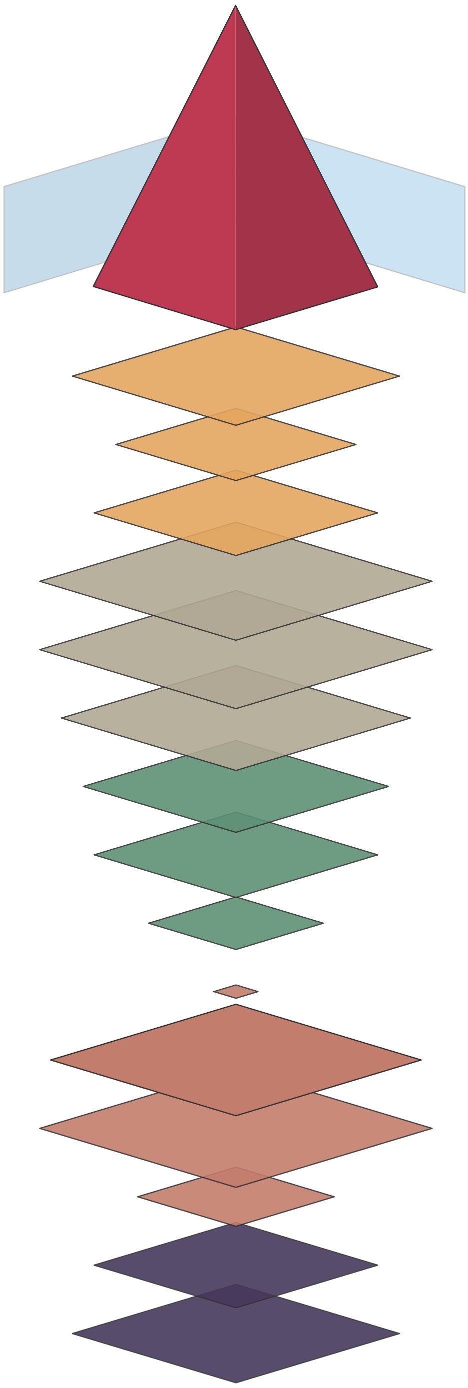
GLOBAL ORGANIZED CRIME INDEX

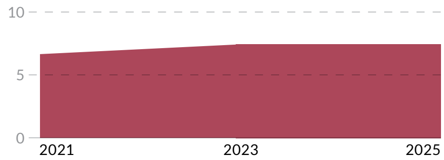
GLOBAL INITIATIVE AGAINST TRANSNATIONAL ORGANIZED CRIME

PARAGUAY



7.48 ↘0.03
CRIMINALITY SCORE

4th of 193 countries -
3rd of 35 American countries -
2nd of 12 South American countries -



CRIMINAL MARKETS	6.67	↘0.07
HUMAN TRAFFICKING	7.50	0.00
HUMAN SMUGGLING	5.50	↘0.50
EXTORTION & PROTECTION RACKETEERING	6.50	↘0.50
ARMS TRAFFICKING	9.00	0.00
TRADE IN COUNTERFEIT GOODS	9.00	0.00
ILLICIT TRADE IN EXCISABLE GOODS	8.00	↗0.50
FLORA CRIMES	7.00	↗0.50
FAUNA CRIMES	6.50	0.00
NON-RENEWABLE RESOURCE CRIMES	4.00	0.00
HEROIN TRADE	1.00	0.00
COCAINE TRADE	8.50	0.00
CANNABIS TRADE	9.00	0.00
SYNTHETIC DRUG TRADE	4.50	0.00
CYBER-DEPENDENT CRIMES	6.50	↘1.00
FINANCIAL CRIMES	7.50	0.00

CRIMINAL ACTORS	8.30	0.00
MAFIA-STYLE GROUPS	7.50	↘0.50
CRIMINAL NETWORKS	8.00	0.00
STATE-EMBEDDED ACTORS	9.00	0.00
FOREIGN ACTORS	9.00	0.00
PRIVATE SECTOR ACTORS	8.00	↗0.50

