

Presidential Documents

Title 3—

Presidential Determination No. 2000–16 of February 29, 2000

The President

Presidential Determination on 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 (and certain jurisdictions) 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, China, Colombia, Dominican Republic, Ecuador, Guatemala, Hong Kong, India, Jamaica, Laos, Mexico, Pakistan, Panama, 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 major illicit drug transit countries:

Cambodia, Haiti, Nigeria, and Paraguay.

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

Afghanistan, 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 2000. Analysis of the relevant U.S. vital national interests, as required under section 490(b)(3) of the Act in the case of the countries certified on this basis, is attached. Given that the performance of all of these countries/jurisdictions has differed, I have also attached an explanatory statement for each of the other countries/jurisdictions subject to this determination.

You are hereby authorized and directed to publish this determination in the **Federal Register**.



THE WHITE HOUSE,
Washington, February 29, 2000.

Statements of Explanation

Afghanistan

In 1999 Afghanistan cultivated a larger opium poppy crop and harvested more opium gum than any other country by a wide margin. U.S. sources estimate a 23 percent increase in the opium harvest, while United Nations Drug Control Program (UNDCP) data point to a more dramatic 70 percent increase. There were also increases in the refining of opium into heroin and in drug trafficking from Afghanistan into neighboring countries. The largest of Afghanistan's factions, the Taliban, which controls 85–90 percent of Afghanistan and 97 percent of the area where opium is cultivated, derives significant income from every phase of drug production and trafficking. In spite of its own 1997 ban on the cultivation of opium poppy, the Taliban acknowledge they tax the crop at about 10 percent, and allow it to be sold in open bazaars. Crop taxation imparts legitimacy to opium cultivation and distribution, and means that the Taliban benefits directly from the entire opium business. The Taliban also receives payments directly from traffickers.

The United States Government (USG) has spoken about the drug problem directly with Taliban officials and indirectly through the UNDCP. We have repeatedly urged the Taliban to enforce its 1997 ban on opium poppy cultivation. The Taliban response was at least a 23 percent increase in opium production over 1998. We also urged the Taliban to honor its commitments to reduce poppy cultivation in exchange for the delivery of alternative development assistance. But in a Non-Governmental Organization (NGO) project area receiving generous USG funding, poppy cultivation surged 68 percent, according to a UNDCP survey. Heroin labs are proliferating throughout Afghanistan, particularly near international borders.

The Taliban claims success for some counter-drug measures. According to the UNDCP, the Taliban destroyed 34 drug laboratories. The Taliban also has made unverified claims of seizures of 500 kg of opium, 70 kg of heroin, and 1200 liters of acetic anhydride and other heroin production chemicals. The Taliban Leader, Mullah Omar, who promulgated the 1997 ban on opium cultivation, ordered a one-third nation-wide reduction in poppy cultivation for the 1999–2000 growing season but, as noted, past commitments were not honored.

Overall, there was a sharp increase in poppy cultivation, in refining of opium into heroin, and in trafficking of illicit opiates in Afghanistan. There is a growing body of evidence that the largest of Afghanistan's factions, the Taliban, is fully complicit in every phase of drug production and trafficking. Sharp increases in large-scale opium cultivation and trafficking in Afghanistan, plus the failure of the authorities to initiate an appropriate law enforcement response, preclude a determination that Afghanistan has taken adequate steps on its own or that it has sufficiently cooperated with USG counter-drug efforts to meet the goals and objectives of the UN 1988 Drug Convention, to which Afghanistan is a party. In the absence of verifiable and unambiguous steps by the Taliban to stop the promotion of poppy cultivation (such as an end to the opium crop tax), the United States and other concerned countries are compelled to redirect their counter-drug efforts to interdiction and border control strategies in surrounding countries.

The Bahamas

The Bahamas is a major transit country for drugs en route to the United States from South America and the Caribbean. The Government of the Commonwealth of The Bahamas (GCOB) and the USG continue to enjoy a productive counter-drug working relationship.

The Bahamas is a party to the 1988 UN Drug Convention, and the GCOB works to meet its goals and objectives as well as those of U.S.-Bahamas bilateral drug control agreements. The GCOB places a high priority on combating drug transshipments through its archipelago and works closely with

the USG on Operation Bahamas and Turks and Caicos (OPBAT). The USG looks forward to assisting The Bahamas to improve its maritime end-game capability, without which sustained drug interdiction, arrest and conviction of traffickers, and the forfeiting of their assets is improbable. Given the volume of commercial shipping through The Bahamas, the GCOB needs to rigorously implement its chemical control laws to prevent illegal diversion of precursor and essential chemicals.

Bahamian authorities continue monitoring bank compliance and investigating suspicious financial transactions under the 1996 money laundering law. Increased supervision of the offshore banking sector and training of all financial sector employees, however, will be necessary in order to increase the number of suspicious activity reports, which is still very small given the size of The Bahamas financial services sector. Despite several public statements of commitment, the GCOB has not established a financial intelligence unit (FIU) or to seek membership in the Egmont Group. In 1999, the GCOB passed legislation which allows designation of the United States under Bahamian asset forfeiture laws, based on reciprocity. This will allow Bahamian courts to enforce U.S. forfeiture orders in many cases.

The GCOB took further steps in 1999 to strengthen its judicial system, with USG assistance. Despite these efforts, no major Bahamian drug trafficker has been convicted in The Bahamas and sent to prison, due largely to continuing delays in the courts. In addition, weak bail laws allow arrested drug traffickers to obtain bail and continue transshipping drugs while awaiting trial. Notwithstanding committed and talented judicial leadership, The Bahamas needs to improve the effectiveness of its court system and its Attorney General's office in gaining convictions against major drug traffickers. The Bahamas also needs to improve its responsiveness to U.S. requests under the mutual legal assistance treaty (MLAT) and to speed the processing of extradition cases.

In October 1999, for the first time in recent history, a Bahamian law enforcement official was assassinated, allegedly by Bahamian drug dealers in retaliation for his stand against a corrupt official or to prevent his testimony. The GCOB should ratify the Inter-American Convention against Corruption and assure that corrupt public officials are effectively prosecuted. Finally, the GCOB needs to move quickly to complete and adopt a comprehensive national drug strategy containing goals and objectives as well as measures of effectiveness.

Bolivia

Exceeding the schedule of its own five year plan to eliminate all illicit coca from Bolivia, in 1999 the Banzer administration eradicated an unprecedented 16,999 hectares of coca, for a net reduction of 43 percent.

Although Bolivia remains the world's third largest producer of cocaine, with the ability to produce a potential 70 metric tons, Bolivian cocaine became less marketable in 1999 due to a very successful law enforcement effort to prevent precursor chemicals from being smuggled in from neighboring countries. As a result of significant law enforcement pressure, Bolivian cocaine producers were forced to use less efficient means of processing with substitute or recycled chemicals, and cutting agents, such as manitol. The purity of finished Bolivian cocaine hydrochloride (HCl) dropped to as low as 47 percent, causing Brazilian and other traffickers to buy only Bolivian cocaine base and finish the processing in Brazil.

The GOB began preparations for an eradication program in the Yungas in 2000 to eliminate the coca exceeding the legally allowable 12,000 hectares. There is evidence that Yungas coca is being diverted to the illicit market for conversion to cocaine products.

Despite a slight downturn in the Bolivian export sector in 1999, export volumes of nearly all alternative development crops improved. Banana exports to Chile and Argentina increased 20 percent over 1998. Demand for

alternative development assistance by former coca farmers, however, is exceeding supply.

In 1999, the Bolivian legislature enacted the final portion of the judicial reform package, the new code of criminal procedures. It establishes an accusatory, adversarial, oral, public criminal trial system that may also help to diminish corruption and improve the credibility of the judicial system. The new code permits the police to use undercover agents and to make controlled deliveries of illicit drugs and other contraband. The Judicial Council, created in 1998 to depoliticize the selection of judges and to serve as a mechanism for disciplining members of the judiciary, had some of its powers to administratively remove corrupt judges diminished by the Constitutional Tribunal, which ruled that members of the judiciary can only be removed subsequent to a final judgement by a criminal court.

For the third year since the passage of the anti-money laundering law, no action was taken against money laundering. The legal ambiguities regarding asset seizure and forfeiture have not been resolved, and the system remains inefficient.

Brazil

Brazil is a significant transit country for illicit drugs en route to the United States, and a major producer of precursor chemicals and synthetic drugs. Since taking office in 1995, the administration of President Fernando Enrique Cardoso has demonstrated a firm commitment to countering the flow of illegal drugs through Brazilian territory, and to establishing an effective law enforcement infrastructure capable of taking action against the domestic and international criminal syndicates engaged in drug trafficking. In 1999, the Government of Brazil (GOB) worked closely with regional neighbors and U.S. law enforcement agencies in pursuit of mutual counter-drug objectives, achieving particularly impressive results against corruption and money laundering.

