



SPECIAL REPORT

Panama: towards the 2014 elections. An unclear outlook

Panamá, May 2013

d+i LLORENTE & CUENCA

1. LIST OF PRESIDENTIAL CANDIDATES
 2. A NEW FORCE IN THE POLITICAL ARENA
 3. THE SHADOW OF RE-ELECTION AND OTHER ISSUES
 4. CONCLUSIONS
- AUTHORS
LLORENTE & CUENCA

1. LIST OF PRESIDENTIAL CANDIDATES

May 4 last marked the beginning of the countdown for the Presidency of the Republic of Panama. It is the most important year for those who want the situation in the *Palacio de las Garzas* to remain unchanged, for those who want a victory of the opposition and for those who want the victory of a new political figure.

According to the preliminary calendar of the Electoral Court of Panama, each party must now vote, via primary elections or not, for their representatives: members of the National Assembly, mayors and representatives of *corregimiento*.

The deadline for the officials who want to run for the elections is November 3. They will have to leave office before that date. On November 11 of this year, they will have to officially explain what political alliances will be made for the 2014 elections.

The official convocation of the 2014 general elections will be announced on December 4, and the very same day, the National Board of Scrutiny will take office. Thanks to this, the parties, the governing body of the elections and the citizens, will have everything set up for the next elections.

Some familiar faces in the opposition

Juan Carlos Navarro was the first to win a seat and become the standard-bearer of the Democratic Revolutionary Party (PRD), which is the party who has the highest number of affiliates in the country. He was the winner out of 17 candidates with 94.09% of the votes. However, primary elections were marked by the very low participation (only 33%) of the members of the party, also known as *perredistas*.

This was Navarro's second attempt to lead the PRD during the elections. 10 consecutive years as Mayor of Panama City were not enough to win the primary elections of 2008 against the Minister for Housing, Balbina Herrera. It was a close race that caused an internal crisis and divided the party, which lost the 2009 general elections against Ricardo Martinelli.



Juan Carlos Navarro, PRD.

“Varela has outlined his work plan; it will focus mainly on four areas: cut the cost of living, neighborhood safety, tackle corruption and patronage, and ensure full water coverage for the country”

Juan Carlos Navarro is 51 years old and holds a Degree in Geography and History. He played a fundamental role as leader of the National Association for the Conservation of Nature (ACON).

He won the elections for Mayor of Panama City in 1999 and 2004. He is the Secretary-General of the PRD and he made changes in the upper spheres of the party, removing the so-called traditional members.

We now know some of the measures of his government plan. He has spoken about an educational revolution that will include professors, teachers and parents. He also supports the agro-industry in order to lower the prices of the basic family food basket, and raises the question of food safety, making it a strategic goal for the government.

Regarding environment, his proposal is developed through five main ideas: the conservation of the country's biodiversity, the conservation of catchment areas, the water resource and the mangroves, the development of renewable energy and the creation of the Ministry of the Environment.

On March 17, it was the Panamanian's party turn. Juan Carlos Varela, current Vice-President of the Republic, won the primary elections of his party and was an ally of Ricardo Martinelli until 22 months ago.

He won his second primary election with 99% of the votes. In this case, the turnout was also very low (25%).

Varela, 49 years old, is an industrial engineer with political roots, and owner of the company Varela Hermanos S.A. He was Foreign Minister while the alliance with Democratic Change lasted. Many thought that it was an unusual alliance, but it brought the Varela-Martinelli duo to power. After the alliance was over there were consequences: the Panameñista Party lost relevance in the National Assembly and all the leaders of the national government leaved office, with the exception of some lower rank officials.

When he announced his presidential candidacy, the absence of some important leaders of the party was noted, such as the former President of the Republic, Mireya Moscoso, which has criticized Varela's leadership.

Varela's discourse is characterized by the political differences with his former ally. “We will conduct deep audits of all expenditures and government projects, so that all professionals and the working class of our country will know how their tax money is being spent. And those who have taken what belong to the people, it will be returned”, he stated after his victory.

