

# Legislación Economía

## PERSPECTIVES OF THE COUNTRY REPORT OF THE OECD BEPS PROJECT

The electronic invoice  
and its implementation  
in panama

**LIST OF REPORTABLE  
JURISDICTIONS**

Economic aspects of  
corruption

**Impact of low cost airlines in the world of  
commercial aviation**

**SCHOOL EXPENSES  
WILL BE DEDUCTIBLE**

ISSN 1726-0485 edición junio '18

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# METE TU GOL PANAMÁ

VAMOS PANAMÁ!

JUNE 2018

Editorial

06



**THE ECONOMIST** PUBLISHES ANALYSIS ON ECONOMIC AND POLITICAL PERSPECTIVE OF PANAMA

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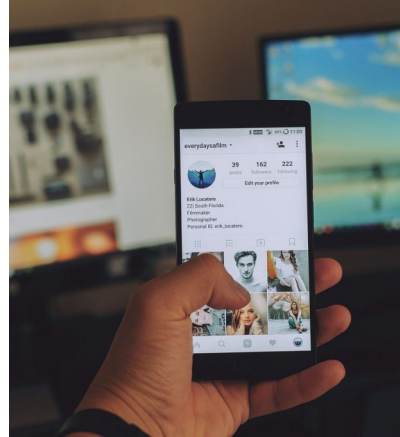
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# Editorial

## The Economist

publishes analysis on economic and political perspective of Panama

**U**nder the pen of Aristodimos Iliopoulos, a detailed report on economic prospects of Panama and other related issues has been issued this month. In the same sense, both the Ministry of Economy and Finance and the Office of the Comptroller General of the Republic, have disclosed data on behavior of the economy during first quarter, revealing in a clear manner, a significant drop in the growth of economy during this period. period, which is 4.2% compared to initial forecasts between 5.4 and 5.5%.

The economists and financiers of Indesa Group have also warned about the perverse effect of the strike decreed by SUNTRACS for a period that exceeded a month, all between the months of April and May.

As if that weren't enough, a statement from the Ministry of Public Works informs about removal of the Evaluation Commission from bidding of fourth bridge over the Canal, which opens possibility of claims between bidding companies and the customary delay in the award. of this important work.

To this has been added the warning from the Minister of the Canal and head of the company of the Panama Metro, which has indicated that any impact on the process of awarding the tender for the fourth bridge over the Canal, will have an impact on prices and the execution of the project of line three of the Metro that crosses the Canal and reaches the western area of the country.

In the end, this first semester that will soon end, marks a negative turning point from the perspective of economic growth in recent years in our country and has an impact on a very wide range of general activities, both local and international.

All this happens precisely one year before the end of presidential period of current government and consequently the beginning of an electoral process that begins to trigger internal events within the political parties.

At the international level, it also coincides with the first year of the establishment of diplomatic relations with the Republic of China and negotiation of a free trade agreement with that country, which has signed nineteen bilateral agreements focused on the topics of tourism, aeronautical transport, direct investment of Chinese companies, agriculture and others. This rapid Chinese movement has also been nuanced with the incorporation of Panama within the initiative of that country called "The Silk Road", originally conceived as an expansion plan of China with its fourteen neighboring countries, but now moves to Latin America, having as central axis the Panama Canal and a possible railroad to the western border, towards Costa Rica, a country with which China has diplomatic relations for more than a decade.

This Chinese strategy is already bothering the government of the United States, which considers that construction of infrastructures near the Canal corridor and ports implies a control that could affect hegemony that United States maintained for almost a century in the Canal area. when there was still a colonial and military enclave in our country.

Returning to the analysis of The Economist, it indicates a situation of fiscal tightness due

to a significant increase in costs and expenses during the first quarter of 2018 and, therefore, an increase in fiscal deficit, which would require recourse to the Panama's savings fund and to modify rules on tolerance of fiscal deficit.

Regarding economic development, the publication identifies copper megaproject as the driver of sustained growth starting in 2019, also supported by increase in visitors from China that will boost tourism, as well as the project of the transport terminal in Corozal, on the pacific side.

Finally, it refers to the growing activity of the Panama Canal as a generator of resources for the country and the development of a maritime and air logistics hub that can attract tourism and investment from countries such as Israel, India, China and Russia, the latter after of the presentation of Panama as a strategic partner of this country's investment in Latin America.

Internally, I believe that a large dose of pragmatism and political agreements are needed to re-channel the country with a stable position to develop activities of multinational companies that maintain a high flow of foreign direct investment in our country. There is a perception of rarefiedness and dispersion in the Executive Branch that can be considered by investors in a negative way or that advises them not to make important decisions until waiting for the change of government, which would be very costly in terms of economic growth.

The possibility of having an assembly of deputies that would allow a normal budgetary administration and the approval of bills of importance during this last period, would give a respite to Panama as a place of business; otherwise, an atmosphere of turbulence will persist that is not a good counselor when investing. *L&E*

*It will dawn and we will see...*

# Invited Writer



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## ECONOMIC ASPECTS OF CORRUPTION

### Corruption and its impact on the National Economy

In a seminal article, Vito Tanzi and Hamid Davoodi, *Corruption, Public Investment and Growth of 1997*, they make a remarkable work of identifying the way corruption permeates and introduces biases in the national economy.

In this work, they point out that the effect of corruption in the business sector, particularly Small and Medium Enterprises, is greater than in large companies. Small and medium-sized companies are big generators of employment but with little capacity to withstand undue pressure of payments to contract changes or even access to credit, which is usually more scarce and expensive for Small and Medium Enterprises.

On the other hand, large companies see corruption as a means to obtain non-competitive advantages or maintain monopolistic rents, while for a small or medium-sized company it is a cost that reduces their capacity for growth by reducing their profits. He gives as an example that in

an Asian country, bribes reached up to 20% of the value of their sales from small businesses.

Another example is that the rate of return on capital investments of small companies is lower than that of larger companies, due to corruption, to the loss of time in solving bureaucratic dilemmas. In a South American country, cited studies have shown that the corruption of the public sector bureaucracy costs large companies 1 to 2.5% of the return on their investment; to medians it costs them from 2 to 2.5%, and to small ones from 3 to 6%.

On the investment side, authors identify at least four direct effects of corruption, in (a) total investment, (b) size and composition of the foreign direct investment, (c) size of public investment, and (d) quality of investment decisions and investment projects.

A cited article, *Foreign Direct Investment (1997)* by Shang Jin Wei, relates that a percentage point in the marginal rate of tax on foreign investment discourages the same in order of 3.3%, while the increase of one per-



centage point in corruption index, it reduces foreign investment by up to 11%. That is, corruption has an adverse effect 3 times greater than a tax on direct foreign investment.

Other sources cited by authors also indicate that when there are high levels of corruption, direct foreign investment tends to be concentrated in joint ventures with local partners, instead of being subsidiary property of foreign companies; According to authors, corruption increases investment, but reduces the productivity of it.

The authors cited tested hypotheses that, keeping other variables constant, the greatest corruption is associated with largest investments. That is, by calculating regression coefficient of public investment as a share of GDP, against a constant, corruption index, real GDP per capita, and government participation in GDP revenues, authors found that the indicator of corruption is highly significant and that more corruption, greater public investment.

Other examples cited in his article identify that corrupt countries spend less on education and health, and more on military spending.

They found at least 4 levels of distortions generated by the presence of greater corruption: (a) high public investment figures, (b) low tax revenues, (c) lower infrastructure operation and maintenance expenses, and (d) lower quality of infrastructure works.

In relation to taxes, authors reviewed indicate that they have found evidence that low tax collection efficiency in relation to GDP is associated with high levels of corruption, both in tax structure and in the administration of tax collections.

## The Financial Management of the Public Sector

All public policies are translated into budgets that in turn turn into procurement processes, whether works, equipment, supplies or hiring of human and technical resources. In this sense, an important way to optimize

public management, apart from adequate policies, is financial management of State.

Professor Allen Schick wrote another seminal work on fiscal management years ago, road to PPB; stages of Budget Reform, in 1966. In this work, *The Road to Policies, Processes, Budgeting, Stages of Budgetary Reform*, Dr. Schick establishes routes to streamline the financial management of the State.

In this work, Dr. Schick points out that budgetary decisions should be based on objectives, needs, priorities and planned results in the use of budgeted resources. It considers that programs are designed to meet economic and social development priorities, and establish measures of indicators of progress to be compared with strategic objectives and the objectives of programs.

That is to say, as an element of public management, it elevates to the control category the use of indicators and specific goals to measure the achievement or not of public policy.

Dr. Schick was confident that these measures would contribute to a better allocation of scarce resources by prioritizing the needs of public sector. Clear issues in this managerial and scientific approach, is the measurement of the effectiveness of development, rescue of less favored, management and budget for results, which would require a transformation of government's management, traditional, to adapt to fixation of policies, processes and then budget.

In this approach, three basic functions are identified in every budget system: (a) control, (b) management, (c) planning, and that every system emphasizes each of the functions ... that every system must be explicitly designed to ensure the presence and the priority for each of the three functions, ...and states that "... ideally ...should centralize the planning function delegate the basic management and control responsibilities at the respective management level..."<sup>1</sup>

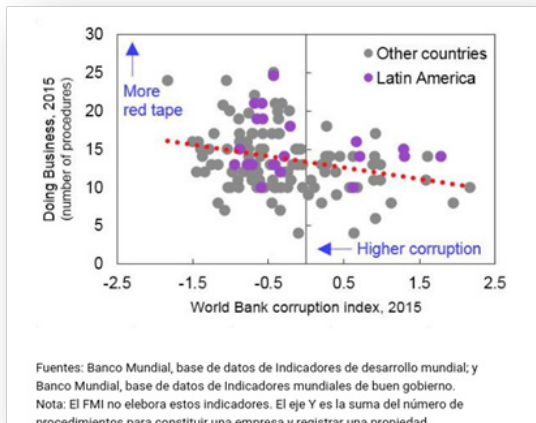
## Pollution in Latin America

According to OECD studies, for the year 2015 it is found that the countries of Latin America present two situations; (a) an inequality in the distribution of income that coincides with (b) a low perception measured by the Corruption Index, as can be seen in the attached graph: Note that the greater the concentration or inequality in income, the lower the score in the corruption indicator. Clearly, there is a relationship between both variables.

There are other indicators that complement this view of contamination of corruption in Latin America. Among these we have that at high levels of formalities or bureaucratic paperwork they coincide with higher levels of corruption.

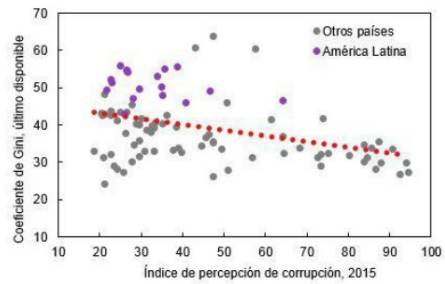
Likewise, among countries of Latin America and the Caribbean, which are analyzed by the respective levels of corruption, our country, Panama, is also identified as being among countries with highest corruption in the quartile with highest level of corruption, sharing this position with Brazil, Colombia, Jamaica, Suriname and Trinidad and Tobago.

On the other hand, Chile, Costa Rica and Uruguay are the only countries that are located in lowest levels of corruption in region, as can be seen in the following graphs:



## Corrupción y desigualdad

Un mayor grado de corrupción está vinculado a una mayor desigualdad.



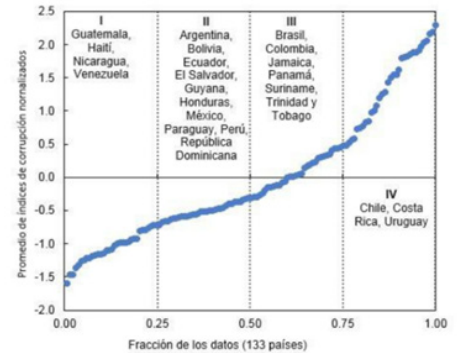
Fuentes: Organización para la Cooperación y el Desarrollo Económicos; Banco Mundial, base de datos de Indicadores mundial de buen gobierno; y Transparencia Internacional.  
Nota: El FMI no elabora estos indicadores.



## Vastas diferencias

En América Latina, la corrupción varía mucho entre los países.

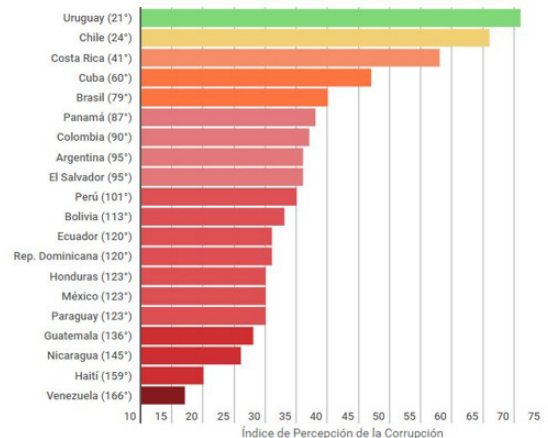
(Distribución mundial de la corrupción, promedio de índices de corrupción normalizados)



Fuentes: Transparencia Internacional; Verisk Maplecroft; y Banco Mundial, banco de datos de indicadores mundiales de buen gobierno.  
Nota: El FMI no elabora estos indicadores. Un valor más alto en el índice denota menos corrupción.  
Índices normalizados = (observación - promedio) / desviación estándar.



## El ranking de corrupción en América Latina\*



## Emblematic cases and possible courses of action

It is already part of the economic and political history of the Region, corruption cases of the Odebrecht company, as well as the public exhibition of the archives of the Mossack-Fonseca law firm that allowed identifying cases of companies, politicians, businessmen, etc..., that taking advantage of facilities or gaps of Panamanian legislation, are considered responsible for the criminal use of corporations.

The truth is that the jurisdictions that are dedicated to manufacture of corporations, about 89, 58% of them are under the sovereignty of OECD countries or the United States. That is, they are part of the problem, generating not only resources that are hidden in other jurisdictions, but also producing the instruments used for this activity.

Among the possible courses of action that have been identified in different countries to control or reduce corruption, we have:

Update legal and judicial frameworks, for example Argentina, Brazil, Chile, Ecuador, Guatemala, Mexico, Paraguay and Peru. Guatemala, through its International Commission against Impunity, satisfactorily revealed cases of tax evasion, money laundering and illegal financing. Peru and the Dominican Republic, among others, have filed accusations against officials involved with the Odebrecht firm in corruption cases.

Create Anti-Corruption Commissions, endowed with all the necessary resources. Streng-

then transparency and accountability. Strengthen public procurement processes, and eliminate unnecessary bureaucratic steps.

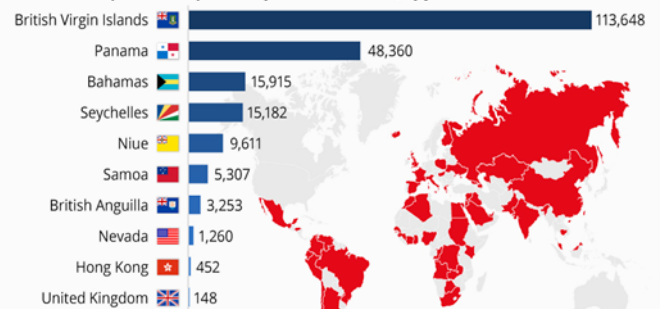
## How to move forward reflections

Panama has made significant progress in approval of regulatory framework and the criminalization of crimes to prevent money laundering, in order to incorporate the elements of corruption and tax evasion among preceding crimes, among others.

It has also been reinforced through the creation of entities such as the Intendancy of Supervision and Regulation of Non-Financial Obligated Subjects. Missing then, put these elements to work. That the international pressure serves for something, and that we improve the standards of public service management. *L&T*

### The global extent of the Panama Papers leak

#### Offshore companies incorporated by Mossack Fonseca, by jurisdiction



Countries with leaders or politicians/  
public officials named in the Panama Papers leak

THE WEEK  
Intelligent. Balanced. Concise.  
© StatistaCharts  
Source: ICJ

statista



# Norms of INTEREST

## MOBILE MARKETS AND ECONOMIC CONCENTRATIONS

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Law 36 of June 5, 2018, which regulates economic concentrations in mobile market, was recently enacted, which aims to allow economic concentrations in any of its forms between two or more mobile telecommunications concessionaires, after verification and favorable concept of the Consumer Protection and Defense of Competition Authority.

The rule adds that any operation of economic concentration between concessionaires if notified and previously submitted by the interested economic agents to the verification of ACODECO in order to obtain the favorable concept to operate in accordance with Law 45 of 2007.

On the other hand, the economic concentrations of the mobile market will respect the principle of equal treatment for the equitable distribution in the allocation of scarce resources, such as radio spectrum, and Public Services Authority will be competent to guarantee and dictate guidelines, norms and allocation procedures for this purpose to be fulfilled.

The ASEP will regulate the Law 36, within 180 days to adapt the standards, technical guidelines and regulations in force according to the Public Consultation Procedure, established in Law 31 of 1996 that dictates the regulations for the regulation of telecommunications in the Republic of Panama. *L&E*



## SCHOOL EXPENSES WILL BE DEDUCTIBLE

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**W**ith the approval of Law 37 of June 5, 2018, numeral 9 is added to article 709 of the Fiscal Code, which contemplates the annual deductions of the income tax to which natural persons are entitled.

Beginning with next fiscal period, which begins on January 1, 2019, natural persons who are taxpayers will be entitled to deduct the school expenses incurred with respect to dependent minors, which includes enrollment and monthly payments, school, supplies, uniforms and school transportation, related to the first level of education or general basic education and the second level of education or secondary education of the taxpayer.

Likewise, expenses incurred with respect to the third level of education or higher education of dependents of legal age of the taxpayer, who are under their tutelage, relative to the payment of tuition and credit hours,

up to the maximum annual sum will be deductible. of (US \$ 3,600.00) for each dependent. This benefit may also be applied to taxpayers who pay for their own studies.

The Law also states that parents whose children have a degree of disability that implies reduced mobility that doesn't prevent them from being included in a regular classroom of an educational or university center will be entitled to the deduction of all the expenses indicated this law.

Law 37 will begin to be effective as of January 1, 2019, the date on which the next fiscal period begins.

The deduction contemplated in the norm, doesn't apply to dependent children of the taxpayer studying abroad, is only applicable in the national territory and this is due to the fact that article 709 of the Fiscal Code in the numerals refers to the principle of territoriality. *L&E*

# PATRONAGE OF THE NATIONAL HEMOCENTER

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Law 3 of May 30, 2019 creates the Patronage of the National Hemocenter that will be responsible for ensuring the operation and modernization of the National Hemocenter, as well as supervising and supervising its administration, being an entity of public interest and social order, without for profit, with legal status, own assets and autonomy in its administrative, economic, financial and functional.

The Patronage shall be governed by the principles of accessibility, equity, solidarity, efficiency, quality, commitment, probity, transparency and security and shall be exempt from the payment of any tax, tax, duty or national tax.

Regarding the functions have been established among others

1. Guarantee the fulfillment of the purposes for which the Patronage was created.
2. Approve the strategic development plan of the National Hemocenter.
3. To approve alliances in matters of health care, teaching and research in accordance with current legislation.
4. Monitor the compliance of the monitoring, evaluation and quality assurance system in the analytical, financial and administrative

processes of the Hemocenter.

5. Approve and publish an annual management report on activities, production costs and costs.

Law 31 establishes that rates established for products and services must be duly supported by a study of production costs made by the Hemocenter with participation of the National Blood Network and that must be approved by the Patronage.

