

TRANSLATION

Republic of Panama

EXECUTIVE DECREE No. 87

Dated 19 July 2008

“Whereby Executive Decree 29 dated 8 August 1996 that regulates Law 4 dated 17 May 1994 is amended”

THE PRESIDENT OF THE REPUBLIC

In use of his legal powers, and

CONSIDERING

That by means of Law 4 dated 17 May 1994, the Preferential Interest System for the agriculture sector was established and other measures were taken;

That through the Ministry of Economy and Finance, and with prior consultation with the Ministry of Agriculture, the Executive Branch is responsible for regulating the application of this Law, and especially the conditions under which loans will be subject to withholding or an interest rate discount, taking into consideration money market conditions and the needs of the affected sectors, as well as the activity and purpose of the funding;

That article 3 of Executive Decree 29 dated 8 August 1996, as amended by Executive Decree 74 dated 27 May 2008, authorized the Superintendency of Banks to fix higher discount rates for financing the production of strategic items, especially rice, corn, beans, meat (poultry, swine, sheep), and fresh milk;

That because sorghum is considered a substitute of corn and red kidney beans for beans in the local market, it was considered useful to include them as staples subject to the possibility of higher discount rates for funding their production;

That according to the surveys and assessments made, the production and commercialization cycles established for the staples in paragraph 4, article 6 of Executive Decree 29 dated 8 August 1996 include soil preparation, planting, growing, farming, harvesting and marketing, and as a result, their credit terms must also be adjustable;

That it is necessary to update and expedite the discount disbursement process;

DECREES:

Article 1. A paragraph is added to article 3 of Executive Decree 29 dated 8 August 1996, as amended by Article 1 of Executive Decree 74 dated 27 May 2008, as follows:

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PARAGRAPH: For the effects of granting a higher discount rate when financing the production of rice, corn, beans, meat (poultry, swine, sheep) and fresh milk, the following will be taking into consideration:

1. That the term corn includes sorghum and that beans include red kidney beans.
2. The higher discount rate will be applied in those cases in which the funding is for the purchase of machinery or equipment that will be used for the production of two or more of the products described in Article 6 of Executive Decree 29 of 1996.

Article 2. Paragraph 4 of article 6 of Executive Decree 29 dated 8 August 1996 is amended, as follows:

PARAGRAPH 4: The production and trading cycle listed below are applicable to the following products:

1. <u>Agricultural product</u>	<u>Cycle</u>
Radishes	1 year
Cabbage	1 year
Red kidney beans	1 year
Green onions	1 year
Lettuce	1 year
Celery	1 year
Tomatoes	1 year
Watermelon	1 year
Sorghum	1 year
Melons	1 year
Pumpkin	1 year
Corn	1 year
Rice	1 year
Peppers	1 year
Potatoes	1 year
Onion	1 year
Other vegetables	1 year
Non-perennial agricultural products	1 year
Bananas	1 year
Plantain	1 year
2. <u>Forestry</u>	
a. Plant supports	1 year
b. Wood	up to 4 years
c. Timber	15 years minimum
3. <u>Livestock</u>	
Swine (feed)	6 months
Sheep (feed)	up to 3 years
(breeding and milk)	up to 15 years

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4. Poultry
Poultry (incubation) 4 weeks after laying
(feed) 7 weeks
(breeding/laying) up to 56 weeks
5. Aquaculture 8 months
6. In all other cases, the production cycle will be one (1) year.

Article 3. Article 15 of Executive Decree 29 dated 8 August 1996 is amended as follows:

ARTICLE 15: The banks and finance entities providing loans at the discounted rate fixed by the Superintendency of Banks will be entitled to request compensation or reimbursement. The compensation or reimbursement will be equal to the discount they provide to the borrowers.

The compensation or reimbursement will be made periodically, as the banks and finance entities receive the interest payment from their borrowers. Payment will be made within thirty (30) days following the application for compensation or reimbursement.

Nevertheless, banks and finance companies may reduce the withholding they must remit to the Superintendency in accordance with Article 10 of this Executive Decree by the amount requested in compensation or reimbursement. In this case, banks and finance companies must immediately fill out and submit to the Superintendency all information required by Article 17 of this Executive Decree. The compensation is not applicable to claims.

Article 4. ENACTMENT. This Decree shall become effective upon its promulgation.

Given in the city of Panama, on the 19th day of August, two thousand eight (2008).

LET IT BE PUBLISHED AND ENFORCED.

MARTÍN TORRIJOS ESPINO

President of the Republic

HECTOR ALEXANDER

Minister of Economy and Finance

GS/GAP