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## FEATURED Q&A

# Are Street Protests in Panama Likely to Continue?



Protests in Panama have continued for more than two weeks, despite the government's agreement to cut fuel prices. // Photo: @AEVePan via Twitter.

**Q** President Laurentino Cortizo on July 11 extended a gasoline price freeze for Panamanians in response to protests led by teachers and trade unions over rising fuel prices. Cortizo has blamed fuel price inflation on external factors, such as the Covid-19 pandemic and Russia's invasion of Ukraine. What have been the primary drivers of the protests, and why have fuel prices been their focal point? To what degree is political instability increasing in Panama? How strong is public support for the Cortizo administration and its agenda?

**A** Ramón E. Martínez de la Guardia, Panama's ambassador to the United States: "The triggers of the protests in Panama are the cost of fuel, food and medicines. This is paired with other legitimate grievances related to the rising cost of living.

President Cortizo's administration understands this and has deployed an ambitious agenda to bring more people out of poverty. For example, during the pandemic we launched a program to support those who had been laid off from their jobs. The program, Panamá Solidario, was internationally recognized as a good case of the use of technology and innovation to address the crisis. Panama is facing a challenge similar to that of other democracies in the region. The pandemic stretched government resources and disproportionately hit those in underserved communities. The cost of fuel has made headlines because it affects every sector of the economy. It is understandable that people are concerned. The government wants to facilitate a dialogue to find the best path forward. We must also consider the political context. Panama's electoral cycle is approach-

Continued on page 3

## TODAY'S NEWS

### ECONOMIC

## U.S. Seeks Dispute Settlement With Mexico Over Energy Policy

The United States is seeking dispute settlement consultations with Mexico through the USMCA trade accord over Mexico's energy policies.

Page 2

### BUSINESS

## Brazil's Petrobras to Cut Gas Prices Today by 5 Percent

Brazilian state-run oil company Petrobras said it will lower gasoline prices by 5 percent today. The company has been under pressure to lower fuel prices ahead of the October presidential election.

Page 3

### POLITICAL

## El Salvador Extends State of Emergency

El Salvador's Legislative Assembly extended the country's state of emergency for a fourth time. President Nayib Bukele first sought the emergency measures to fight gangs in late March.

Page 2



Bukele // File Photo: Salvadoran Government.

## POLITICAL NEWS

## El Salvador Extends State of Emergency for Fourth Time

El Salvador's Legislative Assembly, which is controlled by President Nayib Bukele's party, for a fourth time extended the state of emergency that Bukele first declared in March to fight gangs, BBC News reported today. Lawmakers approved the month-long extension, which allows the state of emergency to remain in force until late August, in a vote of 67-15. Under the emergency conditions, some constitutional rights are suspended, and security forces have more latitude in making arrests. Sentences

**“We don't need advice from anyone to confront crime, neither from here nor from outside the country.”**

— René Merino Monroy

for gang involvement have also been toughened, BBC News reported. Since Bukele first sought the state of emergency in late March, authorities have arrested some 46,000 people. Human rights groups have said the measures have led to arbitrary detentions, but Salvadoran officials say they are making the country safer. “There are reports of arbitrary civilian detentions and indiscriminate searches, which raise serious human rights concerns,” Leonor Arteaga, program director at the Due Process of Law Foundation, told the Advisor in a [Q&A](#) published April 12. “Hundreds of people have sought information about detained loved ones, with little luck, and Bukele announced that ‘terrorist’ prisoners will be under lockdown with rationed food and water, which is considered torture under national and international law,” Arteaga added. Amnesty International has said the emergency measures have “undermined the rights to defense, the presumption of innocence, effective judicial remedy and access

to an independent judge,” BBC News reported. Additionally, El Salvador-based human rights group Cristosal has said it has documented the cases of 63 people whom it says died during detention. However, allies of Bukele have praised the emergency measures. El Salvador has “ceased to be the most dangerous country in the world,” said lawmaker Caleb Navarro, a member of Bukele's Nuevas Ideas party, BBC News reported. The Central American country's defense minister, René Merino Monroy, dismissed criticism from international groups. “We don't need advice from anyone to confront crime, neither from here nor from outside the country,” Merino Monroy said. “What we are doing has yielded enormous results,” he added, BBC News reported.

