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QUO VADIS

Content

Content

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Editorial
QUO VADIS

More than 5 months have passed since the citizens of the world heard of this pandemic, called COVID-19, which has shaken with great force the foundations of the economy, education, mobility, social life and has confined us to the homes to those of us who are privileged to have it.

The children, for their part, have not been able to understand why suddenly they cannot hug their grandparents, or their friends and have all kinds of restrictions to go to school, to public areas and the only relief is that in this period have been closer than ever to their parents, when they live together.

For the first time, in known generations, it turns out that men and women dedicated to health care, the investigation of viruses, bacteria, vaccines, and other remedies to prevent the mass death of people, have had a leading mission in the governments of the world, recommending the well-known recipes of "Stay at home", "wash your hands", "use masks or chinstraps", "alcoholic gel or quaternary ammonium" and "social distancing".

In each of the nations where democratic systems prevail, we have gone through several phases, starting with learning about the origin and

consequences of the disease, it can be passively following orders and recommendations from the authorities, accepting the closure of all activities and daily conferences on the epidemiological report and the global evolution of the disease. Most of the citizens, patients and families have pinned their hopes on the discovery of one or more vaccines to control the disease and we have indeed witnessed a struggle between the great powers to accelerate the research, to find volunteers to do the tests and that the cost of the vaccine is achievable for humanity. The latter is a pending task that has us with great anxiety; not only regarding the side effects of this remedy, but also regarding the protocols that must be followed to ensure that the vaccine is effective.

All the governments of the democratic orbit have been questioned, because they have clearly demonstrated many weaknesses and deviations and have even lacked the suitability and leadership to address this problem of great proportions.

Starting with the limitations to citizen mobility through quarantines, health fences, curfews, restriction of hours that have not had citizen participation and in many cases, have not had an impact on the epidemiologist report.

Regarding public investment, direct contracts, overpricing, shortages of supplies and serious errors regarding the early application of drugs such as hydroxychloroquine, ivermectin and others have prevailed.

The suspensions of contracts, per diem, high salaries, and other remunerations in the public sector have not been applied.

Aid to citizens and companies has been insufficient and highly bureaucratic.

Now, the big question is what to do? And we consider that the dimensions of the problem require a global and local alliance, which creates a balance between the responsible care of each person to avoid contagion, the flexibility of medical and research professionals to attend to the suggestions and recommendations of doctors. traffickers who have a lot of experience in the management of other diseases similar to COVID-19, the reappearance of the State as a facilitator of business and labor activities, because with this combination the risk of contagion is reduced and the participation of multilateral entities to provide financing that allows a gradual recovery of the economy.

From the citizenry, the pandemic has shown that citizen organizations have greater impact and more effective procedures to reduce deviations, leadership errors due to the magnitude of the problem and especially to combat corruption.

There is no magic bullet to respond to so much uncertainty, but social networks and the media, as well as the Administration of Justice, can generate a robust wall to correct many blunders.

Finally, new reality has also had very positive effects on environment, it has allowed families to go through this harsh reality with greater elements of conviction.

Likewise, social organizations, artists, writers, and the so-called orange economy in general, have shown great selflessness to bring distraction, joy, hope to our homes. While we await scientific advance, we must be creative, optimistic and act every day avoiding discouragement, apocalyptic thoughts and laziness.

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

Invited Writer

CORPORATE GOVERNANCE / INDEPENDENT DIRECTOR

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In September 2017, the IV Conference on Corporate Governance was held in Panama. In Panama, Banks, Insurers and Brokerage Houses are three activities regulated by the State through the Superintendencies of each activity; These three activities are required by law to operate within the Corporate Governance scheme. In the news of that IV Conference, the newspaper La Prensa of July 13, 2017 made reference to the words of the speaker Sigrid Simons de Müller when she referred to the importance of including independent directors in the board of directors of the companies. Always in the same news from La Prensa, lawyer Juan Pablo Fábrega highlighted the importance of establishing corporate governance standards to achieve investor confidence in the system. In summary, all experts on the subject agree on the importance of establishing "Corporate Governance" standards. This is a way to achieve transparency and better management of companies. Within this management model, the figure of the "Independent Director" stands out, so called because he is not a shareholder of the company in which he participates as Director. Their mission on the board of directors is the same as that of a Director / Shareholder: to look after the best interests of the company. However, since he is not a shareholder or has commitments with groups, nor is he a creditor or collaborator in the same, it is expected that the opinion of the Independent Director will be very free and objective; that freedom that not having commitments gives you and that allows you to seek the best for the company, understanding it as a body made up of: 1. Clients, 2. Collaborators, 3. Creditors and Shareholders, in that order. This is the "Mission", the reason for the existence of the Independent Director.

Everything that has been said then points to the convenience and importance of the incorporation of the Independent Director in the board of directors and I add that even more so in companies regulated by the State. An Independent Director must then be a person with an outstanding trajectory in his professional life and be recognized for his capacity for work, responsibility and honesty; in short, to be a "good" person. In order to be an Independent Director, in addition to being invited by the shareholders and/or the directors of the company, you must be approved by the Regulator of the activity, this means that you must submit for their consideration the documentation that it requests.

Being an Independent Director is above all a distinction, you could say that it is a reward for an outstanding and honest professional career; However, this distinction implies a very high risk, since you share a meeting table with people who, you may not know, you will not know most of the company's clients, nor the suppliers and surely you will not know most of the organization executives. Parts of a principle of good faith, supported by the fact that they are companies controlled by a regulator on behalf of the State. You may think that you are facing a "calculated" risk, because the Superintendencies do a good job. Otherwise, the Independent Director faces an enormous risk that even exposes him to be investigated by the Special Prosecutor's Office against organized crime.

If the respective Superintendency considers that the company (Bank, Insurer or Brokerage House) should be investigated, for any reason inherent to its operation, all directors, Shareholders and Independents may be included in the investigation, and their names marked in a "Official Letter" that the Prosecutor's Office sends to no less than 53 banks in which it requests information on the accounts they may have. That is the first step.

Right now, just by being mentioned in the investigation, the Independent Director is already tried and "professionally convicted" in our financial community. There is no presumption of innocence here; Anyone who receives the job will immediately wonder: what so and so has gotten into. In addition, it is very likely that, if you are an Independent Director in another regulated company, they may ask you not to continue on their board of directors; Of course, no Shareholder Director or even the general manager of the company will want to sit on a board of directors with an Independent Director investigated by the Special Prosecutor's Office against organized crime.

In summary, with this article I want to draw your attention that there is no protection in the law for the Independent Director. The risk of participating is very high and the fees are not related to the risk assumed. The three regulatory institutions of the financial sector are obliged to be careful in their actions due to the sensitivity of the subject. I end up wondering, what person with an impeccable, correct and decent career path is going to want to take so much risk for so little? I believe that only those who ignore the high risk they are taking or those who value too much the "glamor" of being an Independent Director.

If this issue is not given the great importance it has, the contributions of Independent Directors to the figure of Corporate Governance will not meet the expectations that were had when the mandatory nature of their participation in Banks, Insurers, Homes was included in the law. de Valores among other companies mentioned in the law.

The Independent Director represents the balance in board of directors and must look after the best interests of clients, therefore, he is in some way an "ally" of the regulatory institutions of the different markets and must be supported by them. *L&E*

LIONEL MESSI VS F.C. BARCELONA

Termination clause in soccer what is it ?

First part

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On August 25 of this year, football fans and sports fans in general received with great surprise information related to Lionel Messi 's desire to leave FC Barcelona, which was communicated by the footballer's representatives through a "Burofax" (Service in Spain that allows the sending of urgent documents, which have the accreditation of what is exposed in them and which could later serve as evidence before public administrations and courts) to the club's board of directors, which mentions the will to unilaterally terminate the contract that linked him to said sports entity.

In its response to the communication described above, FC Barcelona referred the player to the termination clause contained in the current contract between both parties, which amounts to 700 million euros. In this way, according to the information contained in various Spanish media, if Lionel Messi is interested in dissociating himself from his contract with FC Barcelona, he must cancel this sum in order to get rid of said contractual relationship.

Taking the above into consideration, many people wonder what is a termination clause in soccer it on the amounts of said clauses?

Next, we go on to make some comments on this matter based on the research carried out on this topic.

What are the termination clauses?

The rescission clause is a legal figure used by football clubs to protect their

players and consists of setting in the footballer's contract the economic amount that the player has to pay in case he wishes to unilaterally disassociate himself from the contract that he maintains in force. , this mechanism also has a protective effect for the club in the event that another sports entity intends to sign the player with a current contract.

What is the scope of this figure and how does it operate?

These types of clauses are contemplated by FIFA in the Regulations on the Status and Transfer of Players, a document that governs at an international level the essential elements and mechanisms of the player transfer system worldwide.

In this sense, article 17 of the aforementioned FIFA regulations states the following:

Consequences of breaking contracts without just cause The following provisions will apply whenever a contract is terminated without just cause:

1. In all cases, the party that terminates the contract undertakes to pay compensation. Subject to the provisions on compensation for training in article 20 and annex 4, and unless otherwise stipulated in the contract, compensation for non-compliance will be calculated considering national legislation, the characteristics of the sport and other objective criteria. These criteria must include, in particular, the remuneration and other benefits due to the player under the current contract or the new contract, the remaining contractual time, up to a maximum of five years, the fees and expenses paid by the previous club (amortized over the term of the contract), as well as the question of whether the termination of the contract occurs in a protected period.

As can be seen from the aforementioned excerpt, the FIFA regulations that govern internationally on the transfer of players establish that any of the parts who decides to unilaterally break a contract must compensate the other, based on the criteria indicated in the regulation itself. One of the criteria that is important to take into account is the national legislation. This criterion is important within this analysis since each country has internal regulations that must be respected by clubs, leagues and federations regarding the transfer of players. However, some countries such as Germany, France, Italy and England don't have special internal regulations regarding termination clauses..

In the case of Spain, Yes, there are internal law rules that regulate the application of this type of clauses, specifically Royal Decree 1006/1985, which regulates the special employment relationship of professional athletes. According to this rule, the termination of the contract at the will of the professional athlete, without attributable cause, will give the club the right to compensation that in the absence of an agreement It will be set by the Labor Jurisdiction depending on the sporting circumstances, damage that has been caused to the entity, reasons for rupture and other elements that the judge considers estimable.

In the same way, this rule makes any club that hires the player within a period of one year from the termination of the contract liable for the payment of said compensation.

Is there a limit on the amounts of these clauses?

According to research carried out, in practice the termination clauses are incorporated into contracts between clubs and professional athletes by mutual agreement between the parties, however, as mentioned above, both the FIFA regulations and the internal laws that have this type of regulations Special mechanisms, as in Spain, establish mechanisms to define the amount of this type of clause in the absence of an agreement between the parties..

Taking into account the above, it is increasingly common for professional athletes at the time of signing large contracts to agree to establish excessively high clauses within the contract for the benefit of the Club that hires them, an element that can turn the contract into a kind of cage of the which would be very difficult to leave without an agreement with the respective club, which in many cases includes the payment of large sums.

We have seen what has been described in the world of football in the case of Neymar Jr, who had to pay 220 million euros to be able to leave FC Barcelona for PSG, or in the case of Cristiano Ronaldo in which he didn't pay all of the clause (amounted to one billion euros) but forced Juventus to negotiate and pay Real Madrid 100 million euros for the transfer of the player.