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

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Funded by the European Union

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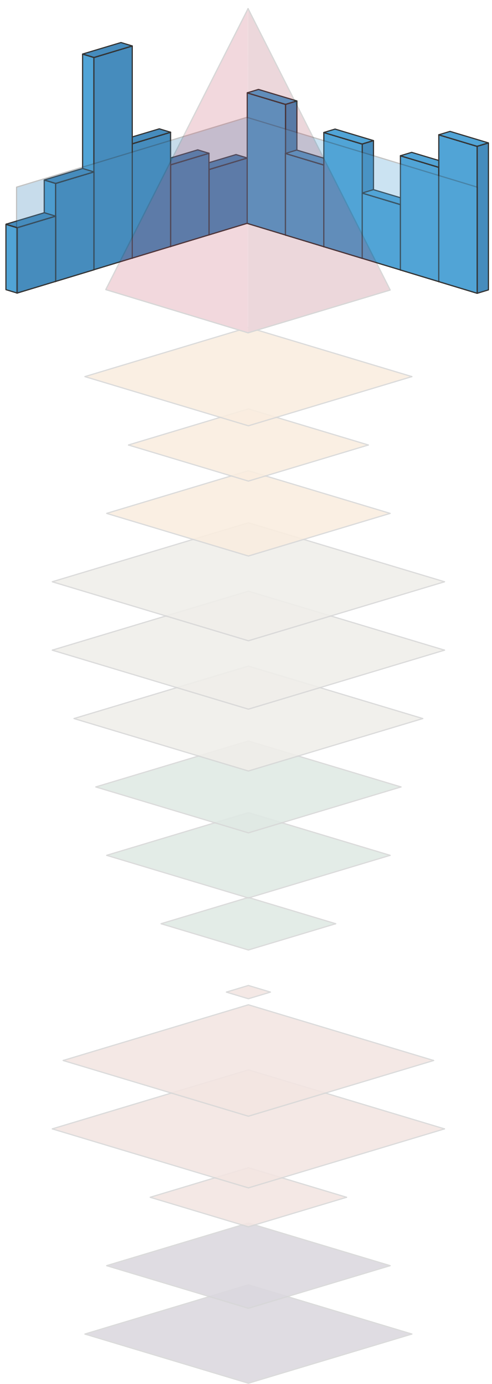
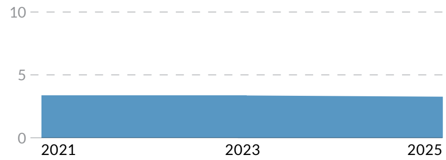


3.29 ↘0.13

RESILIENCE SCORE

154th of 193 countries ↘3
30th of 35 American countries ↘1
10th of 12 South American countries -



POLITICAL LEADERSHIP AND GOVERNANCE	2.00	0.00
GOVERNMENT TRANSPARENCY AND ACCOUNTABILITY	3.00	0.00
INTERNATIONAL COOPERATION	6.50	↘0.50
NATIONAL POLICIES AND LAWS	3.50	0.00
JUDICIAL SYSTEM AND DETENTION	2.50	0.00
LAW ENFORCEMENT	2.00	0.00
TERRITORIAL INTEGRITY	4.00	↘0.50
ANTI-MONEY LAUNDERING	2.50	0.00
ECONOMIC REGULATORY CAPACITY	3.50	↘0.50
VICTIM AND WITNESS SUPPORT	2.00	0.00
PREVENTION	3.50	↗0.50
NON-STATE ACTORS	4.50	↘0.50

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CRIMINALITY

CRIMINAL MARKETS

PEOPLE

Paraguay remains a significant source and transit country for human trafficking, with widespread forced labour and sexual exploitation affecting vulnerable populations, including women, children and indigenous groups. Thousands of children are exploited by criadazgo, a form of child domestic servitude. Traffickers leverage social media and economic hardship to lure victims, particularly in rural areas. Major cities and tri-border areas are primary trafficking hubs, with international destinations including Argentina, Brazil and Spain. Corruption among officials exacerbates the issue, with reports of bribery and document fraud. The prevalence of modern slavery remains high, driven by economic vulnerability and limited law enforcement.