This Law must be regulated within a term that doesn't exceed 120 days from the date of its promulgation. *L&E*





# LIST OF REPORTABLE JURISDICTIONS

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**E**xecutive Decree No.122 of June 11, 2018, includes the list of so-called reportable jurisdictions, which comply with the provisions of Law 51 of 2016 that establishes the regulatory framework for the implementation and exchange of information for fiscal purposes and dictates other provisions, among them, that Panamanian financial institutions subject to reporting, are obliged to carry out due diligence processes and report to the General Directorate of Revenue the information collected in accordance with the provisions of said law.

According to the recitals of the standard, it is inferred that in 2016 Panama committed to the automatic exchange of financial information for fiscal purposes, in accordance with the Common Reporting Standard (CRS), promoted by the Global Forum on Transparency and Exchange of Information for Fiscal Purposes.

We must mention that the "reportable jurisdiction" is one with which there is an agreement and is identified in the list, with the countries that are listed below:

**America:** United States of Mexico; Oriental Republic of Uruguay and the Argentine Republic.

**Europe:** Bailiwick of Guernsey; Grand Duchy of Luxembourg; Republic of Ireland; Isle of Man; Kingdom of Belgium; Kingdom of Denmark; Kingdom of Spain; Kingdom of the Netherlands; Kingdom of Norway; Kingdom of Sweden; United Kingdom of Great Britain and Ireland of the North; Republic of Slovenia; Republic of Latvia; Republic of Malta; Republic of Poland; Republic of Bulgaria; Federal Republic of Germany; Republic of France; Republic of Greece; Republic of Italy and Republic of Portugal.

**Asia:** Republic of Singapore; Republic of India; Republic of the Seychells; Republic of Indonesia; The country of Japan and the Federation of Malaysia.

**Oceania:** New Zealand and Commonwealth of Australia.

**África:** Republic of South Africa. *L&T*

## EXPORT SUSPENSION OF FIREARMS IMPORTS IS EXTENDED

**T**hrough Resolution No.058 / DIASP / UASL / 18 of June 7, 2018, the Ministry of Public Security decided to extend the suspension of the importation of firearms of permitted use in the national territory to companies authorized to apply for import licenses of This type of merchandise. to the Ministry.

Likewise, temporary imports of all types of accessories that allow the assembly of a firearm are suspended.

This Resolution shall take effect for a period of six (6) calendar months and admits the appeal for reconsideration. *L&E*

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## CENTER OF PREVENTIVE DETENTION FOR PEOPLE OF HIGH HAZARD

**T**he Ministry of Government issued Resolution No. 058-R-045 of June 4, 2018, which creates the Preventive Detention Center of Punta Coco, for preventive detention for persons deprived of liberty qualified as extreme danger and as such will be organized as of the date, for the provisional and preventive custody of the persons subject to the precautionary measure of deprivation of liberty, qualify as of extreme danger. *L&E*

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# THE ELECTRONIC INVOICE AND ITS IMPLEMENTATION IN PANAMA



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Since 1976, through Law 76 of December 22, 1976, in Panama began to regulate the obligation that the taxpayer has to invoice and document all its operations that are related to sales, transfers and in general, all type of operations carried out by natural persons, legal entities or other entities that carry out commercial operations within the Republic of Panama.

Through Law 72 of December 27, 2011, some of the provisions contained in Law 76 of December 22, 1976 were modified. Among the modifications included, it was decided that the Directorate General of Revenue (DGI) of the Ministry of Economy and Finance is fully empowered to establish other formalities and conditions that must be met by invoices, copies or other documents, including without limitation rules regarding means of issuing invoices and equivalent documents, their format and content, as well as storage of copies and other information of fiscal interest.

This Act 72 of 2011 additionally provided that, in opinion of the DGI and in view of compliance with tax obligations, the DGI may, at request of taxpayers or ex officio, implement new forms, methods or special systems for billing or filing the bills.

In the Commercial Code of the Republic of Panama there is the figure of electronic in

voice, when article 71 of said legal body provides that electronic invoice will be issued under terms and conditions determined by the State, through the General Directorate of Income and lend executive merit. This content cited in the Commercial Code, reaffirms power of the DGI to establish methods and billing systems that benefit control of registration of commercial transactions of taxpayers.

In Panama there is a due regulation of electronic documents contained in Law 51 of 2008, by means of which electronic documents are regularized in Panama. Article 2 of Law 51 of 2008, defines electronic invoice as an electronic document, by means of which a record of realization of the sale of goods and services or of the rendering of services is recorded by a commercial service provider, by electronic means and that allows to give tax validity to commercial operations carried out.

The Electronic Invoicing Project in Panama is a reflection of the characteristics of the country and follows global trend and best practices on this matter. The electronic invoicing has had an important growth in last years worldwide and especially in the Latin American region. According to recent studies and due to its obvious

benefits, its use is spreading to all continents.

The electronic invoice project in Panama has been designed to be executed in stages, rigorously following the best practices that have been successful internationally. These stages are:

**a) Creation of project governance committees:** Ministers of Economy and Finance, Trade and Industry, personnel of the Comptroller General of the Republic, Public Registry, Customs, AIG and the DGI participated in this stage of the project; Legal Rules Committee, Operating Committee and the participation of the private sector in the design phase and the Pilot Plan. It is important to mention that these committees started activities in December 2016, which was the date on which the official launch of the electronic invoicing project took place.

**b) Design of the electronic invoice computer system and the regulations that support it:** the design was presented to the Chamber of Commerce and Industries of Panama and approved by the Executive Committee. An important decision was the approval of the Operation Model of the electronic invoice, where invoices issued between companies will be validated previously by the General Directorate of Revenues and invoices issued to final consumer will be validated on date after their issuance.

**c) Construction of the Electronic Invoice system:** the Ministry of Economy and Finance and the Directorate General of Revenues made the decision that electronic invoice system should be prepared by computer personnel of the General Directorate of Revenue and CIAT support. This phase was developed from August 2017 to March 2018.

**d) Pilot Plan: the execution of the electronic billing pilot plan stage began with the publication of the following resolutions:** (Resolution: No. 201- 0235 of January 11, 2018 and Resolution 201-0697 of February 2, 2018) that enable electronic and additional invoicing, publish the list of the 43 companies selected for the Pilot Plan and

the instrument known as the "Electronic Invoice Technical File", which contains the technical aspects of the operation of electronic invoicing. During this period, work sessions will be carried out with representatives of these com

panies, in which the questions are answered, proposals for improvement are received and opinions are exchanged, in order to improve the technical characteristics and at the same time have the possibility of incorporating elements that strengthen the initial design. This Pilot Plan is estimated to be extended until the month of August 2018.

**e) Voluntary massification phase:** based on submitted project and established program, it is foreseen, to extent that Pilot Plan evolves well, to start voluntary overcrowding phase of electronic invoicing, which is estimated to extend until the end of 2019 and will be open to all companies that want to electronically bill. Once analyzed the electronic invoice project to be implemented in Panama and evaluating the openness that the public sector has had with the business sector, allowing an opening in the design, form and implementation thereof, in order to conclude that the benefits that it brings I get the execution of the electronic invoice system in Panama are the following:

- It diminishes unfair competition. This results in easier detection of false billing.
- It favors environmental care policies. That is to say, the excessive use of paper for printing of invoices will decrease considerably, since document will consist of a database and duly digitized. It also translates into savings for taxpayer, who will not need to buy paper for printing the physical document.
- Increase the possibility of automation for calculation of taxes and reduction of costs to declare. When the invoices are duly digitized, this allows, for both the taxpayer and the General Directorate of Revenues, better control at the time of payment of taxes. *L&E*

## DGI FIXES CRITERIA ON THE OBLIGATION TO PRESENT AFFIDAVIT OF INCOME AND OTHER ISSUES RELATED TO THE SINGLE REGISTER OF TAXPAYERS (RUC)

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**T**hrough Resolution 201-3616 of June 4, 2018, amendments were made to Resolution 201-1254 of March 7, 2018, which regulates the procedure for the registration of corporations in the RUC of the Directorate General of Revenues (DGI) of the Ministry of Economy and Finance. The reforms are given in the second, third, fourth and fifth articles of Resolution 201-1254, whose texts were as follows:

...

**SECOND:** In order to establish their tax obligations and, in particular, for the purposes of Income Tax, corporations are differentiated by having or not having income or not from a Panamanian source and may choose to indicate one of the following categories of obligations:

### A. PANAMANIAN SOURCE:

They will have the obligation to present income statements from the moment of their registration, also, they must present a final declaration, at the moment of its dissolution. Those companies that have a percentage of income from a Panamanian source, no matter how small, will be required to present income tax returns.

### B. FOREIGN SOURCE:

Income from those activities described in paragraph 2 of article 694 of the Fiscal Code as well as in article 10 of Executive Decree 170 of 1993.

### C. EXEMPT AND NON-TAXABLE SOURCE:

Those income obtained from those activities described as such in the Fiscal Code and Executive Decree No. 170 of 1993 will be considered as exempt and non-taxable.

**THIRD:** Any resident agent in exercise of their faculties may request from the General Directorate of Revenue, update of information of legal entities to which they provide service of resident agent, according to updated information in Public Registry of Panama, with the purpose of being able to access the account statement of the single rate and make the payment thereof.

According to provisions of previous paragraph, the resident agent may submit the application through e.Tax 2.0 tax information system, making use of its own RUC and NIT through a function that the General Directorate of Revenue will enable for this purpose.

**FOURTH:** To update the obligations of a legal entity that, at the time, did not determine its obligation with any category and now requires to present a tax return, since it will start to ge

nerate income from a Panamanian source, the taxpayer must adjust the information of the obligation in the Etax 2.0 system so that it doesn't generate a fine for omission, placing it in the field on the date of beginning of the obligation, the same date in which it began to general income from the activity of Panamanian Source. In the same way, those companies that, at the time did not determine their obligation and require updating their data, must indicate if their obligation corresponds to category A, B, or C above.

**FIFTH:** The Department of Information System of the General Directorate of Revenues will make the respective adjustments in the Table of Company Types of the RUC module, in the tax computer system Etax 2.0, so that this category is eliminated, the category of "Society Anonymous Offshore", for having no legal basis.

Likewise, it will make the necessary adjustments so that, in the Table of Obligations of the RUC, its classification is facilitated in one of the three categories established, according to the origin of its income A), B) or C) and doesn't generate a default fine. to those companies that did not determine their obligation and will begin to generate income from a Panamanian source.

The taxpayer has the obligation to update the special conditions of the RUC through the Etax 2.0 system, in the cases of those companies, of which has reliable evidence, that doesn't generate income from a Panamanian source, and yet in At the time of registration they indicated the obligation to submit a sworn statement of income.

...

Based on the foregoing, we inform our clients of the need to update their companies in accordance with the changes introduced by this Resolution, which, although they will be in force as of July 1, 2018, we must wait for the authorization to be given in the E.Tax 2.0 system by the DGI to make the changes.

We will keep you informed. *L&E*

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## MODIFICATIONS ARE INTRODUCED TO THE INCOME TAX RULES

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**F**xecutive Decree No. 62 of May 28, 2018, establishes amendments to Executive Decree No. 170 of October 27, 1993, which regulates income tax, the most significant being the following:

...

That in Executive Decree No. 135 of February 6, 2012, no procedure was established for those cases in which transfers or transfer of shares or securities that don't generate capital gain in the opinion of the General Revenue Office, so it is necessary to regulate this matter:

*Article 117-D. Profit and loss regime in case of transfer of shares or securities that do not generate capital gains. In the case of alienation or transfer, in which there is no capital gain, it is not appropriate to make the withholding at the source, provided that they are the ones detailed below:*

...

b. The alienations or transfers between relatives within the first degree of consanguinity and the spouses.

d. The alienations or transfers of securities gratuitously between persons not included in the preceding paragraphs, and which, in the opinion of the General Revenue Office, can be determined that no capital gain was generated. In these cases, the buyer or acquirer and the seller or transferor are obliged to document the reasons for which the withholding at source is not applicable, attaching a duly notarized affidavit to the Capital Gain Declaration, in which the parties certify that the transfer is made free of charge, as well as the sworn certification before a notary of an Authorized Public Accountant that proves

that said transfer is also done free of charge.

*Article 2. Article 117-3 of Executive Decree No. 170 of October 27, 1993, shall read as follows:*

...

c. Securities issued by the Superintendency of the Securities Market of Panama, as well as the securities of the subsidiaries and / or affiliates to said registered issuers, provided that the disposals of said securities of the registered issuers and their subsidiaries and / or affiliates occur as a result of a merger, consolidation or corporate reorganization, as stipulated in numeral 2 of Article 334 of the Sole Text of Decree Law 1 of 1999, which includes merger, division, consolidation and reorganization, as well as the distribution of dividends, barter or any other commercial or civil modality that involves the transfer of securities, provided that in replacement of the shares, securities of registered issuers or their subsidiaries and / or affiliates are delivered and receive only other shares in the entity subsisting or reorganized or in a subsidiary and / or affiliate thereof, either in a single legal act or in a succession of acts arranged.

However, the subsisting or reorganized entity may pay its shareholders or, in the event of reorganization, the participants up to one percent of the value of the shares received by them in money and other assets in order to avoid fractionation of shares. In the event that a person has securities received as a result of a merger, consolidation or reorganization, we will take the weighted average of the price paid by said person to acquire the values given as a result of the merger, consolidation or reorganization, as correspond, as the cost of these values, for the purpose of calculating the income tax, if this is caused. *L&T*

# Consult, Doctrine & **JURISPRUDENCE**

COMPETENCE:

TAX ADMINISTRATIVE TRIBUNAL

## **RESCISION OF KIDNAPPING**

**S** EEN:

The Directorate General of Revenue of the Ministry of Economy and Finance entered into the Tax Administrative Court a brief on the incident of rescission of kidnapping within an executive process for coercive collection, where PAYMENT COMMANDMENT IS RELEASED and KIDNAP is ordered on movable and immovable property , account of current savings, fixed terms, security boxes and any other rights registered in the name of the Taxpayer.

The taxpayer through a legal representative requests that the measure of kid-

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napping decreed on the farm be revoked.

This incident is based on the existence of a real right mortgage on real property which has been registered since 2002 and which has been claimed by the entity through the Seventh Court of the Civil Circuit of the First Judicial Circuit of Panama.

The General Directorate of Income through its legal representative filed a response to the incident of rescission of kidnapping alleging as a first point that the tax authority was unaware of the Mortgage Guarantee contract maintained by the taxpayer with the bank

at the time it was initiated the process for coercive collection due to tax delinquency.

The Court proceeds to resolve the Incident once it has examined the evidence which is in the case file where it can be observed that the measure was ordered by the Provincial Revenue Administration acting as Executor Judge, who promoted the Executive Process through coercive payment by issuing an Auto where it releases the payment order and its second Auto where the sequestration on the farm was formally decreed.

On the other hand, taxpayer filed with the Tax Authority an authenticated copy of the Order in which the Seventh Court of Civil Circuit decreed an embargo on the property, also presented a certification of the Judge where it mentions that the Mortgage is registered since 2002, however it is still valid , demonstrating that the mortgage was registered before the Provincial Administration decreed the seizure of the assets.

**RESOLUTIVE PART:**

THE ADMINISTRATIVE TRIBUNAL TRIBUNAL Declares proven the INCIDENT OF RESCISSION OF SEQUESTRY filed by the forensic firm on behalf of the taxpayer.

**OPINION:**

I believe that even if the Court declared the Incident to be proven, the taxpayer shouldn't be exempt from its responsibility to pay the taxes owed to the Tax Administration, since it is known to all that it is the responsibility of each taxpayer to be up to date with the payment of their taxes.

Now at the time of registering this auction of real estate will have to cancel the amount of the tax plus surcharges and interest. *L&E*

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## ABOUT THE FUNCTION OF THE JUDICIAL ORGAN COUSIN FUNCTION COURTS

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Through Law 62 of 2009, the numeral 11 of article 87 of the Judicial Code was modified so that the Plenary of the Supreme Court of Justice could establish Circuit Courts, Municipal or Superior Courts of Justice permanently or temporarily, when the congestion judicial or service needs, as warranted. Law 62 follows that the functioning of the judicial decongestion courts will be regulated by the Fourth Chamber of General Business of the Court.

By virtue of the foregoing, the Judicial Decongestion Office is effectively attached to the Fourth Chamber of General Businesses of the Supreme Court of Justice and its function is to design the operating logistics, judicial decongestion plans and identify the instances of judicial support or jurisdictional ones in charge of their execution, as much for concrete as general cases.

This program, begins its work since March 13, 2008, through Agreement No. 142 of the Plenary of the Court, which adopts the Acceleration and Discharge of Criminal Causes

Plan in the Second Superior Court of the First Judicial District. At the time it was made up of only four Criminal Circuit Judges and three Magistrates of Judicial Decongestion, who knew the criminal cases, in First Instance of the First Judicial District of Panama, together with the five Magistrates of the Second Superior Court of Justice and their objective The main one is to vent judicial backwardness.

On March 4, 2010, it expanded the functions it already exercised and that consisted in resolving the second instances of the resolutions coming from the Courts of Colón, San Miguelito, Panamá Oeste, Darién and the Guna Yala District, knowing the constitutional actions of Habeas Corpus, including incidents, bonds and precautionary measures.

In July 2010, the framework of Intervention of Deputy Judges to the Civil, Family and Municipal Criminal Jurisdictions was expanded, which has contributed to the reduction of judicial backwardness in the different courts at the national level.



It is currently governed by Agreement 01-B of January 2, 2015 and is comprised of a Transitory Chamber of the Second Superior Court of Justice of the First Judicial District of Panama, composed of three Magistrates; seven Criminal Circuit Judges; seven Judges of Civil Circuit; three Municipal Criminal Judges; a Family Sectional Judge; two Municipal Family Judges; an Office Defender; five Assistant Public Defenders and other administrative personnel.

Its objective is to project to the users of the system a new perception of Panamanian justice, through the work carried out by the attached work team, to reduce the projection of expenses of the Judicial Organ, by shortening the terms of resolution of conflicts and the streamlining of criminal, civil and family charges by resolving conflicts promptly in accordance with the principles of orality, bilaterality and immediacy, ensuring respect for the Constitution and the Laws of the Republic, the protection of fundamental freedoms and rights.

The work developed by this office, in the Criminal, Civil and Family Jurisdictions at the national level has produced an impact on the users of the system who have repeatedly expressed their interest in the continuation of the same, for the speed that is printed to its processes, as well as by the Judges, who, having the collaboration of the Deputy Judges, have managed to advance the pending cases of decision of greater complexity.

In civil proceedings, cases handled by decongestion judges are dealt with directly by these judges, fully complying with the principle of intermediation, with the judge having an interaction with the parties in the process,

with the evidence practiced, which gives you a first-hand approach, which will surely make it easier for you to make your final decision. In the same way, the judge comes to the parties or invites them to seek alternate ways of resolving disputes, before the judge adopts a judgment on the merits, which also contributes -if the parties so agree- to decongest the proceedings before the courts.

The measure is positive, and in some way resembles in some sections of the process, arbitration, in which arbitrators participate directly and personally in all hearings that occur within the process, which gives both the arbitrator and to the parties a very punctual handling of the object of the controversy. In practice, discharge judges require more support, both in personnel, equipment and infrastructure, to carry out the delicate task of administering justice, in a better way, since, at present, they don't have greater resources to carry out the delicate work to administer justice, in a better way.

