



Special sitting

Tuesday, 12 June 2012, 11.35 a.m.

President: Mr Alburquerque de Castro

**ADDRESS BY HIS EXCELLENCY MR RICARDO
MARTINELLI BERROCAL, PRESIDENT OF THE
REPUBLIC OF PANAMA**

Original Spanish: The PRESIDENT

The International Labour Conference is honoured to receive the visit of His Excellency Mr Ricardo Martinelli Berrocal, President of the Republic of Panama. I now give the floor to the Secretary-General of the Conference, Mr Somavia, to welcome and introduce our guest of honour.

*Original Spanish: The SECRETARY-GENERAL OF THE
CONFERENCE*

Mr Ricardo Martinelli Berrocal, President of the Republic of Panama, it is an honour to have you here with us, at this house of tripartism, at a time when your country is experiencing one of the most dynamic and long periods of growth in its history.

The report published this week by the ILO and the Economic Commission for Latin America and the Caribbean (ECLAC) shows that Panama is one of the five countries in Latin America and the Caribbean which grew the most in 2011 – more than 10 per cent – and where there was the largest cut in urban unemployment. Extending the benefits of growth is a challenge, and one in which we should like to support the Government.

Your experience as an entrepreneur has made it possible for you to see first-hand the central role that labour plays in the development of peoples and society.

Your years of work in social security brought you into contact with the challenges that need to be confronted to ensure that a country has a sound system of social protection.

At the beginning of the year, we heard the good news that your Government, the National Council of Organized Workers (CONATU), the National Confederation of United Independent Unions (CONUSI), and the National Council of Private Enterprise had started to establish priorities for a national decent work programme.

They also signed a tripartite agreement to strengthen freedom of association and collective bargaining in Panama. We hope that this will bear significant fruit, as this is vital for job creation, and we should also be very happy to assist you in this area.

This is a very important step forward because it has laid the basis for making further progress in so-

cial dialogue and we sincerely hope that this will continue in Panama.

As you know, Mr President, the ILO believes strongly that tripartism and social dialogue are the cornerstones of social peace and economic stability.

We are also aware of the efforts that your Government is making to combat child labour, and of the priority you have been giving to job creation for young people.

We welcome the agreements with the indigenous communities on mining and hydroelectricity and encourage the Government to ratify the Indigenous and Tribal Peoples Convention, 1989 (No. 169), so that it might move forward on the basis of this Convention.

At a time when the world is engaged in polarized discussions on ways to solve the crisis and to establish a growth model that is more sustainable, I am pleased to note that your Government and the ILO agree on the same principles.

I would like to quote you, Mr President. You have said that “we need to develop policies which encourage decent and well-paid work to ensure the economic recovery of our countries. Austerity alone cannot solve the malaise in the developed countries. We require policies that meet the needs of individuals and homes that make up the States.”

We could not agree more with these words. We are convinced that the way to attain economies and societies that are more prosperous, fair and sustainable, must necessarily be accompanied by decent work.

It is an honour, Mr President, to have you here with us in this House. Your country has the distinction of having access to the two largest oceans on the planet.

Original Spanish: PRESIDENT

I would now call upon our guest of honour, Mr Martinelli, President of the Republic of Panama, to come to the podium to make his statement to the Conference.

*Original Spanish: Mr MARTINELLI BERROCAL (President of
the Republic of Panama)*

I should like to thank the ILO Director-General, Mr Juan Somavia, and the International Labour Organization itself for inviting me here to speak at this 101st Session of the International Labour Conference. It is a great honour for me, for my Government and especially for tripartism in the Republic of Panama to accept this invitation.

I should like to congratulate Mr Raphael Alburquerque de Castro, who is President of this ses-

sion of the Conference and Vice-President of our sister nation, the Dominican Republic, to which we are linked by friendship, cooperation and affection. One of the greatest supporters of the ILO has been honoured by being given the presidency of this session of the Conference. We extend our greetings to the Officers of the Conference and to the representatives of governments, workers and employers, as well as conveying greetings to them from the Government of Panama.