Paraguay primarily functions as a transit country for smuggled individuals trying to reach Argentina and Brazil, rather than as a destination point. Human smuggling operations are limited and typically involve small groups, often with the collaboration of corrupt officials, particularly at the unregulated Brazil–Paraguay border. Although recent trends indicate a rise in migrants from Venezuela, Argentina and Uruguay, attracted by low tax rates and better living conditions, the human smuggling market remains comparatively minor.

Extortion, while less significant than drug trafficking or smuggling operations, is a prevalent issue in both rural and urban contexts. In rural areas, paramilitary groups coercively impose 'revolutionary' or 'peace' taxes on local communities and businesses. In urban areas, extortion schemes often involve impersonation, including posing as police officers to fabricate legal threats. Although generally not associated with widespread violence, extortion-related incidents have occasionally turned deadly.

TRADE

Paraguay has increasingly emerged as a major logistical hub for arms trafficking, supplying Brazilian criminal groups such as the Primeiro Comando da Capital (PCC) and the Comando Vermelho (CV). The volume of imported weapons significantly exceeds the legal market capacity. Corruption in military and government agencies has facilitated the illegal arms flow, including through falsified documents and unauthorized sales. Joint international efforts have exposed corruption networks, but they remain difficult to trace. Despite recent suspensions of imports, the availability of arms is maintained by entrenched corruption and new suppliers. Notably, Ciudad del Este is still a hotspot for smuggled weapons linked to Brazilian mafia-style groups that control the tri-border drug and arms trades. The influx of arms has not only fuelled violence but also empowered these criminal organizations to expand their operations, including extortion, within Paraguay's borders.

Paraguay is a major hub for counterfeit goods in the region, facilitated by porous borders and economic informality. Ciudad del Este and Asuncion's Mercado 4 are central marketplaces. The country is a primary source of counterfeit cigarettes entering Argentina and Brazil, with smuggling linked to high-level corruption. Paraguay also serves as a destination country for counterfeit goods – including fake watches, sportswear and electronics – which are often sourced from China. Brazilian and Chinese criminal networks, including mafia-style groups, dominate import and distribution, while local private actors participate in manufacturing and sales. Profits finance other illicit activities, notably drug trafficking, with record seizures highlighting the market's scale.

Similarly, Paraguay's illicit trade in excisable goods, among South America's largest, has grown to an estimated worth of billions of dollars. Smuggling of illicit cigarettes is pervasive. Excess production from Paraguay's largest cigarette manufacturer is allegedly directed to informal markets, often controlled by Brazilian criminal groups. Despite US sanctions, informal operations persist, with Paraguayan cigarettes smuggled into Brazil, Colombia and Mexico. Fertilizer smuggling follows similar routes, and agricultural contraband is significant. Paraguay also serves as a transit and destination node for other excise goods, particularly alcoholic beverages. Smuggling is driven by high prices, tax evasion and perceived shortages, with limited public perception of its negative impact.

ENVIRONMENT

Paraguay faces a critical deforestation crisis, primarily driven by illegal logging and organized criminal networks exploiting valuable hardwoods, particularly in the Chaco region. Although deforestation is prohibited in the Oriental region, the Chaco suffers from legal ambiguities that enable rampant exploitation. Criminal groups, often operating with sophistication and secrecy, smuggle timber through the tri-border area shared with Argentina and Brazil, exporting to Asian markets. These operations may intersect with wildlife trafficking and other criminal enterprises, though the extent remains uncertain. Clandestine airstrips linked to drug trafficking further endanger natural reserves. Recent coordinated operations, which led to arrests and seizures, exposed a well-organized system reliant on falsified documents. A dozen legal entities were identified, along with two distinct criminal networks involved in illegal logging and timber trafficking. Corruption among law enforcement, including bribery, hinders anti-logging efforts, while violent threats from loggers escalate risks for local authorities.

