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United States Department of State

Bureau of International Narcotics Matters

International Narcotics Control Strategy Report

March 1990

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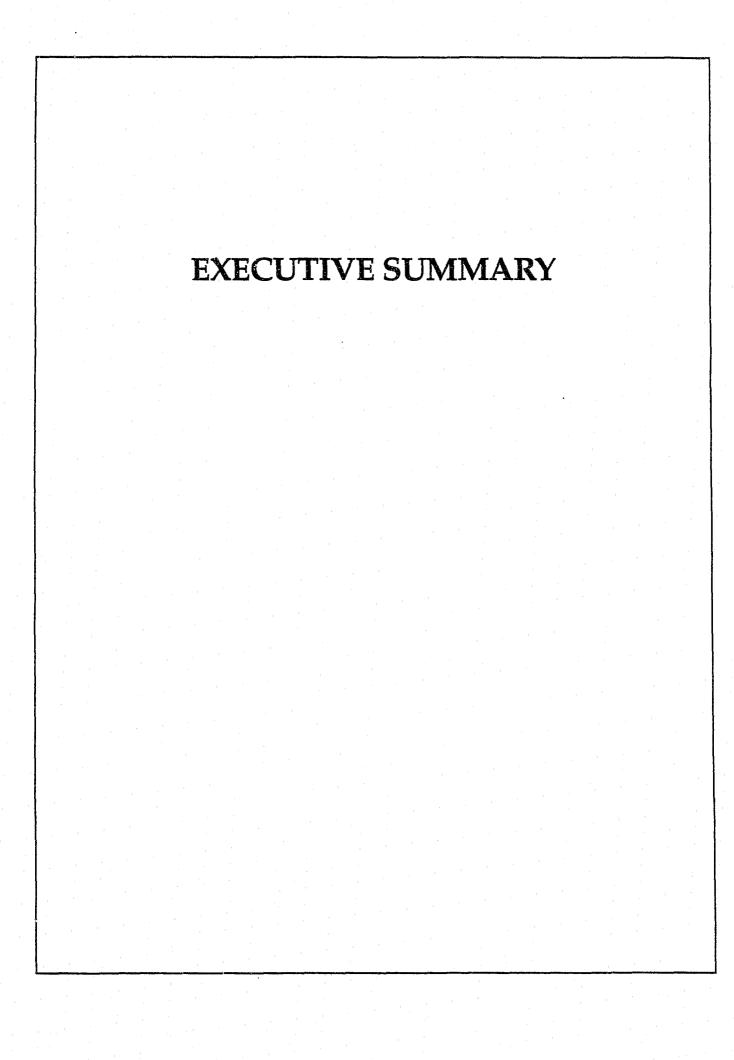
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EXECUTIVE SUMMARY

I. INTRODUCTION

The Department of State's International Narcotics Control Strategy Report (INCSR) has been prepared in accordance with the provisions of Section 481 of the Foreign Assistance Act of 1961, as amended (22 U.S.C. 2291).

The 1990 INCSR is the fourth annual report prepared pursuant to Section 2005 of P.L. 99-570, the Anti-Drug Abuse Act of 1986. This legislation requires that certain kinds of assistance be withheld at the start of each fiscal year from major illicit drug producing and major drug transit countries, pending certification by the President the following March 1. The law requires the President to certify every major illicit drug producing country or major drug-transit country that cooperated fully with the United States in the previous year, or took adequate steps on its own, with respect to illicit drug production, trafficking and money laundering. Alternatively, the President may certify countries that would not qualify under these terms on grounds that the national interests of the United States require the contingency provision of foreign aid to such countries. Or, the President may deny certification, causing statutory sanctions to be imposed.

This year's INCSR, provides the factual basis for the President's 1990 certifications under the revised law, as well as other information required by the Congress in Public Laws 99-570 and 100-690, the Anti-Drug Abuse Acts of 1986 and 1988.

Statement on Certification

Section 481(h)(2)(A) requires that the President certify whether major drug producing and drug transit countries have "cooperated fully" with the United States, or taken adequate steps on their own, with regard to preventing illicit drug production, drug trafficking, drug-related money laundering and drug-related corruption.

The statute provides, alternatively, that the President may certify, on grounds of vital national interest, countries which would not otherwise qualify for certification on grounds of such narcotics cooperation.

In weighing recommendations on certification to the President, the Department has looked to the law, before and after amendment by the 1986 and 1988 Acts, for guidance in determining the bounds for "cooperated fully." Particular adherence was given to the requirements of Section 481 (h)(2)(B), the "Chiles Amendment" which require bilateral or multilateral cooperation agreements as an absolute condition of certification.

The requirement in Sec. 481(h)(3) is that the President, in making certifications of cooperation, shall give foremost consideration to whether the actions of the government have resulted in the maximum reductions in illicit drug production which were determined to be achievable.

The President must also consider whether the government has taken the legal and law enforcement measures to (A) enforce, to the maximum extent possible, the elimination of illicit cultivation and the suppression of illicit manufacture and trafficking in narcotic drugs and psychotropic substances -- as evidenced by seizures of such substances and of illicit laboratories, and arrest and prosecution of violators, and (B) eliminate to the maximum extent possible the laundering in that country of drug-related profits or drug-related monies -- as evidenced by enactment of money laundering laws, willingness to enter into MLATs, and other cooperation on money laundering.

In considering country performances in 1989, the President is also directed by statute to consider programs and actions planned for 1990 and beyond. This two-year appraisal is especially important when remedial actions are necessary.

Use of terms such as "maximum achievable reductions" introduce a concept of variability. Moreover, there is precedence for determining that full cooperation can be a variable term. The precedence lies in the earlier amendments to Section 481, which since 1971 has made reference to "adequate" cooperation. Section 481(f) requires consultation with the Congress on country determinations and specifies that such consultation shall inter alia include consideration of (1) the nature of the illicit drug production problem, and (2) the climatic, geographic, political, economic and social factors that affect illicit drug production. Thus, 481(f) introduced in 1983 the concept of "cooperation" and "maximum achievable reductions" being variable, a function of numerous factors including relative capability to achieve narcotics objectives.

In determining the recommendations to the President, the Department of State has, therefore, considered each government's relative capability to achieve maximum reductions in production, as a foremost priority, and also to develop and enact the legal and law enforcement measures which this statute contemplates. The Department also considered the question of governmental attitude, that is whether the government concerned exhibited the necessary determination to fight drug production and trafficking, as well as the nature of cooperation in joint programs with the U.S. This relative capability was viewed as a function of their differing political, economic, social, geographic, climatic and resource situations. In this context, full cooperation in crop control and other enforcement can have quite different outcomes.

There are shadings to the recommendations on certifications. Some governments found that their programs could not keep pace with traffickers' efforts to expand cultivation, but adopted new programs or strategies, with new resources, to increase their potential reductions. Other governments, including several with well-established programs, could and should have done more in one or the other criterion category. A number of governments must do more to curb narcotics related corruption before it countermands their control efforts. Virtually every government can and must do more to arrest and prosecute major traffickers and destabilize networks. Extradition is a significant international tool to counter the trafficking networks.

Ramifications of Certification

The statute makes it clear that there is a definite relationship between provision of foreign assistance and positive performance and effort on narcotics control. The law requires that half of certain kinds of economic and military assistance be withheld, at the start of each fiscal year, pending certification by the President. If the President fails to certify a major producing or drug transit country, or if Congress disapproves the certification, the law mandates the suspension of the other half of economic and military assistance, as well as most other kinds of assistance. Moreover, the United States would oppose new or extended loans to such countries by the multilateral development banks, and, at Presidential discretion, could impose a variety of trade sanctions.

The Department has submitted to the President a Presidential Decision Memorandum which contains recommendations for certifications (or denials of certification) for major drug producing and drug trafficking countries. The President's certifications are subject to Congressional disapproval, by vote of both houses, within 45 legislative days, as specified by 1987 amendments.

This report has been prepared by the Department's Bureau of International Narcotics Matters (INM), in consultation with other bureaus in the Department, U.S. Embassies, the Drug Enforcement Administration, the Federal Bureau of Investigation, and the Central Intelligence Agency, the Office of National Drug Control Policy, as well as other offices and agencies of the U.S. Government. As required by law, the Department of State and the Departments of Justice, Defense, Treasury, and Health and Human Services, as well as the Agency for International Development, have made comments and recommendations on this report and are prepared to meet with members of the Committee on Foreign Relations and the Committee on Foreign Affairs to review worldwide illicit drug production and the policy, programs and role of the United States Government in preventing the entry of illicit narcotic and psychotropic drugs and other controlled substances into this country.

POLICY AND PROGRAM DEVELOPMENTS IN 1989 March 1, 1990

Results in international narcotics control efforts were mixed during 1989; worldwide narcotics production reached new levels, corruption undermined enforcement efforts, and a number of governments still failed to exhibit a serious commitment to reducing drug production and trafficking. In some cases, new USG methodologies and intensified effort produced more accurate estimates of production, trafficking and crop yields and caused the USG to revise its estimates upwards from previous years.

Although precise information is difficult to obtain, it also seems clear that worldwide abuse of illegal drugs is rising. A number of countries reported, or were estimated to have, more intense drug abuse problems than in previous years. Greatly expanded production of certain drugs, such as heroin, has caused criminal narcotics trafficking organizations and smaller traffickers to look for new markets, particularly at a time when public attitudes and governmental policies in the world's largest market, the U.S., have hardened considerably. It is no comfort to the U.S. Government that as our drug abuse situation continues to improve, the eyes of the drug mafias shift to other countries. Increasing drug abuse lines the pockets of criminals and makes the trafficking organizations less vulnerable to attack. It is in the U.S. interest to focus its attention on both supply and demand worldwide and to keep clearly in mind that rising demand in other countries can undermine our cooperative efforts to reduce the production and distribution of illegal drugs.

Notwithstanding its mixed record, 1989 was an encouraging year in narcotics control on a number of fronts: cocaine seizures within the United States, Latin America and the Caribbean were greater than in any previous year; major cocaine traffickers were captured, jailed and extradited to the United States to face trial; and the Government of Colombia sustained its vigorous attack against the cocaine cartels, culminating the year with the successful raid against the organization of Jose Rodriguez Gacha, resulting in the cartel leader's death while resisting arrest by Colombian authorities. groundwork was laid for the successful Drug Summit in Cartagena, Colombia where the three Andean Presidents and President Bush committed their countries to comprehensive, coordinated efforts to eliminate drug supplies and demand. Agreements reached there are expected to lead to reductions in cocaine production and trafficking, slow the flow of essential and precursor chemicals and illegal arms into Latin America and further reduce the U.S. demand for drugs.

There were successes in other areas, too: a number of significant international cooperative efforts led to the freezing of millions of dollars in drug-related assets; the U.S. Government and the Government of Peru completed the construction of a secure staging base in the Upper Huallaga Valley; there were openings for meaningful narcotics cooperation with Panama, Laos and the U.S.S.R.; and Colombia and Jamaica continued to reduce marijuana production significantly. More progress was made internationally to stem drug money laundering and the flow of chemical precursors. More support for the international war on drugs was exhibited from a broad variety of countries.

Unfortunately, the year's successes were more than balanced with sobering reality. Opium and coca production increased, narcotics trafficking increased, and corruption and program ineffectiveness eroded potential gains against international drug trafficking organizations. During 1989, opium production doubled in Burma, due to another year of good weather conditions, increased cultivation, the cessation of counternarcotics actions and that nation's inaccessibility to international influence. It also increased in Laos and Thailand due to excellent growing conditions. Expanded opium production in Guatemala, added to Mexico's already serious cultivation levels, made Central America a more significant opium producer. These developments pushed worldwide opium production to new highs. While poor weather and an increase in food crops resulted in a decreased opium crop in Pakistan and Afghanistan, U.S. Government officials believe this decrease could be temporary. Heroin availability also increased, threatening the United States with a potential heroin epidemic. Coca cultivation increased during 1989, despite coca control programs in some Latin American nations. Narcotics-related violence and a serious domestic insurgency severely curtailed the ability of the Peruvian Government to take law enforcement actions in coca producing and cocaine trafficking areas within its borders.

Flagging political will and corruption among officials restricted progress in a number of major drug producing and trafficking countries. The Government of Bolivia was unable to take important steps during the first half of 1989 to address its international obligations in coca eradication. Corruption also undermined Thai enforcement efforts. Similarly, as heroin trafficking increased and enforcement efforts lagged in 1989, the Government of Laos did not deal effectively with the the problem of senior civilian and military officers involved in the drug trade. The Syrian Government did little to reduce trafficking in Lebanon or refute rumors of Syrian officials' involvement in the narcotics trade. Finally, reports of corruption also plague the Bahamian Government.

A realistic assessment of the opportunities for progress in international drug control--and a recognition of the obstacles and limitations facing the United States and other nations--resulted in the development of a new, comprehensive National Drug Control Strategy announced by the President on September 5, followed by a second strategy keyed to resources in January, 1990. These plans address all elements of the international narcotics control problem and propose both short-term and long-term initiatives to deal with drug production, trafficking and abuse. The National Strategy provides a policy framework upon which the United States, in concert with foreign governments, will use to build counternarcotics programs during the coming years.

Some Encouraging Developments during 1989

A number of countries demonstrated their political will to confront narcotics traffickers by undertaking decisive counternarcotics actions during 1989. Most notable is Colombia and its sustained crackdown on those who are allied with the Colombian cartels. Colombia made significant gains early in 1989 with Operation Primavera, which eliminated some of the Medellin cartel's important cocaine laboratories. By targeting high-quality cocaine hydrochloride facilities, the Colombian Government destroyed dozens of prime HCl labs and seized 37 metric tons of cocaine over the course of the year. Counternarcotics actions intensified further after the murder of Presidential candidate Galan last August.

The Government of Colombia remained committed to its goal of separating major traffickers from the source of their wealth and their profits. In the face of an unfaltering campaign of harrassment aimed at traffickers, the Colombian Government extradited 14 major traffickers to the United States, froze millions in drug trafficker assets, and kept the cocaine traffickers on the run. At the same time, it resisted concerted trafficker efforts to exploit a decline in public backing for the Government's campaign and rejected formal settlement offers from the traffickers. In a very courageous action, the Colombian Supreme Court upheld the constitutionality of President Barco's emergency decree, permitting extradition.

Colombia's resolve was also strengthened by international support for its efforts against the cartels, including a \$65 million emergency equipment package from the United States, and material and supplementary support from a number of European countries.

Mexico's new President Carlos Salinas elevated the narcotics threat to a national security issue and took aggressive actions against the cocaine trade. The Government of Mexico seized almost 34 metric tons of cocaine during 1989. The Mexican Attorney General's anti-drug budget was also raised to \$37 million,

up from \$23.1 million the previous year; and his organization was reconfigured to strengthen its counternarcotics functions. The Mexican Government also appointed a Drug Czar and dedicated a force of fifteen hundred federal judicial police personnel to interdiction activities. Additionally, a substantial portion of Mexico's military performed anti-narcotics missions.

The Mexican Government worked closely with United States enforcement agencies to dismantle the trafficking network tied to the seizure of 21 metric tons of cocaine in Los Angeles. Mexican enforcement efforts continued its eradication but has adopted a more balanced approach, combining high-priority target cocaine interdiction and opium/marijuana eradication where feasible.

The Mexican Government made progress against major drug traffickers during 1989. Miguel Angel Felix Gallardo, the godfather of one of Mexico's largest trafficking rings, was arrested in Guadalajara in April. He is charged with numerous narcotics violations. On December 12, 1989, a Mexican District Court judge rendered guilty verdicts against drug kingpins Rafael Caro Quintero and Ernesto Fonseca Carrillo for the February 1985 murder of DEA Special Agent Enrique Camarena and Mexican pilot Alfredo Zavela Avelar. Both men are now serving what amount to life sentences in Mexico.

Despite violent challenges from the Sendero Luminoso, including a forced shutdown of counternarcotics enforcement activities for more than half of 1989, the Government of Peru took positive steps to curb drug production. After closely cooperating with the U.S. Government in the construction of a secure base at Santa Lucia in the Upper Huallaga Valley, the Peruvian Government resumed interdiction operations in September. There are reports that Colombian Government pressure on the cartels has resulted in lower prices for coca leaf in Peru. In the last three months of the year, higher quality targets were hit in the UHV. The Government of Peru has also cooperated with the United States to test herbicides for potential use against coca. Initial test results indicate that two herbicides tested in Peru's Upper Huallaga Valley will eliminate coca, while allowing other vegetation to thrive.

While progress was stalled on a number of counternarcotics fronts because of national elections and a change of administrations in August 1989, Bolivia's narcotics control performance improved during the last few months of the year. Although the Bolivian Government did not meet its goal of eradicating 5,000 hectares of coca, 2,500 hectares of coca were destroyed representing a 70% improvement over 1988 totals. Increased eradication late in the year and in early 1990 indicated that more progress will be made in this area. In other law enforcement areas, results were more encouraging.

The Bolivian Government arrested notorious cocaine trafficker and former Interior Minister, Luis Arce Gomez, and turned him over to the U.S. Government for trial. Another well-known trafficker, Roberto Suarez, remains in a Bolivian prison. Despite these gains, widespread narcotics-related corruption remains a serious problem which hinders Bolivia's efforts.

Through vigilant enforcement and eradication efforts, the Government of Ecuador continued to demonstrate its commitment to reducing coca production. The U.S. Government worked closely with Ecuador during 1989, providing helicopters and reconaissance aircraft to support interdiction and eradication operations near Ecuador's borders with Colombia and Peru.

The Government of the Bahamas demonstrated its commitment to international narcotics control through joint and unilateral cocaine interdiction activities. During 1989, Bahamian law enforcement personnel seized almost two metric tons of cocaine; through joint United States-Bahamian operations, i.e., Operation Bahamas, Turks and Caicos (OPBAT), another 7 metric tons of cocaine were intercepted.

Jamaica also took steps to reduce the production and trafficking of narcotics. Jamaica's Prime Minister Michael Manley took the initiative in attempting to improve regional efforts in narcotics control during 1989, advocating a greater role for the United Nations and proposing creative options for Caribbean cooperation. Jamaica also reduced its marijuana crop by reaching its 1989 eradication goal of 1,500 hectares, reducing the crop to a five-year low.

Recognizing its potential as a significant new source of opium, Guatemala cooperated with the U.S. Government in an important opium eradication program. The Guatemalan Government also seized four metric tons of cocaine during 1989.

The new Government of Panama signed a general drug control agreement in January, 1990, committing itself to cooperation with the U.S. Government in all areas of narcotics control, including money laundering. We believe that the Endara Government will work closely with the U.S. Government over the coming months in counternarcotics programs.

Encouraging developments were not limited to Latin America and the Caribbean; a number of Asian governments also intensified efforts against production and trafficking. Pakistan's Prime Minister Bhutto created an elite anti-narcotics enforcement unit, reorganizing that nation's narcotics control bureaucracy. Pakistan also extradited a major hashish trafficker, Malik Saleem, to the United States, and arrested heroin trafficker Zulqarnan Khan. Proceedings for this extradition to the United States are pending. The opium poppy ban was also enforced for the first time in the irrigated areas of Bajur and Mohmand. While this year's Pakistani opium crop declined to 130 metric tons, this decline in crop yield was attributable mainly to poor weather at planting time.

Although there is increasing concern about reports of drug-related corruption, the Royal Thai Government worked closely with the U.S. Government during 1989 and joint law enforcement efforts resulted in the arrest of seven major traffickers identified by DEA as major targets. Thai opium continues to be held down through consistent eradication and development campaigns, although opium production doubled to its highest level in five years due to excellent weather that boosted yields. Thai enforcement efforts continue to be constrained by a lack of asset seizure or conspiracy legislation.

Despite having failed certification by the President for its non-cooperation in narcotics control in 1989, the Government of Laos signed an umbrella agreement with the U.S. Government pledging its commitment to all elements of drug control. The Lao Government also signed a project agreement to allow small-scale opium control projects in northern Laos and Vientiane Province. Despite these new initiatives, we continue to receive disturbing reports of the involvement of senior military and civilian officials in the drug trade, and there is very little evidence of Lao willingness to address these reports.

The European Community, Canada, Japan, and Australia played increasingly active roles in international narcotics control during 1989. There was consensus on the importance of international cooperation to eliminate money laundering. The Paris Economic Summit led to the creation of a Financial Action Task Force to recommend concerted international actions; the Task Force will issue a final report later this year.

With growing concern about the security problems associated with the gradual elimination of European border controls in 1992, the European Community (EC) has raised the narcotics issue to a high priority, by establishing drug coordinator positions in each of the EC countries. European nations have also expressed a willingness to cooperate with the United States in a number of areas, including the control of precursor chemicals. European and other developed nations can be expected to play important roles in international drug control efforts during the next decade.

Cooperative efforts with international organizations were encouraging during 1989. For example, the U.S. Government has led the effort to make the United Nations Fund for Drug Abuse Control (UNFDAC) more active in law enforcement activities, supplementing current activities in development and prevention. The Inter-American Drug Abuse Control Commission (CICAD) of the Organization of American States (OAS) continued to foster hemisphere-wide cooperation to prevent drug abuse and to stop drug trafficking. The OAS and CICAD arranged public awareness meetings to gather support from the private sector and media, developed drug abuse prevention programs for the hemisphere's public schools and drafted model national regulations to control precursor chemicals.

Public awareness is a central focus of the President's National Drug Control Strategy, and a growing number of nations recognize its importance in multi-faceted counternarcotics initiatives. Prime Minister Manley sponsored a week of Drug Awareness activities in Jamaica during 1989, bringing together notable figures in supply and demand reduction. Other governments, such as Pakistan, Thailand, the U.K. and Spain are committed to raising international awareness of all aspects of the drug problem through high-level conferences and exchanges.

Within the U.S. Government, the U.S. Information Agency is the lead agency for drug public awareness activities overseas. Working with the Department of State, AID, DEA and the Department of Education, USIA programmed a number of activities during 1989 in support of the President's strategy. With State Department funding, USIA established the International Narcotics Information Network (ININ) which will be available to major U.S. Embassies in the second quarter of 1990. This system will enable foreign publics to access information on all aspects of the international narcotics issue, including U.S. demand reduction efforts, seizure statistics and information on what other governments are doing to control the supply and demand for drugs.

During 1989, USIA, through the Voice of America, brought foreign media representatives to the U.S. to meet with U.S. narcotics policy experts. Drug experts from developing countries received grants to complete a year of graduate studies at Johns Hopkins University and USIA sponsored a number of international participants in the annual PRIDE (Parents Resource Institute for Drug Education) conference in Atlanta. Thirty-two American experts traveled to thirty-five countries under the American Participants (AMPARTS) program to discuss all aspects of the U.S. fight against drugs.

Status of Worldwide Production

During 1989, worldwide production of opium rose dramatically. Coca production was up as well. Improved U.S. Government analytic methodologies on Mexican production revealed larger amounts of opium and marijuana than had previously been suspected.

Opium Production: Opium production in Burma increased from 1280 metric tons in 1988 to 2625 metric tons in 1989. Burma suspended all narcotics control programs in 1989, giving free reign to producers and traffickers, and further complicating heroin control programs in Thailand. Excellent growing conditions last year also increased opium production to an estimated 375 metric tons in Laos and 50 tons in Thailand.

Opium production in Mexico and Guatemala remains significant. Estimates of Mexico's crop indicate that, 85 metric tons of opium may have been produced in 1989. Guatemala produced as much as 14 metric tons of opium, up significantly from 1988.

Southwest Asian opium cultivation, however, was reduced slightly in 1989, due in large part to poor weather conditions. Pakistan's 130 metric tons and Afghanistan's more than 585 metric tons combine with Iran's 300, for a regional estimate of 1015 metric tons of opium, down from 1988's Southwest Asian total of 1190 metric tons.

Worldwide heroin availability continued to increase during 1989. Pakistan is now estimated to have 1.1 million heroin addicts, a significant increase over the 700,000 reported in 1988. Hong Kong, Thailand, Malaysia and India also report increased numbers of addicts. U.S. Government drug control experts are concerned that increased availability of heroin, particularly in smokeable form, will pose significant problems for the United States in coming years.

Coca Production: During 1989, we judge that coca cultivation and cocaine production in the Andes increased. Peru's crop (after eradication) grew from an estimated 110,000 hectares in 1988 to 119,000 hectares in 1989. Bolivia's coca harvest totalled about 51,000 hectares in 1989, up from 48,500 hectares the year before. And U.S. estimates of coca production in Colombia increased from 27,000 hectares in 1988 to an estimated 42,000 hectares in 1989.

Coca eradication did not take place on a significant scale anywhere in the three Andean countries during 1989; however, interdiction operations, particularly in Colombia, appeared to have a direct impact on lowering the price of coca leaf in certain regions of Bolivia and Peru, and as a result, voluntary eradication in Bolivia increased in late 1989. Because coca is cultivated in inaccessible areas of Brazil, its extent has not yet been calculated. Ecuador remains only a minor producer of coca.

New reports and research on the process by which coca leaves are harvested and processed into cocaine HCl in the Andean Region have led to a significant increase in the estimated amount of cocaine potentially available in 1989. We believe that processing efficiency has been gradually improving over the past few years. After taking into account estimates of local consumption and local seizures, if all remaining coca leaf were converted into cocaine HCl, 776 metric tons of cocaine could have been available from Colombia, Bolivia and Peru for worldwide export. This figure includes 173 metric tons of finished cocaine from Bolivia, 37 metric tons from Peru and 566 metric tons from Colombia. Bolivia and Peru ship an estimated 65% and 90% respectively of their cocaine base to Colombia for refinement into the 566 metric tons of cocaine HCl.

Marijuana Production: As in previous years, Colombian and Jamaican marijuana production has further decreased. Colombia reduced cannabis cultivation to less than 2200 hectares in 1989, after eradication. Jamaica further reduced its marijuana cultivation to 190 metric tons, a major decline from an estimated 405 metric

tons in 1988. These reductions are directly attributable to ongoing marijuana eradication campaigns, conducted by those two governments in cooperation with the U.S. Government over a period of several years.

In 1989, approximately 58,000 hectares of marijuana were estimated to be under cultivation in Mexico. New analytic methodologies have enabled the U.S. Government to assess more accurately the extent of marijuana cultivation, and to revise upward the amount of marijuana believed under cultivation during the past several years.

The U.S. International Drug Control Strategy

A critical new element in U.S. drug policy is the Office of National Drug Control Policy (ONDCP) which was mandated by Congress to develop periodic National Drug Control Strategies for the President. The first strategy was issued in September, 1989 and the second, in January, 1990. The international section of the President's first strategy established an international strategy designed to disrupt and dismantle the multinational criminal organizations that support the production, processing, transportation, and distribution of drugs to the United States and to other nations. The chief emphasis of that strategy is to attack the international drug trade by focusing efforts aimed at the points of greatest value to the drug trafficking organizations and networks.

It is clear that the United States cannot assume the burden of combatting drugs by itself. A cornerstone of our international drug control strategy, therefore, is to work with and motivate other countries -- those that are involved in production, transit or consumption, as well as those that have little or no drug problem as yet -- to engage their own resources and efforts to defeat the drug trade. Only through a broad, cooperative international effort can we achieve the objectives of reducing the foreign supply of drugs while working with other countries to dismantle their own illicit drug operations, reduce the demand for drugs, and combat the worldwide drug trade.

The Cocaine Strategy

The cocaine epidemic compelled U.S. Government's narcotics control policy makers in 1989 to develop workable strategies to reduce cocaine production and trafficking through concerted efforts with (1) source countries, (2) surrounding and transit countries and with (3) other developed countries. Over the past few years, it has become increasingly apparent that bifurcated eradication and interdiction operations have had significant limitations. We need a new comprehensive strategy which motivates the governments of cocaine producing countries to cooperate with us in significantly damaging the cocaine industry while proceeding with anti-drug programs of their own.

<u>The Andes</u>: As articulated in the second volume of the National Drug Control Strategy, there are three near-term goals to control cocaine production and trafficking in the Andean countries:

- o To strengthen the political will and institutional capability of Colombia, Peru and Bolivia to enable them to take the needed steps to disrupt the activities of, and ultimately dismantle, the cocaine trafficking organizations.
- o To increase the effectiveness of law enforcement and military activities of the three countries against the cocaine trade by assisting them in isolating key coca growing areas through measures aimed at controlling road, river and air access, and controlling their national airspace by providing real-time air targeting data through appropriate channels while helping them to develop a rapid response capability against air trafficking threats.
- o To inflict significant damage to the trafficking organizations which operate in the three countries by working with the countries concerned to disrupt or dismantle trafficking operations and elements of greatest value.

At the Cartagena Summit, the U.S., Bolivia, Peru and Colombia agreed that all links in the cocaine chain must be attacked simultaneously, and that both supply and demand must be reduced if we are to be successful. 1990 should see increased coordination of counternarcotics policies among the four Summit partners.

Some \$423 million in law enforcement, military and economic assistance is being requested for Fiscal Year 1991 to assist the Andean Governments meet these long- and short-term goals; the performance-based economic assistance will become available during Fiscal Year 1991, providing significant incentives to offset the potentially destabilizing effects of successful cocaine control programs. Such economic assistance will be based on the narcotics performance and the soundness of economic policies in each of the three Andean countries during 1990.

Major challenges face the U.S. and Andean Governments in the implementation of a cocaine control strategy agreed upon at the Cartagena Summit. We will work closely with both the police and militaries of Colombia, Bolivia and Peru to ensure law enforcement and military anti-narcotics activities in each country support one another. Initiating such a comprehensive strategy will require a renewed emphasis on coordination between host country agencies, better intelligence, additional equipment, as well as specialized training. Success will result in an improved regional ability to address the problems of chemical shipments into cocaine-processing areas

and the shipment of cocaine products out of source countries into the international market. Recognizing that each of the Andean countries has different, specific problems and needs, resource allocations must be tailored to meet host-country capabilities and opportunities.

Surrounding and Transit Countries: Cocaine control efforts will also be intensified in surrounding and transit countries during 1990. As pressure is brought to bear on the cartels which operate within the three coca-producing countries, drug production, processing, and trafficking are likely to continue expanding to other countries in the region. The Department of State, in conjunction with the Office of National Drug Control Policy, is coordinating a Government-wide review of the law enforcement and judicial needs of these countries with the objective of helping to strengthen their ability to confront cocaine trafficking.

The major transit areas of concern to the United States are Mexico, Central America and the Caribbean. To reduce the flow of drugs from Mexico and to disrupt Mexican, Colombian and other narcotics trafficking organizations, the Administration will continue to develop cooperative actions related to both drug supply reduction within and through Mexico, and drug demand reduction within Mexico. Again, working with ONDCP, the Department of State will coordinate U.S. plans and programs supporting U.S. - Mexican anti-drug efforts.

The Department of State, working with other federal agencies, will increase U.S. and joint U.S.- host country intelligence efforts to identify and track drug traffickers by air and land through Central America to Mexico by expediting the installation of the Joint Information Collection Center (JICC) system.

The broad objectives of U.S. drug control strategy in the Caribbean are to deny safehavens to drug traffickers, and to prevent drug production, storage and transit operations, and drug-related activities such as money laundering.

Developed Country Initiatives: The U.S. Government will continue to harmonize our efforts to control the production and trafficking of drugs worldwide by engaging other developed countries in drug control initiatives. A major U.S. Government objective in 1990 is to improve the process of developed nation consultation and cooperation in support of drug producer country efforts.

A separate Cocaine Strategy Report is being submitted to the Congress.

The U.S. International Heroin Control Strategy

The Administration has undertaken a Department of State-led study of the heroin threat which will form the basis of future strategies against heroin. The current major obstacle to successful heroin efforts is the lack of U.S. access to the world's largest producers --- Burma, Iran, Afghanistan and Laos --- and the unstable conditions within those countries.

Recognizing these constraints, the U.S. Government will seek to improve intelligence collection and analysis of information on source country production, trafficking mechanisms and routes, transportation elements, money laundering techniques and international drug syndicates and their key personnel. We are examining ways to work with opium producing and heroin trafficking countries to improve their laws and strengthen their legal institutions. We will also provide military and law enforcement assistance, including security assistance, to help source and transit countries improve their laws and strengthen their legal institutions, and help source and transit countries improve their interdiction capabilities against drug transporters and their means of shipment. We will support effective crop control measures which lead to a net reduction in opium production.

During 1990, we expect to work closely with the members of the European Community, Canada, Japan and Australia, as well as the Soviet Union to develop effective approaches to opium producing countries where the United States has limited access. We will also urge regional organizations to take a more active role in reducing the supply and demand for heroin.

Other Elements of the International Strategy

Foreign marijuana control remains an important element of our international strategy. As U.S. Government agencies intensify their efforts to eradicate domestically-produced marijuana, we will continue to pursue marijuana eradication programs with other producing countries. U.S. funding for marijuana control programs will be weighed against the use of the same funds for programs to control other foreign drugs that have greater potential for damage.

Other elements which are central to the U.S. Government's international strategy are the convening of an International Drug Control Summit in 1991; the development of bilateral or multilateral law enforcement cooperation with consumer, producer and transit countries; U.S. efforts to urge other countries to ratify the U.N. Trafficking Convention; enhanced money laundering and chemical control efforts; better coordination of U.S. drug efforts overseas; more targeted use of the certification process; and establishment of a comprehensive international information initiative to help foreign governments address their demand problems.

Worldwide Production Totals							
	1989						
Country Oplum		Metric Tons	Hectares Cultivated	Hectares Eradicated	Metric Tons	Hectares Cultivated	Hectares Eradicated
Afghanistan*		585	18,650	0	700-800	23,000	0
Tran		300	.0,000 na	0	200-400	20,000 na	0
Pakistan		130	6,860	810	190-220	13,296	1,708
Total SW Asia	-	1,015	25,510	810	1,090-1,420	36,296	1,708
101410171014		1,010	20,010	010 555	1,000-1,420	00,200	1,700 888
Burma		2,625	152,760	18	1,065-1,500	116,700	12,500
Laos		375	42,130	0	210-300	, na	0 🗮
Thailand		50	4,795	720	23-33	4,604	1,761
Total SE Asia		3,050	199,685	738	1,298-1,833	121,304	14,261
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Guatemala**		14	1,495	272		· · · · · · · · · · · · · · · · · · ·	
Lebanon		45	4,500	na			
Mexico***		85	9,600	1,130	45-55	7,738	2,737
Total		144	15,595	1,402			
Total Oplum		4,209	240,790	2,950	2,433-3,308	165,338	18,706
Coca	***************************************						
Bolivia		65,998	53,920	2,504	57,445-78,355	49,976	1,476 💥
Colombia		33,487	42,500	641	19,000-24,200	27,230	230
Peru		124,408	120,415	1,285	97,000-124,000	115,630	5,130
Ecuador		270	240	60	300-500	300	60 ‱
Total Coca		224,163	217,075	4,490	173,745-227,055	193,136	6,896
Marijuana	***************************************						
Mexico****		47,590	57,925	15,810	5,655	9,000	3,997
Colombia		2,800	2,400	132	5,927-9,625	9,200	5,012
Jamaica		190	1,790	1,510	340-470	1,257	650
Belize		66	436	353	120	660	528
Others		3,500	na	na	3,000-4,000	na	na
Total Marijuana		54,146	62,551	17,805	15,042-19,870	20,117	10,187
Hashish							
Lebanon		905	na	na	700	na	na
Pakistan		200	na	na	200	na	na
Afghanistan		300	na	na	200-400	na	na
Morocco		85	na	na	85	na	na
Total Hashish		1,490	na	na	1,185-1,385	na	na
		-					

Worldwide Production: 1986 - 1990						
Country	1990 (Metric Tons)	1989 (Metric Tons)	1988 (Metric Tons)	1987 (Metric Tons)	1986 (Metric Tons)	
Oplum						
Afghanistan	500-800	585	700-800	400-800	400-500	
Iran	200-400	300	200-400	200-400	200-400	
Pakistan	118-128	130	190-220	190-220	160-160	
Total SW Asia	818-1,328	1,015	1,090-1,420	790-1,420	740-1,060	
Burma	2,780	2,625	1,065-1,500	925-1,230	770-1,100	
Laos	300-450	375	210-300	150-300	100-290	
Thailand	40	50	23-33	20-45	20-25	
Total SE Asia	3,120-3,270	3,050	1,298-1,833	1,095-1,575	820-1,415	
Guatemala	6	14				
Lebanon	45	45		 		
Mexico	85	85	45-55	45-55	35-50	
Total	136	144				
Total Oplum	4,074-4,734	4,209	2,433-3,308	1,930-3,050	1,595-2,525	
Coca			-			
Bolivia	64,000	65,998	57,445-78,355	46,000-67-000	44,000-52,920	
Colombia	33,360	33,487	19,000-24,200	18,000-23,000	12,000-13,600	
Peru	108,544	123,828	97,000-124,000	98,000-121,000	95,000-120,000	
Ecuador	170	270	300-500	400	1,000	
Total Coca	206,074	223,583	173,745-227,055	162,400-211,400	152,000-187,520	
Marijuana						
Мехісо	47,590	47,590	5,655	5,970-7,130	4,000-6,000	
Colombia	1,500	2,800	5,927-9,625	3,435-7,760	2,530-3,630	
Jamaica	190	190	340-470	325-535	1,485-2,025	
Belize	66	66	120	200	550	
Others	3,500	3,500	3,000-4,000	1,000-2,000	800-1,000	
Total Marijuana	52,846	54,145	15,042-19,870	10,930-17,625	9,365-13,205	
Hashish						
Lebanon	1,000	905	700	600	720	
Pakistan	200	200	200	200	200	
Afghanistan	300	300	200-400	200-400	200-400	
Morocco	85	85	85	60	30-60	
Total Hashish	1,585	1,490	1,185-1,385	1,060-1,260	1,150-1,380	

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FOOTNOTES

General Footnotes: The INCSR production estimates, stated in metric tons, show net production or net yield after eradication. Where data is available, the estimates include other deductions for loss, domestic consumption and seizures. Detailed figures can be found in the country reports.

The data in these tables are estimates.

Country Footnotes:

- *Afghanistan: Given limited accessibility to the growing areas, this figure could be higher.
- **Guatemala: Recent estimates indicate that Guatemala has become a significant opium producer; reliable numbers are not available for years prior to 1989.
- ***Lebanon: The estimate for Lebanese opium production has been made by the Washington narcotics community.
- ****Mexico: See discussion of opium and marijuana production in the text of the Executive Summary. 1988 estimates for prior year opium and marijuana production have not been revised upwards.

Country Summaries

Afghanistan, denied certification by the United States last year, is the world's second leading producer of opium after Burma. Afghanistan's opium poppy cultivation has increased significantly over the past decade as a direct result of the war and the continuing conflict between the Soviet installed regime in Kabul and the Afghan resistance (Mujahidin). There is no indication that the regime in Kabul has taken any action to suppress opium cultivation and heroin refining. With the encouragement and support of U.S. officials, the Afghan Interim Government (AIG), which represents part of the Afghan resistance, has recognized its responsibility to combat narcotics production and trafficking. However, we are concerned about opium poppy cultivation in areas controlled by the Mujahidin commanders. After years of steady increases in poppy production, available information reveals that poppy production in Afghanistan did not increase in 1989 as anticipated, but fell from 750 metric tons to 585 metric tons. It appears that more food crops, especially wheat, were grown in some areas to the exclusion of poppy. We fear, however, that once hostilities end, refugees will turn to poppy cultivation during the period of economic disruption as they seek to rebuild a livelihood interrupted by 10 years of war.

Argentina is of increasing concern as a transit center for cocaine bound for the U.S. and Europe and a supplier of chemicals to Bolivian traffickers. It also has potential for developing cocaine refining capacity by marrying domestic chemicals with Bolivian coca products. Interdiction performance in 1989 fell short of the record levels achieved in 1988. The new government of Carlos Menem came to power pledging strong action on narcotics control, but resources are lacking because of Argentina's continuing economic troubles. Policy execution is also hindered by bickering among enforcement agencies.

The Bahamas is a major transit country for cocaine and marijuana destined for the United States. In 1989, bilateral enforcement efforts led to a decrease in drug trafficking in the area. The U.S. receives excellent cooperation from the Bahamian government in enforcement and interdiction efforts. The Bahamian judicial system -- dealing with an increasingly complex load of narcotics cases -- dismissed a number of drug-related prosecutions due to procedural error by the prosecution and technical rulings by the court. U.S. officials have received credible reports that drug traffickers are able to buy cooperation from some Bahamian officials. The Bahamas was the first country to ratify the 1988 U.N. Convention Against Illicit Traffic in Narcotics Drugs and Psychotropic Substances. The Bahamian Government and banking industry have adopted a comprehensive set of operating and reporting regulations which make money laundering increasing difficult in the Bahamas, though the country is still vulnerable.

Marijuana production in <u>Belize</u> in 1989 was approximately 66 metric tons, about 10 percent of the peak production levels of five years ago. Intelligence reports indicate that Belize is used increasingly as a transit point for cocaine traffic destined for the U.S. Although narcotics control law enforcement capabilities in Belize improved in 1989, the country still needs to adopt new legislation to modernize its criminal code to permit asset seizures and other steps useful in fighting drugs. The U.S. has no reports of money laundering in Belize.

Bolivia is the world's second largest producer of coca. An estimated 53,920 hectares of coca is under cultivation, with a maximum yield of 266 MT of cocaine HCl. There was a 9.2 percent net increase in hectarage over 1988's cultivation levels. Coca eradication during 1989 did not keep pace with new production, as the Government removed only half of its stated eradication target of 5,000 hectares. This amount, however, was a 70 percent improvement over 1988's totals. Widespread corruption continues to be a major impediment to the Government's efforts. At the same time, several effective operations and other activities by the Government, particularly toward the end of the year, offer hope that the campaign against production and trafficking of cocaine will become more effective and have better results. Bolivia is not a significant trafficker of other dangerous drugs, heroin or marijuana, nor is it a money laundering center.

<u>Bulgaria</u> remains a vital transit country for European-bound drugs originating in Southwest Asia or Turkey. Some reports occasionally suggest that traffickers employ temporary bases or connections inside Bulgaria. There is no recent evidence of government involvement in the actual trafficking of narcotics.

Burma is the world's major opium producing country. The 1988-89 crop exceeded 2600 metric tons of opium, according to U.S. Government estimates. This was due to weather factors, and the preoccupation of the central government with internal security. Production was not hampered by any discernable control efforts on the part of the ruling military regime. Trafficking and refining activities by insurgents and trafficking groups also continued unabated during 1989. The regime in Rangoon continued its suspension of drug enforcement activities and has reached tacit agreement with producer groups in the Shan States. Overtures by UNFDAC were rebuffed by the regime and few in the international community expect that drug control programs will be resumed in the near future. The U.S. denied certification on narcotics to Burma in 1989.

Brazil is vital to international cocaine traffic as a transit area for Andean cocaine and as a source of chemicals. It is also a major marijuana producer, although we believe virtually all of this crop is consumed domestically. U.S. Government - Brazilian cooperation on narcotics control has been close. In 1989, police seized nearly two tons of cocaine, destroyed four labs, and conducted a series of marijuana and coca eradication operations. The coca eradication program appears to be keeping expansion of this crop in check. Brazil is not a major factor in money laundering.

