

Legislación Economía

ISSN 1726-0485 MAY 2021

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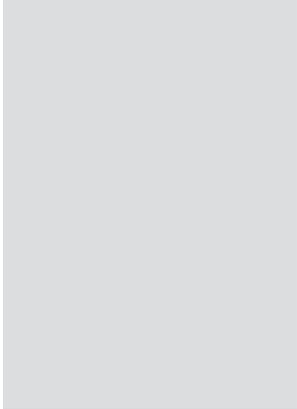
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Editorial

Political agitation in Latin America: Lessons to learn

In recent months Latin America has been characterized by a series of political situations of great impact both for the region, for governments, citizens and the local and international business fabric that should suggest a deep reflection as a country that constitutes a kind of axis transversal, both economically, socially, politically and institutionally.

Let's look at recent and future events, country by country:

1. Ecuador: 3 days ago Guillermo Lasso Mendoza was sworn in as president of Republic of Ecuador, after 3 attempts to achieve the supreme responsibility of the constitutional government and in an extensive speech he stated that with him the era of caudillos ends, that the political persecution in Ecuador, that there is no democracy without participation, that its intention is not to minimize the State, but to maximize

its capacity to serve the poor. He also endorsed the words of President John F. Kennedy's speech of January 1961, which in the pertinent part stated: "As long as as a country we cannot help the poorest, this government will not be able to help the richest".

In the final part of his speech, he remembered his parents, highlighting their legacy, in the sense that it doesn't matter how far one goes. What he counts is never forgetting where one started. This president, who is a man of humble extraction, has gone through personal and health vicissitudes to rise above his opponents on the left to bring a breath of renewal, of harmony, promising a strengthening of the provision of health services, reactivation of decent employment and restructuring of the heavy financial debt that drags Ecuador, which has been the main cause of confrontations between popular sectors and government, when it was tried to eliminate a

series of subsidies for consumption of fuel and other essential inputs for subsistence of Ecuadorians.

2. Colombia: It is known that, in the case of this country, since 2019, there had been a series of disturbances that had put the government of President Iván Duque in a very difficult condition, based on the shock wave caused by the commotion that arose. was giving in Chile, due to the economic policies of the government of President Sebastián Piñera.

There was a truce in Colombia motivated by the pandemic; meanwhile his government had summoned scholars, locals and foreigners to prepare a tax reform proposal that generated increases and expansion of the tax base of various taxes such as Value Added Tax (VAT), Income Tax (ISR), Wealth tax (IP), which, while reducing profits for large companies, increased the tax burden on the middle class.

But also, in this package, there were reductions in the coverage of medical care for different types of diseases.

All of them, while the supply of vaccines did not have the speed expected by the citizens, the closures of the business fabric had affected revenues and the government was immersed in the last stage of the presidential period of 4 years without reelection.

This cocktail of measures has been explosive and there are still confrontations between the population as a whole, including students, unemployed people, indigenous people, transporters, small merchants, vandals, against the police, such as the army, even civilians who have caused disturbances. . The balance so far is 59 dead and thousands injured.

It is not necessary to minimize the ideological interventions that also from the left have influenced this state of affairs, since this sister country is totally ideologically fractured and carries the burden of the armed conflict with many troubles, the political hegemony of former president Álvaro Uribe and the great inequalities that mark the daily evolution of this Nation.

It was a crass political error by President Duque, to advance these legislative initiatives in the midst of an atmosphere of tension, frustration and excess of the military bodies.

The price of this error will be very high and will be reflected in a political campaign that can turn violent, due to ideological, political and economic differences, which has been dragging the country for more than 100 years.

3. Chile: This country, which, for several decades, was perceived as a successful democracy and which caused envy due to its macroeconomic results, entered a maelstrom similar to the one that is now being experienced in Colombia, when public transport fares were increased in 2019.

Then, with the pandemic, the waters seemed to seek calm, but in truth the country has exploded due to the concern of students about the opportunities to achieve an adequate education that allows them to join the requirements of the 21st century, the inequality between classes social networks anchored by the ideology of the period President Pinochet and the failures of the left-wing coalition that also governed the country.

There is also a significant disenchantment with the political parties of the left and right that have not had the capacity to guarantee a reasonable standard of living for the great majorities, including the provision of health services, pensions and retirements, the persistent discrimination against women, indigenous Mapuche and other minorities.

Proof of this is that, after the elections for the election of the constituents, who must draft the new constitution that eradicates the constitution issued during the dictatorship of Augusto Pinochet Ugarte, 42% of those constituents are independent and from the radical left including communists, 16% come from the political parties of the left coalition, 24% from parties close to the current government, and 18% seats reserved for indigenous peoples.

This composition of constituent heralds that economic

and political model of Chile will have profound changes; Although it will take a long time to reach agreements on issues such as environment, mining exploitation, recognition of the rights of indigenous peoples, education and public health, pensions and tax rules for large companies and large companies and fortunes.

However, in this reality there is an uncertainty about the next presidential elections in which a leadership based on the recomposition of the economic and social structure of this country could emerge.

As the newspaper El Clarín in Buenos Aires highlights, "The electoral beating of the traditional parties in the constituent elections is a new message to the entire region. When politics gets away from the people, people make another politics".

4. Perú: This country is in an abyss, since it has had a plural number of presidents in a single term and an absolute failure in the health sector, which has caused absolute discontent among citizens. The entire citizenry is frustrated by the inability of the rulers and is now in the second round of the presidential elections with two candidates who represent insurmountable extremes: Keiko Fujimori and Pedro Castillo catch the preferences of citizens who are facing one of the decisions of greater importance, since on paper, it is a country with great natural resources, biodiversity, productive capacity, but that is totally divided and lacks trust in its institutions.

Today it is not possible to guess who will be the winner of the June 6 elections, but an atmosphere of national reconciliation is not in sight, so there don't seem to be conditions for a civilized transition and therefore there is a great risk of unrest, as has been the case. this presidential term. There is great mistrust in political parties and the concept of a strong government is not present in Peru. Therefore, it will take a long time for the political and economic situation to be restructured..

5. Argentina: This is a pathetic case: A government that has totally failed in sanitary protection of the population, occupying No.62 in world ranking on the

percentage of citizens who have been vaccinated and have one or two doses. They preferred for ideological reasons, to use the Russian and Chinese vaccines respectively and even so, they haven't received the respective shipments from these countries. The consequences for the economy and the quality of life of its inhabitants have been terrible; let's see some data:

1. At the beginning of the pandemic, it was the country that established the longest quarantine in the world.

2. Today, they have very restrictive measures for social mobility, they have even canceled the celebration of the international soccer tournament of the South American Soccer Confederation (Conmebol).

3. They have practically eliminated face-to-face classes.

4. More than eleven thousand restaurants have had to close. About a million workers have lost their jobs.

5. They have suspended meat exports, one of their main sources of hard currency.

6. They are very close to a breach of their financial commitments with multilateral creditors and the international monetary fund.

It is another case of a political division and the inability to negotiate minimum agreements that allow a political transition.

6. Panamá: After 14 months of pandemic, we must recognize that the country has had more casualties than highs; particularly in the absence of executive leadership to manage this unprecedented situation, the lack of accountability regarding the enormous public spending, the lack of a coherent plan of action to reactivate investment, economic reactivation and employment.

After a successful start in the management of

health care, the means of international relations weren't articulated to obtain, in a reasonable time, medical supplies and then vaccines for their application to the majority of citizens who need them.

Nor has there been a public policy to reduce public spending, preserve investment grade, and build confidence to reactivate foreign direct investment.

On the tax issue, the validity of tax procedure code was postponed until 2022, a taxation was not applied in a timely manner to digital commerce and agile mechanisms were not established for electronic invoicing, which is now beginning to be implemented.

Regarding the activities that are axes for economic reactivation, there has not been a policy to be clear about the use of the logistics and services hub that has characterized the country.

Movements have been initiated that seek a new Constitution without, to date, being able to know the scope of the reforms, much less the roadmap to guarantee that new political actors can introduce specific corrections to improve the institutionality, security legal, inclusive education and reducing inequality. The country needs executive leadership to provoke a dialogue that avoids the situations we have just described in these five countries

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



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Invited Writer

GEOECONOMIC RISKS IN COVID ERA AND ABILITY TO ANTICIPATE CRISIS

ROMERO PEDRAZ, Belinda. Goeconomic Risks in COVID era and ability to anticipate crisis Opinion Document IEEE 51/2021. http://www.ieee.es/Galerias/fichero/docs_opinion/2021/DIEEEE051_2021_BELROM_Riesgos.pdf y/o enlace bie3 (consultado 20/05/2021)

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Economic risks don't always derive from economic activity, but on many occasions they are consequence of a priori events or situations not related to financial aspects. However, consequences of both the former and the latter on social welfare, which is based on the ability of States to sustain it, are dire from the point of view of security.

This article will analyze the risks of a goeconomic nature, present, probable and future, from the perspective of the short, medium and long term, through logic models in which action is taken to remedy the negative effects once they occur, or a plan is anticipated to anticipate them and prepare to deal with them. It is in the case of this last anticipatory strategy that a weapon such as economic intelligence and a connected and vigilant

intelligence community are required. Under the hypothesis of a lack of foresight in the face of a plausible eventuality, this article analyzes the crisis in some of the areas most related to the economy and social welfare and, by extension, to planetary security and balance, to end with a brief reflection on our role in the EU and its role on the geopolitical board.

Introduction:

The problems caused by the emergence of COVID are product of a lack of anticipation of the States that, however, had enough elements at their disposal to have anticipated the possibility of a pandemic and the poly crisis that its expansion could entail.

If we analyze the risk analysis documents prior to

pandemic, we observe that their dissemination has only increased them, multiplying vulnerabilities and weaknesses, by dint of highlighting them, of the majority of the states affected by the crisis.

Consequences of the pandemic in the short and medium term.

The pandemic has blindly overwhelmed the process of slow economic recovery after the depression of 2008, becoming the worst crisis ever experienced in peacetime and the third worst in the last 150 years. Despite its multiple shortcomings, the growth path was so in many economies despite not being a large-scale or ubiquitous recovery. However, the emergence of COVID in the first months of 2020 has exacerbated the pre-existing difficulties and created new ones, difficult to treat without going through a total or almost complete resolution of the pandemic that allows dealing with repairing the current crises by at the same time that societies prepare to anticipate those to come.

The intrusion of COVID into a clearly unequal world has also affected economies differently. On the one hand, although the reliability of the numbers of infected and deaths due to COVID must be accepted with caution, the pandemic has harmed aging societies, such as Europe, more lethal, since it is more lethal among older people. However, it is precisely these societies that are best prepared to submit to the virus, both from a health point of view, with universal health systems, and from the point of view of vaccination strategies.

Despite the slowness of vaccination processes and production problems, the world already knows several proven effective vaccines in record time.

However, today, we run the risk of creating a new societal inequality: that of the vaccinated citizens of the world and that of the unvaccinated. The

direct economic consequences of such disparity would be immediately reflected in economic growth. The take-off of the GDP of the “unvaccinated” nations would slow down, as a consequence of the economic paralysis caused by the virus, the lack of investment both internally and externally and the drop in mobility, with repercussions for tourism in those societies in those that is an important source of income, but also in terms of human resources, youth and talent, trapped in the unvaccinated states.

Very few emerging countries are expected to be vaccinated by the end of 2021, causing their GDP to slow, if not plummet. China, despite a substantially slow vaccination rate and, thanks to its social discipline, has already managed to achieve GDP growth similar to that it had before the COVID crisis.

The US and the EU will need to reach the fourth quarter of 2021 and the third of 2022, respectively, with a high percentage of the population vaccinated to achieve growth at levels similar to those reached before the pandemic.

The countries that cannot get out of the COVID crisis in time, which are potentially those with worst health systems and the fewest possibilities to offer social assistance to their population, will constitute a heterogeneous group of socioeconomic dangers, with devastating consequences on migration, which in turn may pervert the recovery process of those societies with an effective vaccination strategy.

On the other hand, the excessive delay in the vaccination process worldwide can lead to the collapse of health systems in those countries where they are not robust, and a profound weakening in those where they are.

During the second half of 2020, the pandemic caused job losses equivalent to a drop in employment of

¹ World Economic Forum, wef.com. Consultado el 5/02/2021. Disponible en: <http://ef.ch/risks2021>

² “Prospects for the global economy in 2021”, Oxford Analytica. Consultado el 18/03/2021. Disponible en: <https://www.emerald.com/insight/content/doi/10.1108/OXAN-DB257862/full/html>

³ World Economic Forum, wef.com. Consultado el 5/02/2021. Disponible en: <http://ef.ch/risks2021>

⁴ “Prospects for the global economy in 2021”, Oxford Analytica. Consultado el 18/03/2021. Disponible en: <https://www.emerald.com/insight/content/doi/10.1108/OXAN-DB257862/full/html>

⁵ “Economic and financial risk insights - 2021: a year of global recovery and the start of redistributive policies”, Swiss Re. Consultado el 02/04/2021. Disponible en: <https://www.swissre.com/institute/research/sigma-research/Economic-Outlook/economic-financial-risk-insights-dec-2020.html>

495 million jobs, which constitutes 14% of all global employees. The great losers of this historic collapse have been young people, women and unskilled workers.

As a consequence of this fact, another probable risk looms over the fragile societal equilibrium: the disappointment of the youth. The world that is drawn in front of many of the young people is not very promising, which can trigger a generational polarization with repercussions on security and governance, when those who effectively dominate and survive in it are perceived as guilty of the ills of the world.

The pandemic has also exposed huge digital inequalities. At a time when the use of technology and the need to use it for educational and business purposes have become essential, the disparities have been revealed alarmingly: 60% of the world's adults lack digital knowledge and the percentage of students without access to a computer ranges from 25% in China to 65% in Indonesia. The closure of schools in many regions of the world has meant, in addition to an unprecedented educational setback, an increase in hunger and child labor.

The digital gap can compromise an inclusive recovery and disconnect societies, creating greater inequalities and fracturing social cohesion and governance. On the other hand, the prospects for job market automation do not bode well for the less digitally skilled workers.

In the purely economic order, the very response to the immediate consequences on the welfare state of the countries hit by the pandemic has forced an unprecedented indebtedness. Despite the predictable

increase in fiscal pressure in the coming years to alleviate the consequences of debt, the truth is that it will not be able to be used again to advance sustainability policies, investments in new markets or research and development. It is an inheritance that the new generations will perceive as iniquitous, with the possible social and political consequences that the sense of injustice sometimes propitiates.

The International Monetary Forum considers seven low-income countries and 28 with medium GDP as likely candidates for a public debt crisis.

The consequences of the pandemic are not the only risks in the short and medium term. The world economic forum itself considers climate change, for the second year in a row and despite the emergence of COVID, as the highest risk facing the world, for which there is no vaccine. Although the unprecedented stoppage of economic activity with the advent of the pandemic caused a notable drop in CO2 emissions, the latest data from Google Mobility Data reflects an increase in emissions in the second half of 2020 and a slight stoppage during the second wave that occurred at the beginning of the year, which seems to show that once economic activity normalizes, CO2 levels will inevitably return to their normal ratios.

The Carbon Monitor index, which reflects emissions almost in real time, mainly indicates a decrease in those corresponding to goods and domestic transport, which reinforces the prospect of a return to the adverse pre-COVID normality when personal mobility, mainly in more developed countries, it is achieved as a consequence of mass vaccination and disease control.

⁶ World Bank Open Data, worldbank.org. Consultado el 17/02/2021. Disponible en: <https://data.worldbank.org/indicators/SL.TOTL.IN>

⁷ World Economic Forum, wef.com. Consultado el 5/02/2021. Disponible en: <http://ef.ch/risks2021>

⁸ Learning remotely when schools close: How well are students and schools prepared? Insights from PISA, OECD. Consultado el 12-1703/2021. Disponible en: <https://www.oecd.org/coronavirus/policy-responses/learning-remotely-when-schools-close-how-well-are-students-and-schools-prepared-in-sights-from-pisa-3bfd1f7/>

⁹ En algunas regiones deprimidas las escuelas proporcionan la única comida saludable del día.

¹⁰ “We’re all in this together?”, childrenscommissioner.gov.uk. Consultado el 21/03/2021. Disponible en: <https://www.childrenscommissioner.gov.uk/report/were-all-in-this-together/>

¹¹ “List of LIC DSAs for PRGT”, Fondo Monetario Internacional. Consultado el 19/03/2021. Disponible en: <https://www.imf.org/external/Pubs/ft/dsa/DSAlist.pdf>

However, it should be added that already in 2019 there were notable decreases in energy expenditure. The yearbook of the World Energy Strategic Magazine showed that pre-crisis energy consumption decreased by 1.3% compared to 2018. In particular, coal consumption fell to its lowest level in 16 years.

Related to climate change and exacerbated by the polycrisis of COVID, the eternal problem of food security has further degraded the already precarious situation of millions of people. The late resolution of the crisis can amplify this trend to a point where the social consequences go beyond the realm of security. Historical evidence shows us that food and agriculture are essential factors for peace. When one or the other is in short supply, conflict is inevitable.

With a world population that has doubled in number in last 50 years and developed countries with an almost total food dependence on others that, as a consequence, see product of earth remunerated, problem of production and supply becomes crucial. Food systems are today globalized and consumers demand all kinds of goods throughout the year. There are crops, such as coffee or tobacco, whose production is consumed almost entirely in countries outside of their production.

Since the COVID crisis, the price of staple foods has increased by 27%. The increase is largely due to the hoarding of China, with which it has sought to remedy

its food insufficiency and securitize it. On the other hand, the very increase in prices and the effects on the mobility of both the products and the personnel needed to collect them, due to the pandemic, have significantly increased the costs of the logistics supply chains, which has led to some producing countries reluctance to export, in order to ensure their local consumption.

We already know that, in economics, a supply below demand causes either a rise in prices or an attempt to buy goods and store them to protect themselves from subsequent increases in these. If this dynamic continues, we face a situation in which poorest will have even less purchasing power to survive and the richest will have inflation in basic products that, among other effects, can cause shortages and food poverty, even in societies where the problem has traditionally been residual.

In Europe, regained importance of Common Agricultural Policy (CAP) shows extent to which food security has become a strategic axis and a key element of resilience.

USA, China and the EU.

The crisis of multilateralism that we were already witnessing before the pandemic puts the security of the so-called "middle powers" in the spotlight. With a marked capacity for influence in matters of trade, diplomacy and global health and a joint economic

¹² World Economic Forum, wef.com. Consultado el 15/02/2021. Disponible en: <http://ef.ch/risks2021>

¹³ "Temporary reduction in daily global CO2 emissions during the COVID-19 forced confinement", Nature. Las emisiones de CO2 cayeron, según un estudio que combina datos de cierre de economías con datos de actividad, un 9 % durante el primer trimestre de 2020. (Corinne Le Quéré, Robert B. Jackson, Matthew W. Jones, Adam J. P. Smith, Sam Abernethy, Robbie M. Andrew, Anthony J. De-Gol, David R. Willis, Yuli Shan, Josep G. Canadell, Pierre Friedlingstein, Felix Creutzig & Glen P. Peters. Consultado el 19/03/2021. Disponible en: <https://www.nature.com/articles/s41558-020-0797-x>

¹⁴ "The world's sudden launch into lockdown a year ago had an interesting effect on carbon emissions – now they're returning back to normal far quicker than society is", BBC. Consultado el 19/03/2021. Disponible en: <https://www.bbc.com/future/article/20210312-covid-19-paused-climate-emissions-but-theyre-rising-again>

¹⁵ Un 31,9 % menos de emisiones de CO2, según datos de febrero de 2021 (carbonmonitor.org, 2021).

¹⁶ "Global Energy Demand Growth Was Slowing Before Covid-19, Says BP", bloomberg.com. Consultado el 02/04/2021. Disponible en: <https://www.bloomberg.com/news/articles/2020-06-17/global-energy-demand-growth-was-slowing-before-covid-19-says-bp>

¹⁷ Géopolitique de l'agriculture, collection «40 fiches illustrées pour comprendre le monde», Sebastien Abis&Pierre Blanc. (2020). Paris: Eyrolles-IRIS, 2020.

¹⁸ Géopolitique de l'agriculture, collection «40 fiches illustrées pour comprendre le monde», Sebastien Abis&Pierre Blanc. (2020). Paris: Eyrolles-IRIS, 2020.

power greater than that of the two most prosperous economies on the planet, these states must increase their capacity for resilience to constitute the pivot of international relations and strengthen the institutions that arbitrate on the geopolitical board.

The China-US rivalry The US can polarize the relations of these middle powers, in the sense of forcing them to accept being on one side or the other, instead of forming alliances that allow them to maintain their independence. The EU, the world's third largest trading bloc, seems to have strengthened since the beginning of the pandemic and extended its influence to the eastern border countries, possible candidates to form for it in the future. However, the specter of protectionism as a consequence of restrictive measures derived from the pandemic, such as the closure of borders, puts the future of joint actions at risk. The European Commissioner for Trade, Phil Hogan, stressed almost a year ago that stock grabbing and autarkic policies should only constitute an exceptional and temporary resource.

A reform of the World Trade Organization seems inevitable, so that the arbitration mechanism favors the recovery of world trade and value chains and reduces the polarizing tensions created by the Chinese-US trade war and the resulting protectionist dynamics. of the pandemic.

The EU should promote the use of "thematic diplomacy", to arouse common interests with other middle powers, and thus strengthen its role as bridge-builders, which is so necessary to generate greater multinational cohesion.

