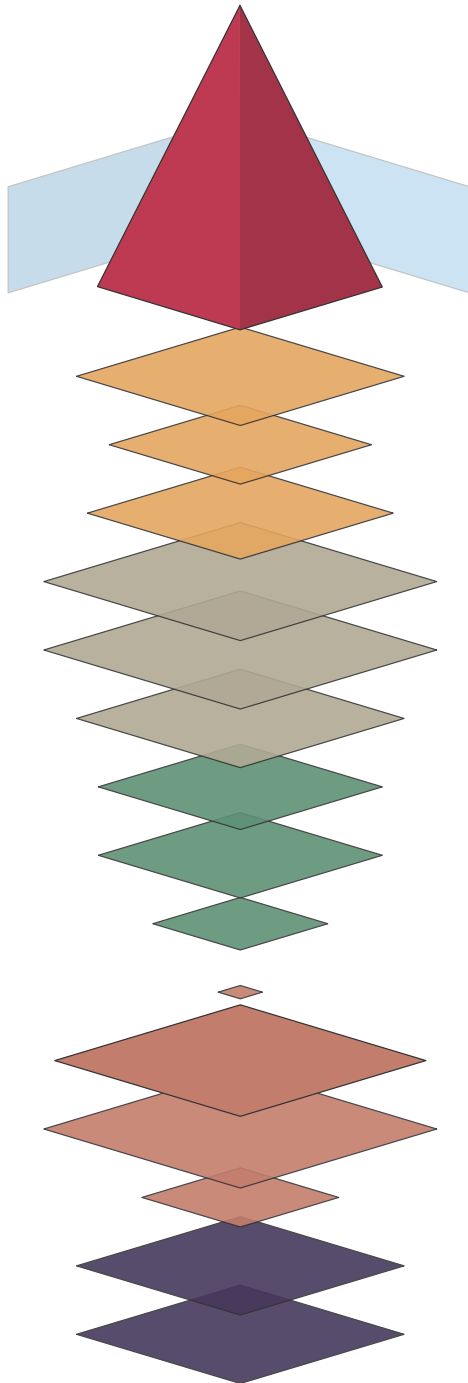




PARAGUAY



7.52

CRIMINALITY SCORE

4th of 193 countries

3rd of 35 American countries

2nd of 12 South American countries



CRIMINAL MARKETS

6.73

HUMAN TRAFFICKING	7.50
HUMAN SMUGGLING	6.00
EXTORTION & PROTECTION RACKETEERING	7.00
ARMS TRAFFICKING	9.00
TRADE IN COUNTERFEIT GOODS	9.00
ILLICIT TRADE IN EXCISABLE GOODS	7.50
FLORA CRIMES	6.50
FAUNA CRIMES	6.50
NON-RENEWABLE RESOURCE CRIMES	4.00
HEROIN TRADE	1.00
COCAINE TRADE	8.50
CANNABIS TRADE	9.00
SYNTHETIC DRUG TRADE	4.50
CYBER-DEPENDENT CRIMES	7.50
FINANCIAL CRIMES	7.50



CRIMINAL ACTORS

8.30

MAFIA-STYLE GROUPS	8.00
CRIMINAL NETWORKS	8.00
STATE-EMBEDDED ACTORS	9.00
FOREIGN ACTORS	9.00
PRIVATE SECTOR ACTORS	7.50



3.42

RESILIENCE SCORE



Funding provided by the United States Government.