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

Norms of INTEREST

MICRO, SMALL AND MEDIUM ENTERPRISE DEVELOPMENT FUND

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With the sanction of Law 158 of August 28, 2020, numeral 2 of article 22-A of Law 33 of 2000 is modified, which establishes rules for the promotion of the creation and development of Micro, Small and Medium Enterprises. The modification focuses on the fact that the seed capital fund is increased to TWO THOUSAND DOLLARS (US $ 2,000.00) non-refundable, provided that the applicant complies with the training and supervision that the Authority will follow. Before the reform the capital was THOUSAND DOLLARS (US $ 1,000.00).*L&E*

SPECIAL REGIME FOR THE ESTABLISHMENT OF MULTINATIONAL COMPANIES FOR MANUFACTURING-RELATED SERVICES

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Through Law 159 of August 31, 2020, the special regime for the establishment and operation of multinational companies for the Provision of Services related to Manufacturing is created, in order to attract and promote investments in production processes, the generation of jobs and technology transfer and make Panama more competitive in the global economy.

Law 159 is developed in twelve chapters identified as follows: Chapter I Creation, Application and Definitions, Chapter II Multinational Company for the Provision of Services Related to manufacturing; Chapter II Commission of Licenses of Multinational Companies; Chapter IV Licenses of Multinational Companies for the Provision of Services Related to Manufacturing; Chapter V Tax Regime; Chapter VI Immigration Regime and other special conditions for the personnel of the Multinational Company; Chapter VII Special Labor Regime; Chapter VIII Infractions and Sanctions; Chapter IX Environment and other Requirements; Chapter X Establishment and Legal Stability; Chapter XI Additional Provision and Chapter XII Final Provisions.

For the purposes of Law 159 we must understand as a multinational company for the provision of services related to manufacturing to that company, whether national or foreign, that from Panama carries out operations aimed at offering services defined in the standard, to its parent company or its subsidiaries or its affiliates or companies associated with said entities of the same group, which will be called a business group.

It adds the definition that multinational companies for the provision of services related to manufacturing may be part of multinational companies with important international or regional operations in their country of origin.

Regarding the services provided by a multinational company, there are, among others, the services related to the manufacturing of products, machinery and equipment; assembly services for products, machinery and equipment provided to the business group; logistics services, such as the storage, deployment and distribution center of components or parts, required

for the provision of services related to manufacturing; product development services, research or innovation of existing products or processes provided to companies of the business group; logistics services, such as the storage, deployment and distribution center of components or parts, required for the provision of services related to manufacturing and services related to the conditioning of products provided to companies of the business group.

Law 159 establishes that function of a multinational company for the provision of services related to manufacturing will be to provide services only to the business group to which it belongs, in attention to the activities allowed by the Law. On the other hand, it indicates that multinational companies that avail themselves of this regime must operate as a foreign company registered in Panama or as a Panamanian company owned by the multinational company, its subsidiaries or its affiliates.

As for the multinational company license for the provision of services related to manufacturing, it must be requested before the Technical Secretary of the Multinational Companies Licensing Commission and will be granted for an indefinite time and the numerical assignment will correspond to the number Single Taxpayer Registry of the General Directorate of Income of the MEF.

However, the Technical Secretariat ex officio or at the request of a party may cancel the license of any company provided that it incurs in some of the causes of cancellation such as the cessation of activities for which the license was granted, not starting operations or construction of facilities within the first year following the granting of the license, that the company is intervened or declared bankrupt by the authorities of its country of origin, violation of the provisions contained in Law 159 or the laws of the legislation of Panama . Regarding the tax regime, the Law establishes that companies with a license covered by the regulation must pay the tax on the net taxable income derived from the services rendered at a rate of 5%..

It establishes that they may include within their deductible expenses the expenses incurred in concept of labor remuneration of all their employees and they may also apply as a tax credit the amount that they have actually paid for this concept or similar abroad regarding the taxable income generated in our country derived from the provision of services to non-residents, as well as the amounts withheld by taxpayers in Panama as income tax.

The Law provides that companies holding a multinational company license for the provision of services related to manufacturing will not be subject to the use of fiscal equipment, but they will be obliged to document their activities through invoices or equivalent documents that allow the DGI control of records, accounting and inspection of transactions carried out.

In the same way, said companies will not have the obligation to obtain an operation notice for the provision of the services established in this Law and the transfer tax of movable tangible property and the provision of services will not be incurred, provided they are provided to persons. that do not generate taxable income within Panama.

Another aspect to mention is the immigration regime that establishes that the company will be able to manage for the personnel that provide services at an operational or entertainment level to the multinational company, a Temporary Personnel Visa of a Multinational Company for the Provision of Services Related to Manufacturing or a Permanent Personnel Visa, the first is granted for a term of two years and the second for five years and will be processed before the Technical Secretariat.

Within this context, once the Visa is granted, the

Ministry of Labor and Labor Development must issue the corresponding work permit; However, the Executive may regulate the percentage of national workers that the company must have.

Companies that request licenses to operate under this special regime must ensure the exchange of knowledge and training of Panamanians who wish to aspire to jobs in these companies and improve the skills of those who are already part of one of these companies. They must jointly assume at least one technical education center and may adopt training programs with universities or educational centers.

It should be noted that people in possession of a Permanent or Temporary Personnel Visa will not be subject to the payment of social security contributions as long as they don't apply for their permanent residence, but they must have health and personal accident policies for themselves and their dependents..

Concerning the labor regime, it has been established that the parties may agree that the mandatory weekly rest day is not necessarily Sunday and when Sunday is a regular working day it will not entail the payment of any surcharge. Work on the agreed weekly rest day will be remunerated with a 50% surcharge. The overtime will be paid with a single surcharge of 25% on the salary of the workers.

Regarding infractions and sanctions, it has been arranged that the company that carries out activities other than those authorized by the license, without complying with the provisions of the Law, will cancel the license and will be responsible for the taxes left to pay, with the fines, surcharges, interests and penalties as provided by the Tax Code.

For the environmental issue, it has been established that in the areas or zones where multinational companies are established for the provision of services related to manufacturing, the current legal provisions on environmental matters will be applied, including the scope, guidelines and terms of reference. for the preparation and presentation of declarations, evaluations and study of environmental impact, audits and environmental inspections, as well as the imposition of the corresponding administrative sanctions, without prejudice to the civil and criminal responsibilities that may arise.

Companies are allowed to sell locally the waste that the manufacturing process generates for recycling by third parties, a transaction that will not be subject to the payment of income tax. In order to qualify for this benefit, companies must submit an application to the Multinational Companies Licensing Commission, in which they describe the manufacturing process, the reasons for the generation and the type of waste that can be sold, as well as the recycling process. .

Law 159 indicates that multinational companies may establish themselves in the Panama-Pacific Special Economic Area or in a free zone that operates based on Law 32 of 2011 or in any part of the national territory where the development of said activities is allowed. or services.

Multinational companies will automatically enjoy from the moment of their registration the guarantees referred to in Law 54 of 1998 regulated by Executive Decree 9 of February 22, 1999, or the current legislation on the subject of legal stability of the investments.

With the sanction of Law 159, article 30 of Law 41 of 2007 is modified in its article 30 regarding the hiring of personnel. To conclude, we must point out that the Company Law to govern three months after its promulgation, that is, December 2, 2020.L&T

EXTEND VALIDITY OF WORK PERMITS

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Through Resolution No. DM-225-2020 of August 19, 2020, the Ministry of Labor and Labor Development, modifies Resolution No. DM-225-2020 that extends the validity of work permits that originally expired during the months of March to September 2020, as follows:

1. Expiration in March, they will be valid until September 30.

2. Expiration in April, they will be valid until October 31.

3. Expiration in May, will be valid until November 30.

4. Expiration in June, will be valid until December 30.

5. Expiration in the month of July, they will be valid until January 31, 2021.

6. Expiration in the month of August, they will be valid until February 28, 2021.

7. Those that expire in the month of September, will be valid until March 31, 2021. *L&E*

PAYMENT OF ANCHORING CHARGE TO VESSELS SUSPENDED

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The Board of Directors of the Panama Maritime Authority issued Resolution J.D. No. 54-2020 of August 13, 2020, which suspends for a period of one hundred twenty (120) calendar days the payment of anchoring to all vessels over 500 gross register tons that make up the maritime transport fleet that enter or are in the jurisdictional waters of the national territory, that are registered under the Panamanian flag and are not carrying out operations proper to their activity.

It should be noted that the period of validity of the suspension benefit will take effect from July 19, 2020, until one hundred and twenty (120) calendar days have elapsed.

On the other hand, this benefit of suspension of payment is extended to the same category of foreign flag vessels for a period of sixty (60) calendar days. *L&E*

REPORT FROM THE TRIPARTITE DIALOGUE COMMISSION FOR THE REGULATION OF THE TELEWORKING LAW

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On August 27, 2020, the Tripartite Dialogue Commission for the Regulation of the Teleworking Law presented the Commission's Report, which details the points on which there was consensus or agreement between the parties and, considering it of interest, we share with our readers the Report:

MODALITY

The teleworking modality will be characterized by being voluntary and must guarantee the worker's right to disconnect for the purposes of enjoying the breaks that correspond to him. Furthermore, telework may be mobile and supplementary. Teleworking will take into account the labor mobility provisions referred to in article 197-A of the Labor Code.

WORKPLACE

For the purposes of full-time teleworking workplace, the workplace is places other than employer's establishment or establishments, including the worker's domicile, but not limited to it, where work is performed on behalf of the employer. employer.

In the case of part-time teleworking, the workplace may also include the employer's establishments. Understanding that, the main characteristic of those who telework in this modality is that they perform the service at some point outside the employer's facilities.

EXTRAORDINARY DAYS Article 7 / L 126 Article 19 / L 126

The extraordinary days worked by the teleworker will be governed by the limitations, surcharges and other provisions on the subject, established in the Labor Code.

LABOR REGISTRY

For all forms of teleworking, the Employer will keep a record of the hours worked by the Teleworker, by means of computer, telecommunications and similar means that the employer determines and that can be duly verifiable by both parties. These records of hours worked must be available to the 11 Teleworkers, for their consultation and use, at all times.

EMPLOYER INSTRUCTIONS

The employer's orders, for the performance of telework, may be issued by computer, telecommunications or similar means, without prejudice to another modality, which provides certainty about the authority that issued it, the clarity of the order, date and its relationship of direct mode with the execution of the teleworking modality in development.

WORK ACCIDENT PROFESSIONAL RISKS Article 9 / L 126 Article 13 / L 126

For the purposes of professional risks, events that arise in the place or places of provision of the telework service are included, including the worker's home, when those events are due to the work carried out on behalf of his employer. Work accidents related to on-call work will also be included. The Social Security Fund will be in charge of investigating and determining the nature of the events, according to current regulations on the matter.

EXPENSES/COSTS Article 11 / L 126

No agreement was reached.

REVERSIBILITY Article 4, numeral 2 of the Law 126

Teleworking agreed in an addendum to the employment contract is reversible for both the employer and the worker. The term that the employer must give the worker will be the same as the one that must give the employer. Teleworking agreed in the employment contract will only be reversible in accordance with the provisions of article 197 of the Labor Code.

