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Two New Free Trade Agreements for Panama

On 22 and 28 June, Panama entered into two new free trade agreements, the first with Costa Rica and the latter with the US. However, neither trade agreement is ready to go into effect quite yet. The agreement with Costa Rica still lacks legal revision, and the US agreement must be ratified by the legislatures of both countries.

The free trade agreement with Costa Rica was signed after nine rounds of negotiations, which began in '02, and experienced a few interruptions but resumed again in '05. The ninth round crystallized the agreement in terms of financial services, insurance and telecommunications. Minister of Foreign Trade Marco Vinicio Ruiz says that he hopes that the agreement will be signed by this Aug.

The second free trade agreement was with the US. Susan Schwab, the representative of the US Foreign Trade office, and Alejandro Ferrer, the Panamanian Minister of Commerce and Industry, signed the agreement as representatives of their respective countries.

The US-Panama trade agreement eliminates tariffs and other trade barriers between the two countries in manufacturing, services and other sectors. More than 88% of consumer and industrial goods exported from the US to Panama will become duty-free immediately, with remaining tariffs to be phased out during the next 10 years.

Schwab explained that the treaty “includes important free market obligations, such as environmental and labor clauses.” Ferrer added that the agreement “reinforces the shared vision by both countries that commerce can become a tool for social and economic growth.”

High School Students Riot

On 6 June, the Minister of Education, Miguel Ángel Cañizales, ordered the indefinite closure of two high schools, Colegio Artes y Oficios and Instituto Nacional, in the nation's capital, Panama City.

The measure was adopted after internal disturbances among high school students were accompanied by acts of vandalism and injuries to passer-bys, which were carried out by students of the two

schools. As a result, 51 students were arrested and charged with various crimes, and the government estimated the property damage at approximately \$800,000.

The student protests were initiated to demand better school conditions overall, and respect from the bus drivers who allegedly charge 25 cents instead of the normal 10 cents and many times simply refuse to pick students up.

The closures of these two high schools, reportedly the most notoriously rowdy in the Panama City Metro Area, in turn, provided an excuse for students at the Richard Neumann, José Remón Cantera and Isabel Herrera Obaldia high schools on Via Israel to pour out of their classrooms to block the streets and do battle with police on 8 June, as well as throw stones at several cars that tried to drive past their blockades.

The following week, on 13 June, students at a school not known for protest movements, Colegio Angel Rubio in San Miguelito, swarmed onto Via Tocumen to block traffic, pelt cars and businesses with rocks and fight with police. Police used tear gas to disperse the rioters, and more than 100 students were arrested. The student complaints in this incident were about dilapidated conditions in their school buildings and the lack of equipment in the labs; also, they demanded the principal's resignation.

However, in the battle for public opinion and change, the student protesters were not doing very well. Even if a majority of Panamanians are annoyed with their government, many of them, as well as most of the people who are satisfied with the government, are very unhappy about the violence and disruption caused by this wave of high school riots, according to *The Panama News*.

Victims of Oil Spill Fight for their Rights

Indigenous communities affected by a large oil spill in Bocas del Toro province on the Caribbean coast in northwestern Panama marched on 25 June to demand recognition of the oil spill and its damaging effects on their communities.

The tanker ship "M.T. Petrosvsk" spilled more than 5,000 barrels of petroleum on 4 Feb '07 due to a damaged valve, while loading oil from the Petro Terminales Panama (PTP) pipeline, which transports oil from the Pacific to the Atlantic coasts.

The oil spill has affected a marine area of more than 700 hectares and approximately 8,000 people from 54 coastal communities in Bocas del Toro province. These communities are demanding \$500 million from six transnational companies for damages caused by the spill, in addition to another \$37 million for legal fees.

A legal representative for the affected communities, Silvio Guerra, indicated that as many as 115 Indigenous people from Bocas del Toro traveled to Panama City to present their demands to the judicial authorities. He stated that the Indigenous group was raising concerns about issues that are still occurring as a result of the spill, such as diarrhea, nausea, and the appearance of dead fish along the coast.

According to Guerra, it is surprising that the government has issued no statement about the oil spill, considering that the State owns 40% of PTP, whereas the accused parties have presented three appeals to the Supreme Court in order to stop the legal process against them. The oil companies are attempting to avoid a legal judgment in Panama that would require them to compensate victims of oil

spills, such as in the infamous cases of the “Exxon Valdez” in Alaska in '89 and the “Prestige” in Spain in '02.

Latest Efforts in the Fight Against Corruption

Recent efforts in June have been made in both the Judicial Technical Police (PTJ) and the Transit Authority to fight corruption are becoming successful, including an internal investigation and new links into traffic ticket fraud.

All 1,500 employees of the PTJ will be investigated to determine whether they can continue working for the organization, according to Solicitor General Ana Matilde Gómez. This process of internal investigation will last six months, and the new PTJ director, José Ayú Prado, will have to present a report to Gómez by Dec.

“This is not a witch hunt. This is to finish off a focus of corruption within the PTJ, which is why it is necessary to take measures and to implement controls to correct this problem,” said Gómez. The investigations also are directed toward the PTJ’s Office of Professional Responsibility, where a great number of disciplinary cases have been open for a long time without being resolved.

Investigations led by the Second Anti-Corruption Prosecutor into fraud committed by Transit Authority employees took a new turn on 29 June, when auditors discovered that four employees had accepted money in exchange for removing traffic violations from individuals’ records and transferring them to fictitious companies.

It is suspected that members of the National Police also are involved in this corruption scandal. It is estimated that this type of crime has cost the State more than \$120,000 in lost revenue from traffic fines since '06.

—*Christina Patchet*