Legislación y Economía

ISSN 1726-0485 DECEMBER 2020

Gradual reimbursement of employees

LABOR PERSPECTIVE, PANAMA 2020

Balance sheet and challenges for social dialogue between actors from the productive sector

A YEAR TO REFLECT

A decade of transfer prices in Panama

Evolution of mining in Panama

The Phenomenon of La Niña will extend until the year 2021

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Consejo Editorial

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DECEMBER 2020

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A YEAR TO REFLECT

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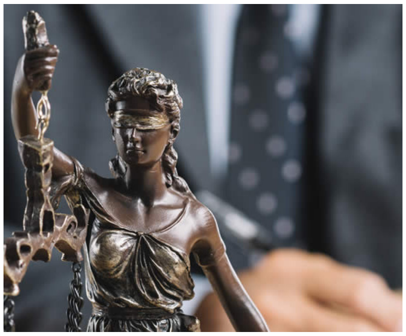

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Editorial

A year to reflect

In December 2019, the country was facing the first five months of the current administration, which had been characterized by an ambitious government plan and by an exceptional negotiation of a financing for two billion dollars to face imminent maturities. Within this environment, the choice of the Comptroller of the Republic for the five-year period was proposed and, surprisingly, the Assembly chose Mr. Gerardo Solís, who, upon assuming office, promised to maintain high levels of efficiency, accountability, independence and transparency.

With beginning of 2020, there was an inventory of projects that would generate high levels of jobs, since model of the past decade had already run out and unemployment had risen to 7%, which was worrying. We all remember that, in mid-February, the world began to inform itself about a mysterious disease that had its origin in the Wuhan region of Popular China and what was shown was surprising.

The Chinese authorities, faithful to their culture, took radical actions isolating the population and prepared their health system to take in those who were infected, since the virus called Covid-19 had devastating effects on human anatomy.

At first, we were all apprehensive to consider that this virus would have a global spectrum and the response of the western world to this scourge was gradual and we haven't seen any coherence to nine months since the declaration of the Pandemic by the WHO.

This moment is not to relate what we have all lived through, but to reflect on some universal and other local features that have ruined countries, individuals, families, the elderly, children, companies and dreams of each.

1. In general terms, government management has been highly flawed, both in the measures implemented, in the lack of information to the population about their relevance, in leadership during critical periods, in the control and supervision of costs and investments. to attend the pandemic.

2. In the same vein, most health systems have collapsed because they do not have the strength to meet the demand that Covid-19 has produced and at the same time the other diseases that cause death. Fortunately, the lethality of the disease is low.

3. Almost universally, countries have had to resort to borrowing from multilateral organizations, because there were no reserves for an abrupt drop in production, consumption, and an increase in health care costs..

4. In the scientific field, we must recognize that advances in the study of diseases and also how international laboratories have responded with great urgency to the needs of having one or more vaccines to meet the needs of the world population that exceeds the eight billion inhabitants. Also applaud the great debate that has been generated, not only regarding efficacy of vaccines; rather, to use of a battery of drugs and products to improve body immunity and attack the viral load of the first moments of the disease. Curiously, the long inventory of diseases that we suffer from, has been suspended, among other things because it has generated a universal fear of going to hospitals, clinics and doctor's offices.

5. I see that, universally, we now have greater concern for health and for the first time in many years, we have seen death and its consequences very close; both family and friends, as well as us who are in the third age, the population that has the highest percentage of fatality.

6. For our grandchildren and in general for those who are still in schools and universities with physical presence, the blow has been devastating, particularly for those who have had to drop out of the educational system because they lack the means to face this education virtual.

7. In the case of workers in general, the number of unemployed reaches hundreds of millions and many have been with suspended contracts without any certainty about the so-called economic recovery, because the pandemic has produced several periods of total closure of cities, activities and companies.

8. In many countries the percentage of informal, micro and medium entrepreneurs, exceeds 90% and therefore when economic activity is canceled in large sectors, the damage is enormous and irreversible, including those economies that are based on aviation, tourism, entertainment, gastronomy, arts, fashion and other segments that generate employment, investment, creativity, emotion.

9. The pandemic has confined us for long periods and has diminished our ability to manage a multiplicity of problems, debts, quality of life and as a consequence of them, from children to the

elderly, today we are struggling in thinking about the present and the future .

10. Only the development of virtual communication media, the avalanche of seminars, talks, concerts, films, series have been able to mitigate some of the effects of the pandemic.

Now, what do we do?

1. Preserve health.

2. Keep our body and mind healthy.

3. Be attentive to our families, especially the elderly and children.
4. As Einstein said: "If we do the same we cannot expect different results." We have to make an effort to rethink our ideas, our convictions and get out of the static zone and pessimism.

5. We must maintain a citizen oversight over all movements, contracts, statements of our authorities and political, union, religious, scientific, cultural, sports, musical, thinkers and opinion leaders.

At the end of the day, respect our environment, be supportive, tolerant, persistent, questioning, participating and especially humble. This battle requires an agreement, beyond the borders to ensure its success, but that result will be gradual, although technological development will allow us to advance faster than we think at the moment.

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

Invited Writer

A DECADE OF TRANSFER PRICES IN PANAMA

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The transfer pricing regime is introduced in Panama as of 2010 and is contained in Articles 762-A to 762-L of the Tax Code. In addition, there is regulation on the matter through Decree No. 390 of 2016 and as of 2019, the adoption of the report country by country.

Transfer prices are known in the tax world as the prices agreed in transactions between related parties.

Unlike a price agreed between independent parties, the common interest that the parties have in this type of transaction may cause prices not to reflect the functions performed and the risks assumed by each of the parties.

When it comes to a multinational group, with subsidiaries located in different jurisdictions, with different tax rates and that carry out transactions between them, the tax authorities of these jurisdictions ensure that these prices agree with market prices to ensure that the income declared in their jurisdiction and tax paid, are appropriate. This concept of matching transfer prices to the prices agreed upon by independent parties is known as the "Full Competition Principle" or "Arm's Length Principle" and it is the international standard adopted by the countries to control the erosion of bases. taxable as a result of intra-group flows.

In the case of Panama, the legislation has adopted the international criteria contained in the Transfer Pricing Guidelines of the Organization for Economic Cooperation and Development (OECD), among which are the linkage criteria, the definition of the subjects required, methods, statistical measures and comparability factors to validate compliance with the arm's length principle.

In addition, the legislation establishes the documentary obligations before the General Directorate of Revenues (DGI) and the sanctions for non-compliance.

During these first ten years, the regime has evolved and expanded its scope to now not only cover cross-border operations, but also local operations in the event that one of the parties is located in a regime or special economic zone.

It has also evolved in terms of the adoption of international standards after Panama joined the inclusive framework of the BEPS Project of the OECD in 2016.

The evolution in terms of documentation has meant the demand for more information in the transfer pricing reports, the transfer pricing study and the business group documentation, the latter which resembles the OECD's BEPS project master file.

The greater level of detail in the documentation allows the Tax Administration to evaluate the risk levels for the opening of transfer pricing audits.

In this sense, the DGI has been exercising its control powers through application of fines for omission of the transfer pricing report that can reach up to $ 1 million, the request for transfer pricing studies and the opening of inspection procedures.

This has resulted in contentious tax procedures, generating jurisprudential criteria in this regard.

In 2017, the first ruling on the merits of the Administrative Tax Court (TAT) was published on a case of transfer pricing inspection in Panama.

Since then, substantive jurisprudence has been developed, with Merits Resolution No. TAT-RF-062 of September 10, 2020 being the most important ruling in terms of the amount reached and the development of technical criteria discussed by the TAT. Within jurisprudence, there are some aspects that can be identified as lessons learned. First, it is observed that both the DGI and the TAT show the inconsistencies presented by the taxpayers in their analysis of Transfer prices.

These inconsistencies detected between the different transfer pricing obligations that are presented to the DGI have been the most relevant indications for the opening of transfer pricing audits.

Something that has also been shown in the legal criteria and jurisprudence is that the financial information of the analyzed party is exhaustively reviewed by the DGI and the TAT and any adjustment to it may be subject to questioning.

Likewise, changes in methodology from one period to another and an inappropriate selection of a transfer pricing method may lead to the opening of an audit and produce a transfer pricing adjustment by the DGI to the taxpayer.

Regarding the comparability analysis, which is really the central axis of the transfer pricing analysis and is contained in Article 762-E of the Tax Code, the TAT has demonstrated a detailed study of the five comparability factors with the purpose of reject or admit comparable operations in each of its failures, demonstrating the technical level that said instance has reached.

The last ruling of TAT of September 10, 2020 is largest for transfer pricing cases so far, for a total amount of taxes to be paid more than more than $ 13 million.

From this ruling, we can highlight some key lessons for taxpayers, for example, that the preparation of the transfer pricing study prior to the presentation of the transfer pricing report could mitigate the risks of transfer pricing adjustments, since it reduces the possibility of Present inconsistencies to the Treasury and guarantees the symmetry of information.

Additionally, it is highlighted on several occasions that the financial information of comparable companies resulting from databases must be verified with respect to the public information available and, above all, that any adjustment to comparability must be solely for the purpose of improving comparability. It must be documented and have economic reasonableness.

After these ten years of evolution and lessons learned for taxpayers and tax authorities, we are now preparing for more changes in aspects of substance, analytics and documentation as a product of the BEPS Project, to the challenges in the analytical process that the coronavirus (COVID-19) and structural changes such as the proposals for the taxation of the digital economy, which present important challenges in the application of the principle of free competition.

Everything seems to indicate that the next decade looks even more interesting and controversial for transfer prices in Panama. *L&E*

LABOR PERSPECTIVE, PANAMA 2020

Balance sheet and challenges for social dialogue between actors from the productive sector

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Foreword

The COVID 19 crisis has been dramatic and has drastically affected living and working conditions and people's own hope for a better future. But this, like others, will be a temporary crisis and Panamanian society will overcome devastating effects and will make a great effort to move towards a different normality towards full and productive employment and decent work. It shouldn't be forgotten that crises also constitute opportunities for positive change towards economic and social progress.

Health crisis has brought world's markets and economies to their knees. For decades, dominant economic policies led to the progressive dismantling of health systems whose weakening has limited the institutional capacity to contain COVID 19 and today the pandemic is undermining markets with a major recession.

Panama is no exception and the crisis has highlighted the large development deficits that have been dragging on for decades. It is not only about the exhaustion of the dominant growth model and its cycle of deceleration since 2013, but also about other deficits that have reproduced the conditions of inequality and poverty that characterize the country.

The net balance of the crisis in the Panamanian economy is summarized in a drop in the level of economic activity that ECLAC estimates at -11% for 2020, significantly affecting activities that employ a large labor force. Until the third quarter of the year, the drop in GDP was -20.4% according to the National Institute of Statistics and Censuses.

For 2021 a positive growth of 5% is expected, but the economy will have to wait until 2022 - 2023 to recover the level of production before the crisis.

The impact of the crisis on employment will not be known for sure with the data available to date, because the INEC 2020 labor market survey presents comparability restrictions with the previous ones. This survey was carried out by telephone between September and October 2020 and is not comparable with the August 2019 survey. For this reason, in presenting its results, the INEC states that "the series of the Labor Market Survey prior to 2020, only can be taken as referential elements ".

Taking these restrictions into account, this bulletin presents a brief balance of the main findings of this latest survey, taking as a reference the limitations in the comparison with that of 2019 and previous ones.

In a crisis like the one experienced in Panama, the employment situation changes continuously in the conjuncture; and the condition of economic activity within or outside the workforce has varied from month to month, with high mobility between work activity and inactivity, between salaried employment and self-employment, etc. These changes are determined by sanitary measures and their effect on the operation of companies and by the behavior of demand.

A first clear impact of the crisis when comparing the situation in September - October 2020 with August 2019, is that it caused a discouraging effect on the population in seeking employment with a decrease in the workforce of approximately 63 thousand people. This behavior is usual in crisis contexts due to the fall in employment opportunities.

The level of employment in the economy fell by about 290 thousand jobs, the vast majority in the private sector. However, a large part of the job losses could be temporary, considering that, towards the end of the year and the beginning of 2021, about two-thirds of all workers with suspended contracts are still waiting for said contracts to be reactivated. Obviously, such reactivation will depend on the factors indicated.

The most visible impact of the crisis has been an abrupt jump in the number of unemployed, which between the two periods increased by more than 225 thousand people, taking the unemployment rate from 7.1% in August 2019 to 18.5% in September - October 2020. With this jump, the number of unemployed reaches about 372 thousand people, an unprecedented figure in Panamanian labor history.

The other component of the cost of the crisis has been an increase in non-agricultural informal employment by more than 60 thousand people, taking the incidence of informality from 44.9% to 52.8% in the period considered. However, perhaps the most sensitive cost is not measured and is the stress and despair felt by thousands of workers and SME entrepreneurs for an uncertain economic and employment future.

The situation described in figures is just a photograph in time (September-October 2020). Inexplicably, Panama does not have a continuous employment survey or solid administrative records that allow monthly or quarterly indicators to monitor the country's labor situation. This is unfortunate at the beginning of the third decade of the 21st century, when countries with fewer resources than Panama have continuous employment surveys.

The end of 2020 in the workplace has been dramatic and despite the encouraging news about the arrival of an efficient vaccine, uncertainty persists about the depth and duration of the crisis. The magnitude of the damage to the business fabric is not known with certainty, the number of companies closed permanently and the prospects of reopening others are unknown. Likewise, there is still great concern about the macro context that conditions the functioning of the economy, including internal fiscal restrictions, the growing pressure of external indebtedness and the prospects for the recovery of the regional and world economy.

The recovery of the economy and employment requires first overcoming the threat of the pandemic. And this depends not only on a future mass vaccination that is not known when it will culminate. It immediately depends on the ability of the health system to contain and efficiently address the explosion of infections at the end of 2020, to minimize human tragedy and the paralysis of the economy. This represents a great challenge in the face of the exhaustion of the health system that threatens to collapse.

Economic recovery also depends on the promotion of a set of policies, programs and projects with an impact on production, productivity and employment in sectors and activities most affected by the crisis. These initiatives should not be improvised and should be consistent with the objective of sustained, inclusive and sustainable economic growth in search of equity, as set out in the United Nations 2030 Agenda.

The room for maneuver to move towards the recovery and reactivation of the economy is narrow. Faced with the limitations of the private sector, attention is directed to what can be done from public investment and other official stimulus measures; and the reactivation of construction is seen as an immediate accelerator of aggregate demand. However, in the face of fiscal restrictions, public investment should prioritize infrastructures that enhance the country's productive capacity in priority sectors (agriculture, agro-industrial, tourism, etc.), the promotion of employment and the development of human capital (health, education - training, drinking water, etc.).

The Executive Branch has called for a great national dialogue for the bicentennial to close the structural gaps in development. Although there is no total clarity on the methodology of the process, participating actors and criteria to harmonize and reconcile proposals based on the viability and national, sectoral or territorial priorities, it is an initiative that will continue for much of 2021 and is not clear if it will respond to economic and recovery priorities. The leaders of the productive sector are hopeful that this initiative will have positive and impactful results, and above all, that the agreements will be effectively fulfilled.

Given the circumstances, FUNTRAB, as a natural dialogue entity in the productive sector, has initiated a process of internal dialogue in order to identify consensus to face the extraordinary challenges of the situation and of the recovery phase; and open a path of dialogue to move towards a new normal of a different, productive, equitable and fair Panama.

The intrinsic nature of the Labor Foundation is social dialogue and this initiative does not duplicate efforts with any other exercise of dialogue and consultation that may occur in the country at other levels. The intention is to promote consensus on sensitive issues of labor relations, employment, training and the economic context that conditions labor and promote consensus proposals on regulations, good practices and codes of conduct in line with the strategic vision of FUNTRAB of contribute to a Panama with harmonious labor relations, with shared productivity and competitiveness towards the goal of decent work.

This publication has been under the main responsibility of Miguel Del Cid, FUNTRAB Advisor.

Panama, December 23, 2020
Araceli De Gracia Co President
José Javier Rivera Co President
Union Sector Business Sector

1. Regional Context

The Economic Commission for Latin America and the Caribbean (ECLAC) estimates that the economy in the region will fall by approximately -7.7 in 2020, as a result of the COVID 19 pandemic, and the level of income per inhabitant will fall back to the levels of a decade ago.

According to the ILO, until the third quarter of 2020, approximately 34 million jobs have been lost; likewise, working hours contracted by 20%; Labor income fell 19.3% and there has been a significant drop in formal employment in Latin America and the Caribbean.[1]

According to ECLAC, due to the crisis the number of people living in poverty will increase by 45.4 million, with which this scourge will affect 230.9 million Latin Americans by the end of 2020 (37.3% of the Latin American population).[2]

Added to this economic, labor and social drama is the cost in lives of the health tragedy that has truncated the existence of about 452 thousand Latin Americans and Caribbean people until November 2020 https://es.statista.com/statistics/1105336/covid-19-number-deceased-latin-america-caribbean/).

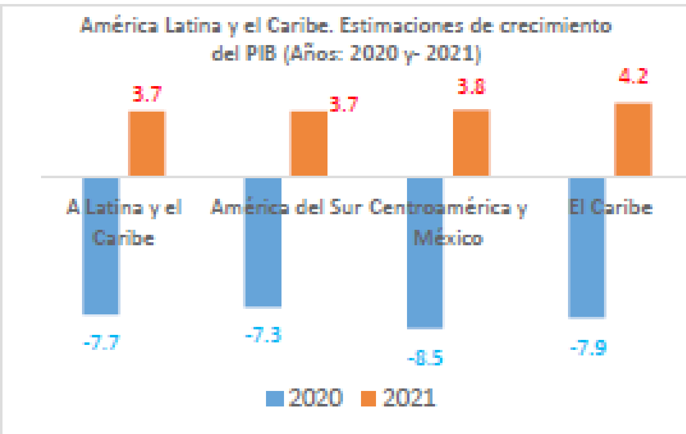
The health, economic and labor crisis has resulted in a deterioration in the levels of inequality, measured by the Gini index, highlighting the great challenges of the concentrated distribution of income in the countries of the region (ECLAC, https://www.cepal.org/es/comunicados/).

By subregion, Central America and Mexico would have a significant fall of -8.5% and separately

[1] ILO, Labor Overview in the days of CODIV 19, September 2020, (https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_756778/lang--es/index.htm).
[2] ECLAC, https://www.cepal.org/es/comunicados/

Mexico would fall by -9%. In the case of South America, GDP is reduced by -7.3%, with a greater fall in some large economies such as Argentina (-10.5%), Peru (-12.9%) and Ecuador (-9.%). Venezuela will register an extraordinary fall of -30%.

Gráfico 1



Fuente: CEPAL, Estimaciones del PIB (diciembre, 2020)

The Caribbean subregion will fall by -7.9%, with some extremes between countries.

ECLAC estimates a positive growth rate of 3.7% for 2021, mainly due to a statistical rebound and indicates that the region will require at least until 2024 to return to the production levels of 2019.

The economic crisis will have a devastating effect on the job market. It is estimated that the unemployment rate will increase around 10.7% in 2020 and that the adjustment of the labor market will also take place with a significant jump in the informal sector and total informal employment.

2. The employment situation in Panama at the end of 2020.

2.1 Abrupt decline in the Panamanian economy in 2020.

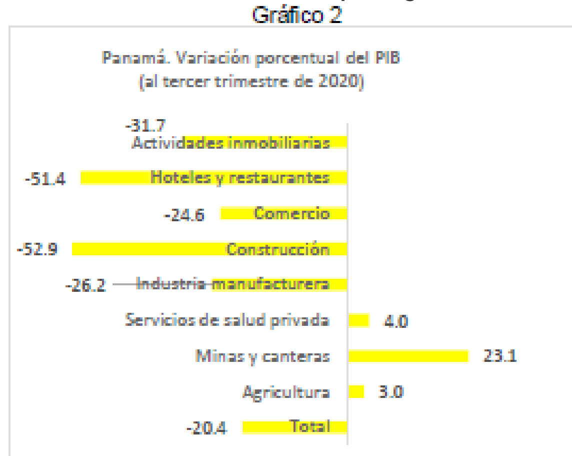
The collapse of the Panamanian economy in 2020 due to the pandemic is only comparable in the last half century with the collapse of the years 1987 - 1988 as a result of the political crisis and the strangulation of the coercive economic measures of the United States against Panama and that culminated in a military invasion[3]. In those two years, GDP cumulatively fell by -19%; unemployment increased by 5 percentage points and employment in the informal sector by the same magnitude.[4]

Health measures due to COVID 19 led to the total or partial closure of many economic activities and temporary confinement of population and the workforce, whose loss of wages and income resulted in a demand shock, which was fed back with the supply shock due to the closure of an important part of the economy.

ECLAC estimates foresee an average drop in GDP in Panama of -11% in 2020. According to the Comptroller General of the Republic, until the third quarter of the year, economic activity contracted by -20.4% compared to the same period in 2019. The fall is highly influenced by the second quarter of the year, a period in which the confinement and closure of economic activities was quite general. The annual growth estimate would consider a certain recovery in economic activity, particularly in the fourth quarter of the year.

According to these estimates, construction, hotels and restaurants are the activities hardest hit by the crisis. In the first case, its progressive opening from the third quarter cushioned the drastic fall due to the total closure of the previous quarter, while in the case of the hotel sector, its reopening remains slow.[5]

Gráfico 2



Fuente: INEC, https://www.inec.gob.pa/publicaciones/

[3] La sentencia del Senador Alfonso Damato de "cortarle la yugular" a Panamá funcionó no sólo porque las empresas norteamericanas dejaron de pagar tributos y contribuciones al Estado (incluido el Canal), sino porque todo ello condujo al cierre de la banca por varios meses, con la consiguiente crisis de circulante y financiera de una economía sin moneda propia.

[4] OIT/PREALC, Estadísticas sobre empleo, ingresos y pobreza en la década de los 80. Panamá, 1992 y FUNTRAB, Nota Técnica N° 18

Other highly affected activities are commerce (-24.6%) and industry (-26.2%), whose normalization cycle is accentuated in the third and fourth quarters of 2020, conditional on the sanitary measures taken for the last weeks of the year.

