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ORGANIZATION OF AMERICAN STATES
Inter-American Drug Abuse Control Commission (CICAD)

Multilateral Evaluation Mechanism (MEM)
Governmental Expert Group (GEG)

PANAMA

EVALUATION OF PROGRESS IN DRUG CONTROL
2003-2004



INTRODUCTION

Panama has a total area of 78,200 km² and has 555 km of borders (225 km with Colombia and 330 km with Costa Rica). It also has 2,490 km of coastlines. The country has a population (2003) of 3,116,000, and its main ethnic groups are: mestizos, whites, and indigenous people. The literacy rate is 92.6%. Panama is a constitutional republic, divided into nine provinces and one territory. The per capita gross domestic product (GDP) is US\$3,123 (2003 est.) and the inflation rate is 1.10% (2002). Annual exports total US\$5.237 billion, accounting for 53.81% of GDP (2003). Its main exports are bananas, shrimp, coffee, sugar, and apparel.

I. INSTITUTION BUILDING/NATIONAL ANTI-DRUG STRATEGY

A. National Anti-Drug Plan and National Commission

Panama's National Drug Strategy has been in effect since 2002 and expires in May 2007. The Strategy is coordinated at the central level by the National Council for Drug Prevention (CONAPRED) and covers the strategic areas of demand and supply reduction, control measures, institutional framework, and program evaluation. The institutions that make up the central managing level of the national authority are: Office of the Attorney General, Ministry of Interior and Justice, Ministry of Economy and Finance, Higher Court for Children and Adolescents, Panamanian White Cross, University of Panama, Catholic Church, Legislative Assembly, Ministry of Health and Ministry of Education.

For the years 2002, 2003 and 2004, the percentage of activity in relation with the national strategy was highest in the area of demand reduction with 28.8%; average execution for the other strategic areas was about 8%. The country informs that the National Drug Strategy provides for the planned execution of 84 projects, distributed by intervention area, and that, the percentage of activity is calculated according to the quantity of projects from the strategy which have been executed.

The budget for execution of the National Drug Strategy is largely self-financed (seizures by law enforcement) and financed from international cooperation. Panama reports that they have no alternative sources of funding in case that there are not enough seizures to fund the Strategy activities planned in a given year. Each institution carrying out drug problem-related functions allocates budgetary resources for the operation of the related sections.

The budget of the national coordinating authority (CONAPRED) is financed through national or central government allocations, and it is not included in the budget of the National Drug Strategy. The Executive Secretariat of CONAPRED is housed in the Office of the Attorney General, which has responsibility for the administration of CONAPRED.

The country reports that the agencies responsible for demand reduction are the following: Ministry of Education, Ministry of Health, Ministry of Youth, Women, Children, and the Family, and the High Court for Children and Adolescents, as well as nongovernmental organizations.

The following entities are responsible for supply reduction efforts: Public Prosecution Service, specialized prosecutors for drug-related crimes, Financial Investigation Unit (UIF), Technical Judicial Police (PTJ); Narcotics Division; Ministry of the President's Office: Financial Analysis Unit (UAF); Ministry of the Interior and Justice: National Police, National Maritime Service, National Air Service, and the Legislative Assembly.



Panama also has an Interinstitutional Commission for Chemical Control (CCQ), which is made up of the following bodies: Ministry of Health; Public Prosecution Service, Technical Judicial Police – Narcotics Division; Ministry of the Economy and Finance – General Customs Directorate; Ministry of the Interior and Justice – Technical Judicial Police, and the National Commission for Studying and Preventing Drug-Related Crimes (CONAPRED).

CICAD recognizes that Panama has a National Drug Strategy that is being implemented. However, CICAD notes with concern that funding for the National Drug Strategy's budget is dependent on the seizures carried out, which undermines the sustainable execution of the Plan.

RECOMMENDATION:

1. ESTABLISH, WITHIN THE NATIONAL BUDGET, ALLOCATIONS TO SUPPORT SUSTAINABLE IMPLEMENTATION OF PANAMA'S NATIONAL ANTI-DRUG PLAN.

B. International Conventions

Panama has ratified the following international conventions:

- Inter-American Convention Against the Illicit Manufacturing of and Trafficking in Firearms, Ammunition, Explosives and other Related Materials, 1997.
- Inter-American Convention against Corruption, 1996.
- Inter-American Convention on Mutual Assistance in Criminal Matters, 1992.
- United Nations Convention against Transnational Organized Crime, 2000, the three Protocols to the above Convention against the Smuggling of Migrants by Land, Sea and Air; to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, and to prevent Illicit Manufacturing of and Trafficking in Firearms, Their Parts and Components and Ammunition.
- United Nations Convention against Illicit Trafficking in Narcotic Drugs and Psychotropic Substances, 1988.
- United Nations Convention on Psychotropic Substances, 1971.
- United Nations Single Convention on Narcotic Drug, 1961, as amended by the 1972 Protocol.

The country has in place monitoring mechanisms, such as inter-institutional committees and information and communication systems and networks, to effectively fulfill the mandates derived from international conventions currently in force.

