

HRS Resilience Foundation

COUNTRY READINESS ASSESSMENT 11

Panama: Institutional Readiness, Canal Security and Hemispheric Logistics

A 50-year readiness architecture for the hemisphere's most consequential maritime chokepoint

PUBLICATION TYPE

Independent country readiness assessment

SCOPE

Panama

EDITION

September 2026

SERIES POSITION

Country Readiness Assessment 11

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INSTITUTION

HRS Resilience Foundation

**Research integrity.** Public research publication. Independent analysis. No U.S. Government endorsement or sponsorship. Not an intelligence estimate, a political rating, or a judgment on Panamanian policy choices.

**Evidence discipline.** This publication distinguishes documented facts, analytical judgments and scenario propositions.

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About this series. The Western Hemisphere Readiness Series applies the HRS Readiness Cycle and Strategic Dependency Test to country, sector and regional systems. CRA 11 integrates SRA 01–10 into a Panama-level system-of-systems assessment.

## EXECUTIVE SUMMARY

## Panama: Institutional Readiness, Canal Security and Hemispheric Logistics

Panama enters the final quarter of 2026 having already resolved, at the concession level, the series' most direct case of strategic-port dependency: Panama's Supreme Court declared CK Hutchison's approximately 30-year Panama Ports Company concession over the Balboa and Cristóbal terminals unconstitutional in a ruling dated 30 January 2026 and published in the Official Gazette on 23 February 2026, after which the government took control of both facilities by executive decree and granted 18-month temporary operating contracts to APM Terminals (part of Maersk) at Balboa and Terminal Investment Limited (part of MSC) at Cristóbal, pending a permanent concession award. [1][2] CK Hutchison's separate, broader plan to sell its roughly 43-port global portfolio — including a stake in the Panama terminals — to a BlackRock-led consortium remained unresolved as of the most recent confirmed reporting, with CK Hutchison's finance director telling investors in August 2026 there was "absolutely nothing to report from a transaction point of view," while Panama Ports Company separately pursued more than US\$2 billion in arbitration damages against Panama over its removal from operations. [2] Where prior country assessments in this series document contested or unresolved infrastructure disputes, Panama's ports case illustrates a distinct readiness stage: what institutional capacity is required to govern a court-ordered transition and a still-pending permanent concession, not merely to declare the dispute over.

Panama simultaneously faces a documented rise in organized-crime-linked violence: as of 14 April 2026, authorities had recorded 158 homicides for the year, attributing roughly 76% to organized-crime structures, with the Caribbean province of Colón — historically the site of Latin America's largest free-trade zone and a persistent target of money-laundering and contraband schemes — already showing an elevated homicide rate; more recent provincial reporting placed Colón's rate above 20 per 100,000 by late summer 2026, several times the national average. [3][4][26] President José Raúl Mulino, whose government entered 2026 with total public debt of approximately B/.59.35 billion at year-end 2025 and has pursued fiscal consolidation, [25] has also presided over the resolution of a defining corruption case from the prior administration: former president Ricardo Martinelli, convicted of money laundering, left over a year of diplomatic asylum in Nicaragua's embassy in Panama City in May 2025 after Colombia granted him political asylum. [5][6]

## CENTRAL HRS PROPOSITION

*Panama's readiness challenge is not simply resolving the prior port concession dispute — that concession has been nullified — but building the institutional screening, security and fiscal capacity to govern the current interim transition and the still-pending permanent concession transparently and securely, regardless of which private operator or foreign partner is ultimately involved, or which administration is in office.*

**PURPOSE AND SCOPE**

## Purpose and Scope

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Country Readiness Assessment 11 extends the Western Hemisphere Readiness Series from Brazil (CRA 01) through Argentina (CRA 10) to Panama. It applies the HRS Readiness Cycle to Panama and integrates the ten Sector Readiness Assessments into a single system-of-systems framework, consistent with the methodology used throughout the series.

The assessment uses public information available through 29 September 2026. Statements about U.S., Panamanian and Chinese government positions are identified as government positions; characterizations of specific individuals' legal proceedings reflect the determinations of Panamanian courts, not an independent HRS finding. The assessment does not endorse a political party, candidate, or electoral outcome, and takes no position on Panama's internal political disputes.

The intended audience includes U.S. institutions, international organizations, private-sector actors evaluating Panama entry, and Panamanian public and private institutions. The document is a strategic research reference for port-security investment, financial-integrity capacity building, sovereign-to-sovereign engagement, and long-horizon institutional capacity building; project-level decisions require current technical, legal, environmental, financial and security diligence.

