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CURMUDGEON'S COMMENTARY

September, 2026

SILVER LININGS AND SWORDS

If it's true that every dark cloud has a silver lining, then this certainly rings true for Panama, even if it is a double-edged sword. The repercussions following Israel's and America's attack on Iran include a strong demand from shipping wanting to use the Panama Canal for oil exports to Asian buyers of crude and petroleum products from the US Gulf Coast as mayhem reigns in the Strait of Hormuz. This growth in traffic through the Canal has contributed in part to the increase in prices of unallocated transits, hitting a new record amid concerns about falling water levels expected to drop further as an intensifying El Niño strengthens and sweeps across the region. This means that restrictions on a large ship's draft will be necessary: less cargo, despite demand, will follow as large ships will need to sit higher in the water. Expect an increase in smaller cargo ships.

Despite the practical challenges that the Canal may face during the rest of the year, Panama is expected to have one of the region's highest growth rates in 2026, supported by services, logistics, commerce and Canal revenues. The World Bank projects Panama's growth between 3.8 per cent and 4 per cent; only Paraguay, on a list of 10 regional countries, has a (slightly) higher projection.

As Panama continues to improve its image and strengthen its regulatory regime, bolstering transparency especially in the field of financial services and banking, the United States of America, by contrast, is dismantling many established regulatory norms. Panama, specifically, has tightened its controlling person regime, affecting ownership rules for entities such as trusts, foundations and corporations. This has always been a controversial sticking point with foreign governments. Now, whereas before, no reporting was required until it could be established that a person, either directly or indirectly, owned at least 25 per cent of the entity, either through shareholding or equity interest, that percentage has now been reduced to only 10 per cent. This change in the law under Panama's Executive Decree No. 25 of 2026 affects, where applicable, automatic exchanges of financial account information with the Organisation for Economic Cooperation and Development (OECD) and under the US Foreign Account Tax Compliance Act (FATCA).

The net has been well and truly cast wide and embraces instances where ownership or control of a trust, foundation or corporation is subsumed by one or more separate entities that are, effectively, no more than nominees. In the past such tactics produced a smoke screen; now, however, where ownership cannot be determined for whatever reason, the senior manager of the entity will be regarded as the controlling person. It should be noted that this move now aligns Panama with the recommendations made by the Financial Action Task Force, an offshoot of the OECD. All responsible professionals involved in providing services subject to these tightening controls will welcome the government's action.

DÉJÀ VU

If climate conditions - not to mention El Niño – are affecting weather patterns across the globe, and creating more unpredictability, then the world's economic and political climates are not faring any better at the moment with an equal degree of unpredictability.



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I saw a picture which displayed the new gilded carvings in the Oval Office of The White House. The White House Secretary, Karoline Leavitt, who has since stepped down from the post, said “it was a golden office for the golden age”. I had understood, however, that America’s true golden age was the period at the end of World War Two, lasting until the early 1970s. The White House’s gilded carvings made me think of Mark Twain and I have little doubt that had he been alive today he would have had things to say about the symbolism of them.

A gilded age was brought to prominence and popularised by Twain and Charles Dudley Warner in their 1873 book entitled “The Gilded Age: A Tale of Today”. Although a satirical novel, it gave a comprehensive commentary of American society after the Civil War, highlighting the greed which followed in its aftermath as the country industrialised and left behind its rural roots. Peace heralded a growth in government, cities and business, producing pettifoggery on a grand scale, and Twain regretted the “incredible rottenness” and “moral ulcers” of America, much of it due to self-serving politicians on the one hand and the robber barons dominating industry on the other. Theodore Roosevelt called them “malefactors of great wealth”; and Mark Twain described the arch-robber baron, Jay Gould, known as King Gould, as “the mightiest disaster which has ever befallen this country because of his unscrupulousness”.

DELUSIONS AND CONCLUSIONS

A recurrent theme of mine has been the Roaring Twenties era, with corruption, like jazz at the time, in full swing; and also because of its parallels with today’s Twenties. F. Scott Fitzgerald was inspired to write “The Great Gatsby”, a novel which I have also made reference to in the past because of its relevance; Jay Gatsby was a product of the era, and a beneficiary of the organised crime it proliferated. Although, they bear the same initials and first names, we don’t know if Scott Fitzgerald had the Gilded Age’s Jay Gould in mind, during a time that was the precursor of the Roaring Twenties.

It is this century that inequality in the US is greater than it has been since the Gilded Age; the share of wealth held by the ultra-rich is now almost as high as in the late 1920s when inherited robber-baron fortunes made in the previous century were being enjoyed, and often lost. The level of wealth, since the middle of 2026, has surpassed the billionaire distinction, with Elon Musk becoming the first trillionaire, propelled to this status by 21st-century advances and opportunities. Today’s technology, rather than train tracks, has given birth to the new breed of barons.

Twain and Warner chose well when they referred to a Gilded Age. Gild, as we know, covers an item, valuable or otherwise, with a thin layer of real gold, providing a mask for what lies underneath. Speaking of which, the AI data centres have supposedly requested as much electricity across the middle belt of the US as it takes to power every home in the country; it is feared, however, that some demand could be delusional. This is before the social impact these centres are having on everyday lives – not to mention the questionable distortions on the US stock market that the AI frenzy is generating; significant investment and also profits are being made by many, inviting comparison with Holland’s 1637 Tulipmania: after all, I have little doubt that some aspects of AI investment will turn out in the end to be nothing more than gilded, but false, opportunities that, like tulips, will not bloom forever.

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Meanwhile, I confess to having two data centres in my home: they are called bookcases, with learned works embracing not just from Aristotle to Zola but including many countries and writers. Certainly, the title of Twain's and Warner's book is as current as this morning's newspaper because it is also a tale of today for many reasons, notwithstanding Scott Fitzgerald's character, Jay Gatsby, saying "you can't repeat the past". And despite the tragic, short life Scott Fitzgerald had, with all his failings, he was an astute student of human behaviour and exemplifies the aphorism penned by George Bernard Shaw, the Irish playwright and polemicist: "The power of accurate observation is commonly called cynicism by those who have not got it". That said, the uncompleted novel before his death was entitled "The Last Tycoon" and proved to be wishful thinking.

RIPPLES AND WAVES

Finally, why do I not write about, say, Namibia? It's because (with apologies) what happens there is of little significance in the field of geopolitics, a term often heard in Europe between the two World Wars and during the cold war, but now being shouted from the rooftops.

This month is the 25th anniversary of New York's Twin Towers catastrophe in 2001 when America's sense of vulnerability came to the fore and set the course of irreversible world events that followed, such as the Afghanistan and Iraq wars. Since then, however, America's twin towers of foreign policy and diplomacy have reached the point where a match has been lit in the Middle East and whose flame, starting with Iran, has since spread in all directions.

What happens in America doesn't always stay in America, regardless of what folk in Las Vegas tell you. And often the ripple effect of events can seem more like a tidal wave – even in Namibia.

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