Some activities showed a positive sign in their accumulated growth until third quarter, such as agriculture (3%), due to strong government support and mining sector due to the progressive normalization of copper production and exports.

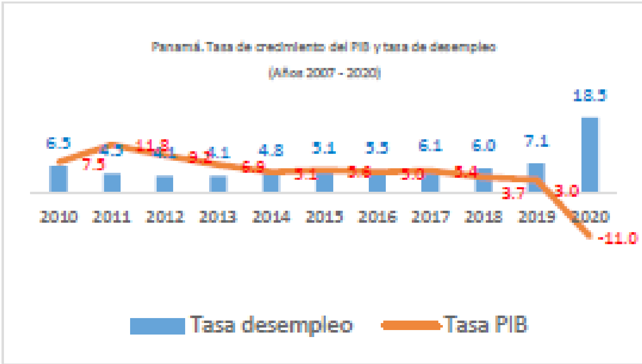
The immediate effect of the closure of the economy and the confinement was the destruction of sources of employment, the suspension of employment contracts and the reduction of working hours, with a strong impact on the activities that were mostly paralyzed.

According to information from MITRADEL, until November 19, 2020, the suspension of 282,088 employment contracts had been registered, of which approximately a third would have been reactivated (https://www.mitradel.gob.pa/estadisticas/). Although no official information has been published by branch of activity, it is expected that the workers most affected by the suspensions come from construction, restaurants and hotels and commerce, among others. However, it is officially recognized that underreporting of both suspended and reactivated contracts persists and that the proportion of reactivated contracts may be higher.

However, the crisis has also had a severe impact on income from self-employment in micro-businesses, which in 2019 occupied 36% of the workforce. Those most affected are in the retail trade, transportation, restaurants and various service activities. The impact of self-employment was more intense during the period of generalized confinement and although it has been regularizing, it is far from returning to normality prior to the health crisis. The impact has not only resulted in a total or partial stoppage depending on the moment of the pandemic cycle, but, above all, in a drop in the movement of their businesses and income due to lack of market for their products and services.

The collapse of economic activity in 2020 has been reflected in a drastic increase in unemployment, although the adjustment in the labor market also came from a growth in informal employment and possibly a drop in wages and working hours such as will be discussed later.

Gráfico 3



Fuente: INEC, Serie de Cuentas Nacionales y Encuestas de Mercado Laboral. El dato de 2020 corresponde a septiembre – octubre.

2.2 Deep deterioration in employment conditions[6]

The INEC 2020 labor market survey was a telephone survey that was conducted between September 13 and October 24, 2020 and its results are not strictly comparable with previous surveys for various reasons. Due to methodological restrictions, this survey only presents some estimates of national scope and no relevant information has been published to know some details of the employment situation by sex, age and other aspects related to employment in the private sector, characteristics of informality, among other aspects . For this reason, here some comparisons will be made taking into account the August 2019 survey for reference purposes only.

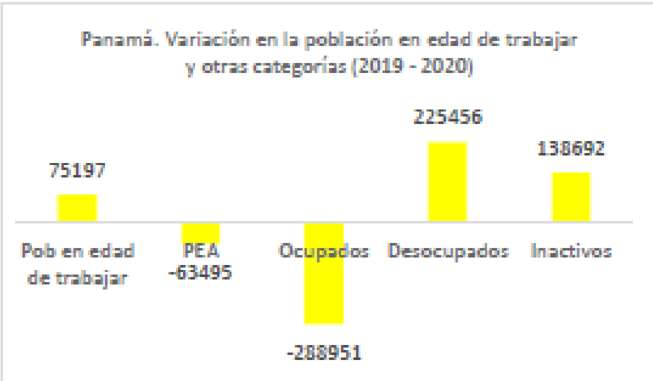
According to published information, the working-age population in September - October 2020 increased by about 75 thousand people compared to August 2019, while the workforce decreased by almost 64 thousand people.

These relationships are reflected in a drop in the participation rate from 66.5% to 63.0,

[5] https://www.inec.gob.pa/publicaciones/.

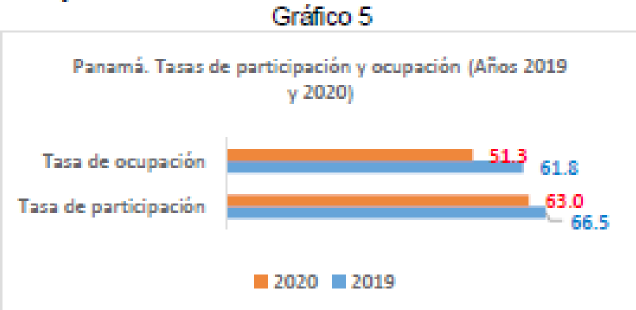
[6] Es importante tener en cuenta que las encuestas se hicieron en meses diferentes en 2019 (agosto) y en 2020 (septiembre – octubre).

Gráfico 4



INEC, Encuesta de Mercado Laboral, agosto 2019 y sept-octubre 2020

Gráfico 5



INEC, Encuesta de Mercado Laboral, agosto 2019 y sept-octubre 2020

which means that the crisis encouraged the temporary or cyclical withdrawal of a significant number of Panamanians from the workforce.

2.2.1 About 290 thousand net jobs are lost in the economy and unemployment soars

Between 2019 and 2020, the loss in job opportunities was reflected in a drop in the occupancy rate of 10 percentage points. This means that the economy lost about 290 thousand jobs between August 2019 and September - October 2020.

The activities most affected by job losses are construction, commerce, agriculture, and restaurants and hotels, among others.

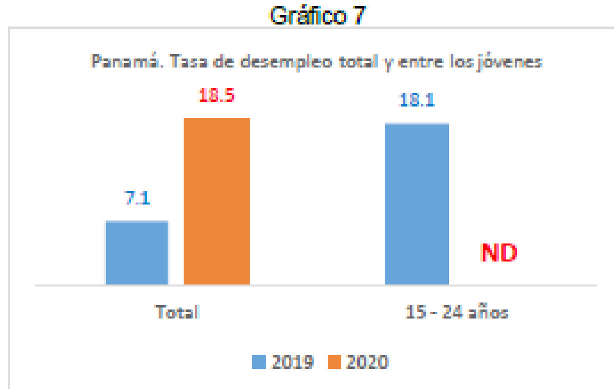
Gráfico 6

INEC, Encuesta de Mercado Laboral, agosto 2019 y sept-octubre 2020

Although the 2020 Labor Market Survey does not disaggregate the situation of salaried employment between sectors, it is clear that the vast majority of jobs lost correspond to the private sector, taking into account that the state payroll has not suffered reductions, and rather has increased the contract of personnel in certain sectors such as health.

The direct consequence of dismantling of the productive sector is an abrupt increase in unemployment whose rate stood at 18.5% of workforce, hitting about 372 thousand Panamanians and Panamanians in September - October 2020.

Gráfico 7



INEC, Encuesta de Mercado Laboral, agosto 2019 y sept-octubre 2020

Although temporary, it is an unprecedented human tragedy in the country's labor history and it is to be assumed that this scourge affects more intensely the youth, whose unemployment rate in August 2019 was already 18.1%.

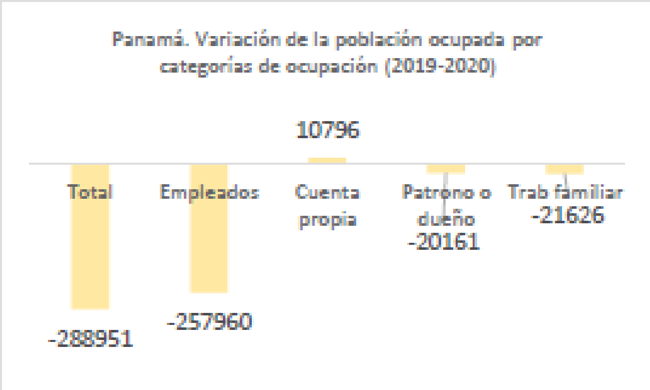
2.2.2 Subsistence self-employment increases

Although the survey data does not show an extraordinary increase in self-employment, it is to be expected that a part of the wage earners who lost their jobs took up independent activities to survive. This is a trend that is not adequately reflected by the survey, probably due to its punctual nature.

2.2.3 Informal employment increases

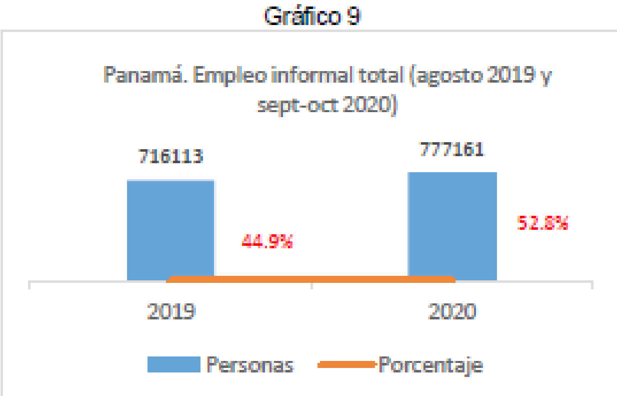
The data published by the INEC show a significant increase in informal employment of more than 60 thousand people between August

Gráfico 8



INEC, Encuesta de Mercado Laboral, agosto 2019 y sept-octubre 2020

Gráfico 9



INEC, Encuesta de Mercado Laboral, agosto 2019 y sept-octubre 2020

2019 and September - October 2020, with a relative increase of almost 8 percentage points. The INEC publication does not show the distribution of informal employment among its different components, but it is to be expected that informal employment in the formal sector of companies should weigh heavily in this increase, considering that the total or partial closures of many companies led during this period. period to a precariousness of contracts and non-compliance in the contribution to the Social Security Fund. On the other hand, while an increase in employment in the informal sector would also be expected, the survey records only a small increase in self-employment during the period under consideration.

The drastic increase in informal employment in 2020 is a direct consequence of the crisis; However, a gradual increase in this phenomenon had already been observed, especially in the informal sector, made up mainly of micro-businesses of independent workers.

And although some spokespersons consider the trend of informalization of employment in the market to be normal, the actors of the productive sectors in FUNTRAB will have to discuss whether a dominant employment model with low productivity and no rights is what is appropriate for a strategic vision of a Panama. with harmonious labor relations and with shared productivity and competitiveness towards a decent work goal.

The changing occupational situation of Panama in the context of the health crisis shows the insufficiency of a specific employment survey. The activity condition of the population changes continuously in the conjuncture and such changes cannot be measured only with “a photograph” in time. The unemployment, underemployment or informality rates for September 2020 will not be the same as in December of the same year or in the first quarter of 2021. For this reason, the need for a continuous employment survey in Panama is imposed, as it exists in other Latin American countries.

3. A dialogue is imposed between the actors of the productive sector towards a different normality

3.1 Before the crisis, Panama was already dragging a progressive deterioration

The socioeconomic crisis that the country is experiencing had already been drawing with the trend of a series of deteriorating variables, the product of a growth model considered by many to be exhausted.

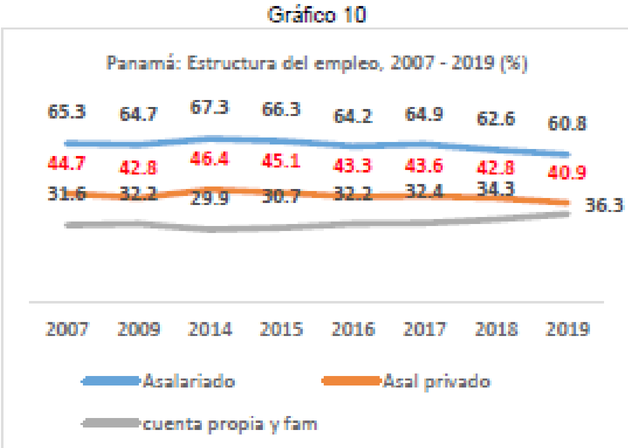
The slowdown in growth registered since 2012 and accentuated in recent years, reflected weakening of some sectors such as construction, which supported dynamics of the economy. It is a sector boosted to a great extent by public investment in mega-works that were ending, complemented by private projects in commercial buildings and housing, which have left an oversupply without social demand.[7]

Other activities of the service platform showed a depletion prior to the crisis, such as the Colon Free Zone, affected by a drop in demand from its main Latin American users, which has resulted in a noticeable drop in trade.

The economic slowdown translated into a progressive increase in the unemployment rate, reaching 7.1% in August 2019.

Along with the progressive increase in the unemployment rate, there has also been a decrease in the relative weight of employment in the private sector and a relative increase in low-productivity employment among the self-employed.

Gráfico 10



INEC, Encuesta de Mercado Laboral, agosto

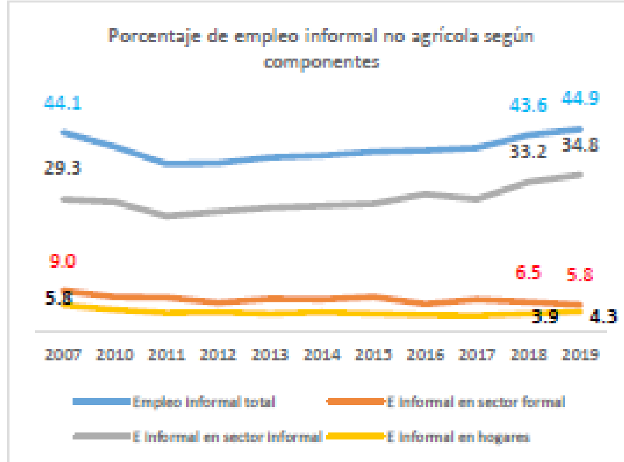
The statistics also show an increase in the percentage of workers who do not contribute to social security (52% in 2019), where the exclusion is greater among the self-employed (96%), domestic service employees and salaried employees of SMEs, among others.[8]

Correlatively, employment in the informal sector has been increasing, as has total informal employment.

As a corollary to these negative trends, although the multidimensional poverty index decreased slightly in recent years mainly due to government subsidies[9], the incidence of poverty affects 19 out of every 100 Panamanians in 2018 and is explosive among indigenous populations[10].

3.2 A renewed social pact is required to promote sustainable development

Gráfico 11



INEC, Encuesta de Mercado Laboral, agosto

Since previous years, various sectors of the country have been raising the need to promote a renewed national pact that allows overcoming the structural deficits of development and the weak democratic institutions of the Panamanian State.[11]

During the last decade, in addition to some sectoral dialogues on labor, health and education issues, a significant space has been the Council of the National Agreement for Development, in which representatives of political parties and civil society unions participate.

Two relevant products of this space for dialogue have been the "Strategic Plan with a State Vision, Panama 2030" and the proposal for constitutional reforms. The first product is a proposal to align a set of development policies with the United Nations 2030 agenda. Although this proposal was the result of an extraordinary dialogue effort by political and social actors, it has remained as one more document, with no major significance in the scope of the Panamanian State.

For its part, the draft constitutional reforms of the National Agreement was presented by the Executive Branch to the Assembly of Deputies in July 2019, but, regardless of the rating given by various sectors, after substantive changes made internally

[7] https://www.laestrella.com.pa/economia/200526/covid-19-golpea-sector-inmobiliario
[8] FUNTRAB, Base de datos e indicadores sobre empleo y ¸https://funtrab.org.pa/
[9] El monto total de subsidios pagados por el gobierno entre diversos programas ascendió en 2019 a 1,800 millones de balboas.
[10] FUNTRAB, Nota Técnica N° 16
[11] Repensar Panamá, Comunicado, https://www.repensarpanama.org/
Funtrab, Notas Técnicas diversas, https://funtrab.org.pa/

of this State Organ, it had to be withdrawn and shelved due to popular pressure in December 2019.

The Panamanian experience in political dialogues for the construction of agreements has not reached successful results in many cases for various reasons. In the first place, because the pernicious practice of non-compliance with the agreements has persisted, including sectoral dialogues that have included a great effort and commitment from the participating actors. Second, in the case of agreements that involve legislative decisions, the resulting norms tend to undergo substantive changes compared to what was agreed by the actors[12].

These practices of non-compliance and of changing or modifying consensual agreements have led to great mistrust and lack of credibility in social dialogue.

The dialogue for the bicentennial installed by the Executive Branch on November 26, 2020 faces the great challenge of overcoming reservations and mistrust due to the frustrating experiences of previous dialogues and the deterioration in the lack of credibility and trust regarding public management.

It must also face the challenge of a very broad agenda, with a complex issue and the massive participation of actors and people from multiple institutions and at the national and local levels.

However, perhaps the most complex issue will be the effort of harmonization, compatibility and coherence of the thousands of proposals that will emerge from the participants. The issue is that there is no clarity on the criteria that will be used to evaluate and decide on the priority, relevance, and viability of the proposals, considering their coherence and budgetary restrictions in the face of a very limited fiscal space.

The other issue is that the dialogue for the bicentennial does not seem to address the great challenges and problems of the socioeconomic and labor situation of destruction of the productive fabric and the loss of sources of employment.

All these are considerations and reservations that the strategists and conductors of the dialogue probably have resolved, but so far they are not public knowledge. Faced with this reality, various groups have insisted on the need for a dialogue between representatives of the productive sectors, in order to face the onslaught of the critical juncture and the road to recovery.[13]

FUNTRAB has internally initiated a process of dialogue to face the rigors of the adverse economic, social and labor situation in the country. It is a dialogue initiative whose objective is to “Protect sources of work, defend formal employment, boost productivity in SMEs and priority activities, improve income and real wages, promote respect for fundamental principles and rights, enhance social dialogue and promote equity “

For these purposes, the Board of Trustees declared itself in permanent session and hopes to continue this process of dialogue with a thematic agenda that includes current issues with others related to economic recovery. The topics on the agenda are:

- **Standardization of employment contracts.**
- **Defense of sources of employment and support for companies.**
- **Support for the survival of salaried and non-salaried workers**
- **Boosting productivity.**
- **Improved income and real wages.**
- **Defense and promotion of formal employment.**
- **Compliance with fundamental principles and rights at work (unionization, collective**

[12] Por ejemplo el diálogo de la Comisión Tripartita auspiciada por la OIT, cuyo producto más importante, un proyecto de Ley sobre las relaciones laborales colectivas en el sector público no prosperó en la Asamblea de Diputados debido principalmente a la falta de compromiso político del Gobierno.
[13] Repensar Panamá, Comunicado, https://www.repensarpanama.org/

bargaining, non-discrimination, etc.).
• Promotion of viable and sustainable entrepreneurship.
• Quality, relevant and inclusive professional training.
• Unemployment insurance.

The Board of Trustees of FUNTRAB stressed that a dialogue such as the one proposed must take place considering the great interests of the country, over and above individual or group interests, which implies that each sector must be able to "yield" in their respective privileges or economic advantages, according to their possibilities and with a criterion of equity. Likewise, it was pointed out that any dialogue process should be carried out with the intention of moving towards a "different normality" and not based on the situation and conditions prevailing before the crisis.

FUNTRAB hopes that the dialogue for the bicentennial will have positive and impactful results; and above all that the agreements are carried out effectively. Meanwhile, FUNTRAB will continue in a permanent dialogue in the search for that strategic vision of achieving a Panama, with harmonious labor relations and with increasing shared productivity and competitiveness towards the goal of decent work. It is not a question of duplicating the effort of official dialogue, but of giving continuity to a natural process that has evolved for more than 25 years and that this time can provide added value from the productive sector. *L&E*

ANEXO ESTADISTICO

Tabla 1
VARIACIÓN PORCENTUAL ANUAL DEL PRODUCTO INTERNO BRUTO EN LA REPÚBLICA, SEGÚN CATEGORÍA DE ACTIVIDAD ECONÓMICA: AÑOS 2014-13 A 2019-18 Y ACUMULADO AL TERCER TRIMESTRE DE 2020

	Variación porcentual anual del Producto interno bruto						
	2014-13	2015-14	2016-15	2017-16	2018-17 (P)	2019-18 (E)	Acumulado al tercer trimestre 2020
Producción de mercado							
Agricultura, ganadería, caza y silvicultura	-0.8	0.8	3.6	1.2	3.6	0.0	3.0
Pesca	14.8	-2.7	-11.1	0.6	-2.2	-21.0	11.0
Explotación de minas y canteras	8.9	10.0	8.1	8.1	2.8	41.3	23.1
Industrias manufactureras	3.5	3.4	1.1	2.6	1.0	-1.1	-26.2
Suministro de electricidad, gas y agua	11.5	10.3	10.2	7.3	2.1	4.6	-5.8
Construcción	13.2	13.0	8.1	8.3	3.2	0.1	-52.9
Comercio al por mayor y al por menor	1.1	3.0	4.0	3.6	3.9	2.1	-24.6
Hoteles y restaurantes	0.8	4.7	2.2	2.4	-4.7	-0.6	-51.4
Transporte, almacenamiento y comunicaciones	1.9	2.7	1.8	11.4	6.6	6.3	-6.7
Intermediación financiera	4.0	7.6	7.3	4.5	3.5	2.8	-1.8
Actividades inmobiliarias, empresariales y de alquiler (contabilidad, jurídica e inmobiliaria)	6.0	4.9	2.8	2.4	2.5	0.9	-31.7
Servicios de educación privada	3.3	8.9	10.9	4.1	6.7	3.8	-8.4
Actividades de servicios sociales y de salud privada	4.7	8.2	2.1	2.9	5.6	4.9	4.0
Otras actividades comunitarias, sociales y personales de servicios (casinos, lotería y otros)	3.2	2.9	3.7	1.8	2.4	-1.2	-50.5
Producción para uso final propio							
Construcción	22.0	23.4	8.0	8.3	3.4	0.1	-54.1
Actividades inmobiliarias, empresariales y de alquiler	6.4	3.4	4.4	2.8	2.9	3.2	3.1
Hogares privados con servicio doméstico	3.8	-2.9	-5.0	1.6	2.6	13.2	-14.5
Otra producción no de mercado							9.2
Administración pública y defensa; seguridad social de afiliación obligatoria	7.3	5.8	13.9	11.9	8.0	6.8	
Educación	9.0	1.7	5.8	6.5	16.8	6.1	
Actividades de servicios sociales y de salud pública	-7.5	8.2	9.1	2.7	6.7	4.9	
Otras actividades comunitarias, sociales y personales de servicios	20.1	8.1	3.6	6.2	0.6	-11.3	
Valor Agregado Bruto, en valores básicos	5.0	5.8	4.9	5.6	3.7	3.2	-20.3
Más: Impuestos a los productos netos de subvenciones	6.5	4.0	6.0	4.2	0.8	-1.0	-37.6
PRODUCTO INTERNO BRUTO A PRECIOS DE COMPRADOR	5.1	5.7	5.0	5.6	3.6	3.0	-20.4

NOTA: A precios de comprador, en medidas de volumen encadenadas, con año de referencia 2007.
Por razones de redondeo algunas cifras pueden presentar leves diferencias.
.. Dato no aplicable al grupo o categoría.
(P) Cifras preliminares.

