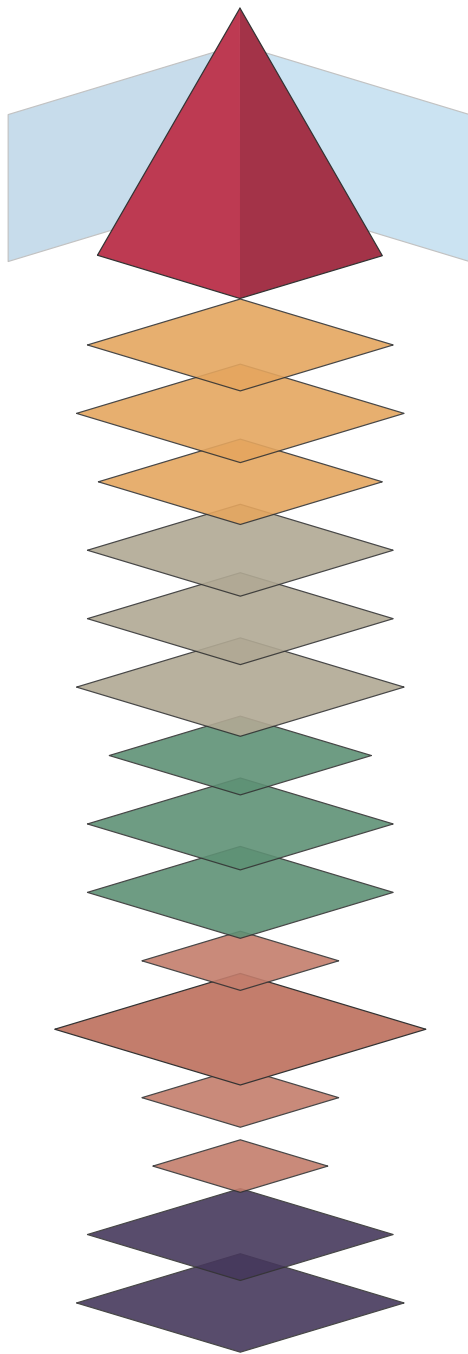




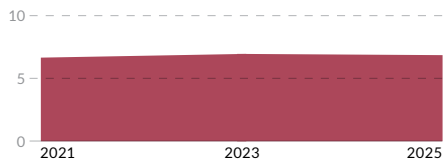
PANAMA



6.93 ↘0.05

CRIMINALITY SCORE

21st of 193 countries ↘4
8th of 35 American countries ↘2
3rd of 8 Central American countries -



CRIMINAL MARKETS **6.57** ↘0.10

HUMAN TRAFFICKING	7.00 ↘0.50
HUMAN SMUGGLING	7.50 ↗1.00
EXTORTION & PROTECTION RACKETEERING	6.50 0.00
ARMS TRAFFICKING	7.00 0.00
TRADE IN COUNTERFEIT GOODS	7.00 ↘0.50
ILLCIT TRADE IN EXCISABLE GOODS	7.50 ↗0.50
FLORA CRIMES	6.00 ↘0.50
FAUNA CRIMES	7.00 ↘1.00
NON-RENEWABLE RESOURCE CRIMES	7.00 ↗0.50
HEROIN TRADE	4.50 ↘0.50
COCAINE TRADE	8.50 0.00
CANNABIS TRADE	4.50 0.00
SYNTHETIC DRUG TRADE	4.00 ↘1.00
CYBER-DEPENDENT CRIMES	7.00 ↗0.50
FINANCIAL CRIMES	7.50 0.00



CRIMINAL ACTORS **7.30** 0.00

MAFIA-STYLE GROUPS	7.50 0.00
CRIMINAL NETWORKS	7.00 0.00
STATE-EMBEDDED ACTORS	7.50 0.00
FOREIGN ACTORS	6.50 ↗0.50
PRIVATE SECTOR ACTORS	8.00 ↘0.50



This project was funded in part by a grant from the United States Department of State.

