

# Legislación Economía



ISSN 1726-0485 SEPTEMBER 2020

**COVID-19 and the next cycle  
of instability in Latin  
America**

**In memory of the  
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# Editorial

## ELECTIONS IN THE UNITED STATES

Like every four years, this event has enormous importance in the United States and generates global tension; However, these elections have a series of atypical features that could add to a turbulence in the world, since they are carried out while the country has alarming numbers of infections and deaths. Indeed, the aforementioned circumstance will increase the number of voters who are already beginning to use the post office to exercise their right to vote and, therefore, the vote count may be affected by this circumstance..

Since the beginning of the pandemic, candidate

Trump has devoted himself to generating reasonable doubts about the effectiveness of voting by mail and the risk that this modality could allow electoral fraud, a thesis that was immediately refuted because, unlike our countries, in the United States the mail has a reputation earned by its efficiency.

As if that were not enough, again candidate Trump has tried to use majority of his party in the Senate to break into another spine of North American democracy, which is the Supreme Court of Justice and a few days ago he nominated a judge Amy Coney Barrett for a candidate,

in the middle of the electoral campaign, with the aim of ensuring a right-wing majority in the Supreme Court. Simultaneously, President Trump has appointed more than 200 judges during his first 4 years in office, which constitutes a true record and all this aims to tilt the administration of justice towards extreme and radical thinking.

As it is public, the electoral tournament takes place while the United States is waging a pitched battle for the recognition of civil rights in favor of African Americans, after several cases of people of that race who have died from extreme police actions.

Interestingly, in the multiple confrontations between civilians, police and also the national guard, for the first time a participation of white people is appreciated who have supported the universal campaign on the importance and respect owed to people of black origin in the world. This movement has had repercussions in Europe, Asia, Australia and of course, in Latin America.

There is no doubt that this year's election intensifies the battle between white supremacy, led by President Trump, and the need for coexistence between the different populations that have settled in the United States for the last 300 years.

The candidate Joe Biden represents a sector of the Democratic party aligned with a centrist tendency, but it is evident that the choice of his candidate for the vice presidency of the country, heeds the clamor of the voters of his party to have a black representation, which from a political point of view it is not only sensible, but it broadens the racial framework, since this candidate has a mixture of West Indian and Hindu origins.

At the international level, the election also causes concern from the geopolitical point of view because President Trump has had a real belligerence in his relations with China, Russia, Iran, Europe, Venezuela, Nicaragua, Cuba, Syria and other countries and his re-election could bring the world to a risk of conflagration.

In the environmental area, it has been a trigger, since it withdrew the United States from the Paris Agreement, has reactivated the use of fossil fuels and has opposed any initiative to recognize the existence of climate change.

As regards our country, I see that the elections could allow Panama to return to a balance in terms of its geopolitical evolution, allowing greater freedom in terms of international relations to enhance the condition of a country destined for peaceful coexistence. It is a very uncertain election because for the second time in recent years the ability of government entities to ensure respect for the will of the voters and the recognition of a winner in the elections will be put to the test. It is a moment when the fragility of the democratic system is appreciated and any surprise can occur.

The truth is that, if the worst happens, we will be at risk of a great period of uncertainty, anxiety, arbitrariness, disrespect for the laws and irrational supremacy.

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



## IN MEMORY OF THE TENTH ANNIVERSARY OF THE PHYSICAL DISAPPEARANCE OF EDISON GNAZZO LIMA

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**O**n October 15, it will be 10 years since the departure of Don Edison Gnazzo. I have had the honor of writing these lines to remember him. The insurance space will be insufficient.

When Professor Gnazzo was asked about his profession, as we affectionately called him, he stated that he was an accountant, however, due to his immense knowledge and intellectual baggage, in addition to the positions he held, for me he was a Consultant, with a deep knowledge of Public Finance, Economy and especially Tax Law.

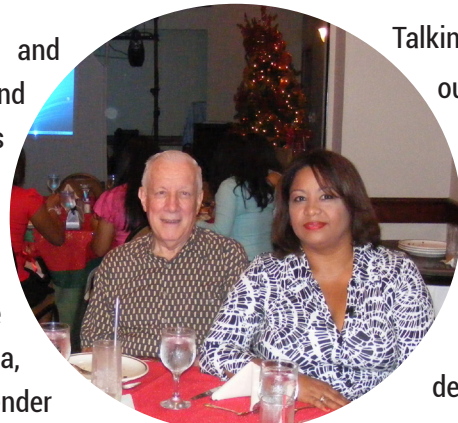
Uruguayan by birth, Panamanian by adoption, since he loved this country, as his own land. He made great contributions to the development, strengthening, study, practice, legislation and regulation of Panamanian Tax Law.



He collaborated closely and decisively in the academic and doctrinal field, putting his knowledge, his connections and friends, true authorities of the Tax Law of Latin America, at the service of universities, he developed chairs, specializations,

postgraduate degrees, master's degrees with a plural number of educational entities, for the in-depth study of Tax Law in our country.

Those of us who had the privilege of meeting him and working with him were able to enjoy that person who, with the southern elegance that distinguished him, told you "and how are you doing my dear?" I can be listening to him, or in the middle of one of the many seminars that he organized and dictated a digression to indicate that "it was truly rogue, to talk for an entire afternoon on a subject as dry as taxes", in this way he managed to relax and at the same time capture the attention of his audience. Without a doubt, a full-fledged Knight. Don Edison had a truly commendable organization and work ethic, very hard to match..



Author of several works and countless articles on Tax Law and Tax Law, his legacy continues to this day. He collaborated with various government administrations, both in the legislation and in the regulation of taxes in Panama, he was a fervent defender of the Taxpayer's Rights, and the Voluntary Compliance of Tax Obligations.

Family man, he adored his Wife Sarita and his Daughters and Grandchildren. A football passionate with the Uruguayan charrúa claw, he longed for the day when our Panamanian team, either in a playoff game against great Uruguay or via the hexagonal stage of CONCACAF, Panama, would qualify for the World Cup event. So it happened, a pity that Professor Gnazzo was no longer with us by that date.

A detached man with a great heart, he gave me in particular a shirt of the Panama national team that he had given him, a coach of the National Team. Gift that I keep and appreciate. In the same way, he arranged for me to participate as a speaker in the First and Third National Tax Congress organized by the Colleges of Accountants of Panama and UNESCPA. Also for his deference I taught some courses at the postgraduate and master's level in some universities.

Talking about Professor Gnazzo inside and outside of Panama is synonymous with citing an authority in the field of Tax Law, therefore, for his friendship, for his tenacity, for his humility and for much more, I will always remember him fondly. It is 10 years since his departure, but his memory is still very present in all of us who had the opportunity to know his charisma and his friendly smile. *L&E*

**You can see the interview conducted by Carlos Urbina, from Momento Fiscal, with José Javier Rivera, where he talks about Professor Edison Gnazzo, at the following link:**

<https://www.youtube.com/watch?v=wx7UITh736E>



# Invited Writer

## THE EMMA LAW OPENS NEW MARKETS AND POSSIBILITIES

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**P**anama is known for its prestigious geographical position, its incomparable connectivity with the Americas, and its incomparable access from its ports, the Panama Canal, airports, and Special Economic Zones. With 23 free trade agreements, it is the ideal destination for multinationals looking to venture out to conquer new markets.

To take advantage of this strategic location, in addition to having a politically stable government and world-class infrastructure, the Ministry of Commerce and Industry of Panama recently approved the EMMA law (Regime of Manufacturing Services for Multinational Companies) for multinational companies to establish manufacturing, assembly, service and logistics operations in Panama.

Laws 32, 41 and SEM (Multinational Corporations Headquarters) in force in Panama have already demonstrated attractive tax benefits of country,

providing operational and logistical support for foreign companies since 2007. EMMA's objective is to raise these conditions of comparative advantage of a more comprehensive way and allow even more activities for trade in the region from Panama.

EMMA provides legal, immigration, tax, labor and infrastructure support for special services that include assembly, manufacturing, re-manufacturing, conditioning, maintenance, logistics services, product repair and processing, development and distribution centers.

The process is simple, once the license is granted, the foreign company can physically establish its operations in the Special Economic and Free Trade Zones existing in Panama. They will have immediate access to the considerable existing infrastructure, labor, housing, customs and migration, not to mention the fantastic administrative benefits to get started.

According to EMMA, there is an exception to all import taxes, fees, charges / duties. This includes all types of raw materials, merchandise, products, equipment and other goods in general required for manufacturing, service, packaging, and assembly activities. Special work permits under EMMA include expedited long-term work visas, allowance for up to 100% of the workforce to be made up of foreign experts, and flexibility for foreign employees to enroll in local universities and participate in programs. training.

These regulations ensure that risks are minimized, especially if you are a small or medium-sized company looking for opportunities in our Latin American market and until now it has lacked adequate operating facilities and systems support for its competitiveness.

From a local perspective, Panama welcomes investors through the EMMA law, as a great opportunity for transfer of knowledge between foreign and national companies. National companies will have access to cutting-edge technology and methodologies in more developed industries, and will obtain practical information on the implementation of processes and systems by these professionals and will also have access to "on-site" training. This will mark an important milestone in transition from focusing solely on service-oriented companies (which represent 65% of our GDP) to developing the country's manufacturing capabilities.

As EMMA will allow the entry of foreign companies, the banking sector of Panama will have the opportunity to revitalize itself in a more competitive environment and be part of the new economic cycle created by this law. Panama has enjoyed a dollarized economy since 1904, so funds can move to and from our country freely.

There is no central bank, no monetary or exchange controls; In addition, there is a territorial tax

system in which residents and non-residents pay taxes only on the income generated in Panama. This shows we have the opportunity that banking reforms are aligned with EMMA to prioritize the facilitation of credit to local suppliers. These local companies will seek to improve the goods and services they offer and for this they will require credit to finance their local purchases of raw materials, packaging supplies, machinery, etc. to keep up with the new commercial demands of foreign entities arriving in Panama.

The attraction of foreign manufacturers will foster a positive spillover effect in many areas. From motivation at the individual level to the adoption of new work practices, the discovery and development of new talents and opportunities; in addition to other impacts on the behavior of local consumption. To this we can also hope positive changes will be added in various industries. Additionally, the demand for goods must be considered. Only the Central American and Caribbean region has 90 million inhabitants, which makes Panama an attractive gateway to establish operations under EMMA and meet the demand of the sub-region.

For companies looking to conquer new markets, for those that have previously tried to grow without help, and for those who need a bridge to place products in Latin America, EMMA will support every step and provide protection for every amount invested in this management. Latin America is a huge and culturally diverse region, but you will find in Panama a business-friendly country with a progressive government that seeks to establish a foothold in this part of the world for all those companies that decide to explore new opportunities *L&E*



## LIONEL MESSI VS F.C. BARCELONA

### *Consequences and collateral effects of the dispute on the lawyers in the case*

#### *Part II*

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**A**fter an intense tug of war in the Spanish and international media, the conflict between Lionel Messi and FC Barcelona ended with the former communicating that he would continue one more season (2020-2021) at the club in order to terminate his contract according to the stipulated.

Although we can say that at first glance FC Barcelona with its president Josep Maria Bartomeu at head were victorious in conflict, consequences derived from it can be analyzed from different points of view (sports, economic, institutional), mostly They have generated wear and tear among the fans of the club and the Argentine star, which has created a kind of schism within the institution.

As an example, we can highlight the fact that within the club a motion of censure has been established among its members, which collected more than 20 thousand signatures (the minimum requirement was 16 thousand according to the club's statutes) requesting the removal of the president and his entire board of directors due to sports and institutional mismanagement.

***In the same way, the conflict generated caused collateral damage to the actors who participated in it. The most emblematic case is the Cuatrecasas law firm, one of the most important law firms in Barcelona, which acted as legal advisors to FC Barcelona and which was fired by President Josep María Bartomeu***

*said office also advised Lionel Messi on his interest in leaving the Club, which in the opinion of the club was a clear case of conflict of interest on the part of said law firm.*

*According to the Spanish media, it should be noted that the areas in which Cuatrecasas advised Barça and Messi were different. The club hired the law firm in 2015 for its tax and corporate matters, not for contracts*



## CUATRECASAS

*with the players, while in Messi's case, Cuatrecasas' advice was limited to matters relating to his contract with Barça. In other words, FC Barcelona was a client of the firm by its tax and corporate department and Messi was a client of the firm from the sports advisory area, specifically under the direction of the lawyer Jorge Pecourt, an expert lawyer in tax advice and planning issues and with a wide and recognized trajectory in advising clubs and elite athletes.*

*In this sense, the collateral effects of the conflict also reflected its impact within the office, since a month after the president of FC Barcelona dispensed with the legal services of Cuatrecasas, the departure of the lawyer Jorge was made public. Pecourt of the Firm.*

*The foregoing reveals the difficulties that law firms*

*may face in matters as delicate as the handling of conflicts of interest in advising clients. In the example given, the firm applied the system called "Chinese walls" that large firms have to avoid this type of conflict with their huge portfolio of clients: teams of professionals within the firm who do not communicate, exchange information, or deal with the matter in meetings to preserve the interests of both clients. However, in the face of clients of the entity and the size of those involved in the present case, this system could not prevent the Firm from feeling the collateral effects of the dispute among its clients..*

*Consequences of this confrontation for the firm were disastrous since, on one hand, it failed to make player fulfill his wish to leave Barça, and in the end the club has dispensed with his services. If to this is added departure of one of its main lawyers in sports advisory department, it can be summarized that one of major collateral affected by th this conflict was the provider of legal advice for both parties.*

*Taking into account the elements described above, the dispute between Messi and FC Barcelona is expected to be long and complicated in the event that neither party gives in to their claims, with the labor courts of Spain waiting to intervene in case of being necessary. *L&E**

# COVID-19 AND THE NEXT CYCLE OF INSTABILITY IN LATIN AMERICA

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**S**ummary:

As in other geographic areas, the governments of Latin America and the Caribbean have not been able to prevent the arrival of COVID-19 and its expansion throughout the region. Throughout the article, the reactions that different Latin American governments have had will be analyzed. COVID-19 has reached Latin America and the Caribbean at a time when the region is suffering from deep political instability with protests in several countries, changes of government and temporary situations. The economic situation of the continent is not the best either, and the effects of the pandemic are undoubtedly going to cause serious problems for their economies. Socially, the outbreak of COVID-19 will put the precarious systems of social assistance and support for the most disadvantaged on the ropes with harmful effects on the middle and lower classes, increasing citizen dissatisfaction.

## Introduction:

As in other geographic areas, the governments of Latin America and the Caribbean have not been able to prevent the arrival of COVID-19 and its expansion throughout the region. Since

the first case of COVID-19 was confirmed, on February 26 in Brazil, in the city of São Paulo, the virus has not stopped spreading throughout the region, affecting all countries and leaving 249,113 deaths and 6,383,640 infected. 1. Although we still don't know how long the pandemic will last and the victims it will generate, it is already clear that region will be severely affected at all levels. 2. COVID-19 has reached Latin America and the Caribbean at a time when the region is suffering from deep political instability with protests in several countries, changes of government, temporary situations and, now, postponement of electoral processes whose results, of be able to hold the elections in the near future, they will surely be different after this viral outbreak. The economic situation of the continent is not the best either. After a decade of growth supported by the price of raw materials, recent years have seen a slowdown in economic growth and the generation of unemployment, which, added to the already entrenched inequality in the continent, has produced, along with other factors, the

aforementioned instability. The crisis that is already drawing on the horizon is not going to be only national, but many commercial partners of Latin American countries, such as the United States or the European Union, are going to enter a period of stagnation that will be transferred to international trade and it will reduce the demand for Latin American products, which will undoubtedly cause serious problems for their economies. Socially, the outbreak of COVID-19 will put the precarious systems of social assistance and support for the most disadvantaged against the ropes with harmful effects on the middle and lower classes, negatively affecting an already high inequality and poverty; and ending the fragile trend of reducing inequality in recent years. In order to analyze the situation and perspectives of the region in the face of COVID-19, the document will be structured in several parts. The first will be dedicated to observing the spread of the virus in the region and the current situation of the pandemic, seeing what the critical points of the viral outbreak have been. The second will be dedicated to the initiatives taken by the different governments and how it has affected political dynamics and their possible short-term consequences. We will now go on to account for the economic blow that Latin American economies have suffered, describing the economic horizon that opens from now on. Finally, the impact that the virus will have on Latin American societies will be analyzed, especially with regard to the most vulnerable.