Tabla 2

Panamá. Tasas de participación, ocupación y desempleo, por grupos de edad. Años: 2017 - 2019

Edad	2017			2018			2019		
	Tasa participación	Tasa ocupación	Tasa desempleo	Tasa participación	Tasa ocupación	Tasa desempleo	Tasa participación	Tasa ocupación	Tasa desempleo
TOTAL ...	**64.0**	**60.1**	**6.1**	**65.4**	**61.5**	**6.0**	**66.5**	**61.8**	**7.1**
15 - 19	26.2	21.3	18.8	26.8	22.3	16.9	27.9	23.0	17.8
20 - 24	66.6	56.3	15.5	69.4	58.9	15.1	68.3	55.8	18.3
25 - 29	79.3	71.7	9.6	81.4	73.5	9.7	83.4	74.9	10.2
30 - 39	81.9	78.1	4.7	84.6	80.1	5.3	85.9	79.9	7.0
40 - 49	83.5	80.4	3.7	85.6	82.8	3.3	85.5	82.2	3.9
50 - 59	77.6	75.7	2.4	78.4	77.0	1.8	80.9	78.6	2.9
60 - 69	51.3	50.6	1.4	53.1	52.3	1.4	54.8	53.5	2.2
70 y más	19.7	19.6	0.7	21.7	21.5	0.9	22.0	21.9	0.3
HOMBRES	**77.6**	**73.7**	**5.0**	**78.8**	**75.0**	**4.8**	**78.8**	**74.2**	**5.8**
15 - 19	34.0	28.4	16.4	35.9	30.7	14.5	35.7	29.9	16.2
20 - 24	82.7	72.9	11.9	83.7	74.6	10.8	82.6	71.1	13.9
25 - 29	94.6	86.8	8.2	94.8	87.5	7.7	94.9	86.9	8.4
30 - 39	97.2	94.5	2.8	97.5	94.3	3.3	97.9	92.8	5.3
40 - 49	97.0	94.2	2.9	97.4	94.5	3.0	97.4	94.8	2.6
50 - 59	93.5	91.3	2.4	93.9	92.1	1.9	95.1	92.4	2.9
60 - 69	71.2	69.9	1.8	73.4	72.0	1.9	71.9	70.0	2.6
70 y más	30.4	30.1	0.9	33.4	33.1	0.6	34.5	34.4	0.3
MUJERES	**51.2**	**47.2**	**7.7**	**52.8**	**48.8**	**7.6**	**55.0**	**50.2**	**8.8**
15 - 19	17.4	13.3	23.8	17.3	13.4	22.2	19.2	15.1	21.3
20 - 24	52.0	41.2	20.7	54.7	42.8	21.8	54.0	40.4	25.1
25 - 29	64.5	57.1	11.6	67.7	59.3	12.5	71.9	62.8	12.6
30 - 39	68.2	63.3	7.2	72.9	67.3	7.7	75.1	68.2	9.1
40 - 49	71.1	67.7	4.6	74.9	72.1	3.7	75.0	71.0	5.3
50 - 59	63.4	61.8	2.4	64.4	63.4	1.6	67.6	65.7	2.8
60 - 69	32.2	32.1	0.4	33.5	33.3	0.4	39.0	38.4	1.6
70 y más	9.4	9.4	-	12.1	11.9	1.4	11.4	11.4	0.4

Fuente: INEC, Encuesta de Fuerza Laboral, agosto de cada año

(*) Información no disponible para 2020 con la desagregación de años previos.

EVOLUTION OF MINING IN PANAMA

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Introduction

Mining activity is very relevant because most of raw material is obtained from it, with which products are made that have an impact on development of people's lives and on evolution of societies. Residential, commercial, public use infrastructures are built through mining extraction of various elements; teams; personal hygiene products among others, which ultimately promote social well-being.

The mining sector is disaggregated according to the type of mineral to be extracted with what is: (1) non-metallic (from quarry or construction) that includes extraction, for example stone, sand, limestone, gravel and others; and (2) metallic (or metallurgical) that have to do with the extraction of gold, iron, copper, manganese and others. For the latter, Panama has conditions that favor its development since it has a geological composition with large deposits of metals. In those known, the existence of a total of more than 50 million pounds of copper and about 12 million ounces of gold has been proven which, at current market prices of these metals, represents a wealth to be extracted of around B/. 200,000 million (see Table 1, extracted from CAMIPA, Panama Mining Potential, 2019).

This activity seeks to generate benefits while executing actions that mitigate the possible damages caused by its operations, especially to the populations surrounding the projects. Mining then not only generates jobs, and contributes to the economic growth of the country, but also has a social / environmental support component that includes the construction of streets, schools, health centers, aqueducts, provision of electricity, reforestation, among others.

It is important to mention that, of the 12 projects currently being considered, the only one currently operating is Proyecto Cobre Panamá (Minera Panamá, S.A.), while the Cerro Quema project is pending authorization.

Tabla 1 Valor de reservas de metales probadas (reservas minerales) y recursos minerales (reservas probables), en millones de B/.

1. COBRE (Cu)			
Proyecto	Mineral	Reservas (millones de lbs)	Valor in Situ (B/. Millones @ B/.3/lb)
Cerro Colorado	cobre	25,000+	75,000
Cobre Panamá	cobre	26,000	78,000
Chorcha	cobre	2,200	6,600
Sub-total		53,200	159,600.00
2. ORO (Au)			
Proyecto	Mineral	Reservas (Onzas)	Valor (B/. Millones @ B/.1,500/onza)
Cobre Panamá	Oro	7,300,000	10,950
Molejón	Oro	500,000	750
Cerro Quema	Oro	750,000	1,125
Santa Rosa	Oro	750,000	1,125
Remance	Oro	100,000	150
Sub-total		9,400,000	14,100
RECURSOS MINERALES			
Proyecto	Mineral	Recursos (Onzas)	Valor (B/. Millones @ B/.800/onza)
Cerro Pelado	Oro	115,000	115
C. Dorada	Oro	40,000	60
Viento Frìo	Oro	125,000	187.5
Zioro	Oro	75,000	112.5
Otros	Oro	1,000,000	1,000
Sub-total		1,355,000	2,032.5
		TOTALES (B/.M)	175,733.00

Fuente: Estudio Potencial Minero de Panamá, CAMIPA, 2019.
Nota: a precios de B/3.00/lbCu y B/. 1,000.00/Oz Au.

Due to the relevance and development potential of the mining sector, this Case Study, through reflection questions, performs an analysis considering the contributions of this sector to the economy, employment and exports, and the contribution of this to state revenue. Likewise, the impact of mining activity in the areas surrounding the main projects is reviewed; and how the arrival of COVID-19 has affected the activity. Finally, some considerations are presented to improve the development of mining in the country.

For this, we used research in primary sources of relevant statistics, the analysis of bibliographic references on the subject, interviews with experts and a quantitative and qualitative analysis of the information collected..

A. Reflection Questions

1. Has it contributed to the economy and employment?

Panama's economy is one of the strongest growth economies in the Latin American region. The average growth in the last 10 years was 6.2%, a figure well above that of Latin America, which was 2.0%. However, for a few years now, the growth rate of economic activity has slowed and the unemployment rate has increased (10.7% to 3% and 4.1% to 7.1% respectively) in the 2012-2019 period.

The economy is based on services, which constitute around 82% of the Gross Domestic Product (GDP) and account for approximately 64% of employment. Its main activities are in the logistics field (with traffic through the Canal, the Colon Free Zone, container ports), insurance, investment in infrastructure and the financial and tourism sectors.

The growth engines are changing due to the entry of new players or certain productive agents that are becoming more dynamic, such as the mining sector. This sector has been explored and exploited in Panama from the original communities, gold being what attracted the interest of the indigenous people and later that of the Spanish. During the Spanish colonization, Panama was known as "Castilla de Oro". The importance of the mineralization of copper and molybdenum sulphides was only manifested in the middle of the 20th century (Evaluation of the Mining Policy Framework-Panama, September 2020).

The current knowledge about the geology of Panama is mainly due to the geochemical-geological studies carried out by the UNDP's Azuero Mining Project, Phase I (1965-1968). From then on, other explorations were made over the years, until the 1990s, where by Law 9 of February 26, 1997, the Legislative Assembly approved the contract between the State and the company Minera Petaquilla, S.A. (today Minera Panamá, SA, a Panamanian subsidiary of the Canadian mining company First Quantum Minerals), which granted in concession an area of 13,600 hectares for the exploitation of deposits of gold, copper and other minerals in the District of Donoso, Province of Colón, Republic of Panama (known as Project Cobre Panama).

Also in the 1990s, the Santa Rosa and Remance mines were in production and closed in the same period.

During the 2000s the mining industry relied mostly on the mining of construction materials (non-metallic minerals). A large amount of these mineral resources were used for the urban and infrastructure expansion of the country. With the increase in international metal prices, metal mining returned to its popularity and appeal. For the period between 2008 and 2014, the sector grew practically double, representing a share of approximately 1.9% of the country's GDP. This expansion was mainly due to Petaquilla Gold, which exploited the Cerro Molejón gold deposit, south of the concession under contract-Law 9 of 1997.

Metallic mining had controversies in 2011 due to the attempt to modify the Code of Mineral Resources that would allow granting concessions to foreign governments through Law No. 8 of 2011. The Ngäbe-Buglé people rejected this attempt since one of the Exploitations planned to be granted would have been Cerro Colorado, in the territory of its region, based on the lack of adequate consultations and transparency. In the end, Law No. 8 was repealed. After negotiations between the indigenous people and the Government, finally, in 2012, Law 11 of March 26, 2012. The new law recognizes the right of the region to the use, management and sustainable traditional use of renewable resources, and "prohibits the granting of concessions for the exploration, exploitation, and extraction of metallic and non-metallic mining and their derivatives in the region".

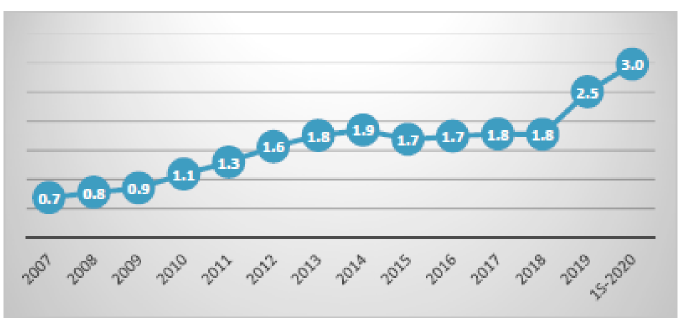
In the same sense, civil society expressed an anti-mining sentiment with the presentation of the Environmental Impact Study of Cobre Panama in 2010. Public debates were opened on whether or not Panama should be a mining country, considering that most of Its mineral deposits are found in important areas of biodiversity such as the Mesoamerican Biological Corridor.

This led to the creation of a Dialogue Table for the Responsible Development of Mineral Resources in Panama, at the initiative of the Panama Mining Chamber (CAMIPA). Various relevant actors for the sector participated, including the business sector, government, NGOs, academics, indigenous peoples, unions, and professional societies. In it agreements were reached on axes such as: Environmental and Social, Economic, and Legal-Institutional, which will help the activity to be carried out in a responsible, sustainable and beneficial way for society and the environment.

The mining sector from 2011-2012 grew mainly due to non-metallic mining, thanks to construction megaprojects such as the Expansion of the Panama Canal, Line 1 and 2 of the metro, Cinta Costera 3, among others. On the other hand, production of metallic mining - in case of gold - went into decline which led to the closure of Petaquilla Gold in 2014. However, the concession in the hands of First Quantum Minerals - which although includes gold, silver and copper, is dedicated to copper - today it has a large-scale investment of B/. 6.7 billion.

The mining sector has maintained its participation in the Panamanian economy between 2014 and 2018 between 1.7% and 1.9%. Metal mining is gaining importance in the economy since the income from the Cobre Panama Project began in 2019 and will be an essential factor for the country's growth. For the year 2019, the sector had a production of B/. 1,077.8 million, representing a 2.5% share of GDP and was the activity that contributed the most to the country's economic growth in that year with 23.9%. The sector had a growth of 45.5% in relation to the previous year, driven mainly by the metal sector, due to the production of 79,776 tons of copper concentrate in the second half of the year, which were exported generating foreign currency around B/. 600 million. For its part, the non-metallic sector showed a decrease in its contribution, this due to the reduction in the construction industry that uses materials related to the extraction of stone, sand and clay as inputs.

Gráfica 1. Evolución de la participación del sector minero en el PIB (2007-1S-2020)



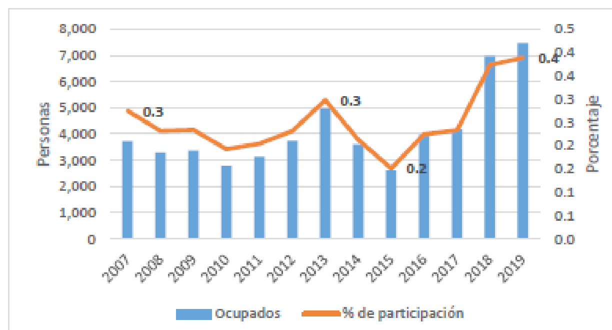
Fuente: Elaboración propia con datos del INEC.

For the first semester of 2020, the Mining and Quarrying sector had a growth of 31.9% and a participation in GDP of 3.0%, mainly driven by the operation of the Cobre Panamá Project (Minera Panamá), although it was affected in its production due to the stoppage of operations due to the suspension of work in this sector as well as most of the non-essential sectors, this is generated by the health crisis due to the COVID-19 pandemic. It is important to note that the mine played a key role in the economy, being the sector that grew the most in the first half of the year, influencing that the economic decrease was not greater as well as diversifying the country's productive matrix.

Job

The mining sector in the period 2007-2017, according to the Continuous Household Survey (ECH) of the Institute of Statistics and Census (INEC), has employed an average of around 3,500 people and its participation in the labor market is between 0.2% and 0.3%. For the years 2018 and 2019, the numbers of employed persons increased significantly by 80%, almost doubling the employed persons in the sector due to the entry into operation of the Cobre Panama Project. Although the sector is not currently a great generator of employment such as agriculture, construction or commerce, it does contribute to the rural sector.

Gráfica 2. Evolución de los ocupados y la participación del sector minero en el empleo (2007-2019)



Fuente: Elaboración propia con datos del INEC

In 2020, the company reported having 7 thousand workers and these figures are expected to increase since the mine is not yet operating at 100% of its capacity. In addition, in the coming years there are great possibilities that other mines such as Santa Rosa and Cerro Quema will come into operation, which initially could mean approximately 700 jobs.

Exports

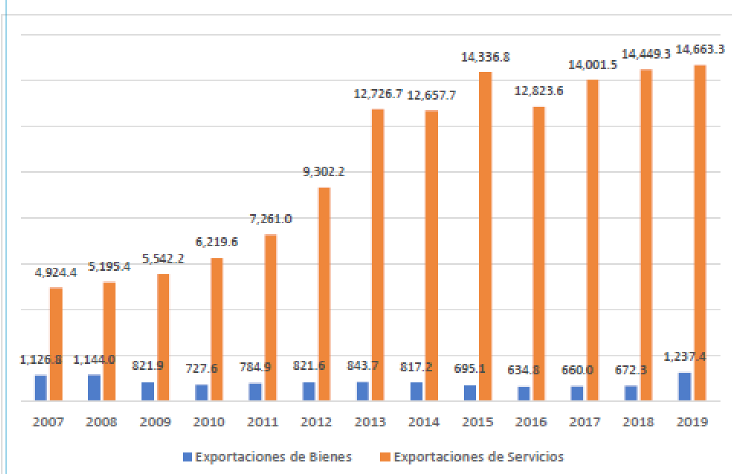
Exports are a very important factor in the economy of countries around the world, since with a higher level of exports the income of the economy in general multiplies, in addition to the income of the companies that participate in the process. They are also positive for the trade balance, the current account and the balance of payments.

Panama, having an economic model where service predominates, exports of services have prevailed and grown faster due to, among others, the expansion of the Canal and improvements in the logistics platform, as well as the tourism sector and the financial sector. However, exports of goods decreased in proportion (% of total exports) compared to that of services; but it is highlighted that in the last three years they registered an increase in terms of absolute value.

Panamanian exports have evolved significantly: for 2009, Panama's exports totaled B/. 6,364.1 million, in which services exports predominate for B/. 5,542.2 million, representing 87.1% and exports of goods that were B/. 821.9, or 12.9% of national exports for that year.

For the year 2018, exports of goods and services totaled B/. 15,121.6 million, with services also being predominant; however, the proportion is different. Exports of services were B/. 14,449.3 million that represented 95.5% and exports of goods with B/. 672.3 million that meant 4.5% of national exports.

Gráfica 3. Evolución de las exportaciones de bienes y servicios (años 2007-2019)



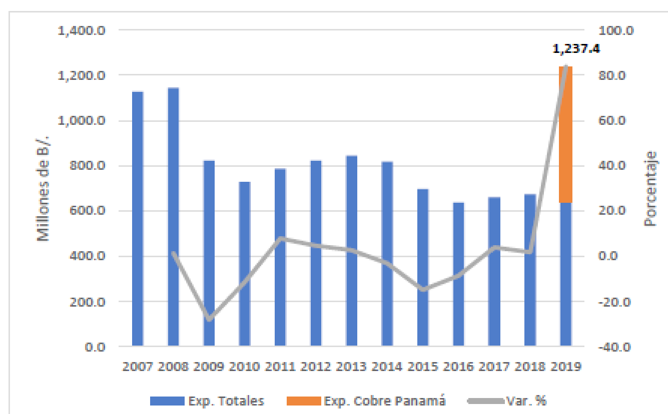
Fuente: Elaboración propia con datos del INEC.

For the year 2019, exports of goods grew significantly and closed the year with B /. 1,237.4 million, growing by 84.1% compared to 2018 (estimated figures). This increase was mainly due to the new and important export of copper concentrate. This increase in exports of goods significantly changed the proportion in relation to exports of services. Although services exports continue to predominate with B/. 14,663.3 million, which represents 92.2% versus exports of goods with B/. 1,237.4 million, which represents 7.8%, reflects an improvement of 3.3 percentage points.

In the same sense, by relating exports of goods / GDP, it has also gained relative importance in the economy: in 2018 it represented 1% of Nominal GDP and increased by 0.9 percentage points to reach 1.9% in 2019 , almost doubling its relative importance.

What happened in the exports of goods in 2019 was due to the entry into operation of the Cobre Panama Project, according to the data provided through an interview with Alfredo Burgos (president of CAMIPA) and Zorel Morales (director of CAMIPA). According to these, the explanation for the growth is that the entry into production of the mine allowed exporting an approximate of B /. 600 million, this represents 48.5% of the total exports of goods as shown in Graph 4 (in the orange bar). Additionally, copper concentrate exports contributed 106.2% to the growth of total exports of goods. It should be emphasized that the 2019 production of Cobre Panamá was not at its maximum capacity, since it has an estimated capacity of B/. 2,000 million annual exports.

Gráfica 4. Evolución de las exportaciones de bienes (años 2007-2019)



Fuente: Elaboración propia con datos del INEC y CAMIPA (Exportaciones de Cobre Panamá).

There is enormous potential in the metal mining sector in Panama, as a single project in operation is having a huge impact on exports. However, there are 11 more projects that, if launched, would contribute to the country's exports, which would also help diversify the Panamanian economy.

Contribution to State Income

Another aspect to consider is knowing how much mining contributes to the State through the measurement of the contribution to the National Treasury in its direct, indirect, and induced contributions.

To arrive at this approximation the following considerations were used:

- **Direct contributions to the State (cash: 2% as royalties from annual gross production).**
- **Indirect contributions to other State entities (cash: income tax and social and educational insurance).**
- **Indirect contributions to the economy (cash: Payment to 1,400 suppliers, and net wages).**
- **ITBMS (cash: considering that the payment to 1,400 suppliers, and the net salaries, are used in consumption in the economy paying said tax).**
- **Non-metallic mining taxes.**

The sum of all the mentioned points would represent an approximate value of the government's income from metallic and non-metallic mining activities (Project Cobre Panama).

For better detail, Table 2 shows each variable and its calculation. The result indicates that the contributions to the State in 2019 totaled B / .524 million. Regarding its relationship with the Total Income of the Non-Financial Public Sector (NFPS), it results in 4.3% in the year. This reflects the significance of the activities of the mining sector (especially the metal sector) in the contributions of the resources that the government needs to operate and, in addition, it gives it the capacity to invest and generate social welfare.

Tabla 2. Cálculo aproximado de la contribución de la minería a los ingresos del Estado (año 2019, en millones de B/.)

Detalle	Contribución Anual en millones de B/.
Aportes directos al Estado	42.4
Aportes indirectos a otras entidades del Estado	390.9
Caja de Seguro Social	96.0
Seguro Educativo	3.6
Impuesto sobre la Renta	291.3
Total de Aportes Directos e Indirectos al Estado (ADI)	**433.3**
Aportes indirectos a la economía (AE)	796.3
Consumo 7% ITBMS de (AE)=(IAE)	**55.7**
Impuesto de la minería no metálica (INM)	**35.0**
Total de Ingresos al Gob. (ADI)+(IAE)+(INM)=(IG)	**524.0**
Ingresos Totales SPNF	**12,285.8**
% de los Ingresos Totales SPNF (IG)/(SPNF)	**4.3**

Fuente: Elaboración propia con datos del CAMIPA, MEF, Cobre Panamá (presentación: Caso Real- Cobre Panamá, 1er Foro Empresarial CONEP, 18 de nov 2020) y Estudio Impacto Económico de Minera Panamá en la Economía Panameña, INDESA.