Varela has outlined his work plan; it will focus mainly on four areas: cut the cost of living, neighborhood safety, tackle corruption and patronage, and ensure full water coverage for the country.

The heir of the governing party

On May, 12th, an important event took place regarding the 2014



Juan Carlos Varela, Panameñista Party

elections: the DC held primary elections for the first time in order to choose a presidential candidate. The ruling party is the most recently formed party of the Panamanian political arena and has the second strongest membership.

Six candidates of the party stood for primary elections. However, the three most important were the former Chancellor, Rómulo Roux, the former Ministry for Housing and Land Management, José Domingo Arias and the former head of the SME's, Giselle Burillo, who first was a member of the PRD but came to the DC after Navarro's defeat in the 2008 primary elections against Balbina Herrera.

The first two candidates divided the party's governing board. The establishment clearly supported the former Minister for Housing and Land Management. For instance, the Communication Secretary of State, Eduardo Camacho, was his official spokesperson. Other key figures close to the President supported him, such as his personal assistant Adolfo "Chichi" de Obarrio and the Minister of Tourism, Salo Shamah, who took an active part in Martinelli's 2009 campaign.



José Domingo Arias, DC

As a result and not surprisingly, José Domingo Arias won the primary elections with 60% of the votes, and succeeded Martinelli as the leader of the party. 40% of the members of DC voted in the primary elections. He listed the programs and achievements of the national government and stated that he will "follow your steps, Mr. President."

Domingo Arias is a 49 years old economist. Before becoming the Minister of Housing, he was an executive of a company called *Industrias Modernas*, which distributes the brand Caprice (female underwear) in Latin America and the Caribbean. Under the ruling government, he was Deputy Minister for Foreign Trade.

The cornerstone of his government plan is, for now, the continuity and improvement of the projects of the current administration, such as the 100 to 70 initiative (a state pension given out to elderly people who do not have a retirement fund), which will become the 120 to 70 initiative, the extension of the scholarships for State Universities students, and the replication of the urban infrastructure project of Curundú in the populous district of San Miguelito.

Looking for alliances

The People's Party, former Christian Democratic Party, also plays a role in the Panamanian political arena. It formed together with the PRD a coalition of three parties (PRD, PP and Liberal Party) and won 37.54% of the votes in the 2009 elections, while the other coalition won 61% of the votes.

However, the commencement of negotiations with his former political ally to make an alliance in 2014 was poorly managed. It was claimed that money and jobs were offered in order to seal the deal. The situation caused the PP to officially announce the start of talks with the Panameñista Party.

“The FAD has reached the quota of 63.088 members required by the Electoral Code, and is about to be recognized as a political collective”



¡NACE LA ESPERANZA!



FAD, a political collective which has not yet been formed

The former “Estrella Verde” (Green Star) urgently needs a collective that will allow the party to play an important role and convince members of the National Assembly, representatives and mayors in order to obtain votes and survive as a political party after the elections. The electoral code of Panama establishes that a party needs at least 4% of the votes in order to continue existing.

2. A NEW FORCE IN THE POLITICAL ARENA

The Broad Front for Democracy (FAD) is a party that brings together the main trade unions of the country. It is about to accomplish its dream of bringing the struggles of the streets to the political stage.

Thanks to this, the Left and the Panamanian labor movement can establish their political aspirations. They want to imitate the successful phenomenon of other countries of the same region, such as Venezuela, Bolivia, Ecuador and Brazil.

FAD discourse is different from the traditional parties; it offers “an option where everyone has its place, where hope is born”.

FAD main spokespersons are the union leaders Saúl Méndez and Genaro López, from the construction trade union known in Spanish as Sindicato Único de la Construcción, which is the most powerful workers organization regarding organization and

funding. They have confirmed that primary elections will be held in order to elect a presidential candidate, and that there will be no alliances.

These groups, characterized by strikes, marches and demonstrations have not been very active in the recent months. They have focused on obtaining signatures and funds, and are even publicized in the television media.