The arrival of COVID-19 in Latin America According to the information we have, the first cases of COVID-19 arose in China in mid-November of last year, apparently on November 17 the first report on COVID-19 was made. 19 in Hubei province. On February 26, Brazil reported the first infected in the country and in Latin America. In city of São Paulo, the patient would have been infected in Italy, bringing virus back to continent.

Similar cases (infected citizens in Italy or Italian tourists) occurred in Argentina, Bolivia, Colombia, Cuba, Dominican Republic, El Salvador, Guatemala and Uruguay. In other countries such as Ecuador,

Honduras, Panama, Venezuela or Peru, the origin of the spread of the virus had to do with citizens who returned to country after having been in Spain. Virus soon spread to all countries, both continental and island, highlighting Brazil with more than 3,456,652 confirmed cases, Peru with 558,420 and Mexico with 537,031. Faced with the spread of the virus, Latin American governments opted for the closure of borders or the cancellation of air connections with the regions most affected by the pandemic, such as Europe or Asia. Latin America had an advantage over other regions due to the lower frequency of its connections with China and the rapid action of its governments when seeing the effects of the virus in Europe, which gave a critical few weeks to implement a series of measures such as quarantines, declaration of health emergencies or border closures.

Despite this, it has not been possible to prevent the rapid spread of the virus and, today, Latin America has become a critical point of the pandemic whose Latin American epicenter is located in Brazil. This country is one of the great concerns worldwide since it has one of the highest infection rates in the world. Jair Bolsonaro, the Brazilian president, has been the most skeptical Latin American leader regarding the arrival and impact of the virus in Brazil and his statements relativizing the importance of the pandemic, against mayors who demanded a quarantine or against his Minister of Health have aggravated the already difficult situation. In another especially affected country, Ecuador, the virus was primed with the city of Guayaquil (more than 9,000 deaths), where the first case of COVID-19 occurred and whose health system quickly collapsed.

As we will see in the following sections, the arrival of the coronavirus in Latin America has completely upset the political and economic calculations of governments and is going to weaken, even more, broad sections of the Latin American population. The new political agenda in Latin America The political landscape in Latin America has undergone important changes in recent years. Far from the pink tide that marked the political cycle

in the first decade of the 2000s until 2015, the arrival of conservative and right-wing politicians to the presidency of countries such as Paraguay, Brazil, Chile, Colombia, Uruguay or Peru have meant a change in the political trend of the region. This change in voters' preferences has been accompanied by growing instability caused by inequality, corruption, citizen insecurity and economic stagnation that has brought thousands of citizens to the streets in various countries such as Peru, Colombia, Ecuador, Bolivia or Chile. Thus, the arrival of the pandemic in Latin America threatens to further destabilize the region, delving into the causes that have generated these citizen mobilizations. The foreseeable fall in exports, national consumption and the consequent unemployment, the increase in debt, as well as the deterioration of the health and social systems make the political horizon increasingly complex for Latin American governments whose diverse agendas and Political projects are going to be subject to controlling the pandemic and managing the damage it is causing and will continue to cause.

The different governments have acted in a similar way and in a short space of time in the face of the pandemic. Borders were closed in Argentina (March 16), Bolivia (March 25), Brazil (March 19), Chile (March 18), Colombia (March 17), Costa Rica (March 18), Cuba (March 31), Dominican Republic (March 17), Ecuador (March 16), El Salvador (March 11), Guatemala (March 17), Honduras (March 15), Panama (March 16), Paraguay (March 16), Peru (March 15), Uruguay (March 24) and Venezuela (March 21). Quarantines were applied in practically every country (Argentina, Brazil, Bolivia, Chile, Colombia, Costa Rica, Cuba, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Panama, Paraguay, Peru, the Dominican Republic and Venezuela) that have left constantly prolonging. The non-existence of mandatory quarantine in Nicaragua and Uruguay stands out. In Nicaragua, government of Daniel Ortega refused to establish confinement and paralysis measures for the economy and has been accused of hiding the numbers of infections and deaths from COVID-19. In Uruguay, a non-compulsory

confinement was advocated and was adopted by new government of Lacalle Pou, just 15 days after being sworn in as president. One of first effects caused by the arrival of COVID-19 and by government measures has been to reduce political instability in short term in countries such as Chile, Colombia or Ecuador. As analyzed in another document, these governments faced significant social mobilizations that led to changes in government policies due to pressure from streets. With implementation of quarantine and confinement measures, the governments of Sebastián Piñera or Iván Duque have achieved a respite and a window of stability in the short term by avoiding new concentrations and street protests. In Chile, the constitutional referendum that was to be held on April 26 and which was one of the main concessions that the Piñera government made during the social crisis unleashed at the end of 2019, has been postponed until October 25. Given that local and governor elections were also to be held, their electoral mandate has also been extended until the elections that will take place in April 2021. Government action during the crisis has also had another consequence, that of allowing the recovery of the political image of the government and President Piñera who were deeply touched before the health crisis.

According to the CADEM survey, Piñera's image would have recovered from the lowest point on February 9, 2020 (9% approval) and his performance is, today, approved by 23% of those surveyed. In the rest of the markers of the president's performance, this has seen an upturn in her image and her management, which can help her in local elections of April. However, this apparent improvement in its approval, the truth is that the protests have been reactivated even with a health emergency because the aid promised by the government is being delayed and drowning a part of the population. Another president who has been able to take flight has been Iván Duque, the massive protests at the end of 2019 and the beginning of 2020 made his approval plummet. Like Piñera, the state of emergency and quarantine have made it possible

to end the massive protests and the determined government actions have strengthened the presidential image in the midst of the crisis, which has led to an improvement in the approval of Iván Duque that has passed . from 23% support to 52%. Like his Chilean counterpart, Iván Duque has been able to prevent the continuation of the end-of-year protests, but from now on he faces growing protests from the population that does not receive state aid and criticism of the management of the health emergency. In Bolivia, the instability generated after elections described as fraudulent. The riots and intimidation of military to Evo Morales to leave office plunged the country into a convulsive scenario from which it has not yet been able to escape. The decision of the new president Jeanine Áñez to establish a quarantine made it impossible to hold the elections that were to be held on May 3. These were delayed by the TSE, however, the Plurinational Legislative Assembly (in which the Movement for Socialism has a majority) promulgated a law on May 1 forcing the TSE to call elections in 90 days. Finally, TSE confirmed on June 2 that elections would take place on September

However, on July 23, given worsening health situation in the country, TSE decided to postpone elections until October 18 with a second round on November 29. This led groups opposed to Áñez government to call for protests and blockades in most important cities. While the MAS has wished the rapid holding of elections in view of its better electoral expectations, the interim authorities have preferred to prolong the situation for both health reasons (avoiding crowds during the electoral campaign and on election day) and political reasons (maintaining the position and try to take advantage of the control of resources and institutions to gain greater visibility before other presidential candidates). The last poll carried out by Ciesmori gave as the winner the pair formed by Luis Arce and David Choquehuanca of the Movement to Socialism with a 33.3% intention to vote, while Carlos Mesa, who already disputed the last elections to Evo Morales would have an 18, 3 %. The current president Jeanine Áñez would

be left behind with a 16.9% intention to voto. Bolivia is thus facing the pandemic with an uncertain scenario in the coming months, just the opposite of what it needs at the moment, which contrasts with the stability it enjoyed in recent years. In Argentina, debt restructuring plans and negotiations with foreign lenders and the International Monetary Fund that were one of the priorities of the Alberto Fernández government have been adversely affected by an even more adverse scenario than the one that already existed. After winning the 2019 elections, Fernández took command of a country that had been under an adverse economic situation since the middle of 2018 and the renegotiation with the bondholders who have almost 66 billion dollars in Argentine debt was seen as a requirement for the country to be able to resume the path of growth as it happened previously with the Néstor Kirchner administration. Initially, Argentine government's offer of a 65% debt reduction with a three-year grace period wasn't accepted by debt holders. However, on August 4, government was able to reach an agreement with main holders to restructure some 65 billion dollars and avoid default and a tough legal confrontation.

Like Duque or Piñera, Alberto Fernández has seen his popularity increase during the health crisis and, most likely, this will give Fernández the short-term ability to justify the country's poor economic situation due to the COVID -19 crisis. In the medium term, when the effects of the previous unresolved crisis are combined with the supplementary effects of the economic crisis caused by the economic downturn and confinement, it can lead to an explosion of citizen discontent, especially when the solidarity of the opposition with Fernández's government is dissipating. At the end of April and throughout the month of May, Brazil became the epicenter of the pandemic in Latin America. Unlike other leaders (except for the Mexican and Nicaraguan president), President Jair Bolsonaro underestimated the impact of the virus in the country, calling it a "small flu" and joining the protests against the confinement imposed by federal governors. In mid-May, the



health crisis that the country was experiencing, reaching more than 1,100 deaths a day, was joined by the political crisis that had already been brewing before the arrival of the virus. Jair Bolsonaro has been involved in the last month and a half in a series of confrontations with the Federal Superior Court, with the president of the Assembly and with federal governors. In addition, he has seen the resignation of two of his ministers and has dismissed a third.

The management of the COVID-19 crisis provoked internal discussions in the government regarding the position to adopt, with the president in favor of relaxing the isolation measures so as not to affect the economy. It must be remembered that the election of Jair Bolsonaro to the presidency of the country was due, in part, to the effects that the economic crisis of 2014 had on the population. For this reason, the Bolsonaro presidency sought to relaunch the Brazilian economy through a series of reforms, such as pensions. However, this economic agenda has been derailed by the effects of confinement, by the necessary social spending measures and by the fall in the price of oil. The apparent lack of initiative at the national level has turned federal governors into the main promoters of isolation and distancing measures, which has led them to clash directly with the president and the government.

The president's position led to the dismissal of Luiz Henrique Mandetta as Minister of Health, on April 16, being succeeded by Nelson Teich. He resigned after spending just a month in his ministerial position delving into the internal crisis of the Government. However, if something hurt Bolsonaro's figure it was the resignation of a key figure in his government, Sérgio Moro, who rose to fame during the investigation of the Lava Jato operation and who represented the fight against political corruption in Brazil. Moro's resignation as Minister of Justice had as its origin the supposed attempt by Bolsonaro to place a close figure at the head of the Federal Police in order to avoid the investigations that have been around the president's children for

months. This succession of events has damaged the image of the president and relaunched the debate on a possible impeachment process. Added to all this political turbulence are the attacks on the president of the Chamber of Deputies, Rodrigo Maia, and the Federal High Court for the opening of an investigation into the accusations of the former minister Moro.

The more than likely recession, the health crisis and government instability have taken a toll on the image of the president and his supporters. In the last survey, 45% of the population supported an impeachment procedure compared to 48% who opposed it, representing an increase of 9% compared to the previous survey. The population that approved the president (33% compared to 30% in the previous survey) and the population that suspended the president (38% compared to 36% in the previous survey) also increased). 13. In another MDA poll, disapproval of president reached 55.4% compared to 47.8% in January and that of government, in general, rose from 31% to 43.4%.

Faced with this scenario so unfavorable to the government, which may see its permanence in jeopardy until 2023, Bolsonaro has begun to seek support among political groups known as the Centrão, with a centrist political orientation and whose support is in return for the delivery of quotas of power in the ministries. Although Bolsonaro criticized this way of doing politics, the succession of errors in the management of the pandemic and the new political and economic situation that threaten to turn Brazil into a source of instability at the end of the year, makes it necessary to resort to this strategy to try give stability to the government in the face of any hint of the opposition to initiate the dreaded impeachment process. Another president who has a difficult year ahead of him will be Lenín Moreno, the Ecuadorian president. Ecuador was one of the first countries to suffer arrival of COVID-19, making Guayaquil one of most critical points in Latin America. The country was already in a difficult situation with a

serious political crisis at end of 2019 as a result of economic policy carried out by Moreno and his agreement with the IMF, forcing Government to move to Guayaquil due to the riots in Quito.

The Ecuadorian Congress approved in mid-May the so-called Humanitarian Law to face the economic and social crisis. The law had the support of Moreno's supporters and the opposition of the correistas and the unions. They restarted the political mobilizations that had been deactivated after the agreements with the Government at the end of 2019, understanding that this law was unconstitutional and that it harmed the interests of the workers. Four days later, President Moreno announced a series of austerity measures to contain public spending and save some 4 billion dollars through the closure of public companies, adjustments in the hours of public employees or the closure of offices abroad.

The unions have already warned that "if they want another October and did not learn their lesson, they will have another October" predicting a reactivation of the protests and greater instability. Ultimately, the arrival of COVID-19 in Latin America has derailed the projects of each and every one of the Latin American leaders. The political stability of Latin America was already fragile before the pandemic and, although the measures adopted by the different governments have been able to stop this instability in the short term, it is most likely that in the coming months and throughout the year 2021 when restrictions on the movement of people and concentrations in public places begin to be lifted, all the discontent accumulated in the last decade ends up exploding as a result of the severe economic crisis that threatens Latin America. Given this scenario, it is most likely that the new normal in Latin America is that of political instability and economic depression, which could act as an enhancer for political parties and populist leaders that would only deepen the polarization of Latin American societies. and the loss of confidence in democracy, especially considering the negative image that traditional parties, institutions

and politicians have throughout the region.

An additional element that works against stability in the coming years is the absence of elections on the horizon. The elections in Bolivia, Chile and the Dominican Republic, as well as the local elections in Paraguay, Uruguay or Mexico have had to be postponed and the electoral super cycle from 2017 to 2019 means that many presidents are in the middle of their mandate, which is going to prevent Latin American citizens from expressing their discontent at the polls and can give a boost to the expression of rejection through protests and demonstrations, such as those experienced by Chile, Colombia or Ecuador a few months ago, now on a continental level. In addition to the absence of elections, the impact of the confinement and social distancing measures in the different Latin American economies, as well as the international economic situation, is going to be another promoter of instability to which the next section will be devoted. COVID-19 and the deteriorating economic situation in Latin America The economic and social situation in Latin America and the Caribbean was fragile even before the appearance of COVID-19.

After the economic boom that the region went through from 2000 to 2013, the fall in commodity prices was a severe blow to Latin American economies. Furthermore, other problems such as lack of investment in education and infrastructure, high rates of inequality, political instability or lack of productivity that have hampered Latin American growth have not been solved. Despite this, the economic outlook for 2020 and 2021 showed moderate growth and predicted that the region could emerge from stagnation next year. However, the rapid expansion of the virus has disrupted economic plans and all forecasts, forcing governments to redo their calculations and programs in the face of forecasts that have gradually worsened. Last January International Monetary Fund released forecasts in which Latin America and the Caribbean as a whole would grow by 1.6% in 2020 and 2.3% in 2021, while South America, as a whole, was

going to grow by 1.5% in 2020 and 2.3% in 2021.

After the outbreak of the pandemic, ECLAC calculated, at first, that the fall in GDP in Latin America and the Caribbean would be 1.8%, without ruling out that it could reach 3% and even 4% for this year. This figure has been getting worse over time. The scenario described by international organizations in Latin America and the Caribbean may lead to Latin America experiencing a new lost decade due to the impact that the pandemic is having and the serious consequences that it will generate in the short, medium and long term. Despite the fact that confinement and social distancing measures have also been used by other governments in different regions, such as Europe or Asia, the fragility of social schemes and health infrastructure, education programs or the importance of informal jobs imply an additional weight on the ability of Latin American societies to reactivate growth and emerge from this crisis. As we will see below, several levers of Latin American growth are going to be affected. In the first place, some Latin American countries have been dragged down by the volatility of the prices of raw materials, specifically oil, which in recent months has suffered a collapse caused by various reasons.