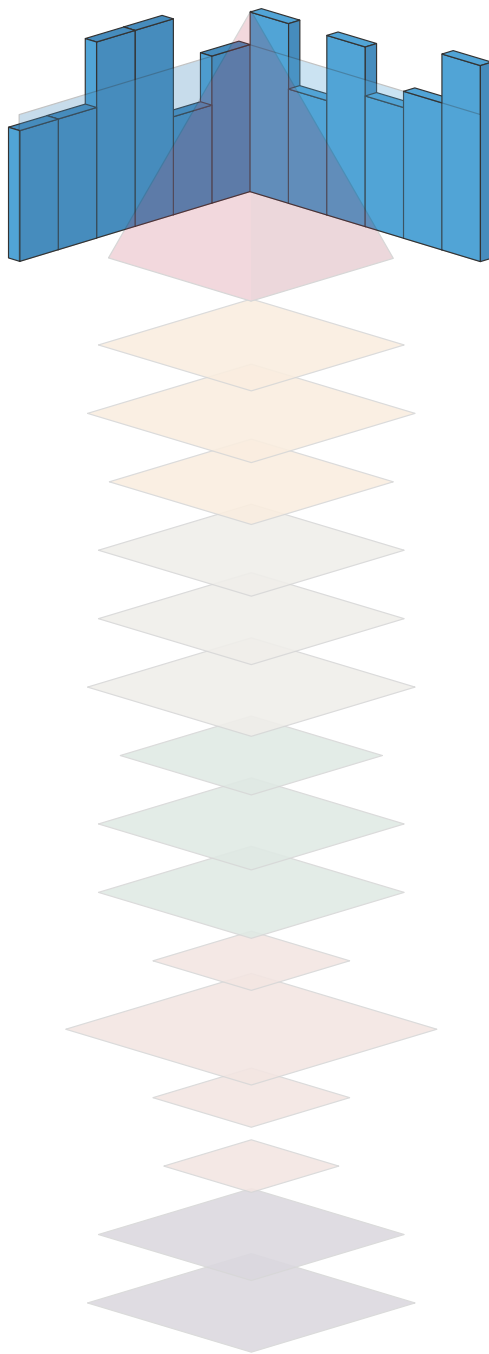


Funded by the European Union

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.

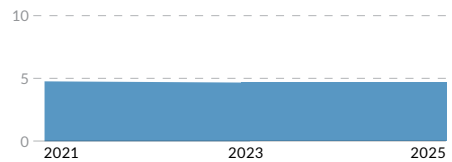


PANAMA



4.71 $\nearrow 0.04$ RESILIENCE SCORE

100th of 193 countries $\nearrow 5$
20th of 35 American countries $\nearrow 2$
2nd of 8 Central American countries -



POLITICAL LEADERSHIP AND GOVERNANCE	4.00	0.00
GOVERNMENT TRANSPARENCY AND ACCOUNTABILITY	4.00	0.00
INTERNATIONAL COOPERATION	6.00	0.00
NATIONAL POLICIES AND LAWS	6.00	0.00
JUDICIAL SYSTEM AND DETENTION	3.00	0.00
LAW ENFORCEMENT	4.50	0.00
TERRITORIAL INTEGRITY	5.50	0.00
ANTI-MONEY LAUNDERING	3.50	0.00
ECONOMIC REGULATORY CAPACITY	5.50	0.00
VICTIM AND WITNESS SUPPORT	4.00	0.00
PREVENTION	4.50	$\nearrow 0.50$
NON-STATE ACTORS	6.00	0.00



This project was funded in part by a grant from the United States Department of State.



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.

