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POLICIES OF RECOVERY

ANALYSIS OF THE
CODE OF
PROCESS
TAX
ADMINISTRATION





In this edition

José Javier Rivera J.
Rafael Fernández Lara
Giovana del C. Miranda Garzola
Ivana Herrera
Yinnelle Smart
Lidia Dominguez

Casilda Quiroz
Idalia Ballesteros
Milena Vergara
Ana Sofía Corrales
Mariela de Sanjur
Gabriela Melgar

José Javier Rivera J.
Giovana del C. Miranda G.

Design and Layout:
Gabriela Melgar



Rivera, Bolívar y Castañedas



@rbcabogados



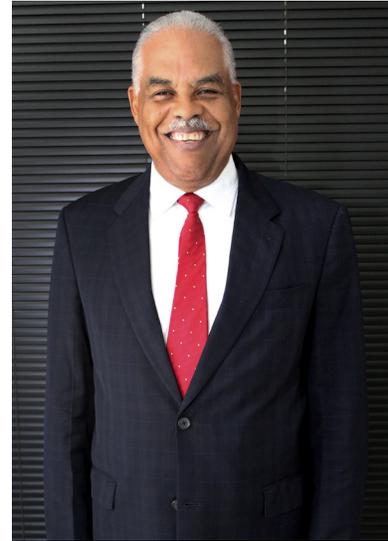
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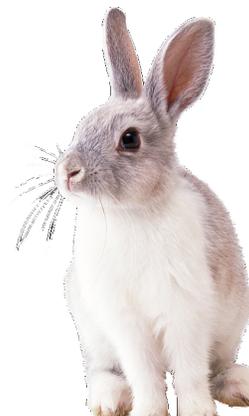
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José Javier Rivera - Attorney
jj.rivera@rbc.com.pa

Editorial

PANAMA AND ITS CHALLENGES IN A COMPLEX ENVIRONMENT

After having completed an electoral process in which important changes were introduced to strengthen democracy and reduce the vices that have eroded the confidence of citizens of political parties, everything has been discussed and internalized in the country.

While new government has designated part of its team and meetings are held within the transition processes, economic and government sectors are presenting detailed information on the main

economic indicators and on the challenges facing the country in the changing context of the world. In this month's edition, we have included a summary of two events presented respectively by the National Competitiveness Center and the Chamber of Commerce, Industries and Agriculture of Panama, in which economists José Sokol and Manuel Ferreira respectively have exposed not only realities that has the country in terms of economic growth, but also, the reality about the inequality that characterizes us and the main ac-

tions that the new administration must take to achieve human development and have indicated the financial difficulties that the country will have in what it concerns infrastructure investments and public spending during the next five years.

The analysis of the international environment that has as spearhead the trade war between the United States and China, tensions derived from the measures of isolation of the United States towards Iran, the situation in Venezuela and the instability in Great Britain haven't escaped these presentations. which has led to the resignation of Theresa May as prime minister.

Returning to our patio, the truth is that the challenges begin in the reactivation of an economy that last year had a moderate growth and that now depends on the export of copper to increase its performance. In the same order of ideas, there is a need for rapid approval of rules regarding public procurement, so-called public-private partnerships, real estate leasing and the definition of a contract between the company Minera Panamá and the State.

It will also be necessary to activate a series of projects or mega works of the ACP and establish urgent measures to generate confidence in the agricultural sector.

All this network needs a specific understanding of the Comptroller General of the Republic so that the actions of the government do not have bureaucratic impediments of this entity.

Both in the presentation of the CNC and the CCIAP there is a short list of topics that have the effect of energizing the economy.

Now, comparative advantage of this administration is that it will have a majority in the assembly of deputies, which will allow a discussion of urgent bills in a reasonably short time. This puts pressure on the new administration because on July 1 it must have the blueprints that it will submit to the full assembly of deputies for its execution.

It is indispensable that issues of importance; Both local and international strategy, are widely disseminated with the citizens and in particular with the opposition political parties, the diplomatic corps accredited here, the unions, the universities, the educators, the young people and the local communities so that the understandings are achieved before going to the assembly.

The decision of the executive to present to the National Concertation Council its proposals on issues of particular impact such as education, health issue, economic reactivation, investments in water and the agricultural sector is praiseworthy.

The experiences of dialogue that we have had throughout our recent democratic life have been fruitful; therefore, one of the first tasks that the government must undertake has to do with the timely communication and the serene discussion of the great national issues.

The isolation has not been fruitful in this period and a spirit of national concord is needed to be able to undertake urgent tasks mainly in what corresponds to governmental action, transparency, accountability and the prevalence of national interest over partisan interests, guilds and personal interests.

It will dawn and we will see ... *L&E*

Invited Writer

THE CONSTITUTIONAL AND LEGAL ENFORCEMENT OF TAX ARBITRATION IN PANAMA / PART I



Javier Mitre Bethancourt
Consultant and Academic Investigator
of Tax Law

S ummary

The purpose of this paper is to carry out a constitutional, legal, jurisprudential and doctrinal analysis on the authorization of tax arbitration in Panama in compliance with Article 202 of the Political Constitution of Panama and the general principles of Procedural Tax Law, as well as the constitutional mandate directed to the Panamanian deputies so that they elaborate procedural laws that are inspired by principles that pursue the simplification of the procedures, the procedural economy and the absence of formalities, in accordance with Article 215 of the Political Constitution of Panama.

Introduction:

Recently, through the approval of the new Tax

Procedure Code of the Republic of Panama, with the approval of Law 76 of 2019, it is introduced with articles 357 to 375 of this document that includes the new rules in the taxpayer-taxpayer relationship, the tax arbitration as an alternative means of resolving disputes, which although it is true, this method was not contemplated in the original draft of this new code (bill No. 692 of September 24, 2018), it was considered in debate and in the discussion tables of said project.

This was so, since arbitration process is introduced once the first debate in the National Assembly has begun, taking into account that the CIAT Tax Code 2015 model (Inter-American Center of Tax Administrations), which is the document, in which inspires this new Tax Procedure Code for Panama, points out in its introduction that this method of conflict resolution is recognized as a trend adopted by different countries

both to resolve conflicts of international and local nature, with the aim of complying with the principles of speed, procedural economy and ensure the effectiveness of the Tax Administration System, taking as reference the draft bill No. 020 of August 8, 2016 previously existing in the National Assembly and that already raised the idea of tax arbitration for Panama.

Considering that this topic has generated intense debates, especially as to whether arbitration in the tax field is vitiated by unconstitutionality by regulating a matter that has been considered of public order and that deals with one of the main sources of income of the State, it is pertinent to analyze their qualification both in the constitutional and legal scope, since everything seems to indicate that we are confusing public powers such as creating tributes as rules of public order, with the control of legality by reason of the correct and non-abusive application of the tax law in each particular case where it may be in debate if the tax event is configured or the amount determined by tax payable is correct.

It is important to note that this analysis we do, without losing sight of what is at stake is the competitiveness of Panama as a country that follows the international trend to resolve conflicts between the Tax Administration and taxpayers in reasonable periods away from judicial default of which processes in contentious-administrative jurisdiction don't escape, based on articles 202 and 215 numeral 1 of Political Constitution, with which constitutionality of tax arbitration in Panama is based.

And finally ask ourselves, if contrary to what was argued by the detractors of this methodology to resolve conflicts between the tax administration and taxpayers, by additional settlements of amounts over 100 thousand balboas, conflicts over the application of international tax matters and complex disputes over Transfer Pricing, which are the only issues that can be submitted to arbitration in Panama, could allow that the collection of an administration could be effectively collected within a governmental period complying with the budget or if the decrease of the collection to The cause of this alternative method responds to mere speculations.

This considering that in a conflict that through arbitration can be resolved in a span of 8 months, in the face of that same dispute that can be resolved in the contentious-administrative jurisdiction, it is resolved in 6 years, even after the expiration of a government administration period within which the administrative act challenged in the gubernativa way was dictated.

Chapter I

Principle of Jurisdictional Protection in Tax Law

It has been pointed out that autonomy of Tax Law is recognized when the object or phenomenon of its study is fully identified, as well as principles that regulate that object or phenomenon, establishing themselves as fundamental principles of Tax Law by generalized criteria, as indicated by professor. Edison Gnazzo (RIP) in his work Fundamental Principles

of Public Finance, the principle of equality, the principle of legality and the principle of judicial protection (effective judicial protection).

These principles remain in force in Panama, ensuring that they are duly typified in the constitution and in the positive Law, and that they serve so that every rule of law in which a modern tributary system and guarantee is ensured operate in full efficiency. and the efficiency of every Tax Administration of the 21st century.

In that sense, there is no doubt that, in the Panamanian tax legal system in its political constitution have traditionally been recognized, such precepts both constitutional and legal.

In the case of the principle of tax legality, observe the provisions of Article 52 of the Political Constitution of Panama:

· *“ARTICLE 52. No one is obligated to pay taxes or taxes that are not legally established and whose collection is not made in the manner prescribed by law. “ Regarding the principle of equality in tax matters, we find it enshrined in the provisions of Articles 19 and 20 of the Political Constitution of Panama.*

· *“ARTICLE 19. There shall be no privileges or privileges or discrimination based on race, birth, disability, social class, sex, religion or political ideas.”*

· *“ARTICLE 20. Panamanians and foreigners are equal before the Law, but this may, for reasons of work, health, morality, public safety and national economy, subordinate special conditions or deny the exercise of certain activities to foreigners in general. The Law or the authorities may also, depending on the circumstances, take measures that affect exclusively the nationals of certain countries in case of war or in accordance with what is established in international treaties.”*

And in the case that concerns us in the study and analysis of the principle of jurisdictional protection (Principle of Effective Judicial Protection), as part of the procedural tax law, which establishes the need for a jurisdiction other than the executive branch to deal with disputes between administrative bodies (DGI) and taxpayers, understand taxpayers, which is very different from the harmonious collaboration that must be provided between the different powers of the State to create taxes and ensure compliance, as rules of public order in attention to public powers of the State.

This principle states the following: *“The principle essentially requires the pronouncement of a qualified judge acting as” super party “in litigation.”*

That is to say, that a different and independent organism and specialized to the executive power has the last word, hence that this principle of jurisdictional protection is also known as the principle of tax independence.

This principle of jurisdictional protection is enshrined in the political constitution of Panama in its articles 202 and 206 (numeral 2) for the purposes of tax jurisdiction, by which jurisdiction is established in the judiciary (independent of the executive power) to know in a last instance of the conflicts between the Tax Administration and the taxpayers, through the third room of the contentious-administrative, that is to say, the State in its role of creditor of the taxes (Not by the public authority to create tributes national) and taxpayers or taxpayers of national taxes.

Let's see:

· ***“ARTICULO 202. El Órgano Judicial está constituido por la Corte Suprema de Justicia, los tribunales y los juzgados que la Ley establezca. La administración de justicia también podrá ser ejercida por la jurisdicción arbitral conforme lo determine la Ley . Los tribunales arbitrales podrán conocer y decidir por sí mismos acerca de su propia competencia.”******

· ***“ARTICLE 206. The Supreme Court of Justice shall have, among its constitutional and legal powers, the following:***

... ***2. The contentious-administrative jurisdiction regarding the acts, omissions, defective or deficient provision of public services, resolutions, orders or dispositions that execute, adopt, issue or incur in the exercise of their functions or pretending to exercise them, public officials and authorities national, provincial, municipal and autonomous public or semi-***

autonomous entities. To this end, the Supreme Court of Justice, with hearing of the Public Prosecutor of the Administration, may annul the acts accused of illegality; restore the violated private right; to establish new provisions in replacement of the challenged ones and to pronounce prejudicially about the meaning and scope of an administrative act or its legal value.

The persons affected by the act, resolution, order or disposition in question; and, in the exercise of public action, any natural or legal person domiciled in the country. ...”

It is important to point out that this undoubtedly remains the case, until 2004, all the time, which is through the constitutional reforms of 2004 that, in Panama, arbitration was introduced within the procedural norms that exclude the judiciary, as a means of alternative dispute resolution without restriction of matters, in response to the constitutional mandate described in Article 215 of the Constitution of Panama, amending Article 202 of the Constitution, transferring that possibility of judicial protection of an entity administrator of justice of the judicial body to a particular entity, such as the arbitral tribunals.

Let's see:

· ***“ARTICLE 202. The Judicial Organ is constituted by the Supreme Court of Justice, the courts and the courts established by the Law. The administration of justice may also be exercised by the arbitral jurisdiction as determined by***

*law. The arbitral tribunals may hear and decide for themselves about their own jurisdiction."****

· *"ARTICLE 215. The procedural Laws that are approved will be inspired, among others, in the following principles.*

1. Simplification of procedures, procedural economy and absence of formalities.

2. The object of the process is the recognition of the rights consigned in the substantial Law. "

Considering that the arbitration responds directly to the principles of procedural economy, article 202 of the Constitution is modified by stating that the administration of justice may also be exercised by the arbitration jurisdiction as determined by law, this mechanism being without distinctions or restrictions of any matter, in the alternative constitutional foundation to the judicial-contentious-administrative process, according to Law 76 of 2019 (Tax Procedure Code) leaving the tax matter for specific cases, under the privilege that these matters are resolved by a court arbitral in attention to the principle of timely effective judicial protection, in such a way, that when we refer to the tax matter in attention to the autonomy of Tax Law we can not believe that it comprises a whole in itself, but we must separate the part of the tributary matter that attends to the power of the State to create tributes with which corresponds to the application of the Tax Law for particular cases and the role of the State as Creditor of the taxes and not as CREATOR of the taxes.

By an arbitral tribunal, that beyond being made up of a specialist or several specialists, it will be a truly specialized and brief court of justice in the matters to be resolved, but mainly independent from the executive power, thereby complying with the principle of guardianship jurisdictional, which contributes to legal security and the trust of local and investor taxpayers, whoever is resolving has the necessary expertise to resolve these matters in law and in reasonable time, as has already been done in other jurisdictions under the same principle that what is submitted to arbitration is the control of the legality of administrative acts by applying the tax law and not any public authority of public order.

Chapter 2 Procedural Tax Law and Principle of Procedural Economy

The procedural tax law is recognized as the set of rules and principles that regulate the tax process, through which disputes are settled, among other matters related to processes that do not necessarily involve litigation.

Within the field of procedural tax law, the most studied subject corresponds to one that deals with the viability of legal appeals filed by taxpayers or taxpayers.

The doctrine and legislation in Comparative Law unanimously point out that the possibility of filing legal appeals by taxpayers, responds to safeguarding of their legitimate rights of a tax nature when they consider themselves inju-

red by actions of the Tax Administration (DGI) when improper or arbitrary administrative acts are issued, and in turn, as a field of Administrative Law, the need or possibility is recognized that such recourse is carried out at least in first instance before the administration itself, with the objective that it reviews its own actions within framework of the control of legality of administrative acts in the gubernatorial way.

In that sense, the interposition of resources which is divided into two fields:

1. In the administrative way, that is, within the so-called governmental way.

2. In the judicial or contentious-administrative sphere.

In particular, the recognition of the possibility of filing appeals in the courts responds to the aforementioned principle of jurisdictional protection, so that it is a body other than the executive branch that has the final decision on disputes filed between the State in its role as creditor of the taxes and not as creator of the same and the taxpayers, which happens in the hands of the judicial power, or in any case outside the executive power, as it was indicated in the VII Luso-Hispano-American Conference of Tax Law of 1976 in Pamplona, Spain, when the following were mentioned as part of its most relevant recommendations in terms of protecting the rights of taxpayers:

“The jurisdictional bodies competent to decide

tax disputes must operate within the judicial branch and, in any case, outside the Executive Branch. In countries where there are jurisdictional bodies within the Executive Branch, its structure and functioning must be organized on the basis of its independence with respect to the active Administration and against its decisions must be granted, without restrictions, appeals before the Judicial Power.”

That is, arbitration being a new way of exercising the functions of the judiciary as is the administration of contentious-administrative justice in accordance with the constitution in Article 202, we see how the important thing is that the pronouncement ultimately comes from an independent body of the Executive Branch and that it is specialized, but above all that is resolved in a short time in accordance with the principle of judicial economy, since it has been stated on many occasions that a slow judicial protection, is not a judicial protection effective.

Procedural Economy and Specialization

Corresponds to the requirement that the process must achieve its objective of providing a peaceful and just solution to conflicts with the least possible effort of time, work and money.

To this economic end, both the regulation of the process and the actions of the Judges and Tribunals in applying the procedural rules must respond.

If several equally valid alternatives are possible for a procedural need, the quickest and most effective and least expensive alternative should be chosen, as can an arbitration process where the deadline for resolving it can save important costs for both the Tax Administration and the taxpayer, by entrusting qualified professionals through private justice to know cases of high complexity and specialty, based on Article 215 of the Political Constitution of Panama.

In this way, as Professor Gnazzo will point out at the time of his work on Fundamental Principles of Public Finance, this independence of the executive power is not only necessary, but also the specialization of those who must resolve:

"In truth, we believe that the Administration should have the opportunity to review its decision and therefore an intermediate solution could be to admit administrative appeals, but that appeal is substantiated before a court or specialized body, within Executive Power, but outside the orbit of Ministry of Finance, Economy or Finance and always leave open jurisdictional way before the organs of Judicial Power

Finally, we think it is important to ensure the specialization of the agencies in charge of resolving the tax dispute. Given the complexity of the tax phenomenon, it is evident that the composition of such or-

ganizations should provide for the participation of professionals well versed in the subject ... "

The other recommendations made in the 7th Luso-Hispano-American Conference on Tax Law should be highlighted, as well as the following:

- *"Against administrative acts of determination and others that directly or indirectly harm subjective rights, administrative resources must be granted to the interested parties."*

- *"The resources that each legislation establishes must be interposed and resolved within the short and peremptory deadlines; For this purpose, it is recommended that the number of resources be reduced to the maximum."*

- *"After these deadlines have expired without the Administration having ruled, it will be presumed that the impugned act has been tacitly confirmed, and the jurisdictional path will be expedited.."*

- *"The competent jurisdictional bodies to decide the tax conflicts must work within the judicial power and, in any case, outside the Executive Power. In countries where there are jurisdictional bodies within the Executive Branch, its structure and functioning must be organized on the basis of its independence with respect to active Administration and against its decisions must be granted, without restrictions, appeals before Judicial Power."*

- *"It is recommended that the jurisdictional bodies have adequate specialization."*

- *"The procedure must provide equal guarantees of allegation and proof for both parties,*

characteristics of the common process; it must be brief, as far as possible oral and inquisitive, the judges being able to not only provide proof of their own motion, but also to depart from what was requested by the parties; the Administration must provide all the probative elements that are in its possession."

- *"The concept of illegality or illegality of the act must be interpreted broadly and, therefore, comprehensive of all the violation of the legal order, even of acts dictated by misuse of power."*

- *"The filing and decision of appeals or actions must not be conditioned to the prior payment of the impugned obligation, nor to any other requirement that has no direct relation with the object of the appeal or action that is deduced."*

- *"It is advisable to establish sanctions for the party that litigates recklessly or with bad faith."*

- *"As the definition of the economic-administrative act has not been addressed directly in these days, it is recommended that its consideration must be a fear to study in any of the successive. However, it is considered as a possible valid antecedent, that this act has a formal nature and one of the essential purposes is to avoid the defencelessness and economic damage of the interested party."*

Note, that the part of the fiscal matter that must be submitted to arbitration is that which corresponds to the verification of the issuance of administrative acts within the framework

of the law in the hands of individuals with the endorsement of the Political Constitution of Panama, which could be undermining SUBJECTIVE RIGHTS for the application of the tax law to a particular case, and is not being raised in the Tax Procedure Code submit to arbitration the creation of taxes that without discussion if they correspond to the part of the tax subject as rules of order public because they respond to a PUBLIC PUTTING of the State as is the creation of taxes, which led to declare the nullity of the Arbitral Award in the case GAMING & SERVICES DE PANAMA, SA, against the Panamanian State (Ministry of Economy and Finance-Board of Game Control) and it had nothing to do with a controversy over the application of a particular case about the configuration or not of a tax-generating event, for which, in our opinion, that precedent in which the nullity of an arbitral award was raised, does not resolve the debate on the constitutionality of tax arbitration on matters that have nothing to do with public order as is the application of the tax law for the determination of a tax to a particular taxpayer.

Chapter 3 Control of Legality in the Gubernatorial and Judicial Way

It is important to point out that when we indicate that tax arbitration is feasible, we are indicating that it is possible that the control of the legality of administrative acts of a DETERMINING tax nature, that is, we are not talking about any administrative act, but of an act with characteristics very particular, this is

so based on Article 202 of the Constitution that without excluding any subject recognizes in arbitration another way to comply with the principle of effective judicial protection.

In addition, the Judicial Code itself recognizes this when it indicates in its article 3 the following:

Judicial Code of the Republic of Panama

“Article 3. The judicial administration of justice is exercised in a permanent manner by the Supreme Court of Justice, the Superior Courts of Justice, the Circuit Judges, the Municipal Judges, the Juvenile Court, the Maritime Courts, the Higher Labor Courts, the Sectional Labor Courts and any other tribunals that are created within the Judicial Organ.

It is also exercised in special cases, by individuals who, as jurors, arbitrators or arbitrators, or by reason of any other charges of this nature, participate in jurisdictional functions, without including such persons as part of the Judicial Organ.

The agents of the Public Prosecutor's Office participate in the administration of justice as investigative officers through the exercise of criminal action. They will also have the representation of national, municipal and social interests, in the cases indicated by the law. “

In Panama, control of legality exercised by the contentious administrative jurisdiction is an external control exercised by the Public Adminis-

tration, considering the control of internal legality exercised by the Public Administration in the administration's headquarters, knowing the resource that are resolved in the governmental way.

This control of external legality or also known as control of legality in the courts, is exercised by a different body independent of the administration (Executive Power).

This jurisdiction in our country is exercised by a single-instance court (The Third Chamber of the Supreme Court of Justice), considering that in our country there is no specialized jurisdiction independent of the common judicial system integrated by a superior body that acts as a court of appeal of administrative legality.

That is, the contentious-administrative jurisdiction legally controls the legality of the acts of the administration privatively by constitutional mandate and law, until by that same constitutional mandate Article 202 of the Political Constitution since 2004 in Panama, allows that said competence with the development of the Law that creates the Tax Procedure Code may also be the competence of the Justice in the hands of Private Parties, as would the arbitrators in tax matters.

TO BE CONTINUE ... *L&E*

Norms of INTEREST

SHOPPING CENTERS MUST HAVE PARKING FOR PREGNANT



Giovana del C. Miranda G. - Attorney
giovana.miranda@rbc.com.pa

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ith the approval of Law 83 of May 9, 2019, it is established that the places of premises, shopping centers, public institutions and educational and university centers that have twenty to fifty parking spaces will allocate a parking lot of these for women vehicles pregnant or transporting them. However, you must have a decal that will be issued by the Transit and Land Transportation Authority with a valid term.

In the case that they own more than fifty parking lots they will allocate 5% of the total of these for vehicles of pregnant women or those who transport them, duly identified with the decal.

Similarly, the Law states that spaces reserved for pregnant women should be identified by an image of a pregnant woman in pink, with the dimensions dictated by the ATTT and should be located near the main entrance.

When it comes to places of premises, shopping centers and others with less than twenty parking spaces, pregnant drivers duly accredited will have preference to make use of the reserved parking lots or any other available, except those intended for people with disabilities.

The breach of the Law, will cause the imposition of sanctions that correspond on the part of the ATT.

Law 83 will be in force three months after its promulgation, that is to say, on August 14, 2019.

The figure of parking lots in shopping centers destined for the use of pregnant women is not new; However, those that already exist will have to comply with what is contemplated in Law 83, so as not to incur a breach and those that did not have it will have to take advantage of the new provision. *L&E*



PROMOTE RESEARCH FOR HEALTH

Law 84 of May 14, 2019 regulates and promotes research for health and establishes its governance and governance. Within this context, it has been arranged that the Ministry of Health, for the fulfillment of the norm, will exercise the rectory and will define, in consultation with the actors of the National System of Research and Innovation for Health, the public policies for the development of research for health in the country, as well as mechanisms to facilitate and sustain its execution, promote the use of scientific research and comply with relevant national and international standards and guidelines.

Law 84 will apply to natural and legal persons

Giovana del C. Miranda G. - Attorney
 giovana.miranda@rbc.com.pa

of the public and private sectors, non-profit organizations and related associations, national and international, concerning health research.

It provides the norm in reference, which among the objectives are among others:

1. To benefit and protect in an integral way the health and human rights of the individual and the population during the development of the research.
2. Promote research for health by ensuring the use of knowledge generated through the coordination of the actors of the National

System of Research in Innovation for Health.

3. Establish the regulatory framework for compliance with good practices in health research.

4. Develop strategies that allow the incentive and sustained and significant knowledge of human capital oriented to health research.

It is worth mentioning that the Research and Innovation for Health Council has been created as a body of independent criteria, advisory and consultation of the Ministry of Health, of a participatory, ethical, technical and scientific nature, with regard to the strengthening of the National Health System. Research and Innovation for Health, as established in the National Health Policy.

Another aspect to be mentioned is the development of topics such as definitions and principles, competence and functions, the exercise of stewardship, the development of capacities, the National Committee on Bioethics of Research and Institutional Committees, the management of projects for the health, the financing of research for health and the sanctioning administrative process.

On the other hand, the Ministry of Health is authorized to allocate human, financial and other resources that are required for the operation of the Research and Innovation for Health Council, the National Bioethics Research Committee and the unit administrative. *L&E*



APPLICABLE PROCEDURE IN CASE OF COLLISIONS FOR DIPLOMATIC AGENTS



Giovana del C. Miranda G. - Attorney
giovana.miranda@rbc.com.pa

The Ministry of Foreign Affairs issued Executive Decree No. 79 of May 2, 2019, which regulates the issuance of Panamanian driving licenses, the issuance of diplomatic plates, the imposition of fines for infractions of the Vehicle Traffic Regulation and the procedure established in case of collisions involving foreign diplomatic or consular agents, agents of international missions and members of their family over the age of eighteen.

Regarding compliance with the Vehicle Traffic Regulations, it has been contemplated that diplomatic or consular agents, international agents and the relatives of those agents who have a driver's license issued in our country, are subject to compliance with the provisions of the Regulation that establish obligations and prohibitions to drivers in the national territory.

It has been established that infractions or omissions to the Traffic Regulations by diplomatic or consular agents will be sanctioned with the corresponding reprimand or fine; however, they may request exemption from the fine before the Department of Privileges in Immunities of MINREX based on the principle of reciprocity.

On the other hand, we see that all traffic ac-

cidents occurred on public roads, as well as public access, involving a diplomatic or consular agent, international agent or their families, must be served by a traffic inspector of the National Directorate Traffic Operations, who will lift the police and then be remitted by said Directorate to the Traffic Court.

The judge of knowledge must, through an office, consult with the Department of Privileges and Immunities, if by international reciprocity or with a functional criterion they are competent to deal with the case.

We must indicate that for the determination of the jurisdiction of the Traffic Courts, Privileges and Immunities, the principle of international reciprocity will apply, taking as a reference the treatment received by Panamanian diplomatic or consular agents in the jurisdiction of the sending State.