This contribution should increase as the productive capacity of the metallic mining sector increases, considering that the operation of the Cobre Panama Project increases its production capacity and the other mining projects are incorporated. In addition, it must be taken into consideration that the metal mining sector is just beginning to develop and has a lot of potential. and Real Estate and business activity.

It is important to mention that, although this projection was carried out before the pandemic, experts believe that the recovery of the sector is possible and comply with the initial projections, considering the activation of pending projects such as Cerro Quema and Santa Rosa.

Caso Real- Cifras Cobre Panamá

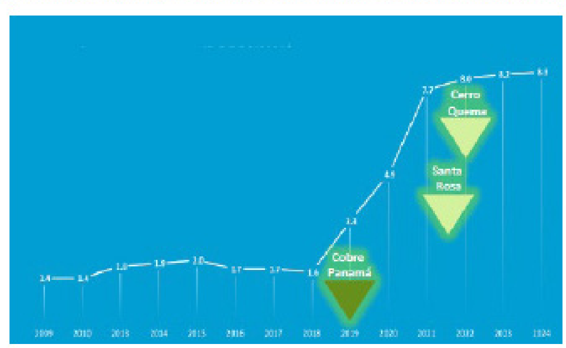
- Empleos durante la etapa de construcción alrededor de 13,000 personas
- Empleos estimados en producción aproximado de 4,500 personas
- Valor Agregado creado representa más de B/. 1,800 millones
- Gran parte de la fuerza laboral proviene de las comunidades vecinas o aledañas al proyecto
- Más de B/. 20 millones en salarios mensuales con un promedio de remuneración mensual de B/. 2,800
- Alrededor de B/. 8 millones mensuales a la Caja de Seguro Social
- Alrededor de 1,400 proveedores panameños, a quienes se le aportan B/. 580 millones anuales
- Más de B/. 34 millones en restauración y conservación de bosques y fauna del país
- Más de B/. 62 millones en desarrollo sostenible de las comunidades aledañas
- Representa el 3.5% del PIB, según estudio de INDESA
- Transferencia de conocimiento
- Más del 90% de la mano de obra empleada es panameña.
- La Mina Cobre Panamá genera 7,000 empleos directos y alrededor de 32,000 empleos indirectos, que representa aproximadamente el 2% de los ocupados de todo el país.
- Tiene un impacto sobre la producción nacional, ya que, por cada dólar de aumento en la producción, su efecto en la producción total es de B/. 1.64 en su efecto directo, indirecto e inducido, es decir, su efecto multiplicador es de 1.64.
- Cobre Panamá es uno de los mayores consumidores en el país de bienes producidos por el agro, la industria manufacturera, la construcción, la producción y distribución de energía y agua, y el sector de almacenamiento, logística y transporte.

Fuente: presentación: Caso Real- Cobre Panamá, 1er Foro Empresarial CONEP, 18 de noviembre 2020.

Projections

The mining sector union has a projection of contribution of mining to Panama's GDP for the years 2019-2024 where the operation of the Cobre Panama Project and the start-up of the Santa Rosa and Cerro Quema mines are considered. This projection indicates that by 2024 mining activity could be representing 8.3% of the country's economy. What would be similar to the current contribution (2019) of Financial Intermediation

Gráfica 5 Evolución y Proyección del Aporte al PIB-Actividad Minera 2009-2024



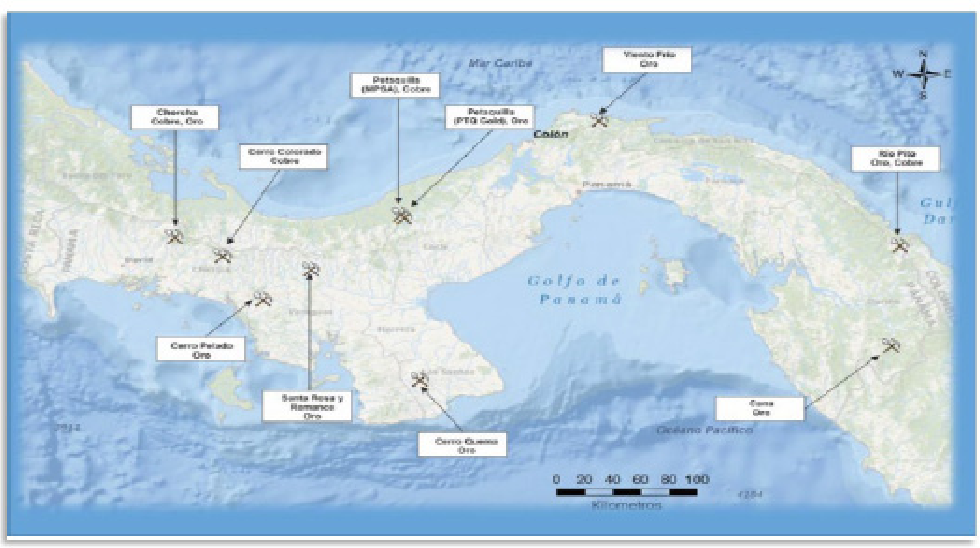
Fuente: CAMIPA

2. What has been the indirect impact on the communities surrounding the mines?

As has been developed previously, contributions made by mining projects - especially metallic ones - are of great importance for the country. Other impacts on communities surrounding the metal mining projects will now be considered.

The projects are located throughout the national territory, mainly in rural areas of the country, as can be seen in Illustration 1. The map shows that the geographical location of the mining projects coincides with remote areas of the country and their execution would help to break the existing economic concentration in the province of Panama and Colón, managing to bring greater income and well-being to the rest of the provinces.

Ilustración 1. Localización de los yacimientos conocidos



Fuente: CAMIPA

Another important aspect is that Law 13 of April 3, 2012 establishes that, of the tax on royalties paid, 15% must go to the municipalities where the projects are located, which would pay for the development of the communities. According to estimates, if all the mines were to operate, it would represent some US $ 40.24 million annually for the municipalities (CAMIPA, Mining Potential in Panama).

Considering the Cobre Panamá Project, which is currently operating and the Cerro Quema Project, which is in an advanced stage, the environmental and social impacts on the communities near them will be analyzed.

Cobre Panama Project

This project is located in the in the Province of Colón, 120 km west of Panama City, Cobre Panamá, it is composed of: Copper Mine, Process Plant, Power Plant and the International Port of Punta Rincón. It has 3,100 million tons of proven and probable reserves; This mine thus constitutes one of the largest new copper mines inaugurated worldwide in the last decade.

Cobre Panamá comprises a series of copper deposits. The main deposits are Balboa, Botija, Colina and Valle Grande. Likewise, there is a series of smaller mineralized zones; Of these the most important are Brazo and Botija Abajo. The operation has a useful life of 34 years.

In the area where the project is located, it was previously a protected area (Mesoamerican Biological Corridor) of more than 1,500 million hectares of forests (between Colón and Veraguas). However, when the environmental impact study of Minera Panamá, SA was made, it was found that there were only 250 thousand hectares of forests, the difference was deforested before the arrival of the mine, perhaps due to illegal logging, there was no presence of the State in that area, unsustainable agricultural activities, illegal gold production and drug trafficking also occurred, among other reasons unrelated to mining activity.

The Cobre Panama Project is committed to having the same initial 250,000 hectares, and has become the largest reforester in the country3. The mining company has developed a mitigation and compensation strategy for environmental sustainability. In it they have already reforested about 2,000 hectares, with B/. 34 million in investments for programs related to the environment in compliance with the commitment to approve the project's Environmental Impact Study.

As a result of establishment of project, a large number of biodiversity conservation plans have been generated, flora and fauna that were considered extinct or on the way to extinction have been found, and new species have been identified. They carry out visual monitoring of the area through activation of almost 100 cameras that are deployed throughout that area and have a water quality and precipitation monitoring system. "If at this time we think about country's protected areas, only protected areas in the country where biodiversity conservation and sustainable development plans are actually being implemented are: Chagres Park and Donoso area where the mine is located" (Z . Morales).

On the other hand, project has contributed to bringing the State to that area. Mining investment brought with it the support of government apparatus, thus reaching distant populations of the country that are located in or near the mining development. With the mine, electricity came to the area, and the government has advanced with electrification infrastructures, as well as streets and other.
The Cobre Panama Project has programs for the sustainable development of nearby communities, providing in addition to employment, "multiple supports in education, socioeconomic development, health and well-being" (www.cobrepanama.com). More than B/. 58 million have been invested in social issues. Z. Morales tells us that - as an example of social contribution - in the Donoso area a cooperative called DONLAP has been created with the advice of the project, made up of peasants, farmers and ranchers. There are about 200 families who were trained in sustainable production techniques and market access techniques, initially from the mining company and now they are entering national market and selling more than 60 tons of agricultural inputs per month to the mine.

Alberto Casas Director of Community Affairs of the company in an interview with Radio Panama (2019), highlighted that lands that were unused, now produce and activate the economy of their regions. The objective of the cooperative is to be able to use the international port of Punta Rincón, built by the company that manages the mine, to export its products.

These are some of the impacts in the project area, since training projects for young people, programs with schools, electrification, drinking water, donations to hospitals, among others are also carried out.

Ilustración 2. Impacto del Proyecto Cobre Panamá en las áreas del proyecto y zonas aledañas

Fuente: Cobre Panamá

Cerro Quema

The Cerro Quema Project (MCQSA Company) is located between the districts of Tonosí and Macaracas, in the province of Los Santos. The surface dedicated to the Cerro Quema Project occupies 6% of the surrounding 768 hectares, and is being properly managed for environmental mitigation and compensation. The origin of the Cerro Quema Project dates back to the end of the eighties; In 2016 the company requested an extension from the MICI, but it is still awaiting the approval of the Environmental Impact Study.

Although this mine is not in production, it has a presence with a minimum of personnel. They have conserved forests in their area and created cooperatives (on a smaller scale than Cobre Panama) since it is an exploration project, not an exploitation project (A. Burgos).

In coordination with public entities, local authorities and community leaders in each region, it developed a Corporate Social Responsibility program aimed at creating and promoting the capacities of the population itself to strengthen food security, sports and culture. The company developed several trainings both for municipal treasury officials and young people from the surrounding communities, in order to provide them with tools to be more competitive. In addition, it implemented the "Hot Food" program, through which some 450 students from 10 schools, whose ages range between 6 and 15 years, received healthy and nutritious food that affected their quality of life.

The 10 schools, located within a 12-kilometer radius of the Cerro Quema Project location, received advice and training for the creation of their own school gardens and the corral rearing of their own minor species. While also, I make donations to the Rural Hospital of Tonosí, and to entrepreneurs in the area.

Finally, they held various reforestation days in the project area and surrounding areas. They have worked on the preservation of 32 hectares of forest and the recovery of another 768 hectares with local species; applying a set of mitigation measures aimed at reducing or avoiding soil contamination, erosion, visual impact, noise and the generation of dust.

Ilustración 3. Impacto del Proyecto Cerro Quema sobre su comunidad

Fuente: http://www.mcqsa.com/rse/

In summary, mining projects contribute significantly to the communities because by energizing the local economy with employment, infrastructure development through the construction of new communication routes, electrification projects, telecommunications, water resources, health and education, they improve sustainable development of those regions. All of this "translates into responsible environmental management, higher productivity, more development projects and, therefore, better opportunities" (R. Benavides, Responsible mining and its contribution to the development of Peru).

3. What happened to the activity with the arrival of the COVID-19?

COVID-19 according to the World Health Organization (WHO), is an infectious disease caused by the coronavirus that, until about a year ago, was unknown. Its outbreak began in Wuhan (China) in December 2019 and was considered by the WHO as an epidemic in January 2020. By March of this year the WHO declared it a pandemic and in that same month Panama reports the first case of COVID-19 that it caused the subsequent suspension of all non-essential economic activities. COVID-19 is impacting the way society coexists, as well as the development of economies worldwide.

Consequently, the situation also affected the Mining and Quarrying activity, which, although it grew by 31.9% of GDP for the first semester of 2020, according to the experts, it was expected to grow even more, mainly due to the Project's operations. Copper Panama (Minera Panama). Both Alfredo Burgos (president of CAMIPA) and Zorel Morales (director of CAMIPA) estimate that this will have an impact on exports, which could reach only 50% of the exports registered in 2019 by the end of 2020, that is, about B /. 300 million.

With the arrival of COVID-19, the Cobre Panama Project had to adjust its operations to the "new normal" since in April they reported 202 infected with 5 deaths, which is why the quarantine and recovery process began in April. hotels which lasted until June; In addition, the Safe Maintenance and Management Plan was launched applying the Preparedness and

Response Protocol to COVID-19, Cobre Panamá. With the above, the recovery of 197 workers and zero infections was achieved.

The Preparedness and Response Protocol to Covid-19, Cobre Panamá proposes a staff rotation every 14 days which are fulfilled as follows:

- **The first 14 days are of preventive quarantine prior to entering the mine, during that period employees are paid as days of 8 hours worked, daily triage is done and serological tests are applied, in addition, personnel are trained in protocols health and hygiene.**
- **The next 14 days are working in the mine, complying with all protocols, and then employees leave and the replacements enter.**
- **The next 14 days are rest for workers.**

Regarding employment, there are still no official figures for 2020, but according to the situation reported by the Minera Panama company (as the main driver of the sector), COVID-19, by affecting its operations, also affected the number of employees working. in the mine. According to company statistics, in April there were 7 thousand workers, but after the temporary suspension of operations and the subsequent reactivation in July, currently between 3 thousand and 4 thousand people are working and not the 7 thousand who were before the pandemic, as there are limitations on the number of people who can stay per camp, to comply with the protocols.

This is because it is a complex and continuous operation (24/7) where employees come from home to the project and reside there during working time.

Regarding the experience in other countries, the expert Morales5 highlights that in general, the mining companies, instead of requesting financial support from the governments, have asked them to allow them to continue working. During the most critical moment of the pandemic, some countries had operations that never closed. Experts consider that "undoubtedly governments realized that they were an important factor in maintaining the flow of foreign exchange and the environmental and social benefits".

4. What aspects are relevant to improve performance of the activity?

The experts consulted indicated that, to improve the performance of the mining activity in Panama, especially in those related to metallic mining, strengthening the institutional framework is a key aspect. Lic. Zorel Morales, executive director of CAMIPA, indicated that "the institutional framework of the (public) sector at this time is very weak" 6 since it does not have the capacity to handle the issue of metals. He mentioned that years ago the Ministry of Commerce and Industries (MICI) managed the areas of tourism, aquatic resources, maritime, hydrocarbons, to name a few; who later became authorities and that allowed them a greater development and take-off in the different sectors.

The mining sector, through Minera Panamá,S.A., is making an important contribution to the country, but it requires a good and strong institutional framework that facilitates and promotes the development of the sector that is complex because it is so technical, that is, it is necessary "Create a mining authority." In addition, this level of technical specialization requires personnel trained in "how to supervise a project

Ilustración 4. Cifras del Covid- Minera Panamá

Fuente: http://cobrepanama.com/covid.

Recuadro No. 1

La Minería en Perú y el COVID-19

La minería metálica es muy relevante para la economía del Perú, representa el 9.3% del Producto Interno Bruto (Participación en el PIB-2018), con una generación de empleo de 208,716 personas (promedio a diciembre 2019). El país ha logrado un sitial importante en la producción minera mundial, ubicándose entre los primeros países productores de plata, cobre, zinc, estaño, plomo y oro. Su riqueza geológica, la disponibilidad de información catastral y geológica de calidad, la oferta de proveedores de primer nivel y el marco jurídico promotor de la inversión privada vigente en el país, convierten al Perú en uno de los destinos más atractivos para la inversión minera en el mundo.

Los resultados del 2019 mantienen al subsector minero como el principal aportante de las exportaciones nacionales, a pesar del contexto adverso debido al incremento de las tensiones geopolíticas entre las principales potencias, así como, la disminución interanual del valor exportado. Al cierre del 2019, las exportaciones mineras sumaron B/. 28,678 millones, lo cual significó una ligera caída de 2.9% respecto al año anterior debido al menor volumen exportado interanual que, junto a las variaciones negativas en las cotizaciones de la mayoría de los metales industriales, impactaron el valor de las exportaciones del subsector minero (Ministerio de Energía y Minas de Perú).

El desarrollo minero impacta a las comunidades donde realizan sus proyectos (zonas rurales donde hay pobreza) y les beneficia con infraestructura y servicios básicos, así como también impacta a los encadenamientos con otras industrias como los servicios, la construcción, la metalmecánica, entre otras. Ese impacto se refleja con claridad en la contribución de la minería en el PBI regional, las exportaciones y la generación de divisas, así como en los ingresos tributarios, que son sumamente necesarios para el desarrollo del Perú.

Las inversiones proyectadas para los próximos años tanto en exploración, explotación y ampliaciones mineras superan los B/. 58 mil millones. La cartera estimada de estos proyectos mineros destaca inversiones muy importantes en Cuzco, Cajamarca, Moquegua, Tacna, Ica, Lima, Arequipa, Junín, Piura, Ancash, Huancavelica y Lambayeque.

Ante esto, llego el Covid-19 a afectar los planes y el desarrollo de las actividades económicas, que obligo a las empresas y entre ellos a la industria minera a poner en marcha los protocolos establecidos para afrontar diversos tipos de eventos los cuales forman parte de sus políticas de gestión enfocadas en el cuidado de la salud y seguridad de sus trabajadores. Las minas no solo cuentan con centros de salud y centros médicos, sino también con toda la logística necesaria para garantizar la sostenibilidad de sus operaciones. Es una de las industrias más preparadas y certificadas para reaccionar con efectividad ante estos sucesos (Instituto de Ingenieros de Minas de Perú).

El Gobierno de Perú planteó al Congreso un ambicioso plan que pone énfasis en el impulso de la recuperación económica, con énfasis en la sanidad, la educación y el desarrollo social, para enfrentar la crisis generada por la pandemia de COVID-19. El Gobierno también busca "que las expectativas de los inversionistas continúen recuperándose", por lo que su objetivo para este año es "impulsar la inversión minera, la inversión en infraestructura y la inversión diversificada tanto a nivel de gran empresa como pequeña empresa" (Primer ministro, Pedro Cateriano).

[5] Z. Morales (comunicación personal 22 de noviembre 2020).

like this (Minera Panama)" and how to improve the regulatory framework.

For his part, Alfredo Brugos, president of CAMIPA, reported that there are already advances in the search to strengthen the institutionality. The creation of an authority that leads the mining activity in Panama is in "the governmental process", CAMIPA took the initiative to link the Inter-American Development Bank with the governmental entities who, through technical cooperation, are working to achieve this objective . The creation of the authority is in process and it is expected that it can be completed within a year at the latest.

Another aspect to consider is to establish regulations that allow compliance with what the code stipulates, and purify mining registry. The Ministry of Commerce and Industry (MICI) will be convening a series of commissions to discuss with all interested parties what regulations are required and which ones should be updated. CAMIPA hopes that they can be duly evaluated and consulted.

In addition, there are limitations in the development of the mining sector in the regional areas, since its inhabitants oppose such activity. This situation must be worked closely with the indigenous population so that they understand the benefits that their communities could obtain from the implementation of mining projects. According to the expert8, wanting to lift the ban on mining and accept the development of mining in those areas should be an initiative of the indigenous people, since they are the ones who must agree. As these areas are the poorest in the country, they could benefit socially and economically from mining development, thus improving their quality of life.

When reviewing the 2018 results of the Multidimensional Poverty Index (MPI), developed by the MEF, it is evident that the county areas are the ones that mark the highest MPI indices, reaching between 0.288 and 0.469 as shown in Table 3, while in the province of Panama -to take the capital of the country as a reference- is 0.037. This situation is also reflected in the Human Development Index (HDI), which in 2019 the indigenous regions present the least development in the country (Emberá region 0.52, Kuna Yala region 0.43 and Ngäbe Buglé region 0.38) while the province of Panama has 0.82.

The development of responsible mining projects would bring road infrastructure, energy, internet, employment, among others, to these poor areas of the country, which would significantly change the lives of many Panamanians.

In addition, it is interesting to consider the report on the Evaluation of the Mining Policy Framework (MPM) in Panama (published by the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development -IGF9), which included a comprehensive review of national laws and policies and key internationals, as well as a field visit. It identified key

Tabla 3 Índice de Pobreza Multidimensional Panamá

Índice de Pobreza Multidimensional	2018
Nacional	0.081
Bocas del Toro	0.179
Coclé	0.079
Colón	0.062
Chiriquí	0.045
Darién	0.146
Herrera	0.017
Los Santos	0.014
Panamá	0.037
Veraguas	0.071
Panamá Oeste	0.057
Comarca Kuna Yala	0.468
Comarca Ngöbe-Buglé	0.469
Comarca Emberá	0.288

Fuente: MEF.

strengths and weaknesses in national mining laws and policies. In order to consider those areas in which the country should improve, the identified weaknesses are detailed below:

- **Significant economic contributions to GDP are expected, but a mining vision or policy is required with a development plan, "which gives direction to the government's management of the sector." The Government, as a whole, has not succeeded in homogenizing its position as to whether or not it is a mining country. This influences the decisions to grant concessions and extensions that are de facto suspended, as well as the execution of Supreme Court judgments.**
- **The legal framework is outdated. For example, the Mineral Resources Code should be modified based on international standards and best practices. Likewise, there is a lack of specific mining legislation and regulation on environmental, safety, closure and post closure of mines and artisanal and small-scale mining (ASM).**
- **There is a lack of adequate control in mining operations in environmental matters (water, solid waste, biodiversity and emergency plans) and occupational health and safety.**
- **There is no mention of the closure of mines, post-closure and their financial guarantee in the legislation despite the existence of three cases of conflicting closures in the country in recent years.**
- **There is a lack of powers for tax and customs control in concessions by contracts as per law. Distribution of taxes collected is not very transparent.**
- **Despite having a small amount of illegal mining,**

compared to other countries, the Government does not exercise control over this sector, as these illegal operations are prone to unacceptable practices such as child labor, illegal immigration and negative impacts to the environment.

Panama has significant mining potential, which requires right environment to develop responsibly and sustainably. Therefore, it is essential to be able to attend aforementioned aspects, for best performance of mining activity in the country.