With all the above, we believe that it is a very positive initiative whose objective is to lighten the burdens of files, cases and procedures that are produced in the courts of our country, which should be maintained and expanded. It must be borne in mind that if discharge judges have been appointed at the level of the Civil Circuit Courts, the radius should also be extended to the level of the First Superior Court, since precisely these Magistrates are, of course, receiving more appeals, both the Circuit Courts, as of the Discharge Judges, with the same installed capacity, which is causing them some congestion in the cases that are decided on appeal. *L&T*

COMPETENCE:  
SUPERIOR LABOR COURT

## PROTECTION OF MATERNITY JURISDICTION

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### START OF THE PROCESS:

The present process begins with the labor demand of reinstatement for violation of jurisdiction of maternity interposed by YINELY DEL CARMEN JIMÉNEZ through its legal representative Lcda. Ligia D. Rodríguez ex officio defense against the company EDWIN CENTER HARDWARE INC., Before the first labor court of the second section of Colón and Guna Yala, which condemned the company sued by Order No. 13 of January 16, 2018 to immediately reinstate Mrs. YINELY DEL CARMEN JIMÉNEZ to the position she had been performing in said company, since her dismissal is illegal. And it condemned the defendant company to the payment of the fallen wages caused from the date of dismissal until the date of fulfillment of the resolution.

### OBJECTION

Mr. Yan Hua Gao Chan in his capacity as president and legal representative of the company EDWIN CENTER HARDWARE INC., Through his attorneys in charge of the State. Jaime Choy García (Principal Lawyer) and the Lcdo. Andrés Uldemar Quijano Serrano (Substitute Lawyer), presented a writ of challenge to Order No. 13 of January 16,

2018 issued by the first labor court of the second section of Colón and Guna Yala.

The impugning company alleges that Mrs. YINELY DEL CARMEN JIMÉNEZ, signed a work contract for a definite time, whose start of work is from March 1, 2017, until December 31, 2017, to perform as a seller and general assistant, at the time of dismissal earned an hourly wage of B/. 2.55 and 48 hours per week, upon expiration of the work contract, the company gave the worker her corresponding settlement for an amount of B/. 476.00, a communication and detail of labor rights and benefits. Finally it states that the company didn't dismiss the applicant, on the contrary, the termination of the employment relationship was a direct and natural consequence of the individual work contract agreed by both parties.

The legal representative answered the challenge of reinstatement, accepting the facts first, second, third and fourth, but denying the fifth. Explains that the employee YINELY DEL CARMEN JIMÉNEZ, began work since June 20, 2016 as a salesperson and general assistant, for this reason for the date of March 1, 2017, the employment relationship already existed, combining the fact that the The service or position for which she was hired constitutes an occupation of perma-

ment need, since she performed the post of cashier, which is directly related to the normal line of business or economic activity of the company, based on article 75 of the labor code, the labor relationship between YINELY DEL CARMEN JIMÉNEZ and EDWIN CENTER HARDWARE INC., is of an indefinite nature, consequently the company did need prior authorization from the judicial authority to proceed with the dismissal of the worker, since it was covered by the jurisdiction of motherhood and the employment relationship between the parties was indefinite.

## APPEAL

The appellant, making use of the list term, submitted a statement of support to the appeal lodged against the resolution issued by the judge of first instance requesting the revocation of the contested judgment and that the reimbursement order be revoked for having Once the employment relationship in the agreed term has been concluded, freely and voluntarily by the parties, it explains that their disagreement with the sentence lies in the fact that the company didn't dismiss the worker, since the termination was a natural consequence of the expiration of the individual contract of work and that the court of first instance has directed its efforts to legal considerations that are not within its competence.

Examining the action, it is evident that between the parties there was an employment relationship recognized by the parties, likewise, the existence of the jurisdiction of maternity has been proven, the reasons or facts that justify the hiring of the worker under modalities that constitute an exception. , in the case of positions of permanent need in the company. And in the present case, the employing party didn't duly justify the temporary hiring of the worker. This Superior Court agrees with the judge of first instance, it is pertinent to

bring up the provisions of Article 75 of the Labor Code which is as follows:

"The term clause of a definite time contract may not be used for the purpose of temporarily filling a position of a permanent nature, except in the cases exempted in this Code.

If its purpose is to provisionally replace a worker in use of leave, vacation or any other temporary impediment;

The violation of this article determines that, as a matter of law, the employment relationship is of an indefinite nature." (Emphasis is from the Court)

According to the evidence in the case file, it can be stated that the services provided by the worker were of an indefinite nature, as can be seen in the certification of the payroll department of the Colón agency of the Social Security Fund, which certifies that the worker worked for the company from June 2016 to November 2017, that is, many months before the signing of the defined contract. Consequently, the judgment of first instance is conformed as it is in accordance with the law and the evidence presented.

## JURISPRUDENCE

Judgment of January 31, 1997, official gazette 23,307 of June 11, 1997

... It is not the denomination that the parties ascribe to the contractual modality, but its own nature, which will determine the legal regime of each of the contractual modalities within the employment relationship. From there to yes, from the very nature of the work, it corresponds to a permanent need, will correspond to the regime applicable to contracts for an indefinite period ... *L&E*

## COMPETITION:

PLENARY OF THE SUPREME COURT OF JUSTICE

# SUPREME COURT OF JUSTICE GRANTS AN ACTION OF HABEAS DATA INTERPERSED AGAINST THE DIRECTOR GENERAL OF INCOME OF THE MINISTRY OF ECONOMY AND FINANCE

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## FROM THE PLAINTIFF PARTY:

Under the presentation of Judge Oydén Ortega Durán, the Plenary of the Supreme Court of Justice resolved a Habeas Data Action, filed by Mr. Edwin Aldeano where he indicated that on November 21, 2017, they filed with the Directorate General of Revenue of the Ministry of Economy and Finance, request that you provide a duly authenticated copy of the information regarding the tax obligations of your represented Zuleika Esther Guardia Sánchez.

Mr. Aldeano comments, that this request was made by virtue of the fact that his representative, Mrs. Guardia, was carrying out procedures to receive a donation from a property owned by his mother, so by note of January 29, 2016, the Chief of the Tax Legal Department, informed him that his tax obligations were not safe and that he had an outstanding balance.

Indicates the plaintiff who repeatedly went to the Directorate General of Revenue to verify the response to your request, and the last occasion was on February 7, 2018, but obtained negative results. So when faced with such refusal, and despite the existence of the Transparency Law, the response to the request submitted on November 21, 2017, reiterated by note of February 7, 2018, was not obtained; reason for which he interposes the

action of Habeas Data, requesting that the Director General of Revenues be ordered to comply with the request for information presented.

## FROM THE RESPONDING OF THE DEMANDED PART

Once, the Habeas Data Action was admitted, the respective conduct report was requested on the events that occurred prior to the filing of this action, where the Director General of Revenue of the Ministry of Economy and Finance, through Note No. 201-01-0370 -DGI of February 21, 2018, indicated that it was not possible to send the information requested in a timely manner, since there was a formal procedure to follow for these requests and explained said procedure, and proceeded to provide the requested documentation of the taxpayer.

## ANALYSIS OF THE COURT

Explains the Plenary of the Supreme Court of Justice that the Habeas Data Action was incorporated into our legal system by means of Law No.6 of January 22, 2002 "That dictates Rules for Transparency in Public Management, establishes the Habeas Action Data and other provisions" and constitutes a procedural mechanism for the protection and assurance of the right to privacy and specifically the right to privacy that assists people, with respect to data

or personal information that concerns them. At the same time, it allows anyone who requests it access to public information sources.

They continue to indicate that Article 1 of the aforementioned Law defines "information", as all types of data contained in any medium, document or printed, optical, electronic, chemical, physical or biological record. And that, likewise, Article 2 of the same Law, states that "Every person has the right to request, without needing to justify or motivate any, the public access information in power or knowledge of the institutions indicated in this Law". Consequently, the Transparency Law clearly establishes that any person who has not been provided with the information or data requested, or when it has been provided in a deficient or inaccurate manner, may promote a Habeas Data Action.

The Plenary of the Supreme Court of Justice points out that although the entity prepared a report explaining the formal procedure performed to answer these requests and despite the fact that it attached the copies with the requested information, it considers it necessary to indicate that it doesn't state that the defendant entity has answered the request to the taxpayer and also didn't inform him about the refusal of such request within the term established by law; that although it is true article 7 of the aforementioned law No.6 of January 22, 2002 indicates that the official receiving the request has thirty (30) calendar days from the date of its submission to answer in writing the requested.

For what remains more than understood, that the Authority to whom an information is required, has the duty to answer the request in writing, in thirty (30) calendar days, from the day the application is presented, whether it maintains or not the information requested.

The Chamber concludes that it is evident that the plaintiff didn't receive any response from the defendant authority, within the term indica-

ted by law, points out that even if the required information is not available, the entity requests, is obliged to indicate this in writing to the applicant, or indicate the source where you can obtain the information or if it is very complex, must answer within thirty (30) days mentioned, the need to extend the term to Collect information.

Therefore, the Chamber granted the Habeas Data Action and ordered the Director General of Revenues of the Ministry of Economy and Finance to supply the information required by the Acceder within a period of five (5) days following the notification of this ruling, making the reservation that, if the information is not provided within the established time, it will incur disrespect, giving rise to the imposition of the sanctions established by the Law.

## OUR OPINION

The right of every person to have access to personal information is enshrined as a fundamental guarantee framed in our Constitution, so that institutions can refuse us access to such information that by constitutional mandate we have the right.

We see daily that in practice in the different institutions always exceed the time established by the Law for the response of requests that require information, but this failure creates a precedent, and that is that as outlined, any institution has the obligation to answer within the time established by law.

I believe that all the institutions that make up the State should ensure compliance with the provisions of the Constitution and the Law, and be guarantors of our rights without any excuse. As established in the ruling, they are obliged to protect and ensure the right to privacy and privacy of the people concerning the data or personal information that concerns them. *L&E*



## TENDER TO RESCUE GALEÓN SAN JOSÉ IS POSTPONED IN COLOMBIA

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The Colombian government decided to postpone the bid for the rescue of the San José galleon for next July 23, 2018, the Ministry of Culture reported on June 13, similarly stated that if in that period there is interest expression that meets the requirements, the tender will conclude after August 7, date in which the new Colombian government will take possession.

Proposals for tender will be received until June 23, August 9 will respond to the observations and on August 16 a hearing will be held to confirm the list of prequalified.

On the other hand, if no interested party appears, the Ministry of Culture will award the contract to the company Maritime Archeology Consultants Switzerland AG, since it has already presented a public-private partnership initiative for the recovery as it has the approval of the Ministry.

The National University spoke last April about the archaeological project and considered that before taking measures to rescue the San Jose galleon it is necessary to assume "that the underwater cultural heritage presents complexities for Colombia and all other countries, which is why study comprehensively to know it", likewise requested that the process of bidding of the San Jose galleon be suspended, since they consider that it has flaws that are being overlooked.

In the same way, the University of Antioquia was expressed when requesting that the tender be canceled.

Meanwhile, Spain sent a letter through the Ministry of Foreign Affairs to the head of Culture of Colombia in which informed that Spain wants to cooperate with Colombia, for the preservation of the historical and cultural heritage that both countries have and especially what the San Jose galleon. This was announced by the head of Spanish diplomacy, Josep Borrell, in a message posted on his Twitter profile, where he announced the sending of the letter in which he expressed the "firm commitment" Spanish in the preservation of the joint historical cultural heritage that it unites both countries and the "need to keep it" in the San José galleon.

Within the offer, Spain has asked Colombia to shortly negotiate a collaboration memorandum that allows the participation of Spanish archaeologists and specialists in the recovery of the galleon, and in the subsequent work of dissemination and museum exhibition of the pieces recovered.

For its part, Colombia is preparing a memorandum of understanding for Spain, if it so wishes, to participate in the rescue of the sunken Spanish ship. *L&E*

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## Politics

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## DO WE AGREE WITH THE SECOND PRESIDENTIAL ELECTORAL RETURN?

The second round of the presidential election is held when in an election process none of presidential candidates exceeds a defined percentage of votes (normally an absolute majority), and therefore a new election is held for the purpose of deciding between the first two candidates for the presidency. greater voting.

This institution was born in the XIX century, with the implantation of the Second French Empire of Napoleon III, with the French Magna Carta of 1958, being therefore an institution of the French electoral and constitutional law.

The second presidential election round has never been contemplated in our Panamanian legal system throughout our history, unlike other Latin American nations.

For example, in the Eastern Republic of Uruguay, the second presidential election round is considered after the 1996 constitutional reform. Since then, a large percentage of Uruguayan presidents-elect have been elected in a second round of elections. In the Dominican Republic, this system was applied as of May 16, 1996. In the Republic

of Colombia, this figure was established with the Colombian Supreme Law of 1991; as a result of this, elections were verified in the second round in the electoral tournaments of 1994, 1998, 2010, 2014 and 2018.

The peculiarity of the second presidential election round is also set in Peru when in the general elections no presidential candidate obtains more than 50% of the suffrages validly cast; The two candidates who achieved the first two places of the popular vote in the presidential elections are then confronted.

In the Republic of Chile, the Constitution of 1925 indicated that if no presidential candidate obtained an absolute majority of the votes, then the Plenary Congress should elect one of the two most voted candidates



as Constitutional President, as in the case of Salvador Allende. Gossens in 1970; later, with the Magna Carta of the military government of 1980 the electoral system of two returns for presidential elections was established; however, it is effectively enforced with the return of democracy in the country, as happened in the presidential general elections of 1999, 2005, 2009 and 2013.

In the Republic of Ecuador, it is first established with National Constituent Assembly that functioned between 1997 and 1998 and then, with enactment of the Political Constitution of year 2008; In last elections, held in 2017, current President of the Republic won under a second round scheme against the opposition.

In the Argentine Nation, after the enactment of the National Constitution of 1994, there is the modality of second electoral round in case the presidential candidates (president and vice president) haven't achieved more than 45% of the valid suffrages, and the same imposes other requirements for the celebration of the second round of elections.

It also applies in the Federative Republic of Brazil, the Republic of Guatemala, the Republic of Haiti, Bolivia (in certain circumstances) and likewise in other countries of other continents, obviously including France that created the institution.

After the US invasion of 1989 in PANAMA and the consequent return to democracy, our ensuing electoral processes have yielded the following results

1. In the general elections of May 28, 1994, Ernesto Pérez Balladares won the electoral victory with 355,307 votes with his Pueblo Unido Alliance, led by the Democratic Revolutionary Party, with 30.30% of a total of valid votes of 1,066,844. The electoral participation was 73.67%.

2. In the general elections of May 2, 1999, Mire-

ya Moscoso Rodríguez obtained the electoral victory with 571,058 votes with her Union for Panama alliance, led by the Arnulfista Party with 44.81% of a total of valid votes of 1,274,505 and an electoral participation of 76%.

3. In the general elections of May 2, 2004, Martín Torrijos Espino obtained the electoral victory with 711,164 votes with his Patria Nueva alliance, led by the Democratic Revolutionary Party with 47.44% of a total of valid presidential votes of 1,499,047 and one participation election of 76.88%.

4. In the general elections of May 3, 2009, Ricardo Martinelli Berrocal obtains the electoral victory with 936,644 votes with his Alliance for Change, led by the Democratic Change Party with 60.11% of a total of valid presidential votes of 1,606,717 and an electoral participation of 73.99%.

5. In the general elections of May 4, 2014, Juan Carlos Varela Rodríguez obtained the electoral victory with 724,762 votes with his alliance El Pueblo Primero, led by the Panameñista Party with 39.1% of a total of valid votes of 1,854,202, with an electoral participation of 76.76%.

The above shows that historically in Panama there are very few cases in which candidates have won the elections exceeding 50% of the valid votes cast, the last time was in the 2009 electoral tournament, with 60.11% of the total the valid presidential votes.

**Then let's see what are main arguments for putting into effect the second presidential election round:**

1. Going to second round fosters difficulties in governing rather than solving them.

2. It entails connotations when raising the prices of carrying out a second electoral round, bringing implications in the electoral political deterioration.

3. Voting in the second round of elec-

tions is reduced in comparison with the electoral participation in the first round.

4. Losing political parties in the first round of elections would be tempted to negotiate with the winners of the first round, which could lead to opportunism and imbalance for the President.

5. The validity of the second presidential election round would increase formation of new political parties, mainly small ones, in order to participate and collaborate with winner of second round and thus form a government.

6. Abstention is reduced or accentuated in the second round according to its detractors.

7. Two electoral rounds would entail a cluster of challenges both in first and in second round for fraud claims or vote counts and would increase operational weight of the entity in charge of regulating the elections and its electoral courts.

#### For their part, those who support the presidential election runoff hold:

1. It is what gives greater legality to the President, with a majority of voters supporting him.

2. The electoral reform that brought with it the application of second round of elections is one of the most common in Latin America, which is why there are approximately 14 nations in the Americas that have adopted this system.

3. They would be eliminated through a majority vote in the second round of elections, with the political options that didn't achieve either the first or the second place in a first election.

4. Endorses an eminent legitimacy of origin of the president elected by people.

5. Strengthens democratic governance and the rule of law by encouraging the creation of more compact electoral alliances among

the political groups that participated in the first and second round of elections.

6. With the second round of elections, the promotion to the first magistracy of the nation of a conflicted, discredited candidate who for different reasons achieved victory in the first round can be prevented.

7. Avoid and reduce more dirty and negative campaigns in the first round because candidates are inhibited from attacking their opponents because they are aware that they may need their political backing later.

8. A presidential candidate who obtained a very low percentage of votes of 30% or less in the first round is prevented from coming to power.

9. Promovería que los dos candidatos más votlt would promote that the two most voted candidates in the first round reach commitments and agreements with minority political groups, making the government more inclusive.

10. These second round of the presidential election, in most cases, gives the winner of the second electoral round more governability.

#### With its advantages and disadvantages we can reach the following deductions:

In most of the countries of our America, where the second round of elections is in effect, 50% plus one of the votes in the first round is required to avoid a second round of elections and is used only to elect the President of the the Republic, with the exception of the Republic of Haiti.

There are also different ways to regulate them, such as the Republic of Costa Rica, which requests a lower percentage of 40% of the votes plus one. Other modalities are given in Ecuador and Bolivia where

50% plus one or 40% is required with a difference of more than 10 points, and also in the case of Argentina, 45% plus one or 40% with a difference of 10% points.

A large percentage of the last electoral tournaments that have been held was applied to the system of the second round of elections.

In our opinion, the system of a second round would be convenient to establish it in our legal and electoral system because our voters have a new opportunity to reflect on their vote, to ratify their vote, modify their vote or avoid something more negative for their country. choose controversial candidates.

The second electoral round enshrines more conclusive results, clearer numbers regarding who should be the winner and must therefore govern with greater legitimacy

and with a safer representation the Presidents of the Republic elected at the polls.

The preferred modality as we have observed, most used for the second round of the presidential election is the one that rules that if a presidential candidate DOES NOT get more than 50% of the votes in the first round, then the two most voted will go to the second round , to determine the winner already with any percentage.

It would be wise, now that in our country Panama is talking about the possibility of a new constituent, is legislated in the future, and will regulate everything related to the presidential election second round and incorporate it into our political regime from 2019, thus leaving a positive legacy for our democracy and giving our future governors the greatest legitimacy in their position as it is having been overwhelmingly elected by the majority of their fellow citizens.*L&E*

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# PANAMENIAN

## ECONOMY

Source: Comptroller General of the Republic

### COMMENTARY ON THE CONSUMER PRICE INDEX (CPI): MAY 2018

**G**roups that showed increases in National Urban CPI for May with respect to April 2018 were: Restaurants and hotels with 0.5%; Transportation with 0.4%, Alcoholic beverages and tobacco, and Housing, water, electricity and gas both with 0.2%.

