

Implications of the agreements between China and Panama

Luis Carlos Herrera
Markelda Montenegro
Virginia Torres–Lista



ABSTRACT

Studying the implications of the bilateral agreements between the Republic of Panama and the People's Republic of China of 2017 allows us to understand the economic and political effects of Chinese diplomacy on international cooperation, economic development, and soft power under the principles of trust and mutual benefit. The objective is to theorise the possible risks of the various aspects of these agreements; expand or modify their terms, ideally, if desirable; promote all sectors' participation; and collect scientific evidence to make the agreements easier for decision-makers to evaluate. Maintaining complex, interdependent relationships with different spheres of power requires prioritising national interests and adapting them to the new global reality of the COVID-19 pandemic, which requires adjusting agreements on grounds other than the Belt and Road's specific objectives.

I. INTRODUCTION

In the process of establishing diplomatic relations, the declarations of the Chinese authorities make clear the objective of guaranteeing through the Belt Road Initiative (BRI), using Panama as a strategic platform and gateway to Latin America, and accessing the Panama Canal (Mendez & Alden, 2021).

Chinese soft power diplomacy, applied ever since 2004 by Hu Jintao and his successors, ambitiously “encompasses politics, culture, economy, cultural exchange; which is also promoted through the presence of the Chinese population in the world, which allows strengthening cultural and economic ties with greater acceptance and propagation, reinforced by the government’s policy of spreading their culture” (Herrera, Montenegro, & Torres-Lista, 2019).

Panama undertook the signing of agreements with the Asian giant in an accelerated way that placed it at a disadvantage. It left a pall of doubt over whether real benefits would accrue to Panamanians, given the experience of Chinese economic statecraft by other countries. Chinese lending has been attractive to developing countries seeking new markets; they have obtained financing for large-scale projects, promotion of trade, economic stimulus, and knowledge transfer, all of them essential axes of International Development Cooperation. Some have called this strategy “debt diplomacy”: readily giving loans in order to gain political not just economic influence, and thereby geostrategic power (Choque, 2020).

In what one might call good mirages of Panamanian progress give rise to unpayable indebtedness and homologous conquest facts in America. One will face a modern exchange of mirrors for precious goods. It is not an innocent principle or an exercise in charitable donation, but a strategy that assumes consistency in ethical principles creates its own influence in international relations. Soft power, reinforced by economic expansion, can decisively contribute to lending China’s global prestige (Ríos Paredes, 2011).

Some cases illustrate this type of diplomacy, according to Choque (2020); e.g., since 2005 China has made loans to Venezuela and other Latin American countries for large infrastructure and energy projects, being so before 2017 Latin America indebtedness to China amounted to about US\$150,000. The project financing was subject to a series of conditions, such as contracting Chinese companies for their execution, which further promoted imports of capital goods from China. The loans became vehicles of Chinese political and social influence over these countries, rendering them preferential partners for exploitation of natural resources.

Chinese power expansion has put Panama on the map because of its geostrategic position and developed international maritime trade through the Panama Canal. China’s practices in the execution of agreements with other countries like Venezuela, Bolivia, Sri Lanka and others arouse suspicion in some quarters over the way 47 detailed agreements were signed on wide-ranging issues without consultation, all aimed at carrying out China’s agenda of the Silk Road and the Maritime Silk Road initiatives. This paper seeks to analyse different aspects that facilitate the accurate evaluation of what these commitments in signed agreements represent for Panama beyond expressions of friendship and goodwill.

II. A CRITICAL LOOK AT THE AGREEMENTS BETWEEN CHINA AND PANAMA

In 2017 and 2018 the government of Panamanian President Varela signed 47 agreements with the People's Republic of China. In 2019, the new government of President Laurentino Cortizo closed negotiations with the signing of 3 new agreements, bringing the total to 50.

Many of these agreements are predicated on sweeping promises, for example, among the objectives indicated in the economic agreement is to formalise bilateral assistance policy on the grounds that it will attract investment from China to Panama and facilitate the opening of the Chinese market to Panamanian exports. This was the Panamanian government's main justification for terminating relations with China-Taiwan and forging new connections with the People's Republic of China. In the economic, commercial, and investment areas, a joint committee chaired by the two countries' trade ministers was set up to strengthen and promote bilateral cooperation and examine the progress of various projects.

Panama already had a robust banking sector, hence China introduced into the agreements the objective of a collaboration platform on financial matters, which routinises communication and information exchange in economic, commercial, and investment matters. This was sold as a facility for financing large infrastructure projects, such as highways, bridges, power plants, airports, port facilities, logistics parks, among others. This also included the building of the China Development Bank headquarters in Panama and mechanisms of cooperation with China Exim Bank.

China is a primary driver of world trade and plays a vital role in Latin America's international financial sector (Fornes & Mendez, 2018). It is the first destination market for exports from Brazil and Chile and the second for Peru, Cuba, and Costa Rica. China is also the third most important importer of goods from Latin America and the Caribbean, with a value of 13% of total imports from the region. In turn, Latin America and the Caribbean have become a prominent destination of Chinese foreign direct investment (Rosales & Mikio, 2012).