The Peoples Republic of China is not a major producer of opiates but international traffickers are using routes across southern China to export drugs to markets in the west through Hong Kong. The shipment of precursor chemicals from China to the Golden Triangle region also concerns U.S. enforcment officials. Chinese cooperation on control efforts and U.S. concern about the threat of expanding the drug trade into China fostered cooperative efforts at the working level between the U.S and China. The PRC was responsive in 1989 to U.S. requests for assistance in enforcement cases and sent witnesses to the United States to testify in a heroin case in California; the case ended in a mistrial in early 1990. The Chinese Government was one of the first to ratify the 1988 UN Convention on Illicit Trafficking.

Colombia remained the processer and distributor of 80% of the world's cocaine supply despite strong enforcement measures. The government scored impressive victories and put traffickers on the defensive. The Colombian Government, utilizing both military and police resources, seized 37 MT of cocaine in 1989. Nevertheless, Colombian traffickers remain powerful and are fighting back with skill and brutality. For most of 1989, the Colombian anti-narcotics offensive emphasized destruction of cocaine laboratories and other trafficking facilities. Marijuana production has also been decreased by consistent aerial eradication programs.

When traffickers reacted to government successes with a campaign of terror, the government took stronger action, using emergency decrees to seize trafficker assets and deport major traffickers to the U.S. Having failed to halt the government campaign with terrorism, the traffickers are now trying to maneuver the government into negotiating an accommodation with them.

Cuba stands amidst some of the primary illicit drug trafficking routes to the U.S., though it is difficult to gauge the overall amount of trafficking that takes place in Cuba. U.S. law enforcement agencies observed a dramatic increase in smuggling incidents in the first half of 1989; these declined significantly during the second half of the year after a major drug trafficking scandal, involving Cuban officials, in June.

Cuba admitted for the first time that its officials were involved with drug trafficking. Since then, there is evidence that Cuban authorities have taken some measures designed to improve their narcotics enforcement capabilities. In 1989, the U.S. urged Cuba to undertake serious, unilateral drug enforcement activities, to bring U.S.-indicted traffickers to trial in the United States, and to respond to U.S. narcotics-related information exchanges. Cuba, however, has failed to respond to several U.S. requests relating to drug trafficking, thus raising questions about the seriousness of Cuba's commitment to fighting drug trafficking. There is no evidence of money laundering in Cuba.

Cyprus is neither a significant consumer nor producer of narcotics, but is central to the drug trade in the Middle East, especially from Lebanon. An easily accessible tourist and business center in the Eastern Mediterranean, it is used as a brokering center by narcotics traffickers. The banking system is not involved in the money exchanges. Cooperation with U.S. enforcement agencies agencies is good.

The Dominican Republic's geographic location makes it an important focus in regional counternarcotics efforts. The Dominican Republic is a significant transshipment point for drugs entering the United States due in some part to the estimated one million Dominicans residing in New York City. The government is committed to reducing drug trafficking and in 1989 took a number of steps to improve enforcement. Cooperation with the U.S. Government is close. Almost a ton of cocaine was seized in the Dominican Republic in 1989.

Ecuador serves mainly as a transit country for chemicals passing through to Colombian processors and cocaine products smuggled out through air and sea ports. An estimated 30-50 metric tons of cocaine transit Ecuador annually to the United States. Cocaine seizures more than doubled in 1989 from the previous year and several cocaine processing labs were destroyed, including one in the capital city of Quito. During 1989, Ecuadorean troops manually eradicated more than 58,000 coca plants in the rugged, mountainous terrain in Pichincha province and 23,000 coca plants in the densely forested northwestern border area. Ecuador's riverine interdiction program proceeded with the arrival of four 22-foot Boston whalers provided by the U.S. Government in July. Money laundering is a concern of Ecuadorean authorities.

Egypt is an important consumer of hashish and heroin produced in the Near East, South Asia and Southeast Asia. It is also an important transit point for drugs destined for Europe and the United States. In 1989 the government toughened its drug laws and carried out the first execution in many years for drug trafficking. For the first time, Egypt extradited a drug trafficker to the U.S. The U.N. Fund for Drug Abuse Control (UNFDAC) agreed in 1989 to provide badly needed operational support for Egypt's Anti-Narcotics General Administration (ANGA). Some money laundering occurs but most profits flow abroad.

The Government of <u>Guatemala</u> recognizes the country's potential as a significant source of opium and took steps in 1989 to reduce opium production through an aerial eradication program supported by the U.S. Before eradication, an estimated 15 metric tons of opium could be produced from Guatemalan poppies. Guatemala is also a significant transshipment point for U.S. - bound Colombian cocaine; the government seized 4 MT of cocaine in 1989.

Haiti is a significant transshipment point for the movement of illegal narcotics, especially cocaine, into the United States in 1989. The Haitian Government supported and emphasized drug interdiction efforts, although the volume of trafficking is still beyond the control of current Haitian security. The police narcotics unit is ill-equipped, poorly trained and understaffed, corruption remains a problem and the judicial system is weak. The Haitian Government, however, cooperates closely with U.S. Government law enforcement agencies in anti-narcotics activities, and allows U.S. enforcement agencies to follow suspect aircraft into Haitian airspace, and U.S. ships to enter Haitian territorial waters.

Honduras is an important transshipment point for Colombian cocaine and marijuana destined for the U.S. and Europe. In 1989, an agreement was reached for the construction of a radar site to incorporate Honduras into the Caribbean Basin Radar Network (CBRN). U.S.-Honduran joint narcotics cooperation has been very good. Three joint sea operations were conducted with units of the U.S. Coast Guard, the Honduran Navy and the DEA during 1989. In April, the Honduran Navy in cooperation with U.S. Navy units seized a vessel transporting 10 MT of marijuana.

Hong Kong provided excellent cooperation in the international drug control effort during 1989. Joint U.S.- Hong Kong investigations were responsible for the arrest of major traffickers and disruption of important trafficking networks. Seizures of illicit narcotics also increased in 1989. In July, Hong Kong passed a Drug Trafficking (Recovery of Proceeds) bill which empowers authorities to trace, freeze and conficate proceeds from persons convicted of drug trafficking activites. Hong Kong continued to cooperate with the U.S. on extradition requests.

India grows in importance as a transit route for heroin from Pakistan and Burma. Because of market changes, India, the world's leading producer of licit opium for processing into pharmaceuticals, has an increased stockpile of licit opium. The Indian Government has attempted to deal with this problem by reducing the amount of licensed acerage for licit cultivation. The U.S. Government is concerned that this action may have resulted in increased illicit cultivation and diversion as the large number of licensed farmers seek to to maintain their income. While the Government of India maintains a monitoring system to monitor its licit cultivation, its efforts are complicated by the number of farmers spread out over a large area. The GOI enacted new anti-narcotics laws in 1988, but to date they have not been effectively employed.

Indonesia, although not a significant drug producing country continued to be a transit point for illicit drugs bound for Australia and Europe. This year Indonesian authorities completed a major marijuana eradication campaign --- destroying 5 million plants --- the first such large program undertaken since 1985. Drug abuse and trafficking in Bali is a concern, as government efforts to spur tourism have led to more lenient immigration and customs procedures, attracting greater numbers of foreign visitors. Frequent international flights also contribute to Bali's potential as a drug transit center. The Government of Indonesia plans to continue implementation of current policies emphasizing training of law enforcement officials in narcotics interdiction and eradication, and preventive education through schools, social organizations, and religious institutions.

Iran was denied certification in 1989 on the grounds of non-cooperation with the United States in narcotics control. Estimated opium production continues at a level of 200-400 metric tons but is not adequate to meet the needs of Iran's large addict population. As a result, opium and heroin are imported and flow across Iran from Afghanistan and Pakistan, and are then exported through Turkey and other routes for markets in Europe and the United States. Despite tough measures--including the death penalty--against drug abuse, Iran may have as many as two million regular users of heroin.

Ivory Coast is primarily concerned with stemming the transit of Southwest Asian heroin arriving directly from other West African countries, cocaine from South America, and cannabis from many sources. The Ivory Coast does not produce heroin or cocaine. Cannabis produced in the Ivory Coast is consumed locally or regionally. Security at Abidjan's international airport improved significantly in 1989, the result of increased emphasis on anti-terrorism and the acquisition of drug sniffer dogs.

Jamaica, a major producer of marijuana for north America and Europe, and a transshipment point for cocaine destined for the U.S., is committed to a vigorous anti-narcotics program. Since winning national elections, Prime Minister Michael Manley has taken a personal lead in seeking international cooperation against narcotics trafficking. "Operation Buccaneer," Jamaica's annual marijuana control compaign, met its 1989 goal of eradicating over 1,500 hectares of marijuana. The government cooperates with U.S. drug enforcement agencies and generally responds positively to extradition requests relating to narcotics trafficking. However, despite increased enforcement efforts, drug traffickers still use legitimate carriers for smuggling cocaine and marijuana. While the GOJ has sought to eliminate bribery and other forms of public corruption connected with drug dealers, low salaries have made security force personnel vulnerable to payoffs from narcotics dealers.

Kenya is a transit point for Southwest Asian heroin destined for Europe and the U.S. and Mandrax destined for Southern Africa. Cannabis cultivation and consumption are local concerns, as well. In October 1989, enforcement officials discovered a few acres of opium poppy being cultivated in the Nairobi area. The government took immediate steps to eradicate these fields and searches failed to turn up any more poppy cultivation. Legislation currently under consideration would strengthen anti-drug laws (which do not now address illicit trafficking) by requiring minimum sentences for trafficking offenses and providing for asset seizure/forfeiture.

Laos took several steps during 1989 to begin cooperation with the United States on narcotics control cooperation. The U.S., however, received reports that Lao military and civilian officials are involved in the drug trade and notes that no enforcement or eradication efforts were undertaken by the Lao Government. Opium production increased in Laos along with other countries in the Golden Triangle region due to higher yields resulting from good growing conditions and expanded cultivation. In September, Laos and the United States entered into a bilateral agreement on a crop control project which got underway in the fall of the year. Two Congressional delegations concerned with narcotics control visited Laos during the reporting period and high-level State and DEA officials visited Vientiane to discuss enforcement cooperation. Lao officials also participated in U.S. sponsored drug training programs for the first time since the 1970's. In January 1990, the U.S. and Laos signed a broad-ranging narcotics control agreement which includes enforcement cooperation.

Lebanon, which was given a national interest certification in 1989, is a major illicit narcotics producing and trafficking country. While continuing to supply a major share of the world hashish market, Lebanese traffickers have turned in recent years to opium production and heroin processing. Estimates by U.S. officials indicate that opium production increased significantly in Lebanon in 1989, to as much as 45 metric tons compared with 30 metric tons of opium in 1988. U.S. officials believe that during 1989, an estimated 6.5 metric tons of heroin were converted in Lebanon, with 4.5 metric tons produced from locally grown opium. Syrian control of the Bekaa valley and continuing political upheaval in Lebanon frustrate efforts to control illicit narcotic production and processing.

Malaysia is not a producer of illicit narcotics but is a transit site and heroin conversion center. The Government of Malaysia has severe penalties for drug trafficking and possession and considers the drug problem a threat to national security. During 1989, increased availability of heroin produced in the Golden Triangle region resulted in heroin seizures matching 1988 (which were up 700 percent from 1987).

Opium seizures increased 275 percent in 1989. Malaysia and the United Kingdom signed a Bilateral Asset Seizure Agreement. The Government of Malaysia (GOM) also publicly expressed interest in completing a similar agreement with the United States. The Royal Malaysian Police seized property of narcotics traffickers amounting to more than \$1 million, with many times that amount currently under investigation. In 1989, the police closed five heroin processing labs, matching the number closed in 1988. The U.S. and Malaysia signed a Memorandum of Understanding implementing the requirements of the Chiles Amendment, committing both sides to increased anti-narcotics cooperation.

Mexico, under the administration of President Carlos Salinas de Gortari has pursued an agressive anti-narcotics program, aimed primarily at interdicting cocaine bound for the United States. Drug seizures in 1989, especially those of cocaine, rose dramatically, surpassing the total amount of drugs seized during the prior six years. Mexico increasingly used its anti-narcotics air fleet to support drug interdiction missions. Based on improved survey and methodological techniques, the USG believes that both the Mexican opium poppy and marijuana crops are larger than reported in previous years. A number of agreements on anti-narcotics cooperation were entered into by the USG and Mexico during 1989.

Morocco is a source of cannabis, primarily for European and African markets. It is also a transit point for heroin and cocaine smuggling by air from Southwest Asia and South America to Europe. Moroccan officials, who make a clear distinction between cannabis and "hard drugs" (heroin/cocaine), believe that the much greater attention they give to controlling trafficking in "hard drugs" has prevented establishment of regular trafficking routes through Morocco.

Nepal is a potential transit point for heroin produced in both the Golden Crescent and Golden Triangle. U.S. officials believe that the past arrest of couriers, both Nepalese and foreign, reveal that heroin is funneled either from Pakistan through India into Nepal and onward to Europe and the United States; or from Hong Kong, Bangkok, and Burma to Nepal and outward. There is no evidence of any significant indigenous production of narcotics entering the international market, though locally produced hashish is widely consumed. The opening of a new international air terminal at Tribhuvan Airport in May 1989 was expected to increase the numbers of travelers and narcotics transiting through Nepal; however, the narcotics situation did not worsen appreciably this year.

Nigeria is a major transshipment point for heroin from Southwest and some from Southeast Asia destined for Europe and North America. Nigerian traffickers also smuggle cocaine from South America to Europe. Seven known trafficking organizations are composed mainly of Nigerians, though other West Africans are involved. In 1989 Nigeria and the U.S. signed a Mutual

Legal Assistance Treaty (MLAT) and Nigeria announced the establishment of the Nigerian Drug Law Enforcement Agency to coordinate all aspects of the struggle against drugs in Nigeria. The Nigerian Government also announced the intention to establish a joint task force to investigate and prepare for the prosecution of major traffickers.

Pakistan opium poppy production decreased dramatically in 1989 resulting primarily from poor weather at planting time, but in part due to increased voluntary eradication efforts. Opium production was reduced from 205 metric tons to 130 metric tons in 1989. Prime Minister Bhutto is committed to forceful action against narcotics production and trafficking, spurred in part by Pakistan's dramatically increased heroin addition population, estimated at 1.1 million in 1989. Seizure levels remained high in 1989. For the first time, Pakistan extradited a major trafficker to the United States. With increased INM funding support, the GOP established an Elite Anti-Narcotics Enforcement Unit designed to target, arrest and prosecute major traffickers. The continued operation of heroin production labs along the Afghan border remain a major area of concern to the U.S. Government.

Panama continued to be an important transit country for cocaine, cannabis and chemicals used in processing cocaine. Although the level of money laundering probably diminished in 1989 because of the political-economic crisis, that activity remained a serious problem. Narcotics interdiction under the Noriega regime is believed to have been selective, reflecting the climate of bribery and corruption that prevailed. The regime claimed that approximately 2 MT of cocaine and a slightly lesser quantity of cannabis were seized in Panama during 1989. Panamanian law enforcement reported that 16 hectares of cannabis, still an insignificant problem, were eradicated. In December 1989, the regime of General Manuel Noriega was replaced by the democratically elected government of Mr. Guillermo Endara. The Endara government immediately began to cooperate with the U.S. Government on narcotics matters by freezing hundreds of bank accounts believed to have been used to launder drug money. It has signed a narcotics control agreement with the U.S. Government and has tightened reporting requirements for currency transactions in the banking system.

Paraguay is a narcotics transit country and may be developing as an money laundering center. In 1989, aerial eradication operations, supported by the Department of State, found only one-fifth of the marijuana thought to be under cultivation in Paraguay, dropping Paraguay from the ranks of major marijuana producers. The new government has spoken out strongly against drug trafficking, but interdiction results in 1989 were disappointing and did not reach the levels achieved in 1988.

Peru remains the leading producer of coca, with an estimated 120,000 hectares of both licit and illicit coca under cultivation. Operational success in 1989 was hindered by more than seven months of suspended operations, due to the escalation of violence by the Sendero Luminoso (SL), Tupac Amaru (MRTA) and trafficker groups which occupy the Upper Huallaga Valley of Peru. During the seven months of suspended operations, the Peruvian Government, with support from the USG, undertook a major construction and security upgrade program for the police anti-narcotics base at Santa Lucia in the UHV. When operations resumed in the early fall, higher quality targets began to be hit. Seizures resulting from interdiction operations in 1989 were substantially reduced as compared with the previous year. Despite political and environmental concerns over herbicide testing, the Peruvian multi-sectoral scientific commission on herbicides moved ahead with a major study of aerially applied coca herbicides. Based on preliminary results of soil/water analyses and on-site technical evaluations, it appears that an environmentally safe and effective coca herbicide has been found.

The Philippines is a marijuana producer and consumer and also faces a growing methamphetamine abuse problem. It is also a transit country for marijuana and illicit drugs from Asia. The potential for the Philippines becoming a major exporter of marijuana was indicated by a record seizure of two tons of Philippine marijuana in California in October, 1989. Until recently, most methamphetamine was smuggled into the Philippines, but domestic production expanded alarmingly in 1989 as indicated by increased seizures of ephedrine, a chemical used in its manufacture. In 1989, the government imposed import controls on ephedrine. Domestic and foreign criminal groups, notably Australian, U.S., and ethnic Chinese, transship marijuana and heroin through the Philippines. The Secretary of Justice created a new anti-narcotics unit in his department, and directed all prosecutors to block petitions for bail filed by persons accused in drug cases. The Philippines Customs Interdiction Unit (supported by U.S. assistance) was responsible for the arrest of two major narcotics offenders in January 1989.

Senegal is a transit country for heroin and cocaine which, arrested traffickers report, is destined primarily for Europe. In late 1989, the Senegal National Commission on Narcotics adopted a national narcotics strategy. This multidisciplinary approach includes plans for increased focus on interdiction, demand reduction, treatment, and asset seizure and forfeiture. The USG provided the police anti-narcotics brigade at Dakar-Yoff International Airport with communications and investigative equipment.

Singapore cooperated with the international community on drug control efforts during 1989. It is a transhipment point for Asian illicit drugs and has a drug abuse problem of its own. Commercial aircraft and the use of couriers remain the primary method of transhipment of illicit drugs. Singapore is a major maritime port, and local authorities have seized sizable amounts of opium, cannabis, and heroin from on board a variety of ocean freighters, tankers, and medium-sized craft. U.S. and other international drug control officials have concern that Singapore is a country with a very high potential for money laundering. The Government of Singapore (GOS) is studying asset seizure legislation and remedies for money laundering. A corruption bill (Confiscation of Benefits) became effective in July 1989.

Syria is a transit point for illicit narcotics and is a heroin refining center. Syria's military controls the Bekaa Valley of Lebanon and profits from its widespread production and trafficking. Because Syria has taken few actions to stop drug production and trafficking, it was denied certification in 1989. U.S.-Syrian bilateral talks on narcotics enforcement, which were renewed in 1988, occurred in 1989.

<u>Thailand</u> continued its long-standing cooperative effort with the U.S. and other countries on drug control during 1989. The massive increase in Golden Triangle opium production and heroin refining, especially in neighboring Burma, has increased U.S. Government concern that more enforcement efforts on the part of the Royal Thai Government are needed to stem the flow of illicit drugs through Thailand--still the major conduit for drugs exported from the region. Corruption poses a significant problem in Thai enforcement efforts. The expansion of trade with Burma appears to facilitate narcotics smuggling activities, a growing concern to the U.S. Government. Cross-border links for trade and security purposes seem to promote ties with groups who also smuggle narcotics, fostering increased narcotics corruption among officials involved. We are urging the Thai Government to enact long-pending asset seizure and conspiracy legislation. U.S.- supported crop control and crop substitution programs continued in Thailand although the extremely good growing conditions produced the largest opium crop in recent years (estimated at 50 metric tons); however, Thailand remains an importer of opiates. Thailand continues to support programs aimed at demand reduction and treatment to counter abuse in the country.

Turkey is one of the world's major suppliers of licit opium products utilizing the concentrate of poppy straw (CPS) method of production. Turkish authorities continued their excellent record of preventing illicit poppy cultivation in 1989. Turkish authorities face a much more difficult situation with regard to trafficking, due to Turkey's geographic location between the major producing countries of Afghanistan, Iran and Pakistan, and markets in Europe and the United States.

The thousands of TIR trucks (bonded and not subject to inspection) that cross Turkey's eastern borders en route to Western Europe provide a ready means to transport illicit goods without undergoing customs controls. The cessation of the Iran-Iraq conflict made transportation in the border area less hazardous and may have facilitated trafficking. Despite concerted efforts by the Turkish authorities, we generally believe that the trafficking problem is growing more serious. Training has improved the professionalism of the Turkish National Police (TNP), and according to DEA the quality of arrests (a higher level of traffickers) is up.

Vonezuela is believed to be a transshipment point for significant quantities of cocaine that are moved through Venezuela enroute to the United States and Europe. In 1989, Venezuelan authorities kept narcotics cultivations in check by conducting effective eradication operations in the Perija Mountains near the western border with Colombia. Continuing interdiction efforts produced a steady number of arrests and seizures at airports. While money laundering exists, the extent of it has not been determined by Venezuelan officials.

The Road Ahead: The 1990/1991 Agenda

It was evident to U.S. narcotics policy makers in 1989 that no long-term success in reducing drug production and trafficking would be made without multi-faceted international programs combining interdiction as close as possible to the source of illicit narcotics; economic and development assistance to help strengthen governments' efforts to resist dependence on the illegal narcotics industry; crop control efforts; public awareness; and an aggressive program to reduce the U.S. demand for drugs. The President's National Drug Control Strategy combines these critical elements and establishes priorities which can lead to meaningful reductions in drug production, trafficking and abuse during the next decade.

In the year ahead, major international efforts will be focussed on reducing cocaine trafficking in and through source, surrounding and transit countries. Renewed attention will also be focussed on the question of heroin production and trafficking as the U.S. Government forges a comprehensive heroin strategy complementing our cocaine control plan.

The U.S. Government cannot affect reductions in cocaine and heroin supplies alone. Cooperative efforts among developing and developed nations and among producer and consumer countries need to be designed and implemented in concert with U.S. bilateral drug control programs. Efforts to engage more effectively the European nations, Canada, Japan and Australia will intensify during 1990. We will emphasize the importance of specific international actions to support broad anti-drug initiatives at major multinational meetings, such as the forthcoming Economic Summit to be held in Houston in July. International organizations will be called upon to play a larger role in marshalling the energy and resources necessary to workable, regional strategies for cocaine and heroin control.

During the next year, INM, working with other U.S. Government agencies will carry out the President's National Drug Control Strategy in the following ways:

Latin America and the Caribbean

The Andes: Building on the framework established in the Document of Cartagena, signed by the three Andean Presidents and President Bush, the U.S. Government will work with the Andean countries in a true partnership to reduce cocaine production and trafficking, halt the flow of precursor chemicals and illegal arms to Latin America, and establish meaningful alternatives to coca production. The Colombian crackdown provides an excellent opportunity for further gains in cocaine control efforts. With depressed prices for coca leaf in Bolivia and Peru, prospects for voluntary eradication and alternative development may be enhanced. The U.S. Government funding provided through the Andean Strategy will be used to build on opportunities in the three Andean countries.

Colombia: The U.S. Government will work with the Government of Colombia during 1990 to enhance its enforcement capabilities aimed at dismantling major cocaine trafficking networks. While extraditions of major traffickers should continue during the next year, success ultimately rests in Colombia's ability to prosecute and jail traffickers in Colombia. To this end, it is necessary to work with the Colombian Government to strengthen Colombian criminal courts and develop effective protective services to permit the courts to function without fear of intimidation.

During 1990, the U.S. Government will work with both the Colombian police and military to reduce cocaine production and trafficking. The police must continue, with additional equipment and at a higher level of intensity, their ongoing campaign to limit cocaine production through destruction of high quality cocaine labs.

With U.S. Government support, Colombian Army units will also attack cocaine laboratories and guerrilla units whose actions reduce government control of drug processing areas and facilitate trafficker activities. The Colombian Marines are undertaking a major program to patrol rivers known to be transportation routes for traffickers, to support police efforts to halt the flow of precursor chemicals into Colombia, and the flow of cocaine out of Colombia. The Air Force supports Army actions with air transport and, where necessary, air support. Colombia's Air Force is also developing the capability to intercept trafficker aircraft transporting drugs in and out of Colombia. The Colombian Navy will patrol coastal waters to impede export of drugs.

Colombia's investigative units are being supported in their efforts to identify individuals involved in trafficking organizations and the facilities and routes and methods of shipment for further enforcement action.

A money laundering unit will be established in the National Police to identify and seize trafficker assets in Colombia and to prevent the laundering of drug profits through Colombia; its capabilities can be enhanced through the sharing of techniques and intelligence.

The U.S. Government and the Colombian Government will explore ways to open U.S. markets for Colombian products, thus bolstering Colombia's legitimate economy.

<u>Bolivia</u>: The key element in achieving success in Bolivia is working cooperatively with the Bolivian government to intensify its anti-narcotics policies including alternative development. The U.S. is prepared to provide significantly increased law enforcement, military and economic assistance to help the Government of Bolivia in narcotics control activities.

During 1990, law enforcement resources must continue to be upgraded. The riverine program must be rejuvenated to control shipment of narcotics and precursor chemicals. Training all elements of the Special Force Against Narcotics Trafficking (SFFANT) must be carried out. Improved intelligence resources must be directed against traffickers to identify vulnerable targets for interdiction.

At the Cartagena Summit, the Bolivian Government agreed that its military must be enlisted in the narcotics fight. The military must cooperate with the police in attacking laboratory facilities and in isolating production areas from processing areas.

Due to the crackdown in Colombia, prices paid for coca leaf in the Chapare region of Bolivia dropped to historic lows in late 1989 and early 1990. As a result, voluntary eradication is taking place. Aggressive interdiction in Bolivia can accelerate these trends. Legitimate alternatives must be offered to those abandoning coca cultivation and trade options to strengthen Bolivia's economy must be explored.

Bolivia is negotiating a new extradition treaty with the U.S. Bolivia has yet to ratify the U.N. Trafficking Convention.

Bolivia's judicial system must be strengthened through training and the sharing of expertise. International assistance has been enlisted and, with U.S. assistance, UNFDAC has signed an agreement to establish special narcotics tribunals to provide expeditious prosecution of narcotics violations. During 1990, a special prosecution group will be trained and fielded to assist in handling narcotics cases.

Peru: Successful reductions in cocaine production and trafficking can be realized through programs combining military and police cooperation on interdiction with complimentary programs of alternative development. The Peruvian military is key to restoring a law enforcement environment in insurgent-trafficker occupied areas, in which police narcotics operations can be conducted.

Expansion of anti-narcotics efforts beyond the UHV, to areas north and south, will require the establishment of other anti-narcotics bases, aircraft, and enhanced training for security forces.

An eradication program, whether manual or herbicidal, requires an accompanying program of alternative development for coca-growing peasants to diminish the likelihood that peasants will join the ranks of the insurgents. Without an alternative development program, coca eradication efforts will be forced to compete with newly planted coca hectarage in an ever-widening area.

Enhanced anti-narcotics operations will have an effect at both the national and local levels of the Peruvian economy. Alternative development programs at the local level need to be accompanied by broader initiatives covering trade incentives, economic restructuring, and multilateral financial arrangements.

<u>Surrounding Countries</u>: The countries surrounding drug source countries play a critical role in cocaine control efforts. They are conduits for the flow of precursor chemicals into Colombia, Bolivia and Peru, and provide transit routes for outgoing cocaine products. They pose potential threats as coca source countries, and as increasingly attractive sites for cocaine laboratories. Surrounding countries could also present attractive alternative locations for trafficking networks fleeing pressure in source countries.

As pressure is brought to bear on the cartels that operate within the three principal coca-producing countries, drug production, processing, and trafficking are likely to continue expanding to other countries in the region, including Ecuador, Venezuela, Paraguay, Argentina, Chile and Brazil. The air, water and land interdiction, and law enforcement programs of these six countries need to be strengthened on an urgent basis, before the trafficking organizations become entrenched.

Cocaine Transit Countries: Drug transit countries present an array of problems and opportunities significantly different from countries that produce illegal drugs. One the one hand, drug trafficking and use have taken a serious toll within a number of these countries, which are therefore willing to work closely with the United States and other nations to the degree that their concerns about national sovereignty and their own resources permit. On the other hand, many transit countries have permissive drug laws and lax financial regulation; underfunded law enforcement, investigatory, prosecutory and judicial systems; and undeveloped law enforcement intelligence capabilities. Several produce drugs, have their own powerful domestic drug trafficking groups, and are used as transshipment areas by multinational drug organizations. Transit areas of special concern include Mexico, Central America and the Caribbean.

Mexico: During FY 90, to reduce the flow of drugs from Mexico and to disrupt Mexican, Colombian and other narcotics trafficking organizations, the Administration will continue to develop cooperative actions related to both drug supply reduction within and through Mexico, and public awareness programs within Mexico. We will work together to: identify and dismantle trafficking organizations; to improve tactical information sharing with appropriate Mexican Government authorities; develop Mexico's interdiction programs aimed at smuggler aircraft crossing Mexican airspace or landing in Mexico; to strengthen Mexico's ability to track illegal money and firearms flows and the diversion of essential precursor chemicals.

The Caribbean: Special attention will also be given during FY 1990 to initiatives focused on the Caribbean countries and their territorial waters and airspace. With respect to these initiatives, the Administration will seek ways to improve local intelligence and law enforcement capabilities, strengthen Caribbean banking laws and financial regulations, and increase national criminal asset seizures.

It will also seek to improve access to the territorial waters and airspace of producer and transit countries. In the area of law enforcement information sharing, the Administration will work cooperatively to strengthen the current JICC system and assist Caribbean countries to establish appropriate new JICCs that can become the basis for a broad network of linked centers for the exchange of drug law enforcement intelligence and tactical data throughout the region.

Central America: Central America has gained in importance as a transit area for cocaine shipments to the United States. During FY 1990, the Department of State, working with other Federal agencies, will increase U.S. and joint U.S.-host country intelligence efforts to identify and track drug traffickers by air and land through Central America to Mexico, by expediting the installation of the Joint Information Coordination Center (JICC) system.

ASIA AND AFRICA: During FY 1990, we will work with cooperating Asian Governments to reduce opium production, heroin manufacturing and trafficking, and address the problems of narcotics-related corruption. The U.S. Government is refocusing efforts on opium and heroin control as a comprehensive heroin strategy is being formulated. A number of opportunities, particularly in the areas of training and public awareness, likely in African countries during FY 1990.

<u>Thailand</u>: It is possible that further reductions in Thailand's opium crop are unlikely; efforts must be renewed to reduce heroin trafficking, particularly in light of Burma's inaccessibility to the United States. The issue of corruption must be addressed immediately if efforts to control heroin production and trafficking are to be successful.

Laos: A series of small steps towards cooperation with the U.S. Government on narcotics control were taken by the Lao Government during 1989. Cooperation on a crop control program and in other areas can grow during FY 1990 only if the Lao Government addresses the nagging issue of officials involved in the drug trade.

<u>Pakistan</u>: Pakistan could further reduce its opium crop through aggressive enforcement of the poppy ban and through eradication. An elite anti-narcotics enforcement unit, supported by U.S. Government resources, will provide much-needed expertise in enforcement and investigations during FY 1990.

The U.S. Government will also work with the Government of Turkey to enhance heroin interdiction programs during FY 1990.

GLOBAL SUPPORT

Interregional Aviation Support

During 1990, interregional aviation support will remain an important element of U.S. international narcotics control strategy as Latin American Governments intensify interdiction operations. In the Andes, airwing assets will be used to support enforcement operations, and eradication efforts, where feasible. In FY 1990, the program will support the operation and maintenance of 52 Department-owned aircraft used in interdiction, aerial and manual eradication, and survey, reconaissance and logistical support activities. The principal focus will continue to be the Andean source countries of Peru, Bolivia and Colombia, with efforts also concentrated in Guatemala, Belize, Jamaica and Ecuador.

International Organizations

In 1990, the Department of State will support ongoing activities of the United Nations Fund for Drug Abuse Control (UNFDAC), the OAS and the Colombo Plan. The FY 1990 budget will provide continued funding for U.N. drug control agencies, including UNFDAC, as well as the Colombo plan's regional narcotics control activities and other country programs under the auspices of international organizations such as the Organization of American States (OAS) and the Pan American Health Organization (PAHO).

International Training and Demand Reduction

During FY 1990 INM funds will be used to train foreign law enforcement personnel in both basic and advanced narcotics investigative, interdiction and marine law enforcement techniques. Additionally, building upon pilot programs begun in 1988 and 1989, continued emphasis will be placed upon training and specialized workshops for members of the foreign media, foreign environmental experts and social workers, scientists and clinicians involved in drug abuse demand reduction and rehabilitation.

During FY 1990, the Department will expand both enforcement and non-enforcement training to approximately 2200 personnel through 120 programs worldwide. Increased emphasis will be placed upon non-traditional programs in regions with emerging drug trafficking and transit problems, including East Africa, Central America, South Asia and Eastern Europe. Enforcement personnel in most major countries receiving training continue to require instruction in basic investigative skills in conjunction with requirements for equipment and technical support.

The Department's centrally-managed demand reduction and public awareness program contributes to international narcotics control in two important ways. First it helps mobilize support for comprehensive narcotics control by stressing the links between the growing abuse of illicit narcotics by populations in countries within which drug production and trafficking occur. Second, it provides expertise in communications and social marketing to assist countries develop effective public awareness campaigns to mobilize support for their narcotic policies from key institutions.

The demand reduction program concentrates on the training of trainers to assist developing countries prepare a pool of trained manpower to plan and staff their programs in public education, prevention, and treatment. The program will also provide limited technical assistance in specialized areas such as clinical techniques, surveys and drug abuse epidemiology. To strengthen regional ties among cooperating countries, the demand reduction program will be implemented, where appropriate, through regional organizations in the Americas, South East Asia and South West Asia. Several such programs are currently being conducted by the Pan American Health Organization, the Colombo Plan and ASEAN.

Program Development and Support

The FY 1990-91 budget provides funds for technical and administrative support for the overall international narcotics program which is not otherwise tied to bilateral projects or specific inter-regional activities. This budget provides funding for Washington based personnel costs, which includes the 25 additional positions approved to enhance the program and resource management of INM operations, as well as the program development and evaluation, special studies and administrative costs of the bureau.

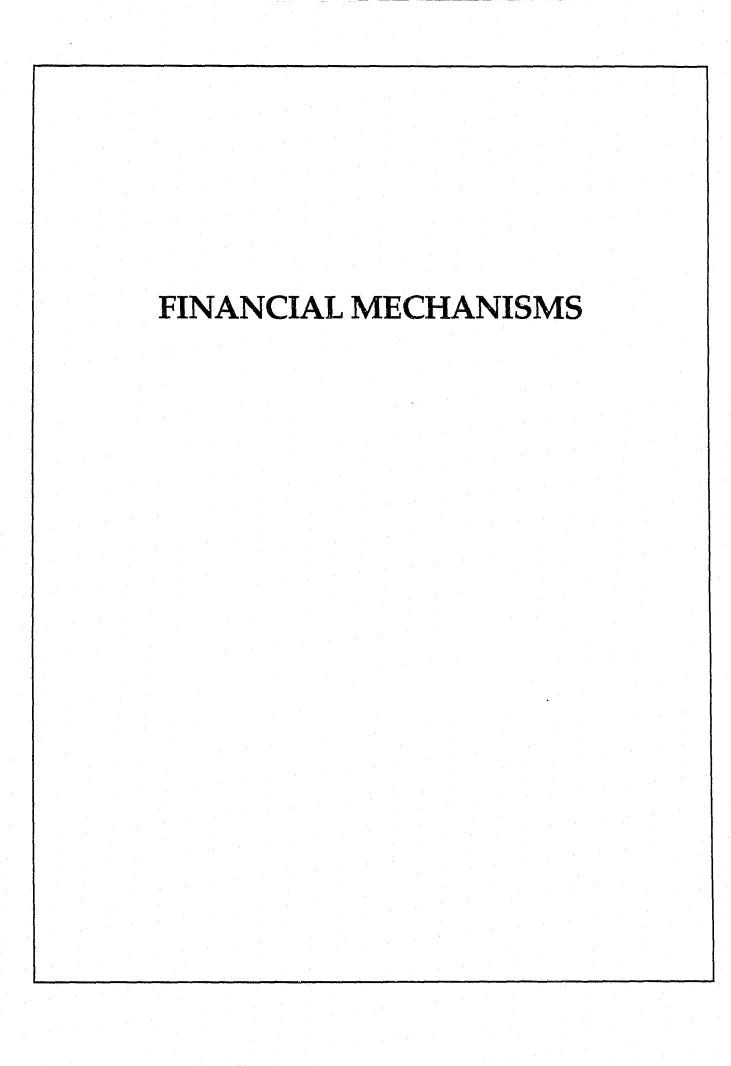
FY 1991 INTERNATIONAL NARCOTICS CONTROL PROGRAM Fiscal Summary (dollars in thousands)

Country Program	FY 1989 Enacted		
Latin America Bahamas 1/ Bolivia Brazil Colombia Ecuador Jamaica Mexico Peru Venezuela Latin America Regional Subtotal	$\begin{array}{r} \$ &\\ 10,000\\ 200\\ 10,000\\ 1,000\\ 1,000\\ 15,000\\ 10,500\\ \hline 700\\ \hline 2,000\\ 55,400\\ \end{array}$	\$ 9,200 1,900 10,000 1,400 1,900 15,000 10,000 1,000 -7,000 57,400	$\begin{array}{c} \$ \ 1,200 \\ 15,700 \\ 2,500 \\ 20,000 \\ 1,500 \\ 1,400 \\ 18,300 \\ 19,000 \\ 1,000 \\ \underline{6,000} \\ 86,600 \end{array}$
East Asia Myanmar (Burma) Laos Thailand Subtotal	120 4,150 4,270	5,540 3,500 9,040	0 500 <u>4,000</u> 4,500
Southwest Asia Pakistan Turkey Asia/Africa Regional Subtotal	$6,800 \\ 350 \\ \underline{450} \\ 7,600$	5,700 350 <u>450</u> 6,500	$7,500 \\ 350 \\ \underline{500} \\ 8,350$
Interregional Aviation Support	22,700	28,000	33,450
Total Country Programs	89,970	100,940	132,900
International Organizations	1,100	3,100	5,100
Training/Demand Reduction/ Public Diplomacy	6,330	5,500	7,000
Program Development and Support	3,600	3,500	5,000
TOTAL INC PROGRAM	\$101,000	\$113,040 <u>2</u> /	\$150,000

In FY 1989-90 the Bahamas program is included in L.A. Regional. Reflects reductions (\$1,960,000) resulting from Byrd Amendment on Emergency Anti-Drug Funding and Gramm-Rudman legislation. Does not include \$16.5 million which the Department has requested be reprogrammed from FY 1990 military assistance to INM programs for expanded Andean strategy for law enforcement.

INTERNATIONAL NARCOTICS CONTROL PROGRAM BY FUNCTIONAL ACTIVITY (dollars in thousands)

	FY 1989 Enacted	Total % of	FY 1990 Estimate	Total % of	FY 1991 Request	Total % of
Enforcement Assistance & Interdiction	50,172	49	70,395	62	98,350	65
Crop Control/Eradication	32,284	32	19,750	18	21,800	15
Income Replacement/ Development Assistance	2,700	3	3,800	3	5,000	3
International Organizations	1,100	1	3,100	3	5,100	3
International Drug Demand Reduction	1,545	2	2,275	2	3,025	2
Training	4,730	5	4,500	4	5,250	4
Program Development & Support	8,469	<u>8</u>	9,220	8	11,475	8
Total Program	\$101,000	100	\$113,040	100	\$150,000	100



NARCOTICS-RELATED MONEY LAUNDERING AND OTHER FINANCIAL TRANSACTIONS

I. INTRODUCTION

Summary

The level, scope and number of high-ranking policymaker actions in 1989 to curb transactions in drug trafficking proceeds confirmed that money laundering and other drug-related financial activity are now recognized as critical priorities in the global anti-narcotics campaign. Spurred by agreements to comply with the far-reaching United Nations Convention Against Illicit Traffic In Narcotic Drugs and Psychotropic Substances, a number of governments began to arm their judicial, financial and other enforcement authorities with statutory and regulatory mechanisms to contain the flow of illegal drug proceeds.

The priority that this issue commands within the Administration was underscored in the National Drug Control Strategy which President Bush made public September 5.

There is also a heightened awareness by the financial center countries of the scope of narcotics traffickers' efforts to launder their illegal proceeds through sophisticated methods for converting, transferring, and investing illegal drug proceeds, involving domestic and foreign banking and non-banking institutions and the international wire transfer system. This sensitivity to the financial activities of the cocaine cartels and other trafficking groups was reflected in 1988 by the adoption of the United Nations Convention (which was supported unanimously by the 96 delegations to the INTERPOL General Assembly in 1989); by the agreement among the G-10 central bankers in 1988 on recommendations for preventing the use of the financial system by criminals; and in 1989 by the decision of the G-7 countries at the Economic Summit to combat money laundering through actions recommended by a task force of 15 financial center countries.

Money laundering and related issues were also front-rank concerns in the late-1989 planning for February's special session of the United Nations. The United States government launched two special initiatives that were wholly or partially focused on money laundering: the Treasury-led effort to negotiate bilateral agreements in fulfillment of the requirements of the Kerry amendment and the diplomatic effort by the Department of State to establish a consultative mechanism among industrialized nations.

These activities, which are discussed in the subchapters below, yielded at year's end a number of significant legislative initiatives, especially among key European governments, and preliminary agreement on recommended actions by the Summit Task Force, that collectively heralded improved cooperation among financial and drug enforcement agencies.

Threat Assessment

Drug trafficking, through its immense yields of proceeds and profits, has become a major financial force in money markets throughout the world.

That money has enabled traffickers to penetrate legitimate business and hide their ill-gotten wealth -- and often to distort and undermine legal commercial enterprise, and corrupt officials and governments around the globe.

While there have been no official U.S. Government estimates, the 1989 INCSR noted that a number of studies and reports have estimated gross proceeds in the United States at \$100 billion and the global proceeds at \$300 billion dollars. A number of other governments agree with this latter estimate. More than half of that amount may be excess of costs of doing business -- and represent funds that traffickers will attempt to move through the legitimate financial system.

II.COUNTERACTIONS

The National Drug Strategy

The Strategy which the Office of National Drug Control Policy (ONDCP) released on September 5 gave priority to bilateral and multilateral efforts against international money laundering activities, as well as to providing additional resources for money laundering investigations domestically.

The second ONDCP-developed Strategy released in January gives more emphasis to this critical enforcement effort, which has rapidly achieved major status in international narcotics policy. Specifically, the 1990 Strategy announced the creation of a multi-agency policy review mechanism -- a drug-related Financial Crimes Policy Group -chaired by the ONDCP Deputy Director for Supply Reduction. The DFCPG will review and recommend strategies to combat money laundering, and to establish strong cooperative relationships at the Federal and State levels. The DFCPG will coordinate Federal government policy related to financial regulation and intelligence; international financial programs; the interdiction and seizure of illicit currency and monetary instruments; procedures and issues the identification, tracing, freezing, seizure confiscation of criminally derived assets; and other U.S. actions designed to counter drug money laundering domestically and internationally. The DFCPG will seek to strengthen multi-agency investigations and special operations. The DFCPG will consult with experts from the private sector as well as representatives from State and local government.

