of Panama’s annual GDP.

**Trade**

Because of its lack of size, Panama often has to import more than it exports. The country’s trade deficit is around 800 million dollars. In 2001, the country imported $6.7 billion worth of products, while
exporting $5.9 billion. The majority of these exports include bananas, shrimp, clothing, sugar, and coffee. The U.S. is, by far, Panama’s best export partner. They account for almost forty-six percent of Panama’s exports. Sweden, Benelux, and Costa Rica combine for about eighteen percent of the exports.

As for imports, the country mainly buys crude oil, capital goods, consumer goods, and chemicals. The U.S. is also Panama’s best import partner, accounting for thirty-three percent of the imports. Japan, Venezuela, and Ecuador also provide sizeable imports for Panama.

Derek Fledderjohann