Returning to a purely economic point of view, the pandemic has led to a drop in economic indices similar to that resulting from the end of the Second World War. The volatility of stock market indices and the amplification of pre-existing problems, such as the oversized financial economy or the effects of monetary policies on the functioning of the banking market, have only increased in the last year.

Debt, GDP and inequality.

The COVID crisis has come at a time when a large number of influential countries were already considerably in debt, as a result of the last crisis in 2008, and with serious financial and commercial problems, still unresolved or with tendency to its amplification.

Before the COVID-19 pandemic and since 2010, there was a fourth wave of global debt accumulation that represented the fastest and widest increase in debt in five decades. This new wave was preceded by three previous ones, which began in the 1970s with the oil crisis. The common feature of all of them is that they

¹⁹ ABIS, S. "Tempêtes à venir sur la sécurité alimentaire mondiale", Iris-France.org. Consultado el 21/03/2021. Disponible en: <https://www.iris-france.org/155365-tempetes-a-venir-sur-la-securite-alimentaire-mondiale/>

²⁰ Futuro de la Política Agraria común, ec.europa.eu. Consultado el 21/03/2021. Disponible en: https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/future-cap_es

²¹ Estados que no tienen un estatus de poder en el tablero geopolítico, pero sí un rol importante en las relaciones internacionales (WEF, 2021)

²² World Economic Forum, wef.com. Consultado el 15/02/2021. Disponible en: <http://ef.ch/risks2021>

²³ "À l'Est, que du nouveau : les relations entre l'UE et ses voisins orientaux", europarl.europa.eu. En la lista de candidatos a una futura adhesión a la UE encontramos Montenegro, Albania, Serbia, República de Macedonia del norte y, potencialmente, Bosnia-Herzegovina y Kosovo. Consultado el 21/03/2021. Disponible en: <https://www.europarl.europa.eu/news/fr/headlines/world/20200604STO80510/l-ue-envisage-l-avenir-avec-ses-voisins-orientaux-apres-la-pandemie>

²⁴ "L'après-pandémie et l'avenir de l'OMC, quel rôle pour l'UE?", lesechos.fr. Consultado el 20/03/2021. Disponible en: <https://www.lesechos.fr/idees-debats/cercle/opinion-lapres-pandemie-et-lavenir-de-lomc-quel-role-pour-lue-1206209>

ended up becoming widespread and almost ubiquitous financial crises. Recent economic history shows us that after a period of state indebtedness, if it is not resolved, a great economic debacle inevitably ensues.

However, it should be noted that already before the spread of COVID in the first four months of 2020, the real evolution of GDP in the G20 countries had begun to decrease slowly but steadily. In fact, growth in 2019 fell to 2.9%, compared to 3.7% that had been obtained in 2018. Investment rates also, since the beginning of the economic recovery, remained down.

Some economists draw parallels with the great bankruptcy of 29, particularly with regard to the collapse of both employment and GDP in a large part of the world economies, and in particular the most advanced ones. It is not unusual to find headlines in specialized magazines that speak of the "worst GDP since the invention of GDP." Apart from the distances between the different ways of measuring the growth of a country, there has not been a single moment in modern history in which wealth has fallen so much in a single year.

The current inequality indicators are similar to those registered in the 1930s. But, above all, there is a clear and devastating coincidence between these two world crises: their systemic nature, which far exceeds the mathematical economic indices to attack the welfare state in each and every one of its essential aspects, particularly health.

However, the differences between these two major crises are also striking. If in the great depression the government action was rather late (the New Deal in the US began in 1933), which caused the exit from the crisis to take a long decade, in the one caused by COVID the state response, with unprecedented increases in public spending, it has been almost immediate.

Some of the medium-term effects of the COVID polycrisis are discussed by analysts as risks closely embedded in essential economic dynamics, such as, for example, the possible increase in inflation worldwide. Despite the money interest rate and the volatility of oil prices, high levels of inflation are not ruled out as a result of the expansionary monetary policies carried out by most governments.

Economic models and economic intelligence.

The World Bank has modeled, in the document Global economic prospects, the future of world economic growth, based on the foreseeable capacity to control infections and the rate and effectiveness of vaccination. The models oscillate between optimism and realistic pessimism, analyzing the social consequences, including those related to governance; cultural, health and, obviously, economic of all of them. These models have been created using real data from all areas that make up the so-called welfare state; estimates, expert assumptions, advanced mathematics, and combinations of multiple macroeconomics. The

²⁵ BENNIS, A. "Middle Power Diplomacy: From State to Thematic Diplomacy", *globalpolicyjournal.com*. Consultado el 21/03/2021. El uso de embajadores temáticos, hoy en día más propio de grandes superpotencias, sirve al doble propósito de coordinar internacionalmente a los diferentes actores nacionales, incluidas la ONG, y liderar las negociaciones en asuntos que impliquen a diferentes actores internacionales interesados. Disponible en: <https://www.globalpolicyjournal.com/blog/06/04/2020/middle-power-diplomacy-state-thematic-diplomacy>

²⁶ BENNIS, A. "Middle Power Diplomacy: From State to Thematic Diplomacy", *globalpolicyjournal.com*. Consultado el 21/03/2021. Disponible en: <https://www.globalpolicyjournal.com/blog/06/04/2020/middle-power-diplomacy-state-thematic-diplomacy>

²⁷ CHAUMONT, B. *Le monde en face. COVID-19: aux origines d'une crise mondiale*, france.tv. Consultado el 21/03/2021. Disponible en: <https://www.france.tv/france-5/le-monde-en-face/2306625-covid-19-aux-origines-d-une-crise-mondiale.html>

²⁸ Global economic prospects, *worldbank.org*. Consultado el 02/04/2021. Disponible en: <https://www.worldbank.org/en/publication/global-economic-prospects>

²⁹ GDP growth slowing before Covid-19: OECD, *investmentexecutive.com*. Consultado el 02/04/2021. Disponible en: <https://www.investmentexecutive.com/news/research-and-markets/gdp-growth-slowing-before-covid-19-oecd/>

models are not intended to do anything other than prepare us for the possible scenarios to come.

Despite being immersed in an unprecedented crisis and putting all the possible efforts and the available means to get out of it, to return, at least, to a reality similar to the previous one, the truth is that the world future is being formed ahead of us. The new challenges, risks and opportunities are in the process of formation while we solve the problems of the present.

Followed by a crisis, of whatever type, previous normality has always been succeeded by some newly minted detail with resistance to disappearing. In the same way that we have sewers to avoid diseases associated with poor public hygiene, many of the customs that pandemic has forced us to will be established as permanent. However, it is necessary to anticipate consequences of what is happening today and those that will result from different approaches to its resolution, through an economic intelligence system that encompasses all social actors.

Associated with the always ubiquitous problem of individual security, which derives from almost all other existing problems, States must anticipate risks and threats, modeling, gathering intelligence in all areas; creating a culture of this, organized, that responds to a strategy focused on anticipating the coming crises and preparing for them.

Spain, as a middle power, should do so hand in hand with the EU, which, for the first time in a long time and despite the difficulties, shows an undeniable determination to react to a crisis jointly. It is not, therefore, the capacity for reaction that should only be aspired, but that of resilience, for which it will have to implement a future strategy, built from the present, that allows sustainable growth and the ability to face the challenges that lie ahead. present, through innovation, productive investment, unified migration policies ... and a solid community of economic intelligence that observes the existing signs, before they turn into a crisis like the current one.*L&E*

³⁰ “Economic and financial risk insights”, swissre.com. Consultado el 25/03/2021. Disponible en: <https://www.swissre.com/search-page.html?searchterm=Economic+and+financial+risk+insights>

³¹ Global economic prospects, worldbank.org. Consultado el 02/04/2021. Disponible en: <https://www.worldbank.org/en/publication/global-economic-prospects>

Norms of INTEREST

USE OF A SINGLE VEHICULAR PLATE FOR FIVE YEARS

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With the enactment of Law 214 of May 4, 2021, provisions are added to Law 15 of 1995, on the sole and definitive license plate, in the sense that the single vehicle license plate will be renewed every five years, a measure that will begin to take effect three months after its promulgation in the Official Gazette.

However, to obtain the plate or the corresponding distinctive, vehicle owners must annually comply with the payments of peace and save, vehicle

inspection, value of the municipal traffic permit decal, even when the plate remains valid for five years.

It is established that municipalities and State entities will continue to make annual payments for the manufacture of license plate cans and stickers to the Chapala Vocational Center, to continue contributing to the support of the educational and social programs that this educational center maintains. *L&E*

SOCIAL SECURITY FUND GRANTES AMNESTY

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In recent days, Law 215 of May 9, 2021 was enacted, by which a twenty-four-month amnesty period is granted for the payment of the employer-employee fees and the balances of the agreements or arrangements agreed with the Insurance Fund. Social, as well as the payment of professional risk premiums and other contributions that are in default until March 31, 2021.

Consequently, the amnesty exempts the payment of surcharges, interest, fines and other actions caused by late payment of installments, premiums for professional risks and other contributions generated

monthly through regular and ex officio billings, scope of audit and of supplementary worksheet.

To qualify for the amnesty, 50% of the fees, professional risk premiums and other contributions owed must be paid.

It is worth mentioning that the companies that adhere to the Law in question may request peace and provisional except that can only be used to participate in bids and public acts of contracting with the State. *L&E*

BENEFITS IN OBTAINING PASSPORTS

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On May 10, 2021, the President of the Republic sanctioned Law 216 of 10 of 2021, which aims to benefit people who are going to participate in technical or scientific research missions or in

events to obtain passports. sports, cultural or study, for urgent health or humanitarian reasons and who do not have a valid passport.*L&E*

FRIENDLY COUNTRIES RESIDENT PERMIT WILL HAVE TWO PHASES TO OBTAIN PERMANENT RESIDENCE

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Through Executive Decree No. 197 of May 7, 2021, the requirements contained in Executive Decree No. 416 of June 13, 2012 are modified, which creates the migratory category of permanent resident as foreigners nationals of specific countries that maintain friendly, professional, economic and investment relations with Panama.

For the purposes of this migratory category, the changes focus on:

1. The Republic of Taiwan is excluded from the list of friendly countries, so its nationals will not be able to opt for this type of migratory category.

2. Like most permanent resident permits, a provisional residence will be granted for a period of 2 years and after that period, permanent residence is granted.

3. The permit may be requested for work reasons or for investment reasons in real estate. It means that you will no longer be able to request permit covered in bank certification where a balance of no less than four figures was reflected.

4. To apply for this residence permit for investment reasons as the owner of a real estate, the certificate from the Public Registry of Panama must be provided that proves the ownership of the real estate in the personal title of the applicant, the minimum value of B/. 200,000.00, an operation that can be financed through a local bank.

5. The Decree will take effect 90 days from its promulgation.

In this regard, we want to point out that before the reform, this permit automatically granted the applicant permanent residence after complying with the required requirements; however, now they will have to go through two phases, one for provisional residence and after two years for permanent residence.

On the other hand, now it will be possible to support the request either for work reasons or for reasons of investment in a real estate, which must be in a personal capacity and for the amount already indicated. *L&E*

VISA FOR REMOTE WORKER (TELEWORK)

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Through Executive Decree No. 198 of May 7, 2021, a Short Stay Visa is created as a Remote Worker (Telework), whose objective is to turn Panama into a destination for workers in modality of remote work, with what is expected contribute to development of economy through investment, consumption of local goods and services, such as stimulation of tourism, restaurants, shopping and consumption and services in general.

To qualify for this short-stay visa, the foreigner who enters the country to avail himself of this visa must be hired by a foreign transnational company, that is, a self-employed worker; that the work functions or services take effect abroad, and that the income comes from a foreign source and an annual amount of not less than B/. 36,000.00.

Among the requirements that must be met, among

others, medical insurance with national coverage, fill out the application form, present a letter from the foreign company for which you work or a contract with the company to which you provide professional services in the foreigner, an affidavit of non-acceptance of a job offer in Panamanian territory.

The visa in question, is granted for a term of 9 months, extendable only once for the same period, it means that it can be up to 18 months.

In this regard, the Government has indicated that it is a "new and innovative program called Short Stay Visa as a Remote Worker (Teleworking)" and that "an online platform will be enabled to efficiently and expeditiously process applications for this program that allows a stay of up to 18 months, with an initial period of 9 months extendable for a further 9 months"^{L&E}

RESIDENT PERMIT FOR FOREST INVESTOR MODIFIED

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The National Government sanctioned Executive Decree No. 199 of May 7, 2021, which modifies and adds articles to Executive Decree No. 320 of August 8, 2008, regarding temporary permits for investment reasons, as an investor forestry, and the category of permanent resident for economic reasons, in relation to the subcategory of permanent resident, as a forest investor.

The reforms for forest investor resident permits are namely:

1. The number of hectares where the investment must be made is eliminated. Before the reform a minimum of three hectares is required.

2. Regarding the documents that must be provided with the application, the applicant may submit a commercial relationship contract with the reforestation company that owns the duly authenticated share certificate. Before the form, only the authenticated copy of the certificate of shares in favor of forest investors could be presented.

3. To demonstrate the investment, a bank certificate of the transfer of the funds to the reforestation company or its payment must be presented.

4. The foreigner who personally or through a legal entity invests a minimum amount of B/. 350,000.00 in reforestation or forest plantation activities or others authorized by the Ministry of the Environment may automatically opt for permanent residence.

5. The investment must be maintained for a minimum term of five years. In the event that the investment ceases or ceases to exist before this time, the permanent residence granted will be canceled ex officio.

From a reading of the recital of the Decree, it is concluded that the modification arises from the need to adjust or adapt said permits to the current needs of the forestry sector and promote investments in the country. *L&E*

NATIONAL DIRECTORATE OF FOOD CONTROL AND VETERINARY SURVEILLANCE

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Through Executive Decree No. 770 of May 14, 2021, the National Directorate of Food Control and Veterinary Surveillance is created, as a dependency of the Ministry of Health, which will have the responsibility of controlling, monitoring and preventing in the national territory risks or damages, as well as food quality and safety, the study and application of public health measures, in relation to animal diseases transmissible to man.

It has been established that the Food Protection and Zoonosis Control Departments will become part of the Directorate, which will have competence in the surveillance, prevention and control of everything related to the quality and hygiene of food for human consumption and diseases. that may be derived from them.

In the same way, it will have competence to

know about hygienic products for domestic and/or industrial use, whether for imported trade and domestic consumption and/or for export, throughout the entire cycle of manufacturing, processing, transport, storage, distribution, conservation, trade and sale, including the premises, their processes and infrastructures, with the aim of contributing to improve the level of health and well-being of the population.

The Directorate will be responsible for the issuance, suspension, modification, renewal and cancellation of permits, certifications, health records, artisan health records, homologations or equivalences, as well as health surveillance and control actions in prevention, control and quality assurance. and food safety of national production, among others.

The Executive Decree 770 in comment, must be regulated through the legal procedures in force. *L&E*

FOREST RESTORATION PROGRAM

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Executive Decree No. 137 of May 21, 2021 creates the National Forest Restoration Program 2021-2025, which aims to structure and lead the processes to restore water-producing hydrographic basins at the national level, contribute to the recovery of soils degraded and promote the Low Carbon Economic and Social Development Strategy to achieve neutrality 2050.

The Executive Decree establishes that Program will promote recovery and valuation of the forest resource, in order to facilitate its protection, sustainable use and management, from an integral, cultural, economic,

ecological and social vision, managing to integrate communities into a productive process, in accordance with current environmental requirements, seeking to safeguard future environmental requirements.

On the other hand, the Program will contribute to the Reduce your Footprint National Program, as a guide for the contributions of the forest sector for the transition towards carbon neutrality 2050 and will also have a module in the National Platform for Climate Transparency of the Forestry Directorate of the Ministry of Atmosphere. *L&E*

SUPPORT PROGRAM FOR DIGITAL TRANSFORMATION OF TAX ADMINISTRATION

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The Ministry of Economy and Finance issued Resolution No. MEF-RES-2021-918 of May 6, 2021, by which it was resolved to constitute the Project Executing Unit (PMU) called the Administration's Digital Transformation Support Program Tax, being the Executing Agency the MEF through the General Directorate of Revenues.

The Resolution provides that the Executing Unit will be responsible for all technical and administrative aspects thereof and will be in charge of the operational management of planning, execution and monitoring of the modernization program of the tax administration in Panama.

Another aspect to highlight is that the PEU will functionally be made up of: 1. Project Strategic Management Committee. 2. General Coordinator. 3. Project Operational Team. 4. A support unit for the

DGI Project Executing Unit. 5. Technical Coordinator. On the other hand, the PEU will remain in operation for the duration of the Program, which is five years, so that this Resolution will be rendered ineffective upon completion of the indicated time; However, if the extension of the execution period established in the program is required, the Resolution in reference will be extended for the time so requested.

In this regard, we consider it appropriate to point out that the Ministry of Economy and Finance and the Inter-American Development Bank signed Loan Agreement No. 5126 / OC-PN of November 25, 2020, in which the terms and conditions were agreed upon in the The Bank would grant a loan to contribute to the financing and execution of the Program to Support the Digital Transformation of the Tax Administration in Panama. Reason why it was necessary to create the Program Executing Unit. *L&E*

REGULATE THE LAW ON THE PROTECTION OF PERSONAL DATA

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Through Executive Decree 285 of May 28, 2021, Law 81 of Personal Data Protection is regulated, which aims to develop the provisions that regulate the general regime of personal data protection in Panama, which are minimal and not exclusive of other special laws on the matter especially in relation to the treatment and custody of data.

Regarding the scope of application of the Decree, it will be applicable when:

- 1. The databases are located in Panama and store or preserve personal data of nationals or foreigners.**
- 2. The person responsible for the processing of personal data is domiciled in Panama.**
- 3. The processing of data whose origin or storage is Panama with the exceptions contained in Law 81.**
- 4. Data processing carried out within the framework of a commercial activity, on the internet or by any other means of electronic or digital communication.**

It has been established that the processing of people's personal data is subject to protection provided that this data identifies them or makes them identifiable; However, the rights of deceased persons in relation to their personal data are governed by the general rules of the Civil Code.

However, when it comes to the processing of personal data of minors, priority will be given to the best interests of the minor in accordance with current legislation and existing international treaties on this matter.

The Decree develops the issues related to the General Principles for treatment; Information Requirements; Conditions of lawfulness for the treatment; Rights of the holders of personal data; Use of personal data; Responsibility measures for compliance; Relations of the person responsible for the treatment with third parties; Cross-border data transfers; Control authority; Designation and composition and of the corrective Powers.

Data protection will be governed by the principles of loyalty, transparency, purpose, proportionality, truthfulness and accuracy, data security, confidentiality, legality and portability.

Within the rights of the data holders, we observe that the rights of:

1. Right of access, by means of which the owner of the data will have the right to obtain, from the person responsible for the treatment, confirmation of whether or not personal data concerning him or her are being processed.

2. Right to rectification, when the owner of the data exercises this right, he must indicate, in the request to which data he refers and the correction that he requests is made.

3. Right of cancellation, when making use of it, the owner must indicate in the request what data it refers to.

4. Right of opposition, allows the interested party to oppose at any time, for reasons related to his particular situation, to which personal data that concerns him are subject to treatment.

5. Right of portability, the interested party will have the right to receive the personal data that concern them in a structured, generic, commonly used and machine-readable format, to use them for themselves or to transmit them to another data controller without the controller being able to prevent it.

On the other hand, we have that the regulator or regulatory authority of each sector, will have a period of nine months, from May 28, 2021 to establish within its regulations all the protocols, processes and procedures of treatment and safe transfers that must comply with regulated subjects.

In the same way, those responsible for data processing and/or the custodians of the database, as well as the people who intervene in any phase of the data processing, will be subject to the duty of secrecy or confidentiality,

with respect to the data. personal object of treatment to which they have access by reason of their functions.

Within this context, it has been established that technical and organizational measures must be sufficient to guarantee confidentiality, integrity, availability and permanent resilience of the systems and services for the treatment of personal data.

Decree 285 establishes that the data subject to treatment may be transferred to another country as long as one of the following conditions is met, among others:

1. For countries or international organizations that provide a degree of protection of personal data equivalent to or greater than that contained in Law 81.

2. When the person in charge offers and proves adequate guarantees of compliance with the principles, the rights of the owner and the personal data protection regime provided for in Law 81.

3. Consent of the owner of the data.

4. Necessary for the prevention or medical diagnosis, the provision of health care, medical treatment or the management of health services.

5. That it is required to carry out bank or stock transfers in relation to the respective transactions and in accordance with the applicable legislation.

6. That it aims at international cooperation between intelligence agencies to fight organized crime, terrorism, money laundering, computer crimes, child pornography and drug trafficking.

Another aspect to mention is the figure of the Personal Data Protection Officer and that, for

the purposes of private entities, may designate an officer, who may be a company staff or a professional with a service contract signed with the data controller or custodian of the database.

The appointment of the officer is not mandatory for private entities; however, the supervisory authority will take it into account as a criterion for the graduation of the sanctions. The National Authority for Transparency and Access to Information (ANTAI), through the Directorate for Personal Data Protection, has been designated as the governing body in matters of personal data protection.