Finally, the Decree states that none of its provisions will impede the exclusive power of the Ministry of Foreign Affairs to apply measures of a diplomatic nature that it deems pertinent. *L&E*



salud

SPECIALIZED INSTITUTE OF INTEGRAL DEVELOPMENT

Giovana del C. Miranda G. - Attorney
giovana.miranda@rbc.com.pa

By Executive Decree No. 94 of May 14, 2019, the Specialized Care Center, called the Specialized Institute of Integral Neurodevelopment of the Ministry of Health (IENDI), is created to provide comprehensive health care, early detection and monitoring of developmental disorders. and sensory disability.

We can indicate that the IENDI will have an area of research that will generate the baselines for the development of policies that help to contribute to the improvement of the quality of life of those children who are in social and biological risk of suffering some of these disorders.

In accordance with the aforementioned, public management of the IENDI will be governed by principles of quality, effec-

tiveness, efficiency, equity, productivity, solidarity and transparency and management activities will be governed by governance processes, technical support, logistical support and processes fundamental

From the reading of the recital, it can be concluded that the Executive Decree arises from the need to create a specialized establishment whose main objective is to contribute in the consolidation of the national network of attention to children from 0 to 9 years with neurodevelopmental disorders and sensory disability , that allows the population at risk, to have access to a portfolio of comprehensive health care services in order to perform uptake, diagnostics and early research to develop their potential and have a decent, productive and quality life. *L&E*



NATIONAL COUNCIL OF CHILDREN AND ADOLESCENTS

Giovana del C. Miranda G. - Attorney
giovana.miranda@rbc.com.pa

In recent days, Executive Decree No. 16 of April 23, 2019 was issued by which the National Council for Children and Adolescents is created, as a coordinating body, proponent and adviser of public policies on children, adolescents and adolescents. promotion and protection of the rights of children and adolescents.

Among the functions of the National Council, among others are:

1. To act as a permanent advisory body in the development of state policies in the development of programs for prevention, protection, care and welfare of children and adolescents in Panama.
2. To publicize, promote and monitor compliance with the constitutional and legal provisions enshrined in our legislation, as well as those established in the Convention on the Rights of

the Child and other international instruments in force in Panama and related to the matter.

3. Carry out the alignment of programs aimed at children and adolescents, in accordance with the goals of the Sustainable Development Goals (SDGs).
4. Propose the adoption or modification of legal norms and institutional reforms appropriate to the Convention on the rights of the child and other international instruments in force in our country that are related to the subject.
5. Recommend the implementation of actions by the State in participatory, active and conscious education in programs that tend to satisfy basic needs and the development of the capacities of children and adolescents. *L&E*

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PRINCIPLE OF PRESUMPTION OF LEGALITY OF ADMINISTRATIVE ACTS

Source: Office of the Attorney General

The Office of the Attorney General of the Administration issued the Consultation C-031-19 of April 17, 2019, which absolves the question posed by the Minister of Economy and Finance, regarding the validity of the clauses of the operation and administration contracts of casinos and money swap machines, which were perfected based on article 11 of Law 28 of May 8, 2012 that modified article 61 of Decree Law 2 of 1998.

To answer the question, the Office of the Attorney General indicates that Article 46 of Law No. 38 of July 31, 2000, establishes what we know as the principle of presumption of legality of administrative cases, which consists of the obligation to apply of these, unless their effects have been

suspended or declared contrary to the constitution and the law by competent authority.

The Attorney General considers that, in general terms, as long as administrative acts are not declared contrary to the Constitution and the law by competent authority, they must be considered valid and, therefore, their application is mandatory.

Under these parameters, it indicates that the Procurator's Office is of the criterion, that the operation and administration contracts of casinos and slot machines that were subscribed prior to the declaration of unconstitutionality declared in the Judgment of February 9, 2017 and that include in their contents the percentages of the gross income that "Type A" slot machines must pay to the Games Con-

trol Board, will be covered by legality until the competent authority declares otherwise. It adds that this presumption of legality is not absolute, since an administrative act is liable to be declared null as a consequence of timely challenge, before a competent authority, by someone who has a legitimate interest and submits sufficient evidence that the impugned act is contrary to the Constitution and/or the Law.

In this regard, it is of utmost importance to emphasize that by the Judgment of February 9, 2017, the Plenary of the Supreme Court of Justice declared that the first paragraph of Article 11 of Law No. 28 of 8 May 2012, by means of which the Fiscal Code is reformed and fiscal measures are adopted, in turn establishes that this declaration of unconstitutionality will take effect, starting one (1) year after notification of the Judgment in the Official Gazette, that is, the April 30, 2019.

Consequently, once the effects of aforementioned Judgment have been met, the legal basis determining percentages of gross income to be paid by Type A slot machines to Games Control Board would not be available, in that sense the Plenary of the Court established a term or term for the Legislature to enact replacement legislation, in accordance with the Constitution and thus avoiding possible gaps that may hinder the functioning of state entities and guarantee legal security. *L&E*

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THE TRIBUNAL ADMINISTRATIVE TRIBUNAL MAKES A CALL OF ATTENTION TO THE GENERAL ADMINISTRATION OF INCOME SO THAT IT IS PRONOUNCED ON THE ADMISSIBILITY OR NOT OF THE EVIDENCE

COMPETENCE: TRIBUNAL ADMINISTRATIVE TRIBUNAL
MAGISTRATE: MARCOS POLANCO MARTINEZ
DATE: APRIL 22, 2019

Casilda Quirós - Legal Assistant
casilda.quiroz@rbc.com.pa

The Licdo. Oscar Ramírez, acting as special agent of Rojas real estate taxpayer, filed an appeal against resolution No. 201-7851 of December 26, 2017, issued by the General Revenue Directorate, where they decided to resolve and maintain all of them. its parties Resolution No. 201-5156 of January 18, 2016.

The taxpayer through his legal representative filed a request for non-application of the alternate calculation of the income tax corresponding to the fiscal period as of December 31, 2015, plus the three subsequent years, stating that they had a loss of B/.1,147,555.59.

The General Directorate of Revenue through

its CAIR Evaluation Unit department issued a report recommending not to authorize the application for non-application of the CAIR requested by the taxpayer, the decision is based on the fact that the taxpayer failed to comply with paragraph 6 of the Article 133-E of Executive Decree no. 170 of October 27, 1993.

The legal representative of the taxpayer filed an appeal against the resolution issued by the General Directorate of Revenue, where he stated that what was indicated by the Tax Office is a contradictory argument, since the analyst of the evaluating unit of the alternative calculation of the tax on the rent established that; When reconciling the income reported in the

income statement and what is stated in the ITBMS form, no differences are determined.

The General Directorate of Income had all the necessary elements to determine the income of the taxpayer. Among tests presented by taxpayer were: financial statements, and conciliatory tables where taxpayer's income can be corroborated.

CONSIDERATIONS OF THE COURT

It was observed within the file that the taxpayer filed and likewise based before the General Directorate of Revenue the application for non-application of the CAIR, emphasizing that the loss they had had for the period of December 31, 2015 was for an amount of B/.1,147,555.59.

We can see an incongruity on the part of the General Directorate of Revenues in Resolution No. 201-7851 of December 26, 2017, in the first instance notes that the taxpayer didn't provide evidence together with the appeal for reconsideration, then in the second instance, point out that the evidence provided in the appeal for reconsideration doesn't comply with the provisions of article 857 of the judicial code, in this sense a call is made to the General Directorate of Revenue so that in future cases it may decide on the admissibility or not of the evidence that the appellants contribute along with the writings of reconsideration, but at the

same time request that said pronouncement be made through a different administrative act and prior to the resolution of the merits.

The Court also observed that in the ITBMS declaration, for the month of January 2015 the taxpayer reported in box 406 the sum of B/.3,137.15, but in his income statement in box 11 he didn't report any amount in the item of returns and discounts.

The Administrative Court considers that the taxpayer must report the amount he had declared in the ITBMS statement for the month of January 2015 in the income tax return, square.

However, despite the incongruity in the return and discounts item that exists between the sworn statement of the ITBMS for the month of January 2015 when compared with the income statement, it is not a reason for the General Revenue Office to deny the application for non-application of the CAIR.

RESOLUTIVE PART

The Tax Administrative Court in full exercise of its powers provides:

REVOKE Resolution No. 201-5156 of October 18, 2016, where it decided to reject the application for non-application of the alternative calculation of income tax. *L&E*

THE SUPREME COURT KNOWS THE “ACTION OF PROTECTION OF CONSTITUTIONAL GUARANTEES, SUBMITTED BY THE LAWYER CARLOS CARRILLO GOMILA, IN REPRESENTATION OF THE DEPUTY YANIBEL ÁBREGO”, ACTING AS PRESIDENT AND LEGAL REPRESENTATIVE OF THE NATIONAL ASSEMBLY AGAINST THE RESOLUTION N ° 685- 2018-DIAF OF MAY 15, 2018, DICTATED BY FEDERICO HUMBERT, COMPTROLLER GENERAL OF THE REPUBLIC, WHICH ORDAINS A FORENSIC AUDIT TO THE 080 FORM OF THE NATIONAL ASSEMBLY OF DEPUTIES

Lidia Dominguez - Legal Assistant
lidia.tribaldos@rbc.com.pa

CHALLENGED ACT

Resolution No. 685-2018-DIAF of May 15, 2018, issued by the Comptroller General of the Republic, which in its operative part, expresses the constitutional and legal powers exercised by the Comptroller, pursuant to Article 280, numeral 4 of the Political Constitution, which grants the General Comptroller the power to carry out inspections and investigations, aimed at determining the correctness and impropriety of the operations that affect public patrimonies and, where appropriate, submit the corresponding denunciations, Article 55, literal f of Law 32 of November 8, 1984, which empowers the Comptroller General, to order investigations aimed at determining whether the management of funds and other public goods management has been carried out correctly and in accordance with established standards and numeral 4 of Article 11, which deals with the investigations that may be

initiated by complaint or ex officio, when the Comptroller deems it appropriate. . Due to this, the National Directorate of Forensic Investigation and Auditing (DIAF) is created, under Decree No. 072-15 Leg of January 12, 2015, in order to execute these investigations, which is why the General Comptroller's Office orders the Directorate of General Control, under its charge, execution of a concomitant review to the FORM 080 OF THE NATIONAL ASSEMBLY. A FINAL REPORT of the review, shows inefficiencies of elementary internal controls and insecurity in the existence of the consideration of a real and effective service in favor of the State, which show the possibility that events have been committed with an appearance of punishable fact and corresponds to the DIAF, to perform the audits authorized by the Comptroller General. Therefore, the Comptroller decides to order the DIAF, conducting an audit, to determine the correction or incorrectness in

the resources allocated to the financing of “EXPENSES, GRATIFICATIONS, INCENTIVES AND OTHER PERSONAL SERVICES of Form 080” of the National Assembly and carry out the diligences tending to gather the elements of judgment that establish the facts, apply the norms, procedures and techniques of corresponding audit and applicable legal provisions, based on the indicated articles, in addition to the Articles 201, numeral 92 of the Law No. 38 of July 31, 2000, Decree 072-Leg of January 12, 2015 and Decree No. 56-2016-DMYSC of February 11, 2016.

BASICS OF THE PROTECTION ACTION

The amparo action is based, arguing that the jurisdictional act attacked consists of an imperative mandate to make content in the impugned order through which the Comptroller General, under the pretext of the exercise of his functions, ordered to initiate an audit of the resources assigned to the financing of the object of expenses contemplated in Form 080 of the National Assembly; order that is clearly arbitrary, since the Comptroller General, had advanced an investigation for alleged irregularities in the management of this form, without notifying or making known to the President and legal representative of the Assembly, that a report had been issued end of the review against the National Assembly. It also indicates that by Note No. 2102-18-DFG of May 14, 2018, one day before, of the resolution object of the appeal, it was intended to execute the audit order, indicating to the Assembly, that it must provide support to the staff of the DIAF, leaving the public institution it represents in a state of defenselessness, whenever the audit is ordered illegally, without the National Assembly being able to exercise its right of defense, without any means of challenge and in violation of the principle of the contradictory to present their objections to the arguments made by the Comptroller Gen-

eral, having concluded a Final Report of the concomitant review, denying their represented access to these rights previously recognized, therefore, the contested act violates Article 32 of the Constitution, directly by omission, since the Comptroller General, orders that an audit emerges that emerges from the Concurring Final Review Report, s in the notification or participation of the National Assembly, for the purpose that it could present its disclaimers. It also claims that the Law that regulates Administrative Procedure in General, in Article 48, establishes provisions regarding the obligation of administrative authorities to notify affected parties of the proceedings. Whoever orders an act of material execution will be obliged, at the request of a party, to inform the affected party of the act authorizing the corresponding administrative action, ignored by the Comptroller General's Office, since he omitted to notify his representative of the decision to initiate an investigation against the National Assembly. Finally, it states that the impugned act violates Article 155 of the Constitution, which establishes that all investigation and prosecution against members of the National Assembly must be made known to the Plenary of the Supreme Court of Justice.

REPORT OF CONDUCT OF THE DEMANDED AUTHORITY

The Comptroller General, through Note No. 1153-18-Leg. of May 30, 2018, submits the report on the facts that respond to the Action of Protection of Constitutional Guarantees, in the following terms: The General Comptroller, has the faculty to order audits tending to determine the correction or incorrectness of operations that affect public patrimonies. In accordance with the provisions of article 280 (numerals 2, 3 and 4) of the Constitution, developed by articles 2, 11 (numerals 2, 3 and 4) and 11 (literal f) of Law 32 of November 8 of

1984, which gives the power privately to exercise the subsequent control over the acts of affectation of funds and other public goods, so that they may be carried out with correctness, according to those established in the Law; to examine, intervene and terminate the accounts of the agents to determine the correction or incorrectness of the operations that affect said public patrimonies. In this case, the resources allocated to the financing of the object of the expenditure "Gratifications, Incentives and Other Personal Services" Form 080 of the National Assembly. The National Assembly, as an organ of the State, under no circumstances has been exempted by the Constituent or by the Legislator from the oversight exercised by the Office of the Comptroller General of the Republic on public patrimonies. Therefore, to maintain that our Institution is not authorized to order an audit to determine the correction or not of acts that affect public patrimonies, would be tantamount to ignoring constitutional and legal norms that pristinamente confer to our Institution such faculty. The act attacked in the place of protection of constitutional rights is not directed against any particular Deputy based on the constitutional and legal provisions cited above, the Comptroller General, in the exercise of its audit function, may conduct administrative investigations to determine the correction or impropriety of management actions of funds and other public goods on any person who has charge or custody or management of funds or property of the State, municipalities, community boards, state enterprises, autonomous and semi-autonomous entities, regardless of the position held the same, even if it is a Deputy. By virtue of the constitutional reform carried out through Legislative Act No. 1 of 2004, the immunity with which the Deputies of the National Assembly were previously vested was eliminated. Article 155 of the Constitution grants jurisdiction to the Plenary of the Supreme Court to investigate and prosecute the Deputies for

the alleged commission of any criminal or police act. However, the investigations ordered by the Comptroller General, in virtue of the provisions of the aforementioned provisions, are not investigations of a jurisdictional nature, but of an administrative nature. Hence, that it is clear that the General Comptroller's Office has the power to exercise this supervisory action. The protection of constitutional rights filed against Resolution No. 685-2018-DIAF of May 15, 2018, is unfounded, every time, that it is necessary to clarify that Resolution No. 685-2018, by means of which the DIAF of the Comptroller General is ordered to perform an audit to determine the correction or incorrectness in the resources allocated to the financing of the object of expenditure "Gratifications, Incentives and Other Personal Services" Form 080 of the National Assembly, constitutes a resolution of mere obedience and, therefore, doesn't require notification and is executed instantaneously, in accordance with article 292 (numeral 92) of Law 38 of July 31, 2000. Admitting what was proposed by the amparista, would be tantamount to the supervisory action of the Office of the Comptroller General, in particular, regarding the conduct of investigations to determine the correctness or impropriety of operations that affect assets. public, will be conditioned to comply with a procedure that neither the Constitution nor the Law, which is to hear in advance the explanations of the persons or institutions on which the audit will be conducted, which would be a serious limitation for the exercise of the audit function performed by this institution. Unknown, the protectionist, that in the course of the audit investigation ordered by the Comptroller General, in the exercise of its constitutional and legal functions, the opportune moment for the people who have been linked to any irregularity in the handling of funds and other public assets that damage the State's assets may make their discharges, providing documents that support or clarify their actions, is not the act by virtue of

which the Comptroller General orders that such audit be carried out, because at this stage, our Institution has not done yet no investigative work.

CONSIDERATIONS AND DECISION OF THE PLENARY

This Justice Corporation must reiterate that the old concept of order to do or not to do has been overcome, since the admission or not of an amparo will be determined by the possibility that a fundamental right foreseen in the National Constitution, the Conventions and International Treaties on human rights in force in Panama and in the Law. Article 54 of our Constitution, when referring to the subject matter, expressly refers to orders to do or not to do, Article 25 of the American Convention of Human Rights or Covenant of San José (judicial protection), speaks of “acts that violate fundamental rights”; being that Article 17 paragraph 2 of the Constitution, provides that “the rights and guarantees enshrined in this Constitution, should be considered as minimum and not excluding others that affect the fundamental rights and dignity of the person.” Therefore, the legal coverage of the Constitutional Guarantees Protection Action is extended. Regarding the Protection of Constitutional Guarantees, for a long time, the Plenary “has been doing a more thorough examination of the issues that are discussed in the amparo actions, in order to establish that such action is more effective for the protection of the It is necessary to examine the content of the contested decision in order to determine if, as the attorney responsible for the amparista affirms, its constitutional and legal guarantees have been violated. The constitutional and legal powers of the Comptroller General should be examined, and it is necessary to highlight the constitutional regime that protects the Office of the Comptroller General, contemplated in Title IX “La Hacienda Pública”, Chapter 3, specifically in articles 279

and 280 of the Constitution. It is to point out part of the Judgment of October 15, 1993, in the that the first paragraph of paragraph 2 of Article 276 of the Constitution was analyzed and interpreted (prior to the constitutional reforms 2004), which corresponds today to article 280 of the Constitution that establishes that prior control in accordance with the first subparagraph of numeral 2 of article 276, reiterated by numeral 2 of article 11 of Law N° 32, of 8 November 1984, provides that they are functions of the Comptroller General, in addition to those indicated by the Law, “Supervise, regulate and control all acts, so that they are carried out with correctness and as established in the Law.” The Comptroller is an independent state agency of a technical nature, whose mission is to supervise, regulate and control the movements of the funds and public goods, and examine, intervene and terminate the accounts related to these The Comptroller General will exercise over all persons and agencies that are in charge of the custody or management of funds or property of the State, Municipalities, Community Boards, state enterprises, autonomous and semi-autonomous entities, in the country or abroad, Article 55, which is the Comptroller General, the superior head of the institution and responsible for its operation, together with the Sub-Comptroller General. Functions can not be confused with the proper functions of the investigative agents of the Public Ministry, who by Constitutional mandate are responsible for prosecuting crimes and contraventions of constitutional or legal provisions. The function of supervision and surveillance of all public funds of the State, attributed to the Comptroller General of the Republic, has been consecrated since its creation with the 1941 Constitution, currently configured as an independent entity of the State Bodies. This Judicial Corporation considers that the constitutional violation enshrined in Article 32, indicated by the plaintiff, has not occurred,

since the defendant official acted in accordance with the constitutional and legal powers conferred by the rules indicated in preceding paragraphs. Regarding the violation of Article 155 of the Constitution indicated by the plaintiff, it is appropriate to mention that by Legislative Act No. 1 of July 27, 2004, constitutional and legal powers were extended to the Supreme Court of Justice regarding the trial of the members of the National Assembly, in articles 155 and 206 numeral third. From the aforementioned constitutional provisions, the jurisdiction of the Supreme Court for the development of the investigation and prosecution against the members of the National Assembly for the alleged commission of a criminal or police act is clear. Likewise, article 39 of the Criminal Procedure Code assigns jurisdiction to the Plenary of the Court, to hear the proceedings and precautionary measures against the Deputies. In this sense, the Plenary of the Supreme Court of Justice has been pronounced (Judgment of October 19, 2017, within the Request contained in Note No. 207-17-Leg of January 17, 2017, forwarded by the Comptroller General of the Republic, containing the request for an audit to determine alleged facts requested by Dr. Ernesto Cedeño Alvarado against a group of members of the National Assembly). In conclusion, given that the facts that support the request, as well as the legal basis that is embodied, doesn't bear any relation to criminal or police matter, it is important to affirm what has been said in similar cases, in that the mere fact that it appears The figure of a Deputy in a brief, application, criminal complaint, does not imply that immediately the proceedings must be raised before this judicial sphere, as erroneously and systematically the Authorities have been doing, without first corroborating the existence of an act with the appearance of punishable and binding elements against any person holding the status of Deputy. In no way, it can be expected that this House acts on an audit request made at the adminis-

trative headquarters, for the investigation of a possible crime that wasn't reported, and even less analyzed by the competent legal entity at the time, and where justified reasoned the presence of elements that demonstrate a probable punishable fact and the possible connection of a Deputy. It is for this reason that the power to carry out the control mechanisms of the Comptroller's Office is based not only on a legal basis but also on a constitutional one. However, the Plenary must clarify that the above, is without prejudice to the fact that, if the result of investigations or administrative proceedings arise elements that suggest the commission of a punishable act, then yes, it is up to this High Superiority to hear the case. Exposed the above, the Plenary, warns that Resolution No. 685-2018-DIAF of May 15, 2018, today challenged, is not directed to the investigation of any Deputy of the National Assembly in particular; its text is clear in that it is limited to ordering the DIAF to carry out an audit to determine the correction or incorrectness in the resources assigned to the financing of the object of expenditure called "GRATIFICATIONS, INCENTIVES AND OTHER PERSONAL SERVICES" in Form 080 of the National Assembly, which does not mean an investigation of a criminal or police nature in a personal capacity against any particular Deputy and therefore, does not contravene Articles 155 and 206 of the Political Constitution. Established the above, we see that the act object of challenge, was issued within the framework of the oversight function exercised by the Comptroller General, on the management of public funds in State agencies, which falls on the National Assembly, within the framework of the administrative activities carried out by said State body; This control has not only Constitutional but legal basis, and doesn't require any authorization from this Supreme Court to perform the audit work. It is appropriate to affirm that, if the results of investigations or administrative proceedings arise elements that suggest the possible commission of a punishable act, then

yes, it would be up to this High Justice Corporation to hear the case. Due to the foregoing, it is clear that the actions of the Comptroller General of the Republic don't present procedural defects that affect the constitutional guarantee of due legal process, reason for which the protection of fundamental rights must be denied, which proceeds immediately. By virtue of the above considerations, the Plenary of the Supreme Court of Justice, administering justice in the name of the Republic and by authority of the Law, DENIES the Protection of Constitutional Guarantees promoted by Mr. Carlos Carrillo, on behalf of the Deputy Yanibel Ábrego, in her capacity as President and Legal Representative of the National Assembly against Resolution No. 685-2018-DIAF of May 15, 2018, issued by the Comptroller General of the Republic Lic. Federico Humbert.

ABSTENTION OF VOTE OF THE MAGISTRATE JOSÉ E. AYÚ PRADO CANALS

Judge Ayú Prado states that he is consistent with what he expressed in writing when the concession or non-concession of this constitutional guarantees was discussed. He abstains from voting for or against, to be consistent with the Speaker and the rest of the Plenary, by not considering any of the aspects of the observations that he presented opportunely and explained at the appropriate time, he is forced to consider none of the the aspects of the decision that is presented to me for the signature. It shows the opportunity to clearly establish the powers of the Office of the Comptroller General of the Republic and the autonomy of the Legislative Branch as State Power (like the Judicial Branch), balancing it with the need for transparency and accountability, but all of the above. in compliance with what is stated in the Political Constitution and the Law. The constitutional power of the Comptroller General's Office (CGR) to supervise

and monitor is not disputed. For these faculties and supplementary and complementary roles, a 5-level organizational chart has been created. What concerns them is an amparo of constitutional guarantees against Resolution No. 685-2018-DIAF of May 15, 2018, issued by the CGR, since the Constitution establishes who can investigate and judge the principal and alternate members of The National Assembly is not the CGR, it is the Supreme Court of Justice Finally, it states that it is based on logic and common sense that the General Comptroller creates a General Directorate of General Auditing and a General Directorate of Supervision and First, it creates the Directorate General for Forensic Investigation and Auditing, each with its manuals and technical work guides. For this reason, the differences between general audit, auditing, investigation and forensic audit are made clear. In conclusion, since in the proposal of the Rapporteur and in the decision of the majority of the Plenary, nothing was considered of what the undersigned expressed in a manuscript by way of remarks and then explained in an ordinary meeting, rather than save the vote, I will abstain from voting, meaning that I do not agree or disagree with what has been decided, and apart from what should be recorded in the minutes, my signature should be understood only as a record that I was allowed to participate in the discussion.

ABSTENTION OF VOTE OF MAGISTRADA ANGELA RUSSO DE CEDEÑO

It sustains its abstention from voting to the ruling that DENIEGA the Protection of Guarantees filed against the Resolution N ° 685- 2018-DIAF of May 15, 2018, in accordance with the following considerations: In the present business, during the term of the reading were presented Several observations on the draft decision, which is why this project was scheduled for the ordinary meeting of the Plenary, however, none

of the observations were addressed in the present resolution, despite the importance of being reflected in the ruling an analysis of the limits and scope that the General Control of the Republic has when ordering a Forensic Audit to the National Assembly, in view of its constitutional functions of overseeing and monitoring the State's accounts, as opposed to the competence of the Plenary of the Court to investigate and prosecute the Deputies. Since the day on which the present amparo was discussed, at the time of the vote, it abstained from voting, since it required corroborating that in the final resolution the observations discussed were collected, which didn't occur, it signs the ruling that precedes compliance with the provisions of Article 110 of the Judicial Code, not being in favor or in disagreement with it.

CONCURRING VOTE OF THE MAGISTRATE OYDÉN ORTEGA DURÁN

It indicates that at the time of the vote in the Plenary of the Supreme Court it consigns its vote in favor within the present Cause and I expressed that it would make a Concurring Vote, in the adopted decision. It is of the opinion that the importance of the control functions of the Comptroller General, in light of numeral 4 of article 280 of the National Constitution, shouldn't escape the consideration of this Plenary in the instance Court. which, should merit the understanding and attention of public officials. However, what is under analysis in the present case is the initiative assumed by the Comptroller General, whereby "the DIAF is ordered to perform an audit to determine the correction or incorrectness in the resources allocated to the financing of the object of "Expenses, Incentives and other Personal Services-Form 080" of the National Assembly and conduct the proceedings to gather the elements of judgment that clarify the facts Certainly in the present Constitutional Action it was about the Audit of a Corporation or Institu-

tion Public, in this case, the National Assembly and not a member or members of the respective Corporation, I do not hesitate to point out that in case a Forensic Audit is required by the Comptroller General in a Process that is followed by a Principal Deputy or substitute, such forensic Audit must be carried out by the General Comptroller's Office upon request of a Fiscal Judge design to the effect by the Plenary of the Supreme Court of Justice. This is so, since the Forensic Audit is a test that can be used at the trial stage in the Accusatory Criminal Procedure, in the event of being requested by one of the parties of the Process, after compliance with the due formalities. All this, taking into account that, according to articles 155 and 206, numeral 3 of the Magna Carta, only the Plenary of the Supreme Court of Justice can investigate and judge the main and alternate deputies and must be understood without being ignored the constitutional and legal power of the General Comptroller's Office to carry out its prior and subsequent control in the cases that are required.

