

Viewing cable 09PANAMA893,

**TOCUMEN INTERNATIONAL AIRPORT FLYING HIGH BUT
CORRUPTION**

If you are new to these pages, please read an introduction on the [structure of a cable](#) as well as how to [discuss them with others](#). See also the [FAQs](#)

Reference ID	Created	Released	Classification	Origin
09PANAMA893	2009-12-18 18:06	2011-01-11 12:12	SECRET	Embassy Panama

VZCZCXYZ1627

RR RUEHWEB

DE RUEHZP #0893/01 3521806
ZNY SSSSS ZZH
R 181805Z DEC 09
FM AMEMBASSY PANAMA
TO RUEHC/SECSTATE WASHDC 0208
INFO RHEFDIA/DIA WASHINGTON DC
RHEHAAA/NATIONAL SECURITY COUNCIL WASHINGTON DC
RHMFISS/DEPT OF HOMELAND SECURITY WASHINGTON DC
RHMFISS/FAA NATIONAL HQ WASHINGTON DC
RUEAIIA/CIA WASHINGTON DC
RUEHBE/AMEMBASSY BELMOPAN 0005
RUEHBO/AMEMBASSY BOGOTA
RUEHBR/AMEMBASSY BRASILIA
RUEHCV/AMEMBASSY CARACAS
RUEHGT/AMEMBASSY GUATEMALA
RUEHME/AMEMBASSY MEXICO 0054
RUEHPE/AMEMBASSY LIMA
RUEHQT/AMEMBASSY QUITO
RUEHSJ/AMEMBASSY SAN JOSE
RUEHSN/AMEMBASSY SAN SALVADOR
RUEHTG/AMEMBASSY TEGUCIGALPA 0052
RUEHZP/AMEMBASSY PANAMA
RUEKJCS/SECDEF WASHINGTON DC
S E C R E T PANAMA 000893

SIPDIS

E.O. 12958: DECL: 2019/12/18
TAGS: [PREL](#) [PGOV](#) [PM](#) [CTM](#) [DEA](#) [DHS](#)
SUBJECT: TOCUMEN INTERNATIONAL AIRPORT FLYING
HIGH BUT CORRUPTION
CAUSING DRAG

Is the net still open in Latin America? A year in review

CLASSIFIED BY: Stephenson, Ambassador; REASON: 1.4(B), (D)

¶1. (U) Summary: Tocumen International Airport captures the Panamanian zeitgeist in a concentrated dose. Tocumen's legitimate status as a crux of Latin America's passenger and cargo traffic is tainted by a seamy underside of alien smuggling, money laundering, narcotics trafficking and corruption. Explosive growth, a result of organizational changes and the expansion and modernization of facilities in the last six years, has made Tocumen a major regional air hub for both passengers and cargo. Panama's geographical position and transactional business culture have fostered Tocumen's emergence; however, these advantages mask institutional weaknesses in the customs, immigration and security services. Money laundering, narcotics trafficking and alien smuggling have grown apace with airport commercial operations and are a blemish on Tocumen's success. USG agencies at post have significant resources directed at Tocumen and enjoy good working relationships with Panamanian authorities, yet Panama lacks a strategy or a systematic approach to addressing the problems at the airport. Helping the GOP develop and implement an integrated approach to customs, immigration and security at Tocumen will require fomenting Panamanian political willpower. Panama has tackled such high-stakes tasks before and has good examples to follow in both its banking sector and its administration of the crown jewel - the Panama Canal. End Summary. Dramatic Ascent - But Turbulence Ahead? -----

----- 2. (U) Tocumen is the busiest airport in Central America and a crucial link for travel between North and South America. It served 4.5 million passengers in 2008, up 19.5% from 2007, and double the number of passengers served in 2004. This lift-off has been fueled by the

conversion of the airport in 2003 to a government owned company known as Tocumen S.A., and an \$80 million expansion project completed in 2006. Another \$80 million expansion currently underway is expected to be complete by 2011, and should double passenger capacity again to approximately 10 million per year. The new north terminal will be capable of handling the Airbus A380, the world's largest passenger aircraft. Copa Airlines, with one of the youngest fleets in the Americas, has been a major driver of growth as well. The busiest international route out of Tocumen is Bogota, with Miami following close behind. There is also a growing air freight facility which in 2008 handled over 86,000 tons of cargo, up 5% from the prior year. 4. (U) Panama's geographical advantages and open business climate have spurred Tocumen's growth. However, those same advantages have also facilitated a culture of corruption which has accompanied Tocumen's physical and commercial development. Money laundering, alien smuggling, and narcotics trafficking are proliferating. Customs, immigration and police authorities are uncoordinated, undertrained and inadequate to meet current demand, much less the challenges associated with another doubling in traffic in the coming years. 5. (C) Mission attachC)s with ongoing involvement at Tocumen include Immigration and Customs Enforcement (ICE), Customs and Border Protection (CBP), the Federal Aviation Administration (FAA) and the Drug Enforcement Administration (DEA). For CBP, alien smuggling presents the most serious problem. Passengers enter Tocumen on arriving flights without customs or immigration inspection and are free to wander about the duty free "sterile area" as they wait to catch connecting flights. According to post's CBP attachC), smugglers regularly fly into Tocumen, meet their charges in the transfer area and give them fraudulent travel documents and airline tickets before both parties depart on connecting flights. In effect, it is possible for someone to depart their country of origin,

