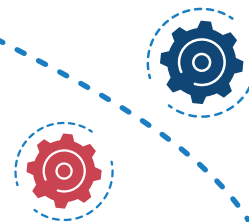
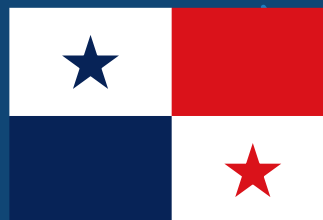




LABOR OBSERVATORY OF THE AMERICAS



Country Profile Panama



2021



Total Area:

75,517 km²



Population (2010 Census):

3,662,000
people¹



Population estimated as of June 2021:

4,279,000
people

Population composition

(2017 Census):

70% of Panamanians are of mixed Indigenous and European descent (mestizo), 14% are Black or of mixed African and European descent (mulatto), 10% are White, 6% are Indigenous, and 1% are of Asian descent



Economically active population:

(June 2021)
9'199.520
people



Gross Domestic Product (GDP) in 2020:

52.94 billion
US dollars²



GDP in 2021:

Quarterly GDP in the April-June quarter stood at 9.12 billion US dollars; an increase of 40.4% compared to the same period in 2020.

¹ The information in these sections are primarily drawn from the June 2021 Labor Market Telephone Survey (EMLT for its acronym in Spanish) conducted by Panama's National Institute of Statistics and Census (INEC for its acronym in Spanish).

² <https://statistics.cepal.org/portal/cepalstat/national-profile.html?theme=2&country=pan&lang=en>



Analysis of socio-economic situation

Employment.

1,655,122 people are employed; 59.0% men and 41.0% women. This number increased by 23,431 employed persons compared to September 2020.

Economically Inactive Population.

1,303,278 people, equivalent to 40.2%. The composition of the inactive population is 32.1% men and 67.9% women.

Informal employment.

49.9% of the employed population works in informal employment conditions.

Unemployment.

Nationally, the number of unemployed persons stood at 281,634; 132,988 men and 148,646 women. Male unemployment stands at 12.0% and female unemployment stands at 18.0%. This was an overall decrease of 24.2% compared to the September 2020 survey that registered 371,567 unemployed persons.

Poverty.

Panama's poverty rate for 2020 was 16.1%. As the Inter-American Development Bank (IADB) estimates in its report titled "Inequality and Social Discontent: How to Address Them through Public Policy", 23.2% of the population could fall below the poverty line by the end of 2021. Thus, more than 300,000 people could fall into poverty by the end of 2021.



Context Highlights 2021

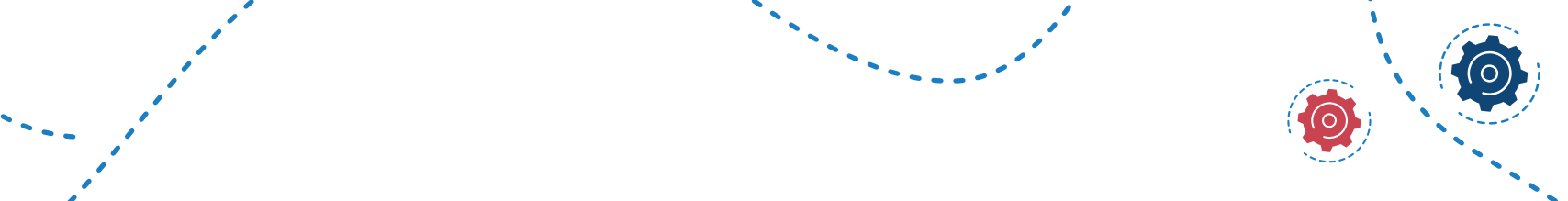
A critical aspect of the current situation in Panama relates to informal employment, which – as indicated in this Profile – affects half of the employed population. This is a high percentage of people who do not pay social security contributions and do not have the guarantee of formal labor rights that should provide decent conditions for the working class. Thus, it can be stated that 49.9% of the working population is employed in precarious conditions.

Meanwhile, the World Bank estimates that the GDP shrank by 17.9% in 2020. The fiscal deficit widened to 10.3% of the GDP in 2020, and public debt reached 36.9 billion US dollars, equivalent to 69.8% of the GDP. By the end of 2021, the GDP is expected to grow by 9.9%.³

However, the country faces many challenges, especially in relation to the inequality gap that is primarily manifested in the coverage of public services such as health-care, education, and digital take-up for underprivileged populations.

