



Integrated Country Strategy

PANAMA

FOR PUBLIC RELEASE

Approved: March 21, 2022

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1. Chief of Mission Priorities

The United States and Panama enjoy a special relationship based on long historical ties and the importance of the Panama Canal to global economic security. Our shared commitment to democracy, prosperity, and security have helped Panama lead the region in economic growth and emerge as one of its most stable democracies. Two and a half years into his administration, President Laurentino Cortizo continues to emphasize that the United States is Panama's primary strategic partner. Bilateral cooperation with Panama's security forces has produced successful efforts to combat illicit trafficking and finance, take down criminal gangs, tackle transnational criminal organizations, enable humanitarian assistance, and confront irregular migration. Panama is also a key partner in combatting climate change. However, record numbers of irregular migrants entered Panama through the Darien jungle from Colombia in 2021, increasing economic, political, and environmental concerns. The COVID-19 pandemic has ravaged the country, causing an economic downturn and exacerbating income inequality. Additionally, corruption continues to poll as the top concern among Panamanians, higher than the pandemic, the economy, jobs, and security. If we want Panama to be a strong partner aligned with our U.S. interests, we must invest in helping it address its many challenges.

Mission Panama's top priorities to advance U.S. national interests include:

- Protecting U.S. citizens and businesses;
- Strengthening the security of the United States, Panama, and the region;
- Promoting sustainable economic growth;
- Enhancing democratic institutions and improving the rule of law; and
- Maintaining the United States' position as Panama's preferred partner.

Pursuing the goals and objectives articulated throughout this strategy will strengthen U.S. national and economic security, protect U.S. citizens residing or doing business in Panama, and promote mutual prosperity. Panama also will become a stronger partner by effectively managing migration, ensuring the long-term operability of the Panama Canal, promoting regional integration, countering narcotics trafficking and illicit finance, and creating a level playing field for U.S. businesses. Risks to achieving these goals include the ongoing pandemic and sluggish economic recovery, Panama's questionable political will on some issues, and Panamanian presidential elections in 2024 that have the potential to impact both Panama's international reputation and our bilateral cooperation.

Panama suffered a nearly 18 percent contraction in gross domestic product (GDP) – one of the largest declines in the world – and an 18.5 percent unemployment rate in 2020, up from just seven percent before the pandemic. The pandemic exacerbated troubling trends like increased sovereign debt, which means lean budgets for the foreseeable future. Panama also suffered a

heavy human toll during the pandemic. However, its vaccine program, which included a sizeable U.S. vaccine donation, is making significant progress, with 66 percent of Panama's total population fully vaccinated as of January 2022. These steps have kept the economy open and ushered in strong economic growth in 2021.

Strong political will in Panama is essential to achieving our goals and objectives. Panama will need to take strong measures to reverse unsettling trends, such as worsening corruption, money-laundering, and social and political divisions caused by income inequality and unemployment. Panama will need to address the significantly expanded irregular migrant issue, where over 130,000 migrants entered Panama from Colombia in 2021 enroute to the United States. Panama has also struggled to address the high numbers of undocumented migrants living in the country. Equally troubling is that Panama remains on the Financial Action Task Force (FATF) grey list for systemic deficiencies in deterring and combatting money laundering and other illicit financial transactions.

Protecting U.S. citizens is a top priority for the Mission. The U.S. resident community in Panama is an estimated 60,000, with more than 10,000 U.S. visitors estimated to be in the country at any one time. Crime and a lack of transparency in commercial and judicial matters have adversely affected the resident U.S. community. Our programs are geared to improve Panama's security situation, encourage community policing, increase successful prosecutions of criminals, and promote transparency, all of which will benefit U.S. citizens. Through increased outreach from the Consular section and a new "Embassy on the Road" program designed to strengthen engagement with local officials and community leaders, we will reinforce the ties between the U.S. government and Panamanian society, to our mutual benefit.

Strengthening the security of the United States, Panama, and the region by building Panama's capacity to address current and emerging transnational threats is a strategic priority for the Mission. The annual bilateral High-Level Security Dialogue (HLSD) aligns our strategic priorities and preserves our position as Panama's partner of choice in the security space. Our programs have helped Panama become a regional leader in countering narco trafficking and taking down transnational criminal organizations. Panama continues to make significant progress in limiting the transit of illegal drugs, leading all other Central American countries in narcotics seizures. Estimates for drug seizures in 2021 exceeded Panama's 2019 record seizure rate by nearly 60 percent. With the dramatic rise in irregular migration flows, we will help the Government of Panama (GOP) strengthen Panama's borders while exploring options to support its efforts to streamline its process for assessing migrants' protection needs, as well as to adjust policies and enact legal reforms to allow it to remove individuals without protection needs or another legal basis to remain in Panama. To reduce the uptick in homicides, Post will prioritize citizen security, community policing, and prevention programs. Cyber-attacks and crime are also on the rise, affecting all citizens, including U.S. citizens and businesses. Robust support, including development of a joint cybercrime unit and training for Panama's Computer Security Incident Response Team (CSIRT), will help address this emerging threat.

Expanding economic growth and mutual prosperity is a Mission priority. The United States is Panama's largest trading partner and source of foreign direct investment. The free trade agreement with Panama contributes to our mutual prosperity. To work against authoritarian influence and ensure that U.S. businesses continue to operate on a level playing field, we will focus our efforts on improving the trade and investment climate through tools such as advocacy, training, government financing, and engagement of like-minded stakeholders. We will promote transparency, international best practices, and high labor standards, including the prevention of child labor. We will support technology solutions that bolster equitable growth, inclusiveness, and innovation. Our health diplomacy and assistance will support Panama on a range of issues, especially as it emerges from the pandemic. We will partner with Panama to address the challenge of climate change in order to build resilience and conserve biodiversity.