CRIMINALITY

CRIMINAL MARKETS

PEOPLE

Panama serves primarily as a transit country for human trafficking, particularly impacting individuals moving from South and Central America towards North America. Migrants from Venezuela, Ecuador, Colombia, Haiti and China cross the treacherous Darién Gap, exposing them to extreme violence, sexual exploitation and forced labour. Organized criminal groups, often foreign actors, exploit this migration flow, profiting from smuggling fees and trafficking networks. Victims, including women, minors and members of the LGBTQI+ community, are subjected to forced labour in agriculture, hospitality and mining, as well as sexual exploitation in bars and brothels. Child sex tourism has been flagged as an issue, suggesting local demand. Financially, the proceeds from human trafficking are often laundered through Panama's banking sector, posing a broader economic risk. Human smuggling remains deeply embedded in Panama, which is a central migration corridor. The Darién Gap serves as a perilous crossing, where migrants encounter armed groups and predatory networks profiting from their desperation. Community-based actors, rather than organized criminal networks, control certain aspects of smuggling operations, offering services such as boat transportation and shelter. Criminal groups like Clan del Golfo also extort people along the way, profiting from controlling portions of the migration route. Nevertheless, organized smuggling networks, particularly those with ties to Chinese migration, have been dismantled in recent years, highlighting the evolving nature of the market. Despite government measures to curb irregular migration, demand for smuggling services remains high due to limited legal migration pathways. Extortion and protection racketeering have increased in recent years, with organized crime groups also leveraging online platforms to extort victims. While traditional business extortion primarily affects the construction sector, the majority of extortion activities are linked to gangs operating within Panama's prison system. Groups such as Bagdad and Calor Calor conduct extortion from within prison walls, utilizing digital payment methods and social media. Though primarily domestic in nature, extortion activities have economic ramifications, imposing financial burdens on local businesses and fostering insecurity.

TRADE

Arms trafficking through Panama is fuelled by its strategic position between North and South America, with most illicit firearms originating in the US. These weapons enter Panama through maritime shipments, before being transported to

Colombia and other destinations. The unauthorized entry of weapons parts from the US has increased through courier packages to later be assembled in Panama as a modality. Although Panama primarily serves as a transit country, the domestic impact is considerable, with firearms accounting for a majority of homicides linked to organized crime. Despite efforts by authorities, the trade remains lucrative, with both foreign and local actors profiting from its perpetuation. The trade in counterfeit goods remains a significant illicit economy in Panama. The country's role as a transit hub has been influenced by shifting global trade patterns, with maritime routes declining in prominence while air routes for smaller counterfeit shipments have increased. The Colón Free Zone provides an infrastructure that facilitates the movement of counterfeit electronics, clothing and pharmaceuticals, many of which originate from China and Colombia. Counterfeit medicines, in particular, pose a public health risk, while the market's resilience suggests strong financial incentives for criminal actors. Illicit trade in excisable goods, particularly contraband cigarettes, remains a substantial criminal market. Panama is both a destination and a key transit point, with nearly half of all illicit cigarettes circulating in South America and the Caribbean passing through the country. Although smoking rates in Panama are lower compared to other countries in the region, a significant portion of the cigarettes consumed in the country are reportedly illicit. The trade is well-structured, with criminal networks exploiting legal loopholes, logistics hubs and free trade zones. The illicit nature of the market makes it a primary vehicle for money laundering, while its social normalization complicates enforcement efforts.

ENVIRONMENT

Flora crimes, particularly illegal logging, continue to threaten Panama's biodiversity. Cocobolo wood, a highly valued timber, is frequently trafficked to foreign markets such as China. Although domestic enforcement efforts have led to occasional prosecutions, the market remains profitable, often funding other criminal activities. Indigenous communities in the Darién region face threats from illegal loggers encroaching on their lands, exacerbating environmental degradation. Fauna crimes persist in Panama, with the country acting as both a source and transit hub for wildlife trafficking. Illicit markets for reptiles, amphibians and primates are driven by international demand, particularly in the pet trade. Species such as the marmoset and green iguana are frequently targeted. In addition, illegal, unregulated and unreported fishing continues to pose ecological risks, as Panama's waters remain a hotspot for illicit marine harvesting. The financial incentives for wildlife trafficking remain strong, ensuring its persistence despite enforcement efforts. Non-renewable resource crimes, particularly gold smuggling, have become increasingly

prominent. Although Panama is not a major producer, it serves as a conduit for illicit gold originating from Colombia, Peru and Venezuela. The Colón Free Zone acts as a major processing and redistribution point, with illegally mined gold integrated into formal financial markets through laundering schemes. Criminal networks, including mafia-style groups, orchestrate these operations, generating significant profits while contributing to environmental destruction and human rights abuses.

DRUGS

Panama remains a critical transit hub for the global cocaine trade. Large volumes of cocaine flow from Colombia through Panama's territorial waters, utilizing maritime routes and container shipments. Despite significant seizures – placing Panama among the top three countries in the Americas for drug interceptions – smuggling methods continue to evolve. Cocaine trafficking fuels local gang conflicts, exacerbating violence in urban centres. Although domestic consumption remains low, Panama's financial system is used extensively to launder proceeds from the trade.