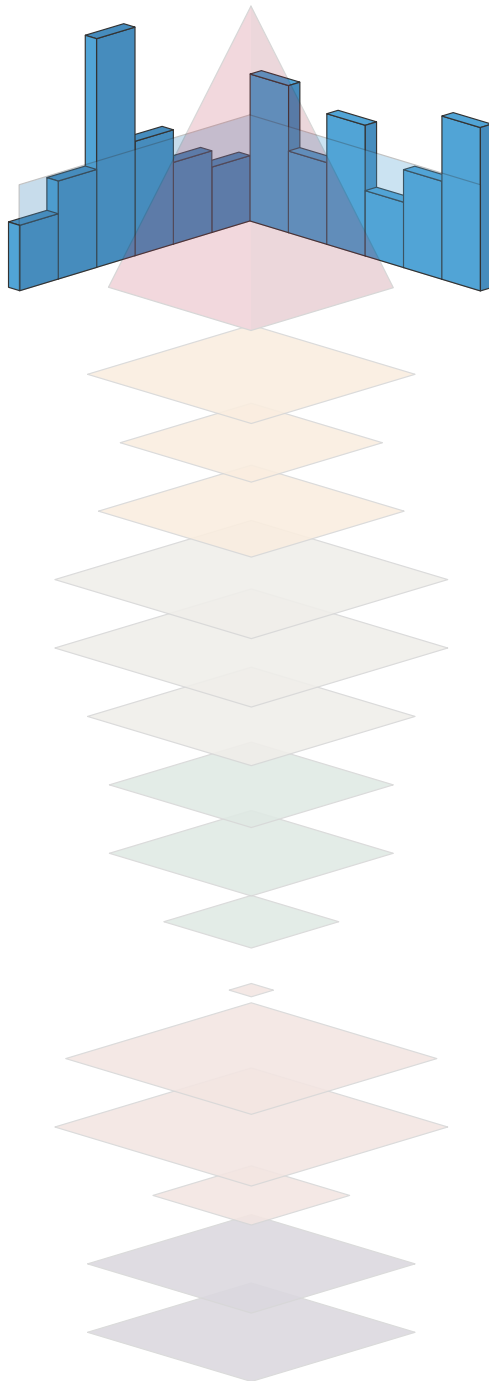


Funded by the European Union

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PARAGUAY



3.42

RESILIENCE SCORE

151st of 193 countries

29th of 35 American countries

10th of 12 South American countries

POLITICAL LEADERSHIP AND GOVERNANCE	2.00
GOVERNMENT TRANSPARENCY AND ACCOUNTABILITY	3.00
INTERNATIONAL COOPERATION	7.00
NATIONAL POLICIES AND LAWS	3.50
JUDICIAL SYSTEM AND DETENTION	2.50
LAW ENFORCEMENT	2.00
TERRITORIAL INTEGRITY	4.50
ANTI-MONEY LAUNDERING	2.50
ECONOMIC REGULATORY CAPACITY	4.00
VICTIM AND WITNESS SUPPORT	2.00
PREVENTION	3.00
NON-STATE ACTORS	5.00



7.52

CRIMINALITY SCORE



CRIMINAL MARKETS 6.73



CRIMINAL ACTORS 8.30



CRIMINALITY

CRIMINAL MARKETS

PEOPLE

Paraguay's human trafficking market is highly decentralized and involves independent criminals who are aided by corrupt officials at various levels of government. Victims are often recruited through social media applications and local businesses, such as bars, massage parlours and domestic help services. While internal trafficking accounts for only a small percentage of the trade, the main domestic destinations are Paraguay's larger cities, and the main regional destinations are neighbouring countries. Most of the earnings appear to be accrued in destination countries, where victims are forced to repay thousands of dollars in debt. Child labour remains one of the most common forms of trafficking in Paraguay. Furthermore, the practice of 'Criadazgo' (observed in Paraguay where individuals take in children to serve as domestic servants) is not criminalized and is, instead, established within the culture, mainly in the country's interior. There have also been reports of forced labour among indigenous peoples in the Chaco region.

Although Paraguay is not an attractive destination for foreign nationals due to its struggling with gaps in its economic and social development, it serves as a transit country for those who want to reach Argentina and Brazil. Paraguayan authorities have identified small criminal groups involved in human smuggling operations working in cooperation with corrupt officials in the migration office. Paraguay's border with Brazil is largely unregulated, which allows for free criminal movement. Despite this, Paraguay's human smuggling market is smaller than other illicit markets in the region.

Extortion and protection racketeering are on the rise in Paraguay, with digital extortion becoming increasingly prevalent. Perpetrators, often part of large criminal groups, use social media to obtain details of their victims and impersonate someone close to them to request money. Extortion is usually committed by local organized criminal groups without the help of outsiders.

TRADE

Paraguay has emerged as a major hub for arms trafficking in the region, with Brazil being the primary destination market. Rampant corruption at all levels of the state has enabled the legal importation of a substantial number of firearms, most of which end up being sold in criminal markets. Further, Brazilian criminal gangs have set up arms trafficking operations in Paraguayan cities with the help of

public officials deeply involved in the trade. Arms are also illegally entering the country from Bolivia and Argentina, often stolen from the police and military, and smuggled in amongst legal goods.

