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PRESIDENTIAL DETERMINATION REGARDING CERTIFICATION OF THE THIRTY-TWO MAJOR ILLICIT NARCOTICS PRODUCING AND TRANSIT COUNTRIES

COMMUNICATION

FROM

THE DEPARTMENT OF STATE, THE ASSISTANT SECRETARY FOR LEGISLATIVE AFFAIRS

TRANSMITTING

THE PRESIDENT'S DETERMINATION REGARDING CERTIFICATION OF THE THIRTY-TWO MAJOR ILLICIT NARCOTICS PRODUCING AND TRANSIT COUNTRIES, PURSUANT TO 22 U.S.C. 2291

MARCH 3, 1997.—Referred to the Committee on International Relations and ordered to be printed

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United States Department of State

Washington, D.C. 20520

FEB 28 1997

Dear Mr. Speaker:

In accordance with Section 490 of the Foreign Assistance Act of 1961, as amended (FAA), I am transmitting to you the President's determination regarding certification of the 32 major illicit narcotics producing and transit countries.

The President has determined that 23 major drug producing and/or major drug transit countries cooperated fully with the United States, or took adequate steps on their own, to achieve full compliance with the goals and objectives established by the 1988 UN Convention Against the Illicit Traffic in Narcotic Drugs and Psychotropic Substances. The President denied certification to six countries that did not meet the standards set out in Section 490(b) of the FAA. Under Section 490(b)(1)(B) of the FAA, the President certified three countries based on the vital national interests of the United States.

As in the past, we are providing a statement of explanation for each country that describes the extent of its counternarcotics progress and cooperation. In addition, for each country granted vital national interests certification, the statement sets forth the information required by Section 490(b)(3) of the FAA.

The Administration, recognizing the grave threat international narcotics pose to our domestic and foreign interests, has made international narcotics control one of our top foreign policy priorities. We are committed to implementing a comprehensive and aggressive strategy that strikes at the heart of the threat: the major producing areas and the largest and most powerful international trafficking organizations. These are not easy targets, but they are the most critical and we are making progress. Our

The Honorable
Newt Gingrich,
Speaker of the House of Representatives.

ability to sustain and expand this effort depends critically on continued Congressional support. The Department of State remains determined to work closely with Congress on this important issue.

Please do not hesitate to contact us should you require additional information on this or any other matter.

Sincerely,

Barbara Larkin

Barbara Larkin
Assistant Secretary
Legislative Affairs

Enclosures:
1. Presidential Determination
2. Statements of Explanation

THE WHITE HOUSE

WASHINGTON

February 28, 1997

Presidential Determination
No. 97-18

MEMORANDUM FOR THE SECRETARY OF STATE

SUBJECT: Certification for Major Narcotics Producing and Transit Countries

By virtue of the authority vested in me by section 490(b)(1)(A) of the Foreign Assistance Act of 1961, as amended, ("the Act"), I hereby determine and certify that the following major drug producing and/or major drug transit countries/dependent territories have cooperated fully with the United States, or taken adequate steps on their own, to achieve full compliance with the goals and objectives of the 1988 United Nations Convention Against Illicit Traffic in Narcotics Drugs and Psychotropic Substances:

Aruba, The Bahamas, Bolivia, Brazil, Cambodia, China, Dominican Republic, Ecuador, Guatemala, Haiti, Hong Kong, India, Jamaica, Laos, Malaysia, Mexico, Panama, Paraguay, Peru, Taiwan, Thailand, Venezuela, and Vietnam.

By virtue of the authority vested in me by section 490(b)(1)(B) of the Act, I hereby determine that it is in the vital national interests of the United States to certify the following major illicit drug producing and/or transit countries:

Belize, Lebanon, and Pakistan.

Analysis of the relevant U.S. vital national interests, as required under section 490(b)(3) of the Act, is attached. I have determined that the following major illicit drug producing and/or major transit countries do not meet the standards set forth in section 490(b) for certification:

Afghanistan, Burma, Colombia, Iran, Nigeria, and Syria.

In making these determinations, I have considered the factors set forth in section 490 of the Act, based on the information contained in the International Narcotics Control Strategy Report of 1997. Because the performance of each of these countries/dependent territories has differed, I have attached an explanatory statement for each of the countries/dependent territories subject to this determination.

You are hereby authorized and directed to report this determination to the Congress immediately and to publish it in the Federal Register.

William J. Clinton

STATEMENT OF EXPLANATION

ARUBA

Aruba is a major trafficking and staging point for international narcotics trafficking organizations which transship cocaine and heroin from Colombia, Venezuela and Suriname to the United States and Europe. Its key position near the Venezuelan coast with air and sea links to South America, Europe, Puerto Rico and other Caribbean locations makes it a prime transshipment point. Drug shipments are made primarily via containerized cargo, but commercial airlines and cruise ships are also used. Although USG law enforcement agencies estimate that about 155 mt of cocaine are transshipped through the Caribbean to the United States annually, and that more than 100 international trafficking organizations operate in that region, Aruba seized only about 170 kg of cocaine and about 2 1/2 kg of heroin in 1996.

Money laundering organizations use legitimate companies as fronts to invest in land development and other construction projects. The Government of Aruba's (GOA) Free Trade Zone (FTZ), casinos and resort complexes are reported to be attractive venues for money laundering and smuggling. A joint Dutch-Aruban Commission in 1996 issued recommendations to improve regulation of the FTZ, and invited a U.S. Customs technical expert to help implement those recommendations. Legislation on the FTZ, casinos and off-shore corporations is pending.

Aruba is a part of the Kingdom of the Netherlands (GON), and has independent decision-making ability in many drug policy areas. The Kingdom of the Netherlands (GON), a party to the 1988 UN Drug Convention, has not yet extended it to Aruba. The Aruban legislature is in the final stages of considering comprehensive criminal law reform, expected to be adopted in 1997. The law would create a basis for the Kingdom's extension of the 1988 UN Drug Convention, for expanded investigative powers for local law enforcement, as well as for extradition of nationals subject to service of sentences in Aruba.

The GOA participated with the Netherlands, the Netherlands Antilles in the establishment of a joint Kingdom-Caribbean Coast Guard, designed to patrol the Kingdom's Caribbean coastal waters to interdict drug shipments. The GOA established money transaction monitoring entities to review unusual transactions in the banking sector. Aruban law enforcement officials participated in USG-sponsored training courses for drug enforcement during 1996. The GOA has taken limited steps to punish corrupt officials, and replaced senior police and justice officials in Aruba.

Corruption is a problem that hinders effective efforts against international narcotics traffickers. A joint Netherlands Antilles and Aruba court denied a USG extradition request for a Colombian narcotics trafficker in 1996. Despite these problems, Aruba generally cooperated with the USG to meet the goals and objectives of the 1988 UN Drug Convention.

STATEMENT OF EXPLANATION

THE BAHAMAS

Over the past ten years, successful combined U.S./Bahamian counternarcotics efforts have dramatically reduced the amount of cocaine and marijuana transiting The Bahamas en route to the United States. This downward trend has continued over the last several years. Nevertheless, significant quantities of illicit drugs continue to pass through The Bahamas. The Bahamas is also a dynamic financial services center and a tax haven with bank secrecy laws, which are both factors conducive to money laundering. Some marijuana is grown in The Bahamas, but the country is not a major drug producer.

The Government of the Commonwealth of The Bahamas (GCOB) vigorously strives to combat drug trafficking and is extraordinarily cooperative with USG counterdrug efforts. The first country to ratify the 1988 UN Drug Convention, The Bahamas took further steps during 1996 to implement it. Strong anti-money laundering legislation and implementing regulations entered into force in 1996. During the year, the GCOB continued its successful efforts to strengthen its justice system, with assistance from the USG. U.S. and Bahamian law enforcement officials continued to work closely together to apprehend drug traffickers. Domestic drug abuse remains a problem, but the number of new drug users has declined notably since the mid-1980s. Over the past several years, The Bahamas has prosecuted and convicted some middle and low-level officials on charges of narcotics corruption. The GCOB is also making some headway in its efforts to forfeit and dispose of trafficker assets.

Although enormous progress has been made, more can be done. In coming years, The Bahamas should continue to improve the effectiveness with which its justice system handles drug cases, further emphasize forfeiture of trafficker assets and effectively enforce its new anti-money laundering controls.

STATEMENT OF EXPLANATION

BOLIVIA

The Government of Bolivia sustained an intense counternarcotics effort again in 1996, cooperating fully with the USG, and took adequate steps toward full compliance with the goals and objectives of the 1988 UN Drug Convention.

Bolivia's coca crop is the third largest in the world, behind Peru and Colombia, but the high yield of Bolivian coca makes Bolivia second only to Peru in terms of the production of cocaine alkaloid. The vast majority of the coca for cocaine production is cultivated in Bolivia's Chapare region. Coca growers produce cocaine base in rudimentary laboratories, then sell it to more sophisticated organizations which convert cocaine base into cocaine hydrochloride. Bolivia is believed to be the world's second leading producer of refined cocaine hydrochloride.

During 1996, the Government of Bolivia (GOB) eradicated over 7,500 hectares of coca in the Chapare -- the highest level of eradication since 1990. Despite the GOB's commitment to this program, eradication reduced Bolivia's coca crop by only one percent, as new coca cultivation, both within and outside of the Chapare, almost offset eradication. Total potential cocaine production in 1996 declined by an estimated 10 percent, however, from 240 metric tons in 1995 to some 215 metric tons of cocaine HCl. New coca does not become harvestable -- and capable of producing the cocaine alkaloid -- for two years.

In order to confront the problem of new planting, the government launched late in 1996 an expanded campaign to detect and destroy new coca and seedbeds. For the first time, the GOB also fully applied the letter of its own law, arresting several peasants for planting new coca.

The Minister of Justice produced a package of legislative reforms, designed to modernize Bolivia's criminal justice sector. Among the reforms were strong anti-money laundering provisions. The government presented the package to the Bolivian Congress in January 1997, and is seeking passage before the June 1997 presidential elections. In addition, a new extradition treaty between the United States and Bolivia, which allows for the extradition of Bolivian nationals, entered into force in November 1996.