In terms of cooperation for development, areas of common interest included the construction and operation of infrastructure; the service sector, including ship navigation; industrial and economic cooperation zones; manufacturing; agriculture and food processing; and others. Since no one in either government consulted with the affected sectors or considered the priorities of the Panamanian national sustainable development agenda, these bilateral agreements certainly reflect the interests of China, but leave the effect on the interests of Panama unclear.

A prime example is the 2018 Framework Agreement for Cooperation in Science, Technology, and Innovation, that has a shared cost modality. It contributes little to the Panamanian vision for the advancement of science, technology, innovation and research contained in the PENCYT 2019-2024, which mandates a comprehensive review to adapt such undertakings to the overall national development strategy. It should be noted additionally that the COVID-19 pandemic has since incorporated new science and research priorities into the national interest.

Phytosanitary and agricultural issues that are of strategic importance in terms of food safety ought to be subjected to public consultation and full transparency procedures before Panama commits itself to exports of food of plant or animal origin to a market as big as China, and without first adopting an agricultural policy that guarantees Panamanian food sovereignty (that is, that the people of Panama should have priority in consumption of Panamanian produce). This requires a review of customs regulations to ensure the compliance of any bilateral agreements with general health and export legislation. The previous experience of Free Trade Agreements (Mexico, State of Israel, Chile, United States) cautions prudence, because one

signs agreements without first securing adequate conditions in the concerned sectors. This has made it challenging to exploit such marketing opportunities, the demands of which exceed the existing capacities of Panamanian agro-industry.

On a sensitive issue such as electrification, the bilateral agreements indicate that the Bank of China will support the Government of Panama in financing investment projects in electrical transmission, potentially including long-term credit facilities to finance the investment plan of ETESA, Panama's parastatal electricity utility, which opens the door to unsustainable indebtedness with well-known consequences that have been called the "debt trap" (Mendez & Alden, 2019).

On the positive side, the bilateral agreements on air transport, ratified in Panama by the Law of 23 on March 20, 2018, facilitates the establishment of direct air routes. With each nation choosing up to three destinations in the other. This has opened opportunities for commercial and cargo flights, but the traffic rights to be granted are linked to national security, therefore, it is essential to inform oneself on the technical position of the experts before regulating or negotiating other routes.

The Maritime Transport Agreement states that vessels with Panamanian registration are to receive privileges in Chinese ports; also, there is to be reciprocal recognition of the titles of seafarers issued by Panama and by China and their temporary disembarkation at the time of touching ports. In both nations. According to its Maritime Authority, Panama still has the largest ship registry globally, with 18% of the world's fleet. It is necessary to analyse the effects on Panama of more than 8 thousand merchant ships recognising seafarers' titles widely and what further regulation can do.

In addition, it must be borne in mind that international maritime trade does not escape the political reality of the great powers, which maintain claims on naval routes. In October 2020 international newspapers reported that US Secretary of State Mike Pompeo concluded a tour of five Asian countries by leaving a clear message that the United States opposes Chinese encroachments on the sovereign maritime territories of the nations of Southeast Asia, Asia, and the Indo-Pacific region. The US State Department also criticised China for reneging on its promises to nations concerning its territorial claims in the South China Sea, where Vietnam, the Philippines, Malaysia, Brunei, and Taiwan have as good, if not better claims to the territory. A third of all world maritime transport passes through this Sea (including ships flagged Panamanian) making it a geostrategic location. The current geopolitical scene cannot be ignored when negotiating these bilateral agreements, which may be compromising if conflict affects the relations Panama has with other countries, given its strategic position and historical relations with the United States (Mendez, 2021).

In this context, the Memorandum of Understanding (MoU) on Cooperation within the Framework of the Economic Belt of the Silk Road and the Maritime Initiative of the Silk Road of the 21st century constitutes the most relevant document for China. Panama's adherence enhances Chinese strategy in Latin America, through the Panama Canal that facilitates connectivity by its commercial and economic presence, land routes, maritime, and cultural, included in the various agreements signed.

Many people are purported to be benefitted, considering its non-reimbursable cooperation, by the Cooperation for Personal Development agreements. These agreements include training for journalists, human resources contemplated in the National Cooperation Plan (Panama Coopera), funding to the educational sector, cultural exchanges and improvements to the state Radio and Television System. But not included in these agreements is personnel in science, research and technology, and other sectors that require strengthening human resources for greater economic and technical competitiveness.

