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Medical Crisis Spurs Restructuring

As of 5 Dec, the death count during a recent case of contaminated medicines in Panama had risen to 49 (Vol. 25, Nos.10, 11). Responding to the crisis, President Martin Torrijos announced a restructuring of the entire state health system.

Authorities are still trying to determine who is responsible for a shipment of diethylene glycol (chemically similar to anti-freeze), which was used in place of glycerin to prepare cough-syrups and other medications at a Social Security Fund (CSS) lab.

On 19 Nov, police arrested Ángel De La Cruz, the owner of Medicom, the company that in '03 supplied the CSS with the shipment of glycerin that was found to be contaminated. De La Cruz denied responsibility and said that his company had acted as an intermediary and that the shipment had come to Panama from a Spanish company called Rasfer, which Medicom is now threatening to sue. Panamanian authorities discovered an inconsistency between the expiration dates the two companies listed for the shipment of glycerin. Rasfer issued a statement that it had imported the lot from China, and Panama's food and drug safety department found that Rasfer had complied with all required procedures. Prosecutors have not yet stated whether they will investigate the Chinese company.

Four former employees of the CSS lab that produced the contaminated medications have been arrested and detained since 15 Nov as well. The four—Eduardo Taylor (director of the lab), Linda Thomas (pharmaceutical director), and Miguel Algodona and Ignacio Torres (both pharmaceutical assistants)—all have plead not guilty, but have been dismissed from their positions. Thomas' lawyer has initiated a habeas corpus request for his client. Meanwhile, the CSS lab has been closed indefinitely and, despite public protest and pressure from the families of victims of the contaminated medications, neither of Panama's top health officials, Health Minister Camilo Alleyne and CSS Director Rene Luiciani, has been indicted.

On 13 Nov, Torrijos issued an executive order to replace Panama's two public health agencies, the CSS and the Ministry of Health, with a single unified health system, and gave the agencies 90 days to complete this restructuring, a time-line that ex-Health Minister Fernando Gracia said was

“impossible.” The reform is intended to eliminate the overlap that exists between the two agencies and to increase the quality of public service.

The recent investigations brought to light a letter addressed to the CSS in '02, in which the Ministry of Health's director of quality control for pharmacies, Arelis Quintero Vega, indicated that the laboratory still had not complied with minimum requirements issued in '00 during an audit that gave the lab only a 32.76% quality rating. The CSS did not implement the recommended reforms after receiving this letter.

Another element of Torrijos' restructuring plan is the creation of a group of technical experts who will be responsible for the quality of medications produced by the health system. The composition of this group—ex-Health Ministers, doctors, technicians and university staff—has been protested by laboratory professionals, who have threatened a national strike for being excluded from the group.

While the issues surrounding the contaminated medicines and the restructuring of the health system are being resolved, Congress will be asked to approve a CSS budget increase of \$33 million over last year's to purchase supplies and patented drugs, which will be more expensive than the generic ones produced in its own lab.

Buses, Safety and the End of an Era

In Nov, Panama's transportation authority (ATTT) started a strict campaign requiring mostly independent bus owners and operators to conform to new safety regulations. This crack-down follows a public outcry for accountability after a bus fire in Panama City on 23 Oct in which 18 people were killed.

Forty buses have been pulled from circulation around the country since 27 Nov, which marked the cut-off date for the vehicles to comply with the new regulations. The new safety standards include having a fire extinguisher, emergency exit and a warning light to indicate when the bus is backing up. Another requirement for a “speed governor”—an instrument that is installed on the motor to prevent the bus from traveling above the speed limit—has been temporarily suspended since there are few automotive repair shops that install these devices, and it will take time for all buses to be retrofitted with them. The new regulations also require all bus passengers to be seated.

Many bus owners and drivers have protested the required reforms, and on 27 Nov, 500 buses in Panama City (about 35% of the city's fleet) stayed in the garage. The lack of buses and the bus inspections by traffic officials that day caused chaos on the streets and widespread complaints from passengers, who waited hours for buses and were late to work, school and other appointments. The newspaper *Estrella de Panamá* reported that some passengers allegedly broke windows in desperate attempts to board crowded buses. The ATTT responded with threats that bus operators would lose their licenses if they did not report to work and asked the public for patience. In the days that followed, most of the city's buses were back on the streets, but bus-stops were still crowded and waiting times continued to be longer than usual, perhaps partially because of the new rule prohibiting bus riders from filling the aisles and standing up while riding.

The current upheaval of the public transportation sector comes on the eve of bigger changes. Bus operators have opposed modification to Laws 14 and 38, legislative reforms regarding public transportation, which are on their way to Congress. Among other changes, the reforms would eliminate the position of bus assistants, who collect fares and are known as “*Pavos*” or “*ducks*” for their penchant for crying out before each stop. A long-standing government plan to modernize the

bus system in Panama City is coming to fruition soon as well, and many independent buses will be replaced by a \$300 million municipal bus system beginning in Jan '07.

Many of the buses that will be replaced are part of Panama City's urban folklore. These so-called *Diablos Rojos* (Red Devils) are usually revamped American Bluebird school buses, completely covered in brightly-colored, hand-painted murals of religious icons, folk heroes or political figures. The insides of the busses are decorated too, with each bus owner striving to outdo the others. The elaborate buses date back to 1911, and many fear that the nearly 100-year-old tradition of urban art, which to many characterizes Panama City, will soon be lost.

The Changing Face of Panama City

The real estate market in Panama is booming. The country's recent vote to expand the Panama Canal (Vol. 25, No. 11), the expected development of an oil refinery, and the construction of one of the world's largest ports at the Pacific end of the canal have boosted speculation. A growing population of US retirees is heading south, and developers, both local and international, are vying for good positions as the show begins.

Donald Trump's company will begin construction this month on the Trump Ocean Club International Hotel and Tower in Panama City. Expected to be completed in '09, this 65-story luxury complex will feature 500 condominiums, a 312-room hotel, a casino, a private beach club and a marina.

Nearby, other developers are planning to build the tallest sky-scrapers in Latin America. A Spanish company, Grupo Olloqui, had boasted that its planned 97-story building, to be completed in '09, would earn that distinction. But the title will be usurped a year later, it seems, by a Panamanian firm, F&F properties, which plans to complete a 104-story hotel/residence called the Ice Tower by '10.

A July study by real-estate marketing company Prima Panama identified 107 building projects, which will construct 10,980 new apartments in Panama City by 2010. Beach resorts are being developed elsewhere in the country as well. Prospective buyers for these real estate ventures include both locals, who enjoy low interest rates in Panama right now and who expect the canal expansion to boost the economy, and foreigners—expatriates and those shopping for vacation homes in Panama.

This feverish development does not come without criticism or skepticism. Some say that the real estate market is expanding too fast for the demand to keep up. Others worry that the city's infrastructure, such as water and sewage services, will not be able to support such a rapid growth spurt, although promoters of real estate development say that the government has plans to work with private investors to upgrade some of these needs. Roads, traffic and modernization of the public transportation system in Panama City are already major issues as well. Concerns also have been raised about government corruption, its potential lack of thoroughness in enforcing safety and environmental regulations, and the impact that new construction could have on surrounding communities.

Distrust in the government and potential impacts on the environment and the surrounding communities were principle concerns of opponents to expansion of the Panama Canal as well (Vol. 25, No. 10). Developers, conversely, seem to be banking on President Torrijos' referendum promise that "Panama is betting on its future." Major changes are taking place in Panama, and their effects and outcomes remain to be seen.

—*Honna Veerkamp*