Wildlife trafficking is prevalent in Paraguay, which serves as both a source and transit hub. As a source country, some forty species, including macaws, jaguars and giant armadillos, are targeted, posing serious threats to biodiversity in regions like the Chaco and Atlantic Forest. Driven by domestic demand and online sales, trafficking involves the capture of animals from their natural habitats, often for pets or taxidermy. Deforestation and illegal logging compound the crisis, threatening species such as jaguars and giant armadillos. The trade is mainly carried out by individuals and loose domestic networks, with state inaction – and at times complicity, such as issuing sport hunting permits – further contributing to species decline.

Paraguay functions as a destination and transit hub for smuggled gasoline and metals from Argentina, driven by price disparities and porous borders. Fuel smuggling, which involves millions of litres monthly, has recently decreased due to price hikes in Argentina. The local economy along the Paraguay–Argentina border benefits from illicit gasoline sales, but legitimate service stations suffer. Metal smuggling includes large shipments of copper, bronze, lead and aluminium. Although recent reporting is limited, Paraguay also functions as a point of legalization for illicit gold from regional mines before it is exported to Europe. Corruption and social acceptance hinder effective enforcement, while loosely organized networks and state-embedded actors perpetuate criminal activity.

DRUGS

Paraguay has emerged as a significant transit hub for cocaine from Bolivia, Peru and Colombia en route to Europe. Seizures highlight a surge in cocaine movement, driven by high European demand. Local consumption, particularly by youth using chespi (a crack derivative), also fuels the domestic trade. Brazilian mafia-style groups, especially the PCC, dominate trafficking networks, exploiting the borders and Chaco's rugged terrain. The tri-border area serves as a nexus for cocaine and cannabis smuggling, often linked to arms trafficking. Corruption impedes anti-trafficking efforts, while diverse smuggling methods, including air and river routes, further entrench Paraguay's role as a key distribution point, exacerbating regional drug dynamics.

Paraguay is the largest cannabis producer and distributor in South America, primarily supplying Brazil and Argentina, making it one of the largest cannabis markets worldwide. Cultivation is concentrated in border regions like Amambay and Canindeyú, where criminal groups such as the PCC and the CV dominate production and distribution. Cannabis is smuggled by land and river routes to neighbouring countries and occasionally as far as Chile. Corruption is pervasive, with farmers reportedly paying bribes to law enforcement to prevent crop destruction, embedding the drug trade within state structures. Despite declining cannabis prices, driven by legalization, cultivation remains highly profitable compared to conventional agriculture, offering returns up to 30 times higher as most consumers still rely on the cheaper illegal market. Law enforcement initiatives, including collaborative operations with Brazil, have reduced cannabis availability by dismantling drug camps and seizing large quantities. However, the illegal cannabis trade continues to finance other criminal activities. As cannabis profitability declines, cocaine trafficking gains traction, suggesting a shift in Paraguay's illicit economy and regional drug trade dynamics.

The synthetic drug trafficking market remains stable and underdeveloped, compared to the established cocaine and cannabis markets. The country primarily functions as a transit point for synthetic drugs coming from Europe, particularly Switzerland and England, with most shipments destined for Brazil and Argentina via the tri-border area. Local production exists, mainly targeting young consumers. However, although there has been an increase in consumption rates, the market remains moderate. Seizures are frequent, especially at airports, and typically involve ecstasy. Occasionally, pharmacies illegally sell fentanyl without prescriptions. Synthetic drugs are often smuggled in pet-food bags or air travellers' luggage. The market is fragmented, involving both individuals and networks, with potential connections to other illicit activities in the tri-border zone. Synthetic drugs are generally cheaper in Europe than in Latin America.