ABSTENTION OF VOTE OF MAGISTRATE WILFREDO SÁENZ

It sustains its criterion in the concern that it is a problem of the legal conceptual framework, in terms of the faculty to excite the criminal action and that referring to carrying out a forensic audit of the National Assembly. It means that in his opinion, to carry out the forensic audit of the National Assembly, it is necessary to request it to the Plenary of the Supreme Court, to appoint a Fiscal Magistrate and this would activate the excitement of the criminal action, because the Accusatory Criminal Procedure System guardianship the fulfillment of the guarantees, principles, rules and formalities, then, the constitutional text of the country in articles 155 and 206 ordinal 3 establishes it and, this matter is not clear in explanations of the Resolution in reference. Its approach does

not ignore the investigative power of the Comptroller General, but must be projected through the formalities provided and does not agree or disagree with the Resolution in reference, simply concerns the part corresponding to the legal conceptual clarifications, developed in the standard constitutional and we think it should have been deepened in the House on this matter.

SALVATION OF VOTE- MAGISTRATE ABEL AUGUSTO ZAMORANO

Judge Zamorano, citing Article 115 of the Judicial Code, does not share the decision signed by the majority of the Plenary to Deny the present Action of Amparo, since first of all it clarifies that, in the majority Judgment, fragments of the Plenary of October 19, 2017, (request for audit of Dr. Ernesto Cedeño). However, he points out that this case referred to an ordinary audit, but in this case under study, it refers to a forensic audit, which I estimate totally changes the context of the present legal discussion. In the present case, it can be seen that the material objective of the auditing entity's performance is to conduct a forensic audit of the National Assembly, in order to carry out investigations in which Deputies of the Republic may be linked, and not so, a general audit of public funds. As it should be known to all, the Comptroller General has the constitutional and legal authority to oversee public funds, which is done through prior and subsequent control in all acts of fund management of any State body or institution, including the National Assembly, by mandate of articles 280 of the Constitution and its Organic Law in articles 2, 11, 17 and 55 of Law No. 32 of 1984. The foregoing is a constitutional and legal power over which there is no doubt any. But we have to, with the objective of carrying out control actions relevant to the irregularities found in the auditing processes, the General Comptroller created by means of Decree Number 072-15 Leg. of January 12, 2015, the

National Directorate of Forensic Investigation and Auditing, now well known, this regulation, it can be inferred that the real objective of the control actions intended by the auditing entity, through the contested act is the performance of audits forensics to members of the National Assembly. In his opinion, he states that the majority judgment, from a conceptual perspective, did not distinguish an ordinary audit (which is related to aspects of administrative nature of management of public assets and funds, in order to determine whether it has been performed correctly) with a forensic audit, as is clear from the content of the impugned Resolution. In this sense, although the Political Constitution grants the Comptroller General the power to supervise and regulate through prior or subsequent control, all acts of fund management of any public servant, this power is limited by its own constitutional mandate , in what refers to the case of the main or alternate Deputies of the Republic, which can only be investigated and processed by the Plenary of the Court. In this way, as has been explained above, the Comptroller General has no jurisdiction to investigate facts constituting crimes against the Deputies. Hence, if in the audit of the officials of the National Assembly, or those who have received donations, or have been hired by professional services, there is evidence of the participation of a member of the Assembly, that is, a Deputy or Deputy main or alternate, thus demonstrating the evidence of the finding of such criminal act, the Comptroller General, must refer it to the Supreme Court, body with exclusive competence to conduct investigations against these officials, by mandate of Articles 155 and 206 (numeral 3) of the Political Constitution and article 39 of Law No. 63 of August 28, 2008, which adopts the Criminal Procedure Code, which maintains exclusive jurisdiction for the investigation and prosecution of criminal and police acts against them. In virtue of the fact that the majority decision did not address the

expositions presented, in the sense that these important conceptual issues of a legal nature were not deepened or clarified, it is for this reason that it must declare salvage of vote. Public opinion has been shaken by the investigations of payrolls and resources allocated to the National Assembly, leaving in between the resources that this State Organ, responsible for presenting and approving the laws that govern our country, perceive is that they are sums millionaires ranging from payment of salaries, per diem and other emoluments, which are enjoyed by the well-known parents of the country. There is no excuse for a state entity, such as the Office of the Comptroller General of the Republic, to carry out the task for which it is constitutionally created, so that citizens have knowledge of where State resources are directed and this remains clear, in the resolution that motivates this protection. What is questionable is that, in the case of decisions taken for the sake of the transparency of the due state management of each of the bodies and institutions that govern us, a series of procedures are carried out, ranging from delay or simply turn around, in order to delay a decision, which is the case given to know, which allows that deputies who should be being investigated for irregular handling today have a seat, carrying out with our money what seems best without To date they have not been investigated and held accountable for their reproachful actions and continue to celebrate with our money, without anything happening to them. *L&E*

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RESULTS OF ELECTIONS OF MAY 5 IN PANAMA: ANALYSIS

Rafael Fernández Lara - Independent Lawyer
rbcweb@rbc.com.pa

As expected, on May 5, 2019, the general elections were held, with the Laurentino “NITO” Cortizo Cohen, supported by the “UNIENDO FUERZAS” alliance, elected as the 38th Constitutional President of the Republic of Panama, integrated by the Democratic Revolutionary Party (PRD) and the Nationalist Republican Liberal Movement (MOLIRENA) for the quinquennium 2019-2024.

In said electoral event, out of a total of 2,757,823 inhabitants registered to vote, a total of 2,013,402 voted, which represented an electoral participation of 73.01%, num-

ber less than the electoral participation of the general elections of the year 2014, which was 76.8%. It is important to remember that, prior to the elections, the Electoral Tribunal had predicted an electoral participation of 80%. However, it was once again proven that Panamanians go to the polls in a large percentage, among the highest in the Americas. The level of abstention in this election was greater than in the 2014 elections.

As for the pollsters, they again failed in their forecasts between who would occupy the first place and the second place. One of the-

se, incredibly, at the beginning gave a margin of more than 20% to presidential candidate of PRD over who achieved second place, the candidate of Democratic Change Party (CD). Undoubtedly, the pollsters hurt the CD in final results, as well as final decision of the Electoral Tribunal not to allow participation of founder of the CD, former President Martinelli, to run as a candidate for mayor's office or as a candidate to Deputy of the National Assembly.



Considering that the difference in percentage between candidate of victorious PRD to the presidency over the CD candidate was only about 2.5%, it would not be risky then to speculate that final result could have been different. What is evident through the different electoral processes that we have had lately in our country, is that the pollsters are increasingly discredited, making mistakes in their forecasts, originating in voters the belief that they only come to light to manipulate voters in order to harm certain candidates. But this reality is not only related to Panama, but unfortunately it has also been reiterative in other countries, which tarnishes and affects participatory democracy.



In my previous article, published a few days before the elections, I had predicted how close the electoral victory would be between the first and second place for the presidency of the republic, when I pointed out "Although the electoral victory of one candidate over

another will be very far despite being considered overwhelming, this will correspond, in spite of everything, to a presidential candidate belonging to a political party "and my message was addressed to not a few Panamanians at the time thought about the possible electoral victory of one of the presidential candidates of free application and in relation to them I pointed out the following: "on the occasion of the upcoming elections on May 5, without a doubt, the number of votes that the independent presidential candidates will achieve will increase considerably compared to those obtained in 2014" and "will be as a consequence in part of some generalized repudiation of political parties, principally the leadership of the same, who are failing to promote the confidence of the population, "and then categorically sentenced" but in our opinion, hardly an independent presidential candidate will achieve the electoral victory in the elections on May 5 " I also reiterated "the foregoing is also expected in terms of seats to deputies as independents, who will achieve some deputies, mainly in certain electoral circuits within Province of Panama, unlike a single seat of independent deputies that was obtained in Circuit 8-7 in the Province of Panama in electoral campaign of 2014 ", which in fact happened.

Regarding the initiative backed by some Panamanian movements and citizens, who launched a vigorous campaign aimed mainly at the non-re-election of the current deputies of the National Assembly, among other points as a corollary of the considerable increase in allocations of items for their discretionary use for the deputies, for the Executive Body, the abuse of State assets, etc., I pointed out the

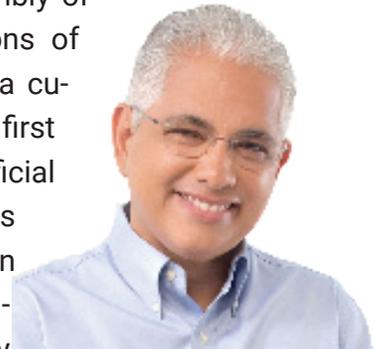
following: "In our opinion, a respectable percentage of the deputies who aspire to re-election will be negatively affected by the decision of the electoral population." In addition, I added: "However, most of the deputies called" fixed "in each electoral circuit will be reelected again and what happened was that in some of the cases of those who were not reelected, they were replaced by other candidates who in previous periods had been deputies.

Everything indicates that by July 1 of this year the oath of office of the 71 deputies will not be complete since they will still be pending to resolve a series of challenges that have been presented against some of the proclamations.

On the other hand, it was shown that among political organizations in Panama the Democratic Revolutionary Party is undoubtedly the strongest political party on the Panamanian political scene, achieving in this election a total of 609,942 presidential votes, 35 seats for the Assembly of Deputies, unlike of the 521,842 presidential votes and 25 seats for the Assembly of Deputies that it achieved in the 2014 electoral tournament. The second place corresponded to the Democratic Change Party with its candidate Rómulo Roux, who achieved individually with the CD 564,327 individual presidential votes that he achieved in the electoral event of the year 2014 and the 30 seats in the Assembly of Deputies that originally obtained and that after the presented challenges it was with 25 benches.

The third political party that obtained the most votes individually was the Panameñista Party, which supported the candidate for

the presidency of the ruling party, José Isabel Blandón, achieving 173,780 votes for the presidency and eight seats of deputies in the National Assembly, unlike the 563,584 votes Presidential elections and 12 deputies in the National Assembly of the general elections of the year 2014. As a curious fact, it is the first time that an official candidate occupies the fourth place in a presidential campaign. Previously



only two presidential candidates of the government occupied the third place, José Miguel Alemán for the Panameñista in the 2004 elections and Juan Carlos Navarro for the Democratic Revolutionary Party in 2014.

The fourth political party that in these general elections individually took more presidential votes was the MOLIRENA party with a total of 45,606 votes for president and five deputies for the National Assembly, supporting the party alliance that supported the President Elect Laurentino Cortizo of the PRD, unlike of the presidential votes that it obtained in the general elections of the year 2014, with 98,519 presidential votes and only two deputies.

The fifth position in individual presidential votes in these elections corresponded to the new political party Alliance, which supported the presidential candidacy of Rómulo Roux, obtaining 44,662 presidential votes and did not achieve any deputy in these elections. It is the first time that this political group participates in elections.

The sixth individual political party that obtained the most votes in this electoral tournament was the Partido Popular (formerly Democracia Cristiana), which won only 38,768 presidential votes supporting the political alliance of the government candidate José Isabel Blandón. It did not obtain any seat in the Assembly of Deputies, unlike the elections of the year 2014, when they obtained 161,178 votes to the presidency and a single deputy in the National Assembly.

Among the seven political parties duly constituted and empowered to participate in this electoral tournament, the Broad Front for Democracy (FAD) ranked last, which only obtained a total of 13,574 votes in favor of its presidential candidate Saúl Méndez, no seat of Deputy in the National Assembly, unlike the 11,319 presidential votes and no deputy in the 2014 tournament. In this 2019 electoral tournament, as in 2014, it became extinct as a political party because it did not reach the minimum number of votes required by the Electoral Tribunal to survive as a political party. They will have to register again to be able to participate in the upcoming elections of the year 2024. The fate of the FAD predicted when I predicted “possibly run the same fate as they got in the last election campaign of 2014, that is to say that will be extinguished,” adding immediately that “the left under the garb of different party denominations has never represented a real alternative to the electoral option of triumph through our political history”.

As for the presidential candidates for free nomination, which according to the electoral law were three, they achieved in their totality

474,167 presidential votes and five deputies throughout the republic as follows: Ricardo Lombana - 369,265 votes; Ana Matilde Gómez - 93,583; and Marco Ameglio - 11,319 votes, unlike the elections of 2014, in which the three presidential candidates for the total postulation only achieved the number of 14,643 votes among the three and only one deputy.

The total of the presidential votes of the seven political parties that participated in the elections of May 5, 2019, totaled 1,490,053 and as for the presidential votes of the three candidates for free application were 474,167 of a total of 2,013,402 of votes cast, which includes blank and null votes. In this way, the political parties achieved the great majority of the Panamanian electorate, capturing the triumph in the Executive Branch, in the Legislative Body, and in all positions of popular election such as mayorships, corregimiento representatives, councilors, etc. This is so because political organizations are representation structures of different sectors of society. A presidential candidacy through a political party facilitates to a greater extent the primary objective of achieving electoral victory and therefore its ability to apply its programs for the benefit of the country. Approximately one and a half million people are registered in legally constituted political parties.

The efficient structure of a political party, as it should be, prepares the candidates to present themselves to the electorate to hold public and popularly elected positions prior to their candidacy.

The current electoral laws help more politi-

cal organizations than independent candidates, so, to the latter, taking into account the large number of votes obtained in the elections of May 5, undoubtedly it would be convenient to organize and set up new political parties to represent a new electoral option for Panamanian voters. The increase of votes for the independents in this electoral tournament is a clear and diaphanous message addressed to the political parties about the urgent need to renew their leadership and behavior, because instead of strengthening them, the political parties are weakening.

Despite all these objective and constructive criticisms, it was not difficult for us to predict the winner of these elections held on May 5, when, in our previous article, we stated: "... the electoral victory will correspond, in spite of everything, to a candidate Presidential belonging to a political party, since it will have the important characteristics for the electoral victory, such as the support of a party with a true electoral organization at the level of the whole republic, presence of the required human resource distributed at the level of the whole republic, presence of human resources distributed nationally through the jury to defend the votes of the party, the ability to mobilize voters on the day of elections throughout the country, a broad base that is also well structured and candidates in all positions of popular election throughout the country, who will also be generators of votes. Whoever has all the above will be the next president, which in my opinion already has a name and surname. "And obviously it was Mr. Laurentino Cortizo. *L&E*

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PANAMA AFTER THE ELECTIONS

Mariela Sagel
rbcweb@rbc.com.pa

On May 5, the general elections of Panama were held to elect a president, 71 deputies, 81 mayors and 679 corregimiento representatives. In the country of the isthmus there is no presidential second round. In this election the rules of the game have changed and that has altered the way of campaigning.

In the first instance, the proselytizing period was shortened to only two months. Before there were no restrictions, only what the electoral closure of the two days before the vote represented. The publication of polls approved by the Electoral Tribunal was also modified and, finally, for the first time, three independent candidates took part, positioning themselves - two of them - in a very good position (one even above the official candidate).

The participation reached 72% of the electoral roll, a figure lower than that corresponding to the last vote, 5 years ago. The winner of the presidency with 33% of the vote was the candidate of the Revolutionary Democratic Party (PRD), Laurentino Cortizo, a 66-year-old politician who has been a deputy, minister and is linked to the agricultural industry in their family businesses.

He was disputed by very little (31%) winning position Rómulo Roux, champion of the Democratic Change (CD) party, founded by Ricardo Martinelli, president between 2009 and 2014 and imprisoned for two years (first in Miami and now in Panama).

Roux is a lawyer of high class, linked to one of the most important law firms in the coun-

try. He is the representative of a party that is known for its few scruples and for being involved in serious acts of corruption. However, when he ruled he put money into the country through works with turnkey contracts that, although they were heavily indebted to the public treasury, made the population perceive them as “stolen, but they did”.

The phenomenon that surprised most in these elections in Panama was that of the independent candidate Ricardo Lombana, a young lawyer who, without a political party, achieved third place (almost 20%), above the official flag-bearer and current mayor of the capital city. Lombana experienced a case similar to singer Rubén Blades in 1994, as it brought fresh air, leading a movement that attracted the upper middle class population. The difference with Blades is that he had a party and managed to get six deputies. If Lombana had won, in just two months it would have a major crisis because it would not have been able to achieve governability and would have had to submit to the will of the deputies and the rest of the political forces. It is clear that these elections have represented a set-up for Ricardo Lombana who, if he forms a party, has a future for the next elections.

Of the rest of the candidates, it stands out that the pro-government candidate only obtained 10% of votes cast, reflecting the resounding judgment of current government and its party. Also that the only woman who was among the seven presidential candidates, Ana Matilde Gómez, who withdrew the private funding of the economic elites to give it to Lombana, won 4% of votes and that the standard bearer of the Broad Front for Democracy (FAD), the only party with leftist ideology, barely 0.6%. The big loser was independent Marco Ameglio, who arrived after Saúl Méndez (FAD), of blank votes and null votes. His candidacy was a whim of a rich child.

The last messages that candidates gave,

especially in their closings, were very symptomatic of how they are handled in politics. While Cortizo refrained from attacking his political rivals in a vibrant campaign close, Roux accused current president Juan Carlos Varela (his cousin, also) for allegedly being in alliance with Cortizo. The speech was deplorable, shows some desperation, but it worked to get votes.

Election of deputies

As for the deputies, the # NoALaReelección campaign was quite successful and the most dismal characters who occupied a seat in the National Assembly weren't re-elected in Panama. The case of President Varela's brother José Luis and other emblematic ones, such as Carlos Afú in Los Santos, stands out. The president of the PRD, Benicio Robinson came out with a formula known as a quotient, almost without a seat. There are also other facts that have been decisive for the results: the Popular Party, formerly the Christian Democrat, didn't achieve a seat in the National Assembly, but it did achieve 2% of votes to remain in force. His strategy of allying with the Panameñista party (in power) sank them. There was a tendency within the Popular Party to ally themselves with the PRD, but according to well-informed sources, a lot of money flowed for the delegates to approve adherence to Panameñismo. This translated into economic support for campaigns that failed to succeed.



The phenomenon Martinelli gave impetus to the candidacy of Roux to victimize him, since the former president was nominated for mayor and deputy, but a week before the vote the Electoral Court ruled against (2 to 1) and banned him from

being a candidate for not have resided in your district in the last two years (you have been in prison since 2017). In any case, this situation didn't translate into votes for his deputy. Sergio Gálvez only obtained 30% of the support for the capital city hall, leaving the free passage to the PRD candidate, José Luis Fábrega. Everything seems to indicate that the next five years Panama will be governed by the PRD. Although Cortizo didn't win with a large majority, he has an assembly with a majority of deputies, as well as with the capital mayor of his party. You will have to prove that the slogan "when the PRD rules, the people do better" is true and when the country is as it is, the task will be titanic. It will have to make countless adjustments and weigh very well the priority it will give to the sectors abandoned by the two previous rulers, such as health, education and agriculture. Ordering the house in terms of hiring with companies designated as corrupt (Panama is one of the countries where the Brazilian company Odebrecht has had the most contracts and three government administrations are accused of receiving bribes for the awarding of works), doing a re-engineering in the appointment of the magistrates of the Supreme Court of Justice, the members of the board of directors of the Panama Canal and many other matters that have been mistreated by the last two governments. And, above all, to draw strategies to reduce the enormous inequality that exists in one of the economies that grows the most in Latin America. *L&E*

Mariela Sagel, is an architect, ex Minister of Estate and writer, her main themes are political, literary, patrimonial and art.

Currently, is part of The Panama Realtor team. You can see this and her another publications in her blog:

El blog de Mariela Sagel
www.marielasagel.com

Panamanian

ECONOMY

Source: National Center of Competitiveness / José B. Sokol

THE SOURCES OF PANAMA GROWTH. PERSPECTIVES AND RECOVERY POLICIES

On May 21 this year the National Center for Competitiveness, presented “The sources of growth of Panama. Perspectives and Recovery Policies, which was in charge of the economist José B. Sokol and considering it a very important subject, given that we are about to start a new presidential period, we share with you an Executive Summary of what was discussed in the session:

“The Panamanian economy is at a crossroads, requiring urgent decisions in the area of public policies. On the one hand, there has been a continuous economic expansion since 1989, which allowed for long-term growth rates that were little matched globally while reducing unemployment to equivalent levels of full employment. The rapid growth of the Gross

Domestic Product (GDP) came from the expansion of the sources of economic growth, that is, from increases in inputs, physical capital and labor and in their total productivity.

On the other hand, a paradox has arisen that worries and requires immediate attention. As of 2014, clouds have appeared in the future performance of the economy. GDP grows, but productivity decreases and unemployment increases, while informality also increases and is at fairly high levels. At the same time, the risks of external shocks have increased rapidly and the weakening of world trade, which could affect Panama significantly. In parallel, strong signs of deceleration and questions have arisen regarding the sustainability of foreign direct investment (FDI) flows. Given these phenomena, how

are the changes in the growth pattern and the labor market explained? Linked to them arise three questions to which this study would have to answer. Would it be possible to resume the average annual growth of 8 percent achieved in one of the analyzed subperiods? What caused the slowdown? What could help to take back the previous growth in a more inclusive way?

The purpose of this study is to try to establish a link between the economic growth rate registered in recent times and the public policies implemented. The underlying idea is to analyze successful episodes in the growth process. This analysis has served to identify policies that supported the growth achieved by guiding actions to respond to the needs of the population and the economy.

The study analyzes those that worked and those that would have to be reconsidered to recover sustainable rates of growth and increases in employment. The analysis included is about policies, not conjunctures. Therefore, there is a need to identify realistic public management options that have an impact in the short, medium and long term.

Based on preparatory work, we have detected the causes of the slowdown and increased unemployment, which is why we have tried to specify more favorable policies that could contribute to retaking a higher growth.

These could assist in developing the untapped potential of the sources of growth to achieve a more inclusive growth pattern, increasing it on its own is not enough. This implies empowering the population to participate and benefit from the development process while removing barriers that exclude many since increasing it by itself is not enough. This implies empowering the population to participate and benefit from the development process while removing barriers that exclude many.

A. RISKS THAT COULD AFFECT GROWTH AND EMPLOYMENT

The urgency in dealing with the problems of deceleration, unemployment and reduction of IDE have increased significantly as a result of six risks that could seriously impact the economy in the next twelve to eighteen months if public policies that contribute to counteract them are not adopted. The danger in this is that, if growth continues to slow down and doesn't increase sufficiently, the increases in unemployment subsist and productivity continues to decrease, the share of labor input in national income will continue to decline, with the aggravating factor that real wages would decrease, which would increase income inequality to levels that would generate undesirable tensions in Panamanian society. To the above, it should be added that due to the rapid technological progress that is taking place globally, by not significantly improving the quality of the labor input, a high proportion of the population and their descendants would be condemned to low-paying jobs, accentuating the inequalities of income.

The first risk has to do with the structure of the labor market, where unemployment shows tendencies to continue increasing, regardless of whether growth accelerates or not. They come from the weakening in the growth of physical capital and productivity as of 2014, although to a lesser extent in the latter. For its part, the labor input was slowing down in the boom and fall of the economy's growth. This was reflected in structural changes in the driving sectors of the economy, emphasizing more intensive activities in the use of physical capital, greater requirements for specialized labor, and rigidities in the labor market. The latter were derived from the low schooling and insufficient quality of labor input and inflexibility in labor legislation, manifested in competencies that do not meet market demands. In addition,

there were changes in the real wage above the productivity that affected jobs in construction and agriculture, as well as increases in the minimum wage that reduced employment growth.

The second risk arises when the economy is exposed to shocks that could impact the revenues of the Panama Canal Authority (ACP) and logistics activities with implications for the rest of the economy due to commercial tensions between the United States and China that increase uncertainty. If these are aggravated, the load that crosses the Canal could be diverted to other routes iii.

Six percent of world trade passes through the Canal, while 62.7 percent of the cargo comes or goes to the United States. iv. The main products that go through it are goods in container ships, dry bulks, liquefied petroleum gas (LPG) and natural liquefied gas (LNG). The United States is the first user of the Channel followed by China (18.3 percent), Chile (11.4 percent), Japan (11.4 percent) and Mexico (10.4 percent). These flows strongly impact the use of the Canal while it also serves other routes and countries.

The United States is China's largest trading partner accounting for 18 percent of its exports. The first introduced tariff increases to imports of steel, aluminum, washing machines and solar panels from China last May. Those to other countries were introduced as of June 1, 2018, followed by increases of 25 percent to other imports from China and Chinese tariff increases of 25 percent to North American cars and agricultural products, which could affect the flows of Commerce.

In parallel, there are threats of additional increases. Last September the United States added tariffs of 10 percent to goods from China valued at 200 billion dollars warning that these would be increased to 25 percent if the disputes were not resolved. Although neither of the two countries wants to unleash a major

commercial crisis, which is why they try to reach an understanding, this may not be feasible.

The agreements reached between the United States, Mexico and Canada will not affect the revenues of the Canal as it doesn't transit steel and aluminum (key products in the dispute), exports not only from those two countries to the United States but also from China.

The group of products that could be affected is the dry bulk of the United States exported to China (about 80 million tons of soybeans and corn) that constitute 22 percent of the cargo that passes through the Canal. In fact, the domestic demand and import of soybeans in China has been reduced due to the decrease in protein consumption in the population and the adverse impact of swine fever on pigs. Apart from dry bulk, 51 percent of cargo is carried on container ships that carry manufactured goods, many from China, which could be impacted.

Then, the transport of LPG and LNG could be affected if China replaced its sources of supply with others that don't require transit through the Canal. The ACP estimated that the multiplier effect of the burden on the economy (direct, indirect, parallel and induced) is 1.30 times. Therefore, if traffic were reduced due to trade deviations, its adverse impact would be equivalent to around 30 percent of the reduction of trade.

The third risk comes from weaknesses in international financial stability.

These emerged as a result of concerns related to volatility in the stock markets and geopolitical tensions, especially in foreign trade policies. Moreover, in several of the main global economies, growth is based on policies that could generate problems. Two regional trade agreements are in the process of being finalized - the United States with Mexico and

Canada (requiring legislative approval) and the European Union with Great Britain. The latter with unpredictable results and great opposition in the country and in the ruling party.

On the other hand, additional customs tariffs to China in the current trade conflict could disrupt global supply chains. These could affect trade volumes, global growth and the load that passes through the Canal. At the same time, problems from gray lists haven't disappeared completely. Added to this, continued strength of the US dollar due to strength of US economy and increases in the interest rate could increase vulnerabilities to Panamanian economy. Apart from these factors, Latin America is affected by economic problems in Argentina, Brazil, Mexico and Venezuela.