## ECONOMIC NEWS

## U.S. Seeks Dispute Consultation With Mexico Over Energy

The U.S. government today requested dispute settlement consultations with Mexico over the neighboring country's energy policies, saying they put U.S. firms at a disadvantage and favor Mexico's state-owned power utility, Comisión Federal de Electricidad, or CFE, Reuters reported. The U.S. Trade Representative's Office announced the move to request the consultations under the U.S.-Mexico-Canada Agreement, or USMCA. The request is the most serious dispute between the two countries since the trade agreement took effect two years ago, and it could lead the United States to impose punitive tariffs if the issue goes unresolved, Reuters reported. “We have repeatedly expressed serious concerns about a series of changes in Mexico's energy policies and their consistency with Mexico's commitments under the USMCA,” U.S. Trade Representative Katherine Tai said in a statement. If the United States wins a panel case and Mexico refuses to change its energy industry measures, the United States could design retaliatory tariffs that would maximize political and economic pressure on the neigh-

## NEWS BRIEFS

## CAF Approves \$1.65 Billion in Financing for Five Latin American Countries

The CAF-Development Bank of Latin America on Tuesday announced that it approved \$1.65 billion in financing for Argentina, Brazil, Paraguay, Peru and Trinidad and Tobago, Reuters reported. There will be seven rounds of funding, which will be used in “strategic sectors.” The sectors include social development, energy, water and health, the CAF said in a statement. On Monday, Honduras became a full member of the 18-member-state development bank, the Central American country's foreign ministry said, the wire service reported.

## Cuba's Power Blackouts Likely to Continue Into Next Year: Gov't Minister

The Cuban government said late Monday that electricity blackouts in the country are likely to continue indefinitely, Reuters reported. “The operating reserves that we have in the electrical system are insufficient to cover the demand, making effects on service inevitable,” Liván Arronte Cruz, the country's energy and mining minister, said during televised remarks on the state of the power grid. The power outages are likely to go on during the coming summer months and into next year, Reuters reported.

## Corinthien to Replace Leveque as CEO of Engie Energía Chile

Engie Energía Chile, the Chilean unit of French-owned power company Engie, on Monday announced the resignation of its chief executive, Axel Leveque, Reuters reported. Leveque, whose resignation will be effective Sept. 30, has been the CEO of the unit since 2014. Rosaline Corinthien, who has been the CEO of Engie France Renewables since 2019, will replace Leveque when he leaves the company, Engie said in a statement.

boring country, said Kenneth Smith Ramos, who was Mexico's USMCA chief technical negotiator when the agreement was signed in 2018, Bloomberg News reported. "This could be extremely damaging for Mexican exports. Engaging with the U.S. in a major trade dispute would definitely be a negative for the Mexican economy," he said.

## BUSINESS NEWS

# Brazil's Petrobras to Cut Gas Prices by 5% Under Pressure

Brazil's Petrobras is set to reduce gasoline prices by approximately 5 percent today, its first price cut this year, the state oil company said in a statement, Reuters reported. Petrobras said prices will drop to 3.86 reais (\$0.714) per liter, a 0.20 real decrease from the previous 4.06 reais. "This reduction follows international benchmark prices, which have stabilized at a lower level for gasoline, and is in line with Petrobras' pricing policies," Petrobras said in a statement. Federal lawmakers and President Jair Bolsonaro, who is trailing former President Luiz Inácio Lula da Silva in polls ahead of the October presidential election, have been pressuring Petrobras' leadership to lower gas prices in recent months. In a little over a year, Bolsonaro has fired three chief executives of Petrobras. Bolsonaro tapped Caio Mario Paes de Andrade as the company's chief executive officer in May, and Petrobras' board voted him into the position last month, Reuters reported. Vinícius Teixeira and Victor Freitas, two energy consultants at BMJ Consultores Associados, told the Inter-American Dialogue's weekly Energy Advisor in a June 3 Q&A that Bolsonaro has been trying to balance two competing objectives. "On the one hand, he wants to signal to the population that he's acting to reduce fuel prices. On the other hand, he wants to show the market that he will not interfere in Petrobras," Teixeira and Freitas told the Energy Advisor.

## FEATURED Q&A / Continued from page 1

ing, and we do not discard the influence of agitators and promoters of unrest for political gain. We do not believe there has been a fundamental change in Panama's stability, nor that these weeks are representative of the long-term popular support the Cortizo administration enjoys."

