

*Hemisphere Insider*

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**Program News****Close-up on Panama's  
Politics and Economy**

Former Panamanian ambassador Jaime Alemán opens the discussion.

September 14, CSIS and the Inter-American Dialogue co-hosted a Statesmen's Forum that drew together disparate members of the Panamanian government and private sector to analyze Panama's political whirlwinds and recent vigorous economic growth, with an eye to what it means for the future. Speakers included Vice President Juan Carlos Varela, Electoral Tribunal magistrate Gerardo Solís; Guillermo Adames, president, National Council of Journalism; Guillermo Chapman, chairman of the investment firm INDESA; Minister of Economy Frank de Lima; and Michael Shifter, president of the Inter-American Dialogue as commentator and co-moderator. Varela, who plans to run for president in 2014 and de Lima were divided in views of current electoral reforms, but agreed that there was strong support in Panama (*continued* →)

**In Depth***Uruguay to Vote on Legalizing Marijuana*

News broke last week that, after an 18-year absence, the U.S. Drug Enforcement Administration would reopen its field office in Uruguay. While Uruguay produces little in the way of illegal narcotics, both the U.S. and Uruguayan governments have expressed concern over Uruguay's plight as a drug transit point in the Southern Cone. The announcement also comes as Uruguay makes headlines in an attempt to become the first nation not only to legalize marijuana consumption, but also to make the state the sole supplier. Although marijuana is already decriminalized there, the current proposal permits the Uruguayan government to sell a monthly ration of just over an ounce to citizens over the age of 18 who agree to register with the state. A sales tax would fund a treatment program for individuals battling addiction to more harmful narcotics. And perhaps learning from other nations that tolerate its use, Uruguay would prohibit foreigners from purchases. All well and good, but questions remain. For instance, how low would the price have to dip to squeeze out private vendors? Might users that want to consume more than their allotted ration find themselves returning to the black market to get their fix or perhaps acquiring other narcotics that are readily available? On top of this, polls have found that some 60 percent of Uruguayans oppose the measure, leaving the proposal's passage in doubt. As Uruguay begins to feel the side effects of increasing amounts of illegal drugs sifting through the Southern Cone, it is worth recalling that the treatment can be just as bad as the disease. —**Michael Graybeal**

**In the News***Caribbean: Cuba*

Cuba's airline company, Cubana de Aviación, announced that it will expand service to Central America and throughout the Caribbean. The airline is able to strengthen international and domestic operations, thanks to Russian loans and the recent addition of six modern Ukrainian-made Antonov An-158 commuter jets. The expansion is aimed at boosting tourism, in hopes of aiding Cuba's struggling economy. —*La Prensa Grafica (El Salvador)*

*Central America: El Salvador*

Maybe to PetroCaribe, but no to ALBA—sources say El Salvador's minister of economy José Armando Flores Alemán is looking into the details of possibly joining Venezuela's Petrocaribe initiative. Last April, Salvadoran president Mauricio Funes expressed interest in Petrocaribe's concessionary terms on oil,



Vice President Juan Varela

for approving the U.S.-Panama Free Trade Agreement. Solís and Chapman called attention to factors threatening Panama’s potential, such as corruption, needed education

reforms, and uneven income distribution. Panama’s poverty rate is currently 27.6 percent. Minister de Lima corrected popular misperceptions that Panama’s stellar economic growth results solely from the Canal and, instead, explained that diversification has supercharged the economy. He pointed out that no sector comprises more than 25 percent of the nation’s GDP and listed three “growth drivers”—tourism, logistics, and financial services.



Minister of Economy Frank de Lima

For video and presentations from the event, click [here](#).

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but made it clear that this would not mean El Salvador’s entry into the Bolivarian Alliance for the Americas (ALBA). —[La Prensa \(Panama\)](#)

### North America: Canada

Canadian diplomats may soon serve alongside British counterparts in shared embassies as part of a bilateral plan to save on overseas operating costs. Some have criticized the initiative for diminishing Canada’s independent standing and cite Britain’s past differences on key issues, including Bosnian intervention and sanctions against South African apartheid. The two allies’ missions already operate jointly in some countries and it has not been announced what other locations will be added. The move is being portrayed as an economizing measure. —[The Globe and Mail \(Canada\)](#)

### Mexico

Mexico’s secretaries of foreign relations, defense, and navy, along with members of the national security staff met with U.S. secretary of state Hillary Clinton in Washington to discuss the status of the ongoing Mérida Initiative. The bilateral effort contemplates a multi-year partnership between the United States and Mexico to fight organized crime and related violence. Such high-level meetings have been conducted since 2008. Despite substantial obstacles, the initiative has achieved progress in areas such as professional training for Mexico’s police force. —[Milenio \(Mexico\)](#)

### South America: Brazil

Taiwanese electronics giant Foxconn announced it will invest 1 billion Brazilian reais (US\$490 million) in a new factory in the city of Itu, São Paulo Department. The manufacturing facility is projected to create 10,000 jobs and will produce components used in consumer electronics. When the plant becomes operational sometime in 2014, it will encompass almost the entire supply chain for Foxconn partner Apple iPads and iPhones to be produced domestically for the Brazilian market. —[Estadão \(Brazil\)](#)

### Colombia

Negotiations leading toward a Free Trade Agreement (FTA) between Colombia and Costa Rica are at the halfway mark. The FTA would allow Colombia to increase exports as well as open a broader channel for foreign direct investment with this dynamic Central American economy. Colombia’s minister of commerce Sergio Díaz Granados stressed the importance of the pact in terms of boosting trade with the greater sub-region, already linked with Mexico and the United States. Colombia’s trade with Costa Rica has been growing as much as 16 percent annually over the past five years. —[El Espectador \(Colombia\)](#)

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