The fourth risk has to do with the reduction of taxes in the North American tax legislation, which makes the reversal of capital flows and repatriation of profits of North American companies abroad appealing. These changes will influence tax policies in countries interested in capturing those flows, increasing competition to attract them. In fact, some companies based in Panama, as well as bank deposits have been affected by which the net flows of IDE have been reduced. A significant reversal of capital flows at a global level could seriously impact Panama if it does not improve the institutional framework in which companies operate and eliminate the perception of lack of legal security for investment.

Panama suffers from an excess of procedures in the State's relations with public sector entities viii and with the time they take, which not only suffocate activities in the private sector, but also increase operating costs and impact the profitability of companies.

Additionally, there have been incidents in the National Assembly when trying to cancel port concessions in the Pacific sector of the Canal

and decisions of the Supreme Court of Justice (CSJ) ten years after a lawsuit was filed for unconstitutionality of law 9 of 25 of February 1997. The law approved the contract between the State and the company Minera Petaquilla, S.A., the legal base on which Minera Panamá operates, after purchasing the rights to extract copper from Petaquilla, S.A. This situation occurred when the mining company was close to producing and exporting minerals after having invested around \$ 6,000 million.

The fifth risk is the expansion of public spending on megaprojects, payroll and subsidies, increasing public debt to levels that could require new taxes that would affect growth and unemployment, apart from their impact on credit ratings related to investment grade. to the country.

This would impose financial restrictions to improve the quality of human capital, provide essential services to the population, postpone priority projects such as improving the pluvial and sanitary sewerage of the metropolitan area of Panama, complete the sanitation of the bay and reduce traffic congestion.

The expansion of public spending will negatively affect the public debt / GDP ratio of the non-financial public sector (SPNF). This ratio (which does not include short-term debt) amounted to 37.8 percent of GDP at the end of 2017. By adding self-financing public companies, balance of projects "turnkey" and debt of the Municipality of Panama, this increased to 48.6 percent . If ACP non-current liabilities are added, this would amount to 53.8 percent in 2017, a high ratio for a country with a GDP level such as Panama, which does not include new commitments for "turnkey" projects and others financed with loans. This relationship could be improved as GDP grows, but leaves few degrees of freedom to increase public spending given the limits established in the Law on Social and Fiscal Responsibility (LRSF).

The sixth risk is the fact that Panama has not adequately prepared its human capital. Human capital consists of the knowledge, skills and health that individuals accumulate throughout their lives, allowing them to develop their potential as productive members of society, generating benefits for them, society and the country. ix to benefit from the growth process.

Panama qualifies poorly in the human capital index developed by the World Bank in 2018 for 157 countries. Asian countries dominate the first places because they invest in human capital. Chile is the Latin American country best placed in the index, occupying position 45.

They are followed by Costa Rica (57), Argentina (63), Mexico (64), Ecuador (66), Uruguay (68), Colombia (70), Peru (72), Paraguay (90) and Panama (91). Unfortunately, Panama doesn't invest sufficiently in its population, which is why it is essential that the State internalize the fact that investment in human capital is as much or more important than that in physical capital. It is not always the amount of investments that is important, it is quality. By not improving this, part of the population is being condemned to work in low-productivity activities, and therefore, low wages, for which she will benefit very little from GDP growth, increasing income inequality.

B. CHALLENGES THAT URGE TO FACE

The comparative advantages of Panama are the Canal, including its conglomerate and related activities, use of the dollar as currency, free movement of capital, connectivity and competitiveness of its economy needs generate urgency in acting in the area of public policies xix. However, the comparative advantage is relatively low compared to countries that

obtain royalties from their natural resources. Given the restrictions of indebtedness in the LRSF and demands to provide the population with education, health and other services that contribute to reducing income inequalities xi, expanding physical capital to achieve growth rates that improve the welfare of the population will require attract IDE levels that generate rapid increases in productivity.

xii.

Despite the delays that could arise in reaching consensus, there is no better time to act and implement them than the current one.

Panama has a small economy, a fixed exchange rate and a rigid labor market. The best way to determine wages is through the equilibrium of the market, linking them to the productivity of workers.

The great challenge in the short term is to reactivate the growth rate of the economy and reduce unemployment for which expanding public spending will not solve the problems. This can only be achieved through expanding private activity and IDE in new productive activities. This will require reducing the excessive red tape that has asphyxiated private investment and makes it difficult to pay taxes, imposing sanctions on public and private officials who benefit from it, while mitigating the risks that could impact on economic activity.

Public Policies of Immediate Priority (short term). The actions of public policies of immediate priority with impact in the short term are detailed below. Its objective is to promote coherent public policies that make the most of the geographical position, reactivate the economy and reduce the rising levels of unemployment.

Improve the efficiency. Facing the challenges in improving the comparative advantages of

Panama and encouraging domestic investment and IDE will require an intensive effort to reduce the 3,700 procedures in the relations of the State (including municipalities) with private activity and individuals xiii. This work becomes critical because excessive procedures increase the cost of carrying out transactions, discourage investment, stifle the growth of companies and promote corruption.

All the requirements related to procedures with the State should be accessible by mail or Internet, being a priority to review them since they are often obsolete or unnecessary. Linked to this, it is necessary to train the public officials who attend or are responsible for its implementation. At the same time, there are problems in making decisions that involve

several public institutions that do not agree on delaying processes, which requires techniques and processes that allow for quick decisions.

To solve these problems should be implemented the role of the Defender of the Processor (office that would be responsible for resolving the problems that the user has procedures), implement a program for officials who work with procedures can suggest how to improve their management and create the profession of Gestor, which exists in other countries. This would be responsible for carrying out the procedures that lawyers in Panama perform. In addition, the single window should be created to accelerate those processes that require it.

Tabla 4. Impacto de las Políticas Públicas en el Mercado Laboral por Subperíodos, 2001-2017

Subperíodos	Políticas Públicas	Impacto en el Empleo
2001 al 2009-2010	El rápido crecimiento de la economía aumentó la demanda laboral, expandiendo la mano de obra empleada (más trabajadores y un mayor capital humano por trabajador). El crecimiento estuvo acompañado por una expansión del empleo cercana al 45 por ciento, la cual reflejó aumentos en el salario real similares a aumentos en productividad. Este no sólo acomodó el crecimiento demográfico, sino que impulsó una mayor tasa de participación, de 63.5 a 63.8 por ciento, en promedio.	La tasa de desempleo se redujo rápidamente, del 14.6 por ciento en el 2001 al 6.5 por ciento en promedio en el 2009-2010. La mano de obra desempleada fue absorbida mayormente en la construcción, servicios (especialmente turismo) y el sector público. En el 2004-2009 el 75 por ciento de los empleos nuevos provino del sector privado.
2009-2010 al 2011-2013	Las variaciones en el índice de precios al consumidor influyeron en la estimación de los salarios reales, incrementándose éstos a un ritmo menor que los nominales a la vez que la productividad aumentaba. Ello permitió que el ritmo en la generación de nuevos empleos superara al aumento en la tasa de participación de la mano de obra en la población económicamente activa.	La tasa de desempleo disminuyó del 6.5 por ciento en promedio durante los años 2009-2010 al 4.1 por ciento durante los años 2011-2013, nivel que podría considerarse de pleno empleo en Panamá. En el 2009-2014 la relación de empleos nuevos provenientes del sector privado cayó a 50 por ciento al absorber el sector público más mano de obra, lo cual no era necesario al caer la tasa de desempleo a niveles muy bajos.
2011-2013 al 2017	Los salarios reales aumentaron por encima de aumentos en productividad por aumentos en el salario mínimo y convención colectiva 2014-2017 mientras que la economía se desaceleraba y la tasa de participación laboral se mantenía en 64 por ciento en promedio.	La tasa de desempleo aumentó del 4.1 por ciento en promedio en el 2011-2013 al 6.1 por ciento en el 2017, especialmente en la población de 15-29 años. Durante el 2015-2017 se perdieron 35,604 empleos en la construcción y 7,341 en la agricultura.

Fuente: CNC, INEC y observaciones del autor del estudio.

The most urgent procedures that require immediate simplification are those that have to do with paying taxes, obtaining construction permits, enforcing contracts and resolving insolvencies (associated with the procedures included in the World Bank Report of 2018 on Ease of Doing Business. To those should be added those required to export and re-export and obtain permits for the occupation of real estate. **Promote Foreign Trade.** The previous initiatives should be added to reduce the protection to imports subject to free trade agreements (FTA) at a weighted average tariff of five percent of its CIF value, as well as to the tariff that taxes goods not produced in Panama to benefit the benefits of an open and competitive economy that reduces costs to the population. At the same time, the FTAs with Central America should be evaluated to determine the revisions that are required given the strong imbalance in trade against Panama in more than 50 years. The Customs Authority requires a restructuring, since to comply with the processes takes excessive time. This would require automating processes and reducing the discretion and contact between public and private officials to reduce processing times and eradicate corruption xiv.

A priority area of attention would be to apply competition policies to reduce monopoly power exercised instead of applying price controls. These are ineffective in not reducing costs to consumers because the increases in costs to controlled products are transferred to those not controlled. On the other hand, monopolistic structures affect the cost of living, reduce real income and accentuate income inequality.

In the tourism sector there is no clear strategy to expand it, which is why it would be essential to develop it. Among the key elements to be included are increasing the resources of the

Tourism Promotion Fund of \$20 to \$100 mil-

lion per year during the years 2019-2021 with direct contributions from the National Treasury to increase the flow of tourists and improve the rate of hotel occupancy; promote convention tourism in the new convention center, which should be concessioned as a private public association (APP) with shareholding of airlines and hotels operating in Panama; develop new products to extend the stay of visitors and attract passengers in transit through Tocumen, exonerating them of exit taxes to visit the country; and introduce legislation that attracts small private planes with high-income tourists.

To promote IDE and generate new jobs, it would be necessary to extend the incentives granted to Panama Pacifico, to the Colon Free Zone (ZLC) and Tocumen S.A., as well as to processing zones that could arise on the banks of the Canal. This would generate new activities of high added value taking advantage of connectivity, creating more productive and better paid jobs.

These initiatives should be added to intensify the use of the logistics platform by concessioning the projects developed by the ACP in the Pacific sector of the Canal: container ports in Corozal (development of a logistics area in 1,200 hectares), LNG rolling stock (center of redistribution of vehicles, machinery and equipment) and a Global Logistics Hub (operations center). At the same time, it would be urgent to ensure the availability of water for the passage of ships through the Canal and the consumption of the population by accelerating the planning and execution of interconnection projects with rivers in the Atlantic with those objectives in mind.

Added to these priorities, it will be imperative to promote re-exports from the FTA, Panama Pacifico, Tocumen SA and LNG, as well as mineral exports, agricultural production and manufacturing transformation, so it would be convenient to use members of the diplomat-

ic corps abroad in those areas. necessities. They would have the task of promoting the positive aspects of the country and regulations that confirm it, such as taxation, establishment of corporations and bank accounts.

Stimulus to Growth. Expanding the IDE will require qualified labor, infrastructure and financial resources. This will require transferring to the private sector responsibilities currently in the government sphere through PPPs and concessions. That would free up resources to meet the needs of social spending since too high a public debt would limit fiscal management as a countercyclical tool. In public education, the levels of quality of private education should be increased by increasing hours and days of classes, as well as infrastructure.

To increase employment, it will be necessary to have a system of indicators to know the academic offer throughout the country, including relevant information on how many engineers, accountants and other professionals there are and their employment status. At the same time, a conditional migration policy is required, well structured and coordinated between the public and private sectors to meet the needs of the market while training national labor. In the agricultural sector should use the support prices to encourage production taking into account that domestic production competes with imported. Public policy should ensure that food imports do not reach the country when domestic production occurs.

Fiscal Management. Panama is the Latin American country where less taxes are paid proportionally, which makes it a priority to strengthen them and reduce spending. The first would be obtained by improving the tax administration, simplifying procedures to pay the alternative calculation of income tax (CAIR) xv and property tax xvi, using technology to mini-

mize discretion, training staff in the first and debugging the system requirements in the second, apart from automating communications from the General Directorate of Revenues (DGI) with taxpayers, improving the integration of information, as well as updating the legislation in the Fiscal Code xvii. Apart from that, the estimated revenue to be collected should be based on realistic assumptions of economic growth.

At the same time it will be necessary to impose tax treatment (payment of taxes on income, imports, real estate and municipal) and distribution of profits that operates in the private company to companies and public entities not only to strengthen collections but to impose criteria of compliance with objectives. Also extend the ITBMS to exempt services activities. Because the Canal rates reached their peak, the ACP's additional contributions to the Treasury should depend on a realistic projection of increases in traffic and cargo.

The LRSF should be amended to: (i) achieve a positive primary balance at least equal to the interest payment; (ii) emphasize public savings; (iii) reduce the floor of projects subject to profitability analysis to \$ 5 million; (iv) establish in the MEF a department that evaluates cost-benefit studies prepared by the executing agencies, as well as concessions and PPPs; (v) establish in the Office of the Comptroller General of the Republic a department that carries out ex post economic projects that would include evaluations of the financial and social profitability of the projects, results of environmental impact studies and project beneficiaries; and (vi) ensure that budgetary allocations to the poor are linked to needs identified in poverty surveys and conditioned to quantifiable objectives. Likewise, it is necessary to refocus priorities of public spending to reinvigorate quality and expand the coverage of the education system at all levels, while strengthening professional training.

Improve the Quality of Health. To address the problems of the health sector, policies should be focused on structural changes and not on short-term complaints. This will require integrating the services of the health centers to rationalize resources and not duplicate efforts. Having electronic clinical records would help reduce costs by making medical care more efficient. As a first step in that direction, patient care should be modernized and the electronic prescription, electronic records and an electronic inventory system for medicines implemented. Among other immediate actions are to introduce the single appointment, implement operations cycles so that the operating rooms remain full-time, focus the system on the prevention and promotion of health care habits, implement evaluation methods to maintain the healthy population, establish medical units close to the communities and strengthen statistics for decision making.

Policy Coordination Mechanism. To follow up on public policies it would be necessary to create a National Council of Public Policies (CONPP) chaired by the President of the Republic with the participation of the Cabinet Council and representatives of government institutions focused on developing the country with the MEF as Technical Secretary. The CONPP would identify and prioritize problems, take action and provide solutions to priority issues, as well as hold accountable, monitor and evaluate the implementation of policies. The MEF would prepare the documentation for meetings of CONPP, report on the progress in the implementation of the adopted policies and propose adjustments to them if necessary.

Policies to Restore Rapid and Inclusive Growth (medium and long term). Public policies guide actions to respond to the demands of the population. Its objective is to solve the great challenge of improving the quality of life and income of the population as

a whole. It involves using the resources of the economy strategically to deal with existing problems. If the intention was to restore faster growth and transform it into inclusive, policies should focus on improving the quality and quantity of labor and physical capital inputs and the total productivity of production factors and support for fiscal management. This process will require linking the policies with the strengthening of the sources of growth. The success in achieving inclusive growth will depend on implementing public policies in a timely manner instead of delaying them or adopting those that do not achieve that objective.

Expansion of Work Input Quality. In education, the keys are quality, relevance, coverage and equity. Public policies should focus on these aspects through:

- i. reinvigorate teacher training through the strengthening of education faculties xviii;
- ii. strengthen the training of teachers and acting directors;
- iii. consolidate an educational evaluation system;
- iv. provide autonomy to MEDUCA;
- v. strengthen the planning system and information systems (statistics, indicators and automated processes);
- vi. saw. expand early childhood and preschool coverage to include nutrition and encouragement in middle school;
- vii. apply the Organic Law of Education in its article 266 that specifies that public spending on education will not be less than 6 percent of the previous year's GDP;
- viii. increase the schooling and quality of teaching to all students;
- ix. reduce students by teacher in large schools;
- x. improve the quality of educational facilities and expand their coverage xix, especially in children's education (0-3 years), preschool (4 and 5 years) and average (grades 10 to 12);

xi. intensify the teaching of English at all levels and in technical and vocational training programs; Y

xii. Involve specialists and private and governmental sectors in the planning of pertinent curricula and methodologies.

In addition, it will be essential to strengthen technical education in universities.

Expansion of the Quality of Physical Capital. “Framework laws” are required to encourage investment in transformation activities and promote the use of technology to convert the FTA, Panama Pacifico and Tocumen into growth poles that generate jobs in more specialized activities. With educational reengineering, investment parks should be promoted with these incentives and special municipal rules in a process in which part of the preinvestment would be the training of labor and technology transfer to develop added value in the global supply chain. An important benefit of new IDE would be higher than average wages as has happened in Panama Pacifico. The “framework laws” would eliminate discretion, automate decisions and reduce opportunities for corruption. This legislation should encourage PPPs (with state shareholding), especially in ports, power generation and projects prepared by the ACP, including complementary activities such as the port of Corozal, logistics park, rolling cargo terminal and LNG terminal, as well as integrate rivers in the Atlantic with the water supply system to the Canal, among others. These should be part of the portfolio of projects subject to concessions and PPPs with an impact in the medium and long term. PPPs should be considered in institutions and sectors whose services are not satisfactory and it is necessary to improve efficiency and take better advantage of opportunities or whose financial requirements exceed the capacity of the State for indebtedness. The

successful experiences of Spain and Colombia in water should be evaluated, as well as those in the electric sector and infrastructure activities in Panama, to improve them. This would be critical to ensure that PPPs are managed optimally, monopolistic or oligopolistic conditions are not generated in their operations and competition prevails to benefit consumers. Candidates for these criteria include the Institute of Aqueducts and Sewers (IDAAN), the Transmission Company of Electricity SA (ETESA) including the electric interconnection with Colombia, the project of a fast train to David and possibly to Costa Rica, the Convention Center of Amador, educational services, as well as the production of medicines, among others.

Increase in Total Productivity of Factors. To increase productivity, incentives in the tax area, treatment of companies, procedures and labor regime that benefit Panama Pacifico should be extended automatically to the ZLC and Tocumen S.A. through a “framework law.” This should include the establishment of a “single window” for all export and re-export activities in order to simplify procedures and accelerate the export process. The “framework laws” should also include automatic parameters for the development of container ports, sources of energy generation and projects conceived by the ACP to be developed by private activity. These should include complementary activities such as the port of Corozal and LNG terminals, logistics park and rolling stock, among other projects.

In parallel, the 3,700 procedures that make it expensive to operate national companies and attract IDE should be significantly reduced. The outlook for these flows to Latin America and the Caribbean is currently moderate due to the uncertainty regarding their macroeconomic and political context, while tax incentives in the United States will encourage re-

patriation of profits instead of reinvest them.

An expansion in the hotel occupancy rate will require close coordination with policies related to air and maritime transport and tourism promotion to promote markets, stimulate competition and reduce transportation costs. Panama's international advertising should increase and be more consistent in its access to potential tourists. Likewise, the segments of the market object of the promotion should be determined.

The newly created Tourism Fund is a step in the right direction, but it should be left to operate, while taking into consideration that the tourist of the present is not attracted to the ideas of the past. At the same time, an increase in demand will generate more competition in air transport, stimulating lower prices. It will be necessary to ensure that the open skies policy continues to attract airlines and that the sale of fuel and landing fees charged by Tocumen S.A. stay regionally competitive. Increases in the productivity of physical capital in the public sector are also important, which is why it is important to set a floor of \$ 5 million to projects that should be required to analyze cost-benefit.

As for the agricultural sector, Panama could compete with other countries in some products (such as rice), as long as the appropriate technology is implemented. A restructuring of the sector should generate conditions to make agriculture more efficient in order to improve productive activities. These should start with technological innovation, training and capacity building, infrastructure (especially irrigation), production and financing, and commercialization, culminating with foreign trade policy. It is in those processes where public policy should concentrate its efforts in that order.

Fiscal Management Support. A strategy to improve the productivity of inputs, physi-

cal capital and work supported by an expansion of private activity, will require transferring responsibility for the development of some public sector activities through PPPs and concessions. The benefit of using both mechanisms would be that financial contributions from the public sector would not be required, which would free up resources to refocus the priorities of public spending towards activities that improve inclusion, given their limitations on indebtedness. Such adjustments would provide greater resources to the public sector to improve productivity, provide essential services and reduce poverty.

On the other hand, it would be necessary to take special care in the logistical use of the country's most important resource, the Canal, to avoid the emergence of monopolistic conditions of companies from other countries in the use of geographical position to grant them concessions that generate excessive power to influence decisions that don't necessarily benefit the Panamanian population and / or economy. This will require fostering competition among companies from different countries to ensure that none of the beneficiaries of the concessions achieves sufficient market power to influence decisions that correspond to the State.

When analyzing the effectiveness of the state function, it is concluded that the public sector has grown excessively to such an extent that it does not provide services efficiently. Therefore, the adjustments required to maintain prudent fiscal management should come mainly from spending cuts, reducing and eliminating bad subsidies and excessive payroll expenses. No new taxes are recommended for the time being to avoid restricting the expansion of the economy, except for taxing public companies and public financial entities, at the same time recovering costs and improving tax administration.

Budget priorities should focus on improving the quality of infrastructure and investment. At the same time, a greater role should be given to the incentives generated by competition in many activities such as: education, health, infrastructure, social spending. It would also be convenient to consider increasing the budgetary management period from one to two years, that is biannual budgets, and possibly three years, to ensure adequate planning and financing of the programs and projects so that they can be measured in terms of its execution and results while meeting the objectives that have been indicated.

Priorities should emphasize the improvement in the quality of education and vocational training programs; provide the entire country with drinking water; modernize the pluvial and sanitary sewerage of the main urban centers; strengthen primary health care programs; complete the sanitation of the bay; significantly increase the availability of electric power and broadband communication (so that they contribute to increase productivity). maintain and improve terrestrial communication routes; and complete Lines 2 and 3 of the Metro to achieve savings in transport time and improve the productivity of its users.

C. STRUCTURE OF THE PANAMANIAN ECONOMY

The economy is based on activities in which market forces operate, anchored in a monetary system of fixed exchange rate linked to the dollar and integrated into the global financial system through the free movement of capital, which adjusts automatically; a viable and competitive macroeconomic environment; exploitation of the geographical position; and significant IDE flows. The small market forces it to be an exporting country, to be linked to larger markets. The economy has achieved

this, while maintaining the capacity to continue doing so through maritime, air, telecommunications, banking, legal and IDE services. In turn, Panama has been successful in transferring resources to higher productivity activities. When it was achieved, it has ranked first in the Latin American region in terms of economic complexity, that is, in the amount of added value in its exports. This has increased with the emphasis on logistics and connectivity xx.

The current economy can be summed up in one word: “connectivity” xxi. The connectivity consists of the privileged geographical position developed with modern technology to offer services to the world with profit for the development of the Panamanian people. This includes maritime connectivity (the Canal), air (international airports) and telecommunications (the seven submarine fiber optic cables and others that could be added). To these can be added the financial connectivity (the regional banking center) and add the land created by the railroad, transisthmian highway, north corridor and Metro Tocumen.

Panama as a Country of Contrasts

Panama is a country of contrasts since in fact there is no single economy, but this could be grouped into three with specific characteristics: modern, rural and a third composed of the poor. These maintain disparate characteristics among them, including income, productivity, employment, education, health and provision of other public services. Aggregate measurement concepts such as GDP per capita hide strong differences giving false impression of abundant wealth, while income inequality, measured through Gini coefficient xxii, is one of highest in Latin America.

The economy depends on increases in productivity and expansion of physical capital and

labor inputs to sustain rapid growth rates, reduce unemployment and improve incomes. To achieve these objectives, there are four major challenges: (i) raising and integrating the rural economy and those below the poverty line at the level of modern education and training to take advantage of services and opportunities, while improving the productivity of everyone; (ii) eliminate restrictions and rigidities in the labor market that hinder the mobility of labor input towards higher productivity jobs that contribute to reducing inequalities; (iii) improve incentives and reduce asphyxiating procedures to promote the expansion of the IDE and national investment; and (iv) establish public policies that support more inclusive growth.

D.ACCOUNTING OF ECONOMIC GROWTH

Traditionally, the analysis of growth was influenced by concepts that emphasized public spending as the necessary instrument to stimulate it, which was used as a stimulus mechanism to expand the economy. This was linked to the capital-output ratio or investment coefficient, so that if public investment were expanded, GDP should grow through the impact of a multiplier effect.

This concept played a key role in policies of past government administrations. More recently, it influenced public investment budget to increase by almost 2.5 times its nominal value from \$3,873 million in 2010 to \$8,956 million in 2017. In terms of GDP ratio, the investment budget increased from 14.3 percent in the 2010 to 15.3 percent in 2017, registering a peak of 17.5 percent in 2014, equivalent to \$8,002 million.

At the same time, notion of avoiding current spending to channel resources towards investment as the only factor that could promote growth and employment prevailed. This reason-

ing came from the fact that a high proportion of current spending constitutes pure consumption, generating little productive activity. These concepts did not take into account the contribution of the labor input nor the improvement in the total productivity of factors of production. Some governments chose to increase current spending quickly without improving services, for which they sacrificed resources and increased public debt. On the other hand, the public investment budget, which is supposed to stimulate economy, includes subsidies and transfers, which are consumption expenditures that have little impact on economic activity.

Given the experiences of recent years, both postulates have not been conclusive in explaining how to expand growth and reduce unemployment since despite high levels of public investment, growth is slowing while unemployment increases. On the other hand, not all current spending has low productivity. Estimates prepared by the World Bank and professionals of the subject show two estimates of the rate of return to education in Panama. One amounts to 13.7 percent and the other to 12.5 percent xxiii, higher returns than in most public investment projects. As elaborated below, there are other factors apart from the investment in physical capital (where public investment is a component) that affect growth.

Sources of Economic Growth

In trying to harmonize the phenomena of deceleration and unemployment, there have been comments in some sectors thinking that the growth model, based on a competitive economy open to the world to take advantage of the opportunities that arise in the global environment, is running out, which is why to replace it is the implementation of this model the cause of the problems that affect the pattern of growth and increases in unemployment or can rather be

identified as the causes of these phenomena, the insufficient analysis of factors that influence the growth process, weakening of the inputs of physical capital and labor and of their productivity, rigidities in the labor market and inadequately designed and implemented public policies? xxiv.

In order to reconcile these points of view, at the beginning of the 60s of last century, Robert M. Solow of the Massachusetts Institute of Technology related the increase or decrease of economic activity with changes in the sources of economic growth: physical capital, work and technological change, instead of emphasizing the capital-product relationship as it was until then in academic and governmental circles. Solow was awarded the Nobel Prize in Economics for his analytical contribution in clarifying how the growth process operates. These concepts were refined by Dale W. Jorgenson of Harvard University and Zvi Griliches of the University of Chicago and later of Harvard University, as well as by other economists, disaggregating the technological change in the total factor productivity, at the same time that TW Schultz and Gary Becker of the University of Chicago, both also recipients of the Nobel Prize in Economics, focused their analysis on the contribution of productivity and the contribution of human capital to the growth process. As a result of advances in understanding the latter and the factors that influence it, this study has used Professor Jorgenson's methodology to deepen the diagnosis of the growth process and its impact on the labor market.

This methodology was adopted by Singapore in designing its public policies focusing on increasing productivity. Singapore increased its GDP per capita from \$ 428 in 1960 to \$ 52,601 in current values in 2016 due to the emphasis given to expanding labor input and improving the quality and expansion of education coverage as necessary elements to obtain increases

in productivity. At the same time, South Korea invested in improving its human capital, reaching a GDP per capita of \$29,806 in 2016 of \$944 in 1960, becoming the fourth largest economy in Asia and the eleventh largest in the world. On the other hand, the International Monetary Fund introduced in its analysis of countries (including Panama) the impact of increases in inputs, physical capital and labor, and its productivity in growth.}.