Enhancing democratic institutions so that they deliver for the citizenry, respect the rule of law, hold corrupt actors accountable, and reduce the level of impunity is a critical mission for the embassy. Corruption and weak institutions continue to be systemic challenges in Panama at all levels of government. Panama ranked 105th out of 180 countries in the 2021 Transparency International Corruption Perceptions Index. A 2021 Gallup poll showed that 37 percent of Panamanians viewed corruption as Panama's primary challenge, up from 26 percent in 2019. Two former presidents are barred from leaving Panama because of charges of corruption and money laundering. Corruption, opaque electoral and legislative processes, and a political system that excludes marginalized voices have structurally weakened Panama's democratic institutions. Panama's status as a regional financial hub, coupled with weak regulatory institutions, have allowed illicit funds to move through the country. Although Panama has made strides to address these problems, FATF still notes significant deficiencies and has yet to remove Panama from the grey list. Through U.S.-funded programs such as the Anti-Money Laundering/Anti-Corruption Task Force and other support for legislation and capacity building, we have already made progress toward helping Panama strengthen its institutions. Mission Panama will aim to increase support for transparency and government reform measures, as well as outreach to underserved communities to advocate for increased participation within government institutions and processes. We also will increase measures to assist Panamanian civil society and independent media through capacity building and support.

Renewing U.S. leadership by increasing Panamanians' conscious recognition of our shared values with respect to global challenges is paramount in the face of the growing influence of autocracies around the world, including in Latin America. Mission Panama will build upon shared U.S.-Panamanian history using active engagements at the sub-national level to establish strong, consistent relationships with local government officials, and educational, community, and opinion leaders. Mission Panama will also counter disinformation campaigns by promoting independent journalism and launching comprehensive messaging campaigns centered around factual issues that matter to both Panama and the United States.

Since Panama's unexpected establishment of diplomatic relations with the People's Republic of China (PRC) in 2017, the PRC has moved rapidly to build political and economic ties throughout the country. All five goals articulated in this ICS will strengthen the United States standing in Panama and contribute to ensuring – regardless of PRC efforts – that the United States remains Panama primary economic, security, and people-to-people partner.

Mission Panama's seven Management units and subunits and their partners in RSO are united in providing, optimizing, and securing the operational ecosystem that enables mission-focused U.S. diplomacy in Panama and the region, as many of our operations are regional.

Management echoes and upholds our strong commitment to advance Diversity, Equity, Inclusion, & Access (DEIA) throughout our Mission. We are giving voice to all community-members. We are united in our commitment to reduce bias and inequities, and our efforts are already fostering greater understanding. Mission Panama Management is increasing our climate resilience through awareness campaigns, multi-tiered energy savings measures, and prudent infrastructure investments, like renewables and electric cars. Management units are invested in modernizing technology using data analytics and Power platforms and user-friendly tools that reduce inefficiencies and streamline processes. These practicalities are minimizing staff's administrative burdens, enabling our employees to concentrate on advancing Mission Panama's five comprehensive ICS goals.

Mission Panama is also looking forward to the return of our Peace Corps volunteers to contribute to Panama's identified priorities in health, education, agriculture, environment, and pandemic response by serving communities, organizations, and institutions.

2. Mission Strategic Framework

Mission Goal 1: Strengthen the security of the United States, Panama, and the region by helping Panama successfully address current and emerging transnational threats, advance bilateral interests, and resist authoritarian influences.

- **Mission Objective 1.1:** By 2026, Panama's improved capacity to strengthen its borders, maritime domain, citizen security, and cyber security and cybercrime regimes reduces irregular migration, drug trafficking, contraband, illicit networks, instability, and violence that threaten U.S. national interests.
- **Mission Objective 1.2:** By 2026, Panama and the Panama Canal are more resilient to authoritarian influences that threaten U.S. national interests.

Mission Goal 2: Panama attains a sustainable, inclusive, equitable, and innovative economy that promotes growth and mutual prosperity.

- **Mission Objective 2.1:** By 2026, Panama secures ambitious climate mitigation and adaptation outcomes that build societal resilience and ensure energy, food, health, and water security and conserve biodiversity.
- **Mission Objective 2.2:** By 2026, Panama fosters equitable growth and innovation, including through fair trade, new technologies, and a transparent and improved investment climate.
- **Mission Objective 2.3:** By 2026, business opportunities for U.S. firms improve, U.S. exports and foreign direct investment increase, and U.S. national security and economic interests in Panama advance.

Mission Goal 3: Panama's democratic institutions are strong, transparent, inclusive, and deliver for its citizens, respect the rule of law, hold corrupt actors accountable, and reduce the level of impunity.

- **Mission Objective 3.1:** By 2026, Panama's democratic institutions respect open and competitive political processes, are more transparent and inclusive of underserved communities, and promote racial and gender equity.
- **Mission Objective 3.2:** Panama's institutions to combat money laundering, human rights abuses, and corruption are strengthened with net gains recognized by international organizations, and are held accountable by empowered civil society and independent journalism.

Mission Goal 4: U.S. citizens and businesses are secure in their persons and property and have timely access to U.S. citizen services.

- **Mission Objective 4.1:** By 2026, documentation of U.S. citizens increases, cooperation with and capacity of local authorities to aid U.S. citizens in crisis or hardship improve, and collaboration with local government officials and U.S. based businesses grows, improving security awareness.

Mission Goal 5: Panamanians recognize shared values and place greater trust in the United States, influencing the Panamanian government to cooperate with the U.S. Government on multilateral and regional issues.