B. Conclusions

• Panama has significant mining potential as it has world-class metal reserves, which could be used responsibly, which would contribute to the country's economy.
• Developing the mining sector would allow the country to diversify its offer. Historically it has focused on service, and being able to promote the primary sector is positive.
• Mining in Panama with start of Cobre Panama Project has managed to substantially increase exports of goods (almost doubling total in money), which will have a greater impact upon reaching 100% of its operating capacity. This only considering this project that is in progress; if the other mining projects are added, the increase in exports will be much greater.
• The sector had a production for 2019 of B/. 1,077.8 million, representing a GDP share of 2.5% and was the activity that contributed the most to the country's economic growth in said year with the 23.9%.
• Sector had a growth of 45.5%, mainly driven by metal sector, due to the production of 79,776 tons of copper concentrate in the second half of 2019.
• The mining sector in the period 2007-2017 has employed an average of around 3,500 people and its participation in the labor market is between 0.2% and 0.3%.
• For the years 2018 and 2019, the figures of those employed in the sector increased significantly by 80%, almost doubling, this is due to the entry into operation of the Cobre Panamá mine. These figures should increase as they approach their maximum capacities and with the possibility of other mines coming into operation in the coming years..
• Exports of goods grew significantly at the end of 2019 with B/. 1,237.4 million, or an increase of 84.1% compared to 2018, mainly based on the export of copper concentrate.
• The mine exported an approximate of B /. 600 million, this represents 48.5% of the total exports of goods in 2019.
• The mining sector contributed some B/. 524 million (estimated) to government revenues in 2019. Regarding its relationship with the Total Income of the Non-Financial Public Sector (NFPS), it represents 4.3% in the year. This reflects the significance of the activities of the mining sector (especially the metallic one) in the contributions of the resources that the government needs to operate and, in addition, gives it the capacity to invest and generate social welfare.
• The contribution of the Panamanian mining sector to the State's income represents a quarter of what the Panama Canal contributes.
• The projection indicates that by 2024 mining activity could be representing 8.3% of the country's economy. What would be similar to the current contribution (2019) of activities such as Financial Intermediation and Real Estate and business activity.
• There is a clear need for a rapprochement with indigenous peoples to clarify the situations that concern them, expedite the approval of environmental impact studies, and strengthen institutions, among others, that would facilitate the development of mining activity.
• Mining projects are not destructive, but can generate innumerable environmental, social and economic benefits, not only in the areas where they operate but also in the surrounding communities.
• It is urgent to update Code of Mineral Resources based on international standards and best practices, as well as to regulate development of the activity.
• The inspection of mining operations in terms of occupational health and safety is a pending issue.•Attracting mining investment and creating the appropriate business climate (long-term vision, legal certainty that allows agreements with the State and not with governments, political stability, etc.) for the development of the activity, would be valuable for the country.

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Norms of INTEREST

GRADUAL REIMBURSEMENT OF EMPLOYEES

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With the issuance of Executive Decree No. 231 of December 29, labor measures are adopted addressing the restriction of citizen mobilization and other provisions are issued, the main measure being the entry into force of Executive Decree No. 229 of December 15, 2020.

Before commenting on Executive Decree No. 231, it is important to mention that said Decree is related to Executive Decree No. 229, orders the reinstatement of workers suspended as of January 2021 and authorizes closed companies to request the extension of the suspension of contracts. Establishing the specific percentages for the gradual reinstatement of workers, resuming their functions in the companies, according to the economic activity they carry out, as follows:

Companies that are closed by order of the Health Authority:

They begin with the reactivation of a minimum of 20% of the total of the suspended workers at the time of reopening. In the following three months, the total number of suspended workers will be reinstated gradually, month by month..

Primary Sector Companies:

Start with a minimum of 50% of those suspended in the first month

For the second month a minimum of 70% of those suspended from the previous month.

All workers will be reinstated at the beginning of the third month.

Secondary Sector Companies:

It must start with 20% of the total of the workers suspended the previous month, then, progressively over a period of 5 months, the percentage reimbursement will be between 25 and 30% of the total of workers suspended from the previous month.

Tertiary Sector Company:

For the first month you must reincorporate 25% of the total of workers suspended in the previous month,

Gradually, in the following 5 months, workers will be reinstated in percentages between 20 and 30%.

Small Business in the Tertiary Sector, with 10 or fewer workers and tourism companies:

They start with a minimum of 10% of those suspended in the first month,

During the next 5 months, the gradual reinstatement of workers with suspended contracts will be between 15 and 30%.

Now, we will go on to comment on the most relevant points of the recently issued Executive Decree No. 231 and that in most of its articles are those contained or developed in Executive Decree No. 229, which will come into force as of February 1 from 2021.

1. The existence of the COVID-19 pandemic, the Declaration of a State of National Emergency and the declarations of total or partial quarantine, may be considered as a fortuitous event and force majeure for the purposes of the application of numeral 8 of article 199 of the Work code.

2. Companies are urged to apply mobilization restriction measures to carry out their activities through telework modalities, paid work leave available, among others.

3. The suspension of the effects of the employment contract must be registered with the General Directorate of Labor and the suspension will remain in effect until January 31, 2021, without prejudice to the fact that the workers may be reinstated before that date.

4. The suspension request will be made by submitting a referral note, with the list in excel format of the workers indicating their full name, ID, social security number, sex, age, occupation, address, telephone, email, business and commercial name of the company, RUC, verification digit, economic activity, district where the company is located and copy of the operation notice.

5. The term to present the note will be from December 31, 2020 at 4:00 in the afternoon of January 8, 2021.

6. In case of companies that are within mobility exceptions, they must request the extension of the suspension of the effects of the employment contract until 4:00 p.m. on January 8, 2020, however, they must support reasons on which

you base your request for an extension and the term thereof.

7. In these cases, it has been arranged that the suspensions of the effects of the employment contract in force as of December 31, 2020, will remain in force until the authority does not rule on the submitted application.

8. Among requirements that excepted companies must present are: application memorandum, Social Security Fund form, operation notice or Public Registry certificate that demonstrates existence of the company, list of workers and a copy of the provided or the previous request.

9. The applications submitted by the excepted companies between December 15 and 28, 2020 covered by Executive Decree No.229 must be replaced in compliance with the requirements contained in Executive Decree 231 that we comment on today.

10. For workers whose contract has been suspended or their working hours have been temporarily modified, the calculation of the seniority, vacation, thirteenth and severance premium will be made on the basis of the average wages received during the six months or the last monthly salary, prior to the month of March 2020, whichever is more favorable to the worker.

11. For the termination of the employment relationship by mutual agreement, the employer must deliver the proposal to the worker, who will have a term of two business days to accept or not the termination and in the event that he / she doesn't reply within said term, it is understood that does not accept the agreement.

12. In case of complying with the established procedure, the worker may demand the nullity of the agreement before the labor courts.

In this regard, we can indicate that both Executive Decree No. 229, which will come into force in February 2021, and Executive Decree No. 231, which is in force, modify rules of the Labor Code, establishing procedures contemplated in the Code in a different way, such as This is the case of termination of employment relationship by mutual consent and the calculation of labor rights and benefits, such as vacations, thirteenth month, seniority premium and compensation.

Regarding suspension of the effects of contract, although it is true that the obligation of gradual return of workers was suspended until February 2021, no less true is the fact that for exceptional companies it is imposed as a requirement the justification of the economic impact of the company, a requirement that had been exceeded by Executive Decree 229, since it did not contemplate it.

The truth is that from this moment there are two types of procedures to request the suspension of the effects of the employment contract, depending on whether or not your company is within the exceptions to mobility restrictions and that the Referral or informative notes have a term to be presented, which as we already indicated is January 8 at 4:00 in the afternoon.

The suspension of the effects of the employment contract is an issue that has been the subject of public debate both by the employer, worker and the population; However, the competent authority, despite the efforts it has made, has not been able to find a point of convergence between the actors, it has legislated leaving aside fundamental facts for the conservation of employee sources, which brings with it social peace in the country in these times of economic and health uncertainty. *L&E*

SANITARY MEASURES ARE ESTABLISHED TO RESTRICT CITIZEN MOBILIZATION IN THE PROVINCES OF PANAMA AND WEST PANAMA

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Executive Decree No. 1686 of December 28, 2020, which establishes sanitary measures for the restriction of citizen mobilization in the provinces of Panama and West Panama due to social behavior and high contagion rate of Covid-19, was published this Monday December 28, 2020 in Official Gazette.

The 14-article document states that the rules will take effect from 5:01 a.m. Monday, January 4, 2021 until 5:00 a.m. on Thursday, January 14, as announced by Health Minister Luis Francisco Sucre.

Among the measures are: restricting the mobility of people, with the exclusive purpose of supplying food, medicine or fuel, except for health reasons, using as a basis for this, gender and identity card number in the case of nationals or passport for foreigners.

Women may circulate on Monday, Wednesday and Friday, while men on Tuesday and Thursday. Adults over 60 and people with disabilities can stock up on food and medicine from 11:00 am. At 1:00 pm. Days that correspond by gender.

The provinces of Panama and Panama Oeste will have a curfew from 8:00 p.m. until 5:00 a.m., from Monday 4 to Thursday, January 14, except for days of total quarantine.

The decree indicates that home delivery services used for the sale of food and medicines may operate until 10:00 p.m.

During total quarantine period, access and use of parks, squares, stadiums, gyms, Coastal Strip, Amador Causeway, beaches, rivers and public spas is prohibited.

In total quarantine, the open and closed social areas, such as gyms and swimming pools of the condominium buildings (PH), neighborhoods, residential areas and hotels may not be used. Meetings or celebrations between people who don't live in a residence will not be allowed either.

Likewise, they decreed that in period of mobility restriction, curfew and total quarantine, process of construction and authorization of public works that are strategic for National Government in the face of health emergency will be maintained.

The installation of sanitary fences will also be maintained in the provinces of Panama and West Panama, from January 4 to 14, 2021. They will be located at the National Police checkpoint in the district of Chepo and in the El spa resort. Lake, of Capira.

For the rest of the national territory, the curfew is maintained from 7:00 p.m. until 5:00 a.m.

The Minsa, in coordination with the public security bodies and the Joint Task Force, will ensure compliance with the measures established in the decree.

In addition, the total quarantine will be implemented for the entire national territory on Saturday, January 9 and Sunday, January 10.

Finally, a list of institutions, people, activities and companies that are exempt from mobility restrictions was announced.

The violation of the provisions will be sanctioned by the competent authority. L&E

NEW MOBILITY AND QUARANTINE MEASURES

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Through Executive Decree No. 1686 of December 28, 2020, sanitary measures are established to restrict citizen mobilization in the provinces of Panama and Panama Oeste, due to social behavior and high rate of contagion of COVID-19.

This Decree indicates that, in the provinces of Panama and WestPanama as of 5:00 a.m. Monday, January 4, 2021, until 5:00 a.m. of Thursday, January 14, 2021, provisions with the exclusive purpose of essentially stocking up with food, medicine or fuel, except for health reasons, by gender and according to the last number of the ID in the case of nationals or passport for the foreigners.

Adults over 60 years of age and people with disabilities may move to acquire food or medicine from 11:00 a.m. at 1:00 p.m. regardless of the completion of their identity card or passport, but under the same parameters specified by gender and day of the week and may do so accompanied by a life assistant, regardless of their gender.

On Saturday, January 9 and Sunday, January 10, 2021, a total quarantine is established, however, due to the commemoration of Martyrs' Day, one person per family will be allowed to visit cemeteries and if necessary with a companion.

The foregoing applies to those cemeteries where the mortal remains of the fallen from this patriotic feat rest, in order to pay tribute to their legacy and complying with the biosecurity measures dictated by the MINSA.

The Decree also provides that from Monday, January 4 to Thursday, January 14, 2021, for the provinces of Panama and West Panama, the curfew will be 8:00 p.m. until 5:00 a.m., with the exception of days of total quarantine.

The curfew hours for the rest of the country are still 7:00 p.m. until 5:00 a.m.

They are exempted from mobility restrictions, curfew and total quarantine:

1. Members of the Public Force, public servants dedicated to attending the emergency at the national level; senior officials of the executive body; deputies, mayors, representatives of the township; staff of the Ministry of Health and the Social Security Fund.

2. Panama Fire Department, SINAPROC, SUME 991, IDAAN, Urban and Home Cleaning Authority, Civil Aeronautics Authority, Customs Authority, Migration Service that provide services in ports, airports, checkpoints and shelters, operational personnel ACODECO, AMP that also provides services in ports, ATTT, Superintendencies of Banks, Securities, Insurance, Non-Financial Subjects.

3. Notaries Public and staff of any other essential public service with prior authorization from the Health Authority.

4. Health, medical, administrative and operational personnel of hospitals, mobile emergencies, health care centers, clinics and medical laboratory personnel, whether public or private.

5. Lawyers suitable for the defense before the Judicial Branch, the Public Ministry and others,

of arrests registered during this period of restrictions.

6. Clinics and veterinary services, administrative and operational personnel of the Panama Metro and Mi Bus, as well as the personnel of contractor companies that provide services to these entities, are also included in the exceptions of Decree 16 86.

7. Public, collective and selective transport, for health and work reasons, to the transport contracted to mobilize the collaborators of the companies included in the exceptions. ACP personnel and contractors duly identified and coordinated with that institution.

8. Empresa Nacional de Autopistas (ENA) and Madden-Colón, S.A., suppliers and subcontractors, workers at the Aeropuerto Internacional de Tocumen, S.A., and Marcos A. Gelabert, S.A., suppliers, subcontractors and activities related to air operations.

9. Airline personnel and related activities, passengers within the national territory who show their plane ticket and / or passport.

10. Pharmaceutical industry, pharmacies, drug stores and cleaning companies dedicated to the production of hygiene and personal hygiene products, self-service restaurants, restaurant kitchens with home delivery and home service companies.

11. Supermarkets, hypermarkets, mini-supermarkets, grocery stores, hotels, hostels and pensions, as well as agricultural, agri-food industries, processing plants, packing plants, food and beverage distributors.

12. Security and security companies. Energy generation, transmission, distribution and operation companies, as well as gas stations and fuel companies.

13. Companies dedicated to maritime transport, personnel required for air, cargo and passenger transport; personnel of car rental companies that provide services to government entities and those included in the exceptions of this decree.

14. Telecommunications companies, media, banks, financial and other financial services, call centers, funeral homes and companies that provide services to medical-sanitary facilities, such as label printing, laundry, collection, treatment and disposal of waste, sale and distribution of equipment, medicines, vaccines and others.

15. Companies dedicated to the maintenance and repair of elevators, water tanks, power plants and gas installations; pest controllers (fumigators), hardware stores, activities carried out virtually or telework, and those authorized by the Ministry of Health.

The Decree indicates that home delivery services used for the sale of food and medicine may operate until 10:00 p.m.

In this order of ideas, a sanitary fence is established from January 4 to January 14 in Panama and West Panama, and sanitary control posts in the National Police Station in Chepo for the province of Panama and in the Spa El Lago, in Capira, province of West Panamá.

On the other hand, during period of mobility restriction, curfew and total quarantine, process of construction and authorization of public works that are strategic for National Government to face the health emergency will be maintained.

Similarly, access and use of parks, squares, stadiums, gyms, Coastal Strip, Amador Causeway, beaches, rivers and public spas, as well as social areas, gyms and swimming pools, are prohibited during the total quarantine period.l.

Likewise, the open and closed social areas, such as gyms and swimming pools of the horizontal property (PH), neighborhoods, residential and hotels may not be used. Meetings or celebrations between people who do not live in a residence will not be allowed either. L&E

BOARD OF DIRECTORS AND UNION ASSEMBLY MEETINGS MAY BE VIRTUAL

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The Ministry of Labor and Labor Development issued Executive Decree No. 228 of December 3, 2020, which authorizes the holding of meetings of the Board of Directors and the General Assembly of Trade Unions, using virtuality through the existing digital platforms.

It has been established that when it comes to General Assembly meetings, a MITRADEL official must participate, who will be invited to said meeting, using the mechanisms that digital platforms contain for such purposes.

In this sense, the official will attest to the meeting, but may not participate in it and must present a written report to his superior within forty-eight hours after the meeting is held, detailing what is related to the meeting. quorum, attendance and incidents occurred.

Another aspect to mention is that it extends the validity of the Boards of Directors of all the Trade Union Organizations existing at this time, for a term of one year, after which the elections of new directors may be held..

On the other hand, the reforms to the statutes of the Trade Unions in formation ordered by the Ministry will not require the holding of General Assemblies for their approval, but the text of the reformed statutes must be signed by all the main members of the Provisional Board of Directors.

Finally, Executive Decree No. 228 will be in force until the State of National Emergency is lifted.L&E

EARLY WITHDRAWAL OF SIACAP CONTRIBUTIONS AUTHORIZED

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Through Law No. 191 of December 18, 2020, temporary measures are dictated on the individual account of members of the Pension Savings and Capitalization System of public servants in response to the state of national emergency.

Law 191 creates a negotiable document called "SIACAP Solidario" in the modality of promissory note that seeks to provide a source of financial relief to affiliates affected in their family by the economic crisis resulting from the pandemic caused by COVID-19. Said document allows people affected by COVID-19 to receive in advance the funds from the Public Servants' Pension Savings and Capitalization System (SIACAP).

It is established that SIACAP affiliates may dispose of up to 50% of the available balance in their account in advance as long as they prove that their spouse or children have been suspended or ceased from their jobs as of the date of enactment of Law 191.

In the case of former public servants who have a balance in their individual account but are not of the required age, they must demonstrate that they were suspended or dismissed in the private sector during the State of Emergency or the enactment of this Law. In this regard, the Law provides that the former public servant must verify their employment status in the private sector, either by cessation or temporary suspension in the private sector, by means of a document issued by the employing company or by the Ministry of Labor and Labor Development (MITRADEL) in addition to the requirements requested by SIACAP.

On the other hand, public servants may request in advance 70% of the available balance of their individual account two months in advance of the age of 57 for women and 62 for men during the term of Law 191.

The rule provides that public servants or former public servants may only apply to one of the two options (50% or 70%) and that the benefits will be valid for up to twelve months after the date the lifting of the state of emergency is decreed.

It will correspond to the Administrative Council of SIACAP in coordination with the National Authority for Government Innovation (AIG), to develop a digital procedure for the processing of the requests established in the standard. L&E

ENTREPRENEURSHIP SOCIETIES

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Through Law 186 of December 2, 2020, an entrepreneurial company is regulated in Panama, establishing that the Law aims to create a new type of legal person, called an entrepreneurial company, so that it can be used as a legal vehicle that facilitates the formalization of companies, through a simplified registration system and granting tax incentives to the entrepreneurs who create it.

Regarding the scope of application, the Law will be applicable to all entrepreneurs who, without necessarily being innovative, represent creations of value or social and economic benefit at the national level, whose taxable income is produced within the national territory.

Law 186 contemplates the definition of the terms entrepreneur, entrepreneurship, fixed status, innovation, microenterprise, small business, entrepreneurship networks, entrepreneurship societies and one-stop shop for entrepreneurship.

Entrepreneurship companies are defined as commercially operational companies with an economic-social purpose aimed at the creation of innovative processes, products or services, or that represent value creation or social benefit..

For its part, one-stop shop for entrepreneurship is physical and virtual space, attached to AMPYME that concentrates in a single headquarters all the information, procedures and procedures of different entities involved in operation, updating, transformation and termination of the entrepreneurship companies.

Law 186 of 2020 establishes that, from two to five natural persons, of legal age, of any nationality, who are domiciled in the Republic of Panama, may constitute an entrepreneurial company for any lawful purpose in accordance with the formalities and limitations prescribed in this standard.

The regulation in comment states that only those companies that subsequently, upon their creation, remain within the income margins established to be considered as micro and small companies will be subject to the Law.

Regarding the capital stock of the entrepreneurship companies, this will be made up of the contribution of the partners in money, goods or services and will be represented in shares or quotas. Being the minimum capital of 500 balboas which may be increased or reduced through reforms of the standard statute.

Another aspect to mention is the limit of the income of a corporation, which will be as follows: for micro companies it will be USD 150,000.00 gross per fiscal year) or small companies will be USD 1,000,000 gross per fiscal year, if the amount indicated above is exceeded to continue operating, it must formalize its transformation to another type of legal entity within a period not exceeding six calendar months, which will begin to run from the regular expiration date to present the sworn income statement to finalize the respective year.

On the other hand, it has been established that any legal person may be transformed into an entrepreneurial company and likewise an entrepreneurial company may be transformed into any other type of legal entity.

Regarding support and incentives for entrepreneurship, it has been established that in the event that an entrepreneurial company that contracts with the State, they will be paid within a period of no more than 30 days and in case of delay, 1% of monthly interest will be applied, a fee that will also apply to private contracting debts. Entrepreneurship companies do not pay a Single Tax and are not required to have a tax printer.

Similarly, entrepreneurship companies will be exempt from paying ISR during the first two years of operation, which will be taken from the moment it is constituted as such in the Mercantile Registry of the Public Registry of Panama.

Within this context, Cabinet Council may establish reductions of up to 50% to the import tariffs of those inputs and raw materials that are required for the creation of innovative products, services or processes of an entrepreneurial society.

These entrepreneurial societies can also receive donations of up to 10,000 deductible from income tax for their donors, explains the specialist in tax matters.

Law 186 indicates that, after two years from their registration in the Public Registry, the entrepreneurial companies that remain as such will begin to pay according to the respective provisions in force the Annual Single Rate and the ISR and to invoice from the printer fiscal.

The MICI, MEF and the Public Registry will be required to implement the electronic system of constitution, processing and modifications of the entrepreneurship companies, the electronic signature certificate, regulations and everything necessary for a period of no more than one year. for law enforcement.

Finally we can indicate that the entrepreneurship companies will have a period of six months to start operations counted from the issuance of their operation notice. In case of not starting operations in this period, they will be dissolved ex officio. *L&E*

REDUCTION AND REPLACEMENT OF PLASTICS

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With the enactment of Law 187 of December 2, 2020, the progressive reduction and replacement of single-use plastics is regulated, with the aim of establishing the regulatory framework that governs single-use plastic products in the national territory as part of the public environmental policy of the state.

