

# Business Roundtable with the Government of Panama

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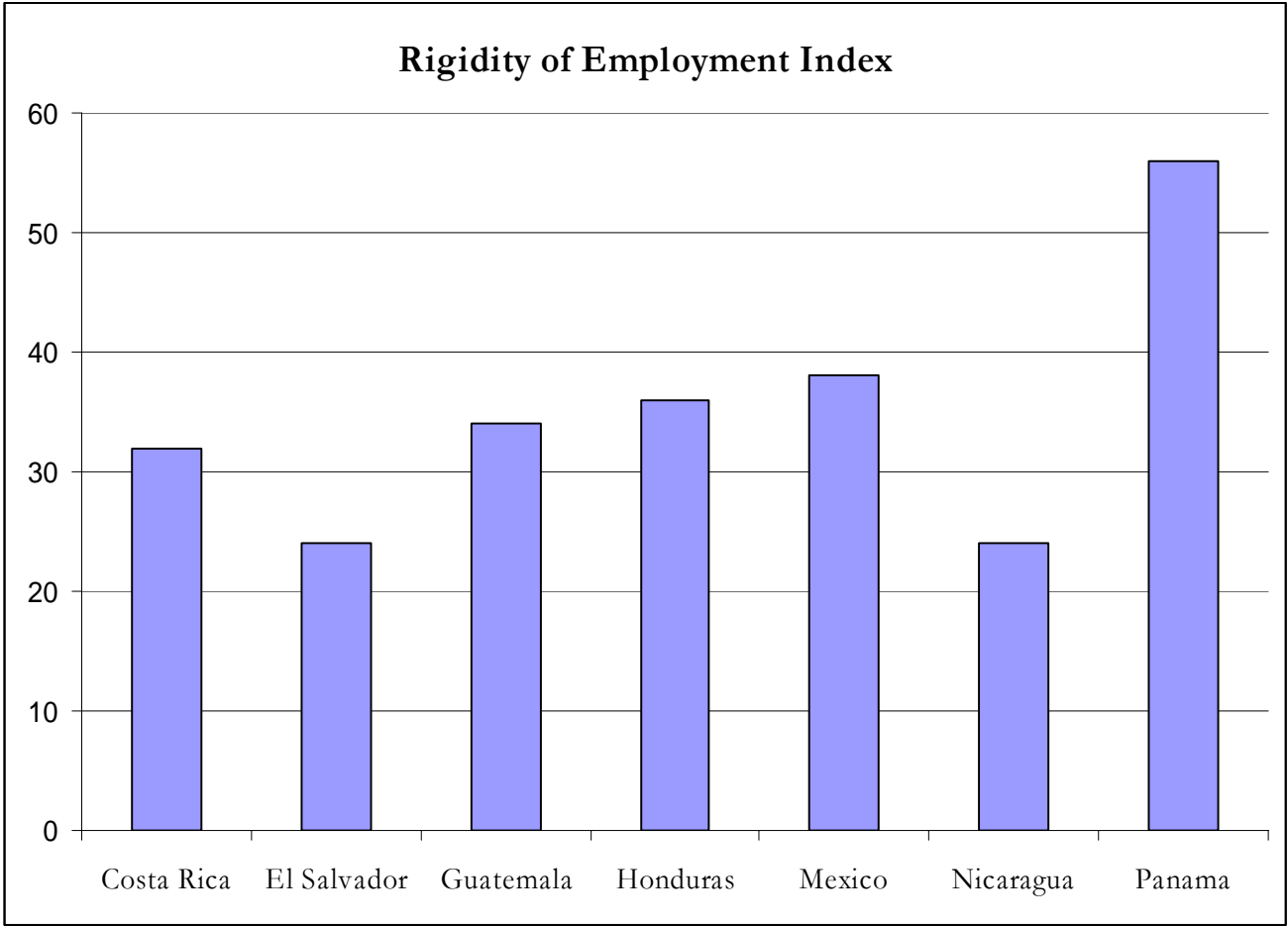
Economist Conference  
Panama City, Panama  
October 23-24, 2007