DISPUTES Article 19 / L 126

In case of doubt in the interpretation of the provisions established in this Regulation, the principles and norms of the Labor Code will be applied. The conditions established in the Work Contract or telework addendum will be mandatory between the parties, as long as they don't violate the provisions of the Law or this regulation.

EQUIPMENT OR WORK/SUITABILITY TOOLS

It will be the employer's obligation to provide the worker with the tools, instruments, materials and computer programs necessary for the execution of telework in a timely manner. The worker must use them only to carry out work activities and will prevent access to them by people outside the employer. Similarly, the employer must ensure that the worker, in her workplace, has what is necessary to facilitate the connection by computerized telecommunications and similar means, necessary to carry out her work. In the event of failures in telecommunications services or electricity, it will promptly notify the employer. The delivery of the equipment, after reviewing it, will be recorded in writing and signed by both parties. The worker will be responsible for keeping said tools, instruments, materials and computer programs in good condition and will immediately notify his employer of any fact or circumstance that has caused or may cause damage or harm to said equipment. The worker will not be responsible for the deterioration

of the tools, materials or instruments received when this is caused by use, natural wear, unforeseen circumstances, poor quality or defects. Similarly, in the event of deterioration or normal wear and tear of the equipment, the employer will be obliged to replace it in accordance with the provisions of article 128, numeral 3, of the Labor Code. The employer may, prior notice to the worker, review the equipment delivered for updating or review. The installation of any type of computer program that violates the privacy of the worker or her family is prohibited. Upon termination of the teleworking modality or the employment relationship, the worker must return the instruments, tools or materials in the state in which they are.

We emphasize that the parties do not reach an agreement regarding article 11 of Law 126, which contemplates that the employer will subsidize the additional costs of bandwidth speed or network speed, when for the execution of teleworking, requires a speed above the basic speed offered by Internet service companies for home users.

In our opinion, this is one of the most critical points of Law 126 and it is precisely because it refers to the costs that the employer must subsidize, which is why a method or formula should be established that allows the parties to define the costs without resulting to the detriment of neither party and that makes the use of teleworking attractive. *L&E*

Consult Doctrine & JURISPRUDENCE

LAW 160 OF SEPTEMBER 1, 2020 AND LAW 161 OF SEPTEMBER 1, 2020: STRATEGIES FOR TAXPAYER RELIEF AND PROMOTION OF TAX COMPLIANCE

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If there is one word that could define the situation we find ourselves in as a result of the Covid-19 pandemic, it would be unprecedented.

An unexpected reality for which we were not prepared, and has led us to reinvent ourselves to overcome adversity. A reality that has affected everyone without exception, natural and legal persons, charitable foundations, churches, schools, micro, small, medium and large companies, the private sector and the State itself.

And the fact is that the little economic activity of the population necessarily translates into little income for the economic sectors, which is directly related to the capacity of the Treasury to receive income, a capacity that in previous years was affected by the decline in economic activities, but that with the crisis generated by the Covid-19 pandemic it has worsened exponentially.

In this sense, experts indicate that Panama's economy will contract by at least 4% of gross domestic product (GDP) this year due to the COVID-19 crisis. And as a result of this palpable contraction, the first six months of 2020 raised 2,231.1 million dollars, 34.1% less than in the same period last year.

Various initiatives have been carried out by both the Ministry of Economy and Bonds and the General

Directorate of Revenue in order to provide tax assistance to taxpayers and promote compliance with tax obligations through the flexibility of the tax regime by implementing of facilities and incentives that serve as an incentive to taxpayers to endeavor to comply as far as possible with their tax obligations. The two most recent measures are found in Law 160 of September 1, 2020 and Law 161 of September 1, 2020.

Law 160 of 2020

Law 160 of September 1, 2020 modifies Law 99 of 2019, relative to the tax amnesty for the payment of taxes and the Tax Procedure Code and dictates other provisions, modifies or gives an extension, to the Tax Amnesty Law promulgated in due course in 2019, updating it to face an economic reality that is estimated to improve very slowly.

Delinquencies included in the new Law 160

The first changes made by this legal body are responsible for modifying article 3 of Law 99 of 2019 by extending the scope of the tax amnesty to taxes, rates and special contributions caused and in arrears as of February 29, 2020, term which initially comprised the same until June 30, 2019.

Period to qualify for the Tax Amnesty

The second article modifies article 5 of the Amnesty Law in order to extend until December 31, 2020 the period to qualify for the benefits established in the tax amnesty. Therefore, up to 85% of the total interest, surcharges and fines on delinquent taxes administered by the General Directorate of Revenues (DGI) that are paid after February 29 and until December 31, 2020 would be forgiven.,

Payment Arrangement Regime

The third article of Law 160 reforms article 7 of Law 99 of 2019, referring to payment arrangements, indicating that those made after February 29 and until December 31, 2020, will have a full compliance period until April 30, 2021, while the payment arrangements made until February 29, 2020, according to article 7 of the previous version of the Tax Amnesty, would have an extension in the payment period until December 31 from 2021.

Of the prescriptions

Article 4 affects article 9 of the Amnesty Law, stating that the General Directorate of Revenues may declare, upon request, the prescribed tax debts existing in the current account of taxpayers who as of June 30, 2020 are availing themselves of the amnesty. It is important to clarify that to make this declaration of prescription effective, two essential conditions must be met:

1. The taxpayer must pay what is owed within the tax amnesty period, or at the expiration of their respective payment arrangement, and

2. The statute of limitations provided for in the general regulations on the statute of limitations for each tax in force at the time this law enters

into force has been fulfilled.

Extensions and entry into force of some provisions of the Tax Procedure Code

Articles five and six of this Law are in charge of modifying the entry into force of the prescription terms enshrined in the Tax Procedure Code (article 89 of Law 76 of 2019) as well as the entry into force of the same (article 392 of Law 76 of 2019), both postponed in a new account to January 1, 2022.

Reporting fines

For its part, article 7 modifies Law 134 of 2020 in article 8, extending until December 31, 2020, without the generation of fines, the term for the presentation of the forms that had to be presented to the DGI until February 29 2020 corresponding to:

1. Report of donations received.

2. Report of non-filing taxpayers (NGO).

3.Payroll report.

4. Reports of retirement funds, pensions and other benefits.

5. Insurer reports - certification of medical expenses per insured.

6. Certification of interest on prime-rate residential mortgage loans.

7. Report on purchases and imports of goods and services.

8. Credit card sales reports.

9. Transfer price reports.

10. Affidavit of income - natural personal.

11. Affidavit of income - legal persons.

12. Affidavit of income free zone.

Payments for updates or income tax returns will not generate additional debits so as not to affect the taxpayer's account

The eighth article indicates that the tax that results from an update or income statement and that corresponds to periods prior to February 29, 2019 will receive the benefits of the amnesty law, applying them in the statement of account, according to the period that is caused, avoiding the additional debit, even though the taxpayer has omitted some taxes.

The Law also empowers the Ministry of Economy and Finance through the General Directorate of Income, to collaborate with banks, so that they consider granting credit facilities to taxpayers for the payment of their taxes..

Law 161 of 2020

Law 161 of September 1, 2020 adds transitory paragraphs to the Tax Code, which grant tax amnesty for emergency of COVID-19, and dictates other provisions Adds a transitory paragraph to articles 318-A and 710 of the Tax Code.

Extension of the payment of the single annual fee

The first of them extending the payment without penalty of the single annual rate for legal entities and private interest foundations that should be paid by July 15, 2020 until December 31, 2020.

10% discount for payment of income tax

The second article grants a discount of 10% of the amount to be paid as income tax (except for income tax withheld from employees and non-residents), Notice of Operation, Complementary Tax and Property Tax. This benefit will apply to the aforementioned taxes and that are caused or that must be paid between March 20, 2020 and July 31, 2020 and will benefit all taxpayers who pay within the three months following the promulgation of this Law and whose gross income does not exceed 2.5 million dollars.

Payment arrangements for taxes that were due between March 20 and July 31, 2020

The third article of this Law conceives the possibility that the taxpayer who is delinquent, due to taxes that had to be paid between March 20 and July 31, 2020, can make payment arrangements subject to the following conditions:

• If the payment arrangement is made between August and September 2020, 25% of the tax must be paid and 100% of the interest, penalties and surcharges will be forgiven..

• If the payment arrangement is made in October 2020, 25% of the tax must be paid and 95% of the interest, penalties and surcharges will be forgiven.

• If the payment arrangement is made in November 2020, 25% of the tax must be paid and 90% of the interest, penalties and surcharges will be forgiven.

• If the payment arrangement is made in December 2020, 25% of the tax must be paid and 85% of the interest, penalties and surcharges will be forgiven.

It is important to note that the maximum term to make the total payment may not exceed April 30, 2021, so that the delinquent balances that are not paid at the expiration of the respective payment arrangement will be subject to the interest, surcharges and penalties provided by the law.

Both Laws were published in the Official Gazette on Wednesday, September 2, 2020 and began to take effect from their promulgation, they are also of social interest and have retroactive effect. Articles 5 and 7 of Law 99 of 2019 will be in force until October 15, 2019. *L&E*

APPLE ACHIEVES IMPORTANT RULING IN ITS FAVOR IN TAX MATTERS

The General Court of the European Union, based in Luxembourg, rules against the European Commission (EC) and in favor of the challenge of the US company APPLE in the conflict between the before the aforementioned company and Ireland (a member country of the EU).

The court's decision annuls the resolution of the European Commission that in 2016 ordered Apple to return to Ireland 13,000 million euros plus interest, as taxes owed for the periods 2003-2014.

In its decision, General Court considered that Commission could not demonstrate existence of favorable tax pacts between Ireland and Apple Company.

The commission alleged that the Apple Company, using two shell companies domiciled in Ireland, declared profits in Europe taking advantage of a tax rate of less than 1%.

Something that the commission considered "illegal aid" because it would give a competitive advantage to the Apple company.

Thus, the company enjoyed advantages that were not available to other companies in the sector, which paid a substantially higher amount of taxes, which distorts competition.

Conventional international law on tax matters is essentially made up of cooperation agreements to avoid double taxation and tax fraud.

In the field of European Union we find different fields of incidence in tax matters;

Community Fiscal Harmonization.

Community resources on Tax matters.

Cooperation in the application of taxes imposed on Member States.

Regarding Taxation in the European Union, we must note that the Commission does not intervene directly in the imposition or collection of taxes. It is the task of each government (Member State).

The Commission (EC) must supervise national regulations to guarantee the free movement of merchandise, services and capital in a single market.

Likewise, it must ensure that there are no advantages where companies are unfairly favored

over competitors from other Member States. It must also guarantee fair taxes for consumers, workers or companies of the member countries.

The fiscal policy is oriented to a common market.

To achieve and meet the objectives, there is a constant struggle to avoid tax evasion and avoidance. The Commission (EC) based its actions on the effort to combat tax fraud and to seek equal conditions for all member states.

The Commission has limited competition in tax policy. It is responsible for supervising the proper functioning of the Common Market and the harmonization of indirect taxes.

It is understood then that fiscal sovereignty is in hands of each of member states.

This ruling in favor of the US company Apple was well received by Ireland (who was also part of the appeal, jointly with APPLE).