The heroin trade in Panama is less significant compared to cocaine, but the country still serves as a transit route. Heroin is trafficked alongside cocaine shipments, often bound for North American markets. Seizures indicate minimal domestic consumption, with criminal networks prioritizing transit operations over local distribution.

Cannabis smuggling continues, with Panama acting as a transit and storage point. Despite the legalization of medical marijuana in 2021, illicit trade persists, facilitated by Colombian mafia-style groups. Although cannabis is less stigmatized compared to harder drugs, illicit trade still fuels gang violence. The potential for legal cultivation remains an evolving factor in shaping the market's dynamics.

The synthetic drug trade in Panama remains relatively small, with limited domestic consumption. Ecstasy and other synthetic substances are trafficked primarily from Europe and the US, often entering via courier shipments. Although the market does not match the scale of cocaine trafficking, synthetic drugs represent a high-value commodity for foreign criminal organizations.

CYBER-DEPENDENT CRIMES

Panama has experienced a significant rise in cyber-dependent crimes, particularly within the financial sector, with criminals targeting sensitive data. Banking institutions and corporate entities are frequent targets of data breaches and ransomware attacks. Cybercrime incidents have escalated sharply, with thousands of ransomware cases reported in recent years. Weak cybersecurity infrastructure and inadequate legal frameworks contribute to the country's vulnerability, positioning Panama as a high-risk jurisdiction for digital financial crimes.

FINANCIAL CRIMES

Financial crimes in Panama remain a critical concern. The proliferation of digital fraud, including phishing, smishing and account theft, has complicated regulatory efforts. Corporate fraud continues to afflict the banking sector. Additionally, high-profile corruption cases involving political figures underscore the involvement of state-embedded actors in financial misconduct and embezzlement cases. Despite regulatory measures, Panama remains a significant hub for illicit financial activities, with transnational networks exploiting its financial systems for organized crime.

CRIMINAL ACTORS

Over the years, Panama's mafia-style groups, particularly Bagdad and Calor Calor, have evolved significantly. Previously operating as loosely structured federations, these organizations have become increasingly fragmented due to the emergence of smaller, cartel-linked gangs. Groups such as HP, Los Galleros and Los Cofos Time have assumed territorial control in areas such as East Panama and Azuero, often operating independently of Bagdad and Calor Calor but maintaining direct connections with Mexican and Colombian cartels. These gangs primarily finance their activities through drug trafficking but also engage in extortion, contract killings and kidnappings to sustain their operations. Additionally, their influence extends into the Panamanian prison system, where they maintain command structures and orchestrate criminal activities. Despite the heightened law enforcement response, the easy access to firearms and increasing gang violence pose significant challenges to authorities in securing gang-dominated areas.

Panama's criminal networks, though less structured than mafia-style groups, play a crucial role in facilitating organized crime. These networks specialize in logistical operations, including drug trafficking, contract killings and money laundering. Although not directly seeking territorial control, they provide vital support to larger criminal organizations by handling specialized tasks. The fluid and decentralized nature of these networks allows them to adapt swiftly to law enforcement crackdowns, making them difficult to dismantle. Authorities have responded by establishing specialized units such as the superior prosecutor's office for illicit associations, acknowledging the growing recruitment of young individuals into these networks. Despite their deep entrenchment in Panama's underworld, there is little evidence of criminal networks actively engaging in democratic processes or forging lasting alliances with transnational actors beyond their role in the drug trade.

Corruption within Panama's state institutions continues to enable organized crime. Transparency International ranks the country poorly, reflecting widespread concerns over high-level corruption. Some police officers and government officials have been implicated in criminal activities, including collusion with drug trafficking organizations. Recent

anti-drug operations have led to the arrest of multiple government officials, including law enforcement personnel with alleged ties to organized crime. Furthermore, two sitting members of parliament currently face serious charges related to drug trafficking. Despite periodic crackdowns, systemic corruption within the state apparatus remains a formidable barrier to effectively combating organized crime. The lack of accountability in corruption investigations and public reluctance to report cases further exacerbate the situation, undermining trust in government institutions.