It has been established that the purpose of the law is to promote and encourage the sustainable development of the country in a transversal manner, progressively reducing and replacing the use of single-use plastic products with sustainable alternatives with less negative impact on the environment and health.

Single-use plastic is understood to be product that is totally or partially made of plastic and that is conceived, designed or placed on market to be used only once.

It should be noted that Law 187 has as guiding principles those of: precautionary, shared responsibility, extended producer responsibility, induvio pro natura, sustainable development and environmental health.

On the other hand, the norm provides that natural or legal persons who carry out trade must, among others:

1. Develop an internal policy for the reduction of single-use plastics and a transition plan that includes CSR aspects

2. Invest in reusable packaging and new product distribution systems.

3. Assume their shared responsibility regarding the complete life cycle of their products and packaging and demand the same from their suppliers.

4. Promote awareness, education and communication programs both internally and externally about the impacts of the use of single-use plastics, which favor the consumption of alternatives with less environmental impact or reuse and recycling.

Under these parameters, it is established that the control of demand and consumption will aim at the progressive replacement of single-use plastic items by products manufactured with reusable, recyclable or biodegradable materials, and will be aimed mainly at the following items:

1. Plastic ear swabs.
2. Plastic laundry covers.
3. Plastic packaging for eggs.
4. Disposable plastic stirrers.

5. Plastic rods to hold balloons.
6. Plastic toothpicks.
7. Plastic reeds.
8. Plastic cocktail sticks.
9. Plastic sticks for candies.
10. Rings for cans.
11. Disposable plastic plates.

The replacement of single-use plastics with options labeled degradable plastic is prohibited.

It is important to comment that the general use and marketing of single-use plastic products indicated in the preceding paragraph, either individually or as part of another product, at the national level is prohibited:

1. As of July 1, 2021 for numbers 1,2,5,6,8,9 and 10.
2. As of July 1, 2022 for numbers 3,4, and 11.
3. As of December 31, 2023 for number 7.

It will correspond to the Ministry of Environment, the elaboration, development, implementation and updating of a strategic plan, which contains the objectives of Law 187 regarding the necessary actions to achieve the progressive replacement of single-use plastic materials within the deadlines established.

Article 17 of Law 187 states that all producers of plastic or any product whose packaging involves single-use plastic must undertake to clearly disclose, through the appropriate mechanisms, how to dispose of or recycle their products.

However, the aforementioned, the Executive Branch through the Ministry of the Environment will regulate the Law within a period of no more than three months from the entry into force, that is, as of December 3, 2020. *L&E*

NASO TJER DI REGIOM

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On December 4, 2020, the Executive passed Law No. 188, which creates the NASO TJER DI region, which constitutes a special political division, segregated from the Changuinola district, Bocas del Toro province, which will have a total delimitation area of 160,616 hectares, of which 125,141 belong to the La Amistad International Park and 21, 722 to the Palo Seco Protective Forest.

It establishes in Law 188 that the lands located within the Naso territory are the collective property of the Naso people, who will administer them, will possess their rights in perpetuity and will usufruct, in order to achieve their economic, social, cultural and political well-being in accordance with what is established in the Political Constitution of the Republic of Panama.

On the other hand, property titles and ownership rights registered with the National Land Authority, acquired prior to the entry into force of the Law, must be recognized and respected by traditional and national authorities.

Law 188 must be regulated by the Vice Ministry of Indigenous Affairs and the Naso Council Commission, through Organic Charter.*L&E*

MICRO, SMALL AND MEDIUM-SIZED COMPANIES WILL HAVE A SPECIAL INCOME TAX REGIME

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With the sanction of Law 189 of December 17, 2020, the Tax Code is reformed, specifically in article 699-A and article 700-A is introduced, creating a special income tax regime applicable to micro, small and medium-sized companies, businessmen and entrepreneurs.

Legal persons (article 699-A of the Tax Code)

As of the 2020 tax period, the legal entity considered micro, small and medium-sized companies will pay income tax in accordance with the following rates:

Total income (Balboas)	Tax payable on Net Taxable Income:
Until 11 000.00	7.5%
11 000.01 – 36 000.00	10%
36 000.01 – 90 000.00	12.5%
90 000.01 – 150 000.00	15%
150 000.01 – 350 000.00	20%
350 000.01 – 500 000.00	22.5%

Said legal persons will be exempt from paying the complementary tax.

The Law provides that for the purposes of the same, micro, small and medium-sized companies are considered those that under the following circumstances:

1. That it is duly registered in the Ampyme Business Registry.

2. That it does not result, directly or indirectly, from the division of a company into several legal entities, or that it is not affiliated, subsidiary or controlled by other legal entities.

3. That he receives gross annual income that does not exceed five hundred thousand balboas (B./500,000.00).

4. That the shares or participation quotas of the legal persons in question are nominative and that their shareholders or partners are natural persons.

These circumstances must be verified annually before the General Directorate of Income of the Ministry of Economy and Finance.

It will be up to the Executive Branch, through the Ministry of Economy and Finance, to determine the formal requirements that the legal entity that wishes to avail itself of this special regime for the benefit of micro, small and medium-sized enterprises, as well as the procedure to verify their income must be fulfilled.

Natural person (article 700-A of the Tax Code)

As of the fiscal period of 2020, the natural person considered micro, small and medium business will pay income tax in accordance with the following rates:

Total income (Balboas)	Tax payable on Net Taxable Income:
Until 11 000.00	0%
11 000.01 – 36 000.00	7.5%
36 000.01 – 90 000.00	10%
90 000.01 – 150 000.00	12.5%
150 000.01 – 350 000.00	17.5%
350 000.01 – 500 000.00	22.5%

For the purposes of this article, the person in whom the following circumstances concur is considered a micro, small and medium entrepreneur:

1. That it is duly registered in the Ampyme Business Registry.
2. That he receives gross annual income that doesn't exceed five hundred thousand balboas (B/. 500,000.00).

These circumstances must be verified annually before the General Directorate of Income of the Ministry of Economy and Finance.

The Executive Branch, through the Ministry of Economy and Finance, will determine the formal requirements to be filled by the natural person who wishes to benefit from this special regime for the benefit of micro, small and medium-sized enterprises, as well as the procedure to verify their income.

Law 189 in comment, is of public order and social interest, so it will have retroactive effects until January 1, 2020. *L&E*

FIRST HOUSE PURCHASE OPTION IN REVERTED AREAS

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In recent days, Law 190 of December 17, 2020 was enacted, which definitively regulates the first purchase option of reverted assets that are exclusively intended for housing, including their land areas and establishes the procedure that is going to be continue for your exercise.

It has been established that all tenants of homes who meet, among other requirements, may exercise the first purchase option within the established term, those of: **1. Having a current lease. 2. Be Panamanian by birth or naturalized. 3. Be up to date in the payment of the rental fee or in the payment arrangement, as the case may be.** The first purchase option may be exercised, in the event that the tenant cannot, one of the persons who live in the house who have been declared in the lease.

It should be noted that the term to exercise the purchase option will be five years, counted from the endorsement of the contract by the General Comptroller of the Republic and the contract must indicate the estimated value of the home to exercise the first option of purchase by the lessee.

Finally, it has been established that the rights that have been granted to a tenant in accordance with Law in question, in no case will generate possession rights. *L&E*

TAX INCENTIVES FOR TOURISM REGULATED

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Through Executive Decree No. 319 of December 3, 2020, numeral 6 of article 8 of Law 80 of November 8, 2012 is regulated, which establishes tax incentives for natural or legal persons that develop new concepts of special tourist products in any region of the country.

The Executive Decree for the purposes of its application develops the definitions of the concepts of private museums, agrotourism, rural tourism, ecotourism, sports tourism, health tourism and amusement parks, which come to constitute the so-called special tourist products.

Among the tax incentives that are set, we can mention the exemption from income tax (ISR), import tax, capital tax on special tourism products. Tax incentives range from ISR exemption for a minimum of 15 years on tourist activities and 5 years to taxes or levies on company capital..

Article 4 states that legal or natural persons interested in developing the aforementioned activities and benefiting from the tax incentive must be registered in the National Tourism Registry, where they must fill out a registration form, accompanied by the request for the undertaking addressed to the General Administrator. of ATP; Likewise, send plans signed by a suitable architect and by the respective municipality, regional location, architectural plans where the tourist activity will take place, project feasibility study, certification that indicates the sources of financing for the project, duly accredited by a public accountant authorized, among other requirements.

In this regard, we want to point out that the regulation of numeral 6 of article 8 was pending since the approval of Law 80 of November 8, 2012, in such a way that natural or legal persons that develop special tourist products, know the rules under which they will receive the incentives granted by Law 80 of 2012 that dictates incentive rules for the promotion of tourist activity. *L&E*

Politics

THE CONVULSED PRESIDENTIAL PERIOD 1948 – 1952 IN PANAMA

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By May 9, 1948, the first direct presidential elections in eight years were announced to be held, where the 24th Constitutional President of the Republic of Panama would be elected.

In the month of January 1948 electoral campaign between the main presidential candidates of that electoral tournament began formally, between Domingo Díaz Arosemena accompanied as Vice-Presidents by Dr. Daniel Chanis and Roberto Francisco Chiari; and Dr. Arnulfo Arias Madrid, supported as Vice Presidents by Alcibiades Arosemena and José Ramón Guizado. During first months of that year 1948, a violent electoral campaign was raised between the two main candidates mentioned and another presidential candidacy that emerged a little late and with whom a weak alliance of a third force was established that supported Lic. of whom from the beginning it was known that he had no chance of success.

Similarly, other presidential candidates attended this electoral event, also without the slightest chance of success, such as Demetrio Augusto Porras for the Socialist Party and Dr. Sergio González Ruiz with his new registered political party, Unión Popular. Thus, the presidential candidates of 1948 were backed by the following political parties:

- **Don Domingo Díaz Arosemena supported by the Liberal Unification Alliance (Liberal Doctrinario and Liberal Democrat parties).**
- **Dr. Arnulfo Arias Madrid supported by Authentic Revolutionary Party (PRA).**
- **Lic. José Isaac Fábrega backed by the Renovador Party and the National Revolutionary Party.**
- **Dr. Demetrio Porras supported by the Socialist Party.**
- **Dr. Sergio González Ruiz supported by the Popular Union.**

During the electoral campaign there were all kinds of accusations against the supposed candidate of the ruling party, Domingo Díaz Arosemena, who was said to have the backing of the Executive and that President Enrique Jiménez flatly denied it in this regard.

During this same campaign, a paramilitary organization of the Liberal Party, called PIE DE

GUERRA, defended the candidacy of Domingo Díaz Arosemena. This organization adopted an attitude of combat and aggression in the face of the indifference of the authorities and members of the National Police.

On May 9, 1948, the elections called were held. Aspirants to the National Assembly of Deputies, to the mayors, to councilors, originated and participated in mutual accusations denouncing multiple irregularities. Given this situation, an orderly vote count was impossible. There was also destruction of ballot boxes and votes in Colón.

In the Province of Veraguas, false votes were deposited at the polls, minutes were produced at non-existent voting tables. Invisible ink was used, which appeared 24 hours later, that is, new and sophisticated ways were invented to violate the results of the electoral vote as had not existed before. The electoral process was carried out in the midst of much hostility, struggles and confrontations between paramilitary gangs of both the government and the opposition, and sometimes even included the participation of the National Police.

But the great surprise occurred approximately two months after the elections were held, on July 12, 1948, when the National Assembly of Deputies, in an unlikely act, attempted a legislative coup against President Enrique Jiménez, thus implementing a new Presidential mandate and a new president that would extend until 1952, appointing the Comptroller General of the Republic Henrique De Obarrio, who was the brother-in-law of the Chief of the National Police, Colonel José Antonio Remón Cantera, and they also annulled elections just held in May.

As a reaction, the Executive Branch suspended the constitutional guarantees and for its part the Judicial Branch ruled that what was executed by the National Assembly violated the Magna Carta. Thus ended this second attempt at a legislative coup contemplated in our political history, this time against President Enrique Jiménez.

After a long wait and after discarding a large part of the frauds made between the opposing sides, the National Elections Jury on July 31 made official the triumph of Don Domingo Díaz Arosemena of the Liberal Unification Alliance with 72,153 votes. Dr. Arnulfo Arias Madrid obtained 71,037 votes. In other words, Díaz Arosemena won by a margin of 1,116 popular votes. However, days before, on May 28, La Estrella de Panamá had registered the following unofficial results of the popular elections:

	Votes
- Arnulfo Arias Madrud	**73,459**
- Domingo Díaz Arosemena	**71,897**
- José Isaac Fábrega	**41,299**
- Sergio González Ruiz	**4,704**
- Demetrio Augusto Porras	**3,075**

It should be noted that the National Elections Jury decided to eliminate 2,714 votes for the candidate Arnulfo Arias Madrid, which ensured the victory of Domingo Díaz Arosemena.

On August 8, in a final decision, the National Elections Jury gave the official results of the legislative seats of each participating political party:

Politic Party	**Number of Elected Deputies**	**In Support of:**
Partido Liberal	**16**	**Domingo Díaz**
Partido Revolucionario Auténtico	**12**	**Arnulfo Arias**
Partido Liberal Renovador	**8**	**Jorge Isaac Fábrega**
Partido Nacional Revolucionario	**3**	**Domingo Díaz**
Partido Unión Popular	**2**	**Sergio González Ruiz**

It should be noted that the National Elections Jury decided to eliminate 2,714 votes for the candidate Arnulfo Arias Madrid, which ensured the victory of Domingo Díaz Arosemena.

On October 1, Don Domingo Díaz Arosemena took office as the 24th Constitutional President of the Republic of Panama, for the four-year period 1948 - 1952. On July 27, 1949, less than 10 months after exercising the presidency, Domingo Díaz Arosemena He was forced to leave his position for health reasons and the Legislative Commission of the Assembly of Deputies granted him a sick leave which was immediately followed by the inauguration of the position of President by the First Vice President, Dr. Daniel Chanis, Jr. on the 28th of that same month. Subsequently, Dr. Chanis ordered the closure of the political centers of the PIE DE GUERRA and ordered the release of the political detainees. On August 23, 1949, in Panama City, Don Domingo Díaz Arosemena, titular President of the Republic, passed away.

Dr. Daniel Chanis also removed the Chief of the National Police, Colonel José Antonio Remón Cantera, whom he accused of tolerating dishonest business, but the military entity didn't comply with the order of the President and caused President Daniel Chanis to be removed from office. Seeing himself in these circumstances, Mr. Roberto Francisco Chiari Remón, until then Vice President, took office before the Supreme Court of Justice. While at the Palacio de las Garzas, Mr. Roberto Francisco Chiari made a query before the Supreme Court of Justice about whether the resignation or removal of President Daniel Chanis was constitutional or not. Our Supreme Court of Justice ruled, among other points, that "Dr. Daniel Chanis, Jr., continues to be Constitutional President of the Republic and your permanence in power is temporary." Before the ruling of the Court, Don Roberto Francisco Chiari left the Presidential Palace, having governed for a total of three days, which in turn caused the high command of the National Police to recognize the defeated candidate and traditional adversary, Dr. Arnulfo Arias Madrid.

Given the prevailing situation in the country, and not wanting to obey the decision of the Supreme Court of Justice that kept Dr. Chanis as President, the Chief of the National Police decided on his own to summon the National Elections Jury and request that it hastily and submissively they verified the electoral records of the 1948 elections. In record time, the National Elections Jury established that the true outcome of the 1948 elections was the following:

- Arnulfo Arias Madrid: 74,080 votos
- Domingo Díaz Arosemena: 71,536 votos

In other words, this vote count gave Arias Madrid a difference of 2,544 votes over Díaz Arosemena, who only ruled for nine months and 27 days as the country's president. In these circumstances, Dr. Arnulfo Arias Madrid assumed the government with the support of the public force on November 24, 1949.

Once serving as President, Dr. Arias realizes that every day he was more subject to the informal demands of the Assembly of Deputies, he began to lose power, the media became more aggressive against his administration, the Liberal Party. an organized opposition makes him, the measures he takes lack popular support, the Judicial Branch has strong controversies with him. Faced with this situation, on May 7, 1951, President Arias repeals the current National Constitution of 1946 and puts into effect the Constitution of 1941, promulgated during his previous term, because supposedly this would allow the president to control the Assembly of Deputies and the opposition.

The government of President Arias had been characterized by a style of national concern and in the face of the measures it adopted a strong popular movement arose. Thus, the Legislative Organ decreed his dismissal and the National Police compulsively overthrew him, after which there were clashes on May 9, 1951 that produced three deaths and more than a hundred wounded. Immediately afterwards, Dr. Arnulfo Arias Madrid is tried by the National Assembly and on May 10, 1951 he is sentenced to the loss of his political rights. He was replaced by his First Vice President, Alcibiades Arosemena Quinzada, who was responsible for completing the constitutional four-year period.

In such a way that the quadrennium or presidential period 1948-1952, was characterized as the most convulsed presidential period in our political history, based on the events narrated below.

The electoral process that favored Domingo Díaz

Arosemena for the Presidency of the Republic for the four-year period 1948-1952 was plagued with electoral tricks, violence, criticism against the alleged imposition of an official candidate favored by officials, irregularities in the preparation of minutes both by part of the government as well as the opposition through sophisticated tricks, assaults on political centers, deaths and gunshot wounds and challenges against polling stations that favored the official candidate. On July 12, a few months before the elections, it was intended to carry out a legislative coup against the President of the Republic, at that time Don Enrique Jiménez, to replace him with the brother-in-law of the Chief of the National Police, and they even tried annul the elections for deputies held shortly before.

Certain results of those presidential elections were released, creating an atmosphere of uncertainty in the country. Initially, on May 28, a written communication medium gave the victory to Dr. Arnulfo Arias Madrid with 73,459 votes and gave Don Domingo Díaz Arosemena a total of 71,897 votes. Then the National Elections Jury decides to eliminate 2,714 votes from candidate Arnulfo Arias Madrid, which were the ones that ensured the victory of Don Domingo Díaz Arosemena. Finally, on August 8, the National Elections Jury made public the official count of the votes cast, giving the victory to Don Domingo Arias Arosemena with 78,212 votes and to Dr. Arnulfo Arias Madrid with 75,848 votes. Dr. Arias considered these last results as fraudulent.

In the short time in which Don Domingo Díaz Arosemena served as president, it was intended to destabilize his government, in April 1949, with a plan to overthrow him, with which the discovery of armaments to carry out said plan was related, which was called the “conspiracy of Easter “and for this reason the government was forced to declare a state of siege and temporarily suspend the individual rights enshrined in the Magna Carta. Also in the Díaz Arosemena administration there was a serious economic and fiscal crisis, producing a decrease in commercial operations.

President Díaz Arosemena could only govern for approximately 10 months due to his precarious health, until July 17, 1949, when he requested leave to separate from office and then died on August 23 of the same year at 74 years of age. age. His First Vice President, Dr. Daniel Chanis, became head of state on July 28.

Dr. Chanis asked the Chief of the Public Force, Colonel José Antonio Remón Cantera, to resign him for being involved in dishonest acts and being the subject of innumerable complaints against him. The military entity backed Colonel Remón and the latter sent an ultimatum to President Chanis that resulted in the resignation of Dr. Chanis. Vice President Roberto Chiari then assumed the Presidency pending the result of a consultation that he made to the Supreme Court of Justice.

Three days after assuming Presidency, Dr. Chiari receivedopinion of Supreme Court of Justice, which responded that his stay in the Presidency was temporary because Chanis continued to be the President of the Republic. Given this, Dr. Chiari retires from the Presidency. As if such a situation were not enough, Colonel Remón encourages the National Elections Jury to recount the votes of the 1948 elections, which occurs in a submissive and hasty manner, rectifies the electoral records in record time and rules that the winner of the elections were Dr. Arnulfo Arias Madrid and not Don Domingo Díaz Arosemena. Consequently, Dr. Arnulfo Arias Madrid assumed the Presidency of the Republic on November 25, 1949.

Due to the fact that the party of Dr. Arias Madrid did not have a majority in the Legislative Organ, it faced strong opposition to its entire reformist program and violent opposition from a conjunction of political groups, which intensified police violence against the government's opponents. An atmosphere of student protests is generated and the shooting between members of the National Secret Police supporter of the government and members of the opposition. On May 7, 1951, President Arias declared without effect the current National Constitution of 1946 and put into effect the Constitution of 1941, dissolved the National Assembly of Deputies and declared temporarily the Magistrates of the Supreme Court of Justice, as well as the Attorney General of the Nation and other officials, at the same time that he announced that elections would be called in due course to choose new deputies without specifying any date..

As a consequence of the above, a situation of chaos is experienced in the country with protests and agitators in the streets demanding the removal of the President of the Republic. President Arias stated that he was willing to repeal the Decree with which he had imposed the Magna Carta of 1941 and the dissolution of the powers of the State. Then the National Assembly of Deputies meets and makes the decision to dismiss the President and informs the Chief of the National Police, Commander Remón Cantera. Immediately afterwards, the Supreme Court of Justice finally ratified what was done by the National Assembly of Deputies.

Later, the National Police attacked the Palacio de las Garzas, where a large number of Dr. Arias' supporters were. The shooting lasted several hours, resulting in deaths and injuries, and in the end, President Arias was forcibly evicted from the Presidential Palace and taken to the Police Headquarters. On May 25, 1951, the National Assembly of Deputies, converted into a Court of Justice, sentenced President Arias to dismissal from his post and to disqualify his political rights in perpetuity. Thus, on May 9, 1951, the First Vice President and member of the Authentic Revolutionary Party, Don Alcibiades Arosemena, took office as President and then he was promoting the support of the presidential aspirations of Colonel Remón Cantera for the presidential elections announced for May 11 out of 1952.

In this interval, the State's resources began to be promoted with intense propaganda in support of the presidential candidacy of Colonel José Antonio Remón Cantera, despite the chaotic economic situation and the frank decline that was being experienced at that time in the country.

With the detailed particularities of what happened during this presidential four-year period from 1948 to 1952, this constituted the most convulsive presidential period, in our opinion, in all of our republican history, where there were five presidents of the republic, the inconceivable counting of votes to recognize as a true winner who had been the one who came second in the 1948 elections.