Although it will not receive the taxes in question, it considers more favorable the presence of a direct foreign investment, with which its inhabitants benefit.

Ireland is known for tax attractions it offers. This has made it worthy of tax haven marks, although officially neither the Commission (EC) nor the Organization for Economic Cooperation and Development (OECD) include it in their lists..

On appeal, Ireland claims its fiscal sovereignty, arguing that according to public aid rules, the commission has no competence to unilaterally decide and establish fiscal policies over the territory of a Member State. In this particular case, the commission tries to change the regulations that Ireland has established in tax matters for foreigners, and that it considers the most beneficial for its inhabitants.

The commission would then be exceeding its competence and interfering with national fiscal sovereignty.*L&E*

PLENARY OF SUPREME COURT OF JUSTICE DECLARES UNCONSTITUTIONAL SECOND PARAGRAPH OF ARTICLE 43 OF LAW N ° 61 OF SEPTEMBER 27, 2017 AND RECOGNIZES THE CONTRACTUAL BALANCE BETWEEN THE STATE AND CONTRACTORS

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Sentence of March 3, 2020 of the Plenary of the Supreme Court of Justice.
Plenary of the Supreme Court of Justice.
Lawsuit of unconstitutionality

Background

In 2017, former President Juan Carlos Varela promulgated Law No. 27 of September 27, 2017, which made a series of modifications to Law No. 22 of June 27, 2006, which regulates Public Procurement. Among the changes made by the new Law is the reformulation of the mechanism for determining the value of real estate that the State intends to acquire (Article 43 of Law No. 61 of September 27, 2017), changing the procedure existing to date (Appraisal by the Ministry of Economy and Finance and the Comptroller's Office to determine the commercial value of the property) for a new one that required the realization of an average between the property's cadastral value (as stated in ANATI) and the values obtained in the appraisals made by the Ministry of Economy and Finance and the Comptroller General of the Republic.

Because the new Law established that the new procedure was exclusive for the assets that the State intended to acquire, maintaining the old pricing methodology for those it intended to sell, the Forensic Firm Rivera, Bolívar and Castañedas filed a Lawsuit of Unconstitutionality so that Article 43 of Law No. 61 of September 27, 2017, which modifies Law No. 22 of June 27, 2006 that regulates Public Procurement is declared unconstitutional.

Once the claim was admitted, it was transferred to

the Administration Attorney for a term of ten (10) days; who issued a concept through Fiscal Hearing N ° 379 of April 9, 2019. Subsequently, the Court granted the term established in the Law to present arguments, which was used by the constitutional actor.

Basis of the claim and constitutional claim

In its claim, the plaintiff indicates that prior to the enactment of the Law, there was an equitable and uniform regime applicable to both the purchase and sale of real estate in which, in both cases, only required an appraisal from the Ministry of Economy and Finance and the Comptroller General of the Republic to determine the commercial value of the asset. However, the new mechanism used only when the state wishes to acquire goods is not only unfavorable, but also unfair for those who intend to sell to the state, and unconstitutional, because through this duality the legal security that the State must provide to all individuals without distinction is damaged, violating articles 47 and 48 of the Political Constitution of the Republic of Panama.

The constitutional actor argues that adding the cadastral value to the pre-existing equation (appraisals made by the Comptroller's Office and MEF) violates the protection of private property and fair and equitable treatment (Article 47 of the American Constitution and Convention on Human Rights / Law 15 of 1977) and the fair compensation is unknown (Article 48 of the Constitution) measure that must seek a balance between the general interest and the owner, affecting as little as possible the property right enjoyed by all people.

Therefore, the plaintiff requests that article 43 of Law No. 61 of September 27, 2017 be declared unconstitutional, since it violates articles 47 and 48 of the Magna Carta, and the text contained in article 60 of Law No. 22 of June 27, 2006, prior to the modifications introduced by Article 43 of the Respondent Law.

Concept of the Administration Attorney

In the concept issued by the Public Prosecutor's Office through Fiscal Hearing No. 379 of April 9, 2019, the Public Prosecutor agrees with the criteria expressed by the Firm, concluding that the second paragraph of article 43 of Law No. 61 of September 27, 2017, as it violates articles 47 and 48 of the Magna Carta. It also adds that among the principles that make up the Public Procurement Law (Law No. 22 of 2006) is the principle of Contractual Balance (Article 29 of the Sole Text), which reveals that there is a special regulation in the matter of public procurement the It seeks to maintain the economic balance between the contracting public entity and the contractors. Therefore, a duality of procedures to determine the value of a real estate depending on the role in which the State appears represents a disadvantage which ignores minimum conditions of reciprocity and violent fundamental rights such as respect for private property.

Considerations and decision of the Plenary

The Plenary believes that article 43 of Law No. 61 of September 27, 2017, which amended article 60 of Law No. 22 of June 27, 2006 (Article 70 of Sole Text), by introducing in second paragraph a procedure to determine the value of real estate that the State intends to acquire, by which the average between the market value must be established as the price to pay, obtained from an appraisal carried out by experts appointed by the Ministry of Economy and Finance and the Comptroller's Office General of the Republic, and the value of the property registered with the National Land Administration Authority (cadastral value), if articles 47 and 48 of Political Constitution of the Republic of Panama are violated,

as it is directly unknown the expectation that an owner who transmits his right to private property would legitimately have, in exercise of his power of disposal.

In sum, with provisions of aforementioned article 43, an imbalance is generated to the detriment of the fundamental right to private property, with a direct impact on the power of disposal, which is contrary to articles 47 and 48 of the Magna Carta. Transgression that is magnified when considering the economic imbalance that it will cause in the sphere of contractual relations of individuals with the State, because as indicated in paragraph 1 of article 768 of the Tax Code, the procedure to estimate the cadastral value of a property is the result of multiplying the market value of the property appraised by 60%. Thus, introducing in the appraisal formula of a real estate that the State intends to acquire the cadastral value that appears in the National Land Administration Authority, results in an automatic deterioration, in violation of the fundamental right of private property, of the value of the property. real estate object of the sale transaction, taking into account that this cadastral value will always be below (by 60%) the market value, which is only a value of an administrative nature and of a tax nature.

This high Justice Corporation thus concludes in the unconstitutionality of the second paragraph of article 43 of Law No. 61 of 27 of 2017, which inexorably brings with it that what was removed there from the regulatory plexus of Law No. 22 of 27 of 2006 with erga omnes effect and future.

The criteria expressed by the Plenary of the Supreme Court of Justice in this ruling is laudable, because through it it vindicates the true sense of the contractual balance that must prevail in the State-Contractor relations, which is vital to ensure legal security and investment protection.*L&E*

Politics

WHY DID STEAM CANADA ARRIVED IN PANAMA?

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When Panama gained independence from Spain on November 28, 1821, Panamanians made the decision to voluntarily join La Gran Colombia. For 82 years we were part of Colombia and during that time there were approximately 17 secession attempts and four consummated separations during 19th century.

Finally, the Isthmus of Panama becomes independent from Colombia on November 3, 1903. The following day, Provisional Government Junta was in charge of Administration of the new sovereign state until the National Constituent Convention met in February 1904 and was designated to the First Constitutional President of the new sovereign republic, Dr. Manuel Amador Guerrero.

A few days later, the United States of America formally recognized the Republic of Panama, followed by France, and before the end of November, 15 other countries in America, Europe and Asia did the same..

Once it became known in Bogotá, Republic of Colombia, about the independence of Panama, Colombia accused the United States of being responsible for the actions. Subsequently, there were demonstrations in Colombia by the population requesting the resignation of the Head of the Executive Branch, Vice President José Manuel Marroquín, who used the army to disperse the popular revolt.

Colombian government, facing the reality of the independence of Panama, tried to carry out a series of missions in order to achieve the reincorporation of the Isthmus of Panama. The strategy consisted, in the first place, in trying to convince the United States to recognize the sovereignty of Colombia in Panama and also to approach the other countries of the continent to collaborate in this attempt. Also try

to convince Panamanians to reconsider the decision taken and, as a last option, the use of force to achieve the reincorporation of the Isthmus of Panama.

The first action of Colombia in order to achieve reinstatement of Panama in a harmonious and concord way, was the arrival in Colon on November 15, 1903, just 12 days after our independence, of a mission made up of delegates from Cartagena and Barranquilla, including General Demetrio Avila, Nicanor G. Insignares, Francisco Padrón, Eloy Pareja and Fanor Vélez. Two days later this Colombian delegation met aboard the US ship Mayflower with Panamanian delegation made up of Tomás Arias, Eusebio A. Morales and Constantino Arosemena.

No agreement was reached at this meeting, despite the promises of the Colombian representation to look after the interests of Panama, preserving their rights, if they were inclined towards the reintegration of the Isthmus of Panama to Colombia. The Panamanian representation flatly rejected all the proposals.

The second high-level commission sent to Panama and the subject of this article, sought a conciliation from which the Colombians wanted to obtain the resignation and reverse the new isthmean authorities to their independence and their reincorporation once again to Colombia. This occurs on November 20, 1903, the day Canadian-flagged Canada steamer arrives in Colón with a high-level mission sent by Vice President of Colombia, the conservative Bogota-born José Manuel Marroquín Ricaurte, who at that time was in charge of the Executive Body.

The mission consisted of conservative Generals Rafael Reyes, Pedro Nel Ospina Mallarino, Jorge Holguin (who were later presidents of Colombia) and Dr. Lucas Caballero. The mission by Panama was headed by Tomás Arias -Member of the Provisional Government Board of Panama-, General Nicanor A. de Obarrio -Secretary of War and Navy-, Dr. Carlos A. Mendoza -Secretary of Justice- and Constantino Arosemena and Antonio Zubieta. The dialogue between two representations was long and lively and in the course of it reasons for and against were adduced, many reproaches were exchanged, each one supporting their respective positions.

One of the insinuations of the Colombian mission that attracted much attention was the proposal to transfer the capital of Colombia to Panama City. As an extremely interesting and historical fact, I literally reproduce part of the minutes that all the participants in this dialogue signed.:

"In the city of Colón, aboard the steamer" Canada "and on the twentieth day of the month of November, nineteen hundred and three, the generals Jorge Holguín, Mr. Pedro Nel Ospina and Mr. Lucas Caballero, commissioners, met Mr. General Mr. Rafael Reyes, Head of the Mission appointed by the Government of the Republic of Colombia, on the one hand, and Mr. Tomás Arias, member of the provisional Government Board of the Republic of Panama, which was proclaimed on three of the currents, Dr. Carlos A. Mendoza, Minister of Justice, Gral. Nicanor A. de Obarrio, Minister of War and Navy, Mr. Constantino Arosemena and Mr. Antonio Zubiera, commissioned by the other party, to seek intelligence that provides a satisfactory solution to the situation created for that proclamation and the movement that originated it.

Exhibited the credentials of his commission by the commissioners of the Representative of the Hon. Mr. Vice-President, in charge of the Executive Power of the Republic and having discussed ideas with the commissioners of the Republic of Panama regarding the present situation of the Isthmus in relation to the Metropolis, the purpose of the conference was specified by Mr. General Mr. Jorge Holguin, by means of the following question: Is there in your opinion any honorable means available to the Government of Colombia to prevent the definitive separation from the Isthmus? The representatives of the Provisional Governing Board of the Republic of Panama declared

that the separation of the Isthmus from Colombian nationality is an irrevocable fact, which has the unanimous sanction of the peoples of the Isthmus and has been recognized by the powers of this Continent and of Europe, and that in his concept there is no means that can return things to the state they had before.

