



REPUBLIC OF PANAMA

— NATIONAL GOVERNMENT —

MINISTRY OF FOREIGN AFFAIRS

A Foreign Policy for Panama 3.0

*Staying Relevant
in an Ever-changing World*

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Prologue

A new world is being born. A world that is different from the one we thought we understood in its traditional conception. A world that is going through overlapping global crises, culminating in a scenario that several intellectuals have called a “polycrisis”. The technologies driving the Fourth Industrial Revolution are emerging as the great architects of these transformations, which, paraphrasing Google CEO Sundar Pichai, promise to be deeper than those caused by the discovery of fire and electricity.

The picture I have just painted is that of a planet which, far from being homogeneous, is increasingly diverse and interdependent, within which no State, no matter how powerful, large or small, can be considered absolutely independent or invulnerable. Panama, marked since its inception in the 20th century as a republic by a significant foreign presence, finds itself in need of developing a foreign policy strategy in line with contemporary challenges. This strategy must recognize and adapt to the internal metamorphoses that are already shaping our nation’s future.



JANAINA TEWANAY MENCOMO

Minister of Foreign Affairs
of the Republic of Panama

The Panama that is emerging amid contrasting lights and shadows, we have called Panama 3.0, in an analogy with the Fourth Industrial Revolution. This period, spanning from the year 2000 to the present, is characterized by the intersection of two fundamental dynamics: one historical and the other demographic. The historical dimension lies in a transcendental achievement: Panama achieved its main geopolitical goal and its *raison d’être* as a nation when it obtained total control over its territory on the last day of 1999, thus consolidating its sovereignty. Panama 3.0 succeeds Panama 2.0 (1903-2000), which, in turn, succeeded Panama 1.0 (16th century to 1903), each with distinctive internal and external characteristics and dynamics, divergent from the Panama of today.

The second crucial dynamic that characterizes Panama today is the prominent rise of the millennial generation. Two decades after achieving full sovereignty over the country, these young people have come of age, becoming an essential element of power, leadership and authority on the national scene. It's the beginning of the Panamanian millennial era.

Millennials represent the first generation of Panamanians to come of age in 1999, a period that coincided with the triumphant close of the 20th century for Panama. They were born after the signing of the Panama Canal Treaties, and some even after the U.S. invasion of Panama. Therefore, their perception of and relationship with the United States, as well as with the rest of the world, is based on dynamics that are completely different from those experienced by the generation that forged Panama 2.0.

Panama 3.0 is now fully immersed in a process of reinvention and reformulation of its imperatives and, consequently, of its geostrategy, hand in hand with an element of transcendental importance.

This document, or "white paper", is the first effort of its kind in Panama's republican history. It has been developed as a proactive exercise to foster a dispassionate debate on the direction that Panama's foreign policy should take, given its unique geopolitical characteristics. It is important to recognize that the future of Panama, which is emerging, will not be defined by us, let alone by me. It will be, as always, in the hands of the impersonal forces that have historically determined the destiny of peoples and nations.

This document is dedicated to the Ministry of Foreign Affairs of Panama and its committed public servants who, with the new generation, will take on the task of navigating an ever-changing world. At a time when Panama is rediscovering and redefining itself in the most volatile and unpredictable global context in living memory, our only option is to be prepared. Ready to understand the new Panama that is emerging and that will define the coming decades of our destiny. Prepared to understand our own history, because, without a deep knowledge of our past and present, we cannot aspire to consciously forge a future.

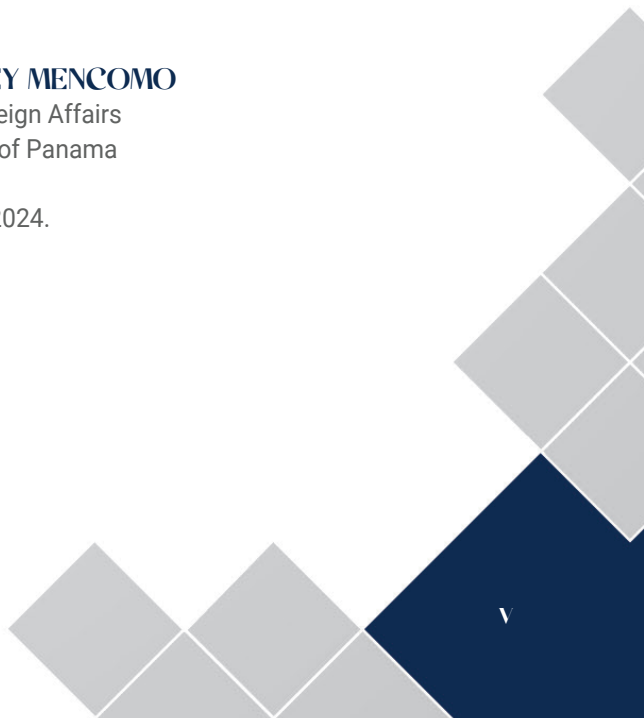
This document is dedicated to the 3.0 generation. As the youngest Foreign Minister on the continent, belonging to the millennial generation, I recognize that those who succeed me, possibly born in this century and in this millennium, will also be millennials and, sooner rather than later, part of the next generation: Generation Z. Despite our differences, both generations share a powerful bond: we have not experienced Panama's twentieth century as adults, and we have to look back to understand the resulting historical responsibilities. Catapulted forward by rapid technological transformations and sweeping global environmental and geopolitical changes, our perception of the world is inherently different. And so will be the Panama that we will leave to our children and grandchildren.

However, from the past and the present, we preserve a golden anchor that keeps us firm in the midst of the waves of the unpredictable and the changing: it is the function of service, which has characterized our country since time immemorial, arising from the physical fact of being a bridge between oceans and continents. We were blessed with this function of universal service, from which was born, naturally, the permanent vocation and need that we have to promote neutrality, peace, dialogue, multilateralism..., facing the challenge of making these principles instruments to achieve the prosperity and well-being of our entire population. This is a fundamental task to tear down the sixth frontier, as President Laurentino Cortizo Cohen has expressed in his vision of a more just and equitable Panama for all, thus creating a new reality, Panama 4.0.

JANAINA TEWANEY MENCOMO

Minister of Foreign Affairs
of the Republic of Panama

January 2024.



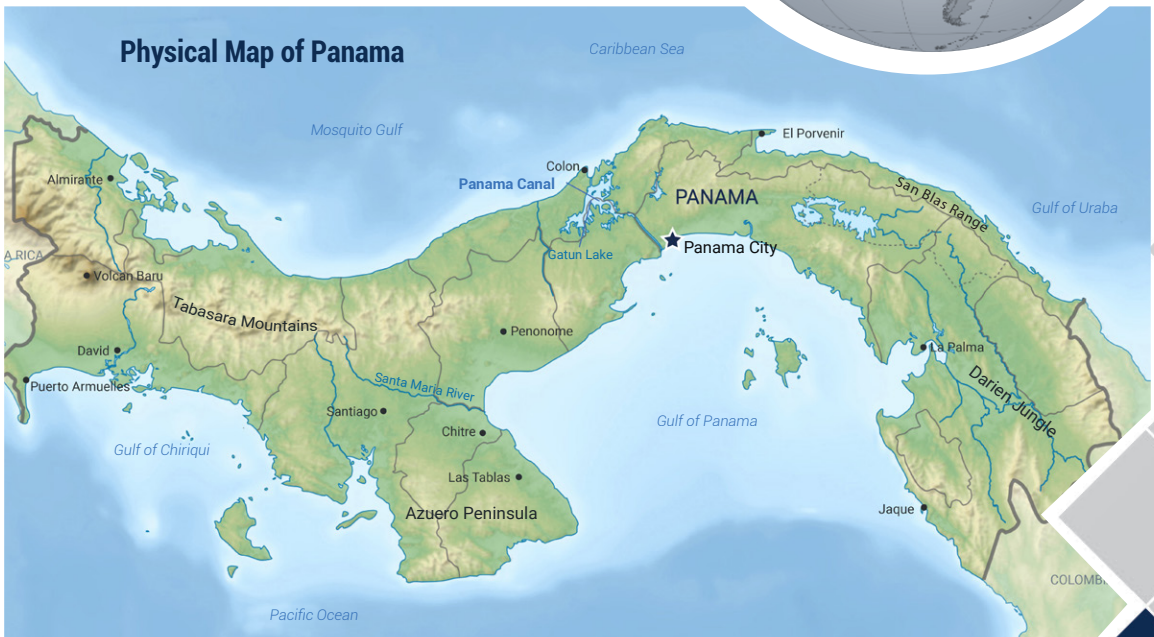
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The three Panamas