*Augusto de la Torre*  
*The World Bank*

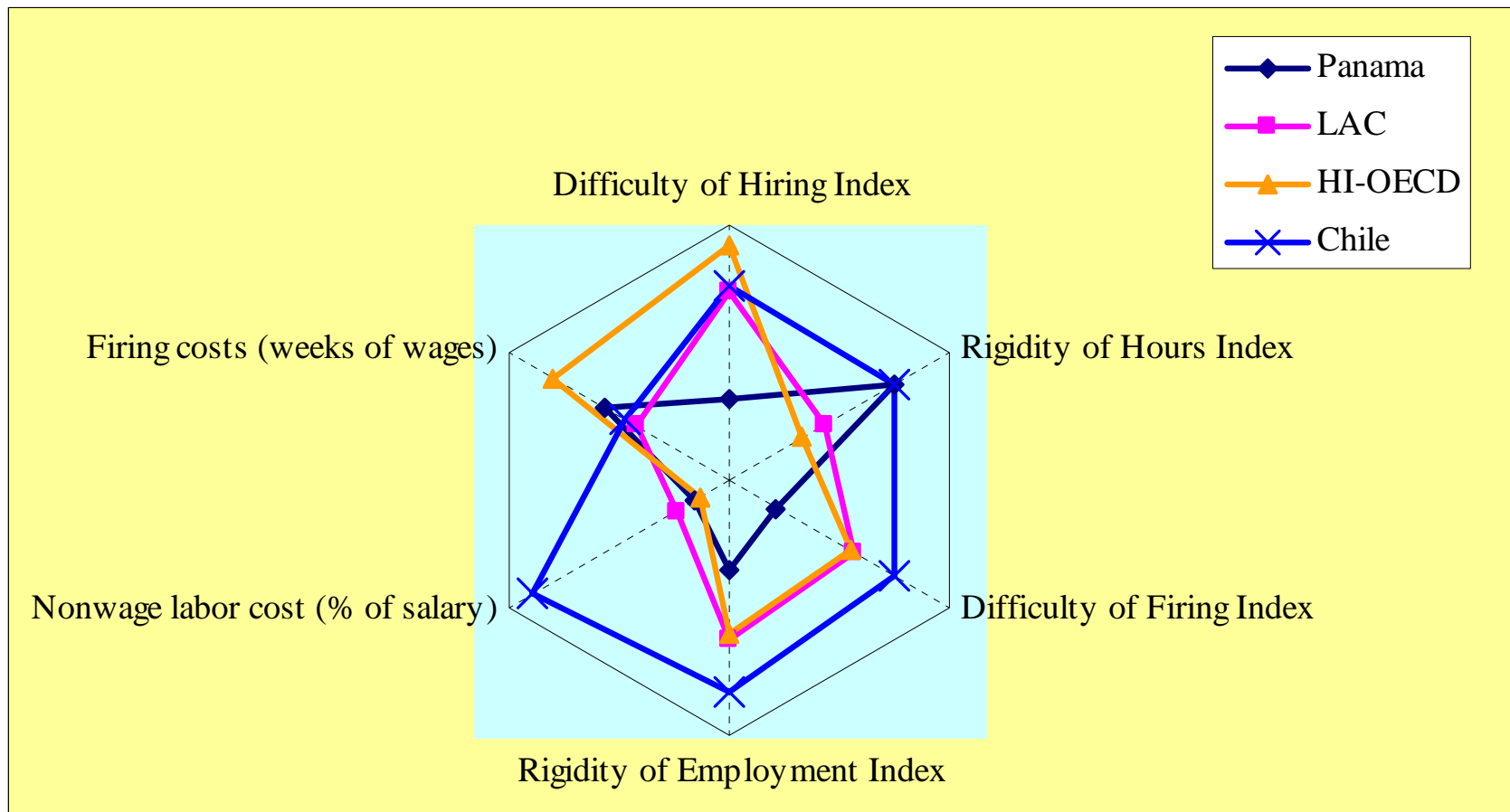
# Labor market modernization seems needed for a more dynamic economy