- **Mission Objective 5.1:** By 2026, the Embassy establishes strong and consistent relationships with sub-national institutions and opinion leaders that strengthen pro-U.S. sentiment among Panamanians.
- **Mission Objective 5.2:** By 2026, the Embassy effectively prioritizes and facilitates Panamanians' understanding of global, regional, and multilateral issues of importance to the Panamanian government, opinion leaders, and people so they better understand their relevance for Panama and cooperate with the U.S. Government on multilateral and regional issues.

Management Objective 1: Provide and optimize the operational ecosystem that enables mission-focused U.S. diplomacy in Panama and the region.

Management Objective 2: Infuse a genuine commitment to diversity, equity, inclusion, and accessibility (DEIA) throughout the Mission to give voice to all employees, reduce bias, foster understanding, neutralize discriminatory language, and broaden talent acquisition.

Management Objective 3: Increase climate resilience through awareness, energy savings measures, and prudent infrastructure improvements.

Management Objective 4: Deliver an optimized, resilient, and technologically up-to-date security infrastructure to ensure continuity of Mission operations.

3. Mission Goals and Objectives

Mission Goal 1 | Strengthen the security of the United States, Panama, and the region by helping Panama successfully address current and emerging transnational threats, advance bilateral interests, and resist authoritarian influences.

Description | A crossroads of the Americas, Panama is a major transit hub for both legitimate commerce and travel and malicious goods and people. As such, Panama is an essential partner in ensuring hemispheric security. The Panama Canal and its direct contribution to the United States' national and economic security differentiate Panama from its neighbors. The United States is the largest user of the Panama Canal, with more than two-thirds of all transits originating in or destined for a U.S. port. Nearly half of U.S. liquefied natural gas (LNG) exports pass through the Canal. A preferred transit route, the Canal can save up to fourteen days travel on open-water for vessels transiting the region. The Canal is also a critical security chokepoint, with an average of more than 100 Department of Defense (DOD) and U.S. Coast Guard vessels transiting it annually. Panama is a point of convergence for irregular migration and human smuggling to and through the Americas. Transnational criminal and drug trafficking organizations use Panama, its borders, and the Canal to prosecute illicit businesses, export illicit goods to the United States and other nations, and corrupt local officials, thereby jeopardizing the stability of Panama's democratic institutions. The Canal's expansion in 2016 doubled its capacity, further increasing the need for strategic trade controls to detect, deter, and prevent activities by autocratic state and non-state actors that threaten U.S. interests. Authoritarian states are active in Panama at the national and local levels, working to increase investment opportunities for state-owned enterprises and gain political influence for strategic purposes. Emerging transnational threats, including cybersecurity attacks, are also on the rise.

The United States is Panama's preferred security partner. This provides the United States with an advantage in supporting Panama's efforts to secure its borders, its ports, and the Canal; to be more resilient to authoritarian influences that threaten U.S. national interests; and to successfully address current and emerging transnational threats. Embassy Panama will use International Narcotics Control and Law Enforcement (INCLE) and security sector assistance via Foreign Military Financing (FMF), International Military Education and Training (IMET), and Nonproliferation, Antiterrorism, Demining and Related Programs (NADR) funds as integral components of our strategy to advance U.S. national security goals; promote human rights and long-term relationship building; enhance regional security; and strengthen the professionalism of Panamanian law enforcement agencies. A secure Panama will contribute to U.S. national and economic security, U.S. State Department and interagency goals, and other Mission goals, including strengthening democratic institutions, socio-economic development, and sustained

growth, while reducing corruption, autocratic influence, illicit trafficking, and irregular migration.

Objective 1.1 | By 2026, Panama's improved capacity to strengthen its borders, maritime domain, citizen security, and cyber security and cybercrime regimes reduces irregular migration, drug trafficking, contraband, illicit networks, instability, and violence that threaten U.S. national interests.

- **Justification** | Over 130,000 migrants crossed into Panama from Colombia in 2021, nearly 100,000 more than the previous record set in 2016. Although Panama is the regional leader in biometrically identifying irregular migrants, we need to help Panama to better secure its borders and deter irregular migration flows. On the illicit narcotics front, up to 30 percent of cocaine produced in neighboring Colombia passes through Panamanian waters, transported by transnational criminal organizations (TCOs) and their associates off both the Pacific and Caribbean coasts. TCOs also use Panama's logistics center and the Canal to export illicit narcotics and contraband, including WMDs, CBRNE weapons, and dual-use goods. In 2013, Panama detained the Chon Chong Gang, a North Korean cargo ship notorious for illicit activities and sanctions violations. The cargo manifest aimed to proliferate weapons systems, including military vehicles, missile parts, explosives, night vision instruments, and RPG anti-tank warheads. Bolstering Panama's capacity to deter such activities in the Canal and elsewhere remains critical to U.S. national security. The U.S. and Panamanian governments cooperate extensively to interdict illicit goods and dismantle TCOs. With strong U.S. support, in 2020 Panama experienced the lowest level of suspected cocaine shipments into its territory in the last five years and Panama is no longer the first-stop country for cocaine flows from Colombia. Official figures for 2021 show Panamanian authorities seized at least 145 metric tons (MT) of narcotics, breaking the 2019 record of 91 MT. However, more work is needed in the ports, which handle millions of shipping containers each year. Additionally, we will work with Panama to address the issue of rising illegal, unreported, and unregulated (IUU) fishing. Homicides and violent attacks in broad daylight at public venues have increased year on year, creating insecurity and weakening Panama's investment climate. The U.S. and Panamanian governments seek to develop a citizen security strategy that expands community policing programs and provides a whole-of-government response to reduce violence, especially gender-based violence, through the use of crime prevention programs. Cybersecurity and cybercrime are the newest threats in Panama, evidenced by major cyberattacks on three Panamanian government agencies in 2020. The Government of Panama (GOP) welcomes U.S. security assistance, which has provided the Embassy with opportunities to assist Panama in fields directly related to U.S. national interests. The U.S. - supported aviation nationalization program, for example, has provided Panama the means to strengthen its borders, counter narco trafficking in the dense jungles bordering