Trade in counterfeit goods is a pervasive criminal market in Paraguay, with the country being a primary destination for pirated and fake items in South America. Products such as clothing, shoes, watches, household appliances and perfumes are commonly counterfeited. Criminal groups in Paraguay are the primary actors in the trade of counterfeit goods and have connections to other countries involved in similar crimes. Paraguay is also an important source of illicit tobacco trade in the region, with the Tri-Border Area between Brazil, Paraguay and Argentina being a key smuggling corridor for tobacco trafficking. The illicit trade of tobacco contributes to the financing of other crimes, such as drug and arms trafficking. Smuggling of tobacco goods also occurs within Paraguay's market, but its primary objective is exportation to other countries. Some companies are known to produce several million cigarettes without declaring their production. Smuggling also occurs between Paraguay and Argentina, with goods such as alcoholic beverages arriving in Paraguay. Smuggling is widespread in the country, with more than a quarter of the products in the economy being smuggled. Primary business associations in the country assert that the recent surge in contraband goods is the result of collusion between control agencies and smugglers.

ENVIRONMENT

Paraguay has lost more than a quarter of its tree cover over the past two decades, with wood trafficking being the primary criminal activity in the country's flora market. Independent criminal groups, with the aid of corrupt officials, operate in this market, with Brazilian actors known to be financing logging operations. Illegal loggers have even been reported to attack local authorities with guns, and make death threats. Despite the existence of legal frameworks for forest protection, impunity remains rampant due to the lack of a state policy or efficient regulatory framework. Those who try to report flora crimes have been met with bribery, job loss or death due to the political and economic influence of land-owning elites.

Low-scale criminal networks drive fauna crimes in Paraguay, selling endangered animals as pets through social media and informal selling points with the help of corrupt officials. Despite having laws to protect endangered species, institutions and law enforcement in the country are weak, allowing impunity to continue, with illegal hunting and habitat loss remaining the primary risks to threatened or endangered species in Paraguay, including jaguareté

(*Panthera onca*), the aguará guazú (*Chrysocyon brachyurus*), the taguá (*Catagonus wagneri*), and the tatú carreta (*Priodontes maximus*).

While the non-renewable resource crimes market in Paraguay is relatively small compared to neighbouring countries, the mining of gold, uranium and titanium may become a source of conflict in the future. An important part of the illegally extracted gold that is smuggled to Europe is being validated in Paraguay through the bribery of authorities that create false documentation. There are also reports of mercury trafficking through the country. Petrol smuggling is currently on the rise, with high petroleum prices and subsidies in neighbouring Argentina making the price difference attractive to consumers. This has caused a notable decrease in sales at legal petrol stations in border areas, with even tanker trucks entering the country illegally. The profits from non-renewable resource crimes are believed to remain in the elite business sector, with corrupt authorities enabling the continuation of illegal activities.

DRUGS

Heroin is not a significant drug for either consumption or trafficking in Paraguay, with the overall market being almost non-existent. However, Paraguay is widely recognized as a transit and destination country for cocaine trafficking, and has increasingly become a source country in recent years. There has been a surge in the seizure of 'base paste', which indicates a growth in cocaine processing. Although there are no official records regarding coca plantations in the country, an estimated 200 tonnes of cocaine pass through the country each year, mostly from Bolivia and Peru. Drug traffickers are increasingly using air and sea routes to bypass overland travel restrictions. The logistics of cocaine movement in Paraguay involve various actors, including farm labourers, farm owners, police officers, pilots and political elites. Unlike the aforementioned individuals, these political elites can be enticed with exorbitant sums, often reaching hundreds of thousands of dollars, in exchange for protecting drug traffickers. Expanding cocaine market in the country has reportedly led to an increase in organized crime-related homicides and violence.

Paraguay is the largest illegal cannabis producer in South America, with most of it being trafficked to Brazil. Local elites with the support of state actors control the marijuana market, with links to officials from the military, and even executive branch. Foreign criminal groups have also extended their control over the marijuana trade in Paraguay. Communities in rural areas view marijuana as a legitimate source of income, and there are reports of indigenous communities renting their land to Brazilian gangs to grow cannabis. The signing of a decree to make the industrial production of marijuana legal, granting a number of licenses for its import and manufacture, and the lack of state capacity to combat the trade could encourage growth in illegal production.