The most visible initiative in 1999 was the formation in April of the Congressional Panel of Inquiry (CPI) on drug trafficking. The Panel's high-profile investigations into the country's organized drug networks have led to over 115 arrests, including many tainted government officials. Through its actions, the CPI has illustrated the drug trade's corrosive effect on public institutions and energized previously isolated voices against corruption and trafficker impunity.

Criminal interests have long exploited Brazil's highly developed financial sector, particularly as a haven for illicit-drug profits. In 1999 the GOB demonstrated a firm commitment to fighting the problem of money laundering, and implemented regulations to increase the effectiveness of Brazil's anti-money laundering regime. The Brazilian Central Bank created a special internal agency to trace money laundering, and Brazil joined the Financial Action Task Force (FATF) and the Egmont Group, two international bodies charged with improving anti-money laundering efforts.

Brazilian authorities seized more cocaine in 1999 than in 1998, and cannabis seizures increased by six-fold. As in past years, Brazilian authorities identified no opium or coca production in 1999. The GOB acted vigorously against cannabis production in the country's northeast, eradicating over three times as many hectares as in 1998.

Burma

Burma is the world's second largest source of illicit opium and heroin, exceeded only by Afghanistan, and currently accounts for approximately 80 percent of the total production of Southeast Asian opium. Largely due to severe drought conditions in poppy growing areas, production and cultivation continued to decline significantly in 1999 for the third year in a row. In 1999 there were an estimated 89,500 hectares under opium poppy cultivation, down 31 percent from 1998. This hectareage yielded a maximum of 1,090 metric tons of opium gum, 38 percent lower than in 1998 and less

than half the average production during the last decade. The Government of Burma (GOB) maintained most of its opium crop-eradication efforts and expanded the program to an additional 9,800 acres.

Seizures of methamphetamine in 1999 exceeded 1998's record figures, although opium and heroin seizures were well below 1998 levels. Burma made its first airport seizures of illicit drugs in 1999. While there were cases of drug interdiction and arrests of members of some cease-fire groups for drug trafficking, the GOB has been unwilling or unable to take on the most powerful groups directly. Cease-fire agreements with insurgent ethnic groups dependent on the drug trade implicitly tolerate continued involvement in drug trafficking for varying periods of time. The ethnic 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 GOB expressed support for eradication efforts, crop substitution, and development assistance, but allocated few resources to such projects. GOB 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 GOB's ability to continue or expand its counter-drug 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. GOB 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 of this problem is impossible to measure accurately. The cease-fire agreements condone money laundering, as the government encouraged these groups to invest in "legitimate" businesses as an alternative to trafficking, thus extending to them the opportunity to sanitize past illicit proceeds with investments in hotels and construction companies, for example.

The Burmese continued to refuse to render 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 GOB's counter-drug efforts in 1999 showed progress in a number of areas: methamphetamine and ephedrine seizures increased; 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 stepped up, however, if they are to have a significant impact on the overall trafficking problem.

On balance, the USG remains concerned that Burma's efforts are not commensurate with the extent of the drug problem within its borders. Large-scale poppy cultivation and opium production continue, decreasing in the last few years largely because of severe drought conditions rather than eradication programs. The GOB's effective toleration of money laundering, its unwillingness to implement its drug laws, and its failure to render notorious traffickers under indictment in the United States all continue to be serious concerns.

Cambodia

In view of Cambodia's geographic location and general state of lawlessness, it is likely that drugs transited Cambodia en route the West, including the United States. For that reason, Cambodia was designated a major drug transit country in 1999. Political turmoil in Cambodia has effectively precluded a fully credible anti-drug effort for the last two years. Although Cambodia has taken some positive steps to improve drug enforcement in 1999, these steps were insufficient to qualify for full certification.

Steps forward included increased emphasis on eradication of illicit marijuana plantations. Prime Minister Hun Sen and others have publicly threatened provincial governors with dismissal if they tolerate marijuana cultivation. At least one large (160 hectare, or about 400 acre) plantation was eradicated as the deadline for certification approached. There were also several first-time drug seizures at Phnom Penh's international airport. The President and the Chief Prosecutor of the Phnom Penh Municipal Court were removed for corruption; other judges are under investigation. A police commander, suspected of dealing in illicit drugs was removed, and Cambodia reorganized a supervisory coordinating agency called the National Drug Policy Board, replacing officials generally viewed as ineffective with more respected officials. High level government officials made statements emphasizing their opposition to synthetic drug production in Cambodia, and pressed efforts to confiscate unauthorized weapons, both positive steps in countering a drift towards lawlessness. Cooperation with the U.S. Drug Enforcement Administration (DEA) was excellent.

Corruption remains an endemic problem in Cambodia, however, and this problem adversely affects drug law enforcement. Poorly paid and ill-trained police and judicial officials have frequently looked the other way in drug and other criminal cases. Cambodia remains a refuge for criminal elements because enforcement is ineffective and corrupt officials can be paid to release those that may be apprehended. The combination of incompetence and venality, even at high levels in government and the police, pose an ongoing challenge to improved drug law enforcement. In short, there has been no fundamental institutional reform to meet the law enforcement challenge Cambodia faces from drug traffickers and other lawless elements. Thus, despite some improvements, Cambodia still failed to meet the legal standards for full certification.

A vital national interests certification is necessary this year in order to protect U.S. vital national interests in Cambodia, including promoting democracy in Cambodia and stability in the region. Democracy in Cambodia is not yet firmly established. The democratically-elected coalition government, which came to power in Cambodia last year continues to face enormous challenges on all fronts, including the formation of an international tribunal to try former leaders of the Khmer Rouge. Cambodia also remains vulnerable to drug trafficking and other crime upsurges. Should counter-drug sanctions be imposed, it would not be possible for the United States to provide strategically-placed assistance to respond to potential crises or to strengthen Cambodia's economic and institutional bases for a democratic system. On balance, the risks to U.S. interests in promoting democracy and stability in the region if counter-drug sanctions were imposed would outweigh the risks posed by Cambodia's failure to fully implement effective drug control.

Colombia

Colombia remains the world's largest cocaine producer: over three-quarters of the world's cocaine hydrochloride is processed in Colombia. Still, Colombia met the certification criteria in 1999 due to important strides made in combating illicit drugs and its full cooperation with USG counter-drug efforts. The Pastrana administration has demonstrated a clear commitment to combating the illegal drug industry in Colombia. That commitment led to a number of very concrete achievements in 1999.

In September, the Government of Colombia (GOC) unveiled its "Plan Colombia," a comprehensive strategy to address the many interrelated challenges facing the country. The USG supports the work of the GOC in formulating and beginning to implement this comprehensive strategy. Importantly, both "Plan Colombia" and the Pastrana administration's National Drug Control Strategy couple alternative development with aerial eradication of illicit crops.

Colombian authorities continued to cooperate with the USG on a variety of specific projects. In October, Operation Millennium, a coordinated operation among Colombian, Mexican and U.S. law enforcement agencies, resulted in the arrest of more than 30 suspects.

The Colombian National Police (CNP) continued its outstanding counter-drug tradition. The CNP received increased support from the Colombian armed services and is poised to begin joint operations in southern Colombia with the army's first special counter-drug battalion. Such joint operations are vital for the future of the program due to the threat to counter-drug operations from heavily armed traffickers and other illegal armed groups that are involved in many aspects of drug trafficking.

The GOC made particularly strong advances in combating maritime trafficking. A port security program is now operating in all of the nation's major ports, and in the past year resulted in the seizure of 16 metric tons of cocaine. In September, a standing interdiction operations plan was signed to augment an existing maritime agreement, leading to three U.S.-Colombian combined maritime interdiction patrols. Also in September, U.S. and Colombian authorities reached an accommodation concerning the volume of evidence required by Colombian prosecutors and other evidentiary concerns.

GOC efforts have also focused on drug trafficking by air. The percentage of successful Colombian Air Force (FAC) interdiction attempts has increased from 25 percent in 1997 to nearly 40 percent in 1999. At the same time, the number of suspicious aircraft which radar has detected flying to or from Colombia has fallen from 231 in 1997 to fewer than 100 in 1999. The CNP's civil aviation registration program inspected 343 aircraft in 1999, seizing 50 of these for violations.

The aerial eradication program succeeded in treating more than 50,000 hectares of illicit crops in 1999, although totals were less than last year's record level. The CNP also had a strong year in terms of seizures, totaling 30 metric tons of cocaine hydrochloride and base, 140 metric tons of coca leaf, and 644 kilos of heroin, morphine and opium.