Few countries have the geostrategic value that Panama has. Throughout its history, Panama has been a coveted strip of land that has pitted the authorities of the Isthmus against great foreign powers that have tried to take advantage of its location. Today, in view of the constant changes that shape the new global order, the country is faced with the need for a 21st century foreign policy enabling it to exploit external dynamics in service of its national objectives and the projection of its potential.



Panama currently finds itself in the middle of a geopolitical transformation, entering its third iteration¹. The different versions of Panama are characterized by the relationship of the country (a political entity) with the Isthmus (a geographical entity) and progress towards achieving its own geopolitical imperatives.

Panama 1.0 and Panama 2.0

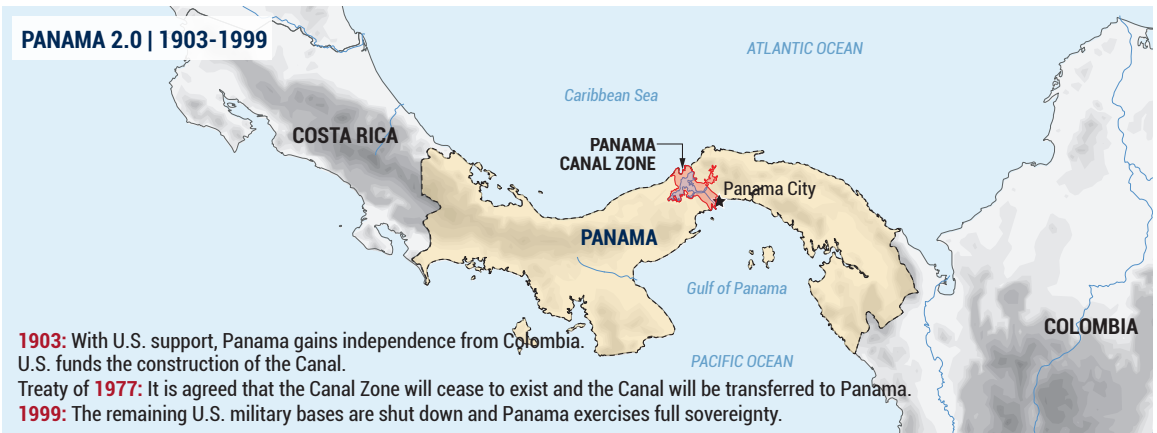
The first version, Panama 1.0, started during the colonial period under Spanish rule up to its separation from Colombia (from early in the 16th century to 1903). The two key features of this period are that, although it clearly stood out as a

geopolitical entity, Panama 1.0 was controlled by distant powers: first the Spanish Crown and then Bogota. Even during those years, the Isthmus consistently served as a critical trade route. However, the local population had few means to influence decisions concerning the operations across the isthmus.

Panama 2.0 spans from the separation from Colombia to the end of the former Canal Zone, governed by the United States of America (1903-1999). A key development during this phase was the re-emergence of Panama as an independent nation². However, the Canal, located in the heart of the country, fell under U.S. control, meaning that the national territory was bisected in half by the presence of a foreign power.



- 1 For the purposes of this paper, the historical analysis begins during the 1500's. In no way does it intend to ignore the geopolitical importance of Panama in pre-Hispanic times.
- 2 It had already gained its independence from Spain in 1821 and voluntarily decided to join Gran Colombia, a federation led by Simón Bolívar.



The United States kept control of the Canal and the surrounding area for nearly a century by signing a treaty in perpetuity with Panama. The second key development during this period was the evolution of Panama's management of its relations with the United States, to the point where it was able to negotiate and sign the Panama Canal Treaties (Torrijos-Carter Treaties) in 1977, setting the stage for Panama's next phase.

Panama 3.0

Panama entered its third phase (1999-present) when it ended the existence of the Canal Zone and obtained the transfer and control over the Canal, and with that, full sovereignty over its own territory. These changes have allowed Panama to devote additional resources to new national priorities

that must redirect the country's geopolitical and strategic objectives. As Panamanian leader Omar Torrijos said, "the vacuum left by our triumph over colonialism in the Panama Canal Zone must be filled by a struggle on the internal economic front that will give us the victory of development".

Four key elements define the early years of Panama 3.0. First, as explained above, is the fact that Panama has full control over its territory, including the Canal. Second, the country is experiencing a significant generational shift that will impact the public's view of national identity. The millennial generation (born 1981 to 1996) has started entering leadership positions in both the public and private sectors.

These individuals have minimal memories of the 20th century. They were not alive when the 1977 Treaties were signed and most have little to no memory of the invasion of Panama in 1989. Consequently, this generation has a completely different perception of the United States and of the historic baggage inherited from previous generations. Their worldview has largely been shaped by events occurring in the year 2000 and beyond, giving them a fundamentally different view of the future than the generations before them.

The third and fourth elements pertain to Panama's relationship with major geopolitical trends underway. Globally, trade and economic ties have assumed a crucial role in shaping international relations. This paradigm of the growing

importance of geoeconomics opens space for international actors in niche market areas to play essential roles for their trade partners and the broader economic system. With one of the world's strongest correlations between its geographic position and economy, Panama is a pivotal country within the current geo-economic system. Finally, the Fourth Industrial Revolution (4IR) is well underway, redefining the way people, technology, and the economy interact. The impact of these new technologies is not yet fully understood, although it is already clear that it will reshape politics, business, labor, travel, and much more. In the case of Panama, it begs the question of how the Canal and the country will remain relevant to the world as these new technologies take hold. Therefore, it is imperative for Panama 3.0 to take a shape that can thrive in the 4IR.