With regard to corrective powers, the Decree provides that those responsible for the treatment and / or custodians of the databases are responsible for compliance and are subject to the control and supervision of the control authority through the Directorate of Personal data protection. *L&E*

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Politics

THE NATIONAL UNITY, PRIORITY OF ALL PANAMANIAN

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The governments that hold power, among the most important goals they have is to promote the unity and direction of their peoples. In the provision in which they are jointly achieved, governments will achieve their objectives and that is precisely what their majority responsible population expects of them.

This unity so repeatedly vaunted by some sectors, on many occasions becomes simply an unfulfilled aspiration, in the absence of an authentic will, due to individualism that together with injustice and selfishness cause much deterioration.

It is necessary to achieve national unity in our country, at all costs and without any doubt. We are witnessing the current catastrophic effects caused by the pandemic, its cost in human lives and health, the inevitable and increased bankruptcy in many businesses and companies, with the consequent increase in unemployment, public insecurity, the shortage of

medicines, in in the midst of a crisis generally regarded as the worst since the Great Depression of 1929. Faced with the serious problems they have faced in their history; the countries have sought palliative measures for the emergency situations they are experiencing at a given time. Thus, for example, when the Republic of Colombia experienced a situation of anxiety and ungovernability, with political violence during the 1940s and 1950s, the so-called National Front was created with a transitory nature, which through a series of subsequent agreements and reforms constituted the legitimation constitutional of the two traditional parties as the only ones to govern the nation alternately between 1958 and 1974.

Although the National Front agreement was not the panacea, much less perfect, since the internal struggles for political power did not cease, at the time it partially resolved the bipartisan violence of previous decades although it did not manage

to eradicate corruption, exclusion and others.

There are several attempts at national unity or agreements to solve certain conflicts, attempts that without being optimal have achieved some of their objectives. Such is the case of the Chapultepec Peace Accords, a set of agreements signed in Mexico on January 16, 1992 between the government of El Salvador and the Farabundo Martí National Liberation Front (FMLN), which ended 12 years of civil war in the country, whose balance was at least 75,000 people died between 1979 and 1992, estimating that about 80% of the victims were civilians.

We could mention a few more cases, each with its own characteristics, but the one we propose with the participation and national unity of all sectors at this time for Panama must be much more comprehensive to face the current economic, political, and social crisis with integrity and responsibility. and health caused by the coronavirus pandemic.

The situation is more serious than we imagine and it would be wise to quote the words of our Minister of Economy and Finance, Héctor Alexander, when pointing out that "2020 and 2021 will be two terrible years in the country's public finances due to the need to have a higher indebtedness to be able to inject more liquidity and to be able to meet the established budgetary goal."

This crossroads that Panamanians face requires us all, without exception, to make decisions in an environment of unity and not of conflict and much less of pettiness. Thinking that the danger is present in all corners, it would not be ruled out to reason that the situation, instead of improving, could seriously complicate to worsen the strong impact that is already suffered at different levels in the economic, social and environmental aspects, among others.

The long months that we have spent in social isolation

as a result of the coronavirus have sown insecurity about our near and long-term future, leaving not a few individuals in a state of concern that, together with other setbacks, can bring lasting adverse situations in the mental health of people, disrupting all aspects of our lives, including young people who are equally affected. All political forces, both government and opposition, must avoid engaging in bickering while Panamanians are infected every day and daily deaths don't cease. Meanwhile, a large number of companies are bankrupt and a considerable number of compatriots have their employment contracts suspended, many others have been dismissed without thus having the possibility of taking their bread home, much less paying or dealing with costs. banking commitments acquired prior to the pandemic.

The national unity that we propose consists of continuing with the economic aid from the government to the marginalized and low-income Panamanians, plus always a correct control of the resources destined for them. Support is required for small and medium-sized enterprises through low-interest loans so that they can be important players in the recovery of jobs in the country. The government, the business community, as well as social, union, popular and all kinds of groups, must promote, demand and contribute with transparency and promptness in all the coordination of this assistance for the benefit of the country.

We must all promote national unity around public and private investment, clearly, as an instrument to produce thousands of jobs oriented to the diversity of companies established in the country, without private use, as unfortunately sometimes happens. We live in difficult times that require unity and consensus with the intervention of all groups in the community.

Our national government must redouble its work according to the historical moment in which we are living and promote this great alliance to resolve

the accumulation of difficulties that we have been dragging from previous decades, which, added to those generated by the pandemic, have put our country in an extremely difficult situation. complicated. Our national government, today more than ever, must carry out an administration committed to solving the current danger with total clarity, strengthening the democratic institutions that have been so affected by the little confidence that Panamanians have in them. For this reason, hard work is required, creating a lot of trust and the State to perform with total transparency in all government affairs.

The national government has this patriotic mission to strengthen democracy, the rule of law, adopting consensus and consultation measures. Doing the opposite can lead us to situations of social explosion that we observe in other countries.

To finish aggravating the current crisis situation, Panama began the dialogue to reform social security after being delayed by several government administrations. As a central basis is the need to increase the resources of the disability, old age and death agenda, strengthen the institution's programs and give stability to the Social Security Fund for future generations.

There may be many healthy suggestions that the participants will be able to present to the Executive Branch in this dialogue, but by no means can it be forgotten that it will be a political nonsense with dire consequences for the country not to make changes of all kinds within the institution to correct long-standing inadmissible situations that some former CEOs publicly denounced at the time and that are well known by Panamanian policyholders.

The Executive must bear in mind that the insured cannot be asked for sacrifices if these deeply rooted irregularities are not corrected. In this

matter and others, we must avoid, for the good of the country, the straw that spills the glass and leads to a social explosion, that justified peaceful protests degenerate into violence and vandalism by those who take advantage to destabilize democratic institutions as we have seen in neighboring countries.

We are in the presence of a drop in consumption and a decline in both national and international investment, increased unemployment and signs of inflation that is seriously worrying.

On the other hand, while it is true that convening a constituent could represent a relief from the growing disenchantment and nonconformity in the country, it would not be the solution to the immediate problem of those affected directly or indirectly by the pandemic and its collateral ravages. The precarious position of the country is the result of the lack of different administrations to execute efficient and sufficient policies to solve the most urgent problems of the nation. Panama is not immune to the risk of losing its democratic institutions. Like any other democracy, ours may be threatened by its enemies who are lurking and it is therefore so necessary to seek the possibility of a government of national unity, made up of individuals who intend to contribute their best efforts, knowledge, experience, will and transparency, looking towards the immediate and long-term future of the country, thinking about the present and tomorrow of our future generations.

Without distinction of any nature, Panamanians today must love our homeland more than ever. This is the time for genuine leaders to take on those responsibilities that bring the country to safety sooner rather than later. It is worth remembering what the Spanish statesman Antonio Maura y Montaner said, **"The country does not exist without the love of its children."**^{L&E}

Economía PANAMEÑA

COMMENTS ON THE CONSUMER PRICE INDEX (CPI): APRIL 2021

Source: GCRP

Monthly variation of the National Urban CPI (April 2021 compared to March 2021):

The National Urban CPI reflected an increase of 0.1%. The groups that showed increases were: Transportation in 0.7%; Furniture, articles for the home and for the ordinary maintenance of the home; Restaurants and hotels; and Miscellaneous goods and services all at 0.1%.

The Transportation group showed growth in three of its seven classes. The greatest variations were in the classes "Passenger transport by air" in 13.9%, due to the increase in the price of airfare, and "Fuels and lubricants for personal transport equipment" in 1.5%, due to the increase in the price of automobile fuel.

The increase registered in the Furniture, household articles and ordinary household maintenance group was due to the growth in six of its eleven classes. The greatest variation was in the class "Household utensils" at 0.9%.

The Restaurants and hotels group showed an increase in one of its two classes, "Restaurants, cafes and similar establishments" by 0.1%, due to the increase in the price of ready-to-go meals.

The growth observed in the Miscellaneous goods

and services group was due to the rise in two of its ten classes. The class with the greatest variation was "Jewelery, wall clocks and wrist watches" at 1.1%, due to the increase in the price of jewelery.

The groups Clothing and footwear, Housing, water, electricity and gas, Health, Recreation and culture, and Education remained unchanged.

The groups that registered decreases were: Alcoholic beverages and tobacco in 0.2%, Food and non-alcoholic beverages, and Communications both in 0.1%.

The reduction in the Alcoholic beverages and tobacco group was due to a 2.5% drop in one of its four classes, "Distilled beverages".

The Food and non-alcoholic beverages group showed a decrease in five of its eleven classes: The class with the greatest variation was "Fish" in 0.9%, due to the reduction in the price of fish, tuna and sardines.

The decrease observed in the Communications group was due to a 0.6% drop in one of its two classes, "Telephone equipment".

• **Interannual variation of the National Urban CPI**

(April 2021 compared to April 2020):

The National Urban CPI reflected an interannual variation of 1.7%. In the groups that observed increases were: Transportation in 14.9%; Alcoholic beverages and tobacco at 1.4%; Food and non-alcoholic beverages at 1.3%; Health at 1.0%; Restaurants and hotels in 0.5%;

Furniture, household items and ordinary household maintenance 0.4%; and Recreation and culture in 0.2%.

The groups that registered decreases were: Housing, water, electricity and gas in 8.8%; Education in 6.3%; Clothing and footwear by 0.3%; Miscellaneous goods and services at 0.2%; and Communications at 0.1%. *L&E*

Next, the graph with the monthly incidence by group of the National Urban CPI for April 2021:



Incidence: Corresponds to contribution of each group with respect to total variation of the National Urban Index, therefore, the sum of the incidents results in the variation of the index.

CUADRO 1. INCIDENCIA Y VARIACIÓN PORCENTUAL MENSUAL DEL ÍNDICE DE PRECIOS AL CONSUMIDOR NACIONAL URBANO, SEGÚN GRUPO DE ARTÍCULOS Y SERVICIOS: ABRIL DE 2021
BASE 2013=100

Grupo de artículos y servicios	Ponderaciones	Incidencia	Variación mensual
TOTAL	100.0	0.1	0.1
Alimentos y bebidas no alcohólicas	22.4	-0.012	-0.1
Bebidas alcohólicas y tabaco	0.7	-0.001	-0.2
Prendas de vestir y calzado	7.7	0.000	0.0
Vivienda, agua, electricidad y gas	8.5	0.000	0.0
Muebles, artículos para el hogar y para la conservación ordinaria del hogar	7.8	0.006	0.1
Salud	3.4	0.001	0.0
Transporte	16.8	0.121	0.7
Comunicaciones	4.3	-0.003	-0.1
Recreación y cultura	9.7	-0.004	0.0
Educación	2.4	0.000	0.0
Restaurantes y hoteles	6.7	0.005	0.1
Bienes y servicios diversos	9.8	0.011	0.1

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

**EVOLUCIÓN DEL ÍNDICE DE PRECIOS AL CONSUMIDOR NACIONAL URBANO TOTAL,
ALIMENTOS Y BEBIDAS NO ALCOHÓLICAS Y TRANSPORTE:
ENERO-DICIEMBRE DE 2020 Y ENERO-ABRIL DE 2021**



**CUADRO 2. EVOLUCIÓN DEL ÍNDICE DE PRECIOS AL CONSUMIDOR NACIONAL URBANO,
SEGÚN GRUPO DE ARTÍCULOS Y SERVICIOS:
ENERO-ABRIL DE 2021**

Grupo de artículos y servicios	Variación porcentual mensual			
	2021			
	Enero	Febrero	Marzo	Abril
TOTAL	0.3	0.6	0.4	0.1
Alimentos y bebidas no alcohólicas	0.2	-0.1	-0.1	-0.1
Bebidas alcohólicas y tabaco	0.5	0.0	0.3	-0.2
Prendas de vestir y calzado	0.0	-0.1	-0.1	0.0
Vivienda, agua, electricidad y gas	0.4	0.1	0.5	0.0
Muebles, artículos para el hogar y para la conservación ordinaria del hogar	-0.1	0.3	0.1	0.1
Salud	0.0	0.1	0.2	0.0
Transporte	1.6	2.9	2.3	0.7
Comunicaciones	-0.1	0.0	0.0	-0.1
Recreación y cultura	0.0	-0.1	0.0	0.0
Educación	-1.4	4.6	-	-
Restaurantes y hoteles	0.0	0.1	0.2	0.1
Bienes y servicios diversos	0.1	-0.1	0.0	0.1

- Cantidad nula o cero.

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

PANAMA. CRISIS AND OPPORTUNITY

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Introduction

The purpose of this effort is to present the background to the present crisis, its nature, and the key elements that would make up a strategy to achieve the required medium and long-term economic planning. This would be based on taking advantage of the great opportunity that Panama has in developing its competitive advantages, mainly in logistics and tourism. The final objective is to achieve an inclusive and sustainable economic model, capable of economically, socially and geographically integrating the entire country.

When planning is not planned for decades, it is essential to have a “strategy” with its specific tactics, in order to establish a State economic policy..

In this sense, it is obvious that from that perspective, the serious difficulty of what the public health problem represents must be taken into account and, on the economic side, there should have been alternatives for immediate reactivation. At the end of the year, there is still no such plan; Therefore, time wasted, it is time to concentrate on the development of a State economic policy that encompasses

medium and long-range structural reforms.

This is so because, as we will try to demonstrate, the Panamanian economic model that achieved significant levels of growth is exhausted. It has become an unsustainable and exclusive model that, from the perspective of economic development, has produced one of the worst distributions of wealth in the region and the world. It is important to insist that any “immediate reactivation” measure is out of date in time and that any attempt now cannot contradict the essence of the “medium and long-range structural reforms.”

Here it is important to clarify what the terms short, medium and long term really mean. These concepts are usually associated with time, and it is that in reality, in practice and daily experiences it is like that in most cases, but by coincidence. In the planning process, the time frame really depends on the control of the variables and / or parameters that are taken into account. If you have absolute certainty about their behavior, you talk about the short term. If there is doubt about the validity or validity

of the variables or parameters, it is mentioned that it is a medium-term evaluation. If there is too much uncertainty, then we are facing a long-term situation.

In a state of pandemic, economic and social crisis, both national and international, planning measures or the simplest decisions are upset by time of their validity or validity. Therefore, the short term, if we refer to time, at this time would be weighted based on the control that one has over an uncontrollable situation. In context of the pandemic, since we have a public health system in danger of collapsing, it is almost certain that this year we will not see a reactivation plan, and a general perception persists that there is a trend towards political incapacity in governance of the state.

In an environment like the one in which we now operate, what is assumed to be the short term (due to the perceived temporal connotation) has all the attributes of the long term due to the uncertainty with so little knowledge of the future. So it is better to concentrate on the development of a medium and long-term State economic policy. The time for "short-term" decisions is over.

1. Explanations and implications for structural nature of the growth slump.

After the international crisis of 2008-2009, the Panamanian economy, in real terms, grew at a rate of 11.3% in 2011. Since then, although Panama marks high growth rates with respect to the region and the world, these are marginally and systematically reduced; In 2017, GDP grew by 5.6%, 3.7% in 2018, and in 2019, it closed the year with a relatively modest growth of 3.0%.

Just as the pandemic revealed many social shortcomings: health, educational system, inequality and exclusion, it also highlighted the serious economic situation of a structural nature that the country had been suffering.

In a report that we published at the beginning of 2020, before the Covid-19 pandemic was declared, in

a pessimistic scenario, we explained that, due to the slowdown in the international economy, the "trade war" between China and the United States Together with the fall in exports of goods and services from Panama, the excessive level of public debt together with the considerable reduction in construction activity, the GDP for the year 2020 could be -0.9% compared to 2019. The systematic reduction in the growth rate is due to a deep structural crisis, which is highlighted by the exhaustion of the implicitly "chosen" economic model. This is so because there is no explicit economic model, expressed through what should be a defined economic policy. The consequences of the exhaustion of the implicit model have been exacerbated; highlighted, by the pandemic.

For more than twenty years the absence of an economic policy has prevailed in Panama, while there has been an alternation of political power under an apparently democratic scheme. The crisis will initially be marked by a recession in 2020 and then by the depression that we will have to face for a period that, as a hypothesis, we will discuss later. This will have political overtones similar to those of earlier periods in our history. The major economic crises that Panama has faced have political problems as a common denominator. In some cases this has been the trigger, in others, political crises have accompanied the discomfort of the economy, aggravating them.

Under the umbrella of a supposed post-invasion institutional order, those who have in some way shared and alternated political power, the so-called "political class", have a marked preference for the implicit "chosen" model, which basically consists of not planning.

This accentuates a pattern of operation of the economy consisting of an intricate jumble of economic liberalism combined with all the possible market imperfections promoted by corruption. This is how all the existing regulatory schemes, norms and laws, which supposedly obey the institutional framework acquired during seven presidential terms, are disrupted without much shock; something unprecedented in

this country. Under the current status quo, there is nothing to conceive of an alternative to this situation.

Let's see, from the macroeconomic and sectoral perspective, some elements of analysis that show the nature of the exhausted operating pattern.

It is known that the Panamanian economy, given its historical vocation and its limited domestic market, depends fundamentally on its links with the international economy through its exports, the vast majority of services.

Today especially linked to activities related to logistics for world trade and tourism. The following graph shows how the well-known correlation between export growth and GDP growth loses its validity as of the past decade.

From the sectoral perspective, while the relative participation of sectors such as agriculture and industrial, a phenomenon of old age, is reduced, the participation of the banking sector is also reduced and, above all, of transport, storage and communications, a sector historically prominent in logistics potential. From Panama. It is construction that really explains economic growth, a largely speculative activity that in recent years maintained an oversupply in relation to demand that led, as might be expected, to a marginal decline in GDP growth. In 2017, construction explained the GDP growth by 23.9%; 14.0% in 1918 and only 0.4% in 2019.

The GDP or Value Added that is produced in an economy can be accounted for in many ways. According to the spending approach, at the level of the local economy, the most important fluctuations are recorded by investment and consumer spending (see Graph No. 4). This last variable is the one that best explains economic growth in the long term. However, in recent years an unusual phenomenon has occurred in Panama.

For an excessively long period, the percentage of investment in relation to GDP is twice the world average, a situation very well seen by those who favor

the "chosen" model implicitly due to the considerable increase in the money supply in circulation. This without understanding what would have been "detected" if we had had an economic policy and strategic planning: if the investment does not enter the operational phase, it stops explaining growth and eventually produces a situation of oversupply and then possibly a recession. Explained this in another way, the investment could be "inorganic".

In financial terms, inorganic investment refers to a situation in which the growth of a company is not achieved by increased production, but by acquisitions of other companies or mergers. In the case we are dealing with now, the term "inorganic" investment is a macroeconomic concept, in which investment does not promote an increase in the real production of goods and services. In this situation, investment explains GDP growth because it is part of it, not because it induces the production of goods and services; the multiplier effect of the investment is therefore very low. In this context, investment for speculation reasons usually abounds.

On the other hand, the relative loss of consumption as a fundamental component in growth also stops economic growth in the long run, leading to a slowdown in the economy and eventually also to a recession. During the last few years, many entrepreneurs wondered why if the economy grew, their sales systematically decreased. Of course, the economic agents were not well informed in the absence of a state economic plan.

The role of foreign direct investment also played a prominent role in investment growth. In recent times it has focused on mining and logistics infrastructure in world trade. The extractive operations of activities such as mining and oil are not always activities that guarantee sustainable growth in the face of fluctuating international prices. And many of the investments destined for world trade have not entered their operational phase. In 2018 (last year with detailed information at this time), 30.0% of foreign direct investment was dedicated to mining and 36.4% to projects related to logistics for world trade.

As the most important components of investment, those of capital goods (machinery, equipment, technological means, etc.) and construction, opposite trend of both variables is notorious for two decades. In short, in Panama, apart from houses, buildings and infrastructures are built that are not significantly endowed with the means of production or technology for operational phase, which is what guarantees sustained growth. This reveals the highly speculative nature of the investment.

Finally, regarding the distribution of wealth, from the macroeconomic point of view, the operating pattern of the implicitly "chosen" model eventually produces exclusion. The lack of an "indicative" economic policy does not allow the State government to make decisions based on the best alternative use of the investment. That is, the principle, the most important concept in economics does not apply: the opportunity cost; including the economic impact on the social sphere. The absence of economic policy promotes the irrational use of resources and favors the immediate interest of poorly informed economic agents, without taking into account social deterioration. The following graph shows the percentage share of earnings and salaries in the composition of added value (GDP) generated by the economy of Panama, an indication of the nature of exclusion in the pattern of exhausted operation of the economy of Panama.

It is not possible to maintain in the long term a situation in which the profits of the companies represent twice the wages earned. Compare this situation with that of a developed country such as the United States, which is far from having an inclusive model as occurs in many European, Asian or Canadian countries.

2. The potential growth of the Panamanian economy.

It is important to know the potential of the economy to evaluate the consequences of the impact of political problems, institutional disorder and the lack of vision of the country in the long term. It is regrettable to

think that the economic problems in this country are rooted in the mismanagement of the State.

The potential economic growth of an economy must be evaluated, in the long term, as that which is achieved, in real terms (at constant prices), without causing major economic imbalances, such as inflation or increasing unemployment. It is the capacity of an economy to optimize the use of its productive resources without trying to go "beyond its possibilities" or underutilizing its resources. Think of an athlete who runs 10,000 meters. Given his physical ability, he will be able to win the competition if he achieves "an optimal time." If he runs too fast he may faint. If he does it at a very slow pace, he loses the competition.