The confinement and entry ban measures in the different countries have caused a drop in fuel sales for private cars, trucks and freight, for aircraft and for industry in the main oil consuming countries. The International Energy Agency had predicted that oil demand in 2020 would grow by 825,000 barrels a day before the pandemic, reducing that figure to 90,000 barrels a day in March.

Another reason for the drop in price of a barrel of oil was start of a price war between Saudi Arabia and Russia that sent OPEC + reeling due to Saudi Arabia's intention to cut production and Russian opposition to this strategy. The crisis could be redirected in mid-April when a reduction in production was agreed among all the OPEC + participants. These two events sank oil prices, falling as much as 30%, paying \$ 20.48 per

barrel for WTI and \$ 24.72 per barrel for Brent. Among countries affected by this drop in oil prices and other raw materials are several Latin American countries such as Argentina, Brazil, Colombia, Ecuador, Mexico, Peru or Venezuela, although not all will be affected in same way by said drop. For Venezuela, fall in oil is another blow to its already devastated economy and for Ecuador and Argentina it will worsen the government's situation and its fiscal room for maneuver. In Mexico, Pemex's problems that existed before the crisis (it is world's most indebted oil company) are going to worsen, dragging government with it. The fall in prices of raw materials and reduction in international trade will put a stop to the timid economic growth that the region was going to experience in the next two years and will put great strain on state budgets, which are also under pressure. pressure for the necessary fiscal measures that the States have deployed to face the effects of the pandemic. Second, another important source of job and income creation for Latin America, such as tourism, is also going to be affected.

The World Travel and Tourism Council calculated that the contribution of tourism to the Latin American economy in 2019 was 299 billion dollars, representing 8.8% of the regional GDP. The countries that received the most tourists (intraregional and extraregional) were Mexico with 41 million followed by far by Argentina and Brazil with 6.9 and 6.6 million respectively. The region received, in 2018, almost 37 million foreign visitors, following an upward trend in recent years. Restrictions on the entry of foreigners and the reduction of visitor departures from tourist source markets such as the United States, Europe or Asia have put a halt to the growth of tourism since in March there was a clear decrease in inbound flights and exit from the region of almost 24% compared to March of last year. The entire tourism sector that employs millions of Latin Americans, either directly or indirectly, is threatened by the reduction in travel and the measures of confinement and social distancing, eliminating another source of economic growth.

Third, an economic flow that has acquired special importance in the world and in Latin America, in particular (96 billion dollars in 2019), has been that of remittances, that is, the money that migrants send to their families who have remained in the country and who are a vital source for the region, being a key factor in lifting millions of citizens out of poverty in recent decades.

With the fall of the most developed economies, the World Bank forecasts that these flows will fall by around 20% worldwide (19.3% in Latin America), putting at risk a significant part of the population that may return to fall into poverty. All of these factors have combined to create an explosive situation in the region. ECLAC predicts that Latin America may suffer the worst contraction in economic activity in its history, 5.3% in 2020. Worse data than the contractions of 1914, 1930 or the 1980s. For Fitch Ratings, the contraction it will be lower, around 4.7%.

This will imply a rise in the unemployment rate to 11.5% (a rise of 3.4%), which will expel almost 37.7 million Latin Americans from the labor market, not counting the effects on the informal sector. . Undoubtedly, the economic uncertainty that has settled in the region for some years and its effects on the population have been one of the drivers of political instability in several Latin American countries. The arrival of COVID19 can cause instability to become encrusted and become a regional phenomenon by weighing down economic development, undermining the advances in the fight against poverty and inequality that have occurred in recent years and destroying the immediate future and the prospects for social advancement of broad sections of the Latin American population, further frustrating citizens and increasing their dissatisfaction.

The social impact of the pandemic Latin America and the Caribbean has been a region marked by inequality and deteriorating social indices. This pattern could be corrected during the period 2000-2014 thanks to the rise in the prices of raw materials and the channeling of a part of these incomes

towards social, health and educational programs, as well as the increase in the jobs they managed to get pulling millions of Latin Americans out of poverty and expanding the ranks of the middle class. The pandemic will have two clear victims: the strata with the lowest income and migrants.

Currently, poverty levels are around 35% in Mexico and Honduras, between 30% and 35% in El Salvador and Bolivia, and between 20% and 30% in Colombia, Argentina, the Dominican Republic and Ecuador . With regard to extreme poverty, it is higher than 15% Honduras, it is between 10% and 15% in Colombia, Bolivia and Mexico and, between 5% and 10%, in Panama, Brazil, Paraguay, Ecuador , Dominican Republic and El Salvador. The economic slowdown in Latin American economies and a similar international situation threaten to send millions of Latin Americans back to poverty due to the inability of households to maintain their social status without income, worsening the global situation in the region. Inequality is going to be another of the social indices that will suffer a severe blow from the pandemic.

High inequality in Latin America has also had a perverse effect, hitting the lowest-income social classes the hardest. In effect, the situation of lower-income families in whose homes live several generations, with limited or no access to basic services such as water, working in the informal sector and therefore without social coverage and with difficult access to services Collapsed health care contrasts with that of upper-income segments with access to private health services, with the possibility of teleworking or continuing their education through new technologies. Due to this, ECLAC forecasts that the Gini index will increase in the region between 0.5% and 6%.. The pandemic has revealed fragility of health systems in Latin America that have been neglected and underfunded for years (lack of workers, supplies and equipment) and whose basic services do not reach almost 125 million citizens. It should be borne in mind that several Latin American countries were already fighting dengue, yellow fever, chikungunya or malaria, among

other diseases, and COVID-19 has ended up putting hospitals in a critical situation. These have an average of 2.2 beds per 1000 inhabitants (this figure is much lower in countries such as Honduras, Guatemala, Paraguay, Mexico or Ecuador) when in OECD countries that have had serious difficulties such as Spain or Italy they have around 4.7 beds per 1000 inhabitants.

With these figures it is possible to understand the difficulties that several Latin American countries are having and those that they will continue to have in the face of new waves. These systems, burdened by a whole range of diseases, will widen the gap between the different segments of the population, some more vulnerable with access, in the best of cases, to collapsed facilities, and others with access to private health systems. The second group that the pandemic is going to hit squarely and put in an extreme situation will be the emigrants. As we know, Latin America and the Caribbean is going through a period of strong migrations whose main focuses are Venezuela and Central America.

Colombia has been the main host country for Venezuelan refugees with almost 1.6 million, most of whom are not in the country regularly. Although Colombia has made extensive efforts to integrate and regularize the presence of Venezuelan refugees, they remain in an extremely vulnerable position in terms of access to the labor market and social services. Central American countries have also been centers of emigration due to insecurity, poverty, inequality and lack of opportunities, facing a long and hard journey through Mexico to reach the border with the United States.

Lockdowns have been government initiatives that have dashed the hopes of thousands of refugees, leaving them stranded in transit countries and preventing them from reaching their destination. All these millions of Latin Americans are in an extreme situation in their countries and migration makes them even more vulnerable as they do not have access to basic services and are totally unprotected in overcrowded

conditions and harsh sanitary conditions, putting themselves in a situation of serious risk due to the pandemic. Latin American governments have approved various economic and social programs in order to support the most vulnerable groups and avoid economic collapse. In Colombia, the government created a fund to support lower-income families and food and water distribution programs. In Costa Rica, the economic package reaches 1,500 million dollars for small and medium-sized companies. In Mexico, that figure rises to 31 billion, as in Brazil.

All these stimulus plans have been in many cases (Colombia, Chile, Costa Rica, Dominican Republic and Honduras) coupled with requests for credits from the International Monetary Fund, which together with the fall in collection will probably imply that in the coming years Latin America and the Caribbean will go through a phase of indebtedness which will lead to cuts in public spending if a fiscal balance is to be achieved.

This austerity will only deepen the economic and social problems that have aggravated the dissatisfaction of citizens, damaging efforts to achieve greater social inclusion that leads to sustainable growth in the future. The near future of Latin America This multidimensional crisis created by COVID-19 is going to have disastrous consequences in Latin America and the Caribbean that could lead the region into another lost decade.

As has been said throughout the article, the tension and dissatisfaction within Latin American societies caused by multiple factors such as the lack of opportunities to advance socially, unemployment and informality in the labor market, inequality, poverty or Insecurity has been accumulating in recent years and at the end of 2019 the first signs of this discontent began to appear. The recent cases of corruption in the purchase of medical supplies that have occurred in Paraguay, Colombia, Bolivia, Ecuador or Mexico are also another of the drivers of discontent among citizens in a region in which Transparency International reports suggest that a considerable

number of citizens consider that corruption has become widespread and increased in recent years and that their trust in institutions has plummeted.

Although government measures have demobilized the protesters and dismantled the protests, that is but a temporary respite. This political respite could be lengthened in several countries if the pandemic continues to progress this winter. However, the worsening economic and social scenario points to a greater protest and growing instability that will surely reach the entire region, although presenting a greater virulence in specific countries.

The effects of the coronavirus will aggravate the situation in countries such as Venezuela, Brazil and the Central American countries. Venezuela is, today, the worst political, economic and social crisis in Latin America and the coronavirus can be primed with a severely deteriorated health system after years of being poorly managed. The health measures have allowed Maduro to avoid a new attempt by the opposition to carry out a show of force, but they will also aggravate the already painful situation in which country finds itself.

Although it may seem the time to put pressure on Maduro (as indicated by the actions of the US), the truth is that limited cooperation with the Venezuelan government to serve the most needy and vulnerable population may be a solution in the short term, leaving questions about its legitimacy and a possible departure from Maduro for the

medium term. In Brazil, political polarization and poor management of the crisis by the Government have caused a highly unpredictable political scenario in which the political confrontation between institutions and social confrontation will increase, leading the country to a dangerous situation, although the chances of impeachment proceedings are, for now, slim. Finally, in Central America, the actions of the US to stop the flow of migrants (reinforced during the pandemic) and those of Mexico in order to avoid US tariffs will put increasing pressure on the Central American societies that saw in migration, a way out of their situation and an escape valve from the internal pressure generated by the living conditions in their countries. The position adopted by the Central American governments and their neighbors to the north may generate an unsustainable situation in Central America that will make it a source of instability in the coming years.

If Latin America is to be prevented from going through a long period of economic stagnation that turns it into a source of instability, it is necessary for the rulers to carry out far-reaching reforms, to reformulate economic policies, to introduce new relief mechanisms such as schemes of basic incomes, which reduce social inequalities and introduce changes in the production model.

Otherwise the region will once again experience the political, economic and social turmoil to which, unfortunately, it has become accustomed. *L&E*

**YASUNAGA KUMANO, Mayumi. La COVID-19 y el próximo ciclo de inestabilidad en América Latina.** Documento de Opinión IEEE 113/2020 [http://www.ieee.es/en/Galerias/fichero/docs\\_opinion/2020/DIEEEO113\\_2020MAYYAS\\_CovidLatAm.pdf](http://www.ieee.es/en/Galerias/fichero/docs_opinion/2020/DIEEEO113_2020MAYYAS_CovidLatAm.pdf) / [http://www.ieee.es/en/publicaciones-new/documentos-de-opinion/2020/DIEEEO113\\_2020MAYYAS\\_CovidLatAm.html](http://www.ieee.es/en/publicaciones-new/documentos-de-opinion/2020/DIEEEO113_2020MAYYAS_CovidLatAm.html) (consultado 2/10/2020).

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# Norms of INTEREST

## INSTITUTE OF AGRICULTURAL INNOVATION

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**T**hrough Law 162 of September 4, 2020, the Institute of Agricultural Innovation of Panama, formerly the Agricultural Research Institute of Panama, is created as an autonomous entity, with legal status and its own assets, subject to the guidance of State policies .

Law 162 develops the concepts of agriculture, family farming, family farmers, agri-food chains, executive committee of the center, technical committee of programs, advisory council of the center, rights of the institute's heritage, biological efficiency, agroecological approach, large agricultural producers, innovation agro technology, medium agricultural producers, resilience, food and nutritional security, basic seed, registered seed, certified seed, information system and dissemination of agricultural technology, food sovereignty and agro-technological linkage.

It has been established that the IDIAP is in charge of regulating, designing, executing and evaluating agricultural research and innovation activities of the public sector, as well as being responsible for guiding and certifying those agricultural research activities carried out by the non-governmental sector..

Regarding the organic structure, management and administration, it will correspond to the Board of Directors, which, in turn, will delegate the operational

functions to the General Directorate, the General Subdirectorate, the Consultative Council, the National Technical Committee, the national directorates and the executive directors of agricultural innovation centers.

On the other hand, the Law provides that the Institutional Strategic Plan is the long-term management instrument that establishes the course that IDIAP will follow, through its agricultural research and innovation projects, to meet the demands, needs and aspirations of its users for the benefit of society.

The National Plan for Agricultural Research and Innovation is the medium-term management instrument, which constitutes the regulatory framework within which research and innovation projects, facilitation of innovation and the development of capacities formulated by the units must be located. executors of the institute.

With the approval of Law 162, all rights, real estate, personal property, livestock, bank account balances and budget allocations for the year 2020 assigned to the Agricultural Institute of Panama are transferred to IDIAP.

However, the Law will take effect ninety days after its promulgation, that is, the ninety-day term will begin to run from September 7, 2020. *L&E*



# ENCOURAGE BLOOD DONATION

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Law 164 of September 11, 2020 was recently enacted, which aims to encourage public sector officials to donate blood, granting special benefits to those who make the donation.

Public servants who donate blood in the official blood banks regulated by the Ministry of Health

and the Social Security Fund will have the right not to attend their working hours on the day they make the blood donation as long as they present the document that accredits the donation.

Finally, it will be up to the Ministry of Health to establish the necessary mechanisms to comply with Law 164. *L&E*



# VALUE OF FOOD VOUCHERS INCREASED

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**W**ith the sanction of Law 165 of September 16, 2020, it modifies Law 59 of 2003 on the Food Program for Workers, in the sense of establishing that the food voucher will have a maximum value of US \$ 500.00 per month and may reach up to 75% of the worker's usual salary, without exceeding the established maximum value.

It adds the rule that any worker may be benefited, regardless of the conditions under which they are hired.

The modification of the sixth article consists in that it expands the way in which vouchers can be exchanged, by including that they can be used to obtain services in clinics, laboratories, opticians, imaging centers, hospitals, therapy centers, dental clinics and other medical services recognized by the Ministry of Health.

They may also be used in educational centers of all levels, including comprehensive early childhood care centers, pre-primary, primary, secondary, pre-secondary, technical and university education, duly registered with the corresponding governing bodies.

We must remember that Law 59 of 2003 has undergone several reforms focused mainly on the maximum amount to be granted, the categories of workers who could benefit from it and on the exchange of food vouchers, expanding their coverage..

We believe that the reform is beneficial for both the worker sector and the employer, despite the fact that there are groups within the workers who do not fully agree with the food program. *L&E*



## REGULATE TELEWORKING

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**T**hrough Executive Decree No. 133 of September 16, 2020, Law 126 of February 18, 2020 is regulated, which establishes and regulates the modality of telework in our country.

It is established that the teleworking modality must be voluntary and must guarantee the teleworker's right of disconnection for the purposes of enjoying the breaks that correspond to him.

The regulation indicates that the extraordinary hours worked by the worker, who performs telework, will be governed by the limitations, surcharges and other provisions established in the Labor Code.

It provides Executive Decree 133 that the employer's orders, for the performance of telework, may be issued by computer, telecommunications or similar means, without prejudice to another modality, which provides certainty about the authority that issued, the clarity of the order, date and its relationship directly with the execution of the teleworking modality.