The level of cooperation between the Colombian military and police continued to improve in 1999. Information sharing advanced to a higher level with the inclusion of both military and CNP personnel at the Joint Intelligence Center (JIC), while interdiction and eradication efforts both received a boost with the creation of the new counter-drug battalion. Created to work hand-in-glove with the CNP's anti-drug units, the battalion will provide the police with needed support as operations move into high-risk, coca-rich areas such as Putumayo Department.

In November, the GOC extradited alleged heroin trafficker Jaime Orlando Lara Nausa, the first Colombian citizen extradited to the United States in nine years. Behind the very public leadership of President Pastrana, Colombian officials proceeded despite drug traffickers' attempted legal roadblocks and bombings possibly linked to the extraditions. This commitment demonstrated the GOC's willingness to send drug traffickers to justice in the United States regardless of citizenship.

GOC officials also enacted important institutional changes in 1999. The National Judicial Police Council adopted a unified training curriculum and made it mandatory for all Colombian investigators after January 2000. For the first time, all Colombian law enforcement investigators will receive the same training.

Overall, Colombian counter-drug efforts continued to improve in 1999, demonstrating the true commitment of the Pastrana administration to cooperate fully with the United States in combating the illegal traffic in drugs.

Dominican Republic

The Dominican Republic is a significant transit country for South American drugs, mostly cocaine, moving to the United States. Drugs are transported

into the Dominican Republic by air, sea, and across the land border with Haiti. They are then moved onward by air and sea to Puerto Rico and mainland United States.

During 1999, the Government of the Dominican Republic (GODR) continued to cooperate fully with the USG on counter-drug goals and objectives.

The GODR extradited nine Dominicans to the United States in 1999, and kept several other fugitives in custody awaiting decisions on extradition requests. The National Drug Council (CND) drafted a National Drug Strategy. A group of private attorneys energetically promoted the passage of a newly drafted anti-money laundering bill modeled on current Organization of American States (OAS) standards. The GODR began the process of developing an anti-corruption bill. The draft strategy and both bills are scheduled for submission to congress in 2000.

A ministerial-level bilateral meeting with Haiti achieved historic border control accords, which were subsequently approved at the highest levels of the GODR. In 1999, the GODR activated a fourth border control unit, deployed its drug detection dog unit to the Haitian border, and took steps to double the size of the dog unit in 2000.

Dominican forces participated in combined operations under the bilateral Maritime Counter-drug Interdiction Agreement. The GODR extended for one-year temporary overflight authority for USG anti-drug aircraft and vessels. In cooperation with the U.S. military, the Dominican Navy and Army engaged in joint counter-drug exercises.

The National Drug Control Directorate (DNCD) worked closely with its counterpart, the DEA, on drug, fugitive, and special investigations, drug operations, and border interdiction during 1999. DNCD has begun to require its special unit personnel to take polygraphs, and has also initiated pre-employment and periodic random drug testing for its employees.

For the first time, the GODR authorized wiretaps for use in drug prosecutions. It also arrested and jailed on passport fraud charges the top money manager for the Coneo family, the dominant Colombian drug trafficking organization operating on Hispaniola.

We will continue to encourage the Dominican Republic to regularize its extradition process. GODR should also: act on a pending amendment to enhance the bilateral maritime agreement; increase cocaine seizures, which amounted to less than half the amount seized in 1998; and strengthen its weak judicial system, which continues to hamper law enforcement efforts.

Ecuador

Ecuador continues to serve as a major transit route for cocaine destined for the United States, and for precursor chemicals destined for drug processing labs in Colombia and Peru. Despite suffering under the effects of the country's worst economic crisis in seventy years, the Government of Ecuador (GOE) pursued an active counter-drug agenda in 1999 to considerable effect, and cooperation between the GOE and the USG was excellent.

The Ecuadorian National Police (ENP) seized a record 10 metric tons of cocaine and coca base in 1999, more than doubling 1998's total of 3.9 metric tons. Heroin seizures also increased significantly, from 58 kilograms in 1998 to 81 kilograms in 1999. The ENP also seized a record amount of methyl ethyl ketone (MEK) and other precursor chemicals.

Along with these tactical successes, the GOE implemented structural reforms to their judicial system and law enforcement agencies that have the potential to enhance the country's law enforcement infrastructure. A unified anti-drug division was established within the ENP, consolidating various specialized interdiction units into a coherent organization for the first time. The customs service was privatized to maximize efficiency and bolster interdiction efforts. In November 1999, the Ecuadorian Congress passed a new criminal procedural code, intended to alter the country's criminal justice

system from a secretive, inquisitorial to an open, accusatorial system similar to the U.S. model. In addition, the GOE published a five-year counter-drug strategy which clearly identifies the roles and responsibilities of relevant GOE agencies in the fight against international drug trafficking.

The GOE also increased its commitment to regional interdiction efforts, most visibly in November 1999 when the GOE and the USG completed a 10-year agreement permitting U.S. regional counter-drug detection and monitoring missions to operate from an Ecuadorian air force base in Manta. The GOE also completed a Joint Information Coordination Center (JICC) in Guayaquil, and plans to integrate this center with the national anti-drug division headquarters.

Guatemala

In 1999, President Arzu continued to implement the peace accords that ended 36 years of internal conflict. Government of Guatemala (GOG) efforts are now focused on combating violent crime, organized crime and other domestic problems. The GOG fully cooperated with the United States in combating counter-drug trafficking in Guatemala and elsewhere in the region. Guatemala has taken steps to implement, at the operational level, the provisions of the 1988 UN Drug convention. However, legislative support for ratification of a full maritime counter-drug agreement and adoption of money laundering legislation has not yet been obtained.

Guatemala's location, scarce law enforcement resources, and a weak judiciary and penal system permitted its continued use by traffickers as a transshipment and storage point for cocaine destined for the United States via Mexico. Along with increased use of motor vehicle and container shipments, there has been an increase in airdrops of illicit drugs over Guatemalan territory for consolidation and transshipment. With USG assistance, the Department of Anti-Narcotics Police (DOAN) has stepped up training to develop air interdiction and related capabilities. The expanding self-funded port security program and the trained DOAN agents have made impressive seizures in the past year.

The consolidation of the National Civilian Police (PNC) continues on track with full integration of the DOAN. The USG-trained DOAN seized over 10 metric tons of cocaine in 1999. This year the drug prosecutor assistance program maintained its 90 percent conviction rate, with some traffickers receiving sentences of up to 20 years. Somewhat disturbing, however, were several cases in which judges released suspected drug traffickers on questionable grounds. The new drug prosecutor's field office opened this year in Quetzaltenango accounted for 110 successful prosecutions in 1999.

Guatemala is a party to the 1988 UN Drug Convention, and most GOG law enforcement activities are fully consistent with its goals and objectives. However, some of the convention's provisions have not been codified into law and regulations, including provisions on extradition and money laundering. The GOG does not encourage or facilitate illicit production or distribution of illicit drugs or controlled substances.

In 1999 the GOG began implementation of its national drug policy, the anti-drug master plan and national strategy which incorporates both demand and supply reduction objectives to be accomplished by specified ministries. The GOG provided additional funding to the plan's implementers to attack the alarming increase in drug abuse documented last year. The GOG also took major steps in implementing assets seizure and precursor chemicals regulations.

Haiti

Haiti is a significant transshipment point for drugs, primarily cocaine, moving through the Caribbean from South America to the United States. The USG cannot certify Haiti as having fully cooperated 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, to which Haiti is a party. However, U.S. vital national interests require that foreign assistance continue to be provided to Haiti.

The USG recognizes that because Haiti had no Parliament during 1999, no legislation could be enacted or international agreements ratified. However, Haiti failed to make sufficient progress on many anti-drug objectives that did not require parliamentary action, but only implementation by the Government of Haiti (GOH). The GOH failed to: draft or update any pending anti-money laundering or anti-corruption legislation; revise and implement the draft national drug control strategy; create mechanisms to enforce standards of conduct and liabilities for GOH officials in accordance with the Declaration of Principles signed by Haiti at the 1997 Bridgetown Summit; vigorously investigate and prosecute drug-related corruption involving GOH officials; resolve and report on the "450 kilo affair" in which policemen were allegedly involved in the 1998 theft of a large cocaine shipment; set up a special financial analysis unit to combat money laundering; and join the Caribbean Financial Action Task Force (CFATF).

