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FEATURED Q&A

What's the Future of Large-Scale Mining in Panama?

Panama's Supreme Court last month kept in place a 2023 moratorium on major metallic mining operations. An open-pit copper mine in Panama is pictured. // File Photo: Alfredo via Adobe Stock.

Q Panama's Supreme Court on Oct. 15 rejected for the second time a lawsuit challenging a 2023 moratorium on metallic mining, constraining the administration of President José Raúl Mulino's legal avenues to reopen the Cobre Panamá mine. Economy and Finance Minister Felipe Chapman has stipulated that any agreement to reopen the mine must state clearly that Panama is the legal owner of the land and resources and has reallocated funds toward social spending in the revised 2026 budget. What options does the Mulino administration have left to legally reopen the mine after the court's latest ruling? What are the risks of reigniting protests or political backlash if the mine is ultimately reopened? Could potential efforts to link mining revenue to social spending help shift public opinion?

A Roy C. Durling T., partner at ARIFA in Panama City: "Despite the Oct. 15 Supreme Court decision, the Mulino administration still has legal options. According to Article 257 of Panama's constitution, the Panamanian state owns all of the country's mineral riches and is empowered to exploit them. Law 407 of 2023, a hierarchically inferior norm to the constitution, establishes a moratorium on mining activities by private parties. This law cannot prohibit the state from exercising its constitutional rights. To overcome the Cobre Panamá impasse, the government may reiterate that, as provided in the Constitution, the deposit belongs to the state and that it will secure the services of private mining companies, as contractors, to assist in the exploitation of the deposit. The agreements by the state and private mining companies may require approval by law. There is a precedent for this solution:

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TODAY'S NEWS

POLITICAL

Peru Breaks Diplomatic Ties With Mexico

Peru's government announced Monday that it was breaking diplomatic ties with Mexico over Mexico's granting of asylum to former Peruvian Prime Minister Betsy Chávez.

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ECONOMIC

Venezuelan Oil Exports Decline 26% in October

China accounted for 82 percent of Venezuela's crude oil exports last month, according to shipping data from Reuters. Sixteen percent of the country's crude shipments went to the United States.

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BUSINESS

Canada Suing Stellantis Over Production Shift

Canada's government has opened a lawsuit challenging Stellantis' recent decision to move production of a vehicle model from Ontario to the United States, Industry Minister Mélanie Joly announced on Monday.

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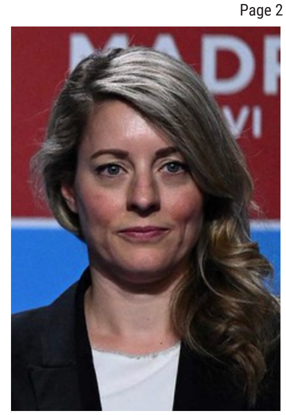

Joly // File Photo: Taylor Atkinson via Flickr PDM 1.0.

POLITICAL NEWS

Peru Breaks Diplomatic Relations With Mexico

Peru's government said Monday that it is breaking diplomatic relations with Mexico over its granting of asylum to former Peruvian Prime Minister Betssy Chávez, whom prosecutors have charged with rebellion, the Associated Press reported. Mexico's decision to grant Chávez asylum at its embassy in Lima amounted to an "unfriendly act" that adds to existing friction between the two governments, Peruvian Foreign Minister Hugo de Zela told reporters, the AP reported. Peruvian authorities have accused Chávez of participating in a failed effort in December 2022 by then-President Pedro Castillo to dissolve Congress as lawmakers were poised to remove him from office, the wire service reported. Castillo lacked support from the military for the move, and legislators swiftly ousted him. Castillo was jailed and has been detained since then. "Today we learned with surprise and deep regret that former Prime Minister Betssy Chávez, the alleged co-author of the coup d'état attempted by former President Pedro Castillo, is being granted asylum at the residence of the Mexican Embassy in Peru," De Zela told reporters Monday. Peruvian President José Jerí's office said Mexico has committed "repeated" interference in Peru's internal affairs. Chávez was prime minister at the time of Castillo's ouster. Peru's attorney general has accused her of being an accomplice in a rebellion against the state's powers and has sought to imprison her for 25 years, the AP reported. She was imprisoned in June 2023, but a judge ordered her release last September, Reuters reported. Mexico's government said it regretted the Peruvian government's decision to sever diplomatic relations, the AP reported. "Mexico rejects Peru's unilateral decision as excessive and disproportionate in response to a legitimate act by Mexico consistent with international law, which in no way constitutes intervention in Peru's internal affairs," Mexico's foreign ministry said.