Continuing with the allegory, in the case of Panama, if the athlete is in an overweight condition, and runs faster than his condition would allow, he will faint. Returning to economic performance, he will inevitably go into an economic crisis. Here being overweight is synonymous with excess public debt, huge government growth, waste and misuse of public spending and corruption (public-private). Also, if there is no explicit and scientific economic policy, the lack of transparency and guidance can result in an excess supply and economic growth, which manages to give the appearance of a bonanza, would actually be promoting a contraction or recession.

In the very long term, the economy of Panama could grow in real terms at an annual rate of 4.6%, without causing major imbalances in the economy. Interestingly, since the drop in growth began in 2011 (see Graph No.1), the average annual growth in 2019 equaled that of potential: 4.6%. When the government of Pérez Balladares, the economy grew at an average annual average of 5.4%, while privatizations of inefficient public companies took place and important steps were taken to modernize the economy of Panama in the international arena, such as the incorporation of this country to the WTO (it was the last in Latin America). When between 2006 and 2012 (in 2009 the presidential term of Martinelli began) the

exponential trend of increasing the size of government and highly speculative investment began, as the economy grew at an average annual rate of 8.4%.

Correlating the potential GDP growth rate of 4.6% with the movement of other macroeconomic variables, it can be stated that, with some consistency, said growth rate is associated with low inflation of around 0.6% and an unemployment rate of 5.6%. It is common to accept that in a market economy, 4.0% unemployment is considered full employment, and that 4.0% unemployment is considered frictional. This means that they are individuals who, at the time of being surveyed, are looking for a better job. If unemployment falls below 5.6%, inflation will inexorably increase, which could be accompanied by other imbalances, such as financial or in our ability to export, for example, because the prices of our products and services would become more expensive.

Now this is true in the market economy. This type of argument does not have empirical validity in a large part of the informal sector of the economy, which in Panama comprises 45% of the employed, nor with subsistence farmers, for example. In these sectors the labor market simply does not work. It turns out that in our country only 41% of the employed are truly in a labor market. These are the workers of the private company, who, according to the logic of the market economy, are required to have productivity higher than the salary earned. The public sector employs individuals as wage earners, but their marginal productivity is not necessarily proportional to the wage earned.

From the foregoing, it follows that the Potential Gross Domestic Product of the Panamanian economy can only be explained in this context from the capacity of the market economy, which includes the labor market, goods and services, international and of the financial system or money market. In short, neither the government, nor the informal sector, nor the subsistence economy could ever explain the true production capacity of the Panamanian economy. This important topic is part of another discussion.

As we will explain later, in Panama there have been three major economic crises, considered depressions: the first between 1929 and 1935; the second between 1947 and 1954; the third between 1986 and 1993. The fourth depression will begin in 2020. All motivated or accompanied by political crises..

The following graph shows key moments in our economic history when real GDP movements are compared to potential GDP. Although the scale of this graph does not allow us to appreciate it in its proper dimension, during the second depression that began in 1947, real GDP was below potential GDP. The same happened during the third depression that began in 1986 (the recession began in 1987) and the slowdown of 2001 when world trade fell significantly, which affected Panama more than the financial crisis of 2008-2009 due to the management of the government's economy. by Mireya Moscoso that generated a lot of uncertainty.

On the other hand, real GDP exceeded potential GDP during much of the 1960s, when the Panamanian economy grew the most in Latin America with an annual average of 8.1%. The same happened during the years that followed during the 70s and the first five years of the 80s, real GDP also exceeded potential GDP, and the main reason was due to excessive growth of the government sector, as well as the process of increasing the economy. public debt.

It was the antecedent of the same process that we live today, only now with much greater force. This began with the Canal expansion works, then with the excessive increase of highly speculative "inorganic" investment without any follow-up and guidance of an indicative economic policy, which degenerated into an oversupply of the construction sector and a degree of public indebtedness without precedents in the economy of Panama.

Finally, in this graph we have incorporated by way of illustration what we consider the "floor" of the economic downturn in 2020, whose growth would be

-33%. We will explain this assumption later. By floor we understand a projection under strict parameters of status quo in the functioning of the economy, with minimal intervention of the State government in the concretion and execution of a reactivation plan.

3. The economic crises in Panama.

As we have already explained, an economic crisis begins, no matter what its cause, with a notable drop in growth. The cause can be a political crisis, a collapse of the financial system, a military conflict or a pandemic, for example. When in this context we speak of a notable reduction in economic growth, by convention, criteria such as that GDP falls negatively for at least two consecutive quarters are accepted. If in Panama in one year the GDP is negative, we say that its economy is in recession. As in all parts of the world, if that recession produces considerable economic and social malaise for several years, then we are in a depression. Therefore, recessions can produce depressions. All the economic crises that Panamanian economy has suffered have been originated, accompanied or exacerbated by political problems.

In Panama there have been three depressions and the fourth began this year, 2020. Given the enormous development potential that this country has, we have always affirmed that it is as regrettable as it is obvious that the economic problems are of political origin. Let's see what we can learn from our history.

The first depression occurred between 1929 and 1935. Obviously it coincided with the great world depression, and the references we have of it are rather historical, with very little data to have an idea of its impact on the country's economy. What we do know for sure is that this depression coincided with a terrible political crisis. It lasted 7 years, and during that period one president passed through the presidency every year and a half on average.

The second depression occurred between 1947 and 1954 and began with the recession resulting from

the end of World War II and the withdrawal of a good number of US troops from Panama. It also lasted 7 years (the most important drop in GDP was recorded in 1948) and an average head of the executive passed through the presidency every 11 months. The last president, Colonel Remón, was assassinated in 1955.

How do we establish the period of the depressions? In an underdeveloped country like ours, we consider the following criterion valid: the comparison of GDP per capita from the beginning of the depression, to the year in which the GDP per capita manages to be higher or similar to the year in which the depression began. GDP per capita as an indicator does not say much about social issues. But it is enough to get an idea of when a country with a fall in its absolute GDP per inhabitant returns to the same pre-crisis situation. The following graph illustrates this situation in the case of the second depression.

This graph helps us understand that the depression of 1947-1954 lasted 7 years after the fall in economic growth; and that in order to once again equate the GDP per capita of 346.3 Dollars at 1950 prices achieved in 1947, with that of 346.0 in 1954, the economy in real terms had to grow at an annual average of 3%. Here it is important to understand the nature of economic growth, which is relative. In this case, there were years of great growth, but the significant decline that ultimately led to the depression weighs heavily. It is the algebraic sum of the growth rates that determines the real growth rate that guaranteed in this case that the situation of 1947 would be reestablished in 1954. But the social consequences of this fall in economic growth, while the population grew and not GDP grew at same rate, it lasted 7 years.

The third depression occurred between 1986 and 1993. It was caused by the largest and longest political crisis in the republican history of Panama. The depression lasted 7 years, but the political crisis actually lasted more than 21 years, and began at the end of the presidential term of Marco Robles. During that period of crisis, there was even the US invasion of Panama that

overthrew the military dictatorship at the end of 1989. This terrible crisis caused the death of at least 609 people. The dictatorship that lasted 21 years, according to the Inter-American Human Rights Committee, was responsible for 109 people who were victims of extrajudicial executions and forced disappearances. Panamanian official sources acknowledge the death of at least 500 people during the invasion.

Following the invasion, President-elect Endara took office. From that time on, six democratically elected presidents succeeded one another, something extraordinary in the country, since before, between 1904 and 1989, in a period of 85 years, there would have been about 46 presidents.

4. The fourth depression.

With the new post-invasion institutional order, formally democratic in appearance, and the metric of presidents per year, or the ruptures of the apparent constitutional order, it is simplistic to understand the political implications of the antecedents and their possible evolution in the context of the fourth depression. that the country will live. Even concentrating in this study on the economic aspects, we can expose the following about some of the political conditions facing the Panamanian nation.

According to Transparency International, Panama is number 93 out of 180 nations analyzed in the corruption perception index. According to the World Bank, this country is among the most unequal in distribution of wealth in the region and the world. Citizen insecurity is perceived as one of the main social problems, as is the penetration of drug trafficking, the severe crisis of justice and the growing level of authoritarianism and discretion by those who exercise political power. The handling between the State Bodies is well known and criticized, and the complaints are permanent in the absence of defined State policies,

especially in a time like the present, of economic and health uncertainty in the midst of the pandemic.

From the economic point of view, in every nation the control of the State Government is determined by a dynamic of correlation of forces between economic and social interest groups that seek to establish a dominant position in said control.

In the economic history of the Western world, at least since the Renaissance these groups have been known as feudal lords, landowners, serfs, commercial city bourgeoisie, industrial bourgeoisie, proletariat, etc. With the advent of modern democracies, we could say that in the countries that have achieved more economic and social well-being, interest groups have found increasingly clear rules to somehow regulate competition for control of the state government. This has basically been achieved with the development of the institutional framework. Decades ago, it would be strange to find the term "political class" in a history, economic history, or sociology textbook. It was understood that, through political parties and their politicians, interest groups acceded to control of the State government.

What has happened in Panama is not unique in the world, but it deserves a very deep study, which, as I said before, is not a core part of this analysis. Just as in the physical world the gaps are filled, so it is with the economy and the social order. Between 2001 and 2014, national interest groups (which had previously participated actively in partisan politics) withdrew from the management and ownership of the most iconic companies in the country. Many of them were acquired by other foreign interest groups in the region that participated more aggressively in their national economies and were now moving to a transnational sphere. Others were acquired by multinationals. These companies were modernized and expanded, which increased foreign direct investment.

It so happened that many of the traditional economic interest groups largely gave up two closely related things: economic power and political power. The political vacuum was then filled by the “political class”, which over time has developed sui generis forms of economic power. For a social class or economic interest group to exist and that they understand each other to make common cause, it is necessary that they be aware of themselves and for themselves, a condition with which they fully comply.

Thinking about the crisis that is summarized in the fourth depression that has just started, let's consider a scenario where the fall in GDP would be 33% in 2020 and that would be the recession that will cause the depression, now with the incorporation of the pandemic to all problems economic and political that were growing long before the health problem. That is our floor in this case. Let's say that the depression caused by the pandemic has as a precedent the exhaustion of the “implicit model”, and that once the depression has started, there is no clear and forceful economic planning.

Before, it is important to take into account criteria to estimate the magnitude of the crisis that caused the 2020 recession.

If instead of starting from the micro or sectoral to reach macroeconomic conclusions, and we start with the so-called “acid tests”, we can comply a priori with common sense rules. A simple rule of estimation (educated guess) could be this: it is known that the GDP is highly correlated with the current income of the Central Government. Each percentage change in current income explains the changes in GDP by 99%. If we base ourselves on the expectations of tax and non-tax collections until September of this year and extrapolate them until the end of 2020, then the fall in central government revenues should be in the order of 36%. Thus, the GDP should grow by -33% based on an equation based on a simple linear regression (GDP as a function of tax revenues). Of course, this if the country doesn't compensate for

this alarming deficit situation with debt. (We don't have a clear idea of the use that has been made of the substantial increase in public debt). To achieve at least 0% economic growth, the government should have achieved an “injection” in the economy of some 2,200 million dollars in 2020. By “injection” we understand investments of great economic impact, not funds to cover or increase the payroll. government so questioned. This not only seems very unlikely, and we don't have, ending this year with any kind of economic plan.

Therefore, if tax revenues reach about 3,900 million dollars in 2020, and collection of 2019 is estimated to be 6,098 million dollars (collection falls by the way if compared to previous years), then GDP at prices constant would be 28,684 million dollars in 2020. If in 2019 the GDP was 42,943 million dollars, reduction in tax revenues would lead to a 33% lower GDP. If these data are introduced to our input-product model, it is determined that about 350,000 formal jobs would be lost with salaries equal to or higher than median salary for 2019, that is, 722 dollars per month.

A projection based on sectoral criteria faces the great difficulty of the level of aggregation of the latest official data presented on estimates of GDP growth rates by sectors of the economy. In case of very important sector “Transportation, Storage and Communications”, this covers 7 sectors in our input-output model, for example.

Based on conservative assumptions, we have projected based on growth rate of all sectors. We present a sample for variation in GDP between 2019 and 2020: Construction -80%; Mines and Quarries -10%; Trade -40%; Colon Free Zone -30%; Hotels -80%; Restaurants -50%; Air Transport -80%; Channel 0%; Ports -10%; Telecommunications 0%; Banks -8%; Real estate activities -30%; Government + 5%. These percentage variations presented as a sample, being 42 in the total of sectors analyzed, result in a GDP growth rate of -34% according to input-output model.

Using the same methodology applied to the second and third depression, the recovery

would take place in 2028, and in 2027 we would have reached the potential GDP growth rate.

5.The opportunity. The process of “clustering”.

Cluster theory is a theory of strategy. It is a theory that serves in practice to make decisions about optimization. These are plans to raise the competitiveness of regions and nations. Therefore, the strategy will always have an economic and a spatial component, on the use of space, urban and regional development and on connectivity.

In 1890, already in his book Principles of Economics, Alfred Marshall was the first to define and explain the characteristics of clusters, and he spoke of “concentrations of specialized industries in particular localities.” One hundred years later, Michel Porter made the concept fashionable, when he linked it to the development of the competitive advantages of specific geographic spaces. In this way, the concept of economic “clustering” is consolidated, as a process of economic development aimed at the consolidation of one or more clusters.

For some thirty years thousands of initiatives of this type have been counted around the world and as State economic policies, countries such as Singapore and those of the European Union stand out. In these countries it is common for economic policies to be directed by public-private organizations, not by the government alone.

In the following illustration we outline the “clustering” process. It is about how to stimulate the interrelation of economic activities and institutions in a geographical space, capable of generating sufficient economies of scale and externalities that would not be found in other regions lacking such concentrations.

For the “clustering” process to be feasible, there are obvious preconditions. A defined economic policy is required and it is necessary to have in-depth knowledge of the functioning of all the parties that

should interact and of the capacity of the participating institutions. Always considering that the attraction of the great promoters of world trade is fundamental.

In this type of methodological approach, it is equally important to identify and study the characteristics of the economic sectors, to understand their ability to interact with each other. The first step is to identify the so-called driving sectors of the economy. Broadly speaking, we can affirm that in Panama they are linked to logistics for world trade and tourism. Using an input-output model and grouping all the sectors that in turn fulfill their role in the development of logistics and tourism, their economic impact, that is, including the direct impact plus the indirect and induced, product of the intersectoral relationships that promote, represent about 45% of the entire national economy. In addition, it is essential to understand that the geographical area in which they excel in logistics and tourism is located within the Metropolitan Region of Panama.

In the process of “clustering”, the driving sectors must attract the big promoters of world trade. It is at a global level that the Panama cluster would increase competitiveness as a country and it is in this connection where knowledge about the participating businesses is essential.

Likewise, knowledge of the role of the base or strategic sectors is essential. Infrastructure, electricity, water, education and many other sectors are concentrated there that without their optimal functioning and close collaboration would not allow the strategic performance of the driving sectors in their connection with the international economy. If Panama has the Canal and many logistics and related services for world trade, coupled with the great movement of passengers that is achieved with its air transport and enormous tourist potential that we know, does that not differentiate the country at the regional level?

Here it is important to differentiate what is understood as a network from a cluster. In Panama, no one who knows the subject talks about clusters, but rather

about hubs. In the first place, in this country the level of interaction that occurs between activities such as those mentioned has not been measured in depth. Although the phenomenon of concentration is evident, these are due more to the continuity of a historical phenomenon, and not an intervention strategy guided by an economic development plan based on the consolidation of a cluster. In truth, what it consolidated was a network, lacking the adequate institutional framework to achieve the interaction of related or complementary activities, in a cooperative environment.

In Panama what really exists is a large mall where you can obtain all kinds of international services: there is the Canal, Ports, ship services, Tocumen, S.A., free zones, banking, legal services, etc. From the historical perspective, it is like affirming that what was previously the Camino de Cruces with its accessory services (mules, lodging, food, among many others), is now the Canal and air transport, for example, with its related services; and that what used to be the Portobelo fairs is now the Colon Free Zone.

We have said that a cluster is a concentration of economic activities that interact with each other concentrated in a specific geographic area. In regions such as Silicon Valley or Rotterdam or in a country like Singapore, this is easy to see. In the case of Panama, apart from the fact that no studies have been carried out on the degree of articulation of the activities that are located in its territory, despite being a small country, the lack of interconnection is notorious given the atomization of activities economic in the national space.

In the provinces where the historic transit route is located, 86.6% of all the added value produced in the Panamanian economy is concentrated. Examples and motivations are unnecessary to try to explain the nature of this phenomenon. If tourism is concentrated in the province of Panama, let's say, why the required food does not come mostly from other parts of the national territory such as Chiriquí, for example. In Panama there have been no studies on the cost of internal logistics, an issue that could well be addressed

with appropriate metric, with input-output model.

The integration of activities and connectivity are essential if, through the process of "clustering", we wish to consolidate an economic plan aimed at achieving an inclusive and sustainable development model. This process must guarantee the expansion of our hinterland, including South and Central America. Both for exports and re-exports due to the consolidation of regional trade towards the main international markets.

The use of the input-output model is considered the quantitative tool par excellence for the analysis of intersectoral relationships, in order to measure linkages, and the magnitude of the economic impact produced by certain sectors in regional or national economies; among other essential issues to understand and direct the processes of "clustering".

The model was originally developed by the Nobel laureate in economics Leontief, and today there are many variants of the original methodological scheme, and many economies have adopted their own versions, attending to their particular needs or limitations in the available data. Panama is one of the few countries that does not have a model of this type. The closest are the Supply and Use Tables, well developed by the National Institute of Statistics and Census (INEC). Since 2007 we have incorporated these tables as a valuable contribution in the construction and updating of the model, which originally began with the inclusion of primary information in the National Accounts of Panama.

In this country, the initiatives to develop versions of this model have been determined by the private sector, unfortunately not fully linked to each other. The first major contribution was made to the expansion project of the Panama Canal, and we were able to present a model of the economic and social impact of the project, the results of which served to show its benefits. Those expectations were more than met.

Subsequently, versions have been developed

based on ACP plans, for ports, and the maritime sector in general. Also for the most important free zones, for tourism projects, land use plans, for large transport projects, mining and national companies and international organizations.

The model serves as a standard source of quantitative information for the Committee of the Regions of the European Union for example or for planning and promoting the Singaporean economy; It is used by thousands of regions around the world.

Regarding the measurement of linkages to weight the degree of "clustering" and thus propose policies, one of the methods consists of determining an index of linkages. The "forward" chains indicate how much one sector of the economy sells to the rest of the sectors of the same economy so that they achieve their production. The "backward" linkages indicate how much a sector buys from the national economy to achieve its production. The more the sectors are oriented towards the 1 to 1 crossroads, the greater the linkage of that sector to the entire economy.

The following graph shows the chaining index of various representative sectors, and to make a comparison, the sectors in light blue are from the Panamanian economy and the blue ones from the Singapore economy.

In the case of Singapore, the sectors shown are much more towards the center of the quadrants than in the case of Panama. Construction, for example, is the sector most linked to the entire Singapore economy. Singapore produces most of the inputs required by the sector, and the sector satisfies a specific demand from other sectors. In the case of Construction in Panama, it is highly speculative and does not obey the specific demand of specific sectors. In any case, they are buildings for sale "to the general public."

As for the Colon Free Zone and the Canal, they present the typical characteristics of the enclaves. Both buy few inputs in Panama and their sales are oriented abroad, not towards the national economy as might be expected.

The Canal case represents an interesting paradigm to analyze. It is true that the Canal contributes a lot to the national economy, but it is little integrated into that economy. His great contribution is indirect. The added value that it produces consists of very good wages that notably increase national consumption. Its surpluses as earnings serve to renew its ability to keep its operation efficient and for reinvestments. But the other part of its profits, more than half of the added value, is part of the general state budget. The most important part is the direct contributions to government, but if entire indirect impact of tax contributions is calculated through input-output model, then in truth, half of the Canal's GDP ends up in the state coffers.

A similar situation is observed in ports, whose main business is the transshipment of containers. Very little of the cargo movement is due to demand from other sectors of the Panamanian economy and at present it could not be otherwise. But let's think about how a port in Singapore operates. Freight transshipment is very important, but the ports of Singapore (as well as airports or land cargo) enter many inputs required by its industry, be it medical products, electronics or petrochemicals. The Suez Canal Authority, for its part, offers, apart from the transit of ships and related services, projects under concession for technological development and the electronics industry; areas for light industries and automobile assembly; aquaculture; solar energy; shipyards and port developments. Undoubtedly, this strategy would lead to a greater integration of the Suez Canal operation into the Egyptian economy.

6. The strategy. The process of "clustering" as an initial step to have a State economic policy.

When an economy has chosen not to plan for years, it is strategically feasible, through concrete tactics, to find shortcuts to speed up the planning process. There is a huge difference between a State Economic Policy and a "clustering" process. Economic policy seeks, in the medium and long term, to optimize the use of the nation's resources, adapting the link between them. For

its part, the “clustering” process seeks to accelerate the adaptation and alignment of the determining factors of development: namely, its human and natural resources, physical capital (infrastructure, machinery, equipment, etc.) and innovation or change technological.

Formalizing this requires a huge methodological effort and is more than feasible in Panama. But that is not intention of this contribution, but rather to establish, from a process of “clustering”, design required for the execution of a State economic policy.

It has been suggested that clusters and “clustering” processes imply the analysis of chains of sectors of economic activity in the territory. The following diagram shows how, based on the study of linkages, strategies can be proposed for the best use of space, to solve connectivity problems in said space. In short, this would be the process of “clustering”. The purpose is that the “clustering” process serves as the basis for the design of State policy capable of taking advantage of and adapting the determining factors of economic development.