Among the international conventions currently in effect, the country has signed bilateral agreements with Argentina, Brazil, Chile, Colombia, Cuba, Israel, Italy, Mexico, Peru, Russian Federation, Spain, United States of America, Uruguay and others Central American countries.

CICAD recognizes Panama's efforts in having ratified all the international conventions within the Multilateral Evaluation Mechanism framework on drugs and related crimes, and in having adapted its laws in line with the commitments assumed under those instruments.



C. National Information System

Panama has a National Observatory on Drugs that compiles drug-related statistics and disseminates information on drug supply and demand reduction activities and strategies implemented on drug demand and supply reduction.

The country also reports that it uses the Inter-American Uniform Drug Use Data System (SIDUC) and that it conducted a study in 2003 on drug use problems among secondary school students and a national household survey.

The country also uses the Uniform Statistical System on Control of the Supply Area (CICDAT) but only reports data for 4 of the 18 indicators requested: the quantity of drugs seized, the number of seizures by type of drug, money laundering, and arrests. In January 2005, it established a mechanism for compiling information from the different institutions by holding periodic meetings so as to establish an information network for obtaining and consulting data.

Panama reports drug-related statistics annually to the International Narcotics Control Board and the United Nations Office on Drugs and Crime. It also maintains organized collections of documents on drug-related matters.

The country has a formal mechanism for evaluating its effective capacity for compiling data.

The country disseminates drug-related information through the Internet, the congressional archives, libraries, schools, universities, national publications, the press/media, list serve services, and other preventive channels. In 2003, through the National Center on Drugs (CENAID) of the Ministry of Health, it attended to 100 persons requesting information, and the National Commission for the Study and Prevention of Drug-related Crimes (CONAPRED) attended to another 300 requests from various sources. The country also distributes information on prevention, treatment, and rehabilitation programs.

The web page of the Panamanian Observatory on Drugs, which has been operating since April, 2003 is among the strategies the country has developed for the dissemination of information on drugs. In addition, the Ministry of Education produces brochures on preventive programs, teacher manuals, alternative media for use in publicity campaigns, etc. The country informs that budgets of US\$25,000 and US\$8,000 were allocated through CONAPRED in 2002 and 2003, respectively.

CICAD recognizes that the country has a series of adequate mechanisms for receiving, analyzing, and disseminating information about drugs. However, CICAD notes with concern the dramatic reduction in the budget allocated for disseminating that information.

II. DEMAND REDUCTION

A. Prevention

Panama is implementing a national system of prevention programs for preschool students called "Join the Winners" with coverage for 20,300 preschool children. For primary school students the country operates a program called "Smoke Busters" which involves 15,105 students. There are four programs for secondary students: Youth, Violence Prevention, Drug-free School Zones, and "I Have the Power", covering 11,686 young people. At the community level, the country operates the program "Families United for Prevention", in which 4,686 persons participate. There are no programs for working children, street children, women, indigenous groups, the workplace, and



prison inmates. In the area of labor sector prevention, in 2004 CONAPRED awarded funds to the University of Panama's Drug Prevention and Training Project. Its target population includes the university's employees. The National Anti-drug Strategy envisages the implementation of projects in the labor sector and for prison inmates, but the implementation process has not yet started up.

The country reports that the juvenile police unit is implementing a successful drug control and peer pressure program in primary schools throughout the country. The DARE (Drug Abuse Resistance Education) program covered 2,000 primary school students in 2003.

Specialized professional training in prevention and treatment is provided through refresher courses for teachers, social and healthcare workers, and graduates, as well as courses for university students, masters programs, and regional and international exchange programs for training purposes, which benefit approximately 89,228 professionals, technical personnel, students, and parents.

During the years 2002 and 2003 an evaluation on the development, impact, results, and scope of school-based prevention programs was initiated:

- "Smoke Busters", of which results reflect a significant impact on improvements in self-esteem, decision-making, handling feelings, substance awareness, and healthy habits.
- "Adventure of Life", the evaluation establishes the need to reinforce the program with other specific prevention programs in order to adapt to the participant's characteristics.
- "Youth", the evaluation of this program indicated that it produces positive changes but needs more teaching and economic resources for implementation as well as elements that would make it more visible and identifiable.

CICAD recognizes that Panama has various prevention programs, with good coverage, targeting pre-school, elementary and secondary school students. However, the country still needs to implement programs targeting university students, women, indigenous population and to specify programs in the workplace and for inmates. CICAD highlights that Panama has specialized training through which many professionals benefit in the area of prevention and treatment.

RECOMMENDATION:

2. ESTABLISH PREVENTION PROGRAMS TARGETING KEY POPULATIONS SUCH AS WOMEN, PRISON INMATES, AND INDIGENOUS COMMUNITIES.

B. Treatment

Panama has legislation which includes provisions on addiction treatment and rehabilitation, from the health as well as the legal standpoint, establishing a treatment program as a security measure for simple drug possession offenders.