During this period there were accusations of electoral fraud, treason, overthrow of the President, trial and removal of the President and his perpetual disqualification from exercising his political rights, attempts to repeal a National Constitution to impose the previous one, all kinds of abuses between the different sides and as is usual in most cases, the use of State resources to favor the ruling candidate, in this case Colonel Remón, in his attempts to obtain electoral victory in the 1952 elections, as happened.

This presidential period was undoubtedly a violent four-year period, characterized by coup attempts by the Legislature against the then President, Enrique Jiménez, a period that instead of being an example and a stimulus for the strengthening of democracy, we shows a panorama of deterioration of our political class that has done so much damage to our democratic system and our country.*L&E*

Panamanian
ECONOMY

MAIN MONTHLY ECONOMIC INDICATORS: JANUARY-OCTOBER 2019-20

Source: GCRP

The changes in the health measures established by COVID-19 and the opening of the economic blocks on August 31, 2020, generated a positive impact on the collection and dissemination of data.

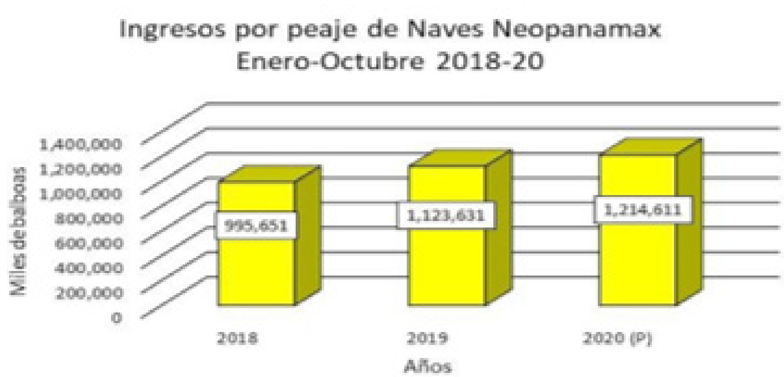
As other openings of economic activities occur, these data will be incorporated into the reports of the Main Monthly Economic Indicators.

1. Transport:
a. Panama Canal Authority:

The total revenue from the Panama Canal toll for January-October 2020, compared to the same period in 2019, presented a positive variation of 0.7%; of these, the Neopanamax vessels increased by 8.1%; however, Panamax decreased 7.2%. On the other hand, the transit of Neopanamax vessels grew by 6.4%, as did net tons and cargo volume by 3.9% and 12.2%, respectively..

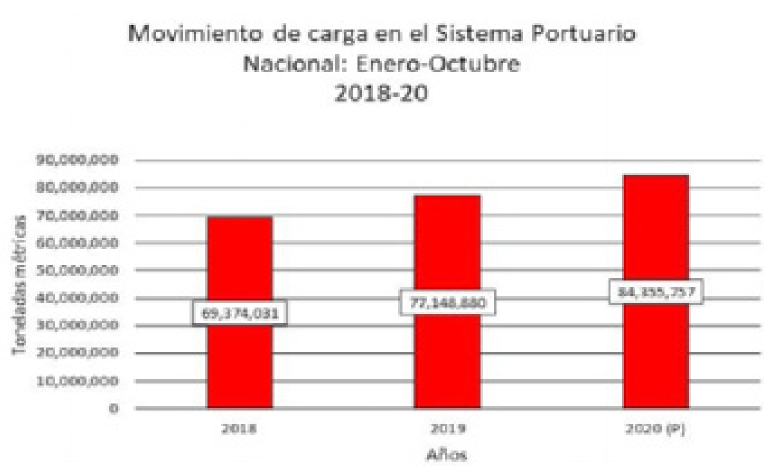
b. National Port System:

The movement of total cargo increased by 9.3%, with bulk cargo standing out at 8.5% and containerized by 11.1%, on the other hand, there was a negative variation in general cargo at 43.0%. The movement of TEU containers (container equivalent to 20 feet), increased for the period by 4.8%.



c. Road corridors and passengers transported by the Panama Metro and MiBus:

Passengers transported by the Panama Metro



decreased by 60.9% and MiBus passengers by 54.0%.

2. Foreign trade:
a. CIF value of imports of goods:

The CIF value of imports of goods decreased by 40.1%, due to significant decreases in consumer goods by 38.6%, intermediate goods by 31.9% and capital goods by 50.2%.

b. Net weight of goods imports:

The net weight of imports of goods registered a negative variation of 34.5%, with a drop in consumer goods by 39.5%, intermediate goods by 28.6% and capital goods by 45.1%.

c. FOB value of goods exports:

The total FOB value of exports of goods increased by 17.4%, items that contributed: Copper minerals and their concentrates 43.3%, banana 4.6%, fish and fish fillet (fresh, refrigerated and frozen) by 21.6%, raw sugar 5.1% and beef cattle at 14.3%. On the other hand, negative rates were reported in: melon 24.4%, watermelon 16.8%, pineapple 26.0%, shrimp 47.6%, other seafood 69.0%, fish meal and oil 30.4%, coffee 8.2%, clothing 57.9%, skins and leather 12.0%, steel, copper and aluminum waste 37.7%, wood 26.8% and other 1.8%.

d. Weight of goods exports:

The total weight of exports increased by 4.5% items that contributed: copper minerals and their concentrates 33.1%, bananas 9.4%, fish and fish fillet (fresh, refrigerated and frozen) 21.7% and beef cattle by 19.8% ; On the contrary, other items were reduced: melon 10.7%, watermelon 26.5%, pineapple 29.2%, shrimp 42.1%, other seafood 90.4%, unrefined sugar 2.8%, fish meal and oil 36.0%, coffee 2.8%, clothing 55.5%, hides and skins 1.8%, steel, copper and aluminum waste 13.5%, wood 25.8% and other 4.3%.

e. Colon Free Zone: (January-September)

For the period January-September 2020 compared to the same period of the previous year, the value of trade (in thousands of balboas) decreased by 25.0% as well as its weight (in metric tons) by 23.3%.

3. Internal trade:
a. Sale of fuels for national consumption:

The sale of fuels for national consumption was reduced by 37.8%, with a greater decrease in the categories of: gasoline by 31.1%; mainly, that of 91 octane 33.4%; low sulfur diesel 28.2% and bunker C 68.8%. Likewise, the sale of liquefied petroleum gas fell by 4.8%.

b. Sale of marine fuel in ports, according to coastline:

The sale of marine fuel (bunkering) in ports, measured in metric tons, reported a positive variation of 5.3%, registering an increase in the Pacific Coast of 6.2% and in the Atlantic of 0.9%.

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

The sale of fuel (bunkering), through barges, decreased by 9.6% and as part of this, the Atlantic Coast by 27.7% and the Pacific Coast by 4.9%. The total number of ships attended decreased by 6.8%.

d. New cars registered:

Number of new cars registered in the Unique Vehicle Registry decreased by 56.6%, specifically, regular cars 58.8%, luxury cars 59.3%, SUV'S 58.2%, minivans 59.1%, panels 38.9%, pick-ups 49.5%, buses 51.5% and trucks in 48.8%.

4. Construction:
a. Cost of constructions registered by the main municipalities:

The total cost of constructions, additions and repairs decreased by 59.0%, the greatest affectation originated in residential works by 62.5%. The most affected districts were: Panama 60.2%, Colón 76.0%, Arraiján 55.2% and Aguadulce, Chitré, David, La Chorrera and Santiago, grouped in 50.6%.

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

The construction area in m2 decreased by 65.1%, of these, residential works by 67.2% and non-residential by 59.8%. All the districts reported negative variations: Panama in 65.4%, Colón 65.1%, Arraiján 59.7% and grouped (Aguadulce, Chitré, David, La Chorrera and Santiago) in 66.0%.

c. Other indicators related to construction:

The production and sale of gray cement (in metric tons) decreased by 50.0% and 50.1%, respectively, as did imports by 47.3% and the CIF value by 54.1%.

5. Financial intermediation:
a. National Banking System:

The liquid assets of the National Banking System (at the end of the period), increased by 70.4% and the total deposits by 11.7%. On the other hand, the total loan portfolio was reduced by 4.0%. Bank liquidity increased by 52.6%.

b. Stock market indicators:

The volume traded (in thousands of balboas), for the total market of the Panama Stock Exchange (BVP), decreased by 1.4% and the greatest impact was produced in the primary market with a reduction of 16.6%. The volume traded (in thousands of balboas) of the stock market in the BVP, was reduced by 43.9% and the number of shares by 14.7%. The calculated BVP index presented a negative rate of 20.7%.

c. Insurance:

The value of written premiums fell by 3.5%, mainly the personal accident line by 43.3%, automobiles by 18.7%, and the technical lines by 45.4%. Positive changes were registered in: health 6.5%, collective life 2.5%, bonds in 11.3% and other transport (cargo transport and helmet) 9.1%. Claims decreased by 20.4%.

d. Loans approved by the Banco de Desarrollo Agropecuario:

Loans approved by the Agricultural Development Bank (BDA) increased by 10.5%, especially those directed to agriculture by 56.7%, livestock by 20.8% and fishing by 9.0%. However, loans directed to other items fell by 28.9%.

6. Leisure activities:
a. Gross bets:

The gross sale of the draws of the National Charity Lottery decreased by 70.5%. The report of the total gross bets of the Gaming Control Board registered a negative rate of 74.9%; and as part of these: type "A" slot machines in 75.7%, gaming tables 76.0%, sports event betting rooms 40.2%, racetrack 77.3% and bingo rooms in 76.8%.

b. Net bets:

Net sale of lottery draws decreased by 72.9%. The total net bets registered by the Gaming Control Board were reduced by 72.5%, of which type "A" slot machines fell by 74.2%, sports event betting rooms 34.1%, gaming tables 78.2%, racetrack 76.7% and bingo halls at 69.9%.

7. Electricity and water:
a. Electricity supply:

The supply of electricity (kilowatts / hour) registered by the Commercial Measurement System (SMEC), fell by 4.4%, due to the fact that thermal energy was reduced by 48.5%, however, the renewable energy generated increased by 35.1% and from this, the hydraulics in 40.5%. Self-generation decreased by 50.7%, while imports increased by 125.5%.

b. Destination of electricity:

Electricity billing fell 11.7%, mainly due to a lower demand from industrial customers by 29.4%, commercial customers 26.7% and Government 7.4%; however, a positive variation of residential properties was observed at 6.5%. At the same time, there were increases in the billing of large customers in 21.5%, in generators 70.4% and in exports in 38.5%.

c. Water:

Drinking water billing (in thousands of gallons) in the Republic showed a reduction of 0.1%. The sectors that presented decreases in this result were: commercial, which decreased 7.0%, industrial 10.1% and Government 0.05%; for its part, it rose in the residential sector by 1.5%.

8. Manufacturing industries:

The slaughter of pigs increased 3.0% for the period in question; however, decreases in beef cattle slaughter and chicken meat production were reported in 4.1% and 12.6%, respectively. The production of evaporated, condensed and powdered milk grew by 44.8%; in the same sense, pasteurized milk in 17.4% and natural milk for the production of related products 0.8%. There were decreases in the production of alcoholic beverages in 35.8%, soft drinks 18.7% and rectified alcohol in 5.0%.

9. Hotels and travelers entrance:
a. Hotels: (January-September)

The daily averages of occupied rooms and overnight stays during the period January-September 2020 vs 2019 decreased by 76.4% and 74.5% respectively; as well as the occupancy percentage at 76.4%.

b. Entry of travelers and their expenses: (January-September)

For the period January-September 2020 with respect to 2019 the entry of travelers (in thousands of people) was reduced by 77.6%, of these visitors by 72.7% and those of direct transit and crew members by 79.3%. The expenses incurred by them also decreased by 75.3%.

10. Public Sector Finance:
a. Current income of the Central Government:

The current revenues of the Central Government decreased in the period from January to October 2020 by 30.3% and of these, the tax revenues by 31.2%, with the direct and indirect revenues at 24.3% and 38.9%, respectively. Non-taxpayers presented a decrease of 24.7%.

11. Other related:

a. Work contracts registered in the Mitradel:

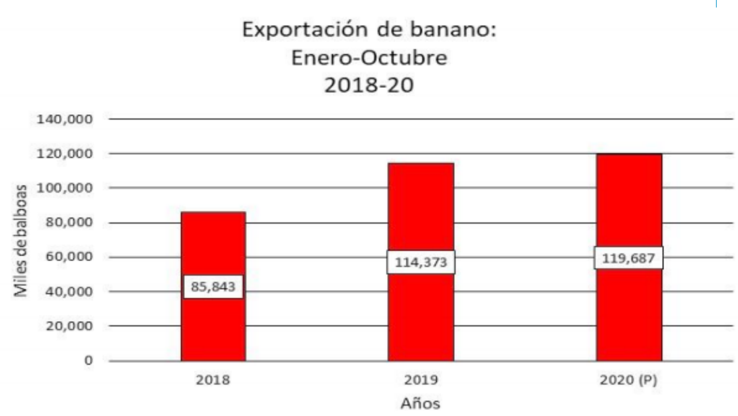
The work contracts registered in the Central Headquarters of the Ministry of Labor and Labor Development (Mitradel), were reduced by 74.4% and in its regional headquarters 62.5%.

b. Non-horizontal and horizontal properties listed:

Registered non-horizontal properties decreased 41.6% and specifically, mortgages by 47.2%, as well as horizontal properties by 44.3% and of these, mortgages 50.9%.

c. Anonymous and common companies:

The total number of companies in the Public Registry decreased by 30.6% and of its components, the anonymous by 30.3% and the common by 39.5%. *L&E*



CANAL DE PANAMÁ

CANAL DE PANAMA APPROVES TO DELIVER CONTRIBUTIONS TO THE NATIONAL TREASURE FOR B/. 1,824 MILLION

Source: ACP

In compliance with its constitutional mandate to operate profitably, Board of Directors of the Panama Canal approved today to deliver to National Treasury direct contributions for B/. 1,824.12 million for fiscal year 2020, corresponding to the surplus, rights per ton of transit and payment for services provided by the State.

With the approval of the financial statements of the Panama Canal for the fiscal period from October 1, 2019 to September 30, 2020, the Board of Directors declared B/. 1,281.44 million as an economic surplus from the operation of the road, in addition to other of B/. 540.64 million in concept of duty per ton.

Within the direct contributions are included B/. 2.03 million in payment for services provided to the Canal by other State entities.

The direct contributions approved today are the result of the performance of the waterway during fiscal year 2020, which closed with 475.2 million tons CP / UMS (volume measure of the Universal Ship Tonnage System of the Panama Canal).

"Since its transfer into Panamanian hands 21 years ago, the Canal has complied with remitting the annual contributions to the National Treasury required by the Constitution. In this unprecedented year, we reaffirm that responsibility by ensuring the well-being of our human team that made it possible to keep the path open in the midst of a pandemic, "said the Chairman of the Board of Directors and Minister for Canal Affairs, Arístides Royo.

For his part, the administrator of the Panama Canal, Ricaurte Vásquez Morales, highlighted the resilience of the 9,300 Canal employees who, working together as a team, sought the continuity of the Canal and the services it provides to the world, adapting to the challenges as a consequence of the pandemic.

The Political Constitution of the Republic establishes that the Panama Canal will transfer its economic surpluses to the National Treasury every year after covering the costs of operation, investment, operation, maintenance, modernization, expansion and the reserves necessary for contingencies, provided in accordance with the law.

Additionally, it indicates that the Panama Canal will pay annually to the National Treasury rights per net ton charged to ships that transit the interoceanic route. L&E

World ECONOMY

NACIONES UNIDAS

CEPAL

LATIN AMERICA AND THE CARIBBEAN WILL HAVE POSITIVE GROWTH IN 2021, BUT WILL NOT BE ABLE TO RECOVER PRE-PANDEMIC LEVELS OF ECONOMIC ACTIVITY

Source: ECLAC

The Latin America and the Caribbean region will mark a contraction of -7.7% in 2020, but will have a positive growth rate of 3.7% in 2021, mainly due to a statistical rebound that, however, will not be enough to recover the levels of economic activity pre-pandemic of the coronavirus (in 2019), indicated today the ECLAC in a new report.

ECLAC released its Preliminary Balance of the Economies of Latin America and the Caribbean 2020, one of the main annual reports of the United Nations body, in a virtual press conference offered by its Executive Secretary, Alicia Bárcena.

According to the document of the Economic Commission for Latin America and the Caribbean (ECLAC), in a context of global contraction, Latin America and the Caribbean is the region hardest hit in the developing world by the crisis derived from COVID-19. In the decade before the pandemic, the region showed a low growth trajectory and in 2020 it faces an unprecedented combination of negative supply and demand shocks, which translates into the worst economic crisis in the last 120 years.

Although the important fiscal and monetary efforts made by the countries have mitigated effects of the crisis, economic and social consequences of pandemic have been exacerbated by structural problems that region has historically dragged. For year 2021, a positive GDP growth rate is expected, which basically reflects a statistical rebound, but the recovery of the level of gross domestic product (GDP) pre-crisis will be slow and will only be reached by the year 2024.

“The dynamics of growth in 2021 is subject to high uncertainty related to the risk of outbreaks of the pandemic, the agility to produce and distribute vaccines and the ability to maintain fiscal and monetary stimuli to support aggregate demand and the productive sectors. Advancing in a sustainable and inclusive growth requires a productive transformation towards environmentally sustainable sectors that favor the generation of employment and technological innovation ", said Alicia Bárcena.

The region's historical structural weaknesses and gaps, its limited fiscal space, inequality, low coverage and access to social protection, high labor informality, productive heterogeneity and low productivity are central to understanding the scope of the effects of the pandemic in the economies of the region, its difficulties in implementing policies that mitigate these effects, and the challenges in undertaking a sustainable and inclusive economic reactivation.

Before the pandemic, the region already showed low economic growth: on average 0.3% in the 2014-2019 six-year period, and specifically in 2019 a rate of 0.1%. With the arrival of the pandemic, negative external shocks and the need to implement policies of confinement, physical distancing and closure of productive activities were added to this low economic growth, which made the health emergency materialize in the worst economic crisis, social and productive experience that the region has experienced. The contraction in economic activity has been accompanied by a significant increase in the unemployment rate, which is expected to be around 10.7% in 2020, a sharp drop in labor force participation and a considerable increase in poverty and inequality.

According to projections provided by the United Nations, South America would contract -7.3% in 2020 and grow 3.7% in 2021; Central America would fall -6.5% in the present period and would expand 3.8% next year; while the Caribbean would record a contraction of -7.9% in 2020 and a growth of 4.2% in 2021.

The ECLAC document emphasizes that to prevent the region from persisting in its low-growth dynamics, expansionary fiscal and monetary policies are required along with environmental and industrial policies, which allow the structural transformations that the region needs and promote sustainable development.

It raises the need to prioritize spending for economic and social reactivation and transformation by promoting employment-intensive and environmentally sustainable investment in strategic sectors; extend basic income to people living in poverty; grant financing to micro, small and medium enterprises (MIPYMES); provide incentives for productive development, digital revolution for sustainability and clean technologies; and universalize social protection systems.

It is argued that beyond national efforts, the reactivation and economic transformation of the region will require financing and international cooperation. In this area, it emphasizes the need to use instruments such as the issuance and reallocation of Special Drawing Rights (SDRs) of the International Monetary Fund to strengthen the reserves of the countries of the region and regional agreements; include vulnerable middle-income countries in the G-20 debt moratorium initiative (DSSI) and also implement the debt swap for adaptation to climate change in the case of the Caribbean along with the creation of a resilience fund; and capitalize multilateral, regional and national credit institutions. L&E

NEW ECLAC DOCUMENT EXAMINES THE STRUCTURAL GAPES THAT CHARACTERIZE THE REGION

Source: ECLAC

Despite the fact that Latin America and the Caribbean is made up for the most part of countries considered to be middle-income, it is the most unequal region in the world. Latin American and Caribbean countries are characterized by the breadth of deep-rooted and historical socioeconomic disparities and inequalities, the permanence of archaic patterns of wealth distribution, and a widespread culture of privilege, resulting in the presence of structural gaps in various areas, states the document Structural Gaps in Latin America and the Caribbean, a conceptual-methodological perspective published by the Economic Commission for Latin America and the Caribbean (ECLAC).

There are significant disparities in income, wealth, opportunities and access to public goods and services. Large gaps can also be observed between men and women, rural and urban populations, indigenous and non-indigenous peoples or, in general, between those born in environments that offer opportunities to access quality jobs and well-being, and those who are prisoners of structural poverty traps.

Inequality represents an important brake on the economic growth of the countries of Latin America and the Caribbean, and also on achieving the Sustainable Development Goals (SDGs). This results in bottlenecks that hinder and constitute a challenge to sustained, inclusive and sustainable development in the long term, indicates the study in which the structural gap approach for the region is presented, fostering its understanding regarding its relations with the concepts of poverty, inequality and economic development. Based on the contributions of the theory of the new rurality and the new approaches to rural analysis, a set of empirical evidence of gaps in the region is offered, with special emphasis on territorial differences..

The work is part of the joint project between the International Fund for Agricultural Development (IFAD) and ECLAC entitled “New narratives for a rural transformation in Latin America and the Caribbean", the purpose of which is to analyze and discuss changes in space rural areas and its implications in terms of public policy and opportunities for new paradigms of economic growth and development. The project seeks to identify opportunities for the design and implementation of public policies that close the territorial structural gaps, considering the recent and profound transformations of rural spaces.

The document is a starting point for the elaboration of national diagnoses, as well as of specific gaps in the selected countries (Guatemala, Mexico, Panama and the Dominican Republic). The objective is to measure, characterize and map the structural gaps in the region, with a view to fully understanding the systemic relationships that may exist between them and, from there, designing public policy strategies to close them. L&E

PROGRESS IN SUSTAINABLE ENERGY POLICIES, ESSENTIAL FOR THE RECOVERY AFTER THE PANDEMIC, SLOWER THAN IN THE PAST

Source: World Bank

While almost every country in the world made progress in their sustainable energy policies between 2017 and 2019, fastest improvements occurred in Sub-Saharan Africa, according to RISE 2020 (i), a new World Bank report that shows progress in energy policies around the world. However, progress is generally slower than in the past, particularly in renewable energy and energy efficiency.