Haiti also failed to make sufficient progress in the area of law enforcement. Part of its overall lack of success in this area is due to Haiti's inadequate judicial system; the still limited capabilities of the five-year-old Haitian National Police (HNP); and the inexperience of the three-year-old police anti-drug unit (BLTS). In addition, the HNP currently does not have the ability to intercept drug airdrops. The GOH failed to increase its drug seizure rate over 1998's performance; the amount of cocaine seized in 1999 was one-third that of 1998, although the estimated flow of cocaine increased by nearly one-quarter. The GOH also failed to double the size of the BLTS as planned, or to enforce interagency cooperation between the HNP and the customs and immigration services. This lack of cooperation continues to impede counter-drug efforts inside the customs control areas at the airport and other ports of entry in Haiti.

GOH's international cooperation in 1999 was significant, including ongoing implementation of the 1997 U.S.-Haiti maritime counter-drug interdiction agreement even though parliamentary action to bring the agreement into force has not yet been accomplished. GOH cooperated with several international counter-drug operations, one of which resulted in the arrest and expulsion from Haiti of two key members of a major international drug operation. Haitian authorities also continued to work with their counter-drug counterparts in the Dominican Republic to stem the flow of illicit drugs over the land border.

U.S. vital national interests require that Haiti be certified. A cutoff of bilateral assistance mandated by denial of certification would threaten security and democratic stability in Haiti, both of which bear immediately and directly on U.S. ability to disrupt the flow of both illicit drugs and undocumented Haitian migrants into the United States. A cutoff would require termination of important USG initiatives, including programs targeting electoral support, police development, economic growth, education, social stability, hunger and environmental degradation. These programs attack the roots of Haitian poverty and hopelessness, chief catalysts for Haitian involvement in the drug trade and illegal immigration into the United States. The programs also address the underlying problems in the Haitian law enforcement and judicial system, especially endemic corruption and the lack of a strong professional tradition, both of which contribute to weak counter-drug performance. If critical U.S. aid is withdrawn, and U.S. support for the electoral process and public security is curtailed, assistance to illicit traffickers of drugs and migrants will be an unintended consequence.

The risks posed to U.S. vital national interests by a cutoff of bilateral assistance outweigh the risks posed by Haiti's failure to cooperate fully with the USG, or to take adequate steps on its own, to combat the illicit drugs. Accordingly, Haiti is granted a vital national interests certification.

Hong Kong

Although the USG continued to view Hong Kong as a major drug transit center in 1999 because of its location and developed infrastructure, Hong Kong's role as a major transit/staging area for the shipment of heroin and methamphetamine to the United States appears to have diminished over the last three years.

In 1999 Hong Kong continued its exemplary efforts to stop illicit drugs from being trafficked across its border with China and through its port. Through October 1999, Hong Kong officials seized 205 kilograms of heroin (nearly the amount seized in all of 1998), 35.8 kilograms of cannabis, 16.7 kilograms of cocaine, and 9,811 kilograms of methamphetamine. In the same period, 7,620 individuals were arrested for drug-related offenses. Drug-detection capabilities were enhanced in several important areas: the number of drug-sniffing dogs at the border and airport increased from 124 to 133; and high-tech equipment was procured to detect illicit drugs in packages, facilitate the inspection of baggage and cargo, and use in clearing air and sea cargo.

With respect to precursor chemicals, Hong Kong amended legislation to tighten control of the transshipment, removal, and storage of potassium permanganate and to require a license from the Commissioner of Customs and Excise before potassium permanganate can be imported, exported, or manufactured. Control of several additional chemicals was also tightened in 1999 in response to resolutions passed by the UN Commission on Narcotic Drugs. The legislature also began working to amend legislation to enhance control of norephedrine.

Hong Kong also introduced new legislation to strengthen the anti-money-laundering regime and laws affecting drug profits and organized crime. New reporting requirements for financial transactions went into effect, and sentences for money laundering have been lengthened.

Hong Kong and U.S. law enforcement agencies continued to cooperate effectively on investigations into the movement of illegal drugs and on money-laundering cases. The Mutual Legal Assistance Agreement received legislative approval in Hong Kong and will enter into force in early 2000. The Transfer of Sentenced Persons Agreement with the United States and with Sri Lanka came into force. Hong Kong also concluded similar agreements with other countries and the European Union.

In 1999 Hong Kong continued to implement new initiatives to strengthen its already outstanding counter-drug efforts, and Hong Kong authorities at all levels continued their close cooperation with the United States and other countries to defeat drug trafficking.

India

India is the world's largest producer of licit opium. Located between Afghanistan and Burma, the two primary world sources of illicitly grown opium, India also is a transit point for heroin, generally destined for Europe. Heroin is produced in and trafficked through India, but evidence to indicate that significant quantities of heroin from India reach the United States is scant. The Government of India (GOI) has a cooperative working relationship with DEA, and India is a party to the 1988 UN Drug Convention.

The GOI uncovered a trafficking network operating in several Indian cities to ship locally-produced heroin to Sri Lanka, and seized a related heroin lab and over 100 kg of heroin. The GOI also broke up and arrested an international trafficking operation routing Afghan heroin to North America and seized 77 kilograms of heroin. Overall, heroin seizures rose 7 percent. More importantly, two well-organized trafficking operations were disrupted.

The GOI tightened controls on the precursor ephedrine hydrochloride by listing it as a controlled substance under its Narcotic Drugs and Psychotropic Substance Act. The GOI traced 9 tons of acetic anhydride intended

for Afghanistan and had it seized in Dubai. The GOI enacted money-laundering legislation at the end of 1999.

The GOI annually takes forceful steps to prevent illicit cultivation and production. The GOI appears to have had genuine success in reducing illicit poppy cultivation, which in 1999 was just a fraction of what it was five years ago. India met formally with Pakistan in 1999 to discuss drug matters and is committed to continuing the process and to developing practical results, which have been limited to date. In 1999 India also met with Burmese officials to discuss cross-border counter-drug issues.

Production and stockpile of licit opium in India has clearly not exceeded licit demand. On the contrary, India's stockpile has been barely adequate for some time. The GOI did not make as much progress as hoped for this year in rebuilding its depleted buffer stock of licit opium. With excellent weather, the harvest should have been 1300 metric tons, but at least in part due to some diversion from licit production, the harvest was only 971 tons, too small to rebuild stocks to levels recommended by the International Narcotics Control Board (INCB). The GOI did boost opium production from 260 to 971 metric tons, sufficient to satisfy international demand for licit opium, even if carry-over stocks remain inadequate.

India is the only licit opium producing country with a notable diversion problem. However, the exact extent of this diversion is unclear. India has had an elaborate and expensive-to-maintain system in place to counter this threat of diversion for years, and India took important additional steps to avert diversion this year. For example, to discourage diversion of licit opium, the GOI raised prices paid to farmers, and added other incentives for higher yields. The GOI also threatened stiff penalties for those convicted of diversion. Licit opium diversion controls expanded in 1998–1999 and have been continued in 1999–2000. Still, credible reports suggest that diversion may have increased during the 1998–1999 growing season despite GOI actions. Although India is taking adequate steps to prevent significant diversion, there are additional measures India could take to improve its control regime. The GOI has not yet agreed to USG suggestions to undertake a comprehensive joint licit opium yield survey, which would provide a firmer scientific basis for the GOI to set Minimum Qualifying Yields (MQY) for farmers. Setting these yields correctly, by region, helps limit diversion.

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 1999, the Government of Jamaica (GOJ) made progress towards meeting the goals and objectives of the 1988 UN Drug Convention. At regional meetings, GOJ officials actively supported counter-drug initiatives. Bilateral counter-drug cooperation is good and improving. In the area of maritime law enforcement, Jamaican forces continued to participate in combined operations under the U.S.-Jamaica bilateral maritime agreement.

In March 1999, Jamaica took an important step in its effort to create an anti-money laundering regime which meets international standards by amending the 1996 Money Laundering Act to require the reporting of suspicious transactions. However, further amendment to the law is required to address the critical issue of money laundering in relation to the proceeds of other serious crime. The GOJ has stated that, as a first step, it has drafted amendments to the money-laundering act that will add fraud and firearms offenses as predicate offenses. The GOJ is in the process of establishing a financial analysis unit to identify money-laundering activities, but has not yet provided staff for the unit. Jamaica's current asset forfeiture regime does not permit the GOJ to take full advantage of the forfeiture mechanism to augment the resources of its anti-drug agencies and deprive criminals of the proceeds of their crime. Current law requires the conviction of a criminal drug defendant prior to commencing a forfeiture action. In

1999, Parliament passed legislation permitting the GOJ to enter into agreements with other governments to share assets confiscated from drug traffickers and other criminals. The GOJ enacted a Precursor Chemicals Act and has budgeted for implementation of chemical controls. In late 1999, the GOJ introduced a bill in Parliament establishing drug courts; the bill passed both houses and now awaits the Governor General's signature.