Overall cocaine base and HCl seizures increased in 1996 compared to 1995, and HCl seizures in the second half of the year increased dramatically. The government established a Chemical Control Directorate. Meanwhile, an expanded and increasingly effective Chemical Police Unit, aided by counterdrug forces in the Chapare, made chemical seizures well above 1995 levels. The government's Seized Asset Directorate, created in December 1995, began operations, while asset seizures increased by some 36 percent over 1995.

In the coming year, the GOB must work to eliminate and prevent new coca cultivation, fully applying the Law 1008 prohibition on new planting, and reduce coca cultivation in the Chapare by at least 10 percent. The GOB should press for the passage and rapid implementation of a money laundering law along with a revised Code of Criminal Procedures. Faced with an increasingly sophisticated group of Bolivian trafficking organizations, the GOB's enforcement strategy must more effectively target cocaine HCl processing and trafficking organizations, as well as Chapare-based cocaine base laboratories. In addition, we expect the GOB to ensure that the Blue Devils Riverine Task Force can fully exercise its drug enforcement authority and produce results consistent with its resources.

STATEMENT OF EXPLANATION

BRAZIL

International narcotics traffickers use Brazil to transship cocaine primarily from Colombia, Peru and Bolivia to the United States and Europe. Brazil serves as an increasingly significant transit route for air shipments of cocaine base from Peru to cocaine labs in Colombia. Cocaine also transits the country by river and overland routes. Law enforcement agencies estimate that ten to twenty mt of cocaine transit Brazil annually, of which Brazilian authorities seized about three mt of cocaine in 1996, a decline from last year's almost six mt. Despite the decline, Brazil fully cooperated with the USG to advance the goals of bilateral agreements and the 1988 UN Drug Convention.

In 1996, the area of Brazil bordering Peru was heavily used as a staging area for air shipments of cocaine destined for the United States. Brazilian trafficking organizations reportedly provided fuel and airstrips for illicit trafficking purposes.

To address this threat, Brazilian authorities destroyed several airstrips, and commendably repeated operations when traffickers rebuilt those cratered airstrips. In a strong commitment to regional cooperation, Brazilian police cooperated with Peruvian and Colombian police to deter trafficking in the tri-border area between their respective countries.

Focussing on the maritime trafficking problems in Brazil's major seaports, which function as conduits for cocaine shipped to the United States, Brazil participated in one U.S. Customs port assessment visit to the major ports of Rio de Janeiro and nearby Santos. Brazil also tightened enforcement over its chemical companies.

Brazil entered into an agreement with the USG to train police-prosecutor-judge task forces to bolster the Government of Brazil's (GOB) counternarcotics effort and to enhance coordination between judges, prosecutors and police. Corruption is a problem in mid and lower levels of the DPF that hinders effective enforcement efforts to control drug trafficking through Brazil.

Authorities disrupted the Saavedra-Shapiama Organization, which trafficked cocaine from the Amazon region to the United States. With USG assistance, Brazilian authorities in good faith continue to investigate this and other narcotics trafficking organizations in the Amazon region. In May 1996, the Brazilian Senate approved the Amazon Surveillance System (SIVAM). SIVAM is a detection and monitoring system that will be used to protect the Amazon region, in part against illicit narcotics trafficking.

Although the Brazilian government did not sign a Letter of Agreement (LOA) that would have renewed counternarcotics cooperation with the USG in 1996, the GOB has demonstrated a strong interest in continuing its counternarcotics relationship with the USG. The almost $1 million of 1996 counternarcotics funding meant for Brazil instead funded the Organization of American States Anti-Drug Abuse Control Commission (OAS/CICAD). In addition to demonstrating a commitment to cooperate further with the USG on counternarcotics, Brazil participated in important multilateral counternarcotics initiatives, including an OAS/CICAD meeting in Uruguay.

Other efforts point to Brazil's achievements in 1996. It proposed a National Drug Enforcement Plan in 1996. It also hosted several meetings of the mini-Dublin Group in Brasilia to coordinate counternarcotics assistance from major donors, primarily European nations. Demand reduction and other multilateral efforts have successfully raised the profile of the danger of drug trafficking and abuse in Brazil. Although bank secrecy remained a formidable obstacle in the battle against money laundering, and money laundering occurred in Brazil's banks and exchange houses, in 1996 the congress initiated debate on a bill to counter money laundering.

STATEMENT OF EXPLANATION

CAMBODIA

In 1996, Cambodia made significant efforts toward addressing drug trafficking and transit problems, which the Royal Government of Cambodia has acknowledged. There is a significant flow of heroin transiting Cambodia which affects the U.S. and other countries. The National Assembly passed a comprehensive counternarcotics law on December 3, 1996. The statute, drafted with UNDCP assistance and advice, includes tough anti-money laundering provisions and commits the government to becoming a party to the 1988 UN Drug Convention

Other measures taken by the RGC, either separately or in cooperation with the U.S. and other governments and international organizations, include reorganizing its ill-trained and equipped 900-person National Anti-Narcotics Unit into a more effective 40-person National Anti-Drug Unit, participating in UNDCP conferences, and seeking other avenues to broaden cooperation with surrounding countries and the international community. Cambodian drug interdiction efforts resulted in the seizure of 40 kilograms of heroin and the arrest of 12 heroin couriers working for Nigerian trafficking organizations. The RGC also continued a program of marijuana eradication.

The skeletal nature of Cambodia's law enforcement infrastructure, coupled with an impoverished economy, continues to impede efforts at assembling comprehensive information about the drug trade in and through the country. These weaknesses have also made the task of providing appropriate assistance more critical and, at the same time, more difficult. The single most important issue Cambodia faces with regard to its drug trafficking problem, however, is the issue of drug-related corruption. After the publication in 1995 of allegations tying key political and business figures to the drug trade, the RGC publicly called for information which would aid in the prosecution of any such person. There have, however, been no results yet reported in connection with these charges. The U.S. will be looking for efforts to deal vigorously with drug-related corruption, which would otherwise eventually undermine Cambodia's credibility on the issue of narcotics control. USG efforts to assist Cambodia in building stronger law enforcement and judicial institutions are based on the premise that the upper levels of the RGC will thus have available the appropriate means for dealing with the issue.

STATEMENT OF EXPLANATION

CHINA

China continues to play a key role as a major transit route for Southeast Asian heroin destined for the U.S. and other Western markets. Addiction and violent crime associated with China's proximity to the Golden Triangle and its flow of narcotics continue to engage the attention of Chinese authorities. In April 1996, China's Ministry of Public Security began a nationwide anti-crime campaign called "Strike Hard," which placed special emphasis on drug interdiction efforts: opium seizures in the first ten months of 1996 were up 26 percent over all of 1995, and heroin seizures in the first ten months of 1996 were up 47 percent over the entire amount seized in 1995. China continues to be an active participant in the United Nations Drug Control Program and in 1996 signed mutual legal assistance treaties, with specific attention to narcotics trafficking, with Russia, Mexico and Pakistan. It is also a party to the 1988 UN Drug Convention.

Counternarcotics and law enforcement cooperation with the United States continues to be uneven, although senior U.S. and Chinese officials have publicly recognized the common interest in enhanced cooperation. Lower level officials continue to express a desire to expand cooperation, and working-level dialogue and information sharing have improved and expanded in some respects. Chinese officials participated in a two-week regional cooperation seminar in Bangkok conducted by DEA and in a program to help law enforcement officials detect and prevent illegal transshipments of precursor chemicals. U.S. Customs representatives also taught interdiction techniques to Chinese officials in Sichuan Province. But China in 1996 also denied, "for now," a USG request to be allowed to open a joint DEA/FBI office at the U.S. Embassy in Beijing.

China's continued strong stand against crime and official corruption has been widely publicized. Chinese leaders and law enforcement authorities have recognized that rapid economic growth has contributed to the spread of corruption, including among lower level officials. Penalties for such transgressions are severe and include execution.

China is a major chemical producer. The interest PRC officials have shown in techniques for controlling sales and shipments of chemical precursors indicates growing recognition of China's role as a a target for criminals seeking to illegally procure or divert such chemicals. China's recognition of its susceptibility to money laundering also appears to be growing, but domestic mechanisms for assessing and addressing the problem are only beginning to catch up to the challenge.

STATEMENT OF EXPLANATION

DOMINICAN REPUBLIC

In 1996, the Dominican Republic's attention was focused on election year politics. As a result, although the out-going government cooperated with counternarcotics operations, it has left the new administration with unresolved, long-term narcotics-related issues and an environment of public concern about corruption. Despite the absence of a master plan, the Government of the Dominican Republic (GODR) remains deeply committed to the war against narcotics trafficking and consumption.

Following its installation in August 1996, the Fernandez administration made an anti-corruption agenda and judicial reform high priorities of the GODR. However, the GODR lacks effective enforcement mechanisms to eliminate the corruption which undermines the country's fragile democratic institutions. Additionally, the country's largely unpatrolled coast, its porous border with Haiti, and poorly paid and under-equipped police and military make it attractive to Dominican and Colombian drug transshipment organizations and domestic drug traffickers. The majority of Dominicans condemn the use of illegal drugs and support GODR efforts to combat narcotics trafficking; drug consumption levels are considered low.

The Government of the Dominican Republic cooperated fully with the United States Government on counternarcotics objectives and goals. Among the GODR's accomplishments was the arrest of the Cali cartel's Rolando Florian-Feliz, the DR's most wanted narcotics trafficker.

Due to the absence of effective government supervision of exchange houses or remittance operations and the presence of large cash flows which could hide money laundering activity, it is believed that narcotics money continues to be laundered in the Dominican Republic. Money laundering is not likely to diminish until the GODR aggressively implements the money laundering legislation. Many Dominicans who have committed serious crimes in the United States continue to find refuge in the Dominican Republic, since local law bars extradition of nationals. While 1996 negotiations for a new extradition treaty with the former government did not reach a successful conclusion, the USG is currently assessing a resumption of talks with the Fernandez administration.

Neither the GODR itself nor senior government officials encourage, facilitate, or engage in drug trafficking or money laundering as a matter of government policy. No evidence exists that senior government officials are involved in drug distribution or money laundering. No senior government official has been indicted for drug-related corruption in 1996.

