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## Presidential Documents

**Presidential Determination No. 20001-12 of March 1, 2001**

### **Certification for Major Illicit Drug Producing and Drug Transit Countries**

#### **Memorandum for the Secretary of State**

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 illicit drug producing and/or major illicit drug transit countries have cooperated fully with the United States, or have 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 Narcotic Drugs and Psychotropic Substances:

The Bahamas, Bolivia, Brazil, People's Republic of China, Colombia, Dominican Republic, Ecuador, Guatemala, India, Jamaica, Laos, Mexico, Nigeria, Pakistan, Panama, Paraguay, Peru, Thailand, Venezuela, and Vietnam

By virtue of the authority vested in me by section 490 (b) (1) (B) of the Act, I hereby determine and certify that, for the following major illicit drug producing and/or major illicit drug transit countries that do not qualify for certification under section 490 (b) (1) (A), the vital national interests of the United States require that assistance not be withheld and that the United States not vote against multilateral development bank assistance:

Cambodia and Haiti

Analysis of the relevant U.S. vital national interests and risks posed thereto, as required under section 490 (b) (3) of the Act, is attached for these countries.

I have determined that the following major illicit drug producing and/or major illicit drug transit countries do not meet the standards for certification set forth in section 490 (b):

Afghanistan and Burma

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 2001. Given that the performance of each of these countries has differed, I have attached an explanatory statement for each of the countries 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**.

A handwritten signature in black ink, appearing to read "George W. Bush". The signature is written in a cursive, flowing style with a long horizontal tail on the final letter.

THE WHITE HOUSE,  
*Washington, March 1, 2001.*

## Annual Drug Certification Determinations Pursuant to the Foreign Assistance Act

### Statements of Explanation

#### Afghanistan

Afghanistan continues to be the world's largest opium producer after another year of major increases. Despite severe drought conditions in much of the country, reliable United States Government estimates indicate that cultivation increased by 25 percent and potential production reached 3,656 metric tons. Afghanistan was responsible for 72 percent of the world illicit opium supply. Traffickers of Afghan heroin continued to route most of their production to Europe, but also targeted the United States. United States seizure data suggest that at least five percent (approximately one metric ton) of the heroin imported into the United States originates in Afghanistan.

The Taliban and Northern Alliance factions vie for national control of Afghanistan and both control territory used by cultivators, refiners and traffickers. United Nations Drug Control Programme (UNDCP) and non-governmental organization (NGO) efforts at supply and demand reduction have had little success due to the lack of cooperation and support from the Afghan factions. The factions, especially the Taliban, which controls 96 percent of the territory where poppy is grown, promote poppy cultivation to finance weapons purchases as well as military operations. Those in positions of authority have made proclamations against poppy cultivation, but they have had little or no effect on the drug trade, which continues to expand.

The Taliban issued in late July a new ban on poppy cultivation. At the end of the year, evidence showed that the area under cultivation was down substantially over the previous year. However, it is not clear to what extent the Taliban will enforce the ban on a continuing basis. Nor is it clear that a ban on poppy cultivation will impede a drug trade suspected by the international community to have large quantities of opium in storage. The announcement of the opium ban has caused opium prices to rise, a boon for traffickers sitting on large stockpiles. Neither the Taliban nor the Northern Alliance has taken any significant action to seize stored opium or precursor chemicals, or to arrest and prosecute drug traffickers. On the contrary, authorities continue to tax the opium poppy crop at about ten percent, and allow it to be sold in open bazaars, and to be traded and transported. While there have been credible reports of significant reductions in poppy cultivation, it will not be possible to assess the extent of any eradication or reduction in cultivation until mid-2001. The Taliban made no discernible attempt to enforce earlier decrees in 1997 and 1999 that banned or reduced poppy. Rather, cultivation increased countrywide in those years.

Drug production in and trafficking from Afghanistan has a negative effect on the region. The drug trade corrupts local authorities, is the major factor behind skyrocketing regional heroin addiction in refugee and indigenous populations, and is responsible for increased levels of terrorism and drug-related violence in neighboring countries. The Afghan drug trade also undermines the rule of law by generating large amounts of cash, contributing to regional money laundering and official corruption in countries with weak economies and institutions.

United States officials have repeatedly urged Taliban officials to respect and implement Afghanistan's international obligations on terrorism, illicit drugs, and human rights. No Afghan faction took any significant steps to achieve the goals and objectives of the 1988 UN Drug Convention. In the absence of an effective central government, a trained anti-drug force, and an operational drug policy, there is virtually no counterdrug law enforcement in Afghanistan.

#### The Bahamas

The Bahamas is a major transit country for U.S.-bound cocaine and marijuana from South America and the Caribbean. The Government of the Commonwealth of the Bahamas cooperates with the United States Government to interdict drugs in Bahamian territory, reduce drug demand, combat exploitation of the offshore financial sector by money launderers and other financial criminals, and enhance the ability of the Bahamian judicial system to prosecute and convict drug traffickers and money launderers.

During 2000, The Bahamas continued its active participation in Operation Bahamas and Turks and Caicos (OPBAT), a three-nation interdiction effort against air and maritime drug smuggling. Total Bahamian cocaine seizures were 47 percent higher than in 1999; marijuana seizures were up five percent.

In June 2000, the Financial Action Task Force (FATF) named The Bahamas a non-cooperative jurisdiction due to deficiencies in its anti-money laundering regime, and in July 2000, the United States Treasury Department advised U.S. banks to closely scrutinize all transactions with Bahamian banks. In response, the Government of the Commonwealth of the Bahamas passed legislation to strengthen its anti-money laundering regime, to create a Financial Intelligence Unit (FIU), to reform its strict banking secrecy rules, and to more effectively regulate International Business Companies (IBCs). The Bahamas also created a separate unit within the Attorney General's Office to process Mutual Legal Assistance Treaty (MLAT) requests and cleared its backlog of outstanding United States Government requests. With full implementation of its new anti-money laundering legislation, establishment of the FIU, and continued improvement in international cooperation via full and rapid responses to MLAT requests, The Bahamas could become less attractive to financial criminals.

The Government of the Commonwealth of the Bahamas has not begun to implement the recommendations of a May 2000 assessment by the Organization of American States Inter-American Drug Abuse Commission (OAS/CICAD) of The Bahamas precursor chemical control system, which included legislative actions, awareness-raising, and institutional development.

During 2000, the Government of the Commonwealth of the Bahamas ratified the Inter-American Convention Against Corruption and successfully prosecuted two corrupt police officers for drug trafficking. The Bahamas is a party to the 1988 UN Drug Convention and works to meet the goals and objectives of that Convention.

### **Bolivia**

In 2000, the Government of Bolivia eliminated all commercially significant coca cultivation in the Chapare, Bolivia's principal coca-growing region. With only 14,600 hectares remaining under cultivation in all of Bolivia, largely in the Yungas region, Bolivia's potential cocaine production was reduced from 70 metric tons in 1999 to 43 metric tons in 2000.

Plans are underway to initiate coca eradication and counterdrug alternative development in the Yungas region, where 12,000 hectares of legal and 1,700 hectares of illegal coca remain. The Government of Bolivia is also undertaking a reevaluation of the needs of the legal coca market, with a view to revising downward the legal maximum amount that can be grown. There are no reports of diversion to the illegal markets of the 300 hectares of illegal coca in the Apolo region. Eradication forces will remain in the Chapare to eliminate the last 600 hectares of coca and to fully enforce the provisions of Bolivia's anti-drug law.