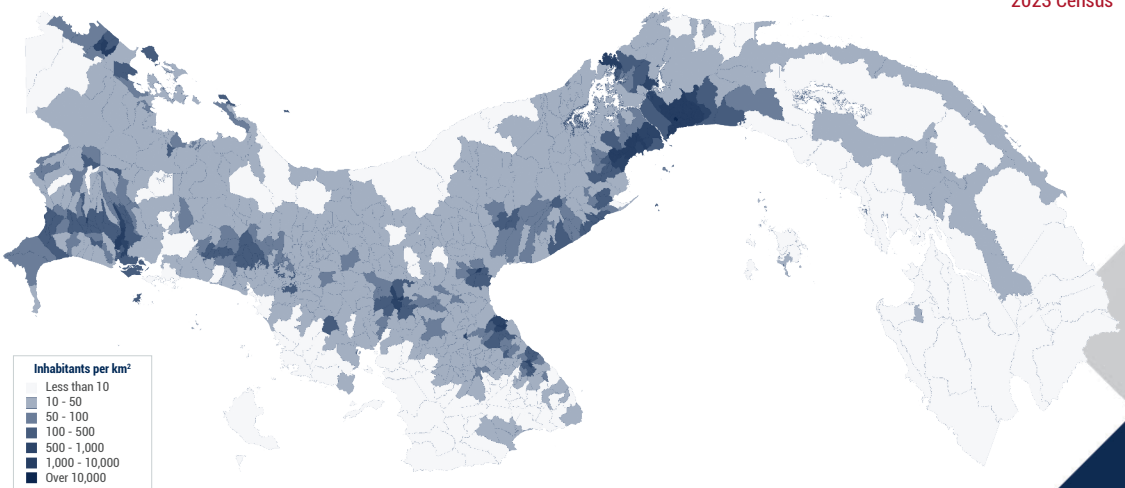
A foreign policy for Panama 3.0

Panama sits at the heart of the Western Hemisphere. It connects not only the north with the south, but also the east with the west. This gives Panama a unique worldview. Understanding this worldview serves as the cornerstone for Panama 3.0's foreign policy.

The need to reconfigure foreign policy arises from the evolution of Panamanian identity and reality. Relations between Panama and other countries require adjustments (with some more than with

others) to reflect Panama's new geopolitical status. With the dismantling of the colonial enclave and the absence of foreign security forces, the country is in a position to act more independently and develop more diverse political and economic partners. As a consequence, Panama has before it a more complex scenario, perhaps requiring an even more sophisticated management than that of the feat leading to the transfer of the Panama Canal.

Population Density by Districts
2023 Census



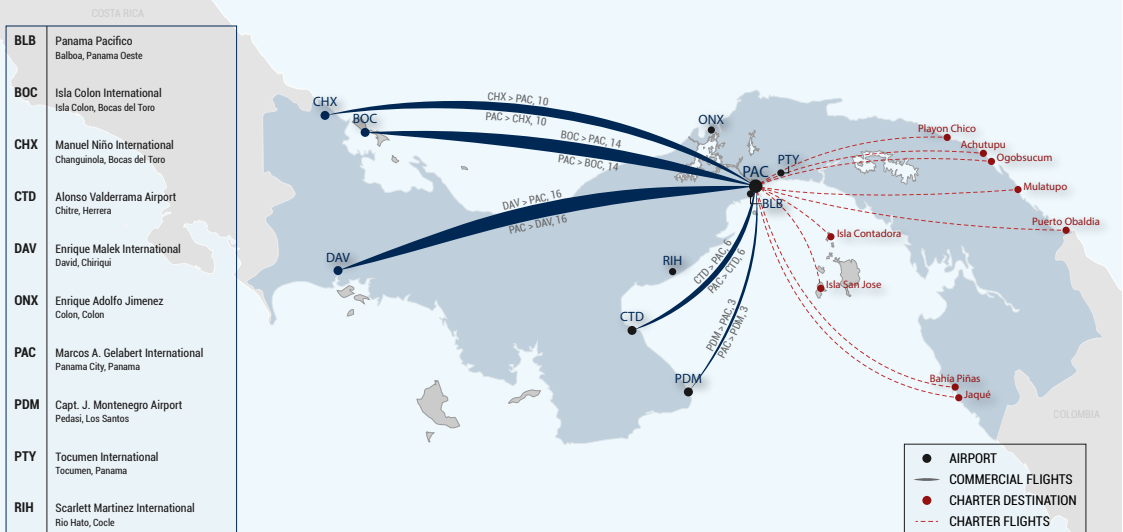
Source: National Institute of Statistics and Census of Panama

Panama 3.0's defining characteristics put the Ministry of Foreign Affairs in the unique position of being able to use foreign policy as a vital instrument to meet the greatest geopolitical challenge of the 21st century: eliminating our "sixth frontier", that is, the internal structural inequalities that obstruct our national cohesion, thereby limiting our effective international projection. Given Panama's rich history as an epicenter of global trade, it is imperative to have a strong Ministry of Foreign Affairs, well-equipped to articulate the country to the rest of the world. Panama enjoys a reputation for being a stable nation that honors the neutrality of its Canal, ensuring a safe route in times of

high volatility, and it is endowed with reliable financial institutions, making it a highly attractive international partner.

The Ministry of Foreign Affairs is uniquely positioned to leverage these strengths and its institutional relationships to catalyze a virtuous cycle ultimately integrating the country into a coherent whole. This process requires not only social and cultural, but primarily economic, integration, based on the principle that we are all Panamanians in equal measure. By proceeding in this manner, we will be able to include all communities in an inclusive economic development, thereby breaking down the barrier of our "sixth frontier".

Panama | Airports, Air Panama Flight Routes and Weekly Volume



Source: Air Panama, IATA

Panama's population continues to be highly concentrated in the Canal area, linked to international trade and supporting services. The proposed foreign policy underpins economic diversification based on Panama's strengths. In turn, this diversification will help create and sustain economic activities throughout the country, thus contributing to social cohesion.

Objective:

Maintain Panama's global relevance

The geo-economic era in which the world has entered presents the Ministry of Foreign Affairs with the opportunity to use diplomacy and international engagement to better position Panama 3.0 to take advantage of the global environment and thrive, directly impacting national development. Its actions at this level must focus on maintaining Panama's relevance to the global system, politically and geo-economically, in the face of changes that can be detrimental. The successful execution of this strategy will help secure Panama's continuing role in the global system.