The FAD has reached the quota of 63.088 members required by the Electoral Code, and is about to be recognized as a political collective.

One more name must be added to the names above mentioned: the economist and university teacher Juan Jované. He is the promoter of a claim of unconstitutionality that opened the ways to independent candidacies. This type of candidacy is exactly what he wants for 2014.

The other workers group supported the management of Jované as head of the Social Security Fund between 2000 and 2003.

3. THE SHADOW OF RE-ELECTION AND OTHER ISSUES

“Find another fool”, that was what Ricardo Martinelli said when he was asked about his possible re-election. It was a recurrent

matter even though the President signed in 2012, before 13 public notaries, a document stating that he was not interested in re-election. Many still believe that DC's primary elections were meant to choose the Vice-President and think the true leader has not been chosen yet.

From a constitutional point of view, it is quite difficult to legitimate re-election. On the one hand, there is no time left to change the Constitution via a referendum, and if a referendum is held, the risk of a victory of the "No" is extremely high, as happened to Ernesto Pérez Balladares in August 1998.

On the other hand, with just one year before the elections are held, it is extremely unlikely that a constitutional reform could be approved by two consecutive Assemblies of Deputies.

However, a new thesis might open the doors for re-election. After the last reform of the Constitution during the administration of Martín Torrijos and Mireya Moscoso, the article 178 of the Constitution stated as follows: The official who has been elected President or Vice-President of the Republic may not be elected for the same office in the two Presidential terms immediately following.

Jurists point out that this Article cannot be applied to the President because when he won the elections he was not an official. Nonetheless, other lawyers state that it is a transcription mistake, because

the Constitution always refers to citizens, not to officials. Be that as it may, in the event of a re-election scenario, the final decision will be taken by the majority of magistrates, and the majority of them have been chosen by Martinelli.

Some say that the government candidate might be nominated by the Nationalist Republican Liberal Movement (known as Molirena), which has an alliance with the DC since the last elections.

After Sergio González Ruiz reached the Presidency of the Molirena, the group has been divided between the founders of the party and the new leaders. The latter support the so-called "defectors" (members and representatives of the PRD and the Panameñista Party who have joined the ruling party.)

The Nationalist Republican Liberal Movement does not exclude the possibility of having primary elections and lead the alliance, which will confirm the thesis of some political analysts.

A fleeting candidate

In the beginning of this year there was a rumor concerning the former Administrator of the Panama Canal Authority, Alberto Alemán Zubieta. Some said he will run for the Presidency. At first he publicly stated that he was considering that option. However, on April 2 he issued a communiqué stating: "The time and rules discourage and even disadvantage, in what should be a healthy option in the Panamanian

“According to the Electoral Court, 2,482,322 citizens will vote”

democracy, as a result, I find it unfeasible to introduce myself as an independent candidate for President of the Republic.”

His candidature lasted two months and despite receiving very good commentaries from different sectors, there were several doubts. It was unclear if there was time for an independent candidate, without any structure, or if he will join a party without having participated in the primary elections process.

In the political sphere, well-known figures keep appearing, such as Alberto Vallarino, former Minister of Economy and Finance, and the former Magistrate of the Electoral Court, Gerardo Solís. There are still rumors and negotiations ongoing, as citizens feel that not everything has been decided yet, and they are expecting the emergence of a new political actor, or a “gallo tapao”, as they say in Panamanian slang.

3. CONCLUSIONS

After 23 years of democracy, Panamanian citizens are getting ready to elect their sixth President by direct popular vote. The ruling party, who obtained a record vote of 60 % in the previous elections, wants to stop the political pendulum from swinging and expects to win for the second time in a row, which would be an unprecedented event in the history of Panama.

Democratic Change has passed the test of primary elections. As a result, the party is not divided

against the opposition, unlike other parties. This is an important step for DC on its way to the elections.

However, many challenges lay ahead: the PRD is trying to make its way back to the *Palacio de las Garzas*, the Panameñista Party wants to regain the power lost in the unsuccessful alliance with DC. Finally, a new popular movement with Left proposals seduces an electorate victim of the high prices of the basic family food basket, and who do not trust politicians.