Clustering requires economic and territorial planning processes.

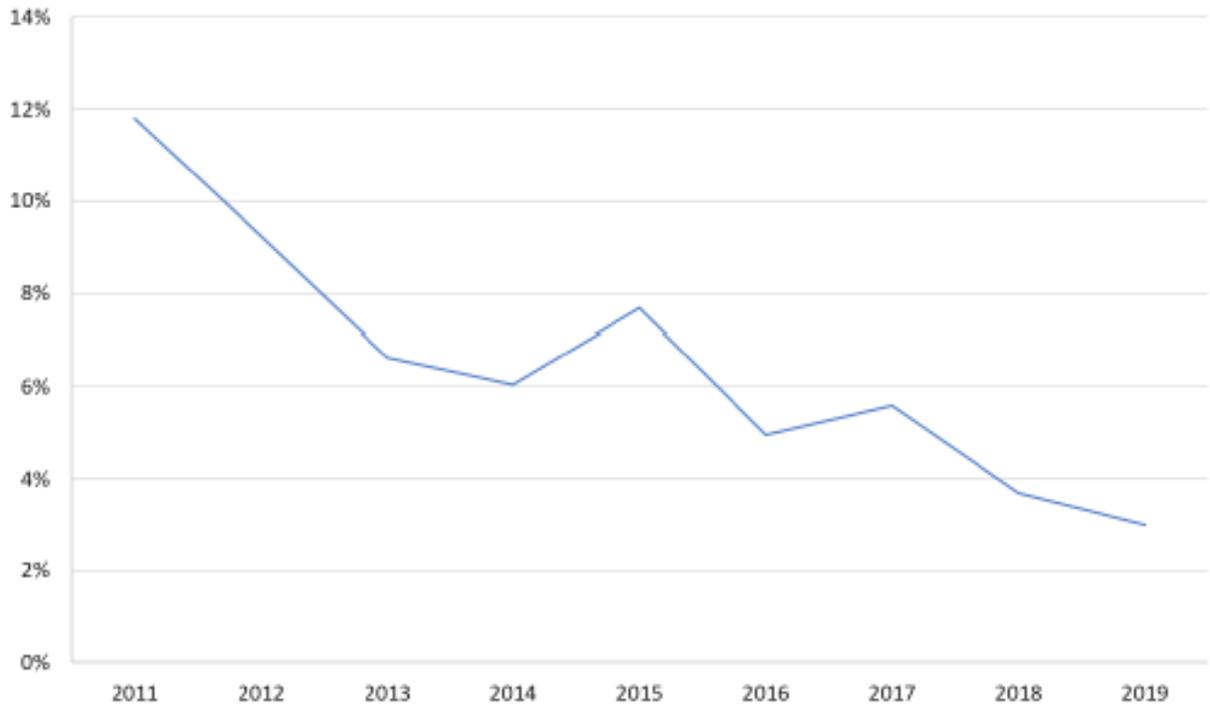
- **Identifying key economic sectors for the process, measuring their economic impact through the input-output model.**
- **Measuring and projecting the monetary and physical flows between sectors based on the linkages.**
- **Incorporating the principles of strategic economic planning, to incorporate into the “clustering” process the analysis and weighting of the determinants of growth and development.**
- **Incorporating the principles of urban and territorial planning, to mainly measure the performance and potential of cargo and passenger transport and the population pattern based on**

connectivity.

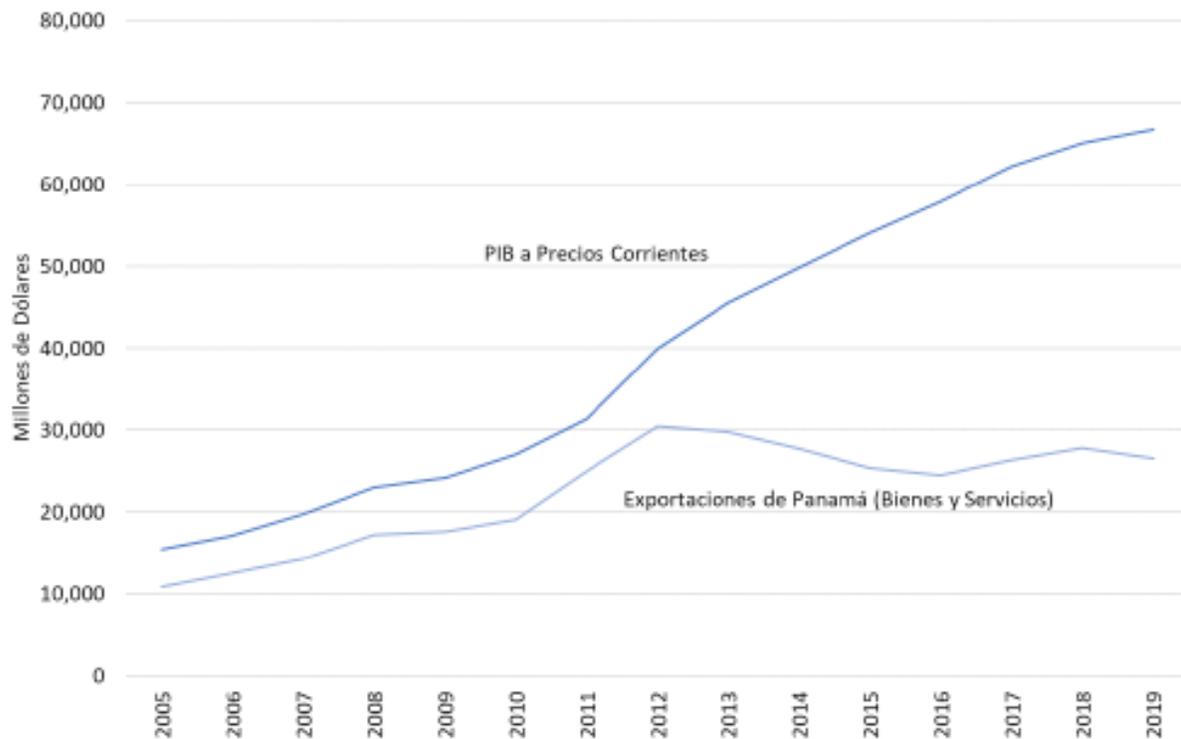
Panama has a great opportunity in the context of taking advantage of its competitive advantages. Specifically with the development of sectors such as logistics for world trade, and in tourism.

By means of a “clustering” strategy, the long-awaited State economic policy can be achieved, using the precise tactics, aimed at the realization of an inclusive and sustainable model of economic and social development. The “clustering” process has two objectives. On the one hand, the measurement and promotion of the degree of linkage between the sectors of the economy, the drivers with the base or strategic ones, taking into account their performance in the territory and the required connectivity. On the other hand, how, based on this dynamic, this process promotes the adaptation and optimization of the use of the determinants of growth and development in the context of the implementation of the medium and long-term economic policy. The way all the parts of the potential cluster are related, business; Economic sectors; education, research and development centers; local and national governments must be “mapped”. This exercise is the one that will ultimately serve as the basis to specify the final strategy: the design and execution of a strategic economic policy of the State for Panama. *L&E*

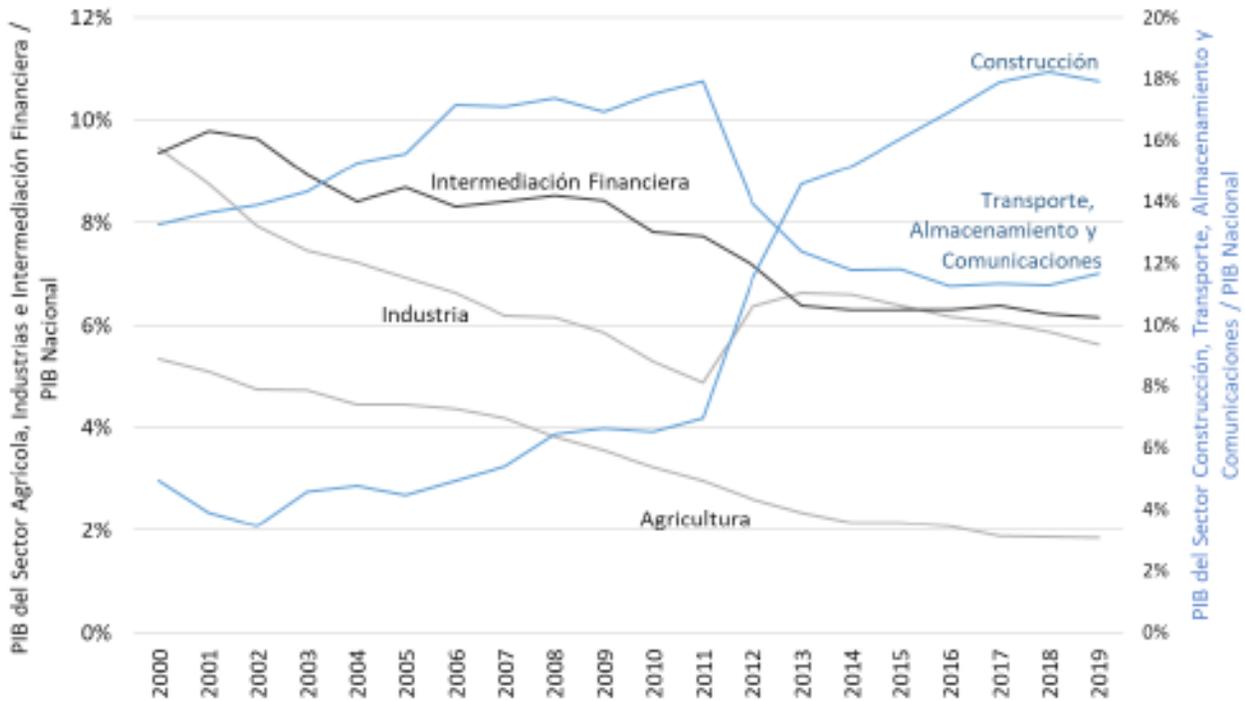
Grafica No. 1
Tasa de Crecimiento del PIB a Precios Constantes
Años 2011-2019



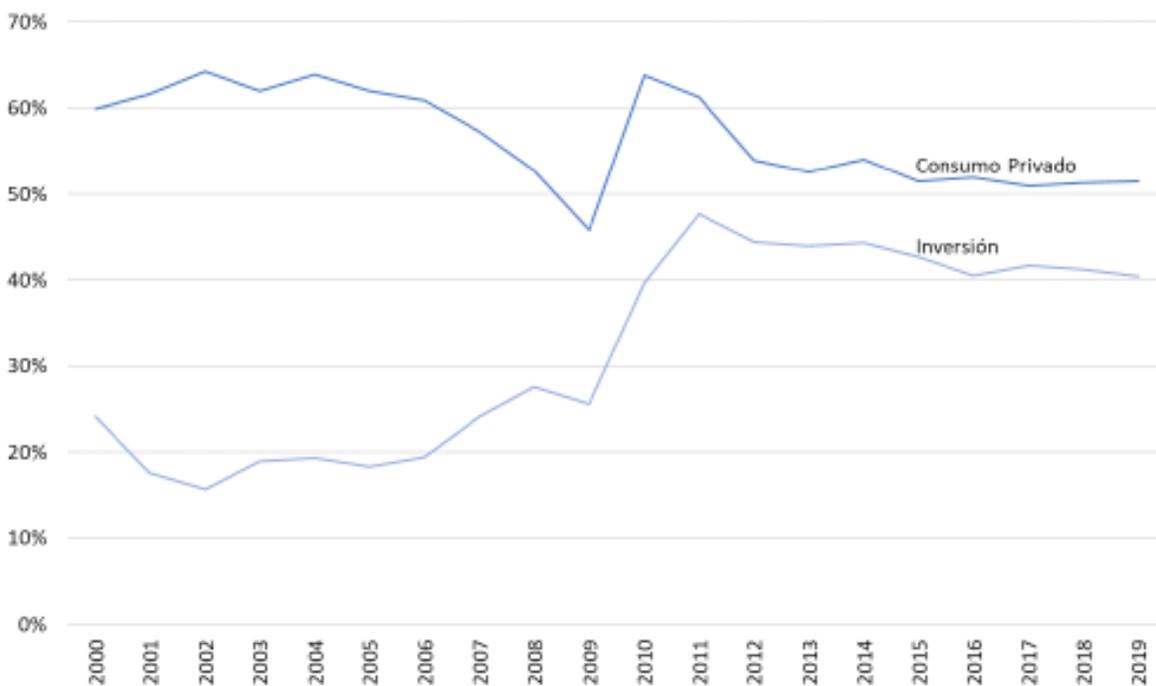
Gráfica No. 2
Exportaciones de Panamá y Producto Interno Bruto a Precios Corrientes
Años: 2005-2019



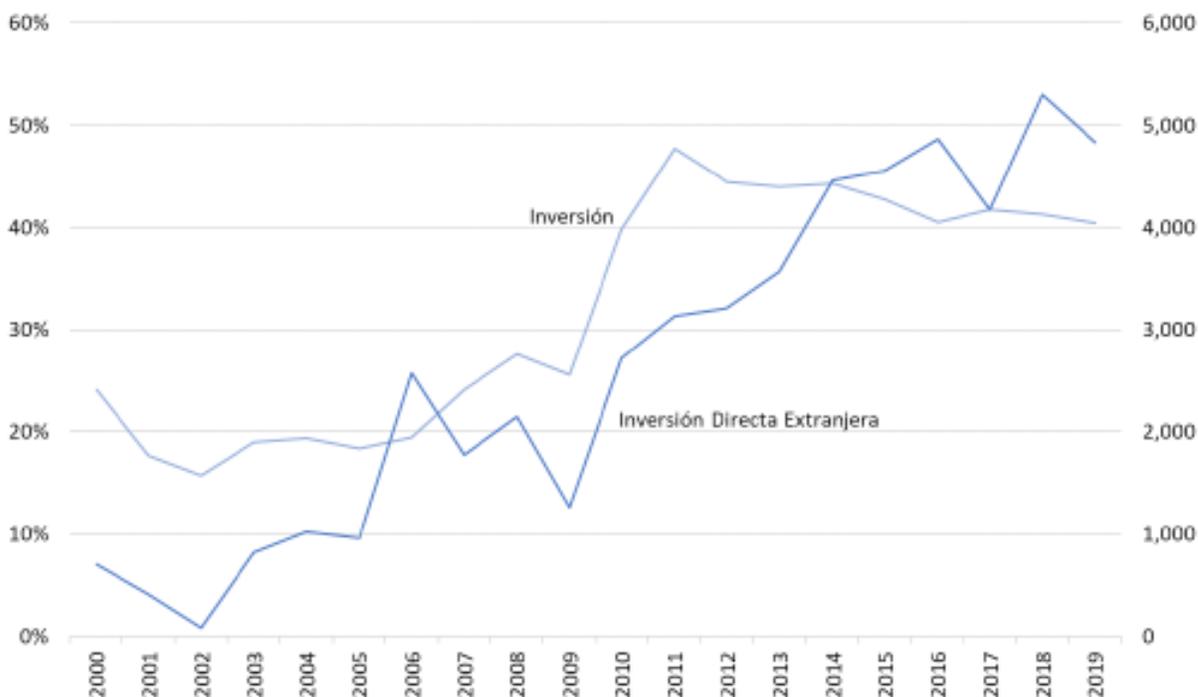
Gráfica No. 3
Contribución Sectorial del Producto Interno Bruto en Términos Porcentuales
Años: 2000-2019



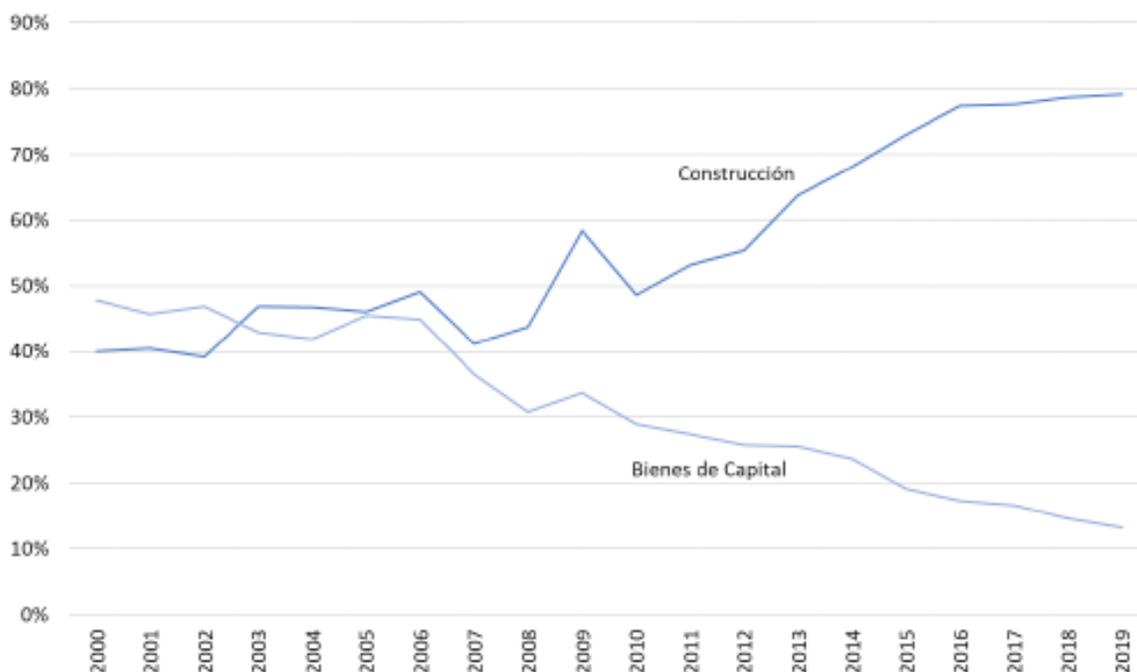
Gráfica No. 4
Composición Porcentual del Producto Interno Bruto Según el Enfoque del Gasto
Años: 2000-2019



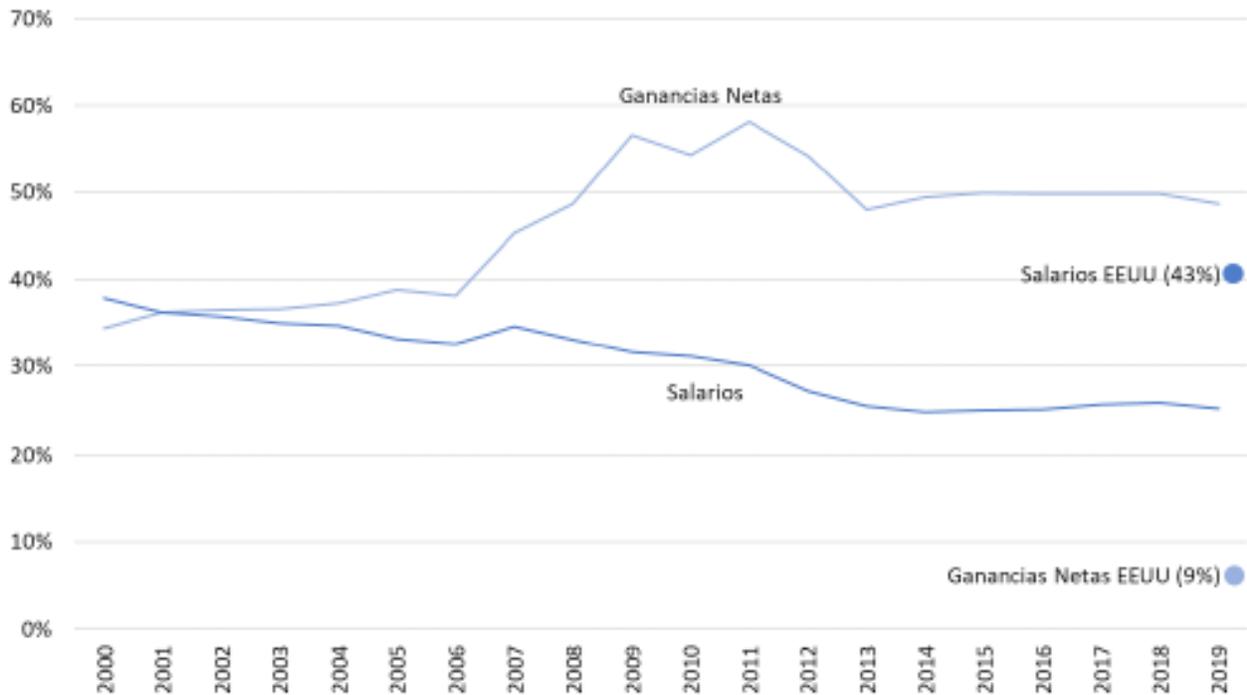
Gráfica No. 5
Inversión Directa Extranjera y Porcentaje de la Inversión con Respecto al Producto Interno Bruto
En millones de Dólares y Porcentajes
Años: 2000-2019