Transparency International and other organizations have reported that corruption is viewed as a grave problem in Jamaica—drug trafficking adds to the problem. The GOJ's anti-corruption legislation, introduced in Parliament in 1998, passed the House and Senate in different versions; a compromise bill is currently being crafted by a joint select committee of Parliament. The GOJ's position is that passage of the Anti-Corruption Act must occur before it can ratify the Inter-American Convention Against Corruption, which Jamaica signed in March 1996. The GOJ has a policy of investigating credible reports of police corruption, including those related to drugs, but more needs to be done to root out corruption in the public sector.

The GOJ extradited four people to the United States in 1999; there are sixteen active pending extradition requests. In 1999, the GOJ developed, with USG assistance, a special fugitive apprehension team to target and apprehend fugitives from justice. The team has thus far located three fugitives and provided information for several U.S.-based investigations. The GOJ arrested 6,718 drug offenders in 1999. Nevertheless, no major drug traffickers were arrested or convicted during 1999, and they continue to operate with apparent impunity. The GOJ agreed in 1998 to develop a vetted special investigative unit to target drug kingpins, but the unit is not yet in existence. While the GOJ has stated its intention to enact wiretap legislation, the proposal for such legislation is still under discussion in the Cabinet.

The GOJ exceeded the marijuana eradication goal of 800 hectares set out in the Fiscal Year 1998 Letter of Agreement (LOA) with the USG. In addition, the GOJ agreed in the LOA to pay a share of the marijuana eradication teams' salaries, currently funded by the USG, beginning in June 2000. While the GOJ made some progress in implementing the recommendations contained in a 1997 assessment, security at Jamaica's ports remains a concern. The GOJ needs to take steps to improve security at its ports, including implementation of the remaining recommendations from the 1997 assessment. Additionally, the GOJ should consider providing the means to admit evidence obtained by ion scan technology in Jamaican courts. The GOJ has in place a national drug control strategy that covers both supply and demand reduction; the GOJ should add to its strategy specific goals and objectives and measures of effectiveness. Jamaica is a party to the 1988 UN Drug Convention.

Laos

Laos is a major drug-producing country; it remains the world's third largest producer of illicit opium, behind Afghanistan and Burma. Although opium cultivation fell 16 percent in 1999, the USG estimates Laos' opium production for that year at 140 metric tons, identical to the 1998 estimate. Somewhat improved weather conditions increased estimated average yields, allowing total production to remain unchanged. Crop substitution project areas funded by the USG continued to show no commercial opium cultivation, only low level production sufficient for some local addict consumption.

Laos cooperates with the USG and the UNDCP on crop control/substitution projects designed to eliminate opium cultivation. The administration of Phongsali Province is providing enthusiastic support for the new USG-funded project there. The province administration assigned support personnel, held a meeting of district directors from throughout the province, and is expressing full support for the project to village headmen. In May 1999, the Government of Laos (GOL) agreed to a joint goal with the UNDCP to eliminate opium cultivation in Laos within six years; efforts to raise the estimated \$80 million needed to reach this goal are underway. The highland farmers who grow opium now have no other viable option. Even if the farmers understood

how to grow other crops and had the wherewithal to do so (neither of which is the case) they would lack accessible markets for their products. An ambitious project, requiring years of careful planning and implementation, is essential to create an alternative to opium. Such a plan would need alternative development, law enforcement, and demand reduction elements. Once developed, the plan would replace the previous GOL counter-drug master plan, which dates from 1993 and was also developed with UNDCP assistance.

Law enforcement efforts continue. USG-funded counter-drug offices law enforcement offices were opened in two more provinces. These offices, now in six provinces, along with other provincial police offices, reported 143 drug-related criminal cases in 1999, resulting in the arrests of 348 suspects (including 10 foreign nationals). Most arrests were of small-scale traffickers. These cases involved the seizure of 14.7 kilograms of heroin, 225.8 kilograms of opium, 806,700 methamphetamine tablets, and 2.2 metric tons of marijuana. Opium and heroin seizures fell significantly from record 1998 levels, as there was no case to match the 1998 destruction of a heroin laboratory. The number of arrests and quantity of opium seized are roughly equal to last year's totals, but the quantity of heroin seized has fallen significantly from the past two years. Methamphetamine seizures rose slightly. The quantity of heroin has dropped, in part, because none of the seizures was a very large shipment. Furthermore, it is believed traffickers have changed their routes and methods. For example, seizures in the United States of opium-filled parcels from Laos have jumped.

The GOL works very closely with its foreign assistance partners to combat drug trafficking and has registered steady progress this past year. The GOL also continues its important efforts to address the socio-economic problems underlying poppy cultivation. Corruption and inefficiency remain significant challenges to Lao counter-drug efforts. The GOL should continue to work with its foreign assistance partners to improve the administration of justice and to find alternatives to growing poppy.

Mexico

In 1999, the Government of Mexico (GOM) made substantial efforts to confront the major threats to public health and democratic institutions posed by transnational drug-trafficking organizations. Agreement on unprecedented, bilaterally negotiated Performance Measures of Effectiveness (PMEs) enhanced maritime cooperation, and performance improvements in the interdiction/eradication realm were encouraging. Corruption and judicial obstacles to the swift extradition of fugitives, however, remained impediments to a more productive counter-drug relationship.

A new \$500 million public security plan, including establishment of the new Federal Preventative Police, complemented close bilateral counter-drug cooperation in 1999. That undertaking, which will take several years to implement fully, restructures several existing law enforcement agencies, and has already begun to improve police coverage and crime investigation. Steps are underway to acquire new technology, such as aerial radar platforms and upgraded telecommunications, and redistribute land, air, and maritime assets to improve coverage of priority areas. An interagency interdiction operation disrupted a major cartel's operations on the Yucatan Peninsula as part of a broad-based effort to reduce the flow of drugs into Mexico from Central and South America.

Marijuana eradication was up 39 percent over 1998 and net production down 19 percent for the year. Eradication of opium poppy, while down 10 percent from 1998, combined with reduced cultivation to yield a more than 25 percent drop in net opium gum production. The GOM made over 8,000 drug-related arrests, including: major cartel co-founder Juan Quintero Payan and key associates Oscar Benjamin Garcia Davila and Jaime Aguilar Gastelum. The Mexican Congress passed a new law codifying the use of seized/forfeited assets and creating a new office in the treasury ministry to manage these assets.

Mexico's achievements continued to be undermined by chronic institutional weaknesses, particularly drug-related corruption. The GOM has taken steps to strengthen internal controls, including expanding the mandate of the Attorney General's Office's (PGR) confidence control center and investigating numerous individual cases of suspected corruption. One such investigation implicated former Quintana Roo Governor Mario Villanueva, currently a fugitive from justice. President Zedillo has made combating corruption a national priority, but he acknowledged success will take time.

The USG and GOM cooperated closely on a wide range of law enforcement and drug abuse prevention efforts in 1999, guided by a National Drug Strategy agreed to in 1998 and accompanying PME's. The first formal evaluation of the PME's was completed in December 1999. Significant maritime seizures in the final seven months of year demonstrated enhanced U.S.-Mexican cooperation, as did agreement by the two countries in November to establish a new interdiction working group under the binational High-Level Contact Group on Drug Control (HLCG). The USG provided technical and material support and training to Mexican agencies in furtherance of the GOM's justice sector modernization initiative, demand reduction programs and other efforts.

In 1999, the USG and GOM continued to work closely on fugitive issues. The GOM extradited 14 fugitives to the United States, including two Mexican national drug traffickers, one of whom was also sought for the murder of a U.S. Border Patrol agent. In keeping with its historic 1996 decision to begin approving Mexican nationals for extradition in appropriate cases, the GOM appealed, with mixed results, several Mexican appellate court decisions barring extradition. The GOM has appealed to the Mexican Supreme Court a case which could resolve conflicting decisions by lower appellate courts and, thus, expedite delivery of fugitives in the future. Regrettably, Mexico has yet to extradite a major Mexican national drug trafficker.

The USG and GOM are committed at the highest levels to continued cooperation in efforts to defeat and dismantle heavily armed and well-financed trans-border drug trafficking organizations. In recent years, the two governments have constructed an unprecedented framework for coordination, a mechanism for evaluation, and fora for regular consultation on counter-drug issues. Through daily working-level interaction between counterpart agencies, policy-level discussions in the HLCG and other bilateral entities, and collaboration in multilateral groups, the two governments are finding increasingly productive ways to work together against the formidable threat drug trafficking poses to both nations.

Nigeria

Nigeria has failed to fully meet the criteria for cooperation with the United States on counter-drug matters and has not taken adequate steps on its own to meet the goals of the 1988 UN Drug Convention. U.S. vital national interests, however, require that Nigeria be certified so that the assistance that would otherwise be withheld remains available to support the continuing transition to democratic civilian rule and the increased efforts to improve cooperation on drug and other crime issues evident under the democratic government.