Foreign criminal actors maintain a strong presence in Panama, particularly in drug trafficking and firearms smuggling. Colombian and Mexican cartels exert significant influence over local crime groups, using Panama as a key transit hub for narcotics bound for North America, Europe and Asia. The shift in global drug demand, particularly due to the increasing profitability of non-US markets, has intensified foreign actors' activities in the region. Additionally, the illicit arms trade is heavily influenced by actors from the US, with Panama serving as a conduit for weapons destined for Colombia and beyond. The increasing instability in Ecuador and the surge in Colombian drug production have heightened regional security concerns, necessitating stronger international cooperation between Panama and European countries. Although foreign actors

exert substantial control over key criminal markets, there is no concrete evidence that they actively interfere in Panama's political processes.

Panama's private sector plays a dual role in the country's organized crime landscape. Although legitimate businesses contribute to economic growth, some sectors remain vulnerable to criminal exploitation. The financial and real estate industries, along with customs-free zones and casinos, continue to serve as primary avenues for money laundering. Over recent years, the role of private sector actors in Panama's criminal activities, particularly in money laundering, has undergone significant scrutiny and regulatory changes, which led to the removal of Panama from the FATF monitoring list. Nevertheless, challenges persist in enforcing financial transparency within the private sector. Moreover, recent law enforcement operations exposed the involvement of companies in facilitating drug smuggling from Colombia, underscoring ongoing private-sector vulnerabilities. Additionally, the rise of digital financial services necessitates further regulatory oversight to prevent their misuse for illicit transactions. However, Panama has made strides in financial regulation, and awareness of the risks posed by organized crime is growing within the private sector.

RESILIENCE

LEADERSHIP AND GOVERNANCE

Panama's political leadership has consistently emphasized its commitment to combating organized crime, particularly drug trafficking and gang-related violence. The government has launched numerous security initiatives, including large-scale operations targeting criminal networks. The newly elected administration under President José Raúl Mulino has proposed aggressive anti-gang measures, including house-to-house raids and increased police presence in high-crime areas. However, despite these efforts, corruption remains a significant challenge. Public perception of corruption is high, and many citizens lack trust in government institutions to effectively address criminal activities. Additionally, although the state has implemented digital tools to enhance governance and transparency, challenges persist in ensuring accountability, particularly in high-level corruption cases.

Government transparency and accountability in Panama have been scrutinized due to ongoing corruption allegations. Surveys indicate widespread dissatisfaction with anti-corruption measures, and reports suggest that bribery remains a significant concern. While the government has dismissed several senior officials implicated in corruption cases, these actions have sparked controversy regarding

the effectiveness of the judicial system in ensuring fair and transparent proceedings. Legislative reforms aimed at strengthening oversight mechanisms exist, but their enforcement remains inconsistent. The introduction of digital governance tools presents a potential avenue for increasing transparency; however, gaps in implementation and public access to information hinder progress.

Panama is an active participant in international efforts to combat organized crime. The country has ratified multiple international conventions, including the UN Convention against Transnational Organized Crime and the UN Convention against Corruption. Additionally, it maintains extradition agreements with key global partners, facilitating the prosecution of high-profile criminals. Panama collaborates with international law enforcement agencies to combat drug trafficking and maritime crime, leveraging intelligence-sharing agreements. Despite these advancements, gaps in enforcement persist, particularly in enhancing maritime security and combating illegal fishing.

The country has established a comprehensive legal framework to address organized crime, with legislation covering human trafficking, drug offenses and financial

crimes. However, certain legal definitions – such as those concerning human trafficking – present enforcement challenges, as movement is required to classify an offense under the law. Additionally, Panama has introduced asset seizure laws to target criminal enterprises financially. Despite these legislative advancements, concerns remain regarding the consistent application of laws, particularly in corruption-related cases. Law enforcement agencies and judicial institutions face limitations in their capacity to effectively prosecute organized crime, highlighting the need for continued legal reforms.

CRIMINAL JUSTICE AND SECURITY

Panama's judicial system continues to struggle with inefficiencies, particularly in handling organized crime cases. Prosecution rates for major crimes remain low, with delays in court proceedings contributing to case backlogs. Corruption within the judiciary remains a significant obstacle, with reports indicating that criminal groups have leveraged bribery to avoid prosecution. The prison system is also facing severe overcrowding, exceeding capacity by thousands of inmates. Although the government has announced plans to construct new facilities, prison conditions remain dire, with gang influence inside detention centres exacerbating security concerns. Additionally, many detainees remain incarcerated without trial, further highlighting systemic inefficiencies within the judiciary.