During the interview, it was expressed by all Commissioners of Republic of Colombia, that their Government and peoples are willing to make Panama most liberal commissions in order to maintain national integrity; and for their part, Commissioners of the Republic of Panama, expressed with the deepest sorrow that they make the declaration that there is no way for Panama to become an integral part of the Republic of Colombia, although the Istmeños retain all their affection for Colombians, and they hope that the Republic of Panama, recognized by Colombia, will negotiate the reestablishment of fraternal relations between two countries.

All of which is recorded in these minutes, in duplicate, and signed by the individuals who attend the conference. Jorge Holguin - Pedro Nel Ospina - Lucas Caballero - Tomás Arias - Carlos A. Mendoza - Nicanor A. de Obarrio - Constantino. Arosemena - Antonio Zubieta."

It should be noted that the members of both commissions knew each other and some of them were personal friends and that is why the dialogue was carried out in an affable and friendly manner and proof of this was that the Colombian Commissioner General Rafael Reyes invited the Panamanian delegation to a succulent and fine banquet in the Canada steamer, where elegant speeches were delivered by both delegations and a toast was made to the prosperity of both countries.

Later, both commissions rode in carriages through the city of Colón, stopped in front of the statue of Christopher Columbus and were applauded by the public present. Subsequently, General Reyes gave the amount of three thousand pesos to Don Tomás Arias, which General Orondaste L. Martínez gave as a bribe to Colonel Eliseo Torres, First Chief of the Shooter Battalion in the Royal Navy steamer "Orinoco". Mr. Tomás Arias then, on behalf of the Governing Board, received said indicated amount and delivered it to the General Treasury of the Panamanian government represented by Mr. Albino A. Arosemena, who then left a written record of the money received.

That same day, November 20, 1903, General Rafael Reyes requested to send a cablegram to Colombia, informing the Vice President in Charge of the Executive Branch and the members of the Colombian cabinet that the conference and negotiations held on the Canada steamer with the new Panamanian authorities "had remained broken "and a friendly settlement was impossible. He added that the "American government did not allow disembarkation of Colombian troops on Panamanian coasts."

On the other hand, it should be noted that despite the fact that this conference was being held in Canada, Vice President Marroquín was simultaneously ordering on November 11 a recruitment of 100,000 soldiers, of which 500 men from the Shooter Battalion later settled in the on the banks of the Titumate River in the Province of Darién, trying to increase the number further on January 1, 1904, but they finally withdrew due to the inclement environment of the Darién jungle and the fear of facing North American troops who could spot them and confront them. in addition, General Reyes, who was in Washington, DC, prudently suggested the cessation of all types of military activity against Panama because, according to Article 1 of the Hay-Buneau Varilla Treaty, "the United States of America is bound to guarantee the independence of Panama "and, obviously, the United States would be constrained to comply.

Subsequently, both the United States, Colombia and Panama initiated treaty projects such as the Cortés-Root and Cortés-Arosemena, whose main objective was for Colombia to recognize the independence of the new republic, but without achieving any success

in this regard. Later the same attempt had the Urrutia-Thompson Treaty of 1914, which was signed in Bogotá between the United States and Colombia on April 6, 1914, whose objective was to solve the conflict between the United States and Colombia for the support of the former for independence of Panama of Colombia in 1903. This treaty was ratified by the Congress of the United States seven years after its signature on April 20, 1921 and entered into force on March 2, 1922. As a consequence of this treaty, the Colombian government got the following benefits:

1. The right of Colombia to transport troops, ships and war materials without paying a toll for the Panama Canal.

2. The payment to Colombia of the sum of 25 million dollars in compensation for the independence of Panama.

3. Recognition by Colombia and establishment of border limits with Panama in accordance with the provisions of the Colombian law of June 9, 1855.

4. The exemption of all taxes and rights to agricultural products and Colombian industry that pass through the Canal, as well as mail.

Panama did not participate in the negotiation of said treaty nor did it give the United States the right to act on its behalf. Diplomatic relations between the Republic of Colombia and the Republic of Panama began on June 9, 1924, with Mr. Nicolás Victoria Jaén being appointed as Ambassador by the Republic of Panama and Dr. José María González Valencia by Colombia.

All these details of the action of the Colombian government in order to reincorporate Colombia to the Isthmus of Panama in one way or another have almost always remained in the mind of the Colombian government. Still, the national coat of arms of the Republic of Colombia shows in its lower third, over seawater, two ships with sails deployed on each side of the territory of the Republic of Panama... as if we were still integrated into the neighboring country. At present in the facilities of the Colombian Congress there is a large map of Colombia where the territory of the Republic of Panama appears as if we were still part of that country. Hence, it is understandable that our heroes of the Nation, at those crucial moments and before the irredentist claims of Colombia, considered it necessary to approve Article 136 of the initial National Constitution of 1904 in our first Constituent Assembly, whose text indicates the following: " Article 136.- The Government of the United States of America may intervene at any point in the Republic of Panama to restore public peace and constitutional order if it has been disturbed, in the event that by virtue of the Public Treaty that Nation assumes or has assumed the obligation to guarantee the independence and sovereignty of the Republic. " Likewise, the issue is reinforced by Article 1 of the Isthmian Canal Convention, according to which the United States of America undertook to guarantee and maintain the independence of Panama..

It is important to keep in mind that as a result of our independence from Colombia, Panama tried to establish diplomatic relations with Colombia, when in 1910 it sent Dr. Carlos A. Mendoza to Colombia, this attempt being rejected since the government of Colombia maintained that the The North American government owed him large compensation for the damages received by the dispossession of Panama, maintaining that all negotiations with Panama had to be subordinate to what it entered into with the United States.

Remembering these interesting episodes in our national history makes us reflect on some of the situations that Panamanians had to face in order to consolidate our national identity and to strengthen our country as an independent and sovereign state.L&E

Panamanian ECONOMY

PRINCIPALES INDICADORES ECONÓMICOS MENSUALES: ENERO-JUNIO 2019-20

Source: GCRP

1. Transport:

a. Panama Canal Authority:

The total revenue from the Panama Canal toll for January-June 2020, compared to the same in 2019, presented a positive variation of 0.2%; of these, the Neopanamax vessels at 9.1%; on the contrary, Panamax vessels decreased by 8.5%. There was an increase in cargo volume of 2.4%; However, a negative variation was reported in net tons of 1.6% and in the transit of ships of 7.8%.

b. National Port System:

The movement of TEU containers (container equivalent to 20 feet), increased for the period in question, 13.7%. Total cargo movement increased by 15.2%, with bulk cargo standing out at 12.6% and containerized cargo at 19.0%. On the other hand, there was a negative variation in the general load in 48.6%.

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

The demand for passengers transported by the Panama Metro decreased by 52.6% and those by MiBus by 47.2%.

2. Foreign trade:

a. CIF value of imports of goods:

The CIF value of imports of goods fell by 39.3%, of this value, consumer goods by 37.0%, intermediate goods 27.1% and capital goods by 53.0%.

b. Net weight of goods imports:

The net weight of imports of goods fell by 30.8%, with falls in consumer goods by 40.6%, intermediate goods by 18.8% and capital goods by 47.6%.

c. FOB value of goods exports:

The FOB value of goods exports fell by 2.8% and also

its categories: pineapple 17.4%, shrimp 26.3%, other seafood 39.6%, coffee 3.9%, clothing 66.6%, steel, copper and aluminum waste 43.0% and wood in 30.9%. On the other hand, positive variations were observed in: banana 10.5%, fish and fish fillet (fresh, refrigerated and frozen) 17.9%, unrefined sugar 34.4%, fish meal and oil 11.6%, beef 105.7% and , hides and skins in 20.4%.

d. Weight of goods exports:

The weight of goods exports increased by 3.4%, with specific increases of: banana 43.0%, fish and fish fillet (fresh, refrigerated and frozen) 7.0%, unrefined sugar 22.7%, coffee 3.3%, beef cattle 130.0% and hides and skins in 18.4%. They presented negative variations: pineapple 21.7%, shrimp 8.7%, other seafood 92.5%, fishmeal and fish oil 5.7%, clothing 61.6%, waste of steel, copper and aluminum 17.6% and wood 32.8%.

e. Colon Free Zone:

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

3. Internal trade.

a. Sale of fuels for national consumption:

The sale of fuel for domestic consumption was reduced by 36.2%, for its part, gasoline by 31.4%, mainly, 95 octane by 30.1%, low sulfur diesel by 28.9% and bunker C by 78.5%. Likewise, the sale of liquefied petroleum gas fell by 4.3%.

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

The sale of marine fuel (bunkering) in ports, measured in metric tons, reported a positive variation of 10.6%, registering an increase in the Pacific Coast of 11.2% and in the Atlantic of 7.9%.

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

The sale of fuel (bunkering), through barges, decreased by 3.3%, mainly that of the Atlantic Coast by 22.4%; on the contrary, the Pacific Coast grew by 1.8%. The total number of ships attended increased by 5.5%.

d. New cars registered:

The number of new cars registered in the single vehicle registry decreased by 57.7%, and specifically, regular cars 57.0%, luxury cars by 56.8%, SUV'S 59.7%, minivans 57.9%, panels 43.0%, pick-ups 57.7, buses 42.1 % and trucks at 53.9%.

4. Construction:

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

To date, there is no information on the cost of constructions registered by the municipalities. However, there are other indicators related to construction such as the production of ready-mix concrete (measured in m3), which decreased by 68.0%, the production of gray cement (measured in metric tons), decreased by 53.6% and its importation. at 56.3%.

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

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

5. Financial intermediation:

a. National Banking System:

The liquid assets of the National Banking System (at the end of the period), increased by 52.2% and

total deposits by 9.1%. On the other hand, the total loan portfolio was reduced by 0.6%. Bank liquidity increased by 39.5%.

b. Stock market indicators:

Volume traded (in thousands of balboas) by the total market of the Panama Stock Exchange (BVP), decreased by 43.6%, of this, the primary market by 57.1%. The volume traded (in thousands of Balboas) of the stock market in the BVP, was reduced by 21.1%; however, the number of shares rose 31.8%. The calculated BVP index presented a negative rate of 14.6%.

c. Insurance:

The value of written insurance premiums presented a negative variation of 3.0%, mainly the lines of: personal accidents 39.8%, automobiles 24.6% and technical lines 39.1%. On the other hand, positive variations were observed in: bonds 16.1%, health 5.2%, life group 4.1% and other transport in 12.2%.

d. Loans approved by the Banco de Desarrollo Agropecuario:

Loans approved by the Agricultural Development Bank fell by 21.7%, especially those directed to livestock by 13.1%, fishing by 16.7% and other items by 49.1%. Agricultural-oriented loans grew by 16.4%.

6. Leisure activities:

a. Gross bets:

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

b. Net bets:

Dato no disponible a la fecha, por la fuente que suministra la información.