Violent disturbances in October failed to derail the progress in coca eradication; however, their negative impact on overall economic activity in Bolivia was significant. The disturbances also threatened counterdrug alternative development production infrastructure and hard-won market linkages with Argentine and Chilean buyers.

Enforcement of Bolivia's anti-money laundering legislation was not effective in 2000, and there were no arrests or prosecutions. The asset seizure and forfeiture regime remains mired in bureaucratic and legal ambiguities.

It is unclear if new regulations planned to take effect in May 2001 will resolve attendant constitutional questions. The chemical interdiction program, however, was highly successful in 2000, and continued to force Bolivian traffickers to rely on inferior substitutes for scarce and expensive chemicals smuggled in from neighboring countries and to streamline the cocaine base and hydrochloride (HCl) production process. This resulted in the further reduction of the purity of Bolivian cocaine, causing most foreign traffickers to purchase base in Bolivia or import Peruvian base through Bolivia for transshipment and processing into HCl in Brazil where essential chemicals are readily available.

### **Brazil**

Brazil continues to be a major transit country for illicit drugs shipped to the United States and Europe as well as a major producer of precursor chemicals. The Government of Brazil's two main counterdrug events of 2000 were the launch of Operation Cobra and the clarification of the division of counterdrug responsibilities. Operation Cobra reinforces Brazil's northern border with Colombia against any spillover resulting from implementation of Plan Colombia by the Government of Colombia. In addition, the Government of Brazil reorganized its counterdrug effort to give responsibility for supply reduction (interdiction) to the Ministry of Justice and its sub-agencies (including the Federal Police) and responsibility for demand reduction (treatment and prevention) to SENAD, its federal anti-drug agency.

Brazil's domestic drug problem is increasing. Regionally, Brazil continues to cooperate, particularly with Colombia and Peru, to effectively control the remote frontier regions where illicit drugs are transported. Federal Police reported seizing more than four metric tons of cocaine in 2000, a figure which does not reflect the additional drug seizures made by state, local, and highway police forces. A record amount of cannabis, 157 tons, was also reported seized. Brazil improved its precursor chemical controls.

Law enforcement cooperation overall increased, as well, among Brazilian law enforcement agencies and regionally, particularly with Paraguay. Brazil made progress in implementing its money laundering legislation. In its bilateral relationship with the United States, the Brazilian Congress ratified the Mutual Legal Assistance Treaty in December, and resumed negotiations on a Customs Mutual Assistance Agreement.

### **Burma**

The world's second largest source of illicit opium and heroin, Burma accounts for approximately 80 percent of the total production of Southeast Asian opium, although production has declined yearly since 1996. Poppy cultivation expanded in 2000 to 108,700 hectares, a 21 percent increase over the 89,500 hectares cultivated in 1999. Because of localized bad weather, Burma produced 1,085 metric tons of opium in 2000, a decrease of 5 metric tons from the 1,090 metric tons produced in 1999. Heroin seizures declined for the third straight year, and opium seizures rose only slightly. Heroin seized in 2000 totaled 171 kilograms compared to 273 kilograms in 1999 and 404 kilograms in 1998. Opium seizures in 2000 totaled 1,528 kilograms compared to 1,445 kilograms seized in 1999 and 5,394 kilograms seized in 1998. Only two heroin refineries were destroyed through November 2000. The Government of Burma claimed to have eradicated 10,985 acres under poppy cultivation in 2000.

In 2000, Burmese officers seized approximately 27 million methamphetamine tablets, a decrease from the nearly 29 million seized in 1999 and only a small fraction of the total produced in Burma. Seizures of ephedrine, the precursor used to manufacture methamphetamines, also declined from nearly 6,500 kilograms in 1999 to approximately 2,700 kilograms in 2000.

The Government of Burma pursued a cautious, low-risk counterdrug program, introduced no new counterdrug policies, continued to exert little direct pressure on major drug organizations, and made almost no attempt to seize drugs or destroy illegal drug factories in United Wa State Army-controlled territories.

The Government of Burma continued to pursue and arrest individual drug traffickers, including members of some former insurgent groups, but has been unwilling or unable to take on the most powerful groups directly. The cease-fire agreements signed with these insurgent groups often implicitly condone their continued participation in drug production and trafficking, at least over the short term. The ethnic drug-trafficking armies, such as the United Wa State Army and the Myanmar National Democratic Alliance Army, remain armed and heavily involved in the heroin trade.

The Government of Burma expressed support for poppy eradication and crop substitution, but allocated few resources to such projects. Its policy is to force the leaders in the ethnic areas to spend their own revenues, including from the drug trade, on social and physical infrastructure. The approach limits the Government of Burma's ability to continue or expand its counterdrug efforts.

Burma's 1993 Narcotic Drugs and Psychotropic Substances Law conforms to the 1988 UN Drug Convention and contains useful legal tools for addressing money laundering, seizing drug-related assets, and prosecuting drug conspiracy cases. Government officials, claiming they lack sufficient expertise, have been slow to implement the law, targeting few, if any, major traffickers and their drug-related assets. Money laundering in Burma and the return of drug profits laundered elsewhere are thought to be significant factors in the overall Burmese economy, although the extent is impossible to measure accurately.

The Government of Burma continued to refuse to transfer to U.S. custody drug lord Chang Qifu on grounds that he had not violated his 1996 surrender agreement. The 1988 UN Drug Convention obligates parties, including Burma, to prosecute such traffickers.

The Government of Burma's counterdrug efforts in 2000 showed progress in a number of areas: crop eradication continued with modest expansion; anti-drug forces conducted more vigorous law-enforcement efforts; and members of some cease-fire groups were arrested for drug trafficking. Such efforts must be expanded, however, if they are to have a significant impact on the overall trafficking problem.

On balance, the United States Government remains concerned that Burma's efforts are not commensurate with the extent of the illicit drug problem within its borders. Large-scale poppy cultivation and opium production continues, and enormous quantities of methamphetamines are produced. The Government of Burma's effective toleration of money laundering, its unwillingness to implement its counterdrug laws, and its failure to transfer notorious traffickers under indictment in the United States are all serious concerns.

### **Cambodia**

Cambodia remained a weak link in the region's efforts to combat the drug trade. Through 1998, chronic political instability hindered Cambodia's ability to mount a sustained counterdrug effort. Cambodia's institutions are now only slowly improving. The Government of Cambodia recognizes that its counterdrug performance to date has been inconsistent and often ineffective, and there is widespread recognition that the country must be more aggressive in tackling drug-related issues.

There was some progress in improving law enforcement and limiting corruption in 2000, but there was insufficient progress for Cambodia to qualify for full certification.

There were positive developments reported. Cambodia's lead counterdrug agency, the National Authority for Combating Drugs (NACD), cooperates closely with the U.S. Drug Enforcement Administration, regional counterparts, and the UNDCP. Cambodia is a party to the 1993 Regional Memorandum of Understanding on Drug Control, and is also a party to a six-country Subregional Action Plan for Drug Control. In mid-2000, the United States Government permitted mid-level Cambodian officials to participate

in courses at the International Law Enforcement Academy (ILEA) in Bangkok, an initial step toward fulfilling critical training shortcomings.

The Government of Cambodia continued to have some success in combating illegal cultivation of marijuana. The military conducted numerous sweeps against marijuana producers in the major growing zones and destroyed 60 hectares in 2000, three times the previous total. However, seizures of harvested marijuana declined. The Prime Minister spoke out forcefully against corruption. He fired some high level officials, including a provincial governor and his staff, for involvement in illegal logging, and publicly threatened to fire another governor for failure to act against illegal marijuana cultivation.