The increase presented in group Restaurants and hotels was the result of the increase in one of its two classes, "Restaurants, cafés and similar establishments" with 0.5%, due to increase in price of meals and non-alcoholic beverages outside home.

The increase observed in Transport group was due to increase registered in one of its seven classes, "Fuels and lubricants for personal transportation equipment" with a variation of 4.8%, due to increase in price of fuel for automobiles.

The increase reflected in group Alcoho-

lic beverages and tobacco, was due to increase registered in three of its four classes. The class with greatest variation was "Distilled beverages" with 0.7%.

Group Housing, water, electricity and gas registered an increase in two of its eight classes. The largest variation was in the "Gas" class with 1.5%, due to the increase in the price of the 100-pound gas tank.

Groups Recreation and culture; Education and Miscellaneous goods and services remained unchanged. The groups with negative variations were: Clothing and footwear with -0.5%; Furniture, articles for home and for ordinary conservation of home with -0.3%; Food and non-alcoholic beverages, Health and Communications all with -0.2%.

The group Clothing and footwear regis-

tered decrease in two of its four classes. The class with the greatest variation was "Shoes and other footwear" with -2.1%, as a result of decrease in price of men's shoes, slippers and flip flops.

Decrease observed in group Furniture, articles for home and for the ordinary conservation of home, was due to reduction reflected in eight of its eleven classes.

The biggest variation was in the "Large tools and equipment" class with -1.1%, due to the drop in the price of tools for the home.

Drop presented in group Food and non-alcoholic beverages was due to decrease in six of its eleven classes. Class with greatest variation was "Fish" with -1.0%.

The Health group showed reduction in one of its seven classes, "Pharmaceutical products" with -0.4%, due to the decrease in the price of medicines.

The group Communications reflected low in one of its two classes, "Telephone equipment" with -0.9%, due to the decrease in the price of mobile phones.

- The National Urban CPI for May 2018, compared to its similar figure for 2017, reflected a variation of 0.8%.

When comparing the National Urban CPI of May 2018, with its similar of 2017, following increases were observed: Transportation 3.8%; Education 3.7%; Restaurants and hotels 2.7%; Alcoholic beverages and tobacco, and Health both 1.3%; Miscellaneous goods and services 1.2%; Housing, water, electricity and gas with 0.8%; and Recreation and culture 0.3%.

The groups that showed decreases were: Food and non-alcoholic beverages -1.5%; Clothing and footwear -1.0%; Communications -0.8% and Furniture, articles for the home and for the ordinary conservation of the home -0.2%.*L&E*

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# IMF MISSION CONCLUDES VISIT TO PANAMA

Source: MEF

A mission of the International Monetary Fund (IMF), led by Alejandro Santos, visited Panama from May 21 to June 1, 2018. At the conclusion of the visit, Mr. Santos issued the following statement:

"Panama's economy remains among the most dynamic and stable in Latin America despite the recent and prolonged strike in construction sector and relative weakening of economic activity in the first quarter, which will lead to a review of the low of our growth projection of 5.6 percent (by about one percentage point).

At the same time, recovery of the impact of the strike and entry into operation of a large copper mine will lead to an upward revision in our growth forecast of 5.8 percent

by 2019 (by around one percentage point).

In the medium term, the economy will converge gradually to its potential growth of 5½ percent. Inflation will remain low and could reach 2 percent in 2018, mainly because of an increase in the price of fuel. It is expected that next year the external position will present a significant improvement with conclusion of the mining project (which required large imports), start of copper exports, and the revenues from external services linked to increased traffic in the Canal. from Panama.

This outlook is subject to negative risks mainly related to external factors, among which are lower international maritime tra



Picture: MEF

ffic caused by potential commercial disputes and a faster than expected tightening of monetary policy in the United States, while growth stronger global would represent a positive risk and a boost to the activity.

“Fiscal policy is projected to continue to be guided by the deficit limit according to the fiscal responsibility law (which we estimate to be around 1½ percent of GDP given the expected contributions from the Panama Canal Authority of about 2½ percent. of GDP). Efforts will be required to contain the growth of current spending and provide additional space for much-needed strategic public investments. The initiative of the authorities to establish a fiscal council will further strengthen the fiscal framework. On the other hand, banking system remains

solid, well capitalized, liquid and profitable, with a low overdue portfolio, and the authorities continue to promote their agenda to improve banking regulations and supervision (including the implementation of Basel III measures). Given the need to continue strengthening the financial system, it will be important to take additional measures regarding financial integrity and tax transparency.

In particular, the mission supports the approval of the legislation related to the criminalization of tax fraud, since such action would bring Panama closer to the international AML / CFT norms and tax transparency, thus contributing to strengthen the position of Panama as a center regional financial. *L&E*



## PANAMA CANAL RECORDS HISTORICAL RECORD OF TONNAGE IN ONE MONTH

Source: ACP

**D**riven by a greater load capacity offered by the new locks, the Panama Canal recorded a new record of tonnage in a month after reaching 38.1 million tons CP / SUAB (measure of volume of the Universal System of Tonnage of Vessels of the Panama Canal) in May 2018, with the transit of 1,231 vessels.

The previous record was established in January 2017, with 36.1 million tons of CP / SUAB and the transit of 1,260 vessels. Before this date, highest amount of tonnage traveled in a month corresponded to December 2016, with 35.4 million tons of CP / SUAB, when 1,166 vessels transited.

In this period, the segment that contributed the most to establishing the record was container ship (36%), which also registers a record with 13.8 million tons of CP / SUAB and 229 transits.

After almost two years of its inauguration, the expanded Canal has received around 3,800 neo-panamax vessels, of which about 50 percent correspond to container ships. Likewise, Liquefied Petroleum Gas (LPG) and liquefied natural gas (LNG) ships, as well as bulk carriers, tankers, cruisers and carriers have also passed through.

### Some of the milestones reached by the Canal expanded:

1. March 1 - A new brand is reached with the transit of the ship neo-panamax number three thousand (3,000), an indicator that reaffirms the impact that the inter-oceanic road has had for the world maritime trade. The ship MSC Caterina became the number 3,000 to transit through the Panama Canal.
2. March 7 - The Panama Canal added an additional reserve space for Neo-panamax vessels, bringing the total number of spaces available from seven to eight per day.
3. April 17 - Three liquefied natural gas (LNG) LNG vessels transit through the Panama Canal in one day.
4. May 14 - Transits the largest cruise to date. Operated by Norwegian Cruise Lines, the Norwegian Bliss has more than 168,000 gross tons and capacity for almost 5,000 passengers. *L&E*



# PERSPECTIVES FOR THE IMPLEMENTATION OF THE COUNTRY REPORT BY COUNTRY OF THE BEPS PROJECT ACCORDING TO THE OECD

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With the initiative of the Republic of Panama to join as an associate member of the BEPS project promoted by the Organization for Economic Cooperation and Development (hereinafter OECD) on October 31, 2016, some modifications are foreseen in the Tax Code of the Republic of Panama (hereinafter, Fiscal Code) product of the commitments of said project, within which would be the incorporation of the report country by country.

The implementation of the BEPS project in Panama leads to the adoption of the so-called "minimum standards" of said project. Within this standard, adoption of country-by-country reports corresponding to action 13 "Documentation of transfer prices and country-by-country report" (hereinafter, action 13) is established.

The incorporation of the obligation of reporting country by country in the Fiscal Code obliges large multinational companies to declare annually for each jurisdiction in which they operate, the amount of their income and their benefits before taxes, as well as the tax on the paid and accrued income, it should be noted that this

obligation will be shared automatically through the mechanisms of automatic exchange of information decided by each tax jurisdiction.

It is important to highlight that action 13 "Documentation of transfer prices and country-by-country reporting" recommends the obligation to declare the report country by country to groups of multinational companies with a consolidated turnover of the group that exceeds 750 million euros. According to this action, the multinational groups had to present the first report for the fiscal year that begins on January 1, 2016. The multinational groups had one year from the close of fiscal year 2016 to prepare and present this report, which means that the first report should have been submitted no later than December 31, 2017.

In view of this situation, multinational groups that are tax residents in Panama are subject to declaring the report country by country according to the action 13, given that there is no legislation that contemplates the declaration of country-by-country report in Panama, they must designate a representative company. This

1. Bachelor of Business Administration, Master in Tax Management of the Company of the Metropolitan University, Master in Tax Law mention Tax Administration of the Paris Dauphine University - Paris I Sorbonne University, Doctorate in Law Paris Dauphine University (in progress); Tutor of the Inter-American Center of Tax Administrations; He has been an External Consultant on Transfer Pricing of the Inter-American Development Bank; Member of the International Fiscal Association (IFA).

2. The incorporation of the Republic of Panama as an associate member of the so-called inclusive framework of the BEPS project, contemplates the implementation of four priority actions:

- Action 5: Combat pernicious fiscal practices, taking into account transparency and substance.
- Action 6: Prevent the abusive use of agreements to avoid double taxation.
- Action 13: Documentation of transfer prices and country-by-country reporting.
- Action 14: Make the dispute resolution mechanisms more effective.



option, called "secondary mechanism", allows multinational groups to present the report country by country in case that their country of residence doesn't contemplate a basic legislation of this obligation or when the automatic exchange mechanisms of the report are not in force. country by country in your jurisdiction.

With the implementation of the country by country report in the Republic of Panama, entities that are last parent company of a multinational group with a consolidated turnover of 750 million euros or more and are fiscal residents, may submit said obligation to the Directorate General of Revenue of the Ministry of Economy and Finance. This report can be exchanged automatically with the adoption of the automatic exchange of the report country by country on

the basis of the "Multilateral Agreement between Competent Authorities" , it is important to highlight that Panama is a regional leader in automatic exchange of information and not only will it exchange said report with other jurisdictions, but it may also receive reports from other jurisdictions to improve its risk matrix for the fiscal control of transfer prices.

The incorporation of the country-by-country report in the Fiscal Code of the Republic of Panama is foreseen in a short term. The tax community is in the expectation of knowing what the sanctions would be for the omission or negligence of declaring said report, as well as the deadlines for deliveries thereof. *L&E*

3. This action seeks to improve the asymmetries and effectiveness of the transfer pricing documentary obligations, all with the aim of simplifying the tax compliance of the multinational groups and at the same time provide the Tax Administrations with useful information to evaluate the risks associated with the transfer prices.

6. The action 13 Documentation of transfer prices and country-by-country report states that the presentation of the country-by-country report corresponds to the ultimate parent company of the multinational group, in said report it defines "an Integral Entity of a Multinational Group that complies with the following criteria: (i) directly or indirectly own a sufficient participation in another or other Entities that are members of said Multinational Group, so that it is obliged to prepare consolidated financial statements in accordance with the accounting principles generally applied in the jurisdiction of its fiscal residence , or would be obligated to do so if their representative equity interests were traded on a stock market in the jurisdiction of their fiscal residence; and (ii) there is no other Member Entity of the Multinational Group that directly or indirectly owns the participation described in section (i) above in the aforementioned Integral Entity.

6. Parent Company Representative "... Multinational Group that has been appointed by said Multinational Group as the sole representative of the Last Parent Company in order to present the report country by country in the jurisdictional jurisdiction of said Member Entity, on behalf of the Multinational Group ..."

# World

## ECONOMY

Source: World Bank

THE WORLD  
ECONOMY WILL  
EXPAND BY 3.1% IN  
2018; LOWER GROWTH  
IS EXPECTED IN THE  
FUTURE

**D**espite the recent moderation, world economic growth will remain strong and will stand at 3.1% in 2018, before gradually decelerating in the next two years, as the growth of the advanced economies and the recovery slow down of the main developing economies and emerging markets exporters of commodities normalize, according to the World Bank on Tuesday.

"If it can sustain itself, strong economic growth we have seen this year could help millions of people out of poverty, particu-

larly in fast-growing economies of South Asia," said Bank Group President Jim Yong Kim. "But growth alone will not be enough to address pockets of extreme poverty that are observed in other parts of the world. Policymakers should seek to find ways to support growth in the long term (boosting productivity and participation in workforce), in order to accelerate progress towards goals of ending poverty and advancing poverty. shared prosperity."

Activity in advanced economies is expected

to increase by 2.2% in 2018 and then moderate and show an expansion rate of 2% next year, as central banks gradually eliminate monetary stimuli, according to the report. The June 2018 edition of the report on the global economic outlook. The projections indicate that total growth in emerging markets and developing economies will consolidate and reach 4.5% in 2018 and 4.7% in 2019, given that the recovery of commodity-exporting countries will mature, and the prices of these products will stabilize after this year's increase.

This scenario is exposed to considerable adverse risks. On the one hand, the possibility of episodes of disorderly volatility in the financial market has increased, and the degree of vulnerability of some developing economies and emerging markets to such alterations has also increased.

Likewise, the inclination in favor of trade protectionism has also been accentuated, while the uncertainty regarding policies and geopolitical risks remain high.

In one of the sections of the report dedicated to specific topics (Special Focus), it is noted that, in the long term, the expected slowdown in world demand for basic products could limit the outlook regarding the price of these products and, therefore, the future growth of the countries that export them. The main emerging markets have generated an important part of the increase in the global consumption of metals and energy registered in the last 20 years, but it is expected that in these markets the growth of the demand of most of the basic products will be attenuated, according to it is stated in the aforementioned section of the report.

"The projected fall in the growth of commodity consumption in the long term could create challenges for two thirds of developing countries that depend on exports of these products for income," said Shantayanan Devarajan, Senior Director of Economics Deve-

lopment of the World Bank. "This reinforces the need to seek economic diversification and strengthen fiscal and monetary frameworks."

Another article in report notes that high levels of corporate debt can heighten concerns about financial stability and weigh on investments. The indebtedness of companies (and, in some countries, debt in foreign currency) has increased rapidly since the global financial crisis, which has made them more vulnerable to the rise in financing costs.

"Officials responsible for designing policies in emerging markets and developing economies must be prepared to deal with possible episodes of volatility in financial markets as the normalization of monetary policies in advanced economies intensifies," said Director of the Development Perspective Analysis Group of the World Bank, Ayhan Kose. "The increase in the levels of indebtedness makes the countries more vulnerable to the rise in interest rates. This highlights the importance of re-establishing buffer mechanisms in the face of financial crises."

After many years of downward revisions, consensus forecasts for long-term growth have stabilized. This may be a sign that the world economy is finally emerging from the shadow of the financial crisis unleashed 10 years ago. However, long-term consensus forecasts have been historically overly optimistic, and may not have contemplated the weakening of potential growth and the structural burdens that weigh on economic activity, the report warns.

The document urges policy makers to implement reforms to improve the long-term growth prospects. The speed of changes seen in the technological field highlights the importance of supporting acquisition of skills and boosting competitiveness and commercial openness. With the improvement of basic skills of reading, writing and arithmetic could generate significant benefits in terms of de-

velopment. Finally, promotion of broad trade agreements can boost growth prospects.

### Regional reviews:

**East Asia and the Pacific:** Growth is expected to slow in this region from 6.3% in 2018 to 6.1% in 2019, reflecting slowdown in China that will be partly offset by the rebound in the rest of region. According to forecasts, growth in China will slow from 6.5% in 2018 to 6.3% in 2019, since regulatory support will be eased and fiscal policies will become less flexible. If China is excluded, it is anticipated that the region's growth will moderate from 5.4% in 2018 to 5.3% in 2019 due to the maturation of cyclical economic recovery. Indonesian economy is expected to grow at a rate of 5.2% this year and 5.3% next.

In Thailand, growth will accelerate to 4.1% in 2018, then moderate slightly and settle at 3.8% in 2019. On the other hand, it is expected that, both in region's economies, exporters of basic products and in importers, capacity constraints and price pressures will worsen in next two years, which will lead an increasing number of countries to adopt more restrictive monetary policies.

### Europe and Central Asia:

According to projections, region's growth will moderate to 3.2% in 2018 (a higher rate than previously projected) and 3.1% in 2019, given that the modest recovery of export economies of basic products will be countered only in part by deceleration of economies that import these products. In Turkey, growth is expected to slow down to 4.5% in 2018 and 4% in 2019, as delays in fiscal consolidation and extension of credit support program will moderate expected slowdown afterwards. of strong recovery of last year. Russia's growth will remain firm this year at a rate of 1.5% and will increase to 1.8% next year, as the effects of increase in oil prices and easing of monetary policy will be counteracted by cuts in oil production and uncertainty regarding economic sanctions.

### Latin America and the Caribbean:

Growth in region is expected to increase to 1.7% in 2018 (a level lower than previously projected) and 2.3% in 2019, driven by investment and growth. private consumption. The ongoing cyclical recovery in Brazil is projected to continue, with a growth forecast of over 2 percent this year and in 2019. In Mexico, growth will increase moderately to reach 2.3% in 2018 and 2.5% in 2019 as a result of the rebound in investment.

For its part, the growth of Argentina will slow to reach 1.7% this year due to monetary and fiscal restrictions and effects of the drought, and will remain at a low level of 1.8% next year. . In some countries that export agricultural products from Central America, growth will pick up in 2018 and 2019, while in the importers of basic products of this subregion, it will stabilize or diminish. According to projections, the Caribbean economies will experience an increase in growth in 2018 thanks to reconstruction that takes place after passage of hurricanes, tourism and favorable prices of basic products.

### Middle East and North Africa:

In this region, growth is expected to rise to 3% in 2018 and 3.3% in 2019, largely as a result of recovery of oil-exporting countries after collapse of prices. Among members of the Gulf Cooperation Council, an expansion of 2.1% in 2018 and 2.7% in 2019 is expected, supported by the increase in fixed investment. It is anticipated that Saudi Arabia will grow 1.8% this year (a value higher than previously projected) and 2.1% next. For Iran, growth of 4.1% is foreseen in both 2018 and 2019.

According to projections, the oil-importing economies will experience stronger growth as confidence of businesses and consumers will increase as a result of reforms in favor of climate for business and the improvement of external demand. Egypt will grow 5% in the fiscal year 2017/18 (from July 1, 2017 to

June 30, 2018) and 5.5% in the following year.

### South Asia:

Growth in this region is expected to consolidate to 6.9% in 2018 and 7.1% in 2019, mainly due to the fact that factors that restricted growth in India will be diluted. According to forecasts, the country will advance 7.3% in the year 2018/19 (from April 1, 2018 to March 31, 2019) and 7.5% in 2019/19, reflecting heavy consumption private sector and the increase in investments. Pakistan will expand by 5% in fiscal year 2018/19 (from July 1, 2018 to June 30, 2019), as a result of the application of stricter policies to improve macroeconomic stability. For Bangladesh, for its part, an increase of 6.7% is expected in the fiscal year 2018/19 (from July 1, 2018 to June 30, 2019).

### Sub-Saharan Africa:

In this region, growth is projected to increase to 3.1% in 2018 and 3.5% in 2019, a rate below its long-term average. According to projections, Nigeria will grow 2.1% this year (since growth of non-oil sectors continues at low levels due to low investment) and 2.2% next year. Angola expects growth of 1.7% in 2018 and 2.2% in 2019, reflecting greater availability of foreign exchange caused by rise in oil prices, increase in natural gas production and the Improvement in expectations of companies. South Africa, on the other hand, will expand by 1.4% in 2018 and 1.8% in 2019, as the rebound in business and consumer confidence will support an increase in investments and consumption.