The political battle will be thought and there will be with “dirty campaigns”. These dirty campaigns were successful in the 2009 elections. Moreover, there will be new alliances and candidates in the final stretch.

According to the Electoral Court, 2,482,322 citizens will vote, of which 320,134 will vote for the first time in 2014. From the 320,134 new voters 70,000 are young people. Politicians will have to win the hearts of youth.

In the next elections, Panama will introduce the electronic vote system. A first test will be conducted in one of the main polling stations of Panama City. However, this system has raised doubts among the ruling party after the major setback the PRD suffered in their primary elections. Panama will be the first American country where their citizens abroad will have the possibility to vote via Internet, emulating the experience of countries such as France.

AUTHORS



Javier Rosado, is Partner and Managing Director in LLORENTE & CUENCA Panama. Javier has been Director of Communications at the Gibraltar-San Roque Refinery, the largest in Spain and one of the most important refineries in Europe, owned by CESP. To this responsibility he added directing the communications of Petresa and Interquisa, petrochemical companies of the CESP Group and NGS, a CCGT owned by a joint venture between CESP and Unión Fenosa. Before specializing in this field, Javier worked for four years for Editorial Planeta, enhancing the communication of all of its audiovisual departments. He completed the Master in Communication Business Management and the Bachelor of Information Sciences, both at the Universidad Navarra, and also finished the Master in Occupational Risk Prevention.
jrosado@llorenteycuenca.com



Margorieth Tejeira, is Senior Director in LLORENTE & CUENCA Panama. Margorieth was the Communication Manager of the National Bank of Panama, responsible for the divulgation process and crisis management of the state bank modernization process. She also worked in the Ministry of Commerce and Industry of Panama in the Free Trade Agreement with the United States. She has experience in the fields of infrastructure, public affairs and crisis. She obtained her BA in Journalism in the University of Panama and has a Degree in Free Trade Associations from the Latin American Foreign Trade University. She has worked as a journalist, news anchor and coordinator in radio and television.
mtejeira@llorenteycuenca.com

LLORENTE & CUENCA

CONSULTORES DE COMUNICACIÓN

Leading Communications Consultancy in Spain, Portugal and Latin America

LLORENTE & CUENCA is the leading Reputation Management, Communication, and Public Affairs consultancy in Spain, Portugal, and Latin America. It has **17 partners and more than 300 professionals** who provide strategic consultancy services to companies in all business sectors with operations aimed at the Spanish and Portuguese speaking countries.

It currently has offices in **Argentina, Brazil, Colombia, Chile, Ecuador, Spain, Mexico, Panama, Peru, Portugal** and the **Dominican Republic**. It also offers its services through affiliates in the **United States, Bolivia, Paraguay, Uruguay** and **Venezuela**.

Its international development has meant that in 2014 LLORENTE & CUENCA is 55th in the Global ranking of **the most important communication companies in the world**, as reflected in the annual Ranking published by The Holmes Report.

Organisation

CORPORATE MANAGEMENT

José Antonio Llorente
Founding partner and Chairman
jalorente@llorenteycuenca.com

Enrique González
Partner and CFO
egonzalez@llorenteycuenca.com

Jorge Cachinero
Corporate Director for Innovation
jcachinero@llorenteycuenca.com

SPAIN AND PORTUGAL

Arturo Pinedo
Partner and Managing Director
apinedo@llorenteycuenca.com

Adolfo Corujo
Partner and Managing Director
acorujo@llorenteycuenca.com

Madrid

Joan Navarro
Partner and Vice-President of Public Affairs
jnavarro@llorenteycuenca.com