Despite those positive developments, corruption in Cambodia remained prevalent. Until this crucial problem is more fully addressed, effective law enforcement will remain elusive. The institutions needed to combat illegal drugs remain in a nascent state, and neither the institutions nor many of the officials within them are sufficiently competent to address the problems they face. This combination of a lack of competence and continued corruption results in Cambodia failing to meet the standards for full certification.

A vital national interests certification is necessary again this year to protect U.S. vital national interests in Cambodia. Democracy in Cambodia is progressing. This year the legislature passed laws to create an international tribunal to bring to trial the former leaders of the Khmer Rouge, a major step towards greater international acceptance and one that will require donor assistance to Cambodia. Should sanctions be imposed, it would not be possible for the United States Government to assist in strengthening Cambodia's democratic development. Cambodia remains vulnerable to drug trafficking and other crime due to the weakness of its institutions, a vulnerability that will also put at risk its immediate neighbors. This vulnerability would only be exacerbated by the consequences of decertification. The risks to democracy in Cambodia and to regional stability outweigh the risks posed by Cambodia's failure to fully implement effective drug control.

### **China**

The People's Republic of China (hereafter, China) continued a multifaceted approach to combat the use and trafficking of illicit drugs. Preliminary figures suggest that heroin seizures will mirror those in 1999, which fell steeply from record levels in 1998, but most seizures of Burmese heroin now take place in China. Seizures of amphetamine-type stimulants (ATS) skyrocketed in 2000, demonstrating the growing threat from synthetic drugs in China.

For the first time, Chinese authorities provided the United States Government with samples of drugs seized en route to the United States. China cooperated with the United States and other countries in providing pre-export notification of dual-use precursor chemicals, and continues to cooperate actively on operational issues with the U.S. Drug Enforcement Administration through its office in Beijing. China eliminated new anonymous bank accounts to combat money laundering.

China's domestic counterdrug strategy emphasizes both education and rehabilitation. The approach includes anti-drug education for all school children, warnings to citizens of the link between intravenous drug use and HIV/AIDS, and a pilot "drug free communities" program.

During 2000, China cooperated with the UNDCP and regional states on projects on demand-reduction and on crop-substitution in Burma and Laos. The United States and China signed a Mutual Legal Assistance Agreement in June 2000, but China has not yet activated the bilateral Customs Mutual Assistance Agreement signed in 1999. In October, China signed a Memorandum of Understanding with Thailand to enhance counterdrug cooperation and in November signed a bilateral cooperation accord with Laos on transnational crimes, including illicit drug trafficking. China is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention on Narcotic

Drugs and its 1972 Protocol, and the 1971 UN Convention on Psychotropic Substances.

Law enforcement cooperation with the United States Government has advanced over the last three years, but China frequently does not respond to U.S. requests for information or responds too late to be of operational value. China has also continued its nonengagement in the Asia-Pacific Group on Money Laundering and did not pursue membership in the Financial Action Task Force.

Despite some shortcomings, China has acted forcefully to stop the production, trafficking in, and use of illicit drugs within its borders and within the region and is committed to achieving the goals of the 1988 UN Drug Convention.

### **Colombia**

Colombia remains the world's largest cocaine source, with 80 percent of the world's cocaine hydrochloride produced, processed or transported through Colombia. Still, Colombia met the certification criteria in 2000 due to significant gains it made in combating illicit drugs and its full cooperation with U.S. counterdrug efforts throughout the year. The Government of Colombia continues to demonstrate its resolve in combating the illegal drug industry and had a number of concrete achievements in 2000.

In December, the Government of Colombia initiated the counterdrug component of "Plan Colombia," the comprehensive strategy to address the many interrelated challenges facing the country. The United States Government supports this multi-year Colombian initiative and provided partial funding for it through a supplemental appropriation in 2000. Importantly, both "Plan Colombia" and the Pastrana administration's National Drug Control Strategy couple alternative development with aerial eradication of illicit crops, recognizing that neither can succeed without the other.

In 2000, major cooperative efforts, such as Operation New Generation, resulted in the arrests of key traffickers. Meanwhile, important judicial cooperation resulted in the extradition of 12 fugitives to the United States, nine of whom are Colombian nationals.

The Colombian National Police (CNP) continued its outstanding counterdrug efforts. The CNP received increased support from the Colombian Armed Services and began joint operations in southern Colombia with the Army's counterdrug battalions.

The Government of Colombia once again made significant advances in combating maritime trafficking, independently and bilaterally. The port security program resulted in the seizure of 29 metric tons of cocaine and demonstrated the potential of cooperation between government and private industry. The Colombian Navy has described a shipboarding agreement (signed in 1997) as one of its most effective counterdrug tools and has credited this agreement with the capture of over 23 tons of cocaine in 2000. The Government of Colombia also enacted resolutions meant to disrupt the logistics support to drug traffickers at sea by improving monitoring of ships and boats and increasing the penalties associated with carrying fuel in excess of levels specified in issued permits.

The Government of Colombia has improved the Colombian Air Force's (FAC) monitoring and interdiction abilities. In 2000, the FAC effectively prevented illegal aircraft from entering Colombia's north coast. The CNP's civil aviation registration program, begun in 1999, inspected 398 aircraft in 2000, finding 58 violations with 20 testing positive for drug residue.

The aerial eradication program succeeded in treating approximately 47,370 hectares of coca, a slight decrease from last year's level, and roughly 9,000 hectares of opium poppy, the most ever in Colombia. The CNP also had another strong year in the realm of enforcement, with seizures of large amounts of cocaine hydrochloride and base, coca leaf, heroin, morphine and opium.

The Government of Colombia also took an important step in combating financial crime when it joined the Governments of Aruba, Panama and Venezuela, as well as the United States, in establishing a multilateral initiative to address the Black Market Peso Exchange (BMPE). The BMPE is a highly organized money-laundering system through which products such as liquor and domestic appliances are purchased abroad with drug-generated dollars, smuggled into Colombia, and then sold on the domestic market, thereby generating pesos which can be introduced into the legitimate economy.

Overall, Colombia continued as a leader in counterdrug efforts in 2000 and demonstrated its staunch commitment to cooperate fully with the United States in combating this shared problem.

#### **Dominican Republic**

The Dominican Republic is a major transit country for South American drugs, mostly cocaine, moving to the United States. The country is used by drug smugglers as both a command-and-control center and transshipment point. Increasing amounts of designer drugs, especially ecstasy, are being moved from Europe through the Dominican Republic to Puerto Rico and the U.S. mainland.

While extradition of fugitives to the United States has become more routine as our bilateral extradition relationship continues to improve, there still is no regular process. A more consistent and predictable extradition process remains a key U.S. objective in its bilateral relations with the Dominican Republic. The Dominican Republic is designated a major money laundering country, but is not a regional financial center. The Dominican Republic is a party to the 1988 UN Drug Convention and its counterdrug efforts are consistent with the goals of the Convention.

In 2000, the Government of the Dominican Republic continued to cooperate fully with the United States Government on counterdrug goals and objectives. In April, the Government of the Dominican Republic submitted legislation to strengthen money-laundering regulations; the legislation is currently awaiting passage by the legislature. The new administration of Hipolito Mejia, installed in August 2000, has pledged full cooperation with the United States and other countries in counterdrug activities. A National Drug Plan for the years 2000-2005, published in August, will guide its efforts.