STATEMENT OF EXPLANATION

ECUADOR

International narcotics traffickers from Colombia and Peru intensified their efforts to transship cocaine and coca base through Ecuador. Trafficking organizations ship about 20-40 metric tons (mt) of coca base from Peru through Ecuador to Colombia for refining into finished cocaine, and about 30-50 mt of cocaine through Ecuador to the United States and Europe. Ecuador seized almost nine mt of cocaine in 1996.

Traffickers continued to transship cocaine overland and by river, and to smuggle chemicals into Ecuador via the Pan American Highway and Ecuador's extensive river network, sometimes committing armed robberies of truck drivers transporting chemicals from petroleum companies in Ecuador's jungle region.

Ecuadoran authorities responded commendably to counter traffickers, placing emphasis on Guayaquil as a favored cocaine transshipment point. Authorities made a nearly seven mt seizure of cocaine from a fishing vessel, the Don Celso, and had it returned from international waters to search it in Guayaquil. Traffickers had loaded the cocaine into the fuel tanks of the 150-ft. fishing vessel.

The Ecuador National Police (ENP), with USG assistance, identified a major cocaine processing facility just west of Quito in a town called Santo Domingo de los Colorados. Authorities dismantled the lab, but many said it demonstrated a shift in trafficker activity from neighboring countries to Ecuador.

The Government of Ecuador (GOE) demonstrated its commitment to regional counternarcotics cooperation efforts. In an unprecedented law enforcement cooperation effort with Peru, Ecuadoran police deported to Peru Willer Alvarado Linares, a.k.a. "Champa," a Peruvian drug kingpin with close ties to the Cali Cartel. With USG assistance, the ENP dismantled a major drug trafficking organization in Ecuador reportedly run by a Cali-connected trafficker, Jose Castrillon Henao. Ecuadoran authorities continued the prosecution of Jorge Hugo Reyes Torres, a jailed drug kingpin, also tied to Cali.

Although police-military cooperation, maritime cooperation, and inadequate money laundering legislation remained problems, GOE officials made a good faith effort to resolve these issues. The GOE participated in drug enforcement and customs training courses, continued some information-sharing efforts, and attended a money laundering seminar.

The Ecuadoran Supreme Court entered into an agreement with the USG on administration of justice. The USG bought five computers and a laser printer in support of Ecuador's

ambitious judicial reform effort. Allegations of corruption in the judiciary and in other branches of the government plagued the former Bucaram administration, and now plague the current administration of interim President Alarcon, hindering effective counternarcotics efforts.

Despite these problems, Ecuadoran government officials demonstrate continued interest in working with the USG to address more effectively narcotics trafficking problems that threaten to erode democratic institutions. Ecuador is a party to the 1988 UN Drug Convention and has bilateral agreements with the USG. Ecuador has fully cooperated with the USG to advance the goals and objectives of these agreements.

STATEMENT OF EXPLANATION

GUATEMALA

Despite the political distractions of the ongoing peace process, Guatemala continued to cooperate fully with U.S. counternarcotics goals and objectives. Law enforcement cooperation between Guatemala and the United States has been excellent. With USG support, Guatemalan government (GOG) counternarcotics officials seized almost four metric tons of cocaine, a significant increase over previous years.

GOG experts estimate that at least one out of four Guatemalan adults suffers from some sort of chemical dependency, principally alcohol abuse. Illicit drug use has not been effectively documented, but GOG officials believe it has increased steadily since 1990 and contributes to the extremely high level of violence in the country, especially in the capital city.

The Department of Anti-Narcotics Operations (DOAN), the country's principal counternarcotics organization, fully cooperated with USG agencies on information-sharing, joint operations, and special investigations targeting international drug trafficking networks. Also in 1996, a major corruption ring centered on customs tax evasion and extortion was uncovered, giving the GOG further impetus to criminalize money laundering and develop the capability to investigate suspect financial transactions.

Recent information indicates that significant quantities of precursor chemicals, mostly ephedrine, are being diverted through Guatemala to Mexico and the United States. The government has not yet taken steps to halt that traffic, which is not currently illegal in Guatemala. The GOG has, however, requested and will receive USG technical assistance on how to combat this illicit trafficking. In early 1997, Guatemala hosted a regional seminar to address the problem of the control and regulation of precursor chemicals.

The GOG does not, as a matter of government policy, encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or controlled substances, or the laundering of proceeds from illegal drug transactions. In addition, no senior government official facilitates or encourages the illicit production or distribution of such drugs or substances or the laundering of proceeds from illegal drug transactions.

STATEMENT OF EXPLANATION

HAITI

Haiti continues to cooperate with U.S. counternarcotics goals and objectives. The Government of Haiti (GOH) confronts a staggering array of issues that compete for the attention of its already stretched professional and managerial talent and consequently impedes rapid progress on counternarcotics issues. Despite these obstacles, the GOH made definite progress in counternarcotics issues in 1996.

The GOH began to reform its existing narcotics laws and to develop a national narcotics plan and money laundering legislation. With USG support, a Haitian Coast Guard (HCG) unit was established; a Counternarcotics Unit (CNU) was trained; and new chiefs for both units were installed. The changeover in leadership of the CNU proved particularly time-consuming and, despite sincere efforts, the CNU was not functioning in its permanent quarters at the airport by the end of 1996. Nevertheless, the commitment of the Haitian National Police (HNP) leadership to maintain high standards of performance within these two units is notable.

The HCG began operating in August 1996 and scored two major cocaine seizures amounting to 938 kgs. in its first two months of operation. The interdiction and maritime boarding experience in these two operations represented a training opportunity that contributed to the HCG's ability to eventually conduct independent operations.

The USG has made a strong commitment to assist Haiti in establishing stable democratic institutions. As a part of this effort, the USG intends to work with the GOH towards conclusion of a bilateral maritime agreement, and to continue its efforts to assist the GOH with its narcotics-related agenda and legal reform programs. The USG will also assist the HNP in establishing regional law enforcement contacts and continue to provide support for both the HCG and the CNU.

In 1996, the GOH continued to give USG officials high-level assurances of its commitment to drug control, and those assurances have been supported by concrete progress in establishing Haitian counter-drug institutions. However, Haiti still has a number of major goals to achieve before it will be able to take significant, independent action in counternarcotics.

STATEMENT OF EXPLANATION

HONG KONG

Hong Kong's role as a money laundering base for the international drug trade continues to grow, while its role as a transit point for drugs appears to have lessened. There were no drug seizures in the United States in the first 10 months of 1996 unequivocally linking Hong Kong to the U.S. as a transit point for drugs. The overall pattern of drug trafficking in the region, however, continues to point to Hong Kong as a key transshipment point for drugs destined for the U.S. and other Western markets.

Hong Kong authorities continued to strengthen the legislative framework for combatting narcotics trafficking. They extended licensing controls to an additional 21 precursor chemicals, introduced implementing legislation for bilateral extradition agreements and proposed legislation establishing heavier sentences for drug traffickers who target the young. On December 20, 1996, the U.S. and Hong Kong signed an agreement for the surrender of fugitive offenders (an extradition agreement) and the two sides have initialled a Mutual Legal Assistance Agreement that will expand the basis for mutual legal assistance over a wide range of criminal activity, including that currently covered by a Bilateral Narcotics Agreement, which will be terminated by its terms on June 30, 1997.

Hong Kong's mature and experienced law enforcement structure is characterized by dedication and no reported narcotics-related corruption among senior officials. Cooperation between the United States and Hong Kong on matters relating to drug trafficking and money laundering continues to be excellent.

STATEMENT OF EXPLANATION

INDIA

India is the sole producer of licit opium gum for the pharmaceutical industry, a significant cultivator of opium poppies in remote regions of northwest and northeast India and a transit country for opiates from both Southwest and Southeast Asia. Controls over the licit opium industry have been continuously tightened for the past five years but, due to the method of production, some diversion probably continues. The well-developed transportation infrastructure in India, combined with porous borders from neighboring source countries, has made India an attractive transit country for traffickers.

As a licit producer of opium, India must meet an additional certification requirement. In accordance with Section 490(c) of the Foreign Assistance Act, it must maintain licit production and stockpiles at levels no higher than those consistent with licit market demand and take adequate steps to prevent significant diversion of its licit cultivation and production into illicit markets and to prevent illicit cultivation and production.

In 1996, India continued to take steps to curtail diversion of licit opium, which remains a concern. The minimum qualifying yield (MQY) for relicensing to cultivate opium poppy was raised from 46 to 48 kilograms per hectare in most growing areas, and offenses related to cultivation and embezzlement of opium are now on par with other trafficking crimes. Sentences of up to 20 years' imprisonment can be imposed.

Although the Government of India (GOI) did not agree to direct USG participation in the 1996 opium yield survey, it did allow U.S. scientists to observe the survey and to work with Indian scientists to include new parameters in future opium yield surveys. A comprehensive opium yield survey verifies data on crop yields, establishes practicable levels of MQY, and better quantifies diversion.

Indian opium gum, a principal source of the baine and other alkaloids essential to certain pharmaceuticals, is in demand by U.S. and other pharmaceutical firms. India once again increased opium poppy cultivation because of the pharmaceutical demand and a desire to establish once again a stockpile against a crop disaster. Opium production rose to 849 mt in 1996 from 833 mt in 1995 (all measures at ten percent moisture).

India has illicit opium poppy cultivation, primarily in areas such as Jammu and Kashmir, where GOI control is challenged by insurgent groups. USG remote sensing in 1996 indicated illicit cultivation on 3,400 hectares, with a theoretical yield of 47 metric tons of opium, a decrease from the previous year's estimate. However, despite efforts by the GOI based on suspect coordinates provided by the USG, it was able to find only small areas of poppy cultivation.

The GOI continues to make progress in controlling the production and export of precursor chemicals. The GOI has a cooperative relationship with the DEA, especially on precursor chemical issues, and has agreed not to allow any shipment unless DEA issues a letter of non-objection. Trafficking in illegally produced methaqualone (mandrax), a popular drug in Africa, is still believed to be a major problem, although seizures fell in 1996.