Among the first agreements signed with China were on diplomatic matters, establishing a political consultation mechanism between both countries, the Panamanian Consulate in Shanghai and China's in Panama, and the

abolition of visas on passports of diplomats, services officers and consulates facilitating the exchange of official visits. Given all of the foregoing, it is imperative to consult and actually listen to the recommendations of Panamanian specialists, academics, and sectoral associations and to rethink how these agreements benefit Panama, or not. What specifically does one need from this bilateral relationship? What are the implications of supporting a hegemonic political program such as the BRI? And do the agreements promoting tourism, the supposed opening of new markets, and sustainable financing for megaprojects align strategically with national development policies? We have to define what are Panama's national priorities with more attention to strategic detail. It is the State's responsibility to safeguard the national interest in bilateral agreements, and to preserve Panama's culture, values, democracy, security, sovereignty, and respect for human rights. These are the principles that ought to be reflected in all bilateral agreements.

Table No. 1

47 Agreements signed between Panama and China 2017-2018 Government of Juan Carlos Varela.

1.	<u>Joint Communiqué on the establishment of diplomatic relations with the People's Republic of China.</u>
2.	<u>Agreement on the conversion of commercial representations accredited in the other party into embassies.</u>
3.	<u>Agreement for the mutual suppression of visas in diplomatic, service, official and consular passports.</u>
4.	<u>Memorandum of Understanding on the establishment of the political consultation mechanism.</u>
5.	<u>Agreement on the establishment of the Consulate General of Panama in Shanghai.</u>
6.	<u>Framework Agreement between the Ministry of Economy and Finance of the Republic of Panama and the National Development and Reform Commission of the People's Republic of China to promote production capacity and investment cooperation.</u>
7.	<u>Agreement regarding the organization of a press workshop in China. (exchange of notes.)</u>
8.	<u>Memorandum of Understanding on strategic cooperation between the China Development Bank and the Ministry of Economy and Finance of Panama.</u>
9.	<u>Memorandum of understanding on cooperation mechanism between the Export-Import Bank of China and the Ministry of Economy and Finance of the Republic of Panama.</u>
10.	<u>Memorandum of Understanding between the Ministry of Commerce and Industry of the Republic of Panama and the Chinese Council for the Promotion of International Trade.</u>
11.	<u>Memorandum of Understanding on strategic cooperation between Empresa de Distribución Eléctrica, S.A. de Panamá (ETESA) and Banco de China (Bank of China Limited).</u>
12.	<u>Memorandum of Understanding on Strategic Cooperation between Empresa de Distribución Eléctrica, S.A. of Panama (ETESA) and the Export and Import Bank of China (CEXIM).</u>
13.	<u>Memorandum of Understanding on agricultural cooperation between the Ministry of Agricultural Development of the Republic of Panama and the Ministry of Agriculture of the People's Republic of China.</u>
14.	<u>Memorandum of Understanding between the Ministry of Agricultural Development of the Republic of Panama and the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China in the area of sanitary and phytosanitary measures.</u>
15.	<u>Memorandum of Understanding between the government of the Republic of Panama and the government of the People's Republic of China on the establishment of the Mixed Commission for economic, commercial and investment cooperations.</u>
16.	<u>Economic and Technical Cooperation Agreement between the government of the Republic of Panama and the government of the People's Republic of China.</u>

17. Memorandum of Understanding for Cooperation in the field of the rail transport system between the government of the Republic of Panama and the government of the People's Republic of China.
18. Memorandum of Understanding for Cooperation in economic and commercial zones between the Ministry of Commerce and Industries of the Republic of Panama and the Ministry of Commerce of the People's Republic of China.
19. Memorandum of Understanding between the government of the Republic of Panama and the government of the People's Republic of China on cooperation in the framework of the economic belt of the Silk Road and the Maritime Silk Road of the XXI Century.
20. Memorandum of Understanding between the Ministry of Commerce and Industries of the Republic of Panama and the Ministry of Commerce of the People's Republic of China for the initiation of the joint feasibility study for a free trade agreement between Panama and China.
21. Agreement between the government of the Republic of Panama and the government of the People's Republic of China, regarding civil air transport. approved by Law No. 23 of March 20, 2018. Official Gazette No. 28492-a of March 27, 2018, which entered into force on April 4, 2018.
22. Agreement between the government of the Republic of Panama and the Government of the People's Republic of China on maritime transport. Approved by Law No. 24 of March 20, 2018. Official Gazette No. 28492-a of March 27, 2018.
23. Memorandum of Understanding between the Tourism Authority of Panama and the National Tourism Administration of the People's Republic of China on the facilitation of group trips by Chinese tourists to Panama.
24. Memorandum of Understanding on the strengthening of cultural cooperation between the National Institute of Culture (now the Ministry of Culture) of the Republic of Panama and the Ministry of Culture of the People's Republic of China.
25. Cooperation Agreement between the Ministry of Foreign Affairs of the Republic of Panama and the Ministry of Commerce of the People's Republic of China to carry out feasibility studies for railway projects in the Republic of Panama.
26. Agreement between the government of the Republic of Panama and the government of the People's Republic of China on the leasing of real estate and land for the headquarters of the embassies. Approved by Law No. 22 of March 20, 2018. Official Gazette No. 28492-a of March 27, 2018.
27. Agreement regarding non-reimbursable economic cooperation of 100,000,000.00 yuan of renminbi provided by the People's Republic of China to finance cooperation projects in the Republic of Panama.
28. Agreement regarding the implementation of the feasibility study of the railway project from the province of Panama to the province of Chiriquí.
29. Treaty between the Republic of Panama and the People's Republic of China on extradition.
30. Agreement between the government of the Republic of Panama and the government of the People's Republic of China on educational cooperation.
31. Agreement between the government of the Republic of Panama and the government of the People's Republic of China on the granting of multiple entry visas for ordinary passport holders.
32. Framework Agreement for Cooperation in science, technology and innovation between the government of the Republic of Panama and the government of the People's Republic of China.
33. Cultural Cooperation Agreement between the government of the Republic of Panama and the government of the People's Republic of China.
34. Memorandum of Understanding between the Ministry of the Environment of the Republic of Panama and the Ministry of Ecology and Environment of the People's Republic of China.
35. Economic and Technical Cooperation Agreement between the government of the Republic of Panama and the Government of the People's Republic of China.

