

Panama

Overview

Commodities

Dashboard

Context

Wages

What's happening

12%

Population below international poverty line

variable

National minimum wage

€463

per month

Rural living wage

14%

Agricultural workforce

2%

Agriculture share of GDP

4

high

Risk to workers' rights

Context

Panama has a population of approximately 4 million people,^[1] with the majority, 68%, living in urban areas^[2] and the remaining 32% inhabiting rural areas.^[3] The agricultural sector accounts for 14% of total employment in Panama^[4] and represents 2% of the national GDP.^[5]

During the last two decades Panama has witnessed a great boost in its economy, focusing on service oriented economic activities, with agriculture playing a secondary role. This development is worrisome considering that a large share of the population lives in the countryside and relies on small scale agriculture for their livelihoods. Agricultural land represents approximately 30% of the country's area, a number that has remained relatively stable over the years. However, stability is not typical in the agricultural sector in Panama, since yields depend highly on the climate conditions. Farmers usually do not have the means to protect their crops, lack farming technology and suffer high post-harvest losses.^[6]

Panama's top produced crops are sugar cane, bananas, rice, plantains, pineapples, and maize.^[7] In terms of export, the top commodities are bananas, palm oil, raw sugar, watermelons and pineapples.^[8]

Wages

Minimum wage

The minimum wage in Panama varies per sector. Similarly, the minimum wage established for agricultural workers varies according to the agricultural category and the company size.^[9]

Although the minimum wage set by the government is above the poverty line, it only applies to workers in the private sector. This is troubling since almost half of the workforce is employed in the informal sector where wages many times are below the national minimum. In addition, work hour violations occur frequently, and many employers hire workers on short-term contracts to avoid paying their benefits.^[10]

Living wage

The **Global Living Wage Coalition** has developed a Living Wage Reference Value study for rural Panama based on the Anker methodology.

The Anker Living Wage Reference Value in rural Panama is estimated at 569 US dollar (463 EUR) per month. This is the wage required for workers in a typical rural area of Panama to afford a basic but decent standard of living. The value is constituted of a net living wage of 513 US dollar (418 EUR) per month, plus 56 US dollar (46 EUR) per month, to be deducted by law for social security. In comparison, the Anker Living Wage Reference Value in rural Panama is about 50% higher than the minimum wage in the banana sector, but only 4.5% higher than the average agricultural wage.^[11]

What's happening

RESOURCE

Living Wage Reference Value, Rural Panama ↗

Living wage estimate for workers to be able to afford a basic but decent living standard in a typical rural area of Panama. Global Living Wage Coalition, 2020.

INITIATIVE

Women empowerment to improve cocoa family income ↗

A multi-year project that empowers women to increase their income-generating opportunities and reduce child labor in cocoa production in Panama.

Footnotes

1. World Bank (2019). <https://data.worldbank.org/indicator/SP.POP.TOTL?locations=PA>
2. World Bank (2019). <https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS?locations=PA>
3. World Bank (2019). <https://data.worldbank.org/indicator/SP.RUR.TOTL.ZS?locations=PA>
4. World Bank (2020). <https://data.worldbank.org/indicator/SL.AGR.EMPL.ZS?locations=PA>
5. World Bank (2019). <https://data.worldbank.org/indicator/NV.AGR.TOTL.ZS?locations=PA>
6. RVO (2018). Agriculture in Panama: Challenges and Opportunities 2018. <https://www.rvo.nl/sites/default/files/2018/03/agriculture-in-panama-challenges-and-opportunities-2018.pdf>
7. FAOSTAT (2019). http://www.fao.org/faostat/en/#rankings/commodities_by_country
8. FAOSTAT (2019). http://www.fao.org/faostat/en/#rankings/commodities_by_country_exports
9. WageIndicator Foundation (2020). Minimum Wage-Panama. <https://wageindicator.org/salary/minimum-wage/panama>
10. U.S. Department of State (2019). Country Reports on Human Rights Practices: Panama. <https://www.state.gov/reports/2019-country-reports-on-human-rights-practices/panama/>
11. Global Living Wage Coalition (2020). Anker Living Wage Reference Value: Rural Panama 2020. https://www.globallivingwage.org/wp-content/uploads/2020/11/Rural-Panama-LW-Reference-Value_FINAL.pdf