Authorities have had limited success in prosecuting major narcotics trafficking organizations because of the lack of enforcement funding and weaknesses in the investigations infrastructure. The GOI stresses cooperation among law enforcement entities. India cooperates in "controlled deliveries" that have resulted in arrests in six countries.

The USG receives reports of narcotics-linked corruption, but cannot independently verify the extent. No senior-level politician or bureaucrat has been accused of narcotics-related corruption.

India is party to the 1988 UN Drug Convention, and Indian officials state that it is drafting legislation needed on asset seizures and money laundering. In the meantime, its law enforcement agencies are without the tools to achieve fully the Convention's goals and objectives.

India fulfilled the requirement of FAA Section 490(c) to maintain licit production and stockpiles at levels no higher than consistent with market demand. It also continued to take steps to reduce diversion from the licit crop, although not agreeing to use a crop yield survey as the basis for setting the minimum qualifying yield for license renewal. The GOI, upon receipt of information on suspected illicit crops, acted promptly to seek out and destroy the plots. For 1996, India's efforts meet the additional certification requirements of FAA Section 490(c). The United States continues to work with the GOI in the following areas: taking effective action against major narcotics trafficking syndicates and kingpins; implementing effective measures on money laundering and asset seizure; permitting U.S. participation in opium crop surveys; and eradicating illicit poppy cultivation.

STATEMENT OF EXPLANATION

JAMAICA

Jamaica produces marijuana and is a significant cocaine transit country. The Government of Jamaica (GOJ) made some progress during 1996 to achieve the goals and objectives of the 1988 UN Drug Convention, to which it became a party in December 1995. In December 1996, the Jamaican parliament passed a money laundering law, which, although somewhat limited in scope in that it criminalizes only the laundering of the proceeds of drug-related crime, is the beginning of a money laundering control regime. Although the GOJ has yet to prosecute asset forfeiture cases under the relevant 1994 act, it did establish a special unit which is currently investigating two such cases. Action on drafting a precursor chemical bill was deferred to 1997. GOJ-USG negotiations on a maritime counternarcotics cooperation agreement, which commenced in 1996, had been impeded by Jamaica's declaration of exclusive law enforcement authority in its exclusive economic zone (EEZ). In December 1996, the GOJ withdrew its EEZ declaration, and negotiations resumed in February 1997, in a spirit of cooperation and willingness to conclude an agreement. Although the rate of extraditions declined markedly, from six in 1995 to one (under a waiver of extradition) in 1996, partly attributable to new Jamaican legal procedures regarding appeals, the GOJ expelled or deported to the U.S. eight U.S.-citizen fugitives during 1996. However, a sizeable number of extradition requests to the GOJ remain open.

According to DEA, Jamaican police counternarcotics cooperation in 1996 remained at the high levels of 1995, but drug arrests, cocaine seizures, and cannabis eradication fell somewhat below the goals and objectives of our bilateral letter of agreement (LOA). Signed by the GOJ and USG, the 1996 LOA set an objective of significantly increasing drug arrests and cocaine and heroin seizures. Drug-related arrests in 1996 (3,263) were down slightly from the 1995 level (3,705). Cocaine seizures in 1996 (236 kg) were also reduced from the 1995 level (571 kg). Heroin seizures increased slightly in 1996 (1 kg) compared to 1995 (zero kg). Marijuana seizures, on the other hand, increased significantly (52.99 mt in 1996, compared to 37.20 mt in 1995), bolstered by one very large seizure late in 1996. The 1996 LOA set an eradication goal of 800 hectares of cannabis. During 1996, 473 hectares were eradicated, compared to 695 hectares in 1995, with the area under cultivation estimated to be the same both years. U.S.-provided helicopters used to assist eradication efforts were grounded for safety reasons for part of the year.

Jamaica's National Council on Drug Abuse (NCDA) continued its demand reduction efforts, becoming increasingly self-reliant and prominent. Jamaica's national drug control

strategy has been drafted and is awaiting government approval for implementation. The GOJ has not formally charged any senior government official with drug-related activity, but several Jamaican policemen and court employees have been arrested and charged on drug and drug-related charges. The Jamaican media continues to report allegations of drug-related corruption among public officials including the police.

In 1997, in order to fully carry out the goals and objectives of the 1988 UN Drug Convention, the GOJ needs to strengthen its money laundering control law, pass a chemical control law, and continue to modernize its full range of drug control laws and penalties. Jamaica's greatest challenge will be decisive implementation of such laws. The GOJ also needs to conclude a maritime cooperation agreement, intensify its efforts to respond to U.S. extradition requests, prosecute asset forfeiture cases, and increase the conviction rate of those arrested for drug-related crimes. On the bilateral level, in order to make better use of U.S. counter-drug and anti-crime assistance, Jamaica needs to intensify its drug law enforcement and marijuana eradication efforts, tighten the security of its export shipments to keep drugs out of them, and participate fully in combined maritime counterdrug operations. In addition, the GOJ needs to formally approve its national drug control strategy and systematically implement it. The GOJ should take decisive measures to root out drug-related corruption among public officials which undermines drug control efforts.

STATEMENT OF EXPLANATION

LAOS

Laos is still a distant third, after Burma and Afghanistan, in world production of illicit opium. The 1995/96 growing cycle saw an estimated increase of 11% in opium production over the 1994/95 level; this was a little over 50% of the record level set in 1989. Regions of Laos covered by USG- and UNDCP-funded crop substitution projects, however, saw only low levels of poppy cultivation. In May, the Lao Government passed an amendment to its existing drug control law which banned opium production and increased penalties for trafficking. It believes, however, that rigorous enforcement of the provision outlawing opium production requires adequate programs to provide alternative sources of income to farmers and continues to press its case for adequate assistance from the international community to enable it to fully implement its anti-narcotics action plan.

Reservations about its ability to enforce the legislation banning opium production notwithstanding, the Government of Laos continued to participate actively in regional counternarcotics efforts. It signed a UNDCP-sponsored project document on regional law enforcement cooperation and hosted a regional working level conference on the trafficking of precursor chemicals and the involvement of West African drug traffickers in Southeast Asia. Bilateral cooperation with the United States, however, remained at the center of Laos' counternarcotics endeavors. USG funding of the Houaphan crop control project continued, and the Lao formed two additional Special Counternarcotics Units, one in Savannakhet and one in Bokeo, with USG assistance. In November, the Lao Government approved the assignment of a DEA representative to the American Embassy in Vientiane. Overall Lao cooperation with the USG on counternarcotics matters remains excellent; while low-level corruption is assumed to exist, there is little to indicate high-level or systematic drug-related corruption in the Lao government. Laos' vigorous enforcement over the coming year of its newly enacted laws outlawing opium production and increasing the penalties for drug trafficking will be an important signal of its long-term commitment to controlling its drug problem.

STATEMENT OF EXPLANATION

MALAYSIA

Malaysia is a transit country for heroin bound for the U.S., Europe and other destinations. Malaysia's anti-trafficking laws include a mandatory death sentence for convicted traffickers. Law enforcement authorities are pressing for enactment of a conspiracy law to enable prosecution of traffickers who escape prosecution under existing criminal statutes. In addition, the Government of Malaysia has instituted a number of bureaucratic measures, including the establishment of a new interagency group headed by the Prime Minister, to bolster enforcement and demand reduction activities. Malaysia is also a party to the 1988 UN Drug Convention.

Cooperation between Malaysian law enforcement officials and DEA continued to expand in 1996. Negotiation of a bilateral Mutual Legal Assistance Treaty between Malaysia and the U.S. is proceeding smoothly. Both governments hope to conclude the treaty in 1997. Malaysia and the United States also cooperated on drug abuse prevention (demand reduction) programs, many of them directed at rehabilitation center inmates. These programs are of particular concern to the Malaysian Government in view of rising addiction rates. Existing rehabilitation centers have also been a focal point of the lower-level narcotics-related corruption which is known to exist: guard and treatment center employees have sold narcotics to inmates. The Malaysian Government has proposed an amendment to the Dangerous Drugs Act to strengthen the penalty for such activities.

Malaysia is also beginning to look toward money laundering as a vulnerable point in its overall legal and institutional structure. Senior government officials have publicly expressed concern about possible misuse of Malaysia's offshore financial center, Labuan, to launder money. Malaysia has now endorsed the Commonwealth Secretariat's efforts to produce model anti-money laundering legislation.

STATEMENT OF EXPLANATION

MEXICO

The Government of Mexico's (GOM) 1996 counter-drug effort produced encouraging results and notable progress in bilateral cooperation. President Zedillo has declared the major drug trafficking organizations, and the corruption they foster within governmental structures, to be Mexico's principal national security threat. He has intensified the country's counter-drug effort, in keeping with international human rights norms, both through legal reforms and operationally, through the expanded participation of the nation's military services.

Drug seizures and arrests increased in 1996. Mexican authorities seized 23.8 mt of cocaine, 383 kgs of heroin, 1015 mt of marijuana, 171.7 kgs of methamphetamine and 6.7 mt of ephedrine (its chemical precursor), and destroyed 20 drug labs. Police arrested 11,283 suspects on drug-related charges. Authorities arrested several major traffickers: Juan Garcia Abrego, Gulf cartel leader and one of the FBI's "Ten Most Wanted" fugitives; Jose Luis Pereira Salas, linked to the Cali and Juarez cartels; and Manuel Rodriguez Lopez, linked to the Castrillon maritime smuggling organization.

The Mexican Congress passed two critical pieces of legislation which have armed the GOM with a whole new arsenal of weapons to use to combat money laundering, chemical diversion and organized crime. The GOM established organized crime task forces in key locations in northern and western Mexico in cooperation with U.S. law enforcement. In an effort to confront widespread corruption within the nation's law enforcement agencies, former Attorney General Lozano dismissed over 1250 federal police officers and technical personnel for corruption or incompetence, although some have been rehired, and the GOM indicted two former senior GOM officials and a current Undersecretary of Tourism. He also sought to expand cooperation with the United States and other governments.