The Government of Panama also welcomes the election of Mr Guy Ryder as the new ILO Director-General. Mr Ryder, the tripartite representatives of Panama wish you every success in tackling the challenges of a world gripped by an economic and financial crisis which has an impact on the International Labour Organization in many ways. You can count on the support of Panama in fulfilling your mandate.

We would also extend warm greetings to the respective spokespersons of the Workers and Employers, Mr Luc Cortbeeck and Mr Daniel Funes de Rioja. We would also extend a fraternal greeting from the Government of Panama to the distinguished delegates representing the governments, workers and employers and express our gratitude to you for having allowed us to address this 101st Session of the Conference.

Panama has historic ties with the ILO. After 16 years as an independent republic, we became one of the founding member States of the ILO in 1919. Today we continue to work according to the principle established in the ILO Constitution, that universal and lasting peace can be established only if it is based upon social justice. We uphold the principles of the Declaration of Philadelphia, that freedom of expression and of association are essential, that poverty anywhere constitutes a danger to prosperity everywhere and hence we have to confront it together with unrelenting vigour. We recognize the ILO Declaration on Social Justice for a Fair Globalization and the Decent Work Agenda as fair and relevant.

We support the promotion of employment, skills development, sustainable enterprises and economic growth, as well as expanding social security and worker protection and promoting social dialogue and tripartism.

We are facing a global crisis and a crisis in globalization. This obliges us to adopt protective measures and implement economic policies that stimulate growth and social development.

The Economic and Social Commission for Latin America and the Caribbean (ECLAC) indicates that during the first half of 2011 a large part of the region announced positive results owing to a favourable external context. However, in the second half of the year volatility and uncertainty complicated the global situation. Nevertheless, Panama still recorded growth of over 10.6 per cent in 2011, the highest growth in the region. We showed ourselves to be a dynamic economy in creating new jobs and better conditions of work and the open unemployment rate fell from 6.7 to 4.5 per cent in the same year.

However, there are still many macroeconomic policy challenges, including inflation and the threat of a slowdown caused by the external situation, particularly here in the eurozone.

As President of Panama, I am an optimist and I am working for the social development of my coun-

try. That is why I have been proposing changes in Panama of a kind that are unprecedented in the history of the country.

These changes have required a fundamental shift in the economic and social policies to which we have been accustomed. Many economic groups were reluctant to pay taxes and there are still some which resent having to pay.

The statistics on growth show that the National Strategic Plan which we have been implementing is beneficial for the people of Panama. This prosperity places the responsibility on us to bridge the economic and social divide between rich and poor. Accordingly, we have managed to attract investment as the means of creating decent work without cutting labour costs. In 2011, foreign direct investment totalled more than 3 billion dollars.

My administration has ratified free trade agreements which were on hold for many years. We have opened avenues to the biggest markets in the world, those of the United States, Asia and Europe, and this opening allows the involvement of new economic players. During the negotiations for the free trade agreements, we managed to gain preferential access to the international markets. At the same time, our strategic position has been strengthened because we are now seeing an increase in investment and in the provision of services.

Our economy is based on services, maritime activity, the logistical sector and all the sectors related to the Panama Canal and our geographical position. This accounts for 14 per cent of GDP. Thanks to our geographical position and infrastructure modernization, the provision of logistical services and transport via the Canal have made us one of the world leaders in maritime transport.

Panama will be what Singapore is to Asia, what Hong Kong is to China, what New York is to financial services, what Switzerland means in terms of international organizations and what Dubai signifies for the Middle East. For these reasons, the expansion of the Canal will enable us to strengthen our role in international trade and create new opportunities for business.

For the first time in the country's history, the "big three" risk rating agencies have raised Panama's status to investment grade. We have come off all the blacklists, grey lists, dark lists which we used to be on because of our status as a tax haven, signing double taxation treaties with over a dozen OECD countries. Finally, I am proud to announce that through the *Crisol de Razas* [melting pot of the races] programme, the benefits of economic prosperity have also been felt by 25,000 migrant workers in Panama, who have now been given official status in relation to migration and employment.