7. Electricity and water:

a. Electricity supply:

The supply of electricity (in kilowatt hours) registered by the Commercial Measurement System (SMEC), reflected a negative rate of 4.0%. The renewable energy generated increased by 17.4%; and of this, the hydraulic one in 22.9% and the one of thermal sources was reduced in 25.6%. Self-generation decreased by 33.8%, while imports rose by 438.9%.

b. Destination of electricity:

Electricity billing decreased by 8.8%, mainly due to industrial clients by 27.4%, commercial by 22.4%, Government 4.4% and other clients by 9.5%; however, a positive variation of residential properties was observed in 7.6%. In turn, there was growth in billing of large clients by 33.0%, generators 114.0% and exports by 31.2%.

c. Water:

Drinking water billing (in gallons), in the Republic of Panama, reported a 0.1% reduction, with a breakdown in: commercial, which decreased by 5.0%, industrial by 7.3%; on the other hand, the residential sector rose by 1.1% and the Government by 0.03%.

8. Manufacturing industries:

A decrease in the slaughter of cattle and pigs was reported, both in 0.9%. The production of evaporated, condensed and powdered milk rose by 39.5%, as well as pasteurized milk 18.5%, natural milk used for the production of related products 2.5%, tomato derivatives 12.4% and rectified alcohol 17.6%. Negative rates were observed in the production of chicken meat 9.5%, sugar 4.0%, salt in 8.9%, alcoholic beverages 39.1% and soft drinks in 21.4%.

9. Hotels and travelers entrance:

a. Hotels:

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

b. Entry of travelers and their expenses:

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

10. Public Sector Finance:

a. Central Government current income:

The current revenues of the Central Government decreased from January to June by 34.1% and of these, the tax revenues by 37.2%, with direct and indirect revenues by 36.6% and 38.0%, respectively.

Non-taxpayers presented a decrease of 18.2%.

11. Other related:

a. Work contracts registered in MITRADEL:

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

b. Non-horizontal and horizontal properties listed:

Registered non-horizontal properties decreased by 48.2%, specifically, mortgages by 50.4%. For their part, horizontal properties fell by 52.0% and of these, mortgages by 53.7%.

c. Anonymous and common companies:

The number of companies registered in the Public Registry decreased for the period by 34.8%, the anonymous by 34.3% and the common by 50.4%.*L&E*

EXPANDED CANAL REACHES NEW MILESTONE WITH 10,000 TRANSIT

Source: ACP

At 106 years of operation, the Panama Canal reached a new milestone today, when the SK Resolute, a liquefied natural gas (LNG) vessel, became the 10,000th transit through the expanded Canal's neopanamax locks..

The ship began its transit at the Agua Clara locks, in the province of Colón, and continued south to those of Cocolí, in the Pacific, to continue a journey that began in the Gulf of Mexico, on the east coast of the United States. , bound for China, with the LNG cargo.

"Reaching this mark a little over four years after the opening of the expanded Canal, reaffirms the competitiveness of the interoceanic highway, backed by the continuous, safe and reliable service that we have maintained in the midst of the current world situation," said the administrator of the Panama Canal, Ricaurte Vásquez Morales. SK Resolute now has 13 transits through the expanded Canal since it began using the Panamanian route in 2018, including seven crossings this year. Its main routes are between the east coast of the United States towards South Korea and Japan, as well as from Chile to the east coast of North America.

LNG transportation is one of the new markets that the expanded Canal attracted to the interoceanic highway, due to the larger dimensions of the Neopanamax locks that allow accommodating this type of ships.

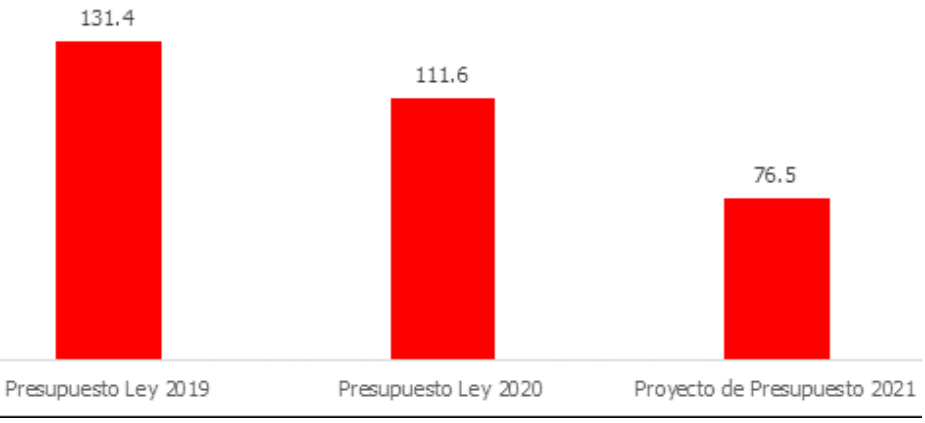
LNG vessels represent the third type of vessel to use the expanded Canal, with around 12% of transits, surpassed only by container ships with 46% and those of liquefied petroleum gas with 25%.L&E

WITH 2021 PROJECT BUDGET, EXPENSES ON ROOMS AND TRANSPORTATION ARE REDUCED BY 54.7 MILLION OR 42% FROM 2019

Source: GCRP

The decrease in travel and transportation expenses contemplated in 2021 budget project is lower than the 2019 modified budget and the 2020 modified budget. In the 2019 modified budget, B/. 131.4 million were available for travel and travel expenses. In 2020, the Government reduced this sum to B/. 111.6 and in the 2021 Budget Draft it reduces it again, placing it at B/. 76.5 million. Comparing with the 2019 modified budget, the 2021 budget project reduces expenses for per diem and transportation by B / .54.9 million, that is, 42%. With respect to the 2020 modified budget, the 2020 modified budget project, the 2021 budget project reduces per diem and transportation expenses by B / .35.1 million or 31.5%.L&E

Presupuesto asignado a viáticos y transporte para misiones oficiales
En millones de Balboas



Presupuesto asignado a gastos de viáticos y transporte
En millones de Balboas

	Presupuesto modificado 2019	Presupuesto modificado 2020	Proyecto de presupuesto 2021
VIÁTICOS	**99.2**	**83.3**	**57.8**
Viáticos dentro del país	52.0	49.3	33.3
Viáticos al exterior	47.2	34.0	24.5
Misiones oficiales	20.6	13.9	8.0
Servicio exterior (cuerpo diplomático)	15.6	14.2	13.5
Otras personas	11.0	5.9	3.0
TRANSPORTE	**32.2**	**28.3**	**18.7**
Dentro del país	14.5	12.6	9.0
Al exterior	11.5	9.0	5.0
Otras personas	6.2	6.7	4.7
TOTAL VIÁTICO Y TRANSPORTE	**131.4**	**111.6**	**76.5**

World ECONOMY

THE RESPONSE OF EMERGING MARKET ECONOMIES TO COVID-19: FROM CONVENTIONAL TO NON-CONVENTIONAL POLICIES

Source: International Monetary Fund

The economic impact of the COVID-19 pandemic on emerging market economies far exceeded that of the global financial crisis. Unlike other crises, the response has been decisive, as in advanced economies. However, conventional policies are reaching the limit and unconventional policies are not without risk.

A pandemic still ongoing

The COVID-19 pandemic is not yet over in the emerging markets universe (see list of countries in the chart), posing risks to both populations and economies. While countries like China, Uruguay and Vietnam have managed to contain the virus, others like Brazil, India and South Africa continue to struggle with an increase in infections.

The economic impact has been even more severe as emerging market economies were hit by multiple shocks. A factor that aggravated the effects of the internal containment measures has been the contraction of external demand. The situation has been especially harsh for countries dependent on tourism, due to the drop in travel, and for oil exporters, as prices of raw materials collapsed. As international trade and oil prices are projected to decline by more than 10% and 40%, respectively, emerging market economies are likely to face a steep slope toward recovery, despite capital outflows having slowed. stabilized and that sovereign spreads have receded compared to the marked volatility observed in the markets in March.

Not surprisingly, then, the June update to the World Economic Outlook report projects emerging market economies to contract 3.2% this year; the steepest drop suffered by the group since records have been

kept. Comparatively, during the global financial crisis, the group's growth was significantly affected, but bottomed out at a positive 2.6% in 2009.

Strong response policies

The crisis would have been even worse without the extraordinary support policies deployed. Undoubtedly, the strong policy measures adopted by advanced economies caused a turnaround in market conditions that allowed emerging market economies to resume external financing in April and May, which has contributed to historical levels of bond issuance up to date (USD 124 billion at the end of June). But not all countries have seen their fortunes improve. Oil exporters, pre-emerging countries, and highly indebted countries are experiencing a deeper financial shock that made borrowing more expensive or worse, capped their access to markets.

Supportive measures from advanced economies gave authorities in emerging market economies room for maneuver to cushion the economic blow. Unlike other episodes in which emerging market economies tended to adopt more restrictive policies to avoid rapid capital outflows and the inflationary effect of exchange rate depreciation, their reactions to this crisis have been more similar to those demonstrated by advanced economies (See IMF Policy Watch). Most emerging market economies used reserve

Presiones cambiarias en las grandes economías de mercados emergentes

Los tipos de cambio se ajustaron en mayor medida; las reservas se usaron con moderación.

Fuentes: FMI, base de datos sobre las estadísticas financieras internacionales, y cálculos del personal técnico del FMI.

Nota: Las grandes economías de mercados emergentes son las 20 economías de mercados emergentes más grandes en términos del PIB: China, India, Rusia, Brasil, Indonesia, México, Turquía, Polonia, Tailandia, Argentina, Filipinas, Egipto, Vietnam, Malasia, Sudáfrica, Colombia, Rumania, Chile, Perú y Kazajstán. Todos los períodos son de máximos a mínimos. CFM = Crisis financiera mundial (agosto de 2008-marzo de 2009); TT = Anuncio de la Fed sobre tasas (mayo de 2013- febrero de 2014); venta masiva de 2018 (abril de 2018-octubre de 2018); COVID-19 (enero de 2020 abril de 2020).

FONDO MONETARIO INTERNACIONAL

buffers more cautiously and allowed the exchange rate to adjust further, while many countries injected the liquidity necessary to keep markets functioning. Countries like Poland and Indonesia relaxed macroprudential policies further to shore up credit.

Like their more advanced peers, many emerging market economies such as Thailand, Mexico, and South Africa relaxed monetary policy during this cycle. In some cases, the limited room for maneuver to cut the monetary policy rate further and the tensions observed in the markets led to the use of unconventional monetary measures for the first time. These include the purchase of government and corporate bonds, although the amounts remain small compared to those handled by the larger advanced economies. On the contrary, the use of measures related to capital flows to avoid outflows has so far remained rather limited..

On the fiscal side, something similar is observed. Emerging market economies have adopted a more relaxed fiscal stance in order to cope with the health crisis, provide support to the population and businesses, and neutralize economic shocks. These initiatives, although not as comprehensive as those undertaken by advanced economies, are significantly larger than those launched during the global financial crisis.

From conventional to unconventional policies

Despite these measures, the outlook for emerging market economies remains clouded by considerable uncertainty. Among the many risks is the possibility that the health crisis will be more protracted, which would damage more lives and could have fatal economic consequences. Coping with a deeper slowdown will be difficult because most emerging markets entered the current crisis with limited room for maneuver to deploy traditional fiscal, monetary and external support measures. In addition, much of this room for maneuver has already been used for the measures adopted in recent months, which could force some countries to resort to less conventional measures.