## CURRENT GOVERNANCE AND POLITICAL CONTEXT

## Current Governance and Political Context

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José Raúl Mulino, a lawyer and former security minister, was inaugurated president in July 2024 for a five-year term, pledging austerity against external debt approaching US\$50 billion and declaring he would not allow Panama to be "stigmatized" on international lists associated with financial crime. [7] His government has pursued reforms including a stricter anti-fraud law enacted in May 2026 and tightened customs-control requirements for the Colón Free Trade Zone, announced 30 March 2026 and effective 1 April 2026. [8][9]

The Martinelli case, which spanned much of Mulino's first year in office, concluded in May 2025 when Colombian President Gustavo Petro granted the former president political asylum, allowing him to leave the Nicaraguan embassy in Panama City where he had sought refuge since February 2024 following the 2023 confirmation of his money-laundering conviction. [6] Separately, a former mayor of Colón convicted of aggravated embezzlement had his sentence reduced by presidential action, and a suspected leader of the "Bagdad Santa Eduvigis" gang operating in Panama City was captured in Spain via Interpol red notice in May 2026. [10][11]

**Material to readiness planning:** This assessment treats the Martinelli conviction and asylum grant, the Colón sentence reduction, and gang-related prosecutions as documented facts attributable to Panamanian and Colombian judicial and executive authorities, not as independent HRS determinations. This report does not take a position on the legal or political merits of any of these proceedings.

## 01 · PANAMA 2026 BASELINE

## A Chokepoint Economy After Resolution, Not Before

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Panama's baseline is distinctive within this series: the canal and its adjoining ports form the core of Panama's economy and global strategic relevance, and the most acute dependency question this series typically documents — contested foreign control of strategic infrastructure — has already reached a decisive concession-level ruling rather than remaining an open legal dispute, even as the resulting operational transition and permanent concession award remain in progress. The Panama Canal itself, expanded in 2016, handles a substantial share of global containerized trade and remains fully under Panamanian sovereign operation through the Panama Canal Authority, a distinct institution from the Balboa and Cristóbal container-terminal concessions examined in Section 02. [1] Panama's economy also depends heavily on the Colón Free Trade Zone, the largest free-trade zone in the Americas, which has faced sustained scrutiny over contraband and money-laundering vulnerabilities. [4][9]

President Mulino's government, which took office against external debt described as approaching US\$50 billion, entered 2026 with total public debt of approximately B/.59.35 billion at year-end 2025, [25] and has pursued fiscal consolidation alongside anti-fraud legislation and tightened customs enforcement. [7][8] Panama had recorded 158 homicides as of mid-April 2026, with authorities attributing approximately 76% to organized-crime structures — a pattern that continued through the year, as this assessment examines in Section 04. [3]

**BASELINE CONCLUSION**

*Panama's readiness priority is building durable, transparent institutional capacity across Panama's strategic assets — including the ports, the Free Zone, and the canal's approach infrastructure — so that future ownership transitions and commercial disputes do not require the level of diplomatic and legal escalation the 2025–2026 ports case required.*

02 • THE PORTS TRANSITION

The Ports Transition as a National Readiness Test

In March 2025, CK Hutchison Holdings agreed in principle to sell its roughly 43-port global ports business — including its Panama Ports Company subsidiary, operator of the Balboa and Cristóbal terminals at the Pacific and Atlantic approaches to the Panama Canal — to a consortium led by BlackRock and Mediterranean Shipping Company, following direct pressure from the Trump administration over Chinese commercial influence at the canal's approaches. [1] China's government objected, and Chinese state media reported CK Hutchison intended to invite mainland Chinese strategic investors, reportedly including COSCO Shipping, into the consortium; the global transaction, originally expected to close by April 2026, was repeatedly delayed. [1] Separately, and on a distinct legal track, Panama's Supreme Court ruled on 30 January 2026 — with the ruling published in the Official Gazette on 23 February 2026 — that CK Hutchison's approximately 30-year Panama Ports Company concession, dating to 1997, was unconstitutional. The Panamanian government took physical and operational control of both terminals by executive decree the same day, and the Panama Maritime Authority granted 18-month temporary operating contracts to APM Terminals (Maersk) at Balboa and Terminal Investment Limited (MSC) at Cristóbal, pending a future permanent concession award; CK Hutchison rejected the takeover as unlawful and its Panama Ports Company subsidiary pursued international arbitration seeking more than US\$2 billion in damages. [2] As of CK Hutchison's most recent confirmed public reporting, in August 2026, the broader global ports sale remained stalled, with the company's finance director stating there was "absolutely nothing to report from a transaction point of view"; Panama's own government has characterized the 18-month interim arrangement as a continuity measure, not a nationalization, pending completion of asset valuation and a new international tender for the permanent concession. [2]

| System                   | Primary Dependency                                                                                                                                                                                    | Cascading Effect                                                                                                                                                           | Readiness Response                                                                                                                           |
|--------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|
| Port concession          | Nearly 30-year concession to a single Hong Kong-based operator, found unconstitutional by Panama's Supreme Court in January 2026                                                                      | The concession's nullification required government seizure and interim operator arrangements; the former concessionaire's arbitration claim against Panama remains pending | Transparent, time-limited concession review standards applied before, not after, concessions are granted                                     |
| Institutional continuity | A concession signed under one administration in 1997 was not revisited for nearly three decades                                                                                                       | Long-duration concessions accumulate transparency and renegotiation risk over time                                                                                         | Periodic, administration-independent concession review built into future strategic-infrastructure contracts                                  |
| Interim operations       | Temporary 18-month operating contracts (APM Terminals at Balboa, TiL at Cristóbal) require operational continuity, cybersecurity and labor-transition management pending a permanent concession award | An interim operating arrangement does not by itself guarantee a smooth transition to permanent concession terms                                                            | Transparent operational-transition standards and continuity planning applicable through the full interim period and into the permanent award |