Political relevance

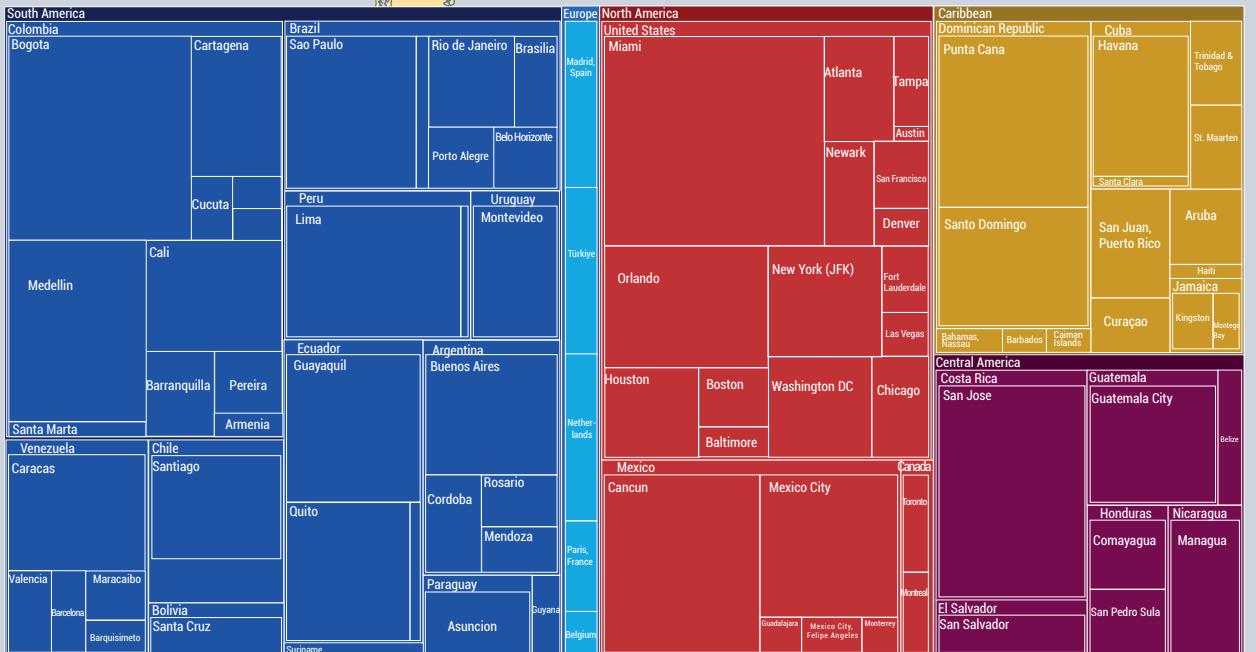
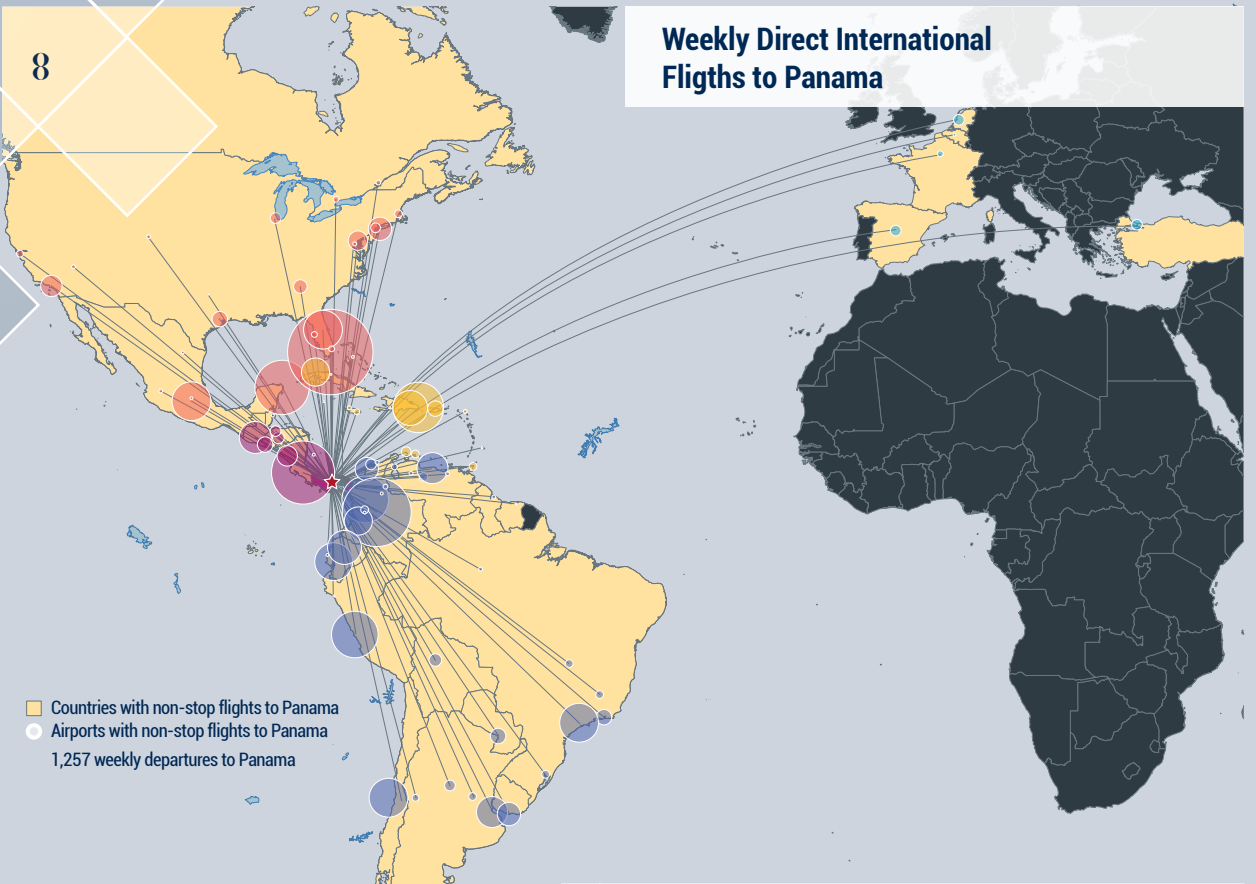
Democratic leadership

Panama, thanks to its rich history and strategic geographic location, has established itself as a bulwark of political stability in Latin America. This position highlights the nation's responsibility and potential to influence the regional democratic landscape. The Alliance for Development in Democracy (ADD), in which Panama actively participates along with Costa Rica, the Dominican



Republic, and Ecuador, is a significant initiative in this direction. However, it is critical that the ADD continues to evolve, precisely defining its admission criteria, as well as the duties and rights inherent in membership. Panama is emerging as a facilitator, willing to offer training and assistance for counterparts interested in joining this alliance. Given the regional context and growing uncertainties, it is imperative to protect the ADD from anti-democratic threats by strengthening it with partnerships that transcend regional borders. The shared geographical and cultural affinities with Costa Rica and the Dominican Republic enhance this collaboration.

Weekly Direct International Flights to Panama



Panama can take advantage of its superior air connectivity to consolidate itself as a hub of interaction and dialogue.

In addition, with a long-term vision and seeking to strengthen true representation on the global stage, Panama aims to join the United Nations Security Council for the period 2025-2026. This aspiration, officially presented at the United Nations in July 2023, seeks for the Council to more adequately reflect the diversity and realities of the 21st century, ensuring space for emerging powers and small countries like ours that wish to strengthen their presence on the international stage.

Hub and diplomatic gateway

Panama, with its robust economic base, not only thrives on its own, but has the potential to be a catalyst for the region's prosperity. A number of neighboring countries are actively seeking partnerships that will bring stability, both social and political, through economic development. In this context, Panama emerges as the natural leader in Central America and the Caribbean, offering a neutral ground where interactions can flourish under the principle of "a place where everyone can do business".

The Canal's neutrality and the country's balance in its international relations place Panama as the ideal host in Central America and the Caribbean for nations from other latitudes. However, in a world where political and economic regroupings are constantly emerging, it is essential for Panama to align its partnerships and endeavors based on its own long-term goals and benefit. It must not be influenced only by the geopolitical currents of the



moment, but must act with a clear and far-reaching strategic vision.

For example, the Arctic Council is a platform where Panama could consider participating as an observer. As the Arctic melts, new sea lanes open up, potentially challenging the Panama Canal's preeminence in global trade. In addition, changes in the Arctic have global environmental implications, including the potential to impact weather patterns that directly affect the Central American region. Securing a voice, even an observational one, in forums like this one is critical to anticipate and act on future challenges that can impact our development.

In the Panama 3.0 era, it is imperative for the country to aspire to be the epicenter of Latin American geopolitical thought.

Panama can solidify its position in the region through the creation and strengthening of think tanks and institutions, as well as organizing major diplomatic events. Inspired by aspects of global cities, the country can take advantage of its superior air and sea connectivity to consolidate itself as a hub of interaction and dialogue.

Panama's cultural tapestry offers a unique advantage in diplomacy. Vibrant communities such as Afro-descendants, Chinese, Arabs, Jews, Indians, Greeks, and Spaniards enrich the nation. The historical relationship with the Canal Zone has resulted in a significant U.S. community in Panama. The interaction of these diasporas with their countries of origin, as well as the existence of a Panamanian community in the United States, especially in New York, offer an unmatched platform for diplomacy and international collaboration. Each of these communities is a bridge providing important connections to different areas of the world, becoming valuable instruments of foreign policy.