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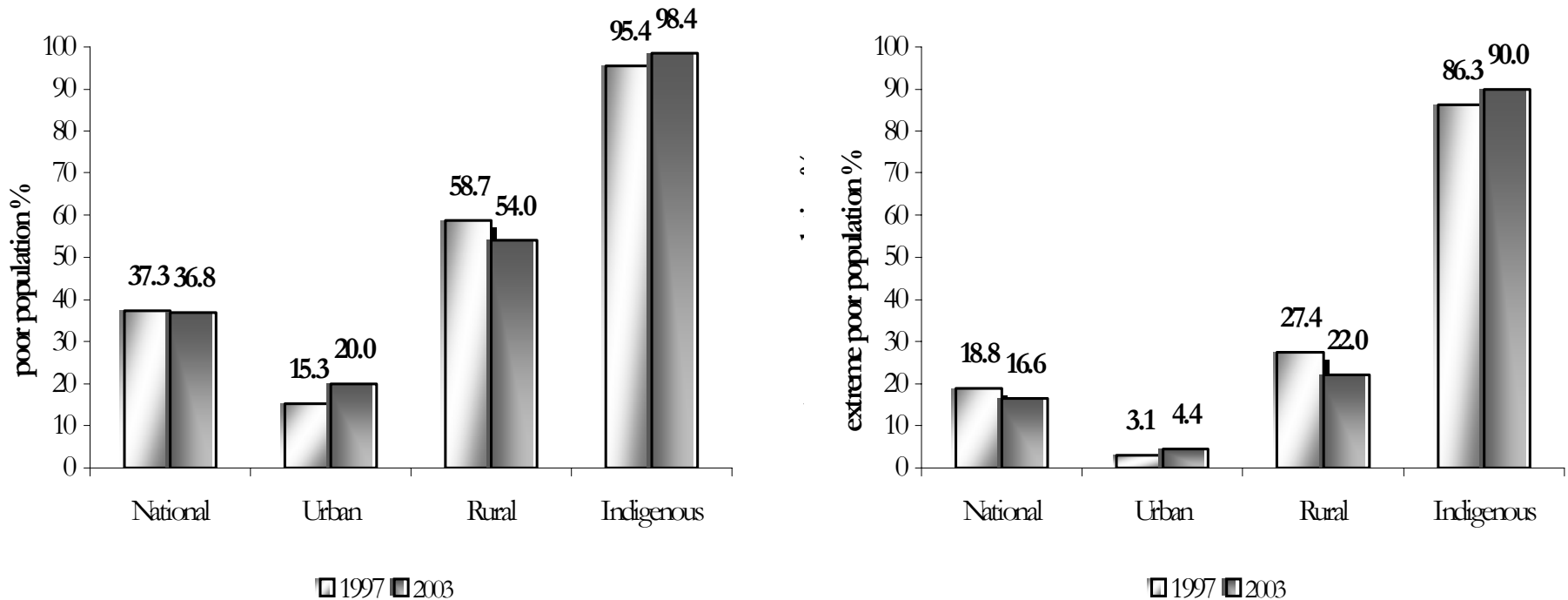
# Where to focus in labor market modernization?