BUSINESS NEWS

Canadian Gov't Opens Legal Action Against Stellantis

Canada's government has opened dispute-resolution proceedings against automaker Stellantis over the company's decision last month to move production of a Jeep model from Ontario to Illinois, Industry Minister Mélanie Joly told legislators on Monday, Reuters reported. Stellantis in mid-October had unveiled the move of its Jeep Compass production as part of a U.S. investment plan valued at $13 billion, BBC News reported. Joly accused Stellantis of breaking a "legally binding" commitment to remain in Brampton, Ontario, threatening legal action. The dispute-resolution process that began Monday is set to last 30 days, according to Reuters. Canada's government aims "to bring back production at the Stellantis Brampton facility" through the legal challenge, Joly said on Monday. Stellantis' Brampton plant employs 3,000 people. Canada's government also last month slashed its tariff-free import quota for Stellantis by 50 percent, citing the recent decision to scale back manufacturing in Canada, the wire service reported. U.S. President Donald Trump earlier this year placed import tariffs on Canadian automobiles, in addition to steel and aluminum, which prompted Canada's government to retaliate with matching tariffs on U.S. goods.

ECONOMIC NEWS

Venezuelan Oil Exports Shrink by 26% in October

Venezuela's average daily crude oil export volume last month was 26 percent lower than the level recorded in September, Reuters reported Monday, citing shipping data and private documents from Venezuelan state-run oil firm

NEWS BRIEFS

Mexico's Sheinbaum Defends Security Policies After Mayor's Killing

Mexican President Claudia Sheinbaum on Monday defended her government's security policies after the assassination of a mayor in Michoacán state, the Associated Press reported. Uruapan Mayor Carlos Alberto Manzo Rodríguez was fatally shot Saturday during a Day of the Dead celebration in the town's historic center. Sheinbaum said Monday that her government's policies have reduced the number of homicides. "Some are calling for militarization and war, as happened with the war on drugs. That didn't work," she said.

Brazilian Central Bank Raises Capital Minimums for Financial Institutions

Brazil's central bank on Monday raised minimum capital requirements for financial institutions to 9.1 billion reais ($1.68 billion) from 5.2 billion, in new rules that could affect approximately 500 firms, Reuters reported. The framework, effective immediately and phased in through January 2028, bases capital needs on activities rather than classification and adds buffers for institutions using the term "bank." The move also seeks to close fintech loopholes and strengthen cybersecurity oversight, Reuters reported.

Clear Junction Launches New Service to Streamline Remittance Transactions

London-based cross-border payments provider Clear Junction has launched a new multi-country service with financial messaging network SWIFT to streamline remittance transactions in regions including Latin America, Finextra reported today. The move will enable bulk payments through SWIFT-affiliated correspondent banks to shorten settlement times.

PDVSA. The slowdown was driven by a reduced supply of diluents, which Venezuela imports from Russia in order to turn its super-heavy crude into more marketable products, according to Reuters. Venezuela's daily crude export level was down 9 percent year-on-year. Eighty-two percent of Venezuela's oil exports last month went to China, accounting for cargoes directly purchased from PDVSA, as well as a number of intermediaries known to work with the state-run firm. Sixteen percent of Venezuelan crude oil exports, or 128,000 barrels per day, went to the United States on vessels chartered by Chevron, which resumed limited exports in September from the three active production ventures that it operates in Venezuela alongside PDVSA, Reuters reported. The administration of U.S. President Donald Trump earlier this year had revoked export authorization for a number of multinational oil firms that had operated in Venezuela under sanctions waiver licenses; Chevron is the only of those firms to have received a new license, albeit on a limited—and private—basis. Venezuela sent the remaining 2 percent of its oil exports in October to Cuba, according to Reuters. [Editor's note: See related **Q&A** in the Aug. 22 issue of the weekly Energy Advisor.]