Synthetic drug production inside Paraguay has been evident for almost a decade. Paraguay serves as a distribution centre for synthetic drugs primarily destined for Brazil and Argentina. Although larger criminal groups coordinate import operations, loose criminal networks, mostly comprising young people in urban areas, appear to participate in the commercialization of synthetic drugs within the country. Small amounts of synthetic drugs are camouflaged among legal goods and sent to cities, such as Ciudad del Este, in the Tri-Border Area via airmail. Evidence suggests that Paraguay's role in the synthetic drug trade has expanded in recent years.

CYBER-DEPENDENT CRIMES

Paraguay has been significantly affected by cybercrime, with most attacks attributed to foreign criminal networks taking advantage of vulnerable systems. These crimes include malware, spam and ransomware, and, in some cases, these criminals hire experienced individuals from around the world to commit the offences. Cybercrimes are typically undetected by victims. Although Paraguay has a moderate level of cyber-security, these attacks highlight the need for continued efforts to strengthen the country's defences.

FINANCIAL CRIMES

Financial crime has been on the rise in Paraguay, with corporations being the most common perpetrators. The crimes committed include embezzlement, tax evasion and illicit enrichment. Many cases involve government representatives, and corruption is often linked to criminal markets or groups. Some high-profile cases include embezzlement and the misuse of state resources by elected politicians.

CRIMINAL ACTORS

The criminal markets in Paraguay are heavily influenced and facilitated by state-embedded actors, ranging from low-level security officials to elite-level officials. These actors not only facilitate criminal activities but also create obstacles to prosecuting criminal and mafia-style actors. Corruption is so deeply rooted in society that it is a constant regardless of the government, with police officers and officials in state services commonly demanding bribes. Furthermore, the illegal economy is key for political parties in the country, with many rich smugglers and drug traffickers reportedly using their profits to finance them.

Foreign criminal actors, particularly Brazilian gangs, are extensively involved in local illicit trade. They also exercise considerable influence over the local prison system. In addition to Brazilian gangs, traditional contraband czars of Middle Eastern origin, and Chinese mafia organizations also lead operations in Paraguay, primarily in the Tri-Border Area. Despite links between high-level politicians and

criminal activities, there is no evidence of foreign groups directly influencing Paraguay's democratic processes.

Paraguay has several mafia-style groups, which control much of the drug trafficking both inside and outside of prisons. Guerrilla groups also charge a 'revolutionary tax' and attack agricultural infrastructure. The largest Brazilian mafia groups also have Paraguayan chapters due to their local membership. These dominate the cigarette smuggling, and drug and arms trafficking markets in the country. Criminal networks in Paraguay are involved in smuggling contraband goods across borders and stealing fuel from boats. These groups are believed to operate with

the knowledge or participation of high-profile government officials. The COVID-19 pandemic has increased the demand for smuggled goods, which has had a noticeable social and economic impact on the country.

The illegal tobacco trade in Paraguay is dominated by private sector actors, who have been accused of tax evasion and political influence. Companies have been found to have evaded millions of dollars in taxes, but, after making threats, have managed to suppress the reporting of these crimes. They also have influential people in the government, that have been used to persecute individuals who seize their illegal shipments.

RESILIENCE

LEADERSHIP AND GOVERNANCE

Paraguay's political leadership and governance continue to be major concerns. Actors from both main political parties have been accused of forming an 'impunity pact' to avoid investigation into corruption allegations. Members of the current cabinet have faced criticism for their ineffectiveness and lack of experience in serving in the anti-corruption unit. Additionally, there have been massive demonstrations against the government since corruption levels were exposed and exacerbated by the COVID-19 pandemic, which has provoked public outrage. The pandemic has also highlighted the prevalence of authoritarian traits in state institutions, particularly abuses by police forces. Paraguay has taken steps to improve transparency and accountability in its government, including the creation of a transparency website and a new Public Contracting Law. However, the country still has a poor legal framework for access to information and a high level of perceived corruption. Legal loopholes, particularly in campaign finance, and oversight agencies limited to react and not prevent, contribute to corruption at all levels of the state. Moreover, the lack of legal security and the lack of independence of the judiciary results in high levels of impunity, policy and project discontinuity, and weak development of a culture of ethics.

Paraguay has signed relevant international treaties and conventions related to organized crime and cooperates with most Latin American countries in anti-drug trafficking efforts. Although Paraguay has signed many extradition treaties with countries in the Americas, it has failed to extradite high-level politicians involved in criminality. The country has several laws to combat organized crime, including arms trafficking, drug production and trafficking, money laundering and environmental crimes. However, the implementation of these laws is weak due to the lack of clear policies and comprehensive national plans or strategies to guide actions against specific criminal activities.