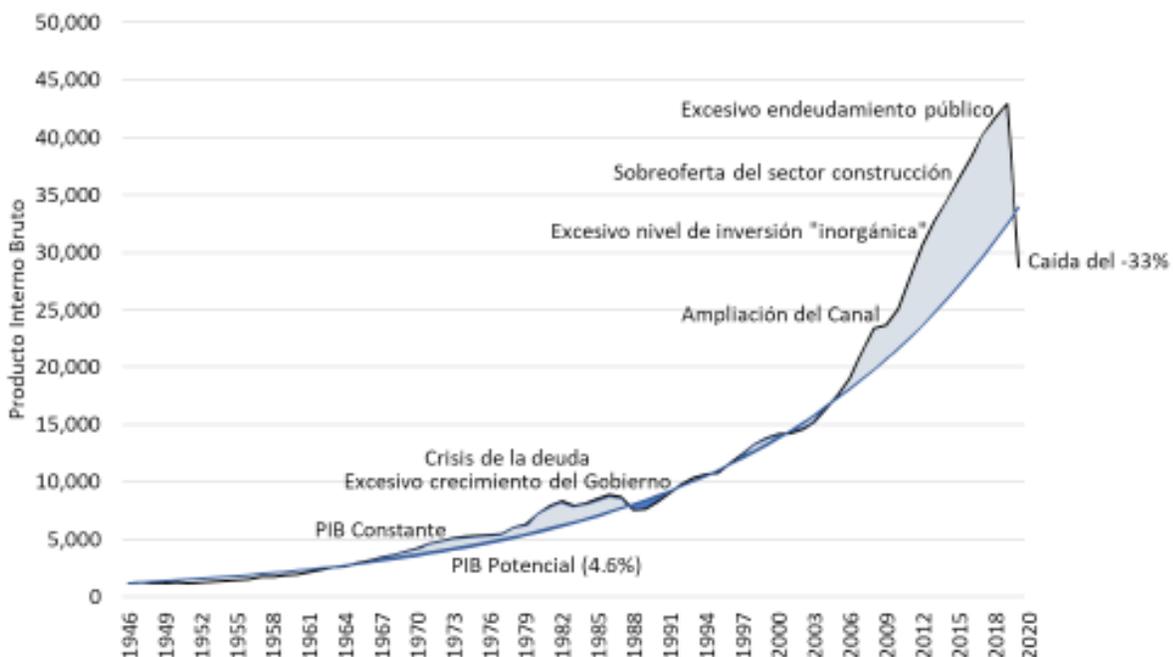
Gráfica No. 6
Composición Porcentual de la Formación Bruta de Capital
Años: 2000-2019



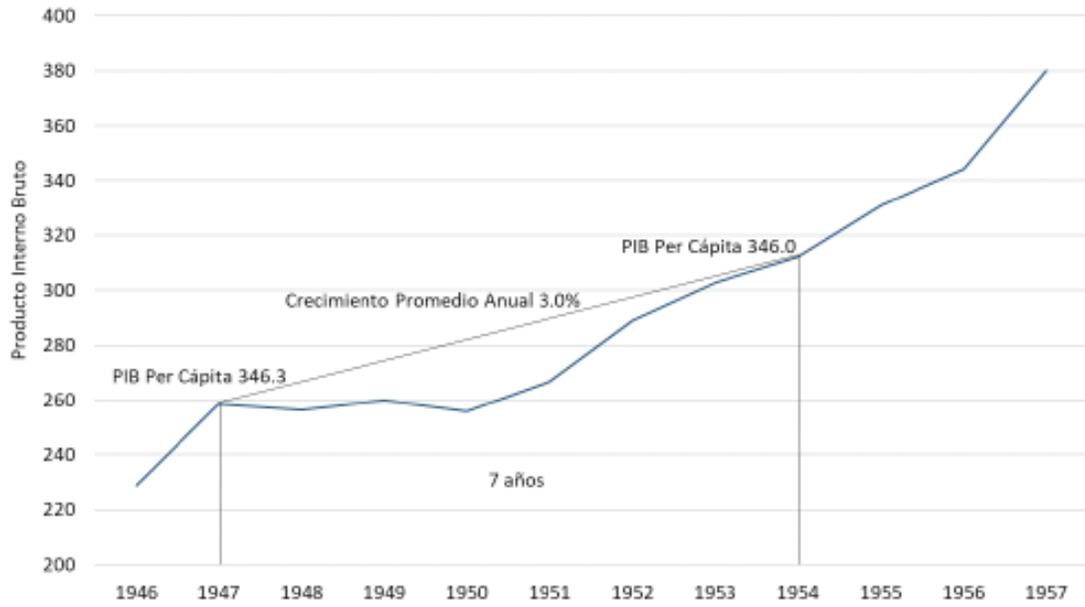
Gráfica No. 7
Composición Porcentual de los Salarios y Ganancias Netas con
Respecto al Producto Interno Bruto
Años: 2000-2019



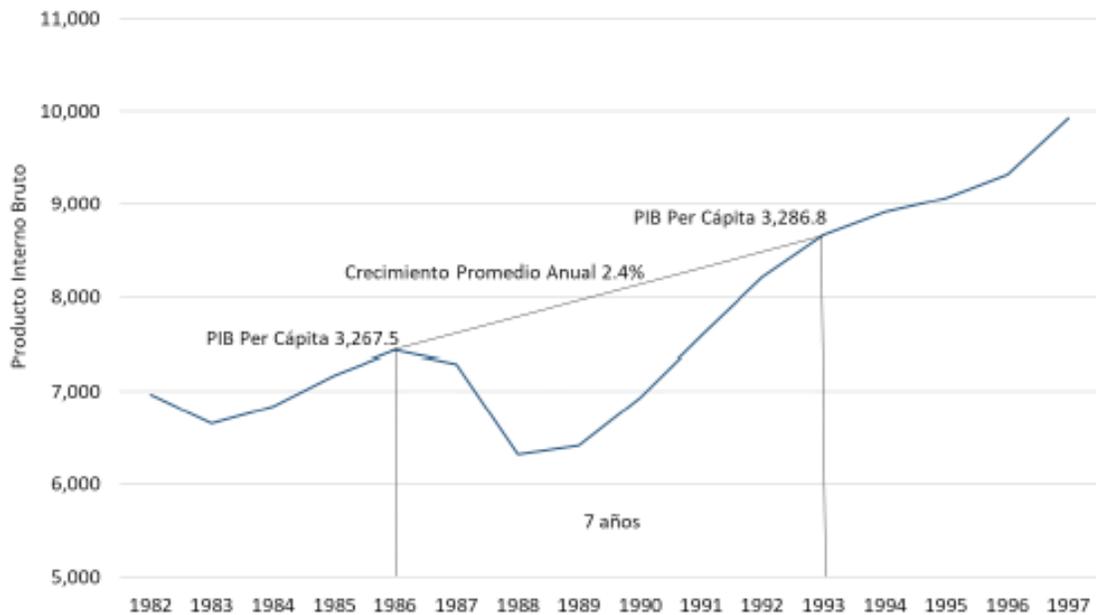
Gráfica No. 8
Serie Histórica a Precios Constantes del PIB Nacional y Potencial, Año Base 2007
En millones de Dólares
Años 1946-2020



Gráfica No. 9
PIB Real
A Precios de 1950
En millones de Dólares
Años: 1946-1957



Gráfica No. 10
PIB Real a Precios de 1996
En millones de Dólares
Años: 1982-1997



Gráfica No. 11
Escenario de la Caída del -33%
PIB Real a Precios de 2007
Años 2017-2030

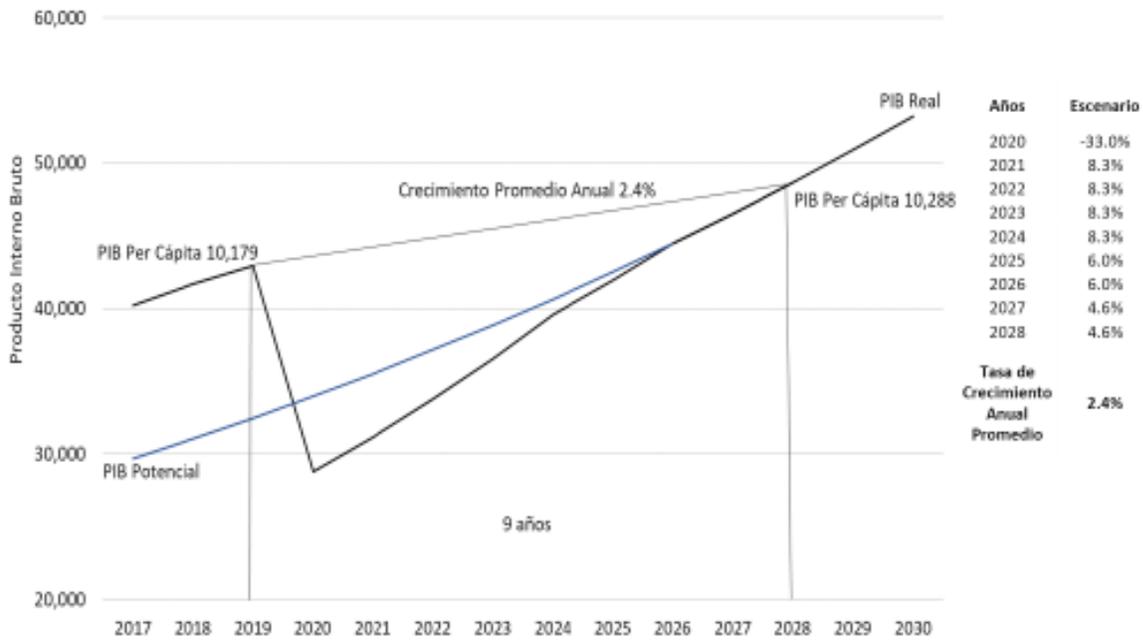
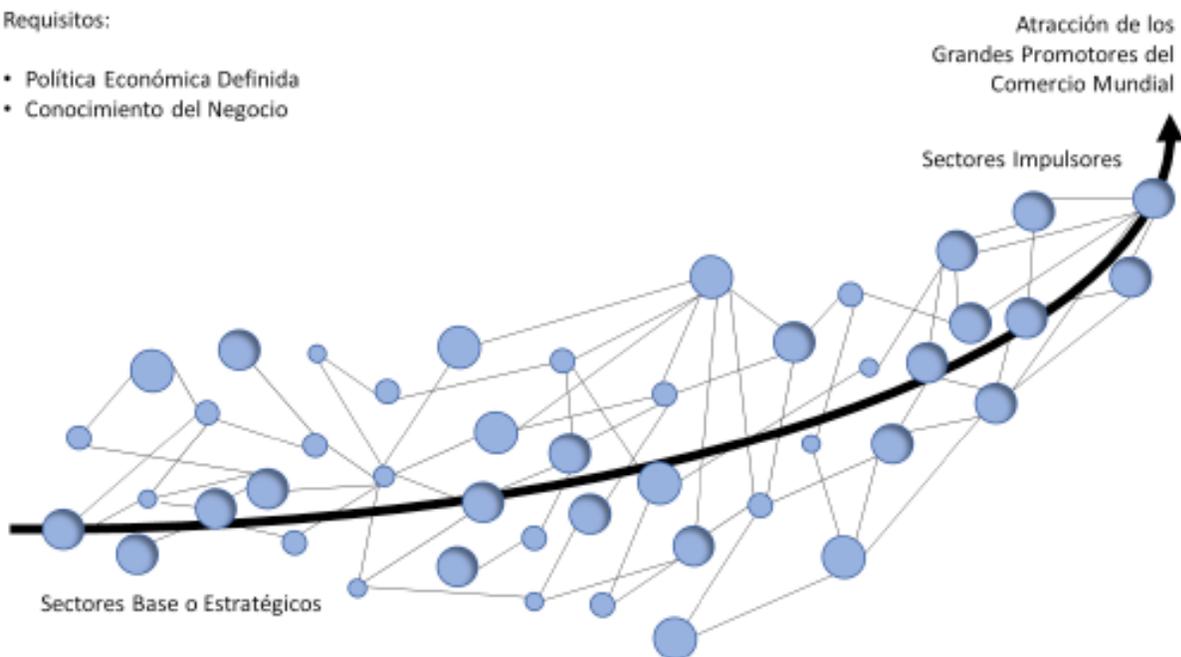


Ilustración No. 1
El Proceso de "Clusterización"

Requisitos:

- Política Económica Definida
- Conocimiento del Negocio



Gráfica No. 12
El Impacto Económico de los Sectores Impulsores de la Economía

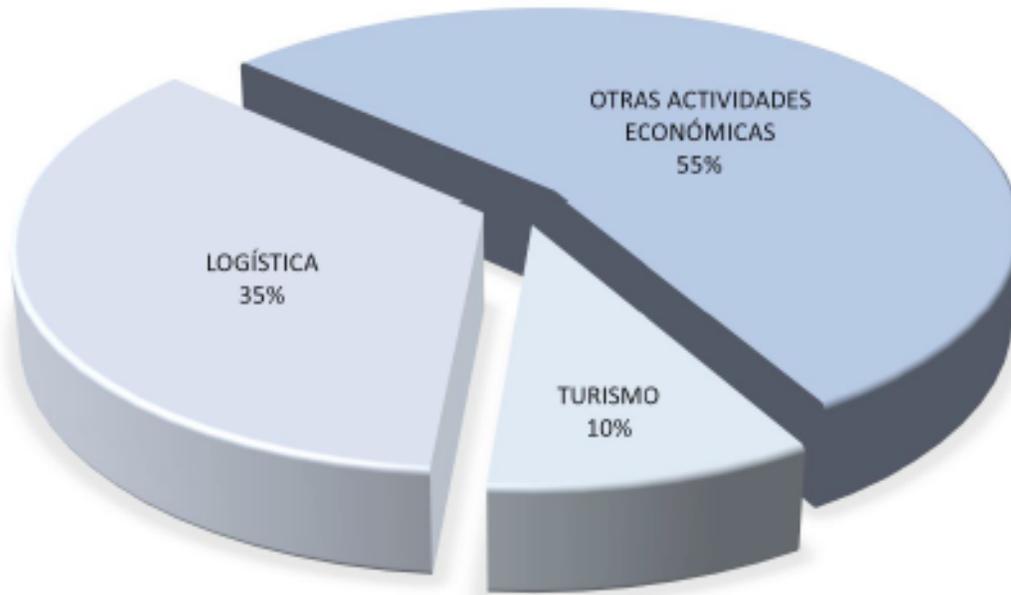


Ilustración No. 2
La Desarticulación de la Economía en el Territorio Nacional
Participación Porcentual del PIB Nacional
Año 2018

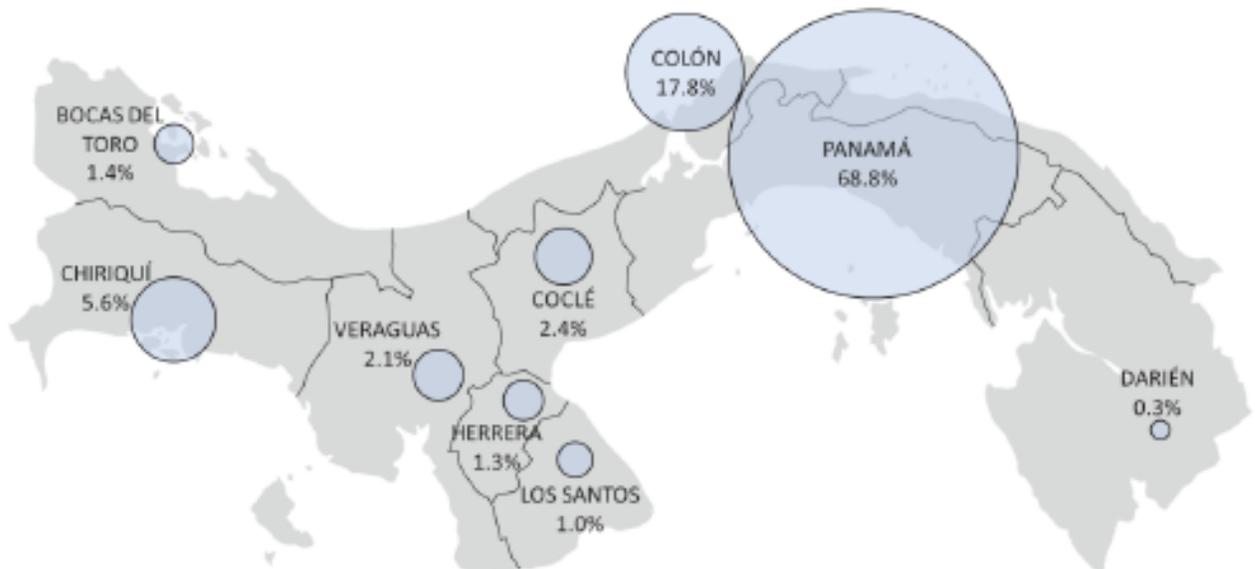
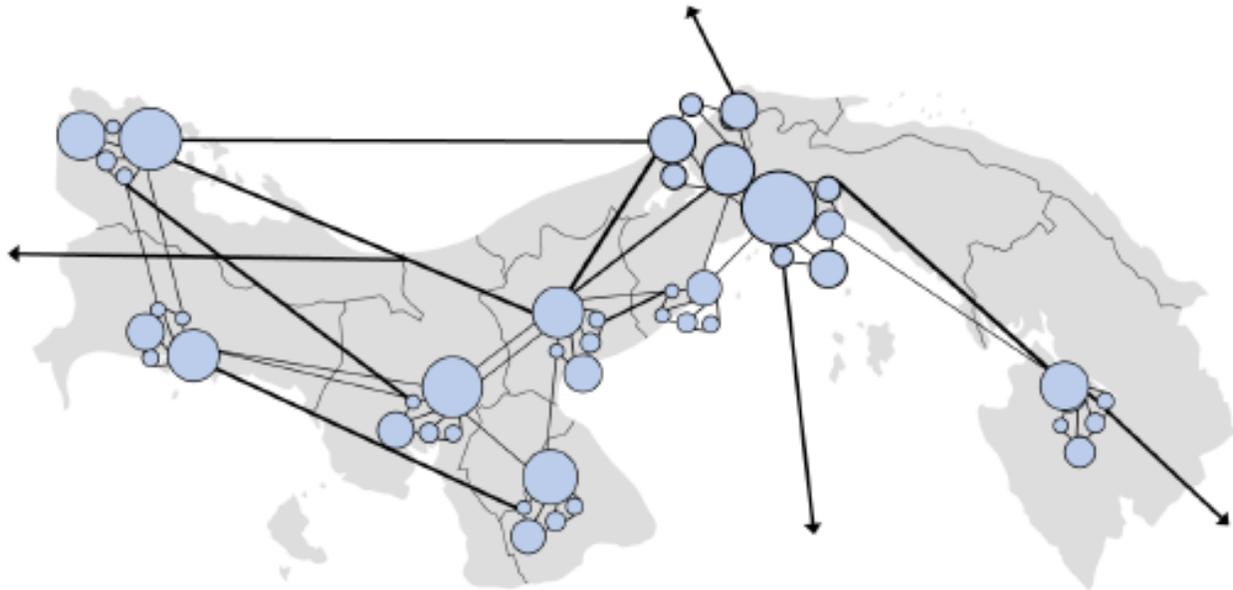


Ilustración No. 3
La integración de la Economía en el Territorio Nacional



Gráfica No. 13
La Falta de Encadenamientos de Importantes sectores de la Economía Nacional

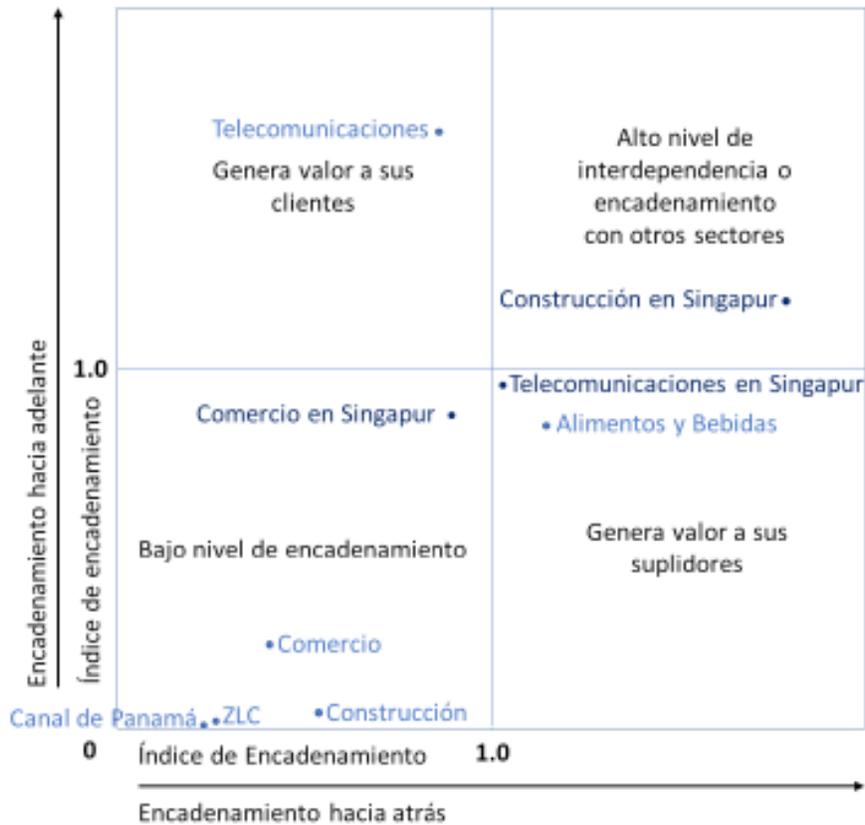
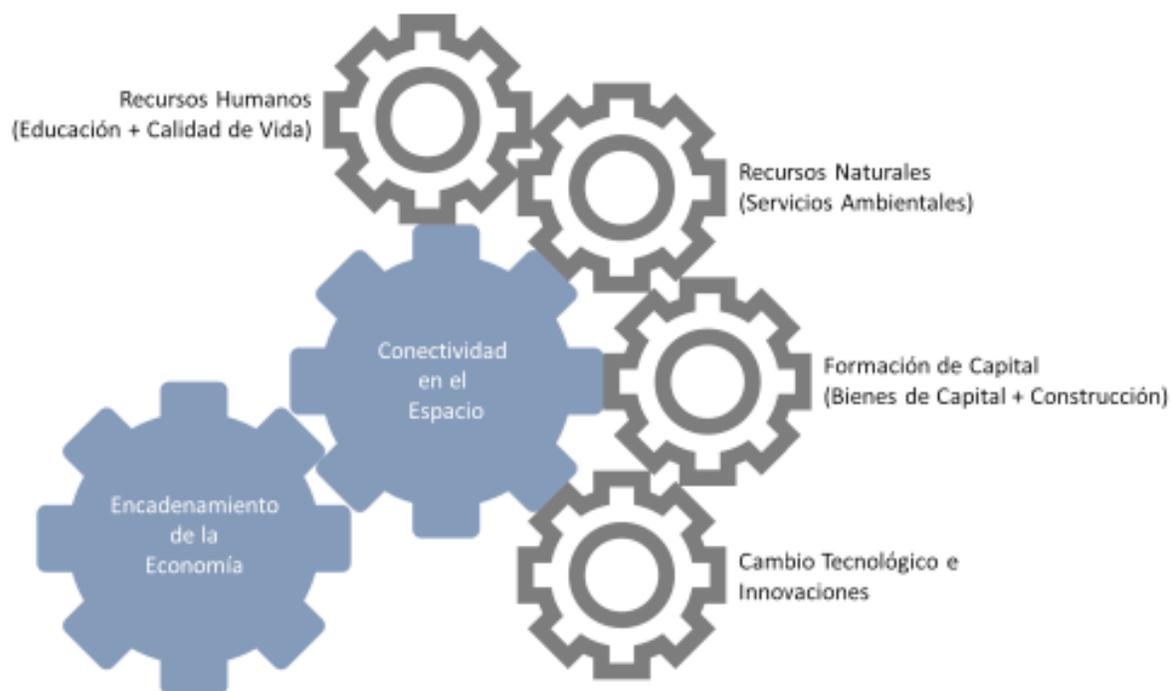


Ilustración No. 4
El Proceso de “Clusterización” como Estrategia para el Desarrollo de una Política Económica de Estado Basada en un Modelo Inclusivo y Sustentable



THE MINING INDUSTRY IN PANAMA. A SOURCE OF INCOME THAT RAISES COMMITMENTS, CHALLENGES AND BENEFITS

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Currently, it is debated in the media and social networks, an issue that represents a unique contribution to the economic development of our country. It is about MINING, which is the basic and careful extraction of minerals and other materials from the earth's crust. A very old practice, which involves the use of metals, from its extraction, through its refining and later the alloy.