Mayors Vow Action on Climate Change Ahead of COP30

Official programming began Monday ahead of this month's COP30 United Nations climate summit in the northern Brazilian city of Belém. Three hundred mayors from major global cities met Monday in Rio de Janeiro to discuss local efforts to cut carbon emissions and address the effects of climate change, the Associated Press reported. At the meeting in Rio de Janeiro, 33 cities—including Buenos Aires, Boston, Paris and Singapore—announced a collaborative program to share information on global warming mitigation strategies, according to the AP. Fifty U.S. cities sent representatives to the meeting. The U.S. federal government, however, will not be sending high-level representatives to any COP30 events, a White House official confirmed to Reuters on Oct. 31. In September, Energy Secretary Chris Wright had told Bloomberg News that the administration of President Donald Trump was still considering attending the conference, and Brazilian President Luiz Inácio Lula da Silva personally invited Trump to COP30 amid trade negotiations last month. Immediately after assuming office for a second term in January, Trump removed the United States from the Paris Agreement on climate change. "While our national government goes backward, these cities go forward," Phoenix Mayor Kate Gallego said Monday at the mayors' summit in Rio de Janeiro, the AP reported. In São Paulo on Monday, a group of business coalitions representing 100,000 companies met and signed an open letter calling on governments to implement better incentives for businesses to adopt renewable energy, Reuters reported.

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the Cerro Colorado deposit. Law 41 of 1975 created a government company that owned the deposit and was empowered to exploit it. This company subsequently entered into agreements with mining companies to work on the deposit. Although the development of Cerro Colorado did not come to fruition, its underlying legal structure may be replicated in the case of Cobre Panamá to allow for its exploitation."

A **Carlos Ruiz-Hernández, former Panamanian vice foreign minister:** "The Panamanian Supreme Court's rejection of a constitutional challenge to Law 407—the law declaring an indefinite moratorium on new metallic mining concessions—crystallized a fundamental tension in Panama's political economy. While the ruling reinforces judicial consistency following the December 2023 saga declaring that the concession violated the constitution, it also deepens the economic predicament confronting communities and the country at large. Panama has endured substantial hardship since the mine's closure, with thousands of lost jobs and the dissolution of vital programs that had become economic lifelines and contributed to Panama's international persona. President Mulino's administration faces the delicate task of navigating between legal constraints, political fragmentation and economic necessity. Because the mine has been closed since December 2023, last month's Supreme Court decision does not change the status quo that concessions cannot be used to initiate, or, in the case of the Cobre Panamá Mine, reinitiate metallic mining operations in Panama—a legal obstacle that the Mulino administration has been tackling since coming to power in July 2024. This will compel the Mulino government to pursue alternative juridical frameworks that satisfy constitutional requirements, political leadership and economic imperatives. Recent indicators suggest shifting public sentiment regarding the mine's closure. Most notably, approximately 4,000 Panamanians recently applied for positions at the facility, signaling growing recognition of the economic vacuum created by the shutdown. This evolving perspective, combined with mounting fiscal pressures, are making Panamanians increasingly grasp the consequences of the closure. The challenge for the president and his minister of commerce remains identifying a constitutionally sound pathway that addresses environmental concerns, ensures equitable benefit-sharing arrangements and revitalizes affected provincial economies without resurrecting a discredited concession model."

> **"Panama has endured substantial hardship since the mine's closure..."**
> **— Carlos Ruiz-Hernandez**

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A Gracelin Baskaran, director of the Critical Minerals Security Program at the Center for Strategic and International Studies (CSIS): "The most practical path forward would be for Panama's government to assume ownership of the land while First Quantum operates the mine. A joint venture would also be a viable option. Any fiscal agreement with First Quantum Minerals should take into account the company's substantial investment in Panama, totaling more than $10 billion. FQM's commitment underscores its belief in Panama's long-term potential, having made the largest private investment in the nation's history. What's often missing from this debate is the recognition that Cobre Panamá has been a cornerstone of the country's economic growth. When it began operations in 2019, the mine rapidly became a key economic engine, accounting for nearly 5 percent of Panama's GDP and 7 percent of current external revenues, as well as providing around 40,800 jobs—roughly 2 percent of the national workforce. The Panamanian government needs to more clearly communicate how the Cobre Panamá mine benefits the nation and its citizens, not just a Canadian company operating within its borders. The fiscal revenues generated by the mine have the potential to be reinvested in economic development and deliver tangible improvements in people's lives, but realizing that potential depends on the country's governance. A failure to reopen Cobre Panamá will have long-term ripple effects across the economy. The suspension has had far-reaching consequences. Global investors have lost confidence in Panama's investment climate, and major credit agencies—Fitch Ratings, Moody's and S&P—have all downgraded the country's ratings, citing the uncertainty surrounding Cobre Panamá as a critical factor undermining the nation's financial outlook."

> **"A failure to reopen Cobre Panamá will have long-term ripple effects across the economy."**
> **— Gracelin Baskaran**

The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta.

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