Heroin trafficking and consumption are not prevalent issues in Paraguay, nor do they appear to be widespread in neighbouring countries.

CYBER-DEPENDENT CRIMES

Paraguay faces significant cybercrime challenges, often involving foreign actors offering specialized services. Ransomware is a growing threat, hitting hundreds of companies in the country and complicating efforts to strengthen cybersecurity. One incident disrupted phone services in 2024. Despite the rise in ransomware and sophisticated attacks, information on the broader cybercrime market remains limited.

FINANCIAL CRIMES

Financial crimes in Paraguay are widespread, driven by systemic corruption that fosters embezzlement and online fraud. Tax evasion is pervasive, particularly within the informal economy, where fictitious companies issue fake invoices to manipulate financial records. The country's inability to collect a substantial portion of its VAT highlights the economic impact of this illicit activity. The problem is rooted mainly in the private sector, generating significant domestic profits. Phishing schemes, some orchestrated from prisons, exploit methods like impersonation to steal funds, mostly targeting banking systems.

CRIMINAL ACTORS

Organized crime in Paraguay is influenced by domestic mafia-style groups primarily involved in drug trafficking and violent crime. Clan Rotela, the largest domestic group, operates extensively within prisons and urban areas but has weakened since a major crackdown in 2023. Former alliances with Brazilian criminal organizations like the PCC and the CV have shifted to rivalry, intensifying competition for control of illicit markets. Corruption facilitates their access to automatic weapons and impedes law enforcement efforts. Mafia-style groups in Paraguay also employ high levels of violence, engaging in confrontations with law enforcement and carrying out targeted assassinations. The politically motivated Paraguayan People's Army also engages in extortion and attacks on infrastructure, maintaining local influence despite government crackdowns.

Criminal networks in Paraguay engage in diverse illicit activities, including human trafficking, extortion, counterfeit goods trade, flora and fauna crime, synthetic drug trafficking and financial crimes. Operating primarily in border areas, especially the tri-border region, these networks exploit transnational connections with foreign counterparts. Smuggling, particularly of Paraguay-produced cigarettes, is the most profitable activity, with distribution extending to Brazil, Bolivia, Argentina and beyond. The corruption and complicity of some high-profile officials facilitate these operations, allowing illicit goods and money to circulate through established distribution channels and money laundering circuits.

Paraguay's organized crime landscape is deeply intertwined with state structures, where corruption and state facilitation enable criminal markets including smuggling, drug trafficking and arms trade. From low-level security officials to elite political figures, state-embedded actors routinely participate in or facilitate criminal operations. Corruption undermines resilience to crime, with influence extending to government appointments and high-ranking roles. Transnational criminal groups, particularly from Brazil, exploit these vulnerabilities, leveraging local facilitators to expand their reach. Recent high-profile cases illustrate how state actors protect or participate in criminal enterprises, with some even occupying top governmental positions. The dismissal of high-ranking officials and fatal incidents involving politicians highlight the systemic nature of corruption and the persistent challenge of combating organized crime in the country.

Paraguay serves as a key hub for transnational organized crime, with Brazilian mafia-style groups such as the PCC and the CV dominating cocaine and cannabis markets and fuelling arms trafficking. The PCC, in particular, has established strong control, working with state-embedded actors and utilizing prisons for coordination and recruitment. Furthermore, Chinese mafia organizations, including triads, exploit the tri-border area for human trafficking, smuggling and extortion. Lebanon's Hezbollah capitalizes on the region's commerce for global financing, operating primarily in Ciudad del Este. Cooperation between domestic and foreign networks is common, with interactions varying by market. These dynamics create a security challenge, with the PCC's armed capacity outstripping state forces and foreign influences intensifying vulnerabilities.