The RISE 2020 (Regulatory Indicators for Sustainable Energy) report measures progress in 138 countries' policies on renewable energy, energy efficiency, access to electricity and access to sustainable energy. clean cooking, that is, the four areas contemplated in the Sustainable Development Goal 7 (SDG 7), which requires achieving by 2030 the access of all people to affordable, reliable, sustainable and modern energy.

"We must continue to build on the progress that had been made before the pandemic. The prospect of pandemic recovery and low-carbon growth offers responsible officials a number of opportunities to accelerate the adoption of sustainable energy policies and step up the pace to achieve universal access to energy." said Makhtar Diop, Vice President for Infrastructure at the World Bank. "Recovery plans also provide opportunities to establish longer-term strategies and align energy policies with SDG 7 targets over the next decade."

According to the report, from 2017 to 2019, progress in policies regarding access to electricity and clean ways of cooking accelerated. Among the countries with the highest deficits in access to electricity, Bangladesh, Ethiopia, Nigeria, and Tanzania made the most significant progress in policymaking. The policies most frequently adopted were those for mini-grids and autonomous electric power systems, reflecting the increasingly important place that distributed power occupies in access to electricity, compared to grid supply. Ethiopia, Nigeria and Tanzania also advanced policies on affordability for consumers and transparency of public services. When it comes to clean cooking, big improvements were made between 2017 and 2019 in Sub-Saharan African countries, particularly Benin, Kenya, Nigeria and Tanzania, albeit starting from a low base. All of this follows the remarkable progress seen since 2010 in upper-middle and lower-middle-income countries in Asia (Bangladesh, Cambodia, China, India, Indonesia, Mongolia, and Nepal) and in Latin America (Guatemala). While only 15% of countries with deficits in access to clean cooking have succeeded in developing advanced policy frameworks, in this group China, Ethiopia, India, Indonesia and Kenya account for more than half of the underserved population of all the world.

On the other hand, the policies of high-, middle- and low-income countries related to renewable energy have begun to converge after a decade of rapid advances. Among the countries analyzed in the RISE, only 37% had a national target for renewable energy in 2010. By 2019, 99% of all countries in the world had established a comprehensive legal framework for renewable energy or had begun to implement do what. Likewise, a third of the countries have advanced policy frameworks in this area, which is why it is located in the “green zone” of the report, while 44% remains in the “yellow zone”, which indicates that there is margin to improve. Despite the fact that the gap between low-income and higher-income countries in terms of renewables broadly closed between 2017 and 2019, another rift widened: almost all countries adopted policies on renewable energy for the electricity generation, but only a third have a clear target or plan for using renewable energy in heating and cooling, and only half in the transport sector.

In 2019, almost 70% of the countries covered by RISE had formulated energy efficiency plans. Although the countries that make up the Organization for Economic Cooperation and Development (OECD) have the most advanced energy efficiency policy frameworks, the regions that showed the fastest improvements were Sub-Saharan Africa and Latin America and the Caribbean. in which Chad and Ecuador stood out, respectively. The heating and cooling industry scored the highest in terms of energy efficiency policies globally: approximately 75% of the countries surveyed have adopted minimum energy performance standards for heating, ventilation and heating equipment. air conditioning as well as labeling measures. However, improvements are still needed in countries across income distribution; for example, some Persian Gulf States have high income levels, but lag behind in adopting efficiency measures.

The COVID-19 pandemic highlights the need to implement policies and regulations that mitigate the risk of global crises while driving investments in resilient energy systems and fostering behavioral changes. Furthermore, improved sustainable energy policies serve as the basis for increased employment, particularly around energy efficiency and distributed electrification. L&E

THE FOUR PILLARS OF PAYMENTS IN THE DIGITAL AGE

Source: World Bank

The year 2020 has been extremely difficult. The pandemic has caused immense suffering. It is the most vulnerable population that has borne a large part of the economic damage, both in the richest and the poorest countries.

But there are some aspects that are encouraging. The heroic doctors and nurses who save lives. The essential workers who keep the lights on, the water supply, and the store shelves packed.

And there are many other people who have kept companies going, like workers in the tech industry. You have revolutionized the way we work, interact and live our daily lives. You have brought the digital future to the palm of our hands, to our doorstep.

I would like to capture an image of that future, and of the four pillars necessary to build it.

Imagine a cabinetmaker, a skilled craftswoman, working in a factory in Thailand. The recession comes and she loses her job. So, with the unemployment benefit she receives on her phone, she can start her own workshop and sell locally.

The artisan makes and receives mobile payments. She provides her payment details, allowing you to obtain an online loan to hire employees and expand her business. One day she receives a message asking if she ships abroad.

You don't have to be big anymore to be international.

A digital platform processes your payments from abroad at a reduced cost, and offers you insurance, savings and investment alternatives for your deposits, making your livelihood more resilient.

None of this would have been possible just ten years ago.

This is a story about the motivation and ingenuity of the human being.

A story about the revolution in payments that blurs physical distance; that generates data, the new gold, and therefore usually the new form of collateral. About payments that are cheap and widely accessible; that are seamlessly integrated into our digital lives.

And just as the way we make payments changes, so does our world. We can provide access to financial services for the 1.7 billion adults who still do not have a bank account. And helping many more vulnerable people who currently have to pay high fees.

Also, real-time data, automation and analytics are redefining the banking and finance industry. Lastly, innovations in payments can alter the international monetary system, the way we conduct cross-border transactions, access external assets, exchange currencies, and set prices for goods.

Digital payments aren't just for tech savvy users, they have huge implications all over the world.

That is why we must proceed with poise, but also with caution. We must ensure that payments evolve to meet user needs, and remain secure and resilient. That at the microeconomic level. At the macroeconomic level, we must promote a financial sector and an international monetary system that are efficient and reliable, equitable and inclusive, and at the same time dynamic..

The digital future of the artisan will be based on four pillars: i) private sector innovation; ii) public sector participation; iii) regulatory and legal frameworks; and iv) internacional.

Let's analyze each of them.

1. Private sector innovation

Private sector innovation has served many people well. Let's think about bank accounts we save in and cards we use to pay. Or in mobile money of our artisan.

Many people still use cash, but this is changing rapidly: in Sweden, for example, only 10% of the adult population still use cash, compared to 40% a decade ago. In the same period, mobile money accounts in Kenya have grown exponentially, from 12 million to 61 million, more than the country's population.

The private sector is the most capable of determining the needs of people and companies, offering the diversity of products and services they require and assuming the necessary risks that innovation implies. But we have to ensure that these risks do not translate into risks for end users or for the financial system. In addition, we must avoid other dangers, such as monopoly power or neglect of vulnerable populations..

For this, we need the three other pillars.

2. Public sector participation

Next is the involvement of the public sector, to provide verifiable digital identification methods, communication infrastructures, central bank money and other necessary aspects.

Digital identification allows our artisan to access new financial services. It is a precondition for financial inclusion.

The other is Internet access; the plot of our story only works if our artisan is online. And almost half of the world's population is not, as is the case with 75% of the population in sub-Saharan Africa and almost 70% in South Asia. The situation is reversed in North America, where 75% of the population is online.

The IMF strongly recommends investing in infrastructure now, as part of post-COVID-19 recovery efforts. A synchronized boost to public investment is the most appropriate. If countries act together, the benefits will be two-thirds higher at the same cost as if each country acts separately. They can also attract critical private investment.

And, of course, central bank money - traditionally notes, coins and reserves - is still essential. The ability of our Thai artisan to convert the digital currency that she receives into national currency whenever she wants is a fundamental parameter of stability.

Central bank money also allows you to accept mobile money payments issued by different providers. As if it were a common language, central bank money allows one provider to pay another provider. With this base, all techno finance companies can offer and develop their own services. Interoperability fuels innovation and diversity in payments.

How should central bank money evolve in the digital age? With the emergence of new payment providers, will they too have access to central bank money? Will a digital version of banknotes and coins be introduced? Many countries are now considering that possibility.

Although the form of the central bank's money changes, its role should not. It must continue to anchor the stability of other forms of money, and at the same time promote their evolution and diversity.

3. Regulatory and legal frameworks

Third pillar is equally important, and it consists of having strong legal and regulatory frameworks. These frameworks should enable innovation and startups to flourish, while achieving essential goals: consumer protection and privacy, fight against money laundering and other crimes, and stability and resilience for everyone.

Clarity of regulations is essential, and it is an especially difficult issue given how rapidly technology and products evolve. The difficulty in starting a business is not that you have to fill out many forms. The real hurdle is not knowing how many more there will be. New entrants to the market will wonder: what rules am I bound by? Will my product be considered a deposit, a security, a payment system or something else?

In the tradition of Lee Kuan Yew, the Singapore government continues to innovate - the new national payments legislation shows promise. It aims to define digital payment instruments, as well as adopt an activity and risk-based approach to regulating payments.

Done correctly, the conditions are leveled for new entrants to the market: same activity, same risks ... same rules. But assessing these risks raises new questions. For example, our craftswoman provided payment details instead of a guarantee. But are loans really based on more accurate data and lower risk analysis? Should I pay less?

Lawmakers and regulators must have the resources to be effective and stay ahead. Given the wide ramifications of new types of payments, they will need to be forward-thinking and collaborative: central banks and finance ministries will have to work with antitrust agencies, privacy groups, data protection agencies, security services , civil society and consumer advocates, to name just a few.

4. International cooperation

And just as money crosses borders, our regulatory efforts must also be cross-border. This brings me to the last pillar: international cooperation, among other aspects to facilitate international payments and manage secondary effects.

Will our artisan be able to send money to other countries as easily as we send text messages?

Or will it have to pay rates of 7%, as 800 million people who depend on remittances do today? But sending money is more complex than sending messages. It will require technological standards between digital currencies, mutual regulatory and legal treatment, and identification systems that different countries trust. The Financial Stability Board, with the support of the IMF, recently presented a roadmap to improve cross-border payments. But for its implementation there is still a lot of work to be done.

Cooperation is also essential to deal with side effects. As digital money becomes popular, the effects will spread across the world. These effects include swapping local currencies for more desirable foreign currencies, reducing the effectiveness of monetary policy, and circumventing capital account restrictions.

Side effects can be even broader in scope. Under certain conditions, the new digital money can affect the international monetary system.

The nations of the world founded the IMF to help guide the international monetary system and make it an engine of growth for all. At a time when the risk of widening the gap between rich and poor has increased, we realize that responsibility has never been greater.

Today, we are poised to help foster a more resilient monetary system - one that is more inclusive, smarter and greener. Nobel Prize winner and former Liberian President Ellen Johnson Sirleaf once said, "If your dreams don't scare you, then they aren't big enough."

International companies, emerging entrepreneurs and our artisan have big dreams. We must make the payments revolution at the service of all. *L&E*

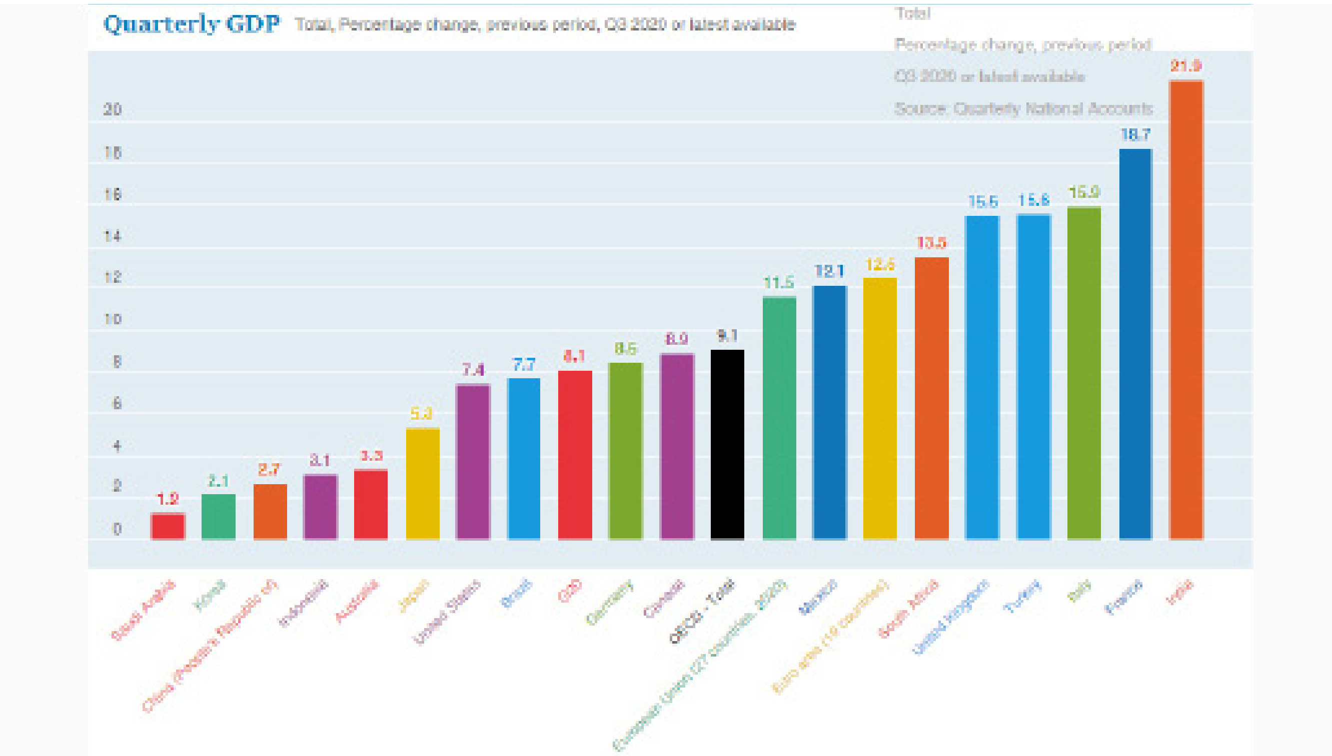
G20 GDP SHOWED A STRONG RECOVERY IN THE THIRD QUARTER OF 2020, BUT REMAINED BELOW THE HIGH PRE-PANDEMIC

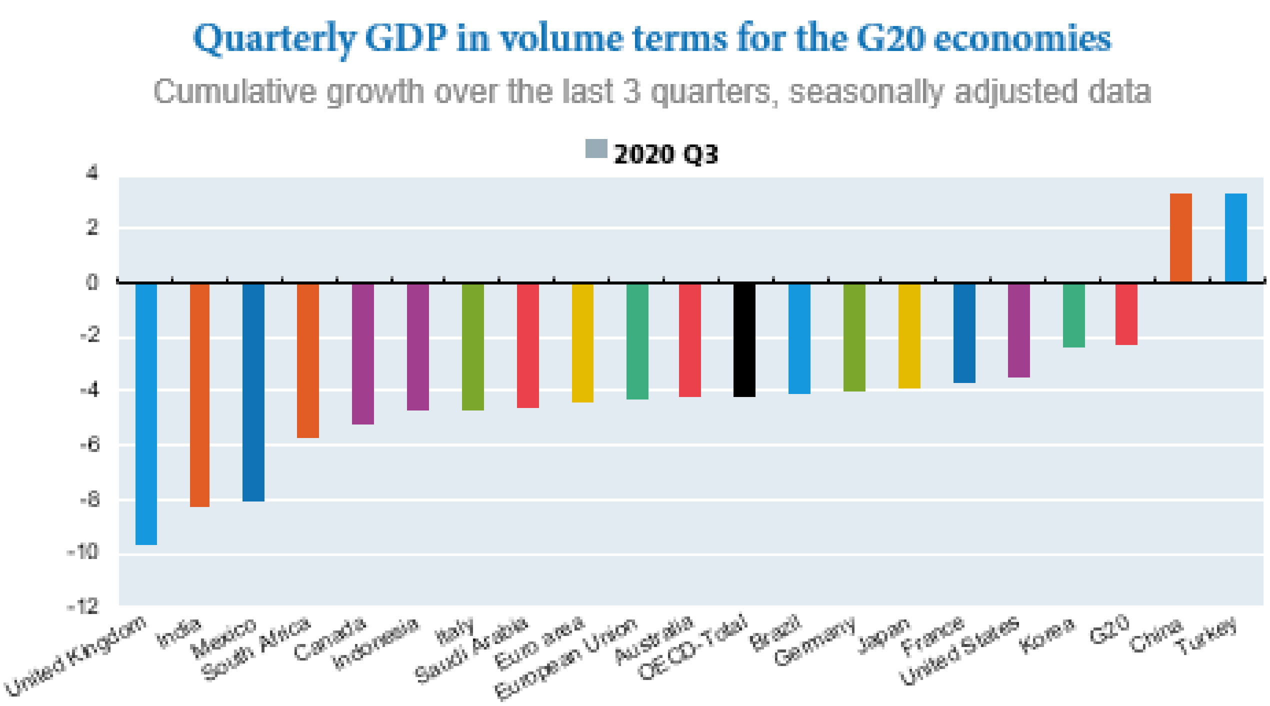
Source: OECD

Gross domestic product (GDP) in the G20 area rebounded 8.1 percent in the third quarter of 2020 after unprecedented drops in the first half of the year due to containment measures for COVID-19. However, GDP remained 2.4% below its pre-crisis peak in the last quarter of 2019.

Among the G20 economies, GDP in India rebounded the strongest, 21.9%, after a 25.2% drop in the second quarter, the steepest drop ever recorded. GDP also rebounded with double-digit numbers in the third quarter, after double-digit declines in the second quarter, in France (18.7%, after a contraction of (less) 13.8%), Italy (a 15.9%, after minus 13.0%), Turkey (15.6%, minus 10.8%), The United Kingdom (15.5%, after minus 19.8%) , South Africa (13.5%, after minus 16.6%) and Mexico (12.1%, after minus 17.0%). GDP also grew in the other major economies: 8.9% in Canada; 8.5% in Germany; 7.7% in Brazil; 7.4% in the United States; 5.3% in Japan; 3.3% in Australia; 3.1% in Indonesia; 2.7% in China; 2.1% in Korea; and 1.2% in Saudi Arabia.

GDP in the G20 as a whole remained significantly below the levels of the same quarter of the previous year (minus 2.0%), and only Turkey and China registered positive growth (5.4% and 4.9% , respectively), while the United Kingdom experienced the largest drop (minus 9.6%). A similar picture emerges when comparing economic activity in the third quarter with pre-pandemic levels, as the accumulated growth rate of the first three quarters of 2020 approaches. *L&E*


Quarterly GDP Total, Percentage change, previous period, Q3 2020 or latest available
Total
Percentage change, previous period
Q3 2020 or latest available
Source: Quarterly National Accounts
20
18
16
14
12
10
8
6
4
2
0
1.2
2.1
2.7
3.1
3.3
5.3
7.4
7.7
8.1
8.5
8.9
9.1
11.5
12.1
12.6
13.5
15.5
15.6
15.9
18.7
21.9
Saudi Arabia
Korea
China (People's Republic of)
Indonesia
Australia
Japan
United States
Brazil
G20
Germany
Canada
OECD - Total
European Union (27 countries, 2020)
Mexico
Euro area (19 countries)
South Africa
United Kingdom
Turkey
Italy
France
India


Quarterly GDP in volume terms for the G20 economies
Cumulative growth over the last 3 quarters, seasonally adjusted data
2020 Q3
4
2
0
-2
-4
-6
-8
-10
-12
United Kingdom
India
Mexico
South Africa
Canada
Indonesia
Italy
Saudi Arabia
Euro area
European Union
Australia
OECD-Total
Brazil
Germany
Japan
France
United States
Korea
G20
China
Turkey

Environmental Capsule

The Phenomenon of La Niña will extend until the year 2021

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The La Niña phenomenon, which disrupts temperatures, rain cycles and normal storm patterns in various parts of the world, will last until next year.

Scientific confirmation that this phenomenon is present is the necessary preliminary step for governments to take preventive measures in various sectors that suffer these anomalies in the first line, in particular agriculture and health, as well as to review management planning disasters and water resources.

This phenomenon coincides with the coronavirus pandemic and can be an additional pressure factor for countries already affected by the health crisis.

La Niña is a phenomenon that produces climatic anomalies throughout the world due to an abnormal cooling of the waters of the equatorial Pacific Ocean. This new Girl has been gradually getting stronger since August-2020. Previously, the most recent La Niña event occurred in 2018 and was of moderate intensity.

La Niña is one of the factors that cause a more intense and prolonged rainy season on the Pacific slope, as well as a very active hurricane season. But additionally, the same effect is occurring due to significant warming in the Atlantic Ocean, but particularly in the Caribbean Sea, where temperatures were the highest in the historical record..

The current thermal configuration of both oceans (cold in the Pacific and hot in the Atlantic) is causing a more extreme climatic condition in our country and is the reason why dry season has not yet been established. This same temperature pattern also explains the meteorological drought in the Caribbean Slope.

According to a UN report, climate disasters in this 21st century have increased by 80% worldwide and in the case of Panama, there has been an increase in rainfall, as a result of the La Niña phenomenon, in addition to the effects hints left by tropical cyclones.

In recent days we could see in our country, the return of rains and strong winds due to the approach of a cold frontal system existing in Colombia. For the Caribbean Slope, December is climatologically a rainy month. The Atlantic storms that occur produce heavy rainfall and some flooding in this region. These storms are due, among other factors, to the frequent incursions of cold fronts to our latitude.

The Climate Predictions Center indicates that according to recent forecasts there is the possibility of a moderate to strong La Niña event for the month of January 2021, which is due to the appearance of the surface water temperature of the sea relatively colder than normal. in the central and eastern Tropical Pacific off the northern coasts of Peru, Ecuador and southern Colombia".

The year 2020 has given us great lessons in different areas, among which we have the COVID-19 pandemic and the climate changes caused by the La Niña phenomenon, which they indicate can extend until the first months of the year 2021, which could aggravate the current health situation in the world.

For this reason we must take measures and analyze some strategies that can help us mitigate and face the effects of climate change and the pandemic that we are currently experiencing. *L&E*

Alianzas alrededor del Mundo

Mitrani, Caballero, Rosso Alba, Francia, Ojam & Ruiz Moreno-ARGENTINA

Guevara & Gutiérrez S. C. Servicios Legales- BOLIVIA

Machado Associados Advogados e Consultores- BRASIL

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Facio & Cañas- COSTA RICA