With regard to professional risks, an issue that has been highly questioned, include events that arise in the place or places where the service is provided, including

the worker's home, when these events are caused by the work carried out by your employer's account. Another important aspect to mention is that the employer must provide the worker with tools, instruments, materials, and computer programs for teleworking. In turn, the worker should only use them to carry out tasks required by the employer.

On the other hand, the installation of computer programs that violate the privacy of the worker or her family is prohibited.

It has been established that the costs of equipment, maintenance, repair, tools, training, and others related to the provision of the service in the teleworking modality, will be borne by the employer.

Likewise, the employer will defray the expenses related to electricity and internet public services in accordance with the provisions of the employment contract.

The teleworking modality may be convenient for certain activities, however, we consider that the aspect of the expenses to be covered by the employer in this modality should have contained some more specific parameters, which could better guide the parties for the establishment of the amounts to recognize. *L&E*

# CHANGES IN THE REGULATION OF HEADQUARTERS OF MULTINATIONAL COMPANIES

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In recent days, Executive Decree No. 241 of September 16, 2020 was issued, by which Executive Decree No. 28 of March 27, 2020 is modified that regulates Law 41 of 2007 that creates the Special Regime for the establishment and operation of headquarters of multinational companies.

Executive Decree 241 has the purpose of modifying and subrogating articles, as well as the introduction of new articles, change of designation and introduction of a new chapter.

One of the modifications falls on article 4, when it is established that multinational companies operating in Panama may benefit from the multinational company headquarters license, if they provide services to their parent company or its subsidiaries or its affiliates or associated companies, except the exceptions established in the Law. Before the reform, the article indicated that multinational companies that provided services to companies related to the multinational company

outside of Panama could benefit from this regime. Regarding requirements that must be presented, it was established that in addition to those contained in the Decree, a projection and description of annual operating expenses of Headquarters in Panama must be provided and that they must be appropriate to the nature of the business it will carry out the company.

With modification to add or delete some activities for which they were authorized, they must request the modification of activities or services from the Technical Secretariat through the presentation of a duly supported memorial. Before the reform, the extension was requested with the form originally presented.

Article 21, which contemplates the presentation of reports, provides the Decree that once a year within the six months following the closing of the fiscal period, a report will be presented, before said report was presented within the first five business days of the month in which it was granted. the license and indicated that it was a report that should

contain the statistics concerning the operations.

For the purposes of the tax regime, the Decree establishes that the tax regime established in Chapter V of Law 41 of 2007 will be applied, the change focuses on the fact that it was established that companies holding a Multinational Company Headquarters License will be exempt of the payment of Income Tax of the Republic of Panama, for the services provided to entities of any nature domiciled abroad, that don't generate taxable income within Republic of Panama.

Regarding salaries and other labor remuneration, including salary in kind, received by persons with a permanent staff visa from an SEM, they are exempt from paying income tax and social security and educational insurance contributions, to the extent that such wages and salaries are paid, assumed and recognized as personnel expenses in the accounting of companies with SEM license. Before the reform, it was indicated that it will not generate income tax, as long as they receive their income directly from their headquarters located abroad, being that the same tax regime applies to them as holders of Special Temporary Visitor Visas in accordance with the provisions of article 26 of Law 41 of 2007.

Another aspect to mention is the sanctions for infringement of the applicable regulations, which are restructured in article 47 since they are grouped into four groups, the verbal reprimand, a fine that ranges from B / .5,000.00 to B / 50,000.00, fines that range between B / 50,000.01 to B / .100,000.00 and the cancellation of the license. The terms of minor and major offenses are removed.

On the other hand, Chapter X, articles 56, 57 and 58 that contained the Final and Transitory Provisions are subrogated and a glossary of terms is established in article 56 as the main activity or main activities, adequate, supplier or suppliers, requirements of

substance, Technical Secretariat of the Multinational Companies Headquarters Licensing Commission.

Within this context, Chapter XI is added, which deals with Requirements of substance and main activity, as well as articles 58-A to 58-F.

In article 57, it is established that the company holding a SEM license will benefit from the reduced rate of 5% of the income tax contemplated in Law 41, in a fiscal period, provided that the respective fiscal period said company has complied with the substance requirements.

In the event that the company does not comply with the substance requirements, it must pay the tax corresponding to said fiscal period at the general rate, with fines, surcharges and interest.

It is important to mention that Chapter XII Outsourcing is added, which establishes that the main activity or main activities may be executed, in whole or in part, through resources provided by suppliers (outsourcing), as long as the outsourced activity is carried out in Panama. and that the company with a SEM license has the mechanisms to exercise control and supervision in Panama of the activity subject to outsourcing, in the established terms.

However, the Decree provides that outsourcing outside of Panama of all or part of the main activity entails non-compliance with the substance requirements and implies that the income derived from the activities subject to said requirements is taxable with income tax. as established by the Tax Code. *L&E*

# EFFECTIVENESS OF GENERAL LAW ON EMERGENCY MEASURES TO FACE COVID-19 EXTENDED

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**T**hrough Law 167 of September 30, 2020, a provision is modified and the validity of Law 139 of 2020 is extended, which dictates emergency measures to face the health crisis caused by the COVID-19 pandemic.

The modification focuses on the article in the paragraph of article 135-B that deals with the application of the Public Works and Municipal Services Investment Program, in the sense of allowing the balances of the investment projects of the municipalities corresponding to the years

2016, 2017, 2018 and 2019 can also be used for the purchase of biosafety supplies recommended by the health authorities. Before the reform, it only allowed the purchase of medicines and food.

On the other hand, the validity of Law 139 is extended until December 31, 2020, since it was in force until May 31, 2020. Reason for which and because it is a social interest rule it has retroactive effect as of June 1, 2020. *L&E*

# CAJA DE SEGURO SOCIAL SUSPENDS FINES FOR LATE SUBMISSION OF RETURNS FROM JUNE TO AUGUST 2020

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**T**he General Director of the Social Security Fund issued Resolution No. 620-2020 DG of July 24, 2020 and published in the Official Gazette of 29,124-A of September 30, 2020, by means of which it is suspended from quota month from June to August 2020, the generation of fines for late submission of the monthly workers and wages declaration form.

Similarly, imposition of surcharges and legal interest

for late payment of fees is suspended as established by Organic Law 51 of 2005 of the Social Security Fund.

It is worth mentioning that the Resolution states that in order to benefit from the suspension of fines, surcharges and interest, the payments of the employer employee payroll must be made according to the modalities established in article 56 of the General Income Regulation. *L&E*

# NATIONAL DECENTRALIZATION AUTHORITY

# W

With the approval of Executive Decree No. 587 of September 23, 2020, measures are adopted in relation to the National Decentralization Authority.

The Decree indicates that the fulfillment of the first phase of the decentralization process is recognized, according to the terms established in Article 29 of Law 37 of 2009, as amended by Law 66 of December 29, 2015.

Consequently, the Ministry of Economy and Finance will adopt the administrative and budgetary measures that are necessary for the implementation of the National Decentralization Authority, as

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an autonomous and administrative entity, with its own budget, responsible for carrying out the decentralization process, as well as to integrate the Authority, the other management structures and instruments established for the fulfillment of the subsequent phases of the decentralization process.

Thus, the budget items required for the operation of the Authority must be incorporated into the General State Budget for the 2021 period.

However, the Decree in question will come into force as of January 1, 2021. *L&E*

# CONADES MOVES TO THE MINISTRY OF THE ENVIRONMENT

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**B**y provision of Executive Decree No. 588 of September 23, 2020, the National Council for Sustainable Development (CONADES) and the Coordinating and Executing Unit of Sustainable Development Programs (UCEP) are transferred to the Ministry of the Environment.

In this sense, personnel, assets and administrative resources of CONADES will become part of Ministry of the Environment and this will consign within its annual budget an item to guarantee

the execution of projects arising from CONADES.

It will be the responsibility of the Ministry of Economy and Finance to carry out the administrative, budgetary and financial adjustments that are required, for which the corresponding budget items must be incorporated in the General State Budget for fiscal 2021.

Finally, Executive Decree 588 will come into force as of January 1, 2021. *L&E*



# ATLANTIC DEVELOPMENT DIRECTORATE MOVED TO THE SINGLE NATIONAL CIVIL PROTECTION SYSTEM

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**A**s of January 1, 2021, the Atlantic Development Directorate (DIDIA) that makes up the Atlantic Communications Network will become part of the National Civil Protection System of the Ministry of Government, as established by Executive Decree No. 589 September 23, 2020.

The foregoing is done with the objective of facilitating the coordination and development of plans, projects and strategies, in order to provide social assistance to the communities that are in difficult access areas in the provinces of Coclé, Colón and Veraguas through the provision of radio communications equipment and logistical support, in cases of evacuations, diseases, epidemics, accidents, floods, natural disasters

and evacuations by air, sea and land, in addition to providing other services to the communities.

Under these parameters, the personnel, assets and administrative structure of DIDIA will become part of the National Civil Protection System, thus, that the Ministry of Economy and Finance is authorized to make the administrative, budgetary and financial adjustments that are required, for which they must be incorporated into the General State Budget for fiscal 2021.

On the other hand, it has been established that the mentioned Decree includes all the norms, decrees, provisions that regulate the subject of the Atlantic Communication Network. *L&E*

# OFFICE OF RURAL ELECTRIFICATION WILL BECOME PART OF THE MINISTRY OF PUBLIC WORKS

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**T**hrough Executive Decree No. 590 of September 23, 2020, the Rural Electrification Office (OER) is transferred to the Ministry of Public Works, which entails the transfer of personnel, assets and administrative structure, as of January 1 from 2021.

In such a way, that the Ministry of Economy and Finance is authorized to make the administrative, budgetary and financial adjustments that are required, for which they must be incorporated into the General State Budget for fiscal 2021. *L&E*

# PUBLIC INFRASTRUCTURE COORDINATING UNIT (UCIP) MOVED TO THE MINISTRY OF PUBLIC WORKS

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It has Executive Decree No. 591 of September 23, 2020, which is transferred to the Ministry of Public Works by the Public Infrastructure Coordination Unit (UCIP), as of January 1, 2021 and currently attached to the Ministry of the Presidency, as well as well as the transfer of personnel, assets and administrative structure that it has to start up the PICU.

Executive Decree 591 establishes that the

Interinstitutional Commission for Public Infrastructure will be made up of the Secretary for Follow-up to Execution and Compliance of the Ministry of the Presidency, who will preside over it, by the Director of Investment Programming of the Ministry of Public Works and by the Director of Programming of the Ministry of Economy and Finance, who will adopt its operating regulations, subject to the approval of the Executive Branch.<sup>L&E</sup>

# COORDINATING UNIT FOR THE SANITATION PROGRAM OF PANAMA

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**T**hrough Executive Decree No. 592 of September 23, 2020, the Coordinating Unit for the Sanitation Program of Panama (PSP) is transferred to the Ministry of Health, which has the operational and maintenance responsibility of the sanitary sewer systems and works of sanitation, for which it will take the necessary steps to guarantee its effective operation and compliance with the Program, in accordance with the provisions of the Cooperation Agreement signed between the Ministry of Health and the Institute of Sanitary Aqueducts and Sewers.

As of January 1, 2021, the date on which Executive Decree No. 592 comes into force, the personnel, assets and functional administrative structure of the Coordinating Unit will become part of the Ministry of Health.

Within this context, the Ministry of Economy and Finance is authorized to carry out the administrative, budgetary and financial adjustments that are required, for which the corresponding budget items must be incorporated in the General State Budget for fiscal 2021. *L&E*

# Consult Doctrine & JURISPRUDENCE

## SUPREME COURT OF JUSTICE OF COLOMBIA ORDERS GOVERNMENT MEASURES TO GUARANTEE THE RIGHT TO PACIFIC PROTEST

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**T**hrough an extensive sentence, widely documented and with well-founded reasoning, the Civil Chamber of the Supreme Court of Justice of Colombia had the opportunity not only to rule in relation to the constitutional right to the right to public protest (which is closely related to the recent wave of disturbances and civil demonstrations in opposition to the abuses and excesses in the use of force by the security entities of the State) but also ordered the Executive Branch and different security entities of the State, to take specific measures to prevent violent repression against public demonstrations and marches that take place in exercise of the aforementioned right to public protest.

This is what is reflected in Resolution STC7641-2020, File No. 11001-22-03-000-2019-02527-02, which resolves the Appeal filed against the Judgment of April 23, 2020 delivered by the Civil Chamber of the Superior Court of the Judicial District of Bogotá, within the demand for safeguard (tutela) filed by Soledad María Granda Castañeda, Sandra Borda Guzmán, Sergio Alejandro Martín Vergara, and a plural number of citizens, social organizations, human rights defenders,

students, journalists, teachers from the Universities of the Andes and El Rosario, relatives of victims and victims of police violence amid the marches and mobilizations on the occasion of the National Strike of November 21, 2019, requesting protection of the fundamental right to protest, freedom of speech and of the press. This protection action was directed against the President of the Republic, the Ministers of Defense and Interior, the Mayor's Office of Bogotá, the Director General of the Police, the General Commander of the Bogotá Metropolitan Police, the Ombudsman's Office and the Attorney General's Office. General of the Nation. This resolution denied the requested safeguard.

In the application for protection, the plaintiffs argued, among other things, that the way in which the Government and the National Police acted, within the framework of the protests of November 2019, violated the constitutional rights of those who demonstrated by engaging in the following behaviors: the arbitrary dissolution of peaceful protests, the illegal use of potentially lethal weapons, the disproportionate use of chemical irritants in the dissolution of protests,

the arbitrary retention of people in the framework of protests by the National Police and attacks on journalists who they covered the demonstrations. In that sense, as indicated by Resolution STC7641-2020, the subject of our comment, a detailed mention was made of the indiscriminate and excessive use of force by the State, in protests or peaceful demonstrations for many years; In this regard, the plaintiffs state that from 2005 to the present date, the State has acted in the face of protests or peaceful demonstrations in which it has "... displayed constant, repetitive and persistent conduct in order to undermine, discourage and weaken their right to express themselves without fear, demanding policy changes from the different authorities. Among the behaviors that the actors identify as violating are: (i) systematic, violent, and arbitrary intervention by the public force in demonstrations and protests; (ii) "stigmatization" against those who, without violence, take to the streets to question, refute, and criticize the government's work; (iii) disproportionate use of force, lethal weapons, and chemicals; (iv) illegal and abusive detentions, inhuman, cruel and degrading treatment; and (v) attacks against freedom of expression and of the press."

Throughout the ruling, they refer to a multiplicity of examples of public demonstrations or demonstrations in which, according to the plaintiffs, the State in effect incurred the aforementioned irregularities..

Once, a vast analysis of the examples raised by the plaintiffs, of the defense arguments of the attacked officials, including the defense of the lack of active and passive legitimacy in the case, as well as the judicial precedents of the case, has been carried out. Civil Cassation Chamber of the Supreme Court of Justice, regarding the protection of individual and social rights, including that of assembly, and even taking into consideration the current political and social situation that Colombia is experiencing as a result of the recent demonstrations that have occurred in the country due to the complaints of excessive use of force and impunity by members of the public force, and after showing a national problem of systematic, violent, arbitrary and disproportionate intervention by the public force in citizen demonstrations, the Civil Cassation Chamber

of the Supreme Court of Justice ordered the authorities involved in the management of social mobilizations, to adopt actions to guarantee the exercise of the right to peaceful and non-destructive protest.

In this regard, the Civil Cassation Chamber of the Supreme Court of Justice protected the right of all persons to demonstrate and the duty of the authorities to "ward off, prevent and punish the systematic, violent and arbitrary intervention of the public force in demonstrations and protests". The decision is based on the constitutional and international protection that the right to protest has and that the limitations to its exercise can only be defined legally, therefore, other authorities cannot attribute the definition of the way in which people can enjoy their rights. A right that in the words of the Court consists of "dissenting and making their thoughts public."