The country reports that the Ministry of Health has established standards of care for drug abuse treatment at the national, provincial, and local levels. Application of these standards has been mandatory since 1996. However, although there is a national register of service providers, no methodology has been developed for accrediting them. The country established a subcommittee in 2004 to review treatment standards. Once the standards have been updated, training will be provided to all centers and, lastly, the centers will be accredited.

The country has currently in place outpatient and inpatient treatment programs in the public and private sector for minors and adults of both sexes. These include early detection, detoxification,



treatment, and rehabilitation services. There is no indication as to social reintegration and follow-up services.

In terms of government-provided treatment, the Ministry of Health maintains a primary care system in healthcare centers throughout the country. In addition, hospital emergency rooms treat cases of intoxication, abstinence syndrome, and physical and mental disorders resulting from drug use. There are also several outpatient and inpatient programs for the treatment of other drug dependent patients. The Ministry of Youth, Women, Children, and the Family, through the Institute of Interdisciplinary Studies, conducts outpatient and inpatient treatment programs for minors with drug dependency problems. Three Non-Governmental Organizations work primarily in the areas of treatment and rehabilitation through the community therapy modality.

The National Drug Authority and the Ministry of Health are responsible for supervising and annually evaluating standards of care. Currently there are 43 services for detoxification, treatment, and rehabilitation, providing regional and national coverage. Response capacity has been expanded, with four new centers.

Number of Treatment Programs

Year	Total number of treatment programs in the country	Number of new treatment programs opened each year
2002	39	0
2003	41	2
2004	43	2

The country reports that because of limitations in terms of qualified human resources and the availability of funding, there are no studies to evaluate treatment programs and modalities.

In the last three years, increases have been reported in the number of patients seeking and obtaining treatment, with the following breakdown:
CICAD recognizes the country's efforts in expanding care services for drug dependents by

Patients who sought and received treatment

Year	Total number of patients receiving treatment	Estimated number of persons seeking, but not receiving, treatment
2002	828	1,470
2003	874	1,592
2004	903	1,721

opening new centers. Nevertheless, the number of patients who have still not received treatment has been increasing over the past two years.

RECOMMENDATION:

3. EXTEND COVERAGE OF TREATMENT PROGRAMS TO PROVIDE ASSISTANCE FOR THE POPULATION IN NEED THEREOF.



C. Statistics on Consumption

In 2003, Panama carried out the First National Household Survey and a survey on drug use prevalence through SIDUC, the country reported the following results:

**Table A – Prevalence in the General Population
of 12 to 65 years old
2003**

Type of drug	Lifetime prevalence	Last 12 months prevalence	Last 30 days prevalence
Alcohol	65.1	44.9	32.8
Tobacco	32.6	15.8	12.4
Solvents and inhalants	0.7	0.1	0.7
Marihuana	5.4	3.4	2.6
Hallucinogens	0.1	0.1	0.1
Coca base paste	0.3	0.1	0.1
Cocaine	1.8	1.2	1.0
Crack	0.1	0.	0.1
Tranquilizers, sedatives, and depressants	8.3	3.1	1.3
Estimulantes	3	1.2	0.7
Ecstasy	0.1	0.1	0.1
Other drugs: Pegon	0.3	0.3	0.2
All drugs	6.3	3.9	3.0

In 2002, Panama concluded a study whose results reflected that the average age of first drug use among secondary school students varied between 12 and 14 years old. It also states that between 25% and 35% of students between the ages of 10 and 19 perceive drug use as harmful to health and well-being.

Through these results, the country is unable to establish a correlation between perception and the level of drug use in the population group covered by the study – secondary school students in the capital in 2002 – because the analyses performed to date are descriptive and deal with prevalence. However, in a 2002 study, which used as its methodology a random sample representative of public and private school students in Panama City in the second, fourth, and sixth grades, the following results were reported:

- With respect to perceptions of the accessibility of illegal drugs, 65% believe it to be easy or very easy.
- As regards gender differences, girls are now equaling the consumption levels of boys; this is in contrast to the results of surveys conducted in years past.
- Young people report using tranquilizers and stimulants without medical prescriptions.
- Students at private schools report higher consumption levels than those at state schools, with respect to drugs such as alcohol, cigarettes, and marihuana.

The country reports cases of Hepatitis B, Hepatitis C, and HIV, but does not provide morbidity estimates for these illnesses associated with intravenous drug use; nor does it estimate the number of deaths associated with drug use.

Panama reports that it has not detected new trends in drug abuse during the period 2002-2004, but that it has encountered changes in drug use, such as pegon, which is a combination of cannabis altered with alcoholic beverages.



The country indicates that it has estimates of drug-use-related deaths, reporting that in 2001, 5,221 persons died as a result of alcohol use, and 1,938 persons died as a result of illicit drug use in general. The country has not provided data for years 2002, 2003 and 2004. Data is collected on associated drug content or toxicity levels found in the bodies of deceased persons on the basis of laboratory tests, but only in legal cases, such as accidents, homicides, or suicides.