Nigeria remains the hub of African drug trafficking. Nigerian poly-crime organizations operate extensive global trafficking networks, dominate the Sub-Saharan drug markets, and account for a large part of the heroin imported into the United States. They also transport South American cocaine to Europe, Asia and elsewhere in Africa, especially South Africa, and export marijuana to Europe and West Africa.

The counter-drug efforts of the Government of Nigeria (GON) remain unfocused and lacking in material support. The new democratic government of President Obasanjo's strong public denunciation of drug trafficking and financial crimes is a welcome change from the high-level indifference that characterized most of Nigerian military rule. However, there have been no new actions or policies to bring about change.

The year 1999 saw the continuation of efforts limited largely to interdiction of low-level couriers and destruction of cannabis crops. Although the new government signaled its willingness to work with the USG on extradition issues, Nigeria did not extradite anyone in response to outstanding U.S. extradition requests. Well-drafted counter-drug legislation is already on the books, but remains largely un-enforced.

Nigerian law enforcement agencies did not significantly improve their counter-drug performance in 1999. There were no major trafficker prosecutions or arrests by the National Drug Law Enforcement Agency (NDLEA) in 1999. Total heroin seizures increased, due primarily to a large seizure at Kano Airport. The NDLEA has signaled a willingness to increase its professional expertise, but institutional limitations make it difficult for Nigerian law enforcement officials to make progress against increasingly sophisticated criminals. Asset seizures did not become a useful counter-drug tool. Awareness of the local drug abuse problem is growing, but demand reduction efforts have been limited in scope and success.

Nigerian money launderers operate sophisticated global networks to repatriate illicit proceeds from drug trafficking, financial fraud, and other crimes. In 1995, the GON enacted a decree to combat illicit drug-derived money laundering, but enforcement has been uneven, yielding few seizures and no convictions. Nigeria is a party to the 1988 UN Drug Convention.

Newly-elected President Obasanjo retired 143 military officers tainted by positions they held during the military government. Anti-corruption legislation has been proposed, but is stalled in the senate. Sporadic progress against corruption within the NDLEA contributed to its reputation as Nigeria's most professional law enforcement body. The NDLEA made regular arrests of individual drug couriers in 1999, but did not arrest or prosecute any major traffickers. Assets have been seized, but no forfeitures, which require convictions, have been made. The NDLEA chairman was briefly held in contempt for refusing to release several hundred thousand dollars worth of vehicles while their owner's case proceeds slowly through the legal system. The DEA received good cooperation from the NDLEA, but rampant corruption prevents sharing of sensitive information. NDLEA actions at airports, including breaking up a ring that involved airline and government employees, have made trafficking through airports more risky. There is an active cannabis eradication program, but figures are not available and supply easily meets demand. NDLEA has opened well-publicized anti-drug clubs at the universities, supplying them with anti-drug literature and videos.

Nigeria is one of the most important countries in Africa. What happens in Nigeria politically and economically will, to a large degree, determine whether there is stability and progress toward democracy and economic reform in West Africa. If Nigeria's ongoing transition fails, the result might easily be an implosion of government and the collapse of the economy, triggering a humanitarian disaster in Africa's most populous country (over 100 million people) and a destabilizing exodus of Nigerians to neighboring states. Such an upheaval could also disrupt the movement of high-quality Nigerian oil, which accounts for more than seven percent of total U.S. petroleum imports.

If, on the other hand, Nigeria's transition succeeds, it will be an example to all of Africa, and that success has the potential to promote economic growth and greater transparency in government. Nigeria could become an engine for growth in West Africa. A stable and democratic Nigeria will permit greater cooperation between law enforcement agencies, and the opportunity to reduce the impact of the Nigerian criminals who prey on the American people.

The military's acceptance of its appropriate role in a functioning democracy, and the new civilian government's ability to govern, will be critically impaired if Nigeria is deprived of the full range of USG support. Building a political consensus and meeting the challenges of a collapsing economy will also depend in no small part on outside assistance and expertise.

Denial of certification would block assistance the new democratically-elected government needs to meet these challenges, seriously damaging the prospects for success of stable, transparent democracy in Nigeria. U.S. vital national interests require providing humanitarian, economic and security assistance to Nigeria as well as counter-drug assistance from all sources. The risk of not doing so now would jeopardize not only Nigeria's fledgling democracy, but also Nigeria's attempts to reinvigorate its failing economy and support for democracy and peacekeeping throughout the region. Further, any new civilian government's ability to work with the USG on all issues, including counter-drug and other law enforcement, will depend on its access to multilateral lending and U.S. technical and economic assistance. The risks posed by the cutoff of assistance clearly outweigh the risks associated with GON's inadequate counter-drug performance over the past year.

Pakistan

In 1999, Pakistan made progress towards eliminating opium production by the year 2000 by reducing poppy cultivation by 48 percent. The poppy crop fell to a record-low of 1570 hectares. Cooperation on drug control with the USG has been excellent and the formation with DEA assistance of a Special Investigative Cell (SIC) within the Anti-Narcotics Force (ANF) was a major achievement. The overall record on drug interdiction was encouraging, with heroin seizures up 57 percent and several arrests of high-profile traffickers. The resolve of the Government of Pakistan (GOP) to prevent the reemergence of heroin/morphine laboratories remained firm. Pakistan extradited four drug fugitives to the United States and arrested six others, a significant improvement on previous years. Efforts to extend application of the Control of Narcotic Substances Act (CNSA) and the Anti-Narcotics Force Act (ANFA) to tribal areas in North West Frontier Province (NWFP) are continuing.

Pakistan's cabinet approved the drug control master plan in early 1999, but implementation has been slowed by a lack of funds. The GOP's counter-drug policies and cooperation with the USG were unaffected by the October 1999 coup. Pakistan is a party to the 1988 UN Drug Convention.

Pakistani law enforcement tripled opium seizures from 3.65 to 11.50 metric tons, and increased heroin seizures by 57 percent, from 2.36 to 3.90 metric tons. Pakistan's illicit drug seizures were up significantly compared to the same period in 1998. The ANF is Pakistan's principal drug law enforcement agency. In 1999 the GOP began to examine ways to strengthen the institutional capacity and performance of the ANF. With DEA assistance, the ANF formed a vetted unit, or Special Investigative Cell, thereby improving intelligence collection and investigative capacity, and took steps toward recruiting new personnel. The ANF also arrested two politically powerful traffickers, one a prominent journalist and influential politician, the other a member of the then-ruling party, leading to the break-up of a gang of corrupt officials posted at Islamabad airport. All are awaiting trial.

1999 was a record setting year for ANF seizures of heroin and opium recovered in individual raids (a 213 percent increase in heroin seizures), with ANF Baluchistan making major contributions. Particularly noteworthy were a 760 kilogram heroin seizure in Kharan District of Baluchistan and a seizure in Turbat District of Baluchistan of 2951 kilograms of opium, 2580 kilograms of hashish and 111 kilograms of heroin. Apart from the ANF, the law enforcement agencies most actively engaged in drug seizures include the police, customs and the Frontier Corps.

In a major improvement over previous years, in 1999 the GOP arrested six drug fugitives and extradited four defendants to the United States. There are 15 pending extradition requests. In Baluchistan the ANF and Frontier Corps detected and challenged a number of Afghan convoys, resulting in firefights and seizures of 5.8 metric tons of opium, 1.1 tons of heroin, and seven vehicles. The killing of three traffickers and serious wounding of one ANF soldier may reflect the increased challenges posed by well-armed traffickers.

There were no convictions of major drug traffickers in 1999. Prosecution continued to drag out in the courts. However, the GOP has funded the establishment of five special drug courts to process drug cases more efficiently. Chemical controls are adequate, but there is still diversion of acetic anhydride from licit imports. Pakistan is not a major money laundering country, but, given the level of drug trafficking, smuggling, and official corruption, money laundering almost certainly occurs, mostly by means of unofficial, traditional money transfer facilities, known as "hawala."

The USG believes that Pakistan made an excellent contribution to international drug control efforts. We will support GOP efforts to target major heroin trafficking organizations and increase seizures of large shipments of opiates and precursor chemicals.

Panama

The Government of Panama (GOP) continues to demonstrate its willingness to combat transnational drug trafficking. The GOP seized significant amounts of illicit drugs in 1999, despite apparent changes in trafficking routes. The new Mireya Moscoso administration has demonstrated its commitment to combat drug trafficking, money laundering, and other transnational crimes. Immediately after taking office, the new administration set up an anti-corruption unit in the Ministry of Economy and Finance. Panama's law enforcement agencies continue to maintain excellent relations with their U.S. counterparts.