The 1989 Strategy noted the Administration's critical concern that the drug trade gives traffickers the financial capability to "penetrate and potentially dominate both legitimate and illegitimate commercial markets, to corrupt U.S. and foreign officials, and to destabilize foreign governments." The Strategy calls for securing resource and policy commitments from and providing assistance to foreign governments to help identify, trace, freeze, seize, and confiscate drug crime proceeds abroad.

The 1989 Strategy strongly emphasized the need to adopt the United Nations Convention. In that regard, the Strategy urges foreign governments to adopt strong measures to criminalize money laundering and to impose sanctions on those who use the international financial system to disguise and move criminally-derived funds across national borders.

The Economic Summit

There has been a steady escalation of the priority given to the international narcotics issue at each of the Economic Summits of the seven major industrialized countries since their meeting in Bonn in 1985. That Summit led to the first of three task forces, and produced the important agreement that narcotics enforcement and development assistance must go hand in hand, part of a comprehensive report considered at the Tokyo Summit in 1986. The narcotics agenda was broadened at Toronto in 1988, largely as a result of conversations between Prime Minister Mulroney and then-Vice President Bush. The numerous recommendations which arose from the task force which was convened in September 1988, under U.S. chairmanship, included the first set of proposals related to international money laundering, and affirmed the need for mutual success in reducing demand.

On a priority agenda that included environmental issues, East-West relations, debt management, and assistance to Eastern Europe, the narcotics issue achieved special prominence at the 1989 Economic Summit in Paris, where the Heads of State and Government, in a broad-ranging statement on both supply and reduction, called for greater bilateral and multilateral emphasis on controlling production and refining, increased cooperation on crop conversion programs, increased support for and strengthening of United Nations agencies and programs, curbing money laundering, providing assistance sought by producing nations, and increasing information exchanges on treatment and prevention techniques. President Bush was instrumental in developing a detailed narcotics agenda for Summit consideration in 1989, as were France and Italy. In their communique, the Heads of Government noted that the drug problem "has reached devastating proportions," and stressed "the urgent need for decisive action" on national and international bases.

The leaders gave special emphasis to their call for rapid ratification of the United Nations Convention. Significantly, the Summit

partners approved the convening of a Financial Action Task Force, which has been meeting since September under France's chairmanship, to assess cooperation already undertaken and make recommendations on individual and collective actions to prevent the use of financial institutions and systems for the purpose of drug money laundering.

In their discussions, the leaders noted the flow of money paralleled the surge of narcotics trafficking in Europe and noted that the G-7 countries dominate foreign exchange markets and are therefore in a special position to affect the drug money laundering issue. The reference in the Summit communique to cooperation already undertaken includes the work of the Basel Committee which last year issued a statement of principles forged by the central bankers of the G-10 countries on ways they could prevent their banks from being used to launder drug money.

The Financial Action Task Force consists of the Economic Summit partners: France, United States, United Kingdom, Italy, Federal Republic of Germany, Canada and Japan -- as well as Sweden, Belgium, the Netherlands, Luxembourg, Switzerland, Austria, Spain, Australia and the Commission of the European Communities. Other international organizations also attend. More than 130 experts from various ministries, law enforcement agencies, and bank supervisory and regulatory agencies participated in the six working sessions.

US objectives

U.S. priorities in Task Force deliberations are to: generate momentum for ratification of the United Nations convention; stimulate adoption of legislation which criminalizes money laundering and facilitates the identification, freezing, seizure and forfeiture not only of financial but other assets obtained through illegal drug profits; and obtain the broadest possible bilateral and multilateral cooperation on exchanges of financial information related to narcotics money laundering.

Outcome

The report, which was completed by the Task Force on February 7, nearly two months ahead of its deadline of April 1, has been forwarded through Finance Ministers to their Heads of State or Government, and will eventually be considered at the Economic Summit in Houston in July. In its final form, the report is perceived by U.S. officials as representing significant progress in terms of shared understandings on international cooperation on money laundering, including the enforcement of laws implementing the U.N. convention.

The communique issued after the final drafting session said: "After a practical study of money laundering methods, and a tentative estimation of the scale of the financial flows involved, the Group has reviewed the national programs and international instruments already in place to combat money laundering.

It has noted a recent strengthening of efforts in this matter, but important progress remains to be done. To this end, it has formulated forty precise and practical action recommendations. Their aim is to improve and extend the prosecution of money laundering, to precise and enhance the rules preventing the use of the financial system for money laundering purposes, and to define the ways and means of a better international cooperation."

The U.S. delegation, consisting of officials from Treasury (chair), Justice and State, concur that the ultimate verdict on this report and its recommendations is dependent on the individual and collective actions taken by participating nations. The delegations will be consulting with Financial and other ministers on a variety of follow-up actions, intended to monitor those outcomes.

We anticipate that an even broader agenda on narcotics will be considered at the 1990 Economic Summit, hosted by President Bush and the United States government.

Implementation of the recommended program may well involve several multilateral organizations. For example, both the Bank for International Settlements and the International Monetary Fund can generate data on financial flows, while the Organization for Economic and Commercial Development can provide both analysis and data on a variety of financial matters. INTERPOL's secretariat is prepared to implement certain Task Force proposals concerning international sharing of money laundering information. The U.S. delegation to the INTERPOL General Assembly supported a resolution for member states to establish data bases containing currency transaction and other data for use in criminal investigations, and for INTERPOL to establish a data bse to hold similar data contributed by member countries. This resolution, which was adopted unanimously by the General Assembly, called for the international sharing of this data. In March, the General Secretariat will hold a working group meeting to discuss implementation of the international financial data base, including types of systems, means of data transmission, and access controls.

United Nations Convention

In the final hours of the 1989 Congressional session, the Senate gave its advice and consent to ratification of the United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances. After signature by the President, the United States became one of the earliest (the Bahamas was first) nations to formally ratify the convention, which is fundamental to our international efforts to curb money laundering. Seventy-four nations have signed the convention (December 1989), and we are encouraged by the number who are moving to ratify the convention and adopt necessary implementing legislation.

The Convention establishes a benchmark for bilateral and multilateral controls on money laundering, including a critical provision

that money laundering should be a criminal offense. This is part of a broader agreement that nations should eliminate any legislative barriers (including bank secrecy laws) that impede cooperation on investigations between the financial and law enforcement communities. Other provisions call for adoption of legislation authorizing the tracing, seizure and forfeiture of assets. The 1988 negotiations in Vienna on this section, like others, resulted in the plenipotentiary conference adopting much of the language sought by the United States.

The European Community

The European Community, having named coordinators from each of the 12 countries who met in December and January to consider common approaches to the narcotics problem, will, through its Council and secretariat, become a central coordinating body for anti-drug actions in Europe and on behalf of European countries. EC narcotics coordinators and the Commission are already considering a number of drug-related initiatives, both in concert with proposals under the 1992 chapeau for eliminating border and currency controls among the 12 member nations, and also actions related to global narcotics control (e.g., a coordinated program of aid for Colombia and other Andean countries which EC foreign ministers will consider on May 11).

The 1992 measures which Commission staff say are under consideration include: establishing common visa policies including countries whose nationals must present visas to enter the EC; strengthening security at outer borders of EC (including common lookout lists, data exchange, etc); closer liaison between law enforcement officials, including training programs, technical exchanges; agreements on asylum criteria; common approaches to illegal immigration; judicial cooperation (problematic given civil and common law countries); improving customs services cooperation; common policy on regulating financial flows; urging ratification and implementation of Vienna convention; and improving cooperation on international crimes, such as terrorism, organized crime and drug trafficking.

FinCEN

Treasury is in a unique position to combat money laundering because of its responsibilities under the Bank Secrecy Act and the Money Laundering Control Act of 1986, the experience of the U.S. Customs Service and the Internal Revenue Service in investigating money laundering and other financial crimes, and Treasury's relationship with financial regulatory agencies.

As one part of its effort to implement those provisions of the President's National Drug Control Strategy calling for increased efforts to combat money laundering, Treasury has created the Financial Crimes Enforcement Network (FinCEN).

FinCEN is a multi-source anti-money laundering intelligence, analysis and targeting center. Its objective is to create a broad-based data analysis to support money laundering and other

criminal investigations and prosecutions, tax and regulatory proceedings. Treasury has encouraged the participation of all Federal law enforcement and financial regulatory agencies in FinCEN, which will provide the following services:

- o Coordinated, multi-source analytic support for financial crimes investigations;
- o Leads for field investigators, with support documentation, on potential targets or violations;
- o Information for Federal, State, local and foreign law enforcement officials about: methods and evolving trends in money laundering; available technology; the management and dissemination of financial crimes intelligence; financial crimes investigation techniques; obtaining financial records; post-seizure evidence analysis and computerization.
- o Information for the financial industry and regulators on: indicia of financial crimes; effects of financial crimes; compliance programs and "know your customer policies; resources available to help fight financial crimes; reporting suspicious activity to enforcement agencies and filing of criminal referral forms.
- o A 24-hour communications center to provide rapid response to requests from field agents for intelligence, and act as a clearinghouse to support undercover operations, reducing the risks associated with overlapping investigations.
- o Recommendations to Treasury's Office of Financial Enforcement about legislative and regulatory changes to improve financial enforcement.
- o Research, develop and implement technological innovations in financial crimes detection.

III.OPERATIONAL EFFORTS TO CURB MONEY LAUNDERING

The degree of sophistication and complexity in a money laundering operation is limited only by the considerable creative imagination and financial skills of the criminal enterprises devising such operations. Agents at Treasury and Justice have become quite expert at identifying these schemes, and, through undercover operations, at penetrating them. U.S. Government enforcement officials believe that simply seizing proceeds and other assets is not sufficient; money laundering investigations must lead to the drug masters and result in the destruction of the network.

Operation Polar Cap

Operation Polar Cap was a two-year money laundering investigation which ended in March, 1989. It was designed to break-up two large-scale money laundering operations of the Medellin cartel, which for five years laundered large sums of money through jewelry and gold brokerage companies in New York, Los Angeles, Houston and Miami, as well as through a San Francisco liquor outlet. The investigation was conducted by the Drug Enforcement Administration, the Federal Bureau of Investigation, the Internal Revenue Service, the Customs Service, and the Narcotic and Dangerous Drugs section of the Department of Justice. Numerous state and local agencies also participated in the investigation under the auspices of the Organized Crime Drug Enforcement Task Force program. This case marked the first time that federal agencies have coordinated an investigation at the national level, as well as at the field level.

In this case, the money was collected from drug organizations in Los Angeles, Houston and New York, and was carried or wire transferred to banks in the United States, Switzerland, England, Panama and Uruguay.

During a six-month period, 26 court authorized wiretaps were conducted, and monies were traced by following the flow of funds from Bank Secrecy Act reports, reports filed by trades and businesses and by electronic surveillance. The investigation revealed that Los Angeles jewelry firms had received armored car shipments of U.S. currency, disguised as jewelry shipments, on a regular basis from drug organizations in other American cities. This resulted in the deposit of almost one billion dollars in cash in Los Angeles area banks. The proceeds were then wire transferred to other accounts in Los Angeles and New York for subsequent transfer to international banks and a Uruguay money exchange, for ultimate transfer to Colombia.

In a second aspect of Operation Polar Cap, DEA agents from Atlanta conducted an undercover penetration of a money laundering organization which secured evidence against several management officials of a major bank in Panama who were knowingly laundering drug proceeds.

As of October 1989, over \$100 million in assets were seized, 111 defendants were arrested, and 2,124 pounds of cocaine and 19,240 pounds of marijuana were seized. The bank in Panama was convicted of violating U.S. money laundering statutes, resulting in the forfeiture of \$5 million in substitute assets, the first action of its kind.

Operation C-Chase

Operation C-Chase, a 30-month covert money laundering investigation initiated by U.S. Customs, was successfully concluded in late 1988, causing worldwide repercussions by revealing the essential role that major international financial facilities play

 \mathbf{of} proceeds sophisticated the movement by networks. Updating the information provided in the 1989 INCSR, this operation -- which spanned six countries and seven U.S. cities and drew on the cooperative efforts of Customs, IRS, FBI, DEA, and State/local officials, as well as authorities in France, the United Kingdom and Switzerland -- required the penetration of several major Colombian money laundering groups, and resulted in the arrest of 43 individuals, nine of whom were high-ranking officials of the Bank of Credit and Commerce International. The access provided for the undercover investigators by BCCI officials to major international drug/wealth-management channels had previously unobtainable strategic goal.

The operation identified approximately \$32 million in laundered funds. A restraining order against BCCI (the first such order issued in a money laundering investigation) resulted in \$14 million being held by the U.S. Government. In addition, approximately \$3.3 million in currency and bank accounts, and \$3.2 million in vehicles, residences, businesses, and miscellaneous goods have been seized. Agents continue to pursue leads and spin-off cases derived from C-Chase.

The Kerry Amendment

The Department of the Treasury has recently submitted to the Banking Committees of both Houses of Congress the required interim report on the Administration's efforts to implement S. 4702 of P.L. 100-690 (known as the Kerry Amendment).

The requirement is that the Secretary of the Treasury enter into negotiations to seek agreements (1) to ensure that foreign banks and other financial institutions maintain adequate records of large U.S. currency transactions, and (2) to provide a mechanism for making such records available to U.S. enforcement officials. Priority is to be given to countries where U.S. officials believe financial institutions may be engaging in currency transactions involving the proceeds of international narcotics trafficking, particularly U.S. currency derived from drug sales in the United States.

Treasury, State, Justice and ONDCP have reviewed nearly five dozen country situations and, with the concurrence of ONDCP, have selected a list of 20 high priority countries whose governments will be approached on negotiations.

As Treasury has reported separately, these negotiations are expected to be difficult. Preliminary soundings revealed that the potential for achieving such agreements is threatened by what several governments believe to be the extra-territorial reach of the statute. They read the statute as an attempt to impose the U.S. bank secrecy act through the threat of sanctions.

These negotiations are not the only vehicle through which the Administration is attempting to reach agreements with financial center countries on recording and reporting. These issues are at the heart of the work being done by the Economic Summit's financial action task force, and are a central feature of all negotiations on Mutual Legal Assistance Treaties. The major objective of the statute for recording of information and making it available to investigators may be substantially realized outside the framework created by the statute.

Other Activities

A draft curriculum design for instruction in international banking practices and procedures has been reviewed by Federal agencies, and will be tested by the Law Enforcement Training Center in 1990.

IV.FINANCIAL CRUMES: COUNTRY REPORTS

This section provides information on those countries which are considered significant to the assessment of international money laundering. Several countries which are very important to the trafficking assessment, because they are source or transit countries, may have little or no significance to the money laundering assessment. Patterns vary: proceeds may be generated primarily at the farmgate level in some countries, or even where some processing occurs the proceeds may be largely controlled by traffickers from other countries. Even in some instances where the proceeds are substantial, given the volume of narcotics produced, the proceeds generated within that country may not enter the international financial system.

For these reasons, there are no country summaries in this money laundering section on such source or transit countries as Belize, Burma, Chile, Cuba, Dominican Republic, Greece, Guatemala, Haiti, Honduras, Indonesia, Iran, Ivory Coast, Jamaica, Kenya, Laos, Malaysia, Morocco, Nepal, New Zealand, Nicaragua, Pakistan, Senegal, Syria or Turkey. References to these countries can be found in the regular chapters of INCSR.

However, funds from sales in the United States or Europe, for example, may be repatriated to source countries, especially countries in which there are trafficker organizations with worldwide organizations, such as Colombia, and can be held as cash, or be deposited into the national banking system, or may enter the system as certificates, wire transfers, etc., the result of money laundering elsewhere. Thus, there is a particular exception made in the reporting here for the Andean countries of Colombia, Bolivia and Peru.

ARGENTINA

Overall in/outbound cash and monetary instrument activity has been increasing since 1986, with indications that some narcotics-related money laundering is occurring, and has probably increased in 1989. Colombian and Bolivian traffickers are active in Argentina, which is increasing in significance as a cocaine transit country, and possible producer of cocaine hydrochloride. Combined with the wide use of the U.S. dollar, these factors tend to make Argentina vulnerable to money laundering.

In 1989, Argentina, however, passed significantly stronger anti-narcotics legislation which includes provisions covering money laundering and asset seizure. Some questions remain about this legislation, e.g., can assets be frozen during investigations before the violation of a statute has been established. Enforcement agencies are encouraged by the new law but have not yet prosecuted any money laundering cases or seized assets (except for conveyances or containers used to transport controlled substances which were seizable under the old legislation). Since all law enforcement agencies may apply the asset seizure provisions, and benefit from the proceeds of their sale, it is expected that law enforcement against drug trafficking and money laundering will improve.

ARUBA

Aruba's banking center has grown rapidly since the island broke from the Netherlands Antilles in 1986; several factors indicate that narcotics money laundering played a role in that growth. Aruba's proximity to Colombia and its Free Zone make it ideal for transhipment of narcotics. The growth in deposits coincides with the decline of Panama's banking center, and some of the narcotics money that fled Panama may well have moved to Aruban banks, where bank secrecy laws offer protection to money laundering operations. Also, Aruban exempt corporations (AECs), which have been allowed since July 1988, are ideal shell companies for money laundering; AECs are tax exempt, they require only about \$5,000 in capital to form, and the owner's identity can be kept hidden by issuing anonymous bearer shares.

At the urging of the new Prime Minister, in April 1989, the legislature unanimously adopted narcotics legislation which included strong asset seizure provisions and closed an important gap in Aruban law and increasing the financial risks faced by narcotics offenders. Authorities can seize assets resulting from, used in, or intended for use in a narcotics offense, even if the criminal is not identified. Courts can require narcotics offenders to pay fines equal to the value of the proceeds of the crime.

AUSTRALIA

A Cash Transactions Reports Agency has been established to enforce the Cash Transactions Act of 1988, and it will investigate illegal financial and money laundering activities.

Like its U.S. counterpart, the Australian Act requires the filing of reports for (1) transactions in currency in excess of \$10,000, (2) when more than \$5,000 is transferred into or out of Australia, or (3) when a cash dealer is a party to a transaction, and the cash dealer has reasonable grounds to suspect that information given to him is relevant to the investigation of a crime. The CTRS are intended to assist in these investigations by providing a much-needed paper trail.

Also, the Australian tax law was amended in 1989 to allow enforcement agencies to gain access to tax return data, which should benefit enforcement authorities. The tax commissioner can release the data when the information is relevant to (a) establishing that a crime has been or is being committed or (b) the masking or proposed masking of the proceeds of a crime.

BAHAMAS

U.S. officials believe there has been a slight decrease in financial activity and the flow of U.S. currency through Bahamian banks. The Bahamian government and banking industry have adopted a comprehensive set of operating and reporting regulations which make money laundering increasingly difficult in The Bahamas, although the country is still vulnerable to illegal money laundering and remains a major off-shore banking center. The regulations, which depend largely on self-policing, must be further refined to deter this activity. Further experience and expertise on the part of banks as well as the government should make The Bahamas increasingly less attractive to traffickers for money laundering. The recent ratification of the MLAT by the U.S. should substantially increase the ability of U.S. and Bahamian enforcement agencies to cooperate on the investigation, detection and prosecution of money laundering cases.

BOLIVIA

This second-largest coca producing country is not considered a major money laundering center, i.e., its banking system is not part of the international system used to convert coca and cocaine profits. But, proceeds are generated, both from coca cultivation and also cocaine refining and sales overseas, some part of which is presumably repatriated to Bolivia. Senior Government officials have informally estimated that the cocaine trade generates as much as \$400 million in foreign revenues annually for the Bolivian economy. Bolivia does have foreign exchange and asset seizure laws, but its police have limited capability to pursue drug money laundering investigations.

BRAZIL

Article 243 of the new Brazilian constitution permits the government to seize any/all land where "psychotropic plants" are being cultivated and redistribute it for legitimate agricultural or other use. The same article states that all items of economic value derived from illicit drug trafficking will be confiscated and are allocated (by the Federal Drug Council) to narcotics treatment, rehabilitation and enforcement organizations. This procedure had been adopted in a 1986 decree but implementation was slow due to the absence of specific statutes and delays in developing regulations and procedures. Adoption of the new constitution now permits development of the needed implementing legislation.

Under the draft asset seizure law all instruments of crime, such as transport conveyances, money, buildings, etc., may be seized. The Federal Police Department (DPF) is the principal agency responsible for tracing and seizing assets. It appears that both the implementing legislation and enhanced levels of involvement by prosecutors and the courts will be required to bring this program wholly on-line. The GOB fully cooperates with the USG and is receptive to intelligence. The GOB program does not provide for sharing of seized assets with foreign countries. Once the GOB's asset seizure program is fully implemented, the principal question, regarding handling of high-level money laundering cases, will be the adequacy of present laws to cover cases of drug-related activity which do not involve direct cultivation, transport or selling.

In late 1989, GOB officials announced the discovery of a multimillion dollar conspiracy to obtain U.S. dollars through falsified import licenses for non-existent transactions with U.S. exporters. The GOB Central Bank and Federal Police Department are actively investigating the case, including the possibility that laundering of drug profits was involved.

BULGARIA

In April 1989, a Swiss prosecutor involved in the investigation of a money laundering ring operated by the Magharian brothers revealed evidence of low level Bulgarian official complicity in the conversion of narcotics-related currency to gold and other foreign exchange. American and Western European press accounts also carried these allegations. The GOB vehemently denied the allegations; however, a leading

law enforcement official admitted that the then applicable currency and customs laws permitted foreigners to import and export currency, gold and other valuables through Bulgaria without inquiry into their origin or purpose. Although officials maintained that existing laws permitted forfeiture of conveyances and other personal property used in connection with trafficking, forfeiture of narcotics-related proceeds was not addressed by law. The currency law has since been modified to require a declaration of currency and other valuables imported by a foreigner of a value in excess of \$2900. Violators are subject to a fine and imprisonment. In either case, the currency or valuable is seized and retained by the GOB.

CAYMAN ISLANDS

Because the financial industry is the backbone of its economy, Cayman Island officials are reluctant to limit those features, especially bank secrecy, which attract banking customers. This caution allowed launderers of various kinds of money to gain a strong foothold in the industry, which is the largest offshore banking center in the Caribbean. While the Cayman Islands remain a tax haven, officials have taken steps in recent years to make their banking system a less attractive repository for drug money.

A 1984 agreement with the United States simplified the exchange of drug evidence. In 1988, the Executive Council approved legislation which allows drug assets to be frozen prior to arrest; the intent is to prevent drug traffickers from moving assets to avoid seizure, which had happened in the past when suspects were warned. In 1989, the U.S. ratified the Mutual Legal Assistance Treaty with the Cayman Islands, which should improve cooperation. Also in 1989, additional emphasis has been placed by Cayman officials on cooperation with the United States in acquiring drug-related financial documents. Combined with the 1984 agreement, this new priority is a further step toward seizure of a larger share of the drug proceeds believed to be on deposit in the Cayman Islands. U.S. officials still worry about the continued practice which permits shell corporations to shield beneficial owners of accounts, and, were disappointed by the Cayman's response for assistance in tracing Rodriguez Gacha's funds.

COLOMBIA

In August 1989, President Barco issued emergency decrees which allowed judges to order the seizure of goods and property should they rule they were illegally obtained. A series of raids on large drug plantations and other properties and the extradition of several persons to the United States on drug trafficking and money laundering charges prompted retaliation by the traffickers, including bombings, kidnappings and assassinations.

There are disagreeing views over the economic impact of the narcotics trade on Colombia. The two major cocaine cartels

(Medellin and Cali) are known to repatriate funds to Colombia -- as cash but also as financial instruments. However, the majority of their funds are held outside of Colombia. Estimates of the amount of money entering Colombia have ranged into the hundreds of millions. U.S. agencies have no official estimate, but, in one two week period, U.S. Customs reported the seizure of more than \$5.4 million in cash, all bound for Colombia.

COSTA RICA

Money-laundering does not seem to take place on a large scale in Costa Rica. However, the arrest of a suspected money-launderer and the seizure of \$750,000 in 1988 raised concerns among government and business people that money-laundering may indeed be a problem here. Investigation into the case and other reported incidents revealed questionable practices by several banks.

A narcotics bill became law in 1988 which included provisions on money laundering and asset forfeiture. Beginning in January 1990, the Costa Rican Central Bank Office of Bank Examiners will implement new regulations aimed at money laundering operations in domestic financial institutions, which will be required to report all transactions involving foreign currency in amounts equal to or larger than \$10,000 or the equivalent in foreign currencies. These regulations will apply to all transactions within Costa Rican financial institutions, transactions undertaken by these institutions on behalf of domestic or foreign corporations or individuals, and/or transactions undertaken on behalf of other financial institutions through a correspondent relationship.

CYPRUS

Substantial sums of declared cash and bullion continue to flow through Cyprus daily, enroute to and from Lebanon and European centers. The significant sums involved continue to raise suspicion that a large share of these funds may have been obtained through trafficking in illegal drugs, a suspicion fueled not only by the traditional relationships with Lebanon, an increasingly important narcotics source and transit country, but also by information that traffickers continue to use Cyprus as a convenient meeting point for negotiating drug trades. However, there is no indication that narcotics money laundering has penetrated the domestic Cypriot banking system.

Restrictions on foreign ownership of property and currency controls are believed to have discouraged efforts to launder drug money through the domestic economy. Moreover, while domestic and offshore banks are protected by bank secrecy provisions, banking authorities have indicated a willingness to respond to requests for information through police or customs authorities to assist investigations. Also, Cypriot Customs records declarations accompany physical transhipments of currency and bullion, with special attention to drug courier profiles.

Additionally, the Central Bank of Cyprus recently advised domestic and offshore banks to implement a "know your customer" policy to curb possible money laundering. In 1990, the 16 offshore Cypriot banks will participate in an exercise by reporting (a) the number of transactions involving cash deposits of more than \$10,000, (b) the amount of such transactions, and (c) the numbers of the accounts affected.

ECUADOR

There was increased reporting regarding money laundering activity in 1985 involving a high volume of U.S. dollars from Colombia. There were also reports of Colombians making real estate and business investments in Ecuador. Several Ecuadorean financial institutions were liquidated in early 1989, and some owners were charged with money laundering.

Existing legislation does not permit tracking financial assets but permits forfeiture of assets, such as property or vehicles or money, once a drug conviction is obtained. A new drug law has been introduced in the 1990 legislative session; if adopted, it would toughen the existing asset forfeiture and seizure legislation. Seized assets will be turned over to a proposed new drug council, which distributes assets among member agencies for anti-drug activities.

Banking officials have actively sought information on U.S. laws and procedures to help them shape banking regulations to impede money laundering, and to bring the reforms into compliance with the U.N. convention. An asset sharing agreement with the United States is a possibility for 1990.

Ecuador has also expressed interest in negotiating tax, customs and bank information exchange agreements with the U.S.

HONG KONG

Building upon existing law, primarily the dangerous drugs ordinance, the Commissioner of Banking on March 3, 1989 issued precautionary guidelines to local banking institutions to counter possible money laundering transactions. On July 12, a Drug Trafficking (Recovery of Proceeds) bill passed into law, empowering government authorities to trace, freeze, and confiscate proceeds from convicted drug traffickers. The law also requires banks and individuals to notify authorities of suspicious transactions. Although the law has not been in effect for a long enough period to assess its effect, the Government moved promptly to establish investigative units responsible for its enforcement. Assets valued at \$387,000 were seized during 1989.

Hong Kong is expected to give the United States designated country status in 1990; this arrangement would enable the U.S. to receive assistance in the confiscation of drug assets located in Hong Kong.

To the extent legally allowable, the HKG has consistently cooperated with U.S. law enforcement authorities in tracing assets. However, there are no currency exchange controls and no central bank, which makes the tracing of funds entering or leaving the colony virtually impossible. Law enforcement authorities are not permitted to search bank accounts for possible criminal activity; once an account has been identified, however, the law permits police to obtain a search warrant for an examination of the account.

INDIA

A long-standing informal money laundering system of great sophistication, the <u>hawala</u> system, is now being used for narcotics-related financial transfers. The <u>hawala</u> is only one element of the "underground economy" in India, involving a broad range of consumer goods, foreign currencies (particularly dollars) and gold. New asset forfeiture legislation provides for freezing of assets involving domestic crime. Foreign convictions can result in deposits being frozen in India, and a conviction abroad for money laundering now counts as a first major offense. These provisions do not yet seem to have had much impact on the flow of narcotics related funds. The Ministry of Finance Foreign Exchange Department concentrates on improving anti-laundering efforts for both exchange control and anti-narcotic purposes. Many cooperative efforts with the United States have taken place, including sharing of evidence, testimony, and mutual operations.

Officials in both the United States and India, however, have expressed increasing concern regarding the significant rise of gold smuggling into India and its possible connection to international heroin trafficking. Indian law enforcement officials reportedly theorize that proceeds from successful heroin smuggling venture are being transferred to gold source countries through use of the "hawala" system to purchase gold for resale in India, where the price of gold is extremely high due to its lack of availability. This type of exchange gives traffickers added leverage in negotiating favorable terms for heroin transactions.

MEXICO

Money laundering became a more important law enforcement issue in Mexico during 1989, as Mexican authorities intensified their assaults on drug trafficking organizations. Authorities expanded their frontal attack on drug trafficker assets moved through foreign exchange houses, or invested in real estate and commercial ventures in Mexico, or transferred abroad. The Mexican Federal Attorney General's Office (PGR) reported seizures of \$15 million in

cash and of 790 properties from drug traffickers during 1989. Additionally, the government has confiscated lands used for drug cultivation and transferred ownership to other farmers to plant legal crops. Under this program, President Salinas redistributed 175,000 hectares of land previously owned by drug producers and traffickers to 1,100 families in Chihuahua.

The Mexican financial system has the capability to launder significant amounts of U.S. dollars. Money laundering probably occurs primarily through the exchange houses, while commercial banks seem to play a much smaller role. Only a small number of dollar accounts are registered in Mexican banks, primarily along the U.S. border. However, dollars may be wired abroad via the Mexican banking system and through the foreign exchange houses. Mexicans may legally hold dollar accounts outside Mexico, although it is illegal for them not to declare such accounts on their tax returns. It is probably through this channel that the Mexican government will pursue drug traffickers and money launderers.

Drug traffickers are expected to continue using currency exchange houses to launder illicit profits. These "casas de cambio" are not stringently regulated and do not require that currency be converted to pesos.

The Salinas administration is carrying through on commitments to strengthen drug trafficking laws. In early 1989, President Salinas gained approval from the Mexican Congress for stiffer penalties in the Federal Penal Code for drug trafficking offenses. In December 1989, the Mexican Congress approved tax-related money laundering legislation. Under this legislation, individuals convicted of undertaking financial operations in domestic or foreign banks to evade taxes will be subject to prison terms of 3-9 years. A US/Mexican Tax Information Exchange Agreement became effective in January 1990. Both governments intend to use this agreement to attack money laundering.

A Mutual Legal Assistance Treaty has now been ratified by both governments. This treaty may significantly improve access to Mexican financial documents, which were obtained in the past only by letters rogatory. While the Mexicans have responded to most outstanding letters rogatory, there are several still pending. Cabinet officials of both governments discussed money laundering at the August 1989 Binational Commission meeting in Mexico City. In November, the Internal Revenue Service conducted a money laundering seminar for 130 officials from the Mexican Finance Secretariat; this followed a meeting between Secretariat officials and IRS and Customs agents in October to review money laundering There were other meetings in November between techniques. Mexican officials and representatives of FBI, DEA, IRS and Customs on money laundering. The GOM has set up a financial task force in Mexico to study money laundering and asset forfeiture issues. Mexico made many significant asset seizures during 1989.

However, financial institutions in Mexico continue to be governed by strict privacy laws. The U.S. Customs Service has made several requests over the last three years (not through letters rogatory) for banking and financial information needed for ongoing Customs investigative cases. To date, no response has been received from the Mexican Customs Service or the PGR. U.S. Customs will resubmit these requests.

U.S. Customs and other U.S. officials agree that money laundering has become a more important enforcement issue for the Mexicans and express hope that the MLAT will help overcome past problems. They note that the Mexican Finance Secretariat has requested training from U.S. agencies in money laundering investigative techniques, and improved cooperation is expected.

NIGERIA

Nigeria has severe penalties for narcotics offenses, including 8-12 years imprisonment for exporting illicit narcotics and 22 years to life for importing. Discussions on the forthcoming new decree on narcotics have included consideration of reinstituting the death penalty for trafficking and 20-year sentences for money laundering.

PANAMA

On February 13, 1990, the Government of Panama issued Cabinet Decree 41, which establishes new banking regulations designed to prevent narcotics-related money laundering. Under these new regulations, new types of records must be kept on all transactions involving more than \$10,000. Violators of the regulations, which apply to both deposits and withdrawals, will be subject to fines ranging from \$100,000 to \$1 million. Until the new decree was announced, banks only had to report deposits in excess of \$50,000. In addition, the Panamanian government advised the Department of State and other U.S. agencies on February 13 that it was prepared to enter into further agreements related to cooperation on narcotics-related money laundering. This follows on the agreement signed by Panama earlier this year with the U.S. Government.

Money laundering resumed its position in 1989 as Panama's most serious narcotics issue, after having assumed a less important role in 1987-1988. Drug money launderers, "stung" by U.S. enforcement agencies in 1987 through Operations Pisces and Cashweb/Expressway, moved much of their money from Panama to safer banking centers, while exploring alternatives for depositing funds. Drug money laundering operations were further disrupted in 1988 by political turmoil, the currency flow crisis in the domestic economy, and the subsequent decline of the domestic banking industry.

However, the new narcotics control mutual cooperation agreement commits the two governments to cooperate in attacking the profits from illicit drugs. Under this agreement, the governments agree to exert their best efforts to cooperate in investigating and prosecuting narcotics-related money laundering and (to the extent deemed advisable by the parties) to develop new or utilize existing legal instruments, such as extradition and mutual legal assistance treaties, to eliminate narcotics trafficking and money laundering. The money laundering provisions of the agreement will be implemented by memoranda of understanding.

In 1989, Banco de Occidente in Panama was convicted of violating U.S. money laundering statutes, and forfeited \$5 million in substitute assets. At the time of U.S. military actions in Panama (December 1989), a number of Panamanian bank accounts identified by Operation Polar Cap and other U.S. investigations had been frozen. The status of these suspected money laundering accounts has not been resolved.

The new Panamanian government has been cooperating, along with several European governments, in the U.S. effort to trace and seize assets of General Noriega that may represent the proceeds from drug trafficking and/or money laundering.

PARAGUAY

Paraguay is a drug source country for marijuana and an increasingly important transit country for both cocaine and drug proceeds. There were indications during 1989 of increased money laundering involving negotiable instruments. As a result of U.S. military action in Panama, Bolivian and Colombian drug traffickers who previously laundered money through Panama have reportedly turned to Paraguay as an alternate route through which to repatriate drug proceeds -- a trend that is expected to continue through 1990.

There are no restrictions on the flow of foreign or domestic currency into or out of Paraguay. There are credible indications that money laundering may take place in Paraguay, but the extent is unknown. There are no restrictions on foreign ownership of real or corporate property nor on maintaining dollar accounts in Paraguayan banks. The combination of liberal banking laws--banking confidentiality is respected and dollar accounts are allowed under GOP banking regulations--and a sophisticated financial structure (Paraguay's relatively small economy is served by 24 banks and numerous currency exchange houses) makes Paraguay an attractive country for money laundering operations.

PERU

There is an urgent need in Peru for capital, and Peruvian bankers make no secret of their view that cocaine dollars partially substitute for foreign investment and bank loans. The significant role of drug money in the economy was shown during the Colombian crackdown, beginning in August 1989; during that time there was a shortage of U.S. dollars circulating in Peru, resulting in a dramatic increase in the exchange rate.

Money movement in and out of Peru is accomplished in several ways. Traffickers directly control some money movements by flying U.S. dollars into coca producing areas where dollars pay for local expenses (usually under hire to Colombians), and the dollars are exchanged for Peruvian intis at local banks. Also, Peruvian banks involved in money laundering will arrange to have dollars flown to Florida, or the Cayman Islands, and sometimes back to Colombia. Foreign exchange houses are also used to move proceeds, a role that has been increasing since 1987. Some foreign exchange houses have moved dollars from Peru to Bolivia where the dollars are exchanged for Bolivianos, returned to Peru to be exchanged for intis, which are in turn used to buy dollar certificate accounts in Peruvian banks.

During July 1989 there were reports on the official and black markets that narcotics exports were providing a constant supply of dollars to money changers known as "cambistas" operating on the streets of Lima. An estimated \$800 million to \$1 billion is said to enter the Peruvian economy through these cambistas each year. The majority of this money eventually ends up in Florida or Switzerland, according to DEA sources.

Under Peruvian law, assets seizure is permitted in cases where there is possession of a drug, the use of a drug, or the holding of a drug. During 1989, assets were seized and accounts were frozen in one known case.

PHILIPPINES

It is not believed that the Philippine banking system is used to launder proceeds from illicit drugs, due to strict GOP currency controls. However, DEA has found strong indications that an underground banking system and the Philippine casino system are being used by ethnic Chinese involved in trafficking to launder narcotics-related funds. Also, in 1989 DEA became aware of European narcotics-related funds being used to purchase a legitimate business in the Philippines.

SINGAPORE

Singapore's geographic location and status as a major seaport have made it a popular staging area for smugglers using sea routes. The purchase of large ocean-going vessels and equipment, plus the availability of cargoes to serve as a cover, have made the use of Singapore's banking industry and the establishment of "shell" companies very popular with both heroin and cannabis traffickers.

Singapore has bank secrecy laws and, like Hong Kong, does not permit police "fishing expeditions." The Government of Singapore (GOS) is currently studying what is involved in changing its bank secrecy laws to allow both asset seizure and access to local bank records in investigations by foreign law enforcement agencies. The GOS is worried that laws affecting bank secrecy might hurt Singapore's chances of becoming a world financial center. Asset seizure provisions of anti-corruption legislation enacted in 1989 set a precedent for asset seizure laws in drug cases. Under the anti-corruption law, the GOS can seize assets which a suspect did not demonstrably obtain by means of his legitimate source of income. No legislation has been proposed yet to extend seizure of assets to narcotics cases. U.S. law enforcement agencies believe there may be hesitancy to enact such legislation because of fears it would impact adversely on Singapore's aspirations to become a world financial center.

While Central Narcotics Bureau (CNB) agents have expressed interest in acting upon tips regarding the flow of narcotics assets, they are unable to do so under Singapore's current laws.

THAILAND

Thailand is not a major money laundering center per se. However, Thailand serves an important function in the financing of the golden triangle narcotics trade in that the proceeds from narcotic shipments through Thai territory are deposited in foreign accounts by remittance syndicates which operate in Thailand but bypass the Thai banking system. Cash itself is not usually transferred. Traffickers use legitimate banks to store narcotics money and to move it within the country. Drug profits are sometimes invested in legitimate businesses in Thailand. There is no asset seizure law.

UNITED ARAB EMIRATES

Because of its strict bank secrecy laws and the ease with which currency can be smuggled across the Arabian Sea, the United Arab Emirates (U.A.E.) continues to be a major financial haven for Pakistani and Indian traffickers. Typically, funds obtained through drug transactions are wire transferred to accounts in the U.A.E., then withdrawn and smuggled in to Pakistan and India.

URUGUAY

The use of Uruguayan financial institutions to launder drug money became an important political issue in 1989. The country's highly developed financial sector includes 35 banks and 22 investment companies. Dollar denominated bank accounts, strict bank secrecy laws, and lack of legal provisions for asset forfeiture make Uruguay attractive for investing narcotics proceeds. Also, South America's only free currency exchange system has created a flourishing industry—there are approximately 75 major exchange houses in Montevideo alone—which facilitates the easy movement of cash in and out of the country.

Operations C-Chase and Polar Cap, undertaken with the cooperation of Uruguayan officials, uncovered evidence of extensive use of Uruguayan financial institutions for drug money laundering. Operation Polar Cap revealed that one trafficking network may have moved over a billion dollars in narcotics proceeds from the United States through Uruguay. In December 1989, Uruguay extradited to the U.S. a currency exchange dealer identified by Polar Cap investigations as an alleged money launderer.

Uruguayan officials have expressed determination to prevent money laundering, but have been reluctant to risk harm to the country's financial sector by limiting bank secrecy. Uruguay has no law governing the transportation of currency. Two bills to combat money laundering were introduced in 1989 but neither was enacted. There have been indications that Uruguayan officials in 1990 will consider some form of controls on the exchange houses, which now are virtually unregulated.

VENEZUELA

Venezuela is a transit country for narcotics processed in the neighboring Andean states. Its geographic proximity to Colombia, a weak judicial system and the absence of adequate bank controls make Venezuela vulnerable to the laundering of illicit drug money. The Government of Venezuela (GOV) recognizes these institutional weaknesses and has sought U.S. Government assistance in the combatting the money laundering problem.

U.S. Government officials emphasize bank secrecy provisions of current law and rules governing the forfeiture and/or use of seized assets, in their dialogue on narcotics cooperation. Clarification and improvement of provisions regarding asset seizure is expected to be a productive initiative, especially in a period of severe budget pressures in the GOV.

WESTERN EUROPE

The growth of drug trafficking, particularly of cocaine, and the presence of an extensive banking system with a strong tradition of bank secrecy have created a fertile ground for money laundering in Western Europe. Developments in 1989 indicate the extensive use of West European banks by traffickers as well as the determination of government authorities to implement measures to combat money laundering.

European banks and governments, with few exceptions, have not gene as far in legislation or regulation as the United States. There is unquestioned recognition by bankers and government officials alike of the important role their institutions have in controlling drug trafficking. But, as discussions by the Financial Action Task Force (FATF) created by the Economic Summit indicate, bankers in Europe favored permissive over mandatory reporting of currency transactions. and of suspicious transactions. While implementation of FATF recommendations -- especially of national laws to conform to the 1988 United Nations Convention Against Illicit Trafficking in Narcotic Drugs and Psychotropic Substances -should improve record-keeping and reporting to competent national authorities, bankers will continue to worry that such measures burden them with a police function and can make them criminally liable. Bankers also argue that increased government oversight and regulation will reduce their international competitiveness against less-regulated financial centers.

The competitiveness argument underscores the importance of harmonizing anti-drug money laundering laws throughout Western Europe, to help ensure that banks in countries with strong prohibitions do not lose business to less vigilant banking centers and to prevent traffickers from probing the least restrictive systems to penetrate the Community. For example, Malta, Gibraltar and Madeira are moving ahead with plans for offshore banking centers. These are designed as tax havens but could attract drug money.