Colombia, provide humanitarian assistance, and monitor irregular migration routes. Additional assistance, however, is required to bolster Panama's efforts to address these continuing and emerging threats. The U.S. – Panama security relationship is centered around an annual High-Level Security Dialogue (HLSD). The four HLSD pillars are Citizen Security, Maritime Security, Border Security, and Cyber Policy. The annual HLSD has helped forge a consensus across Panamanian institutions and shape ongoing activities in a manner that advances U.S. and Panamanian interests

- **Linkages** | Interim National Security Strategic Guidance, Joint Strategic Plan (JSP) Goal 1, 3, 4; WHA Bureau Joint Regional Strategy (JRS) Goal 3; INL Bureau Functional Bureau Strategy (FBS) Goal 1, 3; ISN Bureau FSB Goal, 2, 3, 4; PM Bureau FBS Goal 2; United States Southern Command Strategy; National Defense Strategy.
- **Risks** | Due to the historically strong U.S. – Panama security partnership, the risks associated with this objective are primarily external. Those factors include natural disasters or a dramatic rise in COVID-19 that causes increased deaths and subsequent movement restrictions, which could hamper or even stop progress on several key bilateral activities. A change in government in neighboring countries, such as Costa Rica or Colombia, could adversely affect Panamanian and U.S. security activities if new government leaders are not sympathetic to U.S. or Panamanian interests. A continuing risk is the influence of authoritarian states and their ability to exercise influence and provide untrusted technologies to the GOP. Internal risks include a change in administration in 2024 that brings to power a government not aligned with U.S. interests. Changes in leadership within the GOP, and particularly among the security and judicial sectors, could stymie U.S.-Panama security cooperation. Legal rulings, by either domestic or international courts, could prevent progress on several initiatives. The GOP's constrained fiscal situation also presents a risk, as it hinders the GOP's ability to fund its ministries adequately.

Objective 1.2 | By 2026, Panama and the Panama Canal are more resilient to authoritarian influences that threaten U.S. national interests.

- **Justification** | According to the Joint Strategic Plan, autocracies are now home to 68 percent of the world's population. Central America is not exempt from this phenomenon. Authoritarian competitors seek to challenge democratic institutions and societal cohesion, subvert sovereign decision-making, and discredit U.S. global leadership. The Interim National Security Strategic Guidance notes China, in particular, has rapidly become more assertive and is the only competitor potentially capable of combining its economic, diplomatic, military, and technological power to mount a sustained challenge to a stable and open international system. The GOP switched recognition from the Republic of China to the People's Republic of China (PRC) in June 2017. Panama and the PRC publicly highlight the strength of their commercial relationship, with PRC officials often underscoring China's position as the largest

supplier of the Colon Free Trade Zone and a primary user of the Panama Canal. As noted in other Mission goals, the Panama Canal contributes directly to the United States' national and economic security. The Mission, therefore, actively engages the Panamanian government, business community, and citizens to preserve the United States' standing as Panama's preferred security and economic partner. It is in the U.S. government's interest to preserve and increase U.S. influence in Panama to ensure U.S. national and economic security, support other Mission goals, and protect the neutrality and uninterrupted operations of the Canal.

- **Linkages** | NSS, JSP Goal 1, and WHA JRS Goal 3; ISN Bureau FSB Goal 3, 4; United States Southern Command Strategy; National Defense Strategy.
- **Risks** | The risks to achieving this objective are significant. Panama's presidential elections are just around the corner in 2024. A new administration could be more susceptible to economic and political enticements from the PRC, which could adversely affect U.S. status as Panama's preferred partner. An economic downturn could also leave Panama vulnerable to authoritarian influences. The PRC embassy has been active in its public diplomacy efforts and seeks to discredit U.S. diplomacy in Panama.

Mission Goal 2 | Panama attains a sustainable, inclusive, equitable, and innovative economy that promotes growth and mutual prosperity.

Description | Panama's location and unique role in global trade, thanks to the Panama Canal, make its stability and success critically important to U.S. prosperity and national security. The United States has a historic and impactful trade and investment relationship with Panama and significantly contributes to the country's economy. Our work together on trade, banking, maritime, digital, health, environment, and agricultural issues fosters economic growth and creates opportunities for citizens of both countries. The U.S.-Panama Trade Promotion Agreement continues to give U.S. exporters a competitive advantage relative to most other countries. The Panamanian government welcomes U.S. investment and has signaled a new openness to innovation in agriculture, energy, and other sectors. This provides an opening to advance USG policy priorities as well as to foster new opportunities for U.S. businesses. Panama was hard-hit by the COVID-19 pandemic, suffering an 18% decline in GDP in 2020, one of the worst in the world. This and ongoing corruption issues leave it vulnerable to investment from unreliable sources. Therefore, it is important that the United States maintains its position as Panama's top economic partner and continues to support Panama's recovery and future economic growth. Mission Goal 2 furthers the priority of advancing U.S. prosperity by fostering sustainable, inclusive economic growth and improving the investment climate in Panama.

Objective 2.1 | By 2026, Panama secures ambitious climate mitigation and adaptation outcomes that build societal resilience and ensure energy, food, health, and water security and conserve biodiversity.