Finally, maintaining and enhancing Panama's political relevance at the global level requires a strategic vision aligning national efforts with related geopolitical interests, ensuring that the country not only participates, but also influences and leads in multilateral scenarios.

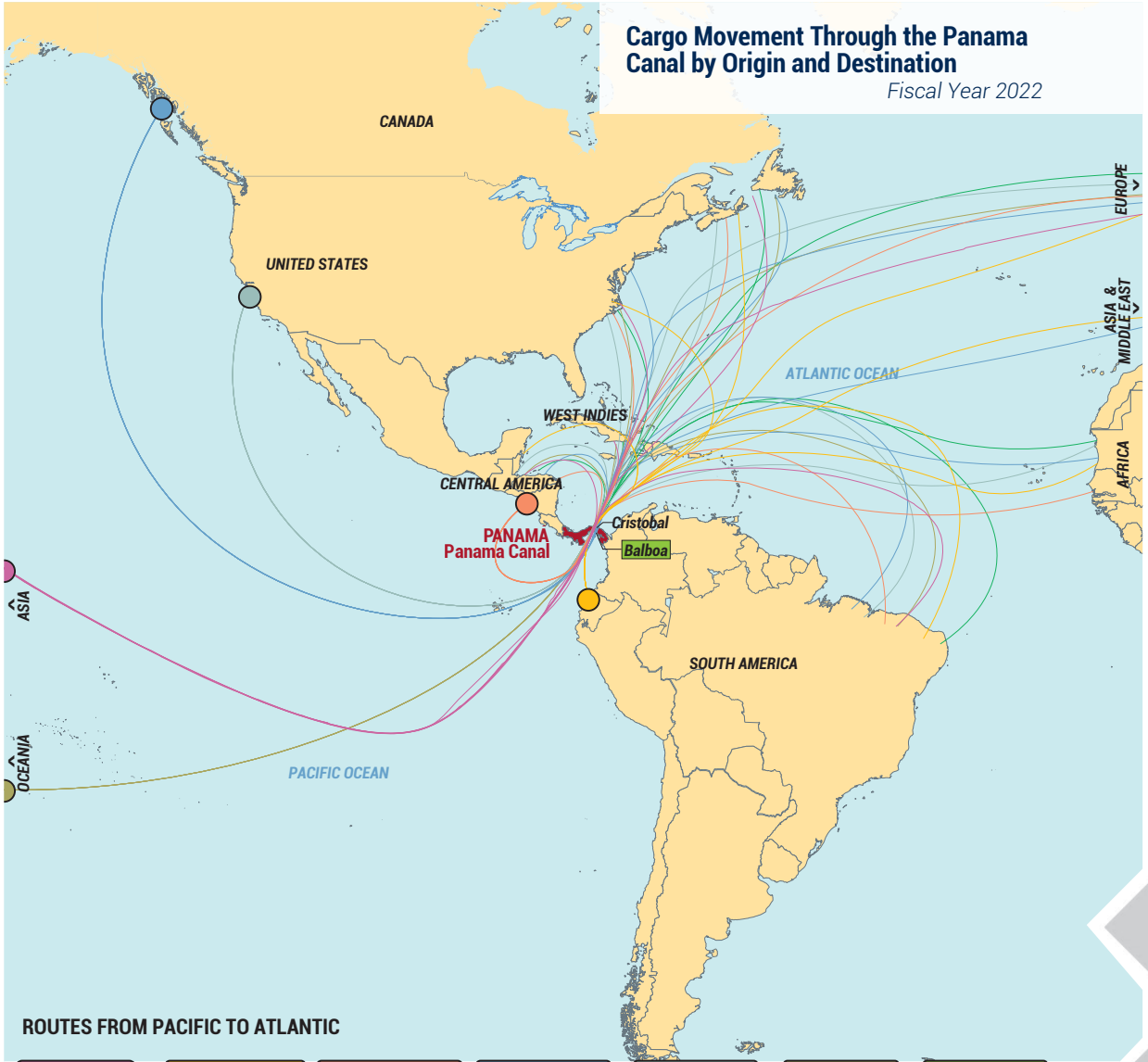
Supply chain security

The pandemic and the conflict in Ukraine have destabilized global trade. Beyond the direct implications for traffic through the Panama Canal, these changes have enormous implications for regional security and Panama's geopolitical interests. Manufacturing hubs are relocating, and developed economies are looking to secure raw materials for the green transition. Alternate routes and emerging conflicts can further complicate the situation.

In the new geo-economic era, international trade takes on unprecedented complexity. The Canal puts Panama in a select class of countries that control global maritime chokepoints, such as the English Channel, the Strait of Gibraltar, the Strait of Malacca, the Bosphorus, the Suez Canal, the Bab el-Mandeb Strait, and the Strait of Hormuz. These strategic points, if they work together, can strengthen and consolidate international maritime trade, benefiting not only the countries that control them, but global trade.

Cargo Movement Through the Panama Canal by Origin and Destination

Fiscal Year 2022



ROUTES FROM PACIFIC TO ATLANTIC

ORIGIN: ASIA

- > East Coast of U.S.
- > Europe
- > East Coast of South Am.
- > East Coast of Central Am.
- > Cristobal
- > East Coast of Canada
- > West Indies

ORIGIN: WEST COAST OF SOUTH AM.

- > East Coast of U.S.
- > Europe
- > East Coast of South Am.
- > East Coast of Central Am.
- > Cristobal
- > East Coast of Canada
- > West Indies
- > Africa
- > Asia & Middle East

ORIGIN: WEST COAST OF CENTRAL AM.

- > East Coast of U.S.
- > Europe
- > East Coast of South Am.
- > East Coast of Central Am.
- > Cristobal
- > East Coast of Canada
- > West Indies
- > Africa

ORIGIN: WEST COAST OF CANADA

- > East Coast of U.S.
- > Europe
- > East Coast of South Am.
- > East Coast of Central Am.
- > Cristobal
- > East Coast of Canada
- > West Indies
- > Africa
- > Asia & Middle East

ORIGIN: WEST COAST OF U.S.

- > East Coast of U.S.
- > Europe
- > East Coast of South Am.
- > East Coast of Central Am.
- > Cristobal
- > East Coast of Canada
- > West Indies
- > Africa

ORIGIN: OCEANIA

- > East Coast of U.S.
- > Europe
- > East Coast of South Am.
- > East Coast of Central Am.
- > East Coast of Canada
- > West Indies