In the private sector, corruption and economic informality facilitate money laundering and criminal activities. Prominent companies linked to influential figures exploit regulatory gaps to engage in illegal tobacco trade, leveraging their political connections to suppress investigation. Transnational dynamics are evident as criminal networks use export businesses to traffic drugs to Europe, often employing falsified documents and clandestine air routes. Agribusiness actors that are involved in environmental crimes, including large-scale deforestation, act with impunity due to political ties and weak legal enforcement. Furthermore, legitimate companies are also reported to be involved in the pervasive counterfeiting market. This convergence of organized crime, private-sector complicity and inadequate governance underscores Paraguay's role as a critical node in regional and global criminal networks.

RESILIENCE

LEADERSHIP AND GOVERNANCE

Paraguay's persistent challenges in governance are marked by entrenched corruption, the influence of criminal networks within political structures and widespread clientelism. Democratic accountability remains constrained under the current administration, which has dominated the executive, legislative and local branches following the 2023 elections, marginalizing opposition voices and weakening democratic institutions. Governance is further compromised by systemic discrimination against rural and indigenous communities, gender-based inequalities that limit the rights of women and children, and environmental destruction threatening livelihoods and rights. Efforts to address organized crime and anti-smuggling initiatives have yielded limited results, hindered by political-criminal collusion and criticized for inefficiency. Economic policies targeting poverty and job creation aim to address root causes, yet security reform efforts are met with scepticism due to entrenched interests.

Paraguay faces persistent corruption and impunity challenges despite measures taken to enhance transparency. During the reporting period, the government enacted laws to improve public access to information and transparency in public contracts. However, the legal framework is impaired by limited enforcement and significant loopholes, particularly in political financing. Corruption scandals involving high-ranking officials underscore the ineffectiveness of existing mechanisms. Anti-corruption efforts have been hindered by the dissolution of the national anti-corruption agency and the perceived weakening of conflict-of-interest regulations. Corruption within public institutions fosters organized crime, including smuggling and drug trafficking. Access to information remains constrained, with limited appeal options and ambiguous legal provisions.

Paraguay has ratified relevant international treaties addressing organized crime, narcotics, arms trafficking and corruption, aligning its national laws with global standards. The country engages in extensive international cooperation through extradition agreements, although challenges remain in extraditing high-profile figures. Paraguay actively collaborates with regional neighbours and international bodies, including the US Federal Bureau of Investigation and United Nations structures, to strengthen security and counter organized crime. However, in late 2024, Paraguay announced the halt of cooperation with the US, jeopardizing key investigations. Nevertheless, overall, Paraguay's criminal intelligence is valued regionally, and it continues to support cross-border crime prosecution through agreements with Brazil, Colombia and the European Union.

Paraguay's legal framework addresses different forms of organized crime, but implementation is weakened by corruption and a lack of strategic planning. Authorities focus on cooperative efforts with Brazil and Argentina, particularly at borders, but domestic measures remain fragmented. Efforts against human trafficking include improvements in prosecution and victim support protocols, but shortcomings persist, especially regarding criadazgo – a cultural practice deeply rooted in Paraguayan society – and the protection of women. Anti-counterfeiting and tax evasion measures are still underdeveloped. Environmental and cybercrime laws remain insufficient.

CRIMINAL JUSTICE AND SECURITY

Paraguay's judicial and detention systems are deeply compromised by corruption and inefficiency, creating an environment conducive to organized crime. Political influence undermines judicial independence, allowing influential individuals to evade justice while disadvantaged citizens face harsher penalties. Laws that limit court cases to four years encourage defendants to delay their trials, fostering impunity. High-profile cases have exposed the judiciary's inability to address transnational crime. Prisons, overcrowded and poorly managed, are rife with corruption and criminal collusion, enabling gangs to deal in drug trafficking. Efforts to curb prison violence have seen limited success amid escalating conflict.