In our territory, these deposits, especially gold, have been famous since colonial times; when in 1508, Don Diego de Nicuesa, Governor of Veraguas, designated this region "Castilla del Oro". Panama is reputed to have all kinds of minerals, but the extraction of minerals is underdeveloped.

In 1911, a count of mines was made, resulting in 169, of which 149 were gold. The main minerals found are gold, silver, copper, iron, cinnabar, rock salt, gypsum, and sulfur. The largest known copper deposit was in 1932, that of Cerro Colorado, located in eastern mountains of Chiriquí, its reserves are 1,400 million metric tons.

Another very important one is located at the

western end in the District of Donoso, Province of Colón, and is known as Petaquilla, with about 200 million metric tons and a metallic content of 0.6 to 0.7%. There are also important gold deposits, such as Cerro Quema, Santa Rosa and Remance.

THE ENTITY IN CHARGE OF PROMOTING MINING ACTIVITY IN PANAMA

The Ministry of Commerce and Industries is the entity in charge of promoting the development of the mining industry in an environment of collaboration between the public sector and private companies inspired by the principles of transparency, sustainability, innovation and social and environmental responsibility. Approves applications for concessions, which can be granted to natural, legal, national or foreign persons.

HOW TO OBTAIN A MINING CONCESSION?

It is granted through contracts with the nation, through the MICI and requires the endorsement of the Comptroller General of the Republic for its validity,

then it comes into force as of its promulgation in the Official Gazette. Among the concessions that the State grants are metallic ones: that is, the exploration or extraction of gold, iron, copper, manganese and others. Non-metallic: exploration or extraction of stone, sand, limestone, gravel, and others. These are governed by the Code of Mineral Resources (Law 109 of 1973). The concession area must be outside areas declared mining reserve zones and even areas protected by ANAM.

HOW MANY PANAMANANANS WORK IN THE MINING

According to reports from the National Institute of Statistics and Census (INEC), in 2018 there were about 6,974 people working in mining and quarrying, 0.35% of the economically active population (EAP). In 2019 this figure rose to 8,531, which would represent 0.41%. Although there are opinions against mining, it has played an important role in human life throughout its history because its daily performance is linked to minerals, proof of this is that the devices and devices that we currently use exist thanks to more of 200 minerals and 300 alloys and varieties of plastic, among other materials.

IMPORTANCE OF THE MINING INDUSTRY FOR OUR COUNTRY

At the national level, mining activity occupies a significant and recognized potential at all levels, which is why the government has recently presented it as one of the pillars of the five-year economic plan, which suggests that the current administration will give it a determined support. Due to its privileged position, Panama is an entity of connectivity and economic development that allows generating a favorable environment for foreign investment.

In our country, mining, conceived as an activity, must go hand in hand with principles of sustainability, in addition to serving as a tool that contributes to the achievement of sustainable development goals. But we must take into account that, of all the industries,

this is perhaps the one that creates the most questions in the population and has forged the most detractors over time, its bad practices, environmental impact, irresponsibility with the state and bad image before the community, they are present as we have already been able to observe in recent days in the media.

That is why mining in our country faces great challenges, such as minimizing environmental impacts and solving the social issue. National Geographic magazine (May 2014), argues that mining, quarries, railways and dams as a whole have a lesser impact than housing and business development, erosion caused by agriculture, construction and exploitation forest. Thus, it is important to strengthen the capacity for supervision and monitoring by the State through plans by the government, mining companies and the population.

The president of the Panama Mining Chamber (CAMIPA), points out that the strength that the mining issue is taking in the country is important "to attract a mining policy that attracts investments from companies with proven track records and that this policy ensures economic benefit to the country, the social development of the communities and the conservation and improvement of the environment where these companies develop". He expressed his opinion on the interest of a Canadian company in operating the Molejón Mine Project and said that regardless of who enters the project, "it is best to do it after doing the due diligence to know in detail the assets, the liabilities that even include debts that there are suppliers of this project that are pending".

The Minister of Commerce and Industries Ramón Martínez, in turn, expresses that the National Government maintains a different vision from that developed by previous Governments in the matter of mining exploitation, we are aware of the leonine concession contract that the company Minera Panamá currently maintains and What we have done is create the conditions to start a dialogue with a mining policy that should end up giving more equitable benefits to the community". *L&E*

PANAMA: FINAL DECLARATION OF THE VIRTUAL CONSULTATION MISSION OF ARTICLE IV OF 2021

Source: IMF

A team from International Monetary Fund headed by Alejandro Santos held virtual meetings with Panamanian authorities from April 19 to 30, 2021 within the framework of the Article IV consultation for 2021. The team met with the Minister of Economy and Finance, Héctor Alexander, the Superintendent of Banks, Amauri Castillo, as well as other high-ranking public officials and representatives of the private sector.

Panama's economy suffered a pronounced contraction, registering a 17.9 percent drop in production in 2020 amid strict containment measures and mobility restrictions to combat the pandemic caused by the COVID-19 virus. However, the reactivation of the global economy and favorable macroeconomic policies have contributed to underpin the recovery in Panama.

The outlook for 2021 is optimistic, although in the face of continued global uncertainty, particularly due to the emergence of new strains of COVID-19, the balance of risks could tip to the downside. As coverage against these potential extreme external shocks, Panama requested a Precautionary and Liquidity Line for two years, which was approved by the Board of Directors of the IMF in January 2021, for an amount equivalent

to 500 percent of the quota or US \$ 2.7 billion. The government's priority is to protect the lives and health of its population through a vaccination program that facilitates the sustainability of the economic reopening and to give continuity to public policies that allow stimulating economic recovery and reinforcing social reforms to guarantee sustainable and sustainable growth. inclusive. As the reactivation gains momentum, it will be important to reinforce fiscal sustainability and adhere to the Social and Fiscal Responsibility Law.

In order to strengthen financial stability, it would be helpful to have a detailed analysis of the quality of the bank portfolio once the moratorium ends, and thus shore up the banks' credit exposure and capital buffers. The authorities are firmly committed to removing the country from the FATF gray list by strengthening the regime to prevent money laundering and combat terrorist financing (AML/CFT) in order to improve the Panama's position as a regional financial center. Finally, it will be necessary to continue improving national statistics to ensure adherence to international standards on data quality and dissemination..

Adverse factors caused by the pandemic led to a

sharp economic contraction in 2020.

- **Steep drop in production.** After several decades of economic dynamism, real GDP contracted 17.9 percent in 2020 (compared to the previous year) due to restrictions on mobility to contain the pandemic. After the collapse in the second quarter, the economy recovered vigorously in the second half of 2020, but not enough to offset the decline in the first half of the year. The unemployment rate more than doubled from 7 percent in August 2019 to 18½ percent in September 2020.
- **Negative inflation.** CPI inflation persisted below zero throughout 2020, reflecting low demand. After falling to -2.5 percent (compared to the previous year) in May, inflation closed the year at a rate of -1.6 percent (compared to the previous year).
- **Higher fiscal deficit.** The NFPS fiscal deficit went from 3½ percent of GDP in 2019 to 10 percent of GDP in 2020 due to use of automatic stabilizers in face of sharp fall in GDP, while spending related to fight against COVID-19 was reduced compensated largely through cuts in other expenses. The fiscal result for 2020 complied with provisions of the Social and Fiscal Responsibility Law (LRSF), which places the deficit targets on a path of gradual fiscal consolidation until the NFPS deficit reaches 1½ percent of GDP from 2025. Public sector debt went from 42¼% of GDP in 2019 to 64% of GDP in 2020, due to the sharp drop in GDP and the absolute increase in public debt.
- **Improvement in external position.** The current account showed a surplus of about 2¼ percent of GDP in 2020 (after a deficit of 5 percent of GDP in 2019) as a result of a sharp contraction in imports, lower oil prices, higher exports of copper and solid Canal revenues. Current account surplus coupled with other capital flows resulted in an accumulation of international reserves.

risks remain.

- **On the way to a marked rebound in the economy.** Growth of 12 percent is projected in 2021 as economic activities revive, boosted by the vaccination program and full-scale copper production, the recovery of private investment and a large carry-over effect. In the medium term, growth is expected to stabilize at its potential rate of 5 percent, and inflation to rise to ½ percent in 2021 amid an acceleration in economic activity, to later stabilize at 2 percent. Meanwhile, the external position is expected to deteriorate temporarily in 2021 to reach a current account deficit of around 3½ percent of GDP in the face of pent-up demand for imported durable goods. This deficit will be reduced as exports become more dynamic, achieving a reduction of the current account deficit to 2½ percent of GDP by the middle of the decade.
- **The balance of risks is tilting towards the negative side.** Key risks to growth relate to potential setbacks in the global recovery from the COVID-19 pandemic, which could disrupt capital flows and trade across the globe and accelerate deglobalization, which it would negatively affect the activity of the Canal and the logistics sector. Among the internal risks is not to quickly get out of the FATF gray list, due to the negative consequences on the country's image. Furthermore, the presence of cyberattacks could affect the digital infrastructure, while more serious and frequent natural disasters caused by climate change could have a negative effect on Canal activity, agriculture and tourism. On the bright side, the pandemic could stop faster than expected.

Observing the fiscal rule will ensure debt sustainability.

- **The post-pandemic fiscal consolidation effort must be accompanied by strengthened fiscal planning in the medium term.** The modified fiscal rule incorporates the shock caused by the pandemic

by allowing the operation of automatic stabilizers and at the same time provides the flexibility necessary to gradually reduce spending related to the COVID emergency. Cyclical factors will facilitate fiscal consolidation after 2021, but further improvements in tax administration and spending prioritization may be needed. The medium-term fiscal framework must become a fundamental planning tool to facilitate compliance with the fiscal rule and satisfy the priorities of public policies established by the government (already contemplated in the 2022 budget).

- **An evaluation of the collection potential and the efficiency of spending would be convenient.**

It is important to have measures to improve tax and customs administrations, as well as planning and budgeting for public spending, and also to increase the efficiency of public spending and re-align it with social needs; the foregoing, in order to be able to sustain growth in the face of insufficient collection. Furthermore, it would be advisable to carry out a review of Panama's tax expenditure, in particular its complex system of exemptions and preferential treatment that continuously erodes the tax base. On the expenditure side, social priorities, such as health and education, should be given prominence in the allocation of resources, and the increase in other spending should be contained. At the same time, the pension system may need gradual measures to cement its financial viability. On the other hand, although the tax moratorium was justifiable in a pandemic environment, it must be emphasized that it is a temporary program; the foregoing, in order to contain the public's expectation that there will be more tax moratoriums, since this could erode collection.

- **There is ample room to improve the public finance management framework.** The authorities have made a significant effort to reinforce the management of public finances, to avoid a future accumulation of arrears accounts payable to national providers. The authorities should adhere to their comprehensive

Action Plan and improve the publication of fiscal accounts with the adjustments corresponding to overdue accounts pending payment. While there has been a significant improvement in the publication of public procurement information, budget execution and fiscal reports should provide information on spending related to COVID-19, publish audits, and reflect budget reallocations corresponding to that anus.

The improvement to the financial integrity framework should continue.

- **Exiting the FATF gray list must remain a priority.**

Having passed the original times to resolve the points mentioned in the Action Plan of the Financial Action Task Force (FATF), the authorities need to quickly address the deficiencies identified by the FATF still pending resolution in the regulatory framework of Panama to Prevent the Money Laundering and Combating the Financing of Terrorism (AML / CFT). Specifically, pending action items include strengthening the corporate sector's understanding of the risk of money laundering and financing of terrorism (ML/TF) and implementing the respective policies to mitigate the risk; improve oversight and sanctions for AML / CFT-related violations; ensure the verification of up-to-date information on beneficial owners of legal entities and continue to demonstrate progress in ML criminal investigations that include tax crimes committed abroad.

- **Efforts to further improve tax transparency should continue.** Despite efforts to comply with international transparency standards, in February 2021 the European Union (EU) kept Panama on the black list of non-cooperative jurisdictions in tax matters. The authorities are urged to work closely with the EU authorities to resolve this matter.

Greater supervision of the financial sector and additional measures will increase resilience.

• **It is necessary to gradually restrict and eliminate the credit default as the pandemic subsides.** In order to provide financial relief to debtors affected by the pandemic, the authorities established a credit moratorium until December 31, 2020, and allowed for an additional period the modification of loans until June 30, 2021. Considering the high credit risk due to restructured loans, the Superintendency of Banks of Panama (SBP) has advised banks to increase their provisions above the required level during normal times and to reassess the adequacy of such provisions before the moratorium ends. Any regulatory tolerance of this nature must be restricted to the stipulated categories and a specific calendar must be adopted to gradually eliminate it by closely monitoring it and through an action plan for its supervision. Given large number of modified loans that emerged from the moratorium, it would be helpful to examine risk of banks' loan portfolio, including an assessment of quality of critical assets once pandemic subsides, as it could determine bank's creditworthiness and whether its capital buffers are adequate.

• **In the medium term, it will be necessary to update the regulatory framework, improve macro-prudential tools, and develop capital markets.** As the current health emergency is resolved, there will be a need to strengthen financial stability by formalizing a crisis management plan, implementing capital conservation buffers, introducing additional capital requirements for systemic banks, and the improvement of the set of macro prudential policies with a view to protecting against risks in the real estate sector and the debt of bank clients. At the same time, the development of the national capital market will increase the sources of financing and the prospects for higher and more inclusive growth. To promote the development of Panama's capital markets, it is recommended to establish a roadmap that identifies

a clear vision for the industry, improve infrastructure (custody, clearing and transaction), as well as increase market supervision and regulatory capacity. , which in turn would contribute to meeting the needs of the government and the various national agents.

Addressing structural needs and societal priorities is vital.

• **The implementation of structural measures will be essential to increase competitiveness and growth potential.** In order to increase productivity and return to high growth rates, Panama will require continuous improvement in the country's business environment, as well as strengthening policies related to labor mobility, governance, and institutional capacity; increase innovation and technological sophistication in key industries, in addition to deepening financial inclusion through more targeted measures. To remain an attractive destination for doing business, Panama needs to improve the skill level of its workforce, strengthen the insolvency framework and improve the functioning of the judicial system.

• **Decisive action will be required through public policies to bridge the socioeconomic gaps deepened by the pandemic.** To achieve the government's long-term goals, it should be considered to improve the quality of social spending, mainly with regard to spending on education, giving priority to appropriate strategies for the country, which are fiscally sustainable, to reduce inequity. , improve living conditions in the comarcas (areas inhabited by indigenous populations) and improve economic opportunities for women.

• **Improving Panama's data dissemination practices will also enhance data transparency.** Improving the timeliness, periodicity and coverage of some categories of data in line with the Special Data Disclosure Standards (NEDD; SDDS) will allow better monitoring and benefit data users. The plan to strengthen the National Statistical Council will promote coordination between producers and users of data. *L&E*

World ECONOMY



DISTRIBUTE TRADE PROFITS WIDERLY

Source: World Bank

World trade has contributed to growth and poverty reduction in recent decades; however, the distribution of the benefits of trade can be more inclusive, the World Bank said today. Spreading the benefits of trade more broadly, within and between countries, can be critical as the world struggles to recover from the COVID-19 pandemic, which has reversed years of progress in reducing poverty.

The World Bank produced new data and tools that can enable policymakers to ensure that trade benefits the poor more, according to The Distributional Impacts of Trade: Empirical Innovations, Analytical Tools and Policy Responses report. By identifying in advance the regions and sectors most affected by changes in trade patterns, policies can be designed to maximize profits and mitigate potential losses.

“Undoubtedly the increase in trade in the last 30 years has helped to reduce global poverty considerably, but the benefits were not distributed equally,” said Mari Pangestu, managing director of Development Policy

and Partnerships at the World Bank. “Trade plays a key role in responding to the pandemic, ensuring that food and medicine can cross borders freely and that vaccines are distributed where needed. Better policies are needed to achieve more inclusive trade, as we work to rebuild better and chart a path to greener, more resilient and inclusive development”.

Policymakers in developing countries can use the report’s new findings, data, and approaches to better understand the distributional effects of trade, monitor policy implementation to address them, and coordinate responses at all levels of government.

Between 1990 and 2017, world poverty fell from 36% to 9% while developing countries increased their share of world exports from 16% to 30%. Many countries have used trade to create jobs, boost exports, reduce poverty, and increase shared prosperity.

Despite these advances, changes in trade policies have created a win-win-lose environment, as

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some communities and workers do not benefit as much as others, sometimes undermining popular support for trade liberalization and increasing economic growth. support for protectionism.

The aggregate benefits of trade are clearly established, but the gains and losses have often been sharply concentrated, and are particularly evident, in some sectors, types of jobs and regions, and last longer than previously thought, according to the report, which analyzed the impact of trade on labor markets, consumption and poverty in Bangladesh, Brazil, Mexico, South Africa and Sri Lanka.

This report provides policymakers with tools to analyze the impact of trade policies on regions, sectors, and the workforce in developing countries. Governments will be able to better understand how trade will impact income and wages, levels of formal employment, consumption, poverty and inequality at both the national and sub-national levels.

A deeper understanding of the distributional impacts of trade is critical to designing better policies that distribute the benefits of trade more broadly, extending them to all. Minimizing its negative impact and maximizing its benefits will not only help fight poverty, but also counter economic nationalism. *L&E*

LATIN AMERICA AND THE CARIBBEAN MUST INVEST IN TALENT TO PROMOTE DIGITAL TRANSFORMATION

Source: IDB

The governments of Latin America and the Caribbean need to close human capital gaps to face the needs of more and better digital public services demanded by their citizens, according to a new study by the Inter-American Development Bank (IDB).

The study, published in book **Digital Transformation and Public Employment: the Future of Government Work**, reveals that most governments in Latin America and the Caribbean in recent years have focused mainly on technological and regulatory aspects of digital transformation, leaving aside investment in human talent.

The book incorporates the results of an unpublished survey with 718 Latin American public managers to understand the impact of the lack of talent within the digital transformation projects of public administrations. 64% of those surveyed stated that, during the last five years, their

technology project has suffered difficulties due to the lack of skills of the responsible personnel.

Another 51% acknowledge having a severe or very severe deficit of skills in data analysis, while 40% identify a lack of preparation around programming and software development issues.

"Latin America and the Caribbean should emphasize training and investing in public officials to facilitate transition to digital government," said Moisés Schwartz, Manager of IDB's Institutions for Development Sector. "The COVID-19 pandemic has exacerbated this need as it has driven demand of citizens for paperwork digitally."

