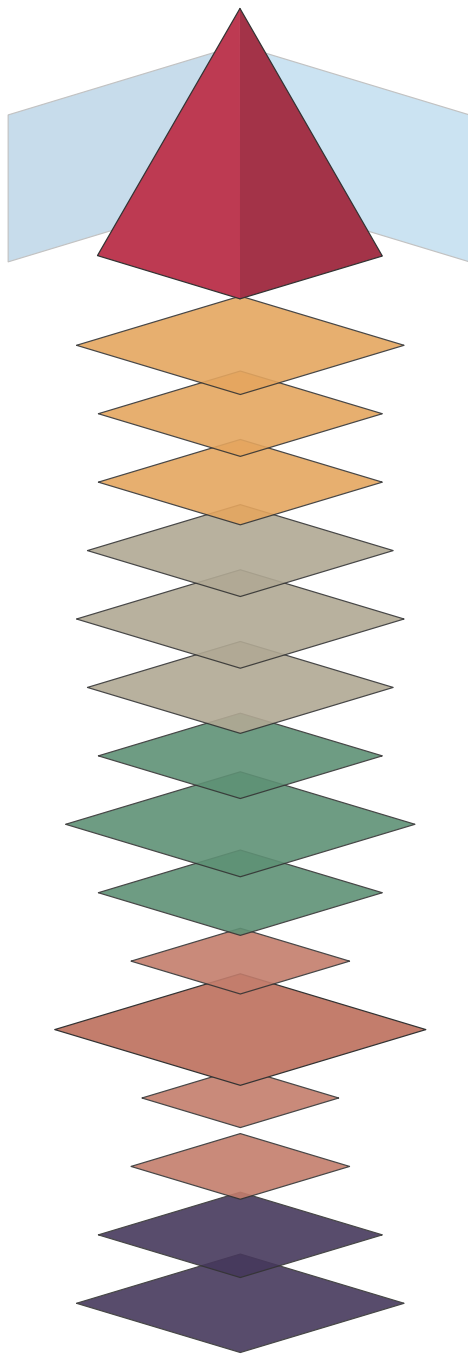




PANAMA



6.98

CRIMINALITY SCORE

17th of 193 countries

6th of 35 American countries

3rd of 8 Central American countries



CRIMINAL MARKETS

6.67

HUMAN TRAFFICKING 7.50

HUMAN SMUGGLING 6.50

EXTORTION & PROTECTION RACKETEERING 6.50

ARMS TRAFFICKING 7.00

TRADE IN COUNTERFEIT GOODS 7.50

ILLICIT TRADE IN EXCISABLE GOODS 7.00

FLORA CRIMES 6.50

FAUNA CRIMES 8.00

NON-RENEWABLE RESOURCE CRIMES 6.50

HEROIN TRADE 5.00

COCAINE TRADE 8.50

CANNABIS TRADE 4.50

SYNTHETIC DRUG TRADE 5.00

CYBER-DEPENDENT CRIMES 6.50

FINANCIAL CRIMES 7.50



CRIMINAL ACTORS

7.30

MAFIA-STYLE GROUPS 7.50

CRIMINAL NETWORKS 7.00

STATE-EMBEDDED ACTORS 7.50

FOREIGN ACTORS 6.00

PRIVATE SECTOR ACTORS 8.50



4.67

RESILIENCE SCORE



Funding provided by the United States Government.