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, underdeveloped 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. According to USG statistics, GOP agencies seized 2,576 kilograms of cocaine, 1,558 kilograms of marijuana, 46 kilograms of heroin, and 600 liters of acetic anhydride; they also made 131 arrests for international drug-related offenses in 1999.

The GOP continued to implement its own national counter-drug plan, the "National Drug Strategy 1996-2001." Panama also made significant progress in implementing its comprehensive chemical control program.

The highest U.S. priorities in the coming year will be signing a full six part bilateral counter-drug maritime agreement, expanding anti-money laundering legislation, increasing efforts to control the Black Market Peso Exchange, and improving prosecutions of money launderers and drug traffickers. Other U.S. priorities in Panama include: supporting the GOP's efforts to build a highly-professional, interagency, counter-drug task force; developing the capabilities to control sea lanes, rivers, island and coastal regions, and the Canal area; and limiting cross-border criminal influence. With the seriousness and commitment of the new Moscoso administration, the USG is hopeful that there will be measurable progress in these areas in 2000.

Paraguay

Paraguay is a major drug-transit country for significant amounts of largely Bolivian cocaine and is also a major money-laundering center in Latin America (although it remains unclear what portion of money laundering can be attributed to drug trafficking).

USG experts estimate that between 15 and 30 metric tons of cocaine may transit Paraguay annually en route to Argentina, Brazil, the United States and Europe. Of this estimated amount, only 95 kilos of cocaine were seized in 1999; moreover, only 211 arrests of low-level marijuana and cocaine traffickers were effected, mostly prior to April 1999. Paraguay is a source country for high-quality marijuana. Although none of it enters the United States, the Government of Paraguay (GOP) seized record amounts of marijuana and eradicated 900 of the estimated 2,500 hectares of marijuana fields.

In July 1999, a new penal code was enacted that criminalizes conspiracy. This will allow the prosecution of those who benefit from criminal activity, but who are not the material perpetrators of the crime. However, extensive training of prosecutors and judges will be required before this new law can be fully implemented. One major Brazilian trafficker, arrested in 1997, was extradited to Brazil. The legislature approved the bilateral extradition treaty signed in 1998.

However, the GOP failed to accomplish the majority of counter-drug goals for 1999 in a manner sufficient for full certification. Since 1995, legislation has been pending to provide police and prosecutors with modern legal tools, such as use of informants, controlled deliveries, and undercover investigations. The Gonzalez Macchi administration submitted another draft of the legislation to the Paraguayan Congress, but it is the third administration to do so without the legislation being passed. The GOP did not investigate, arrest or prosecute any major drug traffickers, nor did it take sufficient measures to prevent or punish public corruption in general, or specifically with respect to drug trafficking. The GOP did not implement the 1996 money laundering law by arresting or prosecuting violators. Furthermore, the GOP did not provide operational funding or adequate resources for the anti-money laundering secretariat, SEPRELAD, to enable it to function as an independent organization (although in December 1999 a budget was approved for 2000). The GOP also failed to show progress toward development of an effective anti-drug and organized crime investigative and operational capability for the border regions.

Denial of certification would, however, cut off civilian and military assistance programs designed to strengthen Paraguay's democratic institutions and promote modern civil-military relations. Strengthening democracy in Paraguay is a U.S. vital national interest, and failure in this effort would affect negatively all other U.S. interests, including cooperation with respect to illicit drugs, terrorism, intellectual-property piracy, and environmental preservation. The events of 1999—which included defiance by then-President Cubas of the Supreme Court, the assassination of Vice President Argana, the killing of student demonstrators, the impeachment and resignation of Cubas, drought, rural unrest, and the reported presence of fugitive former general and coup plotter Lino Oviedo—demonstrate the many challenges facing Paraguayan democracy. They also contributed to the GOP's unsatisfactory counter-drug performance. Denial of certification would undermine the U.S. ability to strengthen Paraguay's democratic institutions and would put at risk all other U.S. vital national interests.

The risks posed to the totality of U.S. interests (e.g., promotion of democracy and transnational crime cooperation) by a cutoff of bilateral assistance outweigh at this point the risks posed by the GOP's failure to cooperate fully with the USG, or to take fully adequate steps on its own, to achieve the goals and objectives of the 1988 UN Drug Convention.

In 2000, the GOP needs to translate its oft-stated political will into concrete action against major drug traffickers, money laundering, and official corruption.

People's Republic of China

The People's Republic of China (PRC) continued to take strong, effective steps to combat the use and trafficking of illicit drugs in 1999. Although preliminary figures indicate that seizures of heroin declined significantly from 1998's record level (possibly because of a decline in production in Burma), China's heroin seizures still accounted for the great majority of heroin seized in all of Asia. Seizures of methamphetamine and other amphetamine-type stimulants soared, while those of precursor chemicals and opium remained at previous years' levels. China cooperated with the United States and other countries in providing pre-export notification of dual-use precursor chemicals. Government officials estimate that more than ten percent of China's 1.3 billion citizens viewed a nationwide anti-drug exhibition. DEA

opened an office in Beijing. China continues to cooperate actively on operational issues with U.S. drug-enforcement officials. Domestically, China began a "Drug Free Communities" program to eliminate drug trafficking and abuse as well as drug-related crime.

During 1999, China cooperated with the UNDCP and regional states on a number of projects to reduce demand for illicit drugs. China also supported effective crop-substitution programs in Burma and Laos.

The United States and the PRC signed a Customs Mutual Assistance Agreement that will enhance communications and accelerate the flow of counter-drug-related intelligence. China is a party to the 1988 UN Drug Convention as well as to the 1961 UN Single Convention and its 1972 Protocol, and the 1971 Convention on Psychotropic Substances.

U.S.-PRC cooperative law enforcement has advanced over the last two years, but China frequently does not respond to USG requests for information, and when it does, the responses often arrive too late to be of operational value. China has also failed to enforce vigorously and to strengthen anti-money-laundering legislation. For a number of reasons, China has also continued its non-engagement in the Asia-Pacific Group on Money Laundering and did not pursue membership in the Financial Crimes Task Force.

Despite those shortcomings, the PRC 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 and objectives of the 1988 UN Drug Convention.

Peru

In 1999, the Government of Peru (GOP) made excellent progress in achieving its goal of eliminating illegal coca cultivation. Despite the rehabilitation of some previously abandoned coca fields, an additional 24 percent of coca cultivation was eliminated in 1999, for an overall reduction of 66 percent over the last four years. Contributing to this reduction was a 1999 manual coca cultivation eradication total of 15,000 hectares. The GOP counter-drug alternative development program, working through 103 local governments, almost 700 communities, and more than 15,000 farmers, significantly strengthened social and economic infrastructure in these areas and helped shift the economic balance in favor of licit activities. In January 2000, the GOP held a conference in Paris to promote alternative development support among major donor countries.

However, there is also increasing evidence that traffickers are processing cocaine hydrochloride within Peru's borders, setting up laboratories near the borders with Brazil, Colombia, and/or Bolivia, so that they can leave the country quickly without risk of interception. There were no interceptions or forcedowns of trafficker aircraft by the Peruvian Air Force (FAP) airbridge denial program in 1999—a tribute to the strong deterrent effect this program has had on the aerial transport of drugs. Recent seizures provide evidence that drug traffickers are using maritime shipment of cocaine from Callao and other Peruvian ports, riverine transport, and overland transport to move drugs out of Peru to evade aerial interdiction of trafficking aircraft. Private shipping companies, encouraged by the GOP, monitored sea cargo container activities during 1999, which led to the seizure by the Peruvian National Police of over five tons of cocaine base and cocaine hydrochloride bound for Europe.

Reliable reports and eradication campaigns indicate that Peru has an emerging opium poppy cultivation problem. Cultivation of opium poppy is illegal in Peru; whenever such plantings are identified, the GOP takes prompt action to destroy them. Reliable reports indicate that 55 kilograms of latex gum were seized in 1999, and 34,000 plants were eradicated.

In December, the Peruvian National Police arrested major drug trafficker Segundo Cachique Rivera. The Peruvian National Police chemical control unit conducted over 1,500 regulatory and criminal investigations of suspect

businesses in 1999, making 58 arrests and seizing over 112 tons of controlled chemicals and two chemical companies. The GOP also passed new legislation to enhance the control of precursor chemicals.

Peru's significant reduction of coca under cultivation proves that its strategy is working. However, with higher prices being paid for coca, many farmers will be tempted to abandon licit crops. It is essential that manual eradication of illegal coca crops, counter-drug related alternative development, reinvigoration of the airbridge denial program, and land and maritime/riverine interdiction all continue as complementary programs. The GOP should also refine relevant laws, especially as they pertain to money laundering, asset seizure, and chemical controls.