Within the analysis carried out by the Court of the procedural records, it concludes that "there was - and may continue to exist - a repeated and constant disproportionate aggression by the public force against those who, in a peaceful manner, demonstrated" and those who made the journalistic coverage, a situation that, in the judgment of the Supreme Court, may show "... a serious and current threat to the impulsive behavior of the public force and, especially, the Mobile Anti-riot Squads of the National Police (ESMAD), who has openly ignored, not only their own manuals, but also principles and values of constitutional rank". Continuing along this line, the Court continues to point out that the actions of the security forces, who apparently do not require adequate accountability, "... represent a risk, a serious and current threat for anyone who intends to go out and mobilize to express peacefully their opinions because their actions, far from being isolated, are constant and reflect a permanent individualizable aggression within the framework of the protests". In addition to the aforementioned, the Civil Chamber of the Court also evidenced the existence of violations of rights related to massive raids by the Office of the Attorney General of the Nation to the homes and residences of those who have a legitimate interest in participating in the protests.

It is important to note that Civil Chamber of Supreme

Court of Justice of Colombia clarified that it is not endorsing demonstrations or demonstrations that violate other rights; quite to the contrary, the Court explicitly stated that the intolerant and violent, non-peaceful protest, "... that advocates speech and apology for hatred, hostility, that sponsors propaganda in favor of war, that for national, racial, religious hatred, and for discrimination, or that incites child pornography, crime or genocide, they are not protected by the National Constitution.

However, after applying a systematic review to various episodes registered in the main cities of the country and denounced in the tutela action, the Chamber finds common elements of the wrong use of force to control the mobilizations. In this sense, it expressly stated that "It is inferred from what is constitutionally scrutinized - the sentence indicates - by the verification of physical injuries to protesters and by the conduct of some police officers and in the ESMAD that there are shortcomings and incapacity in the institutions in charge of maintaining internal public order, to use, in a rational and moderate way, the arms of the Republic, to the point that they generate a well-founded fear for those who wish to demonstrate peacefully".

Therefore, it expressly indicated "one of the obligations of the State is to protect freedom of expression, criticism and opinion, aspects that constitute legitimate conduct of social dissent, as long as it does not seek to propagandize for the war and vandalism, when it is not intended to defend hatred, violence, crime and, in general, violence as a way to solve problems

Among the measures, ordered by majority ruling (there were some vote saves) of the Civil Cassation Chamber, also protecting the fundamental rights to expression, assembly and freedom of the press of a group of 49 people, is the implementation of a protocol of preventive, concomitant and subsequent actions that will be called "Statute of reaction, use and verification of the legitimate force of the State, and protection of the right to peaceful citizen protest". Likewise, the ruling orders the suspension of the 12-gauge shotguns used by the ESMAD, the neutrality of the National Government, including the non-stigmatization of those who protest, the formation

of a "work table" to restructure the guidelines for the use of force. and the presentation of apologies from the Minister of Defense for the excesses registered since the mobilization of November 21, 2019

Within the list of express orders issued by the Court to guarantee the fundamental right to protest, in addition to those mentioned, we have the following:

**(i) Order the members of the Government (Executive Branch) to maintain neutrality when non-violent demonstrations occur, even if they are aimed at questioning their own policies;**

**(ii) Creation of a working group aimed at restructuring the guidelines on the use of force in demonstrations with citizen participation and issuing regulations on the matter that are in accordance with international and constitutional standards;**

**(iii) Design a protocol for the reaction, use and verification of the legitimate force of the State and the protection of the right to peaceful citizen protest, including public and sustained reports when attacks on life and personal integrity occur;**

**(iv) Issue a protocol that allows citizens and human rights organizations to carry out verifications in cases of arrests and transfers of people during protests;**

**(v) The Office of the Attorney General of the Nation, the Office of the Attorney General of the Nation and the Office of the Ombudsman were ordered to design plans for easy access to people who require support for having been affected in the framework of protests and verifications can be made of people detained by citizens and human rights organizations;**

**(vi) And the Ombudsman was specifically ordered to carry out a strict, strong and intense control of all ESMAD actions until it is verified that "it is capable of making a moderate use of force and of guaranteeing and respecting the rights and freedoms of people who take part or not in**

**protests ". These entities must produce periodic monitoring reports.**

Taking into consideration the current moment in which our brother country Colombia lives, and the recent accusations that the Executive Branch and the repressive levels of the Police have been subjected to, we consider timely and necessary the pronouncement of this ruling, given the need to safeguard the life and the right to social protest after the events that occurred on September 9 and 10, 2020, where young people were murdered in different parts of the country during demonstrations and public demonstrations due to the same police violence referred to by the Court Supreme in its decision. It is worth mentioning, at this time, the situation that occurs in our sister Republic of Costa Rica, when it is involved in a series of social protests where it faces the police power of this Nation. Our country does not escape this social unrest due to the poor decisions of those who lead the public administration and this becomes the focus of unease among nationals who seek the opportunity in the method of protest and freedom of expression (constitutional rights) to make known to the national government its basic needs and the desire for transparency with which State resources should be managed. *L&E*

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# DEFEAT TO THE BREAST AND PROSTATE CANCER

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# Politics



## BIDEN-HARRIS, THE WINNING BINOMIO

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**E**In the April 2020 issue of Legislation and Economics Magazine I pointed out the following in relation to the Democratic candidate for the presidency of the United States, Joe Biden: "Already committed to choosing a woman as vice president among the possible dozen that aspires and sounds I would suggest KAMALA HARRIS, the fierce primarista candidate, former prosecutor and current Senator for California, as the one. Kamala would be an excellent woman vice president, she would be of the Afro-American ethnic group who promoted - rescued, the candidacy of Biden, who has the moral authority, intelligence and ability to lead in the solution of the great problems facing the nation."

Indeed, they did. On Tuesday, August 11, Joe Biden officially announced that California Senator Kamala Harris would be the first African-American and Asian-American woman to run for the Vice Presidency of the United States.

Kamala, 55, was born in Oakland, California. Her mother, originally from India, a scientist with a doctorate from the University of California Berkeley, and her father, born in Jamaica, was a professor at Stanford University in California, United States. Her maternal grandfather was an Indian diplomat. Married to Douglas Emhoff, American, Hebrew and a lawyer by profession. Kamala was California Attorney General, the top law enforcement official in that state, the most populous in the country. She has a domain recognized for her participation in the debates, for her experience as a former California Attorney General and we can place her within the progressive and moderate wing of the Democratic Party and with a background that will benefit the Biden-Harris binomial by seeking to achieve the support of moderate or moderate voters. independents in elections.

Incredibly, Senator Kamala Harris is only the second

African American woman to have been elected to United States Senate (Upper House) in its entire history. The first was Carol Moseley-Braun, who was a Senator from State of Illinois from January 3, 1993 to January 3, 1999. This reality draws a lot of attention, considering that it was not until the Right to Vote of August 6, 1965 when black women were officially allowed to exercise their right to vote in the United States of America.

As a vice presidential candidate, Kamala Devi Harris will play a strong and aggressive role against her Republican adversaries, Trump-Pence, based on her experience as a former prosecutor and everything indicates that she will not disappoint. This is precisely the role that number two will play on the main payroll, as Sara Palin did in the 2008 campaign when she accompanied John McCain in the Republican presidential formula.

Kamala Harris is undoubtedly combative and determined, as she has also shown in her performance as Senator from the State of California. As a California State Senator, she supported lowering taxes for the working and middle classes and increasing the tax burden on corporations and the wealthiest Americans. He also supported universal medical insurance and has spoken out against the death penalty and the legalization of recreational marijuana. As a Senator, she has been a staunch opponent of the Donald Trump government and has been a great critic of the border closures promoted by Donald Trump. She has served as a member of the National Security and Government Affairs Committee, the Intelligence Select Committee, the Judicial Committee, and the Budget Committee. She has also been a defender of measures against Climate Change, prosecuted transnational gangs that trafficked in weapons, drugs and human beings. She supported veterans and military families, reforms to the criminal justice system, supported legislation to increase worker

wages, and promoted child care for working parents. On the other hand, the presidential candidate of the Democratic Party, 77 years old, only three years older than President Trump, lawyer, university professor, has enormous experience in government affairs, having been a Senator for the State of Delaware and reelected five times. back-to-back 1978, 1984, 1990, 1996 and 2002 and is the longest serving senator from the State of Delaware to date.

Subsequently, from January 20, 2009 to January 20, 2017, he was Vice President of the United States. He has served as Senator in the Chairmanship of the Senate Judiciary Committee, the Foreign Relations Committee on two occasions and is considered a liberal Senator. He has played a great role due to his negotiating experience in laws related to tax policy, economics and budget, sexual abuse on university campuses and with cancer treatments. He was raised in the Catholic religion, professed by his mother. Joe Biden comes from the working class and that could bring him votes among those who supported Trump in 2015 and are now disappointed. This origin has served to relate to a broad electoral base. Biden is not a perfect candidate, but without a doubt, as President he will play a superior role to Trump. His image as an American more favors him before the thunderous profile of a millionaire president and exotic and bizarre tastes. Biden has gone through difficult moments in the course of his life and has also known how to overcome them, having understanding for those who face difficulties the most, unlike the current president, who is characterized by being indifferent to others. He has a widely proven political experience holding important public positions, a normal and simple public figure who does not represent surprise or risky bets, representing stability and a lot of experience. His position as a moderate liberal (which some ignorant, lacking in

any ideological knowledge call "socialist") will attract more centrist voters of the Republican Party as well as independents, also based on being a pragmatic person and with experience in creating coalitions.. In his acceptance speech for the Democratic presidential nomination, Biden managed to sensitively bond with the elector and American citizen who has been affected by the frequent mistakes of an erratic presidency both in national and international affairs, which he has not been able to trace. a more democratic and egalitarian course that fosters a better class of life for American families and that throughout the Trump administration has spent insulting and humiliating its own compatriots, creating an atmosphere of notorious division and lacking total connection human. It is important to note the great role and accumulated and proven experience of Biden when he served as Chairman of the Senate Foreign Relations Committee, when he supported the policies of Republican President George W. Bush after the attacks of September 11, 2001, when Support troops were sent to Afghanistan after finishing all diplomatic means to prevent it. As a legal professional and his eight years as an active Vice President and close to President Obama, together with his many terms as a member of the Legislative Branch of the United States, places him today, there is no doubt, as one of the American officials with greater practice and skill and evident firmness in dealing with the multiplicity of government problems that a president must face due to the exercise of his position, establishing a wide and indisputable difference in his favor before the current president who intends to be reelected and whose methods and strategies that he has assumed to face serious and serious setbacks during his administration, have been unfortunate and errantes. In the 2016 elections between Hillary Clinton and Donald Trump, I pointed out that minority voters

would support the Democratic candidate Hillary Clinton and this is how it was: The Hispanic vote preferred Clinton over Trump 65% to 29%. As for the African-American vote, Hillary got 88% of the votes compared to 8% for Trump. Clinton garnered support from 54% of women, while Trump garnered 42% support. White women overall supported Trump by 53%. Latina women voted for Hillary by 67%, yet among African-Americans she got 96% of the vote. Regarding religious, Christians supported Trump with 58% Protestants and 52% Catholics, compared to 39% and 45% respectively for the Democratic candidate. As for the other religions, 71% of Hebrews and 62% of practitioners of other religions voted in favor of Clinton. For his part, Trump obtained 24% and 29% respectively. Trump managed to mobilize white voters because of their fear of immigrants, terrorism and their erratic thinking that they would lose their country. Trump attracted a higher percentage of higher-income voters, while Clinton was higher among lower-income voters. Trump won among voters with a high school education level or lower and with less college education. In our opinion, for the next electoral event announced for November 3, all minorities will considerably increase their vote in favor of the Democratic candidate Biden, along with a greater number of independents and moderate Republicans who are disillusioned with President Trump. In its four years of government management, Trump administration has suffered an atmosphere of wear and tear due to all negative factors that have accompanied it and have been around it. The indelible stain of his impeachment, which in the end favored him simply because in Senate (Upper House) there was a majority of his own Republican party, leaving impression on majority of American people that Trump took advantage of his high position to benefit politically when he pressured Ukraine to investigate

Democrat Biden in exchange for authorizing military aid to Kiev and was also convinced that President Trump did violate the constitution, putting national security at risk and hindering the work of Congress by refusing to collaborate with the investigation. Objectively, the ruler Trump was very lucky because he was not indicted for other reasons such as the alleged Russian intervention and others. Obviously this impeachment or political trial has affected his image for the electoral event of next November. Another test as part of the deterioration of the Trump government happens on November 6, 2018 in the so-called "midterm election", which we could classify as the first national referendum on his presidential administration, in which the opposition Democratic Party regained control of the House of Representatives, thus leaving the legislative power of the United States divided, thus losing Trump half of the legislative power. His characteristic of being a controversial character, with a predisposition to create controversy, has brought him very negative points with his relatives, advisers and officials of his administration, important figures of his own party, world leaders, political opponents, journalists, figures of the female sex. Since the first year of his presidential term and in subsequent years we have been able to observe in many cases the increase in resignations or dismissals of the high officials of his administration and not a few of them have made impressive revelations, including through published books in which they narrate episodes and anecdotes of President Trump that leave a lot to say. The quirky tycoon has left wounds and humiliations that will hardly disappear and that have caused indignation and anger in many sectors of society. The low popularity of President Trump is also accentuated by the great mistakes and errors made in relation to his terrible diplomatic strategy, for not having achieved any great performance of importance.

It is clear that the faith that other countries had in the American government has diminished considerably. Its foreign policy has been failed before its traditional allies on every continent of the world. Because of President Trump, the United States is less strong and no longer has many frequent allies. By the sole and exclusive responsibility of President Trump, the vacuum that the United States is leaving in many parts of the world is being filled by other world powers and is losing the global leadership of the great power of the North. The only thing that Trump has managed to put the United States of America in the first place, unfortunately, is to be the country with the highest number of deceased citizens and COVID-19 infections in the world since the beginning of the pandemic, for his irresponsibility and ineptitude in not taking the measures required to face the coronavirus that has affected the United States so much, and that has also caused an economic disaster of great proportions in his country due to his innumerable and unfortunate expressions and way of acting on the coronavirus that is increasing. In the United States, divisionism and racism have been accentuated, which the whole world has been able to observe through the media, with protests in dozens of major cities in the United States for not addressing this situation with the intelligence that all good. A judicious ruler must have to bring stability and peace in this great nation that has been the inspiration of the entire world. Trump's continuous demonstrations about the upcoming elections, pointing out serious inconsistencies about possible electoral fraud, identify him as the insecure and very dangerous politician that he is, who will undoubtedly be able to create a very serious conflict for the November 3 elections, so as not to leave the White House. He has already begun to create an environment based on lies, as he has done throughout his short political career, by pointing out that the Chinese, among other things, will step in to

help Democratic candidate Biden win the next election. Trump asserts without any foundation that there is a risk of electoral fraud through an institution as serious as voting by mail, which is going to increase in this election due to the coronavirus pandemic. And due to the fact that in our opinion an imminent electoral defeat will come to him in November, Trump begins to despair and even suggest a postponement of the elections. All the previous absurd remarks by Trump confirm the concern of the Democratic presidential candidate Joe Biden, when he recently pointed out that "this president is going to try to steal this election", adding that Trump is going to refuse to leave the White House if he loses. In this regard, I add that if this is so, President Trump should be reminded that the United States of America is a country that believes and defends its democratic institutions. It must be emphasized that just thinking about the possibility of a re-election of President Trump objectively would cause deep concern in many countries of the world and would produce enormous risks not only to his country but to the entire world, compromising the stability of the international order. Trump raises concern in his country and in many nations and his re-election would represent a global disaster and a setback for the Western world. On Tuesday, November 3, all the members of the House of Representatives will be elected, that is, 435 congressmen, and 35 of the 100 seats in the Senate or Upper House will also be contested, 23 of which are in the hands of Republicans. . Democrats would have to win three or four of the Senate seats that Republicans now hold and lose none of those they now hold to win a majority in the Upper House or Senate. It would not be unreasonable to think that the Democratic Party will win control of both houses of Congress in these elections on November 3, 2020. I sincerely believe that the Biden-Harris binomial will

win the presidential victory. Both are prepared to lead a nation impacted by the COVID-19 pandemic, to overcome the economic recession and to heal the open wounds of racism fostered by the Trump Administration. The two represent a multicultural and racial profile that reflects the diversity of the nation. Both are working to close the cracks that are currently dividing this country. They will fight for environmental protection and health care rights. In his future government they will incorporate the United States into the Paris climate agreement, from which he withdrew with Trump. They will repair relations with the traditional allies of the United States that have been so damaged by the current government. They will expand free college education. There will be changes in the US gun control policy. They will eliminate the immigration policy of the Trump Administration and among other important points they will protect the "Dreamers", as it is known to young people brought to the United States as children by their parents, who entered the United States illegally, and who grew up and were educated in the U.S. With approximately a month to go before the celebration of such a momentous event for American democracy, there are many reasons and possibilities to feel optimistic that the Democratic Party with its electoral binomial Biden-Harris will win the electoral triumph for November 3 and thus represent a new dawn to put a total end to an administration characterized by improvisations, by constant lies, without great achievements, with shocks and promoting a country divided by racism, ineptitude and negligence. "Donald Trump is not fit to serve as President of the United States," said former President Barack Obama, and I believe there are many reasons that confirm this assertion. *L&E*

# Panamanian ECONOMY

## MAIN MONTHLY ECONOMIC INDICATORS

Source: GCRP

### 1. Transport:

#### a. Panama Canal Authority:

The total revenue from the Panama Canal toll for January-July 2020, compared to the same period in 2019, presented a negative variation of 0.1%; of these, those of Panamax vessels decreased by 8.1%; on the contrary, those of Neopanamax vessels grew by 7.6%. An increase in cargo volume was registered by 0.9%; however, negative variations were reported in net tons of 2.6% and ship traffic of 8.0%.