- **Justification** | Panama is home to two global assets threatened by climate change: the Panama Canal, which facilitates global trade; and its forests, which are a carbon sink contributing to Panama's status as a carbon negative country. Panama has strong political and public support for its climate mitigation and adaptation goals, including maintaining its carbon-negative economic growth and protecting terrestrial and marine areas. Panama has a plan for energy transition and ambitions to build on its maritime and logistics strengths to develop regional pharmaceutical, energy, and digital hubs. The government has signaled a new openness to innovation in agriculture, energy, and other sectors. This provides an opening to advance USG priorities on climate, renewable energy, and biotechnology and creates opportunities for investment. Panama will showcase its leadership on energy and environmental protection as the host of the Energy and Climate Partnership of the Americas (ECPA) ministerial in 2022 and the Our Ocean Conference in 2023. Natural resource management, climate change mitigation and adaptation, biodiversity conservation, and energy and health security in Panama are critical to its long-term sustainable economic development and an improved climate for U.S. shareholders and investors. U.S. government engagement and assistance to Panama supports environmental protection, water management, renewable energy, health security, technology, science, and entrepreneurship.
- **Linkages** | JSP Goal 1 Obj. 1.1; WHA JRS Goal 5, Obj. 5.1, 5.2, and 5.4; EB Obj. 2.4, 3.4; ENR Goal 1, Obj. 1.1, 1.2, 1.3, Goal 2 Obj. 2.1, 2.4, Goal 3, Obj. 3.1.,3.3., 3.4, Goal 4, Obj. 4.2, 4.33.4; OES (pending); APHIS Strategic Plan Objective 2.1.
- **Risks** | Panama is already a carbon-negative country but must work harder to achieve sustainable and inclusive economic growth. Climate change threatens economic growth and livelihoods, especially for small and medium-sized farmers. Water scarcity exacerbated by climate change and underinvestment could undermine Canal operations and livelihoods. Global fossil fuel price volatility has an outsized economic impact on Panama. Increases in illegal mining, fishing, wildlife trafficking, and deforestation hamper sustainable development. The fiscal situation remains constrained, impacting the Panamanian government's ability to achieve some of its stated goals, including implementation of environmental conservation programs. Rapid economic development, including new infrastructure projects and increased movement of people and materials through the Darien region, as well as encroachment by agricultural production on the borders of the Darien National Park, pose a risk for the introduction and dissemination of exotic agricultural pests and diseases of economic significance known to exist only in South America. If not addressed, this will impact agricultural health in Panama and move northward to Central and North America. Human health challenges include one of the highest rates of growth in HIV/AIDS in

Central America and uneven access to medical services, especially for indigenous communities.

Objective 2.2 | By 2026, Panama fosters equitable growth and innovation, including through fair trade, new technologies, and a transparent and improved investment climate.

- **Justification** | The U.S.-Panama bilateral economic relationship is strong: the United States is the largest source of FDI in Panama and is Panama's top trading partner, with a bilateral Trade Promotion Agreement (TPA) in place since 2012. The government supports trade and open markets and encourages foreign direct investment. Nonetheless, economic inequality is problematic and creates vulnerabilities for Panama. This calls for attention to equitable growth for all Panamanians, supporting entrepreneurship, STEM education, and an investment climate that welcomes diverse economic activity and provides opportunities for prosperity in rural areas. Mission Panama will invest in exchanges and programming to support education and training across Panama's provinces and provide technical assistance to help Panama make the investment climate more transparent and predictable, and in line with the TPA.
- **Linkages** | JSP Goal 2, Objectives 2.1, 2.2, 2.3. WHA JRS Goals 2 and 4, Objectives 2.1, 2.2, 2.3, 4.3; EB Strategy Goal 1 Obj. 1.1, 1.3, Goal 2, Goal 3 Obj. 3.2, 3.3, ENR Goal 3, Objective 3.4, Goal 4, Obj. 4.1, 4.2; OES (pending); ISN Bureau FSB Goal 3.3, 4.3.
- **Risks** | If the United States does not help Panama as it continues to develop an economy that is entrepreneurial, innovative, and welcoming to investment, Panama could lose investment to other markets and/or attract unreliable partners, risking additional unemployment, inequality, and social unrest. Panama is one of the most unequal countries in the world, with the 17th highest Gini Coefficient, a national poverty rate of 18 percent, and pockets of 90 percent poverty in indigenous regions. Most provinces have experienced net out-migration as more of the population moves to urban centers, primarily Panama City, where the country's economic growth is concentrated. An undereducated workforce may deter investment and limit employment opportunities, and economic divisions between rich and poor -- and between Panama City and the rest of the country -- could become starker. Moreover, some barriers to investment and trade persist, such as late payments by the public sector, land titling disputes, irregularities in tender processes, and occasional legislative actions or regulations that lean protectionist or violate international trade commitments.

Objective 2.3 | By 2026, business opportunities for U.S. firms improve, U.S. exports and foreign direct investment increase, and U.S. national security and economic interests in Panama advance.

- **Justification** | Panama's dollarized economy, a stable democratic government, the Panama Canal, the world's second largest free trade zone, a network of free trade agreements, and a strategic geographical location make it an attractive destination for U.S. trade and investment. The United States remains Panama's largest source of FDI. However, lack of transparency in Panama's public procurement framework discourages investment by some U.S. companies. Corruption concerns and Panama's difficult economic and fiscal climate, exacerbated by the COVID-19 pandemic, create vulnerabilities that unreliable actors can exploit. The United States must remain engaged with Panama on a policy and programmatic level to maintain a level playing field for U.S. firms wishing to invest in or trade with Panama. Through a variety of U.S. mechanisms, including technical assistance, we will seek opportunities to help the Panamanian government implement a more transparent regulatory environment that creates an investment climate that continues to attract reliable firms.
- **Linkages** | JSP Goal 2, Objective 2.1; WHA JRS Goal 4, Objective 4.1; EB Strategy Goal 1 Obj. 1.2, Goal 2 Obj. 2.2, 2.3, 2.4, Goal 4, ENR Goal 4, Obj. 4.1.
- **Risks** | Panama suffered an 18 percent GDP contraction in 2020 and will need to make a concerted effort to attract additional investment from legitimate partners to recover economically. Transparency, dispute resolution, and slow payments may lead to hesitancy from U.S. companies and investors, limiting U.S. foreign direct investment and weakening opportunities for U.S. economic growth and job creation. The ongoing COVID-19 pandemic could affect outreach moving forward, e.g., our ability to conduct in-person trade promotion events such as trade missions/shows that showcase U.S. goods and services. Tighter U.S. foreign assistance budgets will reduce the ability of U.S. agencies to offer Panamanian institutions the resources, technical expertise, and substantive knowledge needed for them to focus on U.S. and joint priorities. Likewise, a difficult fiscal situation will impede the GOP's ability to fund its own objectives and projects.