The security environment remains challenged by entrenched corruption and crime within law enforcement. The National Police, under the Ministry of Interior, and the military, including its joint task force, struggle with credibility amid widespread accusations of corruption, bribery, extortion and human rights violations that include torture and excessive force. The current level of staffing falls significantly short of international recommendations, leaving vast areas of the country vulnerable to illegal activities. Protected areas are heavily impacted by inadequate law enforcement and a severe shortage of park rangers. Efforts to bolster security include reinforcing specialized motorized units that target micro-trafficking.

Paraguay's location makes it a key hub for organized crime, particularly arms and drug trafficking, with remote areas that are marked by cannabis cultivation and poorly monitored borders. Major transit points lack adequate surveillance, allowing cross-border smuggling and drug shipments. For instance, in the Chaco region, drug traffickers using planes are known to take advantage of the lack of radar surveillance in the region. Along the Argentinian border, around two hundred illegal crossings facilitate open smuggling of goods like gas, despite police presence. Despite international cooperative efforts, enforcement challenges persist. Although cybersecurity measures have been introduced, including a national plan and private-sector initiatives, digital security also remains inadequate.

ECONOMIC AND FINANCIAL ENVIRONMENT

There is a high risk of money laundering and terrorist financing, driven by generous tax legislation, low tariffs, unregulated free trade zones and lax customs security, particularly in the tri-border area. Reports indicate a significant rise in money laundering cases, predominantly linked to corruption, tax evasion and drug trafficking. The country has established mechanisms to combat money laundering, including a financial intelligence unit that analyzes suspicious transactions. Recent measures include utilizing big data to detect tax inconsistencies and enhancing inter-institutional cooperation. Despite progress, corruption and a lack of political will hinder effective implementation, raising concerns about genuine results.

Paraguay's economy is characterized by significant poverty alongside dynamic growth. Agro-industry and hydroelectricity dominate economic activity, while 70% of the workforce operates informally. Despite moderate economic freedom, the substantial informal economy and weak rule of law hinder investment and private-sector growth. Organized crime heavily infiltrates the regulatory environment, with widespread smuggling, tax evasion, embezzlement and money laundering obstructing development. Anti-crime measures remain limited by the political influence of economic elites that benefit from informal activities, which reduces the political will to strengthen regulatory controls and curb illegal economic practices.

CIVIL SOCIETY AND SOCIAL PROTECTION

The government lacks a centralized database for victim protection data, and victim identification is hindered by inconsistent protocols, especially for minorities and indigenous populations. A national referral mechanism coordinates with prosecutors, police and other officials, but universal protocols are absent. There is limited shelter capacity for victims of trafficking. Psychological support, social assistance and reintegration services are insufficient, particularly in rural areas.

The approach to prevention is characterized by reactive security measures rather than proactive strategies, focusing primarily on combatting drug and human trafficking. While efforts to raise awareness of trafficking risks exist, including online campaigns and training for labour inspectors, poor coordination and funding limitations hamper comprehensive prevention. The absence of a specialized anti-trafficking agency and inadequate responses to child labour and sexual exploitation hinder progress. While there is a drug prevention framework within the national policies, as well as a competent authority mandated to its anti-drug measures, the country's approach to drug prevention remains limited in scope and effectiveness due to the lack of harm reduction programmes and annual reporting of controlled substances, among others. Environmental crime prevention remains underfunded and insufficiently addressed.

Paraguay's media environment is significantly constrained. Constitutional freedoms of expression and the press are not respected. Media ownership is highly concentrated among a few powerful companies, influencing content and limiting diversity. Journalists and community radio stations frequently face threats, violence and murder, often linked to criminal organizations or local authorities, in a climate of impunity. NGOs operate with relative freedom but face limited funding and difficulties in collaborating with authorities. Human rights groups are marginalized, stigmatized and persecuted. Recently enacted legislation imposes strict controls on civil society organizations, threatening their operations.

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.