#### b. National Port System:

The movement of TEU containers (container equivalent to 20 feet) increased for the period in question by 11.2%. Total cargo movement increased by 11.8%, with bulk cargo standing out by 8.2% and containerized by 16.6%. On the other hand, there was a negative variation in the general charge of 49.9%.

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

Passengers transported by the Panama Metro decreased by 57.4% and those by MiBus by 50.9%.

### 2. Foreign trade:

#### a. CIF value of imports of goods:

The CIF value of imports of goods decreased by 40.8% and this negatively impacted consumer goods by 38.5%, intermediate goods by 31.3% and capital goods by 53.1%.

#### b. Net weight of goods imports:

The net weight of imports of goods fell by 33.3%, with falls in consumer goods by 41.0%, intermediate goods by 24.0% and capital goods by 49.1%.

#### c. FOB value of goods exports:

The FOB value of goods exports registered a negative variation of 8.1%. The items that presented the main decreases are: pineapple 19.3%, shrimp 40.8%, other seafood 48.7%, fish meal and oil 24.2%, coffee 12.0%, clothing 62.6%, steel, copper and aluminum waste 41.0% and wood in 30.6%. On the

other hand, positive rates were observed in: banana 12.6%, fish and fish fillet (fresh, refrigerated and frozen) 16.5%, unrefined sugar 7.9% and beef 89.2%.

#### **d. Weight of goods exports:**

The net weight of exports of goods presented a negative variation of 0.5%. The items that reported low were: pineapple 23.3%, shrimp 30.6%, other seafood 92.5%, unrefined sugar 0.3%, fishmeal and fish oil 34.3%, clothing 58.8%, steel, copper and aluminum waste 14.6% and wood in 31.4%. Growth was observed in: banana 31.8%, fish and fish fillet (fresh, refrigerated and frozen) 10.5%, coffee 17.1% and beef 110.0%.

#### **e. Colon Free Zone:**

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

### **3. Internal trade:**

#### **a. Sale of fuels for national consumption:**

The sale of fuel for national consumption was reduced by 38.3%, reflecting a greater decrease in: gasoline by 32.5%; mainly, that of 91 octane at 34.6%; low sulfur diesel at 29.8% and bunker C at 80.2%. Likewise, the sale of liquefied petroleum gas fell by 4.2%.

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

The sale of marine fuel (bunkering) in ports, measured in metric tons, reported a positive variation of 5.8%, registering an increase in the Pacific Coast of 7.6%; however, in the Atlantic it decreased by 2.4%.

#### **c. Sale of marine fuel through barges and ships attended:**

The sale of fuel (bunkering), through barges, decreased by 7.6%, the Atlantic Coast by 26.2% and the Pacific Coast by 2.8%. The total number of ships attended increased by 0.4%.

#### **d. New cars registered:**

The number of new cars registered in the single vehicle registry decreased by 59.7%, and specifically, regular cars by 59.6%, luxury cars by 59.3%, SUV'S by 61.9%, minivans by 60.5%, panels by 42.4%, pick-ups at 58.0, buses at 48.0% and trucks at 55.4%.

### **4. Construction:**

#### **a. Cost of constructions registered by the main municipalities in the Republic:**

To date, only information on the cost of constructions registered by municipalities is available until May 2020. However, there are other indicators related to construction such as the production of ready-mixed concrete (measured in m3), which decreased by 71.8%, the gray cement production (measured in metric tons), which decreased by 55.5% and its importation by 62.6%.

#### **b. Construction area (m2) in the main municipalities of the Republic: Information available until May.**

### **5. Financial intermediation:**

#### **a. National Banking System:**

The liquid assets of the National Banking System (at the end of the period), increased by 53.5% and total deposits by 8.2%. For its part, the total loan portfolio decreased 0.6%. Bank liquidity increased by 41.8%.

#### **b. Stock market indicators:**

The volume traded (in thousands of balboas) by total market of the Panama Stock Exchange (BVP), decreased by 31.6%, where the greatest impact occurs in the primary market at 50.2%. The volume traded (in thousands of balboas) of the stock market in the BVP, was reduced by 25.8%; however, the number of shares rose 11.0%. The calculated BVP index presented a negative rate of 18.4%.



**c. Insurance:**

The value of written premiums fell by 4.3%, mainly the personal accident line by 42.9%, automobiles by 23.4% and individual life by 4.3%. Positive changes were observed in the surety lines in 9.0%, health in 5.4%, life group in 2.7% and other transport in 12.7%. Claims decreased by 22.3%.

**d. Loans approved by the Banco de Desarrollo Agropecuario:**

Loans approved by the Agricultural Development Bank (BDA) fell by 12.2%, especially those directed to livestock by 3.1%, fishing by 16.7% and other items by 48.6%. However, loans oriented to agriculture grew by 46.0%.

**6. Leisure activities:****a. Gross bets:**

The gross sale of the draws of the National Charity Lottery decreased by 60.0%. The report of the total gross bets registered a negative rate of 70.0%; such as: type "A" slot machines in 70.6%, gaming tables in 70.9%, sports event betting rooms in 48.8%, racetrack in 66.9% and bingo halls in 69.8%.

**b. Net bets:**

Net sales from lottery draws decreased by 64.6%. Total net bets were reduced by 67.4%, of which type "A" slot machines are detailed at 68.3%, sports event betting rooms at 43.7%, gaming tables at 72.8%, racetrack at 68.7% and bingo halls at 58.9%.

**7. Electricity and water:****a. Electricity supply:**

The supply of electricity (kilowatts / hour) registered by the Commercial Measurement System (SMEC), reflected a negative rate of 4.5%. The renewable energy generated increased by 22.9%; of this, the hydraulic one in 28.0%; however, the thermal was

reduced by 33.6%. Self-generation decreased by 38.8%, while imports increased by 464.1%.

**b. Destination of electricity:**

Electricity billing decreased by 10.7%, mainly due to industrial clients by 28.4%, commercial by 25.1% and government by 6.8%; however, a positive variation of residential properties was observed in 6.6%. In turn, there were increases in the billing of large customers by 28.9%, generators by 68.1% and exports by 41.0%.

**d. Water:**

Drinking water billing (in thousands of gallons) in the Republic of Panama shows a reduction of 0.1%. The sectors that contributed to this result are broken down into commercial, which decreased by 5.6%, industrial by 7.3% and government by 0.004%; on the other hand, the residential sector rose by 1.2%.

**8. Manufacturing industries**

Decreases were recorded in chicken meat production by 10.7% and in the slaughter of cattle and pigs by 2.3% and 1.5%, respectively. The production of evaporated, condensed and powdered milk rose by 42.6%, as well as pasteurized milk by 15.2%, natural milk used for the production of related products by 1.5%, tomato derivatives by 11.8% and rectified alcohol by 2.7%. Similarly, negative rates in the production of sugar in 4.0%, salt in 8.9%, alcoholic beverages in 38.9% and soft drinks in 21.2%.

**9. Hotels and travelers entrance:****a. Hotels:**

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

**b. Entry of travelers and their expenses:**

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

## 10. Finanzas del Sector Público:

### a. Central Government current income:

The current revenues of the Central Government decreased in the period from January to July 2020 by 29.5% and of these, the tax revenues by 30.6%, with the direct and indirect revenues at 24.6% and 37.6%, respectively. Non-taxpayers presented a decrease of 22.8%.

## 11. Other related:

### a. Work contracts registered in the Mitradel:

The work contracts registered in the Central Office of the Ministry of Labor and Labor Development (MITRADEL) decreased by 66.4% (including contracts registered on the MITRADEL website), the headquarters by 72.4% and the regional offices by 61.6%.

### b. Non-horizontal and horizontal properties listed:

Registered non-horizontal properties decreased by 44.4%, specifically, mortgages by 47.6%.

For their part, horizontal properties fell by 47.7% and of these, mortgages by 53.1%.

### c. Anonymous and common companies:

The number of companies in the Public Registry decreased by 34.0%, in the same way, anonymous companies by 33.6% and common companies by 48.3%. *L&E*



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## COMMENT ON CONSUMER PRICE INDEX (CPI): APRIL 2020

Source: GCRP

### Interannual variation of the National Urban CPI (April 2020 in relation to its similar in 2019):

The National Urban CPI presented an interannual variation of -2.4%. In the groups that were observed decreases were: Transportation 12.8%; Communications 1.6%; Alcoholic beverages and tobacco 1.5%; Recreation and Culture 1.3%; Food and non-alcoholic beverages 1.0%; Clothing and footwear 0.5%; Furniture, articles for the home and for the ordinary maintenance of the home, and Health both 0.1%. The groups that presented increases were: Education 3.1%; Housing, water, electricity and gas 1.0%; Restaurants and hotels 0.7% and Miscellaneous goods and services 0.3%.

### Monthly variation of the National Urban CPI (April compared to March 2020):

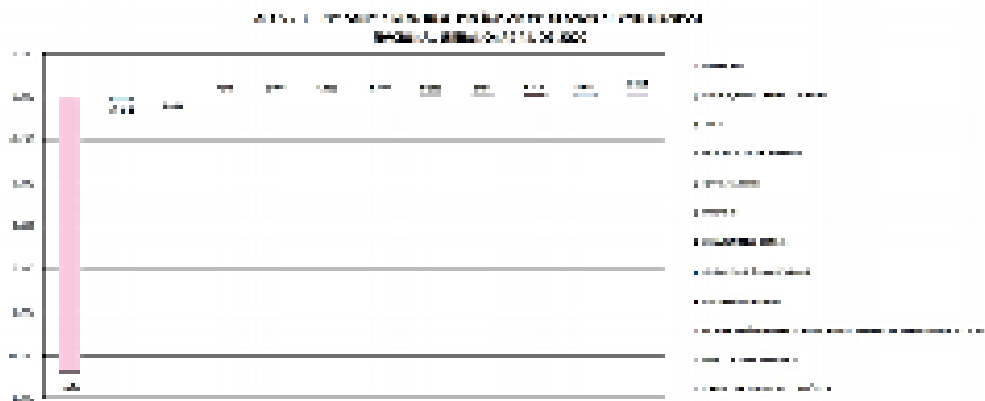
The National Urban CPI showed a decrease of -1.3%. The groups that presented decreases were:

Transportation with 7.9% and Housing, water, electricity and gas with 0.2%. The decrease registered

in the Transportation group was due to the decrease in one of its seven classes, "Fuel and lubricants for personal transportation equipment" with 28.5%, due to the decrease in the price of automobile fuel. The decrease reflected in the Housing, water, electricity and gas group was due to the decrease in one of its eight classes, "Gas" with 3.9%, due to the reduction in the price of the 100-pound gas tank. The groups Alcoholic beverages and tobacco, Clothing and footwear, Health, Communications, Recreation and culture, Education, and Restaurants and hotels, remained unchanged. The Food and non-alcoholic beverages group showed an increase in seven of its eleven classes. The greatest variation was in the "Fruits" class with 1.7%.

The group Furniture, articles for the home and for the ordinary maintenance of the home showed an increase in one of its eleven classes. The greatest variation was in the class "Non-durable household goods" with 0.3%, due to the rise reflected in the price of cleaning and maintenance products. The group Miscellaneous goods and services presented an increase in two of its ten classes. The greatest variation was in the class "Other services n.e.c." with 0.4%, due to the increase in the price of photocopies. *L&E*

Continúa en la página con la información por grupo del Índice Nacional Urbano de abril de 2020:



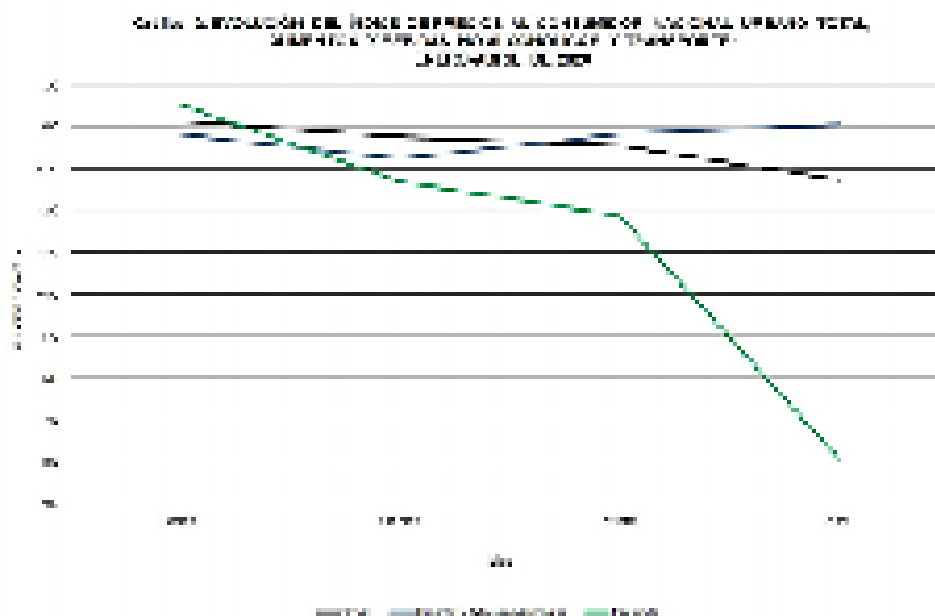
El símbolo \*Corresponde a la contribución de cada grupo respecto a la variación total del Índice Nacional Urbano, por ello la suma de los incrementos de algunos de los subgrupos del Índice

**CUADRO 1. EVOLUCIÓN Y VARIAZÓN POTENCIAL MENSUAL DEL ÍNDICE DE PRECIOS AL CONSUMIDOR NACIONAL URBANO, SEGÚN GRUPO DE ARTÍCULOS Y SERVICIOS: ENERO-ABRIL DE 2020**

Grupo de artículos y servicios	Enero 2020	Variación porcentual mensual	
		2020	Potencial
<b>TOTAL</b>	<b>1000</b>	<b>-1,3</b>	<b>-1,3</b>
Alimentos y bebidas no alcohólicas	224	0,07	0,1
Bebidas alcohólicas y tabaco	37	0,00	0,0
Prendas de vestir y calzado	77	0,00	-
Vivienda, agua, electricidad y gas	16	-0,04	-0,2
Muebles, artículos para el hogar y para la conservación ordinaria del hogar	68	0,00	0,1
Salud	37	0,00	0,0
Transporte	150	-1,20	-2,0
Comunicaciones	1,3	0,00	-
Recreación y cultura	37	0,00	0,0
Educación	24	0,00	-
Restaurantes y hoteles	77	0,00	-
Bienes y servicios diversos	98	0,00	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.



