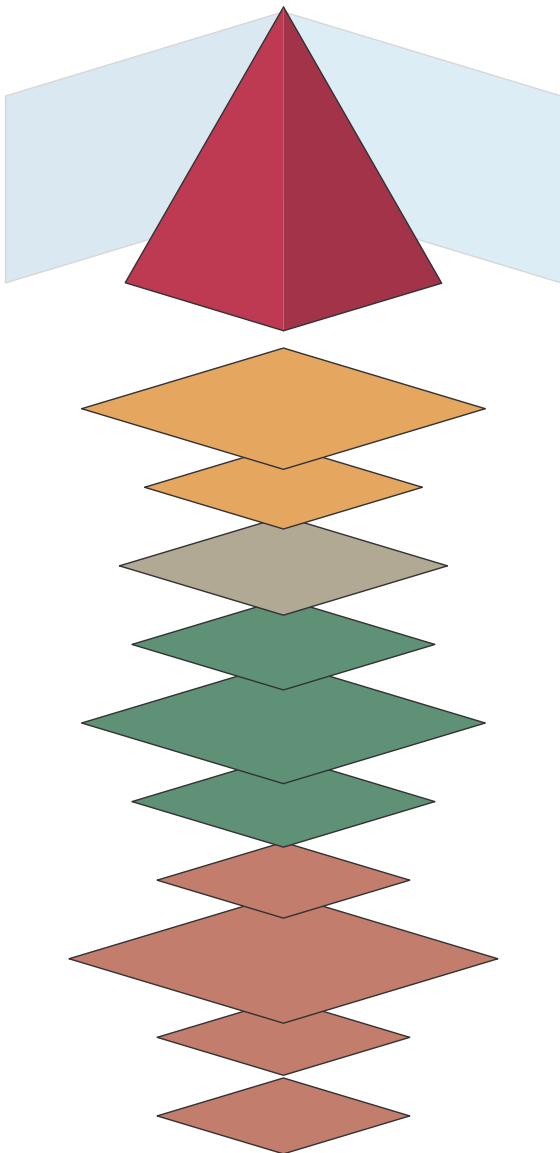




# PANAMA



## 6.68 CRIMINALITY SCORE

17<sup>th</sup> of 193 countries  
5<sup>th</sup> of 35 American countries  
3<sup>rd</sup> of 8 Central American countries



### CRIMINAL MARKETS 6.35

HUMAN TRAFFICKING	8.00
HUMAN SMUGGLING	5.50
ARMS TRAFFICKING	6.50
FLORA CRIMES	6.00
FAUNA CRIMES	8.00
NON-RENEWABLE RESOURCE CRIMES	6.00
HEROIN TRADE	5.00
COCAINE TRADE	8.50
CANNABIS TRADE	5.00
SYNTHETIC DRUG TRADE	5.00



### CRIMINAL ACTORS 7.00

MAFIA-STYLE GROUPS	7.50
CRIMINAL NETWORKS	7.00
STATE-EMBEDDED ACTORS	7.50
FOREIGN ACTORS	6.00



## 4.83 RESILIENCE SCORE

96<sup>th</sup> of 193 countries  
20<sup>th</sup> of 35 American countries  
2<sup>nd</sup> of 8 Central American countries



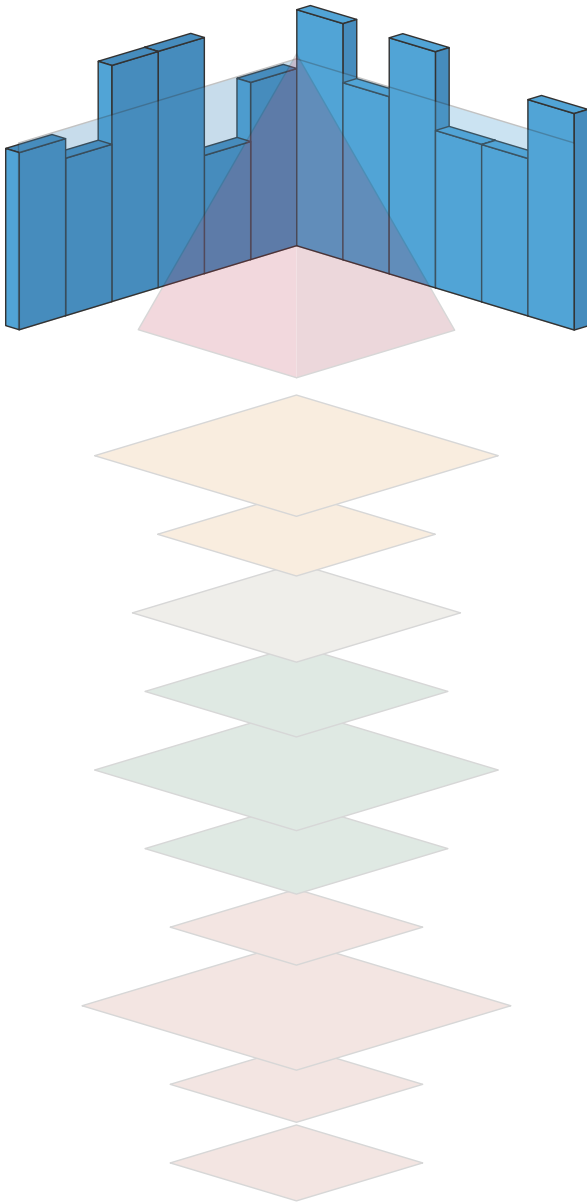
Funding provided by the United States Government.