The United States and Mexico established the High-Level Contact Group on Narcotics Control (HLCG) to explore joint solutions to the shared drug threat and to coordinate bilateral anti-drug efforts. The HLCG met three times during 1996 and its technical working groups met throughout the year. Under the aegis of the HLCG, the two governments developed a joint assessment of the narcotics threat posed to both countries which will be used as the basis for a joint counter-drug strategy.

U.S.-Mexican bilateral cooperation on drug law enforcement continued to improve in 1996, particularly in the areas of money laundering, mutual legal assistance, and criminal investigations. The USG provided training, technical, and material support to personnel of the Office of the Mexican Attorney General (PGR), the National Institute to Combat Drugs (INCD), the Mexican Treasury, and the Mexican

armed forces. The Government of Mexico established the important precedent of extraditing Mexican nationals to the United States under the provision of Mexico's extradition law permitting this in "exceptional circumstances." This paves the way for further advances in bringing fugitives to justice. Both governments returned record numbers of fugitives in 1996.

Even with positive results, and good cooperation with the U.S. and other governments, the problems which Mexico faces remain daunting. The Zedillo Administration has taken important beginning steps against the major drug cartels in Mexico, and towards more effective cooperation with the United States and other international partners, but the strongest groups, such as the Juarez and Tijuana cartels, have yet to be effectively confronted. The level of narcotics corruption is very serious, reaching into the very senior levels of Mexico's drug law enforcement forces, as witnessed by the February 1997 arrest of the recently-appointed national counternarcotics coordinator. President Zedillo acted courageously to remove him as soon as the internal Mexican investigation revealed the problem, but this has been a set-back for Mexico's anti-drug effort, and for bilateral cooperation.

Mexican police, military personnel, prosecutors, and the courts need additional resources, training and other support to perform the important and dangerous tasks ahead of them. Progress in establishing controls on money laundering and chemical diversion must be further enhanced and implemented. New capabilities need to be institutionalized. Above all, the GOM will have to take system-wide action against corruption and other abuses of official authority through enhanced screening of personnel in sensitive positions and putting into place ongoing integrity controls.

While there are still serious problems, and a number of areas in which the USG would like to see further progress, the two governments have agreed on the parameters of a joint approach to combat the narcotics threat, and are at work on developing this strategy. The drug issue will remain one of the top issues in the bilateral agenda and will be one of the main issues discussed during President Clinton's planned visit to Mexico in April.

STATEMENT OF EXPLANATION

PANAMA

Panama continued to cooperate with the United States to achieve our counternarcotics goals and objectives in 1996. The Government of Panama's (GOP) achievements in 1996 included an eradication campaign which resulted in the elimination of the country's fledgling coca cultivation and significant damage to marijuana cultivation, aggressive and effective prevention and education campaigns, and the first-ever conviction of a major money launderer from the Colon Free Zone. In one of the region's most significant arrests, the GOP captured the Cali cartel's primary maritime smuggler, Jose Castrillon Henao, who is scheduled for trial in 1997. The USG provided six helicopters to the GOP in late 1996, for the express purpose of combatting narcotics.

Following up on full congressional certification for the past two years, and spurred on by last year's legislation tightening money laundering regulations, the Government of Panama made Latin America's first financial analysis unit operational, resulting in the presentation of patterns of money laundering to the GOP's National Security Council for eventual prosecution.

Panama continues to be a major financial and commercial center ideally positioned for narcotics smuggling and illicit financial transactions. Money laundering remains the primary problem in Panama. Local factors facilitating money laundering include bank secrecy, the Colon Free Zone, inadequate controls on cash and commodity imports/exports, lax incorporation regulations, and a dollar-based economy. The GOP has taken definite steps to address these problems, including the start-up of a financial analysis unit and the establishment of computerized data bases for tracking financial movements in the Colon Free Zone. The GOP also established a financial investigative unit which will prepare cases of money laundering for prosecution. Armed with more effective legal, policy, and institutional underpinnings, the GOP expects to counter money laundering activities more successfully in 1997.

The GOP needs to continue to crack down on both money laundering and drug trafficking, follow through on reports of suspicious transactions by arresting and convicting major money launderers, improve interdiction capabilities, and make effective use of the financial analysis unit.

STATEMENT OF EXPLANATION

PARAGUAY

The government of Juan Carlos Wasmosy cooperated fully with the United States in 1996. Government of Paraguay (GOP) anti-drug efforts improved substantially, and the government took adequate measures to further its compliance with the goals and objectives of the 1988 UN Drug Convention. Scarce resources, public corruption, and an only partially-reformed legal system remain obstacles to more effective counternarcotics action, but the GOP has demonstrated its commitment to combatting the drug trade.

President Wasmosy appointed an activist Director to the National Anti-drug Executive Secretariat (SENAD) in June, who immediately sought a closer, more productive relationship with the United States and with Paraguay's neighbors. Assuming the post with a reputation for honesty, Carlos Ayala made cocaine trafficking groups the SENAD's top priority. He has removed anti-drug officers implicated in corrupt practices, and focused Paraguay's investigative resources on Paraguay's top traffickers. Under Ayala's leadership, SENAD developed a comprehensive national anti-drug strategy, which President Wasmosy presented to the nation in late fall. Ayala also launched a new approach to combat drug abuse.

The Paraguayan Congress, with strong support from the executive branch, in December enacted an anti-money laundering law consistent with international standards. SENAD Chief Ayala initiated a revision of Paraguay's anti-narcotics statute which would explicitly authorize undercover operations and controlled deliveries. The GOP is pushing for congressional approval of the amendment early in 1997.

The SENAD continued large-scale marijuana eradication operations, worked closely with DEA on training and equipping the Anti-narcotics Police (DINAR) Special Intelligence and Investigative Unit, and assessed the threat of precursor chemical trafficking and diversion in Paraguay. Meanwhile, on the international front, the GOP signed agreements with Brazil and Argentina to cooperate in combatting trans-border criminal activity, including drug trafficking, and Paraguayan officials initiated working-level coordination meetings with counterparts in these countries. The SENAD also agreed with Bolivian counterparts to share intelligence and to conduct joint operations.

In 1997, the GOP should secure passage of a strengthened anti-drug law and begin to forcefully implement its new money laundering statute. The USG will assist the GOP in creating an interagency financial crimes investigative unit. Paraguay also must improve its ability to investigate drug and other organized crime groups in the tri-border area, particularly in the cities of Pedro Juan Caballero and Ciudad del Este, and we expect the GOP to pursue key drug trafficking and corruption cases in the coming year.

STATEMENT OF EXPLANATION

PERU

Peru is the world's largest coca producer. The USG has consistently urged the Government of Peru (GOP) to fulfill its signatory obligations under the 1961 Single Convention and the 1988 UN Drug Convention, particularly with regard to reducing its coca production. In 1996, the GOP cooperated fully with the United States in efforts to achieve the goals and objectives of the UN drug conventions. Last year, total coca cultivation decreased by 18 percent, from 115,300 hectares in 1995 to 94,400 hectares in 1996. The level of cultivation in Peru was the lowest since 1986.

Contributing to the reduction was widespread abandonment of coca fields by farmers due to depressed cocaine base prices. Cocaine base prices were held below the break-even point by Peruvian National Police and Peruvian Air Force actions against the narcotics trafficking transportation infrastructure. During 1996, the joint USG-GOP alternative development program established a foothold to begin economic restructuring in coca cultivating areas. Some 226 communities signed agreements to reduce illicit coca cultivation by approximately 15,000 hectares over the next five years, in exchange for assistance to increase productivity and income from licit alternative crops.

Peruvian National Police operations seized greater amounts of cocaine base and coca leaf, but less cocaine hydrochloride (HCl) than in 1995. Efforts to arrest and prosecute major Peruvian traffickers maintained the GOP's stiff narcotics policy, and contributed to disarray among major trafficking organizations. Still, there was strong evidence that Peruvian traffickers continued to refine cocaine hydrochloride and ship it directly to Mexico for distribution in the United States. President Fujimori continued to take a tough public stance against narcotics corruption, and in 1996 created a special drug court system to handle drug offenses. The U.S. Embassy reported that incidents of military and police drug corruption were quickly addressed by the GOP.

In April 1996, the GOP passed Law 824, which established a civilian drug council (CONTRADROGAS). CONTRADROGAS was created to coordinate the efforts of the various GOP agencies involved in counternarcotics efforts, and to implement the Peruvian National Drug Strategy announced in 1994.

In 1997, the GOP must mount an aggressive effort to attract additional donor funding to expand alternative development efforts while coca farmers are still receptive to licit economic alternatives. The GOP must also ensure that the narcotics law enforcement effort which has suppressed cocaine base prices is intensified to address riverborne narcotics traffic and sustain the existing aerial intercept effort.

STATEMENT OF EXPLANATION

TAIWAN

Taiwan's geographical location relative to the Golden Triangle and its importance as an advanced regional transportation and shipping center make it a major transit point for drugs destined for the U.S. and other markets. Taiwan authorities dispute this assessment, citing reduced seizures and arrests as a signal of the deterrent effect of their considerable counternarcotics efforts. The pattern of trafficking in the region, however, suggests that because of its geographic location and its ports, Taiwan will remain a target for drug traffickers. Taiwan law enforcement authorities, in fact, recently expressed concern that Hong Kong-based drug traffickers may be collaborating with Taiwan organized crime groups to transfer their base of operations to Taiwan before Hong Kong reverts to Chinese sovereignty in July of 1997, and their cooperation with the U.S. on counternarcotics efforts continues to be good.

Taiwan's law enforcement cooperation with DEA (under the auspices of the American Institute in Taiwan) and other U.S. agencies expanded in 1996. Taiwan is setting up a new National Drug Intelligence Center; we envisage increased cooperation with U.S. law enforcement agencies resulting from this. The American Institute in Taiwan and the Taiwan Economic and Cultural Representative Office continue to negotiate a Memorandum of Understanding to provide a framework for even broader counternarcotics cooperation. Taiwan has been conducting an aggressive anti-crime campaign on other fronts, as well, including prosecuting cases of public corruption. There are, however, no known cases of official involvement in narcotics trafficking.