Mission Goal 3 | Panama's democratic institutions are strong, transparent, inclusive, and deliver for its citizens, respect the rule of law, hold corrupt actors accountable, and reduce the level of impunity.

Description | The strength of Panama's democratic institutions correlates directly with the strength of the U.S.-Panama relationship. Panama's democratic institutions have weaknesses that harm the government's efficacy and credibility, such as endemic corruption, opaque electoral and legislative processes, and a political system that excludes marginalized voices. Such weaknesses hamper Mission Panama's ability to advance U.S. priorities, including on the economy, national security, and combatting criminal activity. Mission Goal 3 furthers the priority of strengthening partner capacity and advancing U.S. institutional values. The Government of Panama has emphasized its interest in strengthening its own institutions and often looks to Mission Panama for support. Through U.S. programs such as the Anti-Money Laundering/Anti-Corruption Task Force and other U.S. support for legislation and capacity building we have already made progress in helping Panama strengthen its democratic processes. Advancements through 2026 will strengthen Panama's democratic institutions further, an important contribution to regional stability as Panama runs national elections in 2024.

Objective 3.1 | By 2026, Panama's democratic institutions respect open and competitive political processes, are more transparent and inclusive of underserved communities, and promote racial and gender equity.

- **Justification** | Corruption, opaque electoral and legislative processes, and a political system that excludes marginalized voices have structurally weakened Panama's democratic institutions. Recent Government of Panama actions such as blocking public access to information regarding government decision-making and modifying an electoral reform bill exacerbated public distrust. Underserved communities, especially indigenous Panamanians, face challenges in participating in the political process. Mission Panama aims to increase support for transparency and government reform measures, as well as outreach to underserved communities to advocate for increased participation within government institutions and processes. Mission Panama also plans to increase measures to assist Panamanian civil society and independent media through increased capacity building and support.
- **Linkages** | JSP Goal 3, Objectives 3.1 and 3.3; WHA JRS 3.1, 3.2, and 3.3; DRL FBS Goal 1, Objectives 1.1, 1.2, 3.3.3; U.S. Strategy on Countering Corruption Pillar 5

- **Risks** | The risk to accomplishing this objective is rooted in the strength of the status quo's appeal to many actors. Panamanians largely distrust the government and its institutions and are often apathetic about participating in the political process. Journalists continue to face lawsuits or political pressure intended to discourage them from providing independent coverage. Civil society remains weak, and in many areas, there are few if any NGOs to effectively advocate on behalf of underserved communities. Meanwhile, many politicians have little incentive to change institutions that are already working in their favor. The judicial branch is rumored to have ties to criminal organizations and has been unable to bring corrupt officials to justice. This, combined with a lack of legal protections for civil societies and the media, could result in less scrutiny of government actions and less motivation to prosecute bad actors.

Objective 3.2 | By 2026, Panama's institutions to combat money laundering, human rights abuses, and corruption are strengthened with net gains recognized by international organizations, and are held accountable by empowered civil society and independent journalism.

- **Justification** | Although Panama has made progress in combatting corruption and money laundering, it still has deficiencies in supervision, information sharing, risk management, prosecutions of white-collar criminals, and implementation of its 2019 beneficial ownership law. The Financial Action Task Force placed Panama on its grey list for systemic deficiencies and it could be well into 2023 before Panama makes enough progress to be removed. Moreover, weak institutions risk failing to prosecute, or missing altogether, human rights abuses that occur in country, including human trafficking, gender-based violence, and child labor. Underserved communities, such as LGBTQIA+ persons, racial minorities, and indigenous groups, face challenges in equal access to GOP resources. The GOP has shown a willingness to cooperate with Mission Panama in relevant capacity building through joint programs with U.S. agencies. Promising developments include the establishment of the INL-supported, FBI-led Anti-Money Laundering/Anti-Corruption Task Force (AML/AC TF), which has led to a significant increase in investigations of money laundering and corruption. Mission Panama will continue to support these programs by expanding technical assistance as well as identifying and assisting with relevant legislation.
- **Linkages** | JSP Goal 3, Objectives 3.1, 3.2, and 3.3; WHA JRS 3.1, 3.2, 3.3 and 3.4; President's Equity Agenda; INL FBS Goals 2 and 3, U.S. Strategy on Countering Corruption Pillars 2 and 3

- **Risks** | Many Panamanian leaders do not have a sincere interest in fighting corruption, which perpetuates its negative impacts throughout all levels of society. Furthermore, a weak civil society means there are few empowered organizations that can effectively advocate on behalf of underserved communities. Additional gains are needed in order to further the progress already made through USG cooperative efforts. Increased corruption and money laundering could worsen an already weakened economy, decrease government efficacy, and as exacerbate public discontent. Government failure to deliver on promises made regarding inclusion and resourcing of underserved communities would further exacerbate public distrust and weaken otherwise constructive institutions by diluting their credibility and legitimacy.

Mission Goal 4 | U.S. citizens and businesses are secure in their persons and property and have timely access to U.S. citizen services.