In responding to Mr Somavia's invitation, I would like to share with you what we have achieved in Panama during my term of office. *The Global Competitiveness Report 2011–12* produced by the World Economic Forum indicates that Panama has the second highest level of productivity and competitiveness in Latin America and the Caribbean, after Chile, and that it is 49th in the world rankings.

The Government Strategic Plan 2010–14 sets out the economic and social strategy and financial and public investment plans for the next five years. We have managed to reduce poverty from 36 to 26 per cent in only three years. The Strategic Plan also sets out the objectives agreed upon in the context of national dialogue. It also challenges the management

and coordination capacity of the various levels of the Government, with a view to achieving goals in the areas of economic growth, poverty reduction and improved distribution of wealth.

The Strategic Plan has been submitted to public scrutiny, as required by law, with a view to ensuring transparency in our plans and programmes and enhancing all decision-making and follow-up mechanisms that exist in Panamanian society. It is about transparency and accountability on the part of the Government in the handling of public affairs.

The Strategic Plan is in line with the Global Jobs Pact, which has received full support from the Heads of State and Government, Vice-Presidents, Ministers of Labour, and leaders of employers' and workers' organizations from all regions who participated in the ILO Summit on the Global Jobs Crisis in 2009.

Panama's Strategic Plan, following the same direction as the Global Jobs Pact, has created decent work and increased employment for women and men, giving support to businesses, particularly small, medium-sized and micro-enterprises.

In short, I can say that the Strategic Plan has achieved a number of goals. First, it has facilitated the integration of young people in the job market by creating more jobs for youth. Second, it has enabled an increase of between 15 and 18 per cent in the minimum wage in more than 20 categories, ranging from domestic service to industrial agriculture. It can be seen that in three years the minimum wage has gone up by almost 50 per cent. Third, it protects individuals and families, especially the most vulnerable, by strengthening social protection systems to ensure the sustainability of income and subsistence levels and safeguarding pensions. Fourth, it increases employability, training workers while investing public funds and promoting foreign investment.

In our consistency with the Global Jobs Pact, we are promoting vocational and technical training and the development of entrepreneurial skills, especially for unemployed young people.

One of the components of the Government Strategic Plan is the development and implementation of a national Internet network, the "Internet for All" project. Our broadband policy includes the objective of ensuring equality of opportunity and bridging the digital and technological divide in the country. The project will cover some 2.8 million Panamanians, almost 84 per cent of the 3.4 million population. Since March 2012 the network has had 1,005 points of access in 33 centres of population. Connection speed is 1 Mbps, and the majority of users are students (49 per cent) and professional workers (23 per cent).

Finally, we are implementing the *Mi Primer Empleo* programme, which has provided thousands of young Panamanians with a decent first job.

We are keeping the promise that we made to the people of Panama, that together we can change the country.

The Government Strategic Plan has a number of objectives. First, to promote opportunity for the most disadvantaged regions and sections of society. Second, to improve the distribution of wealth and reduce poverty. Third, to strengthen government institutions and links with the private sector in order to develop growth, maximize efficiency and promote social inclusion. Fourth, to ensure simple and fair distribution of the tax burden while maintaining

economic competitiveness. Fifth, to strengthen the internal market by creating a secure and transparent environment that boosts confidence among producers and investors and reduces unemployment.

These objectives are being achieved without discarding macro-fiscal stability. Our fiscal deficit, approved by the Government, is 2.9 per cent of the budget.

The Government has a number of tools to promote growth in key sectors. The first is infrastructure. This involves construction in order to connect key points, building roads and highways and other development structures. We have built three airports and are expanding Tocumen international airport to turn it into the biggest in Latin America by 2014. We are building roads to provide access to areas of agricultural production. We are expanding irrigation systems and developing the cold chain and storage facilities.