36. <u>Memorandum of Understanding between the Maritime Authority of Panama and the Ministry of Transportation of the People's Republic of China on maritime cooperation.</u>
37. <u>Protocol on phytosanitary requirements for the export of fresh pineapples from Panama to China between the Ministry of Agricultural Development of the Republic of Panama and the general administration of customs of the People's Republic of China.</u>
38. <u>Protocol between the Ministry of Agricultural Development of the Republic of Panama and the General Administration of Customs of the People's Republic of China on inspection, quarantine and veterinary sanitary requirements for Cobia and Black Skipjack will be imported from the Republic of Panama to the People's Republic of China.</u>
39. <u>Protocol between the Ministry of Agricultural Development of the Republic of Panama and the General Administration of Customs of the People's Republic of China on inspection, quarantine and veterinary sanitary requirements for the export of meat from Panama to China.</u>
40. <u>Memorandum of Understanding on radio and television cooperation between the State Radio and Television System of the Republic of Panama and the State Administration of Radio and Television of the People's Republic of China.</u>
41. <u>Memorandum of Understanding between the Ministry of Commerce and Industries of the Republic of Panama and the Ministry of Commerce of the People's Republic of China on cooperation in electronic commerce.</u>
42. <u>Memorandum of Understanding between the Ministry of Commerce and Industries of the Republic of Panama and the Ministry of Commerce of the People's Republic of China on cooperation in trade in services.</u>
43. <u>Memorandum of Understanding between the Ministry of Commerce and Industries of the Republic of Panama and the Chinese Council for the Promotion of International Trade (CCPIT) on the co-organization of the XIII China-Lac Business Summit.</u>
44. <u>Exchange of Letters on cooperation in the development of human resources. (4 courses).</u>
45. <u>Memorandum of Understanding between the National Bank of Panama and the Development Bank of China.</u>
46. <u>Memorandum of Understanding between the National Bank of Panama and the Bank of China.</u>
47. <u>Framework Agreement between the Electric Transmission Company S.A. of the Republic of Panama and China Export & Insurance Corporation.</u>

Source: Prepared by the authors with information from the Ministry of Foreign Affairs of the Republic of Panama.

As stated by Herrera, Montenegro, and Torres Lista (2019), of the total 47 agreements, whether denominated MoU, Exchange of Notes, protocols, Agreements or Treaties, adopted without broad citizen consultation, most of them respond to the strategic interests and agenda of China.

Among the documents signed with China between 2017 and 2018, it is important to highlight the Memorandum of Understanding on BRI, of December 11, 2017, which is motivated to “strengthen bilateral cooperation to jointly build the Economic Belt of the Route of the Silk and the Maritime Silk Road of the 21st Century by fostering closer commercial and economic ties”.

The plans and vision of One China is part of the international cooperation policy of the signed bilateral documents. Yet, these agreements were hastily negotiated, no publicly debated rationale is known to support the decisions, beyond promised access to a gigantic market. Panama’s national vision is unknown, and that does not count the absence of many national sectors intricated in the various themes of the agreements, and the lack of consultation and transparency for the citizens of Panama concerning the political implications that the commitment to jointly build the One Belt, One Road will have for Panama.

In the Maritime Cooperation Agreement, Panama has committed itself to the Joint Development of the Maritime Silk Road of the 21st Century, which is reiterated in the bespoke BRI MoU. Becoming a manifestation of will that expresses China’s interest in concretising its strategic programme, which, due to its possible implications in international politics, ought not to be implemented without the advice and the consent of the Panama Canal Authority and specialists in the maritime area.

China’s keenness to sign bilateral agreements is to materialise the BRI as a reality: to obtain access to natural resources and consumer markets for its products in Latin America. In this sense, Panama must put more effort into negotiations. The implementation of the 50 signed agreements, the vision of the country, and its development policies and priorities in the current geopolitical and economic context cannot well proceed without the participation of an informed citizenry and of the strategic actors linked to the issues if Panama-China relations would result in sustainable development. This is especially critical taking into account that, after the COVID-19 pandemic, social inequalities have deepened. Human development is a priority hand in hand with economic development, thus Panama’s international development cooperation policy requires consideration of this new reality.