**A** **Orlando J. Pérez, dean of the School of Liberal Arts & Sciences and professor of political science at the University of North Texas at Dallas:** "Panama is

experiencing the most acute social crisis the country has faced since the end of the military dictatorship in 1989. The immediate cause of the unrest is the recent rise in the cost of basic goods. Panama's dollarized economy has traditionally been spared the inflationary crises so common in the rest of the region. But expenditures during the pandemic, financed mostly by government borrowing, global supply chain dislocations and increases in the global price of oil, have led to significant inflationary pressures. Panama experienced a 5.2 percent year-on-year increase in prices in June, with fuel rising 47 percent since the beginning of 2022. Furthermore, unemployment remains above 10 percent, and the pandemic exacerbated the country's already unequal distribution of wealth. The protests could not have come at a worse time for President Cortizo. The president has suffered significant deterioration in support since the pandemic due to controversial lockdown policies and corruption cases linked to the procurement of protective equipment and distribution of vaccines. Cortizo's job approval rating registered a low of 21 percent in May. The president has sought to quell the protests by promoting dialogue and promising to freeze gasoline prices at \$3.30 per gallon. Some protesters are demanding further price reductions to include such staples as rice and meat. President Cortizo might be able to satisfy short-term demands through price controls and increased subsidies, but the

long-term socioeconomic effects of the pandemic and the pervasive perception that the government is mired in systemic corruption are likely to erode the president's authority for the remainder of his time in office."

**A** **Joaquín Jácome Díez, founder and senior partner at Jácome & Jácome:** "When Covid-19 hit in 2020, Panama's economy was already in decline. The consequences of the pandemic have been disastrous for Panamanians in several aspects, mainly in the labor market. Unemployment, especially for young people, is rocketing, and inequality has increased dangerously in our country. The

“**The consequences of the pandemic have been disastrous for Panamanians in several aspects...**”

– Joaquín Jácome Díez

price of fuel and inflation as a result of the war in Ukraine continues to be a heavy burden on a battered Panamanian population. On top of this, President Cortizo's government has failed to deliver concrete solutions on economic, social, political and transparency issues. Even though the executive branch has enacted some positive initiatives in areas such as attracting foreign direct investment, a perception of mismanagement, lack of coordination among public institutions, unjustified increases on the public payroll, and corruption have played essential roles in the current crises. The Panamanian people feel deeply offended and humiliated, especially by the behavior of deputies of the National Assembly, as well as corruption and a lack of empathy during these difficult times. The relationship between the executive and legislative branches, both of which are controlled by PRD, President Cortizo's

Continued on page 4

## FEATURED Q&amp;A / Continued from page 3

party, has been from the beginning of his administration its worst failure. Citizens' frustration that the president does not rein in deputies' behavior is causing tremendous damage to his government, agenda and therefore to the country. The power struggle between both branches of government overshadows whatever effort the president's team is making. The results are that people are hurt economically and socially, and that they are fed up with the administration in general and the National Assembly in particular. Social unrest, roadblocks and shortages of fuel and food in some cities during the protests are worrisome. Budgetary restraints to offer concrete solutions and government credibility have deeply affected this situation and made it complex, fluid and potentially dangerous. The government has reached an agreement with some groups on freezing fuel prices, but unless the president makes hard choices economically and politically, protests may continue."

**A** **Sabrina Bacal, director and host of opinion and analysis program Radar at TVN Media:** "High gasoline prices were the last drop which made social discontent overflow in Panama. President Laurentino Cortizo's government has since yielded in this regard, yet protests and shutdowns continue. This social and political crisis is the result of the sum of several factors: economic inequality coupled with a poorly functioning judicial system incapable of sanctioning the political

elites, in addition to corruption and a lack of governmental transparency notably accentuated during the pandemic. During two years of the health emergency, Panama's population was subjected to a strict shut-down, leading to record unemployment and

“**The government's announcements and efforts to engage in dialogue are deemed as both late and insufficient.**”

– Sabrina Bacal

poverty growth. This was in stark contrast to excessive and unjustified spending by the government. Several scandals exhausted the patience of the citizenry and generated a true credibility crisis for the authorities. This perfect storm was fueled by increasing prices for gas, medicines and basic foods, resulting in the largest protests in decades. The government's announcements and efforts to engage in dialogue are deemed as both late and insufficient. Citizens clamor for the government to demonstrate its true intent to change, to institute austerity measures and to change key or symbolic cabinet figures."

*The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at [gene.kuleta@thedialogue.org](mailto:gene.kuleta@thedialogue.org).*

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