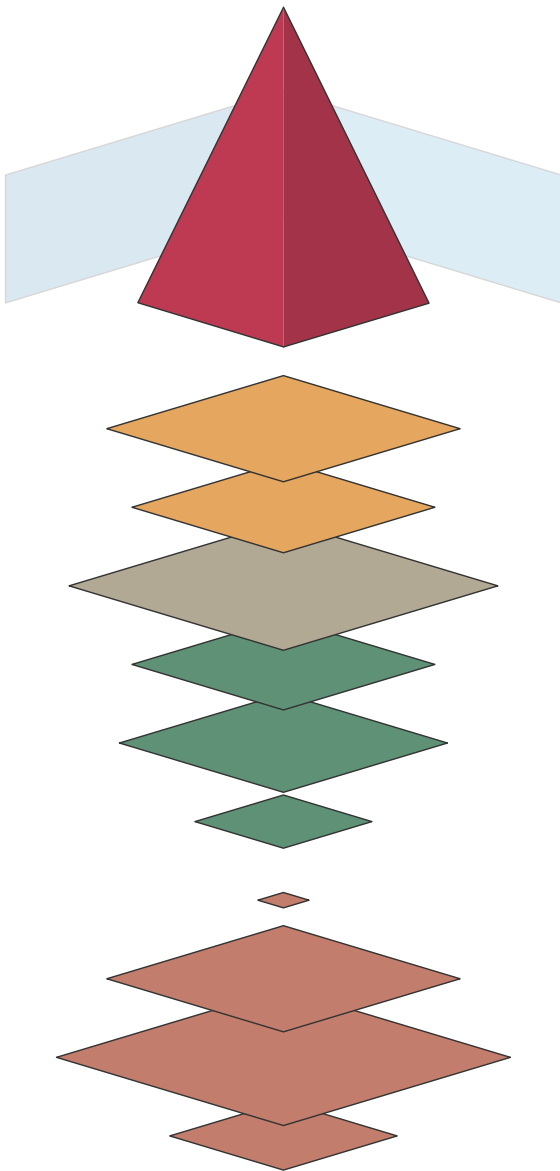




# PARAGUAY



6.70

## CRIMINALITY SCORE

16<sup>th</sup> of 193 countries

4<sup>th</sup> of 35 American countries

2<sup>nd</sup> of 12 South American countries



## CRIMINAL MARKETS

5.90

HUMAN TRAFFICKING 7.00

HUMAN SMUGGLING 6.00

ARMS TRAFFICKING 8.50

FLORA CRIMES 6.00

FAUNA CRIMES 6.50

NON-RENEWABLE RESOURCE CRIMES 3.50

HEROIN TRADE 1.00

COCAINE TRADE 7.00

CANNABIS TRADE 9.00

SYNTHETIC DRUG TRADE 4.50



## CRIMINAL ACTORS

7.50

MAFIA-STYLE GROUPS 6.00

CRIMINAL NETWORKS 7.50

STATE-EMBEDDED ACTORS 8.00

FOREIGN ACTORS 8.50



3.38

## RESILIENCE SCORE

158<sup>th</sup> of 193 countries

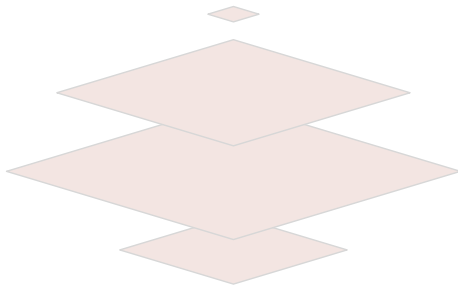
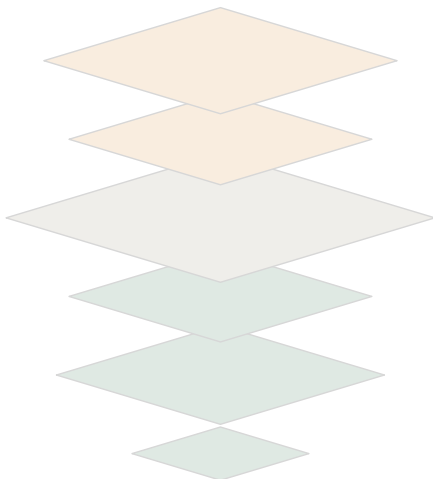
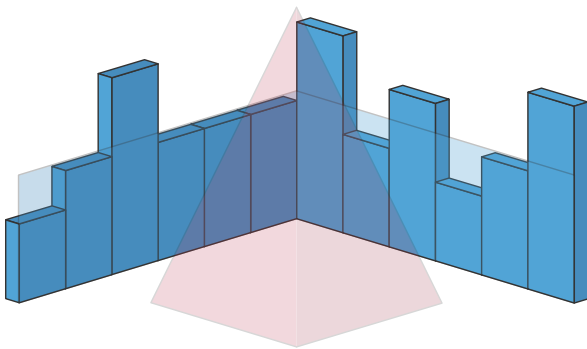
30<sup>th</sup> of 35 American countries

10<sup>th</sup> of 12 South American countries





# PARAGUAY



**3.38**

## RESILIENCE SCORE

158<sup>th</sup> of 193 countries

30<sup>th</sup> of 35 American countries

10<sup>th</sup> of 12 South American countries

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



**6.70**

## CRIMINALITY SCORE

16<sup>th</sup> of 193 countries

4<sup>th</sup> of 35 American countries

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**CRIMINAL MARKETS 5.90**



**CRIMINAL ACTORS 7.50**



# CRIMINALITY

## CRIMINAL MARKETS

### PEOPLE

Paraguay is predominantly a source country for human trafficking, with the majority of Paraguayan victims being trafficked abroad, mainly for the purposes of sexual exploitation. The market is led by independent criminals with ties to networks in other Latin American countries and Europe. Trafficked women are also often used to smuggle drugs into Europe and Africa. Internal trafficking, although accounting for only a small proportion of all trafficking cases, is nevertheless problematic. Child labour where marginalized families send their children to work for wealthier households, is a widespread practice in the country and one of the most visible and common forms of human trafficking.