Most of the bilateral agreements stipulate a term of five years with possibility of renewal. This aspect is essential as it would be irresponsible for the government to neglect the necessary evaluation and consultation processes, only to reach the end and be subjected to unfavourable scrutiny.

The environmental issue is vital for Panama. There is a responsibility to overcome any disadvantage, bear in mind the different public policies in force on this matter, the seas, wetlands, water sources, species protection, among others. In the environmental agreement signed with China, eleven articles were agreed-to. Supervising institutional operations in ecological matters is highlighted, related explicitly to hydrographic, aquatic, coastal-marine areas, and freshwater basins. These are essential issues for the sustainable development of the country. No previous scientific studies allow us to establish such a need, especially as one is talking about operations or operational activities directly and indirectly linked to the Canal Zone. Another implication for the environment relates to the activities and income generated around these activities (artisanal, commercial fishery, ecotourist) and their impacts on the environment and the population.

In agricultural and industrial matters, although the agreements in theory mandate access to China's markets, one encounters the reality of a sector that has not received proper government attention, so that an agro-industrial policy is lacking. There needs to be policies that would cover access to mechanisms of financing, technology issues, clear export rules, human resources preparation and training facilities, scientific laboratories, transportation systems and refrigeration, and technical sufficiency to compete with the requirements of the international market. What actual benefits can then be expected from such bilateral agreements for which the country is so unprepared?

After the first months of the COVID-19 pandemic in 2020, export to China began to be reactivated. Since June 2019, the *Carnes de Coclé* company has been among the first to export meat to China. In 2019 it approved building two plants to manufacture export beef: Unión Ganadera, SA (Ungasa), operated by Carnes de Coclé, and Fortunato Mangravita, S.A. (Tejeira, 2020). Sales of beef have earned about US\$5.4 million for Panama, not a spectacular amount, however it is necessary to watch the development of these exports to make sure that they do not pre-empt the supply of meat available to Panama's inland market.

A comparative study of the Free Trade Agreements negotiated by Latin America with the People's Republic of China, India, Singapore, and Taiwan and of the FTAs of Peru and Chile, by the Inter-American Institute for Cooperation on Agriculture, points out among lessons to be learned from the two FTAs signed with China with the topic of cooperation must be taken full advantage of, not just the rules relating to commercial exchange (IICA, 2009). In negotiating the FTA in Costa Rica, for example, it became clear that one of the most significant challenges was to achieve the diversification of its export offering, that is, to bring more products to the Chinese market. This is one of the issues on which Panama must be preparing itself in this sector.

In the case of the FTA between Panama and China, despite the previous government having advanced five rounds of negotiations, the succeeding President of The Republic announced on social media the freezing of the FTA negotiations with China during the XIII China-Latin America and the Caribbean Business Summit (XIII China-LAC) in December 2019. Notwithstanding China's growing interest in expanding bilateral trade with LAC. During an international press conference, President Laurentino Cortizo Cohen promised that the government would review the agreements "carefully and cautiously" for a change (Telemetro Reporta, 2019).

The agricultural sector must participate more in the processes of negotiation and implementation of protocols. The agricultural industry is concerned that Chinese labour could enter in a massive way into these negotiations. Yet the Ministry of Commerce has assured that it is seeking to guarantee preferential treatment for Panamanian agricultural, fishing, and agro-industrial products with more significant potential (Garrido A, 2018).

Unlike Costa Rica, Panama did not open the FTA to public consultation with the different sectors of the economy (America, 2008). In statements to the newspaper *Panamá América*, Augusto Jiménez, the former President of the Association of Highlands said, "It is very worrying when the Highlands unions are not taken into account because China has a flawed phytosanitary system and Panama is very permissive. Two factors that put us in an inoperative situation". For his part, Nodier Díaz, Secretary of the Federation of Rice and Grains of Panama said, "We are concerned about the prior control that does not exist, the principle of reciprocity in governments so that the same conditions are applied, the lack of sufficient laboratories and the human team prepared for these controls, and an Aupsa that only sees products on shelves" (Castillo, 2018).

Panama's Ministry of Commerce and Industries announced on social media at the end of August 2019 that no dates had been set for new rounds of negotiations of the Free Trade Agreement that seeks to limit the exchange of agricultural goods. This means it is a partial-scope FTA, negotiations for which have been put on hold due to the COVID-19 pandemic.

Most of the agreements bear implications for Panama's sustainable development and its economic, commercial, and financial position, and its international relations. Undoubtedly, these negotiation frameworks that are automatically expanded impose on our authorities the responsibility of making further analyses and consulting all sectors involved, making information available transparently and seeking scientific evidence, to have more tools with which to protect the national interest.

China continues to indicate its interest and is waiting for the Panamanian government to resume the FTA negotiations (Hernández V, 2021), and maintains an interest in expanding its presence in Latin America through International Development Cooperation. These 50 agreements already signed, are a significant achievement in its political and economic strategy.