Economic Integration in 1992

The EC continues preparations to achieve by 1992 its Single Market goals of freedom of capital movement, the right to sell financial services across borders, and the right of financial firms to become established in all EC countries. Germany and the Benelux countries have already adopted new regulations which permit a freer flow of currency and financial transactions -- and France and Italy are expected to adopt similar controls during 1990. Europeans view economic integration as a means to remove the barriers to economic growth and cooperation, and a particular goal associated with creating a single market is to remove barriers to the movement of capital and to harmonize banking regulations. Enforcement officials here and in Europe fear that the changes needed to liberalize the banking sector could facilitate money laundering.

The removal of border controls, for example, could make it easier to move money throughout the Community (by courier), and the removal of remaining exchange controls could have the side-effect of facilitating movements of currency and instruments by traffickers.

EC officials recognize the danger and are studying ways to counter these possible effects. While they have only begun to address the drug issue, EC officials say that 1992 is not a relaxation of currency controls but an effort to organize a single market for financial services -- in which EC states would harmonize core banking regulations to control internal market services. The result would be a two-tiered system of EC laws and policies and State/national laws, with national regulations continuing in force. The EC is limited in what it can do because it lacks jurisdiction in criminal matters. Thus, the burden is on national measures, with the danger that traffickers will take advantage of the least restrictive banking procedures within the Community. In this context then, the EC effort to harmonize laws is critical to cooperative international efforts to curb money laundering.

1989 Developments

West European agencies are gaining valuable experience in drug-related financial investigations; several have established or expanded staffs to investigate suspicious transactions. A number of West European governments used counternarcotics legislation adopted in recent years to cooperate with the United States and each other in freezing bank accounts of known or suspected drug traffickers.

U.S. officials have been particularly pleased with the cooperation from several countries in our investigations of the financial dealings of General Noriega and Rodriguez Gacha. The United Kingdom, France, Switzerland and Luxembourg have been particularly helpful on the Noriega investigation, while Luxembourg, Austria, Switzerland and the United Kingdom are assisting in our efforts to trace and seize Rodriguez Gacha's assets. U.S. Customs identified five bank accounts, with a total estimated value of \$3.5 million, in Luxembourg which were under Noriega's control or that of family members. The Government of Luxembourg was extremely cooperative with the U.S. by freezing the accounts identified by Customs through letters rogatory.

Some examples of related activity include:

The United Kingdom's Drug Trafficking Offenses Act of 1986 provided the legal authority in 1989 to freeze about \$40 million in trafficker assets. Operation Polar Cap revealed that more than \$50 million had been laundered through London banks. The Home Office's National Drugs Intelligence Unit reports that banks are cooperating well in informing the unit of suspicious transactions.

In its first conviction for drug money laundering, Norway prosecuted a bank employee for laundering funds derived from a heroin transaction. The funds were moved as part of a "hawala" network centered in the United Kingdom. Norwegian authorities are continuing to investigate these networks.

The United Kingdom negotiated a Mutual Legal Assistance Treaty with the U.S. on behalf of the Cayman Islands, which was ratified in late 1989 by the U.S.

France created a special office, with an initial complement of 15 investigators specializing in finance, accounting and computer systems, which is charged with finding and dismantling drug money networks.

Luxembourg adopted a very strong anti-money laundering law in 1989, which provides for sentences of up to five years and fines of as much as \$1.25 million, as well as seizure of all proceeds, for those who knowingly launder drug money or -- in a precedent noted worldwide -- those who through negligence allow money to be laundered. The Monetary Institute issued regulations requiring banks to know all depositors and to refrain from opening accounts for those whom they cannot identify. Banks must closely monitor accounts for unusually large transactions, and must follow the know-your-customer principle for large gold or other precious metal transactions (\$10,000 or more) for persons who are not account holders.

This measure's key effect could be to make bankers in Luxembourg, a past favorite target of money launderers, reluctant to handle transactions in which the true beneficiary is hidden by layers of trustees, shell corporations or other "cutouts." The bank is now legally obligated to know the full chain of connections between the client and his source of funds. Bankers who fail to take sufficient actions to prevent their institutions from being used to launder money could be found negligent. Luxembourg's cooperation was pivotal in freezing an estimated \$40 million in accounts controlled by Colombian cocaine kingpin Jose Gonzalo Rodriguez Gacha.

West German Chancellor Kohl's "National Plan for Combatting Drugs" calls for tougher asset forfeiture legislation and for laws that make laundering of drug money a crime. Other proposed legislation gives police new powers and additional staff to pursue drug money investigations.

Switzerland, a long-time preferred financial center, took steps in 1989 to reduce money laundering. The lower house of Parliament passed a bill against money laundering in November, which places major responsibilities on Swiss banks; the upper house should complete action on this legislation during 1990. The Swiss National Bank has tightened control over currency trading, and set a reporting threshhold of \$25,000. The Swiss have also stepped up narcotics enforcement actions. In June 1989, the Parliament approved increased staff and creation of a database for narcotics information.

Much of the impetus for these measures came from the discovery of a major money laundering network in late 1988. Through a limited assets sharing agreement with the United States, Switzerland received \$1 million of the \$5 million penalty paid by Banco de Occidente in the Polar Cap case, in recognition of Switzerland's cooperation with U.S. authorities.

U.S. officials have recently become concerned about reports that offshore corporate formation and management companies from the Bahamas, Bermuda, the Channel Islands and British Virgin Islands have been flooding Zurich, soliciting lawyers to transfer client accounts with beneficial ownership to shell corporations in their offshore money centers. This marketing activity is believed to be directly related to passage of the new Swiss law.

In Spain, a significant step was taken during 1989. For the first time since the Spanish Penal Code was amended in 1988 to allow the seizure of property derived from drug trafficking, the Treasury Ministry agreed to work with the Special Prosecutor's Office to investigate the financial records of businesses allegedly connected to the Juan Ramon Matta Ballesteros family.

CANADA

The cooperation embodied in the Mutual Legal Assistance Treaty which the U.S. approved in late 1989 was pursued by both governments, even before the treaty was negotiated. A Mutual Assistance and Cooperation Agreement between U.S. and Canadian Customs administrations has been used on a day to day basis along the common border since its signing in 1984. Operation Polar Cap exemplifies U.S.-Canadian the cooperation: Canada was instrumental in freezing assets located in Canada for the four U.S. agencies involved in the investigation; \$1 million of the assets were transferred to the Government of Canada.

The 1988 Omnibus Anti Drug Act authorized the transfer of forfeited property to foreign governments which participate in the seizure or forfeiture of the property. The first such sharing by U.S. Customs will be the sharing with Canada of \$1.5 million, scheduled to occur in mid-February. These funds were part of a \$2.1 million seizure by Customs for violation of currency reporting transactions, based on information and action taken by Canadian Customs.

INTERNATIONAL TRAINING AND ASSISTANCE

INTERNATIONAL TRAINING PROGRAMS

The U.S. Government maintains a comprehensive international counternarcotics training program which is managed and largely funded by INM with personnel contributions from cooperating U.S. and foreign agencies. Chief among this program's goals are to: 1) extend the technical and investigative capabilities of foreign law enforcement and customs personnel; 2) promote increased cooperation and coordination between U.S. and foreign law enforcement officials; and 3) reaffirm our interest in strengthening international cooperation on narcotics control. The DEA, Coast Guard, Customs Service, and the British Foreign Office, with shared funding from INM, have trained 2515 personnel during the the fiscal year.

During FY 1989, emphasis continued on specialized courses such as intelligence collection, maritime interdiction and port security, and financial investigations. The Drug Enforcement Administration (DEA), the Coast Guard and the U.S. Customs Service conducted a specialized integrated course for marine and port investigators and narcotics officers in the Barbados for members of the Organization of Eastern Caribbean States. A comprehensive Coast Guard maritime law enforcement program was conducted for Central America, and for the first time, a security program for officers of international marine terminals was offered. A cooperative narcotics detector dog program conducted with the British was continued, with a new emphasis upon the key South American countries of Brazil, Colombia and Venezuela, in addition to the traditional emphasis upon the Caribbean.

International organizations and foreign countries have become increasingly integrated into the training process. The FY 1989 based largely training plan was Caribbean upon recommendations of a joint U.S.-British evaluative process initiated in 1988. Features of this program included increased emphasis upon customs training to supplement equipment already provided under a U.S.-U.K. assistance effort, and marine enforcement training for virtually all the islands in the Caribbean Basin. Maritime training was conducted bilaterally, and under the auspices of the Regional Security System, a joint U.S.-U.K.-Eastern Caribbean regional security organization. During FY 1989 the U.N. Division of Narcotic Drugs and the U.N. Fund for Drug Abuse Control agreed to coordinate training efforts with those of the U.S. Government. Additionally, during the fiscal year the FRG, Italy and the United Kingdom have all become more involved in international narcotics enforcement training assistance, on a purely bilateral basis.

Basic training continued for East and West Africa, regions which are of continuing concern in terms of a growing trafficking and internal narcotics abuse problem. Special emphasis was paid to enhancing the customs port capabilities of key West African transit countries, while upgrading the investigative skills of narcotics personnel in Kenya and Nigeria.

As a consequence of the worsening narcotics situation in Eastern Europe, and improved East-West political ties, virtually all the countries of the Warsaw Pact including the U.S.S.R. were included in both regional and advanced DEA sponsored enforcement training programs. Similar programs oriented towards customs personnel are planned for the Warsaw Pact countries in FY 1990.

Specialized, non-law enforcement, training efforts continued. A pilot program for demand reduction training was carried out in the Dominican Republic, Costa Rica and Pakistan. Each program was oriented towards a different audience, i.e., the media, clinicians and social workers, respectively. These three pilot programs were designed to represent a test process for a larger demand reduction training effort in FY 1990.

The first environmental workshop was conducted in 1988 for agricultural and crop control experts in countries with narcotic crop eradication programs. A second workshop was conducted under the aegis of a joint U.S.D.A.-Department of State effort in 1990. The program was designed to acquaint technical personnel with information and data relevant both to environmental problems and potential health hazards associated with the application commercial herbicides. Preliminary technical data on a pilot eradication test project in Peru was also reviewed in this workshop.

Finally, INM and USIA/VOA conducted two workshops for foreign media personnel involved in reporting of the drug issue. The purpose of the VOA workshop was to demonstrate how U.S. journalists deal with the narcotics issue in the printed and visual media.

STATISTICAL SUMMARY

	Number of Participants	Number of Programs
Drug Enforcement Administration		
Training in U.S.: Executive Observation Program Forensic Chemist Seminar Int'l. Narcotics Mgt. Seminar Caribbean Regional Schools	15 13 72 27	3 1 3 1
Subtotal:	127	8
Training in Host Countries: Basic Drug Enforcement Schools Advanced Enforcement Schools Clandestine Lab. ratory Semina Collection and Analysis Methods Financial Investigative Methods Methods of Instruction Judicial Seminar	236 r 56 s 199	12 7 1 5 6 1 6
Subtotal:	1399	38
INM-Sponsored Programs		
USIA-INM Journalists Programs Narcotic Detector-Dog Training (est.)	40 78	2 14
Subtotal:	118	16
U.S. Coast Guard		
Maritime Law Enforcement	270	30
U.S. Customs		
Mid-level Management Seminar Overseas Enforcement Training Contraband Enforcement Train-the-Trainer Workshop	18 577 42 42	9 18 2 2
Subtotal	679	31
TOTAL INM TRAINING FY 89	2515	123

OTHER US ASSISTANCE PROVIDED

Section 4601, P.L. 100-690, requires the Secretary of State to provide, as part of this INCSR submission, a report specifying the assistance provided by the United States to support international narcotics control efforts. In addition to the budget for INM, which is provided in the Executive Summary, the report contains detailed tables showing the distribution of economic and military assistance, and USAID narcotics program support.

The report is also to include information on assistance provided by the Drug Enforcement Administration, the U.S. Customs Service, and the U.S. Coast Guard to various countries, and information on any assistance provided by such governments to those agencies. This information has been prepared by the three agencies and is provided in this section.

1. DRUG ENFORCEMENT ADMINISTRATION

Assistance provided by DEA to various countries falls into six categories, while assistance received generally takes two forms:

Assistance Provided by DEA

- 1. DEA representatives helped identify training needs for foreign drug enforcement officials and assisted in providing training;
- 2. DEA representatives helped identify the needs of drug control agencies for technical equipment and assistance necessary for the development of the needed drug control capability;
- 3. Assisted in developing sources of information;
- 4. Provided to the extent possible appropriate information which enabled host government officials to carry out investigations of or operations against international illicit drug traffickers;
- 5. Participated with host country officials in pursuing investigative leads; and
- 6. Collected, analyzed and provided drug intelligence to host country narcotics enforcement officials in order to integrate the data with enforcement activities in the host country and the United States.

Assistance Provided to DEA

- 1. Intelligence data of an operational nature regarding narcotics violators, organizations, trafficking routes, laboratory suppression, etc., for use by DEA in its efforts to prevent illicit drugs from entering the United States; and
- 2. Intelligence data of a strategic nature regarding production, consumption and seizures of illicit drugs, trends, etc., for use by DEA in effective policy development, resource deployment, and operational planning.

2. UNITED STATES COAST GUARD

The U.S. Coast Guard focuses its international anti-drug efforts in two areas: training and combined operations.

Training

Subject to State Department approval and funding, and in response to foreign government requests for assistance, the Coast Guard deploys mobile training teams (MTTs) to source and transhipment countries to improve the law enforcement skills of indigenous maritime police forces.

U.S. Coast Guard maritime law enforcement training of foreign maritime police forces has increased steadily over the years. In the fall of 1987 the Coast Guard created the International Training Team by increasing the number of faculty members of the Coast Guard Maritime Law Enforcement School by 8 faculty members.

In FY 1989, U.S. Coast Guard mobile training teams provided maritime law enforcement and port security training to 771 students in 25 foreign countries: Curacao, Antigua, Dominica, Grenada, Belize, Guatemala, St. Vincent, St. Lucia, Venezuela, Barbados, Trinidad and Tobago, Mexico, Dominican Republic, Bahamas, Malta, Aruba, Honduras, Guyana, Costa Rica, Brazil, Cayman Islands, Argentina, Uruguay and Greece.

Combined Operations

Subject to the approval of the Department of State and in response to a foreign government request for assistance, the United States Coast Guard deploys resources (ships, aircraft etc.) to operate with the maritime police forces of various source and transshipment countries.

The purpose of these "combined" operations is to motivate and further develop indigenous interdiction forces. Conducting combined operations with foreign maritime interdiction forces results in on-the-job-training for both the foreign forces and U.S. Coast Guard personnel. Countries must have competent forces in order to be considered for combined operations with U.S. Coast Guard forces. However, countries desiring combined operations whose forces are insufficiently developed for such operations may receive U.S. Coast Guard training. The Coast Guard is working to better coordinate international training efforts abroad with our scheduled combined operations.

Combined operations have a successful history, and help foster friendly relations with allies and neighbors. Combined operations have led to short term bilateral agreements which facilitate the operations. Types of agreements include overflight authority for U.S. Coast Guard surveillance aircraft, permission to enter foreign territorial waters to carry out enforcement actions, and shiprider agreements to facilitate coordination between forces. Continued combined operations have on occasion led to permanent bilateral agreements such as with Operation Bahamas and Turks and Caicos (OPBAT). U.S. Coast Guard combined operations have steadily increased over the past several years. Emphasis on conducting combined operations with foreign interdiction forces should continue and could eventually result in the ultimate force multiplier (i.e. foreign source and transshipment countries forces conducting "totally independent" drug interdiction operations).

In FY 1989, combined operations by U.S. Coast Guard were conducted with the Bahamas, Bolivia, Costa Rica, Curacao, Haiti, and Honduras. Also, a combined operation was conducted in the Eastern Caribbean involving Barbados, Antigua, St. Vincent, Grenada, Dominica, St. Lucia and St. Kitts/Nevis.

Other Activities

The United States Coast Guard conducts other activities abroad that, though not necessarily funded by the Department of State, directly or indirectly benefit international narcotics control efforts.

United States Coast Guard personnel are permanently stationed in several American Embassies located in source and transshipment countries. These Coast Guard positions are sponsored by various U.S. programs. Officers are posted in Antigua, The Bahamas, Panama, Costa Rica, Barbados, Haiti, Jamaica, Mexico, Colombia and Venezuela.

The Coast Guard's newly formed Drug Interdiction Assist Team (DAIT) continued to support the riverine portion of Operation Snowcap, a U.S. Government initiative to disrupt the cocaine supply at its source. Throughout FY 1989, Coast Guard personnel deployed to Bolivia and in FY 1990 are expected to commence deployments to Ecuador as well. When deployed, U.S. Coast Guard personnel are at the disposal of the U.S. Ambassador. U.S. Coast Guard personnel work side by side with deployed Drug Enforcement Administration agents and provide maritime law enforcement training and technical assistance to source country maritime and riverine interdiction The United States Coast Guard also participates in multi-national training exercises like the U.S. Navy sponsored UNITAS program (South/Central America) and Operation Teamwork These training exercises provide training and (Caribbean). operational assistance to various source and transshipment country maritime interdiction forces.

The United States has transferred U.S. Coast Guard patrol boat (scheduled to be decommissioned) to various foreign countries. Of interest to this report is the transfer of two patrol boats to Uruguay, one patrol boat to Costa Rica, four patrol boats to the Commonwealth of the Bahamas and one patrol boat to Mexico in CY 1989. Another two patrol boats are scheduled to be transferred to Mexico within the next year.

3. UNITED STATES CUSTOMS SERVICE

International drug interdiction training is paramount to the interests and mission of the U.S. Customs Service. Training is funded and approved by the Department of State and provided to countries considered significant to U.S. drug enforcement efforts.

In FY 1988, Overseas Enforcement Training was provided to: Bahamas, Nigeria, Colombia, Yugoslavia, Guyana, Suriname, Jamaica, Venezuela, Thailand, Paraguay, Hungary, Aruba, Indonesia, Antigua, Barbados St. Lucia, Dominica, Grenada, St. Kitts, St. Vincent, Martinique, Guadeloupe, and French Guinea.

In some cases, the Train-the-Trainer (T3W) is presented concurrently with the OET program for maximum instructional and cost effectiveness. In FY 1989, OET/T3W training was provided to: Cote d'Ivoire, Benin, Guinea, Niger, Togo, Senegal, Trinidad and Tobago, St. Lucia, Cayman Islands, and Guyana.

In FY 1989, the following countries were provided training through the Mid-Management Seminar: Aruba, Argentina, Brazil, Colombia, Netherlands, Netherlands Antilles, Portugal, Spain, and Venezuela. Contraband Enforcement Team training programs were provided to both the Dominican Republic and Mexico.

In FY 1990, Customas plans to provide training in Ecuador, Suriname, Bolivia, Haiti, Bahamas, Spain, Yugoslavia, Mexico, Jamaica, Morocco, Venezuela, Nepal, and India. Regional training programs are planned for West Africa, Central America, Scandinavia, and the Southern Cone of South America.

An innovative Mid-Management Seminar will also provide foreign training administrators with the tools to develop high quality drug control programs which institutionalize proven drug interdiction training methods. In addition, a pilot Money Laundering program is scheduled for Uruguay and possibly other high risk countries.

The U.S. Customs Service has provided commodity assistance through asset transfers as follows:

- Seventeen utility vehicles were transferred from U.S. Customs inventory to the Government of Colombia under provisions of the Justice Protection Program. Also transferred under this program were the following: satellite video receivers (3), video cameras (2), television sets (10), VCRs (6), transceivers (3), radio receivers (3), mobile-cellular phones (5), descramblers (7), remote controls (2), and a fax machine, propane forklift, photo enlarger, typewriter and scanner.
- o 1989: Seventeen utility vehicles were transferred from U.S. Customs' inventory to the Government of the Bahamas through the Florida Joint Task Force.

FY 1990 U.S. ECONOMIC AND MILITARY ASSISTANCE **ESTIMATED OBLIGATIONS** REGION NARC'S PEACE OTHER DA PL 480 MET FMF OTHER MAP TITLE! TITLE! MILITARY CORPS ECON Country / Organization TOTAL AFRICA Angola 2.126 2,126 Benin 2,049 1,602 3,726 75 Botawana 7,000 4,192 358 996 12,546 Burkina 3,000 5,651 100 8,751 6,000 860 Burundi 139 6.999 20,000 3,816 274 24,090 Cemeroon Cape Verde 3,000 838 87 4,096 Central African Republic 2000 360 2.568 179 5,107 6,000 Chad 850 1,117 249 2,987 11,212 Comoros 700 451 40 1,191 Congo 500 2,000 66 50 2,616 395 Cole d'ivoire 500 757 149 1,801 Dibouti 1,905 1,991 4,045 149 Equatorial Guinea 1,000 427 100 1,527 Ethiopia 30,796 30,796 Ethiopia (North) 10,924 10,924 2,556 Gebon 100 2,656 5,000 1,198 Gambia 1,199 70 7,467 Ghana 15,600 6,000 7,795 2,158 17 31,127 Guinne 15,000 10,000 1,302 26,451 1 Guinen-Bisseu 2,000 44 1,167 70 3,281 A.000 3,278 Kenya 30,000 885 1,006 9,956 53,125 Lesotho B.000 586 2.039 10,695 70 Liberia 7,500 2,648 398 996 11,542 Madagasca 19,000 5,000 2,132 299 26,506 Malawi 20,000 8,234 2,508 249 1,991 32,982 Mal 19,000 557 3.921 149 23,627 590 1,700 3,423 Mauritania 1,009 124 Meuritius 1,500 20 1,520 Mozembique 20,000 13,352 33,352 flamibia 500 500 3,489 274 23,538 Niger 18,000 82 1,693 11,600 11,500 100 Niceria 123 624 ₹,847 Rwanda 8,000 100 300 267 60 668 Sec Tome 41 Senegal 37,000 5,000 1,961 2,637 473 996 48,067 2,358 Seychelies 1,991 287 100 4,000 2,734 9,231 500 70 1.927 Sierra Leone Somelia 740 5,000 258 796 6,794 South Africa 21,600 31,557 Sudan 20,000 743 678 21,419 8,605 System 6,000 787 1,848 50 nzania 12,778 10,810 1,868 100 9,309 2,705 2.504 Togo 4,000 100 29,641 6,000 149 Uganda 18,000 5,492 16,000 3,668 955 2,987 57,023 33,000 413 Zaire 7,000 12,000 Zembia 5,000 Zimbabwe 5,000 239 5,239 49,785 S Africa Regional/SADCC 49,785 88,748 4,979 Africa Regional 83,769 15,000 Diseaser Recerve 15,000 EnviGlobel Climate Change Recy [2,000] [2,000] AEPRP 40,000 40,000 573,294 13,553 101,500 104,852 59,896 8,628 29,871 892,094 Total

[11,471]

Page one of three for FY 1990 Estimusion

[11,471]

(FDAP/Sahel)

FY 1990 U.S. ECONOMIC AND MILITARY ASSISTANCE ESTIMATED OBLIGATIONS

REGION	DA	ESF		490 TITLE II	NARC'S	PEACE	OTHER	IMET	MAP	FMF	OTHER	TOT4:
Country / Organization ASIA/NEAH EAST & EUROPE			HILLET	IIILEII		CORPS	ECON		ļ		MILITARY	TOTAL
Alghanistan 1/	34,629	34,850		815						ļ		70,2
Algeria	371,023	37,000		613				100				
Austria												1
	50.500		60.000	15.100				15				****
Bangladeah	\$2,500		60,000	17,460				289				130,2
8hutan	_			246						32		2
Burma					5,540							5,5
Cambodian Resistance		5,078		2,490								7,5
Cyprus		14,936										14,9
Egypt		926,495	153,000					1,493		1,294,410		2,375,3
F)i						1,791		25				1,8
Finland								35				
Greece								597		348,495		349,0
Hungary						1,263						1,2
Iceland								10		 		
India	22,473			83,204	-			299		-		105,9
Indonesia	43,000	1,991	10,000	5,089			 	1,791		-		61,8
Ireland	7,000	29,769	.0,000	5,000			لحصيا	30		 		29,7
arael arael		1,194,840						30	<u> </u>	1,792,260		
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Jordan		34,850						1,991		67,794		104,6
Kiribati						531						
Korea								1,195		<u> </u>		1,1
Leos												
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Luxembourg								1				
Malayale								946				
Meldives								30				
Life) to						32		50				
Micronesia						2,214						2,2
Morocco	11,500	19,914	35,000	15,899		3,454		996		42.815		129.5
Nepai	12,393			2,160		2,707		100		-		17,3
Omen		12,546				2,77		100				12.6
Pakistan	43,000	229,011	80,000		5,700	822		911	ļ	229,011		588,4
Papua New Guinea	40,000	223,011	ω,ω		3,700	1,918		50	ļ	223,011		1,9
		101 000	10.400	10.510						140.000		350,2
Philippines	45,775	124,022	18,400	12,512		5,902		2,588		140,095		
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bounds:		40,002						2,584		84,635		127,2
Singapore								50		1		
Solomon lalanda						1,460		30				1,4
Spein								1,892				1,8
Sri Lanka	18,000		16,000	844		631		150	T T			35,6
Thailand	10,000	2,539			3,500	4,225		2,191		3,038		25,4
Tonga	_					737		50	t T			
Tunisia		12,446	15,000			1,797	-	1,394	 	29,871		60,5
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		4,8/8							 	+		
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West Bank/Gaza		13,065		2,245								
Western Samos				<u> </u>		1,162		L				1,
Yomen	21,000		20,000			1,329		1,000	<u> </u>	501		43,
Yugoslavia								100				ì
Asis/Near East Regional	27,312	11,948			450			1		T		39,
Eastern Europe Regional	51,381	230,006						1	1	T	1	281,
ASEAN	3,260		:	 -			 	1	 	1		3,
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	12.000	 	_	 	 	 					 	[3,000
Env/Global Climate Change Resv	[3,000]								ļ	1	<u> </u>	1
Total	1 406,803	2,971,285	427,400	153,570	15,540	34,061		26,915	1	4,530,775	1	8,566,

FY 1990 U.S. ECONOMIC AND MILITARY ASSISTANCE **ESTIMATED OBLIGATIONS** DA ESF NARC'S PEACE OTHER MET OTHER Country / Organization LATIN AMERICA & CARIBBEAN TITLE! TITLE! CORPS ECON MILITARY TOTAL Antigua 44 44 Argentina 139 139 Bahamas 65 65 Barbedos 65 65 Belize 6,457 2,470 100 9,027 Bolivia 21,100 33,413 20,000 13,302 498 39,728 138,067 Brazil 600 1,900 124 7 : 14 Chile 50 50 2 133 158 10,000 48,789 Colombia 1,494 62,574 63,544 15,000 207 3,517 Costs Rics 11.850 229 94,347 Costa Rica Fact Finding ٥ Dominica 65 65 Dominican Republic 14,512 20,000 5.231 43,635 3,115 777 1,400 14,091 335 3,251 Equador 722 19,799 El Salvador 58,818 144,355 35,000 4,547 1,394 84,635 328,749 84 Granada 84 Gue lemale 30,070 56,483 18,000 8,531 4,470 398 2,887 120,839 996 4,000 50 5,048 Guyana 27,301 14,353 807 498 43,059 Halt 100 Honduras 34,370 130,017 12,000 5,670 6,192 1,095 20,163 209,507 Jemaica 14,011 4,978 30,000 4,185 1,900 3,381 299 58,754 Mexico 2,256 15,000 249 17,505 Nicaragua Penama 530,125 42 530,167 Paraguay 2,908 124 3,032 Peru 12,003 3,286 10,000 26,602 10,000 523 35,945 98,359 St. Kitts and Nevis 65 85 St Lucia 65 65 St Vincent 65 65 Suriname 25 25 Trinidad & Tobago 65 65 Uruguay 124 124 Venezuela 1,000 124 1..74 3,488 Caribbean Rogional 18,602 2200 Central American Reg 75 75 2,091 PACAMS 2,091 21,354 ROCAP 21,354 87,197 7,000 4.481 LAC Regional 54,792 10,924 DPRP 0 [3,000] Env/Global Climate Change Reav [3,000] Andeen Nercotics Initiative Total 349,331 980,329 184,000 86,019 57,400 34,425 11,312 237,126 1,919,942 (162,919) (924,599) (80,000) (18,997) (16,649) (3,216) (107,685) (1,314,065) (Central America) (Caribbean) (74,426) (4,978) (50,000) (23,769) (1,900) (10,791) (1,176) (493) (167,538) (South America & LAC Reg) (111,986) (50,752) (34,000) (40,397) (37,600) (4,077) (3,411 (128,943) (411,166)

Page three of three for FY 1990 Estimate

	FY 1990	-						ASSIS	IAN	CE		
			ESTI	MATE	D OBI	IGAT	IONS					
REGION	DA	ESF	PL	480	NARC'S	PEACE	OTHER	IMET	MAP	FMF	OTHER	i I
Country / Organization			TITLE	TITLE		CORPS	ECON				MILITARY	TOTAL
AFRICA												
Angola				2,126	<u> </u>	1 600						2,
Benin	7.00			2,049		1,602		75				3,1
Botswana	7,000			£ 651	 	4,192	Li	358		996		12,
Burkina	3,000			5,651		020		100		<u> </u>		A, 6.
Burundi	8,000 20,000				 	860	<u></u>	139		<u> </u>	 -	24
Cameroon Cape Varde	3,000			939		3,816 87		274 70		ļ		24
Cape Verge Central African Republic	2,000			360	ļ	2,568		179		<u> </u>	<u> </u>	5
Cantral Arrican Hapublic Chad	5,000			360 859	ļ	1,117	ļļ	179 249		2,987		- 11
Comoros	700					1,117	 	40				11
Congo	500		2,000	66		701		50				2
Cole d'Ivoire	500		Marr	757	}	395		149		<u> </u>		1
Cibeut		1,905			 			149		1,991		4
Equatorial Guinea	1,000	1,			 	427		100		1,52.	 -	1
Ethlopia			<u> </u>	30,796						<u> </u>		30
Ethiopia (North)				10,924	}					 		10
Gribon				I Vice.	 	2.556		100		 		2
Genibia	5,000			1,199		1,198		70		 	<u> </u>	
Guara	15,000		6,000	7,795		2,158		174				31
Guinee	15,000		10.000	*****	 	1,302		149		}		26
Guinea-Bicasu	2000		19,000	44		1,302		70		<u> </u>		3
Kenya	30,000		8,000	885		3,278		1,006		9,956		53
Lesotho	8,000			586		2,039		70		-	<u> </u>	10
Liberia	-		7,500			2,648		398		996		11
Medagascar	19,000		5,000	2,132	 	***		75		299		26
Malawi	20,000			8,234		2,508		249		1,991	<u> </u>	32
No.	19,000		-	557		3,921		149				2
Mauritania	590			1,009		1,700		124		 		- 3
Mouritius	1,500			*,**.		****		20		 		
Mozambique	20,000			13,352						 		33
Namible	500				 					 	<u> </u>	
Mgar	18,000			82		3,489		274		1,693		2
Nigeria	11,500			-	 	***		100		11=1-		1
Resida	5,000			123		624		100				1
Sac Tome	300			41	 	257		60				
Senegal	37,000		5,000	1,961		2,637		473		996		4
Seychelies		1,991	¥1	****		267		100		-		
Sierra Laone	500	.,	4,000	1,927		2,734		70				-
Somelia	740		5,000	258		****		796		 		
South Africa	21,600	9,957	-,-		 					 		3
Sudan Sudan		*10	20,000	743				676				2
Swaziland	6,000			787		1,848		50				
Tanzania	10,810					1,868		100				1
Togo	4,000			2,705		2,504		100			 	
Uganda	18,000		6,000	5,492	 -			149				2
Zeire	33,000		16,000	413		3,668		965	-	2,987		5
Zambis	5,000		7,000									12
Zimbabwa	5,000		*,					239			}	
S Africa Regional/SADCG	49,785				ļ					 	 	
Africa Regional	83,769									4,979		8
Disastar Reserve	15,000				ļ					77		1
Env/Global Climate Change Resv	[2,000]										ļ	- 1
AEPRP	40,000			-						 	ļ	
	573,294	13,853	101,500	104,852	-	59,896		8,828		29,871		89
Total	313,625	13,000	101,000	104,046		35,050		بعدرن		23,011	<u> </u>	- 65

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(FDAP/Sehel)

FY 1990 U.S. ECONOMIC AND MILITARY ASSISTANCE **ESTIMATED OBLIGATIONS** ESF NARC'S PEACE OTHER REGION DA PI. 480 IMET OTHER TITLE! TITLE! Country / Organization ASIA/NEAR EAST & EUROPE CORPS ECON MILITARY TOTAL 34,629 34,850 815 70,294 Afghanistan 1/ Algeria 100 100 Austria 15 15 52,500 Bangladeah 60,000 17,460 299 130,259 Bhutan 246 245 5,540 Burma 5,540 5.078 Cambodian Resistance 2,490 7,568 14,936 Cyprus 14.936 Egypt 926,495 153,000 1,294,410 2,375,398 1,791 25 1,816 Finland 35 35 348,495 Greece 597 349,092 Hungary 1,263 1,263 lceland 10 22,473 83,204 105,976 India 299 Indonesia 43,000 1,991 10,000 5,089 1,791 61,871 traland 20,769 30 29,799 areal 1,194,840 1,792,260 2.987,100 Jorden 34,850 1,991 67,794 104,635 Kiribati 531 531 1,195 1,195 1208 o 3,710 3,734 10,605 398 18,447 Luxembourg 946 Kalaysia Meidives 30 30 Malta 82 50 Micronesia 2,214 2,214 129,578 19,97 35,000 42,815 Morocco 11,500 15,899 3,454 996 2,76! 100 17,360 Necel 12,393 2.160 12,546 Oman 100 12,646 80,000 5,700 229,011 588,455 Pakistan 43,000 229.011 822 011 Papua New Guinea 1,918 50 1,968 46,775 124,022 18,400 12,512 2,588 140,095 350,294 Philippines 5,902 Poland 20,000 1.221 21,221 2,584 84,635 Portugal 40,002 127,221 50 50 Singepore Solomon Islands 1,460 30 1,490 1,892 1,892 35,634 16,000 Sri Lenke 18,000 631 159 10,000 2,539 3,500 4,225 2,191 3,038 25,493 Theliand Tonga 737 50 787 15,000 60,508 1244 1,797 1,394 29 871 Tunisia 14,264 3,385 497,850 515,849 Turkey Turatu 51 51 USSR (Armonian Earthquake) 4,979 4.979 60 90 Vanuatu 15,311 13,065 2,246 West Bank/Gaza 1,162 1,162 Western Semon Yemen. 21,000 20,000 1,329 1,000 501 43,830 Yugosavla 100 100 Asia/Neer East Regional 450 39,710 27,312 11 045 Eastern Europe Regional 51,381 230,006 281,327 3.260 ASEAN 3,260 16,754 South Pacific 6,000 10,000 754 DPRP

153,570

427,400

15,540

34,061

[3,000]

8,566,479

4,530,775

26,915

Page two of three for FY 1990 Estimate

Total

Env/Global Climate Change Resv

[3,000]

406,933 2,971,285

FY 1990 U.S. ECONOMIC AND MILITARY ASSISTANCE ESTIMATED OBLIGATIONS

REGION	DA	ESF		480	NARC'S	,		IMET	MAP	FMF	OTHER	
Country / Organization LATIN AMERICA & CARIBBEAN	 	ļ	TITLE	TITLE		CORPS	ECON				MILITARY	TOTAL
	 											
Antigua								44				
Argentina	 	<u> </u>						139				1
Bahamas								65				(
Barbados ³ Beliza								65				(
	6,457	22.440	~~~	40.000	0.000	2,470		100				9,00
Bolivia	21,100	33,413	20,000	13,302	9,200	826		498		39,728		138,0
Brazil				600	1,900			124				2,6
Chile		2.133			10.500			50				
Colombia * Coeta Fica	14.650		45.000	158	10,000			1,494		48,789		62,5
والمستور والمراجع والمستور وال	11,850	63,544	15,000	207		3,517		229				94,3
Costa Rica Fact Finding												
Dominica								65				
Deminican Republic	14,512		20,000	5,231		3,115		777				43,6
Ecuador	14,091			335	1,400	3,251		722				19,7
* El Salvador	58,818	144,355	35,000	4,547				1,394		84,635		328,7
Grenada								84				
* Guatemala	30,070	56,483	18,000	8,531		4,470		398		2,887		120,8
Guyana		996	4,000					50				5,0
Heit	27,301			14,353		807		100		498		43,0
* Honduras	34,370	130,017	12,000	5,670		6,192		1,095		20,163		209,5
Jernaica	14,011	4,978	30,000	4,185	1,900	3,381		299				58,7
Mexico				2,256	15,000			249				17,5
Nicersque												
Parama.		530,125		42								£30,1
Paragusy			1			2,908		124				3,0
Peru	12,003	3,286	10,000	26,502	10,000			523	,,	35,945		98,3
St. Kitts and Nevis								65				
St Lucia								65				
St. Vincent								65				
Suriname								25				
Trinidad & Tobago								65				
Urugusy								124				1
Venezuela					1,000			124				1,1
Caribboan Regional	18,602					3,488						22,0
* Central American Rig		75										
PACAMS								2,091				2,0
* ROCAP	21,354											21,3
LAC Regional	64,792	10,924			7,000					4,481		87,1
DPRP	+				.,							
Env/Globel Climate Change Resv	[3,000]									}		[3,0
Andeen Nercotics Initiative	15,000											
Total	349,331	980,329	164,000	86,019	57,400	34,425	<u> </u>	11,312		237,126		1,919,
(Central America)	(162,919)	(924,599)	(80,000)	(18,997)	37,400	(16,649)		(3,215)		(107,685)		(1,314,0
(Caribbean)	(74,426)	(4,978)	(50,000)	(23,760)	(1,900)	(10,791)		(1,176)		(498)		(167,5
(South America & LAC Reg)	(111,986)	(50,752)	(34,000)	(40,397)	(37,500)	(4,077)		(3,411)		(128,943)		(411,

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FY 1991 U.S. ECONOMIC AND MILITARY ASSISTANCE REQUEST ESF NARC'S PEACE OTHER REGION DA PL 480 IMET FMF OTHER TITLE! TITLE! CORPS MILITARY Country / Organiza 🕸 ECON TOTAL AFRICA Angola Benin 1,000 1,132 1,718 100 3,950 Botowaria 7,000 4,046 375 1,000 12,421 3,000 5,574 Burking 100 8,674 Burundi 7,500 1,000 175 8,675 Cameroon 20,000 3,611 275 23,886 Cape Verde 3,000 1,989 95 75 5,159 2,700 Central African Republic 2000 200 250 5,150 6,000 6,000 1,619 300 2,000 Chad 2315 18,234 700 599 75 1,374 Comoros Cengo 1,000 2,000 50 3,050 Cote d'ivoire 500 5,000 1,041 150 6,691 4,000 Dilbouti 2000 175 6,175 Equatorial Guinea 1,000 497 100 1,507 Ethiopia 11,456 11,456 Ethiopia (North) Gahoo . 2833 100 2933 Gembia 6,000 2.792 1.260 100 10.161 16,000 6,000 5,302 2,354 175 29,831 Guinea 15,000 10,000 500 1,378 150 27,028 Guines-Riggest 4.000 531 1,326 100 5.957 7,000 5,000 3,176 1,175 8,000 53,058 26,000 2,707 Kenya 7,000 2,395 9,470 Lesotho 75 Liberta 6,000 2,410 500 1,000 9,910 Madagasca 19,000 5,000 2,302 75 500 26,877 24,774 Molered 20,000 2.524 250 2,000 18,000 3.034 3,982 125 25 141 Heli 590 4,892 1,749 175 7,406 Mauritania Mauritus 1,500 25 1,525 Mozembique 22,000 29,784 51,784 5.800 Nemible 2,000 100 7,910 3,456 1,250 22,961 Niger 18,000 275 Nigeria 11,000 6,000 100 17,100 Rwando 9,000 652 100 9,752 388 Sao Tome 300 125 813 19,000 2,506 525 5,000 1,000 33,121 5,000 Senson 3,300 285 100 3,685 Seveneus 500 4,000 3,366 100 8,872 Sierra Leone Somelia 3,000 5,000 900 8,900 South Africa 25,000 13,000 38,000 20,000 900 23,839 Suden 2,939 75 8,218 2.143 6,000 Sweetland 14,000 100 16,517 Tanzania 2,417 4,000 2,576 2,442 100 9,118 Togo Uganda 20,000 6,000 3,000 175 29,175 1,075 3,000 56,091 Zaire 33,000 16,000 3.016 10,000 5,000 5,000 Zembla 5,250 5,000 250 Zimbabwa 50,000 S Africa Regional/SADCC 50,000 4,000 76,910 Africa Regional 72,910 Disaster Reservo Env/Global Climate Change Resy [3,000] [3,000] AEPRP 55,000 55,000 26,000 893,589 56,100 94,000 83,731 63,083 10,175 560,500 Total (FDAP/Sehel)

Page one of three for FY 1991 Request

FY 1991 U.S. ECONOMIC AND MILITARY ASSISTANCE REQUEST ĐĀ ESF PL 480 NARC'S PEACE OTHER IMET OTHER Country / Organization ASIA/NEAR EAST & EUROPE TITLE! TITLE! CORPS ECON MILITARY TOTAL 35,000 27.469 Afghaniatan 1/ 35,000 97,469 Algeria 150 150 Austria 15 15 55,100 Bungladesh 60,000 16,482 300 132,882 Bhutan Burma 70 Cambodian Resistance 7,000 7,000 3.000 3,000 Cyprus 815,000 150,000 1,500 1,300,000 2,266,500 Egypt 300 1,792 50 300 2,442 Finland 15 15 345,550 G18600 550 345,000 2,117 Hungary 2,117 lceland India 22,000 300 93,921 38,500 5,000 5,000 5.754 1,900 1,000 57,154 Indonesia 30 30 1,200,000 1,800,000 3,000,000 israel Jordan 35,000 2,100 50,000 87,100 629 Kiribati 629 1,000 1,000 Kores 500 Laos 500 12,025 10.625 400 Lobenon 1,000 1,000 1,000 Melayola Maldives 50 50 Malta 18 8 98 Micronosia 2,499 2.499 Morocco 12,000 35,000 3,452 3,361 1,050 107,363 13.000 3.363 100 16.463 Neosi 15,000 100 15,100 Oman 80,000 7,500 228,000 574,323 Pakistan 46,000 210,000 1,893 930 2.218 Panua New Guinne 2.143 75 Philippines 55,000 160,000 20,000 5,727 2,600 200,000 455,440 2,743 Poland 2,743 45,000 2,650 125,000 172,650 Portugal Singapore 20 20 1,488 1,438 50 Solomon Islanda 1,500 1,500 Spein Sri Lenka 20,000 160 32,229 41,237 Theitand 10,000 5,000 4,000 4,737 2,500 15,000 759 50 709 Tonga Tunisia 15,000 2,152 1,500 30,000 59,552 3,400 598,750 50,000 350 545,000 Turkey 77 Tuvelu 77 USSR (Armenian Earthquake) 0 Venuetu 121 2,177 13,977 West Bank/Gaza 11,800 Western Samos 1,157 1,157 33,388 10,000 1,000 20,500 1,388 500 100 100 Yugosiavia Asia Near East Regional 25,630 5,000 31,130 Eastern Europe Regional ASFAN 3.000 3,000 16,821 South Pacific 6,000 10,000 50.000 50,000 OPRP Env/Global Climate Change Resv [4,000] [4,000] 8,344,752

404,480 2,636,000 395,000 149,693

12,850

39,694

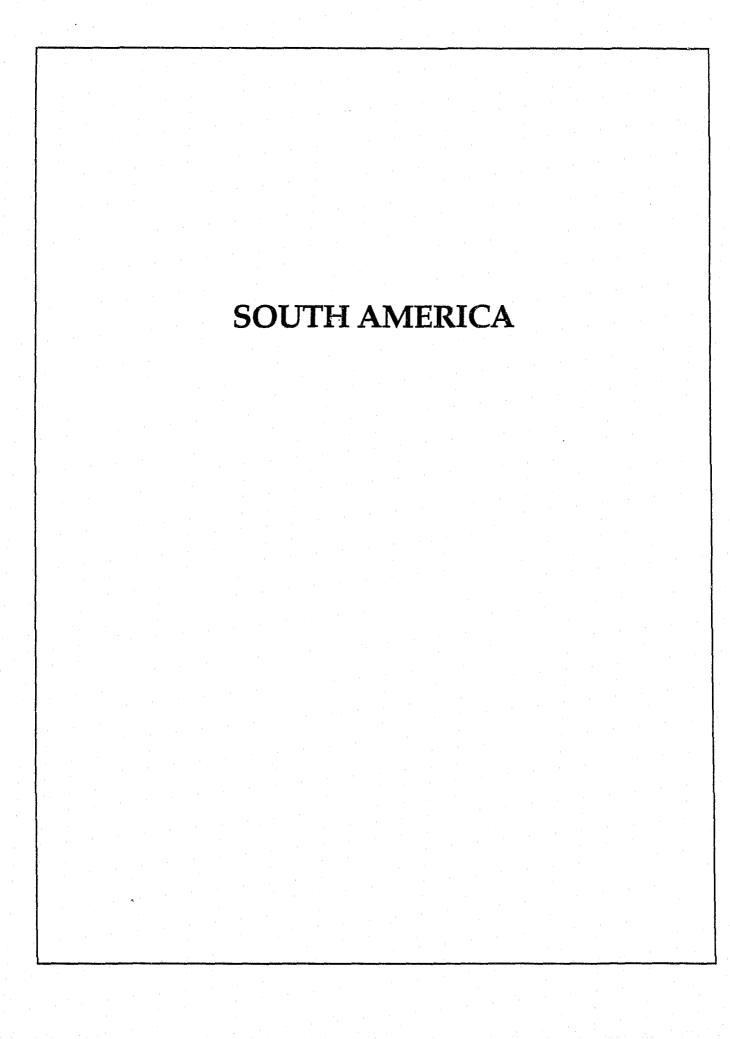
27,235 4,679,800

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Total

FY 1991 U.S. ECONOMIC AND MILITARY ASSISTANCE REQUEST REGION DA ESF PL 480 NARC'S PEACE OTHER IMET OTHER TITLE! TITLE! CORPS Country / Organization ECON WILITARY TOTAL LATIN AMERICA & CARIBBEAN Antigua Arger fine 150 1,000 1,150 Bahamas 1,200 50 1,250 Barbados Belize 7.320 2.367 100 500 10,287 Bolivia 23,541 30,800 20,000 12,061 15,700 1,238 900 40,000 144,240 Brazil 2,500 125 2,625 Chile 100 500 600 20,000 2,500 Colombia 58,000 60,500 40,000 3,020 Costa Rica 9,705 15,000 230 67,955 Costa Rica Fact Finding 0 Dominica 0 Dominican Republic 20,000 11,335 12,000 3,827 3,315 800 1.000 52,277 1,500 Founder 14,752 9.000 3,738 800 2,000 31,790 El Salvador 64,118 180,000 35,000 4,886 1,400 90,000 375,404 Grenada Guatemala 34,295 60,000 18,000 7,542 4,257 5,000 129,594 500 2,000 7,000 50 9 050 Guvana 10,000 12,000 12,710 1,468 Halt 29,471 200 600 66,449 5,827 1,100 179,461 Hendura 36,933 80,000 12,000 3,601 40,000 Jamaica 15,642 17,000 30,000 3,600 1,400 3,314 300 1,000 72,256 18,300 300 18,600 Maxico Micaragua 75 75 Panema Paraguay 3,013 175 3,188 11,875 3,100 15,000 19,193 19,000 900 39,000 108,068 Peru St Kitts and Nevis St Lucia 0 St Vincent 0 25 25 Surineme Trinidad & Tobego 75 75 Uruguay 200 200 1,000 125 1,125 Vanezuete Caribbean Regional 17,664 10,000 3,803 700 4,500 36,667 Central American Reg PACAMS 1,000 1,000 ROCAP 20,430 20,430 LAC Regional 52,486 23,000 6,000 81,485 25,000 DPRP 25,000 EnviGlobel Climate Chango Reviv [4,000] [4,000] 175,000 Andeen Narcotics Inhibitive 175,000 184,000 67,420 86,600 35,360 12,880 283,100 1,695,827 Total 374,567 651,900 (15,471) (3,405) (135,500) (783,206) (172,801) (360,000) (80,000) (16,029) 0 0 (Cantral America) (11,900) (2,000) (7,100) (227,649 (74,112) (49,000) (62,000 (20,137) (1,400) (Caribbean) (5,350) (139,000) (455,334) (South America & LAC Reg) (102,654) (67,900) (42,000) (31,254) (62,200) (4,975)

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ARGENTINA

A.1. Status of Illicit Narcotics Production and Trafficking

Argentina's most serious narcotics problem is cocaine passing from Bolivia and Colombia through Argentina to external markets. Argentine enforcement officials and the U.S. Drug Enforcement Administration (DEA) believe the volume of this traffic has increased significantly over the past two years. DEA estimates that hundreds of kilos of cocaine pass through Argentina primarily to Europe and to degree to the U.S. each month. Bolivian and Colombian-based traffickers operate in the northwest and in the capital. DEA believes that cocaine HCl production in clandestine laboratories in Argentina is also growing. Argentina produces the chemicals needed to refine cocaine and, with access to Bolivian coca paste, is vulnerable in this area. The chewing of coca leaves is legal in Argentina and is widely practiced in the northwest. Opium poppy, coca, and cannabis cultivation are outlawed. There is evidence of limited cultivation of these plants, but the lack of overflight and other survey data prevents development of accurate estimates.