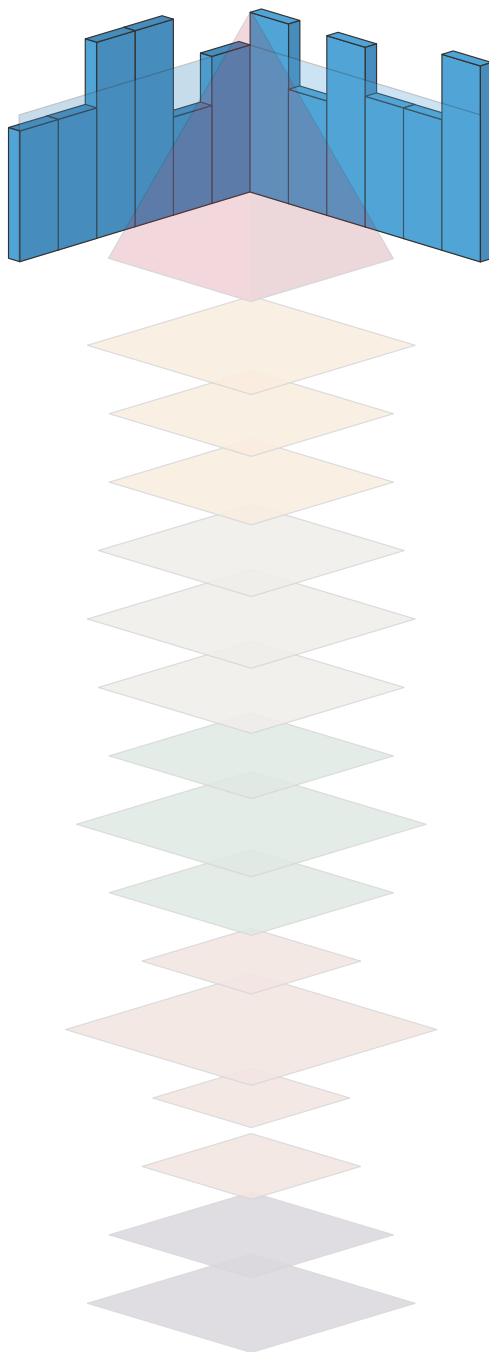


Funded by the European Union

ENACT is funded by the European Union and implemented by the Institute for Security Studies and INTERPOL, in affiliation with the Global Initiative Against Transnational Organized Crime.



PANAMA



4.67

RESILIENCE SCORE

105th of 193 countries

22nd of 35 American countries

2nd of 8 Central American countries

POLITICAL LEADERSHIP AND GOVERNANCE	4.00
GOVERNMENT TRANSPARENCY AND ACCOUNTABILITY	4.00
INTERNATIONAL COOPERATION	6.00
NATIONAL POLICIES AND LAWS	6.00
JUDICIAL SYSTEM AND DETENTION	3.00
LAW ENFORCEMENT	4.50
TERRITORIAL INTEGRITY	5.50
ANTI-MONEY LAUNDERING	3.50
ECONOMIC REGULATORY CAPACITY	5.50
VICTIM AND WITNESS SUPPORT	4.00
PREVENTION	4.00
NON-STATE ACTORS	6.00



6.98

CRIMINALITY SCORE



CRIMINAL MARKETS 6.67



CRIMINAL ACTORS 7.30



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CRIMINALITY

CRIMINAL MARKETS

PEOPLE

Panama is primarily a destination country for human trafficking. Most victims stem from vulnerable groups, including women, migrants and indigenous people. Human traffickers exploit domestic and foreign victims, the latter being frequently women from countries in South and Central America. Most identified trafficking victims are exploited in sex trafficking or forced to work in abusive conditions, primarily in the construction sector. Data suggests that networks continue to operate through transnational schemes to bring migrants from Asia – mainly China – and Latin American countries, such as Venezuela, into Panama to be exploited. Organizations behind human trafficking are known to work in collusion with law enforcement, with police officers accused of extorting victims of sexual exploitation, taking advantage of the fact that the decriminalization of sex work in Panama has blurred the line between legal and illegal activities and that authorities tend to overlook these types of abuses. However, the country has made progress in tackling child exploitation, being one of the few countries in Latin America and the Caribbean to achieve a reduction in child labour.

Panama is also a transit country for human smuggling, with crime organizations exploiting the country's strategic location, including the Darien Gap, to operate their businesses. Smuggling rings transport migrants from countries such as Cuba, Haiti, Venezuela, Ecuador, Pakistan, Ghana, Ethiopia, India and Bangladesh to the US, with the help of corrupt police officers and other officials. Although the exact routes used by criminals to smuggle migrants across the region are difficult to track, it is reported that people from Asia and Africa are usually smuggled by plane to Ecuador, Peru or Brazil and then transported on land to Colombia, Panama and Costa Rica. From there, they are allegedly transported to Nicaragua, Honduras and Guatemala, where they are transferred to other smugglers that guide them through Mexico to the US border. The Darien Gap, whose impenetrability for the Colombian and the Panamanian states has turned this region into a crime hub, is the main way migrants cross from South America to Central America. Using a smuggler to cross the Darien is very common. Migrants reportedly crossed the Darien Gap from Colombia into Panama in record numbers since 2021.

