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WORLD MARITIME UNIVERSITY
Malmö, Sweden

**A LEGAL ANALYSIS RELATED TO THE
IMPLEMENTATION OF THE NATIONAL
LOGISTICS STRATEGY 2030 OF PANAMA**

By

GUSTAVO ADOLFO MEJÍA JOVANÉ
Panama

A dissertation submitted to the World Maritime University in partial
Fulfillment of the requirements for the award of the degree of

MASTER OF SCIENCE
In
MARITIME AFFAIRS

(MARITIME LAW AND POLICY)

2018

DECLARATION

I certify that all material in this dissertation that is not my work has been identified, and that no material is included for which a degree has previously been conferred on me.

The contents of this dissertation reflect my own personal views, and are not necessarily endorse by the University.

Signature:



Date:

18/09/2018

Supervised by:


Professor Maria Carolina Romero Lares
World Maritime University

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First and foremost, I have to thank God for helping me again to conclude successfully another chapter in my life. This incredible experience is part of the path that is giving me the chance to expand my knowledge and contribute to the society in many positive ways.

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Lastly, but certainly not least important, this dissertation is dedicated to family. Their continuous support always motivated me to be better and achieve new goals.

ABSTRACT

Title of Dissertation: **A Legal Analysis Related to The Implementation of The National Logistics Strategy 2030 of Panama.**

Degree: **MSc**

This dissertation is a legal analysis of the National Logistics Strategy of Panama 2030 (NLSP) presented by the Logistics Cabinet of the Government of the Republic of Panama with the support of the Inter-American Development Bank (IDB). The public-private sector of Panama agreed to follow long-term goals until the year 2030, and achieve with that, the positioning of the country as one of the world's leading hubs in the global trade industry. By examining the legal regime that involves this national strategy, which was adopted through a national decree, including existing national laws, rules, regulations and previous national strategies related to the subject, this research gave the opportunity to highlight some challenges that need attention for the execution of goals contained in the strategy, and the elimination of barriers that make difficult the implementation.

The creation of the strategy put together 20 different strategic axes divided into 4 subsystems that involve entities with different competences one from the other. On the whole, the Logistics Cabinet has a huge responsibility considering the fact that it was in charge not only of the elaboration of the strategy, but also the execution of the same. In particular logistics activities have a significant impact in the country and has recently become more a national concern to take into consideration and for that reason the resources to execute the strategy should be unlimited.

The analysis of the national legal framework was composed of several laws that are the result from previous strategies created from different government entities allowing the determination of valid points. This dissertation explores the limitation of the Logistics Cabinet in their duties of being in charge of the execution the strategy and suggest measurements which can be identified from previous strategies related to the logistics sector in the country. The final goal of this research is to contribute to improving the competitiveness of the country and serve as an instrument to be considered when different national strategies are going to be elaborated, creating the way for further dissertations on these topics that link the transport sector in many ways.

Key words: Implementation of Strategy, Maritime Strategy, Logistics Strategy, Logistics Hub, Logistics Center, National Legal Framework, National Logistics Law.

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LIST OF ABBREVIATIONS

COEL	Logistics Business Council
ECLAC	Economic Commission for Latin America and the Caribbean
IDB	Inter-American Development Bank
LCP	Logistic Cabinet of Panama
LPI	Logistics Performance Index
NLSP	National Logistics Strategy of Panama 2030
NLP	National Logistic Plan of Cargo
PCA	Panama Canal Authority
PMA	Panama Maritime Authority
PM	Project of Integration and development of Mesoamerica
SDGs	Sustainable Development Goals

1. INTRODUCTION

The Logistics Cabinet of the Government of the Republic of Panama is one structure with administrative nature composed of a mix of national public authorities and state ministries. The Cabinet asked in 2016 the support of the Inter-American Development Bank (IDB) for the support to elaborate of the National Logistics Strategy of Panama 2030 (NLSP). This Strategy was presented in 2017 as the result of the consulting with the public-private sector; and there are specific objectives in the short, medium, and long term, following the next content (Government of Panama, 2017a):

“

- *Prioritize economic activities and possible diversification towards new activities that allow the best use of the competitive advantages of Panama.*
- *Identify the infrastructure and land requirements to make possible the National Logistics Strategy on a sustainable way until the year 2030.*
- *To recommend the institutional framework, the organizational structure, the processes and the necessary systems to formalize the function of strategic planning and competitive intelligence for the logistic sector, which corresponds to the impact that the logistics have on the national economy.”*

Following the public presentation to the private sector of the NLSP by the government of Panama, the strategy was adopted and implemented in the national legal framework through the Executive Decree 268 of April 10, 2018. This was an importance step taken by the national government looking to support the execution of

the strategy with the adequate legal protection against modifications and new regulations with matters that could impact the compliance of the strategy. For the purpose of this study is also relevant to consider that this legal analysis was based on a national law of one state, and for that reason the strategy has legal implications, which required appropriate overview in addition to objectives and goals.

1.1. Background

Since the beginning, Panama is historically a country that has served as a point of contact between states for multiples purposes and services, due to its strategic position in the world. The geographic location almost at the middle of the American Continent, plus 1,287.7 kilometers of coastline on the Caribbean Sea, and another 1,700.6 kilometers of sinuous coast in the Pacific Ocean, gave as a result a coastal zone of 2,988.3 kilometers that facilitate the exploitation of marine resources, and all kind of activities linked to the global trade through maritime shipping.

The idea of being considered as a logistic hub to support the international commerce took strength and started with the separation of Panama from Colombia in 1903 (Columbia, 2017); an agreement with the United States supported the opening of a waterway and the creation of what is known today as the Canal Zone of Panama (PCA, 2018). With the release of the interoceanic zone, the commerce changed drastically by offering a new possibility of routes to navigate and high performance in maritime traffic.

Panama does not stop with the development of the interoceanic zone, and today Panama has a well organized structure composed of different elements that are essential for a logistic hub, such as ports of multiservice in the Pacific and Atlantic (see Figure 1), international airports, special economic zones, railroads for cargo, and other connections that make possible the movement of the regional and foreign commerce (Georgia Tech Panama, 2017). These elements do not arrive suddenly

without planification. Attribution of that growth is given to the coordination of the Panama Maritime Authority (PMA), and the execution of national strategies proposed by different governments. The National Maritime Strategy of Panama (PMA, 2008) is one example of those policies which have merits considering that experts on different subjects were put together in one interinstitutional consultant group in charge of the planning and coordination of the development of the maritime sector.

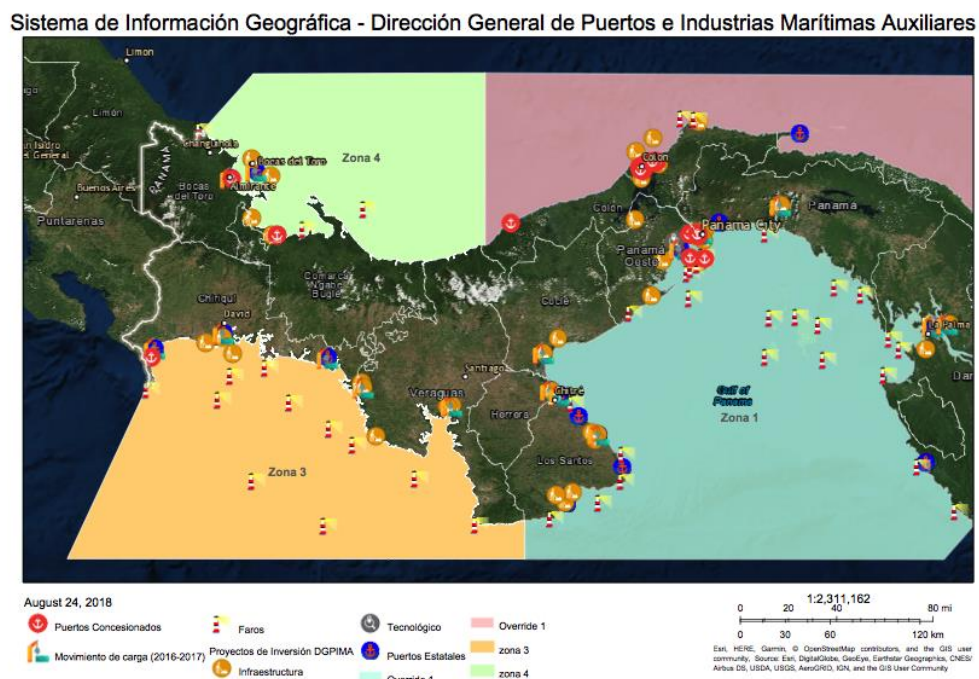


Figure 1: System of Geographic Information of Panama (PMA, 2018)