These include everything from price controls and trade restrictions to a less conventional monetary policy and measures to relax credit and financial regulations. Some of these measures - which are also being used by some advanced and low-income economies - carry significant costs, particularly if applied intensively. Export restrictions, for example, could seriously distort the multilateral trading system, and price controls could hamper the movement of goods to those who need them most..

The effectiveness of other unconventional policies will depend on the credibility of the institutions; for example, if a country has pursued a historically credible monetary policy. As we go through the current crisis, we have little time to analyze the risks and benefits of these measures properly and carefully.

We're not out of the woods yet

Emerging market economies have weathered the first phase of the crisis relatively well, but the next phase could be much more difficult. The virus remains present, financial conditions are still fragile and the room for maneuver for policies is smaller, especially in the case of countries facing strong risks around debt sustainability. This last group is quite extensive. At the beginning of the crisis, approximately one-third of all emerging market economies had high

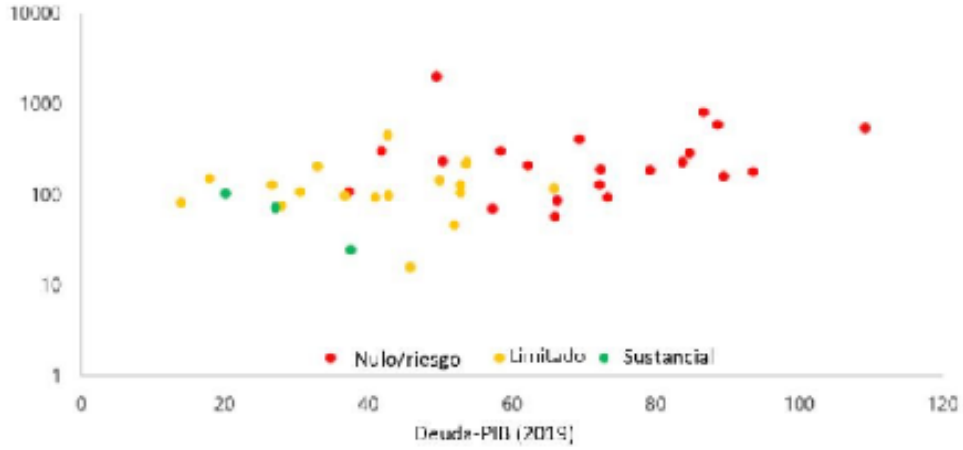
levels of debt and, according to assessments, either do not have room to expand discretionary fiscal policy or have significantly precarious space.

As the crisis unfolds, there is also a serious risk that liquidity problems will turn into solvency problems. In addition to sovereign debt problems, corporate default risks are alarmingly high in a number of emerging market economies. In addition, the crisis has hit the poor particularly hard, and this rising inequality will exacerbate policy difficulties in many countries.. The complexity of these difficulties requires a multifaceted response policy. First, domestic policies must be designed to lead to more durable and inclusive growth. Second, stronger support from bilateral and multilateral lenders will be needed if market access remains precarious. So far, the IMF has provided 22 emerging market economies with approximately $ 72 billion (SDR 52 billion) in financial assistance. Finally, in the case of countries with unsustainable debt, it will be necessary to find a timely and lasting resolution of these problems, seeking a wide distribution of the burden among creditors, including those of the private sector. These last two dimensions will be analyzed in two upcoming blogs on IMF credit and the IMF's role in debt resolution.*L&E*

Una preocupante falta de espacio fiscal

Un tercio de las economías de mercados emergentes tienen un margen de maniobra fiscal limitado o nulo para contrarrestar una crisis dilatada.

(pb del EMBI en escala logarítmica, porcentaje)



Fuentes: Bloomberg; WEO Ivc; base de datos VE; y cálculos del personal técnico del FMI.
Nota: Las variaciones del EMBI corresponden al período 1/1/2020 - 10/7/2020. Los colores de los puntos representan evaluaciones del espacio fiscal. El espacio fiscal se define como el margen de maniobra del que se dispone para lanzar una política fiscal discrecional en relación con los planes vigentes sin poner en peligro el acceso a los mercados ni la sostenibilidad de la deuda.

FONDO MONETARIO INTERNACIONAL

NACIONES UNIDAS

CEPAL

ECLAC PROPOSES TO GUARANTEE AND UNIVERSALIZE CONNECTIVITY AND AFFORDABILITY TO DIGITAL TECHNOLOGIES TO FACE THE IMPACTS OF COVID-19

Source: ECLAC

The Economic Commission for Latin America and the Caribbean (ECLAC) urged today to guarantee and universalize connectivity and affordability to digital technologies to face impacts caused by coronavirus pandemic (COVID-19) in the region. To do this, he proposed five lines of action that include building an inclusive digital society, promoting productive transformation, promoting trust and digital security, strengthening regional digital cooperation, and moving towards a new governance model to ensure a 'Digital Welfare State '' that promotes equality, protects the economic, social and labor rights of the population, guarantees the safe use of data, and generates progressive structural change.

The Executive Secretary of ECLAC, Alicia Bárcena, released at a press conference the institution's special COVID-19 Report No. 7, entitled Universalize access to digital technologies to face the effects of COVID-19, which she proposes to countries in the region guarantee a basic basket of information and communication technologies made up of a laptop, a smartphone, a tablet and a connection plan for unconnected households, with an annual cost of less than 1% of GDP.

The report presented today highlights that digital technologies have been essential for the functioning of the economy and society during the crisis of the pandemic caused by the coronavirus disease. Advances that were expected to take years to materialize have occurred in just a few months. However, access gaps condition the right to health, education and work, while they can increase socioeconomic inequalities.

"The countries of Latin America and the Caribbean have adopted measures to promote the use of technological solutions and ensure the continuity of telecommunications services. However, the scope of these actions is limited by the gaps in the access and use of these technologies and the connection speeds," Alicia Bárcena stated during the presentation of the report.

According to the document, in 2019, 66.7% of the region's inhabitants had an Internet connection.

The remaining third have limited or no access to digital technologies due to their economic and social status, particularly their age and location. In 12 countries in the region, the number of households in the highest income quintile (quintile V) that has an Internet connection is 81%, on average; the corresponding figures for households in the first and second quintiles are 38% and 53%, respectively.

The differences in connectivity between urban and rural areas are significant. In the region, 67% of urban households are connected to the Internet, while in rural areas only 23% of them are. In terms of age groups, young people and older adults have the least connectivity: 42% of those under 25 and 54% of people over 66 have no Internet connection.

He adds that low affordability consolidates the exclusion of lower-income households. The cost of mobile and fixed broadband service for the population of the first income quintile reaches 14% and 12% of their income, respectively. This is around 6 times the reference threshold of 2% of income recommended by the United Nations Broadband Commission..

The study reveals that mobility data during the first months of quarantines show a world paralyzed in the physical, but not in the virtual. Website traffic and the use of telecommuting applications, online education or distance learning and online shopping reveal a significant increase in the use of digital solutions. Between the first and second quarters of 2020, the use of telecommuting solutions increased by 324% and distance education more than 60%.

However, the use of online education solutions is only possible for those with an Internet connection and access devices, and in Latin America 46% of boys and girls between 5 and 12 years old live in homes that are not connected. Household access to digital devices is also uneven in the region: while between 70% and 80% of students in the highest socioeconomic levels have laptops in their homes, only between 10% and 20% of students belonging to the lowest income quintiles have these devices.

"The difference between the highest and lowest economic strata conditions the right to education and deepens socioeconomic inequalities. To ensure inclusive and equitable education and promote learning opportunities throughout the educational cycle, not only connectivity and digital infrastructure must be increased, but also the digital skills of teachers and professors, as well as the adequacy of educational content. to the digital sphere ", underlined the Executive Secretary of ECLAC.

In relation to the percentage of jobs that can migrate to telework, the report specifies that it is positively linked to the level of GDP per capita and to lower degrees of informality. In Europe and the United States, almost 40% of workers can work from home, while in the case of Latin America, ECLAC estimates that around 21.3% of those employed could telework.

The document highlights that the Internet mitigates the impact of the crisis on companies. It specifies that, between March and April 2020, the number of business web pages increased 800% in Colombia and Mexico and around 360% in Brazil and Chile. In June 2020, the online presence of retail companies increased 431% compared to June 2019.

Finally, the report indicates that the post-pandemic will be characterized by a new demand based on online channels that will imply an effort by the countries and the private sector to provide a better service. The new offer will be based on flexibility, local proximity and reaction capacity.

"Productivity and structural change will continue to be unavoidable factors for development. The region must move towards more diversified, homogeneous and integrated production systems to increase productivity and productive inclusion, which would translate into higher levels of employment and wages, "concluded Alicia Bárcena.*L&E*

WORLDWIDE FOOD PRICES RISE IN JULY

Source: FAO

World food prices continued to rise in July for the second month in a row, particularly those of vegetable oils and dairy products, according to the United Nations benchmark report.

The Food and Agriculture Organization of the United Nations (FAO) food price index registered an average of 94.2 points in July, that is, an increase of 1.2% from June and close to a 1.0% more than in July 2019. The FAO Food Price Index tracks the international prices of the most traded food products.

The FAO Vegetable Oil Price Index increased by 7.6% since June and reached the highest level in five months, due to the increase in international prices of the main oils in a context, in the case of oil palm trees, a probable slowdown in production, a reactivation of world import demand and a prolonged shortage of migrant labor. The FAO Dairy Price Index rose 3.5% during the month, with increases in all products from butter and cheese to powdered milk.

The FAO Cereal Price Index remained practically unchanged since June, although the prices of maize and sorghum increased sharply - influenced by large purchases by China from the United States of America - while rice prices fell on the prospect of bumper crops in 2020. Wheat prices were little changed due to low trading activity.

The FAO Sugar Price Index rose 1.4% as the high figures for sugar milling in Brazil only partially mitigated the effects of higher energy prices and the prospects for lower energy prices. sugar production in Thailand due to severe drought.

By contrast, the FAO Meat Price Index fell by 1.8% in July and averaged lower (9.2% less) than the level reached in July 2019. Meat prices pork and beef decreased during the month as the volume of world import demand remained below exportable availabilities, despite the disruptions caused in the sector by the coronavirus in the main exporting regions. Poultry meat prices increased, influenced by reduced production in Brazil caused by high feed costs and concerns about future demand.

In July 2020, the price coverage of the FAO Food Price Index was extended and its reference period revised. Details of this review are explained in the special article in the latest issue of Food Outlook.*L&E*

RETROSPECTIVE VISION TO ADDRESS THE FUTURE: WHAT DOES THE NEXT NORMALITY LOOK LIKE?

Source: ILO

Over the last century, there have been seven crises that have had an impact on a global scale. Two world wars (from 1914 to 1918 and from 1939 to 1945); two global health pandemics, namely the Spanish flu (in 1918) and HIV / AIDS (in the 1980s); a political crisis of great importance (in 1989, at the end of the cold war); and two financial crises (in 1929 and in 2008).

These crises arose in specific circumstances and were due to various reasons. However, several conclusions can be drawn in advance applicable to the current conjuncture.