READINESS PRINCIPLE

*Panama's ports case is this series' clearest demonstration that resolving a strategic-infrastructure dependency is not the same as achieving durable readiness; the institutional capacity to screen, review and manage concessions transparently over their full duration — not only at moments of crisis — is what determines whether the next concession avoids the same multi-year dispute.*

03 • HRS METHOD

## Panama as a System of Systems

The HRS Readiness Cycle — Detect, Assess, Decide, Coordinate, Deploy, Sustain, Learn — is applied to Panama across port-concession governance, financial-integrity institutions, and public-security capacity simultaneously, reflecting Panama's dual identity as both a global logistics chokepoint and a financial and commercial free-trade hub.

| HRS Function | Panama Application                                                                                                                            |
|--------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| Detect       | Identify concession, ownership and free-zone transactions carrying strategic-dependency or financial-integrity risk before disputes escalate. |
| Assess       | Fuse port-security, financial-integrity and organized-crime information into a common operating picture.                                      |
| Decide       | Apply consistent, time-bound, nationality-neutral standards to concession review and renewal decisions.                                       |
| Coordinate   | Connect Panama Canal Authority, port, customs, and security institutions with U.S. and regional partners.                                     |
| Deploy       | Move screening, security and financial-integrity capacity to priority port, free-zone and border functions.                                   |
| Sustain      | Maintain institutional capacity through Panama's political cycles and any future ownership transitions.                                       |
| Learn        | Convert the 2025–2026 ports dispute into a documented, repeatable concession-review precedent.                                                |

The HRS Strategic Dependency Test asks whether Panama's next major concession or free-zone transaction would require the same multi-year, multi-institution dispute the ports case required, or whether transparent, standing institutions would resolve equivalent questions routinely.

04 • COLÓN AND ORGANIZED CRIME

Colón, Organized Crime and the Dependency Test

Panama's Caribbean province of Colón — home to the Colón Free Trade Zone, the largest free-trade zone in the Americas, and adjacent to the Atlantic entrance of the Panama Canal — combines a legitimate multi-billion-dollar re-export commerce hub with documented, persistent exposure to contraband, money laundering and narcotics trafficking. [4][9] Panama recorded roughly 97 tonnes of cocaine seizures in the most recent full year, the majority in Colón, and the region's homicide rate — 14.2 per 100,000 nationally in 2025, against a substantially higher rate specific to Colón — continued to run several times the national average through 2026, reaching approximately 23.1 per 100,000 in Colón by September. [4][26] Panamanian authorities tightened customs-declaration requirements for Free Zone exports and re-exports, announced 30 March 2026 and effective 1 April 2026, and a suspected leader of a Panama City-based gang was captured in Spain via Interpol red notice in May 2026 following a joint Public Ministry and National Police operation. [9] [11]

| Test Dimension   | Panama Application                                                                                                                | Readiness Question                                                                                        |
|------------------|-----------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
| Concentration    | Legitimate re-export commerce and illicit contraband/ laundering activity concentrated in the same free-trade-zone infrastructure | What screening capacity distinguishes licit from illicit activity without disrupting legitimate commerce? |
| Substitutability | Capturing individual gang leaders does not by itself dismantle the underlying trafficking and laundering infrastructure           | What institutional capacity addresses structures rather than individuals?                                 |
| Control          | March 2026 customs-declaration requirements represent an initial, not comprehensive, control measure                              | What further transparency measures would meaningfully reduce laundering risk?                             |
| Recovery         | Colón's homicide rate remains roughly three times the national average despite recent enforcement action                          | What sustained investment would close this persistent regional gap?                                       |
| Cascading impact | Free Zone reputational risk affects Panama's broader international financial standing                                             | How does Panama sequence free-zone transparency reform alongside broader financial-integrity commitments? |

HRS PROPOSITION

*The Colón Free Trade Zone's persistent exposure to contraband and money laundering is not a reason to treat the zone itself as illegitimate — it remains legitimate, large-scale commercial infrastructure — but a readiness gap requiring transparent, sustained screening capacity distinct from, and complementary to, the port-ownership questions addressed in Section 02.*