CRIMINAL JUSTICE AND SECURITY

Corruption and politicization are widespread within the judicial system in Paraguay, particularly in lower courts and regional offices, which undermines public confidence and contributes to impunity for high-ranking officials. Efforts are being made to strengthen the judicial system specialized in organized crime and economic crimes, but systemic issues persist, for example, a law that allows politicians and influential individuals convicted in lower courts to avoid punishment by filing appeals and motions until the four-year legal limit is reached. Impunity is rampant in cases of embezzlement, tax evasion and other crimes. Poor defendants are often subjected to excessively high bail, while politically connected or wealthy defendants receive concessions. The penitentiary system also faces numerous challenges, with overpopulation causing criminal groups to develop in prisons and leading to increased criminal activity both inside and outside the system. Corruption in the penitentiary system is common, with officials colluding with criminal leaders to provide privileges or help them escape.

Paraguay's law enforcement agencies have been accused of corruption and involvement in criminal activities, including drug trafficking and smuggling. The police and other security agencies operate ad hoc, with most strategies against organized crime coming from cooperation with Brazilian and Argentinian authorities to control the borders, rather than within the government. While recent international cooperation agreements are expected to enhance the government's capacity to fight crime, it remains to be seen whether access to better intelligence and equipment will result in security improvements beyond seizure, eradication and arrest operations. Constitutional guarantees of due process are poorly upheld, and cases such as killings by policemen have been covered up by the judiciary.

The state struggles to control areas with a strong criminal presence, including most of the physical borders with Brazil and areas controlled by the Paraguayan People's Army. The country still faces challenges in controlling the smuggling of gas and other goods across its border with Argentina, as well as controlling drug trafficking flights coming from Bolivia. Internally, Paraguay has a national plan for cybersecurity and a computer emergency response team to respond to cyber incidents.

ECONOMIC AND FINANCIAL ENVIRONMENT

Paraguay has a long-standing history of being a high-risk country for money laundering and terrorist financing. Although new regulations have been approved, the government's efforts seem to be geared more towards complying with international standards than achieving effective results. Criminals are increasingly using Paraguay to launder illicit money through the acquisition of real estate, cattle ranches and other assets, and the state appears to lack the political will to combat this crime effectively. The Tri-Border Area shared with Brazil and Argentina is a crucial hub for money laundering and a source of financing for criminal and terrorist networks.

The economic regulatory environment in Paraguay is rife with organized crime, exemplified by instances of money laundering, state contractors being accused of arms trafficking and a lack of transparency in the state energy businesses. The increase in smuggled goods is undermining formal economic sectors since they pay taxes and customs, and cannot compete with smuggling networks. Despite improvements in the business climate, corruption, the effects of the COVID-19 pandemic, lack of innovation and a shortage of a qualified labour force pose significant challenges for investors. However, the rise in commodity prices presents opportunities in agribusiness, where Paraguay is a leader in the region.

CIVIL SOCIETY AND SOCIAL PROTECTION

Despite the Paraguayan government's efforts to improve victim support and protection, several high-profile cases have demonstrated its failure to protect victims and witnesses. While new procedures have been implemented to screen children travelling alone for trafficking indicators, many victims are forced to return home due to a lack of sufficient shelters. The quality of support for victims, particularly in rural areas, remains inadequate due to insufficient financial and human resources.

The Paraguayan government's approach to preventing organized crime has been unsuccessful, with a focus mainly on anti-drug operations. In recent years, the government's prevention efforts decreased, and poor interagency coordination has limited its ability to collect statistics and make decisions. Rather than allocating funds for public awareness campaigns to its institutions, the government relies on civil societies, businesses and trade unions to run campaigns in high-risk areas.

Journalists and media workers in Paraguay continue to face threats and attacks, with some journalists killed as a result. Public servants have perpetrated more than half of the attacks on journalists, indicating a deterioration of freedom of expression in recent years. Media outlets remain concentrated in the hands of a few individuals, and community radio stations struggle to survive. In addition, human rights defenders in Paraguay have faced an increase in stigmatization and judicial persecution. The excessive and unnecessary use of force by police was also alleged during protests held against the government's handling of the COVID-19 pandemic and the corruption associated with it. While political access to NGOs tends to be given to senior business figures or religious groups, human rights groups are increasingly accused of reflecting an international liberal agenda, with these groups then being dismissed.

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