It is also expected that the increase in mining production and the stability of metal prices will boost activity in the countries that export these products. The growth of countries that are not rich in resources will remain at solid levels, supported by the improvement in agricultural conditions and investments in infrastructure. *L&E*

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(Variación porcentual respecto del año anterior)

	2015	2016	2017e	2018p	2019p	2020p	Diferencia en puntos porcentuales respecto de las proyecciones de enero de 2018		
							2018p	2019p	2020p
<b>Todo el mundo</b>	2.8	2.4	3.1	3.1	3.0	2.9	0.0	0.0	0.0
<b>Economías avanzadas</b>	2.3	1.7	2.3	2.2	2.0	1.7	0.0	0.1	0.0
Estados Unidos	2.9	1.5	2.3	2.7	2.5	2.0	0.2	0.3	0.0
Zona del euro	2.1	1.8	2.4	2.1	1.7	1.5	0.0	0.0	0.0
Japón	1.4	1.0	1.7	1.0	0.8	0.5	-0.3	0.0	0.0
<b> Mercados emergentes y economías en desarrollo (MEED)</b>	3.7	3.7	4.3	4.5	4.7	4.7	0.0	0.0	0.0
MEED exportadores de productos básicos	0.5	0.8	1.8	2.5	3.0	3.0	-0.2	-0.1	-0.1
Otros MEED	6.1	5.9	6.2	5.8	5.8	5.7	0.1	0.1	0.0
Otros MEED excepto China	5.2	4.9	5.3	5.1	5.1	5.1	0.3	0.0	0.0
Asia oriental y el Pacífico	6.5	6.3	6.6	6.3	6.1	6.0	0.1	0.0	0.0
China	6.9	6.7	6.9	6.5	6.3	6.2	0.1	0.0	0.0
Indonesia	4.9	5.0	5.1	5.2	5.3	5.4	-0.1	0.0	0.1
Tailandia	3.0	3.3	3.9	4.1	3.8	3.8	0.5	0.3	0.4
Europa y Asia central	1.1	1.7	4.0	3.2	3.1	3.0	0.3	0.1	0.0
Rusia	-2.5	-0.2	1.5	1.5	1.8	1.8	-0.2	0.0	0.0
Turquía	6.1	3.2	7.4	4.5	4.0	4.0	1.0	0.0	0.0
Polonia	3.8	2.9	4.6	4.2	3.7	3.5	0.2	0.2	0.4
América Latina y el Caribe	-0.4	-1.5	0.8	1.7	2.3	2.5	-0.3	-0.3	-0.2
Brasil	-3.5	-3.5	1.0	2.4	2.5	2.4	0.4	0.2	-0.1
México	3.3	2.9	2.0	2.3	2.5	2.7	0.2	-0.1	0.1
Argentina	2.7	-1.8	2.9	1.7	1.8	2.8	-1.3	-1.2	-0.4
Oriente Medio y Norte de África	2.8	5.0	1.6	3.0	3.3	3.2	0.0	0.1	0.0
Arabia Saudita	4.1	1.7	-0.7	1.8	2.1	2.3	0.8	0.0	0.1
Irán	-1.3	13.4	4.3	4.1	4.1	4.2	0.1	-0.2	-0.1
Egipto <sup>2</sup>	4.4	4.3	4.2	5.0	5.5	5.8	0.5	0.2	0.0
Asia meridional	7.1	7.5	6.6	6.9	7.1	7.2	0.0	-0.1	0.0
India <sup>2</sup>	8.2	7.1	6.7	7.3	7.5	7.5	0.0	0.0	0.0
Pakistán <sup>2</sup>	4.1	4.6	5.4	5.8	5.0	5.4	0.3	-0.8	-0.6
Bangladesh <sup>2</sup>	6.6	7.1	7.3	6.5	6.7	7.0	0.1	0.0	0.3
África al sur del Sahara	3.1	1.5	2.6	3.1	3.5	3.7	-0.1	0.0	0.1
Sudáfrica	1.3	0.6	1.3	1.4	1.8	1.9	0.3	0.1	0.2
Nigeria	2.7	-1.6	0.8	2.1	2.2	2.4	-0.4	-0.6	-0.4
Angola	3.0	0.0	1.2	1.7	2.2	2.4	0.1	0.7	0.9
<b>Partidas informativas:</b>									
<b>PIB Real<sup>1</sup></b>									
Países de ingreso alto	2.3	1.7	2.2	2.2	2.0	1.8	0.0	0.1	0.0
Países en desarrollo	3.7	3.8	4.6	4.7	4.8	4.8	0.0	0.0	-0.1
Países de ingreso bajo	4.9	4.8	5.5	5.7	5.9	6.3	0.3	0.4	0.6
BRICS	4.0	4.4	5.3	5.4	5.4	5.4	0.1	0.0	0.0
Mundo (ponderados según la PPA de 2010)	3.4	3.2	3.7	3.8	3.8	3.7	0.1	0.1	0.0
<b>Volumen del comercio mundial<sup>4</sup></b>	2.7	2.8	4.8	4.3	4.2	4.0	0.3	0.3	0.2
<b>Precios de los productos básicos</b>									
Precio del petróleo <sup>5</sup>	-47.3	-15.6	23.3	32.6	-1.4	0.1	23.2	-3.1	-1.6
Índice de precios de productos básicos no energéticos	-15.8	-2.6	5.5	5.1	0.2	0.5	4.5	-0.6	-0.7

Fuente: Banco Mundial.

Notas: PPA: paridad del poder adquisitivo; e: estimación; p: previsión. Las previsiones del Banco Mundial se actualizan con frecuencia sobre la base de nueva información. En consecuencia, las proyecciones que se presentan aquí pueden diferir de las incluidas en otros documentos del Banco, aun cuando la evaluación de las perspectivas básicas de los países no difieran significativamente en un determinado momento. Las clasificaciones de los países y las listas de mercados emergentes y economías en desarrollo (MEED) se incluyen en el cuadro 1.2. Los BRICS incluyen Brasil, Rusia, India, China y Sudáfrica.

1. Las tasas de crecimiento agregadas se calculan utilizando ponderaciones del PIB en dólares estadounidenses constantes de 2010.

2. Los valores del crecimiento del PIB se calculan sobre la base del ejercicio económico. Los agregados que incluyen estos países se calculan utilizando datos correspondientes al año civil. Las tasas de crecimiento de Pakistán se basan en el PIB a costo de los factores. La columna de 2017 se refiere al ejercicio de 2016/17.

3. La columna de 2016 se refiere al ejercicio de 2016/17.

4. Volumen del comercio mundial de bienes y servicios no factoriales.

5. Promedio simple de Dubai, Brent y West Texas Intermediate.

Para obtener más información, visite: <http://www.bancomundial.org/es/publication/global-economy-prospects>.

Gobierno transparente en colaboración con el sector privado



Source: World Bank

## GRUPO BANCO MUNDIAL, OAS AND PANAMA DRIVE TRANSPARENCY TO PROMOTE DEVELOPING INVESTMENTS

The World Bank Group (WBG), the Organization of American States (OAS) and the Government of Panama presented an agreement on June 13 to improve transparency and accountability in countries of Latin America and the Caribbean, in order to fight corruption and attract more private financing for development.

The "Panama Agreement", sponsored by these three actors, was presented during the inauguration of the regional conference "Cuentas Claras 2018: Transparent Government in Collaboration with the Private Sector", which takes place today and tomorrow in Panama City.

"Transparency is a fundamental element to generate confidence and boost development," said Jorge Familiar, Vice President of the World Bank for Latin America and the Caribbean, adding that "having transparent governments and accountable institutions are crucial elements to provide certainty, maximize investment in development and reduce poverty."

The Agreement contains a series of actions to improve the quality and transparency of fiscal and financial information, strengthen accountability in the public sector and improve collaboration among the different actors involved in development, specifically governments, the sector private sector and civil society. "Through this Agreement, the countries of Latin America and the Caribbean have the opportuni-

ty to advance in concrete ways to improve governance, promote transparent investments and demonstrate that in the face of corruption and impunity, the response will be zero tolerance," said Luis Almagro, Secretary General of the OAS.

Among actions included in the Agreement are production of high quality financial reports by national and subnational governments, the use of technology platforms for State procurement and the adoption of international standards of open government. Other measures included in the Agreement are the prevention and fight against tax evasion, illicit financial flows and money laundering, as well as open and transparent collaboration between governments, the private sector and civil society organizations.

"The actions included in the Panama Agreement constitute a fundamental step to advance in the fight against corruption, while recognizing the fundamental role played by private sector in promoting finance for development," said the Minister of Economy and Finance. Finance of Panama, Dulcidio De La Guardia.

The Cuentas Claras 2018 conference is jointly sponsored by the WBG, the OAS and the Government of Panama and brings together representatives of governments, the private sector, academia, regulatory agencies, civil society, international organizations and the media. *L&E*



# FIVE THINGS YOU NEED TO KNOW ABOUT THE IMF AND CLIMATE CHANGE

Source: International Monetary Fund

**G**lobal warming is causing sea level rise, generating more extreme weather phenomena such as hurricanes, droughts and floods, and creating other risks to the global climate, such as the irreversible collapse of the ice sheets.

These are five ways in which the IMF helps countries to advance their strategies as part of the commitments made in the framework of the Paris Agreement on climate change signed in 2015.

**1. Mitigation of emissions.** Taxes on carbon emissions, or other similar charges applied to carbon content in coal, petroleum derivatives and natural gas, may be the most effective instruments for reducing carbon dioxide emissions, which are main source of gases that trap heat in the atmosphere. These taxes offer a simple application -for example, they can be integrated into specific taxes on fuels that are already in effect- and can generate a significant collection for governments, which could dedicate them to cut other cumbersome taxes or investments that stimulate growth?

The IMF provides practical advice on the design of fiscal policies aimed at mitigating climate change. We are developing tools

in the form of spreadsheets to help countries assess emissions and the broader fiscal and economic impact of carbon emission pricing, as well as the pros and cons of other mitigation instruments such as excise taxes. certain fuels, the trading of emission rights and incentives for energy efficiency.

For example, our annual assessment of China's economic health showed that a carbon tax - or simply the use of coal - would be significantly more effective at reducing emissions and local air pollution than emissions trading systems that they don't cover those of vehicles or buildings, and at same time generate a substantial fiscal income.

Also, according to a study to be published soon, a rate of \$ 70 per tonne of carbon dioxide emission in 2030, which would raise the price of gasoline approximately 60 cents per gallon and push the price of coal more than triple It would be more than enough to meet the mitigation commitments of some advanced economies and emerging markets such as China, India, Indonesia and South Africa.

That price would be almost enough in some

countries like Turkey and the United States, but it would be far below what Australia, Canada and some European countries need.

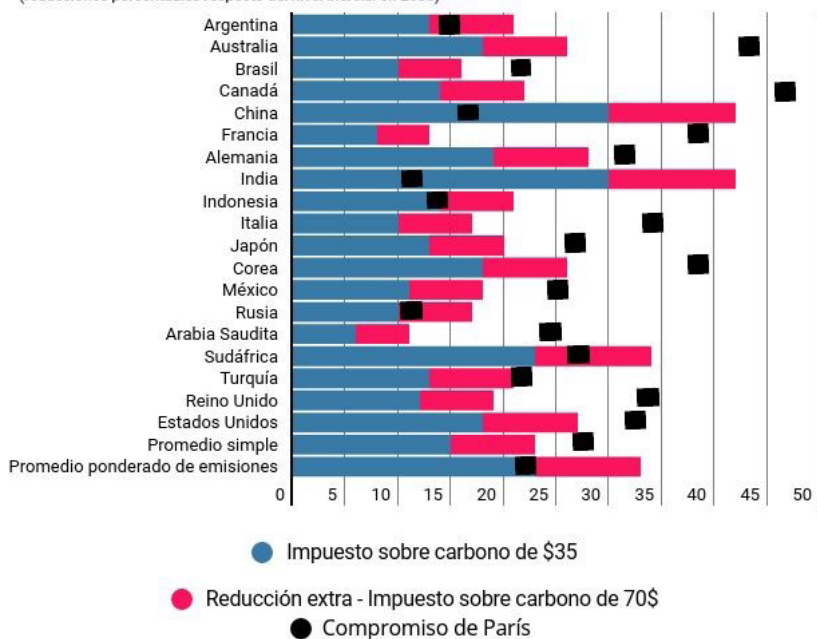
These differences in what a price of \$ 70 can achieve with respect to mitigation commitments reflect both differences in the rigor of these commitments and in sensitivity of fuels and emissions to pricing. For example, emissions tend to be more sensitive to pricing in countries that use a lot of coal, such as China, India and South Africa.

collateral effects derived from the use of fuels. A spreadsheet provides all member countries with estimates of the energy prices needed to reflect the costs of supply and all other environmental costs, as well as the implicit subsidies in artificially low fossil fuel prices.

According to IMF estimates, an efficient energy tariff would have reduced global carbon emissions by more than 20% in 2013, and deaths caused by atmospheric pollution caused by fossil fuels by more than 50%, generating at the same time a tax revenue equivalent to 4% of GDP.

### El precio del éxito Cumplir con los compromisos de mitigación de París es más difícil en algunos países que en otros.

(reducciones porcentuales respecto del nivel inercial en 2030)



Fuente: Ian Parry, Víctor Mylonas y Nate Vernon, 2018. "Policies for Implementing the Paris Climate Agreement: An Assessment for G20 Countries?" Documento de trabajo del FMI de próxima publicación.



**2. Reform of energy subsidies.** Carbon pricing should be part of a broader strategy to reflect the full range of social costs implicit in energy prices. This includes deaths caused by air pollution and other local environmental

The studies on reforms of many countries carried out by the IMF distill ingredients of a good reform. A particularly important ingredient is the compensation offered to low-income households, which usually requires a small fraction of the tax revenue generated by the reform. We analyze energy price reforms as part of our annual assessment of a country's economy, as well as in the technical assistance work carried out with countries such as Saudi Arabia, Jordan and the United Arab Emirates, and in our courses and workshops.

**3. Strengthening resilience.** The IMF's technical staff has been analyzing strategies to strengthen resilience in the face of climate risks and natural catastrophes; for example, in Nicaragua, Myanmar, Zimbabwe and other especially vulnerable countries.

The climate change policy assessments, which have so far been carried out in Belize, Seychelles and Saint Lucia, address countries' mitigation and adaptation plans, their risk control and financing strategies, and put evidence gaps in which they need investment, other policies or help to strengthen their capacity to fight against the effects of climate change.

The IMF is also contributing to the quantification of economic risks in vulnerable countries. For example, we estimate that the annual cost of natural catastrophes in low-income countries amounts to around 2% of GDP; that is, four times the impact that larger economies would suffer.

The IMF provides financing to help countries respond to natural disasters and climate-related phenomena. For example, during the Ebola crisis that affected West Africa in 2015, we established a trust fund to provide debt relief to poor countries hit by natural disasters. The IMF almost doubled the amount that countries can take in credit after a large natural catastrophe.

**4. A greener financial sector.** The technical staff of the IMF analyzes the manner in which climate risks affect financial stability. It also contributes to defining best practices for the stress tests to which the integrality of the financial sector of a country is subjected, which reflect climatic risks. Various financial sector assets programs, carried out in a variety of countries ranging from small island states such as Samoa to large economies such as the United States and France, have included stress tests to assess the effects of natural disasters on insurance companies, banking and other financial institutions.

**5. International action.** The IMF's technical staff also recommends that countries coordinate measures at international level - for example, setting a minimum price for carbon - in order to complement and strengthen the Paris process. In addition, it is participating in preparation of proposals for implementation of carbon taxes that would apply to fuels used in international transport. *L&E*

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# ESTADÍSTICAS INDICADORES Y CUENTAS AMBIENTALES



División de Estadísticas  
Unidad de Estadísticas  
Económicas y Ambientales

## ECLAC LAUNCHES PLATFORM OF REGIONAL NETWORK OF ENVIRONMENTAL STATISTICS FOR LATIN AMERICA AND THE CARIBBEAN

**E**conomic Commission for Latin America and the Caribbean (ECLAC), through its Statistics Division and with the support of the German Cooperation, launched the online platform of the Regional Network of Environmental Statistics that seeks to promote the exchange of information, knowledge, experiences and tools to promote a peer-learning process around all work areas of environmental statistics.

The network was launched today in the framework of the inauguration of the Methodology course to build and sustain environmental indicator of the Sustainable Development Goals (SDG), which was held in San José, Costa Rica.

Source: ECLAC

The objective of the network is to improve the state of national and regional development of statistics, indicators, including more than 100 environmental indicators of SDGs, and environmental accounts, through creation of a collaborative space for integration and of institutional and technical strengthening in region.

The network mainly brings together people who have a role in production, compilation, construction, dissemination or use of environmental statistics in the region, such as technicians and managers of public institutions, both producers and users, such as the National Institutes of Statistics or Ministries of En

vironment, experts, researchers and analysts of the national or regional scope. The network is also open to people from academia, civil society and the private sector interested.

Through virtual working groups, the network will address issues such as monitoring the SDGs, climate change, geospatiality, ecosystems and biodiversity, energy, water, use of natural resources or waste.

The activities of the network include debates, online seminars, publication of launches, announcements, invitations to events, access to technical material, methodologies, statistical recommendations and dissemination of national products and publications.

"We firmly believe that development of this type of digital communities will serve as a catalyst to boost the production and inter-institutional coordination of environmental statistics in the region," said the Chief of the Environmental Statistics Division of the Statistics Division of the ECLAC, Rayén Quiroga.

The professional highlighted importance of environmental statistics not only for the formulation of evidence-based national public policies on sustainable development, but also for the monitoring of the SDGs and other global frameworks, such as Paris Agreement on Climate Change or Sendai Framework for Disaster Risk Reduction.

Environmental Statistics network is one of the collaboration platforms promoted by the Statistics, Publications and Web Services Divisions of ECLAC, which aim to improve and facilitate exchange of experiences and debate on various topics relevant to region, and that have a strong commitment from Regional Commission of the United Nations. *L&E*

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# 10 IDEAS ON HUNGER

Source: FAO

1

## PEOPLE WHO EAT EVERY DAY

have no idea what hunger is. Confuse hunger with mere appetite. And they are different things.

2

## THE LACK OF FOOD FOR DAYS AND MONTHS

ends up affecting the intellectual and motor capacity of those who suffer it. Especially in children under five years. If they don't have an adequate protein ration, for example, the development of their intellectual capacity is minimal.

3

## HUNGER GREW BY 40 MILLION PEOPLE IN 2016.

They suffer at least 815 million. And figures for this year indicate that in 2017 it has increased even more.

4

## THE THREE CAUSES OF THE INCREASE ARE

conflicts, climate impacts and the reduction of social protection programs against poverty.

5

## THE UNDERLYING ELEMENT IS ALWAYS MISERY

In fact, poverty level indicator is identified with the ability to buy the basic food basket, which defines the border between going hungry or not.



6

## END HUNGER IS POSSIBLE:

it just needs to be a political priority for governments. Lula da Silva [president of Brazil between 2003 and 2010] said that the most important thing was to register the poor and their needs in the state budgets.

7

## IF WE DON'T END HUNGER,

we don't ensure a decent life for those who suffer from it.

8

## IF THERE CONTINUES TO BE FAMINE IN AFRICA,

there will continue to be disorderly migrations. Without creating opportunities, it is illusory to think that people will stop trying to cross the Mediterranean.