Through December, with U.S. cooperation and assistance, the Dominican Republic's National Drug Control Agency (DNCD) seized 1,270 kilograms of cocaine, 2,900 kilograms of cannabis and 20 kilograms of heroin, and also made 4,625 drug-related arrests. In November, the United States and the Dominican Republic concluded a new, four-year, overflight agreement that permits United States Government aircraft to fly through the airspace of the Dominican Republic in pursuit of smugglers' aircraft. Also in 2000, the DNCD and the military established three special land control units and three coastal units to protect the country's border with Haiti and its coastline from drugs transiting the country.

#### **Ecuador**

Ecuador continues to be a major transit area for drugs and precursor chemicals. Traffickers exploit Ecuador's porous borders with Colombia and Peru to consolidate smuggled cocaine and heroin into larger loads for bulk shipment to the United States and Europe hidden in containers of legitimate cargo.

Ecuador continued to struggle with economic and political crises, including events in January 2000 which led to the ouster of the elected president and replacement by his constitutional successor. Also in 2000, Ecuador became the first South American country to adopt the U.S. dollar as its national currency.

The Ecuadorian National Police (ENP) seized more than three tons of cocaine and coca base, 109 kilograms of heroin, and 18 tons of marijuana.

The ENP established a unified anti-drug division to strengthen the management of drug law enforcement, and created an internal affairs unit. Ecuador's depressed economy and continued lack of police/military coordination, however, hamper counterdrug efforts. Ecuador improved its enforcement of regulations on controlled precursor chemicals.

The Ecuadorian Congress enacted a new criminal justice procedural code, which will fundamentally change its legal system from an inquisitorial to an accusatory-style one. Ecuador also began to enact legislative reforms related to money laundering, and to legalize the use of controlled deliveries and undercover operations as law enforcement tools. A joint Ecuadorian task force, including financial intelligence units, addressed coordination of drug trafficking and money laundering investigations. Ecuador participated in the OAS/CICAD initiative, the Mutual Evaluation Mechanism (MEM).

Ecuador has cooperated with the United States in a very significant way by permitting the United States Government to establish and operate, at an Ecuadorian Air Force base in Manta, a forward operating location (FOL) for regional aerial counterdrug detection and monitoring missions.

### **Guatemala**

The Government of Guatemala cooperated with the United States Government in combating drug trafficking in Guatemala. Guatemala is a party to the 1988 UN Drug Convention, and most Guatemalan law enforcement activities are consistent with its goals and objectives. Once a major producer of opium, Guatemala's sustained eradication efforts have reduced opium cultivation and maintained it at insignificant levels. Nevertheless, Guatemala remains a major drug-transit country for South American cocaine en route to the United States and Europe. In 2000, the Government of Guatemala made an effort to increase its law enforcement capabilities to counter the constant flow of drugs transiting the country. However, drug seizures declined significantly due to the tremendous turnover in personnel in law enforcement and other government agencies, corruption, and an acute lack of resources.

Professionalization of the National Civilian Police's Department of Anti-Narcotics Operations (DOAN), the main Guatemalan counterdrug force, is a primary objective for the Government of Guatemala. It is attempting to develop an effective, integrated counterdrug and related law enforcement training program that will improve the quality of the DOAN and to enhance interdiction and eradication operations.

The Government of Guatemala increased the Public Ministry's special anti-drug staff and continued with a U.S.-funded program of professionalization for prosecutors and the judiciary that included anti-corruption training. The Guatemalan Supreme Court established special "high impact" courts to handle drug-trafficking and other cases deemed too sensitive for the regular court system. Despite these measures, success in prosecuting major traffickers has been limited. With U.S. assistance, the Public Ministry created the Anti-Corruption Prosecutor's office which has initiated nearly a thousand cases against government officials although none have gone to trial.

The Government of Guatemala is considering draft money laundering legislation and has signed (but not ratified) the Central American Convention for the Prevention of Money Laundering and Related Crimes.

### **Haiti**

The record does not support certification of Haiti as having fully cooperated with the United States or taken adequate steps on its own to achieve full compliance with the goals and objectives established by the 1988 UN Drug Convention, to which Haiti is a party. However, it is in the vital national interests of the United States to continue to provide U.S. foreign assistance to Haiti.

Haiti remains a significant transshipment point for drugs, primarily cocaine, moving through the Caribbean from South America to the United

States. Although cocaine flow through Haiti decreased during 2000, only some of the decrease is attributable to the efforts of the Haitian Government.

The Government of Haiti cooperated with the United States Government in a limited number of areas. These areas included: U.S. Coast Guard and multilateral maritime interdiction efforts; expulsion of two non-Haitian fugitives; ratification of both a bilateral maritime law enforcement agreement and the Inter-American Convention Against Corruption; and enactment of a National Drug Control Strategy and anti-money laundering laws.

However, the Government of Haiti failed to take other significant counterdrug actions. It did not: enact asset forfeiture and precursor chemical legislation; draft and introduce anti-corruption legislation; expand the anti-drug unit of the National Police to the agreed-upon size; or fully implement a Memorandum of Understanding among key law enforcement and related agencies to ensure interagency counterdrug cooperation. In addition, it showed no increase in seizures of illegal drugs, including cocaine, nor in the number of arrests of major traffickers. Neither did it successfully prosecute money-laundering cases, nor secure the forfeiture of trafficker assets. Finally, the Government of Haiti did not conclude a counterdrug Letter of Agreement with the United States Government.

Vital national interests of the United States require that assistance to Haiti be maintained. Continued assistance for programs to alleviate hunger, increase access to education, combat environmental degradation, and incubate civil society in the hemisphere's poorest country is vital to strengthening democracy, promoting economic growth, and reducing pressure for illegal immigration. Terminating these programs could prompt Haitian authorities to end their cooperation in the repatriation of Haitian immigrants interdicted at sea. These programs also address the root causes of poverty and hopelessness in Haiti, which are important contributing factors behind Haitian involvement in the drug trade.

Therefore, the risks posed to the vital national interests of the United States by a cutoff of bilateral assistance outweigh the risks posed by Haiti's failure to cooperate fully with the United States Government, or to take adequate steps on its own, to achieve full compliance with the goals and objectives established by the 1988 UN Drug Convention.

### **India**

India is one of the world's top producers of licit opium and is the sole producer of licit opium gum. It is a key heroin transshipment country due to its location between Southeast Asia and Southwest Asia, the two main world sources of illicitly grown opium. India is a modest but apparently growing producer of heroin for the international market. The Government of India continues to tighten controls to curtail diversion of licit opium, but an unknown yet significant quantity of licit opium finds its way to illicit markets. There was a significant increase in diversion of licit opium from the 1999 crop, but the 2000 crop suffered much less diversion.

Under the terms of internationally agreed covenants, and to meet U.S. certification requirements, India is required to maintain licit production of opium and carry over stocks at levels no higher than those consistent with world demand, i.e., to avoid excessive production and stockpiling which could "leak" into illicit markets. India has complied with this requirement.

Though the 1999 and 2000 licit opium gum harvests had identical weather conditions, enhanced enforcement during the harvest and weighing period prompted farmers to turn in higher yields in 2000. The level of diversion from the licit opium crop, while always difficult to estimate, clearly declined from an alarming level in 1999, when up to 300 metric tons of opium gum may have been diverted to the black market. The success seen in 2000 appears due in large part to the more aggressive Government of India drug control efforts during the harvest and collection period of the crop. Licit opium diversion controls included re-surveys of plots after the planted

crop reached a particular stage of growth to ensure that the area under cultivation matched that licensed. Cultivation more than five percent above the licensed amount was destroyed, and the cultivator was liable to prosecution. India has continued to tighten controls on diversion and in 2000 agreed to a Joint Licit Opium Poppy Survey (JLOPS) agreement with the United States, a significant step in fighting diversion. The survey will provide a firmer scientific basis for minimum qualifying yields for farmers.