## Labor Regulations



# Growth alone may not be sufficient to reduce extreme poverty, especially among the indigenous

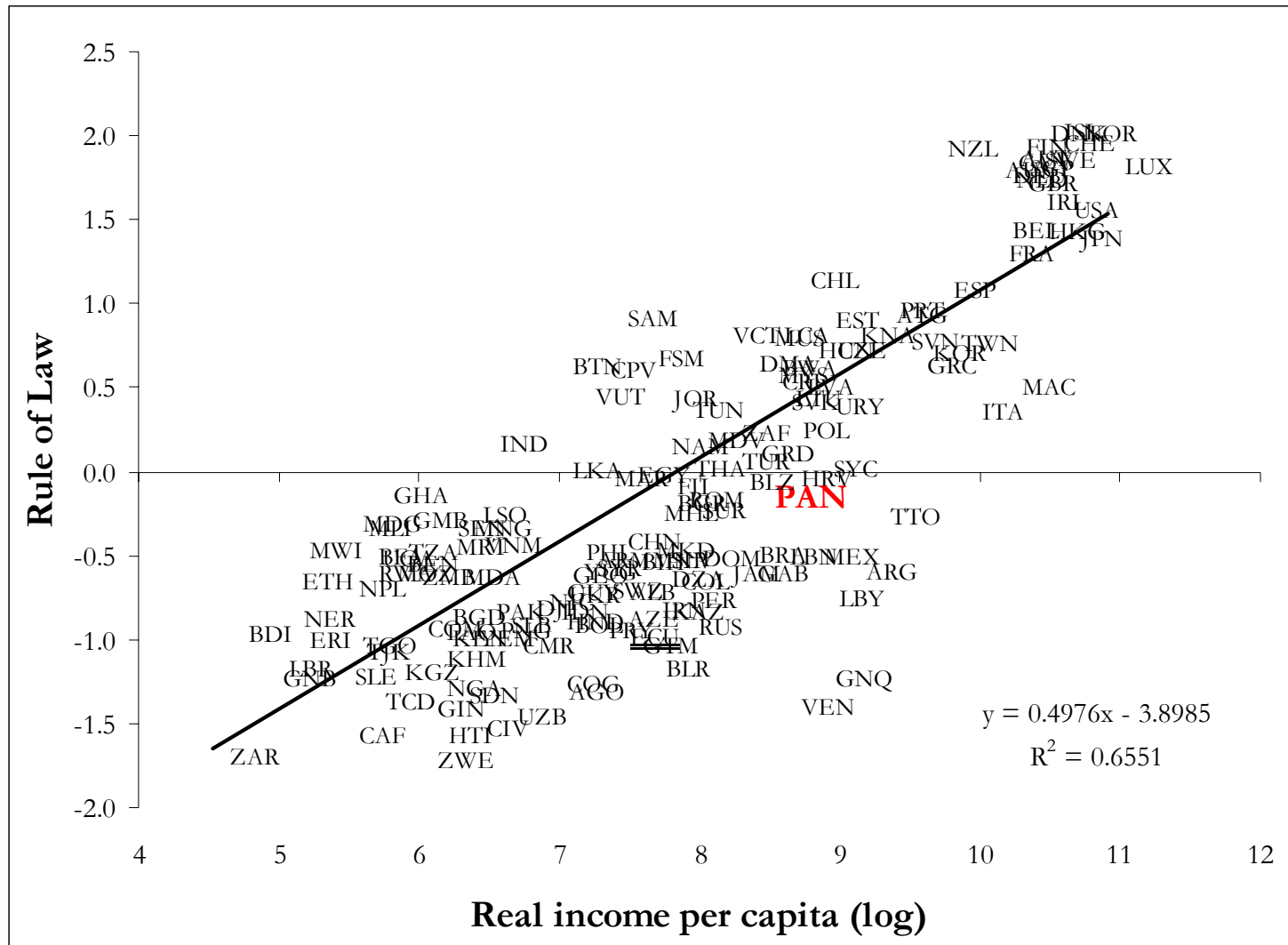
**Figure 1.1: Poverty Measures by Area – Headcount Ratio**  
**(i) Poverty** **(ii) Extreme poverty**