Paraguay is also a transit country for human smuggling, particularly due to the largely unregulated borders it shares with Brazil and Argentina as well as the state-embedded criminal actors that facilitate the criminal market. Most recently, the country has become a transit point for Venezuelans seeking to enter Chile and Argentina, although border closures as a result of the COVID-19 pandemic are believed to have had an impact on these dynamics.

### TRADE

Contraband in legal and illegal products is one of Paraguay's largest criminal economies. The country's illicit arms trade remains among the largest in the world, as a result of lax import laws, widespread corruption at various levels of the government, the private sector and the military, the lack of an appropriate records system and the influence of powerful criminal organizations, predominantly from Brazil. Considerable black markets for weapons in neighbouring countries has allowed Paraguay's role as a transit country in the arms-trafficking market to expand significantly. As Paraguay does not manufacture weapons, a significant number of the weapons that ended up on the grey market before 2018 had been legally imported from the US through legitimate companies, some of which had also been deeply involved in the illegal trade. In 2018, however, the US put a hold on the export of weapons to Paraguay and local authorities announced the creation of a registry, although the impact of these measures is yet to be fully assessed.

### ENVIRONMENT

Paraguay's flora crimes market, largely centred on wood trafficking, is expanding. Brazilian crime groups benefit from the largest profits, including by directly financing

logging operations in Paraguay, and independent criminal structures operate with the help of corrupt officials, who turn a blind eye to these crimes, accepting bribes and providing documents to facilitate the movement of illicit products. Fauna crimes, although largely led by low-scale criminal networks, have a significant impact. The actors involved commercialize birds and other endangered animals such as monkeys, using social media applications or informal selling points in cities' central markets, again with the support of corrupt officials. There are also some cases of endangered animals being illegally exported to other countries. Finally, Paraguay's expanding gold-mining industry suggests the value and impact of illicit trade in this precious metal could also be high.