## 05 • STRATEGIC DEPENDENCY MAP

## Panama's Critical Capability Network

| Capability                           | Critical Inputs                                                                                                                                                        | Failure Consequence                                                                          | Readiness Response                                                                                               |
|--------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|
| <b>Port operations</b>               | Balboa and Cristóbal terminals under 18-month interim operators (APM Terminals, TiL) following the 2026 concession nullification, pending a permanent concession award | Future concessions risk repeating the multi-year dispute absent standing review institutions | Transparent, time-bound concession-review standards applied to the permanent award and all future port contracts |
| <b>Free-zone financial integrity</b> | Colón Free Trade Zone commerce, exposed to contraband and money-laundering risk                                                                                        | Reputational and financial-integrity risk to Panama's broader international standing         | Enhanced customs-declaration transparency and financial-intelligence capacity                                    |
| <b>Public security</b>               | Organized-crime structures linked to roughly 76% of 2026 homicides                                                                                                     | Erosion of security conditions in specific high-risk regions, particularly Colón             | Sustained, structure-focused enforcement and regional security investment                                        |
| <b>Fiscal stability</b>              | Total public debt of approximately B/.59.35 billion at year-end 2025 under a fiscal-consolidation-focused administration                                               | Constrained fiscal capacity for security and institutional investment                        | Durable fiscal-management institutions supporting sustained readiness investment                                 |
| <b>Institutional continuity</b>      | Major corruption cases (Martinelli, Colón municipal officials) spanning multiple administrations                                                                       | Prolonged legal and diplomatic disputes affecting institutional bandwidth                    | Administration-independent anti-corruption and judicial institutions                                             |

## 06 • SRA 01

## Telecommunications & Digital Infrastructure

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Panama implementation objective: build transparent, nationality-neutral screening standards for digital and telecommunications infrastructure investment, applying the concession-review discipline this assessment recommends following the ports case.

### Panama implementation — priority actions

- Map current telecommunications infrastructure ownership and concession terms.
- Apply transparent, nationality-neutral trusted-supplier standards to new digital-infrastructure investment.
- Build domestic technical capacity for network operations and cybersecurity.
- Protect telecommunications infrastructure with resilient, diversified power supply.
- Sequence digital-infrastructure concession review consistent with the port-concession precedent.

#### HRS TEST

*For every major project, identify concentration, substitutability, control, recovery time and cascading impact. A second supplier or facility is effective redundancy only when both are not dependent on the same upstream failure point.*

**Implementation sequence:** Ownership mapping → trusted-supplier standards → domestic technical capacity → protected infrastructure → resilient digital backbone.

## 07 · SRA 02

## Data Centers, Cloud & AI Infrastructure

---

Panama implementation objective: build data-fusion capacity connecting port-security, financial-integrity and organized-crime information into the common operating picture the HRS Method calls for.

### Panama implementation — priority actions

- Apply transparent, nationality-neutral standards to data-center and cloud-infrastructure investment.
- Build backup and disaster-recovery capacity for critical port, customs and financial data.
- Develop domestic technical capacity for data governance and cybersecurity.
- Use data-fusion capacity to connect port-security, Free Zone customs and financial-intelligence information.
- Coordinate digital-infrastructure investment with the broader port-modernization strategy.

#### HRS TEST

*For every major project, identify concentration, substitutability, control, recovery time and cascading impact. A second supplier or facility is effective redundancy only when both are not dependent on the same upstream failure point.*

**Implementation sequence:** Trusted-supplier standards → distributed backup → domestic technical capacity → cross-domain data fusion → resilient digital infrastructure.

## 08 · SRA 03

## Critical Minerals & Strategic Materials

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Panama implementation objective: Panama's mineral sector remains secondary to its logistics and financial-services economy; the readiness priority is transparent, realistic sector development rather than overstating current significance.

### Panama implementation — priority actions

- Apply transparent, nationality-neutral investment screening to any mining-sector transactions.
- Build independent geological-survey capacity to validate resource potential realistically.
- Avoid single-buyer or single-financier dependency for any minerals developed.
- Maintain Panamanian decision rights over long-term mineral policy.
- Sequence mineral-sector development behind higher-priority port and financial-integrity investment.

#### HRS TEST

*For every major project, identify concentration, substitutability, control, recovery time and cascading impact. A second supplier or facility is effective redundancy only when both are not dependent on the same upstream failure point.*

**Implementation sequence:** Realistic resource assessment → transparent screening → diversified offtake → sovereign long-term policy.

## 09 · SRA 04

## Rare Earths & Western Hemisphere Mineral Security

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Panama implementation objective: apply the same transparency standard used elsewhere in this series to any future mineral discoveries, without assuming Panama has a comparable rare-earth profile to Chile, Bolivia or Argentina.

### Panama implementation — priority actions

- Validate any rare-earth or critical-mineral geological data through independent survey.
- Avoid premature investment promotion ahead of validated resource data.
- Maintain Panamanian decision rights over long-term mineral policy.
- Apply national-security review to any strategic-mineral asset sales that do emerge.
- Sequence behind higher-priority port, logistics and financial-integrity development.