Description | Protecting U.S. citizens and the U.S. business communities is at the core of our work and presence overseas. The U.S. resident community in Panama is large and growing rapidly, with an estimated 60,000 residents and more than 10,000 U.S. visitors at any one time. There is a large population of both retirees coming from the United States and U.S. citizens who worked in the Panama Canal Zone and then remained in Panama for retirement. Many U.S. retiree communities are outside of Panama City, some of the largest more than six hours away by land, and in geographic areas that are more difficult for Embassy personnel to access, including some islands accessible only by plane or boat. This population is particularly vulnerable to criminal, medical, and legal problems. Crime has adversely affected the resident U.S. community. There is a lack of transparency in commercial and judicial matters, and U.S. citizens have been involved in numerous disputes that involve lost property, broken contracts, fraud, and occasionally threats of violence. Although tourism has been depressed by the pandemic, Panama has a vibrant tourism sector that appeals to U.S. visitors; however, the national tourist police and other sectors in Panama do not have sufficient English speakers to meet demand. Over 5,500 American veterans and other U.S. citizens are interred at Corozal American Cemetery in the former Canal Zone, which the Embassy maintains and where it holds commemorative services and helps educate future generations on the legacy of those buried there.

Objective 4.1 | By 2026, documentation of U.S. citizens increases, cooperation with and capacity of local authorities to aid U.S. citizens in crisis or hardship improve, and collaboration with local government officials and U.S. based businesses grows, improving security awareness.

- **Justification** | COVID-19 has decreased Post's ability to provide passport and other citizenship services to U.S. citizens, leaving them vulnerable to problems with identification and secure travel, as well as complicating documentation after extensive time has elapsed. Local and tourist police do not always have training to deal properly with foreign nationals or sufficient English language skills to communicate with U.S. visitors, leading to inequitable treatment and overall confusion about how the legal process works. U.S.-based businesses are interested in receiving security information from the Embassy; however, there needs to be more two-way collaborative information sharing on security threats. The Embassy assists U.S. citizens by providing routine passport, citizenship, and other services, liaises with Government of Panama when appropriate, and provides emergency assistance in cases of death, destitution, illness, arrest, and general welfare problems.
- **Linkages** | Interim National Security Strategic Guidance, Joint Strategic Plan (JSP) Goal 5, WHA Bureau Joint Regional Strategy (JRS) Goal 3.1, Bureau of Consular Affairs Functional Bureau Strategy (FBS) Goal 1 and 2.
- **Risks** | There are several risks that could undermine efforts to achieve this objective, including significant outbreaks of COVID-19 variants, budget shortfalls, and a worsening security situation. Although the GOP has implemented a successful vaccination program, there is still a risk of new variants that could overcome the vaccine's defenses, causing the government to reimpose movement restrictions and even broader lockdowns. Internal State Department budget shortfalls could prevent the Embassy from providing full consular services in a timely manner. Homicides are on the rise, as well as the perception of insecurity among the population, due to brazen, violent attacks at public venues in broad daylight. A worsening security situation could elevate the level of crime against the U.S. resident population and strain consular services, reducing our ability to achieve the objective.

Mission Goal 5 | Panamanians recognize shared values and place greater trust in the United States, influencing the Panamanian government to cooperate with the U.S. Government on multilateral and regional issues.

Description | President Cortizo has signaled that the United States is Panama's primary strategic partner. Panama has cooled relations with the PRC after the whirlwind romance that followed reciprocal diplomatic recognition in 2017, but China continues to exert influence through soft power, particularly at the sub-national level. We will counter these soft power initiatives by reaffirming strong U.S.-Panama educational, cultural, economic, and health sector links through a variety of Public Affairs and Foreign Commercial Service programs and events, and by reinforcing and amplifying shared cultural and historical ties. Furthermore, as Panama continues to rise as a leader in the region, our diplomatic and public engagement on policy matters of mutual importance will encourage Panama to enact policies on regional and multilateral issues that are consistent with U.S. policies.

Objective 5.1 | By 2026, the Embassy establishes strong and consistent relationships with sub-national institutions and opinion leaders that strengthen pro-U.S. sentiment among Panamanians.

- **Justification |** Panama and the United States have a shared history dating back to the United States' central role in Panama's founding as an independent nation in the early 20th century. While normally close, the relationship has been marked by periods of deep tension and even violence, the nadir being a U.S. invasion in 1989. The Panamanian people actively voice their opinions and perspectives on political and other matters, directly influencing their government. By establishing strong and consistent relationships with sub-national institutions and opinion leaders, the U.S. Embassy can maintain and promote pro-U.S. sentiment among Panamanians, countering PRC soft-power initiatives and encouraging government cooperation with the United States.
- **Linkages |** Joint Strategic Plan Goals 3.2, 3.3, 3.4; Joint Regional Strategy Objectives 2.3, 3.4, 4.1, 4.2, 4.3; Public Diplomacy Strategic Plan Subobjectives 2.2.4, 2.2.5; USDA Animal and Plant Health Inspection Service (APHIS) Strategic Plan Objective 2.1
- **Risks |** While the United States has longstanding cultural, economic, and educational ties with the people and government of Panama, we cannot rely on our shared history alone. The PRC's presence in Panama is large and well-funded. In a recent PAS-funded focus group, participants named both the United States and China as strategic partners. While anti-U.S. sentiment still exists, the numbers of those speaking out has continued to decline. Malign actors could use small but vocal anti-U.S. elements – particularly

in the ruling party – to their advantage, amplifying their messaging to spread misinformation and disinformation about the bilateral relationship. Risks internal to the Mission include an inability to sustain various outreach programs due to personnel or budget constraints. Additionally, the pandemic continues to hamper in-person programs and outreach, a critical component for achieving this goal. As Panama's profile as a regional leader rises, it may encounter pressure from other countries to vote or act in international fora in ways inimical to U.S. interests. The government of Panama may expect additional support from the United States to counter influence from strategic competitors, which would put additional pressure on limited budgets.