E. ORIGINS OF DECELERATION AND INCREASE OF THE UNEMPLOYMENT

The accounting of growth allows to decompose variations in quantity of goods and services produced during a period of time in components associated to changes experienced in endowment of productive factors and in a residual factor that includes technical progress and other elements. This residual factor refers to total factor productivity (TFP), a key input to analyze the contribution of sources of growth xxv. The Panamanian economy, after registering very high growth, subsequently had a sharp fall in the GDP growth rate. The three determinants of growth showed sharp drops. Physical capital was an important factor in the acceleration of growth and in fact also in its fall.

It could be said that a recovery in growth will require a strong recovery of growth of physical capital. What was also detected in the analysis of growth accounting is that productivity also had, although to a lesser extent, a period of acceleration and then deceleration, as happened to physical capital. On the other hand, labor input slowed during the boom and fall of growth, both in the quantity and quality components.

Disaggregating this analysis reveals a change in the composition of GDP as well as the strong deceleration of physical capital. Lo-

gistics, construction and tourism became the engines of growth, leadership previously exercised by trade, manufacturing and agriculture. When the first emerged, implications surfaced related to the greater intensity of physical capital in logistics and construction, requiring both less staff but also better qualified personnel. The deceleration of physical capital coincided with the completion of the third set of locks. On the other hand, tourism has shown signs of weakening by decreasing the occupancy rate significantly while increasing installed capacity.

In the labor input there were structural changes that impacted employment while the economy grew:

- i. most of the new jobs were in urban areas, mainly in the metropolitan area, requiring different skills than those prevailing in the population aged 15-29;
- ii. the increases in wage costs led to job losses in construction and agriculture, despite the fact that construction registered a slight improvement in 2017;
- iii. sectors with low education requirements such as construction became more intensive

in the use of physical capital, requiring better qualified personnel. This brought with it new operational modalities requiring less personnel, more formal instruction and changes in the composition of physical capital in favor of the plant component; Y

iv. the modality of employment changed. In 2004-2009, 71 percent of new jobs came from the private sector. In 2009-2014, this ratio dropped to 50 percent as the public sector absorbed more labor.

Change in Inputs and in their Total Productivity

In order to deepen the diagnosis, the change in the composition of GDP in the inputs of physical capital and labor and in the total productivity of both factors was analyzed.

Some changes were connected with public policies; others with phenomena that occurred in the global economy. To better analyze its evolution, the growth pattern was disaggregated into three subperiods that reflected different growth trends. The growth rate accelerated from 4.6

Tabla 1. Fuentes de Crecimiento Económico por Subperíodos, 1989-2016 (crecimiento promedio en por ciento)

Subperíodos	PIB	Capital Físico	Insumo Trabajo	PTF (productividad total de factores)
1989 - 2004	4.6	1.4	2.1	1.1
2004 - 2013	8.3	5.2	1.1	2.0
2014 - 2016	5.6	3.5	1.3	0.8

Fuente: Jorgenson y Vu y Hoffman, Aravena y Friedman para 1989-2004 y 2004-2013; estimaciones de Víctor J. Elías para el 2014-2016.

percent per year in 1989-2004 to 8.3 percent in 2004-2013. The contribution of physical capital almost quadrupled, that of labor input almost halved and that of productivity almost doubled. During 2014-2016, GDP growth slowed down to an average annual rate of 5.6 percent, with a sharp drop in physical capital, influenced by the completion of the third set of locks, deceleration in labor input and a sharp drop in productivity. These trends continued in 2017 and 2018 due to the weakening of the growth of inputs, physical capital and labor, and the productivity of both. The slowdown coincided with a decline in the growth of local credit and bank deposits and a gradual rebound in the international price of oil.

Disaggregating the sources of economic growth, it was observed that, during the 2004-2013 subperiod, physical capital improved its contribution to GDP growth by increasing its quantity and participation. The contribution of the labor input was limited by the weak schooling and lack of skills. On the other hand, total factor productivity almost doubled as a result of the rapid growth of cargo through the Canal, investments in ports and increases in managed TEUxxvi; additional investments in electricity generation; re-exports of the CFZ; manufacturing of high added value and logistics in the Special Economic Zone (EEZ) of Panama Pacifico; growth of tourism activity; and construction of homes, offices and shops, activities that recorded most of the increases in productivity.

Comparison with Other Countries

To compare Panama with other countries in terms of output, total inputs per capita and total factor productivity, we examine their relative values with those of the United States,

Singapore, Hong Kong, Chile and the Latin American region for 2004 (Jorgenson and Vu, Information Technology and the World Economy, 2006). Compared to the United States, Panama's per capita GDP only reached 20 percent, total inputs per capita 32.1 percent and total factor productivity 62.3 percent.

The above results indicate that in order to grow rapidly in an inclusive manner, it will be necessary to stimulate the expansion of the sources of economic growth, especially the total productivity of inputs, physical capital and labor. Although the comparative data date from 2004, these are totally relevant to appreciate that Panama has a long way to go to achieve levels of well-being comparable with more developed countries. On the other hand, with the deceleration of the economy, the probability that the productivity of both factors will continue to decrease seems to have increased in the last two years.

Impact of the Minimum Wage on the Generation of Employment

About 30 percent of the employed labor force (around 300 thousand people) receives a minimum wage. Every two years, the Minimum Wage Commission appointed by the Executive carries out its review in accordance with the

Gráfico 1. Evolución de los Ocupados y los Ajustes del Salario Mínimo



Fuente: elaborado por el CNC con datos del INEC y MITRADEL.

provisions of the Labor Code. The Commission is made up of businessmen, workers and government representatives. Due to the fact that in the last five revisions the Commission did not reach a consensus, it was the Executive's Office to establish the new minimum wage during the years 2006-2016.

The decisions adopted had a limiting effect on generating new jobs, especially in rural areas, displacing workers to urban areas, while increasing informality. This was due to the fact that the increases in costs resulting from the salary adjustments were not compensated by increases in productivity. As a result, 7,341 jobs in agriculture were lost during the years 2015-2017.

This would be convenient since in December 2017 the last minimum wage was established, which together with the slowdown in the economy have affected the generation of employment. This analysis should incorporate a methodology to determine the minimum wage taking into account productivity, income, prices and wages, at the same time including an evaluation of its impact on unemployment and the financial sustainability of companies as a result of increases in labor costs. This would allow for adequate analytical elements for decision making prior to a new round of revisions in order to avoid increases in the unemployment rate.

F. LESSONS DERIVED FROM EXPERIENCES OF THE LAST THIRTY YEARS

An efficient economic management requires maintaining a prudent management of public finances and an environment conducive to the development of private activity, essential ele-

ments to prop up increases in inputs, physical capital and labor and in the productivity of both.

Recent growth reflects faster GDP growth and poverty reduction rates than in the rest of Latin America. However, the social inclusion gaps generated have reduced these results enormously. Global trends show that growth becomes more fragile and less resilient when it is not inclusive, benefiting primarily higher income groups.

Many policies were effective in stimulating growth. Among those that yielded good results include those that promoted IDE flows and national investment. They supported the expansion of energy generation sources, telecommunications, container ports, transportation and activities related to tourism and complementary services, among others. PPPs and concessions to the private sector promoted the development of sectors that normally would not have been able to expand due to the limitations of public indebtedness. At the same time, resources were released to meet needs that otherwise wouldn't have been met, which contributed to reducing the net public debt / GDP ratio temporarily to levels that improved the country's financial rating.

Other policies, such as employment, development of human capital and those aimed at improving productivity, especially educational and excessive procedures xxvii, promoted deficient results, adversely impacting growth and employment. In tourism, the lack of promotion, lack of products to extend the stay of tourists and inadequate coordination laid the foundations to reduce the occupancy rate while the hotel plant was increased. In infrastructure, many unplanned investments were unproductive since engineering and feasibility studies were not carried out, nor were negative externalities

taken into account in the projects that the State had to assume, resulting in cost increases.

G. WOULD IT BE POSSIBLE TO RETURN THE GROWTH OF 8% ANNUAL?

Panama registered a high growth subperiod that later slowed down. Returning to faster growth will be a huge challenge that does not seem to be viable. In general, the majority, or all the countries that experienced high growth for periods of 20 years, such as Japan, Brazil, South Korea, Indonesia, Malaysia and Chile, among others (and the cases of China and India are still to be seen), slowing down they could not resume high growth again. In Panama, the boom period was not as long as in those countries because there were cyclical and trend determinants. The cyclical were influenced by the expansion of the Canal, construction industry, ZLC and Panama Pacifico. The trends for the development of the financial system, container ports, trade, tourism and infrastructure.

Regarding the sources of growth, it can be observed that there was a great acceleration in the contribution of the capital input and to a lesser degree in the total factor productivity. The acceleration of the growth of physical capital, following the first models of determinants of investment, occurred partly in the increase of the desired capital and in part in the increase in speed to adjust the difference between the desired capital and its current stock. The cyclical component was important given the factors that led to accelerating the adjustment towards the desired capital, as well as the trend determinants. These activities affected

both determinants (cyclical and trend). Technological innovation and technology adoption also affected the speed of adjustment xxviii. An expansion of physical capital similar to that of the sub-period 2004-2013 could be replicated by having public and private projects of at least \$ 20.0 billion. The latter was key in stimulating previous growth by increasing its share of GDP from 6.0 percent in 2003 to 9.4 percent in 2017. On the other hand, projects under execution will be completed in 2019, so that the Physical capital required in the medium term would have to come from new IDE given the restrictions of public debt. xxix. They include \$13.8 billion in execution and \$6.2 billion planned, of which half is the IDE.

Panama invests 27 percent of GDP in investments (more than all countries in Latin America), of which one third is IDE, one third private local investment and one third public investment. A significant increase in IDE could increase the contribution of physical capital to equal or exceed its contribution during 2004-2013, although it would be limited in generating jobs if it emphasized the intensive use of capital, which would require faster increases in productivity. in the rest of the economy, apart from an expansion of the labor input. These increases could come from the increase of tourists to the country and lengthening of their stay, export of minerals, re-export of gas LNG, IDE (especially concessioning projects of the ACP), development of ports and logistics activities, new activities in the areas of free trade and activities of transformation and expansion of exports, among others. *L&E*



ALQUILER DE OFICINAS EN ÁREA BANCARIA

- Oficina 1 (ejecutiva)
- Oficina 2 (1 escritorio)
- Oficina 3 (Modulares 3 personas)
- Oficina 4 (2 escritorios)
- Oficina 5 (modulares 4 personas)
- Estacionamientos:
- E6 #299
- E6 #300

INCLUYE:

Intercom de la puerta de entrada y mueble de recepción

***NO INCLUYE: Electricidad (Unión Fenosa)**

PRECIO:

B/. 300.00

B/. 250.00

B/. 450.00

B/. 300.00

B/. 300.00

B/.50.00

B/.50.00



Calle Aquilino de La Guardia
Torre Banco General
Casa Matriz Piso #9



Para mayor información contactar a:



397-3000

- Mariela de Sanjur
- Ilka de Chen



mariela.sanjur@rbc.com.pa
ilka.chen@rbc.com.pa

PERSPECTIVES 2019 AND ANALYSIS OF THE SECTORS

The Center for Economic Studies of the Chamber of Commerce and Industries of Panama, under the coordination of Manuel Ferreira on May 22, 2019, presented to its members the Perspectives 2019 and Analysis of the Sectors, in which topics such as the global macroeconomic environment, macroeconomic environment of Panama, main sectors of the economy and labor market situation, the evaluation of the main economic proposals of the President Elect, as well as the conclusions.

He indicated that in the global macroeconomic environment, the United States' trade policy stands out, which, among other things, has raised tariffs on more than 5,000 Chinese products from 10% to 25%, valued at 200 billion, including electronic and cell phones. This affects more than a third of Chinese exports to that country.

As well as, the imposition of sanctions against Huawei for a national security issue, the delay in half a year of the decision on tariffs for Eu-

Source: Manuel Ferreira / CEECAM
Chamber of Commerce and Industries of
Panama

ropean vehicles; however, the US has reached an agreement with Canada and Mexico for the end of tariffs on steel and aluminum.

United States policy has a direct impact on Panama, due to the:

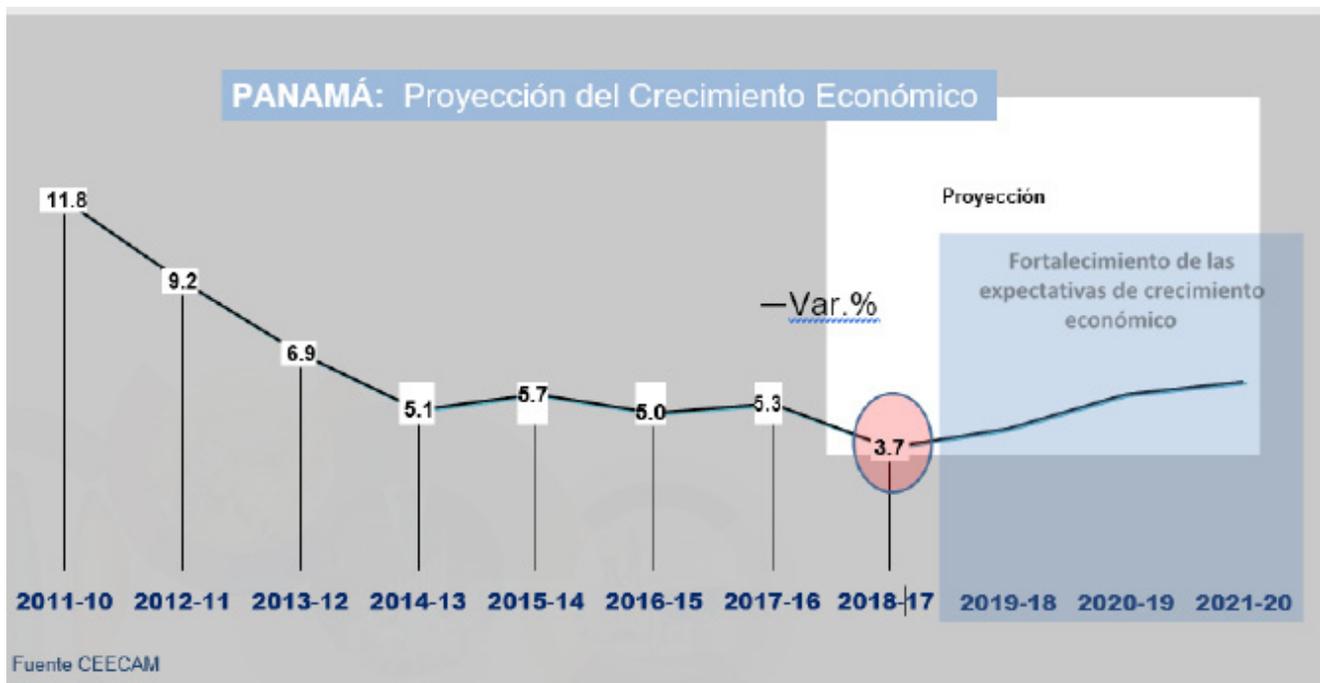
- The increase of tariffs on one third of Chinese products would not imply an instantaneous reduction of one third of Chinese exports to the United States, given that the latter does not have the capacity to supply immediately.
- However, some proportion of the transit of Chinese goods that crosses the Panama Canal in the direction of the East Coast of the United States would be diminished by the increase in tariffs.
- To this must be added the chain effects due to the decline in Chinese demand globally and, especially, in Latin America, which would affect the transport and logistics cluster in Panama.

On the other hand, is the price of oil seen from the perspective of the World Bank, it will remain low around 66 dollars per barrel in 2019, due to the increase in production in the United States and the lower global growth, which will compensate the lowest offer for sanctions against Venezuela and Iran.

Of equal, it is foreseen that the production of oil shale in the United States will remain "solid" after the rise that was registered in 2018, and therefore the World Bank anticipates that the prices of energy in general - which also includes natural gas and coal- will be 5.4% lower in 2019 than in 2018.

He pointed out that we must keep in mind that the optimistic projections for 2019 can be affected by the fact that the effects of World Youth Day were not as good as expected, the elections of a new Government, the impact of Minera Panama on production and exports will not be as much as could have been indicated because of the mills planned for only one plant, unemployment rate is expected to increase from 6% in 2018 to 6.3% in 2019 and commercial tensions between United States and China

In contrast, the projection for 2020 is based on the start of execution of the new Public Investment Plan 2020-2024 (Metro Line 3, Fourth Bridge over the Canal, extension of the Panama-Arraiján highway).



He also made reference to public finances and investment in infrastructure, identifying the mega-projects of the city that were completed or almost finished:

- 98% Line 2 of the MetroB/.2,130
- 97% Terminal 2 of the Airport917
- 84% Amador Convention Center 198
- 52% Amador Cruise Terminal165

For the city of Colón, the following panorama is presented:

- 88% Urban Renovation of ColónB/.569
- 90% Third bridge over the Canal570

Another aspect reviewed was the finances of the Non-Financial Public Sector, to which it indicated that in the first quarter of 2019 the total revenues were B/.2,681 million, well below the expenses that totaled B/.3,584 million; representing a deficit of 1.4% with respect to the

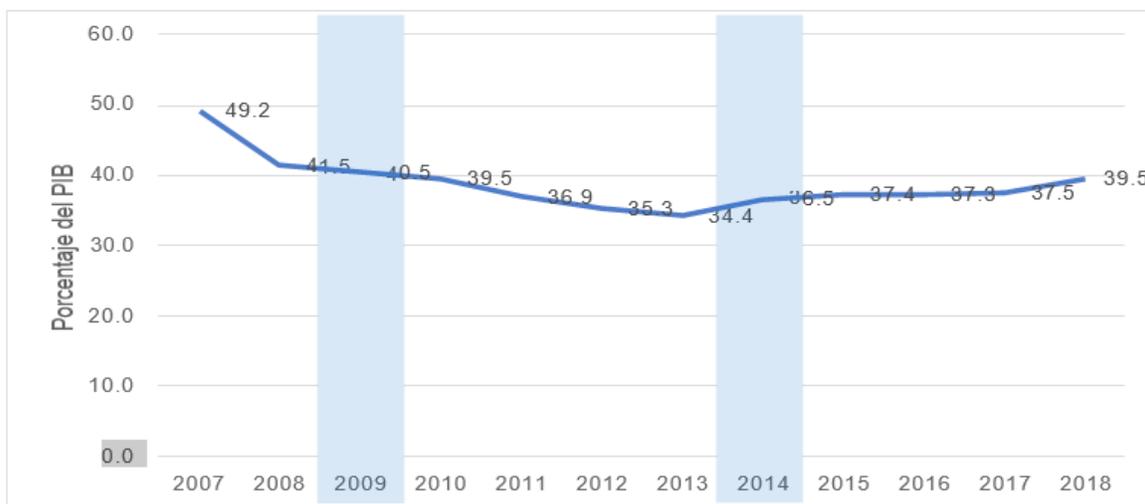
nominal GDP projected by the MEF for 2019. With a deficit of 1.4% in the first quarter of 2019, (and without counting the result of the second quarter and the fact that the economy could be growing less than projected by the government), the new president-elect will practically have no chance of indebtedness, unless you ask the Assembly for a new dispensation from the Law of Fiscal Social Responsibility.

Last year, capital spending barely grew 1%. Without adjustment of current spending, capital spending wouldn't have much chance of growth in the future, unless the economy grows at high rates of 5% or more.

He added that despite the constant deficits of the NFPS, the debt-GDP ratio remains stable, the risk rating and, because of the foregoing and the prospects for economic growth, the rating agencies have improved in 2019 the rating of Panama to Baa1 and BBB + by Moody's and Standard & Poor's respectively.

Deuda como porcentaje del PIB

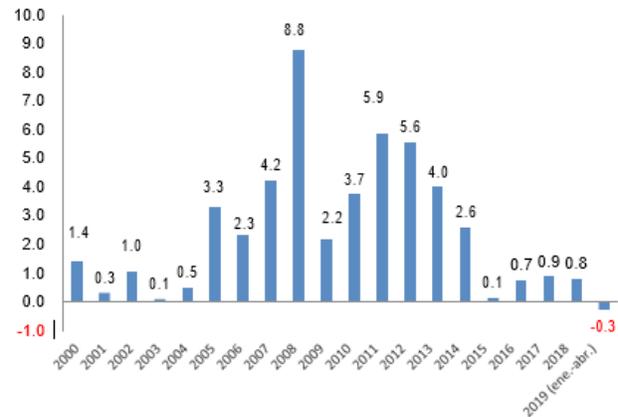
A pesar del acelerado crecimiento de la deuda pública, ésta como porcentaje del PIB se ha sostenido



Ferreira stressed that inflation remains low, however, the perception of consumers is that it has increased in the category of food and personal items and cleaning, among others.

Part of this discrepancy can be explained by the distortion introduced by the Price Control on the measurement of inflation in the food category. The 21 products subject to Price Control have an important weight in the Consumer Price Index (CPI), however, they are not fully representative of household consumption. In that sense it is observed that, for example, the price of the stubble is the one that is measured, but the other cuts of beef of first have increased and nevertheless they are not in the measurement of the IPC although they represent the thickness of the consumption in that area.

Indice de Precios del Consumidor (Var. %)



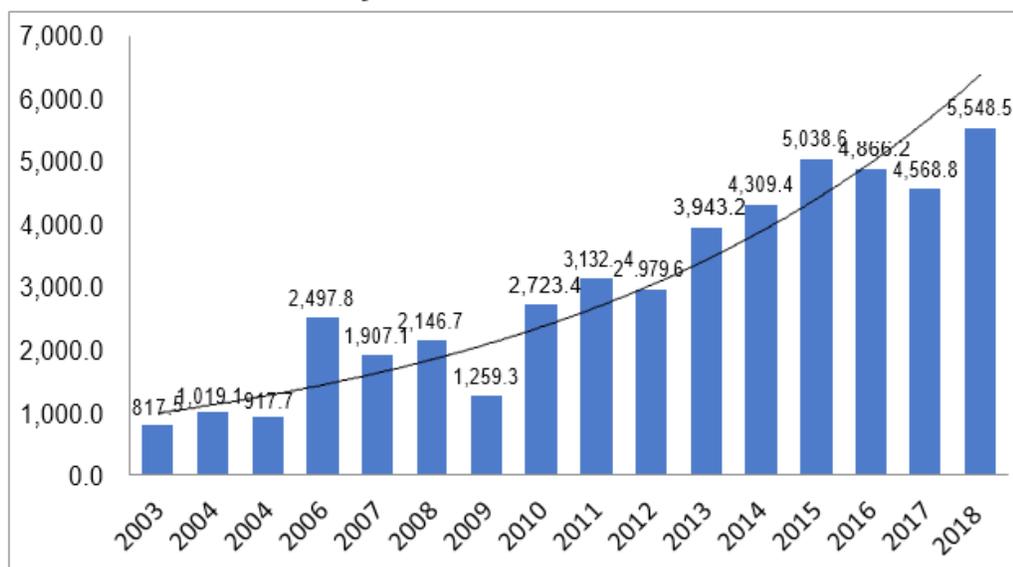
Fuente: Contraloría General de la República

Another aspect, which was referred to was investment that has grown, in 2018 it was 21.2% as shown in the following chart:

Crece la Inversión Extranjera Directa

Crecimiento de 21.2% para el 2018

Inversión Extranjera Directa, en millones de US\$



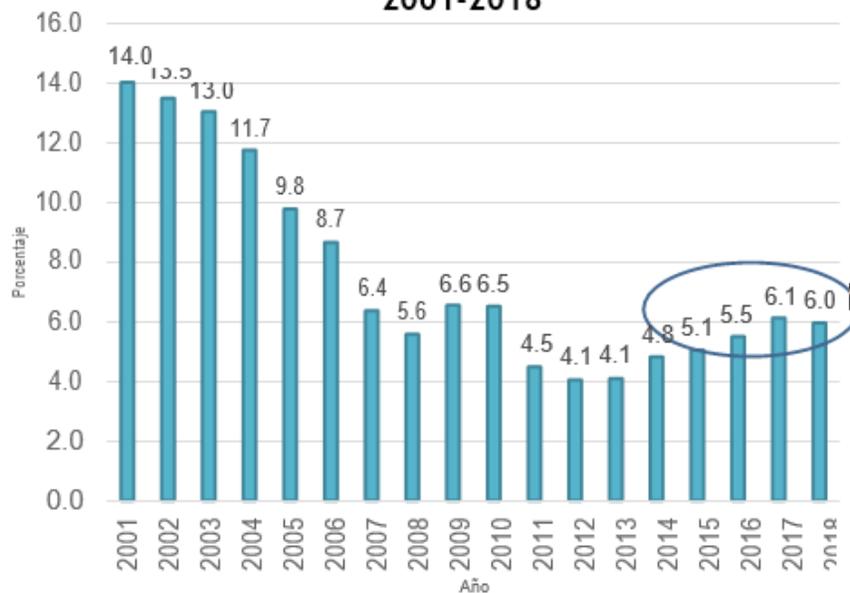
Fuente: Contraloría General de la República.



The labor market was analyzed, indicating the economist Ferreira that unless economic growth increases, the unemployment rate increases. With a growth projected by the CCIAP of 4.5%, it is expected that the unemployment rate will rise to 6.3%. He added that the employed population has been growing as the economy, however, the ec-

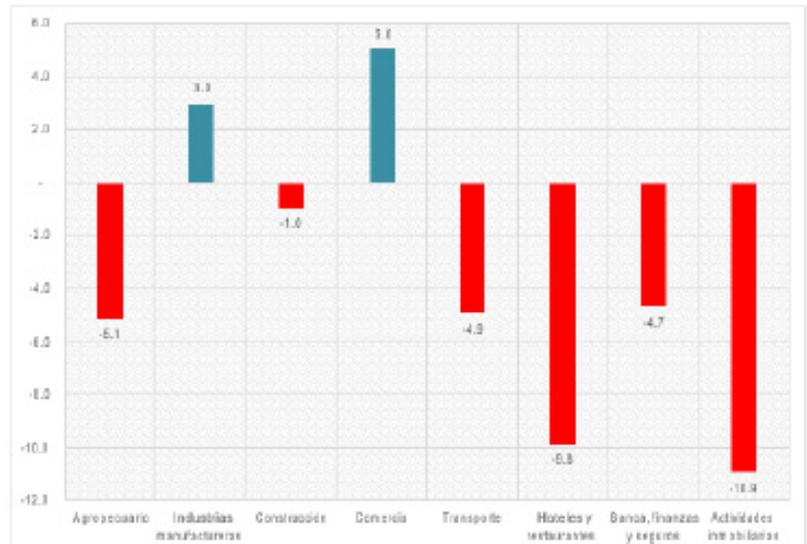
onomically active population grows at a higher speed, which produces the rise in the unemployment rate. The economic structure requires economic growth above 5% to reverse this situation. However, it is not possible to continue with a growth model based on public investment. It requires a greater contribution from the private sector in investment and economic activity.