ORIGIN: BALBOA

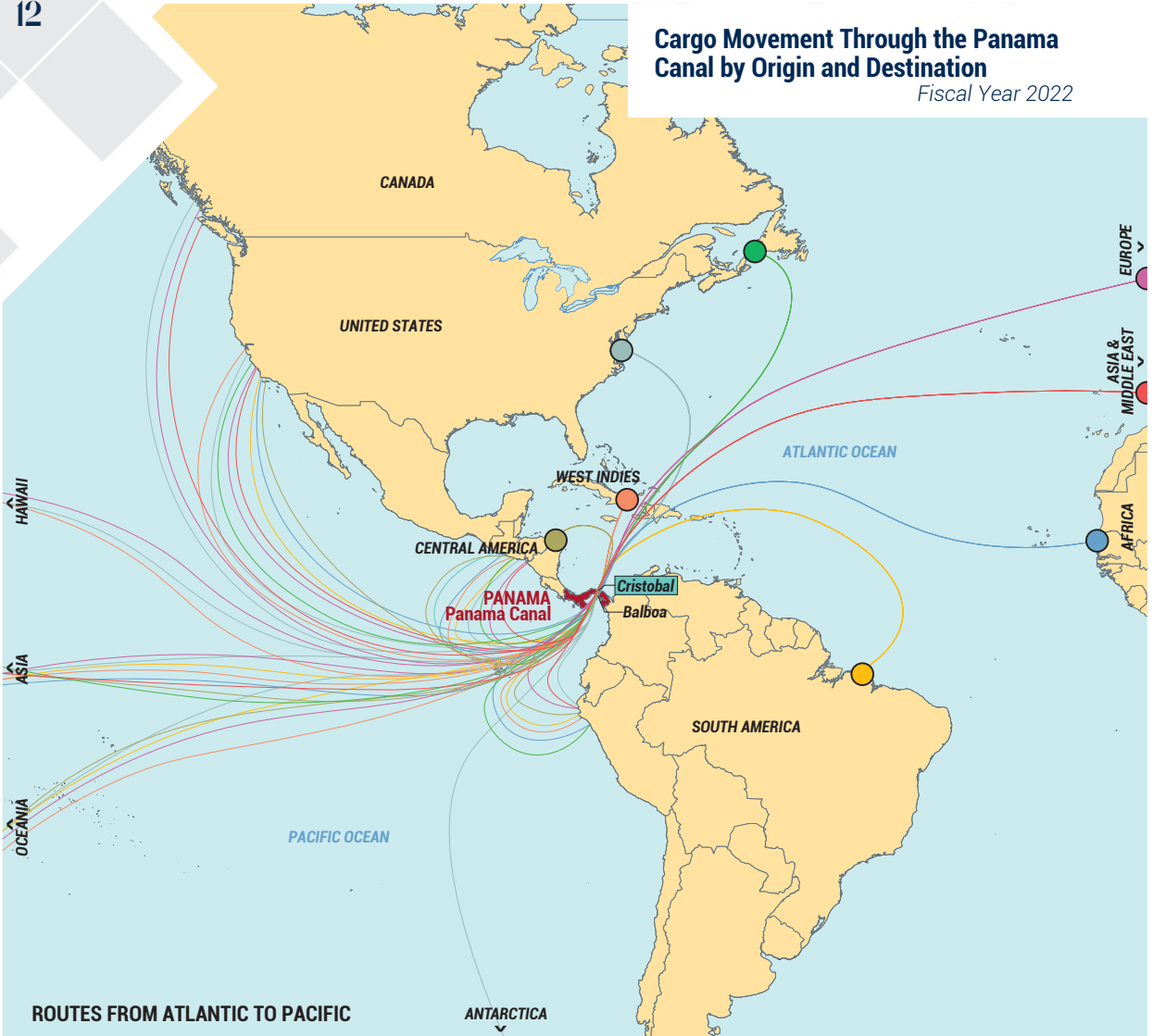
- > East Coast of U.S.
- > Europe
- > East Coast of South Am.
- > East Coast of Central Am.
- > East Coast of Canada
- > West Indies
- > Africa

Source: Panama Canal Authority

Note: Origin points are general locations, not specific ports

Cargo Movement Through the Panama Canal by Origin and Destination

Fiscal Year 2022



ROUTES FROM ATLANTIC TO PACIFIC

ANTARCTICA

ORIGIN: EAST COAST OF U.S.

- > Asia
- > West Coast of South Am.
- > West Coast of Central Am.
- > West Coast of U.S.
- > Balboa
- > Oceania
- > West Coast of Canada
- > Hawaii
- > Antarctica

ORIGIN: EUROPE

- > Asia
- > West Coast of South Am.
- > West Coast of Central Am.
- > West Coast of U.S.
- > Oceania
- > West Coast of Canada
- > Hawaii

ORIGIN: EAST COAST OF SOUTH AM.

- > Asia
- > West Coast of South Am.
- > West Coast of Central Am.
- > West Coast of U.S.
- > Balboa
- > Oceania

ORIGIN: WEST INDIES

- > Asia
- > West Coast of South Am.
- > West Coast of Central Am.
- > West Coast of U.S.
- > Balboa
- > Oceania
- > Hawaii

ORIGIN: AFRICA

- > Asia
- > West Coast of South Am.
- > West Coast of Central Am.
- > West Coast of U.S.

ORIGIN: EAST COAST OF CENTRAL AM.

- > Asia
- > West Coast of South Am.
- > West Coast of Central Am.
- > West Coast of U.S.
- > Oceania

ORIGIN: ASIA & MIDDLE EAST

- > Asia
- > West Coast of South Am.
- > West Coast of Central Am.
- > West Coast of U.S.
- > West Coast of Canada

ORIGIN: CRISTOBAL

- > West Coast of Central Am.
- > Balboa

ORIGIN: EAST COAST OF CANADA

- > Asia
- > West Coast of South Am.
- > West Coast of Central Am.
- > West Coast of U.S.

Source: Panama Canal Authority

Note: Origin points are general locations, not specific ports.

The Panama Canal provides safe and conflict-free transit between the Pacific and Atlantic oceans.



Carbon neutrality

Panama should leverage its carbon-negative economy to position itself as a leader in the fight against climate change. Although many countries are pursuing carbon neutrality, few have achieved it. The demand for carbon neutrality will grow in the future, providing Panama the opportunity to share its experience and knowledge. This is particularly relevant for countries with similar profiles in the Caribbean and Central America.

It is of utmost importance for Panama to position itself in the leadership and coordination of a regional plan, through the Central American Integration System (SICA), helping its neighbors plot their roadmap to carbon neutrality, incentivizing U.S. and EU financing for green transition projects. The Eastern Tropical Pacific Marine Corridor (CMAR, by its Spanish acronym), the 2023 Our Ocean conference, and the significant expansion of the boundaries of the Banco Volcán marine protected area in the Caribbean, reflect the country's commitment to environmental concerns. In fact, Panama has protected approximately 54%

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of its territorial waters, exceeding the target of 30% by 2030.