transit Panama, and not have to face any kind of inspection until they show up at a U.S. border post. A common route is for migrants to transit Tocumen on their way to Mexico and ultimately, an illegal entry across the U.S. southern land border. In the short term, CBP is working to augment the Advance Passenger Information System (APIS), which would provide U.S. authorities a passenger manifest for all flights inbound to Tocumen. In the longer term, the Panamanian customs service needs organizational reform. Unlike U.S. CBP officers, who combine full law enforcement authority with their customs and immigration enforcement mandate, Panamanian immigration and customs officials have extremely limited enforcement authority and ability. They must turn to Panamanian National Police for help when detaining or seeking to investigate immigration or customs violators - a function for which the police are not well trained. 6.

(C) The flow of illicit U.S. dollars, both smuggled and openly declared, represents another threat. DEA estimates that a single bulk cash smuggling operation of four individuals, including the President's second cousin, Ramon Martinelli, moved up to \$30 million per month through Tocumen last year. (Note: post has no information linking President Martinelli to money laundering). Meanwhile, customs seizures of undeclared cash amounted to only \$4.5 million in 2008. Record keeping at customs is entirely paper based, leading to an inevitable loss of documentation and plentiful opportunities for bribing customs officials. While customs officials are routinely bribed to let through suitcases full of cash, it is not uncommon for travelers to bring in declared amounts of \$250,000. Legitimate large cash transfers can be partly explained by the proximity of the Colon Free Zone (CFZ), where a significant percentage of transactions are on a cash basis. Even here, however, crime, corruption and free enterprise mix. CFZ businessmen have related to embassy officers instances in which travelers who

declare large amounts of cash are robbed after departing Tocumen - the robbers having been tipped off by corrupt customs officials. In the long term, ICE cites a systemic lack of standardized customs reporting methods, and a lack of checks and balances as a major problem for Panamanian customs at Tocumen. Finally, drug trafficking is a major problem at the cargo terminal, where DEA has seen an increase in 200 to 300 kilogram shipments moving via established cargo carriers. Such large shipments are impossible without the complicity of corrupt customs and law enforcement officials, and most likely cargo company employees as well. 7. (U) The Federal Aviation Administration placed a regional attachC) at post in December 2009, with the mission in Panama of assisting the GOP in improving the oversight of civil aviation. FAA seeks to accomplish this by working with Panama's Civil Aviation Authority in adopting FAA best practices and standards. Up in the Air -----
----- 7. (U) Despite the growing problems, Panama has shown a typical reluctance to peel back the lid on an enterprise which appears to be benefiting all parties involved. The duty-free zone at Tocumen is a good example of the kind of live-and-let live attitude permeating the airport. The duty free zone has few rules and little oversight, and is controlled by the Waked and Motta families, who paid \$173 million for a ten-year concession. In the same manner as alien smugglers exploit the transfer area, it is possible for transferring passengers to enter the duty free zone without inspection, carrying virtually any amount of cash. This cash can then be laundered through the duty free shops, which are not subject to serious regulatory scrutiny. Anecdotally, the traveler at Tocumen looking for food or something to read will find that the options are restricted to one Dunkin Donuts, one coffee shop, and zero bookstores; at the same time, it is impossible to avoid the polo shirts, jewelry, electronics and perfume available at every turn. 8. (S)
Comment: There are signs that the GOP

understands the importance of Tocumen to their status as a regional center for transit of goods and people. The board of directors at Tocumen includes the Deputy Finance Minister Frank De Lima and the Deputy Minister of the Presidency, Maria Fabrega, both of whose bosses are among the most powerful leaders in the Martinelli administration. Yet the board also includes Tourism Minister Salomon Shamah, suspected of links to drug traffickers. Panama needs to find the political will to address the problems facing Tocumen in the same manner that they have administered another national treasure which gives them their distinct status as a bridge of the Americas and a regional transportation hub - The Panama Canal. There has always been a bright line drawn around the canal, fencing it off from the corruption which is so damaging to the rest of the country. In the last 10 years this has become true of certain sectors of the banking industry here as well; Panama's steps in addressing the problems in its banking sector can serve as an inspiration for reform of the airport. Such reform will benefit Panama and the United States as we seek to secure our extended borders and strengthen institutions and the rule of law here. STEPHENSON