Some money laundering occurs in Argentina and the Government of Argentina continues to work with U.S. authorities in this area. New narcotics legislation enacted in 1989 contains useful provisions on money laundering and asset seizure.

Cocaine and coca base enter Argentina primarily through the northwestern provinces of Salta and Jujuy, which share a rugged, 725 kilometer border with Bolivia. They also transit via international airports and seaports. Cocaine departs Argentina with couriers aboard commercial flights and concealed as cargo aboard ships, primarily to the U.S. and Europe. Bolivian, Colombian, and Argentine organizations are primarily responsible for trafficking through Argentina. There is no indication that traffickers are involved with terrorists in Argentina.

Increased cocaine trafficking has stimulated greater domestic use, although the lack of reliable statistics prevents an accurate estimate of total consumption. The price of cocaine on the local market remained low in 1989 (\$8,000 per kg). Availability and consumption of marijuana dropped in 1989 (possibly due to eradication efforts in Paraguay). Argentine officials see a trend among young users to switch to cocaine.

The Government of Argentina has clearly recognized the seriousness of the narcotics threat and President Menem and Vice President Duhalde have expressed their strong personal commitments to improving Argentina's anti-drug efforts.

However, successive political and economic crises have hampered Argentine Government initiatives, and resources will be scarce for the foreseeable future. Anti-narcotics efforts, emphasizing prevention, but including domestic and international enforcement, have been given a higher priority than ever before in Argentina. Argentina supports an active role for the United Nations and the Organization of American States (OAS), and has been a leader in encouraging multilateral and regional cooperation in facing the drug menace.

A.2. Accomplishments in 1989

Despite the social, political, and economic crises which rocked Argentina in 1989, Argentine Government determination to deal with the narcotics threat appears to be higher than ever. President Menem has called for capital punishment for drug traffickers and Vice President Duhalde has a long standing interest in fighting drug abuse. Duhalde's first trip outside Argentina after taking office was to the U.S. to discuss narcotics. President Menem created a Narcotics Secretariat within the office of the presidency headed by the founder of the Chamber of Deputies' narcotics committee, E. Alberto Lestelle. The Secretariat has been much more active than the Narcotics Commission formed by the previous administration but it not yet fully staffed or funded.

Argentina signed a Chiles Amendment agreement with the U.S. and concluded narcotics cooperation agreements with Bolivia, Paraguay, and Peru in 1989. The Argentine Government also passed tougher narcotics legislation. The 1988 U.N. Convention Against Illicit Trafficking in Narcotic Drugs and Psychotropic Substances is being examined within the executive branch in preparation for submitting it to congress. Given other pressing business, it is impossible to predict when the Argentine Government will ratify the Convention. The Argentine Government has consistently condemned narcotics traffickers and is providing assistance, including aircraft, to the Colombian Government for use in the drug war.

A.3. Plans, Programs and Timetables (1990)

The Ministry of the Interior is charged with improving coordination and cooperation among enforcement and prevention agencies. The Narcotics Secretariat also seeks to improve cooperation between public and private prevention and rehabilitation efforts. The Secretariat will require additional resources to make progress toward these objectives in 1990.

The Government of Argentina recognizes the need for improved and expanded training of enforcement and prevention officials; the U.S. Embassy plans to support expanded cooperation in this area. The Embassy is encouraging and assisting the development of an integrated narcotics information system, sharing of information among enforcement agencies and the development of joint

investigations. The Embassy is also encouraging improved utilization of provincial police in the vulnerable northwest. DEA and other Embassy personnel will continue to expand their contacts with provincial officials.

The Argentine Government places a high priority on regional cooperation in the drug fight and plans to continue to work with its neighbors in this regard. In the immediate future, much of this effort will be directed toward the realization of the joint programs called for in the bilateral agreements with Bolivia, Paraguay, and Peru. Given its own budget deficit problems, Argentina may seek international assistance to finance some of its portion of these joint programs.

A.4. Adequacy of Legal and Law Enforcement Measures

In September 1989, the Argentine Government adopted a significantly stronger anti-narcotics law after three years of deliberation. The new law includes: criminalization of possession of small amounts of narcotics for personal use; controls on precursor chemicals; provisions for asset seizure with proceeds going into anti-narcotics efforts; and stiff penalties for violations. Two negative elements of the new law are the decriminalization of coca chewing throughout Argentina and the removal of "plea bargaining" provisions proposed earlier.

Regarding the requirements of Section 2013 of P.L. 99-570, the government does not as a matter of policy encourage or facilitate the production or distribution of illicit drugs. No senior government official has been indicted for narcotics related corruption. Corruption has been seen among low-ranking police officers, and, as Argentina's economic crisis continues, could worsen as the purchasing power of already dismal salaries deteriorates.

The Ministry of the Interior is trying to improve cooperation in both the enforcement and prevention fields. Parallel and overlapping jurisdictions inhibit information sharing and effective enforcement. Four federal agencies, under three separate ministries, share drug enforcement responsibilities with 22 provincial police forces. The Border Guards, a security force formerly under the control of the Defense Ministry, now report to the Ministry of the Interior. They are charged with the protection of Argentina's borders up to 100 kilometers into the country and provide security at international airports. They share jurisdiction with Customs which carries out investigations involving smuggling and is under the Ministry of Economy. The Argentine Federal Police, subordinate to the Ministry of the Interior, have greater resources for conducting narcotics investigations than the other agencies, especially in Buenos Aires. The Coast Guard has responsibility for patrolling waterways and for the security of seaports, where it shares narcotics enforcement authority with Customs.

All these entities face severe budgetary limitations imposed by an economically strained federal government. Bureaucratic rivalries and jealousies further impede the Narcotics Secretariat's efforts to improve cooperation and coordination. Each province (state) in Argentina has a provincial police force responsible for most police duties in its jurisdiction. Virtually all provincial police forces have anti-narcotics units, but many lack experience, resources, and training. The Argentine Government has been responsive to U.S. extradition requests, including requests for narcotics offenders. However, the extradition treaty currently in force between Argentina and the U.S. does not require the extradition of Argentine nationals from Argentina. Pursuant to domestic law, Argentines can choose to be tried in Argentina instead of being extradited to the U.S.

A.5. Domestic Drug Abuse

The drug abuse problem in Argentina cannot be quantified precisely, but is clearly getting worse. Increased trafficking is leading to increased consumption. The number of drug addicts in the country continues to increase. Narcotics Secretariat chief Lestelle estimates that 100,000 Argentines are addicted to some drug. The Menem Administration is especially concerned about potential deterioration in the northwestern provinces bordering Bolivia. This poor region is vulnerable to increased consumption, and possibly to the cultivation or the processing of coca leaves already smuggled in for chewing.

Government and media interest in the drug issue continues to increase. The Narcotics Secretariat has set a goal of establishing prevention programs in all schools by 1991. The administration has shown greater interest in learning about U.S. and other countries' prevention programs and frequently requests visits by U.S. drug experts. USIS media products have had an important role in increasing public awareness of the drug problem. Funds for prevention and rehabilitation projects have been obtained from the OAS, the United Nations Fund for Drug Abuse Control (UNFDAC) and the Inter-American Development Bank (IDB).

Argentina has an impressive array of private organizations at work on the drug abuse problem, mostly in Buenos Aires. Resources are scarce and more needs to be done at the provincial level. Coordination also needs to be improved, especially between the public and private sectors. There are a number of drug education programs carried out by private and official institutions, such as CENARESO (the official national center for drug rehabilitation). APPUE (the Argentine equivalent of PRIDE) also has representatives lecturing at schools and to parent groups.

ARGENTINA

C.1. Statistical	Table	S		<u> </u>		
B. DATA TABLES fo	or CY	1990 est.	1989	1988	1987	1986
Refining						
Cocaine HCL	[mt]	13.0	10.0	5.1	3.2	1.7
Seizures						
Coca leaf	[mt]	40.0	12.5	37.02	22.42	15.00
Cocaine HCL/Base	[mt]	1.5	0.4	1.17	0.55	0.45
Marijuana	[mt]	1.5	1.3	3.24	1.86	1.12
Arrests		8,000	9,100	7,463	4,435	4,300
Labs Destroyed		15	7	10	4	5

Data on domestic consumption and users are omitted because no reliable statistics are available. All production and seizure data are in metric tons.

- (a) Refining figures are DEA estimates based on production capacity of reported laboratories in Argentina.
- (b) 1989 seizure and arrest statistics are taken from Argentine federal police data center covering the period January 1, 1989 December 7, 1989. Ten percent has been added to those figures to cover projected results in the remainder of December. The above figures are low because of Argentine reporting procedures. Not all seizures and arrests entering the judicial system are prosecuted and there is a backlog of cases. Rivalries may also cause some enforcement officials to withhold statistical information from other agencies. In addition, units of the Border Guards normally active in narcotics interdiction along Argentina's borders had to be redeployed to help deal with serious internal social unrest in May and June. Severe budget problems also restricted enforcement efforts by all agencies.
- (c) The information on labs seized was provided by DEA. We project an increase in 1990 based on the rising level of drug trafficking activities in Argentina and improvement in enforcement capabilities.

BOLIVIA

A.1 Status and Nature of Illicit Production and Trafficking

Bolivia is the world's second largest producer of coca with an estimated 53,920 hectares of coca under cultivation in 1989. Potential production from this area is 80,004 metric tons (mt) of dry leaf annually, with an estimated maximum yield of 266 mt of cocaine HCl, allowing for traditional leaf consumption, spoilage, and reduction. The hectarage represents a 9.2 percent net increase over the 1988 survey which revealed 49,345 hectares of coca under cultivation.

Coca eradication during 1989 did not keep pace with new production. Moreover, the number of hectares reduced falls well short of Bolivia's stated 5,000 hectares reduction goal as set forth in Article 10 of its Coca Control Law 1008 and Annexes I and II of the U.S.-Bolivian bilateral project agreement.

Widespread corruption continued as a major impediment to the Government of Bolivia (GOB)'s counter-narcotics efforts. At the same time, several effective operations and other activities by the GOB, particularly toward the end of the year, offered hope that the campaign against production and trafficking of cocaine would become more effective and have better results.

Bolivia is not a significant trafficker of other dangerous drugs, heroin or marijuana, nor is Bolivia a money laundering center.

A.2. Accomplishments in 1989

There were a number of significant developments in Bolivian narcotics control efforts during 1989. Because of national elections and a change of administrations in August, progress was slow in a number of areas. Overall, however, the GOB demonstrated increased commitment to interdiction and eradication, particularly during the last months of 1989. Although Bolivia only met half of its agreed eradication target of 5,000 hectares, the total eradicated (2,504 hectares) represents a 70 percent improvement over 1988's totals.

During the last quarter of 1989 the picture brightened:

- --Bolivia delivered the notorious coca trafficker and former Interior Minister Luis Arce Gomez to the United States to stand trial for cocaine trafficking.
- --Bolivia's leadership worked cooperatively with the United States to prepare for the Andean Summit.
- --Coca eradication efforts were invigorated, including involuntary eradication.

We believe that the higher priority placed on the drug issue by the Bolivian Government late in 1989 will carry forward during the next year. The active interdiction and eradication effort must be sustained in order to persuade large numbers of farmers to embrace mandatory (involuntary) reduction programs.

Progress in law enforcement activities to disrupt production and interdict movement of illegal processed coca products was uneven during 1989. Corruption in Bolivia's judiciary, police and some military components continued to impede progress in eradication and interdiction of drugs. The Interior Ministry's Special Force for the Fight Against Narcotics Trafficking (SFFANT) evolved into a viable joint-service institution. In September 1989, a more energetic and productive retired army general officer was given command. Arrests increased over 1988 totals, and trafficker "godfather" Roberto Suarez remains in prison after his July 1988 arrest. As noted, by a decision of President Paz Zamora, long-sought major violator Luis Arce Gomez was delivered to stand trial in the United States. Another major violator Jose Ali Parada was arrested late in the year and remains in prison in Bolivia. However, major trafficker Carlos Lisboa Melgar was arrested on November 26, 1989, but was released three weeks later after a court found the case against him insufficient.

Bolivia also conducted two major raids against trafficker towns in 1989. The previous government authorized a raid against the trafficker stronghold of Santa Ana in June while the new government cooperated fully in operations against San Ramon resulting in over 20 arrests and the seizure of some trafficker assets. Seizure statistics in most categories show improvement over prior years, but quantities of narcotics seized represent only a tiny fraction of the country's estimated cocaine productive capacity.

In 1989, Bolivian Air Force (BAF) Aviation Task Force pilots supporting SFFANT flew U.S.-loaned helicopters 3,194 accident-free hours, maintaining a perfect safety record for three years and over 8,000 flight hours of operation. The BAF also dedicated three fixed-wing aircraft seized from narcotics traffickers to counter-narcotics operations. The proficiency of BAF pilots continued to improve: during 1989, several pilots were qualified for night operations and conducted successful night enforcement operations.

The Bolivian Navy Riverine Task Force supporting SFFANT was notably less successful. This force participated in two successful operations, seizing 450 kgs of cocaine base, one aircraft and destroying cocaine processing laboratory. However, due to corruption and command and operational shortcomings, this unit remained the least effective element of SFFANT.

Police corruption continues to hinder drug control efforts, although the National Police Rural Mobile Patrol Force (UMOPAR), the principal ground operational component of SFFANT, continues to improve as an institution. Drug seizures have increased. UMOPAR units are usually cooperative with the U.S. Drug Enforcement Administration (DEA) during combined operations, but gain limited results when operating without DEA assistance. A number of questionable national police assignments were made early in the Paz Zamora administration. However, many of these assignments were changed and questionable appointees were removed. Since then, most UMOPAR officers have been selected from graduates of rigorous U.S.-sponsored training courses. The UMOPAR training facility at Chimore in the Chapare region continues to improve; during 1989, Bolivia began providing training for cadre from neighboring countries to foster international cooperation among counter-narcotics forces. During the second half of 1989, UMOPAR units conducted several sophisticated airmobile assaults against trafficking targets, supported by SFFANT helicopter and BAF transport aircraft units. The conduct of these was assessed as effective and highly professional by U.S. training personnel.

A.3. Plans, Programs and Timetables (1990)

The purpose of the anti-narcotics program in Bolivia is to reduce the availability of illicit Bolivian coca products and stem their flow into the United States. To accomplish this goal, interdiction, coca reduction. alternative development. disruption narcotics-trafficking community, institution building, and public diplomacy are necessary elements. Success also depends upon both the GOB's political willingness to make tough, positive decisions, and the USG's ability to take advantage of emerging opportunities. Flexibility of response is the key to attacking the trafficking industry at its weakest points. The effectiveness of Bolivian narcotics control programs often rests on the dedication of a few key individuals who make the best use of limited host country resources. Therefore, institution building is essential to build professionalism, lessen personnel turnover, and reduce corruption.

Cocaine trafficking in Bolivia remains lucrative, though less profitable than before at the cultivation level. In 1987, the GOB created the Sub-Secretariat of Alternative Development within the Ministry of Agriculture. This office manages a program of voluntary coca reduction, verification, direct payment, and alternative development heavily underwritten by bilateral and multilateral contributions. In 1988, the Bolivian legislature passed a tough coca law which established legal requirements, made cultivation illegal in most of the country, defined the Chapare as a transition zone, and called for reduction at a rate of 5,000 to 8,000 hectares a year.

Net coca reduction requires effective enforcement, alternative employment opportunity, and the political will to carry out involuntary eradication of illicitly cultivated coca. Sustained interdiction is also essential to disrupt the cocaine industry. Illicit cocaine products and trafficking assets must be seized, processing facilities destroyed, and arrests and prosecution successfully carried out. Experience has shown that such activity significantly raises costs of operations making farmers receptive to a host of alternative development programs.

UMOPAR is the principal interdiction organization. A force of 640 properly equipped and trained personnel, deployed with adequate air mobility, should be able to make significant progress in 1990. Nearly all the UMOPAR force received basic training in 1988 and 1989. On-going efforts to address continuing problems of corruption and poor leadership through the process of selection and development of Bolivian officers have yielded mixed results to date.

Air mobility is essential to the success of Bolivian interdiction operations. The BAF's cooperation has been exemplary. The twelve UH-1 helicopters on hand are required to support operations in the Beni, maintain a presence in the Chapare, and conduct continued training of the pilot force in Santa Cruz. The USG will work with the GOB to foster the air unit's professional development.

The riverine interdiction project remains problematic with hopes for improved performance unrealized.

Corruption in the judiciary remains a serious problem. DEA is working with nine special prosecutors to monitor selected cases and create a select group of trusted investigators to develop high-priority cases involving major cocaine violators. Bolivia's new coca law provides for special three-judge narcotics tribunals for each department (state). The USG will be working closely with the GOB and the United Nations Fund for Drug Abuse Control (UNFDAC) in 1990 to provide assistance and expertise. The USG earmarked \$1 million of its contribution to UNFDAC for this project.

Public diplomacy is an important feature of the overall narcotics control program. USG officials will work closely with their counterparts and a select group of specialists to ensure that the public, opinion makers, and GOB policy-level personnel increase drug awareness levels and identify areas for action. The focus will be on identifying and publicizing the extent of drug abuse and trafficker-related violence in Bolivia, with an emphasis upon the negative impact on Bolivia's international prestige and support.

A.4. Adequacy of Legal and Law Enforcement Measures

Bolivia's 155-article comprehensive coca and controlled substances law (Law 1008) of July 1988, and related implementing regulations, provide a legal regime adequate to prohibit production and trafficking in cocaine, and control narcotics trafficking in Bolivia. However, the Bolivians have been unable to enforce this law systematically and comprehensively.

The present U.S.-Bolivian extradition treaty is outdated and does not adequately meet the requirements of counter-narcotics law enforcement cooperation. The GOB is negotiating a new extradition treaty to address narcotics-related offenses. The U.S. objective is to negotiate and sign such a treaty during 1990, and to secure its ratification by both countries before the end of 1991.

Bolivia is in compliance with the provisions of the Chiles Amendment. A bilateral narcotics agreement with Bolivia has been in effect since February 1987, and was renewed on December 23, 1988. A new agreement has been negotiated and is scheduled to be signed in early 1990.

With regard to the requirements of Section 2013 of PL 99-570, the Government of Bolivia does not encourage or facilitate the production or distribution of illicit narcotic psychotropic drugs or other controlled substances.

Law 1008 provides for specialized courts to try narcotics-related offenses, but establishment and effective operation of such courts have been impeded by inadequate resources, personnel, training and potential threats to or corruption of court personnel. In December 1989, the U.S. agreed to provide support through UNFDAC to assist these specialized courts, supporting prosecutors, and enhanced law enforcement training for national police.

It is essential during 1990 for the Bolivian Government to implement provisions of Law 1008, which require the eradication of coca grown under illegal circumstances, to limit expansion of illicit coca cultivation and encourage participation in voluntary coca reduction programs. During the last quarter of 1989, the GOB issued regulations intended to facilitate the seizure and use of assets used in drug trafficking. Enhanced use of asset seizure regulations and application of provisions relating to official corruption to remove and prosecute corrupt government officials during 1990 would contribute greatly to the counter-narcotics effort.

A.5. Domestic Drug Abuse

At the present time there is no conclusive data on the level of drug abuse in Bolivia. However, The Department of State Bureau of International Narcotics Matters (INM) is funding a narcotics awareness group, CESE (Educational Campaign Against Drugs). Thanks in part to a "hot line" established in 1988, CESE has found that there is significant drug use and a larger percentage of the youth population than previously at risk for drug use. In every month since the hot line's inception, the number of calls for information and/or consultation increased significantly, and a number of self-help groups based on the Al-anon model have been formed.

The GOB has formed a national-level prevention and education entity (CONAPRE) with affiliates in each of the country's departments. It is not clear whether the role of the group will be to coordinate and establish policy or to carry out prevention programming. CESE has worked closely with CONAPRE personnel in human resource training and the development of prevention and educational materials for incorporation into school curricula. CONAPRE has accepted CESE's material and model for use in the Bolivian schools.

An epidemiological study is being conducted by CONAPRE and the Pan American Health Organization to establish a baseline in order to determine more precisely the extent of substance abuse among the country's youth.

SEAMOS, a local private sector organization partially funded by USAID, organizes a range of prevention activities, including a highly successful television campaign. Civic groups such as the Lions and Rotary Clubs have begun to focus on the problem of drug abuse and to play a more proactive role. CESE has made contact with representatives from those groups and has offered facilitative and substantive assistance as they become more consistently involved in community prevention activities.

Rehabilitation programs for addicts in Bolivia scarcely exist, due largely to budget constraints.

B.1. Nature of Illicit Drug Production

Traditionally, Bolivia has been a coca cultivator and processor of leaf into coca paste. Most paste and limited quantities of base were exported to Colombia. The character of cocaine trafficking in Bolivia has changed in the last few years due to excess South American production, resulting in declining wholesale prices at every stage of the cocaine cultivation/processing/distribution chain. Operating costs, on the other hand, have been relatively stable, generating a profit squeeze. Trafficking organizations now integrate operations

vertically from paste buying through cocaine HCl processing. They concentrate on base/HCl production and trafficking where mark-ups and profits tend to be higher, leaving peasants and intermediaries to handle the less profitable paste production. Although major Bolivian organizations distribute some of their final product to the European market via Argentina and Brazil, they export quantities on a much larger scale to U.S. markets.

A portion of Bolivia's coca is grown in the Yungas area of La Paz Department and is used to satisfy legal, internal demand for mastication and tea. The Bolivian Government estimates that 300,000 Bolivians consume 10,000 mt of dry leaf a year. Nearly all of the balance of Bolivia's illicit coca tends to be confined to a relatively small area of the Chapare area of Cochabamba Department, where some 37,000 peasants cultivate the crop. Although peasants are independent owners/planters, most are members of 640 syndicates (cooperatives) which combine to form 54 centrals (townships). Because of the political influence of these coca cooperatives, the GOB has traditionally shown great reluctance to take effective measures against coca production. Cocaine base and HCl processing takes place across a much broader region of the Beni and Santa Cruz departments.

Chapare peasants harvest their fields about four times a year. Leaves are dried and usually sold in one of several markets in 100-pound units. Prices for a hundredweight fluctuated throughout 1989, ranging from \$10 to \$100. Since the cost of production and transport is estimated to be \$30, the peasants' profit varies. This is in stark contrast to profits of a thousand percent or more associated with \$200 per hundredweight 1986 prices or peak 1984/1985 prices of \$600-800 a hunderedweight.

Dried leaves are processed throughout the Chapare region in crude paste labs or maceration pits, mostly by wholesale leaf buyers or sometimes by cultivators themselves. Between 75 and 110 kgs of leaf are required to produce one kg of paste valued at \$125 in 1989.

Approximately 30 cocaine organizations buy most of the coca paste produced in the Chapare. Five of these are "broker" organizations which buy paste only for resale and make no attempt to further process it. The other 25 organizations buy paste and convert it in Bolivia to cocaine base and/or cocaine HCl. As paste tends to deteriorate quickly in the humid Chapare region, between 2.6 and 3.0 kgs of paste reportedly are required to yield one kg of base, valued at \$650-700. Base is converted to HCl at a 1:1 ratio, the latter product selling for about \$1,600 per kg, wholesale.

Bolivians often "front" their cocaine base and HCl to Colombian networks that manage the more lucrative distribution to the U.S. and European markets. While gross mark-up may appear high, both variable (e.g. chemicals, transportation, security, corruption payoffs) and fixed costs are also high. Key precursor chemicals such as acetone, ether and sulphuric acid are smuggled across Bolivia's borders with neighboring countries. Paste, base, and HCl are usually moved by air because of their high value-to-weight ratio. None of the 30 Bolivian trafficking organizations is well financed, and many reportedly fund as much as 80 percent of their paste purchases on credit from peasant producers and/or intermediaries. Since Bolivian trafficking organizations buy so much of their paste on credit and, in turn, often "front" the resulting base/HCl product to Colombians, they and the entire cultivator/producer chain in Bolivia are vulnerable to major seizures throughout the international processing/distribution chain.

B.2. Factors Affecting Production

Growing demand for cocaine in the United States and European markets, coupled with unstable economic conditions in Bolivia and the GOB's unwillingness to crack down on the illegal drug industry, were more than enough incentive to generate a "coca boom" in Bolivia during the early and mid 1980s. The return of democracy and economic reforms have restored some measure of stability, thus laying the foundation for alternative programs for coca farmers.

Farmers no longer enjoy the sustained high profit margins to which so many had been accustomed in the early years. This was particularly true in 1989 when prices varied, sometimes radically, from \$10 to \$100 hundredweight.

Lower coca-leaf prices are a function of both overproduction in the area and suppressive interdiction operations. Overproduction has a broad-based, longer-term impact over which the Bolivian trafficking community has little influence. Interdiction is more short-term in nature. Bolivian traffickers attempt to counter its impact by modifying their methods of operations and undermining the GOB's political will or ability to carry on effectively programs through political action and corruption.

B.3. Maximum Achievable Reduction

While improved interdiction efforts should result in larger, more costly seizures, noticeable, long-term reductions in cocaine output can best be achieved through a net reduction in the coca crop's size. Since the GOB is not willing to force extensive involuntary eradication, reduction means voluntary, manual eradication in the context of a viable crop substitution/alternative development program. Coca growers appear amenable to alternative development because of low leaf prices and the precarious nature of the narcotics business.

The U.S. Embassy in Bolivia believes 5,000 hectares or more of coca could be voluntarily eradicated and verified by the end of any calendar year. The total hectareage eradicated thus far in 1990, if maintained throughout the year at the same rate, will surpass this total. Several USAID financed programs are in place, including new credit arrangements, relaxed rules for community support packages, and expanded alternative crop availability, all of which should make the alternative development package and related coca reduction more attractive.

B.4. Methodology for Estimates

- -- One hectare yields 1.6 mt dry leaf/year (Chapare)
- -- One hectare yields 1.2 mt dry leaf/year (Yungas/Apolo)
- -- 75-110 kgs dry leaf yield 1 kg coca paste
- -- 2.6-3 kgs paste yield 1 kg cocaine base
- -- 1.0 kg base yields 1 kg cocaine HCl

Thus, approximately 190-330 kgs dry leaf equal 1 kg HCl.

Total hectarage under cultivation:

INM-sponsored aerial survey data from 1989 divided as follows:

	1988	1989
Chapare	34,135	38,250
Yungas	14,210	14,570
Apolo	1,000	1,100
Santa cruz	. 0	0
Total	49,345	53,920

Some sources suggest that both hectarage under cultivation and leaf yield might be higher than those figures reflected above. We choose to accept the 53,920 hectare, 1989 figure since it represents the most structured approach in collecting data. The U.S. Embassy in cooperation with the BAF collected extensive imagery in cultivation zones during mid-1989.

C.1. Statistical Tal		1000	1000	1000	1002	1000
A. SUMMARY TABLES fo	or Cx	1990 est.	1989	1988	1987	1986
COCA						
Cultivation	[ha]	55,000	53,920	49,976	40,300	37,000
Eradication	[ha]	5,000	2,504	1,476	1,042	200
Harvested	[ha]	50,000	51,416	48,500	39,258	36,800
Leaf					·	
Harvested	[mt]	81,400	80,004	67,900	54,961	51,520
Loss Factor	[mt]			6,790	5,496	5,152
Seized	[mt]			17	15	. •
Consumed	[mt]	10,000	10,000	10,000	10,000	10,000
Avail. for conversion	[mt]	64,000	65,998	51,093	39,450	36,368
Paste						
Potential paste	[mt]	524	740	498	368	337
Seized	[mt]	12	9	8	4	6
Consumed	[mt]			-	-	-
Avail. for refining	[mt]	512	731	490	364	331
Exported	[mt]				-	· -
Base						
Ptential base	[mt]	183	261	123	91	83
Consumed	[mt]				•	
Exported	[mt]				•	
HCL						
Produced	[mt]	183	261	110	83	75
Converted in Bolivia*	[mt]			-	-	
*35% of total	[mt]			-	-	-
[65% sent to Colombia]						
B. DATA TABLES for CY	•	1990 est.	1989	1988	1987	1986
Cultivation (Gross)						
Coca leaf	[ha]	55,000	53,920	49,976	39,258	36,800
Potential Prod (Gross)	•	, •				
Coca leaf	[mt]	81,400	80,004	67,900	54,961	51,800
Hectares Eradicated		, ,				
Coca leaf	[ha]	5,000	2,504	1,476	1,042	200
Crops Eradicated	6	-,000		_,	_ ,	
Coca leaf	[mt]	7,400	4,006	2,066	1,459	280
Net Cultivation		.,-,-	-,	_,,	,	
Coca leaf	[ha]	50,000	51,416	48,500	39,258	36,800
Net Production		,	,	,	,,	
Coca leaf	[mt]	74,000	75,998	67,900	54,961	51,520
Refining		,000	,	. ,. ,	,	,
Potential HCL/base	[mt]	115	266	110	83	73
	CTT VI	4-0	 00			

BOLIVIA

	3 22 3 3					
C.1. Statistic	cal Tables					
B. DATA TABLE	S for CY	1990	1989	1988	1987	1986
		est.				
Seizures						
Coca leaf	[mt]			17.00	15.00	-
Coca paste	[mt]			8.16	4.28	
Cocaine HCL	[mt]			0.21	0.15	
Other Coca	[mt]			1.34	2.00	•
Arrests		700	599	509	904	981
Labs Destroyed						
Cocaine HCL		20	24	24	8	22
Domestic Consump	otion					
Coca leaf	[mt]	10,000	10,000	10,000	10,000	10,000

BRAZIL

A.1. Status of Illicit Narcotics Production and Trafficking

Brazil is a major transshipment country for cocaine which originates in Colombia, Bolivia and Peru (en route to the U.S. and Europe), a major legal producer of ether and acetone (used to produce cocaine HCl), a significant coca cultivator country, and a large producer of marijuana, most of which appears to be consumed domestically.

During 1989, reliable evidence indicated the use of Brazil as a cocaine transit country, both for cocaine HCl from the Andean region, and for coca paste, to be refined prior to being shipped to the U.S. and Europe. The country's immense size and vast, uncontrolled borders provide an attractive environment for staging cocaine shipments to the consuming countries. Cocaine enters Brazil by land, air and river and is shipped out through major urban transportation hubs such as Rio de Janeiro, Sao Paulo, Belem, Recife and Manaus. Although this activity requires the participation of Brazilians, most major drug shipments transiting the country are still controlled by Colombian and/or Bolivian trafficking organizations.

Official Brazilian statistics show only a small percentage of Brazil's legal production of ether and acetone being diverted to cocaine production but the country's status as a major commercial producer of these chemicals continues to make it a source when traffickers encounter difficulty obtaining them from the U.S. and Europe.

The Brazilian variety of coca, commonly known as <u>epadu</u>, continues to be grown in Brazil, principally in remote areas of the Amazon jungle. <u>Epadu</u> is planted by Indians who barter it to itinerant Colombian traffickers for basic goods such as food, tools and medicine. Cultivation areas are difficult to locate as they are widely disbursed, protected from aerial observation by jungle canopy and cloud cover, and frequently situated on Indian reservations. No national crop estimate of Brazilian coca production has been completed. The principal sources of data on coca cultivation are police field reports and eradication statistics, both developed in the course of eradication operations.

Cannabis cultivation remains extensive, involving at least 19 states. The country's northeastern region is the principal growing region, especially the San Francisco river area. We have no reliable information that a significant quantity of marijuana is exported from Brazil. Control of marijuana production and distribution appears to remain in the hands of Brazilian criminals.

Narcotics-related criminal violence in Brazil remained high in 1989, both in the urban slums of major cities and, in some cases, in rural areas, where power struggles erupt between groups attempting to retail illegal drugs to thousands of gold prospectors.

We received no confirmed reports of major drug money laundering activity in 1989, although several allegations are currently being investigated by Brazilian authorities. If detected, drug money laundering could be prosecuted under federal tax laws and the asset seizure provisions of the new constitution.

A.2. Accomplishments in 1989

The Brazilian Federal Police (DPF) conducted a five-phase coca eradication operation in the state of Amazonas. The actual eradication of coca was preceded by eight months of ground and riverine reconnaissance to develop targets for operations in these almost inaccessible areas. The Brazilian military provided airlift and logistic support. Along with eradication of cultivations, police conducted civic action programs with Indian tribes to counteract the influence of Colombian traffickers. During these operations, a revised plant-leaf weight yield formula was developed (see Section C.1.), which reduces by half the metric tonnage calculations previously used to estimate coca leaf destroyed. Eradication activity has accounted for destruction of 330 metric tons of leaf, a level below that destroyed in 1988, because the DPF found less coca than in previous years.

Brazilian law enforcement seizures of cocaine HCl during 1989 totaled 1.7 metric tons, almost fifteen percent above 1988 levels. The cocaine smuggling activities of Colombian and Bolivian organizations remained primary targets of enforcement operations. Increased attention was paid to the development of cases against major trafficking networks, rather than individuals. Almost eighty percent of those arrested by the DPF were drug distributers. The DPF also located and destroyed four cocaine HCl labs.

Brazil's severe economic difficulties and resulting government spending limits had a major negative impact on all areas of law enforcement in 1989. The Brazilian Government nonetheless continued to vigorously attack illicit cocaine smuggling and production as well as coca cultivation. The government hopes that its efforts will help deter relocation of major drug organizations from Peru, Bolivia and Colombia.

A.3. Plans, Programs and Timetables (1990)

The United Nations Fund for Drug Abuse Control (UNFDAC) began deliveries of equipment to the DPF in 1989 under a \$5.5 million enforcement assistance project (Brazil and UNFDAC signed the agreement for this project in 1987, but the project had been dormant since then). Most of UNFDAC's assistance to the DPF will be commodities such as vehicles and radios.

U.S. bilateral narcotics assistance to Brazil is principally directed to the DPF, for the conduct of investigations of organized drug traffickers, precursor chemical control, coca eradication, some eradication, cannabis crop reconnaissance and detection. development of a DPF drug detector dog service, and special training projects for federal and state drug enforcement officials. A new program with the Brazilian Customs Service provides assistance to enhance airport and frontier port of entry screening for drug smuggling through application of narcotic detector dog teams. Assistance to selected federal, state and local drug awareness organizations will continue, in order to increase public and governmental awareness of the drug problem.

A.4. Adequacy of Legal and Law Enforcement Measures

Brazil adopted a new constitution in 1988 which contains the authority for passage of enabling legislation in a number of areas related to drug enforcement:

- Wiretaps, mail coverage and searches of premises are fully legal with a warrant;
- Seizure of lands, other property and currency of convicted drug traffickers by the government is legal, with all proceeds going to drug enforcement or treatment as determined by the Brazilian Federal Drug Council (CONFEN);
- Extradition of drug traffickers (except native-born Brazilian citizens) is constitutionally sanctioned;
- The Federal Police Department is Brazil's principal drug enforcement agency while Customs retains authority to conduct inspections and screening.

During 1989, the Federal Drug Council drafted a new, comprehensive national drug law, which is under review in the Justice Ministry. This draft provides a framework for all future drug control activities permitted in the new constitution. It also contains provisions designed to facilitate the types of enforcement cooperation contained in the the 1988 U.N. Convention Against Illicit Trafficking in Narcotic Drugs and Psychotropic Substances, which is presently awaiting Brazilian congressional ratification.

With regard to the requirements of Section 2013 of PL 99-570, the Government of Brazil does not encourage or facilitate the production or distribution of illicit narcotic psychotropic drugs or other controlled substances. No senior official has been indicted for narcotics-related corruption. The DPF actively investigates valid allegations of official corruption which come to its attention in any area.

During 1989, seizures of drug trafficker assets included four aircraft, 213 vehicles and some real estate. Not all of these assets will be permanently retained by the government, however, as each case must be confirmed in the judicial process before the federal government can legally dispose of a seized item. A ship, seized in 1987, was sold in 1989. Efforts are underway to define more clearly and improve procedures for use of revenues derived from seized assets. U.S.-Brazilian cooperation on extradition has been good. The U.S. is unaware of any drug-related extradition between Brazil and a third country.

Brazil is a party to the Single Convention on Narcotic Drugs of 1961 and the 1972 Protocol thereto, as well as the 1971 Convention on Psychotropic Substances, a major 1987 UNFDAC narcotics assistance agreement and the 1983 bilateral drug accord with the U.S. As noted, Brazil signed the 1988 U.N. trafficking convention and expects to ratify it during 1990. By virtue of these agreements, the Government of Brazil is in compliance with the requirements of the Chiles Amendment.

The CONFEN is charged with development and coordination of national drug policy. CONFEN's president reports to the Minister of Justice and meetings are attended by representatives of all ministries and agencies involved with drug programs. Each Brazilian state has separate, uniformed (Policia Militar) and plainclothes (Policia Civil) police organizations, subordinate to the governor. The effectiveness of these organizations varies from state to state, but they have considerably more manpower than the DPF.