Poppies are grown illicitly in India in the Himalayan foothills of Kashmir and Uttar Pradesh, and in northeast India near the Bangladesh and Burmese borders. The quantities of illicit production appear relatively small. "Brown sugar" heroin, originating in India, is available in Nepal, Bangladesh, Sri Lanka, and the Maldives. Since January 1999, Indian authorities have seized more than 337 kilograms of refined "white-powder" heroin, at least part of which was produced in India, destined for Sri Lanka. The Central Bureau of Narcotics (CBN) began organized poppy eradication campaigns in Arunachal Pradesh four years ago. In its first campaign in 1997, the CBN destroyed 35 hectares of opium poppy. This increased to 95 hectares in 1998, and 248 hectares in 1999. In 2000, 153 hectares were destroyed.

In 2000 an estimated 1,089 kilograms of heroin were seized, up 27 percent from 1999 (861) and 66 percent over 1998 (655). Opium seizures totaled 2,218 kilograms, up from 1,635 in 1999 and 2,031 in 1998, occurring mostly in the poppy growing areas.

Indian controls on precursor chemicals have reduced the availability of these chemicals to the illicit market. Nevertheless, illicit diversion of precursor chemicals from India continued to occur. Indian authorities have been very cooperative with the U.S. Drug Enforcement Administration in sharing information from no-objection certificates, in verifications of end-users, and in notifications of seizures of India-produced chemicals.

### **Jamaica**

Jamaica is a major transit point for South American cocaine en route to the United States as well as the largest Caribbean producer and exporter of marijuana. During 2000, the Government of Jamaica made some progress toward meeting the goals and objectives of the 1988 UN Drug Convention. Increased trafficking through Jamaica indicates the need for its Government to intensify and focus its law enforcement efforts and to enhance its international cooperation.

In 2000, the Government of Jamaica amended its 1996 Money Laundering Act to add fraud, corruption, and firearms trafficking as predicate offenses. Further action is needed, however, to bring Jamaica in line with international standards, including an improved asset forfeiture regime and an operational financial analysis unit. In 1999, the Government of Jamaica enacted legislation enabling asset-sharing agreements with other governments; an agreement with the United States is pending.

In April 2000, the Government of Jamaica brought into force a Precursor Chemicals Act, budgeted for implementation of chemical controls, and is taking action, with U.S. assistance, to comply with recommendations provided by the Organization of American States Inter-American Drug Abuse Control Commission's Precursors Control Project. Although the Government of Jamaica made progress in implementing the recommendations contained in a 1997 port security assessment and increased security presence at its ports, drug traffickers continue to use Jamaica's air and seaports. The United States Customs Service reports that Jamaica is the embarkation point of the largest number of passengers arrested with drugs at U.S. airports. While evidence from drug detection technology, such as ion scan, can be exploited under certain conditions, the Government of Jamaica should consider providing specific legislation to admit this type of evidence in Jamaican courts. In December 2000, the Government of Jamaica introduced a wiretap bill in Parliament.

The Fugitive Apprehension Team, a special police unit dedicated to the apprehension and eventual extradition of criminals wanted by the United States, aided by officers of the United States Marshals Service, made over 20 arrests in 2000, more than double the number in 1999. The Government of Jamaica extradited 10 people to the United States in 2000 and is actively working on over 40 cases. Legislation creating drug courts came into force in 2000; the courts should begin sitting in 2001.

Corruption continues to undermine law enforcement and judicial efforts against drug-related crime in Jamaica. The Government of Jamaica reintroduced in Parliament its anti-corruption bill, which passed in December, and amendments to strengthen the Parliament (Integrity of Members) Act. Implementation of these bills and ratification of the Inter-American Convention Against Corruption could help the Government of Jamaica root out corruption in the public sector.

A significant increase in the flow of cocaine through Jamaica in the first half of 2000, coupled with reduced cocaine seizures and marijuana eradication by the Government of Jamaica, indicates that more intensive law enforcement action with enhanced international cooperation is necessary to disrupt drug trafficking and production activities in Jamaican territory and waters. Such actions include the arrest and prosecution of significant drug traffickers operating in Jamaica, dismantling of small independent groups that conduct the drug trade, and increased drug seizures and eradication. As it agreed to do in 1998, the Government of Jamaica should develop a vetted special investigative unit to identify and target significant drug traffickers. Jamaican forces participated in combined operations with the United States under a bilateral maritime agreement, but should take full advantage of the agreement in order to reduce the drug flow through Jamaica. U.S. law enforcement agencies note that cooperation with their Jamaican counterparts is generally good, but could be significantly improved.

The Government of Jamaica has in place a national drug control strategy that covers both supply and demand reduction; specific goals and objectives, together with measures of effectiveness, should be incorporated in this strategy. Jamaica is a party to the 1988 UN Drug Convention.

#### **Laos**

Laos remains the world's third largest producer of illicit opium, behind Burma and Afghanistan. For the 2000 growing season, the United States Government estimates Laos's potential production at 210 metric tons, which is substantially greater than the 1999 estimate of 140 metric tons. Opium cultivation increased six percent. The higher production estimate can be attributed to improved weather conditions and an increase in estimated yields, although the increase in cultivation also contributed to a lesser degree.

Laos continued to cooperate with the United States Government in crop substitution projects. Most crop substitution project areas funded by the United States Government continued to show low levels of opium cultivation. As a first step for the new Lao-American project in Phongsali Province, construction began on a 72-kilometer road that will link remote, opium-cultivating villages. The Government of Laos also continued cooperation in Houaphanh Province.

In March, the Government of Laos held its first national conference on drug control, at which counterdrug strategies and work plans were formulated. In October, Laos formally committed itself to eliminating opium by 2008 and all drugs by 2015, in accordance with the political statement and plan of action enacted by the Association of Southeast Asian Countries at a UNDCP Congress in Bangkok. The Government of Laos continued to work closely with the UNDCP to develop a master plan for opium elimination and to raise funds for that effort.

Cooperative efforts on law enforcement also continued. New counterdrug law enforcement offices opened in Champasak and Houaphanh provinces,

and the office in Udomxai moved to quarters refurbished with U.S. assistance. Seizures of heroin and methamphetamine increased sharply, and the Lao police cooperated with United States Government officials in counterfeit U.S. currency investigations. Police performance and law enforcement in general, however, continued to fall short of goals. Counterdrug police units need more training and better coordination. The Government of Laos is not yet a party to the 1988 UN Drug Convention; its stated goal is ratification of the convention in the near future, as agreed by all participants in the 1998 UN General Assembly Special Session on Drugs.

### **Mexico**

Sharing a nearly 2000-mile border with the United States, much of the drug-related criminal activity in Mexico is linked to the U.S. illicit drug market. Mexico is a major source of opium poppy and cannabis. It is also a major drug transit country for cocaine, heroin, methamphetamine and cannabis, and Mexican-based organized crime plays a significant role in drug distribution in the United States.

Both the Governments of Mexico and the United States recognize that bilateral cooperation is essential to effective action against these transborder criminal groups as well as against other aspects of the shared drug problem. The drug issue is among the top issues on the bilateral agenda. Greater information sharing and the establishment of formal mechanisms to achieve our shared goals, particularly on drug interdiction and money laundering, characterized bilateral counterdrug cooperation in 2000.