Currently, the Panama Canal Expansion released in 2016 is considered the most important resource of the country. Furthermore, studies of 2015 demonstrate that activities from the PCA contribute with 20% to the GDP of the country. Another 18% is coming from the maritime industry and the other 62% from logistics activities linked to the world trade ("Maritime industry helps", 2015). The best way to keep the continuous increase of the GDP taking advantage of the more than 13,000 ships that transit the canal per year (PCA, 2017), is through the permanent exchange of goods and services according to the requirements of the shipping market, the implementation

of new policies which offer value to the product, and opening the opportunity to stay active in the competitive market. In other words, is needed the active participation of public institutions, showing great coordination between the government entities. (Government of Panama, 2017a).

Panama goes forward with the good step of expanding the Panama Canal; however, the maritime industry suffers changes really fast depending on various sectors and decisions not limited to the maritime sector, such as demand and supply of goods, political issues in the country, globalization, environment policies, and others. An excellent example of political issues that suddenly affect the logistics sector was the decision of the current government to finish ties with Taiwan in favor of China, establishing diplomatic relationships and negotiation of free trade agreement (BBC, 2017). This decision will bring new opportunities in the logistics area but also challenges if the country is not ready to deal and negotiate with the world's leading merchandise exporter (WTO, 2016). Another decision, which is outside of the scope of the logistics sector and could generate positive impacts, is for example the recent definition of the maritime space of Panama (see Figure 2), 22 years later after the adoption of the United Nations Convention on the Law of the Sea (UNCLOS) (UN, 2013).

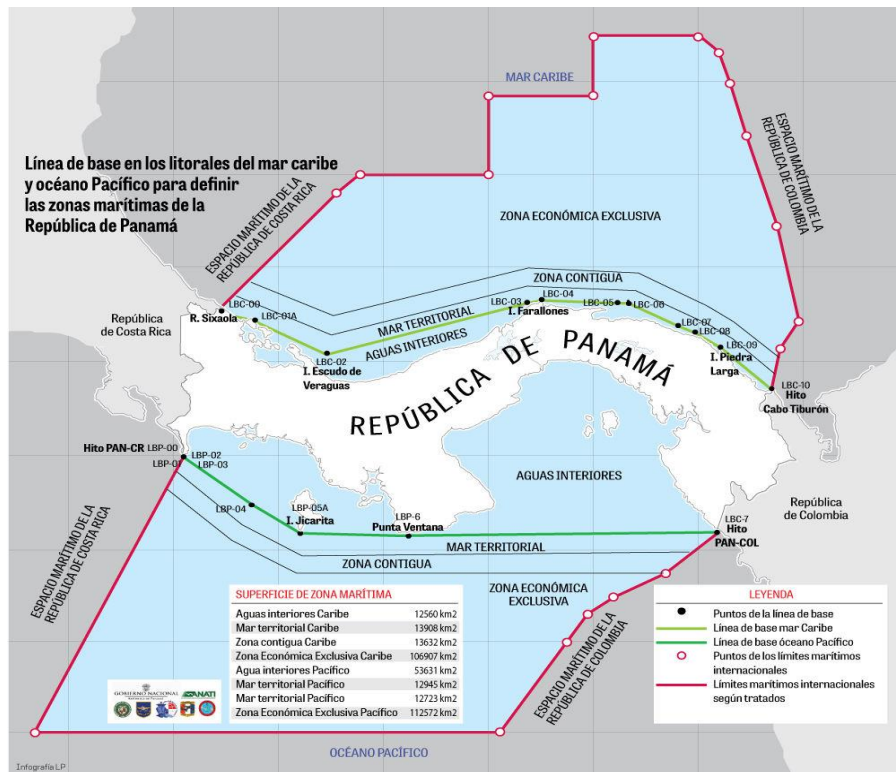


Figure 2: Maritime Exclusive Zone of Panama

The National Logistics Strategy of Panama (NLSP) was presented by the Logistics Cabinet of Panama (LCP) as a result of the consultation with the public-private sector to act according to the plan to follow and avoid sudden changes. The different goals contained in the NLSP are going to be executed in the same way as other logistics strategies in other countries like Paraguay (Government of Paraguay, 2014), Colombia (Government of Colombia, 2008) and Spain (Ministry of Development, 2013). Different Governments through the pass of the years, are going to work together with the support of the LCP, and the possibility of changes depending on the necessity still open considering the fact that covers long term goals until 2030. The Republic of Panama has a presidential election every five years according to the Article 177 of the national constitution, and this event will happen again in 2019, which means that there is a possibility of the change of government and new topics are going to be at the top of the agenda. Therefore, new agreements and unilateral decisions without considering

the public opinion should be avoided. The best option for the country is to follow the strategy according to the period of terms and focusing on compliance of objectives.

If considering the United Nations Sustainable Development Goals (SDGs) (UN, 2017) as Panama is a member of the UN, should help in cooperating actively. Therefore, some goals can be identified as an integrated part of the NLSP. By recognizing the stretch link that is present between logistics and economy, it should be emphasized that the execution of the NLSP benefit different goals by increasing the economy of the country (SDGs8), contributing with the construction of new infrastructure like ports (SDGs 9), making more sustainable the logistics activities (SDGs 11), and strengthening economic competitiveness (SDGs 12).

At the end, the effective execution of the NLSP will depend on the compromise between the different entities and authorities. Now that this strategy was adopted through a national law, the development of one national logistics law that is mentioned in the strategy can be the next step to follow in the execution in the NLSP. The LCP should play an important role with more resources of action and evaluate different policies that arise with new changes that are part of the current strategy.

1.2. Objectives

The Secretary-General of the IMO and Chancellor of the WMU, Mr. Kitack Lim, opened the Panama Maritime XIII celebrated in Panama City with the topic of IMO objectives for 2017, and during his presentation he mentioned the following (IMO, 2017):

“...our theme for this year is “connecting ships, ports and people” and we will be using it as an opportunity to highlight the value of integration in the maritime and logistics sectors – both from a policy and a practical perspective.

IMO's role as the global regulator of the shipping industry can enhance this integration as consistent, uniform regulation facilitates the free flow of commerce."

Following this statement, keeping in mind the importance of the integration of the logistics sector which involves maritime industries in many ways, the goal of this research is to present a legal analysis of the NLSP which will help to understand the limitation of the LCP and consider relevant actions to facilitate the execution of the strategy.

General Objective

- a. Determinate the different challenges of the Logistic Cabinet of Panama in relation to the execution of goals contained in the NLSP.

Specific objectives

- a. Present an overview of how previous national strategies in Panama address the execution of goals involving different national institutions.
- b. Explore the advantages and disadvantages of the elaboration of one National Logistic Law to support the execution of goals contained in the NLSP.