Panama reports that it has a system for reporting drug-related homicides and that 12 homicides were recorded in 2002 and six in 2003. No data has been provided for year 2004. The country indicates that, so far, it does not have records on alcohol abuse or drugs associated with traffic and work accidents.

CICAD recognizes that the country made progress with its study into the prevalence of drug use among the general population. However, CICAD notes with concern the lack of estimates on morbidity related to intravenous drug use.



III. SUPPLY REDUCTION

A. Drug Production and Alternative Development

Panama reports that it has not detected illicit crops or found laboratories for the production of illicit drugs, including synthetic drugs. The country informs that seizures have been made of ecstasy coming from Holland and pseudoephedrine coming from Hong Kong.

B. Supply Reduction and Control of Pharmaceutical Products and Chemical Substances

Pharmaceutical Products

The National Directorate of Pharmaceutical Products and Drugs of the Ministry of Health and the General Customs Directorate are the entities responsible for applying controls to all of the pharmaceutical products listed in the international conventions. This control is exercised by means of licenses, inspections, and investigations applicable to establishments, commercial transactions, and healthcare professionals.

The country states that it has a mechanism for controlling and regulating the use and distribution of pharmaceutical products, including medical prescriptions, distribution through pharmacies or other authorized points of sale, monitoring of distribution and purchases, checks on the issuing of prescriptions, inspections, administrative sanctions, and registration requirements for license-holders. Similarly, the following criteria are used to assess the effectiveness of this mechanism: number of complaints received, number of administrative sanctions imposed, number of inspections carried out, and the percentage of inspections that lead to an investigation. It states that the percentages of health professionals complying with regulatory standards in 2004 were as follows: physicians (50%), dentists (60%), pharmacists (50%), veterinarians (60%), and nurses (80%). The country notes that the observance percentages are based on the prescription of psychotropic substances and narcotics using official prescription pads ("yellow pads"). Therefore, observance percentages are calculated in relation to the number of "yellow pads" requested to the Ministry of Health.

During the evaluation period, 2003-2004, there were three seizures of pharmaceutical products related to the manufacture of synthetic drugs: specifically, 9,600,000 pseudo ephedrine capsules (2003) and 3,006,430 (2004). These seized substances are disposed of through either dissolution or incineration.

The country reports that the Panamanian Criminal Code and the 2001 Medicines Law impose criminal and administrative sanctions on the diversion of pharmaceuticals. The criminal sanctions range from prison terms of five to ten years. The Medicines Law empowers the Ministry of Health's Pharmacy and Drug Department to supervise and keep administrative controls over the import, export, distribution, and sale of precursor chemicals when their use is pharmaceutical.

CICAD notes with concern the high percentage of professionals not in compliance with national and international standards on control and supervision of pharmaceuticals, as well as the limited effectiveness of imposing the corresponding administrative sanctions. CICAD also notes with concern the large quantities of synthetic drugs (pseudoephedrine) seized by the authorities, indicating a new tendency in illicit drug trafficking.

RECOMMENDATION:

4. IMPLEMENT A MECHANISM TO FACILITATE COMPLIANCE OF HEALTH PROFESSIONALS WITH THE REGULATORY STANDARDS THAT CONTROL PHARMACEUTICAL PRODUCTS.



Controlled Chemical Substances

Panama reports that the following entities are responsible for regulating controlled chemicals and preventing their diversion: the Ministry of Health, the General Customs Directorate, the Office of the Attorney General, and the Office of the Interinstitutional Commission for the Control of Chemical Substances.

The controls established apply to all chemical substances listed in the United Nations Conventions and the CICAD Model Regulations. In addition, the chemicals used for medical purposes under control are: pseudoephedrine, ephedrine, ergotamine, acetic anhydride, and norephedrine. Also, subject to control, are the solid forms of pharmaceutical preparations containing pseudoephedrine, ephedrine, and norephedrine. The country states that as of March 25, 2004, as a result of Decree 111, control by the Ministry of Health of all the substances included in Tables I and II of the 1988 United Nations Convention and the Special Control List came into effect.

The country reports that the Panamanian Criminal Code and the 2001 Medicines Law impose criminal and administrative sanctions on the diversion of chemicals. The criminal sanctions entail prison terms ranging from 5 to 10 years, increasing to 8 to 15 years in the case of international trafficking. The Medicines Law empowers the Ministry of Health's Pharmacy and Drug Department to supervise and keep administrative controls over the import, export, distribution, and sale of precursor chemicals when their use is pharmaceutical. Administrative sanctions range from written warnings, to temporary suspension of licenses, to temporary suspension of imports, to revocation of licenses. The country states that in 2002, one criminal sanction was imposed, none in 2003 and for 2004 the country does not provide information.

Panama's National Drug Strategy includes projects and activities to strengthen the control of chemicals, and a market study is envisaged to fully identify companies and their legitimate input requirements in this area. The country also reports that evaluations of controls and oversight of controlled chemical substances have begun in the Colon Free Trade Zone.