#### HRS TEST

*For every major project, identify concentration, substitutability, control, recovery time and cascading impact. A second supplier or facility is effective redundancy only when both are not dependent on the same upstream failure point.*

**Implementation sequence:** Data validation → transparent screening → diversified offtake → sovereign long-term policy.

## 10 • SRA 05

## Energy Security & Strategic Power Infrastructure

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Panama implementation objective: protect the electricity and fuel infrastructure supporting canal operations and Colón Free Zone commerce, applying transparent oversight to future energy-sector investment.

### Panama implementation — priority actions

- Map ownership and financing concentration across Panama's electricity generation and distribution infrastructure.
- Apply transparent, nationality-neutral regulatory oversight to future energy-sector investment.
- Diversify generation capacity to reduce single-source dependency.
- Build grid-security and cybersecurity capacity commensurate with canal and port operations.
- Coordinate energy-sector screening with the broader port-modernization and free-zone strategies.

#### HRS TEST

*For every major project, identify concentration, substitutability, control, recovery time and cascading impact. A second supplier or facility is effective redundancy only when both are not dependent on the same upstream failure point.*

**Implementation sequence:** Ownership mapping → transparent regulatory oversight → generation diversification → cybersecurity capacity → long-horizon energy resilience.

## 11 · SRA 06

## Ports, Logistics & Maritime Infrastructure

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Panama implementation objective: this is the central readiness domain of the assessment — converting the court-ordered nullification of the prior Balboa and Cristóbal concession, and the Panama Canal itself, into durable, transparent operational and concession-governance institutions, ahead of the permanent concession award expected to follow the current interim period.

### Panama implementation — priority actions

- Establish a standing, transparent, time-bound concession-review authority applicable to all major port and canal-adjacent infrastructure.
- Support operational continuity, cybersecurity and labor-transition planning through the interim APM Terminals/TiL operating period and into the permanent concession award.
- Deploy advanced cargo-screening technology across Colón Free Zone and canal-adjacent terminals.
- Digitize customs and cargo visibility across the full port and Free Zone network.
- Protect port and canal-approach infrastructure with resilient, redundant systems.

#### HRS TEST

*For every major project, identify concentration, substitutability, control, recovery time and cascading impact. A second supplier or facility is effective redundancy only when both are not dependent on the same upstream failure point.*

**Implementation sequence:** Standing concession-review authority → operational-continuity support → cargo-screening deployment → customs digitization → resilient, secure maritime logistics.

## 12 · SRA 07

## Food Security & Strategic Agricultural Resilience

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Panama implementation objective: protect and diversify agricultural supply chains, applying transparent screening to agricultural-sector investment and Free Zone re-export activity.

### Panama implementation — priority actions

- Diversify agricultural import and re-export market sources.
- Invest in cold-chain and storage capacity linking regional producers to Colón and canal-adjacent logistics.
- Apply transparent screening to agricultural-sector foreign investment.
- Build rural economic resilience in regions outside the immediate canal corridor.
- Coordinate food-security investment with the broader Free Zone transparency strategy.

#### HRS TEST

*For every major project, identify concentration, substitutability, control, recovery time and cascading impact. A second supplier or facility is effective redundancy only when both are not dependent on the same upstream failure point.*

**Implementation sequence:** Market diversification → cold-chain investment → transparent screening → rural resilience → diversified agricultural economy.

## 13 · SRA 08

## Pharmaceutical & Medical Supply Chains

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Panama implementation objective: build health-logistics resilience in Colón and other high-crime regions, independent of the security volatility documented in Section 04.

### Panama implementation — priority actions

- Establish regional medical-logistics capacity in Colón and other high-risk provinces.
- Maintain diversified medical-device and medicine supplier relationships.
- Strengthen local repair and maintenance capacity for medical equipment.
- Protect health-logistics personnel and infrastructure from security-related disruption.
- Coordinate health-system resilience planning with broader regional-security investment.

#### HRS TEST

*For every major project, identify concentration, substitutability, control, recovery time and cascading impact. A second supplier or facility is effective redundancy only when both are not dependent on the same upstream failure point.*

**Implementation sequence:** Regional logistics capacity → supplier diversification → local repair capacity → security-coordinated planning → resilient health system.

## 14 • SRA 09

## Advanced Manufacturing & Industrial Capacity

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Panama implementation objective: build domestic technical capacity for port, canal and free-zone equipment maintenance, reducing dependence on imported systems for critical logistics infrastructure.

### Panama implementation — priority actions

- Identify industrial bottlenecks around port-equipment and canal-infrastructure maintenance.
- Develop technical training linked to port, logistics and cargo-screening technology.
- Prioritize repair and maintenance capacity for canal and port equipment.
- Evaluate domestic manufacturing opportunities tied to Free Zone re-export commerce.
- Measure industrial resilience by recovery time and substitution options.