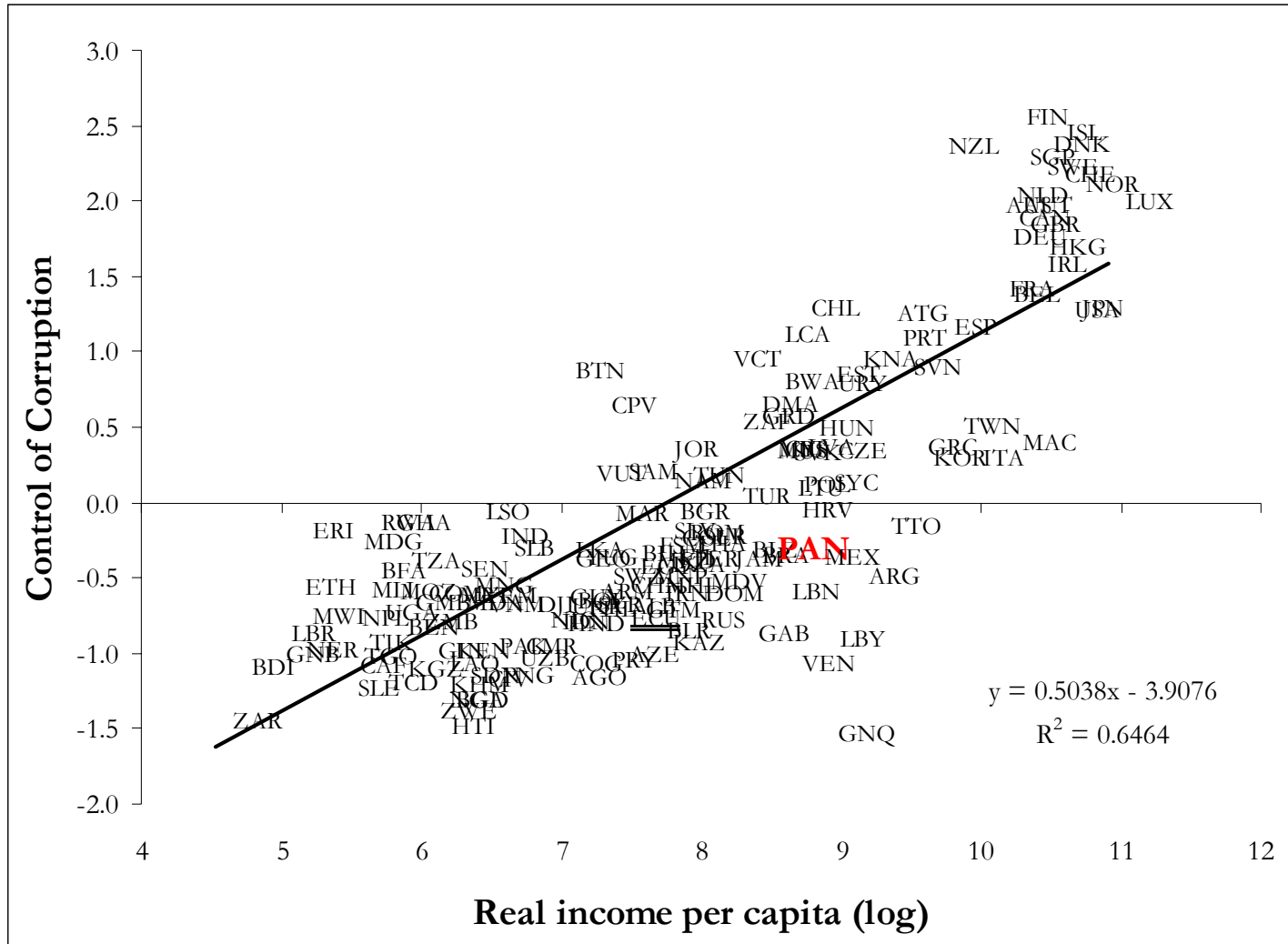
Note: Extreme poor refers to the population with per capita consumption below the extreme poverty line value. Moderate poor refers to the population with per capita consumption below the poverty line value.

Source: Own estimate based on ENV 1997 and 2003 data.