9

## THERE IS NO HUNGER FOR LACK OF FOOD. THERE IS FOOD LEFT.

You have to try not to waste food. One way to do this at the individual level is to collaborate with associations and food banks.

10

## ANOTHER CONTRIBUTION OF CITIZENS IS

to be militants of the right to food and, when voting, to bet on those who put food security in national policies.

# SURVEY OF EMPLOYMENT EXPECTATIONS MANPOWERGROUP GLOBAL

Source: Manpower Group

According to the survey conducted by Manpower, the Net Employment Outlook for Panama is + 2%, lowest figure to date and this indicates that they are at least 3% lower than previous quarter. Placing Panama in number 43 of the 44 countries that reviews survey.

The survey involves about 620 companies in Panama and you answer a single question: Do you foresee work movements for your organization for the next quarter (July-September 2018).

Panamanian employers report moderate hiring intentions for third quarter of 2018, with 8% of employers expecting to increase their workforce, 6% anticipating a decrease and 85% remaining unchanged. Resulting in a Net Employment Trend of + 2%.

The Global survey is led by Croatia, Japan, Taiwan, Hungary and the United States. Panama is in position 43, only beating Italy which is -2%.

Regarding positive aspects for Panama, it is expected that opportunities for those looking for work will be stronger in Agriculture, Fishing, Mining and Extraction sector.

Employers in the six industry sectors and in two of the four regions expect to increase their workforce over the next three months.

Strongest hiring plans are reported in regions of Panama City and Central Provinces, with Net Employment Expectations of + 6%, each. Employers in the Western and Colon regions don't expect changes in their workforce for next quarter.

"The Employment Expectation for the country is + 2% and the economy in the country continues to grow. For example, employers in the Agriculture, Fisheries, Mining and Extraction sector report the best prospects of + 10%, probably due to the plans that exist in the country to reactivate banana production," said Alberto Alesi, Regional Di



rector of the Caribbean and Central America for ManpowerGroup in a press release.

Employers in the six sectors expect to increase their workforce during Q3 2018. The strongest labor market is expected in the Agriculture, Fishing, Mining and Extraction sector, where employers report an optimism of + 10% once the data they adjust to the seasonal variation. Transport and Communications employers report encouraging hiring plans with a forecast of + 5%, the Services sector reports hiring intentions of 4%.

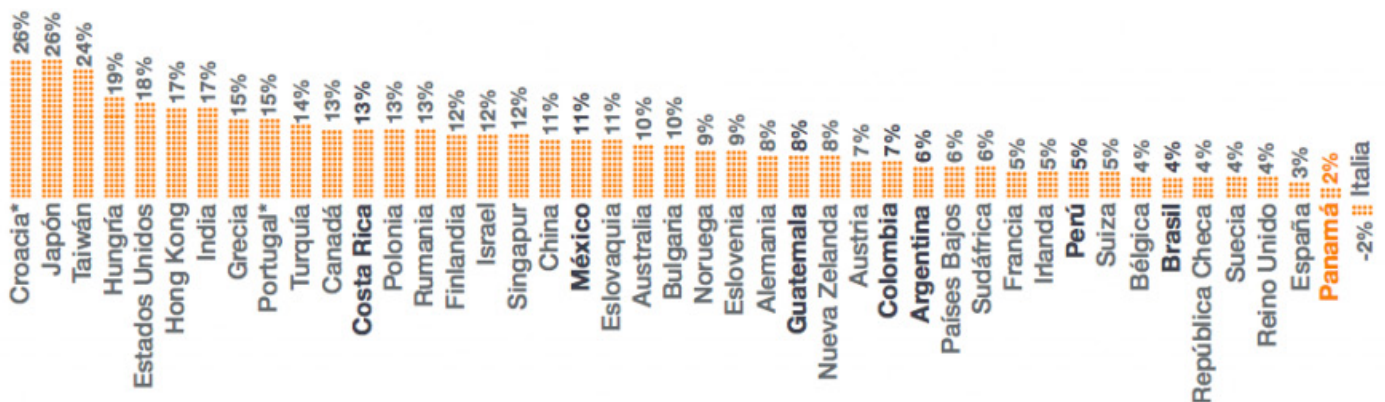
Employers expect to increase hiring levels in the categories by size of Large, Medium, Small and Micro companies during the next quarter. Employers of large organizations lead the hiring rhythm with a forecast of + 11%. On the other hand, the Expectation of the Small Business category stands at + 5%, Medium Enterprises at + 4% and Micro companies expect + 1%. *L&E*



## Encuesta de Expectativas de Empleo ManpowerGroup Global Q3 / 18

**{ Q3 2018 }** 59,000+ ENTREVISTAS A EMPRESARIOS EN 44 PAÍSES Y TERRITORIOS

COMPARATIVO GLOBAL · TENDENCIA NETA DEL EMPLEO



\*Cifra sin ajuste estacional



# IMPACT OF THE LOW COST AIRLINES IN THE WORLD OF COMMERCIAL AVIATION

Moises Véliz  
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The changing needs and trends of domestic and international air market, has forced an increasing number of global airlines to adopt a low-cost or hybrid business model, according to Lisa Angiolelli-Meyer, manager in charge of Affiliation of Airlines of the Association of International Air Transport (IATA for its acronym in English).

By October 2017, 10% of the 281 airlines affiliated to this global organization operate under these schemes, which represents 26% of worldwide seating offer.

## Background Summary

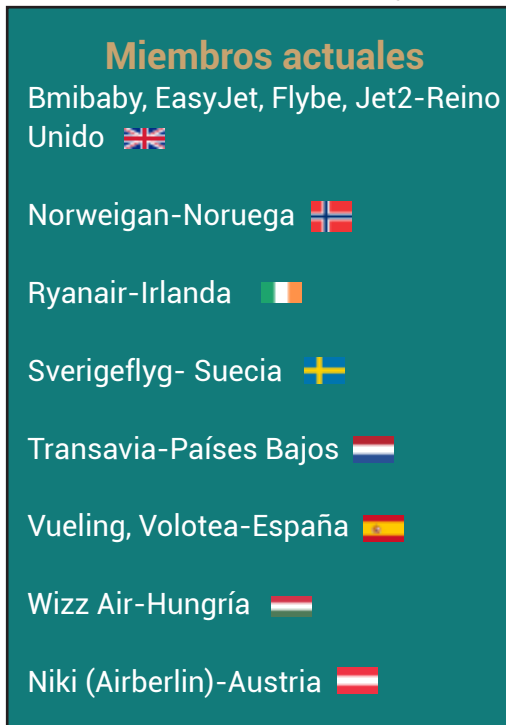
Many traditional companies started commercial flights with leftover aircraft from World War II in the late '40s or early '50s. It is considered as the pioneer in the market of cheap or low cost flights (as they are better known in English) to the Pacific Southwest Airlines, precursor of Southwest Airlines, a small airline of Texas that began operations in 1949. Its owner, Kenny Friedkin, began by renting a Douglas DC-3 to make the San Diego - Oakland route to become one of the leading companies operating on the west coast of the United States.

In 1966 legendary British Sir Frederick Laker founded his first commercial aviation company -Laker Airways- with a then revolutionary formula: very cheap flights without advance reservations and with minimal luxuries on board. On flights meals were served at an additional cost for the passenger. Their planes covered London - New York route at an average price of \$ 100 round trip ticket. But with the big companies that operated between the United States and England united against him, they took him to an unsustainable debt until his business was finished in 1982.

Its business model has been replicated in recent years by renowned European companies such as the Irish Ryanair founded by Tony Ryan in 1985. He started by making the Waterford-London route with a 15-seater propeller aircraft and added a new route the following year, connecting Dublin and London, which led her to compete directly with the British aviation giant, British Airways. One of the great merits of Ryanair is that in the search to lower operating costs, it became one of the first companies to sell airline tickets through the Internet, avoiding the commissions of intermediary agents. Currently, virtually all of its sales are made via the web and

operates 1,500 routes with a fleet of 305 aircraft.

As important as the previous one, it is EasyJet with operational headquarters at Luton airport (48 kilometers from London) and founded in 1995. It operates more than 500 routes in Europe and more than 100 between this continent and North Africa. It has a fleet of more than 190 aircraft. This activity has prospered so much in Europe, that in 2003 the Association of Low Cost European Airlines was created in which they participate:



Source: Association of Low Cost European Airlines - Wikipedia

New low-cost airlines have also appeared in Asia and North America, some with successful results and others less fortunate, which have contributed to this revolution also called the “democratization of air transport” because it has ceased to be a privilege for some passengers and has become the complement of an industry that now gives you the opportunity to travel to many people regardless of their economic condition .. Among the best-known in the world, in addition

to the European ones mentioned above, include: Southwest Airlines, Allegiant Air, Airtrans Airways, Spirit Airlines, Jet Blue (United States), Tiger Airways (Singapore), Air Asia (Malaysia), Westjet Airlines (Canada) and Air India Express (India).

## The business model

The difference between a low cost airline and a traditional airline is that it offers low fares in exchange for eliminating services that are not useful for a large number of passengers. The price is the aspect that interests them the most.

There are two important costs in the management of an airline. The cost of fuel and airport charges.

The fuel is related to the weight, and therefore, the allowed packages and weights are always lower than those of a traditional company. That is, if a person travels with one or two suitcases of 23 kgs., It is very likely that their journey on the low cost airline will be increased by the difference in baggage allowed.

Airport rights are also determinants for low-cost airlines; hence they prefer secondary airports and therefore, the passenger must make sure of where they are going to land. For example, when traveling to Frankfurt, traditional companies land at Frankfurt Main, but many of low-cost airlines land at Frankfurt Hahn. This means that passengers will have to travel about 140 kms. to get to the city, with the cost that implies. Another example would be if you travel to Mexico City on a low cost airline, you should make sure that airport used is Toluca or international airport of Mexico D.F.

In addition to these costs, low-cost airlines have a number of characteristics associated with the service that the

passenger receives directly and with the logistics of the operation, such as the following:

- Crew costs are reduced.
- Less congested airports are used, which reduces taxi times, delays in boarding / disembarking gates and in air spaces.
- They avoid providing attention such as meals, allocation of seats and connections with other flights. In case of offering them they charge additional charges.
- They have a single class and generally the fleet is composed of only one airplane model.
- Downtimes are reduced between one flight and another, allowing them to earn up to an hour and a half more than traditional companies.
- Sales through web pages to avoid intermediaries and staff.
- Suppression of magazines, newspapers and other entertainment.
- Avoid mileage accumulation programs
- They use between 30 and 50 employees by airplane; while a traditional airline employs an average of 100 employees per plane.

However, these reconfigurations are not direct but, depending on each region, airlines adopt certain standards to encourage customers.

A survey carried out by IATA in 2017 showed indications that the service offer of traditional airlines has had to adapt to the new market conditions, mainly with strategies to reduce

operating costs that translate into lower ticket prices, and therefore, in greater competitiveness in the travel segments. This could be the biggest contribution of low-cost airlines to the international air transport industry.

That is, the aforementioned characteristics vary slightly according to the airline's strategies. For example, the survey suggests that there is a greater concentration of ultra-low cost airlines (AUBC) in the Americas, while in Asia, low-cost (ABC) and hybrid airlines predominate, with the latter sharing the same characteristics. a low cost airline (LCC) and a full service airline (ASC).

### Impact in Latin America

The economic growth of the Latin American countries and their growing importance as a tourist destination do not explain by themselves, why the skies of the region are more and more traveled. Something key was the reconversion of the airline industry in the region that led to the consolidation of strong regional companies such as the Latam Airlines group (Chile); Avianca-Taca group (Colombia); Copa Holdings (Panama) and Aeromexico (Mexico). All of traditional cut.

In order to address the growing penetration of low-cost airlines, some traditional airlines have created low-cost subsidiaries or have lowered prices. Especially in countries such as: Brazil, Mexico and Colombia.

The Irelandia Aviation group of Irish origin, founders of the European Ryanair and leaders in the development of low-cost airlines, replicated this experience with VivaAerobus in Mexico and VivaColombia in Colombia. The first took off in frank competition with Interjet and Volaris, and the second began as a low-cost pioneer in Colombia competing with Avianca.

In total there are five low cost airlines in Latin America: Azul (Brazil); Volaris and VivaAerobus (Mexico); VivaColombia and Wingo (Colombia). The first one that emerged in the region with the low cost model was the Brazilian Gol, which today operates rather following a more hybrid model. Others that follow the hybrid model are: Interjet in Mexico and Sky Airline in Chile.

### Impact in Panama

The operation of some low-cost airlines in Panama has benefited tourism and the activity of secondary airports. Slowly they have been consolidating their regular operation from different destinations. The first one, is Spirit Airlines that from the 1st. February 2008 carries out flights between Fort Lauderdale and Panama on Mondays, Thursdays and Saturdays using an Airbus 319 that lands in Tocumen.

VivaColombia that started operations in Panama in August of 2014 with regular flights from the cities of Bogotá and Medellín to Panama, using the Panama Pacifico airport (former Howard air base). On May 20, he decided to suspend operations in Panama, after having transported close to 360,000 passengers in just under four years. The tourism and airport authorities of Panama negotiate with the airline a commercial agreement that allows it to continue its flights in the country.

On December 1, 2016, low-cost airline Wingo, a subsidiary of Copa Airlines Colombia, began commercial operations. It offers domestic flights from Bogota to Cartagena and San Andrés Island and from Barranquilla, Cali and Cartagena to San Andrés Island, and also makes flights international flights from Bogotá to Caracas, Quito, Havana, Cancun, Mexico City and Aruba as well as direct

flights from Medellín and Cali to the Panama Pacifico International Airport (former Howard air base) and from this airport to San Jose, Costa Rica. The airline has a uniform fleet of Boeing 737 configured with a single cabin.

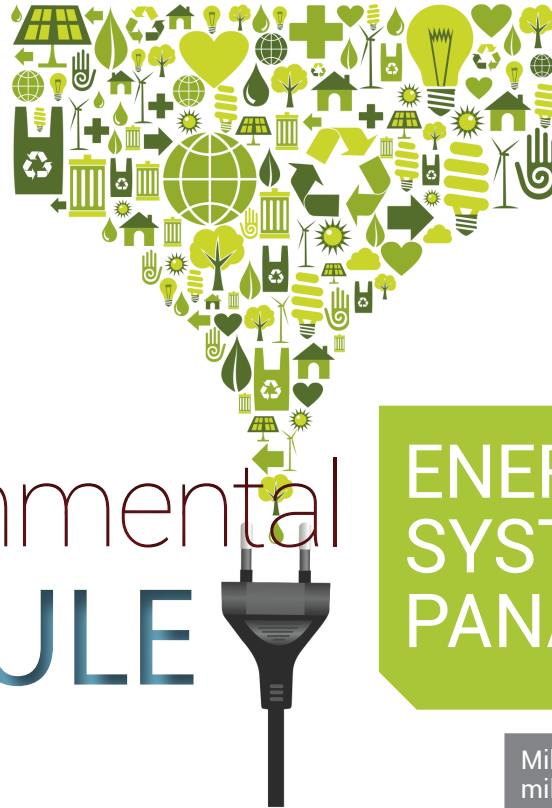
The Canadian WestJet Airlines Ltd. is a low-cost airline based in Calgary, Alberta. It operates scheduled and charter flights to 90 destinations in Canada, the United States, Europe, Mexico, Central America and the Caribbean. Towards Panama, it carries out flights in the Canadian winter season using Boeing 737-800 aircraft that land at the Scarlett Martínez Airport (Río Hato).

### Conclusions

Since the founding of Southwest Airlines in 1949, through the revolution that caused Laker Airways in the North Atlantic, low-cost airlines have broken through to break into 1985 with the creation of Ryanair, as a business model that has achieved sustainability and profitability in a successful manner in global aviation.

In all regions of the world, public interest has prevailed, to such an extent that the organizations that govern destinies of international aviation, such as IATA, and many governments, foster and justify them as a new way of traveling cheaply, guaranteeing to consumers: security, economy and efficiency; besides offering them more options of routes, destinations and ways of traveling, different from those offered by traditional airlines.

Countries have boosted tourism, connectivity, the use of airports and infrastructures in secondary cities, facilitating development and communications in forgotten communities, previously forced to travel to the country's capital to connect with the outside world. *L&E*



# Environmental CAPSULE

## ENERGETIC SYSTEM IN PANAMA

Milena Vergara - Assistant  
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The country's energy sector faces challenges that need novel regulatory changes in the short term.

Panama as a developing but growing country has a great demand in its energy sector. Currently, we generate electricity by means of water, bunker, coal, and the AES Gas Natural Atlántico Plant that will be generated by gas is currently being tested.

It is essential to promote a greater use of renewable energy models since they are of great importance in the global future and ensure an adequate and safe energy supply, decreasing the dependence on water and thermal energy.

Over the years and the increase in environmental problems that are increasingly larger and more complicated, especially in more developed countries, have generated several forms of renewable energy and friendly to the environment.

The government should encourage and publicize more about renewable energy models to institutions, schools, homes, etc., in the development of strategic plans to re-

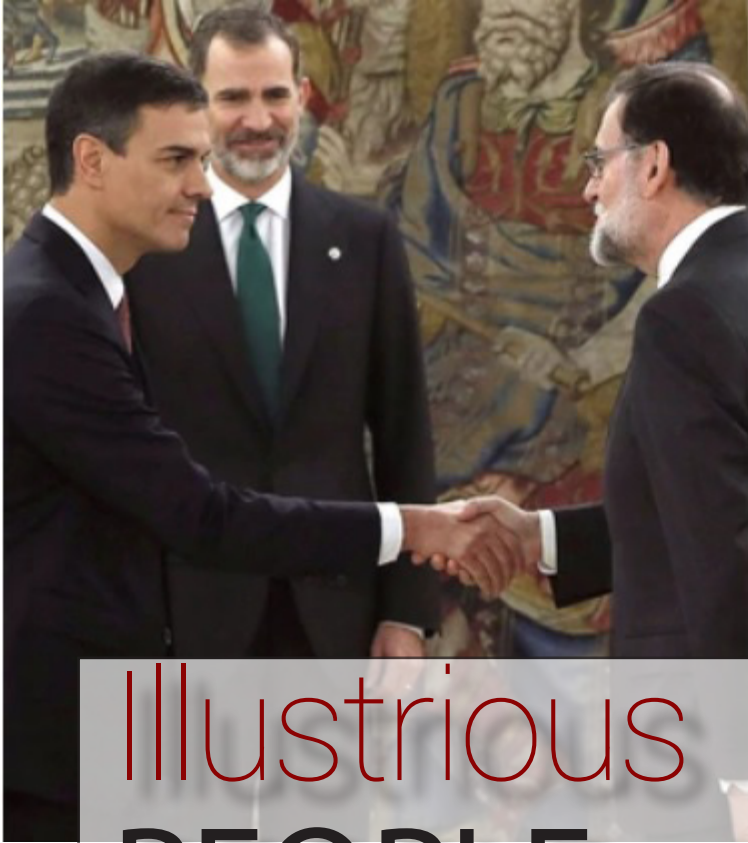
duce greenhouse effect, as a commitment to sustainability and social responsibility.

The energy sector is very dynamic and registers changes that can affect the energy models that generate in greater quantity in our country, therefore, it would be convenient to carry out a short-term analysis of the renewable energy models that can be used to support us to solve emergency situations as in the case of natural disasters or extreme weather situations.

We must also give greater importance to the issue of awareness in energy savings at the level of shopping centers, industries and in our own homes because without realizing the volume of energy we consume daily to perform basic and routine tasks is very high.