Apart from investment in jobs as part of the Panama Canal expansion project, amounting to 5.6 billion dollars, Panama will need to make long-term infrastructure investments totalling some 9.6 billion dollars. This amount represents about 70 per cent of planned investments, which amount to 13.5 billion dollars in these five years.

The above does not include investments by state enterprises, such as the Panama Canal Authority, the Highways Entity, which is spending 1.1 billion dollars on highways, the Electricity Supply Authority, which is implementing a project for interconnections with Colombia, and other state enterprises which have their own resources for the generation of revenue outside the government budget.

On top of this, we have adopted Act No. 41 concerning multinational companies, resulting in the creation of thousands of jobs for a large number of enterprises which have decided to establish themselves in Panama with a view to supplying Latin American markets. Procter & Gamble alone has more than 1,000 workers, with operations covering the whole of Latin America. Already nearly 80 companies have decided to settle in Panama, and our enthusiasm grows as each new multinational arrives because they invest major resources in trade, in the real estate market and in the whole of Panama.

Our country's social programmes have seen total investment of 3.8 billion dollars. Projects include the construction of schools, hospitals, social housing, aqueducts and sewerage systems, new prisons and the metro system in Panama City. The remaining 5.8 billion dollars of infrastructure investment are for economic programmes such as nationwide irrigation systems and the tourism plan being developed in strategic locations.

In summary, this social strategy is based on two key components: the development of human capital, and social inclusion and integration. The public investment plan involves the development of transport, education, culture, health, administration and general services, labour and social welfare, agriculture, justice and civilian protection, housing, industry and trade, tourism, energy and the environment. Altogether, this constitutes the figure of 13.5 billion dollars mentioned earlier.

President, at the start of this speech I referred to the historic ties which link Panama with the ILO. I would like to emphasize South-South cooperation, which produces benefits for all Members of the ILO, and the labour information and analysis sys-

tem for Latin America and the Caribbean (SIALC), established in Panama in the mid-1990s. This system is operating thanks to the extraordinary contribution of the national Government and the technical cooperation resources of the ILO Regional Office, which maintains collaboration with the Ministry of Labour in the development of its labour information systems. The databases are used for special research undertaken by the ILO constituents on various issues relating to the world of work. Finally, they enable action to be taken in the context of the Millennium Development Goals, particularly goal 1b, which is to achieve full and productive employment and decent work for all, including women and young people.

The ILO, with its International Programme on the Elimination of Child Labour (IPEC), has been assisting my country in the formulation, coordination and implementation of the National Plan for the Prevention and Elimination of Child Labour and the Protection of Young Workers. It has also been working with us on our programmes against the trafficking and sexual and commercial exploitation of persons.

ILO cooperation and technical assistance through IPEC has contributed to building countries' capacity to fulfil their commitments vis-à-vis the ILO. It also contributes towards the regional objectives established in the Decent Work Agenda concerning the elimination of the worst forms of child labour, enabling the formulation and promotion of plans, programmes and actions to eliminate child labour and protect young workers.

We have established a road map to make Panama a country which will be free of child labour in all its forms. We will eradicate child labour undertaken by boys and girls under the age of 14. We will eliminate the worst forms of child labour involving young persons under 18, and we will protect the welfare and rights of young people between 14 and 18 years of age. We will eliminate the worst forms of child labour by 2015 and child labour altogether by 2020.

Under the Government Strategic Plan the Executive has reinforced the "Opportunities Network Programme" and has added initiatives such as the "universal bursary" initiative, which includes school assistance in the form of school bags, equipment and books free of charge plus a voucher of 20 dollars per month for all pupils under a certain income in public and private schools throughout the country. This constitutes an important contribution to family support and poverty reduction. A total of 800,000 students are benefiting directly from this policy, without any political interference as was the case in the past when scholarships were awarded in exchange for political support.

In addition, free school meals and high-energy biscuits are provided. The goal is to ensure that children and adolescents in Panama go to school and avoid involvement in child labour. The universal bursary scheme has reduced the school dropout rate and in just one year has produced an increase of 12 per cent in the total number of children attending school in Panama.