Taiwan

The United States considers Taiwan a major transit point for drugs affecting the United States due to its geographic location, its role as a regional transportation/shipping hub, and the activities of organized crime groups. Taiwan in 1999 continued its aggressive domestic counter-drug program and its effective cooperation with the United States, through the American Institute in Taiwan (AIT). Through October 1999, Taiwan authorities investigated 68,612 new drug cases, an increase of 48.9 percent over the same time period in 1998. The authorities seized more illicit drugs, primarily methamphetamine-type stimulants, in the first ten months of 1999 than all of 1998. Although indictments and convictions for drug-related offenses on Taiwan continued to fall in 1999, the decline reflects the first full year in which a law, allowing first-time addicts to participate in drug treatment programs in lieu of imprisonment, has been in force.

Taiwan cannot be a signatory to the 1988 Drug Convention because it is not a UN member. Taiwan authorities, nonetheless, have passed and implemented laws bringing Taiwan into compliance with the Convention's goals and objectives. Taiwan also continued to expand counter-drug cooperation with U.S. law enforcement agencies, through AIT.

Encouraged by AIT and DEA, Taiwan authorities passed two key drug laws to control both the manufacture and sale of phenylpropanolamine (PPA). The laws allow pre-export notification on shipments of PPA to other countries and establishes a new agency to monitor the production, use, and sale of drugs. Taiwan has continued to strengthen its efforts to stop drug trafficking and is addressing domestically and in conjunction with the international community the problem of money laundering.

Through AIT, Taiwan and U.S. law-enforcement agencies cooperated closely on investigations and joint operations concerning drug trafficking and related crimes. Taiwan authorities worked with the United States and other countries on anti-money laundering efforts. Taiwan is an active participant in the Asia-Pacific Group on Money Laundering and the Egmont Group.

Thailand

At the time that the List of Major Drug Producing and Transiting Countries was prepared at the end of last year, information then available indicated that in excess of 1000 metric tons of opium was cultivated in Thailand. However, success with eradication programs during the current crop year seems to have reduced cultivation to well under that figure. Thailand remains a major drug transit country as a significant amount of heroin transits Thailand on its way to the United States. Indeed, Thai authorities recently made a number of large seizures of heroin headed for the United States.

Thailand continued its long tradition of cooperation with the United States and the international community in anti-drug programs. The Royal Thai Government (RTG) added to its leadership role in transnational crime issues by co-managing the International Law Enforcement Academy (ILEA) with the USG in Bangkok. Thailand is one of the top three countries in the world in cooperating with the United States on extradition requests. Additional defendants arrested in 1994's operation "Tiger Trap" were extradited and extensive cooperative law enforcement programs continued to bear fruit.

Thailand has one of the most effective crop substitution and opium eradication operations in the world. 1999 poppy cultivation was down 38 percent from 1998 and opium production was down 62 percent. Eradication destroyed 50 percent of the crop leaving an estimated 6 metric tons remaining. Cultivated acreage has been slashed 91 percent since the onset of the eradication program in 1984. With DEA support, the Royal Thai Police (RTP) established the second in a series of specially-trained drug law enforcement units to target major trafficking groups. Overall, RTG efforts to target trafficking organizations have proceeded well, with numerous cases involving organizations with trafficking links opened in 1999.

More elements of the new Constitution came into force further strengthening rule of law and the judicial system, and providing a firm basis for further modernization and institutionalization of Thai society. Thai civil society is developing rapidly and a press with few restraints and the plethora of NGOs bring increasingly strong public attention to official corruption. A significant number of low and middle-ranked officers in the military and police were disciplined for corruption, although arrests for corruption continued to focus on lower-ranking officers and officials.

The RTG is close to deciding whether to accede to the 1988 UN Drug Convention. Passage of money laundering legislation was the last main requirement. Passage is expected in the March 2000 parliamentary session.

The USG considers Thailand an important ally in combating the production and flow of illicit drugs. Our two countries have been working together to fight production and trafficking of narcotics with great success for over three decades, and DEA considers its cooperation with Thailand to be one of its most successful overseas partnerships anywhere in the world.

Venezuela

By some estimates, over 100 metric tons of cocaine transit Venezuela annually en route to destinations in the United States and Europe. Venezuela is also a transit route for precursor chemicals used in the production of illicit drugs in the Andean source countries, and its financial sector is a prime destination for laundering proceeds from Colombian cocaine trafficking organizations.

Venezuelan law enforcement agencies had increased success in drug interdiction in 1999, particularly on land and at major ports. Cocaine seizures rose to 13.1 metric tons from 8.6 metric tons in 1998. This improvement reflects both the increase in drug transshipment through the country in 1999 and the high level of tactical cooperation between Venezuelan and U.S. law enforcement agencies. The Government of Venezuela (GOV) also augmented its efforts to interdict chemical precursors, after establishing in 1998 a set of regulations to track the diversion of chemicals used in drug production. Working closely in conjunction with DEA, Venezuelan law enforcement officials seized over 110 tons of potassium permanganate, a prime chemical used in the production of cocaine, and signed an agreement with the Government of Colombia to exchange information on chemical precursor movements.

Corruption has traditionally hampered the effectiveness of Venezuela's law enforcement and judicial institutions. The GOV took concrete steps against corruption in 1999, initiating investigations of corrupt officials and overseeing the implementation of a new criminal code which has the potential to provide a more efficient, transparent system of justice.

To consolidate these important advances, the GOV should take certain measures to improve its performance, specifically: pass needed anti-organized crime legislation; reenter negotiations with the USG on a comprehensive maritime agreement; take the necessary steps to permit the extradition of Venezuelan nationals accused of drug-related crimes or organized crime activity; and continue to enhance and refine multilateral counter-drug interdiction cooperation.

Vietnam

As a national priority in Vietnam, the fight against illicit drugs is second only to poverty reduction. In 1999 Vietnam fought on two fronts: against the production and use of drugs as well as against cross-border trafficking of drugs. Vietnam, with 2,100 hectares under poppy cultivation and a potential of 11 metric tons of opium production, intensified efforts to eradicate poppy crops. Authorities also successfully eradicated 860 of an estimated total of 1,000 hectares used for cannabis cultivation in 1999.

The Government of Vietnam (GOV) instituted an augmented prevention campaign to reduce domestic drug use and abuse. Also in 1999 Vietnam stiffened law-enforcement campaigns against drug traffickers and toughened prosecution to achieve a record number of arrests and convictions. Authorities prosecuted 3,310 drug-related cases involving 4,952 defendants. Of cases brought to trial, 35 received a death sentence and 21 were sentenced to life imprisonment. A high-profile anti-corruption campaign was implemented and included public trials of high-ranking government and party officials involved in illicit drug and other smuggling.

Due, in part, to its location so close to the "Golden Triangle," Vietnam is a major transit point for opium and heroin. To address this problem, the GOV set up special task force units to combat drug trafficking along the borders, and police, customs and border forces arrested 19,010 drug criminals, an increase in arrests of 31 percent over last year. Drug interdictions increased by 32 percent, with seizures of 51.8 kilograms of heroin, 314 kilograms of opium, and 369 kilograms of cannabis. In its first year of operation (September 1998–September 1999), the marine police force began patrols to detect drug trafficking. Vietnam also tightened oversight and control of precursor chemicals, transferring responsibility for monitoring to the Ministry of Public Security, Ministry of Public Health, and Department of Customs, and set up a Precursor Chemical Control Force in the Ministry of Health.

In 1999 GOV began work on preparing draft counter-drug legislation to modernize organized-crime statutes and techniques, enhance law-enforcement efforts, and strengthen compliance with the 1988 UN Drug Convention, to which Vietnam is a party. Vietnam is negotiating counter-drug agreements with China and several EU countries, has cooperated with Interpol, and has worked closely with U.S. law-enforcement agencies. In April 1999 the Vietnamese Police joined the ASEANPOL Criminal Information System. UNDCP is assisting Vietnam revise its Master Plan against drugs and craft its new counter-drug legislation. Vietnam supports UNDCP projects targeting demand reduction, crop substitution and suppression of drug trafficking.

The United States and Vietnam have not yet concluded a counter-drug agreement. The GOV has not fully eradicated poppy crops, and farmers reverted to poppy cultivation in some high-poverty rural areas, bringing an additional 645 hectares under cultivation in 1999 and increasing the total to 2,100 hectares devoted to poppy crops. Vietnam's National Assembly approved penal code revisions that criminalize money laundering for the first time. The provisions will take effect on July 1, 2000. Vietnam is working with the World Bank to develop a money-laundering section in draft banking legislation.

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