Amalio Moratalla
Partner and Senior Director
amoratalla@llorenteycuenca.com

Juan Castellero
Financial Director
jcastillero@llorenteycuenca.com

Lagasca, 88 – planta 3
28001 Madrid (Spain)
Tel. +34 91 563 77 22

Barcelona

María Cura
Partner and Managing Director
mcura@llorenteycuenca.com

Muntaner, 240-242, 1º-1ª
08021 Barcelona (Spain)
Tel. +34 93 217 22 17

Lisbon

Madalena Martins
Founding Partner
mmartins@llorenteycuenca.com

Carlos Matos
Founding Partner
cmatos@llorenteycuenca.com

Rua do Fetal, 18
2714-504 S. Pedro de Sintra (Portugal)
Tel. + 351 21 923 97 00

LATIN AMERICA

Alejandro Romero
Partner and Latin American CEO
aromero@llorenteycuenca.com

José Luis Di Girolamo
Partner and Latin American CFO
jldgirolamo@llorenteycuenca.com

Antonio Lois
Regional Director of Human Resources
alois@llorenteycuenca.com

Bogota

María Esteve
Managing Director
mesteve@llorenteycuenca.com

Germán Jaramillo
Chief Executive
gjaramillo@llorenteycuenca.com

Carrera 14, # 94-44. Torre B – of. 501
Bogota (Colombia)
Tel. +57 1 7438000

Buenos Aires

Pablo Abiad
Partner and Managing Director
pabiad@llorenteycuenca.com

Enrique Morad
Chief Executive for the Southern Cone
emorad@llorenteycuenca.com

Av. Corrientes 222, piso 8. C1043AAP
Ciudad de Buenos Aires (Argentina)
Tel. +54 11 5556 0700

Lima

Luisa García
Partner and CEO of the Andean Region
lgarcia@llorenteycuenca.com

Cayetana Aljovín
General Manager
caljovin@llorenteycuenca.com

Av. Andrés Reyes 420, piso 7
San Isidro. Lima (Peru)
Tel. +51 1 2229491

Mexico

Juan Rivera
Partner and Managing Director
jrivera@llorenteycuenca.com

Bosque de Radiatas # 22 – PH7
05120 Bosques las Lomas (México D.F.)
Tel. +52 55 52571084

Panama

Javier Rosado
Partner and Managing Director
jrosado@llorenteycuenca.com

Avda. Samuel Lewis. Edificio Omega, piso 6
Panama City (Panama)
Tel. +507 206 5200

Quito

Catherine Buelvas
Managing Director
cbuelvas@llorenteycuenca.com

Av. 12 de Octubre 1830 y Cordero.
Edificio World Trade Center, Torre B, piso 11
Distrito Metropolitano de Quito (Ecuador)
Tel. +593 2 2565820

Rio de Janeiro

Yeray Carretero
Director
ycarretero@llorenteycuenca.com

Rua da Assembleia, 10 – sala 1801
Rio de Janeiro – RJ (Brazil)
Tel. +55 21 3797 6400

São Paulo

Juan Carlos Gozzer
Managing Director
jcgozzer@llorenteycuenca.com

Rua Oscar Freire, 379, CJ 111, Cerqueira César
CEP 01426-001 São Paulo SP (Brazil)
Tel. +55 11 3082 3390

Santiago de Chile

Claudio Ramírez
Partner and General Manager
cramirez@llorenteycuenca.com

Avenida Vitacura 2939 Piso 10. Las Condes
Santiago de Chile (Chile)
Tel. +56 2 24315441

Santo Domingo

Alejandra Pellerano
Managing Director
apellerano@llorenteycuenca.com

Avda. Abraham Lincoln
Torre Ejecutiva Sonora, planta 7
Santo Domingo (Dominican Republic)
Tel. +1 8096161975



d+i is a hub by LLORENTE & CUENCA, for Ideas, Analysis and Trends.

We live in a new macroeconomic and social context, and communication has to evolve.

d+i is a global combination of partnership and knowledge exchange, identifying, focusing and communicating new information models, from an independent perspective.

d+i is a constant ideas flow, looking to the future information and management trends.

Because nothing is black or white, there is something like d+i LLORENTE & CUENCA.

www.dmasillorenteycuenca.com

d+i LLORENTE & CUENCA