MEDIA RELEASE

TRACIT presents report on Panama's progress and the persistent risks in the fight against illicit trade in Central America

- *Event at the Chamber of Commerce, Industries and Agriculture of Panama included the participation of authorities from the Ministry of Commerce and Industries and the National Customs Authority*
- *Panama stands out as the second-best performing country in Central America in the fight against illicit trade but is considered to be at moderately high risk due to its exposure to contraband goods subject to special taxes, counterfeit goods, and associated illicit financial flows.*
- *Panama's Colon Free Zone is notorious for facilitating illicit trade in the region – via concealment, repackaging, and redistribution of illicit products – and must become a priority fix for Panama government leaders.*

Panama, July 8, 2026 – Today, the Transnational Alliance to Combat Illicit Trade (TRACIT) published a new report, *"Assessing Central America's Performance on the Illicit Trade Index"*. The findings were presented at an event organized by the Chamber of Commerce, Industries and Agriculture of Panama (CCIAP), which brought together senior customs, trade and control officials from across the region.

"Panama's performance on the Illicit Trade Index reflects a system where relatively strong customs, regulatory, and enforcement capabilities are compromised by gaps in supply chain monitoring and the presence of organized criminal networks," said TRACIT Director-General Jeffrey Hardy. "A central vulnerability is the Colon Free Zone, which may facilitate legitimate commerce but remains a gateway for the distribution of illicit products throughout the region."

The report presentation event in Panama City was attended by the Minister of Commerce and Industries, Julio Moltó; the Director General of the National Customs Authority, Soraya Valdivieso; the President of the Chamber, Aurelio Barría Pino; and the Executive Director of the Chamber, Rafael Zúñiga Brid.

According to the report, Panama ranks as the second-best performing country in Central America, with a score of 49.6 on the Illicit Trade Index. Globally, it ranks 81st out of 158 economies assessed. In the region, it ranks second only to Costa Rica, with a higher score than El Salvador, Guatemala, Honduras, and Nicaragua.

The assessment shows that, among the most significant recent regulatory achievements in Panama, is its removal from the FATF grey list and the EU list of high-risk third countries, but compliance has not yet translated into effectiveness and criminal prosecutions are scarce relative to the scale of illicit trade in the country.

Despite these strengths, the report identifies structural risks associated with the Colón Free Zone, one of the world's largest free trade zones. While it plays a vital role in facilitating legitimate trade, it is also widely exploited for smuggling, trade-based money laundering, and the redistribution of illicit goods. Limited oversight mechanisms allow criminal networks to leverage the zone for the concealment, repackaging, and re-export of illicit medicines, tobacco, and counterfeit goods.

"This report is intended to help governments across Central America better understand their exposure to illicit trade and support the development of targeted policy responses," Mr. Hardy added. "At the same time, it highlights encouraging progress across the region, providing a strong foundation for strengthening regulatory frameworks and enforcement capacities."

TRACIT finds that illicit trade in Central America cuts across multiple sectors, including counterfeit goods, smuggled excisable products, illicit pharmaceuticals, and environmental crimes such as illegal logging and mining. It warns about a regional dynamic where exposure to illicit trade is broadly shared but the ability to manage it differs significantly across countries. These challenges are compounded by the region's role as a key transit corridor for narcotics, arms, and other illicitly traded goods.

Panama's Director of Customs, Soraya Valdivieso, reaffirmed her commitment to prosecuting this crime and increasing customs controls to prevent the illegal trafficking of goods. "As proof of this fight, we have strengthened inter-institutional collaboration with the Colón Free Zone to reinforce traceability mechanisms for tobacco products destined for export and re-export, strengthening control and monitoring mechanisms," she stated.

Recent improvements in Panama's customs capacity are reflected in its 13-percentile-point advance in the Index compared to previous assessments. This progress is partly due to an 8-point increase in the customs pillar, underscoring the impact of ongoing reforms led by the National Customs Authority.

The president of the Chamber of Commerce, Industries and Agriculture of Panama (CCIAP), Aurelio Barría Pino, pointed out that Panama's privileged geographic location and global logistics platform needs stricter enforcement, as illicit activities create unfair competition against legitimate businesses that pay taxes and generate employment. Barría Pino emphasized that this problem not only leaves consumers unprotected and deprives the State of key resources, but also destroys jobs and discourages foreign investors seeking to invest in the region.

For the Chamber, the fight against smuggling requires a shared vision and urgent coordination among authorities, customs, the judicial system, businesses, and international organizations. Legality must be upheld with technology, traceability, proportionate sanctions, and regional cooperation, complemented by a culture of civic awareness. "Buying illicit goods is never a harmless practice," Barría Pino emphasized.

The report is available on the TRACIT website.

Top recommendations

- *Strengthen the regulatory framework and controls governing Free Trade Zones*
- *Continue ANAs efforts to strengthen customs inspection capacity and risk-based targeting*
- *Strengthen measures to mitigate corruption, crime and money laundering*
- *Establish regulatory oversight for e-commerce and postal channels*

Central American Country Scores on the Illicit Trade Index:

1. Costa Rica | 51.2 points
2. **Panama | 49.6 points**
3. El Salvador | 45.8 points
4. Belize | 43.9 points
5. Guatemala | 43.1 points
6. Honduras | 39.3 points
7. Nicaragua | 33.3 points

Geographic Score Comparisons on the Illicit Trade Index:

1. North America | 73.3 points
2. Europe | 61 points
3. Asia-Pacific | 50.9 points
4. South America | 49.1 points
5. **Central America | 43.7 points**
6. Africa | 40.8 points

About TRACIT

The Transnational Alliance to Combat Illicit Trade (TRACIT) is an independent, private sector initiative to drive change to mitigate the economic and social damages of illicit trade by strengthening government enforcement mechanisms and mobilizing businesses across industry sectors most impacted by illicit trade. TRACIT member companies encompass 1,500 globally recognized brands and subsidiaries, operate in 190 countries and employ 800,000 people. TRACIT is also supported by a global network of Alliance Partners that represent over 800 companies. Collectively, they constitute a transnational business voice that stands with TRACIT against illicit trade and its negative impacts on society.

For more information, visit www.TRACIT.org

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About the Chamber of Commerce, Industries and Agriculture of Panama

The Chamber of Commerce, Industries and Agriculture of Panama (CCIAP), the main private sector association, was founded on May 17, 1915, with the purpose of "promoting, connecting, and defending private enterprise." It currently comprises more than 1,800 companies, classified into 15 sectors of the national economy, and actively works to foster the growth of commercial, industrial, agricultural, and service activities, as well as to cooperate in the study of economic and social problems affecting the country's economy.