The Government of Mexico continued its broad-based program to combat drug trafficking and related crimes, as well as to address a worrisome increase in drug abuse. Drug-related violence, particularly along the border with the United States, remained a major concern. The Government of Mexico made progress in its efforts to dismantle the transborder drug cartels, particularly the Tijuana-based Arellano Felix Organization. Mexican military and law enforcement authorities arrested both the cartel's chief of operations and its financial manager. These and other high profile arrests represent significant accomplishments for Mexico's counterdrug agencies.

Mexico's eradication program is one of the largest and most aggressive in the world. Eradication, coupled with severe drought, reduced cultivation by almost 50 percent from 1999 to approximately 1,900 hectares. This resulted in record low levels of opium poppy production, and heroin production fell from just over 4 metric tons in 1999 to only 2.5 metric tons in 2000, a record low.

The Mexican financial system remains vulnerable to international money laundering, particularly given the large amounts of drug proceeds being laundered by Mexico-based criminal organizations. The Government of Mexico took important steps in 2000 to strengthen its anti-money laundering infrastructure. Recent legislative modifications and regulations lowered the threshold for declarations of large amounts of currency or monetary instruments and imposed requirements on non-bank financial institutions; this should improve the Government of Mexico's ability to detect money laundering and to prosecute money laundering cases.

Since much of the money laundered in Mexico originates in the United States, there is extensive bilateral cooperation in this area. In 2000, the Governments of Mexico and the United States signed an agreement to facilitate tracking the movement of large sums of money between the two countries. In June 2000, Mexico became a member of the Financial Action Task Force, the leading international body dedicated to fighting money laundering. The Government of Mexico also enacted legislation to strengthen reporting requirements for large-value domestic currency transactions. Aggressive enforcement of these regulations will be needed to safeguard the integrity of Mexico's financial institutions.

Regarding the return of fugitives, the Mexican Supreme Court ruled that the extradition of Mexican nationals is permissible under Mexican law.

This reversed several lower court rulings that prevented the extradition of Mexican nationals facing criminal charges in the United States. Although issued in 2001, the decision represents the culmination of a sustained effort by the Zedillo Administration to strengthen bilateral law enforcement cooperation. In addition, the Mexican Senate ratified the temporary surrender protocol to the bilateral extradition treaty, which, likewise, will enhance cooperation in bringing fugitives to justice.

The Government of Mexico increased its efforts to reduce the demand for drugs domestically, giving special attention to the northern border, where the incidence of drug abuse and drug-related violence, is up to three times the national average. Cross-border cooperation on drug abuse and crime prevention has been increasing. For example, Baja California's Secretariat of Education and the San Diego School District have initiated a pilot project introducing a curriculum on the "culture of lawfulness" to help young people better understand and thus resist involvement in crime and corruption. The appointment of a "drug czar" for demand reduction brought new attention to federal efforts to reduce drug use.

In its struggle against drugs, Mexico still faces daunting challenges. One of the most difficult is corruption within the law enforcement institutions fostered by drug trafficking organizations. The Zedillo Administration continued to promote reform efforts, but these were undermined by such factors as administrative shortcomings in its law enforcement agencies, i.e., low salaries and a lack of operational funds and equipment. President Fox campaigned on a platform of fighting crime and corruption, and has undertaken reorganization and reform of the justice sector, sending a strong signal of commitment.

The Governments of Mexico and the United States continue to build upon the existing infrastructure of counterdrug policy coordination mechanisms, training and information sharing, equipment and technical assistance, as well as bilateral law enforcement cooperation, through the development of bilateral agreements, multilateral mechanisms, and working-level communications. Step by step, the United States and Mexico will expand this infrastructure and work to remove legal impediments and other roadblocks to effective cooperation against transnational criminal organizations.

#### **Nigeria**

The Government of Nigeria made significant efforts in 2000 to address its drug trafficking problem. Democratically elected President Obasanjo has publicly denounced drug trafficking. The Nigerian National Assembly passed tough anti-corruption legislation that created an anti-corruption commission with broad powers. The Obasanjo Administration supported the 1990 National Drug and Law Enforcement Agency (NDLEA) Act Number 33, which dictates that Nigerians convicted of drug offenses abroad will be arrested upon their deportation back to Nigeria, and, if convicted, be liable for a minimum of five years additional imprisonment.

In 2000, the Government of Nigeria demonstrated its commitment to counterdrug cooperation by transferring to U.S. custody four fugitives, including two individuals indicted for serious drug and drug-related offenses and designated under the Foreign Narcotics Kingpin Designation Act. Alhaji Bello Lafiaji, the new chief of the NDLEA (which has primary responsibility for combating drug smuggling and drug abuse), also declared an all-out offensive against drug trafficking, called for the harmonization of Nigeria's drug legislation, and sought increased international assistance for the drug agency.

Nigerian counterdrug efforts during 2000 primarily focused on the interdiction of couriers transiting Nigeria's airports as well as a public campaign focused on destroying plots of cultivated marijuana throughout the country. The NDLEA's most successful interdictions have taken place at Nigeria's international airports, forcing smugglers to change tactics and ship contraband via Nigeria's five major seaports or across its porous land borders. The NDLEA reported a total of 107 kilograms of cocaine and heroin seized

during 2000, as well as the arrest of 1,881 drug traffickers during the first ten months of the year. Several Nigerian customs officials involved in an attempt to smuggle heroin to the United States were apprehended and now face trial for their crime. In addition, a Nigerian military general was court martialed, stripped of his rank, and dismissed from the Army; he remains in the custody of military officials after being implicated in a heroin smuggling case, while he was stationed in Pakistan.

The NDLEA conducted an active eradication campaign in 2000 and reported a total of 961,345 kilograms of cannabis destroyed. Recently, the NDLEA has highlighted this eradication campaign by inviting dignitaries to the various destruction ceremonies around the country and releasing press reports highlighting their eradication activities.

Cooperation between Nigerian and U.S. law enforcement agencies was good during 2000. However, law enforcement efforts are often stymied by the slow pace of the Nigerian judicial system, which can be attributed to both intimidation and corruption of the judiciary by criminal organizations. In addition, within the judicial system, the Government of Nigeria needs to establish a reliable extradition process that will allow extradition requests to be heard expeditiously and fairly.

Nigeria is a hub of money laundering and criminal financial activity, not only for the West African sub-region, but also increasingly for the entire continent. Nigerian money laundering is directly linked to drug trafficking, as well as such related activities as document, immigration and financial fraud. In response to international concerns, the Government of Nigeria has taken positive steps to combat criminal activity and has become closely involved with U.S. law enforcement agencies in attempting to address financial crimes and money laundering in Nigeria.

#### **Pakistan**

Pakistan is an important transit country for Afghan opiates and cannabis. In 2000, Pakistan sharply reduced poppy cultivation, dropping from 1,670 to 515 hectares, a 67 percent decrease from 1999. Government of Pakistan counterdrug cooperation with the United States Government was excellent. Interdictions of heroin increased 85 percent and several major traffickers were arrested. The Government of Pakistan has prevented the reemergence of large heroin/morphine processing laboratories. However, there was little progress in 2000 on pending extradition cases of drug fugitives.

Pakistan almost achieved its ambitious goal of eliminating opium production by the year 2000. While Pakistani opium production has plummeted, the tripling of poppy cultivation in Afghanistan since 1993 and growth in sophistication of the Afghan drug trade are putting enormous pressure on the Government of Pakistan's border control efforts and Pakistani society. This means more drugs transiting Pakistan, a growing addiction problem, and more cash available for bribery and official corruption.