Taking account of the competitiveness of our human resources, we have also introduced changes to the curriculum in schools throughout the country. We have reinforced our education strategy by first giving 45,000 computers to teachers, so that they could be the ones to teach the children when

93,500 computers were given to the latter, in the second stage. The provision of computers will continue until the figure of 900,000 is reached, so that all schoolchildren registered at national level will have a computer.

The "Internet for All" project has enabled greater access to the Internet for all the country's citizens. Investment in human capital and the development thereof is taking place in the areas of greatest impact for income generation and improvements in the quality of labour. We are taking up the challenge to create a skilled and more competitive workforce as required by the employment market. For this reason we have given the National Educational Institute the resources it needs to train Panamanians in the occupations where there is a deficit. We have put the focus on excellence and have succeeded in achieving it in the services sector.

Panama respects the fundamental rights at work, namely freedom of association and the right to organize, effective recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labour, the effective elimination of child labour and the elimination of discrimination in employment and occupation. Good governance is an essential prerequisite for achieving social and economic progress and for the implementation of policies, programmes and activities by the state administration. Reinforcing the state of law and fighting corruption strengthen the participation of the social partners and the balance of powers, which are key factors for successful public policies.

The use of social dialogue and collective bargaining mechanisms is very important when it comes to formulating policies geared to the priorities of each country, especially at times of great tension. For these reasons, the Government of Panama has identified social dialogue as providing an opportunity to achieve balanced solutions based on sustainability and responsibility. Tripartism in Panama has reached a level of maturity in the quest for cooperation between the Government, employers and workers through the regulation of labour issues with a view to lasting social peace in the country.

Tripartism and social dialogue have been strengthened by the cooperation agreement between the Ministry of Labour and the Labour Foundation concerning the strengthening of tripartite social dialogue in Panama, which was signed on 16 January 2012. The parties to this agreement have undertaken to pool their efforts to strengthen social and labour policies for the benefit of the productive sectors in the country. We recognize that we have a difficult path ahead of us but we are committed to following it, using all the tools provided by social dialogue, so that we will achieve the objectives that we have set ourselves for the common good of society as a whole.

I would like to take this opportunity to extend a warm invitation to you to get to know Panama, to come and see the changes in a country which has a constantly growing economy, is open to investment and has legal certainty and clear rules. It is a country which is changing and embarking on massive projects and works which we will complete during our term of office.

The organization of urban transport, including the metro system, will provide a better quality of life for hundreds of thousands of Panamanians, who spend four hours a day in buses getting to work, which is equivalent to ten years of working life. We

will put an end to this situation, once the metro is built in Panama City and the metro-bus system is established.

In addition, the Panama Canal extension project and other public works are creating thousands of decent jobs which will improve the quality of life of the whole Panamanian people. We are proud to report to the international community on this proliferation of projects and we are proud to be Panamanian.

Original Spanish: The PRESIDENT

Thank you very much for your words, Mr President. At the ILO, we note with a great deal of satisfaction that the major project of the expansion of the Panama Canal is being carried out in accordance with the principles of decent work.

Your country, Mr President, has a long-standing tradition of cooperation with the ILO at a regional level. Since its inception 17 years ago, as you said, the ILO Latin America and Caribbean Labour Information System (QUIPUSTAT) has enjoyed the

invaluable support of Panama, without which it would not have been able to operate. This system is now an essential tool for the implementation of the Decent Work Agenda for the Hemisphere 2006–15, and for the publication of the *Labour Overview* – a statistical study which is essential reading for all countries in the American region and is eagerly awaited every year.

In recent years, the Conference has been honoured by visits from senior Panamanian figures. From this very rostrum, the Conference has heard government, workers' and employers' representatives from Panama express the conviction that social dialogue and democratic participation are the most reliable means of achieving social peace as the best guarantee of governance.

Mr President, on behalf of my fellow Officers of the Conference and of all the delegates, I would like once again to convey to you our profound gratitude for having honoured us with your visit.

(The Conference adjourned at 12.10 p.m.)

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