### DRUGS

Cannabis remains the most important criminal economy in Paraguay, which is the main producer of marijuana in the region. The market is run by local elites with the support of state actors at all levels, although foreign mafia-style structures, such as the First Capital Command (PCC) and Red Command (CV) from Brazil, have also expanded their control in this area, with reports of indigenous communities renting land to them to grow the illegal crop. Authorities reported an increase in marijuana crop-eradication and seizures over recent years and, without a considerable domestic consumption market, most of it is exported to neighbouring countries in South America, including Brazil, Argentina, Bolivia, Chile and Uruguay.

Paraguay is also a transit country for cocaine: airstrips are found in most departments and the tri-border area the country shares with Brazil and Argentina is a key point for cocaine destined for local and transatlantic markets. Furthermore, the increase in seizures of coca paste and record amounts of hydrochloric acid and acetone – chemicals linked to cocaine hydrochloride crystallization – indicates a growth in cocaine processing, although there are no records of coca plantations in the country. This is also particularly linked to the increased presence of powerful Brazilian crime groups and, to a lesser extent, Colombian cocaine-trafficking networks. Lastly, while heroin does not appear to be either consumed or trafficked through Paraguay, synthetic drugs are gaining ground with local consumers, with evidence of some production within the country. Paraguay also serves as a transit point for Ecstasy and other synthetic drugs originating from European countries and destined for the large markets in Brazil and Argentina.

## CRIMINAL ACTORS

A number of mafia-style groups operate in Paraguay, with several having developed within the country's abusive

and violent prison system. One of the most powerful groups is the Clan Rotela, a family-based organization that controls a significant percentage of the drug trade in the country and has a strong presence in most of the country's departments. The Paraguayan People's Party (EPP), a guerrilla movement that was believed to have fewer than thirty members and little financial and military capacity, has in recent years managed to carry out some impactful operations, including the kidnapping of a former vice president. Furthermore, a number of foreign criminal actors operate across Paraguay. The PCC and the CV from Brazil are among the most powerful foreign actors in Paraguay, operating extensively across the country in criminal markets including the cocaine, marijuana and arms trades, and have recently become involved in cigarette contraband. Moreover, mafia-like organizations from China, which are involved in criminal economies such as people-trafficking and -smuggling and money laundering,

and Hezbollah-linked actors are reported to operate in Paraguay.

Criminal networks that focus on illicit markets such as goods smuggling and contraband, including clothes, electronics, cigarettes and fuel, are also very active in Paraguay, particularly in the tri-border area, and are believed to operate with the knowledge or participation of high-profile government officials. There is extensive evidence of state participation in all aspects of the functioning of all criminal markets. Low-level security officials from the police, military and the penitentiary system are known to facilitate criminal activities. Mid-level officials, including local police and penitentiary directors, have been prosecuted for corruption and facilitating criminal activity. Moreover, elite-level officials such as ministers, members of Congress and even presidents have facilitated criminal activity, and at times have taken a more direct role in illicit operations.

# RESILIENCE

## LEADERSHIP AND GOVERNANCE

Political leadership and governance are major issues of concern in Paraguay, with state officials at all levels actively participating in all criminal markets, including contraband and drug trafficking. While the country is party to both the UN Convention against Corruption and the Inter-American Convention against Corruption, corruption remains widespread in Paraguay, with scandals involving high-level officials from the Executive and the Treasury, among others. In an effort to adapt to international standards after a decade of pressure by civil society, Paraguay passed a Transparency Law in 2015 and is in an ongoing process to improve access to public information such as budgets, contracts and foreign aid. Furthermore, in 2019, a new Public Contracts Law to improve accountability and make the bidding process more effective and transparent was signed. Despite improvements in recent years, the legal framework pertaining to access to information in the country remains weak. Although accountability in relation to election financing is set in law, no monitoring mechanisms to reduce the risk of financing political campaigns with criminal assets have been developed.