1.3.Statement of the Problem/Research Questions

According to the National Executive Decree 90 of 2012, the LCP has the primary goal of elaborating and executing master plan that will promote the country as a global trade center to the international community. This master plan is the NLSP which was adopted in Panama through the Executive Decree 268 of 10 April 2018. Nevertheless, the capacity to create and enforce new laws related to topic by the LCP is limited to its faculties as a political-administrative structure. Regarding this limitation, few questions are needed to be answered in this dissertation considering the objectives mentioned:

- a) Which are the limitations for the compliance of functions by the Logistic Cabinet of Panama?
- b) What are the possible shortcomings of Panama in relation to the creation of a National Logistic Law?

1.4. Research Methodology

This legal analysis will use the qualitative analysis method in order to achieve the objectives, and the following plan will be executed:

The first part of the legal analysis will be a description and review of the data that will be collected from documents concerning the implementation and enforcement of laws. The necessary literature research of previous national strategies and dissertation related to the subject of the formulation of national legislation and the adoption of policies will play an essential role in this research.

The position that Panama has in the sector is essential to identify in order to understand where they want to be in 2030, which is the deadline to achieve all the goals contained in the strategy. The general information on the status of the transport and logistics sector in Panama will be useful to have one idea of the importance of this topic in the country and the position that Panama has in the global trade. This information will be composed of primary and secondary sources found in books, conventions, journals, articles, reviews, reports, and national laws.

Second, in relation to the analysis of the NLSP, the description of the regulatory framework of Panama and information regarding the planning and results from other strategies will produce relevant answers, which will be collected, discussed and concluded in recommendations to facilitate the execution of goals contained in the NLSP.

1.5. Structure of the Research

This Research has been organized into the following six chapters.

Chapter one explains the background of the research, objectives, statement of the problems/research questions, methodology, and also the structure of the study.

Chapter two gives a literature review related to logistics in Panama, including definitions, characteristics of the Panama Logistic Hub, importance and benefit of the logistics sector in Panama, as well as factors that affect the effective implementation in the country.

Chapter three provides a comprehensive analysis of the legal regime involving the NLSP, considering the current regulatory framework in Panama. This chapter explains the constitutional faculty to create laws in the country, examines how the Logistics Cabinet was created, and explains how the NLSP was adopted.

Chapter four examines previous strategies in Panama regarding the maritime and logistics sector.

Chapter five considers the justification of the development of a National Logistics Law. It overviews the different challenges that could be present in the regulatory framework as well as the advantages and disadvantages that are present in the elaboration.

Chapter six contains the conclusion and recommendations, emphasizing the use of this dissertation for future research and improvement of the implementation of logistics regulatory frameworks in other countries.

2. LITERATURE REVIEW

The word logistics is very complex and in recent years has produced a significant impact on the international sector of demand and supply or business performance (Macharis, 2014). The Republic of Panama does not escape from this situation considering the rise of globalization and that service takes an important role in logistics and shipping companies with headquarters in the country. To Candemir and Çelebi this (2017) this globalization refers to the growing interdependence of states resulting from the increasing integration of trade, finance, people and ideas in one global marketplace. Globalization is inevitable in some cases and makes it necessary to take the correct decision to start the adaptability to the new situation and transform the one structure following the plan created (Kastratovic, Dragic, & Miletic, 2014).

The first appearance of the subject of logistics in the regulatory framework of Panama was in the National Maritime Strategy of 2004, created by the Panama Maritime Authority (PMA), which incorporates some topics that have a relationship between this particular matter and the maritime sector of the country. (PMA, 2004).

Since that moment, it is easily to find different documents and laws that have incorporated the expression logistics in Panama; nevertheless, no definition or meaning is giving to understand the complete sense of the word. This gap should be completed first by providing a document with a full description of what can be appreciated separately, ie logistics, strategy and national. The characteristics and the importance of logistics in Panama and the general requirements for effective execution of laws in the country should be outlined.

2.1. Definition of ‘Logistics’, ‘Strategy’ and ‘National’

The historical relationship between logistics and military activities is undeniable and well explained in the research of Duong (2016). Another aspect linked to financial matters is also expressed in the Merriam-Webster Online Dictionary which says that logistics “is the integration and management of the product value chain from suppliers to the customer. It includes all aspects of the chain and production, including design, suppliers, financing, information, energy, transportation, distribution, and sales” (Merriam-Webster Dictionary, 2018). A similar definition is mentioned in the research of Onyemejor by adding that logistics fulfills demand in terms of time, quality, quantity and cost (2015). A complete definition for the purpose of this dissertation is given as follows:

Total concept covering the planning and organizing of the supply and movement of materials/goods, etc from original sources through stages of production, assembly, packing, storage, handling and distribution to final consumer. Distribution is but one element of whole logistics concept and transport a single element only of physical distribution. (Lowe, 2002, p. 147).

The word strategy is defined as “a carefully developed plan or method for achieving a goal or the skill in developing and undertaking such a plan or method” (Merriam-Webster Dictionary, 2018). The same term was used by Tejada (1985) when he examined “Panama 2000: A Strategy for National Maritime Development” and explained that it was required a correct strategy to be efficient and effective at the moment of exploiting maritime resources. Nevertheless, in this dissertation, the term maritime change and logistics replace the word of the previous statements. Furthermore, the final part of the NLSP proposes aims that Duong (2016) summarized when says that efficient and reliable logistics enhance the productivity and competitiveness by reducing cost and wasted time.

In respect of national, for the purpose of this dissertation is given as an adjective defined as “of or relating to an entire country” (Merriam-Webster Dictionary, 2018). Another definition provided national as “relating to or typical of a whole country and its people, rather than to a part of that country or to other countries” (Cambridge Dictionary, 2018). Therefore, the scope of application of the NLSP is limited to the national territory and it is clear that it is operated by the government of Panama and its public institutions.

Considering the previous definition of ‘logistics’, ‘strategy’, and ‘national’ it can be defined by NLSP as the following:

The designed method in a short, medium and long-term to improve in Panama the activities that involves planning, services, and change of information regarding the supply and movement of materials/goods from the sources to the final destination which is the consumer.

2.2.Characteristics of the Logistics Hub in Panama

Aiken (2014) examined that there is not an exact definition of logistics hub, and sometimes this term is also logistics clusters. The definition given in Aiken’s research defines logistics center as the hub of a specific area where all the activities related to transport, logistics and proper distribution, both for national and international transit, are carried out on a commercial basis by various operations. Muñoz and Rivera (2010) acknowledges that some characteristics like location, industrial base, excellent infrastructure and efficiency in logistics activities are needed to offer a competitive advantage over other countries.

Panama serves as a point of reference to logistical hubs considering that the transport and logistics infrastructure is mainly concentrated in the environment of the Panama Canal cluster and has the natural advantage of the location in the middle of Latin America (UNCTAD, 2017). Other characteristics that offers competitive advantages and that Panama shares with one of the best logistics hubs located in Singapore is the economic and political stability (IMF, 2017). This economic and political stability is based on the fact that there are no civil wars or significant events occurring during the five years of the government and the use of the US dollar as the common currency.

The experience shows that Panama's most significant competitive edge is in the cluster export service activities. (Pagano, Light, Sánchez, Ungo, & Tapiero, 2012). The same opinion supporting this status of hub is given by Muñoz and Rivera (2010). Nevertheless, one of the conclusions expressed that Panama needs a plan and future actions to achieve the logistics hub and this is possible if the collaboration of the government through regulations and private investments are developing in the same way. A study by Eskilsson and Hansson (2010) established that some specific criteria are taking into account to selecting the location of a logistical hub like for example quality of infrastructure, border administration, corruption, closeness to other major markets and frequency of on-time shipments. Considering the previous criteria of infrastructure, the Logistics Performance Index (LPI) evaluated that the port infrastructure of Panama is ranked number 2 in the region showing a positive image of the capacity of the country and an excellent place to consider as a logistical hub (The World Bank, 2018).