The government of President Cortizo prudently heeds various sectors when they claim and decide to pause the negotiations to analyse progress made so far. As Berjano and others point out about FTAs signed by China with Latin America, the motivations for these FTAs, even more so in the Pacific, are not only commercial in its aims but also geopolitical (Ramón Berjano, Malena, & Velloso, 2015).

The signing of the Agreement on Plant Inspection and Quarantine, and the two Protocols for the export of aquatic and pork products, achieve a commercial opening in agricultural matters with China, despite the fact that the negotiations of the Free Trade Agreement are suspended. They were signed by Augusto Valderrama, Minister of Agricultural Development, and Rosario Turner, Minister of Health of Panama, and by China; Hu Wei, Vice Minister of the General Administration of Customs. As reported by the TVN2 news channel (TVN Noticias Channel 2, 2019).

With the signing of these protocols, previous agreements on agricultural matters are complemented, and a series of product quality requirements and veterinary sanitary standards are added by both countries. Again, the benefit to Panamanians is limited here. Other requirements on the conditions and facilities for handling, transport, storage and packaging of these products, will hardly benefit small producers if they do not have access to technology, aid and state resources, so that their exports can adjust to the agreed requirements.

The following table incorporates the general contents of these agreements signed with China.

Table No.2.
Agreements between Panama and China- 2019.
Government of Laurentino Cortizo Cohen.

DATE	LEGAL INSTRUMENT	CONTENT
It was signed on December 10, 2019. It came into force from that date, for five years, automatically extended. It may be modified at any time by the parties. Published in the Official Digital Gazette No. 28924 of December 19, 2019.	Cooperation Agreement for Plant Inspection and Quarantine between the Ministry of Agricultural Development of the Republic of Panama and the General Administration of Customs of the People's Republic of China.	Bilateral cooperation for biosafety in-plant inspection and quarantine to facilitate and expedite commercial exchange. It includes information exchange, visits, technologies, and experiences on the subject, seminars, research, and pest prevention.
It was signed on December 10, 2019. It contains the same clauses as the Cooperation for Plant Inspection and Quarantine, mentioned above. Published in the Official Digital Gazette No. 28924 of December 19, 2019.	Protocol between the Ministry of Agricultural Development of the Republic of Panama and the General Administration of Customs on inspection, quarantine, and veterinary sanitary requirements for aquatic products to be imported * from the Republic of Panama to the People's Republic of China. * Correct term is export as it appears in the annex.	They refer to aquatic animal products and their products, caught in the wild or cultivated, processed / or preserved as frozen, refrigerated, dried, smoked, and other processes suitable for human consumption. Live aquatic animals and production materials are not included. The list of exported marine products is attached to the Protocol.
It was signed on December 10, 2019, under the same conditions of validity of the previous legal instruments. Published in Official Digital Gazette No. 28924 of December 19, 2019.	Protocol between the Ministry of Agricultural Development, the Ministry of Health of the Republic of Panama, and the General Administration of Customs on inspection, quarantine, and veterinary sanitary requirements for the export of pigs from the Republic of Panama to the People's Republic of China.	Establishes Panama's responsibilities for the quality and requirements of pork and veterinary health compliance with both Ministry of Agricultural Development (MIDA) and Ministry of Health (MINSa). It also includes complying with Chinese standards in packaging, storage, and transportation and will be accompanied by veterinary certifications in Chinese, Spanish, and English. If the General Administration of Customs of the People's Republic of China (GACC) determines that it does not comply with the Protocol, it will notify MINSa for the product's return, destruction, or disposal.

Source: Own elaboration, based on information obtained from the Ministry of Agricultural Development (MIDA).
<https://www.mida.gob.pa/>

In the context of the COVID-19 pandemic, the Ministry of Agriculture together with the Ministry of Health are making progress on the implementation of these latest agreements concerning the export of pork and aquatic products. According to the Chinese ambassador to Panama, sanitary protocols for the export of products such as coffee, beef, pineapple, fish and shrimp have been accomplished. With the pork protocols also advancing the approval process for processing plants to export to China (Cigarruista, 2020).

III. CONCLUSIONS AND RECOMMENDATIONS.

The 47 agreements between the Republic of Panama and the People's Republic of China in 2017 and 2018 and the three agreements in 2019 result from strategic diplomacy in international cooperation policy, planned under One China and the BRI, where Panama becomes China's gateway in its relations with other countries in Latin America and the Caribbean. With the conclusion of these agreements, Panama becomes part of China's regional power expansion map, contributing the strategic position of the Panama Canal and the development of its international maritime trade.

The agreements have different socio-economic implications for Panama's sustainable development, its economic, commercial, and financial position, and its international relations. Historically, Panama has maintained a thriving banking system, with the support of regional and national organisations and private companies. Yet these bilateral financial agreements strengthen the economic-financial structure of China, promoting the expansion of their banks, which aim at becoming the primary sources of financing for the Panamanian State for large-scale infrastructure and energy works. This clearly bears the risk of debt diplomacy.