Law enforcement efforts have been bolstered by specialized task forces dedicated to combating financial crime, drug trafficking and cybercrime. Panama's security forces have engaged in large-scale drug seizures, reflecting their ability to disrupt trafficking operations. However, corruption within law enforcement agencies remains a significant challenge. Recent internal purges have led to the dismissal of numerous officers for their alleged involvement in criminal activities, raising concerns about institutional integrity. While Panama has enhanced its surveillance and intelligence capabilities, resource constraints and internal corruption continue to limit the effectiveness of law enforcement efforts. Public perception of law enforcement remains negative, with citizens expressing scepticism regarding police effectiveness and accountability.

Panama's geographic position makes it a crucial transit hub for drug trafficking and irregular migration. The Darién Gap, which connects Panama to Colombia, remains a major route for illicit smuggling operations. Criminal organizations exploit the difficult terrain to transport drugs and smuggle individuals, often evading law enforcement. Although Panama has deployed additional security forces to the region, enforcement challenges persist due to the sheer volume of illicit activity. Maritime borders also present vulnerabilities, with limited patrolling capabilities enabling organized crime to exploit sea routes for drug and arms trafficking. The government has responded by

enhancing border security initiatives, but the effectiveness of these measures remains limited by logistical and financial constraints.

ECONOMIC AND FINANCIAL ENVIRONMENT

Panama has made significant strides in addressing money laundering, culminating in its removal from the Financial Action Task Force grey list. Key reforms include the establishment of a registry for beneficial ownership transparency and enhanced financial intelligence mechanisms. These measures have bolstered the country's ability to detect and prevent illicit financial transactions. However, despite this progress, money laundering risks persist, particularly within free trade zones and the real estate sector. Criminal organizations continue to exploit regulatory loopholes to launder proceeds from drug trafficking and other illicit activities. Although Panama's financial intelligence unit has improved monitoring and enforcement, challenges remain in fully implementing and maintaining anti-money laundering regulations.

Although Panama has introduced measures to reduce the informal economy and increase financial oversight, governance issues, including weak fiscal management and regulatory gaps, hinder economic resilience against organized crime. Criminal enterprises have been known to exploit Panama's free zones for trade-based money laundering schemes, underscoring the need for continued regulatory strengthening. Despite progress in financial oversight, economic vulnerabilities persist, particularly in sectors susceptible to criminal exploitation.

CIVIL SOCIETY AND SOCIAL PROTECTION

Panama has established victim and witness support programmes through institutions such as a unit for the protection of victims, witnesses, experts and other participants in criminal proceedings. This unit provides shelter, legal assistance and psychological support for victims of organized crime, including human trafficking and extortion. However, Panama lacks dedicated shelters specifically for trafficking victims, limiting the government's ability to provide specialized support. Non-governmental organizations and civil society groups play a crucial role in filling this gap, offering assistance where state resources fall short. Although witness protection programmes exist, their effectiveness is limited by funding constraints and enforcement challenges. Preventative measures against organized crime have included public awareness campaigns and community engagement initiatives. The government has implemented national security strategies that emphasize crime prevention and citizen participation. Notably, Panama has partnered with international organizations to enhance anonymous crime reporting mechanisms, allowing citizens to report criminal activities without fear of retaliation. Despite these efforts, challenges remain in reducing gang recruitment and preventing youth involvement in organized

crime. Curfews and territorial security measures have been introduced in high-crime areas, but their long-term effectiveness remains uncertain. Civil society organizations play an essential role in complementing state efforts to combat organized crime. Panama benefits from the presence of international organizations that provide support for security initiatives and public awareness campaigns. Non-state actors have been instrumental in addressing human trafficking, illegal fishing and environmental crimes. However, press freedom has declined, with journalists facing legal action for reporting on corruption and organized crime. Although Panama maintains a relatively open civil society, increasing restrictions on press freedom and investigative reporting pose challenges for transparency and accountability. Strengthening partnerships between the government and civil society remains critical to enhancing resilience against organized crime.

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.