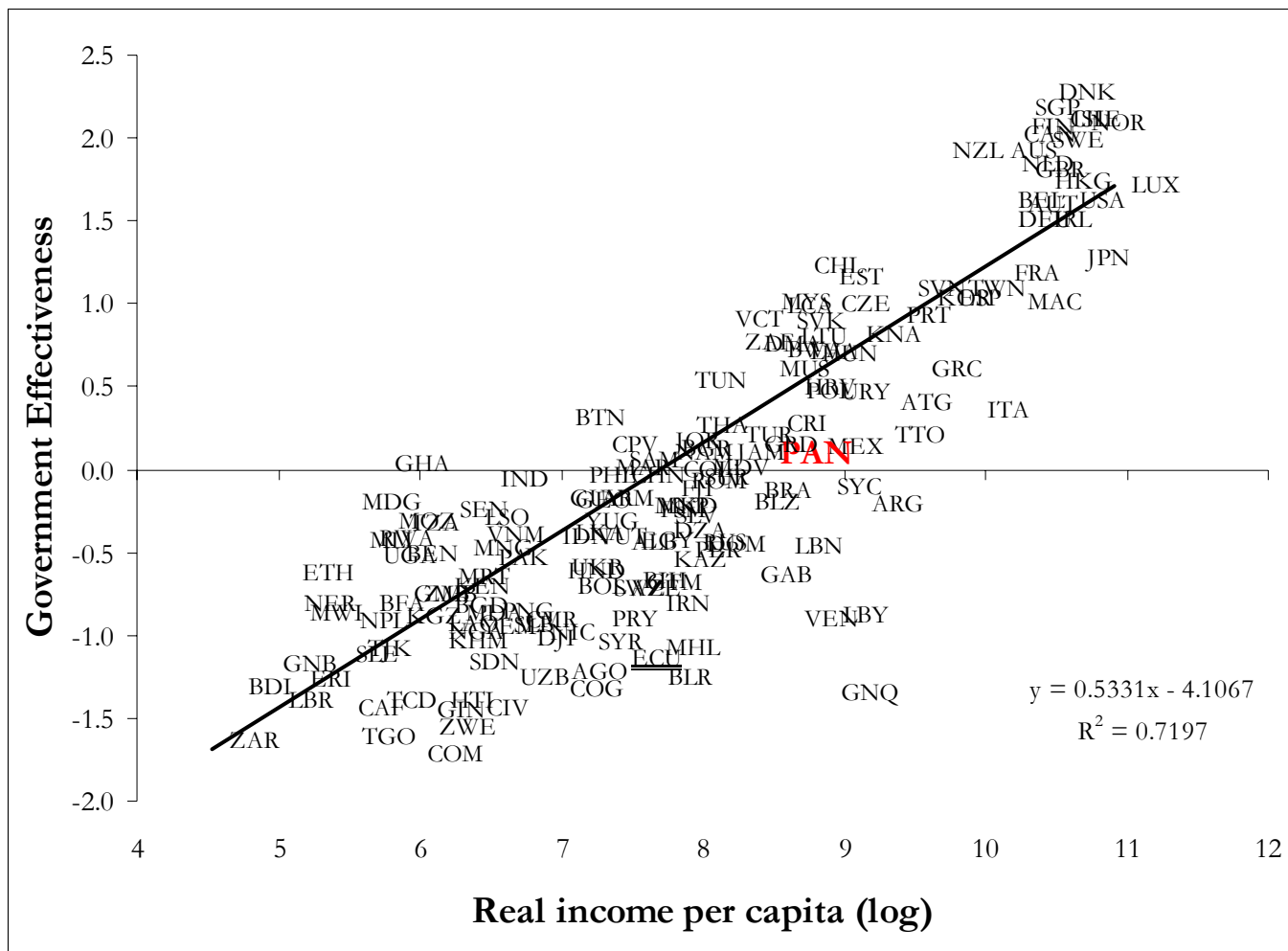
# A premium on institutional upgrading – rule of law



# A premium on institutional upgrading – control of corruption



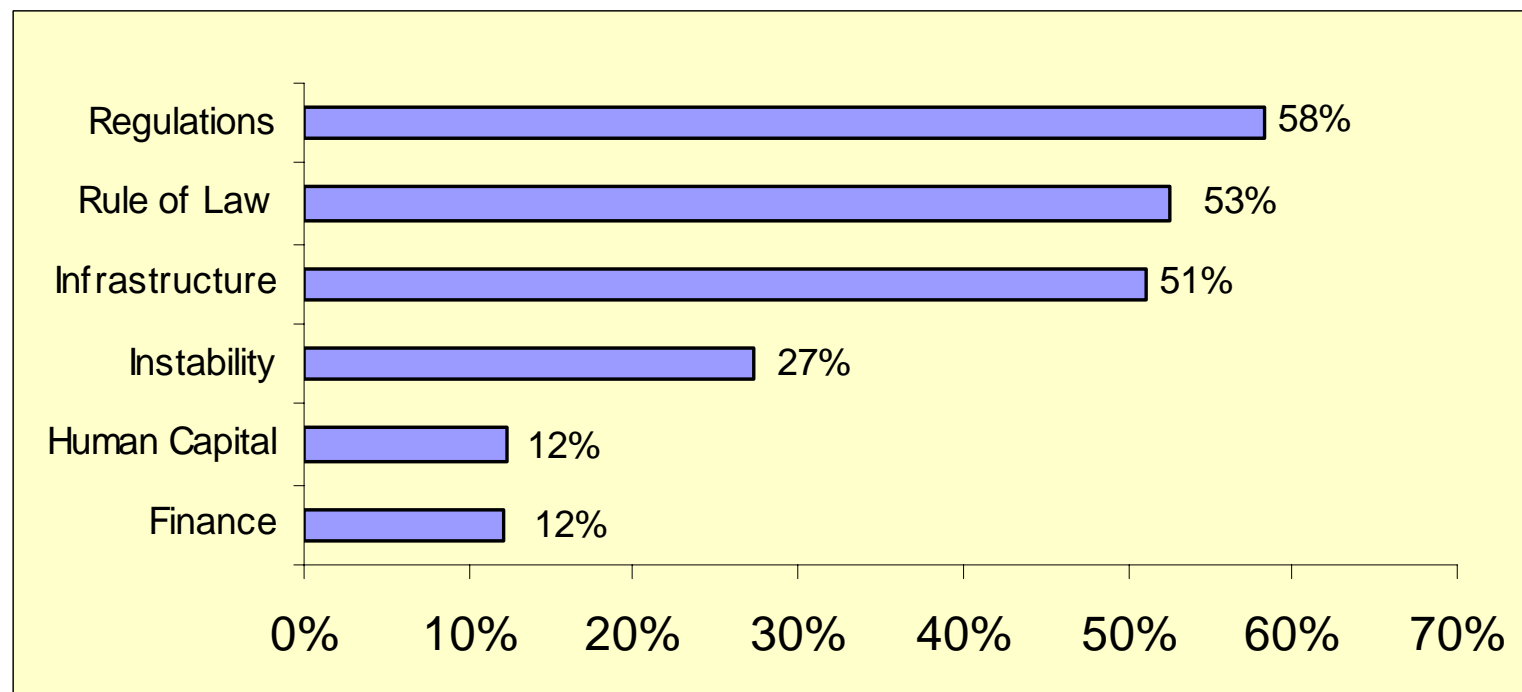
# A premium on institutional upgrading – government effectiveness