In 1996, Taiwan also passed money laundering legislation meant to bring it into closer conformity with the goals and objectives of the 1988 UN Drug Convention. While the law enhances the ability of law enforcement officials to deal with the problem, it requires a number of revisions to enable Taiwan to meet international standards.

STATEMENT OF EXPLANATION

THAILAND

Thailand remains a major transit route for drugs destined for the U.S. and other markets and produces about one per cent of Southeast Asia's opiates. It continues to serve as a model for the region as a result of its successful efforts to control opium production and its commitment to prosecuting drug producers and traffickers. Opium production in the 1995/96 growing season increased from an estimated 25 metric tons in the previous season to 30 metric tons. The upsurge in opium and heroin prices shortly after the destabilization of Khun Sa's trafficking operations in Burma was largely responsible for more widespread opium cultivation. Thailand's actions to close off sections of the Thai border with Burma, however, had helped create the conditions leading to Khun Sa's decision to reach a settlement with the SLORC.

In January of 1996, Thailand extradited a former Member of Parliament to the United States for prosecution on drug trafficking charges. Two "Operation Tiger Trap" defendants (part of drug lord Khun Sa's trafficking operation) were also extradited to the U.S. later in the year. Thirteen individuals have been arrested thus far in connection with this major "sweep."

Thai cooperation with U.S. law enforcement officials remains excellent. Thailand's Office of the Narcotics Control Board and the Police Narcotics Suppression Bureau continue to exhibit a high degree of professionalism. Corruption continues to be a problem in the Police Department, which lacks an effective internal security apparatus to hold officers accountable for wrongdoing. Elements of the Royal Thai Army and Thai Customs have also been publicly accused of corruption. The Royal Thai Government as a whole, however, supports a policy of active measures against drug production and trafficking.

Thailand is vulnerable to money laundering. A bill to enact legislation has been stalled for a number of years. In late November, the newly-elected Prime Minister promised the President that the legislation would be given special handling to hasten its passage. Passage of appropriate anti-money laundering legislation would enable Thailand to become a party to the 1988 UN Drug Convention.

Like other countries in the region, Thailand may find itself becoming an even larger market for the region's opium, heroin and amphetamine production as the region's economic expansion continues. We will be urging Thailand to enact a conspiracy law to further enhance its ability to mount effective counternarcotics efforts and to establish an amplified crop control program.

STATEMENT OF EXPLANATION

VENEZUELA

Venezuela continued to be a major transit country for cocaine shipped from Colombia to the United States, and for chemicals transhipped through Venezuelan ports, as well as a money laundering center. Law enforcement agencies estimate that between 100-200 metric tons (mt) of cocaine are shipped through Venezuela to the United States and Europe. The Government of Venezuela (GOV) seized only about six mt of cocaine, almost identical to the amount it seized in 1995. Heroin seizures declined by 27 percent, from 96 kilograms (kg) in 1995 to 70 kg in 1996.

A significant decision this year was President Caldera's appointment of a politically powerful drug czar and elevation of this position to a cabinet rank. However, the GOV must produce more concrete counternarcotics results to match this demonstration of political will during the next year.

Venezuela's main port, Puerto Cabello, is a favored point for illicit smuggling by narcotics trafficking syndicates. The same is true of other ports along Venezuela's long coastline. Venezuela's airspace offers further opportunities for trafficking. Traffickers transport cocaine by small aircraft primarily to Venezuela's border states of Tachira and Apure. Traffickers risk little by transporting cocaine through Venezuela due to weak and ineffectual law enforcement interdiction efforts.

The United States designated Venezuela as a recipient of more than $12 million worth of USG drawdown defense equipment. The Venezuelan Armed Forces adopted a counterdrug strategy, which defines its role as supporting the National Guard (GN) and police forces. The GOV is working with the United States to create a Joint Police/Military Counternarcotics Intelligence Center. However, much more needs to be done to improve communication and coordination between the GN and the Navy, Air Force and Army to implement the strategy.

Maritime cooperation was disrupted by GOV denials of four USG requests from United States Coast Guard Law Enforcement Detachments from third country vessels to board suspected Venezuelan narcotics trafficking vessels in international waters. However, USG and GOV authorities are currently seeking to broker a maritime agreement.

Although the GOV lacks effective controls over certain precursor chemicals, it made significant seizures of chemicals at Puerto Cabello. The GOV also continued to make significant progress against illicit cultivation. Venezuelan authorities identified replantings of about 500 hectares (ha) of coca and opium poppy fields in the Sierra de Perija region on the border with Colombia. With USG assistance, those replantings were eradicated. Since 1994, joint efforts have reduced estimated illicit plantings from 1,000 ha to 200 ha.

The GOV permitted the basing of United States military assets and personnel in Venezuela in an effort to cooperate on Operation Laser Strike, a United States Southern Command regional air interdiction operation.

Money laundering in Venezuela continued in its financial network of banks and non-bank institutions because of weak banking supervision and regulatory authority. Although Venezuela passed a drug law in 1993 that included provisions on money laundering, key provisions are lacking, including one on conspiracy.

Allegations of corruption plague the judicial branch and some elements of the GN. Law enforcement agencies believe that corruption in the GN is a problem, hobbling the effectiveness of counternarcotics efforts. These shortfalls have raised the USG's concern about trafficking through Venezuela to the United States Venezuela must move swiftly to reform its judicial branch, whose corruption threatens to prevent Venezuela from combatting its drug problem and from protecting its democratic institutions and national territory from international drug traffickers.

Despite such problems, eradication efforts, the elevated rank of the drug czar, Venezuela's first national epidemiological survey, and other counternarcotics efforts reflect the GOV's spirit of cooperation to advance the goals and objectives of the 1988 UN Drug Convention and bilateral agreements with the United States. However, the USG will scrutinize Venezuela's efforts in the coming year and will expect the GOV to be vigorously engaged in increased cooperation on drug interdiction, money laundering, chemical control, anti-corruption efforts and conclusion of a comprehensive bilateral maritime cooperation agreement.

STATEMENT OF EXPLANATION

VIETNAM

Vietnam's increased trade and tourism have opened new routes for Southeast Asian heroin shipments to such consumer markets as Australia, North America and Europe. The SRV continues to battle against narcotics trafficking but has yet to overcome problems of corruption within the military and police. The SRV does, nonetheless, appear to be actively engaged on the counternarcotics issue, conducting a demand reduction media campaign as well as police operations and crop eradication programs. SRV statistics reflect cultivation of 1800 hectares of opium poppy during 1995/96. USG estimates, however, place the cultivation level at 3,150 hectares.

Vietnam created a Drug Control Master Plan in 1995 which calls for the eradication of opium cultivation by the year 2000. In October of 1996, the SRV promulgated implementing regulations for articles of the criminal code related to narcotics. The new regulations permit asset seizures in narcotics cases. Vietnam joined the Association of Southeast Asian Nations Drug Control Cooperation Program in 1996. Vietnam has also stated that it expects to ratify the 1988 UN Drug Convention in 1997. It is currently drafting a comprehensive narcotics control law, based on the tenets of the 1988 Convention, which is expected to go before the National Assembly in 1997. The law will include statutes related to the control of chemical precursors and provide for controlled shipments as an investigative technique.

SRV interdiction efforts resulted in 6,000 narcotics-related arrests in 1996, twice as many as in 1995. SRV law enforcement agencies are working with the UNDCP to create special counternarcotics squads across the country. U.S.-SRV cooperation on narcotics issues expanded throughout 1996. Training initiatives included DEA training for Ministry of Interior narcotics control teams in Hanoi and U.S. Customs Service training for Vietnamese customs officers in Ho Chi Minh City. Several senior Vietnamese narcotics officers also traveled to the United States for consultations with U.S. counterparts. The U.S. hopes to increase the level of its assistance to Vietnam. To that end, it plans to engage the SRV in drafting a Memorandum of Understanding on counternarcotics cooperation; a successful outcome, however, will depend to a great extent on the SRV's coming to grips with the conditionality involved in any expanded U.S. assistance.

VITAL NATIONAL INTERESTS JUSTIFICATION

BELIZE

Because of a significant increase in the detected activities of Colombian drug trafficking organizations in Belize in 1995, Belize was added to the list of major drug producing and transit countries for 1996. Belizean traffickers are also working with Mexican groups to move the Colombian cocaine north to the United States. These criminal activities continued throughout 1996, but the ability of the Government of Belize (GOB) to combat them was severely undermined by deeply-entrenched corruption, which reaches into senior levels of government.

The GOB's accomplishments weighed against those areas where progress was lacking have led to a decision to consider denial of certification of Belize. The GOB's accomplishments in 1996, such as its recent accession to the 1988 UN Drug Convention and passage of money laundering legislation, were achieved only after the United States and other countries exerted intense, coordinated pressure. Belizean cocaine seizures were down 36 percent and marijuana eradication decreased by 4 percent from 1995. Finally, the record of arrests and convictions of major drug dealers was, likewise, disappointing. During 1996, the GOB took no meaningful steps to uncover or punish official corruption.

Bungled investigations, along with several high-profile trials ending in acquittal, including the prosecution of the Home Minister's son-in-law for running an illegal airstrip and two immigration officials fired from their jobs and accused of corruption in an alien smuggling case, have, at a minimum, demonstrated the GOB's deficiencies in its efforts.

The USG urged the GOB to demonstrate its willingness to cooperate with the United States in achieving reasonable counternarcotics goals and objectives. The GOB, however, is not fully cooperating or taking adequate steps to meet the goals and objectives of the 1988 UN Drug Convention, especially promises made by the GOB toward the end of the year to complete a new extradition treaty and a mutual legal assistance treaty. The GOB has been operating under a US-UK extradition treaty.

Denial of certification would be contrary to U.S. vital national interests because it would require the U.S. to vote against multilateral development bank funding for Belize, an important element in supporting our long-term democracy and economic development goals for the country. Such multilateral support reinforces U.S. counternarcotics assistance which is designed to help Belize develop strong, independent and credible institutions capable of bringing traffickers to justice, stemming the flow of narcotics through the country and better guarding its own borders.

Although Belize's counternarcotics efforts fell short of full cooperation during 1996, the GOB did take steps which demonstrated an effort to work with the USG. It is in the vital national interests of the United States to improve the GOB's counternarcotics efforts and ensure that they are given the attention required.