Extortion in the form of loan sharking, and for territorial control, exists in the country and has been associated with gangs and criminal organizations. Levels of extortion, particularly of territorial extortion, have grown substantially in recent years and are particularly high for vulnerable groups of people.

TRADE

Panama is the main port of entry for illicit firearms from the US and Central America in transit to South America, mainly Colombia, due to its status as a free port and its strategic location. The country's ban on arms imports, which was in force between 2011 and 2019, is believed to have helped the development of a black market controlled by high-ranking government officials from the security sector. However, there is also evidence that low- and medium-level officers are equally involved in the arms trafficking market, as well as private security companies, mafia-style groups and criminal networks. The high availability of long-range weapons in the US and the arsenal remnants from conflicts in El Salvador, Honduras and Nicaragua make Panama a convenient logistical hub for the illegal entry of weapons. Arms are trafficked using speedboats and canoes that leave Panamanian ports and arrive at Colombian coastal cities. The Gulf Clan also moves arms and drugs through the thick jungle across the Darien Gap. Although the market is allegedly of a considerable size, most of the weapons only transit Panama to reach their destinations and are not usually sourced in the country.

There is a prevalent counterfeit goods market in Panama, which appears to have grown in recent years. According to experts, there are currently several types of counterfeiting products including medicines, cosmetics and medical equipment. Counterfeit products generally come from countries such as India, Turkey, Vietnam and China. According to government authorities, counterfeit goods help criminal organizations to illegally obtain profits, launder money and finance their criminal operations. The geographical location and the Panama Canal make the country a global hub for trade in several types of illicit goods, both for local consumption and for exports to the rest of the continent. Among these commodities, excise goods have been increasingly trafficked in the country. Thus, most cigarettes consumed in Panama arrive from India and South Korea.

ENVIRONMENT

Illegal logging and the trafficking of wood, particularly cocobolo, which is highly valuable in the US, Europe and China, are the main flora crimes taking place in Panama. These are arguably on the rise, with increased intensity fuelled by corruption and illegal concessions of protected areas. Besides illegal logging for commercial purposes, a main driver of deforestation in Panama is the permissiveness of state entities that allow unplanned construction, livestock, agricultural, forestry and mining activities. The illicit trafficking of wildlife, both within the country and internationally, is also a concern in Panama. Species including turtles, monkeys, exotic birds, frogs, reptiles, deer and jaguars

are particularly affected by the illegal market. This market continues to be pervasive in the country despite official efforts to increase public awareness. Actors involved vary from people within local communities who hunt on demand for foreigners, or locals who either buy animals as pets or to consume them as part of their cultural traditions. Most of the demand for fauna is allegedly coming from Asia, and China in particular.

Furthermore, Panama is a destination and transit point for minerals, particularly illegal gold coming from Colombia, since the financiers of illegal mining tend to set up base in the country as a result of its lax tax laws. Additionally, there is considerable local demand in Panama for luxury items made of minerals, which also contributes to the illegal market. Other minerals, such as mercury mined in Mexico, tend to be transported through Guatemalan ports to Panama. Mercury, in particular, is then smuggled into Colombia and Venezuela, where it is used in gold mining. The province most affected by illegal mining is Darien Province, which borders Colombia. In this region, Colombian mafias, including former Revolutionary Armed Forces of Columbia (FARC) dissident groups and the *Bandas Criminales* (BACRIM), such as *Urabeños*, recruit farmers and indigenous people. Even though the impact of small-scale legal or illegal mining is unknown, there are important environmental concerns that these small-scale and some large-scale mining projects are destroying the Mesoamerican Biological Corridor.

DRUGS

Panama's strategic location connecting North and South America has historically made the country a key transit and storage point for the vast majority of drugs travelling from Colombia to the US. The increase in consumption of drugs linked to the higher numbers of foreign visitors has also led to a growth in local criminal networks. The heroin trade does not have a high level of impact in Panama and heroin is generally imported alongside the cocaine market, but in consistently smaller quantities. Conversely, cocaine trafficking, involving transnational organizations aided by local groups and state-embedded actors, is the largest criminal market in Panama and poses a significant security threat in the country as gangs compete to provide transport and security services to drug traffickers.