Panama reports that it received six pre-export notifications for controlled chemical substances in 2002 and that all were duly answered; and eight in 2003, all duly answered. It sent nine that year and received replies to eight of them. The country reports that it turned down one pre-export notification in 2002, three in 2003, and five in 2004. Panama initiated one investigation in 2002, and three in 2003.

CICAD recognizes that the country has enacted legislation for the control of the diversion of chemical substances in accordance with the international conventions and the CICAD Model Regulations. However, Panama does not have programs allowing for effective control in this area.

CICAD notes with concern that the country has not yet complied with the recommendation, issued during the Second Evaluation Round, for the establishment of pre-export control mechanisms for controlled chemicals in the Colon free zone.

RECOMMENDATION:

5. IMPLEMENT THE COLON PROVINCE FREE ZONE PROJECT TO ESTABLISH SPECIFIC PRE-EXPORT CONTROL MECHANISMS FOR CONTROLLED CHEMICAL SUBSTANCES, A RECOMMENDATION REITERATED FROM THE SECOND EVALUATION ROUND, 2001-2002.



IV. CONTROL MEASURES

A. Illicit Drug Trafficking

Panama reports that new trends have been detected in drug mobility patterns in the trafficking of substances, weapons, and drugs; particularly notable are disembarkations on the Pacific coast and the use of the country as a transit area for synthetic drug precursors. Steps have been taken to address the problem, including the creation and strengthening of police units, preventive programs, and controlling precursors within the pharmaceutical industry.

The country reports an increase in seizures of cocaine hydrochloride and crack, and a decrease in seizures of heroin, cannabis leaf, and ecstasy. The country did not provide data on seizures of pseudoephedrine in 2002, however Panama reports seizures amounting to 9,600,000 pills in 2003 and 3,643,000 in 2004. All seized drugs are destroyed by incineration. Data for 2004 is preliminary.

Drugs Seized (in grams)

Year	Cocaine	Marijuana	Crack	Heroin	Other	Ecstasy (pills)	Total
2002	5,045,971.73	2,334,972.45	3,819.29	221,381.64	0.00	1,100	7,606,145.11
2003	9,606,386.30	834,070.02	4,327.28	156,821.10	0.00	1,032	10,601,604.70
2004*	3,294,589.85	1,129,203.43	3,975.04	55,915.21	200.00	0.00	154,251,982.01

* Preliminary data

As the table below indicates, for 2003, an increase is reported in the number of arrests and trials for illicit drug trafficking, and a decrease is reported in the number of convictions, relative in both cases to 2002.

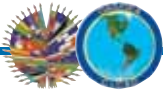
Number of persons arrested, tried and convicted for illicit drug trafficking

Year	Arrests	Trials	Convictions
2002	625	808	477
2003	764	862	356
2004	605	738	468

The country informs that there are no provincial or local laws or regulations permitting the possession of drugs for personal use. It also indicates that the criteria used to distinguish possession for personal use from possession for illicit trafficking are: a) Objective elements: scarcity of the drug, absence of cash proceeds, ordinary capture as a regular police operation, and the absence of an intelligence report; b) Subjective elements: confession and acknowledgment of use and psychiatric evaluation. The country does not provide information for 2004. In the following table, no arrests are indicated because Panama does not contemplate the preventive arrest of the accused for illicit possession of drugs for personal use.

Arrests, trials and convictions for the illicit possession of drugs for personal use

	2002	2003
Arrests	0	0
Trials	826	1,159
Convictions	304	230



Panama has alternative measures, other than punishment for illicit possession for personal use, and consist of precautionary or security measures. However, no information is provided on the type of measures and number of persons to whom the precautionary measures were applied.

Panama reports that coordination for the exchange of operational information and collaboration among the authorities responsible for controlling illicit drug trafficking is assured by: an Interinstitutional Committee; Joint Operations Forces; joint training; and inter-institutional information networks. There is also a mechanism for evaluating the effectiveness of these activities in meetings with the participating entities. In the international sphere, the country exchanges police, intelligence, and judicial information. Improved investigations are mentioned as the principal outcome.

The entities responsible for interdiction and control of drug trafficking are as follows: the Antidrug Directorate of the National Police, the National Maritime Service, the National Air Service, the General Customs Directorate, the Special Prosecutor for Drug-related Crimes, and the Antinarcotics Division of the Technical Judicial Police.

Regarding international judicial cooperation in relation to illicit drug trafficking, Panama provided the information included in the table below. In relation to the requests for judicial cooperation made by Panama to other countries, in 2002 15 were for illicit drug trafficking, 6 for money laundering and 1 for illicit trafficking of firearms and ammunition; in 2003, Panama made 11, 18 and 2 respectively and 12, 22 and 0 for 2004.

Requests for Judicial Cooperation in relation to illicit drug trafficking

Year	2002	2003	2004
Received by Panama	27	59	49
Replied	27	58	41
Requested by Panama	22	31	34
Replied	9	2	1

Panama reports that in 2003, pursuant to Article 7 of the United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, it received 11 requests for the transfer of 86 people arrested in various drug-trafficking operations in international waters. As a result, all the individuals detained were transferred.

