

**Voluntary Report** – Voluntary - Public Distribution

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**Report Name:** Panama Establishes Food Price Controls After a Month of Protests

**Country:** Panama

**Post:** Panama City

**Report Category:** Agricultural Situation, Agriculture in the News

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**Report Highlights:**

In response to widespread protests and road closures, in recent days, Panama established a series of price ceilings, profit margin controls, and subsidies that affect consumers goods. These include ceiling on the gross profit margin on 11 imported food products; retail price cap for 18 food products (imported and local); as well as subsidies for 36 locally produced food products, considered necessary for consumers, reflecting complaints that Panamanians could no longer afford basic goods. These measures have been established for a period of 6 months (extendable), with the objective of addressing social unrest.

On late June, socio-economic protests began in Panama due to the increased costs of fuel, food, medicines, and energy affected by inflation. Long-simmering concerns related to inequality and corruption also played a role. In July these protests increased causing a 27-days strike of the teachers

with public schools closed, and main road closures throughout the country by construction workers, indigenous groups, teachers' unions, and cargo carriers, which produced a great shortage of food, fuel, and basic goods such as oxygen for hospitals in some provinces. In an attempt to resolve the situation, a dialogue between the Government of Panama's (GoP) executive branch and protesters convened with the Panamanian Catholic Church as a facilitator. The dialog addressed eight topics, including the reduction of fuel prices, subsidies on basic food staples, increase of the public education budget (targeting 6% of the annual government budget--about\$27 million), among others.

On July 24, participants came to an agreement on food subsidies, adding another 50 products to the list of subsidized items and bringing the total of such items to 72, which includes 7 personal hygiene and cleaning items. On July 27, the GoP agreed to apply a national fuel subsidy that will cap the gas price at \$3.25. Additionally, the GoP eliminated import tariffs on items in the basic food basket and on several personal products for six months (extendable), to further assuage protestors' concerns about the high cost of living, reflecting complaints that Panamanians could no longer afford basic goods. The GoP estimates that the price controls will lower the cost of the basic food basket by around \$80 per month, from \$286.92 in June. The GoP did not disclose how it would fund the subsidies or reimburse agricultural producers and vendors.

The GoP established a series of price ceilings, profit margin controls, and subsidies that affect 65 food products. These include a ceiling on the gross profit margin on 11 imported food products; a retail price cap for 18 food products (imported and local); as well as subsidies for 36 locally produced food products, named "Panama Products" (created by [Executive Decree No. 17 of July 26, 2022](#)), considered necessary for consumers, through the Agricultural Marketing Institute (IMA) stores located in the areas of greatest poverty in the country, and in the mom-and-pop's and mini-supermarkets in the indigenous regions.

In response to several of these measures, 150 associations of the private sector, which includes retailers, importers, distributors, food industry, and agricultural producers, formed a "Great National Alliance for Panama," seeking a seat at the national negotiating table. The local food industry and agricultural producers complain that the price cap does not cover the cost of production, with high prices for agricultural inputs (as a result of supply chain disruptions and the Russian invasion of Ukraine) and therefore many have chosen to stop producing foods with price controls. Some examples of products starting to disappear include milled rice of Premier quality, Frankfurter sausages and white "michita" bread.

### **Food products subject to Price Controls Regulations at retail:**

It is important to note that several price controls were established on July 1, 2014, as an "emergency measure" and have been extended every 6 months since then.

On December 30, 2021 the GoP continued this measure through Executive Decree [No. 102 of December 30, 2021](#), which established food products under price control, with description, prices in

supermarkets, routes and maximum sale prices, and gross marketing margin. Most of them are applicable to domestic products only. However, the price controls apply for locally processed food products that use U.S. raw materials such as: milk powder, white bread loaf, “American type” cheese and sausages.