In an effort to improve federal-state cooperation in law enforcement, the creation of a National Public Safety Council was announced in late 1989, which is to include permanent representatives of the uniformed and civil police of each state and the Federal Police. The organization was convened formally for the first time in January 1990, with the Minister of Justice serving as president and the DPF Director-General serving as Coordinator for Operations. The stated principal objective of the new organization is to unite the country's police resources against organized crime elements and begin to develop a system to exchange criminal intelligence among the states.

B.1. Nature of Illicit Drug Production

Colombian traffickers continue to encourage the cultivation of coca by Indian tribes in the Amazon. Whether DPF operations result in a future decline in such cultivation remains to be seen.

Brazilian marijuana production appears to be aimed at supplying domestic users. Although there is no evidence this marijuana reaches the U.S., the country's northeast region produces very large amounts of the substance.

B.2. Factors Affecting Production

Cultivation of coca by Amazon Indians and cannabis by northeastern farmers provides otherwise unavailable sources of income for persons existing at subsistence levels. The geographic size of these areas continues to present major difficulties to drug control authorities. A related problem is the collection of law enforcement intelligence. In the closed societies of the Amazonian Indians and the rural northeast, outsiders are suspect. To the degree that enforcement pressures in the Andean region result in significant disruption of cultivation/processing efforts, Brazil affords an alternate site for cocaine cartels to relocate their activities.

B.3. Maximum Achievable Reductions

The maximum achievable crop reductions by Brazil in 1990 are estimated at 340 metric tons for coca and 1,800 metric tons of cannabis.

B.4. Methodology for Estimates

Coca eradication figures for 1989 are based on the calculation that one coca plant yields 250 grams of dry leaf. Coca data for 1988 and previous years was based on a calculation of one coca plant yielding 500 grams dry leaf.

One marijuana plant yields 400 grams dry leaf.

C.1. Statistical Tables

Data is current through mid-December 1989 and represents official figures which were verified by U.S. Drug Enforcement Administration (DEA) and the U.S. Embassy. During 1989 a USG field project reassessed the average dry weight of coca plants which had been eradicated. This effort has yielded a revised plant-to dry leaf weight conversion formula, used to compute coca data given below.

C.1. Statistical Tables							
A. SUMMARY TAB	LES for CY	1990 est.	1989	1988	1987	1986	
COCA							
Cultivation	[ha]	-	-		• •		
Eradication	[mt]	340	330	798	530	. 8	
CANNABIS							
Cultivation	[ha]	-	-	-	-		
Eradication	[mt]	1,800	2,400	5,241	10,660	3,974	
# Seized in-country	[mt]	10.2	13.2	19.5	7.8		
B. DATA TABLES for CY		1990 est.	1989	1988	1987	1986	
Cultivation (Gross)		-					
Coca leaf	[ha]			-	-	-	
Cannabis	[ha]	-	-	-,			
Crops Eradicated			•				
Coca leaf	[mt]	340	330	798	530	8	
Cannabis	[mt]	1,800	2,400	5,241	10,660	3,974	
Seizures							
Cocaine	[mt]	1.80	1.70	1.37	0.83	0.79	
Other Coca	[mt]	0.02	0.18	0.09	0.10	0.18	
Marijuana	[mt]	10.00	19.48	19.48	17.85	-	
Other Cannabis	[mt]	0.050	0.050	0.001		-	
Arrests		3,000	2,806	2,052	1,808	2,468	
Labs Destroyed							
Coca paste		-		0	4	-	
Cocaine HCL		4	4	2	0	0	

Note

(*) A new reporting system now differentiates between trafficker and user arrests. 1989 arrests of traffickers constituted 77 percent of the total.

COLOMBIA

A.1. Status of Illicit Narcotics Production and Trafficking

President Barco's government has pursued a relentless war against Colombian drug trafficking organizations. The operations of the country's cocaine mafias have been thrown into disarray by the government's year long campaign against them, and the leading traffickers are on the run. A number of major traffickers have been killed or captured. Despite peace offers from the Medellin Cartel, the highest levels of the government are committed to bringing the traffickers to justice. Traffickers are desperately trying to exploit public ambivalence about the drug war and a long Colombian tradition of using dialogue to avoid problems. The Barco administration has rejected any formal settlement with the traffickers.

Colombia is the prime example of the insidious effects that illegal drug trafficking has on a nation. Cocaine traffickers are the major threat to democracy in Colombia, weakening Colombia's democratic institutions. Colombians directly or indirectly affected by the drug trade increasingly recognize that the violence and corruption endemic to narcotics trafficking is harming their economy and society.

Colombia is the world's leading producer of cocaine HCl. Colombian traffickers derive their strength from their ability to refine cocaine paste or base into cocaine HCl by the ton in large, sophisticated laboratories, and from their control of trafficking routes. A major discovery in 1989 was the large number of important labs found near populated areas. Police raids exposed a concentration of large labs belonging to the Medellin Cartel in an area of central Colombia called the Magdalena Medio. Many were accessible by road and often within sight of luxury homes. Some of these labs were sophisticated, with evidence of chemical production and recycling at the sites. Labs and airstrips also continue to operate in the eastern and southern jungles.

We estimate that approximately 566 metric tons of cocaine HCl were refined in Colombia or distributed through Colombian organizations in 1989. This figure could be considerably higher due to wide variances in conversion and yield ratios used to derive cocaine production estimates. There is a continuing effort to reduce the margin of error in these estimates. While part of this cocaine was produced from coca leaf grown in Colombia, most was refined in Colombia from cocaine base or paste originating in Peru or Bolivia.

Since the government reinstated extradition and began hunting the chief traffickers in mid-August, major Colombian traffickers have lived in constant movement from one safe house to another. Many of these safehouses are rustic buildings in remote jungles. Many of the traffickers' luxurious houses and large ranches have been seized by the government.

The main goals of the traffickers in Colombia now are to avoid capture, and to convince the government to abandon its campaign of arrest, extradition, and asset seizure. To accomplish these goals traffickers pursued. A campaign of terror to compel the government to negotiate with them. After bombings and murders failed to persuade the government to abandon its anti-narcotics campaign, the traffickers began kidnapping prominent Colombians in order to pressure the government into seeking compromise.

The relationship between Colombian drug traffickers and Colombia's left-wing guerrillas changed in 1989. In the past, most anti-narcotics operations were in the eastern jungles, where cooperation between traffickers and guerrillas still exists. BY 1989, most anti-narcotics operations had shifted to the Magdalena Medio region in central Colombia, where the traffickers are as bitterly at war with the guerrillas as the government. There is now much greater awareness that the narco-guerrilla relationship runs the gamut from conflict to coexistence to cooperation, depending upon the location and groups involved. However, even in areas where traffickers and guerrillas are at war with each other, the guerrilla presence facilitates trafficker operations by weakening government control.

The Colombian news media has been hit hard by the traffickers, who are trying to protect themselves by halting public criticism of their activities, thereby denying Colombians constitutional freedoms. Now, writers are reluctant to use bylines. Traffickers killed twelve people associated with the media in 1989. The offices of Colombia's second largest newspaper, El Espectador, were severely damaged by a bomb in September.

On the marijuana front, aerial reconnaissance found less than 500 hectares of cannabis growing in Colombia in 1989. We estimate 2,200 hectares were harvested allowing for the possibility of new growing areas not yet discovered by police. This is a remarkable decline from the 6,060 hectares estimated to have been harvested in 1988.

The decline in cultivation was accompanied by a decline in marijuana seizures, from 923 metric tons in 1988 to 708 metric tons in 1989. The largest single seizure of the year was 107 metric tons seized by the Colombian National Police (CNP) in December in southwestern Colombia. While this amount seems large, it represents the yearly production of only 15 hectares of cannabis from that area. The CNP believes that the marijuana seized in northern Colombia originates in Venezuela or is old marijuana stockpiled from earlier years.

Although Colombian traffickers hold most of their assets in other countries, they repatriate millions of dollars in cash to Colombia every year, both to finance their operations and opulent lifestyles there, and to begin laundering the cash through Colombian banks.

Within Colombia, traffickers have invested heavily in real estate, especially farmland and hotels, but they seldom invest in industry or other commercial activities.

A.2. Accomplishments in 1989

This was by far the best year ever for Colombia's anti-drug effort, although the country paid a high price for its sucesses. The year began with Operation Primavera in January, which destroyed some of the Medellin Cartel's most important laboratories, and ended with the death while resisting arrest of Gonzalo Rodriguez Gacha, one of the three most important Colombian traffickers. A campaign against cocaine laboratories sustained from January to August produced record seizures: 37 metric tons of cocaine seized, 452 laboratories destroyed (fewer in number than in 1988, but more important labs), 50 aircraft seized, 3,607 traffickers arrested, and two million gallons of precursor chemicals for processing cocaine destroyed. Intelligence agencies penetrated several of the major trafficking organizations and identified and raided trafficker control houses. Police also campaigned against vigilante groups, organized by traffickers to control rural areas where traffickers own land or operate cocaine labs. Many human rights abuses were committed by traffickers seeking to consolidate their power in these areas.

When traffickers responded to the government's campaign with a string of assassinations of judges, police officers, and other government officials in July and August, the government planned a counterattack based on a series of emergency decrees. Publication of the decrees and initiation of the counterattack coincided with the murder on August 18 of leading presidential candidate Luis Carlos Galan at a political rally. This challenge to Colombian democracy temporarily galvanized public support of the government's actions.

The decrees provided for extradition by administrative process, seizure of trafficker assets, and longer detention without charges. They provided the legal basis for a change in strategy by the government from attacking cocaine labs and other production and distribution facilities to arresting traffickers, extraditing them to the U.S. for trial, and seizing their assets in Colombia.

Within two months, the Colombian Government established its procedures for processing extraditions under the decrees and turned the first group of five extraditees over to the U.S. The campaign passed a critical test when the Colombian Supreme Court courageously upheld the constitutionality of the emergency decrees in October. By the end of the year, Colombia had extradited a total of twelve accused traffickers to the U.S.

The U.S. and other countries responded to the Colombian crack-down by rushing to provide assistance. The USG invoked Section 506(a) of the Foreign Assistance Act to deliver \$65 million-worth in supplies and equipment from Department of Defense stocks to Colombia for anti-narcotics operations. This equipment, ranging from boots and ammunition to transport planes, provided Colombia's poorly equipped security forces the wherewithal to continue their campaign. Five helicopters delivered to the CNP in September flew on their first operation three days after arrival. U.S. military personnel also provided training and operational support.

The operations in late August and September forced traffickers to reduce their cocaine processing and trafficking operations. The effects of this slowdown were felt in Peru and Bolivia, where diminished Colombian demand depressed prices for coca leaf and paste.

Progress was also made in the area of aerial eradication. A scientific adviser to the CNP participated in coca herbicide tests conducted in Peru, reporting back to the highest levels of the government.

A.3. Plans Programs and Timetables (1990)

Colombia will receive a large boost in U.S. assistance under the President's Andean strategy for cocaine control. This additional aid will be used to continue and expand present police and military operations against traffickers, including:

- control of precursor chemicals;
- identifction and suppression of money laundering;
- identification and seizure of assets derived from drug trafficking.

A.4. Adequacy of Legal and Law Enforcement Measures

Colombia's legal basis for narcotics enforcement has been considerably strengthened by President Barco's emergency decrees. These filled important gaps by restoring extradition and broadening the government's asset seizure powers. However, the Colombian judicial system remains substantially unable to prosecute

major narcotics cases. In Colombia's judicial system, which is based on an inquisitorial rather than prosecutorial model, investigative judges are responsible for advancing cases from arrest to trial. But this system gives them few incentives to pursue cases in the face of the obstacles in their way. Judges are underpaid and poorly equipped; many are inexperienced and poorly trained. Most cases (not just narcotics) brought before them are never decided. And the traffickers have neutralized what ability the courts have to prosecute them through a combination of bribery and terrorism. Many judges who have resisted subornation and attempted to try narcotics cases have been killed by traffickers. The Colombians are using assistance from the U.S. and other donors to develop a system of security for judges and improve the administration of justice.

Colombian police services, frustrated with the courts' failure to try and convict criminals, have little motivation to go beyond arrests and develop evidence for use in court -- a task for which they are also poorly trained.

The restoration of extradition was a major improvement in Colombian narcotics control efforts. Colombian traffickers have shown, both through their public statements and their violent efforts to prevent the Colombian Government from extraditing them, that extradition to the U.S. is the threat they fear most. Extradition allows the U.S. to try traffickers accused of crimes under U.S. laws, and it gives the Colombian Government a mechanism for dealing with major criminals its own judicial system cannot handle. However, extradition's application is limited to suspected traffickers against whom the U.S. has sufficient evidence to return an indictment for violations of U.S. laws. The majority of low- and mid-level, and even some high-level, Colombian traffickers are not extraditable because the U.S. does not have sufficient evidence of crimes subject to U.S. jurisdiction to indict them.

Virtually all Colombian law enforcement and military forces are involved in anti-narcotics work.

The Colombian National Police (CNP) has three units with important narcotics enforcement missions:

-- The Anti-Narcotics Directorate (DAN) is a paramilitary unit of 2,000 men. It comprises 14 field companies based at key points around the country, supported by the Police Air Service (SAPOL) with 16 fixed wing and 27 helicopter aircraft, and an intelligence service. The DAN is the primary CNP unit for interdiction of narcotics production and movement and eradication of narcotics crops. The addition of 12 helicopters under the 506(a) program remedied a serious shortage of helicopters for tactical operations. SAPOL still needs more fixed wing transport to support long-range operations, and it is being assisted with this need by deployment of a C-123 from ther Department of State Bureau of International Narcotics Matters (INM).

- The F-2, the investigative division of the CNP, investigates narcotics trafficking rings. Several of its investigations have led to raids on trafficker headquarters, which have netted intelligence on their financial holdings.
- The Elite Unit, organized in April 1989, is another paramilitary unit of the CNP. It was established to combat vigilante groups but has also been used extensively for anti-narcotics operations, including the raid that killed Rodriguez Gacha. The Elite Unit comprises 2,500 hand-picked men, all career policemen, without any of the conscripts who comprise the rank-and-file of other CNP units.

The DAS (Department of Administrative Security), which is often compared to the FBI, is responsible for internal security investigations, including major crimes. It has a similar role in narcotics enforcement to that of the F-2, i.e. investigations. The success of the DAS is best shown by the drastic measures which traffickers have taken to try to kill its director, Brig. Gen. Miguel Maza. There were three attempts on his life in 1989. Two were bomb plots: one aimed at his car killed seven innocent bystanders; the second, detonated at DAS headquarters while the director was in his office, killed 64 people. In the third incident, a cache of dynamite intended for use against him was located by the police.

At the direction of President Barco, the Colombian Army, supported by the Air Force and Marines, has increased its anti-narcotics efforts, particularly in the last few months. One raid in Bogota produced books and records of major trafficker Jose Gonzalo Rodriguez Gacha and led to the freezing of some \$62 million in assets throughout the world.

The Colombian Navy is still the least active branch of the service although it has begun to show some interest in increasing riverine counter narcotics operations. All the military services must divide their resources between anti-narcotics operations and fighting guerrillas. Major increases in U.S. assistance in 1990 will give the military the resources to increase operations and attack both guerrillas and traffickers.

Colombia is in compliance with the provisions of the Chiles Amendment. A bilateral narcotics agreement between the U.S. and Colombia has been in force since 1974. There is also an agreement to reduce drug consumption. Colombia has not yet ratified the 1988 U.N. Convention Against Illicit Trafficking in Narcotic Drugs and Psychotropic Substances. The presidential decrees of August 18 successfully implemented extradition and asset seizure. The Government of Colombia (GOC) extradited twelve narco-traffickers to the U.S. in 1989.

Final confiscation of assets, however, requires a narcotics conviction against the owner of the asset. The GOC is in the process of preparing emergency decrees to control precursor chemical shipments and trace the financial infrastructure of the narcotics mafias.

With regard to Section 2013 requirements, the Government of Colombia does not as a matter of policy encourage or facilitate the production or distribution of illegal drugs. No senior official has been indicted for narcotics related corruption. An investigation of a former chief of the CNP suspended for corruption is underway. Some prominent politicians are closely connected to drug traffickers, and some judges have been subject to bribes, intimidations or threats from traffickers. The Colombian Government responds swiftly to evidence of corruption by removing implicated officials. During 1989 the CNP removed for cause over 3,500 men, many of them for narcotics-related charges.

A.5. Domestic Drug Abuse

Drug abuse in Colombia appears to be the result of the easy availability of drugs produced for export, and is not a contributing factor to Colombian drug production. A miniscule portion of the drugs produced in Colombia are consumed there.

The last nationwide drug abuse survey of Colombia, done in 1987, found that drug abuse is a growing problem, especially in cities. A 1988 Bogota study found that ten percent of young adults (18-24 years old) used illegal drugs. The Colombian Government developed a national plan for drug abuse prevention in 1985, and the Ministries of Education and Communication and the Colombian Institute of Family Welfare have some prevention programs, but the central government has not vigorously pursued demand reduction. Some private organizations have organized campaigns, and the Mayor of Bogota has been particularly active in anti-narcotics programs.

B.1. Nature of Illicit Drug Production

The success of Colombian drug traffickers results from their ability to organize the large-scale processing and distribution of cocaine HCl. Colombian traffickers created the apparatus for producing and distributing cocaine on the scale seen today, and their demand for cocaine base/paste in turn drove the expansion of coca cultivation in Peru and Bolivia in recent years.

Coca cultivation appeared in remote parts of Colombia in the late 1970s. It is grown in areas of weak government control, usually where guerrillas are present. A coca survey conducted in 1989 showed an expansion of the crop to 42,500 hectares. The heaviest areas of cultivation are the departments of Putumayo, Caqueta, Guaviare, and Vaupes, with substantial expansion of the crop in Bolivar department to 4,500 hectares, possibly in response to the collapse of marijuana cultivation in that area.

In 1989 cannabis cultivations nearly disappeared from Colombia. Experienced pilots overflew all traditional growing areas and many suspected growing areas throughout the year without finding any major marijuana cultivations.

Cannabis cultivations in the Santa Marta and Perija mountains, in decline since aerial eradication began five years ago, dropped from 5,000 hectares in 1988 to almost nothing in 1989. The pilots found one cultivation of about 150 hectares in the Santa Marta mountains and a few small fields in the Perija mountains. Reconnaissance missions over Corinto (Cauca Department) in southwest Colombia found only 100 hectares of cannabis under cultivation. The plots were numerous, but small (averaging less than a hectare). Estimated total cultivation in this area in 1989 is 200 hectares, capable of producing 1,400 metric tons of marijuana. This area was estimated to have 1,200 hectares growing in 1988. There is no evidence that commercial quantities of cannabis were planted in the San Lucas mountains (Bolivar Department) in 1989.

B.2. Factors Affecting Production

Colombian cocaine laboratories rely heavily on imported cocaine base from Peru and Bolivia for the raw material for cocaine HCl production. Although there is extensive coca cultivation in Colombia, Colombian coca has a lower cocaine alkaloid content than Peruvian or Bolivian coca. Colombian coca is less desired by traffickers and less profitable to growers because proportionally more coca leaf is required to produce a kilo of cocaine.

Based on data supplied by the U.S. Embassies at Lima, La Paz, and Bogota, we estimate that 65 percent (173 metric tons) of the cocaine base produced in Bolivia is refined in Colombia (or possibly refined into cocaine HCl in Bolivia but distributed through the Colombian distribution system). Also, approximately 90 percent of Peruvian base (335 metric tons) is refined in Colombia. The intermediate product from these two countries yields approximately 508 metric tons of cocaine HCl. Colombian domestic coca leaf produced a further 58 metric tons of HCl.

Although the GOC controls the importation of precursor chemicals into Colombia, the windfall profits from supplying chemicals to cocaine traffickers have enticed many businessmen to circumvent these controls and make supplying chemicals to cocaine labs a major commercial activity. To the extent that the Colombian Government's chemical controls are effective, cocaine chemists have responded by devising new processing formulas using alternative chemicals; begun producing the chemicals themselves in clandestine labs; or begun recycling chemicals at cocaine labs.

The decline of Colombian cannabis cultivation from over 11,000 hectares in 1988 to under 2,400 in 1989 is in part the result of Colombian eradication efforts. The north coast crop had been in decline for several years in the face of vigorous aerial eradication. The rapid growth of the southwestern growing areas was halted by the CNP's manual eradication campaign at the end of 1988, and follow-on rural development assistance from the Colombian Government.

B.3. Maximum Achievable Reductions

The Colombian Government has the political will and the material to continue and expand its campaign against the traffickers and their operations in 1990. If all promised aid arrives promptly, the Colombian military will be able to greatly expand its efforts, which could lead to a doubling of 1989 achievements.

B.4. Methodology for Estimates:

Coca and Cocaine:

- --One hectare yields 800 kgs of dry leaf annually.
- --500 kgs of dry leaf yield one kg of cocaine base (one hectare of coca yields 1.6 kgs of cocaine base).
- --1.1 kgs of cocaine base yields 1.0 kg of cocaine HCl (one hectare of coca yields 1.45 kgs of cocaine HCl).

Cannabis and Marijuana:

- --One hectare yields 1.1 metric tons of commercially usable marijuana per crop with one crop per year.
- --In one area of southwest Colombia, crop yield is 3.5 metric tons per harvest, 7 metric tons per year, due to high quality seeds, good agricultural techniques, and two crops per year.
- --Processing of hashish is not included in estimates because we lack information on in-country processing. There is no evidence of extensive hashish processing so this does not greatly affect production estimates.

C.1. Statistica	I Tanics					
A. SUMMARY TAB	LES for CY	1990 est.	1989	1988	1987	1986
COCA						
Cultivation	[ha]	42,500	42,500	27,230	25,000	25,000
Eradication	[ha]	800	641	230	460	760
Harvested	[ha]	41,700	41,859	27,000	24,540	24,240
Leaf						
Harvested	[mt]	33,360	33,487	21,600	20,000	20,000
Base/HCL						
Produced	[mt]	65	58	36	35	35
CANNABIS						
Cultivation	[ha]	2,000	2,400	9,200	13,085	12,500
Eradication	[ha]	500	132	5,012	8,000	9,700
Harvested	[ha]	1,500	2,200	5,388	5,085	2,800
Yield	[mt]	1,650	2,800	7,776	5,595	3,080
B. DATA TABLES	for CY	1990	1989	1988	1987	1986
		est.				
Cultivation (Gross)						
Coca leaf	[ha]	42,500	42,500	27,230	25,000	25,000
Cannabis	[ha]	2,000	2,400	9,200	13,085	12,500
Potential Prod (Gross)						
Coca leaf	[mt]	34,000	33,500	21,600	20,000	20,000
Cannabis	[mt]	2,200	3,380	10,120	14,390	13,750
Hectares Eradicated						
Coca leaf	[ha]	800	641	230	460	760
Cannabis	[ha]	500	132	5,012	8,000	9,700
Crops Eradicated						
Coca leaf	[mt]	640	513	184	370	610
Cannabis	[mt]	550	379	5,513	8,800	10,670
Net Cultivation						
Coca leaf	[ha]	41,700	41,900	27,000	24,540	24,240
Cannabis	[ha]	1,500	1,868	5,388	5,085	2,800
Net Production						
Coca leaf	[mt]	33,360	33,487	21,600	19,630	19,390
Cannabis	[mt]	1,700	3,001	7,776	5,595	3,080
Refining						
Cocaine HCL	[mt]	66	67	36	36	35
Cocaine Base	[mt]	60	55	. *	90	80
Seizures						
Cocaine HCL/Base	[mt]	65	37	23	6	4
Coca leaf	[mt]	340	203	93	119	163
Marijuana	[mt]	1,000	708	923	1,290	1,370
Hashish	[mt]	0.5	0.4	1.8		

COLOMBIA

C.1. Statistical Tables								
B. DATA TABLES for CY		1990 est.	1989	1988	1987	1986		
Labs Destroyed				<u> </u>				
Hashish			•	2	•	•		
Cocaine		750	452	831	1,357	550		
Domestic Consumption	n							
Cocaine	[mt]	2	2	. 2	2	2		
Marijuana	[mt]	2	2	2	2	2		
Users (thousands)								
Cocaine		650	650	650	650	650		
Marijuana		700	700	700	700	700		
Arrests								
Nationals		4,000	3,574	5,565	5,020	4,685		
Foreigners		75	33	31	39	40		
Total Arrests		4,075	3,607	5,569	5,059	4,725		

ECUADOR

A.1. Status of Illicit Narcotics Production and Trafficking

Unlike neighboring Peru and Bolivia, Ecuador has no tradition of legitimate coca use. Coca cultivation and refining, and cocaine possession and trafficking are illegal in Ecuador. Ecuador serves mainly as a transit country for chemicals passing through to Colombian processors and cocaine products smuggled out through air and sea ports. An estimated 30-50 metric tons of cocaine transit Ecuador annually destined for the United States. Ecuador is also used by traffickers to launder money and as a safe haven. Coca production remains low, although new cultivations were recently detected under forest canopy in northwestern Esmeraldas province near the Colombian border. Seizures more than doubled in 1989 and several cocaine processing labs were destroyed, including one in the capital city of Quito.

The Ecuadorean National Police's anti-drug arm, Interpol, conducts coca eradication operations along border areas and in the Pacto area of Pichincha province. From 1984-87, Interpol successfully eradicated fields along the northeastern border area; at that time, we estimated that 4,000 metric tons (mt) of coca leaf were harvested annually. At present, we believe that less than 300 mt of coca leaf are harvested in Ecuador annually.

A.2. Accomplishments in 1989

Interpol has destroyed most of the coca discovered to date. During 1989, troops manually eradicated more than 58,000 plants in the rugged, mountainous terrain in Pichincha province and 23,000 plants in the densely forested northwestern border area.

With the loan of two helicopters and a Turbo Thrush reconnaissance aircraft from the Department of State Bureau of International Narcotics Matters (INM) in October and November, Interpol carried out the first country-wide aerial reconnaissance in Ecuador in two years. Interpol eradication and continued presence in previously cultivated areas along the northeastern border has successfully discouraged replanting. However, new cultivations were discovered and eradicated and a small cocaine processing site was destroyed in northwestern Esmeraldas province. INM air support also enabled Interpol to investigate suspect jungle airstrips and warehouses, inspect chemical cargo, and follow up on reports of illicit drug labs and traffickers.

In 1989, Interpol seized 500 kgs of cocaine and 100 kgs of marijuana. Interpol also seized 15,000 gallons of acetone and other precursor chemicals and confiscated 29 cars, two small aircraft and three motorcycles from drug traffickers. According to Interpol, some 2,700 nationals and 120 foreigners were arrested on drug charges in 1989. Some 4,000 persons are currently imprisoned for drug related offenses.

Ecuador's riverine interdiction program was strengthened with the arrival of four 22-foot Boston whalers provided by the U.S. Government in July. The riverine force also has three Sharkcat patrol boats provided by the U.N. and four U.S.-provided Zodiac inflatables. Trained by U.S. Coast Guard and Navy experts and supported by U.S. Drug Enforcement Administration (DEA) teams, the 24-man Interpol boat unit conducted training and operations out of the coastal ports of Machala, Guayaquil and Esmeraldas.

Working closely with DEA, Interpol's special precursor chemicals control unit completed its computerized listing of legitimate chemical importers. It also established a monitoring program to track chemicals that can be diverted to produce illicit drugs. The unit has investigated a number of reports of illegal imports, diversions and misuse of chemicals for drug production.

The volume of precursor chemicals imported into Ecuador is very high; Central Bank records indicate chemical imports to Ecuador increased by 29 percent in the first half of 1989. Concerned that much of the increase was being diverted to illicit drug production, the Central bank and Ministry of Industry established a task force to investigate the source and destination of chemical imports.

Banking reforms enacted in December 1988 gave the Ecuadorean Superintendent of Banks authority to bar the transfer of bank shares to persons involved in drug trafficking. New controls on property transfers were imposed in 1989 in response to a sharp rise in property values near the Colombian border and to impede sales to persons found to be laundering drug money.

The Government of Ecuador (GOE) has promoted a common regional stance against drug trafficking. In December, the GOE hosted an Andean summit in the Galapagos Islands and called for greater regional cooperation against drug trafficking and abuse. Ecuador has sent anti-drug police to train at the regional training facility in Chimore, Bolivia, and participates in regional and international drug enforcement programs. In February, the GOE published a national drug prevention strategy calling for greater drug education and prevention efforts by the the Ministries of Welfare, Health, Education and the Attorney General's office.

The GOE deported to Colombia several Colombian drug traffickers in late 1989, declaring that Ecuador would not become a haven for drug traffickers in South America. It also investigated and publicly removed several dozen judges and law enforcement personnel found to be implicated in drug-related activity.

A.3. Plans, Programs and Timetables (1990)

The GOE has sought U.S. assistance on regulatory reforms to bring Ecuador into compliance with the 1988 U.N. Convention Against Illicit Trafficking in Narcotic Drugs and Psychotropic Substances, the Kerry Amendment and other initiatives to control money laundering. Proposed drug legislation is expected to tighten controls on money laundering. The U.S. is working with the GOE to develop a tax information exchange agreement and a customs agreement between the U.S. and Ecuador.

We expect that a strict new drug law, based on a draft prepared by an Ecuadorean university and a USAID-supported drug prevention foundation, will be presented to the legislature early in 1990. The draft law calls for stricter legal penalties for drug use and trafficking, including the extradition of Ecuadoreans for drug crimes. Extradition of Ecuadorean nationals is currently prohibited under the Ecuadorean constitution. This legislation would also streamline judicial processing of drug cases, assets seizures and disposals of precursor chemicals; clarify and expand operational responsibilities of drug enforcement authorities; and expand drug prevention and rehabilitation programs. Passage and implementation of the proposed legislation is necessary for Ecuador to implement the 1988 U.N. Convention.

Coca eradication in Pichincha province and northern border areas will continue in 1990. The GOE plans to conduct aerial reconnaissance of coca growing areas several times this year to ensure that any newly discovered plants are promptly destroyed.

Better mobility and communications, more efficient use of drug detector dogs, and drug inspection and interdiction training have improved seizure rates, particularly at airports. As part of this effort, Interpol and the Customs Police are seeking donor support for more vehicles, training, communications equipment and drug detector dogs, and funds to establish a dog training facility in 1990. U.S. and U.K. customs experts have both scheduled anti-narcotics training programs for Military Customs Police (PMA) and Interpol officials in early 1990.

The National Police announced plans in October to establish integrated 24-hour police control posts in five (and eventually eight) key drug transit "choke points". The GOE has requested donor support to equip and operate the outposts. In November, the U.S. Embassy helped launch a donor consultative group that is working to develop a coordinated response to the GOE's request.

Drug seizures from riverine operations were only a few kilograms in 1989, although the police confiscated illegal weapons and contraband. As the riverine program expands into new drug transit areas, with more and better boats, radio equipment and more training and experience, we expect results to improve. An inland riverine program and U.S.-provided training for joint police/army interdiction teams in the Amazon jungle area began in January 1990.

A.4. Adequacy of Legal and Law Enforcement Measures

Despite increased police investigations and arrests, judicial corruption and inefficiency continue to hamper effective enforcement of drug laws. Current legal procedures leave poorly paid and inexperienced judges subject to bribes and intimidation. Assets seized are rarely available for use by drug enforcement authorities, despite the existence of limited asset forfeiture laws. Money laundering controls remain weak. Under Ecuadorean law, individuals may be prosecuted only for actual possession of drugs. Current legislation does not permit wiretaps, tracking of financial assets or prosecution on conspiracy charges. Police are therefore restricted in undercover and other operational techniques.

Many of these constraints are addressed in the draft drug law. In the meantime, a police chemicals control unit has begun tracking chemical imports and diversion, and some controls on money laundering have already been enacted administratively. Banking authorities claim that they investigate suspect banks' sources of income and have shut down or refused to grant charters to institutions suspected of handling drug money. The GOE has requested U.S. assistance and advice on banking reforms to inhibit money laundering and expressed interest in negotiating a tax information exchange agreement, customs agreement and Mutual Legal Assistance Treaty, once suitable models are available. The current bilateral narcotics agreement between the U.S. and Ecuador satisfies the requirements of the Chiles Amendment.

The Borja Government has been particularly outspoken against judicial and law enforcement corruption. In one instance, Ralph Abrahamson, one of Ecuador's major traffickers, was released on the order of two judges. Several dozen judges and enforcement officers have been publicly investigated and removed from office over the last year, some in connection with drug-related offenses.

With regard to the requirements of Section 2013 of PL 99-570, the Government of Ecuador does not encourage or facilitate the production or distribution of illicit narcotic psychotropic drugs or other controlled substances.

A.5. Domestic Drug Abuse

While reliable figures on drug abuse among Ecuadoreans are not available, the U.S. Embassy believes that cocaine use is low. Mixing coca paste with tobacco or marijuana for smoking is more common. A recent study on drug and alcohol abuse in Ecuador indicates that 7.4 percent of Ecuadorians between the ages of 10 and 65 use stimulants of some kind, which would include cocaine and coca products; 7.5 percent use tranquilizers; 8.5 percent use inhalants; and 9.5 percent use marijuana. Many authorities believe the poll results understate the extent of drug abuse and addiction in Ecuador.

The GOE issued a drug control and prevention strategy in February which calls for increased drug education, awareness and prevention programs. <u>Fundacion Nuestros Jovenes</u>, a private USAID-funded drug prevention agency, conducts drug education and prevention programs, conferences, seminars and research into drug issues in Ecuador and the region. USAID also supports a Ministry of Education project to introduce drug education into public school curriculum. The United Nations Fund for Drug Abuse Control (UNFDAC) supports drug awareness programs as well.

B.1. Nature of Illicit Drug Production

Coca production in Ecuador is minor, totaling not more than 300 hectares, according to most estimates. Coca cultivation and processing is illegal in Ecuador and there is no tradition of coca use, nor is there a guerrilla presence linked to drug production and trafficking. Coca cultivations discovered on the eastern border with Colombia were successfully destroyed in persistent eradication efforts in the mid-1980s. Coca found in the Pacto area of Pichincha province appears to be largely wild, random and difficult to reach. The discovery of young coca seedlings on the western Colombian border, camouflaged under banana, yuca and cacao bushes, was the first indication of new, potentially commercial-scale planting within Ecuador in recent years. All that was found was eradicated and ground and river patrols are expected to return to the area for more extensive surveys. Aerial reconnaissance over the Ecuadorian Amazon and along the eastern border with Peru revealed no new cultivations.

B.2. Factors Affecting Production

Ecuador itself does not have a tradition of coca use or processing. Both are illegal. Although Ecuador has jungle areas were the climate and altitude are suitable for coca production, the terrain is sufficiently mountainous and rugged to discourage commercial production. We believe that most of the coca found in Ecuador is cultivated by Colombian growers.

B.3. Maximum Achievable Reduction

GOE enforcement agencies eradicate the coca cultivations they find. A regular program of aerial reconnaissance should keep Ecuador free of significant commercial coca cultivations for the foreseeable future.

B.4 Methodology for Estimates

Leaf metric tons (mt) production calculations are based on 1.5 mt per hectare, roughly the conversion figure used elsewhere in the region; no specific local conversion data is available.

C.1. Statistical	Tables			· · · · · · · · · · · · · · · · · · ·	·····	1
A. SUMMARY TABLES for CY		1990 est.	1989	1988	1987	1986
COCA						
Cultivation	[ha]	180	240	300	510	595
Eradication	[ha]	10	60	60	110	185
Harvested	[ha]	170	180	240	300	410
Leaf						
Harvested	[mt]	170	270	396	400	677
Paste						
Exported	[mt]			3	_	
Base/HCL						
Produced	[mt]	2.5	1.5	1.0	-	•
B. DATA TABLES fo	or CY	1990 est.	1989	1988	1987	1986
Cultivation (Gross)		CSL.				
Coca leaf	[ha]	180	240	300	510	595
Potential Prod (Gross)	шај	100	240	300	910	บอยู
Coca leaf	[mt]	270	360	495	677	1,700
Hectares Eradicated	[mc]	210	500	400	0.77	1,100
Coca leaf	[ha]	10	60	60	110	185
Crops Eradicated	[HA]	10	. 00		110	100
Coca leaf	[mt]	10	90	99	182	1,018
Net Cultivation	firitel	. 10	30	: J <i>U</i>	102	1,010
Coca leaf	[ha]	170	180	240	300	410
Net Production	[maj	,±10,	100	240	500	410
Coca leaf	[mt]	170	270	396	400	677
Seizures						
Paste, HCL	[mt]	0.2	0.5	0.2	0.2	0.5
Marijuana	[mt]	0.2	0.0	-	0.2	
marjuana	firm	0.2		· -		
Arrests						
Nationals		3,000	2,700	2,200	2,700	1,800
Foreigners		150	120	60	30	100
Total Arrests		3,150	2,820	2,260	2,730	1,900
Labs Destroyed						
Cocaine		5	2	3	3	20

PARAGUAY

A.1. Status of Illicit Narcotics Production and Trafficking

Increasing pressure against trafficking organizations in Colombia, Peru, and Bolivia may be creating a more extensive trafficking problem in Paraguay. It remains a country through which cocaine is shipped to the United States and Europe.

There were no reliable figures on the extent of cocaine trafficking, but estimates range from 500 to 1,000 or more kilograms (kgs) per month. In August 1989, a 200 kgs shipment to the U.S. was seized. Most cocaine arrives in Paraguay from Bolivia via small planes which land at grass airstrips in the sparsely populated Chaco region. Cocaine also enters by land across the ineffectively controlled border with Bolivia. Cocaine may enter Paraguay from Brazil through the areas of Ciudad del Este and Pedro Juan Caballero on the eastern border. Cocaine leaves Paraguay by land to Brazil and Argentina, by international air routes, or in sea shipping containers. There is no known coca cultivation in Paraguay.

Marijuana is grown primarily in the rugged terrain of Amambay and Canendeyu departments on the border with Brazil, with smaller cultivations found in Concepcion and Alto Parana departments. Repeated aerial eradication sponsored by the U.S. and complementary manual eradication by the Paraguayan Government destroyed most commercial crops and discouraged new plantings. Virtually all the cannabis cultivated in Paraguay goes to neighboring countries, principally Brazil.

There are credible indications that money laundering may take place in Paraguay, but the extent is unknown. The combination of liberal banking laws (banking confidentiality is respected and dollar accounts are allowed) and a sophisticated financial structure (Paraguay's relatively small economy is served by 24 different banks and numerous currency exchange houses) makes Paraguay an attractive alternative for money laundering.

A.2. Accomplishments in 1989

During 1989 the Government of Paraguay (GOP) took substantial steps forward in anti-narcotics cooperation with the U.S. Three days after the February 2 coup which ended the 34-year rule of General Alfredo Stroessner, General Andres Rodriguez publicly stated his commitment to combat narcotics trafficking. He has underscored that commitment several times, and in his address at the United Nations General Assembly in October, endorsed President Bush's anti-narcotics efforts.

The Rodriguez Government cooperated with the U.S. in a joint program of eradication of illicit cannabis cultivation. In April and November (the two key marijuana growing periods), Thrush spray aircraft of the Department of State Bureau of International Narcotics Matters (INM) -- with the assistance of the Paraguayan narcotics police (DINAR) -- located and eradicated 356 hectares. The armed forces cooperated with U.S. Drug Enforcement Administration (DEA), U.S. Defense Department, and U.S. Embassy officers in carrying out aerial reconnaissance for airstrips used by traffickers, and possible cocaine laboratories along the Bolivian border in the Chaco department.

DINAR cooperated with DEA to seize cocaine transiting through Paraguay. In addition to one large seizure, DINAR made a number of small seizures at the Asuncion international airport. These seizures were attributable to training given to DINAR by the U.S.

In August, the Paraguayan Government signed an amendment to the 1987 bilateral anti-narcotics agreement with the U.S. The amendment provided for expanded U.S. material support for DINAR to facilitate more effective anti-narcotics operations.

The tough anti-narcotics law, drafted with USG assistance in 1988, entered into force at the beginning of 1989.

Paraguay provided regional leadership within the Southern Cone by hosting the planning conference for the seventh International Drug Enforcement Conference (IDEC) narcotics enforcement exercise.

The government stepped up drug abuse prevention efforts, and welcomed increasing activities in this area of non-governmental organizations. The USG encouraged the non-government organizations to strengthen coordination, and helped produce a national drug abuse prevention poster, which the government agreed to distribute.

A.3. Plans, Programs and Timetables (1990)

Early in 1990, the USG expects to sign a new bilateral agreement providing for continued assistance to Paraguayan narcotics control efforts. Efforts will be aimed at increasing enforcement efforts against cocaine traffickers rather than eradication of the already substantially reduced marijuana crop. Efforts will be made to build on initial steps taken during 1989 to expand cooperation with the armed forces. The USG will work with the Paraguayan Government to bring about legislation and regulations to counter suspected money laundering. Continued efforts will be made to heighten public awareness of the narcotics problem to increase support for anti-narcotics efforts and develop a national drug abuse prevention program, in concert with appropriate private organizations. The U.S. will encourage effective prosecution by the Paraguayan Government of those who have been detained, but not yet tried, for narcotics-related offenses.

A.4. Adequacy of Legal and Law Enforcement Measures

The anti-narcotics law that took effect at the beginning of 1989 provides stiff prison sentences of up to 25 years for producing, selling, or trafficking in illegal substances, including precursor chemicals. It requires registration of all pharmacies, pharmacists, doctors, pilots, while and airplanes, stipulating penalties non-compliance. The law provides for the seizure by the GOP of assets used in the commission of narcotics offenses. The legislation creates a national organization for prevention of drug abuse and rehabilitation of addicts. The law does not deal with the problem of money laundering, but discussion is underway regarding possible reform of the banking laws. Towards the end of the year, the Paraguayan Government increased the publicity given to its anti-narcotics efforts. The requirement that all owners of airstrips register with DINAR, as well as the penalties for not doing so, were emphasized publicly.

President Rodriguez's public statements have underscored his support for anti-narcotics efforts, and senior officials have echoed his statements. While DINAR stepped up its activities, almost all actions resulted only in small seizures. Efforts are underway to bring about larger seizures.

The GOP has taken some steps to eliminate drug-related bribery and corruption, but more must be done in this area. The GOP has not sought to block any drug-related investigations in which U.S. authorities have been involved. Information linking some officials to narcotics trafficking has not yet resulted in sufficient evidence to bring about prosecution.

Most individuals arrested and detained for narcotics-related offenses have not yet been tried, including Roberto Paredes, a Paraguayan pilot arrested in 1988 and considered the most important Paraguayan trafficker arrested in many years. This reflects the general inadequacy of the Paraguayan courts; about 90 percent of all persons detained in Paraguay have not been tried. The Paraguayan Government needs to make special efforts to complete prosecution of narcotics-related offenders, particularly those who have been involved in major cases.

With regard to the requirements of Section 2013 of PL 99-570, the Government of Paraguay does not encourage or facilitate the production or distribution of illicit narcotic psychotropic drugs or other controlled substances. No senior official has been indicted for narcotics-related corruption.