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




## 4.83 RESILIENCE SCORE

96<sup>th</sup> of 193 countries  
20<sup>th</sup> of 35 American countries  
2<sup>nd</sup> of 8 Central American countries

POLITICAL LEADERSHIP AND GOVERNANCE	4.50
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	6.00
ANTI-MONEY LAUNDERING	4.50
ECONOMIC REGULATORY CAPACITY	6.00
VICTIM AND WITNESS SUPPORT	4.00
PREVENTION	4.00
NON-STATE ACTORS	5.50



## 6.68 CRIMINALITY SCORE

17<sup>th</sup> of 193 countries  
5<sup>th</sup> of 35 American countries  
3<sup>rd</sup> of 8 Central American countries

 CRIMINAL MARKETS	6.35
 CRIMINAL ACTORS	7.00

# CRIMINALITY

## CRIMINAL MARKETS

### PEOPLE

Panama is a destination country for human trafficking, with victims including women, migrants and indigenous people from Latin America, and particularly Venezuela, because of the economic and political crisis there, as well as from Asia. Most trafficking victims are sexually exploited or forced to work in abusive conditions, primarily in the construction sector, although the country has made some progress in tackling child exploitation. 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.

Panama is also a transit country for human smuggling, with crime organizations taking advantage of the country's strategic location, including the Darien Gap, a lawless swathe of jungle on the border with Colombia. Smuggling rings transport migrants from countries such as Cuba, Haiti, Venezuela, Ecuador, Pakistan, Ghana, Ethiopia, India and Bangladesh to the United States, with the help of corrupt police officers and other officials.

### TRADE

Panama's status as a free port and its strategic location have made it the main point of entry for illicit firearms from the United States and central America in transit to South America, particularly Colombia. 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. Although the market is allegedly of a considerable size, most of the weapons only transit Panama to reach their destinations. Notably, the said ban was not renewed in 2020, which is quite likely to lead to a decrease in the cost of arms locally, their increased availability and a potential rise in local violence.

### ENVIRONMENT

Illegal logging and the trafficking of wood, particularly cocobolo, which is highly valuable in the United States, Europe and China, are the main flora crimes taking place in Panama. These are arguably on the rise, with the increased intensity fuelled by corruption and illegal concessions of protected areas. The illicit traffic of animals, 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 that continues to grow despite official efforts to increase public awareness.

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.

### 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 and contraband travelling from Colombia to the United States. The country's lax financial regulations and strong bank-secrecy laws have in turn contributed to Panama becoming a tax haven for criminals and an attractive base for their logistics and financial operations. 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 risk in the country. Cannabis is the second-largest drug market in Panama, with the country being a transit and storage point for the drug, which is usually trafficked alongside cocaine. Cannabis is also cultivated locally in remote regions of the country and it is the main criminal activity of some local gangs. Groups that engage in cannabis cultivation are looking to meet limited local demand. Domestic heroin and synthetic drug markets are limited. Nevertheless, it is very likely that Panama is also a transit point for synthetic drugs, such as Ecstasy, ketamine and new psychoactive substances.

## CRIMINAL ACTORS

Hundreds of mafia-style crime organizations operate across Panama, with the two most prominent groups being Bagdad and CalorCalor. These two are reportedly made up of smaller youth gangs and have hundreds of members. These 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 CalorCalor 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, the second-largest free-trade zone in the world, and within the country's prison system, from which their leaders operate. Panama also has a serious corruption issue, although it remains under the radar as a result of an apparent unwillingness of authorities to investigate and prosecute offenders. Arguably, however, local political figures, as well as members of the country's security forces, are involved in corruption as well as drug trafficking, among other types of criminal offences. Notably, port officers (hired by private companies) are accused of aiding drug cartels to conceal drugs in containers and ships.

In addition, loose criminal networks specialize in money laundering, which is one of the most important criminal

markets in the country. In general, criminal networks in Panama use low levels of violence since most of them commit white-collar crimes. 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, known as BACRIM, were identified as operating in the country. The 57th Front of the now largely demobilized Revolutionary Armed Forces of Colombia (FARC) was known to be a key actor in drug trafficking in the Darien Gap but, since its demobilization, the Urabeños seem 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. In spite of that and the decline in the public's trust in institutions, the country is considered to be relatively stable.

Internationally, Panama has signed and ratified a number of conventions and treaties to counter drug trafficking and organized crime more generally. The country also has cooperation agreements with a range of partner states, most notably the United States, an important ally in the fight against money laundering. In addition, although Panama has a number of laws targeting organized crime, their scope seems rather broad and, in certain cases, such as environmental crimes, the penalties provided 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

Panama's judiciary faces several challenges when it comes to investigating and prosecuting complex financial crimes, particularly the lack of resources and the fact that cases are never taken as part of wider patterns. The country's prison system is in crisis, with overcrowded jails housing a large number of individuals on pre-trial detention 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. Meanwhile, Panama's strategic geographic location has turned the country into one of the main transit points for drug shipments travelling from South America to central America and the US, a 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.

## ECONOMIC AND FINANCIAL ENVIRONMENT

Panama is an international hub for money laundering, with heads of government, political leaders, and personalities in finance, business, sports and the arts accused of using the country's lax regulations to conceal corporate property, assets and profits and to evade tax. Despite some advances, legislation is insufficient to tackle this market. Bank-secrecy laws continue to protect anonymous companies and prevention and investigation frameworks, as well as financial intelligence-gathering, remain weak. Doing business in Panama, however, is considered to be relatively easy, with the service sector dominating the local economy.

## CIVIL SOCIETY AND SOCIAL PROTECTION

Authorities in Panama generally fail to protect victims effectively, even though Panama has invested resources through the Victim and Witness Protection Unit to cover most of the country. The country 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 put its effectiveness in question. 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. Furthermore, access to information remains somewhat restricted.

---

*This summary was funded in part by a grant from the United States Department of State. The opinions, findings and conclusions stated herein are those of the authors and do not necessarily reflect those of the United States Department of State.*