On July 13, 2022, in response to the protests, the GoP established [Executive Decree No. 13](#), which included 10 new food products under price control, with a total of 18 products, as follows:

Products and description	Maximum price Retail sales per Pound	Maximum price Retail sales per Kilogram	Gross profit margin on retail marketing cost
T- Bone Steak	\$2.55	\$5.62	N.A.
Rump Skirt beef	\$2.99	\$6.60	
Ground Beef (excludes the special, Kosher, and low fat)	\$2.15	\$4.74	
Whole Chicken of Panama (with legs and head)	\$1.18	\$2.60	
Milled Rice Premier quality (for all presentation)	\$0.40	\$0.88	
Lentils quality grade 2 or lower	\$0.81	\$1.79	15%
Vegetable Oil national or imported (from palm or soy) in container of 1.42 liters to 1.5 liters	\$3.74		15%
Macaroni (Spaghetti, in packaging of 425-454 grams; excludes gauges other than 3 to 5, whole wheat, and with flavors of carrots, spinach)	\$0.63	N.A.	15%
Elbows pasta 454 grams	\$0.69	N.A.	15%
Tuna in water, chunks, can of 170 grams	\$1.31	N.A.	15%
Sardines in non-spicy tomato sauce, can 155 grams	\$0.51	N.A.	15%
Products and description	Maximum price Retail sales per Pound	Maximum price Retail sales per Kilogram	Gross profit margin on retail marketing

			cost
Milk Powder (whole, instant, in any container with 345-400 grams) Excluded Dairy products, Growth milk and/or Infant Formulas)		\$3.76	15%
White Bread Loaf in package of 14-18 ounces (Excludes: with whole grain, oats, rye, multigrain, egg, milk, butter, raisins, or light)		\$0.92	15%
White "michita" bread	\$1.40	\$3.08	N.A.
Pasteurized Process "American" Cheese (for all varieties of curds) Excludes: light, with pepper, with bacon and others)	N.A.	N.A.	N.A.
- Containing less than 65% of curd (sales price by weight of block)	\$3.00	\$6.61	N.A.
- Containing less than 65% of curd (price for single slice)		\$0.10	N.A.
National mortadella with pepper packed in 454 grams	\$3.24	\$7.15	15%
National sausage, packed in 454 grams, Frankfurter type	\$2.14	\$4.72	N.A.
Sausages containing beef (Includes those sold loose or in 1-pound package and excludes the following types: imported Frankfurter, smoked, cocktail, light, jumbo, gluten free, Angus, Kosher, low sodium, with cheese)	\$1.19	\$2.62	N.A.
N.A. = non-applicable			

Furthermore, this executive decree established mandatory notification by all retailers five days prior to any increase of retail prices, including the justification, to the Authority for Consumer Protection and Defense of Competition (ACODECO).

The GoP also reduced to zero any import tariffs faced by imported products making up the basic food baskets, such as corn flour; other types of semolina; soybean oil; palm oil; fish preparations; corn flakes, cones, flakes, puffed or roasted; bread and bakery products; toothpaste; toilet paper; feminine towels; deodorants, and others through [Cabinet Decree No. 18 of July 25, 2022](#).

**Gross profit margin on retail marketing cost:**

On July 26, 2022, the GoP issued [Executive Decree No. 16](#), established a gross profit margin on the retail marketing cost of the following imported food products:

Food Product	Gross profit margin on retail marketing cost
fish preparations	20%
canned fish	20%
vegetable oil	15%
soybean oil	15%
wheat flour;	20%
bread and bakery products (ready-to-eat)	15%
corn flour	20%
corn flakes	20%
garlic	20%

On July 27, protesters allowed the full opening of the Inter-American Highway, although news reports indicate that future road closures depend on how negotiations progress. The teachers' and construction workers' unions, along with indigenous groups, announced new national road closures and protests for Wednesday, August 10, based on their view that the cost of the basic food basket had not yet decreased, a perceived shortage of some products under price control, and their claim that even the IMA stores do not yet have the 36 "Panama Products" that should be at a 25% discount from their market price. While some disruptions occurred and the situation remains volatile, August 10 saw greatly reduced levels of protest participation, compared to July levels.

**Attachments:**

No Attachments.