For them, homes and schools must educate and promote the responsible use of energy, whatever their source of generation.

**The care of the planet is everyone's responsibility.**



# Illustrious PEOPLE

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## SPAIN AND ITALY... NEW FACES IN THE GOVERNMENT

The origin of the relationship between these two countries dates from the year 218 BC. when the Romans invaded the Iberian Peninsula, introducing then the Latin language. This Roman domain was carried out for 600 years until Western Roman Empire fell. Later, during the Modern Age, Italy was dominated by the Spaniards.

Both countries (Spain and Italy) culminated on Friday, June 1, a week of high political tension. The Spanish Congress approved by 180 affirmative votes a motion of censure that meant the dismissal of Mariano Rajoy, president of the Government since 2011, and the investiture of Pedro Sánchez in his place, who is leader of a totally fragmented

opposition. Almost at the same time, Sergio Mattarella, head of the Italian State, took Giuseppe Conte as prime minister, inaugurating the uncertain experience of an anti-system alliance in power.

Italian populist leaders seeking to come to power condemned Mattarella for the collapse of the planned coalition and, suggesting the existence of an international conspiracy against Italy, clarified that the imminent campaign will focus on

Europe and the euro (in favor or against).

The yield on Italy's two-year government debt rose to highest level in four years.

In Madrid-Spain, opposition Socialist Party presented a motion to withdraw confidence from Mariano Rajoy after a series of corruption scandals within his Popular Party. The Citizens Party, which heads the polls, pressured Rajoy to call elections with the threat of trying to force the convoca-

tion if the president of the government did not.

The similarities between these two countries are unobtainable, and not only because of their close cultural roots. Italy is the fourth largest economy in Europe, with a GDP of 1.9 billion dollars, and is the fourth most populated nation, with 60.5 million people. Spain is fifth in both categories, with a GDP of 1.3 billion and 46.5 million inhabitants. But when looking at the Human Development Index, neither of them enters the top ten: one is 13th and the other 14th.

Politically, there are also important similarities. Both countries are marked by an authoritarian past. Italy, for the fascism of Benito Mussolini, who ruled between 1922 and 1945. Spain, for the Franco regime, which lasted much longer, from 1936 until death of the dictator Francisco Franco, in 1975.

The two consolidated their democracies with a parliamentary system, although the Italians eradicated the crown and formed a republic, and the Spaniards opted for a constitutional monarchy. With their nuances, they managed to maintain important levels of prosperity for many years.

However, that time seems to have been left behind for both. Italy has been going through a deep crisis in its party system for decades, which erupted in the early 1990s with the end of the era of the Christian Democracy and the beginning of the cycle that had the eccentric Silvio Berlusconi as the protagonist. In Spain, whose democracy is younger, the crisis is also more recent, and its beginning could be in the disruption that implied the Movement of the Indignant as of May 15, 2011. The closer the magnifying glass to each case, the differences are more clearly seen.

Until the general elections of 2011, Spain had a stable political system, with a two-party system that worked. The Socialist Party (PSOE) and the Popular Party (PP) were distributed close to the totality of the seats in the Parliament, and the one that obtained the majority put the president and the cabinet.

But the system collapsed, dragged by the economic crisis, corruption and unfulfilled promises. As a result, the game that used to be two by two became four, with the emergence of Podemos, who stole many votes from the PSOE, and Citizens, which took the PP.

Socialists and popular in Spain are perceived as guilty of not having managed properly public affairs and have made counterproductive decisions for the progress of the country, thus weighing the economic recovery after the crisis. So fragile was the structure that sustained Rajoy that a judicial ruling triggered his departure in a few days. The historic sentence of the Gürtel case, a plot consisting of a network of companies that from 1999 to 2005 bribed top brass of the PP to obtain public contracts in different parts of the country, created the opportunity to vote for the destitution of Rajoy.

Sanchez, who had returned to the PSOE leadership after winning the 2017 primaries, led the initiative. With the support of Podemos, the Catalan separatists and the Basque nationalists, the only thing they had in common was their desire to remove the PP from power, removed the president and took his place. Its intention is to govern until next elections, but the alliance in which it is held is very unstable.

The crisis in Italy is much deeper, because fragility became a structural feature of the Executive Branch. The most eloquent fact is that in the last ten years the country had six different prime ministers: Berlusconi (2008-2011), Mario Monti (2011-2013), Enrico Letta (2013-2014), Matteo Renzi (2014-2016), Paolo Gentiloni (2016-2018) and now Giuseppe Conte. Average term doesn't exceed two years.

The crisis worsened after the elections of March 4, which ended up burying what was left of the traditional parties and consecrated new forces, which question current political order in a radical way. The results especially hit Democratic Party (PD) of Renzi and Gentiloni, the latest banner of institutional status quo and European



integration, which accounted for only 18.7% of vote. With 32.7% of votes, big winner of the last elections was the 5 Star Movement (M5S), of Luigi Di Maio, an improvised anti-system force, ideologically unclassifiable. The other winner, with 17.4%, was North League, by Matteo Salvini. It is also anti-system, but far right.

Old ideologies and political traditions were replaced by antiparty and anti-political appeals by populist leaders such as Berlusconi and Renzi. But when those leaders began to be seen as part of the establishment, voters turned their backs on them and sought out more credible populists. In that space the M5S found a place, whose first slogan, 'vaffanculo', underlines the type of argument that it uses in the public sphere “.

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After failing in their attempts to obtain parliamentary support to govern in solitude, Di Maio and Salvini realized that the only alternative they had left to take power was to form an unexpected coalition. Their agreement is structured on the basis of the single axis on which they coincide: the rejection of the political establishment and the European Union. That didn't prevent the program they agreed on from containing totally contradictory points, such as lowering taxes and creating a universal basic income. Since neither of them was going to accept that the other was prime minister, they proposed a neutral, totally unknown third party, Giuseppe Conte, a jurist without political experience, with some flagrant lies in his curriculum.

Given the refusal of the coalition to offer an alternative minister, Conte declined his candidacy on May 27, and Mattarella proposed economist Carlo Cottarelli head a technical

cabinet. But Parliament wasn't willing to accept Cottarelli, so the repetition of the elections seemed inevitable. However, the M5S and the League reversed at the last moment, and agreed to place someone more moderate in Economy. This is how the conflict unraveled. The President took Conte oath as premier a few days ago, and Di Maio and Salvini as his vices.

#### Similar, but different

The immediate causes of the crises in the two countries are different. In Spain, immigration is not an issue that causes as many divisions as in Italy, which doesn't have a regional issue like Catalonia. On the other hand, while Italy has not been immune to corruption, it wasn't one of the factors that precipitated the crisis. Although there are similarities in both cases, such as the collapse of support for traditional parties and the growth of post-ideological forces. That reflects the dissatisfaction with the political class in both countries. “

Both in Spain and in Italy, new political movements emerged that challenged traditional movements. But the PP and the PSOE retain about half of popular support, and of the two nascent forces there is one such as Citizens, which is clearly moderate and pro-establishment. In contrast, in the Italian case the anti-system forces came to the government, with all that implies. At the same time, this was possible because they have a capacity to reach agreements unthinkable in Spanish politics.

Multipartism and coalition governments are common in the Italian political system, but exceptional in Spanish, accustomed to bipartisanship, monochrome cabinets and specific parliamentary support. It was noticed recently by Felipe González in a conference: 'We are going to an Italian Parliament, but without Italians to manage it'. Will Spanish parties and leaders get used to working in a context of vote fragmentation?" Asked Giménez Martínez.

As it is very difficult to recreate the lost bipartisanship, the Spanish leadership has no choice

but to develop a culture of the pact, if it doesn't want to live in constant blockade. As evidenced by Italian history, being able to reach agreements is not a guarantee of stability. It does not even seem to be the result of institutional formats or the rules of the political system.

The Italian government has redoubled its anti-immigrant rhetoric that connects governments as uncomfortable for Brussels and Berlin as those of Hungary and Poland. Salvini has left for dead the reform promoted by the EC on the Dublin Regulation (which regulates asylum regulations). Rome maintains, for now, its intentions to reduce taxes, despite the concern of Brussels about its level of debt.

Conté and Sánchez agree to further strengthen relationship between Italy and Spain. The Italian Prime Minister, Giuseppe Conte, and the Spanish Prime Minister, Pedro Sánchez talked in recent days by telephone about the need to work together "to further strengthen the already excellent relations between Italy and



Spain" and to hold a bilateral meeting soon.

The Italian Government Presidency explained in a statement that both leaders "exchanged congratulations for their recent appointments and said they are prepared to work together to further strengthen the already excellent relations between Italy and Spain." In addition, the two leaders "set a first meeting on the occasion of the next European Council to be held at the end of the month in

Brussels and agreed to organize soon an Italian-Spanish intergovernmental meeting."

Migration policies of Italy and Spain. The governments of Italy and France called for the creation of European centers to process migrants' asylum claims in their countries of origin, a measure that seeks to prevent further tragedies in the Mediterranean. "We must create European centers in the countries of departure," Conte said at a joint press conference with Macron in Paris after the crisis caused by the management of Aquarius.

The crisis of the ship Aquarius has offered the Italian Interior Minister, Matteo Salvini, the opportunity to put the European political focus on one of the issues that has paid his rise as leader of the League, irregular immigration, as his speech has shown of days before the Senate, which has called on the European Union to toughen its measures and has advocated the formation of a common front on the matter with Germany and Vienna.

Salvini has supported the facts, when ship Aquarius traveled to Spain after rejection of Italy and Malta, and has indicated that his country "can't be the only one that deals" with immigration and "takes charge of economic and social issues".

For this reason, he reiterated his desire to change the European Union's migration policy and pointed out that, after the episode with Aquarius, Italy, far from being isolated, "has never been as central and listened as now".

Salvini has ratified that only immigrants rescued by his Navy will land in Italy, because it is time for the "State to return to being a State", and has rejected that "private organizations financed by who knows who imposes the times and modes of immigration", in reference to NGOs.

He also noted that "Italy does not accept lessons of solidarity and humanity from anyone" and, although he thanked "the Spanish friends his good heart" for hosting the Aquarius, he remarked that the Spanish Govern-

ment of "Pedro Sanchez has wide margin to exercise solidarity in the coming weeks "since, he recalled," only has about 16,000 asylum seekers, while in Italy there are 170,000. "

For its part, in recent years, Spanish society has altered its view on immigration, demonstrating a greater understanding of the phenomenon. This has allowed the development of mechanisms that promote immigration within the legal channels and reinforce actions against illegal immigration.

In this sense, the Spanish government has oriented its migratory policy towards the strengthening of the legal entry of foreigners and the lifting of an effective fence for irregular immigration, through the fight against the so-called informal or informal economy, which is understood as the system of exchange of goods that remains outside the control of the State.

Spain promotes an Immigration Law that has been subject to several modifications, with the purpose of responding to the needs raised by the phenomenon of immigration. It is a text that regulates the rights and duties of foreigners in Spain and contains principles that seek to favor legal immigration, restricting the entry of illegal aliens to a minimum and offering opportunities to normalize their situation to immigrants established in Spanish territory in irregular conditions.

As a general rule, the Immigration Law establishes that it recognizes the rights established in the Spanish Constitution, international treaties, interpreted in accordance with the Universal Declaration of Human Rights, and other current treaties on citizen rights.

Now, in Spain after years of atony, immigration has returned to the foreground. Economic recovery makes Spain attractive again as a destination. *L&E*

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Rivera, Bolívar y Castañedas

# #TRENDING TOPIC

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# FAKE NEWS

(FALSE NEWS)

In the world of technology that we live it is easy for us to be invaded by a lot of information or news in the day, however, we must bear in mind that not everything that is disclosed in social networks is true; and that is why we must be careful and be alert to the Fake News or the known false news.

The so-called fake news are those created, that is, they are a pseudo journalistic product disseminated through news portals, written press, radio, television and social networks whose objective is deliberate misinformation or deception.

By presenting false facts as if they were real, they are considered a threat to the credibility of serious media and professional journalists.

The spread of false news in order to influence the behavior of a community has antecedents since antiquity, but as we know, formerly we didn't have the exposure of today, with mass media and social networks.

Some journalists in the local and international sphere transmit in their social network accounts information that has not been researched or verified that in the end they are

false, it is then the creation of the so-called fake news; To err is human, but if we have the tools to investigate the truth and if they are journalists, it is a must to do it.

They will ask... and what about the news that is satirical? Well, although they are forms of disinformation, they are not considered fake news in the strict sense, since their humorous objective, their obvious falsehood and the context of the medium in which they are broadcast, do not lead to confusion for readers. International examples are the notes of the publications The Onion, Charlie Hebdo or Barcelona; in Panama we have a pair like they are: El Ñeque Noticias and El Gallinazo.

Social networks can be very helpful, but at the same time they can contain a lot of fictitious information. Before sharing information by any means we must be sure of its context and its veracity, if it is necessary to investigate more thoroughly not to pass a shame and misinform others into social networks and above all, so as not to harm third parties. *L&E*

# Sport Capsule



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There is no doubt that the theme of the moment is the 2018 World Cup, which is hosted by Russia.


And it is hosting thousands of fans. Thousands of Panamanians have had the good fortune of traveling to Russia to experience these historic moments of seeing the national team debut, and the joy and mischief of the Panamanian has been noted, resulting to be one of the happiest bars and has earned the appreciation of the Russians and other nationalities, who have shown their support for the country.

Our 'souvenirs' are close to running out. On the other hand, much has been talked about the players of Panama for their weight and average age, however, Argentina became for the second con-

secutive World in the most veteran team, with an age range of 29 years, 6 months. Followed by Costa Rica, Mexico and Panama, respectively.

After an emotional farewell at Rommel Fernández for players who announced their retirement from the national team after the World Cup, Gabriel Gavilán Gómez, Blas Pérez, Luis 'Matador' Tejada and Felipe Baloy in the friendly game against Northern Ireland, started for us the desire to see our flag fly and sing our anthem for first time in a World Cup.

Already in the final stretch Alberto Quintero suffered an injury during the last friendly with Norway, which leaves him out of the World Cup.



News that saddened all the fans. The possible change would be Ricardo Pepe Ávila, who traveled with the selection as a guest. And finally it arrived, June 18, 2018, the day in which we saw a uniformed country, supporting 100% of its people and a historical date in which the world listened to the musical notes of our national anthem for the first time in a soccer world cup. , which filled a whole country with great joy and emotion. There were those who couldn't bear the tears.

The selected ones gave everything in the field, giving us as usual, a cardiac game against the Belgians, where we even celebrated each ball saved, all the saves of Penedo, and each time our team went to attack. It was our first game, where despite the result, he left his fans satisfied, knowing that we were facing one of the best teams in the world, the third according to the FIFA ranking to be exact, and to which we gave battle, so much that inclusive, we went to break tied without goals.

On the other hand, not only the players were called for this World Cup, but also Panamanian referees like John Pitti, who made his debut in Russia as fourth referee in the match between Brazil and Switzerland.

This doesn't stop here, we must continue to support our national team and boost Panamanian football, since an event like this has put the eye on a world in Panama and we must know how to take advantage of it.

### **World Cup 2018**

Russia, as the host country of this World Cup, opened with a resounding victory against Saudi Arabia. And it has continued with its good run, qualifying along with Uruguay of group A, to the next phase. On Monday 25 will be defined who passes first or second of the group, since they are equal to 6 points.

Panama had a good game, achieving in the first

half a 0-0 result, which in the second time could not be maintained and the Belgians took the win 3-0. In a second time, after the first goal, our red was launched more to attack, creating opportunities for goal, the clearest with Michael Murillo and Edgar Bárcenas.

### **Cost of yellow cards**

This match Panama vs Belgium, had a total of 12 cards, so far the most yellow cards has accumulated, of which 5 are from Panama, Anibal Godoy, Edgar Bárcenas, Michael Amir Murillo, Eric Davis and Armando Cooper. What brought a fine of \$ 22,500.00 to the Fepafut since each yellow has a cost of \$ 3,000 and \$ 7,500 for holding a player.

The penalty for yellow cards Panama must cancel before our next match against the English on Sunday, June 24 at 7:00 am, who come to beat Tunisia 2 to 1 in last minutes.


And later, on June 28, Panama will meet Tunisia at 1:00 p.m.

### **Records of Panama**

What ran like wildfire in social networks, is that only one game of Panama in World Cup was enough for a Panamanian to quickly enter historical records. It is Gabriel 'Gavilán' Gómez, who managed to enter world record by specifying one hundred percent the passes in which he intervened, 46 of 46, being the number 3 in the history of the world.

And not only that. In addition, the flag of Panama was chosen as the most beautiful flag of the World Cup.

And there is more. The Panamanian fans were chosen as one of the happiest of the World Cup in Russia and Panama has become so popular there that, as we mentioned, people from all over have swept away the 'souvenirs' of Panama that, like the others Participants of the competition, are sold in Russia.



## Surprises

Our neighbors also couldn't get the victory in their first match, the Colombian team, fell 2-1 against Japan; and Costa Rica, 1-0 in their match against Serbia.

And is that many teams have surprised, affecting bets and cocks of fans, as the incredible 1-0 in favor of Mexico against current world champion, Germany. This shows that it is not always who has more experience or more talent, but who has the true desire to win, as a team.

Another surprising result was the 3-3 of the match between Spain and Portugal, who gave us a great game until last minute. And it is possible that those two teams will see each other again in the next phase. In the same way, teams like Argentina and Brazil, who have a great career, haven't been able to show off as usual, leaving the fans dissatisfied.

One of the most commented results has been, of course, the win that gave Croatia to Argentina, 3 - 0, leaving them taking calculator and depending on the result of other teams to follow and not be eliminated from the World Cup.

It surprised also that after their first match none of the big teams, Germany, Brazil or Argentina, had managed to get a victory.

For the moment, Cristiano Ronaldo remains top scorer of the 2018 World Cup, with 4 goals, followed by Cheryshev of Russia and Diego Costa of Spain, with 3 goals each.

We can't leave out the implementation of the VAR, which has been very useful in this World Cup, making its debut in the match against France.

Australia, in which the Uruguayan referee Andrés Cuanha resorted to technology at minute 57 to determine a maximum penalty in favor of France. This match ended 2-1 in favor of France.

FIFA has been strict with behavior of fans and has sanctioned Mexican Football Federation with a fine of nearly \$ 10,000 for "discriminatory and insulting" chants during its first game against the German team, on June 17. In the same way, it has sanctioned the Serbian federation with a fine of same value, after fans waved "an offensive and political banner" during the match on Sunday, June 17, in which the Serbian national team won 1-0 against Costa Rica. *L&E*

## ALGUNAS CIFRAS DE LA COPA DEL MUNDO DE ACUERDO CON LAS ESTADÍSTICAS DE FIFA TRAS LA JORNADA DEL

# MIÉRCOLES 20 DE JUNIO



## Host 2022 and 2026

The host for next World Cup 2022 has already been chosen, which will be held in Qatar.

And the next one in 2026, will be celebrated in America, by joining as host countries, the United States, Mexico and Canada. So next qualification of the Confederation of North, Central America and the Caribbean Football (CONCACAF) that grants three tickets to the World Cup and one to the repechage, will exclude the United States, Mexico and Canada. This opens the door for Central American teams, including Panama, to have more aspirations to play.

Thus in the United States will be played 25 games, followed in Canada with four and finally, Mexico with three, in 2026.