Porcentaje de Población Desocupada 2001-2018



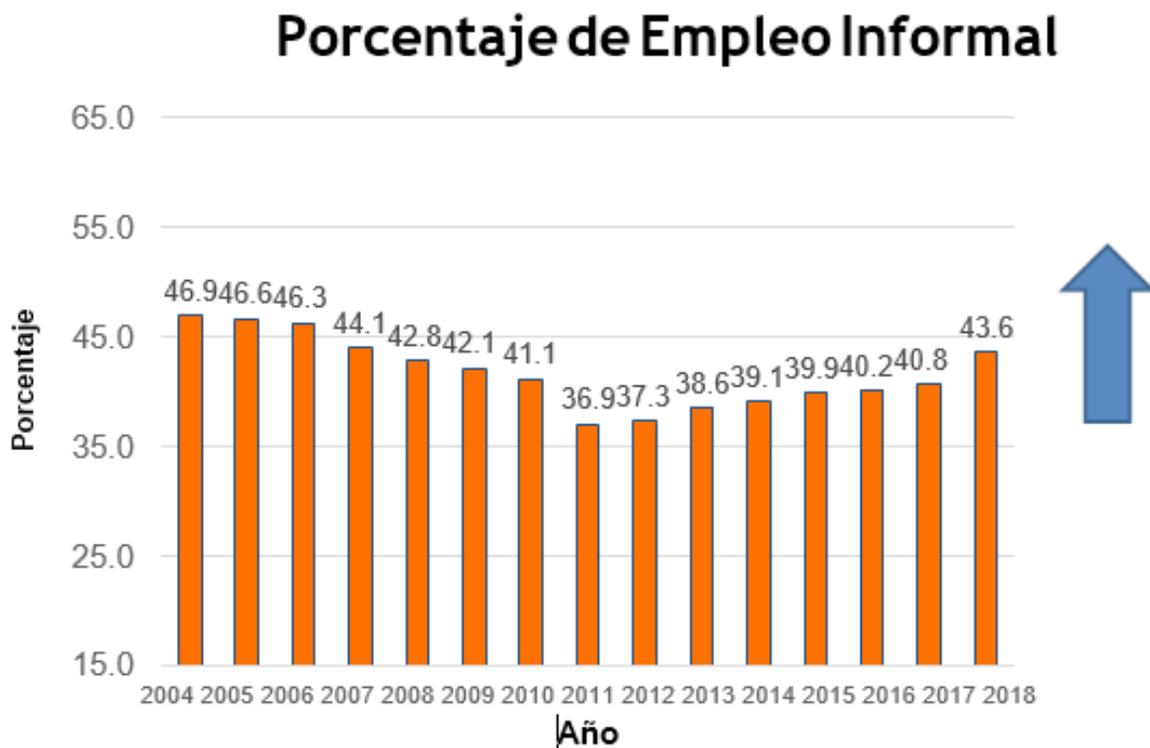
Fuente: INEC y CEECAM.

He pointed out that the variation of employment by economic activity, in 2018, employment fell with respect to the previous year, except in the manufacturing and trade industries. It should be noted that the concept of occupation differs from the concept of employment, so that while occupation has been growing, employment has been decreasing. The difference is that the occupation includes self-employed workers and employment excludes them, referring only to the jobs that are generated either in the private company or in the government. In that sense, these negative variations would indicate that the private company cut personnel in 2018 with respect to the previous year.



Fuente: CEECAM con base en datos del INEC.

He argued that, with higher unemployment, the rate of informality increases. The unemployment rate must be read with great care since it hides a large proportion of the economically active population located in the informal sector. It is not about an unemployment rate but about the unemployment rate. This implies that the problem of the economy to generate jobs is even greater.



Fuente: INEC y CEECAM.

He concluded this point, noting that the indicators of the labor market indicate that hiring falls for specific work, primarily explained by the less favorable performance of the construction sector.

Another issue addressed was the performance of the sectors, highlighting that according to the Monthly Activity Index (IMAE) of the Office of the Comptroller General of the Republic the economy grew by 3.41%, for the period of January - March 2019, compared to the same period of 2018. The interannual monthly variation referring to March 2019 was 2.96%, compared with its similar of the previous year. Among the categories of economic activity that presented a favorable performance were: transport, storage and communications, electricity and water, pub-

lic administration and financial intermediation

Within this context, he indicated that the sectors that have maintained a greater dynamism are: The Canal, Ports, the air hub, telecommunications services and the financial sector.

On the other side of the coin, with a less favorable behavior are the activities of the domestic economy, in the areas of trade, construction and real estate activities, among others.

He stressed that the agricultural sector (Agriculture, livestock hunting, forestry and fishing) accounted for 2.3% of GDP in 2018. This figure has not VAR significantly in the last five years. This sector employs 265,407

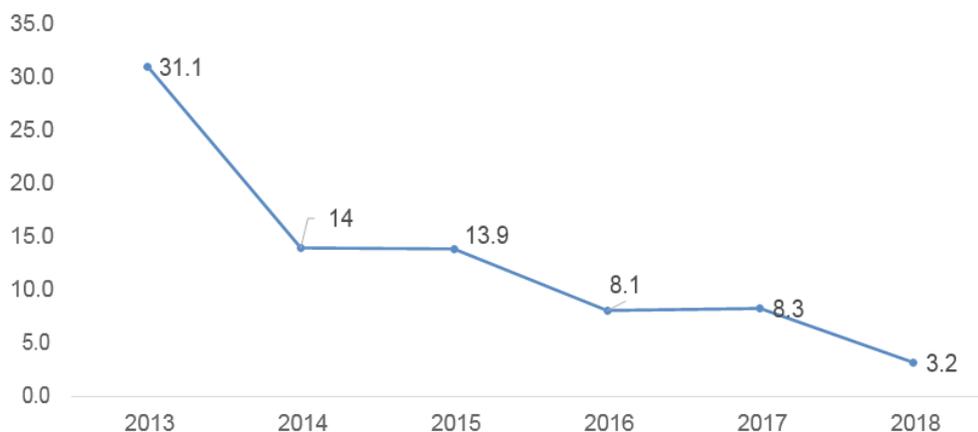
people, representing 14.2% of the occupied population of the Republic as of August 2018.

GDP of this sector participated in the year 2018, with 15.2% of the national GDP. As of August 2018, it employed 189,939 people, representing 10.2% of the total employed population.

For the construction sector, he pointed out that

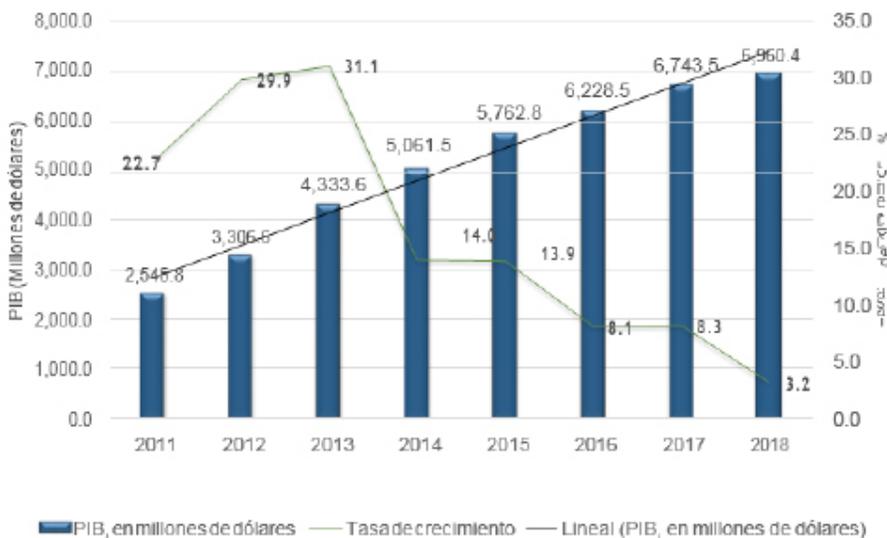
El crecimiento del PIB del sector construcción muestra una tendencia hacia la desaceleración

Variación Porcentual PIB del Sector Construcción 2013-2018



Fuente: INEC.

PIB del Sector Construcción (en millones de US\$) 2008 - 2018



■ PIB, en millones de dólares — Tasa de crecimiento — Lineal (PIB, en millones de dólares)

Fuente: Contraloría General de la República.

In the tourism sector, he commented that the GDP growth of the sector registered a negative rate of 3.8%, for 2018. Tourism GDP represents 2.3% of GDP. The percentage of housing occupancy in 2018 reached 44.9%, the lowest rate in the last five years.

In 2018, the employed workforce of the tourism sector reached 102,760 people, representing 5.4% of the population of 15 years or more oc-

cupied of the Republic as of March 2018. Manuel Ferreira, referred to the Culture Cluster of Casco Antiguo, indicating that it would be formed by a group of companies and related governmental and private institutions, which are located in the Casco Antiguo area and which are linked through elements common to the culture, which would be united to identify needs (bottlenecks) and carry out actions through the creation of working groups and be more competitive.



General Objective of the Business, Fairs and Conventions Tourism Cluster in Panama City:

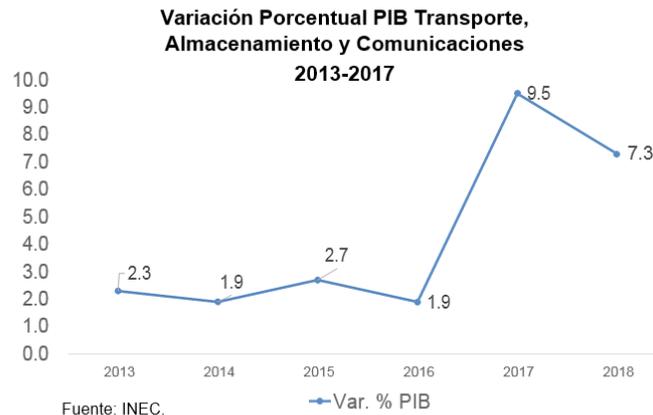
Promote the culture of institutional integration for the construction of networks and generation of new businesses, in order to improve competitiveness as a city of tourism for business meetings, fairs and conventions.

turismo de negocios, ferias y convenciones en la Ciudad de Panamá



For the logistics sector, indicated that the GDP of the transport, storage and communications sector represented in 2018 13.6% of total GDP. As of August 2018, it employed 138,118 people, representing 7.4% of the total employed population, with a significant impact on the performance of our country's economy..

El crecimiento del PIB del sector transporte, almacenamiento y comunicaciones presentó en 2018 una tasa de crecimiento positiva, pero menor a la del año 2017



As indicated in the preceding paragraphs, within the impacts considered in the projection is the entry of a new government, which is why I point out the most relevant issues to be developed by President-elect Nito Cortizo:

1. Reform of public procurement law / remove discretionality of officials / issues United States / China
2. Works: transversal line of the metro, line 3, fourth bridge, Arraiján-La Chorrera road extension and Las Playas Corridor.
3. Prefer more APP than turnkey
4. Reformulate the control of prices / food and medicines / formula to reduce imports in harvests / lower prices with mechanisms to minimize intermediaries
5. Focus subsidies
6. List of infrastructure projects / prioritize national companies / finish works started in other administrations
7. Energize economy: payment to suppliers
8. Creation of the Institute for Development /

Articulation and planning

9. Containment of public spending and debt management
10. CSS debate of the subject.

Detailed review of each of the factors that affect growth prospects, concluded Manuel Ferreira indicating that:

1. The recovery starts in the year 2020.
2. In 2019, we will see an optimism in the demand and supply, after the electoral period.
3. Growth projected for 2019, would be 4.5%, with expectation to the downside
4. The economy can not continue to grow based on public investment; the participation of the private sector in the construction of infrastructure will be required
5. The growth of public investment requires the adjustment of current government spending and the revision of subsidies
6. Likewise, attract private investment in the most dynamic sectors. *L&E*

COMMENTARY ON THE CONSUMER PRICE INDEX (CPI): APRIL 2019

Source: GCRP

The groups that showed an increase in the Urban National CPI for April compared to March 2019 were: Transport with 1.7%; Alcoholic beverages and tobacco with 0.7%; Food and non-alcoholic beverages 0.3%, and Health with 0.2%. Transport group presented an increase in one of its seven classes, “Fuel and lubricants for personal transport equipment” with 7.2%, as a result of the increase in the price of fuel for automobiles.

The increase registered in the group Alcoholic beverages and tobacco, was due to the increase in two of its four classes. The biggest variation was in the “Beer” class with 1.3%. The group Food and non-alcoholic beverages showed an increase in six of their eleven classes. The biggest variations were in the classes “Sugar, jam, honey, chocolate and sugar candy” with 1.6%, product of the increase in the price of ice cream and sugar, and “Meat” with 0.8%, due to the increase in the price of chicken meat and beef viscera.

The increase reflected in the Health group was due to the promotion presented in three of its seven classes. The greatest variation

was in the “Pharmaceuticals” class with 0.3%, due to the increase in the price of medicines.

Groups of clothing and footwear, education, and restaurants and hotels remained unchanged.

The groups with negative variations were: Furniture, articles for home and for ordinary conservation of home with 0.4%; Housing, water, electricity and gas, Communications, Recreation and culture, and Miscellaneous goods and services all with 0.1%.

The decrease observed in the group Furniture, articles for the home and for the ordinary conservation of the home, was due to the reduction registered in six of its eleven classes.

The classes with the greatest variations were “Small appliances for the home” with 2.2%, due to the decrease in the price of small household equipment, and “Non-durable goods for the home” with 1.3%, due to the reduction in the price of cleaning and conservation products.

The decrease reflected in the group Housing, water, electricity and gas was due to the decrease in two of its eight classes. The class with the greatest variation was "Gas" with 0.9%, due to the reduction in the price of the 100-pound gas tank.

The Communications group showed low in one of its two classes, "Telephone equipment" with 0.5%.

The decrease recorded in the group Recreation and culture, was due to the reduction presented in six of its sixteen classes. The biggest variation was in the "Media for recording" class with 2.5%.

In group Miscellaneous goods and services registered three of its ten classes. The greatest variation was in the class "Other appliances, articles and products for personal attention" with 0.3%, due to decrease in the price of personal care items.

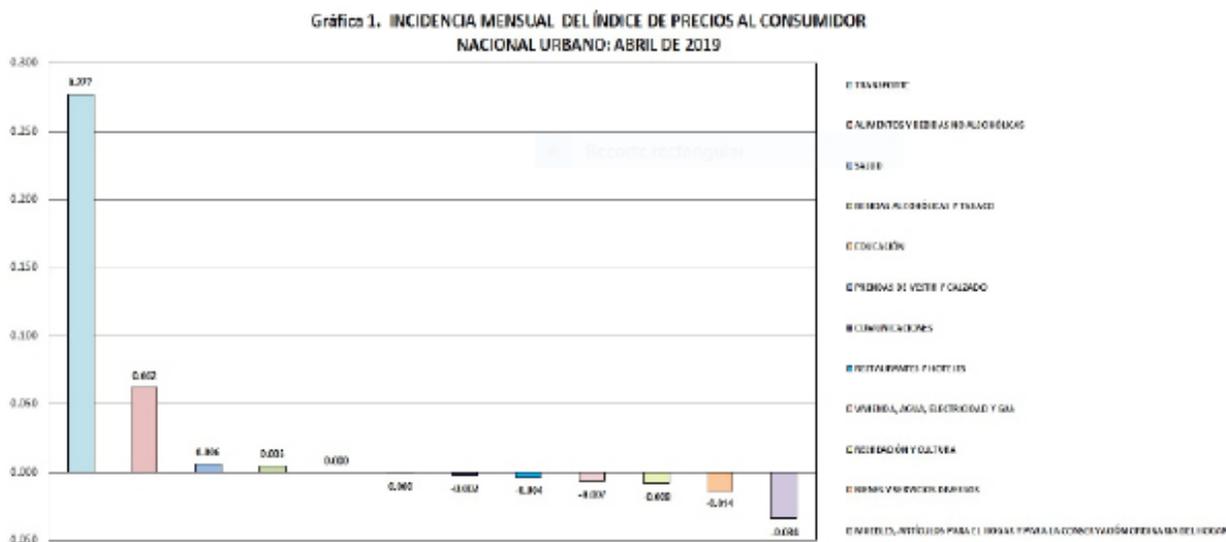
• The National Urban CPI for April 2019 compared to its similar for 2018 showed a variation of -0.1%.

When comparing the National Urban CPI of April 2019, with its similar of 2018, the following decreases were observed: Clothing and footwear 1.5%; Transportation, and Communications both 0.9%; Recreation and culture 0.6%; Furniture, articles for the home and for the ordinary conservation of the home 0.5%; and Housing, water, electricity and gas 0.3%.

The groups that presented increases were: Alcoholic beverages and tobacco 2.0%; Restaurants and hotels 1.7%; Health 1.3%; Education 0.8%; Food and non-alcoholic beverages 0.5%; and Miscellaneous goods and services 0.1%

Next, graph with monthly incidence by group of National Urban IPC of April of 2019:

A continuación, gráfica con la incidencia mensual por grupo del IPC Nacional Urbano de abril de 2019:



Incidencia: Corresponde a la contribución de cada grupo respecto a la variación total del Índice Nacional Urbano, por ello, la suma de las incidencias da como resultado la variación del índice.

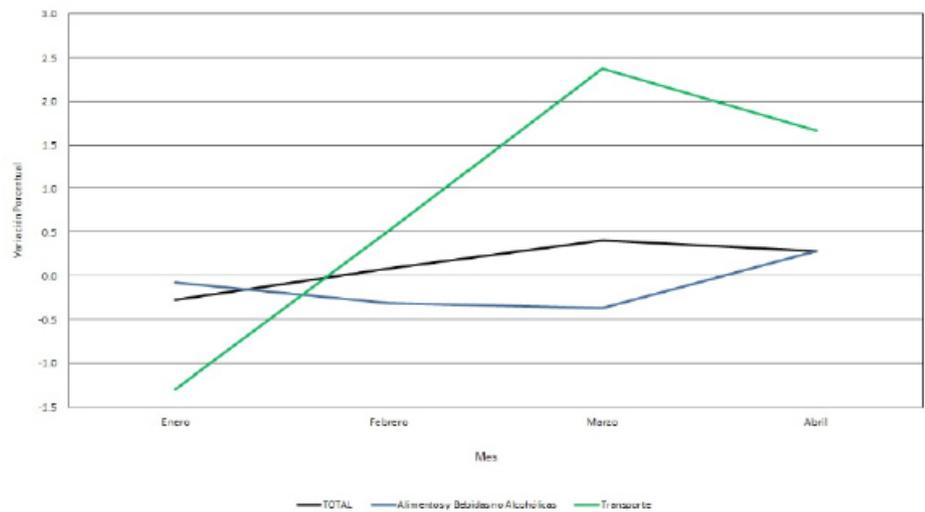
CUADRO 1. INCIDENCIA Y VARIACIÓN PORCENTUAL MENSUAL DEL ÍNDICE DE PRECIOS AL CONSUMIDOR NACIONAL URBANO, SEGÚN GRUPO DE ARTÍCULOS Y SERVICIOS: ABRIL DE 2019
BASE 2013=100

Grupo de artículos y servicios	Ponderaciones	Incidencia	Variación mensual
TOTAL	100.0	0.3	0.3
Alimentos y Bebidas no Alcohólicas	22.4	0.062	0.3
Bebidas Alcohólicas y Tabaco	0.7	0.005	0.7
Prendas de Vestir y Calzado	7.7	0.000	0.0
Vivienda, Agua, Electricidad y Gas	8.5	-0.070	-0.1
Muebles, Artículos para el Hogar y para la Conservación Ordinaria del Hogar	7.8	-0.034	-0.4
Salud	3.4	0.006	0.2
Transporte	16.8	0.277	1.7
Comunicaciones	4.3	-0.002	-0.1
Recreación y Cultura	9.7	-0.008	-0.1
Educación	2.4	0.000	-
Restaurantes y Hoteles	6.7	-0.004	0.0
Bienes y Servicios Diversos	9.8	-0.014	-0.1

- Cantidad nula o cero.

0.0 Cuando la cantidad es menor a la mitad de la unidad o fracción decimal adoptada para la expresión del dato.

Gráfica 2. EVOLUCIÓN DEL ÍNDICE DE PRECIOS AL CONSUMIDOR NACIONAL URBANO TOTAL, ALIMENTOS Y BEBIDAS NO ALCOHÓLICAS Y TRANSPORTE: ENERO-ABRIL DE 2019



CUADRO 2. EVOLUCIÓN DEL ÍNDICE DE PRECIOS AL CONSUMIDOR NACIONAL URBANO, SEGÚN GRUPO DE ARTÍCULOS Y SERVICIOS: ENERO-ABRIL DE 2019

Grupo de artículos y servicios	Variación porcentual mensual			
	2019			
	Enero	Febrero	Marzo	Abril
TOTAL	-0.3	0.1	0.4	0.3
Alimentos y Bebidas no Alcohólicas	-0.1	-0.3	-0.4	0.3
Bebidas Alcohólicas y Tabaco	0.7	0.2	1.5	0.7
Prendas de Vestir y Calzado	0.1	-0.2	0.0	0.0
Vivienda, Agua, Electricidad y Gas	-0.8	0.2	0.1	-0.1
Muebles, Artículos para el Hogar y para la Conservación Ordinaria del Hogar	0.0	0.3	0.1	-0.4
Salud	0.1	0.0	0.5	0.2
Transporte	-1.3	0.5	2.4	1.7
Comunicaciones	-0.1	-0.3	0.7	-0.1
Recreación y Cultura	-	0.2	-0.1	-0.1
Educación	-0.3	1.0	0.0	-
Restaurantes y Hoteles	0.3	0.4	0.1	0.0
Bienes y Servicios Diversos	0.0	-0.1	0.3	-0.1

- Cantidad nula o cero.

0.0 Cuando la cantidad es menor a la mitad de la unidad o fracción decimal adoptada para la expresión del dato.

L&E

MAIN ECONOMIC INDICATORS MONTHLY: JANUARY - MARCH 2018-19

Source: GCRP

1. Transportation:

a. Panama Canal Authority:

The total toll revenues of the Panama Canal for January-March 2019, compared with its similar figure for 2018, presented a positive variation of 4.6% and those of Neopanamax ships at 11.7%; On the other hand, those referred to Panamax vessels registered a negative variation of 1.2%. There was an increase in net tons by 6.4%; however, the volume of cargo decreased by 0.2%. The transit of ships grew by 0.2%, that of ships of high draft 0.7%; however, the small draft was reduced by 2.1%.

b. National Port System:

The movement of containers (TEU -equivalent to 20 feet), increased by 3.8% for January-March 2019, compared to the same of 2018.

The movement of total load increased by 1.8%, mainly, the general load in 51.9%.

2. Foreign trade:

a. CIF value of goods imports:

The CIF value (Cost, Insurance and Freight) of the imports of goods presented a negative variation of 1.6%, of these, the intermediate goods in 11.1%. Consumer goods registered positive variation of 3.9%, of which the rest of non-durable goods stand out in 39.7%.

b. Net weight of goods imports:

The weight of imports of goods (net kilos) decreased by 0.7%, of these the capital goods by 11.2% and the intermediate ones by 7.3%.

c. FOB value of goods exports:

The FOB value of exports of goods was reduced by 7.6%. The items that presented the greatest decreases were: shrimp 66.0%, fish and fish fillet (fresh refrigerated and frozen) 48.1% and steel, copper and aluminum waste in 32.4%. The most representative items were: banana 24.7%,

melon 98.5%, watermelon 38.3% and unrefined sugar in 84.8%.

d. Weight of goods exports:

The weight of exports of goods (net kilos) registered negative variation in 5.9%, due to the following items that fell: shrimp 64.7%, fish and fish fillet (fresh, refrigerated and frozen) 38.6%, other seafood 79.4% and scrap of steel, copper and aluminum in 46.1%. Positive variations were observed in: Banana 24.6%, melon 125.4%, watermelon 36.7% and unrefined sugar in 122.1%.

e. Colon Free Zone:

The total commercial movement in the Colon Free Zone (in thousands of balboas) reported a negative variation of 15.2%, likewise CIF imports in 12.8% and FOB reexports in 17.3%. The commercial weight (in metric tons) presented an increase in imports of 1.0%; however, re-exports were reduced by 3.2%.

3. Domestic trade:

a. Sale of fuels for national consumption:

The sale of fuels (in thousands of gallons) for domestic consumption increased by 4.0%, mainly, gasoline by 2.8% and diesel by low sulfur by 5.7%.%

b. Sale of marine fuel in ports, according to coast and terminal:

The sale of marine fuel (bunkering) in ports, measured in metric tons, reported a negative variation of 0.003%, registering a reduction of 8.4% in the Atlantic Coast.

c. Sale of marine fuel through barges and ships served:

The sale of marine fuel (bunkering), through barges, was reduced by 18.3%, mainly, that of the Pacific Coast in 21.3% and that of the Atlantic in 8.9%. The ships served decreased by

16.6%.

d. New cars registered:

The number of new cars registered in the single vehicle registry decreased by 10.5% and the segments that decreased were: regular cars in 11.4%, SUV's 6.1%, panels 46.8%, pick ups 7.8%, buses 33.8% and trucks in 31.1% . There were positive variations in the segments of: 12.3% minivans and luxury cars 2.3%.

4. Building:

a. Cost of buildings registered by the main municipalities in the Republic:

The cost of constructions, additions and particular repairs (in balboas), was reduced by 25.5%, mainly, that of residential works in 11.7% and of non-residential works in 41.3%. At the regional level, the district of Panama decreased by 37.7% and Colon by 40.4%; On the other hand, growth was observed in the grouped districts (David, Santiago, Chitré, Aguadulce and La Chorrera), of 15.3% and of Arraiján in 11.4%. The production of ready-mix concrete and gray cement was reduced by 23.2% and 17.1%, respectively. The import of cement (metric tons) increased by 189.2%.

b. Construction area (m2) of the main municipalities in the Republic:

The construction area (m2) of the main municipalities in the Republic, decreased by 26.7%, mainly for residential works by 3.5% and non-residential by 63.9%. Likewise, negative variations were observed in the municipalities of Panama in 55.2%, Arraiján 21.8% and Colón in 16.4%. On the other hand, the grouped David, Santiago, Chitré, Aguadulce and La Chorrera, rose by 34.4%.

5. Financial intermediation:

a. National Banking System:

Data not available to date, by the source that provides the information.

b. Stock indicators:

The volume traded (in thousands of balboas) of the stock market in the Stock Exchange of Panama (BVP) was reduced by 12.5% and number of shares by 24.1%. The secondary market decreased by 25.8%; On the other hand, primary market grew by 24.6%. The calculated index of the BVP presented negative variation of 4.3%.

c. Insurance:

The value of the subscribed premiums increased by 6.8%, of these, other transportation 50.0%, fire and multi-hazards 20.7%, automobiles 9.7%, personal accidents in 9.5% and health in 8.0%.

d. Loans approved by the Agricultural Development Bank:

The movement of loans approved by the Agricultural Development Bank registered positive change in 195.9%, of these, agriculture in 67.8% and livestock in 159.2%.