The country reports one extradition request in connection with illicit drug trafficking made to another country in 2002, which was ruled inadmissible. The country also mentions that it has signed multilateral agreements and bilateral treaties on extradition with 26 countries.

Panama received two extradition requests for drug trafficking in 2002 and responded to those requests. The individuals to be extradited had cases pending in Panama and were handed over on a later date. In 2003 it received six requests and responded to all the requests. It mentions that the average time required to secure extradition is three months, but it can be reduced to one month by following the procedure set out in the Judicial Code of Panama, which consists of simple and conditional surrender of the individual.

Panama indicates that the extradition of nationals is not permitted by its legal system, with no exceptions in cases of illicit drug trafficking or other international crimes; however, the procedure established allows such nationals to be judged in accordance with national law (Law 13 of July 27, 1994, current Judicial Code). The Ministry of Foreign Relations is the central authority for receiving extradition requests and does not place obstacles to receiving them.



CICAD recognizes the efforts made by Panama in combating illicit drug trafficking, together with the effective implementation of the procedures for promptly responding to extradition requests made by other countries. CICAD also recognizes that Panama has coordination mechanisms for exchanges of information among the different agencies and with other countries. However, CICAD notes with concern the large seizures of illicit drugs reported by the country for the evaluation period 2003-2004, such as pseudoephedrine, associated with the manufacture of methamphetamines.¹

B. Firearms and Ammunition

Panama reports that controls to prevent the diversion of firearms, ammunition, explosives, and other related materials are the responsibility of the Technical Judicial Police, the Ministry of the Interior and Justice, Customs, and the National Police. Mechanisms are in place to facilitate the exchange of information and collaboration among agencies. Virtual forms for the measurement of effectiveness are used to maximize control; mandatory reporting of sales, weapons permits, and other means are also used.

Various laws and decrees in force also criminalize such offenses as the ownership, possession, trafficking in or illicit manufacturing of firearms, ammunition, and explosives in connection with illicit trafficking in firearms. However, the country did not provide information on people arrested, tried and convicted for the above-mentioned crimes.

Executive Decree 2 of 1991, Law 47 of 1980 - Explosives, and Decree 354 of 1948 establish administrative controls for the importation and transport of firearms and explosives and establish the sanctions of seizure and confiscation.

These provisions require the issuance of import and/or transport permits before the entry of firearms, explosives, and related materials can be authorized. Current legislation does not require the importing country to issue the necessary permits first (before issuing the export license). No statistics on entry authorizations for firearm shipments were provided.

With respect to illegal traffic of firearms, during 2002-2004, 4,649 firearms and 234,728 rounds of ammunition were seized. During the same period the number of weapons confiscated in connection with drug-related crime totaled 763; 97,203 rounds; and 746 explosives; 1,477 operations were carried out; and 5,110 persons were arrested.

The country has implemented administrative controls to prevent the diversion of firearms, such as a database for registering the importation and transport of firearms, the designation of entities responsible for applying these controls, and a mechanism for information exchange and collaboration with other countries.

With respect to requests for information on firearms during the evaluation period 2003-2004, two requests were made by Panama without obtaining any response.

Panama's legislation on firearms requires firearms to be marked at the time of manufacture for importation and official use after seizure.

¹ The country informs that the pseudoephedrine seized in the three operations made during the evaluation period, 2003-2004, was in transit through the country. In the face of this new tendency, measures have been implemented to strengthen entities responsible for the control of illicit drug trafficking and precursors from the pharmaceutical industry. This enabled the country to detect another in transit shipment.



CICAD recognizes the efforts carried out by Panama to develop an appropriate legal and technical framework to prevent the diversion of firearms, ammunition, explosives and other related material. However, CICAD notes with concern that Panama's legislation does not require that before Panama issues the exporting license, the importer country issue a license for import.

RECOMMENDATION:

6. INCORPORATE IN THE LAW ON FIREARMS THE REQUIREMENT OF SUBMISSION OF PERMITS FROM THE IMPORTING COUNTRY PRIOR TO THE ISSUANCE OF EXPORT LICENSES.

C. Money Laundering

Money laundering is criminalized in the following legislation: a) the Penal Code, articles 389-393; b) Law 45, which adds Chapter VII on "Financial Crimes"; and c) Law 50, which adds Chapter VI on "Terrorism" to the Penal Code. These laws establish fines and prison sentences of five to 20 years.

The definition of money laundering includes, under predicate offenses, the proceeds from the crimes of illegal drug trafficking, firearms trafficking, trafficking in human lives, kidnapping, extortion, crimes against the administration (corruption), terrorism and its funding, fraud, aggravated fraud, embezzlement, theft or international trafficking of vehicles and crimes against intellectual property. It does not cover trafficking in organs, prostitution, or pornography.

Under current legislation, money laundering is considered an autonomous offense because no conviction on the predicate offense is needed in order to investigate, prosecute and convict for the generic crime of money laundering. The appointment of three Special Prosecutors for Bank Fraud and Credit Cards, Prosecutors for Offenses related to Drugs and Intellectual Property, Prosecutors for Corruption, and Special Prosecutors for Vehicle Theft and Larceny, who are assigned to investigate money laundering cases in their area of competence, has improved the handling of money laundering cases.