The current Cortizo government has expressed an interest in reviewing the agreements signed by its predecessor and in negotiating cautiously to protect the national interests in any FTAs. This should allow new opportunities to incorporate views from sectoral representatives, specialists and academic experts.

To properly evaluate the implications of these agreements, one must study employment effects, natural resources use, economic regulation, the needs of development in science, research, and technology based on the National Strategic Plan for Science, Technology, and Innovation (PENCYT), prepare national infrastructure in agribusiness, define more clearly the country's political position in national forums on maritime issues, taking into account conflicts, and that we are governed by the principle of neutrality in the Panama Canal. One must also analyse the investments financed by Chinese capital, whether they bring real benefits for the population, sustainable development, and reflect the strategic interests of the country. Whilst also ensuring that all agreements are in line with the country's post-COVID-19 needs.

A priority is to follow a political strategy of disseminating information to the entire population for the sake of the transparency and accountability of the State's commitments in terms of International Development Cooperation with the Peoples Republic of China. ■

BIBLIOGRAPHY

- America, C. (21 de Noviembre de 2008). *Costa Rica abre consultas para TLC con China*. Centralamericadata.com. Retrieved from https://www.centralamericadata.com/es/article/home/Costa_Rica_abre_consultas_para_TLC_con_China
- Castillo, C. (10 de Julio de 2018). Surge inquietud por TLC, con China. *Panamá América*, págs. 17-18. Retrieved from <https://www.panamaamerica.com.pa/economia/surge-inquietud-por-negociacion-de-tlc-con-china-1110488>
- Choque, F. L. (17 de Noviembre de 2020). Encrucijada china y la "diplomacia de la Deuda". *Brujula digital*, pág. 2. Retrieved from <https://brujuladigital.net/opinion/encrucijada-china-y-la-34diplomacia-de-la-deuda-34>
- Cigarruista, H. (5 de Febrero de 2020). *China espera aprobar este año a plantas panameñas para exportar pollo a su mercado*. Retrieved from <https://elcapitalfinanciero.com/china-espera-aprobar-este-año-a-plantas-panamenas-para-exportar-pollo-a-su-mercado/>
- Economía, A. (22 de Enero de 2018). *Foro China Celac finaliza con plan de acción 2019-2021*. Retrieved from <https://www.asialink.americaeconomia.com/economia-y-negocios-macroeconomia/foro-china-celac-finaliza-con-plan-de-accion-2019-2021>
- Fornes, Gaston, & Mendez, Alvaro. (2018). *The China-Latin America Axis: Emerging Markets and their Role in an Increasingly Globalised World* (2 ed.). New York: Palgrave Macmillan.
- Garrido A, E. (9 de julio de 2018). *Capital Financiero.com*. Retrieved from <https://elcapitalfinanciero.com/las-preocupaciones-para-la-negociacion-del-tlc-entre-panama-y-china/>
- Hernández V, A. E. (8 de febrero de 2021). *La Prensa.Com*. Retrieved from <https://www.prensa.com/impresia/economia/china-esta-a-la-espera-que-panama-decida-retomar-negociaciones-para-el-tlc/>
- Herrera, L., Montenegro, M., & Torres-Lista, V. (2019). *El contexto diplomático entre China y Panamá y sus acuerdos*. Panamá: CENICS. Retrieved from <https://cenics.org/wp-content/uploads/2020/09/Paper-3-Diplomacia-China-y-Panama.pdf>
- IICA. (2009). *Los tratados de libre comercio negociados por América Latina con La República Popular de China, India, Singapur y Taiwán: estudio comparativo*. San José: IICA. Retrieved from <http://repiica.iica.int/docs/B1587e/B1587e.PDF>
- Mendez, A., & Alden, C. (2021). China in Panama: From Peripheral Diplomacy to Grand Strategy. *Geopolitics*, 26(3), 838-860. doi:10.1080/14650045.2019.1657413
- Mendez, Alvaro. (2021). *Geopolitics in Central America: China and El Salvador in the 21st Century*. In Thierry Kellner & Sophie Wintgens (Eds.), *China-Latin America and the Caribbean: Assessment and Outlook*. Abingdon, UK: Routledge.
- Panamá, M. (25 de MARZO de 2020). *MINISTERIO DE RELACIONES EXTERIORES DE PANAMÁ. ACUERDOS*. Retrieved from <http://www.mire.gob.pa>
- Ramón Berjano, C., Malena, J. E., & Vellosos, M. A. (2015). *96/Documento de Trabajo. El Relacionamento de China con América Latina y Argentina. Significado de la Alianza Estratégica Integral y los Recientes Acuerdos Bilaterales*. Buenos Aires: CARL. Retrieved from <http://www.carl.org.ar/pdf/dt96.pdf>
- Ríos Paredes, X. (2011). China: Poder y Civilización en el Siglo XXI. *Cuadernos de Estrategia*. No.151. *Las potencias emergentes hoy: Hacia un nuevo orden mundial*, 49-79. Retrieved from http://www.iece.es/Galerias/fichero/cuadernos/CE_151_PotenciasEmergentesHoy.pdf
- Rosales, O., & Mikio, K. (2012). *China y América Latina y el Caribe. Hacia una relación económica y comercial estratégica*. Santiago: Comisión Económica para América Latina y el Caribe (CEPAL). Retrieved from <https://www.cepal.org/es/publicaciones/2598-china-america-latina-caribe-relacion-economica-comercial-estrategica>
- Tejeira, E. C. (22 de Marzo de 2020). *La Prensa*. *Se reactiva venta de carne de res panameña a China*. Retrieved from <https://www.prensa.com/impresia/economia/se-reactiva-venta-de-carnede-res-panamena-a-china/>
- Telemetro Reporta. (11 de Septiembre de 2019). *Telemetro*. Retrieved from <https://www.telemetro.com/nacionales/2019/09/11/presidente-panama-distanciamiento-gobierno-china/2194235.html>
- TVN Noticias Canal 2. (10 de Diciembre de 2019). *Panamá y China Firman Protocolos Sanitarios para la exportación de carne de cerdo y productos acuáticos*. págs. 1-1. Retrieved from https://www.tvn-2.com/economia/economia-panamena/Panama-China-protocolos-sanitarios-exportacion-productos-acuaticos-carne-cerdo_0_5461703795.html