6. Outdoor activities:

a. Gross bets:

Income from gross bets (including paid premiums) decreased by 5.9%, mainly, "A" type slot machines at 5.0%; On the other hand, those of bingo halls rose by 11.7% and the sports event betting rooms by 23.5%.

b. Net bets:

Revenues from net bets (excluding prizes) decreased by 6.1%, specifically, "A" type slot machines by 6.6%; on the other hand, positive variation was reported in bingo halls of 25.2% and sports event betting rooms in 27.9%.

7. Electricity and water:

a. Electricity offer:

The electricity supply (in kilowatts / hour) recorded by the Commercial Measurement System (SMEC), presented a positive variation of 3.9%, due to the increase in thermal generation by 161.0%. Renewable energy was reduced by 38.3%, standing out the hydraulic fall in 52.6%; on the contrary, they increased wind generation by 25.8%, solar by 55.0% and self-generation by 434.1%.

b. Destination of electricity:

The total electricity billing registered positive variation of 0.9%, of this, the residential customers 4.7% and the Government in 7.9%; nevertheless, negative rate was reported in the 2.0% and industrial commercials of 30.1%. In turn, the number of large clients rose by 80.3%.

c. Water:

The billing in gallons of potable water in the Republic reported an increase of 2.5%, with a breakdown in the sectors: industrial of 12.3%, residential 2.9%, Government in 1.0% and commercial in 0.03%.

8. Manufacturing industries:

In the manufacturing sector for March-March 2000, the slaughter of cattle by 5.5%, production of chicken meat by 2.0%, and negative variations in slaughter of pigs of 6.5%, production of evaporated milk, condensed and powder 29.9%, were observed. pasteurized milk 5.1%, natural milk used for the elaboration of related products 13.0% and alcoholic beverages in 8.6%, mainly, beer that was reduced by 9.6%.

9. Hotels:

a. Hotels:

Data not available to date, by the source that provides the information.

b. Entry of visitors and their expenses:

Data not available to date, by the source that provides the information.

10. Public Sector Finance:

a. Current revenues of the Central Government:

The total current revenues of the Central Government decreased by 5.4%, in turn, the tax revenues decreased by 2.5%; of these, direct taxes in 2.4% and indirect taxes in 2.7%; ITBMS on sales increased by 0.6%.

11. Other related:

a. Labor contracts registered in the MITRADEL:

The employment contracts registered by MITRADEL, were reduced by 9.2%, of these, those of the Headquarters in 16.7%; however, those of the Regionals increased by 3.2%.

b. Non-horizontal and horizontal properties inscribed:

The registered non-horizontal properties decreased by 7.9%, specifically, those created in 9.1%. On the other hand, the horizontal properties decreased by 22.5%, of these the transfers in 22.7%.

c. Anonymous and common companies:

The number of companies was reduced by 15.6%, of these, the corporations registered a negative variation of 16.2%; However, in legal partnerships, legal personality in 5.2%. *L&E*

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rbcweb@rbc.com.pa

LIQUEFIED NATURAL GAS SHIP

On May 12, the Panama Canal reached a new milestone with the transit of Al Safliya ship from Qatargas, the largest liquefied natural gas (LNG) and the first Q-Flex type that has traveled through the interoceanic route.

The vessel, which measures 315 meters long and 50 meters wide, with a total cargo capacity of 210,000 cubic meters of LNG, transited north from the Pacific to the Atlantic Ocean.

To date some 6,000 Neopanamax vessels that have transited to date, more than 50 percent have been in the container ship segment; followed by 26% of the type of liquefied petroleum gas; and another 11% of LNG. Other vessels that have used the neopanamax locks are dry and liquid bulk carriers, carriers and passengers. *L&E*

Source: ACP



World ECONOMY

THE WEAKNESS OF TRADE WILL PERSIST IN THE SECOND QUARTER, ACCORDING TO THE WTO INDICATOR



Source: World Trade Organization

World trade growth is likely to remain weak in the second quarter of 2019, according to the latest WTO World Trade Outlook Indicator (WTOI), published on May 20. The new value of WTOI is 96.3, exactly the same as the last one published, in February of this year, and therefore it remains at its lowest level since 2010.

The value of the most recent WTOI continues to be well below the reference value for the index (100), indicating that the decline in trade growth persists in the first half of

2019. It should be noted that this value does not reflect some trade measures important announcements in recent days. The outlook for trade could be further exacerbated if the growing trade tensions are not resolved or if macroeconomic policy does not adapt to the new circumstances.

The most recent result of WTOI is due to the decrease of all partial indices, except two. The indices corresponding to international cargo air transport (92.3), the production and sale of automobiles (92.2) and agricultural raw materials (92.4) recorded a further decline in relation to the

trend. The index corresponding to port container traffic (101.0) also decreased, but remained above the reference value, indicating growth in line with recent trends. The indices corresponding to export orders (96.6) and electronic components (96.7), which had remained firmly below the trend, appear to have reached their lowest level.

In the trade forecasts released in April, WTO economists estimated that the merchandise trade volume growth would decrease from 3.0% in 2018 to 2.6% in 2019, and then rebound to 3%, 0% in 2020. As indicated, the forecast for 2019 entails a risk of considerable deterioration. For a rebound in 2020 it is necessary to reduce trade tensions and / or improve macroeconomic performance.

Conceived to provide “real-time” information on the evolution of the most recent trends in world trade, the WTOI does not aim to forecast short-term trade growth, although it also indicates the evolution of trade in the near future. Its purpose is to identify the turning points and measure trends in the growth of trade worldwide. In this way, it complements the statistics and trade forecasts of the WTO and other organizations. An index of 100 shows a growth in line with medium-term trends, one greater than 100 indicates growth above the trend, while one less than 100 indicates the opposite. *L&E*





NEW WORLD BANK FUND TO SUPPORT CLIMATELY INTELLIGENT MINING FOR ENERGY TRANSITION

Source: World Bank

The World Bank launched the Mechanism for Climate-Smart Mining (i), the first fund to achieve a climate-smart and sustainable mineral exploitation. The Mechanism will support the sustainable extraction and processing of minerals and metals used in clean energy technologies, such as wind and solar energy, and batteries for energy storage and electric vehicles. It focuses on helping resource-rich developing countries benefit from the increased demand for minerals and metals and, at the same time, ensure that the management of the mining sector minimizes the environmental and climatic footprint.

The Mechanism is based on a World Bank report “The growing importance of minerals and

metals for a future with low carbon emissions” (i) in which it was concluded that a future with a low level of carbon emissions will be of a considerably more intensive use of minerals than that observed in the reference scenario. By 2050, global demand for “strategic minerals”, such as lithium, graphite and nickel, will experience an extraordinary increase of 965%, 383% and 108% respectively *. While increasing demand for minerals and metals is an opportunity for mineral-rich developing countries, it also represents a challenge: without climate-smart mining practices, the negative impact of mining activities will increase, affecting vulnerable communities and the environment. ambient.

The multi-donor trust fund will work with developing countries and emerging economies to implement sustainable and responsible strategies and practices throughout the mineral value chain. The partners are Government of Germany and private companies, Rio Tinto and Anglo American. The Mechanism will also assist governments to create a sound policy, regulatory and legal framework that promotes climate-smart mining and creates an enabling environment for private capital..

The projects can be the following:

- Support the integration of energy from renewable sources in mining operations, given that 11% of global energy use is attributed to the mining sector and that mining operations in remote areas are usually dependent on diesel or coal.
- Support the strategic use of geological data to better understand the availability of “strategic minerals”.
- Forest-smart mining: avoid deforestation and support sustainable land use practices, adapt mining areas to other uses
- Recycling of minerals: support countries to adopt a circular economy approach and reuse minerals in an environmentally friendly manner.

tion in which mining is climate-smart and value chains are sustainable and green.” Developing countries can play a leading role in this transition by exploiting strategic minerals in a respectful manner. With communities, ecosystems and the environment, countries with strategic minerals have a real opportunity to benefit from the transition to clean energy in the world,” said Riccardo Puliti, Senior Director and Head of Global Energy Practices. Extractive Industries of the World Bank.

The World Bank has in mind a total investment of USD 50 million, which will be made over the course of a five-year period. The Mechanism will focus on activities around four basic themes: mitigation of climate change; adaptation to climate change; reduction of important impacts and creation of market opportunities, contributing to the decarbonisation and reduction of important impacts in the entire supply chain of the crucial minerals needed for clean energy technologies.

* The updated projections for 2018 (i) of the World Bank are based on the assumption that countries will implement the Paris Agreement and reduce emissions so that global warming remains below 2 degrees Celsius. In the 1.5 degree centigrade scenario, global demand for strategic minerals would increase further by 2050. Source: World Bank Report to be published in 2019. *L&E*

“The World Bank supports a low-carbon transi-

THE PROFITABILITY OF THE BANKS: WE CONSIDER THE SOURCE



By : TengTeng Xu, Kun Hu, and Udaibir S. Das/International Monetary Fund

The global financial crisis of 2007-09 and the subsequent period of low interest rates have sparked new interest among economic authorities about the relationship between bank profitability and financial stability. Despite the subsequent recovery, the return on capital of many banks remains below cost. Market valuations remain below the banks' balance sheet value, which indicates that the market is not optimistic about the ability of banks to resolve profitability problems.

In a recent IMF working paper, we studied how the profitability of banks affects financial stability, both from a theoretical and empirical perspective. We develop a theoretical model on the relationship between the profitability of banks and

financial stability in which we explore the role of non-interest income and retail business models. Next, we analyze the data of 431 listed banks and examine the determinants of bank risk and the profitability of banks, as well as the way in which the level and source of such profitability affect the risks. In this sense, we not only analyze the relationship between the level of profitability of banks and financial sustainability, but also the deeper question of how the source of the profitability of banks affects financial stability.

This study included all the banks in the world that have global systemic importance, as well as all public banks in the United States and in the developed countries of Europe. The

sample period extends from 2004 to 2017.

We find evidence that higher profitability is associated with lower risks, not only at the individual institution level, but also at the system level, measured in terms of the contribution to systemic risks.

High profitability decreases risk in two ways. Profitability usually generates reserves in the face of negative shocks. And prospects for future profitability curb banks' risk-taking behavior, since they have more "money at stake".

Although the level of bank profitability is important for financial stability, the source of this profitability is very important.

In the context of low interest rates that followed the global financial crisis, banks sought to diversify through sources of income not derived from interest. Greater dependence on this type of income is usually associated with greater risks for banks, both at the entity level and in terms of contributing to systemic risk.

The level of risk increase depends on the bank's business model. While non-interest income activities may offer some diversification of profitability to retail banks with a relatively high loan / asset ratio, excessive dependence on these revenues could imply an increase in risks.

However, not all types of income activities

not derived from interest generate the same level of risk. Retail banks would be more inclined to choose this type of activities aimed at retail clients, since they are complementary to their credit base. Examples of income not derived from interest for retail customers would be charges for payment services (such as credit card charges) and insurance fees. These activities usually offer a stable return and the advantages of diversification.

On the other hand, banks that are not so oriented to the retail public can obtain a relatively high percentage of income not derived from interest through their market activities, such as issuance, market creation, negotiation and banking services. of investments. These activities tend to generate more volatile and pro-cyclical income and are associated with greater risks, both for individual institutions and for the financial system.

Similarly, other characteristics of wholesale business models, which include a high level of leverage and reliance on wholesale funding sources, are also associated with higher risks.

Likewise, there is a close relationship between competition and financial stability. Banks with greater market power, as measured by the Lerner index, which measures their capacity to increase prices, tend to be associated with smaller risks on an individual scale but with a greater contribution to systemic risk. Although the ability to increase prices benefits the individual

bank, it could increase risks at a systemic level due to the excessive market power of some banks. This conclusion is especially relevant given that after the global financial crisis, bank consolidation increased.

What implications does it have for the economic authorities?

First, the results emphasize the need to make a greater distinction between different types of income not derived from interest, in which it is recognized that the market activities to obtain these types of income imply more risks than the retail activities .

Second, it is important to take into account the effects of bank consolidation on competition and systemic risk. Economic authorities must strike a balance between consolidation for cost savings and a competitive banking environment. One strategy to encourage competition is to allow new companies to enter the financial sector instead of imposing excessive internal and external barriers to entry.

Third, these results show the need to evaluate the source and sustainability of bank profitability, especially when there is excessive dependence on non-interest income, wholesale financing and leverage. Greater attention to these issues would allow economic authorities to better design and calibrate stress tests and systemic risk analyzes. *L&E*



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INCREASED THE DEMAND OF WORKERS IN DIGITAL ECONOMY AND PERSONAL SERVICES, ACCORDING TO IDB

Source: IDB

Technological change is profoundly transforming the occupations and skills required by the labor market. This is indicated in *The future of work in Latin America and the Caribbean: what are the occupations and emerging skills most in demand in the region?*, a study by the Inter-American Development Bank (IDB) that combines data from household surveys and non-traditional sources such as employment portals and social networks to understand the impact of the fourth industrial revolution on the world of work.

The study shows that, in Latin America and the Caribbean, a large part of the occupations that grow the most are related to the digital economy or personal services. In turn, employment falls into the occupations that can be re-

placed most easily by the action of machines, such as operators and repair and maintenance workers. The publication also highlights that in the region there is no increase in demand for workers with a higher level of education, nor is there a wage polarization that some studies have shown in advanced economies. "On the contrary, relative wages in occupations associated with knowledge have risen at a lower rate than manual occupations, such as personnel in care of third parties or construction workers.

In fact, an increasing percentage of people with higher education can not find a job as a professional and ends up being employed in other occupations, which affirms the importance of knowing which are the most demanded and emerging skills", underlines Carmen Pagés,

head of the Division of Labor Markets of the IDB.

The publication also indicates that technology is promoting the creation of new sources of information that allow us to better understand which skills and occupations are most in demand and how people can reorient their professional careers and move from one occupation to another. In this sense, the study presents a tool that uses data from the LinkedIn professional network to reveal what skills would be required to transfer to a new job in Argentina, Brazil, Chile and Mexico. "This publication allows us to see the great potential of this tool, which works as a GPS for the labor market and that allows us to understand in real time how the demand for occupations and skills in the region is changing in the context of the conversation about the future of work", says Pagés.

The future of work in Latin America and the Caribbean: what are the occupations and emerging skills most in demand in the region? It is the third installment of an IDB series that uses an interactive format to enrich the discussion about the opportunities and challenges presented by the fourth industrial revolution. The first installment presented the technological tsunami and population aging as the two major trends that will mark the future of work in the region, and the second highlighted the evolution of employment in the health and education sectors in 24 countries of the region. *L&E*





NACIONES UNIDAS



Fuente: ECLAC

UNIQUE WINDOW FOR FOREIGN TRADE WOULD HELP THE INTERNATIONAL EXPANSION OF THE SMES OF THE REGION

Small and medium-sized enterprises (SMEs) represent more than 99% of the total number of companies in Latin America and the Caribbean, but their share in regional exports barely reaches 6%. Therefore, instruments such as the single window for foreign trade (VUCE) can be an important aid for the internationalization of these companies, said authorities and experts gathered today in Santiago de Chile.

CORPYME is an action plan to strengthen the capacities of countries to promote the internationalization of small and medium enterprises (SMEs) in the CELAC countries, through a more intensive use of information and communication technologies (ICT) and export innovation.

and employment, SMEs are key to achieving the Sustainable Development Goals (SDGs) of the 2030 Agenda. In this context, the internationalization of SMEs is a catalyst to improve the performance of these companies . It has been proven that the SMEs that export have a greater degree of formalization, are more productive and offer better jobs with higher wages," said Raúl García-Buchaca in his speech.

The senior United Nations official added that trade facilitation measures in general, and trade single windows in particular, offer a solution to some of the obstacles that SMEs face in exporting and are essential for greater use of trade. without papers and to encourage greater export activity of these companies.

"Due to their high participation in the economy

García-Buchaca also emphasized that it is necessary to work for companies and consumers in the region to insert more and better in cross-border electronic commerce. To this end, the region should promote the regional digital market, promote the digitization and simplification of financing for trade, modernize customs and postal services -this is where the VUCE would play a fundamental role- and reduce the costs of cross-border payments online.

The Deputy Executive Secretary of ECLAC also highlighted the strong economic and cooperation ties between Latin America and the Caribbean and the Republic of Korea. For example, bilateral trade in goods between the two sides increased fivefold between 2000 and 2018, although export diversification still needs to be improved. In addition, the region was the destination of 13% of Korean foreign direct investment (FDI) between 2010 and 2017.

For its part, Jo Yung-Joon said that the pursuit of prosperity of its business partners is one of the priorities of Korea. Therefore, he hopes that sharing the progress made in his country in terms of skills and best practices in the internationalization of SMEs will be useful for Latin America and the Caribbean.

“SMEs play a key role in achieving economic and social development; They have a strong potential to make our economies grow more ...

The internationalization of SMEs benefits both Korea and the countries of Latin America. The Korean Government and its people fully understand the importance of SMEs for sustainable economic growth,” said the Korean diplomat.

Meanwhile, Gabriela Orosco emphasized the relevance of CELAC having achieved unity within diversity. He recalled that the bloc is composed of 33 countries, with 622 million inhabitants, and covers 20 million square kilometers of territory, with abundant natural resources. *“As stated above, SMEs represent 99% of productive apparatus and two thirds of employment in our region. However, its participation in regional exports is only 6%, which reflects its low degree of internationalization and productivity. Hence the importance of SMEs in the region using tools such as VUCE and ICT (information and communication technologies) to simplify and streamline foreign trade procedures, become familiar with the applicable requirements and regulations, and reduce time and costs of export,”* she said. *L&E*



Organización
Internacional
Del Trabajo

ILO LAUNCHES PROGRAM IN RESPONSE TO THE SITUATION OF VENEZUELAN MIGRANTS AND REFUGEES

Source: ILO

The International Labor Organization (ILO) announced that it will initiate a series of urgent interventions aimed at responding to the challenge of the socio-economic integration of Venezuelans arriving in other countries of the region, as a result of an unprecedented movement of people in the region. modern history of Latin America and the Caribbean.

According to UN estimates until March, some 3.7 million people had left their homes in Venezuela as a result of the worsening social, economic, human rights and political situation in that country.

Neighboring countries have shown great soli-

arity, providing 1.3 million Venezuelans with temporary residence permits and access to the labor market. However, their capacity to respond to such an influx of people is limited, and both institutions and local communities are now under enormous pressure.

As a result, many Venezuelan women, men and children are in an irregular situation, which makes them vulnerable to various forms of exploitation, abuse, violence and discrimination.

The ILO has committed 2 million dollars of its unassigned voluntary funds (Regular Budget Supplementary Account) to implement urgent

interventions related to the socio-economic integration of Venezuelan migrants and refugees in Ecuador (Quito and Guayaquil), Colombia (Barranquilla and Cali) and Peru (north of Lima). In the three selected countries, the following activities will be carried out:

- Collection of data on existing skills to create job profiles of Venezuelans and displaced Venezuelans, in order to facilitate inclusion in the labor market;
- Support for the creation of companies led by migrants and refugees;
- Awareness campaigns to promote the fair participation of Venezuelan refugees in the labor market and prevent possible negative reactions by ensuring that other groups of local workers are not disadvantaged.
- Analysis of value chains to determine the potential for generating employment in specific sectors and initiate pilot interventions.

During the implementation of the activities, the social partners (workers 'and employers' organizations) will be involved and the participation of local communities will be ensured. At the same time, recommendations for decent and productive employment policies and

strategies for governments will be produced. Beyond this, the ILO is making an inter-institutional appeal to fill the financing gap of US \$ 8.7 million in voluntary funds in order to cover the implementation of the Socioeconomic Integration Component in the framework of a joint ILO-IOM-FAO-OAS, which is expected to meet the needs of migrants, refugees and host communities.

The ILO response is part of the Regional Refugee and Migrant Response Plan (RMRP), developed by 95 organizations and in accordance with the priorities of governments. The plan addresses the protection, assistance and integration needs of Venezuelan refugees and migrants in the affected states of Latin America and the Caribbean.

The ILO, through its Regional Office for Latin America and the Caribbean in Lima, Peru, has assumed a coordinating role in the area of intervention on Socioeconomic and Cultural Integration within the Platform for Inter-institutional Regional Coordination (R4V) of the System of United Nations established in 2018, under the coordination of UNHCR and IOM. *L&E*



Environmental CAPSULE

FOREST RESTORATION TO GREEN PANAMA

Milena Vergara - Assistant
milena.vergara@rbc.com.pa

Between 2003 and 2006, Mark Ashton from the School of Environmental Studies and Jefferson Hall, in addition to the Tropical Research Institute of Panama, carried out the Reforestation of Native Species Project (known by its acronym in Spanish, PRO-RENA). Mark Wishnie, with a new master's degree obtained under the supervision of Ashton, went to Panama as the leader of PRO-RENA and began the hard work of overcoming the key socio-economic barriers and the biophysical knowledge gaps that hindered the feasibility of reforestation with native species, a viable and attractive alternative.

Thanks to her entrepreneurial drive, her knowledge of forest management and her ability to work with a diverse group

of people, Wishnie was able to bring together a unique coalition of individuals and organizations whose long-term collective commitment to the project advances our knowledge of how to reduce risks when planting native species.

In 2016, the "Guide to the growth and early survival of 64 species of native trees of Panama and the Neotropics" was published.

It presents the information that resulted from the research conducted by the Native Species Reforestation Project (PRORENA) and by Intelligent Reforestation with native tree species of Panama planted in groups grouped on slopes, in crest or summit locations, half slope and low slopes.

They represent a combination of timber, fruit,

silvopastoral and even ornamental species used in agroforestry systems or own housing gardens, including trees that bear fruit or provide practical and social values. Native species provide a diverse set of goods and services growing on poor soils, resisting disease and surviving extreme drought and flood conditions. Among the 64 species of native trees that have been selected for reforestation and help greening our country, we can mention espavé, cashew, nance, arbutus, bitter cedar, caimito, sigua, corotú, quince, guava, medlar, balso, cedar hawthorn, jaboncillo, olivo, jobo, Panama tree, mahogany, cuajado, guabito de río, among others.

Among other topics offered by this interesting guide, we have the following:

- Climatic variables to consider when selecting tree species for reforestation and restoration.

- Precipitation
- Duration of the dry season
- Temperature
- Relative Humidity

- Geographic characteristics that can influence the selection of species for reforestation and restoration initiatives.

- Location in relation to geographical features.
- Elevation.

- Physical conditions to consider when trees are planted.

- Pending
- Soil fertility

- Soil texture
- Organic material
- Rocky
- Soil compaction
- Depth of soil

- Measures of silvicultural or self-ecological performance, relevant when planting trees.

- Survival
- Height and diameter growth
- Tolerance in the shade
- Morphology of the cup
- Susceptibility to insect attack
- Humidity and rain requirements
- Rooting characteristics

This guide in general guides us with tools so that the professionals and the reforestation communities can have more knowledge when selecting the species that they are going to plant, the soils where to plant them and thus avoid risks and economic losses with the plantations.

Reforesting and restoring degraded areas within the country with native trees is a great contribution to support the initiatives of reforestation and forest restoration to greenland Panama.

We encourage our readers to acquire this important guide and, in turn, with their reading they can acquire more knowledge about the management and growth of native species. *L&E*



**MARTA MATAMOROS
FIGUEROA AN EXCEPTIONAL
UNIONIST (1909 - 2005)**

**Illustrious
PEOPLE**

Idalia Ballesteros - Asistant
idalia.ballesteros@rbc.com.pa

Marta María Matamoros Figueroa was born in Panama on February 17, 1909 on Calle 14 Oeste, in the Santa Ana neighborhood of Panama City; was the only daughter of Gonzalo Matamoros who was the founder of the Republican Band and Josefa Fi-

gueroa de Matamoros, housewife, both of Costa Rican nationality. Following the War of Coto, Marta and her parents returned to Costa Rica where Marta managed to complete her primary studies and took some dressmaking courses; Marta could not fi-

nish high school and soon learned the trade of shoe store and then the seamstress.

The father of Marta Mr. Gonzalo was the one who transmitted to his daughter the nationalism and humanitarianism that would guide her

throughout her life.

Marta started working as a dressmaker from home, however, she felt lonely and needed to relate to other people, so in 1941 she got her first job as a worker in the clothing manufacturing factory El Corte Inglés, after

three years He starts working in different companies such as La Mascota and the tailor shop of the French Bazaar. It is important to mention that at that time there was no Labor Code in Panama, so the workers of the time worked mostly under unfavorable conditions that included confinement, suffocating heat and iron discipline measures, all this added to the fact that there was no right to vacation or maternity jurisdiction.

For the year 1945, at 36, Marta joined the Tailors and Allies union, at a time when women's union participation was scarce and she managed to climb up to become Secretary of Finance and in 1946 she organized a strike for workers who it lasted thirty-eight days in the French Bazar factory, where he worked, to demand better salary and work conditions. After this strike was without work and managed to enter that same year where he actively collaborates in the development of the Labor Code, also present a bill to grant 14 weeks of rest with salary (6 weeks before delivery and 8 weeks after childbirth), which was hosted by the union's board of directors. Collective signatures of support of trade unions, working classmates and even housewives were organized and a large march of workers and workers was organized until the Legislative Assembly (now the National Assembly of Panama). Once the proposal was in the Legislative Assembly, it had the support of deputies Esther Neira de Calvo and Gumercin-da Páez (first women deputies of the country) and was finally approved. And over time, Marta also fought for the approval of the maternal jurisdiction and in this way to avoid that after giving birth women were dismissed by employers.

For the year 1947 Marta participated in the mobilization of rejection of the Filós-Hines Agreement that ceded Panamanian territo-

ries for US military bases and also participated in the March of Hunger and Despair of Columbus. Later, in 1951, she was elected for one year as General Secretary of the Trade Union Federation of Workers (now the National Confederation of Workers of Panama), becoming the first woman to hold that position.

During the period as General Secretary of the Trade Union Federation of Workers in 1952 and under the government of President José Antonio Remón Cantera supported a strike of bus drivers from the neighborhood of Rio Abajo who demanded to obtain social security payments and a fixed salary, this support he was imprisoned in the Model Prison for ninety-nine days without the right to family visits or friendships, so in protest he began a hunger strike that lasted 14 days and was taken as punishment to Macarena, one of the worst cells in the country. the prison.

After these hardships, Marta had problems being hired and set out to work from home, but without abandoning her ideals at all.

In 1953, she represented the Federation as a delegate to the III Congress of the World Federation of Trade Unions, held in Vienna, Austria. At that time he joined the People's Party, the Communist Party, of whose central committee he was a member, and since 1954 he was an honorary member of his Political Bureau. It was a standard-bearer in the vanguard brigades for the establishment of the minimum wage, the reduction of rents in the tenancy houses and the signing of the Agrarian Code for the protection of the land.

Marta also served as General Secretary of the Tailors' Union, formed part of the World Federation of Trade Unions and acted as the national leader of the Internatio-

nal Democratic Women's Federation (FDIM).

He attended the Workers for Peace conference, hosted by the World Federation of Trade Unions in Berlin-East Germany, in 1962. In the same year he participated in the International Conference, sponsored by the International Democratic Women's Federation (FDIM) in Prague, Czechoslovakia. In 1963 he represented the Trade Union Federation of Workers of the Republic of Panama before the Permanent Congress of Trade Union Unity of Workers of the Republic of Panama.