# The perceptions of “existing” entrepreneurs may not coincide with those of “newcomers”

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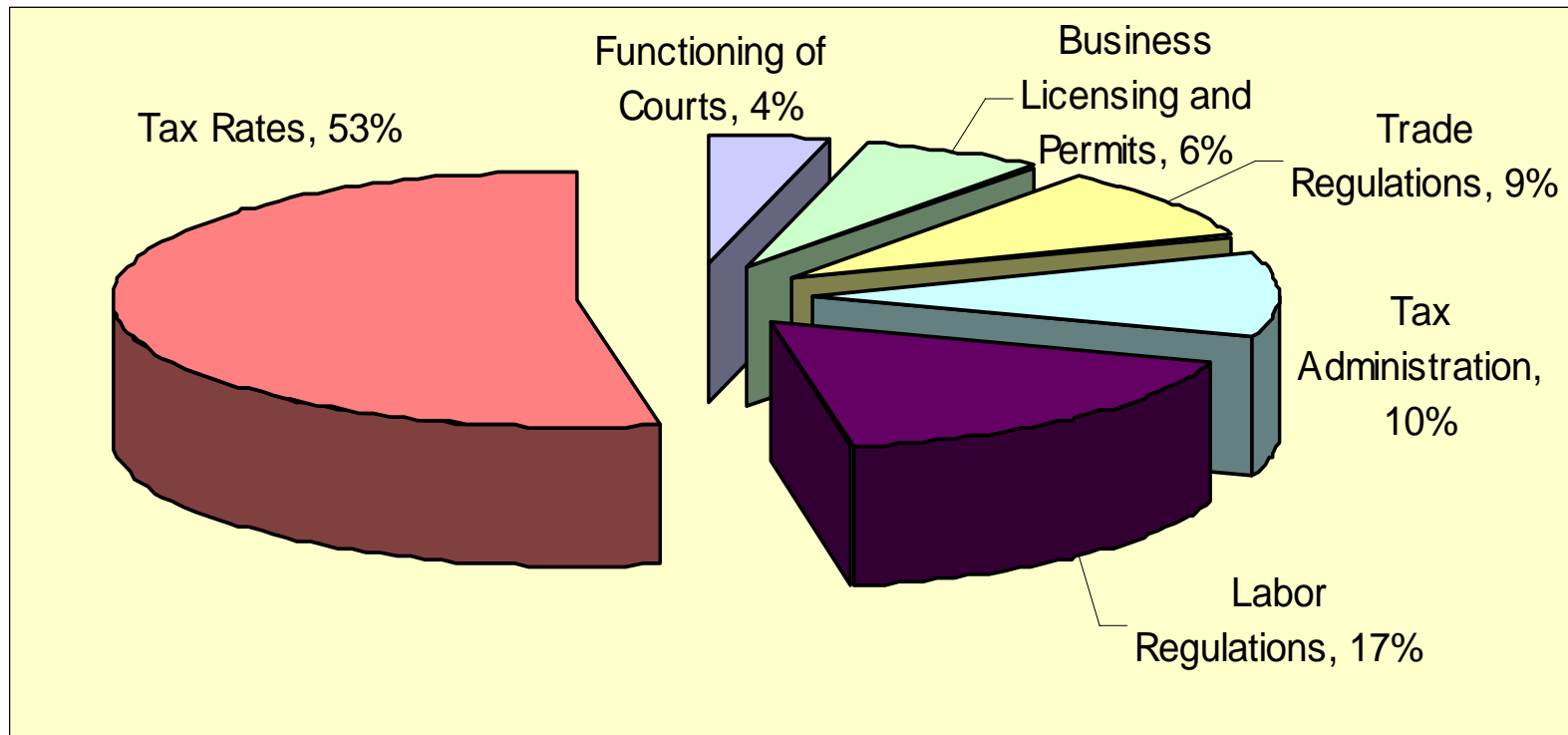
Three “Most Serious” Investment Climate Constraints  
(% of firms)



