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PANAMA

Panama and Cuba Take Steps to Normalize Relationship

Four months after the abrupt closure of diplomatic relations between Panama and Cuba, the two countries have taken steps to normalize their relationship. The diplomatic rupture came immediately after former president Mireya Moscoso ('99-'04) pardoned four Cuban-exiles convicted of planning an assassination attempt on President Fidel Castro. Moscoso issued the pardon during her final days in office on 25 Aug '04.

The four anti-Castro Cubans who received pardons all have terrorist records, involving numerous assassinations and terrorist bombings. Peter Kornbluh, a specialist on US-Cuban relations, commented that the pardons are “not only a travesty of justice, but a danger to future victims.” Their leader, CIA-trained Luis Posada Carriles, helped instigate the 6 Oct '76 bombing of a Cuban commercial airliner flying from Barbados that killed 73 people. The group planted a 15 kg C4 explosive in a university building in which Castro was scheduled to give a speech during the 2000 Ibero-American Conference in Panama. Since being pardoned, the location of Posada Carriles remains unknown and the other three involved in the assassination plot are believed to be residing in Miami.

Since taking office on 1 Sep '04, President Martin Torrijos has emphasized the importance of a healthy relationship with Cuba, and has been committed to restoring diplomatic relations. The first steps towards normalization came during the Nov '04 Ibero-American Conference in San José, Costa Rica when Torrijos met with Cuban Vice-President Carlos Lage and the two announced they would reestablish consular relations. The easing of tensions came after the Cuban and Panamanian Ministers of Foreign Relations agreed to include a motion in the declaration that capped the conference, which condemned all forms of terrorism and alluded to the pardons given by Moscoso.

Cuba's consulate in Panama reopened on 2 Dec and Panama reopened its Cuban consulate on 13 Dec. The Cuban Minister of Foreign Relations, Felipe Pérez, declared that with “normalized consular relations, the two countries could maintain diplomatic relations.”

Panama Launches Campaign to Protect Endangered Species

Panama's National Environmental Authority (ANAM) has kicked off a campaign aimed at guarding endangered species from poachers. The campaign planned to coincide with the dry season, the time in which poaching activities traditionally increase. Aside from eliminating the poaching of endangered species, ANAM also hopes to deter nest robbing and the use of chemicals and explosives in fishing. The campaign will be launched in the province of Coclé, one of the provinces most plagued by poaching activities.

The multi-pronged campaign will rely on public education tactics as well as employing guards to supervise areas inhabited by endangered species. ANAM will launch radio and newspaper ads to complement a series of educational community meetings geared towards elevating public awareness regarding the necessity of preserving Panama's exotic and diverse wildlife. ANAM will also organize a vigilance program in accordance with advice from biologists, especially during the animals' mating seasons.

Currently, Panama is suffering from two distinct types of poachers. Those who are forced to poach because of economic necessity and those who hunt endangered species strictly for personal entertainment. The penalty for convicted poachers is a prison sentence of six months to a year.

Rain, Rain, Go Away

Governmental delays in getting aid to the thousands of victims of the recent flooding in Dec and Jan along the Panama-Costa Rica border has prompted several of the affected communities to block roads just before President Martín Torrijos arrived to witness the damage first-hand. Residents of a rural farming community, located near the border town of Guabito, closed one of the few roads that are still operational in the area in order to bring attention to the plight of their community and of the entire province of Bocas del Toro.

Aid has been hard to come by in this isolated part of Panama because of the initial slow response of the government and poor coordination of disaster resources. A resident of one community, which numbers about 30 families, said that relief workers gave the entire community only one gallon of water and no food. Official sources say that about 7,000 people have had to leave their homes during the floods. In his visit to the province, Torrijos defined the situation as a "disaster of grand magnitude" and assured residents that the government would do all it could to help the people, many of whom are currently living in temporary refugee camps. Torrijos acknowledged the delays in government assistance, but was confident that the area would bounce back.

Damages were not only limited to small farms in rural communities. The US-owned Chiquita Banana Company declared that 40% of its banana production in Panama, or more than 6,175 acres of this year's crop, was completely destroyed by the rains. The vice-president of Panamanian operations stated that "damages are in the millions" of dollars and mentioned that the company may have to lay-off some of its 2,000 employees in the area due to lack of work.

Fiscal Reforms Announced

According to Finance Minister Ricaurte Vasquez, Panama's new plan for fiscal reform, which proposes creating a mandatory income tax on businesses, eliminating certain programs and going after tax evaders, should cut the government's budget deficit in half by '06. Currently the nation's budget shortfall stands at nearly \$700 million. The proposed reforms call for the government to create a 2% income tax on all businesses, a 5% tax on all winnings at casinos, and a \$100 increase to register a corporation. Restaurants, on the other hand, will have the 5% sales tax removed as long as they do not sell alcohol.

Government officials stated that the reforms are crucial to lower the nation's debt while simultaneously increasing services to the poor, which represent approximately 40% of the population. Business leaders moved quickly to denounce the reforms, saying that the proposed increases will hurt investment, negatively affect job growth, and increase costs to consumers.

The debate surrounding the reforms further intensified after President Torrijos announced on 4 Jan that the government would subsidize electricity rates for residences and small businesses that use less than 200 kilowatts per month or for people earning less than \$400 a month. Some economists and citizens are concerned that the subsidy will negate some of the effects of the fiscal reform package.

The subsidy comes on the heels of an 8% increase in electricity prices by the foreign-owned electric companies because of higher energy costs. Torrijos suggested that the subsidy would encourage energy conservation by citizens hoping to qualify for the government subsidy.

—*Andrew Kraushaar and Cory Schott*