**CUADRO 2. EVOLUCIÓN DEL ÍNDICE DE PRECIOS AL CONSUMIDOR NACIONAL URBANO, SEGÚN GRUPO DE ARTÍCULOS Y SERVICIOS: ENERO-ABRIL DE 2020**

Grupo de artículos y servicios	Variación porcentual mensual			
	2020			
	Enero	Febrero	Marzo	Abril
<b>TOTAL</b>	<b>-0,1</b>	<b>-0,3</b>	<b>-0,4</b>	<b>-1,3</b>
Alimentos y bebidas no alcohólicas	-0,2	-0,0	-0,2	0,1
Bebidas alcohólicas y tabaco	0,3	-0,1	-0,2	0,0
Prendas de vestir y calzado	-0,1	-0,1	0,0	-
Vivienda, agua, electricidad y gas	0,6	0,1	-0,3	-0,2
Muebles, artículos para el hogar y para la conservación ordinaria del hogar	0,0	1,4	-0,2	0,1
Salud	0,1	-0,1	0,0	0,0
Transporte	0,6	-1,3	-2,1	-2,0
Comunicaciones	0,0	-0,3	0,0	-
Recreación y cultura	0,0	-0,4	-0,2	0,0
Educación	0,3	2,0	-	-
Restaurantes y hoteles	0,1	0,0	0,1	-
Bienes y servicios diversos	0,3	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.



# CANAL DE PANAMÁ

## PANAMA CANAL BEGINS PROCESS FOR NEW OPTIMIZED WATER MANAGEMENT SYSTEM

Source: ACP

The Panama Canal published the specifications for the prequalification of those interested in participating as proponents of the tender for the design, construction and implementation of an optimized water resource management system that ensures the availability of water for human consumption and operations, as well as the competitiveness of the interoceanic highway in the short, medium and long term, considering the sustainable development and socio-environmental management of the area.

With the publication of these specifications, the process for the development of an optimized water resource management system that considers a portfolio of projects begins, to strengthen and modernize the current system and guarantee the water supply for half of the country's population, concentrated in the provinces of Panama, Colón and Panama Oeste, in addition to the operation of the Canal, for the next 50 years.

"Ensuring operational levels of water, in a sustainable way, is essential for the long-term viability of the

Panama Canal. The historically low water levels in recent years only reinforced the need to adopt a comprehensive plan," said the administrator of the Panama Canal, Ricaurte Vásquez Morales.

"As the Canal's largest investment since the expansion in 2016, I am confident that this measure will safeguard the future of the highway as one of the most important axes for world trade. To achieve this, we are investing in an innovative system to address the quantity, quality and control of water effectively," he added. Interested parties must submit, no later than November 12, financial and technical information, along with the history of successful project execution, which will be evaluated by the Panama Canal to choose the best prequalified before the end of this year.

Those prequalified will then receive the tender documents with the requirements to prepare and present, in the last quarter of 2021, their value proposition that identifies a portfolio of projects for the projected management, in an integral manner,

of the Canal's water resources. from Panama.

### The water challenge

The country has faced, in recent years, situations of decreased precipitation and extreme meteorological phenomena, product of climatic variation. In 2019, the Panama Canal Watershed experienced its fifth driest year in 70 years, with less rainfall, causing lake levels to drop well below average.

Due to this, the Canal acted by implementing measures such as a charge for fresh water, which came into effect last February, in addition to water conservation practices that had been in place months before. These measures seek, on the one hand, to have a fund for the Panama Canal to invest in adapting to a changing climate, creating resilience in its operations and territorial management, and on the other hand, to continue to use its resources efficiently.

The water saving measures applied in 2020, allowed to maintain a stable draft despite the lack of rains in 2019. Due to this, the road was able to offer a draft of 49 feet, the highest in more than 12 months.

Optimized water administration system seeks to face water challenge, modernizing and strengthening administration of the water resource, considering for this technological and engineering elements, framed in the efficiency, integrated management of the water resource and the social and environmental management that distinguishes to the projects of the interoceanic route.

With these actions, the Panama Canal fulfills the responsibility of guaranteeing the availability of water for consumption of the population, as well as for operation of the canal, with its business vision of staying competitive, providing reliability to its customers, and continue to be an engine of development of the country. *L&E*



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NACIONES UNIDAS

# World ECONOMY

CEPAL

## LATIN AMERICA AND THE CARIBBEAN: DIGITAL TRANSFORMATION IS KEY TO ACCELERATING RECOVERY AND ENSURING BETTER RECONSTRUCTION, ACCORDING TO A NEW REPORT

Source: ECLAC

**D**igital transformation can help the Latin American and Caribbean (LAC) region recover faster from the COVID-19 crisis, according to the publication Latin American Economic Outlook (LEO) 2020: Digital Transformation for better reconstruction.

The LEO report is a joint annual publication produced by Development Center of the Organization for Economic Cooperation and Development (OECD), United Nations Economic Commission for Latin America and the Caribbean (ECLAC), the Development Bank of Latin America (CAF) and the European Commission.

“LEO 2020 is a very timely report. It will help foster dialogue in LAC countries and with the international community on how we can make the most of the digital transformation in the current

context of the COVID-19 crisis,” said Iván Duque Márquez, President of the Republic of Colombia.

The LEO 2020 report documents the dramatic impact of the pandemic on the most vulnerable and marginalized. Microenterprises have been particularly hard hit: 2.7 million of them are likely to close, resulting in the loss of 8.5 million jobs. Upon entering this crisis, 40% of workers in LAC economies did not have access to any form of social protection and 60% work informally.

“We expect that more than 45 million additional people will fall into poverty. The socio-economic crisis makes a new development model more urgent than ever. Digitization could be a powerful tool to overcome structural challenges of the region, only if it is considered as an integral way to promote progressive structural

change, through policies for generation of new sectors, quality jobs, capacity development and innovation", Said Alicia Bárcena, Executive Secretary of ECLAC

"The crisis has created opportunities to advance the necessary reforms that can help spread the benefits of digital transformation to achieve inclusive and sustainable growth. It also highlights the urgent need to close the digital gaps between territories, families, students, workers and companies ", said Ángel Gurría, Secretary General of the OECD.

According to LEO 2020, the crisis is exacerbating a number of interrelated structural challenges, including high inequality and informality, low productivity, and poor public services and institutions.

The good news is that digital transformation can help LAC economies to emerge from the crisis by stimulating business innovation and new consumption models, transforming production systems and value chains, reorganizing economic sectors and introducing new conditions of competitiveness. Digital tools can also contribute to better access to public services, including health and education. Finally, they can help improve governance, putting citizens at the center of public policy.

As noted by the European Union Commissioner for International Alliances, Jutta Urpilainen, "Digital transformation presents the EU and Latin America and the Caribbean with an opportunity to devise innovative solutions together and address structural challenges. An opportunity also to tackle inequalities now. The European Union's Digital Single Market is an example of how digital integration can focus on including citizens and supporting businesses. But we

must not forget that, to benefit, access is essential".

"The digital transformation offers a unique opportunity to boost productivity and provide better public services in Latin America and the Caribbean. With Covid-19, the region has accelerated its digital processes, but there is still a long way to go to close the gap with advanced economies," added Luis Carranza, Executive President of CAF.

However, the report warns of a difficult road ahead. Internet access, in particular, is far from universal: in 2018, 68% of the LAC population used it regularly, almost double the proportion in 2010, but well below the OECD average of 84% . Furthermore, while 75% of the richest population in Latin America uses the Internet, only 37% of the poorest population does. The difference between rich and poor is much greater (almost 40 percentage points) in LAC than in OECD countries (less than 25 percentage points). Digital transformation comes with big challenges, with more than 20% of jobs in some countries likely to undergo some form of automation. Therefore, the region needs massive new investments in education and training to equip workers with the necessary digital skills..

The 2020 edition of LEO describes a series of public policy recommendations to coordinate the multiple digital agendas that proliferate in LAC countries and highlights the importance of linking them with National Development Plans (NDP), 16 of which are analyzed in the report. Clear responsibilities and proper implementation are crucial to the success of these agendas. The report also highlights that to take full advantage of digital transformation at the local, national and international levels, it is necessary to renew international alliances. For example, taxing the digitized economy effectively and fairly requires strong international cooperation. Similarly, through more effective regional cooperation, LAC countries could strengthen their national digital capacities. *L&E*





## ACCORDING TO A NEW REPORT, PANDEMIC REPRESENTS A THREAT TO ADVANCES IN HUMAN CAPITAL ACHIEVED IN LAST DECADES

Source: World Bank

**A**ccording to a new analysis by the World Bank Group, the COVID-19 pandemic represents a threat to the costly achievements of the past decade in the areas of health and education, especially in the poorest countries. Investments in human capital - the knowledge, skills and health that people accumulate throughout their lives - are essential for children to realize their potential and to increase the economic growth of countries..

The 2020 Human Capital Index document from the World Bank Group includes data on health and education for 174 countries (representing 98% of the world's population) as of March 2020, with what is offered a pre-pandemic parameter for children's health and education. The analysis shows that, prior to the pandemic, most countries had made steady progress in building human capital in children, with the greatest gains occurring in low-income countries. Despite this progress, and even before the effects of the pandemic were felt, a child born in an average country could expect to reach only 56% of her potential human capital, taking as a benchmark a complete education and full health.

"The pandemic jeopardizes the advances in human capital creation made over a decade, including improvements in health, survival rates and school enrollment, and a reduction in stunting. The impact

that the pandemic has had on the economy has been especially strong for the most disadvantaged women and families, many of whom have been left in a situation of vulnerability in the face of food insecurity and poverty", said David Malpass, president of the Group World Bank. "It is critical that countries protect and invest in people as part of their efforts to lay the foundation for a sustainable and inclusive recovery and future growth."

Due to the impact of the pandemic, the majority of children - more than 1 billion - have not been to school and could miss, on average, half a year of school, adjusted for learning, representing considerable economic losses. The data also show significant alterations in essential health services for women and children, many of whom have not been given essential vaccines.

The Human Capital Index 2020 also presents an overview of the evolution of the results obtained in terms of human capital during a decade, from 2010 to 2020, which allows observing improvements in all regions (in cases where there are data) and at all income levels. These positive results were largely due to improvements in health and translated into higher child and adult survival rates and lower rates of stunting, as well as increased school enrollment. Today these advances are in danger due to the global pandemic.

The analysis concludes that girls' human capital scores are, on average, higher than boys. However, this has not been reflected in similar opportunities for the use of human capital in the labor market: on average, employment rates are 20 percentage points lower for women than for men, and in many countries and regions the difference is greater. In addition, the pandemic exacerbates the risks of gender-based violence, child marriage, and adolescent pregnancy, all of which reduce opportunities for learning and empowerment of women and girls.

Today, hard-won achievements in the area of human capital are in jeopardy in many countries. But countries can do more than just work to make up for lost progress. In order to protect and enhance previously achieved human capital gains, they need to expand the coverage and quality of health services in marginalized communities, promote learning outcomes and school enrollment, and support vulnerable families with social protection measures adapted to the magnitude of the crisis that the coronavirus has represented.

The World Bank Group works closely with governments to develop long-term solutions to protect and invest in people during and after the pandemic:

- **In Ethiopia, Haiti, and Mongolia, the Bank has assisted in the procurement of vital medical equipment.**
- **In Bangladesh, Burkina Faso, and Nepal, the Bank assists in the development of school hygiene and safety protocols, while simultaneously working with water, sanitation and hygiene teams to provide basic hygiene and disinfection supplies.**

- **In Jordan and Turkey, through recently approved new operations, the Bank is helping to develop digital and television content so that a combined teaching and learning approach, as well as psychosocial counseling and remedial classes, can be offered during the new academic year.**

- **In the Sahel region, the Bank supports the Sahel Women's Economic Empowerment and Demographic Dividends (SWEDD) project, which aims to create a favorable environment for the empowerment of women and girls through programs designed to prevent the they drop out of school and increase their economic opportunities and access to quality reproductive health services.**

- **The Bank is also helping India to immediately increase cash transfers and food benefits through a set of existing national platforms and programs to provide social protection to essential workers involved in efforts. to alleviate the effects of COVID-19, and to benefit vulnerable groups, especially migrants and informal workers, who face high risks of exclusion.**

The application of ambitious and evidence-based policy measures in the areas of health, education and social protection can make up lost ground and pave the way for today's children to exceed human capital and quality-of-life achievements of the generations that preceded them. Fully fulfilling the creative promise that each child represents has never been more important than today. *L&E*

## BRAKING CORRUPTION IN THE MIDST OF A PANDEMIC IS MORE IMPORTANT THAN EVER, ACCORDING TO A NEW REPORT

Source: World Bank

**P**rogress against corruption can be made even under the most adverse conditions, according to a new World Bank report. At a time when unprecedented levels of emergency funding have been mobilized to respond to the COVID-19 pandemic, the report offers a fresh look at some of the most effective approaches and tools to improve government accountability.

Enhancing Government Effectiveness and Transparency: The Fight Against Corruption emphasizes ways to enhance the effectiveness of anti-corruption strategies in the most affected sectors. This report acts as a reference guide for policy makers and advocates in the fight against it, as more work is needed to adjust the application of traditional tools.

“The COVID-19 pandemic has caused governments to use their emergency spending on a large scale and speed with the intention of reviving the economy and

protecting the most vulnerable and poor population that suffers disproportionately. As countries embark on path to a more resilient and inclusive recovery, the prudent use of scarce resources in a transparent manner is critical,” said World Bank Managing Director Mari Pangestu,” Progress is possible in all settings. and we are committed to working closely with our partners in government, civil society and private sector and addressing its corrosive impact”.

The COVID-19 pandemic has brought huge emergency expenditures for governments, which have sometimes not been subjected to the usual control systems. While speed is understandable, the lack of adequate oversight exposes governments to a number of corruption risks that can jeopardize the effectiveness of responses. To foster greater accountability, the report urges governments to spell out the actions they take, enforce the rules, address noncompliance, and

fix problems as quickly and transparently as possible.

The report covers five key thematic areas: public procurement, infrastructure, state-owned enterprises, customs administration and service delivery, and cross-sectoral topics such as open government and GovTech initiatives, with examples of case studies from different parts of the world. The report will help equip public sector employees and civil society with a modular set of approaches and tools that can be used and adapted to specific national contexts..

The report's case studies show that measures to curb corruption are often timely and address specific areas of vulnerability, when the political space allows. But even when measures appear to have seemingly limited impact, they can form an important basis for future progress.

- In Bangladesh, the implementation of e-government procurement, combined with increased transparency and citizen participation, halved the number of single-bidder tenders, significantly improving competition, increasing the number of contracts awarded to non-local companies and led to obtaining better prices from selected bidders.

- Colombia updated its electronic procurement system in order to publish freely accessible data, following international standards. As a result, the number of tenders with a single bidder from the public road agency, INVIAS, fell from 30% to 22%, while cities like Cali saw an increase in competitive processes from 31% to 56% in approximately two years.