ABOUT THE AUTHORS

Luis Carlos Herrera: PhD. in Social Sciences, Researcher and Professor of Sociology at the School of Social Communication of the Catholic University Santa María La Antigua, (USMA), member of the National Research System of Panama (SNI), former SENACYT fellow and Researcher at the Research Center Social Science Scientists (CENICS). It has a number of publications between books and articles, to mention some of its publications are; Socioeconomic marginalization of Panama 1990-2010: establishing a baseline (2019), Critical Thinking in Social Research (2019), Integration Process of Latin America and the Caribbean (2018), Weights and Counterweights of the Panamanian Democratic System: An Approach Institutional (2017), The new human rights agenda for equality and sustainable human development (2015), Social Research Methodology: Epistemological discussion between datism and dadaism (2015), Recent experiences on knowledge transfer and relationships exchange between academic actors within the framework of a Human Rights agenda (2015), Social inequality: between despair and survival. Case study of two communities in Costa Rica and Panama (2013), Control policies in Panamanian democracy from 1994 to 2004 (2009).

Markelda Montenegro: Lawyer, specialist in Political Science and studies with a gender perspective. Researcher at the Center for Scientific Research in Social Sciences (CENICS), she has more than 40 years of experience in public policy studies and a gender approach, holding various positions, highlighting the position of National Director of Women (2009-2014), with a degree of Minister, also during the period 2009 to 2014 held various international positions, to name a few; Vice-president of the Inter-American Commission of Women of the OAS, member of the board of directors of the Regional Conference of Women in Latin America and the Caribbean of ECLAC-COMMCA, within her various publications, the Rights of the people can be highlighted LGBTIQ +, gender agenda and equality policies (2020), Intervening factors of femicide in Panama in indigenous Ngäbe Buglé and Afro-descendant women (2019), Impact of the Universal Scholarship on School Retention and Compliance with the Educational Cycle (2019), Rights of Afro-descendant women in Panama: a pending agenda (2018), important to note that it has received various recognitions by the United Nations System (UN), for the permanent work in defense of women's human rights.

Virginia Torres-Lista: Ph.D. in Psychiatry, member of the National Research System of Panama (SNI) and professor and researcher at the Santa María La Antigua Catholic University (USMA) and researcher at the Center for Scientific Research in Social Sciences (CENICS). In 2019, she obtained a training scholarship in human ethics, with UNESCO, to protect the rights of the most vulnerable people. She has 15 years of experience in the field of psychology at the clinical and research level. She has completed a scientific career in the field of psychological and behavioral symptoms of dementia (BPSD) and disturbances in activities of daily living (DLA). Currently, she has been working on different projects in the field of social sciences, such as: good health and well-being SDG 3 (Psychoeducational guide for children and adolescents: understanding cancer in the family); quality education SDG4 (The keys to success for quality education); gender equality SDG5 (Gender inequality in the participation of women in access to the popular; Peace, justice and strong institutions SDG 16 and Alliances for SDG17 goals, these two SDGs are being studied to analyze social behavior in COVID-19, and how institutions must be trained in infrastructure, technologies, information, and communication and research.

The content of this working paper is the sole responsibility of the researchers and does not necessarily represent the views of the institutions that support the project.

Project Title:

New diplomatic relations between Panama and China:
geopolitical and socioeconomic implications

Project Code:

SENACYT-FID-18-034

Panama Team:

Luis Carlos Herrera
Markelda Montenegro
Virginia Torres-Lista

London Team:

Chris Alden
Álvaro Méndez