#### HRS TEST

*For every major project, identify concentration, substitutability, control, recovery time and cascading impact. A second supplier or facility is effective redundancy only when both are not dependent on the same upstream failure point.*

**Implementation sequence:** Repair capability → technical training → equipment maintenance capacity → domestic manufacturing evaluation → diversified industrial base.

## 15 • SRA 10

## Western Hemisphere Strategic Infrastructure & Resilience

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SRA 10 is the integration layer, converting the ten sector assessments into a Panama-level dependency architecture, with the 2026 ports transition and the Colón financial-integrity gap as the defining test cases for the series' Strategic Dependency Test methodology applied to a chokepoint economy managing a court-ordered concession transition.

### Panama implementation — priority actions

- Maintain a national Port and Financial-Integrity Dependency Register spanning all ten SRA domains.
- Run Scenario Stress Tests for compound port-operational and free-zone-integrity disruption.
- Use Readiness-to-Investment Assessments applied consistently regardless of investor nationality.
- Specify decision rights, recovery time and alternate capacity for every critical port and financial system.
- Coordinate with Shield of the Americas and regional partners on shared port-security and financial-integrity standards.

#### HRS TEST

*For every major project, identify concentration, substitutability, control, recovery time and cascading impact. A second supplier or facility is effective redundancy only when both are not dependent on the same upstream failure point.*

**Implementation sequence:** National dependency register → scenario stress testing → nationality-neutral readiness assessments → regional coordination → integrated long-horizon resilience.

16 • PORT-TO-INSTITUTIONAL-CAPACITY

## A National Conversion Architecture

The conversion model treats the 2025–2026 ports transition as a necessary but insufficient foundation, requiring standing institutional capacity that prevents future concessions from requiring the same multi-year dispute.

| Stage               | Core Action                                                                                                                  | Readiness Result                                         |
|---------------------|------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
| 1. Measure          | National port and free-zone dependency register; transparent concession-history review                                       | Public baseline and auditability                         |
| 2. Stabilize        | Standing, time-bound concession-review authority; operational-continuity support for the interim port operating arrangements | Reduced crisis-driven decision-making                    |
| 3. Rebuild          | Free Zone customs-transparency technology; cargo-screening deployment                                                        | Reduced financial-integrity and contraband risk          |
| 4. Industrialize    | Domestic port and canal-equipment maintenance capacity                                                                       | Reduced import dependence for critical logistics systems |
| 5. Diversify        | Diversified free-zone trade partnerships, applied nationality-neutrally                                                      | Reduced concentration risk                               |
| 6. Institutionalize | Administration-independent concession-review and financial-integrity institutions                                            | Continuity across changes of government                  |
| 7. Adapt            | Technology renewal, trade-pattern evolution, criminal-network adaptation                                                     | 2076 resilience                                          |

HRS ALLOCATION PRINCIPLE

*Port and financial-integrity investment should be structured to build institutional capacity that persists independent of any single concession dispute or administration, given the multi-year, multi-institution effort the 2025–2026 ports case required to resolve.*

17 · HUMAN CAPITAL AND REGIONAL SECURITY

## Human Capital & Regional Security

Panama's position as a hemispheric logistics hub, combined with the documented security disparity in Colón relative to the national average, creates a distinctive readiness consideration linking workforce development, institutional continuity and regional security investment. [4]

| Priority                  | Readiness Action                                                                             | Expected Capability                                                    |
|---------------------------|----------------------------------------------------------------------------------------------|------------------------------------------------------------------------|
| Colón security investment | Sustained, structure-focused enforcement addressing the region's elevated homicide rate      | Reduced security disparity between Colón and the national average      |
| Workforce development     | Technical training linked to port, canal and free-zone logistics technology                  | Domestic workforce depth supporting the post-transition port operation |
| Institutional continuity  | Anti-corruption and judicial institutions independent of any single administration           | Reduced prolonged-dispute risk in future high-profile cases            |
| Regional coordination     | Information-sharing with Colombia and other regional partners on shared trafficking networks | Reduced dependence on any single country's enforcement success         |

HRS REGIONAL CONVERGENCE METRIC

*Whether Colón's security and economic indicators converge toward, rather than diverge from, the national average over a sustained multi-year period.*

18 • TRADE DIVERSIFICATION

## Trade Diversification and External Economic Partners

Panama's trade posture is defined by its role as a logistics and re-export hub rather than a primary exporter, meaning its readiness priority centers on transparent screening of transiting and re-exported commerce rather than direct bilateral trade-balance diversification. This assessment did not identify evidence of a significant Russian or Iranian strategic footprint in Panama comparable to cases documented elsewhere in this series.