2.3.Importance of Logistics in Panama

Chow, Chovy, Lee and Chan (2005) concluded their research explaining that a good logistics strategy is important for logistics service providers. The main reason for

this importance is because the owner of a company is always trying to succeed in making a profit at the same time that a high customer satisfaction level is received. Supporting the previous argument, Duong (2016) gives the same importance when he mentioned that efficient, reliable and responsible logistics systems are the sign of a healthy economy; therefore, the government that replaced the company in the previous idea should consider this as a national plan of development in a proper way. If taking into consideration the previous research, this dissertation is about a national strategy whose importance is bigger because it is not anymore one simple company.

Another factor that demonstrates that logistics has a relevant impact on the economy of Panama and takes importance is when the Logistics Performance Index (LPI) is verified, where Panama shows a good performance with a great competitiveness occupying place number one in Latin America and taking a place in the top-performing upper-middle-income economies table (The World Bank, 2018). According to Saby (2016), the objective of this LPI is deliberately political and has the goal to call the attention of government authorities and integrate logistics into their policy concerns. This political issue could have a positive result considering that international trade has an impact on shipping activities and increases as a percentage of national domestic activity, so the interactive effects of the productivity of national and international logistics increase (Serhat & Harun, 2011).

The World Bank also provides a good overview of the status of Panama by saying that it has the fastest growing economy which is supported by new opportunities for the private sector, such as transport and logistics, mining, financial services and tourism (The World Bank, 2018).

An additional factor that represents the importance of logistics in the country is the ranking of container port throughput provided by the Economic Commission for Latin America and the Caribbean (ECLAC) Maritime and Logistics Profile database, where Panama is located in the position number one and three in Latin America (see Figure

3), having two different ports, one in the Pacific and other in the Atlantic (ECLAC, 2018). According to the numbers of the ECLAC the movement of cargo and containers through these ports must be the result of the opportunities that create the different logistics services that Panama offers using in good form the strategic position around the interoceanic zone.



Figure 3: Ports Ranking in Latin America and the Caribbean (ECLAC, 2018)

The logistics sector has grown in Panama with rates that depend on the activity of the Panama Canal and the maritime transport. However, the educational options of logistics and supply chain are limited, and it is mainly located in the technical levels and postgraduate studies attended by a small number of the population (IFARHU, 2017). This is one of the most significant challenges that should be attended with the proper reforms to the education system to ensure that it is able to supply the current and future demand of workers (IMF, 2017). Despite this fact, the position of work opportunities, which is one of the best in Latin America, is maintained. It should be considered the fact that since 2011 this sector has provided more than 41 thousand

places of work (Quevedo, 2017). Further, Muñoz and Rivera (2010) argued that the Canal and adjacent industries provide 20.4% of the countries jobs.

2.4. General factors that affect the effective implementation of regulations

There are several causes of the problem of ineffective implementation and enforcement of maritime conventions, particularly in dualist states (IMO, 2017). Therefore, considering the similar condition of Panama, it is not strange that International Maritime Organization (IMO) conventions will be enforced without the consent of the legislator because the constitutional law establishes the obligation of its approval (UN, 2012). These problems could also apply to the implementation and enforcement of national strategies when there is no will from some of the national authorities.

Median, Barrot and Swiston (2012) examined the “Central America, Panama, and the Dominican Republic: Trade Integration and Economic Performance” and found impediments, such as no existence of harmonization of tariffs, complex and unharmonized regulations, inadequate infrastructure and logistics, and lack of coordination among customs administrations. These aspects, which are all related to customs and logistics in some points, play an essential part when one country is trying to attract the investment of external economies (Serhat & Harun, 2011).

The weak logistics is due to low levels of investment spending and maintenance and a lack of coordination between governments. Further, in this line of discussion a study by Chin-Shan and Chi-Chang (2012) determined that governments must take measures to simplify the customs clearance procedure, eliminate the corruption from their institutions, and avoid unnecessary regulations. Therefore, long-term policies are needed to address the changing governments every five years in order to strengthen the stability and the attraction for investment (Muñoz & Rivera, 2010). This weakness

is critical, so a strong a strong legislative and regulatory framework that should be established; this framework should be accessible and protected from any notorious change (Aiken, 2014).

In respect of making the implementation of regulations faster, Macharis (2014) explained that policy instruments are necessary to improve, and depending on the target, sturdy policies are going to motivate the market to follow the new rules. However, something in exchange is needed, for example good service or reduction of pollution. Without considering the cost, logistics inefficiency affects the whole production and exchange process (Savy, 2016). In addition to this improvement, a report provided by the World Bank with title “Connecting to Compete 2016: Trade Logistics in the Global Economy” qualified as positive to reform and implement good practices and policies which cause a direct impact on making the cross-border shipments more efficient and effective, for example the Single Customs policy in some areas. (The World Bank, 2016b).

3. LEGAL REGIME INVOLVING THE NATIONAL LOGISTICS STRATEGY 2030

The NLSP created by the Logistic Cabinet was adopted and implemented into the national legal framework of Panama. To understand the scope and legal implications that arrive with this adoption, this chapter addresses the legal regime involving the NLSP.

3.1. Brief overview of the Constitutional Framework in Panama

Panama proclaimed the separation from Colombia in November 3, 1903. Since that moment the national government started operations based on a constitutional democracy. Following the Latin American tendency, the first Constitution of Panama was promulgated in the year 1904, three months after the separation from Colombia. The provisional government in turn provided this first constitution inspired by Colombian laws, looking for the recognition and protection of individual rights that came with the establishment of the new Republican State. Nevertheless, the 1904 constitution was criticized by many persons because it confirmed Panama's status as a de facto protectorate of the United States, having reflected in the Article 136 of the same, one provision contained in the Hay-Bunau-Varilla Treaty which recognizes the status. The mentioned provision of the Article 136 allowed the possibility of intervention of the United States in any situation with the excuse of recovering the peace and constitutional order in Panama.

At the present time, the latest version of the constitution of Panama of 1972, which has removed any link with the United States, establishes as state form a presidential republic with the same democratic system of governance based on the three separate powers composed of the executive branch, the legislative branch, and the judicial branch. In a simple sense, the constitution of 1972 recognizes the faculty to create laws to the legislative branch; the faculty of enforcing laws to the executive branch; and the faculty of interpreting laws to the judicial branch.

In reality, the Constitutions of the Republic of Panama have not undergone major changes as far as this constitutional faculty to create, modify or repeals laws. The Table 1 summarizes the different articles in respect of the subject of elaboration of laws and shows the developments since the beginning of its republican history.

Table 1. National Constitution of 1972 with Amendments through 2004			
Branch	Title	Article	Text
Legislative	Title V	159	“Legislative functions of the Nation are vested in the National Assembly and consist in issuing laws necessary for the fulfillment of the purposes of the performance functions, of the State declared in this Consitution...”
Legislative/ Executive	Title V	159, Numeral 16	“To grant to the Executive Branch, when it so requests, and when the need exist, precise extraordinary powers that shall be exercised during the National Assambly recess by means of Decree Laws. ...”
Executive	Title VI	200, Numeral 7	“...Whereas the Legislative Branch has not issued a law or laws that contain the corresponding general norms, the Executive Branch may exercise these powers and will send to the Legislative Branch, copies of all the Decrees issued in exercise of this power.”

Judicial	Titlte VII	215	<p>“Article 215 Procedural laws that are approved shall be based, among others, on the following principles:</p> <ol style="list-style-type: none"> 1. Simplification of procedures, expeditiousness and absence of formalism; 2. The object of the procedure is to recognize the rights granted by substantive law.”

Having clarified the principles articles of the constitution that create the appropriate faculty to the three separate powers of the State for the elaboration of laws, it is important to mention that this constitution is also precise in the Article 165 where it is stated that laws shall be proposed by the following:

- a. Permanent committees or members of the National Assembly;
- b. Minister of State authorized by the Cabinet Council;
- c. The Supreme Court, Attorney General of the Republic, and Solicitor General of the Administration. This only happens when the subject of the law is related to enactment or amendment of national codes.
- d. Electoral Tribunal of the Republic on matters of its jurisdiction.
- e. Presidents of the Provincial Councils when authorized by the Provincial Council.