- In Ukraine, citizens and the international community recognized the importance of public

authorities disclosing their asset declarations as a key tool in the fight against corruption. The latest data shows that about 5.3 million documents from the electronic filing system are available to the public. As of mid-2020, the High Anti-Corruption Court of Ukraine was handling 19 cases against authorities accused of submitting false information in the electronic filing system or of intentionally failing to submit a statement.

- In Afghanistan, the customs department has progressively implemented computerization at the national level in clearance operations. While considerable vulnerabilities still exist and revenue losses at borders remain a considerable challenge, revenue collected by customs has increased sevenfold between 2004 and 2019, and clearance time and transparency of business operations have improved. notably.

- Rwanda's land reform program helped to manage conflicts around this issue and led to increased efficiency, transparency, citizen participation and the creation of viable land management institutions. Automating land registries reduced the bribes paid to registry office employees as the information became public domain.

"Institutions are incredibly important in implementing public policy, engaging civil society, and ensuring greater transparency in government operations," said Ed Olowo-Okere, World Bank Director of Global Good Governance Practices. "The report highlights the importance of complementing traditional anti-corruption methods with advanced mechanisms such as GovTech and e-procurement, even in the most adverse and fragile environments".*L&E*

# COVID-19 CAUSES IMMENSE LOST INCOME FROM WORK AROUND THE WORLD

Source: ILO

The COVID-19 pandemic has caused a great loss of working hours around the world, which has in turn led to a “drastic” reduction in workers’ income from work, according to the International Organization of the Labor (ILO) in its recent analysis of the effects of the pandemic on the world of work.

Income from work globally has decreased by around 10.7%, namely US \$ 3.5 trillion, in the first three quarters of 2020, compared to the same period in 2019. That figure does not include the effects of measures taken by governments to sustain income levels.

The greatest reduction occurred in lower-middle-income countries, where the loss of income from work reached 15.1%; America, where a loss of 12.1% was recorded, was the most affected region.

As can be seen from the results of the analysis that appears in the ILO Observatory: COVID 19 and the world of work. Sixth edition, the loss of working hours on a global scale in the first nine months of 2020 has been “substantially greater” than that foreseen in the previous

edition of said Observatory (published on June 30).

For example, the revision of the estimates on lost working hours on a global scale for the second quarter (Q2) of this year (compared to the fourth quarter of 2019) shows a loss of 17.3%, equivalent to 495 million full-time jobs (for a 48-hour workweek), up from the previous estimate of 14%, or 400 million full-time jobs. For the third quarter of 2020, a worldwide loss of working hours of 12.1% (345 million full-time jobs) is forecast.

The forecasts for the fourth quarter reveal a situation much more unfavorable than that estimated when the latest version of the ILO Observatory was published. Based on the reference scenario established by the ILO, the loss of working hours globally is expected to be 8.6% in the fourth quarter of 2020 (compared to the fourth quarter of 2019), corresponding to 245 million full-time jobs. This constitutes an increase of 4.9 per cent, to 140 million full-time jobs, compared to the previous ILO estimate.

One of the reasons for this upward revision in the

estimate of lost working hours is that workers in developing and emerging economies, particularly in the informal sector, have been much more affected than in crisis above, as reflected in the Observatory.

The report also notes that the decline in employment is attributable to a greater extent to the degree of inactivity than to the level of unemployment, which has far-reaching consequences for policy making.

Although many restrictive measures in relation to the closure of workplaces are currently applied more loosely, there remain wide differences in this regard depending on the region in question. 94% of workers reside in countries where some type of restriction that affects workplaces continues to be applied, and 32% in countries where all workplaces have been closed, except those essential.

### Disparity in tax incentives

The 6th edition of the ILO Observatory also examines the effectiveness of tax incentive measures aimed at mitigating the adverse effects of the pandemic on the labor market.

In countries for which relevant data are available for the second quarter of 2020, a clear correlation can be established in this regard, which shows that the greater the scope of tax incentive measures (as a percentage of GDP), the lower the loss of work hours recorded. In relation to the aforementioned period, an intensification of 1% of fiscal incentive measures with respect to annual GDP would have contributed to further mitigate, by 0.8%, the loss of working hours.

However, despite the fact that tax incentive measures have constituted a fundamental aid in promoting economic activity and mitigating the loss of working hours, their application has been concentrated in high-income countries, given the limited resources of the countries. emerging and developing countries to finance these measures. In order for developing countries to achieve the same relationship that exists in high-income countries between the value resulting from the application of tax incentive measures and that associated with

the loss of working hours, the former would have to invest 982 billion additional dollars (\$ 45 billion for low-income countries and \$ 937 billion for lower-middle-income countries). The tax incentive gap in low-income countries is less than 1% of the total value resulting from the application of the tax incentive measures announced by high-income countries.

This wide "tax incentive gap" has even more adverse effects when the poor social protection programs of many developing countries are taken into account. On the other hand, several of these countries have had to reallocate public spending budget items, to the detriment of other purposes, in order to mitigate the effects of the crisis on the labor market.

"As we redouble our efforts to defeat the virus, we must adopt measures at scale as soon as possible to mitigate its effects on the economic, social and labor levels. In particular, promote employment and entrepreneurship and guarantee income," said Guy Ryder, ILO Director-General.

"Given the holding of the United Nations General Assembly in New York, the urgent need for the international community to formulate a global strategy to facilitate recovery through dialogue, cooperation and solidarity must be underlined. No group or country, or any region, will be able to overcome this crisis on its own," concluded Mr. Ryder. *L&E*

# Environmental Capsule

## WATER CONSERVATION PRACTICES FOR THE FUTURE TO GUARANTEE AVAILABILITY OF WATER RESOURCES FOR POPULATION AND THE CANAL OF PANAMA

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In recent months, the forecasting models estimate that for the quarter from September to November 2020 and with the probability of extending to 2021, there are high possibilities that the La Niña phenomenon will appear, which will bring us a gradual increase in rainfall.

This could reduce drought and global warming in the summer season as they have been recorded in recent years.

For this year 2020, the rainy season began in mid-May and, in general terms, rainfall has been below average, so the reservoirs are still in the process of recovery, after a very dry 2019 year.

The rains during the month of July were 13.7% less than the historical average established for this time of year. These results occur after a month of June during which the rains were 20% above the average, however,

this was an exceptional situation so far in 2020, since in the rest of the months of the year there has been recorded deficit in the amount of expected rainfall.

By the end of July, the Gatún reservoir, which supplies several water treatment plants and the operation of the interoceanic highway, was below the minimum desirable level for this time of year.

For its part, the Alhajuela reservoir, which supplies water to the Chilibre water treatment plant, has recovered more quickly, standing at 67.65 meters, that is, 1.51 meters above the guide curve.

If the La Niña phenomenon occurs in our country, the rains could increase and it would be of great help for the projects currently managed by the Panama Canal Authority to strengthen the efforts to manage water resources of the Panama Canal, taking into account its environmental, economic and social

impacts and thus be able to guarantee availability of water in the short, medium and long term.

In recent days this entity published the tender documents for the prequalification of those interested in participating as proponents of the tender for the design, construction and implementation of an optimized water resource management system that ensures the availability of water for the human consumption and operations, as well as the competitiveness of the interoceanic highway, considering sustainable development and socio-environmental management.

The main challenge of the Panama Canal is to guarantee water and that is why it expects to intensify a greater number of projects by the year 2021 in order to strengthen the water resource since in recent years it has been seriously affected by the crisis climatic.

Another possible alternative for the ACP would be to build additional water reservoirs that can feed Gatún Lake through pipes. Likewise, there is a possible project and it is about desalinating sea water that would be much more expensive, but could solve the demand for water for the next 50 years and greater possibility to control the amount of it for the consumption of the population. and the continuity of the operations of the interoceanic route.

The administrator of Panama Canal, Ricaurte Vásquez, announced that for first time in 20 months, Interoceanic route has capacity to allow ships to use the maximum draft of 50 feet offered by Neopanamax locks, as a result of measures of resource planning, efficient water use and recent rains in your watershed.

A draft of 50 feet allows ships to transit with a greater amount of cargo, which translates into benefits for customers because it makes the transport of goods more efficient with an average of up to 330 extra containers, favorably impacting its economy of scale.

In comparison, due to the lack of rainfall, in 2019 the maximum draft at the Neopanamax locks reached

46 feet only until the month of October, while this year that capacity was achieved since last June and has progressively increased to 50 feet. current.

This level of draft was possible thanks to a combination of measures developed by the Panama Canal, both operational, planning of transit resources, and efficient use of water. Actions included changes to the vessel reservation system, a fresh water charge, and water conservation practices in the operation of the interoceanic highway. The level of rainfall recorded in the Panama Canal Hydrographic Basin since last July has also contributed, helping to supply the Gatún and Alhajuela lakes, unlike 2019, which was the fifth driest in 70 years..

In recent days, Panamanian Association of Business Executives (APEDE), had a Conference on "Panama Canal: Advances of the Water Project", in charge of Engineer José Reyes González, Vice President of Strategic Administration and Business Intelligence of the Authority of the Panama Canal, during its monthly meeting corresponding to the month of September.

The main focus of the conference was the progress of the water project, the second largest project, after the expansion of the Panama Canal, according to Ilya Espino de Marotta, Deputy Administrator of the Panama Canal.

Engineer Reyes, indicated that the current transit operation in the Panama Canal depends on climatic variability. "The contributions that nature and lake levels give us; They are the ones that determine the level of service that we can offer to our clients and in the same way, how we can satisfy the demand for water consumption for the citizens of Panama, Colón and Panama Oeste."

In 2019 there was the lowest level of contribution in the last 70 years, Reyes said. That is why: "The primary objective of the Panama Canal Water Resources Management System project is to provide a holistic and integrated solution to solve the problem



of water quantity, quality and control for the Panama Canal Basin, considering human consumption and the operation of the Panama Canal adopting the United Nations Sustainable Development Goals”.

This situation of the Canal makes one think about the need to take actions to guarantee sustainability and achieve the three “C’s”, which translate into: Quality, Quantity and Control (Cantidad, Calidad y Control) of water, to guarantee long-term water for human consumption and operations in the Canal with a horizon of 50 years.

Now, we must not forget a very important issue such as the correct management of water storage by power generators and the Panama Canal to avoid a risk of floods like that December 7, 2010 in which terrifying moments were experienced and thousands of families affected by the flooding of the Bayano River as the maximum level of the reservoir was exceeded, causing enormous pressure on the volume of water which forced the opening of the gates of the Bayano Hydroelectric.

Likewise, a call is made to the population to become aware and use the necessary measures in the management of waste and garbage since this year we have been added to another aggravation with the Covid-19 pandemic and with it thousands of masks, gloves and other protective equipment that are thrown on the streets, sidewalks and that finally end up in the sewers, streams, rivers and the sea, causing great risks of contamination and becoming another factor in favor of floods in our country. *L&E*

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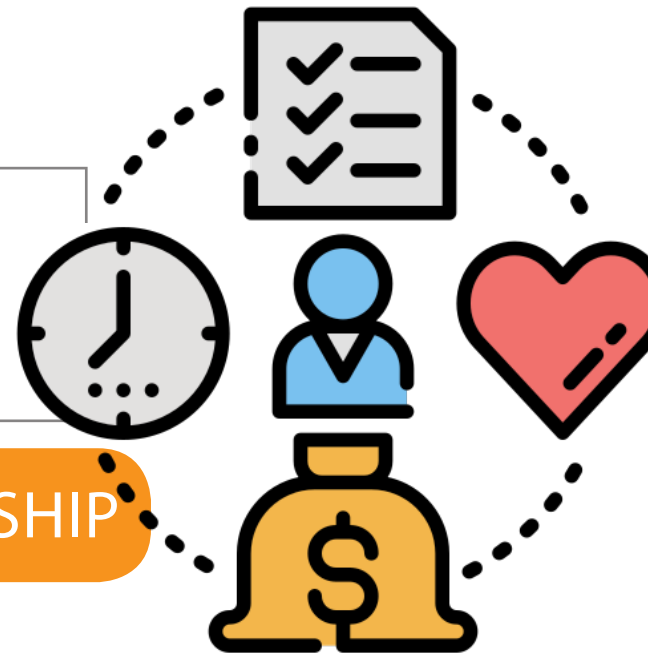
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# The Current

## 2020: YEAR OF ENTREPRENEURSHIP



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As is generally known, the World Health Organization declared COVID-19 (CORONAVIRUS) a Pandemic. It caused the global economy to be affected and many people lost their jobs.

**In Panama as a result of this, many small businesses have been forced to close their doors; meanwhile, many citizens have had the need to use "entrepreneurship" as a vital source of income.**

The National Entrepreneurship Policy: Panama Emprende y Crece 2017-2022, recognizes as an entrepreneur "A person who seeks change, responds to it and has the determination to seek new paths and ways of doing things with an unequivocal decision to take actions that they are difficult, they represent some risk but they have all the importance and relevance for society".

Many think that it is something very easy to do, and of course if you only do it for a certain time and no goals are set, it is super simple. But if you want to have it as an extra or just make it grow, you may run into a storm of challenges and obstacles that may make you want to stop what you are doing; but, with enough motivation and if you really love what you do, it will be an enriching adventure.

One of the fundamental and predominant aspects when it comes to wanting to start a new business is having determination: Knowing, wanting and being able.

Once you have determined what the product or service you want to sell is, and have done a SWOT analysis, you can get to work based on the idea.

This year technology has played an important role

for the development of new entrepreneurs, which is already a profit because relatively the product or service is sold practically alone, in addition there is a greater advantage and ease to reach the public, Draw an action plan, make a good presentation and don't skimp on publicity and the business will emerge.

In recent months I have come across countless small businesses that have helped Panamanians to bring sustenance to their homes. Example: Sale of accessories and clothes online, fast and homemade food, natural cosmetics, some give advice on how to undertake and thus infinities of projects, each one focused on what they are most passionate about..

Now, I am going to present you 4 steps to make your business legal under Panamanian laws:

- 1. Register and Formalize your company.**
- 2. Enter and record your notice of operations.**
- 3. Register your contracts.**
- 4. Obtain sanitary permits.**

For more information on this procedure, you can access the Ampyme page <https://ampyme.gob.pa/> there you will have extensive information on business registration.

Being an entrepreneur, as I have already mentioned, is not an easy task. On that path you will find many negative people who will say that you are not going to evolve, that prices are very high, that the competition has better things and they will put up many obstacles.

But there are also people who motivate and drive you to try harder in what you do.

Take everything negative and turn it into a positive and you will do better in business and in life.

### **Who is Ayeisha Williams today?**

My contract was suspended due to all this situation, I had to create strategies so that my family's income was not affected. I took a small savings and built my small business of natural cosmetics, all handmade and trying to take care of our ecosystem as much as possible. I have to carry out a lot of market research, trying to make the (as some Panamanians say) triple B: Good, Nice and Cheap.

I take days of comprehensive reading, virtual workshops, internet searches, test time of each product, purchase of supplies and materials, analysis of the sale price (Materials, labor, earnings and salary).

Now they will say, anyone can open a business these days, and I think they are not wrong, but not everyone has the ability to keep it afloat. A business should always be surrounded by many ideas, creativity and innovation.

You will always find people who: don't agree with what you do, they want to tell you what and how to do it, the one who wants to associate, and so many who are putting obstacles in the way, you just have to know how to choose well.

From my point of view, under thousands of obstacles, I have been able to keep my small business afloat and I will continue to train and learn to improve day by day, so as not to find myself in the situation that when everything returns to "normal" I have to close that door that has cost me so much to open. *L&E*

## *Alianzas alrededor del Mundo*

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

Guevara & Gutiérrez S. C. Servicios Legales- BOLIVIA

Machado Associados Advogados e Consultores- BRASIL

DSN Consultants Inc- CANADÁ

Lewin & Wills Abogados- COLOMBIA

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Ortiz, Sosa, Ysusi y Cía., S.C.- MÉXICO

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Facio & Cañas- COSTA RICA