Pakistan's illicit drug seizures were up significantly compared to the same period in 1999. During the first 10 months of 2000, 7.4 metric tons of heroin, 7.8 metric tons of opium, and 108.1 metric tons of hashish were seized (compared to 4.0, 12.9 and 70.0 metric tons, respectively, in 1999). Seizures of acetic anhydride, an important precursor chemical for producing illicit drugs, consisted of small consignments originating in India. The Anti-Narcotics Force's (ANF) seizures of heroin and cannabis set records in 2000.

The prosecutions of most drug and other criminal cases in Pakistan are protracted. Corruption and low salaries threaten the integrity of law enforcement and judicial institutions throughout Pakistan. Judges grant continuances; defendants file delaying interlocutory appeals; witnesses are reluctant to testify; and bribery can influence case outcomes. The trial of Sakhi Dost Jan Notezai, a prominent drug trafficker and suspected member of the Quetta Alliance trafficking syndicate, finally concluded this year after seven years of proceedings. He received a sentence of life in prison and forfeited his

assets. The case of another alleged drug trafficker, Munawar Hussain Manj, a former member of Pakistan's National Assembly, is still pending in the superior court, after five years of proceedings. The case of Rahmat Shah Afridi, owner of an English-language daily and an influential politician from the Northwest Frontier Province, arrested in early 1999, also is pending. One positive step was the establishment of five special drug courts in 2000, although they are not yet fully operational and lack realistic operating budgets.

The ANF continues to cooperate effectively with the U.S. Drug Enforcement Administration to raise investigative standards. The creation of the Special Investigative Cell (SIC), trained and equipped by the United States, has been a milestone in improving the Government of Pakistan's counterdrug efforts. The SIC targets major drug trafficking organizations and first year results have been encouraging. With this success, plans are underway to expand SIC operations.

### **Panama**

The Government of Panama continued to demonstrate its willingness to combat transnational drug trafficking. Panama is a major transshipment point for illicit drugs smuggled from Colombia. Cocaine is stockpiled in Panama prior to being repackaged for passage to the United States and Europe. Panama's location, largely unpatrolled coastlines, advanced infrastructure, weak judicial system, and well-developed financial services sector make it a crossroads for transnational crime, such as drug trafficking, money laundering, illicit arms sales, and alien smuggling.

The Government of Panama's interdiction of illicit drugs in 2000 increased significantly over 1999, with record seizures of heroin and first ever seizures of MDMA (Ecstasy). It enacted two laws and issued two executive decrees that greatly strengthen Panama's money laundering laws and the ability to share information with international counterparts. Panama took steps toward implementing its comprehensive chemical control program by establishing a control board that will coordinate government entities and the private sector. In addition, as a step towards combating financial crime, the Government of Panama joined the multinational initiative to address the Black Market Peso Exchange.

The highest U.S. bilateral counterdrug priorities in the coming year will be signing a full six-part counterdrug maritime agreement and assisting the Government of Panama in curbing corruption, implementing anti-money laundering legislation, increasing security and oversight of the Colon Free Zone, and improving prosecutions of money launderers and drug traffickers. Other U.S. priorities in Panama include supporting the Government of Panama's efforts to: build a highly professional interagency counterdrug task force; develop the capability to control sea lanes, rivers, island and coastal regions, and the Canal area; and limit cross-border criminal influence. With the commitment of the Moscoso administration, the United States Government is hopeful that there will be measurable progress in these areas in 2001.

### **Paraguay**

Paraguay remains a transit country for approximately 10 metric tons of mostly Bolivian cocaine annually, as well as a source country for high-quality marijuana that is not trafficked to the United States. Paraguay is a large money-laundering center in Latin America, but it remains unclear how much may be drug-related. Paraguay is a party to the 1988 UN Drug Convention.

The Government of Paraguay improved its anti-drug cooperation with the United States Government in 2000. It named a new head of the anti-drug secretariat (SENAD) who reenergized anti-drug efforts by forming a new unit to investigate major traffickers and their organizations. This initiative led to the arrest of 4 major traffickers and the destruction of an aircraft ferrying cocaine to Brazil. Cocaine seizures remained stable at 1999 levels. Paraguay enhanced its cooperation with its neighbors by signing agreements

on judicial cooperation and information sharing, and by expelling a major trafficker to Brazil. While judicial cooperation remains weak, the Paraguayan Attorney General named special prosecutors with national jurisdiction to strengthen SENAD's counterdrug operations.

Although anti-drug cooperation with the United States Government improved in 2000, the Government of Paraguay still has much to accomplish. The Paraguayan Senate is considering a complete modernization of existing drug law, but it failed to pass long sought authorities for police to use informants and to conduct undercover operations and controlled deliveries. These authorities will be key to investigating and prosecuting major drug traffickers, and sustaining the successes of 2000 against trafficking organizations in Paraguay.

The Government of Paraguay provided the Anti-Money Laundering Secretariat with its first independent budget, but has not shown much improvement on combating money laundering. Only one money-laundering case was recommended for prosecution, and no arrests were made in 2000. A cumbersome judicial process is largely responsible for consistently minimal success in the Government of Paraguay's enforcement of its drug-related asset seizure and forfeiture laws. The Government of Paraguay also made little progress against official corruption and has not made progress in developing an effective anti-drug and organized crime investigative and operational capability for the border areas.

While action against money laundering and official corruption, passage of legislation for modern police authorities, and controlling its borders remain important areas needing improved cooperation by the Government of Paraguay, the United States Government is impressed with the steps taken against some of the major trafficking organizations operating in Paraguay.

#### **Peru**

Despite the political turbulence in Peru during 2000, the Government of Peru made progress on all major components of its counterdrug program. Over 6,200 hectares of coca were eradicated manually, which contributed to a 12 percent cultivation reduction in 2000, and an overall 70 percent reduction in coca cultivation over the past six years. The Peruvian transition government has restated its commitment to the reduction of coca cultivation. There was a significant increase in the number of opium poppy fields discovered and destroyed by the Government of Peru during 2000; however, information on the extent of opium poppy cultivation throughout Peru remained scarce.

In January 2000, the Peruvian National Police arrested Adolfo Cachique Rivera, co-head of a major Peruvian cocaine base trafficking organization. His arrest effectively ended the illegal cocaine operations of this organization, which had exported multi-kilogram quantities of cocaine base to Brazil and Colombia for over nine years. Luis and Jose Aybar-Cancho, the heads of a major arms and drugs trafficking organization, were also arrested.

While the total amount of drugs seized in 2000 declined, the Peruvian National Police destroyed several cocaine hydrochloride laboratories. The police chemical control unit conducted over 1,000 regulatory and criminal investigations of suspected chemical companies in 2000, making 41 arrests, seizing over 158 metric tons of controlled precursor chemicals, and closing six chemical companies. The Government of Peru cooperated with the U.S. Drug Enforcement Administration and Chilean authorities in the nine-ton seizure of cocaine from a maritime shipment in the Chilean seaport of Arica. There were also two successful interceptions of trafficker aircraft by the Peruvian Air Force (FAP) during 2000. One of these interceptions highlighted significant interagency Peruvian cooperation between the air force and police, which forced the traffickers to burn their aircraft and sacrifice its drug payload.

The counterdrug alternative development program achieved significant results, increasing the gross value of licit agricultural production to \$64.6

million in targeted areas. This exceeds the gross value of coca leaf production in the same areas by ten percent, and marks a notable decline in the illicit economy based on coca. Alternative development has also assisted in raising the percentage of coca area households with access to basic services from 16 percent to 49 percent.