The use of cannabis is widespread in Panama, despite its consumption being lower than in other countries of the region. The country is a transit and storage point for the drug, which is usually trafficked alongside cocaine, but marijuana is also cultivated locally in remote regions of the country and represents a source of income for some local gangs. However, the market seems to have slightly reduced its scope and, in 2021, marijuana was legalized for medicinal use, making Panama the first Central American country to do so. Panama is also a transit point for synthetic drugs, such as ecstasy, ketamine and new psychoactive

substances. Synthetics reportedly enter Panama from Mexico and Colombia and cross the country on their way to other destinations.

CYBER-DEPENDENT CRIMES

Cyber-dependent crime is common in Panama and has increased in recent years. Malware and ransomware attacks are the most common forms of cyber-dependent crimes committed in the country, through advanced digital technology. Complaints of crimes against computer security have been reported, with the COVID-19 pandemic being the key to the higher incidence of cases. Nevertheless, most of these crimes appear not to be linked to organized crime groups. Moreover, the fact that such forms of crimes are not typified or regulated within the Penal Code is an important factor in increasing vulnerability.

FINANCIAL CRIMES

Financial crimes, particularly those involving cyber-enabled methods, have been on the rise in the country, where individuals are being targeted through different forms of such crimes. In particular, stolen credit card data is a lucrative criminal activity in Panama. Among the most recurrent types of banking frauds are donation scams, altered deposit flyer scams, commitments in business emails, phishing and cyber frauds with credit and debit cards. Embezzlement and misuse of funds crimes also occur in the country.

CRIMINAL ACTORS

Private sector actors in the country are heavily involved in criminal activities, especially in financial crimes as well as money laundering. In fact, out of the 14 corporate service providers featured in the Pandora Papers, two are based in Panama, which showcases the widespread involvement of entities established in Panama in such illicit schemes. Mafia-style crime organizations operate heavily across Panama, with the two most prominent groups being *Bagdad* and *Calor Calor*. These two groups are reportedly made up of smaller youth gangs and have hundreds of members. The groups are mainly involved in drug logistics and guarding shipments, contract killings, kidnapping, extortion and controlling territory for the movement and sale of drugs. *Bagdad* controls the vast majority of the drug sales in Panama, while *Calor Calor* focuses on transporting drugs for more sophisticated criminal organizations, particularly from Colombia and Mexico. Both groups have strong territorial control, particularly in strategic areas such as *Colón* – home to the *Colón Free Trade Zone* – and within the country's prison system, from which their leaders operate. Panama's main gangs are reportedly becoming more sophisticated, with the largest – *Bagdad* – transitioning from being a network of gangs for hire by drug traffickers, to a cohesive group

capable of moving large drug shipments, armed territorial defense, and laundering money. Calor Calor is evolving along a similar path, with related homicides increasing as a result. Panama also has a serious corruption issue. Local political figures, as well as members of the country's security forces, are believed to be involved in corruption as well as drug trafficking, among other types of criminal offences.

Furthermore, loose criminal networks specialize in crimes such as the sale of drugs, which is one of the most important criminal markets in the country. In general, these networks use low levels of violence since most of them commit

white-collar crimes and, even in more potentially violent situations, clashes do not escalate to the levels of other Central American countries. Along with loose networks, a number of foreign actors are involved in Panama's illicit markets, particularly drug trafficking. Mexican groups, including the Sinaloa Cartel and the Zetas, and Colombian crime groups – BACRIM – were identified as operating in the country. The 57th Front of the now largely demobilized FARC was known to be a key actor in drug trafficking in the Darien Gap but, since its demobilization, the Urabeños appear to have taken over.

RESILIENCE

LEADERSHIP AND GOVERNANCE

Panama is home to weak political institutions and lacks effective mechanisms to tackle corruption and money laundering, most demonstratively illustrated by the Panama Papers and Odebrecht cases, and compounded by the lack of an independent institution devoted to tackling these illegal markets. Transparency remains a challenge in Panama. Horizontal accountability is practically non-existent as deliberative organs are constituted on the basis of clientelism, vote-buying and corruption. Panamanians' trust in state institutions has declined over the years. Unemployment, poor economic growth, corruption and lack of transparency are some of the reasons behind the plummeting public confidence levels in most public institutions. These issues also triggered historic demonstrations in the country in 2022. In 2021, Panama launched an interinstitutional commission to track anti-corruption policy in accordance with international standards and, in 2022, the country opened a new channel for the public to report corrupt acts. Despite its weaknesses, no state service in the country is provided by criminal groups, which has helped Panama to be considered among the more stable countries in the world.

