

TRANSLATION

Republic of Panama FECI Commission

FECI COMMISSION RESOLUTION FECI-001-2015 (dated 24 February 2015)

THE FECI COMMISSION
in use of its legal powers, and

CONSIDERING:

That Article 1 of Law 4 dated 17 May 1994 establishes that domestic loans for qualified agriculture and agro-industrial sectors exporting nontraditional products will be entitled to a discount on the interest rate agreed with the bank or the lending financial institution, which must be reimbursed through the withholdings made by banks and financial entities in accordance with this Law;

That proviso 2 of Article 2 of Law 4 dated 17 May 1994 provides that the application of that Law shall be determined by a Commission, called the FECI Commission, composed of the Minister of Economy and Finance, the General Director of Revenue and the Superintendent of Banks, or by the persons appointed to represent them;

That pursuant to Subparagraph 8 of Article 4 of the cited Law 4 of 1994, the Superintendent of Banks has the power to set the specific amount of the discount on the interest rate for loans granted to the qualified agriculture and agro-industrial sectors exporting nontraditional products;

That Article 3 of Executive Decree 29 dated 8 August 1996 gives the FECI Commission the power to determine the measures necessary to enforce Law 4 dated 17 May 1994 and its regulatory provisions and inform the public of the amount of the discount that has been set, and may also set a higher discount for the following crops: rice, corn, beans, industrial-use tomatoes, meat (poultry, swine, beef), plantain, fresh milk, coffee, pineapple, cucumbers, radishes, cabbage, chives, lettuce, celery, consumer tomatoes, peppers, potatoes, onions, other vegetables and tubers, sugar cane, melons, watermelons, pumpkins, bananas, citrus fruit, sheep, goats and small animals;

That Article 3 of Executive Decree 29 dated 8 August 1996 establishes that a higher discount rate may be considered by the FECI Commission for other items, based on a justified request from the Ministry of Agriculture;

That the National Government promotes an Agriculture Support Program, facilitating loans at 0.0% interest to support producers in order to encourage greater, more efficient production and provide people quality food at accessible prices;

That this Program will be granted exclusively to new crops and to increases in existing production, with only the increment being granted the discount;

That by means of FECI Commission Resolution FECI-001-2014 dated 6 October 2014, the interest rate discount on loans granted was increased to 5.0% from the date of promulgation of the above Resolution through 31 December 2016 for producing or increasing production of the following crops: rice, corn, sorghum, beans, red kidney beans, tomatoes, plantain, fresh milk, coffee, pineapple, cucumbers, radishes, cabbage, chives, lettuce, celery, peppers, potatoes, onions, yams, yucca, otoi, other vegetables and tubers, sugar cane, pumpkins, bananas and citrus fruit;

That the cited FECI Commission Resolution also **INCREASED to FIVE PERCENT (5.0%)** the interest rate discount for loans granted for the expansion or production of new crops included in the referred Resolution, for the construction or expansion of irrigation systems, warehouses for storing supplies and finished products, greenhouses and the acquisition of equipment for baling hay from the date of promulgation of that Resolution to 31 December 2016, excluding land purchases;

That pursuant to the provisions of Article 3 of Executive Decree 29 dated 8 August 1994, the Ministry of Agriculture submitted new justified requests for the FECI Commission to consider the inclusion of cocoa beans and cattle feed in the Agriculture Support Program;

That the Minutes of the FECI Commission meeting held on 24 February 2015 include the approval of the proposal submitted by the Ministry of Agriculture for the inclusion of cocoa beans and cattle feed

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and the exclusion of refinancing, loans to pay off obligations with other banks and financing for vehicles;

That due to the above considerations and in order to support the success of the National Government's Program, the FECI Commission, in use of its legal powers;

RESOLVES:

ARTICLE 1: TO ADD cocoa beans and cattle feed to Article 1 of FECI Commission Resolution FECI-001-2014 dated 6 October 2014.

ARTICLE 2: To amend the Article Two of FECI Commission Resolution FECI-001-2014 dated 6 October 2014 to read as follows:

ARTICLE 2: TO INCREASE to FIVE PERCENT (5.0%) the interest rate discount for loans to be granted for the expansion or production of new crops included in Article 1 above, including investment in the construction or expansion of irrigation systems, warehouses for storing supplies and finished products, greenhouses and the acquisition of equipment to baling hay from the date of promulgation of this Resolution through 31 December 2016. Land purchases, refinancing, loans to pay off obligations with other banks and financing for vehicles are excluded.

ARTICLE 3: This Resolution shall become effective from the date of its promulgation.

Legal Grounds: Law 4 dated 17 May 1994 and its amendments; Executive Decree 29 dated 8 August 1996 and its amendments.

Given in the City of Panama on the twenty-fourth (24th) day of February, two thousand fifteen (2015).

FOR COMMUNICATION, PUBLICATION AND ENFORCEMENT.

THE COMMISSIONERS,

(signed)

Alberto Diamond R.
Superintendent of Banks

(signed)

Eyda Isabel Varela de Chinchilla
Vice Minister of Finance

(signed)

Publio Cortes
Director General of Revenue