VITAL NATIONAL INTERESTS JUSTIFICATION

LEBANON

Lebanon appears to have succeeded in the struggle against illicit crop cultivation due to the joint Lebanese-Syrian eradication efforts since 1992. There appears to be no cultivation of opium and the cannabis cultivation (for hashish production) also has all but disappeared. There are some small farms in the Baalbek-Hermel region which are still engaged in illicit cultivation, but they appear to be few in number. When such farms are discovered, arrests are made immediately and the crops are eradicated. Lebanese Internal Security Forces (LISF) and the Lebanese Armed Forces (LAF), with assistance from the Syrian Army, reported eradication of approximately 70,000 square meters of cannabis in the Baalbek-Hermel region of the Bekaa Valley during June and July. There were no other reported eradication efforts during the year.

However, Lebanon remains a significant transit country for the purposes of re-export of cocaine, and many small "home"-type labs for processing opium into heroin are still reported to operate in the Bekaa Valley. Several areas of the Bekaa Valley are not under the effective control the Government of Lebanon (GOL), and these areas are vulnerable to the establishment of illegal labs.

Although local authorities deny money laundering is a serious problem, Lebanon still presents itself to narcotics traffickers as a venue for money laundering due to bank secrecy laws, which do not allow for official discovery. Corruption remains endemic through all levels of Lebanese society, reportedly including law enforcement bodies.

In March 1996, the GOL acceded to the 1988 UN Drug Convention, but with formal reservations regarding certain provisions of the Convention, including those which relate to bank secrecy. The United States has already indicated its intention to formally object to these reservations if Lebanon does not withdraw them. Parliament is studying a draft anti-drug code, which would make money laundering a crime.

The GOL has displayed a willingness to cooperate with USG agencies during 1996. Unfortunately, Lebanon's reservations to some of the provisions of the 1988 UN Drug Convention suggest that the political will is not yet sufficient to comply fully with world standards.

Lebanese trafficking continues to pose a threat to U.S. citizens and interests. On the other hand, the United States considers the provision of assistance which encourages the continued development of Lebanon's economy and infrastructure as critical to peace and stability in the Middle East, which is also of vital importance to U.S. interests and stability. These factors, combined with Lebanon's sustained positive performance in eradication and other anti-narcotics efforts, outweigh the threat posed by drug trafficking through Lebanon to the United States.

VITAL NATIONAL INTERESTS JUSTIFICATION

PAKISTAN

Pakistan is an important transit country for opiates from Afghanistan, a source country for approximately 75 metric tons of opium, and a processing country for domestic opium and opium from Afghanistan. Most opium poppy cultivation and most laboratory production of morphine base and heroin in Pakistan takes place in the Northwest Frontier Province (NWFP), which borders Afghanistan. Pakistan has a bilateral agreement with the United States that provides funding for law enforcement, roads and crop substitution in the NWFP, and demand reduction activities.

Under the government of Benazir Bhutto, Pakistan's counternarcotics efforts from January through October 1996 were seriously deficient. However, the interim government of Meraj Khalid, which replaced the Bhutto government in November, took a number of significant counternarcotics actions in accordance with the U.S.-Pakistani bilateral agreement and the 1988 UN Drug Convention.

The primary counternarcotics achievement of the Bhutto government was a reduction in the cultivation of opium poppy. USG estimates of land used for opium poppy decreased 51 percent to 3,400 hectares and the estimate of production decreased 52 percent to 75 metric tons from the previous year. The Bhutto government also extradited Sialek Jan, wanted by the USG on narcotics trafficking charges in March. However, under Bhutto, Pakistani authorities failed to act on DEA information on specific cases of trafficking, severely cut the budget of the Pakistani Anti Narcotics Force (ANF), failed to act on recommendations of the UN Drug Control Programs (UNDCP) for improvements to the Narcotics Substances Act, and failed to interdict trafficking caravans in Baluchistan Province. During Bhutto's tenure, corruption was a significant problem, with ANF officials suspected of perpetrating a hoax seizure of opium base in June, and subsequently covering up their actions.

Pakistani President Leghari November 5 dismissed the Bhutto government for corruption and mismanagement, an act subsequently upheld by the Pakistani Supreme Court. Corruption is a severe and chronic problem in the Pakistani government, including the ANF, which has no bureaucratic system, such as an internal affairs section for identifying, investigating and recommending action against corrupt officers. No one in a policy-making position in either the Bhutto or interim government has been accused of narcotics-related corruption. Sufficient legislation exists to control and punish public corruption but it is seldom enforced. The interim government in November initiated a comprehensive process for holding public officials accountable for corrupt practices.

The interim government in November and December 1996 promulgated changes to the Narcotics Substances Act as

suggested by UNDCP, restored some funds to the ANF, conducted two major raids on heroin laboratories in NWFP, extradited to the United States accused trafficker Nasrullah Henjrah, and arrested another individual on the U.S. extradition request list, Nasir Ali Khan.

During the course of the year, the Government of Pakistan froze $3.5 million in assets from 21 traffickers and seized 5.4 metric tons of opium and 2.0 metric tons of heroin. These figures represent declines from those of 1995.

Pakistan is a party to the 1988 UN Drug Convention, which it ratified in October 1991, but implementing legislation on money laundering has not yet been drafted. The revisions to the Narcotic Substances Act approved by the interim government bring asset seizure and controlled delivery standards to the levels demanded by the Convention.

Vital U.S. national interests could be damaged if Pakistan, under the newly-elected government of Nawaz Sharif, were to be denied certification. Pakistan is a moderate Islamic state with a nuclear weapons capability. Pakistan is the largest contributor of troops for UN peacekeeping operations and has provided key cooperation in the international fight against terrorism. Denial of certification would be viewed in Pakistan as abandonment of a loyal ally and would endanger U.S.-Pakistani dialogue on vital issues. Denial of certification could also bring to a halt the counternarcotics momentum started in November by the caretaker government, and could negatively prejudice the newly elected government against counternarcotics cooperation with the United States.

Denial of certification would further endanger U.S. interests by requiring the United States to vote against Pakistan in multilateral development banks (MDBs). The United States has an interest in seeing that the MDBs continue their support of activities such as the GOP's Social Action Program and its Financial Sector Reform Project, which are essential to Pakistan's human and economic development. Pakistan is one of the largest beneficiaries of World Bank and Asian Development Bank programs.

These risks to vital U.S. interests outweigh any potential gain from denying certification to Pakistan. Pakistan is a primary conduit for opium and morphine base from Afghanistan, the second largest opium producer in the world. With continuing conflict and no central government in Afghanistan, Pakistan's cooperation is particularly important in stopping Southwest Asian drugs.

During the period of vital national interests certification, the United States will strive to work with senior officials of the new government to achieve the goals of the UN Drug Convention.

STATEMENT OF EXPLANATION

AFGHANISTAN

Afghanistan is second only to Burma as a producer of illicit opium, producing approximately 30 percent of the world illicit supply. Production flattened in 1996, after steep annual increases earlier in the decade. U.S. satellite surveys indicated a very small decrease in both cultivation and production, to 37,950 hectares and 1230 metric tons, respectively.

Civil war not only continued but intensified in Afghanistan during 1996. Between September and December, the Taliban, a movement started by religious students, expanded the territory it controls. The Taliban now control 90 percent of the land on which opium poppy is cultivated. The Taliban have now controlled the province producing the greatest quantity of opium for over two years. Both USG and UN Drug Control Program (UNDCP) surveys indicate that there were no concerted eradication efforts in 1996.

Law enforcement actions were virtually non-existent. None of the factions controlling territory made a serious attempt to disrupt narcotics trafficking. Granted that none of the factions has an effective law enforcement bureaucracy, the ease with which narcotics caravans and refineries continued open operations was nevertheless remarkable. In the few instances the USG knows of where arrests were made, most suspects were released upon payment of a bribe.

Taliban leaders, in particular, expressed a desire to cooperate on counternarcotics with U.S. and UNDCP officials. However, the major opium refining operations are located in Taliban-controlled territory, and the Taliban appear to have done nothing to date to discourage cultivation of opium poppy. The leaders state they cannot do so until international donors provide crop substitution and other assistance.

Many sources have reported that all major factions require farmers to pay a tax on their opium production. Some reports also indicate that deeper involvement in trafficking is also common among Afghan leaders.

The USG strongly promotes the UN Special Mission to Afghanistan's efforts to develop a broad-based national government that can address the problems of narcotics, terrorism and humanitarian concerns. We assist the peoples of Afghanistan, subject to resource availability, primarily through UN programs aimed at humanitarian relief, reconstruction, and counternarcotics.

Inasmuch as legislation makes special allowance for continuation of such assistance generally and of assistance for Afghanistan specifically, notwithstanding any other provision of law, denying certification to Afghanistan would have minimal effect in terms of implementation of this policy.

The continued large-scale cultivation and trafficking in Afghanistan, combined with the failure to initiate law enforcement actions, preclude a determination that Afghanistan has taken adequate counternarcotics steps on its own or that it has sufficiently cooperated with the USG in counternarcotics efforts, although Afghanistan is a party to the 1988 UN Drug Convention. Accordingly, denial of certification is appropriate.

STATEMENT OF EXPLANATION

BURMA

Burma produced 84% of the opium cultivated in Asia in 1996 and remains the world's largest producer of opium and heroin. Continuing lack of resources and commitment to effective drug control policies led to near record levels of opium cultivation, totaling 163,000 hectares with a potential yield of 2,560 metric tons of opium gum, or enough to produce 250 tons of heroin. While the State Law and Order Restoration Council (SLORC) claimed an improvement in its record with regard to drug and precursor chemical seizures, these efforts were marginal, both in terms of results and in view of the overall level of opium production and trafficking in Burma. The drug lord Khun Sa continues to be exempt from prosecution or extradition. Ethnic drug trafficking armies such as the United Wa State Army (UWSA) and the Myanmar National Democratic Alliance Army (MNDAA), having negotiated ceasefires with the SLORC which permit them limited autonomy, remain armed and heavily involved in the heroin trade. Their leaders have used their relationship with Rangoon to increase their wealth, but prosperity has not filtered down to the ordinary people in the areas they control. Lack of enforcement against money laundering and an underdeveloped banking system have created an economic environment increasingly conducive to the use of drug profits in legitimate commerce. While there is no evidence that the government per se encourages or is involved in the drug trade, drug money is beginning to permeate the economy.