Finally, it is difficult to evaluate if this system works in a good way and there are different political factors that could influence the elaboration of laws by the different powers in Panama. Nevertheless, according to the Global Competitiveness Report, policy instability and government instability exist, and these are some of the factors that affect doing business in the country and the development of the logistics sector in consequence (see Figure 4). This is very critical when trying to consider that the legal protection should have one national law, for example it should have the purpose of guaranteeing one contract of construction of a national port and for the case of this

dissertation the execution of the strategy. However, this instability is not one of the highest priorities of the government of Panama as it has been stable if considering that they celebrate elections every 5 years without interruptions.

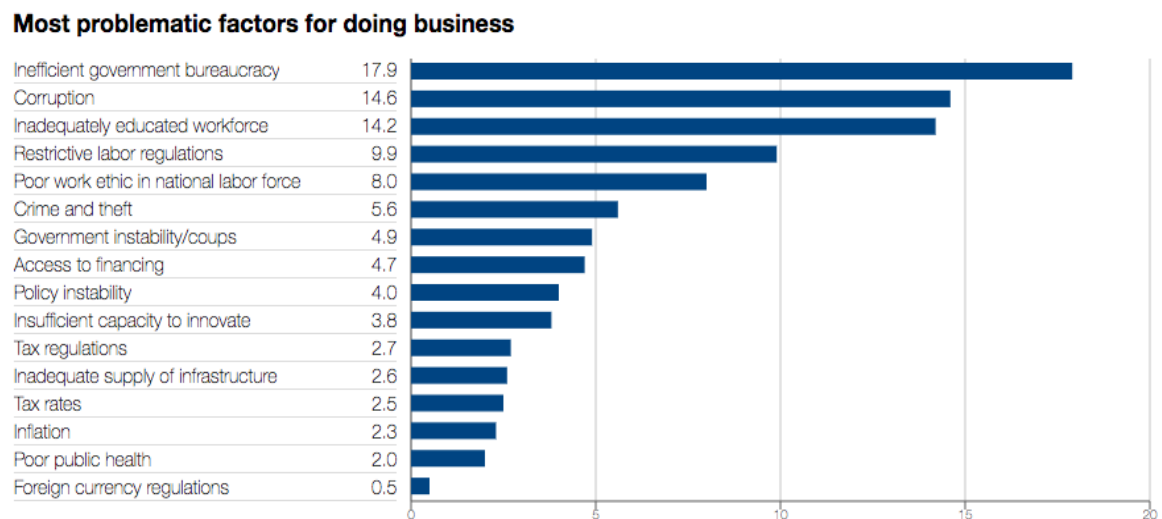


Figure 4: Global Competitiveness Index 2017-2018 edition (WEF, 2018)

3.2. Establishment of the Logistics Cabinet of Panama (LCP)

The government of Panama is aware that its geographical location offers the possibility to provide services to facilitate the exploitation of activities related to global commerce. Following the principle of the Article 195 of the national constitution where the distribution of the business can be done among the different Ministers of State according to its affinities. The Ministry of Commerce and Industries execute their faculties of coordination with other national authorities to create politics related to their competence; this was the result of the LCP implementation of the national legislation through the Executive Decree 90 of May 18, 2012. The Decree Law was signed by the President of Panama together with the Ministry of Commerce and Industries, and duly published in the Panama Official Gazette No. 27044-A of May 29, 2012.

The interinstitutional politic-administrative structure of the LCP has the principal objective of integrating programs of the different governmental institutions, coordinating with the private sector and executing a master plan that will promote the Republic of Panama as an international logistics center for the world trade. The dialogue and policy deliberations under the different bodies of the LCP allows a useful exchange of invaluable inputs that benefit the logistics industry and make the work of the policy-makers easy. A consequence of the continuous dialogue required the industry between the LCP and the private sector has resulted in the concentration of the main unions of the private sector in one body. The body which is called the Panama Logistics Business Council (COEL) and announced on February 6, 2012, consists of a total of 12 guilds. Currently, the Council has integrated 17 executive organizations that have active participation in the sector (COEL, 2017).

3.2.1. Composition of the Logistics Cabinet

The Logistics Cabinet is considered interinstitutional. At the beginning it was chaired by the Minister of Commerce and Industries, and composed of following authorities according to Article 2 of the Executive Decree 90:

- The Ministry of the Presidency;
- The Ministry of the Economy and Finance;
- The Ministry of Public Works;
- The Panama Canal Authority;
- The Panama Maritime Authority;
- The Civil Aviation Authority;
- The National Customs Authority;
- The Traffic and Transportation Authority;
- National Secretary of Science and Technology;
- The Secretariat of the Metro.
- Any other entity needed to be incorporate.

As can be seen from the last part of Article 2, the list of different national entities was not restrictive when dealing with the elaboration of the NLSP. Other national authorities, such as the Ministry of Foreign Affairs, Ministry of Housing and Land Management, the Colon Free Zone, and Tocumen SA, also collaborated during the five years that the implementation of the strategy takes (Government of Panama, 2016).

Depending on the attributions and competences, the different entities will participate in the four levels of the structure which, are the Executive, Coordination, Operative and Consultative (see Figure 5).

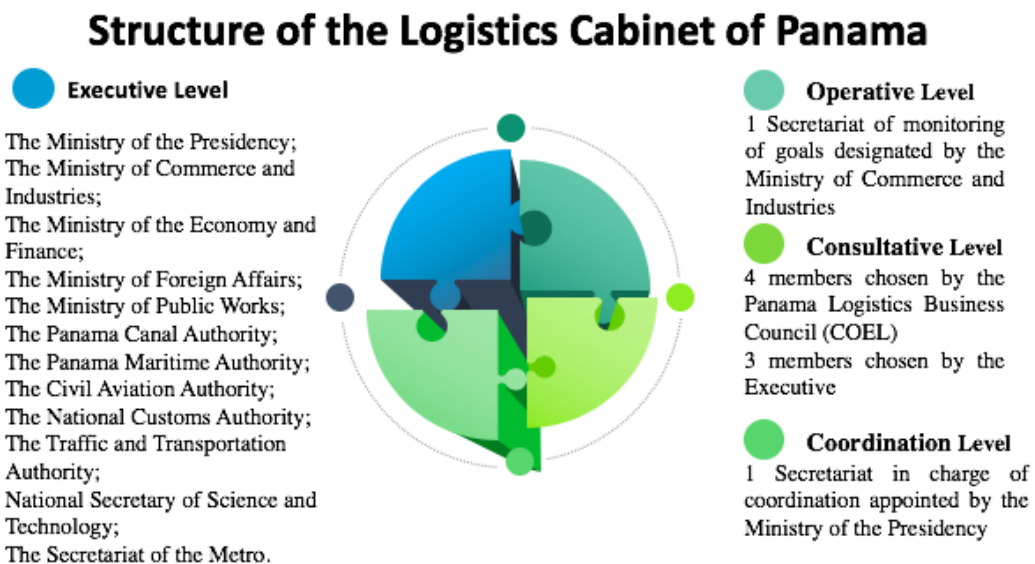


Figure 5: Structure of the Logistics Cabinet of Panama

3.2.2. Functions of the Logistics Cabinet

The functions of the Logistics Cabinet indicated by the Article 5 of the Executive Decree 90 are the following:

Receive or require the information needed for the elaboration of the Master Plan and Strategy of National Logistics Development from the different institutions,

Develop the plan, program and goals of the Master Plan and Strategy for the compliance of their objectives.

Coordinate the activities with the others governmental entities to unify the national policy related to the logistics subject.

Execute through decisions the priorities of the National Logistics Strategy.

