

The importance of PIMM is to induce a manufacturer and a client to make contact



Based on a profound relation between religion and hard work, and always trying to treat people well, Reynald H. Katz, President of Panama International Merchandise Mart (PIMM) promotes the largest show place in Latin America, a new concept never seen in this country or Latin America.

This French businessman arrived in Panama in 2001. Initially he bought a warehouse in the Colon Free Trade Zone and began to bottle and export Red & Black, the first Panamanian whisky, to Colombia, Mexico, Nicaragua and Honduras.

A couple years ago, he started working and internationally promoting PIMM which supposedly will have a cost of US\$750 million and be inaugurated sometime between December 2009 and the beginning of 2010.

“The importance of this project is to place manufacturers in contact with clients”, said Katz, who added that the idea of PIMM came up from a relationship between commerce, religion, and a desire to do things well.

“I am not in this project to make money...I do it because I know it is a good idea for everybody with a profound concept of religion”, said the French entrepreneur during an interview with The Panama Post.

When did you come to Panama and began the idea of a PIMM?

- I arrived in Panama in 2001, bought a place in Colon Free Trade Zone and then I realized the country’s potential; namely that because of its airport, the connecting flights, and the ports on both oceans, it was an ideal a geographic center for Latin America.

Since this is a country geared toward providing services, its people are also concentrated in this sector. Panama is a fantastic country for cargo services, banking, and it is the best country in these aspects. That is why the idea occurred to me of opening a merchandise mart in Panama, once I became aware there is nothing comparable in Latin America.

What are your objectives of the PIMM and what type of services will you offer?

The PIMM is a place where manufacturers from around the world can, through the acquisition of a space for sales, exhibit their merchandise to possible Latin American buyers, who will be able to conduct their purchases from this place. The purchase orders will be sent to the countries where the goods are manufactured (Asia, Europe, United States, or Colon Free Trade Zone). The PIMM is just like a showroom, without any warehouse for the storage of goods and there are no plans to use the free trade zone for this purpose.

Panamanian laws permit owners of the exhibition spaces to display and sell their goods from Panama without paying taxes in the country; because the merchandise does not enter the national territory and thus is considered as an off shore sale.

What will be the investment cost of the PIMM project?

-. The investment for construction of the project is between US\$540 and US\$750 million, and will be financed through American banking institutions. The PIMM will be divided into three sections. The first consists of an area with 6,800 exhibition and sales rooms and will have a cost of US\$540 million. Another US\$160 million would include the construction of four hotels, 500 apartments and 500 small offices.

The construction of hotels is to allow both manufacturers and clients to have the advantage of staying inside the project's installations. Also, it will include free transportation services from Tocumen international airport to PIMM. This project should be ready by the end of next year or beginning of 2010, precisely around the time when the second stage of the Panama-Colon highway is due to open.

What is the projection for the generation of jobs in Colon?

-. We estimate that the PIMM project, once it is developed and fully functional, should generate about 31,400 direct job positions. This will provide the national economy with some US\$500 million in annual income for the government. Also, through its sales rooms, the project is expected to produce some US\$30 million in revenue for the national treasury.

What companies and from which countries have expressed a desire to get established in PIMM?

-. Generally, a great part of wholesalers are from Latin America and very seldom can go to the United States, and it is unlikely they will travel to the Popular Republic of China, since they belong to small companies and do not have the resources to go shopping in China. These companies, that desire to buy, avoid travelling from Latin America to other distant regions in search of products to buy. Now, they can avoid all that with the installation of the PIMM. Presently, the biggest and more potential clients continue being Brazil, Chile, Venezuela, Colombia, El Salvador, Guatemala, and Mexico.

Wall Mart, for example, would come to the PIMM in Panama and would not need to travel to the Far East. The expectation is to have more than 6,800 exhibit rooms, some 6,000 of them to be acquired by foreigners, and the rest by Panamanian companies, all this with the possibility of expanding into some 680 hectares of terrain located on the highway, 40 kilometers from Panama City, near Buena Vista, in Colon Province. We

are searching for 10 restaurant operators, a coffee shop, a janitorial company for daily cleaning of the project, and also for the parking lot.

Within the planning process of the project, approximately US\$6.7 million has already been invested in promotional publicity in television and print media in the United States, Spain, and some Asian countries. With this publicity we are promoting not only the PIMM; but, also about the qualities the country has to offer.

Is there a possibility of opening more PIMMs in other parts of the world and how are the sales moving for the project in Panama?

-. When a country has the terrain space and a big city like New York, there is the possibility of opening a vertical PIMM that is like a building of at least four stories in Manhattan. In the case of Panama's PIMM, it is selling approximately US\$1 million daily via internet, which represents an average of between three and seven spaces.

Within the project it is expected to have 34 categories of products, distributed orderly by quality of merchandise; but leaving the possibility of building later on other PIMM with the project.

How do you combine the time you dedicate to the project with your personal life?

-. I work for my business...my life is dedicated to work, especially since my children are living in other countries. My father is in France and I have four children, some in my country and others in Miami.

My life starts daily at six in the morning...later I go to the synagogue until 8:15 a.m. and around 8:20 a.m. I get to my office where I work until 7:00 p.m.; however, if I get a new idea I may return to the office and work until midnight.

Profile: Reynald H. Katz

- Four sons
- Merchant by trade
- Loves good wine and cheese
- French by birth

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