First, unsurprisingly, that health crises drive innovation in health care services. Penicillin was discovered in 1926, in a decade of medical advances. The foundations of the modern pharmaceutical industry were laid in that decade. The emphasis on hygiene facilitated the emergence of new companies, such as Unilever and Procter & Gamble.

Innovation generally takes place after health, political or (particularly) military crises occur. The periods that followed both world wars brought about innovations in war technology. However, innovation stalls after economic crises. The number of patents registered in the US, for example, declined after the 1929 and 2008 crises. On the other hand, both financial crises were followed by periods of political instability, particularly in the 1930s, in which the violent nationalism sparked a world war.

Crises often bring social advances. Regardless of the type of crisis in question. In the 1920s and 1930s, many labor laws were enacted at the international level (28 ILO Conventions adopted in the 1920s, and 39 in the 1930s). The right to vote for women was promoted after the First World War. After the Second World War, the United Nations system was established and the Declaration of Human Rights was promulgated. HIV / AIDS sparked the dialogue on sexuality, and many believe that this laid the foundation for the equality with respect to marriage that was fostered in the 2000s.

Given this, and based on the experience gained from previous crises, what can we expect for the 2020s?

Let's start with what is clearer; Due to the nature of this crisis, there is likely to be a lot of innovation

in the pharmaceutical and healthcare sectors. Generally speaking, economies will be disrupted. New economic sectors and companies will emerge, or current ones will be expanded, and older ones will cease to exist. Aviation emerged in the 1920s, and management consulting became a core business activity (McKinsey was incorporated in 1926); the 1930s saw enormous advances in health and foundations of the modern pharmaceutical industry were laid; and modern tourism emerged in the 1950s (the Best Western and Holiday Inn hotel chains were founded in 1946 and 1952 respectively).

At the time of the 2008 global financial crisis, the world's five largest companies were Exxon, General Electric, Microsoft, AT&T, and P&G. Only two of them currently remain in the top ten. The top five companies currently are Apple, Google, Facebook, Microsoft and Amazon.

On the other hand, people tend to "unleash their behavior" after a crisis. Jazz and rock and roll emerged after two world wars. New artistic movements (Bauhaus and Art Deco) were created in the 1920s. In view of this, a development of arts and entertainment sectors, as well as great creativity in them, can be expected.

Disruption of global supply chains caused by the pandemic could encourage companies to limit their exposure to risk. This could foster automation and artificial intelligence, particularly as both technologies facilitate the production of goods in places closer to the customers who demand them. This has a large impact on employment.

On the other hand, it has been shown that the main political decisions have been taken quickly and efficiently. For example, when it comes to working from home. In the absence of the need to commute to work on a daily basis, an increase in productivity and economic benefits can be expected. This in turn avoids the need for large and expensive offices in city centers. Although cities continue to need offices of these characteristics, their number will be less and less, or their functionality will vary.

This has far-reaching repercussions. If office workers (maybe half of them) no longer need to go to work every day, they don't need to live in expensive cities either. Consequently, cities will have fewer and fewer high-level offices. That lays the foundation for the development of new urban business models. For example, to promote the creation of creative centers, living spaces or recreation areas.

Another aspect that contributes to the relevance of large cities, namely migrants, should also be mentioned.

COVID-19 almost ended the migration. Certain political leaders believe that the current restrictions on migration provide an opportunity to reinforce broader long-term agendas, in line with a public opinion that previously endorsed them. This could undermine this aspect associated with migration, often undervalued, which contributes to the relevance of cities.

Crises and the response measures taken in response to them foster the emergence of great ideas at the political, economic, social and scientific levels. In some cases, they have led to innovations that have improved the lives of millions of people; in others, to conflicts and wars. In light of this, there is one thing that can certainly be expected for the next decade: changes will occur. *L&E*

CORRUPTION AND COVID-19

Source: International Monetary Fund

Corruption — the abuse of public service for personal gain — is more than a waste of money: it erodes the social contract and corrodes the government's ability to help the economy grow in such a way that all citizens benefit. Corruption was already a problem before the crisis, but the COVID-19 pandemic has increased the importance of stronger governance, for three reasons.

First, governments around the world are playing a bigger role in the economy to fight the pandemic and provide a lifeline for individuals and businesses. This increased intervention is crucial, but it also opens up more opportunities for corruption. To ensure that funds and measures help those who need it most, governments need to have timely and transparent reporting procedures, conduct ex post audits and accountability mechanisms, and act in close cooperation with civil society and the private sector.

Second, as public finances deteriorate, countries must prevent tax evasion and the waste and loss of funds caused by corruption in public spending.

Third, crises test people's trust in government and institutions, and ethical behavior becomes more important at a time when the demand for medical services is so high. Fact-finding of corruption could undermine a country's ability to respond to the crisis effectively, thereby deepening the economic impact and putting political and social cohesion at risk.

During this crisis, the IMF has not lost sight of its work

on governance and the fight against corruption. Our message to all governments has been clear: spend all you need, but keep the receipts, because we do not want accountability to be forgotten in this process.

Regarding the granting of loans, we have made rapid financing disbursements to meet urgent needs. At the same time, an expansion of governance measures to track COVID-19-related spending is planned as part of emergency funding granted to countries to combat the pandemic.

Borrowing countries have committed to i) conduct and publish independent ex post audits of crisis-related spending and ii) publish crisis-related purchases and contracts on the government website, including identification of successful bidders and their beneficial owners. The IMF also ensured that emergency resources are subject to the institution's safeguards assessment policy.

Long-term reform beyond the crisis

The governance safeguards for emergency assistance under COVID-19 are part of a more comprehensive IMF initiative aimed at improving the good governance of its member countries and their efforts to combat corruption.

In recent years, the IMF has significantly intensified its focus on governance and corruption. In 2018, we adopted a strengthened framework to make our work with countries more open, impartial and effective. This laid the foundation for our funding policy and response to COVID-19, where stronger governance is even more important.

We recently evaluated the progress made in recent years and published our observations in a staff review. The highlights are as follows:

• We maintain a more frank and in-depth dialogue with the countries on governance issues. As a text mining analysis shows, we increased coverage of governance and corruption issues in our annual country economic health assessments and loan programs. Governance-related benchmarks more than doubled in staff reports during the 18 months after IMF approval of the framework, compared to 2017. In 2019, the IMF discussed governance with countries with a frequency four times greater than the average registered in the previous ten years. Very recently - for example - our oversight work has focused on central bank governance and operations in Liberia, financial sector oversight in Moldova, and anti-corruption regulations in Mexico. IMF staff are proposing more concrete recommendations on governance and the fight against corruption.

• IMF-supported lending programs include specific conditionality related to governance reforms and anti-corruption, and governance improvements are now a central objective of many programs.

• We have intensified technical assistance and training activities to help countries strengthen their governance and anti-corruption measures. We seek to help countries improve governance in areas such as tax administration, oversight of spending, fiscal transparency, supervision of the financial sector, anti-corruption institutions, and declaration of assets by senior officials. This work includes governance diagnostic missions

in a dozen countries, which include a detailed analysis of deficiencies in governance, taking into account legal frameworks, and proposing solutions and their order of priority.

• In addition, ten advanced economies - Germany, Austria, Canada, the United States, France, Italy, Japan, the United Kingdom, the Czech Republic and Switzerland - have participated in the voluntary assessment of their national frameworks to limit opportunities for corruption. transnational. The purpose of the evaluations, carried out by the IMF, is to determine the degree to which a country does two things: 1) criminalize and prosecute acts of bribery committed by foreign public officials and 2) prevent foreign officials from hiding the proceeds corruption in its own financial system or in the national economy. The IMF strongly encourages member countries to volunteer to participate in these assessments as part of their annual economic health reviews.

Stopping corruption requires governments to commit to reforms, international cooperation, and a joint effort with civil society and the private sector. It also requires political will and tenacity in implementing the reforms for months and years.

This crisis will lead us to sharpen our focus on governance over the next few years due to the devastating effects and costs of the pandemic on people and economies. Countries cannot afford to lose valuable resources at the best of times, least of all during and after the pandemic. If ever there was a right time to adopt anti-corruption reforms, that time is now. *L&E*

Environmental Capsule

ORGANOPONIC CROPS IN THE REALITY OF THE COVID-19 PANDEMIC

Milena Vergara - Assistant
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In recent days, organoponic cultivation was selected as winner of the first edition of Ideatón Panamá with the theme "Strengthening Food Security in Panama."

One hundred and fifty-six projects participated in the contest and had a national and international jury.

This activity was organized by the Ministry of Foreign Affairs, the Ministry of Agricultural Development, the National Agency for the Promotion of Exports and the Attraction of Investments (PROPANAMÁ), aimed at supporting the Panamanian agricultural and export sector in the face of the reality of the pandemic of COVID-19.

The winning idea was raised by Dr. Anovel Barba, a successful researcher at Idiap (Instituto de Investigación Agropecuaria de Panamá), an active member of the College of Agricultural Engineers of Panama (Cinap) and an outstanding professor at Centro Regional Universitario de Azuero at University of Panama.

Professor Barba had previously participated in research with the Thrips palmi Karny plague in cucurbits, participatory hydroponic projects in Panama, among other various contributions to the Panamanian agricultural sector.

Organoponic cultivation is a kind of orchard in which plants are sown and cultivated on a substrate made up of soil and organic matter mixed in a container and which is based on the principles of organic agriculture.

Image Source: https://agriculturers.com/organoponico-la-revolucion-agricola/

The containers can be made of wood, concrete blocks or sheets of various materials. Its size may vary according to the space you have for growing.

They must be filled with the mixture of soil, black earth, in addition to the potential of using a great diversity of organic material that includes solid substrates, litter, plant waste, among other sources that become a support and source of nutrients for plants, considering aspects of irrigation and drainage of the module.

These types of crops are generally used for shallow root plants, among which we can mention tomato, corn, lettuce, cabbage, paprika and beans; among many other types of crops.

Its implementation can promote a number of benefits, including the creation of urban organic gardens allowing the use of low-cost organic waste, producing fresh vegetables that offer various nutrients that range from vitamins, minerals, carbohydrates, among others, to improve the quality of life of families, contributing in an ecological, environmental and educational way to the production of food for the food security of the population in Panama.

This great idea should be promoted and multiplied in Panama, it is a great contribution, considering that technologies like this are tools to support the export and producer sector, but also give the opportunity to more Panamanians to obtain fresh food in a sustainable way.

These crops give us the great advantage that they can be carried out in a sustained way at low cost without dependence on agrochemicals, which are essential conditions for the activity to be profitable in Panamanian territory.L&E

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DSN Consultants Inc- CANADÁ

Lewin & Wills Abogados- COLOMBIA

Rivera, Bolívar y Castañedas- PANAMÁ

Espinosa & Asociados- CHILE

Lawnetworker S.A. Asesores Legales- ECUADOR

Peter Byrne & Associates- ESTADOS UNIDOS

Machado Associados Advogados e Consultores- ESTADOS UNIDOS

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

Estudio Rubio Leguia Normand & Asociados- PERU

Adsuar Muñiz Goyco Seda & Pérez-Ochoa, P.S.C.- PUERTO RICO

Pellerano & Herrera- REPÚBLICA DOMINICANA

Alvarado & Asociados- NICARAGUA

Torres, Plaz & Araujo- VENEZUELA

Facio & Cañas- COSTA RICA