The current rural-urban inequality gaps are also cause for alert. The poverty rate is twice as high in the rural population and has a much greater impact on the country's indigenous communities, who also face territorial conflicts resulting from the development model.

³ <https://www.worldbank.org/en/country/panama/overview#1>



Regarding the political-institutional context, we see an almost complete lack of political participation by the impoverished population; the prohibition of unionization in specific sectors; and the denial of access to justice for indigenous communities, women, and other vulnerable sectors – favoring the elite and the ruling political class.⁴

The Panamanian social movement is currently pushing to convene a Constituent Assembly with the participation of the sectors that have been historically excluded from the political construction of the country. The demand is that the convening of the Assembly be accompanied by mechanisms to

facilitate dialogue with Indigenous Peoples and peasant populations who suffer the greatest consequences of poverty, and at the same time to overcome the digital divide, which has also been identified as a large problem that benefits traditional power-holders.

⁴ <https://www.celag.org/panama-crisis-politica-y-la-constituyente-originaria/> [Spanish only.]



Actions/Denunciations (national and international) by Trade Unions and other social sector

Since 2019, the Central American country's social movements have mobilized against the attempts by Laurentino Cortizo's government at constitutional reforms, and they were brutally repressed in the midst of peaceful protest. In November 2020, the president presented the proposal of the Bicentennial Pact (Pacto Bicentenario), widely rejected and denounced by social movements and the working class since there was no consultation with the movements nor have they been able to effectively participate in the process. The year 2021 continues to be one of intense opposition to the executive branch's attempts to advance structural changes in line with private interests and those of a minority of the Panamanian society.

On the other hand, the trade union movement denounced that the dialogues proposed by the government to address the difficulties associated with the Social Security Fund (CSS for its acronym in Spanish) are rhetorical exercises that lack methodologies to enable trade union and civil society participation. Dealing with the CSS is essential for addressing problems related to healthcare and the guarantee of workers' rights and those of society in general. Organized workers described the dialogues as sterile, denouncing that they are spaces where participants come from the government, sectors close to it, and political parties linked to the executive branch. Some trade union organizations even withdrew from the Roundta-

ble because they do not believe that it allows for a real exercise of participation nor will it have a real impact on the material conditions of the CSS.

Another aspect denounced is the country's indebtedness with the International Monetary Fund (IMF) incurred by the Panamanian government. The supposed aim is to reverse the balance of payments affected by the pandemic, without translating into concrete benefits for the less favored classes or the working class, as can be seen by analyzing the figures and trends of unemployment, informal employment, and poverty prevailing in the country.

Among the actions by the Panamanian trade union movement, an important highlight is the historic victory for the working class against a transnational company with a presence in seven countries throughout the continent. The

union negotiators from the Estrella Azul Industrial Workers' Union (Sindicato Industrial de Trabajadoras/es Empresa Estrella Azul – SITEA) reached an agreement with the transnational corporation Lácteos Hondureños S.A. that sets an annual wage increase of 4.5%, reaching 18% over four years for all workers. This agreement also strengthens the right to strike and collective bargaining as essential instruments for union action. The agreement was reached two days after the government, siding with the business class, threatened to impose an illegal arbitration to eliminate the right to strike.





Trade union proposals and initiatives

As organizations committed to civil society and the construction of social alternatives to face the consequences of COVID-19, domestic workers' organizations participated in training sessions on prevention measures in the pandemic, and to demand the guarantee of the right to healthcare. These spaces for union participation have also facilitated training exchanges on ILO Convention 189 concerning decent work for domestic workers.

In joint coordination and convergence with the country's organizations and social movements, one of the most important proposals of the trade union movement is the demand for a Constituent Assembly. The peoples' participation in this process will lead to radical change in the direction in which the country is currently moving, and thus consolidate the popular working classes' proposals and initiatives that once and for all transform the model of the country based on the Canal and on colonial and neo-colonial relations that come from an obsolete economic

model. In this way, we will be able to face the new challenges of economic recovery and the fulfillment of guarantees and rights for the working class.

The trade union movement, in a united voice with diverse social movements, proposes that any constitutional reforms or modification of the Social Security Fund, emanating from spaces created by the government and headed by the executive branch, must be brought to a plebiscite to validate the proposals. This initiative is presented in the context of what has been pointed out earlier regarding restrictions to the political participation of society in defining the paths for the political re-founding of the country.



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