New elections and a policy to fight corruption bode well for counterdrug work. Peru's significant reduction in the amount of coca cultivated proves that its strategy is working. However, with higher prices being paid for coca, farmers will be tempted to abandon licit crops. It is essential that manual eradication of illegal coca crops, counterdrug-related alternative development, the airbridge denial program, and land and maritime/riverine interdiction all continue as closely coordinated complementary programs. The Government of Peru should also refine relevant laws, especially as they pertain to money laundering, asset seizure, and chemical controls.

#### **Thailand**

Thailand has one of the world's most effective illicit drug crop control programs. United States analysts estimate that Thailand's opium production in the 2000 growing season remained at a maximum of 6 metric tons. Cultivation remained under 1,000 hectares for the second year in a row, although there was a slight increase to 890 hectares. Continuing trends established in previous years, opium farmers are cultivating smaller, more isolated fields and engaging in multiple cropping to avoid eradication.

Thailand remains a major drug transit country; a significant amount of heroin transits Thailand on its way to the United States. Throughout 2000, Thailand continued its long tradition of cooperation with the United States and the international community in anti-drug programs. With U.S. Drug Enforcement Administration support, the Royal Thai Police (RTP) established the fourth in a series of specially trained drug law enforcement units to target major trafficking groups. Despite treatment, epidemiology of substance abuse, and demand reduction programs, the epidemic of methamphetamine abuse grew, especially among the young. The methamphetamine problem underscored the need for cost effective community-based models of addiction treatment and additional abuse-prevention training for both public and private sector health professionals.

Thailand enhanced its leadership role in transnational crime issues by co-managing the International Law Enforcement Academy (ILEA) in Bangkok with the United States. The bilateral extradition relationship continues to be highly successful, and Thailand continues to extradite its nationals to the United States under the treaty. Indeed, Thailand is one of the top countries in the world in cooperating with the United States on extradition requests. Extensive cooperative law enforcement programs continued to bear fruit. According to Royal Thai Government figures, 290 kilograms of heroin were seized and 9 methamphetamine labs were destroyed during the first 10 months of 2000. Despite Thailand's good record on counterdrug enforcement, many elements of government and society remain rampantly corrupt.

2000 was also a productive year for legislation and regulation. Implementing regulations for the 1999 Money Laundering Control Act came into effect in October, 2000. The Act requires reporting for most financial transactions of more than 2 million baht (approximately \$50,000). A senior police official has been named to head the 64-person money laundering control office. The Thai Cabinet approved accession to the 1988 UN Drug Convention and final arrangements are being undertaken by the Ministry of Foreign Affairs.

#### **Venezuela**

Venezuela is a significant transit route for illegal drugs destined for the United States and Europe; by some United States Government estimates, over 100 metric tons of cocaine transit Venezuela annually. The vast majority of this traffic consists of cocaine and heroin from neighboring Colombia.

Cooperation with U.S. law enforcement agencies was very good, with one complex joint operation leading to the seizure of 8.8 metric tons of

cocaine, numerous arrests in Venezuela, and the expulsion of two significant third-country drug traffickers to the United States for trial. The Government of Venezuela expanded its already extensive cooperation with the United States through counterdrug programs focusing on interdiction, money laundering, chemical control and reinforcement of the judicial system. The Organization of American States Inter-American Drug Abuse Commission (CICAD) elected Venezuela to its Vice-Presidency. The Government of Venezuela continued to attempt to conduct aerial interdiction operations against drug smuggling aircraft unilaterally in 2000; while these actions were largely ineffective, during the same period air transits through Venezuelan airspace by drug smugglers decreased significantly.

The Government of Venezuela continued to combat drug trafficking and consumption in 2000, despite considerable change in the political system (including a new constitution adopted in December 1999 that mandated the election of a new unicameral National Assembly). New policy initiatives were introduced, and the Government of Venezuela enhanced law enforcement efforts to combat drug trafficking and related crime. Seizure figures for the calendar year were up from the preceding year for both cocaine (15 metric tons from 12) and heroin (134 kilograms from 40).

During 2000, Venezuelan prosecutors took steps to fulfill their new responsibilities under the new penal code introduced in 1999. The National Anti-drug Commission introduced new initiatives in 2000 to expand demand reduction programs, to increase Venezuelan participation in multilateral anti-drug initiatives, and to improve eradication efforts aimed at small areas of coca and opium poppy cultivation that spill over into Venezuelan territory from Colombia. Venezuela prepared draft legislation to improve chemical precursor control, and participated in a multilateral effort to improve regional cooperation countering precursor chemical diversion.

The Government of Venezuela continued to place a high priority on reducing corruption. Reorganization of law enforcement agencies and the customs service led to large-scale dismissals of those suspected of involvement in corruption. However, new legislation to give police necessary tools to aid investigations was not adopted, partly because the new National Assembly did not begin work until October 2000.

The Government of Venezuela enhanced its efforts to collect information to deter money laundering, introducing new regulations to further strengthen already stringent currency transaction reporting based on U.S. reporting requirements, and taking steps to implement Caribbean Financial Action Task Force recommendations. The Government of Venezuela should adopt appropriate legislation to criminalize the laundering of proceeds from all serious crimes.

#### **Vietnam**

Vietnam intensified its efforts to combat the production, trafficking, and use of illicit drugs. Due to improved weather, Vietnam saw a 10 percent increase in poppy cultivation to 2,300 hectares in 2000 from 2,125 hectares in 1999. Potential opium production in 2000 increased 36 percent to 15 metric tons from 11 metric tons in 1999. The Government of Vietnam continued its efforts to reduce poppy cultivation through education, eradication, and crop-substitution programs. Drug seizures increased in most categories, although amounts seized were still small. Law enforcement officers seized 60 kilograms of heroin, 567 kilograms of opium, 2,200 kilograms of marijuana, 119,465 vials of addictive drugs, 66,192 doses of heroin, and 6,783 tablets of amphetamine-type stimulants (ATS), including methamphetamine. The quantities of opium, vials of addictive drugs, and tablets of ATS interdicted increased by 26.5 percent. Vietnam cooperated with the U.S. Drug Enforcement Administration, which opened an office in Hanoi in February 2000, and signed a counterdrug agreement with Japan in February 2000 providing for information sharing and training.

The Government of Vietnam received increased counterdrug funding from the United States, up from \$11.6 million in 1999 to \$14.3 million in 2000.

The Government of Vietnam drafted a new two-stage Master Plan for 2001-2010. The Plan entailed 14 projects to combat drug production and trafficking and to strengthen education and drug-treatment programs, as well as an intensified one-year, six-point counterdrug program. The Government of Vietnam restructured and rationalized its drug control institutions. The National Assembly passed a counterdrug law, drafted with U.S. assistance, and legislation criminalizing money laundering.

The United States and Vietnam have not yet concluded a counterdrug agreement. Vietnam has not fully eradicated poppy crops, and farmers reverted to poppy cultivation in some high-poverty rural areas, increasing the total to 2,300 hectares devoted to poppy crops. Revisions to the Penal Code that criminalize money laundering took effect on July 1, 2000. Vietnam's new banking law also requires financial institutions to report suspicious transactions, although they are only reported to a central authority upon request.

Despite some notable shortcomings, Vietnam has made a vigorous effort to combat drug production and trafficking. There is no question that the Government of Vietnam at the highest levels fully realizes the threat drugs present to Vietnamese society and is doing everything possible to counter the availability and use of illicit drugs.

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