Objective 5.2 | By 2026, the Embassy effectively prioritizes and facilitates Panamanians' understanding of global, regional, and multilateral issues of importance to the Panamanian government, opinion leaders, and people so they better understand their relevance for Panama and cooperate with the U.S. Government on multilateral and regional issues.

- **Justification |** The more than 4 million Panamanians are swiftly becoming more connected to the internet and social media, with over 4.86 million mobile phones in use and almost 2 million users of social media. When issues of importance to the Panamanian government, opinion leaders, and broader population arise, they are often discussed through media that allows for the sharing of ideas quickly, converting average citizens into opinion shapers. By promoting the understanding of issues that are important to the Panamanian and U.S. governments, and by ensuring shared messages are coherent, consistent, and prioritized through multiple channels, the Embassy can encourage greater bilateral cooperation on global, regional, and multilateral issues.
- **Linkages |** Joint Strategic Plan Goals 3.2, 3.3, 3.4; Joint Regional Strategy Objectives 2.3, 3.4, 4.1, 4.2, 4.3; Public Diplomacy Strategic Plan Subobjectives 2.2.4, 2.2.5; USDA Animal and Plant Health Inspection Service (APHIS) Strategic Plan Objective 2.1.
- **Risks |** As Panama's profile as a regional leader rises, it may encounter pressure from other countries to vote or act in international fora in ways inimical to U.S. interests. The Government of Panama may expect additional support from the U.S. to counter the influence of strategic competitors, which would put additional pressure on limited budgets. As Panama becomes more visible on the international stage, malicious outside actors may attempt to influence Panama's democratic processes via targeted misinformation and disinformation campaigns.

4. Management Objectives

Management Objective 1 | Provide and optimize the operational ecosystem that enables mission-focused U.S. diplomacy in Panama and the region.

- **Justification** | In concert with the State Department's Enterprise Data Strategy, Mission Panama must adapt to an ever-evolving global landscape, the need for data-driven insights, and an increase in technological innovation. To best serve the embassy community, we must empower the Management section with the skills and tools to derive actionable mission insights from data, as well as offer those same skills to other embassy sections to enable data-informed diplomacy. By 2026, Embassy Panama will have a data-centric workforce that fully utilizes enterprise-wide analytics tools and products.

Our customers continue to spend too much of their work time focused on Management issues. They expend significant effort learning, re-learning, and asking questions about often recurrent processes. By leveraging available products, we can present them with the data and resources they need to be successful without needing to become Management experts as a side job.

- **Linkages** | JSP Goal 4, Obj 4.2; WHA JRS Obj 7.
- **Risks** | Risks that could potentially derail this objective include changes to enterprise systems or redundancies among current systems. The regular turnover of both USDH officers and LE staff threatens institutional knowledge. Further, the worldwide pandemic and related supply-chain issues may cause delays and gaps in technology and hands-on training at Post.

Management Objective 2 | Infuse a genuine commitment to diversity, equity, inclusion, and accessibility (DEIA) throughout the Mission to give voice to all employees, reduce bias, foster understanding, neutralize discriminatory language, and broaden talent acquisition.

- **Justification** | Our Mission places enormous emphasis on racial and gender equity and social inclusion in the conduct of our foreign policy (externally), as well as DEIA in our workforce (internally). The entire Federal Government is pursuing a comprehensive approach to advancing equity for all, including for the historically underserved, marginalized, or disadvantaged by poverty or inequality. The Department is working to integrate the President's equity agenda into our foreign policy and strategic planning. Mission Panama cultivates a workforce that draws from the full diversity of the population, both Panama's and the United States'. Each of us must model respect for DEIA and treat all our employees with dignity.

- **Linkages** | JSP Goal 4, Obj 4.1; WHA JRS Obj 7, Executive Order (E.O.) 13985.
- **Risks** | Risks associated with this objective include confronting resistance to cultural change and to correcting institutional inequities that exist among the various personnel categories in the community.

Management Objective 3 | Increase climate resilience through awareness, energy savings measures, and prudent infrastructure improvements.

- **Justification** | In a tropical climate, the largest residential energy consumers are air conditioners. Most residents have some form of air conditioner running around the clock. GSO and FAC are implementing a residential energy consumption review for all residences with the goal of raising awareness of this cost and eventually lowering A/C use in embassy residences.

Post's motor pool is currently comprised of 65 combustible-engine vehicles. By phasing out fossil-fuel reliant vehicles and replacing them with hybrid and fully electric vehicles, Post will reduce its carbon footprint and simultaneously lead by example for other organizations in the country and the region.

Landfill waste can be reduced by repurposing end-of-life equipment and donating it to non-profit organizations that can benefit from used IT equipment. By reducing the number of printers, the Mission can reduce energy consumption. AQI monitoring can promote pollution awareness.

- **Linkages** | WHA JRS Goal 5, E.O. 14008: Tackling the Climate Crisis at Home and Abroad.
- **Risks** | An all-electric embassy fleet is yet to be proven sustainable. The cost of electricity is extraordinarily high in Panama, casting doubt on the financial viability of electric vehicles.

Management Objective 4 | Deliver an optimized, resilient, and technologically up-to-date security infrastructure to ensure continuity of Mission operations.

- **Justification** | The potential for natural disasters, civil unrest, and pandemics highlight the need for continued emergency planning. Without maintaining appropriate and relevant security standards worldwide, our people, property, and interests are vulnerable.
- **Linkages:** Link to JSP Goal 4, Objective 4.2 and 4.4; WHA JRS Objective 5.
- **Risks** | Risks include budget shortfalls, inaccurate data input accuracy and/or inadequate upkeep, and a dearth of up-to-date security infrastructure. Internal department budget shortfalls could lead to implementation delays.