Here's how the score tables go by group:

## World Cup 2018



Latest



Schedule

A	W	D	L	F	A	Pts		B
Russia	2	0	0	8	1	6	Spain	1 1 0 4 3 4
Uruguay	2	0	0	2	0	6	Portugal	1 1 0 4 3 4
Egypt	0	0	2	1	4	0	Iran	1 0 1 1 1 3
Saudi Arabia	0	0	2	0	6	0	Morocco	0 0 2 0 2 0
C								D
Denmark	1	1	0	2	1	4	Croatia	1 0 0 2 0 3
France	1	0	0	2	1	3	Argentina	0 1 0 1 1 1
Australia	0	1	1	2	3	1	Iceland	0 1 0 1 1 1
Peru	0	0	1	0	1	0	Nigeria	0 0 1 0 2 0
E								F
Serbia	1	0	0	1	0	3	Sweden	1 0 0 1 0 3
Brazil	0	1	0	1	1	1	Mexico	1 0 0 1 0 3
Switzerland	0	1	0	1	1	1	Germany	0 0 1 0 1 0
Costa Rica	0	0	1	0	1	0	Korea	0 0 1 0 1 0
G								H
Belgium	1	0	0	3	0	3	Japan	1 0 0 2 1 3
England	1	0	0	2	1	3	Senegal	1 0 0 2 1 3
Tunisia	0	0	1	1	2	0	Poland	0 0 1 1 2 0
Panama	0	0	1	0	3	0	Colombia	0 0 1 1 2 0



# XI SOUTH AMERICAN GAMES COCHA 2018

The South American Games 2018 took place in Bolivia from May 26 to June 8 and had as champion in the medals table to Colombia.

Panama was eleventh in the medal table with a total of 10 medals:

Of the highlights is the sprinter Alonso Edward, who even imposed a new record of the South American Games in the 100 meters with time of 10.01 seconds. And the boxer Atheyna Byron, who was champion in the 75 kg.

**\*Flat 100 mts Male**  
**GOLD-Alonso Reno Edward Henry**

**\*400 mts Women Fences**  
Bronze-Gianna Ursula Woodruff Washington

**\*Female Long Jump**  
Bronze-Nathalee Joane Aranda Robinson

**\*Female Saber**  
Silver-Eileen Marie Grench Stohrer

**\* 75 kg Female**  
**GOLD-Atheyna Bylon**

**\*Male Individual Katas**  
Silver-Hector Cencion

**\* From 49kg to 57kg Female**  
Silver-Carolena Jean Carstens

**\*Male Individual General**  
Silver-Donald Augusto Lee

**\* Up to 87 Kg Male**  
Bronze-Alvis Albino Almendra Jimenez

**\* Less than 52 kg Female**  
Bronze-Kristine Lisbeth Jimenez Pitty

## Medallería - Países

#	Países				T
1	Colombia	94	74	71	239
2	Brasil	90	58	56	204
3	Venezuela	43	59	55	157
4	Argentina	42	60	63	165
5	Chile	38	34	60	132
6	Ecuador	25	17	52	94
7	Perú	22	29	41	92
8	Paraguay	6	10	14	30
9	Uruguay	5	10	17	32
10	Bolivia	4	15	15	34
11	Panamá	2	4	4	10
12	Surinam	2	0	1	3
13	Aruba	0	2	1	3
14	Guyana	0	1	4	5
Total		373	373	454	1200

# FLAG FOOTBALL

On Saturday, June 2, the Women's Football League final was played, in which the Rebels team won the Cyclons team, 32 - 6.



# BASKETBALL

The Latin American Mini Basketball Championship "Amistad Cup" of U10 and U12 categories, both female and male, ended successfully with the participation of Israel, Costa Rica and Panama from June 4 to 8. Remaining with the first place Panama in both branches.

The road to the China 2019 World Cup continues, with the following encounters:

- Panamá vs Argentina on June 28
- Panamá vs. Paraguay 1st of July

Good luck, guys!



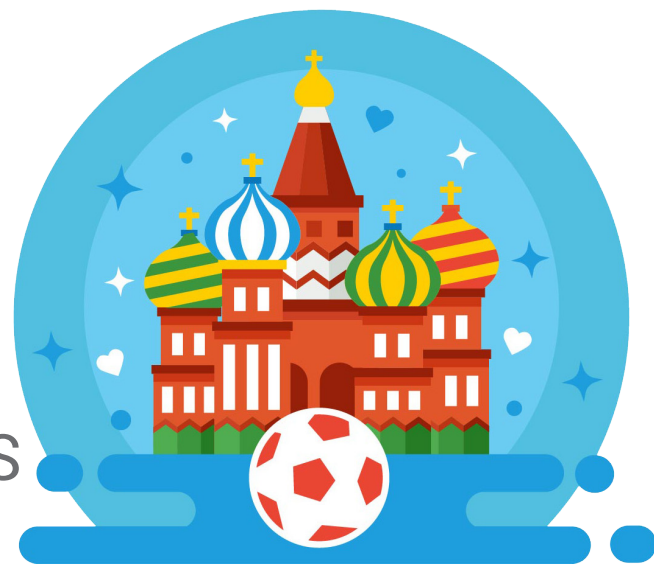
# BEÍSBOL

In the National Baseball Championship of the U10 category, the ninth of Coclé was victorious, after defeating Chiriquí 7 runs to 4.

L&E



# RUSSIA 2018, 32 COUNTRIES ONE CUP



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When you hear the name Russia, it is very common to think of its architecture, those castles with their peculiar domes, such as the famous St. Basil's Cathedral, well known for its striking colors, perhaps we also think of its famous Matrioshka, those traditional Russian dolls, which are hollow and contain another doll inside and so on until you reach a smaller doll, how are you, there are many other things to mention Russia, its customs, its culture, however since the 2014 Brazil World Cup final, Russia has been a name constantly repeated, because it is the venue for the 2018 World Cup.

Every four years millions of people gather in the same place to share the same passion, that passion that moves masses and awakens the deepest feelings, the passion for football. This year, the masses moved to Russia, the country chosen in 2010, as host for the 2018 World Championship, in its twenty-first edition. This is the eleventh time that a world cup is celebrated in European territory, however, Russia with the celebration of this world cup, becomes the first country in Eastern Europe to organize this championship, likewise it is the first time that the tournament takes place on two continents, being these Europe and Asia, for the geographical position of one of its venues, Yekaterinburg.

For this world cup, Russia, chose 12 stadiums in 11 cities, being these Yekaterinburg, Kaliningrad, Kazan, Moscow, Nizhny, Veliky Novgorod, Rostov-on-Don, St. Petersburg, Samara, Saransk, Sochi and Volgograd. Only two of the stadiums, were ready at the time of being chosen as headquarters, being remodeled prior to the World Cup, the Spartak stadium in Moscow, was inaugurated in 2014, the remaining stadiums, meanwhile, were built later.

In addition to the stadiums, located in the different cities, in February of this year, FIFA announced location of each of the base camps of participating teams, which are the main headquarters of each of the teams, arranging with hotels and training camps, these bases are those that will house the players and coaching staff of each team, being abandoned only when transported to their respective matches.

After the group stage, those classified teams may remain at the base, or move to each of the cities where their matches will be held.

As we know, each soccer world cup has a mascot that identifies it, the one chosen for this year is a wolf, named Zabikaka, created by Ekaterina Bocharova, a young Russian student,

whose design was raised above the common cat and the Siberian tiger , which were favorites, however, by means of votes, the final chosen was Zabikaka, who wears orange glasses, the uniform with the colors of the Russian team and the words "Russia 2018" on his chest.

In the same way that you have an official mascot, each world cup has its official ball, in this case it was manufactured by the recognized sports brand Adidas, it has the name Telstar 18, it has an advanced technology, besides having the perfect weight for a tournament Like this, it also has NFC (Near Field Communication) technology, which allows almost instantly to collect accurate information about the movements of the ball on the court, as well as its location. As for the official song, the chosen one is called "Live it up", performed by Nicky Jam in conjunction with Will Smith and Era Istrefi, produced by Dj Diplo.

During the World Cup, host country also has the task of welcoming thousands of people around the world who travel to support their teams, for which the country must adapt to receive this number of people and work to promote tourism itself. your country, taking advantage of the number of people who will arrive there. Russia, destined a large amount of money to adapt their country to receive both the players and their coaching staff and fans from all over the world, becoming one of the most expensive world championships in history.

## THE TRICOLOR FLAG IN RUSSIA 2018

As Panamanians, a very important aspect for us in this World Cup is the participation of the national team, it fills us with emotion to see our flag in distant lands, listen to the notes of our national anthem and, above all, see how that dream is fulfilled of many generations, be in our first world cup.

They were many years of struggle, tears, but above all of unconditional support for our team. Despite encountering strong rivals in Group G, our team has the ability to demonstrate why they came to that place and represent 4 million Panamanians. In hands of Hernán "Bolillo" Gómez, our national team, which is based in the city of Saransk, will seek to leave name of Panama on high and work hard for positive results.

Similarly, thousands of Panamanians have traveled to Russia to support our team, in our country, we can see the union and the passion to see our team in their first World Cup, artists such as Omar Alfano and Rubén Blades, have Composed songs as a show of support, we have all united in one by our selection.

In short, we can say that soccer is a sport that unites nations, makes us rivals on field, but followers of same passion, in World Cup in Russia, it has been shown, as in Brazil's world past, that football has changed, not only has more support, but also teams have matured and those that were once weaker, have become strong rivals; let's continue enjoying this beautiful sport, let's enjoy Russia 2018. *L&E*

# FASHION



## Rosa Iveth Montezuma, pride of the region Ngäbe Buglé

Gabriela Melgar / Donna Ballesterero -  
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**O**n June 7, the Señorita Panamá contest took place, where the young Rosa Iveth Montezuma was crowned as Miss Panama for Miss Universe, a fact that for some was a triumph and they were identified as celebrating; however, there is never a lack of those who expressed their disagreement.

Every year in our country, the Señorita Panama Organization is in charge of choosing those young people who will represent us in various beauty contests that are celebrated worldwide, these being: Miss Earth, Miss World, Miss International, and without a doubt the most important, the Miss Universe. In this contest young women represent the 10 provinces of our country, as well as 10 official regions, including indigenous regions, with a total of 20 participants in search of the crowns.

In March of this year, 20 participants were

announced for the 51st edition of this contest; from that moment, young women had an intense preparation, which included from changes of image, aesthetic treatments to scholarships of the National Academy of Beauty, to enhance their natural beauty and polish them in their manners and projection.

Among these representatives there was one in particular that caught the attention of many, we speak of Rosa Iveth Montezuma Montero, 24 years old, a young indigenous woman, humble and with a natural beauty from community of Alto Caballero, in the Ngäbe Buglé comarca, located in the territory shared by the provinces of Veraguas, Chiriqui and Bocas del Toro, a graduate of Food Technology, who is the first Panamanian of indigenous peoples participating in this contest.

Her peculiar beauty and humility was what placed her in the focus of both posi-

ve and negative comments, and that was once announced the participation of the representative of the region in the beauty contest, the reactions were immediate.

Throughout contest there was an intense campaign to discredit this participant. She was accused of not being Panamanian but Venezuelan, creating a montage of a Venezuelan passport with her photograph; similarly it was speculated that it was not 100% of indigenous origin, given its features, skin tone and height, unusual in its race.

However, all these rumors were denied by the own Montezuma, who demonstrated with irrefutable evidence that their origins are indigenous, went to Electoral Tribunal to request their birth certificate that states that it was in the region; as well as testimonies from his parents, relatives and acquaintances that show that the girl has grown up in



the Shire, faithful to their customs and lifestyle.

The day of the final, this candidate was one of the strongest aspirants to the title. In the round of questions, their answers were the most complete and intelligent, generating positive reactions from both the public and the juries. In the same way, she was one of the candidates that stood out for having a natural charm and showing herself at all times as she is, generating the sympathy of others. He demonstrated excellent projection.

Amid controversy over the true origin and nationality, Rosa Iveth broke with all paradigms. Authentic, proud of its roots and culture. During the months leading up to the contest, we could see her in different interviews wearing the naguas, the typical costume

of the Ngäbe women; This makes it clear that the new Miss Panama will make us proud to represent our country in the most important event of international beauty.



## CURIOSITIES

- Two days before final, the fantasy costume was chosen, resulting Zarati winner, the rebirth of two legends, designed by Abdul Juliao.
- One of the favorites, Solaris Barba, representative of Herrera, will represent us in Miss World.
- Rosa Iveth Montezuma, has lived all her life in the Comarca, is currently in the capital city fulfilling its commitments with the Miss Panama organization.
- She is part of the board of the Munä Region Children's Camp, to which she belonged as a child.
- She doesn't have between her plans to realize any retouching, nor to take off the mole that it has in its face.
- She had a great reception from his community, came to region with his crown and thanked her people for their support, and for such nice gestures on the occasion of his arrival.



From this experience, frivolous to many, this time we received a great lesson on importance of personal security, family unity, identity. Probably this young woman had to overcome many fears before deciding to participate in this beauty pageant. Then, already inside, he had to face unhealthy criticism and the attempt of false and unfair disparagement on the part of some, which he confronted with all strength, providing objective elements that distorted all doubt, but at the same time generating greater sympathy and admiration towards his person, far beyond its beauty, because we value above all, its integrity. She faced adversity, which made it grow, overcome and win. Great lesson.



# THE FOULARD, TRADITIONS OF THE BLACK ETNIA

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Last May the month of the Black Ethnicity was celebrated in Panama, thanks to the sanction of the Law 9 of the 2000. It is celebrated in this date, since in 1820 the king Fernando VII of Spain abolished the commerce of slaves in all its territory, because it was influenced by blacks who belonged to the National Assembly of France at the time of the Revolution.

The population that includes the black ethnicity in Panama has its origin in the beginnings of construction of railroad, when they were brought to perform forced labor.

Since those times have influenced our country, being part of it, adapting and providing part of their culture, their customs, their culinary art, among many other contributions.

Today we recognize importance of their contribution in our society, giving them not only one day, but a month for celebration and learning of their roots and culture so that new generations can learn from it.

One of the contributions they have made in the fashion industry, has been called Foulard or Gele or as it is known in Panama "The Turban", these spectacular headdresses are used not only as a kind of ornament, but hide a meaning beyond.

According to the form given to it by wo

man who binds him, she communicates a type of message or news; It will also depend on which region woman comes from.

For example, for a woman from the Yoruba people wearing a turban with her head tilted to the right, she expressed to her surroundings, and especially to men, that she was married. On the contrary, the woman who carried it by tilting it to the left pointed out to others the status of a single and free woman.

Originally, the Gele represented for African women and their hair a means of protection against weather or against supernatural spirits, geniuses of the jungle or water. Malian sociologist Facoh Diarra explains that these spirits could be attracted, especially by some young wives.

In general, in Africa, according to local beliefs, it is said that head represents upper part of a woman, but it is also the main entry door of all evil or evil spirits that manifest in a person's life.

The art of tying a turban is transmitted from mother to daughter since it demands not only time but also patience; In Panama we see that this art is still transmitted to new generations.

Maybe Turbans don't have the same purpose in fashion industry today, however, we must remember their origin and their meaning. *L&E*

# Cultural Capsule

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## THEATER



- La Plaza Theater: The Reencounter until July 7.
- El Ángel Theater: Pirate of the Caribbean against the League of Evil until July 8.
- El Ángel Theater: As a deceiver, villain and crazy we all have a little from June 26 to July 8.
- En Circulo Theater: My Favorite Place until July 1.
- Anayansi Theater: Grease from July 12 to 18.
- Bambalinas Theater: The Adventures of the Sebastian Crab and the Little Mermaid, every Saturday and Sunday of July.



## FESTIVALS



- First Panama Piano Festival to be held at the Faculty of Fine Arts of the University of Panama from July 26 to 30.
- Full Moon of Drums: Friday 27 to Sunday 29 the Azuero Tour.
- Festival of Debutantes organized by the Guadalupe Ladies on the South Sea Terrace of the Union Club on July 7.
- National Festival of the Pollera (Las Tablas-Los Santos) from July 20 to 23 - Contest of the Pollera "Margarita Lozano Medal"
- Flamenco Festival Panama 2018 from July 26 to 29 at the Teatro La Plaza.

## FAIRS AND EXPO

- Expo Franchises 2018, at the Vasco Nunez Convention Center in Balboa at the Panama Hotel on July 18 and 19.
- MegaCon at the Atlapa Convention Center on July 7 and 8.
- World Salsa Open at the Hotel Panama from July 24 to 27.
- Conference Luck is not enough in the Dome of the University of Panama on July 30.
- InterLumi Panamá 2018 at the ATLAPA Convention Center from July 11 to 13.
- National Fair of Dairy Cattle in Monagrillo, Herrera from July 12 to 15, 2018
- EXPO BODA 2018 at the Las Totumas-ATLAPA Hall from July 8 to 9.
- Latin Auto Parts EXPO 2018 at the ATLAPA Convention Center from July 25 to 27.
- EXPOMODA 2018 from June 27 to July 1 at the ATLAPA Convention Center.
- X Industrial and Energy Symposium "Innovation, Technology, Sustainability", to be held on July 24, at the Hotel Las Americas Golden Tower.
- 6th Panama Business Conference 2018 to be held on July 24 at the Hotel Riu Panama, tel.307-0400 or 389-0989
- Trombons Workshop at the Faculty of Fine Arts of the University of Panama from July 5 to 7.
- Great International Ballet Gala at ATLAPA on July 7.

**9° EXPO FRANQUICIA 2018** | 18 y 19 de Julio  
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## MUSEUMS

### Canal Museum:

- The temporary exhibition “Fortified Seas. Protection and defense of the routes of globalization in the eighteenth century” until July 15, 2018.
- FREE ENTRANCE! On Sundays from 9 a.m. at 12 m.d. for Panamanians and residents

### MAC:

- “TRUEQUE - A relationship” during the month of July



## CONCERTS AND EVENTS

- Panama Ballet Festival 2018 at the Anayansi-Atlapa Theater on July 7.
- Vibras Music Fest 2018 at Hotel Riu on July 21.
- Live Show of Masha and the Bear from June 30 to July 1 at the ATLAPA Convention Center.
- 4 Brothers Tour on July 7 at Hotel Riu.
- OZUNA, Odyssey Tour 2018 at Plaza Amador on July 5.
- Emilio Lovera, Stand Up Latin Comedy at the Balboa Theater on July 11.
- Bread and Wine Dinner, ATLAPA on July 4.
- Archdiocesan Campaign since Sunday, June 10 and returning them from Sunday, July 22, 2018.
- “Mario Calvit” exhibition and opening cocktail at TBWA - 74 Street San Francisco Midtown Building, floor 17, Tuesday, July 3.

## ACTIVITIES AND FESTIVITIES

- July 3: Free International Day of Plastic Bags
- July 4: United States of America Independence Day
- July 7: Soil Conservation Day
- July 14: Anniversary of the Taking of the Bastille (France)
- July 11: Foundation of the National Library Ernesto J. Castillero
- July 11: World Population Day
- July 16: Patron Saint Festivities of the Virgen del Carmen,
- July 16: Day of the child and the girl
- July 20: Employers of Santa Librada
- July 24: Birth of Simón Bolívar
- July 25: Driver's Day
- July 25: Santiago Apostle
- July 26: International Day for the Defense of the Mangrove Ecosystem
- July 27: World Hepatitis Day. *L&E*



## *Alianzas alrededor del Mundo*

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

**Guevara & Gutiérrez S. C. Servicios Legales- BOLIVIA**

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