At the international level, Panama has signed and ratified a number of conventions and treaties to counter organized crime. The country also has cooperation agreements with a range of partner states, most notably the US, an important ally in the fight against money laundering. At the national level, while Panama has a number of laws targeting organized crime, their scope seems rather broad and, in certain cases, such as environmental crimes, the resulting penalties are very low. Financial regulations aimed at curbing money laundering and tax evasion are still considered lax, as are regulations on curbing the establishment of facade companies.

CRIMINAL JUSTICE AND SECURITY

Panamanian judicial system has difficulties prosecuting complex organized crimes, although the accusatorial criminal justice system is faster and more transparent than the country's former criminal justice system, a lack of resources tends to obstruct investigations and leave them exposed to corruption. The country's prison system is in crisis, with overcrowded jails and the housing of a large number of individuals on pre-trial detention. Prisons are often managed by corrupt officials who fail to tackle violence arising from confrontations among rival gangs.

The institutions in charge of security – the National Police and the General Prosecutor's Office – are also regarded as inefficient, mainly as a result of a lack of resources, as well as corruption. A Multidisciplinary Team Specialized in Environmental Crimes was created in 2021, made up of the Ministry of the Environment, the Ministry of Public Security and the Attorney General's Office.

Panama's strategic geographic location has also turned the country into one of the main transit points for drug shipments travelling from South America to Central America and the US – a veritable warehouse for drugs and a meeting point for criminals. While the state has good reach across the country, control of the Darien Gap between Panama and Colombia has been especially challenging. While Colombia and Panama continue to work together to try and control the porous Darien Gap, the increase in cocaine production in Colombia could continue to exacerbate illegal cross-border trafficking. Furthermore, migrant transit routes across the jungle border appear to be changing, which could pose additional difficulties in monitoring border flows.

ECONOMIC AND FINANCIAL ENVIRONMENT

Panama is assessed to have one of the highest risks of money laundering and terrorist financing in the world. The Panama Papers scandal showed that governmental efforts are not enough both when it comes to establishing regulations and enforcing them. Bank secrecy remains strong and protects anonymous companies that benefit money launderers and tax evaders. Laws are weak regarding prevention and investigation of money laundering, as well as financial intelligence gathering. In May 2021, the joint US-Panama Anti-Money Laundering and Anti-Corruption Task Force was launched, leading to a rise in active investigations. In this respect, the country remains on the Financial Action Task Force (FATF) grey list and missed the FATF's deadline for implementing an anti-money laundering action plan.

Panama has been among the fastest growing economies in Latin America and is known for having relatively good market institutions. The overall freedom to form and operate a business in the country is well protected within an efficient regulatory environment. The economy of Panama is mostly based on a well-developed services sector. However, as a long-time money laundering hub, an important part of this sector could be related to that crime.

CIVIL SOCIETY AND SOCIAL PROTECTION

Authorities in Panama generally fail to protect victims effectively, even though Panama has invested resources through the Technical Unit for Attention and Protection of Victims and Witnesses to cover most of the country. There are no regulations for the licensing of services for the care of psychoactive substance users. The centres that do exist do not have a clinical approach. In some centres, the persons in charge of the interventions do not have professional training; they are people who have recovered from addiction. Furthermore, the country does not have

harm reduction programmes for psychoactive substance users, although a new law will create a programme for 12- to 18-year-olds with drug consumption issues to receive treatment.

Panama is currently focusing its security strategy on reducing violence among young people in the neighbourhoods of the country's major cities, although some crime indicators, particularly a rise in common crime, have called its effectiveness into question. Panama has preventative bodies, including those for the prevention of youth delinquency. Panama's communal police programme, with a focus on crime prevention, recreational activities, resolution of community issues and communal living, continues to receive thousands of youths, and appears to be expanding. A new campaign, launched in specific communities, aims to prevent forced labour by raising awareness among migrants, their communities and local institutions regarding false job opportunities.

It appears that non-state actors, both local and foreign, are highly active in anti-organized crime initiatives in areas including corruption, drug addiction and human trafficking, often in collaboration with national authorities. When it comes to press freedom, Panama has improved recently, although defamation cases against journalists, particularly those covering corruption- and money laundering-related stories, are common and often result in fines. These judicial actions are generally used as a form of intimidation and censorship. Another method used to pressure media is the selective allocation of state advertising.

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