In 1968 she was elected General Secretary of the Trade Union Federation of Workers of the Republic of Panama. She participated in the Third World Trade Union Conference, held in Prague in 1972, in which a Charter of Rights and Demands for Working Women was drawn up. In 1973 she was delegated to the World Congress of the Peace Forces, held in Moscow, Soviet Union. In 1975 she was part of the organizing committee of the Constitutive Congress of the National Union of Panamanian Women (UNAMUO), of which she was later named Honorary President. In 1978, she participated in the Congress of the Federation of Workers of Iraq, on behalf of the Trade Union Unity of Workers of Latin America (CPUSTAL) and the National Confederation of Workers of Panama (CNTP).

In an act of recognition that was made in the framework of International Women's Day, in 2001, at 92 years old, she said: "I learned to face injustice with workers, I never thought of any recognition. Our commitment was for the freedom of our country, for the right of our people to live with dignity and for women with their emancipation and opportunities in work, community and home, there have been important achievements, but much remains to be done."

Among the multiple recognitions she received for her work as a trade unionist and champion of women's rights, the Workers' Federation of the Republic of Panama awarded her in 1949 the Medal in Honor of Trade Union Merit. Also the medal "Dionisio Arrocha González", which bears the name of that distinguished martyr of trade unionism, which was delivered to him on May 1, 1963. On March 8, 1971, as part of the commemoration of International Women's Day, received the parchment "Honor of Merit". The Women's Commission for the Defense of Women's and Children's Rights honored it in 1973 with a medal of recognition for its long performance in support of popular organizations in the social, economic and political fields. The district of San Miguelito of the city of Panama presented him in 1982 with a parchment in recognition of his tireless work for the defense of workers' rights, and in particular those of women and children. In that same year he received the order "Manuel Amador Guerrero", awarded by the government of the Republic of Panama, in the official grade. And on April 30, 1982, the eve of May 1, the Trade Union Federation of Workers of the Republic of Panama (FSTRP) awarded him the "José del Carmen Tuñón" Medal.

In 1991, the Panamanian Institute of Labor Studies (IPEL) presented her with a painting in which she was portrayed, winner of the Pictorial Literary Worker's Contest. In 2003, she was recognized by the University of Panama as one of the hundred most influential women in national life and dignity.

Among other awards and decorations that Marta received are the following:

- The Government of Panama, through Executive Decree No. 81 of May 18, 2006, creates

the National Decoration of the Order Marta Matamoros as *"a tribute to a woman of integrity, of great civic virtues and exemplary social, political and cultural trajectory of belligerence for the achievement of their ideals, which has contributed to the strengthening of the Panamanian nation and the consolidation of social rights and gender equality "*.

- In 2001, the Institute for Women of the University of Panama, gave its name to the Center for Specialized Documentation in Gender.
- Order Grand Cross granted by the government of Panama in 1994.
- Recognized by the Municipality of Panama and the Communal Board of Santa Ana as Meritorious Daughter of the Capital City.
- The University of Panama recognized her as one of the 100 outstanding women during the Centennial of the Republic of Panama.
- In 2017, the film director Delfina Vidal made the documentary La Matamoros in honor of this Panamanian trade unionist. It was premiered at the International Film Festival of Panama, taking the prize for best film from Central America and the Caribbean

She spent her last years in the home of the elderly New Life Foundation God is Love, where she died on December 28, 2005.

"Marta Matamoros, working women are in debt to you and what else to pay that account to follow your hardened steps, your battles without hesitation. You are a woman a full letter! " Dania Betzy Batista Guevara. *L&E*

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Rivera, Bolívar y Castañedas

Sports Capsule



Ana Sofia Corrales
rbcweb@rbc.com.pa

After the elections, it is nice to see how the youth is awakening and is rising against issues that concern us all and move away from the bubble in which they were.

It is a very particular way of maturing, since after so much time we see a more active youth, giving strong opinions and getting informed. For something you have to

start and it's good to have started already.

Maturing involves so many things, among them, making decisions that can change the direction of your life, is more aware of our actions and their repercussions, and we are forced to be up to date, filled with information, and seek answers to questions that we do not know. And this is where we find the difference between growing and maturing. *L&E*

SOCCER

National Mayor Selection

The next World Cup 2022, FIFA has taken the decision to keep it with 32 teams and postpone the entry of 48 teams for the next World 2026, for logistical issues, as it involved moving from 64 games to 80, which made it very predictable having to organize World Cup matches in a neighboring country of Qatar, something that is currently difficult due to the political context of that area.

Sub-20 Team

The presentation of Panama in the Prem World Sub17 of the Concafac, concluded when defeated by the United States 3 goals to 0 in the quarterfinals.

Despite staying at this stage of the tournament, the boys had not lost in their previous four meetings in which they drew 2-2 against Costa Rica, defeated Suriname 3-1 and drew 3-3 against Curazo, in the group stage . In the second round defeated Guatemala 2-0.

What tells us that we can prepare better for the next meeting.

The XXII edition of the U-20 World Cup in Poland, which started on Thursday, May 23 and concludes next Sunday, June 15, will be a world full of emotions, as it doesn't have the presence of the champion England or the runner-up Venezuela. Twenty-four teams will

MUNDIAL SUB-20 POLONIA 2019

GRUPO E

PANAMÁ VS. MALI
SÁBADO 25 DE MAYO 11:00 AM
BYDGOSZCZ STADIUM

PANAMÁ VS. FRANCIA
MARTES 28 DE MAYO 11:00 AM
BYDGOSZCZ STADIUM

ARABIA SAUDITA VS. PANAMÁ
VIERNES 31 DE MAYO 11:00 AM
BYDGOSZCZ STADIUM

#PANAMASUB20

F T I F E P A F U T

fight to win the Tournament. And it is an excellent opportunity for players born from January 1, 1999 to demonstrate their talent.

The Sub 20 is in its sixth appointment in the U20 World Cup, remaining in the Group E phase with Mali, France and Saudi Arabia.

All your preparation will be seen on the court in regular round matches that are scheduled:

- Saturday May 25 against Mali,
- Tuesday 28 against France
- Friday the 31st against Saudi Arabia.

Beach soccer

Panama beach soccer made a good presentation at the Concacaf Premundial that took place in Puerto Vallarta despite not being conclusive, since in the semifinal Mexico defeated the Panamanian team 3 goals to 0.

Panama had 4 consecutive victories, passing first in the group round and beating Guatemala in the elimination phase.

The two finalists of the tournament that will represent CONCACAF at the 2019 World Cup in Poland will be the United States and Mexico.

The nationals took fourth place and also took the prize to the 'Fair Play' team. Captain José Victoria received the recognition.



Gold Cup

The preparation of Panamanian team for their participation in the Gold Cup includes the presentation of the new shirt for this edition of the tournament and three friendly matches, where Panama will receive the visit of the Basque Country team on May 29, then play against Colombia on June 3 and closes against Uruguay on the 7th.

In this shirt it has a special design where white predominates and where black and gold colors are also given life. The edition of this shirt will be limited, it was reported at a press conference. It was announced that the cost is \$79.95, plus taxes.

The scheduled games of category D of the Gold Cup will be:

- Tuesday June 18 against Trinidad and Tobago in Minnesota.

- Saturday June 22 against Guyana in Cleveland.

- Wednesday June 26 against United States in Kansas City.



Cup Tournament

The Costa del Este FC is crowned champion of the Cup Tournament to win, by throwing from the penalty point (4-3) to Club Deportivo Universitario, in a match held at the Maracana stadium in El Chorrillo. This was confirmed by the Panamanian Soccer Federation.



Panama vs Basque Country

Well, the farewell match of the Panama Mayor team against the Basque Country will be this May 29, at 8:00 p.m., at the Rommel Fernández stadium.

The honorees of this duel will be Jaime Penedo, Blas Pérez y Felipe Baloy along with the coach Julio Dely Valdés. The player Luis Tejada will arrive the next days. This was confirmed by Fepafut. *L&E*



BASEBALL

The boys of the U18 has been a difficult group to be in the group B in the U18 Baseball World Cup based in Korea. *L&E*



VOLLEYBALL

We already have U23 pre-selection to represent our beautiful country in the Central American in Nicaragua in the month of June.

Good luck to the girls and to give their best to earn their places! *L&E*

Chiriquí Oriente	Chiriquí Occidente	Veraguas
Adriana Caballero	Karla Doris Ortiz	Ekaterina Ureña
Jeisell Cáceres	Jennifer Michel López	Maryory Rojas
Irene Martínez	Iris Adneelys Urrunaga	Mariluz González
María Berrocal	Stiphanie A. Lezcano	Claudia Dutary
Adjani Arosemena	Keysi Del C. Caballero	
Katherine González		
Johany Miranda		
Colón	Panamá Centro	Bocas del Toro
Taira Echevarría	Leugim Butler	Milane Brown
Sayira Salazar	Blanca Vega	
Zuyairys Daley	Yaremis Concepción	Los Santos
Nayoisse Campbell		Edith Duran
Gerizim González		
Shahuny Cowen		
Yileen NG He		

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Gabriela Melgar - Assistant / Marketing
gabriela.melgar@rbc.com.pa

ANIMAL SUFFERING, THE HIGH PRICE OF BEAUTY

Well it is said among women that, to be beautiful, you have to see stars, perhaps this premise, don't get away from reality, much of the things we do to see ourselves, so to speak, more beautiful, take their degree of sacrifice or pain in some cases. However, there are those who are prisoners of pain and suffering, they see all these stars before, so famous products, reach our hands.

I am sure that, very rarely, when using a shampoo that promises to give us a deep hydration or that mascara that assures us we will have spectacularly long eyelashes, we wonder what process happened, before reaching our hands. And so, we use many products in search of that beauty that the industry sells us, without thinking who or

who suffered, so that this final product would be consolidated. It is estimated that 12 million animals per year are used for tests, this is equivalent to the use of 137 animals, every 10 minutes.

Tests on animals, exist since the last century, if we go to history, specifically, the United States, we will discover that, in 1937, about a hundred people, including children, died from the intake of a product Pharmaceutical called Elixir Sulfanilamide, a compound that consisted of a preparation of Sulfanilamide with Diethylene Glycol, as a solvent, as we know the latter, is poisonous to humans. Having not existed prior tests and even knowing that this compound was harmful, it was marketed, having a fatal

outcome. As a result of this and even existing the Food and Drug Purity Act of 1906, which prohibits the sale of some drugs, in 1938 the Food and Drug Administration (FDA), approves the Federal Law of Food, Drugs and Cosmetics, within which, among other things, it was established that any product of this nature, should be tested, before being commercialized.

If we focus precisely on the cosmetic industry, there are many brands that have tested animals and still do today, before entering fully into the market, likewise there are others, which, while it is true, do not test in animals, they have within the compounds of their products, substances of animal origin, which is equivalent in a certain part to a contradiction, since they do not subject the animals to the cruelty of trying them, but if they use their derivatives.

WHAT ARE THE TESTS ON ANIMALS?

Basically, the products within the cosmetic industry, are directed to the care of the skin, either of the face, the body, etc., in the same way it happens with the makeup, for which among the tests carried out for these products we can mention:

- **Draize Test:** This test presents two variants, the first one, in which the effects of the substances to be used on the eyes of animals are studied, mostly rabbits, these are applied directly on the eyes, without any type of anesthesia, then they are studied the advances and the animal is deprived of its natural instinct to scratch or try to remove what bothers it, many of them in the end are blind or with other damage in sight. The other test, consists of tests on the skin, for this, these animals are shaved in their entirety or in the part to be experimented, immobilized and these substances are smeared, to see if they develop allergies, irritations and skin damage, it should be noted that no type of analgesic is placed during these studies.

- **DL50 Test:** is done with a population of 200

animals, consists of forcing them to ingest or inhale certain compounds, in order to measure the toxicity of them, when 50% of this population dies, the experiment ends, the remaining 50% is sacrificed to carry out studies in their organs and tissues.

There are also, within these tests of toxicity, those performed in females before and during pregnancy, often these pregnancies are interrupted to perform studies on the fetus, when they are not interrupted, after giving birth, experiments are also performed in the offspring and so on in the other generations, of the same litter. There are cases in which the males, are subjected to tests with some substances, before fertilization.

- **Carcinogenicity Test:** substances are tested to identify if they can produce or increase the risk of cancer cells growing, chemicals used in animals, induce growth of tumors, after the time of study, the animal is sacrificed, for analysis.

It should be noted that all these animals, after being used in these experiments, are slaughtered.

WHAT ANIMALS ARE USED IN THESE TESTS?

For cosmetic research the most common animals, for these experiments are:

- Rabbits
- Guinea pigs
- Rats
- Mice



However, there are also tests performed on dogs, cats and monkeys.

Nowadays, there are prohibitions for these practices, for example, in the European Union, a step forward was taken, when the prohibition to experiment finished cosmetic products in animals, in 2004 and to experiment its ingredients in animals, in 2009, took place. Finally in 2013, to prohibit the commercialization of finished cosmetic products or whose ingredients have been tested on animals. In the same way, they have remained in the struggle to get other countries around the world to join this initiative. It should be noted that China is the country where this type of animal cruelty is most developed, since, by law, companies are forced to experiment all their cosmetic products, on animals, before entering the market, this means that, those companies that seek to market their products in China, must pay, for them to pass through these tests, before their sale.

In Latin America, Argentina, Brazil and Mexico, top the list of cosmetic experiments in animals. However, Mexico is seeking, through presentation of an initiative before the Senate, to eradicate these practices, following the steps of Guatemala, which in 2016 became the first country in Latin America to prohibit animal testing. Brazil currently has 6 states, which have banned cosmetic experimentation on animals. Argentina, for its part, is also in the midst of debates, against these practices.

Worldwide there are 37 countries, which have banned this partially or in its entirety, we can mention here, all the countries belonging to the European Union, Guatemala, Switzerland, New Zealand, India, Israel, South Korea and Taiwan. Similarly, countries such as the United States, Colombia, Canada, Australia and

Chile are working on this type of legislation.

In our country, there is Law 70 of 2012, of protection to domestic animals, where in Chapter 2: Experiments with animals, indicates the following:

Article 6.

“Experiments with animals can only be carried out when there is justification that the desired results can not be obtained through other procedures and that they are necessary for the control, prevention, diagnosis or treatment of diseases that affect humans or animal species, as well as for the advancement of basic science knowledge.

It prohibits experimentation or any type of tests on animals, for commercial or cosmetic purposes.”

As we can see, the use of animals for tests for cosmetic purposes is prohibited, however, they can be used for scientific purposes.

THE “CRUELTY FREE” BRANDS

There are those brands whose final product has not been tested on animals, its ingredients are not and the company doesn't test on animals, even so, the law requires it. All this includes both the company, as well as the suppliers and third parties involved. There are pages on the internet, where the brands that don't test on animals are shown and in the same way, those that do.

In the end, we probably have the doubt, what would happen if you don't experiment with animals, as we will know the effects of these products on us humans. The answer is sim-

ple, it has been proven that there is no 100% efficiency in these experiments, there are many differences between animals and us and there are probably substances that react in them in one way and in us in another. There are also 15,000 ingredients that have been tested and considered safe in humans.

Also, we have begun to work with human tissues and computer models for the testing of certain products and medicines, so far it is not possible to completely eradicate the use of animals, at least in science, given how complex it is. develop by computer, the most complex issues of the organism of the human being. However, the

research remains constant, for in the future, not need to cause unnecessary suffering to animals.

It is time to begin to be aware of these issues, to satisfy the vanity of the human being is the most prosperous business of all time, but how many animals have to pay with his life, the perfume that we may be using today? How many must remain blind so that our eyelashes are divine? The fact is not that we stop buying those brands that we like so much, but it is possible to support and raise awareness, so that more and more, little by little, these are eradicated. practices, completely. *L&E*

LOGOS DE PRODUCTOS LIBRES DE CRUELDAD ANIMAL Y PRODUCTOS VEGANOS

Cruelty Free Logos



Vegan Logos





Ivana Herrera - Attorney
 ivana.herrera@rbc.com.pa

AND ... WHAT WILL HAPPEN WITH MY HUAWEI?

This is the question of many of the users of the Huawei telephone company, after the past May 19 Google released the news that they would have suspended the business with Huawei that require “the transfer of hardware and software products”, except those of open source. That, in other words, means that Huawei mobiles would be out of Google Services, which includes updates to the operating system for current models.

The move comes after the administration of US President Donald Trump added Huawei to a list

of companies with which US companies can not negotiate unless they have a special license. Beyond being able to continue launching phones without Android, or with an alternative system based on Android, but without the hand of Google, the truth is that if this block is confirmed all the devices launched to date by the Huawei company could not update to Android Q and later versions. Futures, directly, could not carry the “Google Android”, which is what they have so far.

In a statement, Google said it was “complying

with the order and reviewing the implications.”

Huawei, for its part, said it will continue to provide security updates and after-sales services to all Huawei and Honor smartphones and tablets already sold or in stock worldwide..

For a while Huawei was preparing an operating system created by themselves that didn't depend on Android, although it is true the news about the break of Google with Huawei has fallen like a bucket of cold water, Huawei had been considering his plan B.

A couple of months ago the CEO of the company Huawei stated the following:

“We have prepared our own operating system, if it ever happened that we cannot use these systems (Android and Windows), we would be ready, that is our plan B. But, of course, we prefer to work with the ecosystems of Google and Microsoft”

Many may have wondered and, Huawei, why was this feared and had a plan B ?, remember that since December 2018, the United States has been pushing the Company and even, asking for the extradition of Meng Wanzhou, financial director of Huawei (who by the way is also the daughter of the founder and CEO of Huawei) who was arrested in Canada on December 1, 2018 when she made a transfer.

The United States unveiled a widespread accusation that, among other things, accuses Meng of fraudulently deceiving four banks so that Huawei can evade US sanctions against Iran.

He also accused Huawei of stealing trade secrets and obstructing a criminal investigation into what he said was the Company's effort to avoid such sanctions by destroying or concealing evidence.

Meng was currently granted house arrest on bail after posting bail of 10 million Canadian dollars



(about US \$ 7.5 million) and awaiting trial to determine whether or not he is extradited to the United States. At the hearing the judge will examine whether the fraud that Meng is charged in the United States is also a crime in Canada.

Meng's defense attorneys have already said that the charges are politically motivated, which could potentially help her in the extradition case. President Trump may have given

credit to this argument when he said he was willing to intervene in the case if that helped achieve a trade agreement with China.

Huawei is one of the companies that is entangled in what many consider a cold commercial technology war between the United States and China, which could affect thousands of users.

Other US companies, like Google that have seen affect their business relationship with Huawei by the measures taken by his government would be chip makers Intel, Qualcomm and Broadco.

At the same time the rise in tariffs imposed between the United States and China is increasingly high, which has caused many of the companies in the United States to reconsider their presence in China. Thus affecting the sale price of the products.

In the short term, the current situation could be very damaging for Huawei in the West, due to its sales.

Smartphone buyers wouldn't want an Android phone that didn't have access to the Google Play Store, its virtual assistant or security updates, assuming that these are among the services that will be removed.

However, in the long term, this could give

smartphone providers a reason to seriously consider the need for a viable alternative to Google's operating system, particularly at a time when the search giant is trying to promote its own Pixel brand.

While it is true, a large piece of cake of telephone users by the West (including the American continent with an approximate population of 996 million in 2017, European, Oceania) may lead to losses, we must remember that only China has a population that exceeds 1,355 million people, this does not include the other countries of the Asian continent.

On May 22, 2019, the United States has decided to temporarily lift the ban on Huawei. In the middle of a fight with Chinese technology, the Commerce Department has decided to grant three months, 90 days, to prepare for the transition. The decision that is taken after the threat China not to send to the United States essential materials for the production of a huge range of electronic products.

Those affected in wars will always be all, there is no war that does not affect a country either directly or indirectly; in this case it affects the technological development at a global level. *L&E*

Cultural Capsule

Mariela de Sanjur
mariela.sanjur@rbc.com.pa

THEATER

- La Plaza Theater: Five Women with the same dress until June 30.
- La Plaza Theater: Give me Like on days 10,17 and June 24,
- La Plaza Theater: What a construction disaster until June 1.
- La Estación Theater: Lies True until June 16.
- La Estación Theater: My Friend the Dragon until July 14.
- La Estación Theater: UNI2 magic show on June 18.
- Aba Theater: Transylvania 3 until June 13.
- Aba Theater : A cautious man is worth two until June 23.
- Aba Theater: Penis à la carte, new chefs since June 27.
- The French Alliance: Story of Loves and the Zarzuela from June 10 to 13.
- Balboa Theater: We are going well on June 7th.
- En Circulo Theater: Habemus president on June 12.
- El Ángel Theater: Now in this house I command from June 4 to 16.
- El Ángel Theater: As dogs and cats until June 2.
- Build Theater: Ladies at the Alamo on 6, 8, 13, 15, 20 and 22 of June.

MOVIES

- Godzilla 2 the king of monsters June 1st.
- XMen -Dark Phoenix on June 6.
- Pets 2 on June 6.
- Men in blac international on June 13.

- Teachers of deception on June 13.
- Toy Story 4 on June 20.

FESTIVALS & EVENTS

- EXMA 2019 on June 5 and 6 in Atlapa.
- Fado Panama Festival on June 12 - City of Knowledge, Clayton:
- Carminho (concert) at the Athenaeum of the City of Knowledge on June 18.
- Perpetual Moments (film) at the University of Panama at the Simón Bolívar Library on June 18
- XIII Alfredo de Saint Malo Festival from May 30 to June 9
- Encounter of devils dances in La Chorrera on June 9.
- National Handicrafts Fair in Atlapa from June 12 to 19.
- Sea turtle fair in Playa de Mata Oscura in Quebro de Mariato, Veraguas on June 16 to 17.
- Fiesta de Corpus Christi in the Villa de Los Santos from June 15 to 30.
- Corpus Christi party in Parita from June 19 to 30.

CONCIERTOS Y PRESENTACIONES:

- Bread and Wine dinner on the Atlapa Islands on June 20.
- Sheer & Elite 2019 at the Anayansi Theater on June 7 and 8.
- Bad Bunny in Plaza Amador on June 14.
- Alessandra Rampolla at the Hotel Panama on June 20.
- El Choli moves to Panama City at the Amador Convention Center
- World Music Panama 2019: Adrian Iaies & Colegios Trio at the Athenaeum of the City of

Knowledge on June 20.

- Carlos Cruz in Divorcing Me! at the Las Americas Golden Tower Hotel on June 23.
 - Selecta Moda2019 at the Sheraton Hotel, Casa Veranda on June 13.
 - Reik Tour 2019 at the Roberto Duran Arena on June 13.
 - Zarzuela Night at the San Agustín School Auditorium on June 27.
 - Miss Panama on June 20 at the Roberto Durán Arena.
 - Hackathon - Big Data Challenge 2019 is a free competition that will take place on June 1 and 2 at the City of Knowledge in Classroom 105.
 - XIII ALFREDO DE SAINT MALO FESTIVAL FROM MAY 30 TO JUNE 9
Saturday, June 1, 2019:
 - Camerata de Panamá, Director Víctor Mata. Euridice Alvarez (oboe, Honduras / USA), Jeffrey Powers (horn, USA), Charlotte Daniel (Flute, USA), Jun Qian (Clarinet, USA), Winner of the ASMF 2019 Soloists contest.
 - o Place: San José Church (Altar de Oro)
 - o Time: 7:30 p.m.
 - o Tickets: General USD 15, Student USD 5
 - Network of Children's and Youth Choirs and Orchestras of Panama: San Miguelito Wind Orchestra, Director Hipólito Villarreal
 - o Place: Los Andes Mall
 - o Time: 4:30 p.m.
 - o By donation
 - Tocando Madera Foundation
 - o Place: French Alliance
 - o Time: 7:30 p.m.
 - o By donation
- Monday, June 3, 2019:

- Symphony Orchestra of the University of Panama. Director Sebastián Cohen (Argentina).- Special participation of Libya Montaña Soloist (soprano, Panama) and Amelia Cal (soprano, Panama), accompanied by the Versatile Quartet, Director Luis Troetsch (piano, Panama).

o Place: Dome of the University of Panama
o Time: 7:30 p.m.

o By donation

Tuesday, June 4, 2019:

- Sebastien Hurtaud & Lea Birringer

o Place: Teatro Anita Villalaz

o Time: 7:30 p.m.

o By donation

Wednesday, June 5, 2019:

- Baylor Woodwind Quintet / special participation of the Bronze Quintet, Juan Pagan, (Trumpet, Panama), Oscar Pagan (Trumpet, Panama), Joel Arias (Corno, Venezuela), Gerardo Pinto (Trombone, Panama), Joshua Vanegas (Tuba, Panama) and the Corba Ensemble of the FBA-UP.

o Place: National Library

o Time: 7:30 p.m.

o Tickets: General USD 15.00, Student USD 5.00

Thursday, June 6, 2019:

- Percussion Concert

o Place: F-112

o Time: 7:30 p.m.

o By donation

Friday, June 7, 2019:

- Baylor Woodwind Quintet

o Place: Library of Boquete

o Time: 5:00 p.m.

o Tickets: General USD 20.00

- Chamber Music Orchestra Eternal (Cuba),



Director Guido López Gávilan (Cuba). Soloist Isaac Casal (Violoncello, Panama) / Special participation Camerata Essy Casal, Director Víctor Mata

o Place: San José Church (Altar de oro)

o Time: 7:30 p.m.

o Tickets: General USD 15.00, Student USD 5.00

Saturday, June 8, 2019:

- Tango F-31 (Colombia)

o Place: National Library

o Time: 4:30 p.m.

o By donation

Sunday, June 9, 2019:

- Concert of Closing Orchestra of the ASMF

2019 Director Cesar Leal (Colombia, USA),

Soloist Ann Shoemaker (Bassoon-USA)

o Place: Balboa Theater

o Time: 7:30 p.m.

o Tickets: VIP I USD 40.00, Preferential 25.00, General USD 15.00, Student USD 5.00

- June 22nd National Day of reforestation
- June 24: San Juan Bautista
- June 26: International Day for Tropical Forests
- June 29: Saint Peter and Saint Paul Apostles. *L&E*

FECHAS IMPORTANTES

- June 1: National day of the recycler
- June 5: National Environment Day
- June 8: World Day of the Oceans
- June 12: World Day Against Child Labor
- June 13: Radio and TV Day
- June 13: San Antonio de Padua
- June 13: Day of the Physicist in Panama
- June 14: Broadcaster's Day
- June 14: World Blood Donor Day
- June 16: National Day of the troubadour and poet of the tenth Panamanian
- June 16: Father's Day
- June 17: World Day to Combat Desertification and Drought
- June 20: World Refugee Day
- June 21: Music Day
- June 21st: Summer Solstice



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- Electricidad.
- Cableado.



- Asesoría legal y administrativa para la apertura y funcionamiento de una empresa.
- Contamos con conexiones de proveedores.
- Y una metodología de trabajo optimizada para este tipo de desarrollos.

Para mayor información contactar:

 Tel.209-5900

 jj.rivera@rbc.com.pa
mariela.sanjur@rbc.com.pa

 Calle Aquilino de la Guardia,
Torre del Banco General
casa matriz, piso 9

Alianzas alrededor del Mundo

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