Current legislation, provided in Law 13 of 1994 and in the Penal Code, allows the use of special investigation techniques to combat money laundering, such as undercover police operations, electronic surveillance, the use of informers, controlled delivery, and sentence reduction for cooperating witnesses. The current provisions establish administrative controls for preventing crossborder money laundering within banks, offshore banks, bureau of change, stock markets, insurance companies, casinos, real-estate brokerages, lawyers, accountants, stocks, and securities. Only public notaries are not subject to these controls.

The country indicates that there were two convictions for money laundering in 2002 and one in 2003. No data have been provided for 2004.

Panama provides the following information with respect to reports of suspicious transactions:

Effectiveness of the System for Reporting Suspicious Transactions

Year	Number of suspicious transactions reported	Number of investigations conducted	Number of proceedings filed	Number of convictions	Value of seized assets
2002	342	57	1	2	
2003	328	127	0	59	0
2004	409	147 (up to August)	1	0	US\$7.3 million



The country reports that in the period 2002-2004 it imposed 14 administrative sanctions on regulated entities (banks, foreign trade zone enterprises in Colon, casinos, and securities and real estate firms). Panama indicates that the Superintendence of Banks has imposed sanctions for infractions of Law 42 of 2000, including failure to report suspicious transactions, but did not report any data in this respect. Failure to report suspicious transactions are punished with fines from US\$500,000 to US\$1,000,000 depending on the seriousness of the offense and whether it is a repeat offense. These fines are imposed by the respective public agencies or bodies ex officio or at the request of the Financial Analysis Unit, which must inform them of any obvious failure to comply.

The provisions on bank secrecy do not constitute an obstacle to obtaining documents and financial records for the purposes of investigation or adjudication.

Responsibility for managing seized assets is under CONAPRED and for confiscated assets rests with the Office for the Coordination of Impounded Property within the Office of the Prosecutor General of the Republic.

There is a Financial Analysis Unit under the Council on Public Security and National Defense that receives, analyzes, and communicates conclusions. There is also a Financial Investigations Unit under the Technical Judicial Police.

For the Financial Analysis Unit, access to banking information must be authorized by a prosecutor or judge. The unit may nonetheless share information with other state entities (through the Office of the Special Prosecutor for Drug-related Crimes) and with similar foreign financial analysis units.

The Financial Analysis Unit is a member of the Egmont Group and has signed memorandums of understanding with 25 countries.

Panama did not process any extradition requests in connection with money laundering during the period 2002-2003. On the other hand, the country did receive six extradition requests and granted four of them. One of the requests has not yet been executed; another request was not pursued by the requesting country.

Panamanian Law does not permit the extradition of Panamanian nationals. In such cases, Law 13 of 1994 and the Judicial Code provide that citizens shall be judged in Panama as if the crime had been committed in Panama.

With respect to international cooperation, Panama received a positive response to a request made to another country for preventive embargo in connection with money laundering. The country also received and answered one request.

In 2002, Panama made 12 requests to other countries for the lifting of bank secrecy, 11 of which were granted. In 2003 the country made 16 such requests, nine of which were granted. The country received and granted 17 such requests in 2002, and in 2003 received 40, 38 of which it granted.

During the period 2002-2004, 44 judges and 80 prosecutors received special training in the handling of money laundering cases. Training was also provided to 1,219 officials in the Financial Analysis and Investigation Units and regulatory agencies concerned with money laundering.

CICAD recognizes that Panama has money laundering legislation that covers prevention and control issues as required by the CICAD Model Regulations and other international instruments.



RECOMMENDATIONS:

7. INCLUDE THE CRIMES OF TRAFFICKING IN ORGANS, PROSTITUTION AND PORNOGRAPHY AS PREDICATE OFFENSES OF MONEY LAUNDERING.
8. INCLUDE PUBLIC NOTARIES AMONG THOSE OBLIGED TO COMPLY WITH THE ADMINISTRATIVE CONTROLS.

D. Corruption

The Panamanian Penal Code criminalizes the acts of corruption cited in the Inter-American Convention against Corruption. Panama also approved Law 39 of July 2001, one of whose more noteworthy provisions extends the statute of limitations for criminal action and increases the penalties for peculation and other crimes against the public administration. In January 2002, it approved a law setting standards for transparency in public administration.

During the evaluation period, 2003-2004 there were three arrests, three trials, and one conviction for corruption related to illicit drug trafficking.

CICAD recognizes that the country has legislation consistent with international standards for combating corruption and improving transparency levels within the public administration.

E. Organized Crime

Panama reports that there is no specific law against transnational organized crime but that laws on illicit drug trafficking control and money laundering provide means for combating it, including special investigative techniques, such as undercover operations, sting operations, and electronic surveillance. There are also provisions applicable to transnational organized crime in the Penal Code.