A.5. Domestic Drug Abuse

While Paraguay does not yet have a major problem in comparison to most other Latin American countries, drug abuse grew during 1989. A survey done between 1984 and 1986 indicated that thousands of secondary and university students are occasional users of drugs. Drugs used were mostly pharmaceutical stimulants and depressants, marijuana to a lesser extent, and cocaine even less. Four percent of the students admitted having tried cocaine. The proliferation of non-governmental organizations concerned with drug abuse prevention reflects growing public awareness of the problem. DINAR as well as the Ministries of Health and Education have called attention to the problem and the importance of national drug abuse prevention programs.

B.1. Nature of Illicit Drug Production

Marijuana, the only illicit substance produced in Paraguay, is grown in the fertile but rugged terrain on the Brazilian border, far removed from the center of government control. Many observers allege that Brazilians contract Paraguayan peasants to produce the marijuana, which is transported to Brazil. Government estimates last year that 3,000 hectares were under cultivation proved to be substantially exaggerated. Aerial surveys during 1989 found approximately 375-425 hectares under cultivation; most of this was eradicated by U.S.-Paraguayan joint efforts. There have been unconfirmed reports that cocaine processing labs may be located in Paraguay, but none have been discovered.

B.2. Factors Affecting Production

Aerial eradication of cannabis by INM aircraft, in cooperation with DINAR, has reduced cultivation. Seizure of marijuana in the countryside and arrests have been well-publicized.

B.3. Maximum Achievable Reductions

Operations both by air and ground eradicated the vast majority of the cannabis known to be under cultivation as a result of aerial surveying. DINAR plans to continue manual eradication efforts.

B.4. Methodology for Estimate

Estimates in statistical tables are based on eradication totals achieved in 1989, data provided by the DINAR, and U.S. Embassy information.

PARAGUAY

C.1. Statistical Tables							
A. SUMMARY TABL	ES for CY	1990 est.	1989	1988	1987	1986	
CANNABIS		Cou			ı		
Cultivation	[ha]	425	425	3,000	3,000	3,000	
Eradication	[ha]	410	388	35	-	-	
Harvested	[ha]	15	37	2,965	3,000	3,000	
Yield	[mt]	15	37	2,965	3,000	3,000	
B. DATA TABLES fo	or CY	1990 est.	1989	1988	1987	1986	
Cultivation (Gross)							
Cannabis	[ha]	425	425	3,000	3,000	3,000	
Potential Prod (Gross)							
Cannabis	[mt]	425	425	3,000	3,000	3,000	
Hectares Eradicated							
Cannabis	[ha]	410	388	35	'	-	
Crops Eradicated							
Cannabis	[mt]	410	388	35		-	
Net Cultivation							
Cannabis	[ha]	15	37	2,965	3,000	3,000	
Net Production							
Cannabis	[mt]	15	37	2,965	3,000	3,000	
Seizures							
Cocaine	[mt]	0.425	0.234	0.200	0.020	0.039	
Marijuana	[mt]	9.000	8.038	250.000	141.000	18.000	
Other Cannabis	[mt]	0.005	0.001	-			
Other Drugs	[mt]	· <u>-</u>	. •	•	•	-	
Arrests		250	210	250	226	124	
Users (thousands)							
Cocaine		-	-	• ,		-	
Marijuana				-	-		
Other Drugs		•	-				

Notes:

(1) The 1988 cultivation figures were subsequently shown to be over-estimated.

(2) GOP authorities estimate that one hectare of cultivation yields

one metric ton of cannabis.

(3) The much larger seizure figure for 1988 reflects absence of aerial eradication during that year.

PERU

A.1. Status of Illicit Narcotics Production and Trafficking

Peru is the world's leading producer of coca, with an estimated 120,415 hectares of both licit and illicit coca under cultivation. The best estimates compiled from local sources reveal that approximately 65 percent of the total amount is grown in the Upper Huallaga Valley (UHV). Approximately 10,000 hectares of the total amount is licit cultivation, located in the Cusco region of Peru, although about 18,000 hectares are licensed by the Government of Peru (GOP) for legal cultivation. After deducting coca intended for licit use, an estimated 1,077 metric tons (mt) of coca paste are produced, primarily for shipment to neighboring countries for further processing into cocaine hydrochloride (HCl). GOP estimates indicate that coca cultivation continues to spread, both within the UHV and in other remote river valleys, also beyond government control.

Operators of coca paste and base producing labs have little difficulty obtaining necessary precursor chemicals, since kerosene, sulfuric acid, potassium permanganate, and ammonia are produced in Peru and have too many commercial uses to be controlled. Imports of ether and acetone, the two key chemicals used for converting cocaine base into cocaine HCl, are monitored by the GOP. However, after the chemicals have arrived in Peru, controls break down during resale.

The vast bulk of coca base and lesser amounts of paste are smuggled out of Peru to Colombia and Brazil in small aircraft. Traffickers also use river craft, sea-going vessels, vehicles, and pack animals. Peru's long and unpatrolled border and coastline afford the traffickers countless exit points.

Escalating attacks by insurgents and narcotics traffickers, a serious economic crisis, and approaching presidential elections dominated 1989, impeding progress in reaching narcotics control goals and objectives set at the beginning of the year. On February 10, Peruvian field operations were temporarily suspended in the UHV until security measures to adequately protect Peruvian police bases and personnel could be implemented. In addition to security measures, training requirements designed to upgrade the proficiency levels of Peruvian National Police (PNP) anti-narcotics field commanders, troops, aviation pilots, and mechanics were required, resulting in more than seven months of suspended operations. Peru's geography severely complicated operations involving aircraft this year; an airplane accident caused the loss of nine lives and one airplane in May 1989. Unpredictable weather in the UHV and daily trips over the 20,000 foot Andes remain as additional impediments to Peru's drug control operations.

A.2. Accomplishments in 1989

Anti-narcotics interdiction efforts in Peru followed much the same targeting strategy as in 1988: i.e. to locate and destroy or disrupt the most profitable aspects of narcotics trafficking in Peru, focusing on cocaine base/HCl processing facilities and the transshipment sector. The overall success of operations in 1989 was hindered by more than seven months of suspended operations, due to the escalation of violence by the <u>Sendero Luminoso</u> (SL) and <u>Tupac Amaru</u> (MRTA) insurgent and trafficker groups which occupy the UHV. During the seven months of suspended operations, the Peruvian Government, with support from the USG, undertook a major construction and security upgrade program for the police anti-narcotics base at Santa Lucia in the UHV. Subsequent to the basic completion of this base, interdiction activities resumed in September 1989.

Seizures resulting from interdiction operations in 1989 were substantially reduced as compared with the previous year. The U.S. Embassy believes that security enhancements achieved during the stand-down, plus increased funding assistance to the Peruvian military and police, will translate into greater efficiency in CY 1990 and assure development of a capability to mount daily and multiple interdiction actions against narcotics targets during all of 1990.

There has also been a significant downward trend in prices for coca paste and cocaine base sold in Peru, which roughly coincided with the Colombian Government's crackdown on traffickers in mid-August 1989. Prices for coca derivatives during 1988 and until August 1989 were fairly stable, averaging approximately \$350/kg for coca paste and \$1,050/kg for cocaine base. Post-August 1989 prices have been significantly lower on average, at \$180 and \$850 respectively. In some areas, there are indications that insurgents have organized coca leaf and paste producers to drive up the price of these commodities.

The UHV is a military emergency zone, under the command of a political-military zone commander. In 1989, the zone commander put restrictions on counter-narcotics interdiction in some areas by requiring advance notice of PNP operations. These restrictions created pockets of intense trafficking activity centered around certain urban areas in the UHV. Ostensibly, these measures were to ensure that PNP anti-narcotics operations did not conflict with military counterinsurgency operations. There is evidence indicating that the UHV Peruvian military command tolerates trafficker activity in order to gain the cooperation of traffickers and coca cultivating peasants in developing intelligence on the SL and MRTA insurgents. However, in August 1989, traffickers began relocating from these areas in an attempt to cut costs at a time of softening prices and reduced profitability. The Government of Peru has given assurances that the situation will be monitored closely, and appropriate actions taken.

The newly reinforced PNP base at Santa Lucia improved interdiction results by relocating anti-narcotics operations to the center of the UHV, thus sharply reducing travel time and increasing the range of activity. Opening the airfield at Santa Lucia, more than any other factor, allowed helicopters to be used for operational rather than logistical support missions. Nevertheless, some problems with fixed-wing air support to Santa Lucia reduced the benefits of the newly constructed airfield by delaying delivery of supplies, equipment and fuel. Helicopter maintenance is still being conducted at the Peruvian PNP base in Tingo Maria, while complete support facilities are built at Santa Lucia, resulting in lost helicopter time ferrying mechanics and spare parts between Tingo Maria and Santa Lucia.

The U.S. Coast Guard loaned a C-130 transport to provide a logistical air bridge between Lima and Santa Lucia for two months to facilitate the completion of the base. In 1989, the U.S. Defense Department provided a mobile training team (MTT) to train PNP elements in perimeter security and paramilitary tactics to improve their interdiction operations.

Despite serious political and environmental concern over herbicide testing, the Peruvian multi-sectoral scientific commission on herbicides moved ahead with a major study of aerially-applied coca herbicides. Based on the results to date of soil/water analyses and on-site technical evaluations, it appears that an environmentally safe and effective coca herbicide has been found. Politically, however, a decision on a regular aerial herbicide program is not likely to be taken before a new Peruvian Government takes office in July. Further tests are anticipated in mid-1990.

Manual eradication operations by the Peruvian Coca Reduction Agency (CORAH) accounted for 1,285 hectares of coca destroyed during the first forty days of CY 1989. Had the pace been sustained, a planned 12,000 to 15,000 hectares could have been eradicated. Security considerations, the need to build the Santa Lucia base, and political reservations on the part of the GOP required the seven-month stand-down of all counter-narcotics activity in the Upper Huallaga Valley. Eradication efforts have not been resumed since all available resources are now focused on interdiction.

Providing security, setting up modular buildings and developing a 1,500 meter runway were all major achievements of a collective effort by Peruvian and U.S. entities in 1989. Fifteen Peruvian-directed sub-projects addressed every equipment/material requirement at the base, from convoying heavy construction equipment over a high risk road to diverting the Huallaga River with earthworks to provide a gravel site for runway construction. Other major goals achieved were: establishing a permanent air bridge between Lima and the UHV to airlift personnel and essential resources; resolving medical, health and water problems; constructing living quarters at Tingo Maria and Santa Lucia; developing the telecommunications link and; laying out bunkers and towers for perimeter defense.

The AID-supported Upper Huallaga Area Development Project (PEAH) continued to complement drug law enforcement and coca eradication efforts but at a significantly reduced level of activity. The slowdown was due to continued deterioration in area security, to corresponding reductions in both GOP and USG official presence and inability to travel in the area, and the faltering Peruvian economy.

PEAH has signed agreements to rent heavy equipment to CORAH for construction of the airstrip at Santa Lucia; to secure agriculture research expertise from the Ministry of Agriculture; to obtain agricultural training from the staff of the National Agriculture University; and to request mapping and sociological data analysis from other GOP agencies. PEAH's work on eradicated land has come to a nearly complete halt because of the suspension of the eradication program. The coca economy of the UHV has driven prices of fertilizers, insecticides, and manual labor beyond the means of most legitimate farmers.

A.3. Plans, Programs and Timetables (1990)

The general economic crisis in Peru and continued high demand for coca leaf are the prime incentives to increased coca production. The individual farmer who opts to cultivate coca is only one part of the narcotics economy. Small businessmen in towns sell the tools, spray equipment, herbicides and fertilizers; carpenters, electricians and roofers build the laboratories; and finally, hired guns protect loads of coca derivatives being processed at labs or transported to airstrips. Attacks by insurgent groups complicate the situation further, requiring coordinated police/military efforts to regain control of the valley. It is expected that increased U.S. funding and training assistance in 1990 will be able to overcome these obstacles to a limited extent by addressing not only the enforcement, but also the economic aspects of the problem.

The greatest threat to the Santa Lucia Base (SLB) is <u>Sendero Luminoso</u> which, according to information provided by Peruvian National Police and DEA sources, currently fields some three hundred to five hundred armed guerrillas in the neighborhood of the base. As recently as late December, SL mounted serious attacks against a PNP site at Nuevo Progreso, within 10 km of the Santa Lucia Base.

The Peruvian armed forces have been reluctant to become involved directly in counter-narcotics efforts in the UHV. The military holds that interdiction and eradication are constitutionally designated police, not military functions. Since establishment of an emergency zone and the naming of a political/military commander in April 1989, the army's primary objective has been to sever the links between

the traffickers and the insurgents, and then eliminate the insurgency from the Valley. In early 1990, the Peruvian military stated its willingness to become more directly involved in counter-narcotics operations by providing security in the high threat area of the UHV. Participation by the Peruvian military will allow police narcotics enforcement operations to expand into areas currently occupied by SL and MRTA.

A.4. Adequacy of Legal and Law Enforcement Measures

The Peruvian system of jurisprudence and law enforcement provides a systematic hierarchy of checks and balances. The Napoleonic code-based legal system does not have provisions for undercover operations, civil forfeiture or conspiracy statutes. Law enforcement, including the initial investigation of cases, falls under the direction of the Ministry of Interior. Additional investigation and the prosecution of cases are pursued by state prosecuting attorneys who work for the Public Ministry, a separate cabinet level agency. Judgment and sentencing fall under the responsibility of the National Judicial Authority, also separate from the Interior and Public Ministries, and the incarceration of those convicted falls under the jurisdiction of the Justice Ministry.

With regard to the requirements of Section 2013 of PL 99-570, the GOP does not encourage or facilitate the production or distribution of illicit narcotic psychotropic drugs or other controlled substances. No senior official has been indicted for narcotics-related corruption. The government's enforcement of laws prohibiting bribery and public corruption in narcotics enforcement is sporadic but can be vigorous. In those instances where evidence of corruption within police ranks was established, the government took decisive action to correct the problem. However, in light of Peru's ongoing economic crisis and the GOP's inability to pay judges and law enforcement personnel salaries adequate to resist traffickers' pressures, corruption will continue to be a major impediment to curbing the drug trade. Many police and military officials operating in the UHV are also likely to succumb to traffickers' bribes.

Peru is not a significant money laundering center. The Civil Guard (GC) and Technical Police (DINTID), which are units of PNP, have jurisdiction over asset forfeiture and seizure statutes. Peru's extradition treaty with the U.S. does not permit the extradition of either country's nationals for drug offenses. Efforts are underway to open negotiations for a new treaty.

During the past year and a half, DINTID has been reorganized to provide a framework for major drug enforcement efforts that closely coincide with U.S. priorities. DINTID has groups that investigate major traffickers, precursor chemicals and financial transactions, as well as one group specializing in the use of technical equipment.

DINTID intelligence concentrates on major traffickers and has identified thirteen Peruvian organizations supplying cocaine base and HCl to Colombia, the United States and several European countries. DINTID operational groups have successfully immobilized three of these targets during the past year. DINTID has also worked closely with the U.S. Drug Enforcement Administration (DEA) to control precursor chemicals, responding to new U.S. laws for controlling precursor chemical shipments and to the 1988 U.N. Convention Against Illicit Trafficking in Narcotic Drugs and Psychotropic Substances.

The current bilateral narcotics agreement between the U.S. and Peru satisfies the requirements of the Chiles Amendment.

Peruvians overwhelmingly believe that the problem of drug abuse is increasing in their country. A 1988 study by the Center for Drug Education and Information (CEDRO) reported that three-quarters of Peru's population think that consumption is growing. The reason most often given by respondents holding this opinion is seeing more addicts (47 per cent), but a substantial portion (16 per cent) also link the increase in consumption to a perceived increase in narcotics trafficking. Moreover, most respondents who think that consumption is increasing link that judgment to a widespread availability of drugs in Peru.

Three efforts at drug abuse prevention are underway in Peru. The USAID-financed group CEDRO has organized most of them. CEDRO was designated as a clearinghouse and documentation center during an international meeting on community and drug abuse prevention recently. Two other sets of efforts underway involve other private sector organizations and many public sector groups.

B.1. Nature of Illicit Drug Production

The coca boom in the UHV commenced about a decade ago due to consecutive crop failures of cotton and rice, as well as the decline in world coffee prices. The driving force behind the deforestation and expanded cultivation of coca is the high price paid for dry coca leaf for clandestine processing into paste, base and cocaine HCl. Other factors which may enhance coca production statistics include coca leaf diverted from legally licensed plots and illicit coca cultivated in remote areas outside the UHV. So far, the UHV lacks the infrastructure to support traditional agriculture or industry. Narcotics traffickers are providing their own infrastructure by offering processing sites, delivering processing chemicals and picking up the finished product, and paying in cash at high prices.

B.2. Factors Affecting Production

The poor state of the Peruvian economy has been a primary contributing factor to the continued expansion of coca cultivations and cocaine processing in Peru. In the UHV, enforcement operations to suppress narcotics trafficking and cultivation have been impeded by the worsening security situation brought on by the violence of the SL and MRTA. Incidents of cooperation between insurgent groups and traffickers have also brought greater organization to the illicit narcotics economy in the UHV.

B.3. Maximum Achievable Results

CORAH was specifically created and funded to mount an intensive crop control strategy against coca cultivation in consonance with the PEAH project. PEAH was designed to encourage licit agricultural crops as alternatives to coca. In February 1989, deteriorating security in the UHV forced the stand-down of eradication operations and a slowdown of PEAH projects. Until the security situation is addressed, initiatives to interdict and eradicate narcotics will be difficult to implement. Alternative development projects have no chance of success without some form of government control over the affected areas.

B.4. Methodology for Estimates

Coca plant yield per hectare is 25 arrobas per harvest (one arroba equals 11.36 kgs). Peruvian coca growers average four harvests per year. Average manual yield per hectare per year is 1,140 kgs. During the last three months of 1988 and January of 1989, CORAH workers, armed with brush trimmers and machetes, on a typical day (40 machines, 90 machetes) could average 100 hectares. Discounting weather, maintenance and security problems, 20 days per month of work would be typical and 24,000 hectares of mature plants potentially eradicated is theoretically possible. However, due to the unclear future of the manual eradication program and the undetermined goals of any herbicide program, a 6,000 hectares goal for 1990 is more realistic.

B. Methodology for Production Estimates

1 hectare yields 1.14 metric ton of dry leaf per year.

115 kgs dry leaf yields 1 kg coca paste.

2.8-3.0 kgs paste yields 1 kg cocaine base.

1.0 kg base yields 1 kg cocaine HCl.

(The leaf for 1 hectare could produce 9.9 kgs of paste or 3.3-3.5 kgs of cocaine base or HCl.)

C.1. Statistical	Ladies					
A. SUMMARY TABLE	S for CY	1,990 est.	1,989	1988	1987	1986
COCA						
Cultivation	[ha]	132,457	120,415	115,630	109,500	107,500
Eradication	[ha]	6,000	1,285	5,130	355	0
Harvested	[ha]	126,457	119,130	110,500	109,145	104,925
Leaf						
Harvested	[mt]	108,544	124,408	110,500	109,145	104,925
Loss Factor	[mt]			-		•
Seized	[mt]	1,360	444	104		•
Consumed	[mt]	136	136	200		
Avail. for conversion	n [mt]	107,048	123,828	110,196		•
Paste						
Seized	[mt]			9		•
Consumed	[mt]			1	-	. •
Avail. for refining	[mt]	787	1,077a	540	•	•
B. DATA TABLES for CY		1,990 ost.	1,989	1988	1987	1986
Cultivation (Gross)		Cat.				
Coca leaf	[ha]	132,457	120,415	115,630	109,500	107,500
Potential Prod (Gross)	נומן	102,407	120,210	110,000	200,000	401,000
Coca leaf	[mt]			115,630	109,500	107,500
Hectares Eradicated	firmel			110,000	103,000	101,000
Coca leaf	[ha]	6,000	1,285	5,130	355	0
Crops Eradicated	[HA]	0,000	1,200	0,100	000	U
Coca leaf	[mt]			5,130	355	0
Net Cultivation	[mre]			0,100	000	J
Coca leaf	[ha]	126,457	119,130	110,500	109,145	104,925
Net Production	[na]	120,407	119,100	110,000	105,145	10-1,020
Coca leaf	[mt]	108,544	124,403	110,500	109,145	104,925
Refining	[TITO]	100,011	124,400	110,000	100,140	104,020
.—	[mt]			442	530	370
Coca paste	[IIII]			7:12	550	310
Seizures					•	
Coca	[mt]			500.00	400.00	450.00
Cocaine	[mt]		0.30	0.06	0.03	0.02
Other Coca	[mt]		1.80	9.50	5.70	38.00
Omer Coca	fmr		1.50	2.00	0.10	00,00
Arrests			1,275	8,000	7,212	5,817
Labs Destroyed						
Cocaine			49	75	24	19
B. DATA TABLES for CY		1,990 est.	1,989	1988	1987	1986
Domestic Consumption						

C.1. Statistical Tables							
Coca Cocaine Other Coca	[mt] [mt] [mt]	10,000	10,000	10,000 0.03 1.50	10,000 0.02 1.00	10,000 0.01 0.50	
Licit Production Coca	[mt]	17,913	17,913	17,913	17,913		
Users (thousands) Coca Cocaine Other Coca		3,000	3,000	3,000 141 215	3,000 138 211	3,000 135 207	

(a) Using the paste-to-HCl conversion ratio 2.8-3.0 kg of paste to 1 kg of base, this would equate to 359 to 385 metric tons of HCl, with a mid-point figure of 373 metric tons of HCl. Of the paste produced, an estimated 90% (336 mt) is exported to Colombia for conversion to HCl. The remaining 10% (37 mt) is converted to HCl in Peru.

VENEZUELA

A.1. Status of Illicit Narcotics Production and Trafficking

Current estimates from United States Drug Enforcement Administration (DEA) and Venezuelan law enforcement agencies indicate that significant quantities of cocaine are moved through Venezuela en route to the U.S. and Europe. DEA believes the annual total might now reach 60 to 80 tons annually. (For example, in November 1989, Venezuelan police seized two tons of cocaine in one operation.) Cocaine transiting Venezuela is controlled principally by Colombian traffickers, who sometimes work with Venezuelan criminal elements. Typically, small aircraft fly the drug into Venezuela for transshipment to the Venezuelan coast. From Venezuela the narcotics move in containerized vessels, in small ships, by private aircraft and by commercial air carriers. Venezuelan police report that they frequently discover "mules" with two to twenty kilogram (kgs) loads bound for the U.S. and Europe at Caracas' international airport.

There is no evidence of large scale narcotics production, cultivation, or processing in Venezuela. Most of the narcotics which transit Venezuela originate in Colombia. Movement of essential precursor chemicals through Venezuela to Colombia and other countries is a serious concern of the Government of Venezuela (GOV). Real estate purchases by narcotics traffickers have raised fears that Venezuela is increasingly threatened by trafficker wealth and corrupting influence.

A.2 Accomplishments in 1989

In October and November of 1989, Venezuelan authorities conducted an effective eradication operation in the Perija Mountains near the western border with Colombia. In a joint effort, Venezuelan Army, Air Force and Police destroyed several tons of cannabis. Continuing interdiction efforts produced a steady number of arrests and seizures at airports.

Venezuelan National Police are in the final stages of constructing a major drug detector dog training center, funded by the U.S. The police plan to graduate the first class in the spring of 1990.

Although Venezuela has been a strong backer of the 1988 U.N. Convention Against Trafficking in Illicit Narcotics Drugs and Psychotropic Substances, it has not yet ratified the Convention. The GOV has been ambivalent in responding to repeated, strong U.S. requests for extradition of narcotics-related Venezuelan criminals. While government officials have pledged cooperation, no traffickers have yet been extradited to the U.S.

A.3. Plans, Programs and Timetable (1990)

Resources are needed to support Venezuelan efforts in interdiction, investigation of money laundering and the control of the movement of essential precursor chemicals. In interdiction, U.S. Government efforts will focus on developing specialized intelligence and investigative expertise to attack a substantial movement of cocaine by containerized shipping. The U.S. will provide specialized expert training teams. We expect the GOV to request the use of Department of State Bureau of International Narcotics Matters (INM) Thrush spray aircraft in order to update the aerial survey used to eradicate cannabis in the Perija.

The U.S. seeks Venezuelan press and Government support for American anti-drug policies through media placement and other activities. Among other projects, USIS will sponsor the visit of two experts on money laundering to assist the law enforcement and banking communities in detecting this key element of the drug trade. Exchange programs will be used to give the Venezuelan public first-hand knowledge of U.S. drug control efforts.

A.4. Adequacy of Legal and Law Enforcement Measures

With regard to the requirements of Section 2013 of PL 99-570, the Government of Venezuela does not encourage or facilitate the production or distribution of illicit narcotic psychotropic drugs or other controlled substances. No senior official has been indicted for narcotics-related corruption.

The USG receives excellent cooperation from the GOV in joint efforts to interdict narcotics and disrupt trafficker activities. Existing provisions of Venezuelan law allow effective anti-narcotics enforcement. However, no legal apparatus exists to control money laundering. DEA believes that Venezuela has a high potential to be a major money laundering facility.

While there is an extradition treaty in force between the U.S. and Venezuela, the GOV has not responded positively to any United States Government formal extradition requests. The GOV has indicated support for U.S. objectives but there have been no concrete results to date. The U.S. Embassy knows of no instances where other countries have made narcotics-related extradition requests of the GOV.

A.5. Domestic Drug Abuse

There is no organized procedure for recording or estimating the domestic drug abuse in Venezuela. There is some degree of public interest in the subject, however, which is reflected in the activity of private organizations such as the Fundacion Jose Felix Ribas, which receives some government funding support. The only hard information regarding incidence or patterns in drug abuse comes from the dramatic surge seen in National Guard bazuco seizures (coca paste used for smoking) between 1986 and 1989, with an increase from 51.4 kgs in 1986 to more than 454.9 kgs in 1989. Marijuana seizures by the National Guard have tended to fluctuate (2,426 kgs in 1988 and 8,390 kgs through October of 1989) but probably reflect different levels of enforcement effort rather than patterns of drug use.

B.1. Nature of Illicit Drug Production

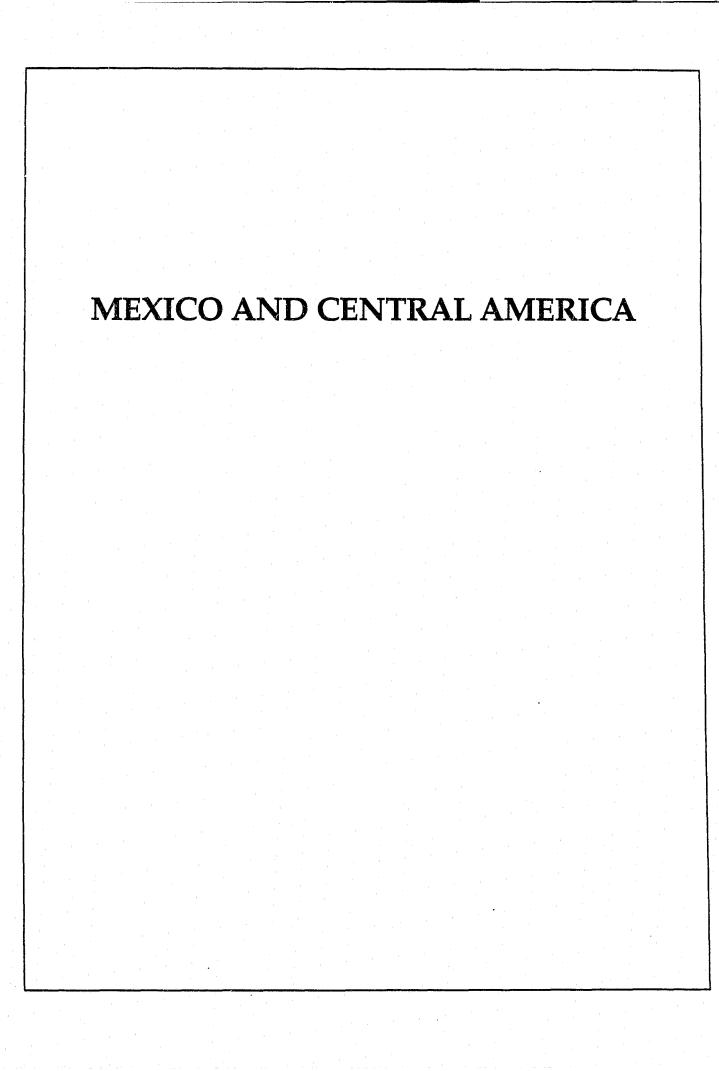
A recent aerial survey provided the first detailed evaluation of cultivation areas in the western border region. The survey found a total of approximately 1,500 hectares of cannabis cultivation. The GOV subsequently eradicated 87 hectares of these cultivation areas.

B.2. Factors Affecting Production

Favorable climatic and soil conditions, low population levels in the western and southwestern regions, a depressed economic situation and proximity to the porous Colombian border are likely to attract narcotics production to Venezuela.

VENEZUELA

C.1. Statistical Tables								
A. SUMMARY TAB	LES for CY	1990 est.	1989	1988	1987	1986		
CANNABIS								
Cultivation	[ha]	1,500	1,500	-	-			
Eradication	[ha]	100	87	74	•	-		
Seized in-country	[mt]	40	40	40		-		
B. DATA TABLES f	or CY	1990 est.	1989	1988	1987	1986		
Cultivation (Gross)								
Cannabis	[ha]	-	- 1		-	-		
Hectares Eradicated								
Cannabis	[ha]	100	87	74	· •	•		
Seizures								
Coca	[mt]	-	2.6	0.5				
Other Coca	[mt]	. •		0.2				
Marijuana	[mt]	-	16.9	40.0	-			
Arrests		741	554	945	-			



BELIZE

A.1. Status of Illicit Narcotics Production and Trafficking

Net marijuana production in Belize in 1989 was estimated at only 66 metric tons. This is about ten percent of peak production levels five years ago, with the reduction due primarily to the vigorous cannabis eradication program supported by the U.S. Use of Belize as a transit point for cocaine traffickers en route to the United States may have increased during the year as other routes in the Eastern Caribbean came under greater surveillance. There is no evidence of coca or opium poppy cultivation or processing. However, the use of crack cocaine has increased in Belize City.

Cannabis cultivation centers in the northern and northwestern parts of the country. Little is now found in the middle or southern portions where alternative agricultural crops for export (bananas and citrus) have been developed.

In 1989, approximately 366 hectares of cannabis were destroyed, either through aerial spraying by State Department Bureau of International Narcotics Matters (INM) Thrush aircraft or ground eradication campaigns, sometimes using INM-provided helicopters for troop transport.

A brief hiatus in the spraying program immediately following national elections in September led to a slight upsurge in planting. However, resumption two weeks later caught most of the new plants before harvest, underscoring the importance of continuing the spray program. Traffickers have largely switched to Guatemalan marijuana suppliers in the face of the vigorous eradication program but appear ready to resume production in Belize if the pressure is eased.

Government of Belize (GOB) law enforcement capabilities continued to develop during most of 1989. The INM-supported Serious Crimes Squad (SCS) was active in both police and intelligence work to counter narcotics trafficking. A number of special operations were carried out by the SCS, some in conjunction with the U.S. Drug Enforcement Agency (DEA). The deployment of INM helicopters in October was planned and led almost entirely by the SCS, although it drew on the Belize Defense Force (BDF) for transport and logistical support.

In the narcotics intelligence field, however, there was a setback following the September elections. The new government, led by the People's United Party (PUP), disbanded the Special Intelligence Service (SIS) having accused it during the campaign of engaging in political espionage on behalf of the government. This has halted development of a professional counter-narcotics intelligence capability. The new government has pledged to reconstitute an intelligence organization within the police force but has not yet done so.

There is little likelihood that the Belizean banking system, with only four private banks, could be used for significant money laundering. However, there is limited capability within the GOB to effectively control sophisticated laundering schemes should they arise.

A.2. Accomplishments in 1989

The SCS increased in professionalism and began to produce results in the form of arrests, seizures, intelligence data and the disruption of trafficking operations. The maritime branch of the BDF began active patrolling of Belizean coastal waters using small patrol craft and two 65-foot British-supplied patrol craft. There were several U.S. Coast Guard team visits in support of maritime operations which provided training in boarding procedures, small boat handling, outboard engine maintenance and small arms.

Two Radio Belize programming executives attended USIA-sponsored seminars in the U.S. on incorporating anti-drug messages into radio and television programming. In addition, approximately twenty-five Belizean police officers attended investigative workshops here which focused on drug related crime.

A.3. Plans, Programs and Timetables (1990)

With the successful spray operation effectively suppressing marijuana cultivation, the GOB is turning its attention to more effective measures to control Belizean airspace. This should give the government an idea of the amount of illicit air traffic in Belize, currently suspected to be substantial. The intelligence gathered also could support tactical operations to locate and capture aircraft on the ground.

The GOB has recently reorganized the Defense and Police Forces under a unified Ministry of Home Affairs and Defense headed by Prime Minister George Price. While the merger thus far has not had much impact on the two divisions within the Ministry, greater integration at lower levels is currently under review.

A.4. Adequacy of Legal and Law Enforcement Measures

The election of a new government in September delayed the proposed revision of Belizean criminal codes to make prosecution and investigation of drug trafficking more effective. The Solicitor General's office continues to promote the proposal but has not yet addressed the issue in detail. It is hoped that legislation can be introduced in 1990 and that new laws, similar to those adopted in the Eastern Caribbean states, will be enacted.

The new government thus far has not altered the previous government's policy of refusing to extradite Belizean nationals to the U.S.

With regard to the requirements of Section 2013 of PL 99-570, the Government of Belize does not encourage or facilitate the production or distribution of illicit narcotic psychotropic drugs or other controlled substances. No senior official has been indicted for narcotics-related corruption.

Police and military personnel are sometimes vulnerable to bribery and intimidation due to low pay and isolation in rural villages.

A bilateral umbrella agreement which ensures compliance with the Chiles Amendment requirements was signed with Belize on February 9, 1989.

A.5. Domestic Drug Abuse

There was a notable increase in the use of crack cocaine in the past year. PRIDE Belize conducted a survey which indicated that popular awareness of the drug problem was over 85 percent. But while 83 percent believed the government was concerned about the issue, only 56 percent felt it was successful in dealing with the problem.

The USAID-assisted program to promote anti-narcotics education in Belize has shown some success. Awareness of the problem is growing and there appears to have been a decline in the drug abuse among students who have been exposed to drug awareness training. However, numerous drop-outs and unemployed school graduates form a large pool of potential abusers.

B.1. Nature of Illicit Drug Production

Marijuana is the only illicit drug domestically produced in Belize. It is now usually grown in small (less than one acre) plots in remote areas, increasingly in the north and west of the country. Most crops appear to be planted by landless farmers on consignment for traffickers who finance the cultivation.

B.2. Factors Affecting Production

The eradication/suppression program has forced marijuana growers to plant in marginal areas, expend more effort on concealment and plant smaller, less efficient fields. The reduced production reportedly has caused many traffickers to buy bulk marijuana in the Peten area of Guatemala adjoining Belize.

B.3. Maximum Achievable Reductions

INM spray aircraft have largely succeeded in eradicating major field plantings and are now destroying many small fields on a regular basis. Seedbeds are also a primary target. As a result, it is hoped that no more than 25 acres of cannabis a week will be found during spray operations.

B.4. Methodology for Estimates

The estimate for maximum achievable marijuana eradication is 80 percent of expected 1990 cannabis cultivation. The cultivation figure is an annualized estimate of the estimated cultivation rate for the second half of 1989.

C.1. Statistical Tables							
A. SUMMARY TABLES	for CY	19:30 est.	1989	1988	1987	1986	
CANNABIS							
	ha]	400	436	660	1,088	3,032	
Eradication /a	ha]	333	353	528	870	2,426	
Harvested [ha]	67	73	132	218	606	
Yield /c [1	mt]	60	66	120	198	550	
Loss Factor [mt]	3.0	3.0	6.0	10.0	27.5	
Seized in-country	mt]	•		49.6	23.6	5.4	
Consumed in-country [Exported	mt]	10	10	10	10	10	
	mt]	48.0	56.0	50.0	151.0	467.0	
	mt]	-	•	4.0	27.0	45.0	
B. DATA TABLES for C	CY	1990 est.	1989	1988	1987	1986	
Cultivation (Gross)		est.					
* * *	ha]	400	436	660	1,088	3,032	
Potential Prod (Gross)	пај	400	400	900	1,000	0,002	
	mt]	360	392	600	981	2,753	
Hectares Eradicated	******	000	302	.000	001	.23,100	
	ha]	333	366	528	870	2,426	
Crops Eradicated	rrer]	000	000		0.0	2,120	
- ·	mt]	300	327	480	790	2,203	
Net Cultivation			U			_,	
	ha]	67	73	132	218	606	
Net Production							
	mt]	60	66	120	198	550	
Seizures							
Marijuana [mt]	•	9.0 /a	49.6	23.6	5.4	
Arrests							
Nationals			-	459	375	353	
Foreigners		•		65	102	114	
Total Arrests		600	539	524	477	467	
Users (thousands)				i e			
Marijuana		10	10	10	10	10	

A) Year estimate based on first three quarters. These are seizures by Belize Police only and do not include seizures/destruction by Belize Defense Forces. Cocaine seizures by the Police in 1989 were estimated at approximately 705 grams for the first three quarters of the year with 56 arrests.

COSTA RICA

A.1. Status of Illicit Narcotics Production and Trafficking

Production of illicit narcotics in Costa Rica is limited to scattered cannabis cultivation. No evidence of coca or poppy growth has been found. Costa Rica, however, does serve as a transshipment point for cocaine. Record seizures during 1989 suggest that Costa Rica's importance as a transit country may be rising. While there is still no accurate measurement of the amount of cocaine being shipped through Costa Rica, estimates range between 10 and 20 tons annually. Cocaine is most often transported via private aircraft, although drug couriers with one to two kgs loads transit the country on commercial flights. Drugs are also concealed in legitimate seaborne cargo shipments.

While Costa Rica is not a coca processing center, there are unconfirmed reports that a small number of laboratories may now be in operation. As South American countries intensify their efforts against cocaine production, it is possible that the producers may seek to move some processing centers to Costa Rica.

The extent of cannabis cultivation has not been great. Existing evidence, much of it obtained by an aerial survey in December 1988, funded by the Department of State Bureau for International Narcotics Matters (INM), indicates minor scattered plantations. But unconfirmed reports alleging the existence of large fields may indicate an increase in cannabis cultivation. Some exportation of marijuana from Costa Rica has occurred, but it appears to be only a minor enterprise. Costa Rica also serves as a transshipment point for marijuana.

Money laundering has not taken place on a large scale in Costa Rica. However, the arrest of a suspected money launderer and the seizure of \$750,000 in 1988 raised concerns among the Costa Rican Government and business people that money laundering may indeed be a problem in Costa Rica. Investigation into this case and other reported incidents revealed questionable practices by several banks, but no more arrests have been made.

A.2. Accomplishments in 1989

During 1989, narcotics trafficking and narco-related corruption remained major political issues. The Legislative Assembly's Special Narcotics Commission released its final report recommending that various Costa Ricans and foreigners (including U.S. citizens implicated in the Iran-contra affair) be censured, fired, or banned for allegedly having links to narcotics traffickers. The report recommended that former President Daniel Oduber

resign from his posts in the National Liberation Party (PLN), which he did, and return a campaign donation from an American citizen awaiting extradition to the U.S. on drug charges. It also called for the resignation of the general manager of the state owned Bank of Costa Rica because of alleged improprieties in the approval of a loan. Based on the report's recommendations, the Director of Civil Aviation, Carlos Viques, who was subsequently reinstated, was suspended while his conduct in licensing an alleged drug trafficker was investigated. The naming of well-known and powerful political figures has made narco-related corruption a major issue in the 1990 presidential campaign. The principal candidates committed themselves to supporting even stronger anti-narcotics legislation, the ratification of the U.S.-Costa Rica Extradition Treaty signed in 1982, and the strengthening of law enforcement organizations.

In March, a two year joint Costa Rican Police/U.S. Drug Enforcement Administration (DEA) investigation culminated in U.S. Customs in Miami seizing 1,364 kgs of cocaine, which had been shipped through the port of Limon. The anti-narcotics police and DEA in October seized 568 kgs of cocaine, an aircraft, and arrested two Colombian pilots in the port of Limon. In November, in a cooperative effort with DEA and the Joint Information and Coordination Center (JICC) program, the Judicial Police (OIJ) disrupted the operation of a well organized cocaine trafficking group based in San Jose. The operation resulted in the seizure of 137 kgs of cocaine, a number of vehicles, a residence, and the arrest of nine individuals.

In three separate investigations, the National Anti-drug Directorate (DNCD) and DEA effected the transshipment and controlled delivery of a total of 1,053 kgs of cocaine from Colombia to the United States. All three cases resulted in arrests and seizures in Colombia and the United States.

A U.S. Customs Service Overseas Analysis Team (COATS) inspected and reviewed procedures at San Jose's Juan Santamaria International Airport and at other facilities. The team prepared a report, which has been presented to the Government of Costa Rica (GOCR), recommending structural and procedural changes to strengthen security at Juan Santamaria Airport.

A.3. Plans, Programs, and Timetables (1990)

Using INM-funded backpack spray kits, Costa Rican personnel will begin cannabis eradication operations in the first quarter of 1990. An aerial survey requested for the first part of 1990 will help determine the extent of cannabis cultivation and provide additional guidance for the eradication efforts. INM-funded resources (computers, vehicless, radios, detector dogs, and office equipment) provided during 1989 to the various anti-narcotics agencies will be in use in 1990, further enhancing law enforcement capabilities.

Most of the funding approved by the GOCR for the Organization of American States (OAS) Commission against Drug Trafficking and Abuse (CICAD) in 1988 (about \$610,000) remains available. This will permit the GOCR to assume a greater share of the financial responsibility for the war on drugs in Costa Rica.

The national elections and inauguration of the new government may cause delays in anti-narcotics operations and in the Legislative Assembly's work. However, the presidential candidates' commitment to strong anti-narcotics policies should put drug programs on track fairly quickly.

Anti-narcotics activities in Costa Rica will continue to focus on interdiction efforts, eradication of cannabis fields, and preventing traffickers from setting up cocaine processing labs.

A.4. Adequacy of Legal and Law Enforcement Measures

The positive effects of the 1988 drug law were evident in more and better narcotics investigations and improved coordination of GOCR anti-drug policy. An amendment to the law regulating the importation, sale, and use of precursor and essential chemicals was approved by the assembly in June. It represents a major step forward in Costa Rican efforts to control precursor and essential chemicals. In connection with a DEA investigation of local importers and users of U.S.-produced chemicals, the Ministry of Health conducted an investigation of companies which produce, use or sell precursor chemicals. No illegal or questionable practices were discovered, but a control system is now in place to identify any future violations.

Beginning in January 1990, The Costa Rican Central Bank's Office of Bank Examiners will implement new regulations aimed at money laundering operations in domestic financial institutions. Pursuant to the new regulations, all financial institutions will be required to report all transactions involving foreign currency in amounts equal to or larger than \$10,000 or the equivalent in foreign currencies. These regulations will apply to all transactions within Costa Rican financial institutions, transactions undertaken by these institutions on behalf of domestic or foreign corporations or individuals, and/or transactions undertaken on behalf of other financial institutions through a correspondent relationship.