# The perceptions of “existing” entrepreneurs may not coincide with those of “newcomers” (cont.)

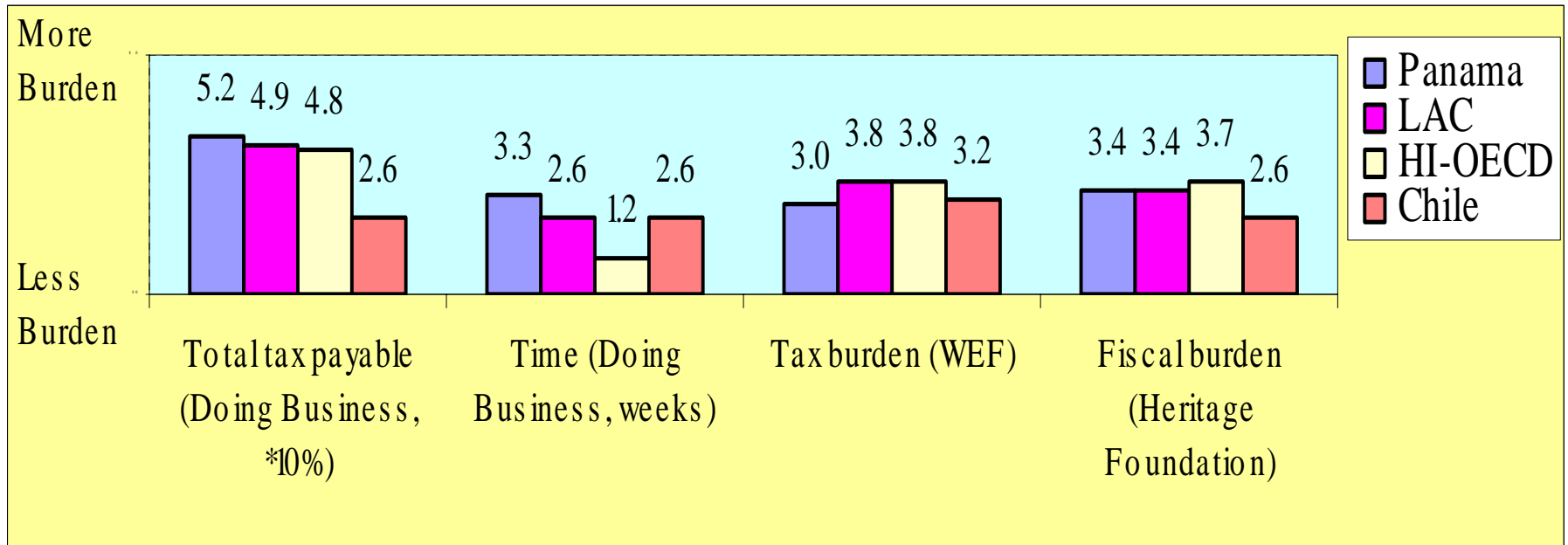
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**Regulatory Issues Identified as Most Serious by Panamanian Firms  
(% of firms)**



# Time spend in dealing with tax system...

**Tax Burden Indicators**



Source: Doing Business (2006); WEF (2006); Heritage Foundation (2006).