In terms of international cooperation, current law provides for extradition, mutual and joint legal assistance, impoundment and confiscation, interdiction operations, protection and mutual assistance.

To ensure compliance with legal provisions to combat transnational crime, there is an institutional structure composed of the Office of the Special Prosecutor for Drug-related Crimes, the Narcotics Division of the Judicial Technical Police, the Antidrug Department of the DIIP, the National Police and National Maritime Service, the Directorate of Naval Intelligence, the National Air Service, and the Directorate of Customs. However, the country does not have mechanisms for evaluating the effectiveness of institutions responsible for enforcing provisions against transnational crime. Nonetheless, it reports that the United Nations Convention against Transnational Organized Crime is law in Panama and the provisions contained therein are applied to combat organized crime.

CICAD notes that Panama has an appropriate legal framework for enabling organized crime to be addressed.



V. CONCLUSIONS

CICAD notes positively that Panama is financing its National Anti-Drug Strategy using funds from seizures from drug trafficking and related crimes. Nonetheless, CICAD notes with concern that this is the only source of funding, as it undermines the ongoing implementation of the strategy. Panama had made significant efforts in ratifying all the international conventions on drugs and related crimes within the MEM framework, and has incorporated them in its domestic law, thus meeting the commitments assumed under those conventions.

CICAD also highlights the strengthening of the mechanism for compiling information on those who are arrested, tried and convicted for the crimes of drug trafficking, firearms trafficking, corruption and money laundering. CICAD also highlights that Panama has conducted studies of the prevalence of drug use in the general population. However, CICAD notes with concern the drastic decline in the budget for disseminating information.

It is important to note that in the prevention area, Panama is implementing programs addressing scholar and community populations. However CICAD considers that the country should apply efforts to address these programs for other key populations, such as women and indigenous people. The coverage of treatment programs is limited, as many people searching for treatment do not receive it.

CICAD recognizes that Panama has enacted legislation to control chemical substances. This legislation is consistent with international conventions and allows the country to enforce controls and respond to foreign requests for information. CICAD also notes that Panama has begun efforts to control and supervise controlled chemical substances in the Colon free zone and encourages it to fully implement the pre-export control mechanism relating to these substances. However, there are some weaknesses in the country's controls with respect to health professionals in terms of their compliance with provisions on the control and supervision of pharmaceuticals, in that large numbers of them are not in compliance with the established controls.

In the area of controlling drug trafficking, the country has made efforts to respond to requests for extradition, coordination and information sharing with other countries.

CICAD notes with concern that the law on firearms, explosives and ammunition does not require the submission of permits from the importing country prior to the issuance of export licenses. In the area of money laundering, the country has legislation providing adequate legal instruments to prevent, investigate and sanction. Similarly, it has legislation to combat corruption and organized crime and to provide effective international judicial assistance.

CICAD recognizes Panama's contribution in the framework of the Anti-drug Strategy in the Hemisphere and the Multilateral Evaluation Mechanism (MEM).



VI. SUMMARY OF RECOMMENDATIONS

The following recommendations are assigned to Panama in order to assist the country in strengthening its policies to combat the problem of drugs and related activities and increase multilateral cooperation in the Hemisphere:

INSTITUTIONAL BUILDING

1. ESTABLISH, WITHIN THE NATIONAL BUDGET, ALLOCATIONS TO SUPPORT SUSTAINABLE IMPLEMENTATION OF PANAMA'S NATIONAL ANTI-DRUG PLAN.

DEMAND REDUCTION

2. ESTABLISH PREVENTION PROGRAMS TARGETING KEY POPULATIONS SUCH AS WOMEN, PRISON INMATES, AND INDIGENOUS COMMUNITIES.
3. EXTEND COVERAGE OF TREATMENT PROGRAMS TO PROVIDE ASSISTANCE FOR THE POPULATION IN NEED THEREOF.

SUPPLY REDUCTION

4. IMPLEMENT A MECHANISM TO FACILITATE COMPLIANCE OF HEALTH PROFESSIONALS WITH THE REGULATORY STANDARDS THAT CONTROL PHARMACEUTICAL PRODUCTS.
5. IMPLEMENT THE COLON PROVINCE FREE ZONE PROJECT TO ESTABLISH SPECIFIC PRE-EXPORT CONTROL MECHANISMS FOR CONTROLLED CHEMICAL SUBSTANCES, A RECOMMENDATION REITERATED FROM THE SECOND EVALUATION ROUND, 2001-2002.

CONTROL MEASURES

6. INCORPORATE IN THE LAW ON FIREARMS THE REQUIREMENT OF SUBMISSION OF PERMITS FROM THE IMPORTING COUNTRY PRIOR TO THE ISSUANCE OF EXPORT LICENSES.
7. INCLUDE THE CRIMES OF TRAFFICKING IN ORGANS, PROSTITUTION AND PORNOGRAPHY AS PREDICATE OFFENSES OF MONEY LAUNDERING.
8. INCLUDE PUBLIC NOTARIES AMONG THOSE OBLIGED TO COMPLY WITH THE ADMINISTRATIVE CONTROLS.