| Partner       | Relationship                                                                                                                                                                                      | Readiness Consideration                                                                                                                            |
|---------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|
| United States | Principal security and diplomatic partner; direct involvement in the 2025–2026 ports resolution                                                                                                   | Deepening security alignment alongside continued commercial engagement with all partners                                                           |
| China         | Reduced direct commercial footprint at Balboa/Cristóbal following the 2026 concession nullification and Chinese objections to the pending global ports sale; continued broader trade relationship | Transparent, nationality-neutral screening applies equally going forward, including to whichever operator ultimately wins the permanent concession |
| Colombia      | Regional judicial and diplomatic partner, including the 2025 Martinelli asylum resolution                                                                                                         | Sustained regional coordination on security and judicial matters                                                                                   |

HRS PROPOSITION

*Panama's role as a global logistics hub means its readiness depends less on which bilateral trading partner it favors than on the transparency and consistency of the institutions governing all transiting and re-exported commerce, regardless of origin or destination.*

19 • U.S. – PANAMA COOPERATION

## A Readiness-Based Cooperation Framework

The United States played a direct role in the 2025–2026 ports resolution, and bilateral security cooperation includes the large-scale PANAMAX exercise series, which in 2026 involved more than 1,700 participating personnel and a documented medical-readiness component delivered jointly by Panama's Ministry of Health, Joint Task Force Bravo, and the Missouri National Guard in communities in Colón. [12] This cooperation illustrates a concrete, already-operating model for extending security and health-readiness partnership into the same province this assessment identifies as Panama's central financial-integrity readiness gap.

| Domain               | Illustrative Readiness Objective                                                                 | Authority / Accountability                                          |
|----------------------|--------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| Port security        | Transparent, standing concession-review authority informed by the resolved Balboa/Cristóbal case | Panamanian regulatory authorities                                   |
| Financial integrity  | Enhanced Free Zone customs transparency and anti-money-laundering capacity                       | Panamanian financial and customs authorities                        |
| Security cooperation | Sustained PANAMAX-style exercises extending into Colón-specific security and health programming  | Panamanian and U.S. security and health authorities                 |
| Judicial cooperation | Continued anti-corruption institutional capacity following the Martinelli case                   | Panamanian judicial authorities, with regional partners as relevant |

COOPERATION PRINCIPLE

*Build systems that remain useful if an administration changes, a criminal network is replaced by another, or a bilateral relationship evolves — the same principle applied throughout this series.*

20 · 2027–2030

## Consolidation and Screening

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**Objective:** institutionalize transparent concession-review standards following the ports resolution while addressing Colón's financial-integrity and security gaps.

### Priority portfolio

- Standing, transparent, time-bound port-concession review authority
- Enhanced Free Zone customs-transparency and anti-money-laundering capacity
- Sustained, structure-focused security investment in Colón
- Operational-continuity support for the interim Balboa/Cristóbal operating arrangements
- Extension of PANAMAX-style health and security cooperation into priority regions

#### HRS LONG-HORIZON TEST

*Port and financial-integrity investment should be traceable to measurable institutional outcomes — not only to the resolution of any single dispute.*

21 · 2031–2035

## Institutional Consolidation

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**Objective:** move from post-dispute stabilization to durable, administration-independent institutions.

**Priority portfolio**

- Administration-independent concession-review and financial-integrity institutions
- Measurable convergence of Colón's security indicators toward the national average
- Domestic technical capacity for port and canal-equipment maintenance
- Diversified Free Zone trade partnerships
- Sustained anti-corruption institutional capacity

**HRS LONG-HORIZON TEST**

*The central transition is from a single resolved dispute to institutional capacity that prevents equivalent disputes from recurring.*

22 · 2036–2050

## Diversification

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**Objective:** reduce structural dependence on any single port operator, trading partner, or security-financing source.

**Priority portfolio**

- Diversified port-operator and free-zone trade relationships, applied on nationality-neutral terms
- Mature domestic port and logistics-technology manufacturing capacity
- Institutionalized regional security-coordination mechanisms
- Sustained fiscal management reducing dependence on emergency financing
- Durable convergence of Colón's development indicators with the national average

**HRS LONG-HORIZON TEST**

*A resilient Panamanian system should continue functioning if one port operator's priorities shift, one trading partner's demand changes, or one criminal network is replaced by another.*

23 · 2051–2065

## Renewal

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**Objective:** replace first-generation post-2027 port, canal-approach and financial-integrity infrastructure before systemic failure.

### Priority portfolio

- Renewed port and canal-approach infrastructure
- Updated financial-integrity and customs-transparency technology
- Continued institution professionalization
- Renewed regional security-coordination frameworks
- Sustained diversified port-operator relationships

#### HRS LONG-HORIZON TEST

*Long-horizon readiness means avoiding a second generation of concession disputes that reproduces the transparency gaps of the first.*

24 • 2066–2076

## Intergenerational Resilience

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**Objective:** establish a continuously renewing portfolio of Panamanian port, logistics and financial-integrity capabilities.