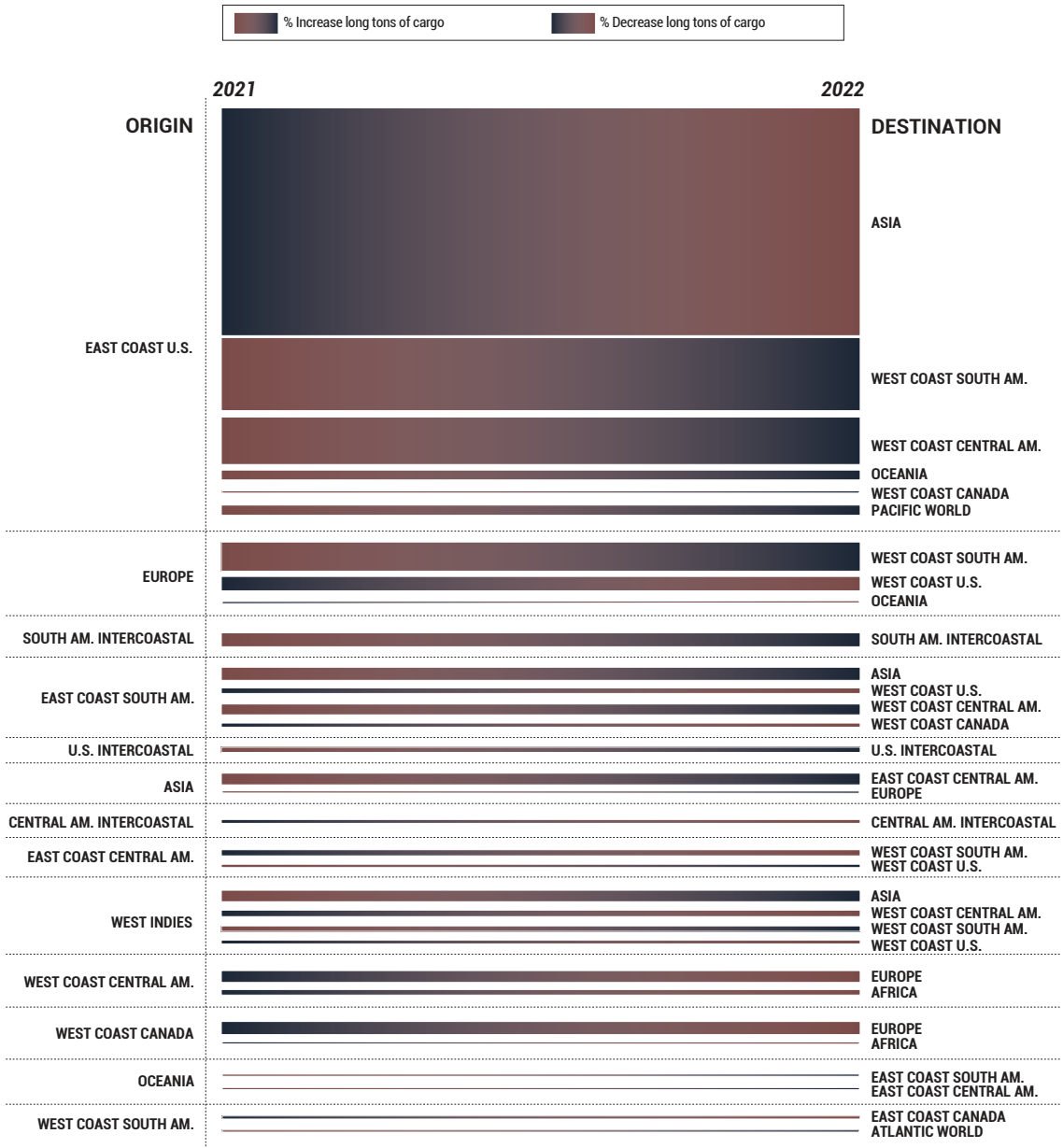
New frontiers

Panama needs to anticipate and plan for the future, and an essential part of that vision demands increasing its diplomatic presence in regions that are emerging with more and more relevance economically and politically. Sub-Saharan Africa, for example, presents an opportunity that should not be ignored.

To this end, it is imperative for Panama to consider profound reforms to its diplomacy. This involves everything from strengthening the training of more career diplomats and consolidating already established diplomatic presences, to establishing new embassies in regions of promising growth.

Panama Canal Traffic Along Principal Trade Routes

Fiscal Year 2022



Source: Panama Canal Authority

U.S.-China trade dominates transit through the Canal because of the sheer size of those economies. However, there is ample room to increase transit volumes among other users of the Canal and to support the trade diversification of the world's major importers and exporters.

Latin American countries such as Cuba and Brazil have built bridges of collaboration and alliances with African nations, and Panama could learn from these examples and strengthen its own connections.

In addition to reinforcing and valuing Panama's rich Afro-Caribbean culture and its historical relationship with the Caribbean, the legacy of the workers from Barbados and Jamaica who helped build the Canal and its impact on the creation and consolidation of the middle class in those countries should be highlighted.

However, the opportunities are not limited to Africa. In Central Asia and the Caucasus, there are opportunities for alliance and strategic collaboration.

Economic relevance

"Thickening the lines"

Panama, being a crucial node in the global trade network, plays a vital role in strengthening and establishing trade connections. We should enhance existing lines and create new ones, giving priority to strategic countries within the Panamanian trade matrix. To that end, it is important to pay attention to certain key connections:

1. *Pacific America – Atlantic/Caribbean America:*

Panama facilitates interconnections within the continent, particularly for single-coast countries. Example: Trade between nations such as Chile and Brazil can be increased and streamlined thanks to Panama's position.

2. *Atlantic America/Caribbean – Asia:*

While the trade relationship between the United States and China is one of the most robust globally – although marked by strong tensions – other countries, such as Vietnam and Malaysia, are also emerging players. The Panama Canal is essential for their exports to the Atlantic coast of the Americas. In addition, it is essential to highlight Panama's recent ratification of the Treaty of Amity and Cooperation in Southeast Asia, which opens doors to smoother trade with Southeast Asian countries, many of which are experiencing rapid economic growth.

3. *Pacific America – Europe:*

Countries on the west coast of the Americas, such as Peru, could strengthen their trade with Europe. Through the Canal, Peruvian agricultural products can reach markets such as France more quickly.

4. Pacific America – Middle East (Persian Gulf):

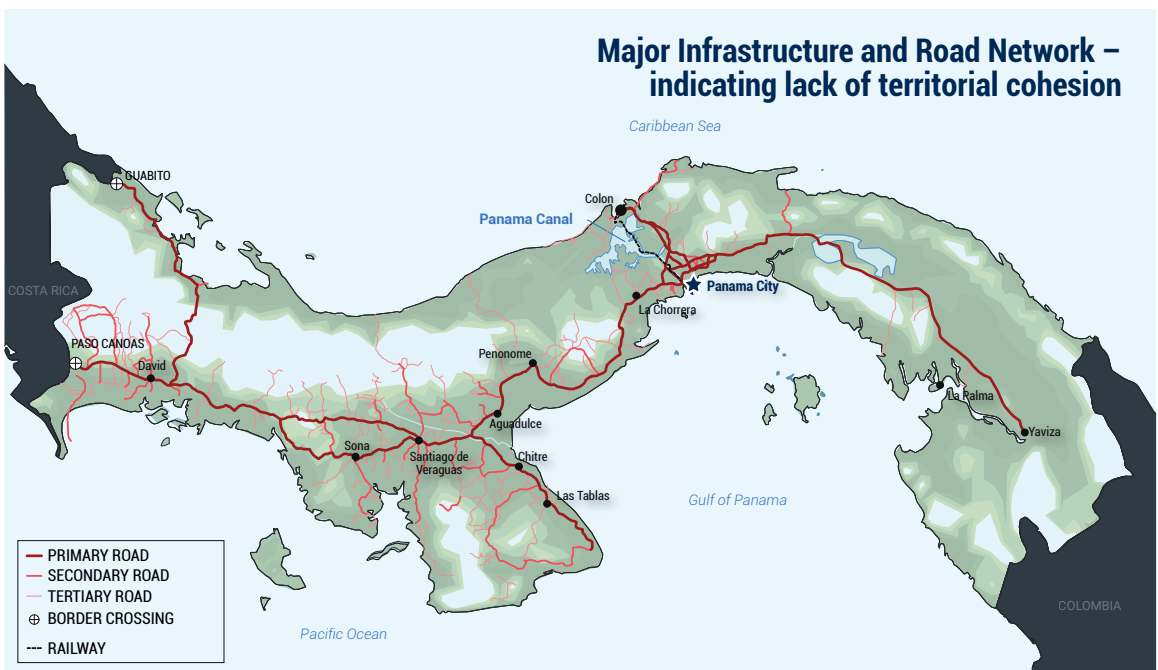
There is a significant opportunity to incentivize stronger trade relations between nations such as Mexico and Persian Gulf countries, considering Mexico's oil reserves and the diversification of exports sought by Gulf nations.