The lack of human capital can slow down the pace of digital transformation of governments, reducing their ability to use technologies to improve the efficiency and effectiveness of public services at a time when many countries in the region are suffering significant

revenue losses and increased spending to alleviate the economic and social impacts of the pandemic. “There is no digital transformation possible without digital specialists to carry it out and without all public servants being able to properly implement the new technologies. The connection between the digital agenda and the management of human capital is indisputable and unavoidable. “ according to Lea Giménez, Division Chief in the Institutions for Development Sector of the IDB.

Main data of the surveys.

In addition to the survey with Latin American public managers, the study also conducted a survey with 25 digital governing bodies in the region and three leading countries at the global level in digital transformation, and a third with more than 9,300 Chilean public servants on their degree of preparation for digital transformation.

The survey of directors of digital government of LAC shows that lack of budget is a barrier to attracting digital talent in public sector. Three out of every four governing bodies of digital government in the region were unable to hire suitable professionals due to a lack of budget in the prepandemic period. Many of these organizations therefore lack qualified personnel in key areas such as change management, digital content design and accessibility, user experience, and cloud management.

The survey of Chilean public officials indicates that digital transformation can have profound impacts on public administration jobs, which can make some functions obsolete or easily automatable.

For example, 63% of public officials in Chile believe

that technology will change their job. 30% believe that technology will eliminate jobs in their institution and 13% believe that digital transformation could eliminate their job position. In Chile, 6% of civil servants have jobs with a high automation potential, and 46% with a medium potential, according to an analysis of the activities carried out by civil servants. The study also points out limitations in supply of specialized human capital and deficiencies in management of the civil public service, such as the lack of digital skills for government officials, among other important barriers to digital transformation.

Recommendations.

The book makes four proposals to align the digital transformation and public employment:

1. Strengthen the mechanisms for attracting and retaining digital talent, through links with the academic sector, internships and other incentives for young professionals; updating of recruitment systems; more flexible contracts, to attract both professionals seeking a career in public service and others interested in participating only temporarily; and emphasis on closing the gender gap, which is profound in several countries in the region.

2. Invest in massive digital training of public officials. In addition to general training, differentiated training should be given to digital specialists; those who require training to assume new roles; and to institutional leaders, to familiarize them with digital innovation and guide them in how to support the role changes

experienced by their collaborators. Leaders must also be ambassadors for transformation. They are responsible for clearly transmitting how the changes affect employees, for adjusting expectations and for generating an atmosphere of calm in the face of the transition that the institution is facing.

3. Create mechanisms to handle labor disruptions generated by digital transformation, including: a diagnosis of roles most susceptible to change or elimination in the face of a reform; more internal mobility options; change management through solid, communicative and transparent leadership; and participation of officials in the preparation of the new tools, to improve their design and reduce opposition to their adoption. Involve officials and users in the preparation of new tools to improve their design, help demystify them, reduce opposition to their implementation, and increase their adoption.

4. Coordinate the work of those responsible for digital change, human talent management and the budget. This requires liaison between the agencies that develop the digital transformation agenda; those of civil service and human resources; and finance ministries and budget units. *L&E*



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LONG WORKING HOURS CAN INCREASE DEATHS FROM HEART DISEASES AND CEREBROVASCULAR ACCIDENTS, ACCORDING TO ILO AND WHO

Source: ILO

Long hours of work caused 745,000 deaths from ischemic heart disease and stroke in 2016, a 29 percent increase since 2000, according to new estimates from the International Labor Organization (ILO) and the World Health Organization (WHO).

In a first global analysis of the loss of life and health due to these two diseases associated with long-term work, the WHO and the ILO estimated that in 2016 398,000 people died from stroke and 347,000 from heart disease attributable to having worked 55 hours or more a week.

The review found sufficient evidence that working at least 55 hours a week is associated with an increased risk of both ischemic heart disease and stroke, compared to working 35-40 hours a week. From 2000 to 2016, the number of heart disease deaths from working long hours increased by 42 percent, and those from stroke by 19 percent.

72 percent of the deaths occurred among men. Middle-aged and older workers, ages 60-79, who had worked 55 hours or more a week between ages 45-74, were particularly affected.

This is especially concerning given that the number

of people who work long hours around the world has increased over time, reaching an estimated 479 million workers, or 9 percent of the world's population, a trend that puts more people at risk for work-related disabilities and premature death.

"Working long hours can have numerous mental, physical and social effects. Governments should take this issue very seriously," said Vera Package-Perdigão, director of the ILO's Department of Governance and Tripartism. "The COVID-19 pandemic has worsened the situation, as workers may be affected by additional psychosocial risks derived from the uncertainty of the employment situation and the prolongation of working hours."

The spread of teleworking, new information and communication technologies and the increase in flexible, temporary or self-employed jobs have increased the tendency to work long hours. It has also caused the boundaries between working time and rest periods to blur.

To address this problem, the report notes that governments, employers and workers must implement a series of measures, including:

- Governments can ratify and develop policies to implement International Labor Standards on working time, such as setting standards on working time limits, daily and weekly rest periods, paid annual leave, protection of night workers and the principle of equal treatment for part-time workers.

- Governments, in consultation with the social partners (workers 'and employers' organizations), can introduce laws and policies that guarantee maximum limits on working time and promote compliance in the workplace with decent working conditions.

- Employers, in collaboration with workers, can organize working time to avoid negative health outcomes for workers in relation to shift work, night work, weekend work and flexible hours arrangements.

The new estimates study the number of deaths and healthy lives lost due to exposure to occupational risk factors, such as exposure to chemicals and cancer, among many others.

Detailed analysis of the estimates indicates that the 15 active ILO Conventions on hours of work saved some 143,000 lives; in addition, universal ratification of the conventions could save another 415,000 lives worldwide.

The analysis was possible thanks to the new methodologies developed jointly by the ILO and the WHO, which allow estimating the impact of occupational risk factors on workers' health. *L&E*

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CLIMATE CHANGE AND SOCIAL VULNERABILITY. THE CASE OF PANAMA AND THE PANDEMIC

Adriana Calderón - Redacción EFEverde
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The occurrence of weather-related disasters in Latin America has multiplied by 2.4 since 1970. In the last fifty years, Panama has experienced an increase in a series of extreme weather events that include heavy and prolonged rains, wind storms, floods, droughts, forest fires, landslides, tropical cyclones, and impacts of the El Niño and La Niña Southern Oscillation.

Between 1982 and 2008, Panama was affected by 32 natural disasters, with total economic damages for an estimated total of 86 million dollars. In addition, the loss of human life during these events amounted to 249 people.

With just 75,517 square kilometers of surface, a coastline of almost 2,500 kilometers and 1,518 islands, islets and keys, the country has established itself as a territory highly vulnerable to the known effects of climate change, such as variations in precipitation patterns, temperature increases, sea level rise, and other associated impacts such as

the salinization of aquifers and loss of biodiversity.

Panama ranks 14th among countries most exposed to multiple hazards according to land area. The country has 15% of its total area exposed and 12.5% of its total population is vulnerable to two or more hazards associated with the weather. In addition, Panama ranks 35th among the countries with the highest percentage of the total population considered at relatively high risk of mortality from multiple hazards.

The socioeconomic conditions of the country aggravate the situation of vulnerability, positioning the populations in conditions of poverty and extreme poverty in double inequality. ECLAC (2020) ranked

Panama number 8 in Latin America in conditions of extreme poverty and affirms that, if adaptation actions do not reach communities with fewer resources, their condition of poverty will increase, due to losses of infrastructure and interruption of subsistence activities

such as low impact tourism, fishing and agriculture.

The effects of the current pandemic have had a negative and strong impact on that sector of the population, which also coincides with being distributed in marginal areas, rural environments or indigenous communities that are difficult to access, due to the geography of the country.

In these areas, greatest incidences of variations in precipitation patterns are also recorded, which are presented as extreme rainfall events and have as a consequence floods. On the other hand, it has been observed that precipitation values occur in a shorter period of time, that is, more intense rains that last less, resulting in soil saturation, causing disasters such as landslides, which added to changes in land use and deforestation aggravate situation of precarious populations.

The increase in the intensity of the rains has potential impacts on public health. Scientific studies show an association between climate change and the risk of diseases, due to the incidence of meteorological variations with a greater abundance of pathogenic vectors.

The IPCC, in its Fifth Assessment Report, declared that tropical storms tend to intensify and that Panama will become a country highly at risk from cyclonic events.

In 2020, more than 320 families lost their homes in the provinces of Chiriquí, Bocas del Toro and Veraguas, due to the indirect effects of Hurricane ETA.

Other impacts related to variations in precipitation are the intensification of droughts that translate into the extension of the dry season, causing losses in the agricultural sector and undermining the service of access to drinking water and human health, another effect Directly in the population group most affected by the pandemic and the economic crisis that it has caused.

The intensification of droughts, as well as extreme precipitation events, are seen even more by the instability of the El Niño and La Niña phenomena, observing that the cooling events

of the oceanic masses known as La Niña, have decreased, while El Niño has increased, resulting in a reduction in rainfall during this climatic phase.

As an immediate reference, only during the 2015 -2016 period, the El Niño phenomenon caused agricultural losses in Panama that exceeded 70 million dollars, affecting food production and animal husbandry.

On the other hand, the Institute of Environmental Hydraulics of the University of Cantabria, in its recent study "Effects of climate change on the coasts of Latin America and the Caribbean", highlights the effects of rising sea levels on coasts of the Atlantic and the Pacific for the region, and Panama appears among the countries highly vulnerable to the intensification of waves, due to extreme storms, with risk for coastal populations, mostly rural and dependent on coastal economic activities.

An intensification of tropical storms in the North Atlantic is also expected, which, together with a possible one meter rise in sea level, would cause severe coastal erosion and damage to coastal and marine infrastructure. The rate of erosion is projected to increase especially for the indigenous area of the Kuna Yala Archipelago and the provinces of Bocas del Toro and Colón.

Not only human settlements are at risk from hydrometeorological events and rising sea levels, but also biodiversity.

According to UNEP (2010), Panama is one of the Latin American countries with the highest number of threatened plant species, due to habitat loss and changes in land use. Likewise, coral bleaching events have increased dramatically since the 1980s, mainly due to increased sea surface temperatures, a reduction in cloud cover, an increase in air temperature, and an increase in atmospheric pressure. , resulting in the loss of most of the corals in Bahía Almirante, in Bocas del Toro, in the Panamanian Caribbean. Also, the salinization of the oceans will bring with it the loss of mangrove forest ecosystems (the Bay of Panama is an important Ramsar site), exposing coastal areas, increasing risk and vulnerability due to erosion..

In this unfortunate context, mitigation and adaptation actions are essential to resist shocks and adapt communities to a changing climate.

Climate change is a reality and Panama's efforts, along with those of the rest of the world committed to a viable future, are to reach agreements that put an end to this climate crisis and reverse its anthropogenic consequences.

With the current pandemic, we have learned a new meaning of the term "globalization". In such an interdependent world, we must think about global health and global solutions to global problems. Panama, one of the only three carbon negative countries in the world, together with Bhutan and Suriname, has committed the conservation of a significant extension of its territory and its resources to maintain that balance that compensates for the emission of greenhouse gases. Additionally, it is laying the groundwork to increase renewable energy

by up to 70% by 2050 and reforest nearly 50,000 hectares across the country by the same year, increasing its sink capacity by some 2.6 million tons.

The country has increased its National Determined Contributions (NDC) with 29 commitments in ten areas of mitigation and adaptation and has designed an index of vulnerability or climate risk to make decisions as measured by scientific data.

The Panama Canal, the important interoceanic route, has also done its part and is developing a green strategy to conserve water resources and encourage ecological efficiency practices among its users, such as the transition to cleaner fuels, in addition to measuring CO2 emissions. that saved the global trade path: 13 million tons in 2020.

Being small, you must not stop being ambitious. We will meet in Glasgow. *L&E*

Adriana Calderón is a geographer, specialist in hydrology and Geographic Information System. She currently works as a climate change analyst in the Department of Adaptation of the Ministry of Environment of Panama, developing climate change scenarios, vulnerability analysis to the climate crisis and part of the negotiations on the matter before the Climate Framework Convention of the ONU.

Sports Capsule



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It is so satisfying to see how in Panama we have had streaks in which cases and deaths from Covid-19 decrease. It is an achievement that must be maintained and acted responsibly on the streets.

Where the biosecurity measures falter, we will be able to go back again and return to the closings, curfews, which can also cause the cancellation of leagues, among other consequences that could affect sports activities.

As we have mentioned before, sport teaches us many things, discipline, consistency, a sense of competition, improves our health and attention. In addition to this, it leaves very marked values with what you can distinguish an athlete.

So, the early stimulation of children with sport, instilling good habits, is of great importance.

Soccer



The final of the Panamanian Football League (LPF) was full of emotions, the CD Universitario, directed

by Gary Stempel and the Plaza Amador, directed by Jorge Dely Valdés, faced each other, where

the latter won the victory and his seventh title. Although it was a somewhat bumpy match due to bad

Plaza Amador, the team with the most trophies and finals played, had a cardiac game to go to the final, against Sporting SM, where they were tied 1-1 on aggregate, and after 90 minutes, Samir Ramírez scored the goal of qualifying at minute 94.

And this final was no wonder, the CD Universitario, which was in search of its first title, opened the scoring 1-0 with striker Jair Catuy. However, Plaza faithful to his game, managed to get the result with two annotations from Manuel Gamboa and Ronaldo Dinolis.



weather, which added a level of difficulty when moving on the court, both teams gave it their all and generated good plays.

With this victory, coach Jorge Luis Dely Valdés obtained his first championship as a Panamanian soccer coach.

For his part, he is applauded for the season that the University CD gave, by leading the Western Conference and reached the final, being close to his first trophy, since

they moved to Coclé, since when they were Chorillo FC, they had won two tournaments.

Beach Soccer World Cup

Panama's participation in the Beach Soccer World Cup ended with a fall in the quarterfinals against the United States with a score of 4-3.

The good participation of Panamanians and the effort

they gave to find the ticket to the 2021 World Cup in Russia is highlighted, it only remains to continue supporting the sport and have a more organized League to promote sports and competitive growth.

Futsal

Panama also stands out in futsal, achieving its qualification for the 2021 Lithuania World Cup.

They are currently training, after achieving their classification with fourth place in the Guatemalan Championship. Since the FIFA World Cup, which will

be played in Lithuania from September 12 to October 3, will have the participation of 24 teams.

The group draw will take place on June 1 at the FIFA headquarters in Zurich, Switzerland.



Women's Soccer League (LFF)

On the women's side, the Women's Soccer League (LFF) already has its semifinalists, Tauro FC and CD

Plaza Amador, after the girls from Tauro FC defeated CD Universitario 1-4 in Penonomé.

Panamanian Senior Team

With a view to the Qatar 2022 World Cup, the Panamanian senior team is in concentrations and training in preparation for the next games against

Anguilla, on June 5, and the Dominican Republic, on June 8, at the Rod Carew stadium, to finish the last matches of the first knockout round of group D.

Baseball

In their 2021 season of the National Youth Baseball Championship, where the Coclé team was crowned champion, they were received by the President of the Republic Laurentino Cortizo and sports scholarships were awarded to the boys, to stimulate the continuity of their studies.

The XXII edition of the National Pre-intermediate Championship (13-14 years old) has its two-time

champion, team from the province of Herrera, who won against the team from Panama Oeste with 9 runs for 3.

The youth baseball pre-selection team is in training for the Mexico World Cup. The team looks promising and has in mind to stay within the four and fight for the championship.



Olympic Games

Japan is still taking measures so that the Tokyo 2020 Olympic Games can be held. However, the Government of Japan decided to extend the state of health emergency due to coronavirus in Tokyo and 8 other regions until the end of June, by which time only one month until the

start of the Olympic Games in the Japanese capital.

This measure is due to the fact that the Executive's priority is to protect the life and health of the Japanese.

Boxing

Another Panamanian who has achieved her ticket to the Tokyo 2020 Olympics is the boxer Atehyna Bylon, through ranking system.

He will be fighting in the 69 to 75 kilogram category. And for his training he will have blank fights in Poland, to be able to seek the best results.

These will be his second Olympics in a row, as he

previously participated in the Rio 2014 Olympics.

In the Panamanian delegation qualifying for Tokyo 2020 at the moment are: Atehyna Bylon in boxing, the cyclist Christopher Jurado, the marathoner Jorge Catelblanco and the runner of the 400 meters hurdles, Gianna Woodruff.



Surfing

In the discipline of Surfing, they are also fighting for places for Tokyo 2020. On this occasion national team will participate in the ISA 2021 Surf World Cup that takes place in El Salvador, from May 29 to June 6 and it will award 5 quotas for male branch and 7 for female branch for Olympic event based on the ranking of this event.

They will participate: Samanta Alonso, Andrea Vlieg and Isabella Goodwin, who make up the women's team; while Jean Carlos González (Oli Camarena), Isauro Elizondo (Izzy), Diego Salgado and Tao Rodríguez, make up the male representation.

Pan-American Senior Wrestling Championship

On the other hand, the Panamanian Ashley Zárata, a native of Colón, won a silver medal in the Pan-

American Senior Wrestling Championship, in Guatemala City, in the 65-kilogram freestyle division.



Powerlifting

Powerlifting is a strength discipline that Chiriquí took with the first National Powerlifting tournament, Chiriquí FP Cup, and a next day is scheduled for June 18 in Veraguas.

This discipline consists of basically lifting as much weight as possible in three different basic movements. These movements are bench press, squat, and deadlift.



Track and Field

La delegación panameña de atletismo parte a Guayaquil, Ecuador, para participar en el Campeonato Sudamericano de Atletismo con el fin de buscar la clasificación a los Juegos Olímpicos de Tokio.

La delegación está conformada por:

- **Adrián Alvarado en Salto largo**
- **Antonio Grant en 400 metros planos**
- **Jonathan Cedeño en Lanzamiento de Jabalina**
- **Yasmín Woodruff en 100 y 200 metros planos**
- **Rolanda Bell en 3000 metros con obstáculos**
- **Nathalee Aranda en Salto largo**
- **Yassir Cabrera en 20 kilómetros marcha.**



Judo

From June 6 to 11, the Judo World Cup in Hungary will be played, where Panama has representation and will be playing additionally, passes for Tokyo 2020 Olympic

Games. The closest to achieving it is Miryam Roper, since she has a score of 2712 However, Serbian athlete Marica Perisic is on his heels with 125 points below.



Flag Football

Flag Football doesn't stop, and the Women's Flag Football League of Panama has resumed the days that were pending in 2020. In addition to this, the American Football Association is assembling

the women's and men's national team that will represent Panama in the IFAF Flag Football World Championships, to be played in December in Israel.



The Current

THE 3 KNOWLEDGES: KNOWING TO BE, KNOWING TO DO AND KNOWING HOW TO OPERATE

Ayeisha Williams - Assistant
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Since beginning of time, humanity, since prehistoric times, has established a series of norms that have helped them to live together. At that time they established what was time to hunt, to sleep and various rules were met. As times evolved and customs changed, various methods were established on how to dress, how to eat, how to speak and who to address. Today we know this situation as "protocol" which is a set of rules that allows each person to be given their rightful place within a hierarchy.

The personal development of an individual within organizations is of great importance, especially when evaluating their competencies and abilities, which will add value to their evaluation both in the professional and personal fields.

The education of people has undergone great significant

changes over the years and this is due more than anything to new discoveries and advances in technology.

We can say that having knowledge of the 3 knowledges implies having a key to success, they constitute a formula that has worked for all those who have analyzed and understood them. These guide people in the different scenarios in which they have to unfold, creating harmony and solemnity..

Who would not like to know a little about all the topics?, I raise my hand, because I would love to. Knowing is what we all want, since we feel that the more we know, the better we are, because this would expand not only our knowledge, but also our skills and attitudes and we would become more effective and efficient. Organizations are very interested that their collaborators are instructed and learn and

above all that they have values. These basic protocol standards help the collaborator and the organization to enhance and reaffirm the business image.

KNOW HOW TO BE

This aspect refers to all that we are in terms of our personality, whether we are social or not. Apart from being related in personal life, we can very well focus it on the professional field, where the person must learn to master their emotional intelligence.



Knowing how to be also has a lot to do with the way we behave, having good habits and good habits.

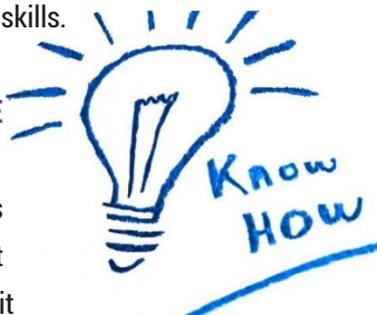
Values, attitudes and norms are instruments that are essential in this regard..

KNOW TO DO

We can say that “knowing how to do” is the capacity, ability and skill that a person develops in terms of how to apply the knowledge acquired in the context. Here the goal is to perfect and nurture what is already known, especially job skills.

KNOW HOW TO OPERATE

In my opinion, this is the most important of knowledge, since it encompasses an aspect of great importance, punctuality and organization.



Punctuality is definitely linked to respect for the other person and it is something that has to accompany us in every situation of our lives.

It is also very important to know how to communicate, to be impeccable with your words. The words should be clear, concrete, simple, straightforward at the time of use so that the person understands clearly.



Mastering these knowledge makes you able to act effectively in professional situations.

“They receive you as you show up, they farewell you according to how you behave” Francisco de Quevedo.*L&E*

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