Follow the process of execution of the plan, program and goals of the National Logistics Strategy, and propose changes if is required.

Consult with the different authorities, privates or publics for the elaboration of the National Logistics Strategy.

Participate in an ordinary meeting, one time every two months, to attend matters related to the Logistics Cabinet, and also extraordinary meetings when the need for evaluating relevant aspects is required.

From these functions of the Logistics Cabinet, it can be appreciated that their functions are not limited to the elaboration of the National Logistics Strategy but are followed up by the execution of the same, even with the possibility to propose changes when they consider the need. Starting with the fact that the NLSP has been implemented by an Executive Decree, to evaluate the change of the strategy means another legal act that will modify the content in different matters.

3.2.3. Coordinator of the Logistics Cabinet

After two years of the creation of the Logistics Cabinet, the Ministry of the Presidency, used the constitutional faculties to subrogate the Decree that created the Logistics Cabinet through the Executive Decree 881 of November 14, 2014. Within the main updates of the matter was included the incorporation of the Ministry of Foreign Affairs to the Cabinet, the establishment of the Ministry of Government as the

new chair of the Cabinet, and the designation of one coordinator by the Ministry of the Presidency to act as the secretariat of the Logistics Cabinet. The mentioned coordinator will have the role of controlling the agenda of the Logistics Cabinet, preparing the documents of the meetings and coordinating with other members, and other responsibilities.

3.3. Adoption of the National Logistics Strategy 2030

After five years of the creation of the Logistics Cabinet, the National Logistics Strategy 2030 was finally delivered and implemented in the Panama regulatory framework through the Executive Decree 268 of April 10, 2018. The Decree was duly signed on this occasion by the minister of the presidency and the president of the republic and was published in the Official Gazette No. 28502-C of April 11, 2018.

The adoption of this Executive Decree has the purpose of addressing the logistics demand generated from the international users, domestic consumption, and foreign trade; creating optimal conditions for sustainable development, and the improvement of Panama as a global trade center.

The president of the COEL and member of the Consultative Council of the Logistics Cabinet, indicated that the Logistics Strategy is a roadmap until 2030, and future administrations should consider giving the appropriate attention to know about the importance that the continuity of the framework contained in the strategy (Government of Panama, 2018).

The NLSP is divided into different subsystems, all of which have different goals and areas of development by different entities of the government in charge of handling the responsibility. The four subsystems are the following:

- a. Central Hub interoceanic zone. Composed by 7 different strategic axes which try to promote and develop a comprehensive competitiveness strategy in the Interoceanic Zone.
- b. National logistics integration. Composed by 5 different strategic axes which try to expand the effects of the strategic logistics development to the whole national territory.
- c. Logistics for foreign trade. Composed by 3 different strategic axes which enhance the logistics foreign trade as a base of activity and business.
- d. Consensus and institutionality. Composed by 5 different strategic axes which try to strength the institutionally, organization, and formatively of Panama, in order to consolidate a public-private partnership for logistics.

3.3.1. Participation of Inter-American Development Bank (IDB)

The idea of Panama as Logistics Hub has been supported over the last 50 years by the IDB through the consultative partnership and technical assistance to improve the institutional capacities and knowledge of the government. On the other hand, more than US \$4,426 million of loans have been approved for the public sector and another US \$107 million of non-reimbursable for technical cooperation (IDB, 2013).

The IDB has the goal to improve life and development in Latin America and the Caribbean across the long-term financing support. The IDB has also taken also some opportunities to conducts research and to provide policy advice. That is the main reason of why this bank has an active participation on the different social programs in Panama and not only in the logistics sector. One example was the support for the elaboration of the NLSP.

For the purpose of the elaboration of the NLSP the Panama Government requested the support of the IDB, and the answer was positive giving a non-reimbursable loan of US \$407 thousands of for technical cooperation. The IDB is aware of the relevance of

having the logistics sector in the region and the percent that logistics activities impact in the economy of Panama (CNN, 2016).

Recently, the IDB is one of the best allies from Panama and has a pocket of US \$600 million to continue the support on different projects related to the logistics sector in the Panama (Katiuska, 2018). The improvement of the customs system through the use of new technology and integration of logistics is essential in the region, and for that reason US \$400 million is already separated to upgrade the logistics sector and social programs in Panama such as the construction of new roads and innovative infrastructure (see Figure 6). The modernization of the customs system helps to reduce customs processing times for merchandise and facilitates the exchange of goods on national ports, making the logistics hub more attractive for the efficient and effective service.



Figure 6: Mesoamerican Integration Corridor (CMI) (PM, 2018)

4. GENERAL DISCUSSION ON STRATEGIES IN PANAMA

The creation of national strategies follows the main proposal to have a formal plan to achieve specific goals in one country. This technique is already used in Panama with different areas that have significant impact in the maritime sector. The recognition of something that is needed to be improved is the first necessary step to take in advance to have the possibility of evaluating the way to follow.

Given the fact that Panama is developing a lot of strategies on different subjects, it is important to identify the strategies mentioned in the NLSP and others with same topic in common. Through the analysis of results of the previous strategies related to the logistics sector in general, it must be determined if the LCP has all the capacities to act for a specific situation, and if the process of execution can be improved.

4.1. National Maritime Strategy 2004

The first strategy related to the topic of logistics was the National Maritime Strategy of 2004 which was adopted to the national legislation through Cabinet Resolution 3 of January 28, 2004. The Cabinet Resolution was signed by all the members of the Cabinet Council of Panama and duly published in the Panama Official Gazette No.24979 of March 2, 2014. The strategy was elaborated by the Panama Maritime Authority, giving compliance of the Article 4 of the Decree Law 7 of

February 10, 1998. This led to the PMA establishing among the functions to propose, coordinate and execute the National Maritime Strategy; recommend policies and actions; execute administrative acts, and to enforce legal and statutory regulations to the Maritime Sector. For the elaboration of the strategy it is also important to consider the diverse entities with related competence in the maritime space such as the Panama Canal Authority, the National Authority of Environment, the Authority of the Interoceanic Region, and the Panamanian Institute of Tourism.

The vision of this strategy was as follows: “Panama, world leader in activities and services of commerce, transport and logistics, industry and maritime traffic, to maximize the growth and sustainable economic development of the country.” However, no definition of logistics was giving at that moment after the establishment of the vision to help with a better understanding of the complete sense of logistics.

The National Maritime Strategy 2004 was divided into two different strategic objectives after the analysis of components of the national maritime sector, all of them with specific areas of responsibility giving the number of 16 goals. The strategic objectives were the following:

- Promote and maintain competitiveness in institutions and companies that are part of the activities of trade, transport and logistics, and industry and maritime traffic.
- Support the growth and sustainable socio-economic development of the country through the strengthening and full use of its maritime conglomerate in an environment that promotes free enterprise and a competitive market.

Following the publication of this strategy, it is important to appreciate that some changes were the results of the execution of the different goals contained on the strategic objectives, which are worth mentioning.

First, the creation of several national institutions linked to the development of the maritime sector such as

- a. The Panamanian Food Safety Authority created by the Decree Law 11 of February 22, 2006. Through this Decree law the authority will have the faculty to act as the lead agency of the State to ensure the compliance and enforcement of laws and regulations regarding security introduction of food to the national territory.
- b. The Marine and Coastal Resources Authority created by the Law 44 of November 23, 2006. This authority acts as governing body of the State to ensure compliance and application of laws and regulations on water resources and national fisheries and agricultural policies adopted by the executive branch. Nevertheless, it will be represented before the executive branch by the Ministry of Agricultural Development.
- c. The National Customs Authority created by the Decree Law 1 of February 13, 2008. This Decree law regulates the exercise of customs control, legal relations between the National Customs Authority and all intermediaries involved in the customs activity.
- d. The National Migration Service created by the Decree Law 3 of February 22, 2008. This Decree regulates the movement of immigrants and departures of national and foreigners and the migratory career, without prejudice of the provisions of the international conventions and integration agreements. This National Migration Services was formed as a security institution with public and administrative management, attached to the Ministry of Government.
- e. The Tourism Authority of Panama created by the Decree Law 4 of February 27, 2008. The creation of this entity allows it to develop the sector, promote and regulate tourism as an activity of national priority interest, protect the national tourism resources, and it also aims develop policies applicable to the tourism master plan which includes the promotion, facilitation, coordination and participation of all the intermediaries in the tourism activity.