Paraguay is a party to all relevant international treaties and conventions pertaining to organized crime and has signed a number of cooperation agreements with neighbouring countries, including Argentina and Brazil to fight organized crime in the tri-border region. In addition, the Paraguayan government's arms-import ban came in the context of cooperation between Brazil and the US to reduce illicit arms imports. Since 2019, the government has expanded its anti-drug-trafficking cooperation with Argentina and has

signed an agreement with both Argentina and Brazil, forming the Nueva Alianza Siglo XIX to fight organized crime in the tri-border region. Despite having extradition treaties with almost every country in the Americas, Paraguay has failed to comply with a high-profile extradition request against a former president. Although a number of anti-organized crime laws exist, they are not properly implemented as a result of the poor political leadership and governance in the country.

## CRIMINAL JUSTICE AND SECURITY

Paraguay has passed a number of laws to tackle organized crime, drugs- and arms-trafficking and money laundering, with Congress considering a series of bills aimed at further fighting money laundering as well as other initiatives such as the creation of specialized units to investigate organized-crime-related activities and a project to expand the military's capacity to tackle these organizations. The laws, however, are not effectively implemented, mainly due to the country's weak institutions and a judiciary that lacks resources and coordination among its departments and is deeply corrupt, which has allowed state actors to operate with impunity. In addition, corruption within the country's law-enforcement agencies, which are allegedly engaged in drug trafficking, cigarette smuggling and illegal lodging among others, has greatly compromised the effectiveness of government strategies and security operations in both rural and urban areas, while Paraguay's overcrowded and abusive prisons have facilitated the development of crime organizations.

Issues around territorial integrity are at the core of many of Paraguay's organized-crime challenges, with authorities struggling to control vast areas of the country that have a strong criminal presence. Also, the country's extensive and porous borders are used by foreign and national criminal organizations to transit in and out of Paraguay, activities that are also facilitated by corrupt customs authorities and other officials. Finally, although recent international cooperation agreements are expected to increase the government's capacities, it is still too early to assess whether access to better intelligence and equipment will translate into security improvements beyond seizure, eradication and arrest operations.

## ECONOMIC AND FINANCIAL ENVIRONMENT

Paraguay is assessed as having one of the highest risks of money laundering and terrorist financing in the region, with criminal operators using legitimate businesses such as casinos, wheel service centres and money-exchange houses as fronts for money laundering and other illegal activities, including drug trafficking and arms trafficking. Nevertheless, the government has made positive steps in recent years. In 2019, the country's financial intelligence unit approved a new set of regulations that target money-laundering, among others, focussed primarily on improving risk-management systems for banks, financial institutions and insurance companies, which bring Paraguay further in line with international standards. Furthermore, the historic fine imposed by Paraguayan authorities on a Brazilian bank in 2020 for failure to comply with anti-money-laundering regulations suggests some progress and increased political will to tackle money laundering and illicit financial flows.

Despite some advances, mainly by agencies in charge of economic regulatory measures, the changes made have not yet been effective in improving Paraguay's economic regulatory capacity. Deep-seated corruption is part of the reason for this, with a catalogue of high-profile scandals involving officials, including those in charge of the anti-money-laundering agency, ministers and even presidents. Doing business in Paraguay is reportedly difficult due to low access to credit, weak protections, heightened tax and tax-related administrative burdens. Informality is a common feature in the country's labour market, which disproportionately affects workers in rural areas of Paraguay, but levels of informality are slowly declining.

## CIVIL SOCIETY AND SOCIAL PROTECTION

While Paraguay has a witness protection law, it has faced severe challenges in implementation, particularly around cases involving criminal organizations. Furthermore, the country still lacks efficient mechanisms to support victims of slavery. The country's 'war on drugs' approach to tackling organized crime, as opposed to the development of prevention policies, is evident, although authorities

have enlisted the help of international bodies to assist in the implementation of drug-prevention programmes.

Despite reports of harassment and attacks, civil society organizations are very active in Paraguay and have successfully campaigned for the approval of a number of laws to tackle organized-crime-related issues. Threats and attacks against journalists and other media workers, coupled with concentrated media ownership, however, illustrate some of the main obstacles to press freedom.

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