**Priority portfolio**

- Effective redundancy across port, free-zone and financial-integrity systems
- Diversified international partnerships, applied consistently and transparently
- Recurring national port and financial-integrity stress tests
- Sustained regional security-coordination investment
- Durable, administration-independent governance institutions

**HRS LONG-HORIZON TEST**

*Build systems that remain useful when governments change, port operators change, or global trade patterns shift.*

25 • READINESS METRICS

## Readiness Metrics and Governance

Country readiness should not be reduced to a single score. Metrics should be tracked by sector, geography and critical function.

| Domain                   | Illustrative Metric                                                                                       |
|--------------------------|-----------------------------------------------------------------------------------------------------------|
| Port governance          | Share of major concessions reviewed under a documented, time-bound, nationality-neutral standard          |
| Financial integrity      | Free Zone customs-declaration compliance rate; money-laundering case-resolution rate                      |
| Security                 | Colón homicide-rate convergence toward the national average; organized-crime-structure dismantlement rate |
| Fiscal stability         | External-debt trajectory relative to GDP                                                                  |
| Institutional continuity | Concession-review and anti-corruption institution continuity across administrations                       |

26 • GOVERNANCE & IMPROVEMENT FRAMEWORK

HRS Panama Readiness Improvement Framework

| Cycle      | Panama Implementation                                                                               |
|------------|-----------------------------------------------------------------------------------------------------|
| Detect     | Maintain national port and financial-integrity dependency registers.                                |
| Assess     | Stress-test compound port-operational and free-zone-integrity disruption scenarios.                 |
| Decide     | Apply consistent, documented concession-review criteria regardless of operator nationality.         |
| Coordinate | Align national, regional (Colombia) and international (U.S., Shield of the Americas) counterparts.  |
| Deploy     | Execute port-security, financial-integrity and regional-security packages with measurable outcomes. |
| Sustain    | Fund concession-review and financial-integrity institutions through political cycles.               |
| Learn      | Conduct annual continuity exercises and update assumptions through 2076.                            |

MANAGEMENT PRINCIPLE

*The HRS improvement framework should be used as a management system rather than a one-time report — particularly important given the demonstrated multi-year duration of Panama's most recent major concession dispute.*

## 27 • CONCLUSION

## Conclusion

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Panama's September 2026 position reflects partial, not complete, resolution: the prior Balboa and Cristóbal concession has been nullified by court order and replaced by an 18-month interim operating arrangement, while the permanent concession award, and the separate global sale of CK Hutchison's broader ports portfolio, both remained unresolved as of the most recent confirmed reporting. This concession-level resolution — alongside the concluded 2025 Martinelli asylum case and tightened Colón Free Zone customs requirements — demonstrates that Panama can resolve major institutional tests, while the still-pending permanent concession shows the central readiness question is not yet fully answered: what institutional capacity ensures the coming permanent award, and any future concession, does not require the same multi-year process.

The HRS opportunity is not to relitigate the settled concession ruling or judicial outcomes, but to help Panama build the standing, transparent institutional capacity — concession review, financial-integrity screening, and regional security investment in Colón — that converts crisis-driven resolution into routine, durable governance for the pending permanent concession and any future transaction, regardless of which operator, administration, or foreign partner is ultimately involved.

**FINAL HRS PROPOSITION**

*Panama's resilience should be measured not by the outcome of any single resolved dispute, but by whether its concession-review, financial-integrity and security institutions can prevent the next comparable dispute from requiring years of court proceedings, government seizure and international arbitration to resolve.*

**METHODOLOGY, RESEARCH INTEGRITY AND LIMITATIONS**

## Methodology, Research Integrity and Limitations

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This assessment is an original HRS Resilience Foundation synthesis based on public-source evidence and the Foundation's Western Hemisphere Readiness Series. It integrates the HRS Readiness Cycle, Strategic Dependency Test, effective-versus-nominal redundancy distinction, sector readiness logic and 50-year planning principles.

The assessment does not claim access to classified intelligence, confidential commercial information or privileged government information. Conditions in Panama, U.S. policy, and Panama-China commercial relationships can change rapidly.

Statements attributed to the U.S., Panamanian, or Chinese governments, and characterizations of judicial proceedings involving named individuals, are presented as documented determinations of the relevant courts and authorities, not as independent HRS findings. Scenario propositions are analytical pathways, not forecasts.

The report is not a political judgment, electoral recommendation, intelligence product, procurement recommendation, legal opinion, engineering certification or investment solicitation. Country conditions are analytical categories, not rankings.

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**Suggested citation:** HRS Resilience Foundation. Country Readiness Assessment 11 — Panama: Institutional Readiness, Canal Security and Hemispheric Logistics. Western Hemisphere Readiness Series. September 2026.

**About the HRS Resilience Foundation:** The HRS Resilience Foundation is an independent research organization advancing institutional readiness and health security across the Western Hemisphere.

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