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PANAMA

Ship Owners Oppose Toll Increases

The Panama Canal Authority (APC) is currently reviewing 21 petitions from global shipping lines to delay or reduce its plans to increase tolls in the near future, but appears likely to go ahead with the price hike in order to fund its much anticipated expansion project. The ACP's proposed new toll system would see tolls increase steadily over a three-year period. Fees could increase by as much as 47% for some carriers in the near-term and will likely double over the next 20 years.

The added expense has spurred a wave of written opposition. Ship owners would like the "...amount [of toll increases] reduced or spread over a longer period of time," according to International Chamber of Shipping (ICS) Secretary General Tony Mason. The ACP plans to invest over \$5 billion by '14 in order to more than double the handling capacity of the canal. Shipping companies such as Maersk and Evergreen Marine Corp oppose what they perceive to be an unjust use of toll dollars. They claim that the toll system is weighted so that current users are forced to fund expansion that will only benefit future users upon completion. Mason further expressed doubt that the ACP would be able to provide the planned improvements within the proposed time frame and suggested that it explore avenues of external funding to help spread the costs over a longer period.

At present, analysts estimate that an average vessel capable of carrying 4,500 20-foot containers pays as much as \$300,000 to transit the canal. Increased costs could prove detrimental to many shipping companies that have already seen their revenues substantially decrease in recent years due to increased competition and rising fuel costs.

The ACP hopes to complete its review of the ship owner's petitions and submit a recommendation to Panama's cabinet council "in the coming weeks." However, the expansion plans are to be funded almost exclusively from toll revenues and any alteration of the toll increases would delay the expansion plans and are highly unlikely.

US and Panama Inch Closer to FTA

If things go according to the Office of the US Trade Representative's plans, Panama and the US could be "free trading" by June. But, if ironing out the Panamanian Free Trade Agreement (FTA) details is anything like pursuing FTAs with other Central American countries, this timeline appears to be a bit optimistic.

The US Congress and the office of the Deputy US Trade Representative are currently engaged in intense negotiations over final labor provisions in the proposed agreement. Democrats in the US Congress claim that existing language safeguarding labor provisions is not strong enough. They hope to include provisions that would allow for enforceable obligations of the partner countries to abide by core International Labor Practices such as freedom of association, freedom to organize and freedom of collective bargaining.

Possible enforcement mechanisms could include economic sanctions, something the White House and the Trade Rep's office are thought to oppose. The US Trade Rep's office would like to see the agreement brought before the US Congress for a vote as soon as possible and signed into effect in May or June.

Mexican Cocaine Invasion

Records are meant to be broken and on 15 Mar the US Coast Guard smashed the record for the largest maritime cocaine bust in history. Forty-three thousand pounds, or nearly 20 tons, of cocaine were seized from a cargo vessel off the coast of Panama that day. The estimated street value of the contraband was \$300-\$400 million.

US and Panamanian authorities reported that they found the drugs stuffed into containers on the Panamanian registered MV Gatun, which primarily hauls fertilizer to Caribbean countries when not loaded with coke. Reports state that the US Coast Guard officials detained 11 Mexicans and three Panamanians during the seizure. The Panamanians will face trial in their native country while the Mexicans will be extradited to the US to be tried there. Authorities believe that the powerful Sinaloa drug cartel in Mexico is responsible for the cocaine shipment. According to Panama's top drug prosecutor José Almengor, the Sinaloa cartel has recently begun establishing its presence in Panama.

The ship first caught the eye of the US Coast Guard the day before and, with the permission of the Panamanian authorities, US personnel boarded and searched the ship the next day. It's believed that high-speed smuggling boats from Colombia delivered the cocaine to the ship once it passed through the Panama Canal on its voyage from Guyana to the state of Sinaloa on Mexico's Pacific coast. Two hundred pounds of the seized drugs will be left in Panama as court evidence and the rest will be shipped to the US to be destroyed.

This record-setting drug bust came just 17 days after another vessel was stopped by the US Coast Guard off the coast of Panama and authorities seized 11 and-a-half tons of cocaine. The two seizures combined to set yet another record as the most productive month of maritime cocaine seizures in history. So far this year over 40 tons of cocaine have been seized or scuttled at sea by authorities in six maritime interdictions.

Opposition Leads in Early '09 Polls

Judging by recent public opinion polls it would seem that Panamanians are not very happy with the current government, led by President Martin Torrijos of the Democratic Revolutionary Party (PRD).

According to the *Prensa Latina*, a 26 Mar general poll of Panamanians revealed that the most popular candidate heading into the '09 presidential elections is supermarket tycoon and opposition leader Ricardo Martinelli of the Democratic Change Party. Martinelli captured 24.7% of public support. His closest rival was Panama City's mayor and PRD member, Juan Carlos Navarro, who captured 19.4% of the anticipated vote. Navarro had been the leader among early polls as recently as Jan, but apparently the tide has turned in favor of Martinelli. Former President Guillermo Endara Galimany ('90-'94), formerly with the Authentic Panameñista Party and later with the Solidarity Party, came in third with 7.7%; and former President Ernesto Pérez Balladares ('94-'99), also with the PRD, held down the fourth spot with 7.4%. Current Foreign Minister and First Vice President Samuel Lewis (3.1%), Authentic Panameñista Party leader Juan Carlos Varela (2.7%), and former Arnulfista Party presidential candidate Alberto Vallarino Clement (2.2%), an engineer and banker, rounded out the list of candidates.

Vanguardia Moral on the Ballot

Move over Democratic Revolutionary Party, Popular Party, Social Democratic and Christian Democratic parties, because there is a new party in town. It goes by the name of Vanguardia Moral de la Patria, and it recently gained ballot status for the '09 presidential elections.

The Electoral Tribunal has certified that the eloquently—if longwinded—named Vanguardia party has signed up more than 61,000 members, which is more than sufficient to gain a spot on the ballot. The party is headed by former President Guillermo Endara ('90-'94), who unsuccessfully ran for the presidency in '04 and recently came in third in the 26 Mar '07 presidential candidate poll (see above).

The new party is looking to take advantage of the fractured state of opposition politics in Panama at the moment. The largest opposition party by membership, the Authentic Panameñista Party (formerly the Arnulfista Party), is swimming in chaos with its current leader Juan Carlos Varela favoring an alliance with the Democratic Change Party, another faction seeking an alliance with Endara, and yet another faction insisting that the Panameñistas must take the lead in any opposition coalition. With Vanguardia now entering an already chaotic process, the '09 presidential race should not lack for political sport or drama.

—Aaron Himes