Second, the International Maritime University of Panama was created through the Law 40 of December 1, 2005. The University was established with its own autonomy, legal personality and resources with the right to administer it and with faculty to organize its plans and programs of study.

Third, the update of national maritime regulations and standards, should be in accordance with other international laws and conventions adopted in the national framework as follows:

- a. The reform of the Book II of the Commercial Code of Panama to create a separated National Maritime Commerce Law through the Law 55 of August 6, 2008.
- b. The elaboration of law to establish the rules which should govern the operation of ports and maritime facilities, the use of any property awarded under concession, and the provision of maritime services, through the Law 56 of August 6, 2008. These rules are going to be enforced by the PMA.
- c. The creation of the marine merchant law that facilitate the administrative and legal process, create incentives of loyalty and new construction of vessels to register of ships, through the Law 57 of August 6, 2008. The PMA is the national authority in charge of regulating the marine merchant activities in all the territory of Panama.
- d. The elaboration of the rules to grant the different licenses for auxiliary maritime services operations, through the Resolution JD 27 of January 21, 2008. The Directorate General of Ports and Maritime Ancillary Industries of the PMA will be in charge of grant the licenses and comply with the function of expanding and maintain public ports and infrastructure and provide the navigational facilities.

Fourth, the constitutional protection of the maritime strategy established in the Article 317 of the national constitution, which makes the inclusion of the PCA and all those institutions and authorities of the Republic linked to the maritime sector. The

legislative act 1 of 2004 makes the reform which includes Article 317 and can be found duly published in the Panama Official Gazette No.25176 of November 15, 2004. It is Important to notice that the referendum for the expansion of the Panama Canal was two years later in 2006.

4.2.National Maritime Strategy 2009

The second strategy related to the topic of logistics was the new version of the National Maritime Strategy of 2008 which was adopted to the national framework through Resolution JD 55 of September 18, 2008. Different from the previous version, this resolution was signed by the president of the directive board of the PMA and the secretary, and duly published in the Panama Official Gazette No.26319 of July 8, 2009. Article 18 of the Decree Law 7 of February 10, 1998, establishes that it corresponds to the Board of Directors of the PMA, to adopt administrative, scientific and technological policies that promote and assures the competitiveness and profitability of the maritime sector, and the development of the human resources; likewise to structure, regulate, determine, set, alter, impose fees and rights of the services provided. Therefore, the Board of Directors of the PMA has the faculty to issues new updates of the maritime strategy through the resolution approved by the board. Nevertheless, one Resolution from the board cannot leaves without effect, namely a Resolution issued by the Council Cabinet. For that reason, the new version of the maritime strategy was adopted in the national framework through Cabinet Resolution 79 of June 24, 2009. The Cabinet Resolution was signed by all the members of the Cabinet Council of Panama and duly published in the Panama Official Gazette No.26312 of June 26, 2009.

The vision of this strategy was “Panama in an integrated center of competitive maritime and logistics services of excellence at the service of the merchant marine, ports, auxiliary maritime industry, export and import of goods, airports,

communications, rail transport, highways, cargo transport, marine resources and agro-industries, developing activities that generate added value to these sectors and to national and international trade ".

Different from the previous version, this strategy was divided into the following six strategic objectives with the guidelines to follow in the following years to make Panama a place where all the cargoes, ships and passengers of the world converge:

- To promote the socio-economic growth of Panama, through the strengthening and sustainable development of the maritime, logistics and economic conglomerate that make it up.
- Consolidate Panama as the main maritime and logistics platform of the Americas in the service of international trade.
- Guarantee processes based on excellence and effective communication between public and private members of the maritime and logistics conglomerate.
- Develop the human capital that guarantees the sustainable growth of the maritime and logistics sector of the country.
- Encourage safe trade through intelligence systems and compliance with international standards and inter-institutional protection and security agreements.
- Guarantee environmental sustainability in the development of maritime, logistics and supply chain activities.

Following the publication of this strategy, it is important to appreciate also the results that can be highlighted of the execution of the different goals contained in the strategic objectives, which is worth mentioning.

First, the update of national maritime regulations and standards, should be in accordance with other international laws and celebrated contracts in accordance the national framework such as:

- a. The elaboration of a law to reform the rules of maritime processes in courts, through the Law 12 of January 23, 2009. These rules are going to be enforced by the maritime courts of the country.
- b. The establishment of the Cold Chain Secretariat through the Law 28 of June 8, 2010. The Secretariat, which is attached to the Ministry of the Presidency, is in charge of the maintenance of the cold chain system that seeks to reduce losses in the post-harvest process and product commercialization. However, their duties are limited to self-supply, it is necessary to extend the scope of the standard competences to act in export chains.
- c. The creation of the LCP through the Executive Decree 90 of May 18, 2012. The creation of this administrative body allows the integration of programs of the different governmental institutions to coordinate with the private sector; and execute a master plan that will promote the Republic of Panama as an international logistics center for world trade center.
- d. The implementation of the National Law 2 of February 10, 2015, which approved the Contract A-2005-2014 of October 28, 2014, celebrated by PSA Panama International Terminal, S.A. and the State represented by the PMA administrator, and for the development and construction of one container terminal.

4.3.National Logistic Plan of Cargo (NLP)

The National Logistics Plan of Cargo is a relevant a document elaborated in 2014 that contributes to the purposes of the NLSP in different ways. It was the result of the technical support given by the IDB to the LCP, with the participation of the Ministry of Commerce and Industries of Panama (IDB, 2014). As a consequence of different

meetings from countries of the Mesoamerican region, cargo logistics was established as a critical factor to reduce tariff barriers, which contribute to increasing profits and the performance of activities related to logistics. Before any country Mesoamerica finished their plan as a compromise of the project, Panama delivered the NLP with the recognition of the importance that has the Logistics Services Hub of Added Value of the Canal conglomerate, Logistics supporting the Agricultural Sector, and Logistics supporting Regional Trade.

The idea of the elaboration of this plan beginning from the Project of Integration and Development of Mesoamerica (PM) which enhances the cooperation between the countries of the region and improves the effective development of projects that impact the society with infrastructure, interconnectivity and capacity building (PM, 2018). This project generated other results like the action plans on Short Sea Shipping Distance (SSS) where the PMA has participation, and the creation of the Mesoamerican Subregional Observatory Freight Transport and Logistics.

Despite de fact that this plan was developed to improve the logistics sector of the country, after a careful evaluation of the previous maritime strategies and the NLSP, it can be noticed that this plan was not implemented in the national framework of the country in any way. It only serves as a consultative document which helps for the elaboration of the NLSP in some ways like the establishment of the definition of strategic mission, the vision, and the classification of three logistics subsystems. The first one: of the Hub of logistics services of value added to the Panama Canal, the second one: the logistics of support to the agricultural sector; and the third one: the logistics support to the regional commerce. Everything indicates that this plan was elaborated to comply like other countries, with the obligations of the Mesoamerican group; however, at the end it contributes in a positive way for establishment of the pillars of the NLSP.

5. EXECUTION OF THE NATIONAL LOGISTICS STRATEGY 2030.

In the previous chapter, the different results from the previous strategies related to logistics were highlighted. The adoption of the NLSP into the Panamanian national network fulfilled the lack of legislative policy and strategy to follow the development of the country as a global trade center or hub. The different results highlighted indicate that one national logistic law can be justifiable bringing to life one national authority reducing the limitation of the LCP to complete their duties and extend their areas of responsibilities.