The SLORC announced no new drug control policy initiatives in 1996. It did conduct some counternarcotics activities in areas controlled by the Kachin Defense Army, the Kokang Army, the MNDAA and the UWSA, seizing a total of 493 kilos of heroin, over three tons of ephedrine, 5,677,525 amphetamine tablets and 2668.4 gallons of acetic anhydride. These actions did not seriously threaten the drug trafficking activities of the organizations in question. The unprecedented chemical precursor and amphetamine seizures, however, have alarmed Burmese authorities because they signal a possible future stimulants problem for the Burmese.

Negotiations involving the Burmese Government, UNDCP, and Wa leaders on the "Drug Control and Development in the Wa Region of Shan State" project concluded in November. The goal is to bring about a gradual reduction of opium cultivation in the Wa area. The Burmese Cabinet has not yet formally approved the project. While the project is designed to incorporate a monitoring and evaluation component, donors have concerns about implementation.

USG engagement of the Burmese government on counternarcotics issues remains limited. DEA maintains a liaison operation with Burmese police and military units involved in drug enforcement activities. The Burmese have also invited USG participation in a third joint opium yield survey in the Shan State. The U.S. will consider further assistance only upon the Burmese Government's demonstration of a strong commitment to narcotics control, the rule of law and significant political reform.

STATEMENT OF EXPLANATION

COLOMBIA

In 1996, as in previous years, Colombia remained the world's leading producer and distributor of cocaine and an important supplier of heroin and marijuana. In the same year, coca cultivation in the country increased by approximately 30 percent.

As in 1995, the Colombian Government made only limited progress in 1996 against the pervasive, narcotics-related corruption from which it suffers. In a process which can only be described as flawed, President Samper was exonerated of charges of corruption by the Colombian Congress. Moreover, Samper remained unwilling to confront fully the drug interests that contributed heavily to his Presidential campaign.

President Samper pledged to push for stricter sentencing laws in 1994, but there was only limited progress in 1996 to advance Congressional passage of legislation which would increase sentences for traffickers and money launderers. As an apparent consequence, the Rodriguez Orejuela brothers -- the notorious Cali drug leaders -- received very light prison sentences which were not commensurate with their crimes. The Colombian government did not respond to the USG's request for extradition of four major drug traffickers and for most of the year it took no action in response to reliable USG information that narcotics traffickers continue to run their operations from prison. Troubling also was Samper's promotion and public praise for a drug-tainted military general -- behavior which reinforces USG concern about the credibility of his stated commitment to serious narcotics control for Colombia.

On the eradication front, the Colombian Government's strong opposition to testing more than one granular herbicide -- in an effort to replace less effective liquid herbicides -- is especially problematic in light of the significant expansion in coca cultivation.

On the positive side, the serious work on the part of the Colombian National Police (CNP) as well as select elements of the military to confront drug trafficking must be highlighted. Government agreement to expand coca and opium eradication was taken on with determination by the CNP despite significant challenges including physical threats and lack of proper resources. In this regard, the USG was encouraged by evidence of increased cooperation from the Colombian military for the CNP in support of illegal crop eradication. The CNP and military also worked closely to counter narco- and guerrilla-sponsored public demonstrations against eradication.

There were signs that newly appointed members of the cabinet are determined and committed to advance important counternarcotics objectives. A noteworthy achievement -- pushed also by private Colombian citizens -- was pressure on the Congress which resulted in passage, with retroactivity, of an asset forfeiture law. However, its constitutionality is already being challenged by those who would be affected by its implementation. In November, bilateral agreement was reached to expedite shipboarding procedures and a maritime agreement was signed in February 1997. The CNP and the Prosecutor General continued their efforts against corruption by firing corrupt police and prosecutors and by continuing investigations targetted against official corruption. However, without determined and committed leadership, much-needed legal reform and a supportive political environment, real drug control successes by the CNP and other entities will be thwarted.

Progress observed in some areas holds promise for serious drug control efforts in Colombia in the future. Nevertheless, because of high-level corruption, the privileged treatment accorded to major traffickers currently in jail, light sentencing of traffickers and the government's continued stand against extradition, the USG cannot certify Colombia as fully cooperating with the United States on drug control, or as having taken adequate steps on its own to meet the goals and objectives of the 1988 UN Drug Convention.

STATEMENT OF EXPLANATION

IRAN

Iran remains an important transit country for opiates from Afghanistan and Pakistan destined primarily for processing in Turkey. The USG has no recent surveys of opium poppy cultivation in Iran, but other sources believe cultivation has decreased, possibly as a result of the influx of cheap Afghan opium.

The Government of Iran (GOI) has ratified the 1988 UN Drug Convention, but the USG remains unaware of the passage of implementing legislation that would bring Iran into compliance with the requirements of the Convention. According to UN Drug Control Program (UNDCP) and International Narcotics Control Board (INCB) missions that have visited the country, and reports received from countries with embassies in Iran, the GOI is attempting to meet at least some of the goals and objectives of the Convention. The USG cannot evaluate Iranian claims as we do not have diplomatic relations. There is no bilateral narcotics agreement or cooperation and Iran's performance is measured solely against the standards of the 1988 UN Drug Convention.

The GOI has, according to reports by other nations, begun reaching out to Western countries in a very tentative fashion, seeking to establish a working counternarcotics relationship. There are, however, countervailing pressures and we know of no working law enforcement relationship. The GOI, Pakistan and UNDCP participate in a tripartite UNDCP law enforcement project, to which Iran contributes important resources according to UNDCP. In 1995, the latest year on which Iran reported, it claims to have seized 126 mt of opium, 2 mt of heroin and 11 mt of morphine, as well as lost 133 citizens in battles against traffickers. The USG cannot verify these claims. The level of narcotics arriving in Turkey does not appear to have diminished according to USG sources.

Credible reports have been received that corruption remains a problem. There have been accusations of corruption against individuals with access to very high levels of power. Low-level corruption remains a problem judging by the number of caravans that successfully evade massive physical barriers at Iran's eastern border. We do not know how extensively or how equitably Iran administers its anti-corruption program.

Sentences imposed for narcotics trafficking are very harsh and 1,000 people have been executed for trafficking since 1989.

STATEMENT OF EXPLANATION

NIGERIA

Nigeria is the focal point of West African narcotics trafficking. Narcotics producing and trafficking organizations in Asia, South America and, increasingly, Nigeria itself either use Nigeria as a transshipment point or rely on Nigerian courier networks to transport Asian heroin and South American cocaine destined for U.S. or European markets. Nigerian trafficking organizations are among the leading carriers of Southeast and Southwest Asian heroin into the United States. In addition, Nigerian traffickers ship cannabis -- the only illicit drug produced in Nigeria -- to Europe and other West African countries. The Government of Nigeria (GON) has failed to address corruption adequately among law enforcement and other government agencies, hindering counternarcotics efforts.

Although the Nigerian Drug Law Enforcement Agency (NDLEA), the one positive internal agency working against drug trafficking in Nigeria, has attempted to combat trafficking and corruption, the GON has left it woefully underfunded. Lack of coordination among police, intelligence and other law enforcement agencies also prevents effective progress against narco-traffickers.

Nigerian trafficking organizations operate sophisticated money laundering operations in addition to controlling courier networks. These organizations have been quick to adapt in response to vigorous international law enforcement, as well as to efforts made by the NDLEA within Nigeria. They have found new ways to evade detection and to alter and expand their narcotics smuggling routes and markets; as GON counternarcotics efforts have effectively reduced the amount of drugs shipped through international airports within Nigeria, courier networks have increasingly relied on overland shipments to transport narcotics. Nigerian trafficking organizations actively recruit couriers of diverse nationalities, backgrounds and ages.

Perhaps the most glaring omission by the GON is its failure to provide funding for its law enforcement employees, thus making them ever more vulnerable to bribery and related forms of corruption, and to provide funding for implementation of its laws and strategies. Most law enforcement employees are paid far less than is sufficient to feed, clothe and house their families. In addition, the GON has taken no meaningful steps towards cooperation with the United States on extraditions, information sharing or prosecution of arrested fraud suspects; nor has it moved significantly towards meeting the goals and objectives of the 1988 UN Drug Convention.

STATEMENT OF EXPLANATION

SYRIA

For several years, Syria has been an important transit country for drugs flowing into and out of Lebanon and, in many cases, on to Europe and the United States. The increase in seizures in 1996 over 1995 (especially of hashish) points to increased vigilance by Syrian authorities, but could imply as well that the total flow of drugs across Syria is increasing. Additionally, the presence of approximately 25,000 Syrian troops in the Lebanese Bekaa Valley makes Syrian cooperation with Lebanese officials a substantial element in the fight against drug production and trafficking there. Allegations of corruption against Syrian military officials stationed in Lebanon continued in 1996.

The Government of Syria (SARG) restructured its Syrian National Police force in 1996, thus creating a separate and independent Counter-Narcotics Division. The SARG continued to assist anti-narcotics efforts in Lebanon during 1996, donating more than a million fruit trees for the Lebanese crop substitution program. Though widespread reports claim that Syrian military and security personnel continue to profit from the drug trade, the SARG neither initiated corruption investigations nor brought anti-narcotics charges against any of these individuals in 1996.

Syria is a party to the 1988 UN Drug Convention. Though Syria made significant progress in some anti-narcotics efforts in 1996, including more aggressive seizures of hashish and various types of amphetamines, it did not meet some of the other goals and objectives of the 1988 UN Drug Convention; specifically, the SARG did not move aggressively enough against narcotics transiting Syrian territory, especially to and from Lebanon, it did not take sufficient action towards locating and dismantling drug laboratories in Syrian-controlled areas of Lebanon, and it ignored serious allegations against Syrian officials of involvement with drug traffickers. Syria does not have a bilateral narcotics agreement with the United States.