It is most important to identify and maximize opportunities with “emerging powers” such as Indonesia and Brazil, as they have great potential to expand and diversify their trade routes.

For all these routes and regions, a key strategy to boost trade and bilateral relations is the organization of trade fairs in Panama, which would serve as a platform to showcase products, promote investments, and facilitate meetings between businesspeople and authorities from these regions.

Logistics

Panama is an epicenter of global logistics, supported by its neutrality and the reliability of Canal passage. In times of economic uncertainty and volatile trade relationships, Panama stands as a bulwark of stability and security for supply chains.



Panama redesigned: This map highlighting our road network reveals the country's territorial inequality and infrastructural fragility, a reflection of the challenges and opportunities lying ahead in our development.



Just as powers such as the United States and Europe seek to strengthen and redirect their supply chains, Panama has the opportunity to enhance its ties with like-minded and strategic nations, such as Guyana, Suriname, and Belize.

Our goal should be to collaborate in strengthening their infrastructure and logistical expertise, allowing them to trade more fluidly with Asia through the Canal. In particular, strengthening connections with Guyana and Suriname could encourage Brazil to intensify its use of the Canal for its exports to Asia, while enhancing the development of its northern region and consolidating its access to the Caribbean.

Resilience of connectivity

Climate change threatens the operability of the Canal due to fluctuating water levels. Although these levels may vary, Panama's geographical position as a natural passage between the Atlantic and the Pacific Oceans remains unchanged. Therefore, it is essential for Panama to invest

in climate protection and water management initiatives, while simultaneously exploring the feasibility of alternatives such as a dry canal. The Canal is just one more example of an infrastructure built under the premise of a stable climate. Recently, we have witnessed disruptions to key river routes such as the Rhine, the Yangtze and Mississippi rivers, due to low water levels, drought even affecting tributaries of the enormous Amazon River.

When designing new infrastructure, one can no longer rely solely on past records. Climate change demands adaptation to increasingly unpredictable weather patterns. Panama must assume a leading role in the management of water disruptions in canals and river routes, similar to collaboration with strategic maritime chokepoints, but focused on waterways.

An example illustrating the logistical potential of the isthmus, at a distance from the center of the interoceanic strip, is that of Petroterminal, whose infrastructure takes advantage of Panama's geographical position to transfer crude oil from the Pacific to the Atlantic and vice versa, without depending on passage through the Canal.

Nearshoring and regional hub

The current geo-economic era has catapulted Panama to the forefront of nearshoring opportunities and as a regional hub, thanks to its unmatched geographical position and robust foreign trade infrastructure. In addition, its international banking system, safe conditions for land transportation, and a stable regulatory framework make Panama the ideal place for companies looking to bring their operations closer to U.S. markets or relocate.

Panama's close relationship with the United States, consolidated after a period following the invasion, and the use of the U.S. dollar as currency, facilitate commercial operations and attract investment. Nonetheless, it is essential for Panama to ensure that treaties, contracts, and trade agreements are beneficial to all parties involved. An approach that does not protect internal interests could lead to local conflicts, affecting social peace and stability in Panama and the region.

One promising tool is the U.S.-ADD Memorandum of Understanding in support of the Consultative Dialogue on Economic Growth and Supply Chain Partnerships. Panama could attract foreign investors by focusing on sectors of interest to the United States, such as semiconductors or fertilizers. In addition, Panama's inclusion in the



U.S.'s CHIPS and Science Act opens the door to addressing the country's educational challenges, boosting its growth.

Digital technology

Panama is positioned to be a key node in the digital world. Fiber-optic cables, vital to global connectivity, already crisscross the country. The Panama Canal's historical neutrality strengthens its reputation and trustworthiness. This digital infrastructure could also serve as a gateway to other activities, such as artificial intelligence (AI). In this direction, Panama has the potential to lead the 4IR in Central America and the Caribbean.

Panama also shows promising potential in areas such as the manufacturing of pharmaceutical products, renewable energy, and mineral processing, among other possibilities yet to be explored and developed.

Into the Future: From Panama 3.0 to Panama 4.0

Panama's transformational journey is worthy of being highlighted in the annals of geopolitical history. Very few countries have advanced with such determination and as successfully to achieve its goals. First, it consolidated its sovereignty by obtaining full control over the Canal and its periphery. Then, it ensured smooth and safe Canal passage, vital to the global economy. Now, with a population of just 4.2 million, it aspires to inclusive national development, balancing the relevance of the Canal with other economic opportunities, without ruling out the possibility of opening new dry interoceanic routes and perfecting the project of complete cohesion of our territory so that no one is left behind and we can, once and for all, tear down that "sixth frontier" of inequality. That is our greatest challenge as a nation, especially in a world that is becoming increasingly complex, demanding greater skill, preparedness, and resilience from its citizens.

Currently, Panama is moving closer to becoming one of the most robust and resilient embodiments of a nation-state.

In the Panama 3.0 era, it is imperative for the country to aspire to be the epicenter of Latin American geopolitical thought.

The metamorphosis to Panama 3.0 has not only generated benefits, it has also come with new responsibilities. While the country possesses the same geostrategic advantages, it now faces the need to diversify its foreign relations, take full responsibility for its own security, and project itself as a modern, autonomous nation that prioritizes its internal sustainable development, with the ability to identify and serve its best interests on the global stage through foreign policy.

Panama faces a landscape ripe with geopolitical opportunities. It is imperative for it to take a proactive, rather than reactive, approach in its diplomacy.

This involves executing its foreign policy in a way that reflects and serves the true needs of the country. The institutional framework of the Ministry of Foreign Affairs needs to be strengthened, and the strategic training of diplomats is essential. This education should focus not only on theory, but also on practical exposure to different geopolitical contexts and approaches, in the face of heterogeneous realities, visions, and perspectives.

While Panama 3.0 consolidated our territorial sovereignty, it is time to transcend towards Panama 4.0, where we seek to achieve psychological independence, overcoming any residue of colonialism that the past has left us with. It could be called intellectual sovereignty, sovereignty in our thinking. It is crucial to provide technological and educational tools to empower citizens towards true and complete independence.

Perhaps the time has come to evaluate the adoption of a doctrine of absolute neutrality, or at least to initiate a constructive and self-critical dialogue about what would be most beneficial for our country. A shift from active to complete neutrality could reposition the Panama Canal, not simply as a tool created by the United States for its own purposes, but as a legacy for humanity as a whole. It might be sensible to consider whether it is time for the international community to recognize the Panama Canal as a truly global heritage. Although it was conceived and built by the United States for its own objectives, Panama has convincingly demonstrated that the Canal serves the well-being and the progress of all.

*A new world is being born.
A world that is different from the one we thought
we understood in its traditional conception.
A world that is going through overlapping global crises,
culminating in a scenario that several intellectuals
have called a “polycrisis”. The technologies driving
the Fourth Industrial Revolution are emerging
as the great architects of these transformations,
which, paraphrasing Google CEO Sundar Pichai,
promise to be deeper than those caused
by the discovery of fire and electricity.*

*This “White Paper” has been developed
as a proactive exercise to foster a dispassionate
debate on the direction that Panama's foreign
policy should take, given its unique
geopolitical characteristics.*

Janaina Tewaney Mencomo
Minister of Foreign Affairs

Ministry of Foreign Affairs

A Foreign Policy for Panama 3.0

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