5.1.National Logistic Law

Similar to other national laws, the National Logistics Law must be adopted to the national regulatory framework with one national law or decree law, following the rules that establish the Article 159 and subsequently of the national constitution of Panama.

5.1.1. Justification

To become a logistics hub for world trade activities, the government of Panama should learn from previous experiences and allow the execution of long-term strategies that follow policies that facilitate the investment and logistics process through coherent and systematic regulations that will generate competitiveness as a result (Yossi, 2010).

The strategic axis 4.3 of the NLSP is based in the modernization of the regulatory framework of Panama. According to this axis Panama has a strong regulatory framework on maritime issues including the Canal (with constitutional range), so it

corresponds to the appropriate regulations focusing especially on the issues related to the logistics sector. By appropriate regulation is meant a national logistics law, with a coordinator with the rank capable of regulating the activity in all the country and deal with issues such as rising costs in the sector, noncompliance of good practices, and others claims related to the logistics activities. The reinforcement of the LCP is contemplated in the mentioned strategic axis, in a short-term period corresponding to the time remaining for the current period of the Government of Panama, until approximately July 2019. The reinforcement could grant legal personality, its own assets, autonomy in its internal regime, and jurisdiction throughout the Republic of Panama. The reinforcement of personality is not strange in Colombia, which has the well-structured institution which has the name of National Planning Department with responsibility of establish different policies related to economy that impact the economy of the country in many ways (Government of Colombia, 2018).

5.1.2. Advantages

Following that step of upgrading the status of LCP to for example a national authority, it is important to appreciate the previous similar situations that implemented the creation of a national authority and brought additional dispositions of a national law that are worth to mentioning as advantages:

- Unique competence as the supreme authority to handle activities related to the logistics sector in all the territory. This independence opens the opportunity to go after investment outside of the country more accessible agreements of technical cooperation
- Extension of the function of the authority with general and specific duties
- Establishment of the organic structure of the authority giving more capacity to the different bodies that are part of the current structure of the LCP
- Faculty to establish their own internal regimen that will apply to the employees of the authority

- Independent patrimony of the authority composed in majority of the resources assigned in the general budget of the State of each fiscal year and the different income coming from the logistics activities that are going to be collected by the authority and justifiable by national law and regulations. Based on the general budget of the State, the different between one entity and other can be huge. The PMA for example has more than US \$224 million for fiscal year 2018, on the other hand, the Panamanian Food Safety Authority only have US \$8 million.
- Establishment of the administrative procedure to act in accordance to processes regulated by the authority and international principle of due process
- Optimization of the quality of logistics services through their accreditation or recognition in accordance with national regulations and standards
- Establishment of a process to issue licenses that recognize the compliance of standards regulated by the LCPs
- The establishment of a Code of Conduct to provide greater confidence and transparency to the international sector. This demonstrates that Panama is pushing forward to respect the good service and the international community can trust in their capacities.
- The establishment of one Ethical Board to receive complaints and also issue sanctions to companies or persons which noncompliance properly with the Code of Conduct. Between the different sanctions could apply depending of the situation and severity suspensions, withdrawal, fines, and prohibition of practice the service of logistics.
- Elimination of obsolete and no longer appropriate regulations from regulations that are related to the logistics sector.
- The opportunity to be in charge of reviewing the programs of studies of the universities that have careers related to business of logistics, and to cover the demand of knowledge and persons needed in the industry.

5.1.3. Disadvantages

- The creation of a National Logistics Law should follow the proposal of facilitating the activity and no to create regulatory barriers that generate conflict with other jurisdictions. It is important to notice that the logistics sector is very complex and sometimes requires the adoption of standards very fast (Colicchia, Marchet, Melacini, & Perotti, 2013)
- The creation of one national authority could also generated more bureaucracy procedure and corruption considering the fact that it will have an administrative structure with more persons than the current division (Mikuriya, 2017). In a simple sense, the elimination of papers and the automation of process can avoid the human error and the possibility to break the system with immoral habits.
- Conflict with other jurisdictions and coordination between different entities. The area of competence that creates this new legislation should be clear at the moment of establishing the competences to avoid confusion and overpower of acts.
- Failure due to lack of experience or leadership.

6. CONCLUSION AND RECOMMENDATIONS

6.1. Conclusion

In conclusion, this dissertation faces the topic of implementation of the National Logistics Strategy of Panama 2030 and highlights the challenges that the Logistics Cabinet of Panama have to executive their goals. Based on the literature review, the importance that is taking the subject of logistics has in the country of Panama is increasing and for that reason the strategy was developed as a solution to the complicated coordination that resulted when you are dealing with different entities that have competences in areas related to logistics, and which need to be focus on to achieve a common goal.

After the analysis of the legal regime that involved the National Logistics Strategy 2030, it is understandable that the Logistics Cabinet of Panama serves as a coordinator to promote the dialogue between the public-private entities that are part of their politic-administrative structure, and on the other hand, an important role of following the process of execution strategy. However, the limitation that is appreciated is if mainly that they do not have the constitutional faculty of create, modify, or eliminate a law or decree law that facilitates the promotion of the country as a global trade center, even if there is a possibility to have a representation in the board of discussion of the Cabinet Council of the Country. It is good to be preside by the Ministry of Government but that also generate more difficulties to approach the goals contained in the National Logistics Strategy. Afterwards, the analysis of results of previous strategies related to logistics gave us the opinion that the current government should seriously demonstrate

seriously the compliance of the strategy and set the compromise with all the goals by taking the decision of the creation of the National Logistics Authority. Not different from other national regulatory framework, the new legislation brings a good shortcoming from regulating the logistics activity. For that reason, they need to justify the positive results that are going to arrive with the new piece of legislation. The unification of different legislation that are currently part of the regulatory framework of the country is essential. There is not enough time to lose for the reinforcement of the Logistics Cabinet, considering that it is a short-term objective that should be complied with before the change of government of the State, just like it is established in the strategy. The agreement of regulations that incorporates new competitive advantages through the use of technology is good looking for the global trade considering that this activity is international. The government of Panama should consider that fact to advance faster and making more accessible the request of documents and information.

Finally, the different disadvantage that accompany a National Logistic Law can be avoided with effective coordination between the different entities that are related to logistics activities. The transparency of the LCP will play an importance part to develop the sector and implement the use of technology to share information which is essential in the incoming days. The transparency and use of technology support the solution of eliminating the corruption of the system and the simplifying the procedures that arrive with the administrative bureaucracy. The number of obligations regarding international standards around the world, is growing, and creation of the national logistics authority to face these changes and be in charge of implementing the good ones, benefits all the people who have interest in the logistics activities; in other words, the increase of the economy of the country. This study has one main limitation, which should be mentioned. The number of public logistics entities separated from the Ministry of Commerce or Transport is limited around the world.

6.2.Recommendations

Having clear the conclusions of this research, the following recommendations have been considered in order to bring possible solutions to execution of the NLSP:

- a. The LCP should start the organization of seminars to discuss the preparation of the national logistics law. The public-private entities that have competences should have an active participation, looking to avoid the slow progress that bring the incoming public elections and change of government in 2019.
- b. The LCP should be aware of the discouragement that occurs when the change of government is about to arrive and the taking of position of the new entities in power may delay the execution of the logistics strategy. Considering that aspect a deadline planning of the goals should be done with specific dates, to avoid the noncompliance of the establish periods of execution.
- c. The LCP should collaborate with the COEL to start the discussion of logistics operations by implementing a Green Supply Chain Management Practices. This is more important because it will contribute specifically to promoting the good reputation not only as a logistics hub, but also as a country taking care of the consequences of pollution, by reducing the environmental burden of the supply chain.

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