A new anti-drug bill, which would further strengthen law enforcement efforts in drug cases, is now pending in the Assembly. Inter alia, this bill would give career status to key drug enforcement officers in the executive branch and would give approval for Costa Rica to join the Caribbean Basin Radar Network. Ratification of the 1982 U.S.-Costa Rica Extradition Treaty is also pending.

The 1988 Drug Law and funding available from CICAD and INM have helped law enforcement agencies improve their capabilities. The OIJ has increased the number of officers in its anti-narcotics unit from eleven to sixteen. Additional vehicles and radio equipment for the new officers are being provided through INM funding. However, manpower shortages, insufficient training, and limited equipment continue to hamper operations in various law enforcement agencies.

A.5. Domestic Drug Abuse

The Costa Rican Institute of Alcoholism and Chemical Dependence (IAFA), in cooperation with the GOCR and private groups, continually mounts public awareness campaigns on drug and alcohol abuse. The Costa Rican media are actively participating in the campaigns featuring ads warning of the dangers of drug use and alcohol abuse. The last drug abuse survey--conducted by IAFA in December 1988--showed that only 3.5 percent of Costa Ricans had ever used illicit drugs. Ninety-one percent of the users identified marijuana as the drug choice.

B.1. Nature of Illicit Drug Production

Cannabis cultivation is the principal form of illicit drug production. Although there are unconfirmed reports of large fields, cultivation of cannabis appears to be minor, limited to small operations run by individual growers.

There are unconfirmed reports that two cocaine processing labs are in operation. Their existence would indicate new but limited enterprises in the production of cocaine.

B.2. Factors Affecting Production

Costa Rica's climate and geography are well suited to cannabis cultivation. Two crops can be grown each year, though irrigation would be needed in the dry season in some areas. Total production is small, however, with cultivation centered on the more inaccessible areas of the Talamanca Mountain Range. Costa Rica's law-abiding tradition serves to support police efforts to control the drug trade. Public consciousness is fairly high, and increasing as the government and the private sector have significantly increased public awareness via public education campaigns. The press also regularly prints stories and editorials highlighting the threat of narcotics trafficking.

B.3. Maximum Achievable Reductions

The GOCR maintains a fairly aggressive cannabis eradication strategy. The arrival of the spray kits and a new aerial survey should allow the GOCR to pinpoint and destroy a good percentage of the cannabis crop. However, transportation of eradication teams to some areas remains problematic due to their inaccessibility.

B.4. Methodology for Estimates

Statistics for 1989 for arrests and cocaine seizures are official and reliable. However, statistics for cannabis cultivation are estimates based on previous years' statistics. Statistics for marijuana production and eradication are not reliable due to conflicting reports from the various law enforcement agencies. The Rural Guard, for example, estimates a much larger area under cultivation than do other agencies. A nationwide aerial survey in early 1990 should help determine the extent of current cannabis cultivation in Costa Rica. The data on drug abuse come from a survey conducted in 1988 by the IAFA.

C.1. Statistical Tables A. SUMMARY TABLES for CY 1990 1989 1988 1987 1986						
A. SUMMARY TABL	A. SUMMARY TABLES for CY		1989	1988	1987	1986
CANNABIS						
Cultivation	[ha]	250	250	250	250	240
Eradication	[ha]	150	100	155	181	72
Harvested	[ha]	100	150	95	69	168
Yield	[mt]	113	170	108	79	189
B. DATA TABLES fo	or CY	1990 est.	1989	1988	1987	1986
Cultivation (Gross)						
Cannabis	[ha]	250	250	250	250	240
Potential Prod (Gross)						
Cannabis	[mt]	282	282	282	282	271
Hectares Eradicated						
Cannabis	[ha]	150	100	155	181	72
Crops Eradicated						
Cannabis	[mt]	170	113	175	204	81
Net Cultivation						
Cannabis	[ha]	100	150	95	69	168
Net Production						
Cannabis	[mt]	113	170	108	79	189
Seizures /a,b						
Cocaine	[mt]	0.80	1.78	0.12	0.63	0.60
Marijuana	[mt]	· •	• • • • • • • • • • • • • • • • • • •		25.00	25.00
Arrests /c						
Nationals		700	672	1,220	1,900	1,611
Foreigners		•		92	120	87
Total Arrests		700	672	1,312	2,020	1,698
Domestic Consumption						
Cocaine	[mt]	0.2	0.2	0.2	0.2	0.2
Marijuana	[mt]	30.0	30.0	30.0	25.0	25.0
Users (thousands)						
Cocaine		2	2	2	2	. 2
Marijuana		30	30	30	30	30

- Notes
 (a) (b) Total cocaine seizures for 1989 include 1,053 kgs seized in Miami after a controlled delivery operation through Costa Rica.
- (c) The DNCD, traditionally providing the largest arrest figures, began under DEA leadership to concentrate on seizures rather than arrests (which usually were for personal use). As a result, of the 1,780 kgs of cocaine seized, 1,621 kgs were seized by the DNCD.

GUATEMALA

A.1. Status of Illicit Narcotics Production and Trafficking

Illicit opium poppy cultivation nearly doubled in 1989 and the first laboratory for converting raw opium to morphine base was discovered in Guatemala along the Mexican border. Transshipment of Colombian cocaine bound for the United States also increased, as did the number of Colombian traffickers operating within Guatemala. Cannabis cultivation does not appear to have expanded.

We estimate that about 1,500 hectares of opium poppy are currently under cultivation, a 500 percent increase over the 300 hectares of opium poppy found in the 1987 aerial survey. Opium poppy can be harvested as often as three times per year in Guatemala's benevolent climate; without eradication, potential opium production could reach 15 metric tons annually. However, the aerial spraying program conducted in the last four months of 1989 by Thrush aircraft of the Department of State Bureau of International Narcotics Matters (INM) destroyed nearly 20 percent of the crop. Much of the remainder should be destroyed in 1990, if year round eradication operations are maintained.

Cannabis cultivation is concentrated along the borders with Mexico and Belize, with some small plantations appearing in the interior departments of Chimaltenango and Jutiapa. An estimated 240 hectares of cannabis are currently in production.

Guatemala is an increasingly important transit route for Colombian cocaine bound for the United States. Traffickers, using Guatemala's dozens of uncontrolled airfields, either re-fuel their aircraft in Guatemala on their journey northward, or off-load cocaine to U.S.-bound vessels. (There has been one large seizure in the U.S. of cocaine found in a sea cargo container originating in Guatemala.) The Government of Guatemala (GOG) has no radar capable of tracking the trafficker aircraft nor the interdiction capacity to intercept them.

Essential (precursor) chemicals routinely enter Guatemala, mostly for transshipment to Central and South America. A small amount is used locally to process raw opium into morphine base.

We have no reliable information concerning domestic money laundering. In November 1989, a West German congressional delegation accused the Banco Imperial of money laundering, repeating a rumor current in Guatemala. However, bank secrecy laws make it difficult to determine the extent of money laundering or the banks that might be involved.

A.2. Accomplishments in 1989

Guatemalan authorities seized over four metric tons of cocaine in 1989 (versus 488 kgs in 1988) and manually eradicated 140 hectares of opium and 47 hectares of cannabis. The Treasury Police and the U.S. Drug Enforcement Administration (DEA) for the first time seized a laboratory processing raw opium into morphine base, confirming earlier reports that Guatemalans are now involved in narcotics refining.

The USG strengthened Guatemala's law enforcement capability by providing equipment and training. In August, the GOG established a joint National Police/Treasury Police anti-narcotics squad. Several police officials traveled to the U.S. and other Latin American countries for narcotics training. In October, a Joint Information Coordination Center (JICC), linked with DEA's El Paso Intelligence Center (EPIC), was established in the Treasury Police headquarters to track individuals and vessels suspected of drug trafficking. The Treasury Police created a chemical control unit which the U.S. will assist in investigating the diversion of chemicals into illicit narcotics production.

The U.S. Coast Guard gave a port safety and security training course at the Pacific naval base of Puerto San Jose. Maritime law enforcement training conducted at both San Jose and the Atlantic port of Puerto Barrios was attended by the Guatemalan Navy, the Treasury Police and Customs personnel. The Navy applied this training in the capture of a private sailboat off the Pacific coast carrying nearly 800 kgs of cocaine.

Two INM Thrush aircraft sprayed 1,471 hectares of opium poppy and 205 hectares of cannabis from September through December, supported by two search and rescue helicopters provided by INM but manned by the GOG. Two more Thrush aircraft were deployed in mid-December to eradicate an additional 1,000 hectares of opium poppy by early 1990.

In September, USAID agreed to fund legal experts to assist the Interior Ministry in strengthening Guatemala's drug laws. USAID and USIS are funding the publication of 50,000 pamphlets to educate Guatemalan parents on drug abuse. USIS placed 35 articles on the drug problem in major Guatemalan publications and arranged the visit of five U.S. experts on drug abuse education. Two Guatemalans traveled to the United States under the International Visitor Program to view American drug awareness efforts.

The GOG's own information campaign on Guatemala's domestic drug abuse was intensified. Public and media interest may make narcotics an important issue in Guatemala's 1990 presidential election.

A.3. Plans, Programs and Timetables (1990)

The U.S. plans to strengthen the investigative and interdictive capabilities of Guatemalan law enforcement agencies and to assist the GOG in developing a national drug education strategy. USAID is arranging a drug user survey in 1990 to gather data on the extent of local drug abuse. Eight Guatemalan narcotics investigators will receive training in criminal investigative techniques under the Department of Justice's International Criminal Investigations and Assistance Program. Two Guatemalans will travel to Costa Rica in early 1990 for Narcotics Enforcement Training. The JICC and Treasury Police's Chemical Control Unit will be expanded to increase the operational intelligence available to the Anti-narcotics Unit of the Treasury Police.

A.4. Adequacy of Legal and Law Enforcement Measures

Guatemala's penal code contains only limited provisions on the cultivation, possession and sale of narcotics. Conspiracy laws do not exist in the Guatemalan legal tradition; drug traffickers can only be charged if found in possession of illicit narcotics. As noted, the U.S. is supporting GOG efforts to draft new anti-narcotics legislation.

Guatemala's justice system is ill-prepared to mount narcotics investigations. Suspects are often released for "lack of evidence". Careless investigations hamper prosecution as does the intimidation or the purchase of judges. The GOG is considering two widely-publicized extradition requests for narcotics offenders, an American and a Guatemalan. Five judges have been threatened with death if any Guatemalan was extradited to the U.S. on narcotics charges. The Supreme Court will create a special police force for the protection of judges and witnesses.

With regard to the requirements of Section 2013 of PL 99-570, the Government of Guatemala does not encourage or facilitate the production or distribution of illicit narcotic psychotropic drugs or other controlled substances. No senior official has been indicted for narcotics-related corruption.

A Narcotics Task Force is now being equipped to play the lead role in narcotics investigations. The U.S. Department of Justice will provide training in basic investigative techniques to approximately half of the Task Force's investigators in 1990. Cooperation between the National Police, the Treasury Police and Military Police has improved due to the formation of a joint action group, the Civil Protection System (SIPROCI), which was credited with several major seizures in 1989.

A.5. Domestic Drug Abuse

Guatemalan private sector organizations, with USG assistance, will conduct the first survey of domestic drug consumption in early 1990. The assessment of local use thus far has been largely anecdotal. Cocaine and marijuana consumption appears to be fairly common among upper and middle class youth in Guatemala City. Less affluent drug abusers inhale glue or solvents. An American expert on drug education recently found that primary school children in the capital city were well acquainted with a wide variety of drugs. Drug consumption patterns in smaller cities and the countryside are unknown. There are no reports yet of opium addiction in poppy growing areas, although there is some evidence of marijuana use where cannabis is grown.

Guatemalans working in drug and alcohol education and rehabilitation estimate that 25 percent of all adults suffer from some sort of chemical dependency, mainly alcohol. However, most agree that drug use has increased markedly over the last two years.

B.1. Nature of Illicit Drug Production

Opiu s, poppy and cannabis cultivation is found in remote and rugged areas along Guatemala's borders with Belize and Mexico. Mexican and Belizean nationals, who introduced opium poppies and cannabis to Guatemalan farmers, continue to play a major role in their cultivation. Mexican nationals provide financing, seed and a market for local growers. Since opium poppy production produces profits several times greater than any legitimate crop, poppy growing regions which border on Mexico are currently enjoying an economic boom.

B.2. Factors Affecting Production

Guatemala's varied climate and rich volcanic soil provide excellent conditions for the cultivation of opium poppy and cannabis. Proximity to Mexico, and the lack of a good road network to the rest of Guatemala, allows Mexican traffickers to control the flow of opium to processing labs in Mexico. Marijuana, produced mostly on the Belizean border, is generally shipped to the United States via Belize.

B.3 Maximum Achievable Reductions

With the two additional Thrush spray aircraft which arrived in December, all known poppy cultivations should be sprayed at least once by early 1990. The increase in the number of hectares under cultivation and the speed with which plots are replanted after aerial spraying may preclude the total elimination of the opium crop. However, if aerial spray resources are maintained in Guatemala during the growing season -- November through April -- it may be possible to eliminate 90 percent of the opium crop.

It is difficult to determine the extent of cannabis cultivation in Guatemala due to the small size and remoteness of the plots. INM aircraft spray all cannabis found, but as much as twenty percent of the crop may remain undiscovered. It may be possible to eradicate eighty percent of all cannabis hectarage.

B.4. Methodology for Estimates

An estimated 10 kgs of opium gum are produced annually by one hectare of poppy.

C.1. Statistical Tables							
A. SUMMARY TAI	BLES for CY	1990 est.	1989	1988	1987	1986	
OPIUM		Cou					
Cultivation	[ha]		1,495	810	300	250	
Eradication	[ha]		272	100	63	23	
Harvested	[ha]		1,223	710	237	227	
Yield	[mt]		14.0	7.1	2.4	2.4	
CANNABIS							
Cultivation	[ha]		600	325	325	275	
Eradication	[ha]		150	125	71	25	
H ivested	[ha]		450	200	256	250	
Yield	[mt]		450	200	256	250	
B. DATA TABLES for CY		1990 est.	1989	1988	1987	1986	
Cultivation (Gross)							
Opium	[ha]		1,495	810	300	250	
Cannabis	[ha]		600	325	325	275	
Potential Prod (Gross	3)						
Opium	[mt]		15.0	8.1	3.0	2.5	
Cannabis	[mt]		600	325	325	275	
Hectares Eradicated							
Opium	[ha]		272	100	63	23	
Cannabis	[ha]		150	125	71	25	
Crops Eradicated							
Opium	[mt]		2.7	1.0	0.6	0.2	
Cannabis	[mt]		150	125	71	25	
Net Cultivation							
Opium	[ha]		1,223	710	237	227	
Cannabis	[ha]		450	200	256	250	
Net Production							
Opium	[mt]		12.3	7.1	2.4	2.3	
Cannabis	[mt]		450	200	256	250	

HONDURAS

A.1. Status of Illicit Narcotics Production and Trafficking

Honduras is a transshipment point for Colombian cocaine and marijuana destined to the United States and, to a lesser degree to Europe. It has a long, virtually unguarded northern coastline, poorly policed offshore islands with a long history of contraband smuggling and vast, sparsely populated areas for clandestine air strips. There is no reliable estimate of the amount of cocaine being smuggled through Honduras but amounts intercepted outside Honduras suggest significant traffic. There is no evidence of coca or poppy production. Cannabis cultivation is limited to small, scattered plots for domestic consumption.

A.2. Accomplishments in 1989

A bilateral anti-narcotics umbrella agreement formalizing the close cooperation between the U.S. and Honduras entered into force in May.

An agreement was reached for the construction of a radar site to incorporate Honduras into the Caribbean Basin Radar Network (CBRN). The site is expected to be operational in two years.

A strict narcotics control law went into effect in November. It is in accord with provisions of the United Nations Convention Against Illicit Trafficking in Narcotic Drugs and Psychotropic Substances, provides a strong framework for the prosecution and punishment of offenders and includes stiff seizure of assets provisions.

A Special Commission for the Investigation of Narcotics Trafficking issued its report in December recommending the establishment of a special narcotics prosecutor's office, a special narcotics police force, and the negotiation of a multilateral extradition treaty.

Three joint sea operations were conducted with units of the U.S. Coast Guard, the Honduran Navy and the U.S. Drug Enforcement Administration (DEA) during 1989.

Aircraft of the State Department Bureau of International Narcotics Matters (INM) carried out three aerial reconnaissance missions to detect illicit narcotics crops; nothing of significance was found.

DEA and Honduran Customs established a chemical control unit to monitor the movement of precursor chemicals to identify shipments which might be diverted to process illicit narcotics. In April, the Honduran Navy in cooperation with U.S. Navy units seized a vessel transporting 10 mt of marijuana. Nine Colombian crew members were convicted and sentenced.

A.3. Plans, Programs, and Timetables (1990)

The new Honduran Government which took office in January 1990 is publicly committed to denying traffickers the use of Honduran territory. The USG has proposed a program to enhance Honduras's capability to defend itself against inroads by traffickers operating in or through Honduran territory and will explore Honduras's readiness to negotiate a multilateral extradition treaty. The continuation of INM aerial reconnaissance missions and joint operations at sea is anticipated in 1990.

A.4. Adequacy of Legal and Law Enforcement Measures

The anti-narcotics legislation passed by the Honduran Congress in 1989 provides an effective framework for the prosecution of narcotics cases. However, the police remain inadequately trained and poorly motivated, while the judicial system is widely criticized for laxness The and corruption. government agency charged responsibilities, Directorate anti-corruption the General Administrative Probity, does not have a history of vigorous prosecutions and no narcotics cases are known to have been brought before it.

No official investigation of money laundering has been carried out in Honduras. However, it is not thought to be an attractive location. While bank secrecy laws are strict, the flow of money through the domestic system is limited and it would be difficult to conceal excessively large transactions.

A.5. Domestic Abuse

Glue sniffing is a significant problem among segments of poor urban youth; more affluent abusers use both marijuana and cocaine. However, no reliable statistics are available on the number of drug abusers in Honduras.

B.1 Nature of Illicit Drug Production

Honduran officials believe cannabis is the only illicit crop grown. It is cultivated for domestic consumption in small scattered plots. INM aerial reconnaissances tends to confirm this view, although much of Honduras's sparsely inhabited territory is yet to be overflown.

HONDURAS

C.1. Statistical Tables								
B. DATA TABLE	ES for CY	1990 est.	1989	1988	1987	1986		
Seizures								
Cocaine	[mt]		0.04	1.00	_	11.00		
Marijuana	[mt]		1.02	0.35	2.00	76.00		
Arrests			1,737	1,749	1,302	1,072		

MEXICO

A.1. Status of Illicit Narcotics Production and Trafficking

Mexico is a major producer of heroin and marijuana for the U.S. drug market. According to the National Narcotics Intelligence Consumers Committee (NNICC) 1988 report, approximately thirty percent of the heroin samples tested in the U.S. were of Mexican origin. Additionally, a significant amount, perhaps as much as half, of the cocaine entering the United States transits Mexico. Over the past half dozen years, narcotics traffickers have increasingly used cocaine trafficking routes in Mexico because its long border and high volume of commercial traffic facilitate smuggling and frustrate U.S. and Mexican Government counter-narcotics efforts. Ideal conditions for producing and smuggling drugs, strong market demand, limited economic options for peasant farmers and narcotics-related corruption make the task of stemming the flow of illicit narcotics entering the U.S. from Mexico extremely difficult. Given these conditions, Mexico is likely to be a major producer and transit point for illicit narcotics entering the U.S. for many years to come.

President Carlos Salinas de Gortari, who took office in December 1988, has pursued an aggressive anti-narcotics program, aimed primarily at interdicting cocaine bound for the United States. The Government of Mexico (GOM) has stated that it views its war on drugs as a battle to defend its national security interests, to protect its citizens' health, and to contribute to international efforts against drug trafficking and abuse. The GOM employs its military and police forces to fight narcotics trafficking. Methods include interdiction, law enforcement aimed at disrupting trafficker operations, aerial and manual eradication of opium and cannabis fields, and a drug abuse prevention and education effort to increase public awareness and support for GOM narcotics control programs. The Mexican Attorney General's Office (PGR) directs the anti-narcotics program.

During 1989, opium and marijuana (cannabis) production levels were significant. Based on improved survey and methodological techniques, the USG believes that both the Mexican opium poppy and cannabis crops are larger than reported in previous years. The USG estimates that in 1989 drug producers cultivated 9,600 hectares of opium poppy and approximately 58,000 hectares of cannabis.

It is important to note this new figure does not indicate a major increase in cultivation over the last year; rather, it reflects a better capacity to make an inventory of existing cannabis fields, based on more highly refined analytical techniques and statistical methods. A key factor in the new estimates is an upward revision in average field size. Since this is the first year that accurate estimates have been available for Mexico, it is likely that the USG has been underestimating the Mexican marijuana crop for several years.

At the same time, the USG's more precise figures indicate that the PGR has eradicated considerably more cannabis than it had estimated. Using more accurate estimates of average field size, the USG calculates that in 1989 the PGR eradicated 15,810 hectares of cannabis.

With regard to opium poppy cultivation, the USG estimates that 9,600 hectares were planted. Eradication figures, determined by multiplying average field size by the number of fields reported destroyed by the PGR, show that 1,130 hectares were eradicated in 1989, a decrease from the 2,737 hectares of opium eradicated in 1988.

Again, these new figures do not mean that the opium crop has increased in only one year; rather they show that we have better information on fields which have existed over the years. The new figures reveal a total of 8,470 hectares of opium poppy under cultivation after eradication. If fully harvested and refined, this crop could yield 85 metric tons of opium gum, or could be converted into 8.5 metric tons of heroin.

The GOM has stated on a number of occasions that it is concerned by the potential threat which both Mexican and foreign traffickers pose to government authority. While Mexico has remained free of narco-terrorism, drug traffickers are well-armed and have frequently fired upon Mexican law enforcement officers. Drug traffickers have also shot at and, on occasion, hit PGR helicopters flying eradication and interdiction missions. The PGR reported that over 40 of its personnel died in anti-narcotics operations in the first 12 months of the Salinas administration. A number of soldiers have also been killed or wounded during anti-narcotics missions.

The strength of the Salinas Government's counter-narcotics commitment is illustrated by the additional financial, human, and material resources recently channeled into anti-narcotics programs. The PGR increased its drug program budget from \$23.1 million in million 1989. 1988 \$37.0 in The Salinas Administration reorganized and strengthened its drug forces. The GOM designated a Deputy Attorney General as the country's "drug czar" and established a special anti-narcotics interdiction force of 1,500 personnel. The PGR has significantly increased the size of its airfleet since 1987, adding 19 new helicopters and a number of confiscated fixed-wing aircraft, raising the aircraft total to 110 by the end of 1989. The PGR also reorganized its aviation maintenance program in 1989.

President Salinas has also reaffirmed the Mexican military's role in combatting drugs and traffickers. According to the Mexican Secretariat of National Defense, the Army has reportedly assigned one-fourth of its 100,000 troops to manual eradication, a number that increased during special operations at peak harvest times. The military and PGR cooperated in many anti-drug missions, including manning of roadblocks on key highways. The Mexican Navy has continued to operate both on its own and in cooperation with the U.S. Coast Guard in carrying out drug interdiction operations in Mexican waters. August, the Mexican Navy boarded Panamanian-registered vessel off the coast of Baja California and seized approximately two and one-half tons of cocaine.

The GOM is pursuing narcotics corruption within the police and military forces. Revisions to the Mexican Federal Penal Code raise penalties for drug-related crimes and sets stiffer penalties (50 percent longer sentences with no provision for parole) for convicted government officials. Over 40 Federal Judicial Police commanders and military officers have been fired, or arrested and prosecuted in 1989 for either direct involvement in trafficking or for protection of traffickers. Corruption among lower-ranking Mexican law enforcement officers remains a critical problem. However, the military's policy of more frequent unit rotation is a positive step to limiting the exposure of the military to drug-related corruption.

The GOM has cooperated with U.S. agencies in a number of anti-narcotics programs; however, for reasons of sovereignty, the Mexican Government only permits Mexican authorities to engage in law enforcement operations on its territory. The GOM is also unwilling to cooperate in other joint efforts, which it perceives as impinging on its sovereignty. In an address to the U.S. Congress in October, and again, in his state of the union address in November, President Salinas stated there will be no combined anti-narcotics operations involving the U.S. and Mexican military forces.

The GOM and USG signed a bilateral cooperation agreement which should enter into force soon. The United States and Mexico have also cooperated in <u>ad hoc</u> eradication verification and reconnaissance flights with GOM and USG personnel, the sharing of vital information that assisted arrests on both sides of the border and the expulsion from Mexico, at USG urging, of U.S. citizens charged with crimes in the United States.

A.2. Accomplishments in 1989

The arrests of major narcotics traffickers represent an important accomplishment of the Salinas Administration. The GOM has seriously disrupted the smuggling operations of numerous narcotics trafficking organizations, pursuing investigations until entire distribution or transportation organizations were dismantled. Major (class I) traffickers arrested in 1989 included Gilberto Ontiveros

Lucero, Raul Kelly Osuna, Giuseppe Catania Ponsiglioni, Miguel Angel Felix Gallardo, Miguel Angel Rico Urrea, Amado Carrillo Fuentes, Carlos Aguilar Garza, Rafael Chao Lopez, Elias Herrera Corral, Elias Herrera Terrazas, Magdalena Pineda Trinidad, Julian Fajer Valenzuela, Francisco Perez Parga, Camilo Aviles Labra, Abelardo Landell Terrazas, Carlos Tapio Anchondo, Brigida Nava Duque, and Rafael Munoz Talavera.

On December 12, 1989, a Mexican District Court judge rendered guilty verdicts against drug kingpins Rafael Caro Quintero and Ernesto Fonseca Carrillo for the February 1985 murder of U.S. Drug Enforcement Administration (DEA) Special Agent Enrique Camarena and Mexican pilot Alfredo Zavela Avelar. The judge sentenced them to 40 year prison terms for the murders, the maxiumum sentences permitted under Mexican law for any crime or series of related crimes. This is in addition to the drug trafficking sentences which they received in September 1988. Both men are now serving what amount to life sentences. Separately, in February 1989, a district court judge found four defendants guilty of the August 1986 torture of DEA Special Agent Victor Cortez. He sentenced each defendant to five years in prison, assessed fines, and fired them from the Jalisco state judicial police. Defense appeals were later denied.

Arrests have also helped the Mexicans to achieve significant success in intercepting drug shipments and destroying drug processing laboratories. Drug seizures in 1989, especially those of cocaine, rose dramatically, surpassing the total amount of drugs seized during the prior six years. To achieve these results, the GOM mounted large-scale campaigns on its northern and southern borders and in most Mexican states to interdict overland drug shipments. The PGR also captured large amounts of cocaine by learning where and when traffickers had planned to land these shipments. The GOM reported that it confiscated 34 tons of cocaine, 448 tons of marijuana, and half a ton of opiates as well as 2,800 vehicles, 60 aircraft, 3,000 weapons and eight boats during the first year of the Salinas Administration. Confiscated narcotics were periodically destroyed in public ceremonies. The PGR reported destroying 20 laboratories which had processed considerable volumes of drugs. The PGR also seized more than \$15 million in cash and 790 properties from major narcotics traffickers.

To enhance the overall effectiveness of its anti-narcotics efforts, the GOM employed some of its aerial eradication assets in other anti-drug missions. The PGR increasingly used aircraft from its air fleet to support drug interdiction missions. This support involved the transport of police, confiscated drugs and detained traffickers. Therefore, despite a reorganized maintenance program which resulted in increased aircraft availability, eradication results for 1989 did not keep pace with those for the previous year in all categories. Additionally, PGR pilots had to fly more hours of ferry time between operating bases and growing zones, thereby lowering the actual time for spraying illicit crops. Other factors accounting for the decrease in eradication statistics included inadequate logistics support, poor mission planning and continuing problems with recruiting, training, and retaining pilots and mechanics.

The USG supports the PGR's move toward a broader anti-drug role for its air fleet; however, priority attention to opium and cannabis eradication must continue.

USG participation in eradication verification flights, suspended in April 1988, was re-initiated in March 1989 only on a limited, ad hoc basis. The U.S. Embassy cannot verify eradication reports.

Given Mexico's size, the PGR airfleet is critical to GOM anti-narcotics operations. The PGR increased the number of hours of air fleet deployment in support of interdiction and eradication missions to 47,000 hours in the first eleven months of 1989, compared with 43,735 hours for all of 1988. This achievement is notable in view of on-going problems in the aviation maintenance program, including personnel shortages, management shortcomings, and parts procurement difficulties.

In February 1989, the United States and Mexico signed a bilateral agreement on cooperation in the fight against narcotics trafficking and drug addiction. In November 1989, the Mexican Senate ratified this agreement, which should soon enter into force. This bilateral agreement satisfies the requirements of the Chiles Amendment. The August 1989 U. S.-Mexico Binational Commission (BNC) meetings in Mexico City established joint working groups to share and exchange information on mutual drug eradication, drug interdiction, and demand reduction initiatives/activities. Mexico and the United States also signed a Tax Information Exchange Agreement (TIEA), which was ratified by Mexico in December 1989. It provides a legal means to exchange information relative to criminal and/or civil tax cases against drug traffickers and money launderers. In November 1989, the U.S. Senate gave its advice and consent to ratification of the Mutual Legal Assistance Treaty (MLAT) between the United States and Mexico. The MLAT should provide the means for additional law enforcement cooperation between the GOM and the USG.

The GOM has not responded to a USG proposal presented in February 1989 to launch a comprehensive aerial survey of drug growing regions in Mexico. Some progress has been made towards equipping a PGR aircraft to perform aerial survey work.

In general, bilateral law enforcement cooperation was much improved this year. On numerous occasions, the GOM used USG information to seize drugs and arrest traffickers.

On December 12, 1989, the Commissioner of U.S. Customs and other U.S. Customs officials met in Washington, D.C., with top officials of the Mexican Customs Service. The Mexican Customs Service was receptive to a number of law enforcement initiatives proposed by the U.S. Customs Service.

A meeting will be held in the near future by experts at U.S. Customs and Mexican Customs to determine a joint course of action for customs document alignment and automated data exchange between the two services. Document alignment and automated data exchange will facilitate legitimate cargo in transit between the two countries and will make more resources available for heightened anti-narcotics efforts.

Mexican Customs agreed to designate four or five enforcement officers to participate in a joint U.S./Mexican project in the San Diego/Tijuana area. This test project would be aimed at developing better profiles on potential violators of Customs laws and improving the exchange of tactical enforcement information at the border.

The U.S. Customs Service re-initiated anti-narcotics training courses with Mexico in 1989. The Mexican Government has been receptive to this training and due to the success of the courses in 1989, the courses will be expanded in 1990. A course in financial enforcement programs will also be offered.

The U.S. Customs Service is pursuing an agreement with Mexico on sharing information that would assist both countries in targeting smuggling aircraft entering into either country's sovereign airspace.

The Government of Mexico sent a delegation to attend an on-site briefing and demonstration of Operation Bahamas, Turks and Caicos (OPBAT), a joint United States-Bahamian interdiction effort, and Operation Bandit. This demonstration illustrated to the Mexican officials how international joint crewing operations work while respecting the sovereignty of both countries. While en route to the OPBAT/Bandit demonstration, Mexican officials also observed a demonstration of U.S. Customs surveillance aircraft capabilities.

Law enforcement agencies of both governments have participated in coordinated drug enforcement operations. Mexican law officers have also participated in a variety of USG-sponsored training programs. Information sharing has benefited U.S. law enforcement efforts. Mexico assisted U.S. criminal justice efforts by arresting and expelling a number of American citizens wanted for criminal activities in the U.S. The GOM, with USG assistance, also initiated a precursor chemicals monitoring program.

Department of State Bureau of International Narcotics Matters (INM) program funds supported PGR aviation maintenance operations and provided some logistic support capabilities. U.S. funds were also used to acquire buildings for a new PGR aircraft maintenance facility in Guadalajara and a technical training center in Acapulco.

USAID funded important drug abuse prevention programs in Mexico. The Ciudad Juarez pilot program, a grass roots community effort to increase community awareness and mobilize support against drug abuse, was expanded to two other Mexican cities. USAID has also supported private sector efforts in Mexico City to promote public awareness of the dangers of drug abuse.

Mexico signed the 1988 United Nations Convention Against illicit Trafficking in Narcotic Drugs and Psychotropic Substances in 1988 and it was ratified by the Mexican Senate in November 1989. The GOM planned to deposit the instruments of ratification at the United Nations in early 1990. Mexico has also entered into bilateral anti-narcotics agreements with Guatemala, Belize, Canada, Costa Rica, Venezuela, Peru, Colombia, Spain, and Great Britain.

Mexico will host an Organization of American States (OAS) ministers meeting in the second quarter of 1990 to assess the current narcotics situation in the Western Hemisphere and to determine priorities and specific measures for action. Mexico will also chair and host a meeting of the International Drug Enforcement Conference (IDEC) in April. Over the past year, government officials from Guerrero, Michoacan and Oaxaca have worked with the United Nations Fund for Drug Abuse Control (UNFDAC) to design rural development projects to create alternative employment options for farmers in these important drug-growing states. Projects in the three states will begin in 1990 using a \$15 million donation from the Government of Italy.

A.3. Plans, Programs and Timetables (1990)

USG law enforcement efforts in 1990 will focus on continuing to help the GOM to disrupt narcotics trafficking organizations through the reciprocal exchange of information and through training programs. Working groups agreed to at the Binational Commission meetings have been established to guide this cooperation. Efforts to strengthen the GOM effort to stop drug production will focus on reducing the opium poppy harvest through eradicating crops and interdicting shipments destined for the United States. The PGR aviation fleet is at the heart of this operation and most INM funds will be used to support the PGR aviation maintenance operation and to improve logistic support capabilities.

Mexico's capability to estimate the size of illegal drug crops is unreliable at best. Prospects for a limited aerial survey project should improve after equipping the first PGR aircraft with a suitable camera and navigation system in early 1990. The Embassy will continue to pursue a bilateral aerial survey agreement with the GOM.

The USG will seek ways to encourage and assist Mexico to fortify its assets forfeiture program and money laundering investigations. The USG will try to be supportive of GOM military equipment purchases for anti-narcotics efforts. USAID will support new community-based narcotics awareness programs in Tijuana and Monterrey as well as efforts to expand other ongoing projects.

USIS, through its public diplomacy program, will work to promote more effective narcotics control programs in Mexico and a better understanding of domestic U. S. efforts to attack drug production and use. USIS will program a total of six speakers in FY 1990 to address drug abuse prevention/awareness and the political and social consequences of drug trafficking.

A.4. Adequacy of Legal and Law Enforcement Measures

The United States Senate gave its advice and consent to ratification of the MLAT between the U. S. and Mexico in November 1989. Mexico ratified the treaty in December 1987. The MLAT should provide a legal mechanism for enhancing bilateral cooperation on criminal matters.

Mexican laws against drug trafficking are adequate, but enforcement is less satisfactory. INM-funded training programs sponsored by DEA, U.S. Customs and the U.S. Coast Guard as well as the FBI will be offered to Mexican officials to enhance their professional skills.

The Tax Information Exchange Agreement is expected to be used by both governments to facilitate the exchange of information needed to prosecute tax cases against drug traffickers and money launderers.

Article 27 of the Mexican Constitution permits the government to confiscate and redistribute land not used for socially acceptable purposes, including land used to cultivate illicit crops. Under this program, President Salinas redistributed 175,000 hectares of land previously owned by drug producers and traffickers to 1,000 families in Chihuahua.

A bilateral extradition treaty is in force between Mexico and the U.S. However, Mexico prefers to deal with such cases by informally expelling non-Mexican citizens on a case-by-case basis. Mexico frequently expels U.S. citizens to the United States at USG request when they are not charged with more serious Mexican offenses.

With regard to the requirements of Section 2013 of PL 99-570, the Government of Mexico does not encourage or facilitate the production or distribution of illicit narcotic psychotropic drugs or other controlled substances.

A.5. Domestic Drug Abuse

Most Mexicans readily admit the existence of a serious alcohol and inhalant abuse problem. Low cost and easy availability make these favored substances by drug abusers. Results from the 1988 national household drug use survey also indicate that marijuana abuse is common throughout Mexico. Surprisingly for a major opium producing country, Mexico does not appear to have a significant heroin addict population. And despite Mexico's role as a transit country, cocaine use is not widespread, almost certainly because of the high costs.

Data show that 1.3 million people of a population of approximately 80 million have tried drugs at least once. Northern Mexican border towns, large metropolitan areas and resorts suffer the highest incidences of drug abuse. The GOM, through various governmental agencies and private sector groups, has launched drug abuse prevention campaigns to educate Mexicans about the dangers of drug abuse.

B.1. Nature of Illicit Drug Production

Cannabis is grown widely throughout Mexico and in some areas it is a year-round crop. Opium poppy fields, once confined to the western slopes of the Sierra Madre Occidental Mountains and in Guerrero, are now found in Veracruz, Oaxaca, and Chiapas. Opium production harvests occur generally in December and March-April. Not surprisingly, some farmers have adopted advanced technologies, such as irrigation and a tier planting system, to enable them to grow both opium poppy and cannabis throughout the year.

Small-scale farmers continue to produce most of the opium poppy and marijuana in Mexico. Their output is collected and smuggled into the United States to a large extent by groups which have controlled the Mexican illegal narcotics trade for years. Traffickers have responded to GOM narcotics control programs in a number of ways. They have expanded illicit farming into non-traditional areas, introduced advanced production techniques and taught farmers to counter eradication by hiding their fields, washing sprayed plants, and preparing seedbeds from which destroyed fields can be immediately replanted. There is no evidence of coca cultivation or hashish processing in Mexico.

B.2. Factors Affecting Production

Farmers can earn more money by growing illicit crops than by pursuing any other agricultural or industrial occupation. Mexico produces some chemicals that are believed to be diverted to heroin refining. Some South American cocaine producers have also allied themselves with Mexican narcotics traffickers to transport cocaine through Mexico to the United States.

B.3. Maximum Achievable Reductions

Longstanding GOM policy is to eliminate illicit crops wherever and whenever they are found. The GOM does not make crop estimates nor does it set annual drug destruction targets. PGR policy makers increasingly prefer to use their airfleet to support drug interdiction and other anti-narcotics law enforcement activities while maintaining the eradication program at its present level of effort. Unless there is a major new level of effort devoted to the eradication program, we do not expect to see a significant increase in eradication in 1990.

B.4. Methodology for Estimates

The gross estimate of drug cultivation in Mexico has been made by U.S. officials. For eradication figures, the USG has taken the number of fields reported eradicated by PGR pilots and multiplied them by an average field size determined by USG statistical methods. The GOM does not collect data to develop a crop estimate for either cannabis or opium poppy. The Mexican Government is not currently conducting any aerial survey.

C.1. Statistical Tables							
A. SUMMARY TABLE	ES for CY	1990 est.	1989	1988	1987	1986	
OPIUM							
Cultivation	[ha]		9,600	7,738	7,360	6,000	
Eradication	[ha]		1,130	2,737	2,200	2,135	
Harvested	[ha]		8,470	5,001	5,160	3,865	
Yield	[mt]		85	45-55	50	40	
HEROIN							
Produced	[mt]		8.5	4.5-5.5	•	•.	
Seized in-country	[mt]		0.300	0.150	0.070	0.035	
Consumed in-country			-	•	•	•	
CANNABIS							
Cultivation	[ha]		57,925	9,000	9,000	8,430	
Eradication	[ha]		15,810	3,997	3,750	2,970	
Harvested	[ha]		42,115	5,003	5,250	5,460	
Yield (1.13 mt/ha)	[mt]		47,590	5,655	5,933	6,170	
Loss Factor (0.10)	[mt]		4,759	565	0,000	0,110	
			•		. •		
Seized in-country	[mt]		412	278	•	-	
Consumed in-country HASHISH	[mt]		100	100	:	-	
Converted from							
cannabis	[mt]		-	•	•	-	
B. DATA TABLES fo	r CY	1990 est.	1989	1988	1987	1986	
Cultivation (Gross)							
Opium	[ha]		9,600	7,738	7,360	6,000	
Cannabis	[ha]		57,925	9,000	9,000	8,430	
Potential Prod (Gross)	[ma]		01,020	5,000	0,000	0, 200	
	[mt]		85	78	75	60	
Opium						9,275	
Cannabis	[mt]		47,590	10,170	9,900	5,210	
Hectares Eradicated				0 505	0.000	. 0 105	
Opiu	[ha]		1,130	2,737	2,200	2,135	
Cannabis	[ha]		15,810	3,997	3,750	2,970	
Crops Eradicated							
Opium	[mt]		11	28	25	20	
Cannabis	[mt]		17,865	4,517	4,125	3,270	
Net Cultivation			•				
Opium	[ha]		3,470	5,001	5,160	3,865	
Cannabis	[ha]		42,115	5,003	5,250	5,460	
Net Production	freel		تا بد خر ومد	2,000	0,200		
	[m.4]		05	EU.	50	40	
Opium	[mt]		85	50			
Cannabis	[mt]		47,590	5,655	5,933	6,170	

MEXICO

C.1. Statistics	C.1. Statistical Tables							
B. DATA TABLES	for CY	1990 est.	1989	1988	1987	1986		
Refining								
Heroin	[mt]		•	•	•	-		
Heroin Base	[mt]		8.5	5	4			
Seizures								
Opium	[mt]		. •	0.16	•	•		
Heroin	[mt]		0.93	0.07	0.04			
Cocaine	[mt]		38.10	15.40	9.30			
Marijuana	[mt]		716	278	400	-		
Arrests								
Nationals			15,849	14,000	12,888	9,800		
Foreigners			292	275	247	300		
Total Arrests			16,141	14,275	13,135	10,100		
Labs Destroyed								
Heroin			12	8	4	7		
Cocaine			5	1	3	5		
Users (thousands)								
Opium			•	•				
Heroin			16		•			
Cocaine			44	i •				
Marijuana			289			-		

NICARAGUA

A.1. Status of Illicit Narcotics Production and Trafficking

We have little direct knowledge of the current drug situation in Nicaragua. The Government of Nicaragua (GON) has provided no information on the subject. GON restrictions on U.S. Embassy activities and mass expulsions of Embassy staff have limited our ability to investigate narcotics matters, including periodic allegations of official drug corruption.

The Nicaraguan Government presented a proposal for a multilateral anti-drug agreement between the United States and the five Central American countries at a United Nations meeting in February and again at a meeting of the Central American Foreign Ministers in March. It has been discussed by the Central American Governments but has not been presented to the USG. The agreement, inter alia, calls for joint bimonthly meetings between the United States and the five Central American countries, the exchange of drug information, and cooperation in eradicating illicit drug traffic.

Allegations linking members of the Sandinista Government to drug trafficking continue. In June, a Cuban military court accused ex-Divison General Arnaldo Ochoa Sanchez, former Cuban military advisor to the GON, of drug trafficking, but concluded that Ochoa's activities did not involve the GON. However, in July, Jose Blandon, the former Panamanian Consul General in New York, linked Ochoa and an official of the Cuban Ministry of the Interior to drug operations in Nicaragua which involved Nicaraguan Minister of the Interior Tomas Borge. Blandon also alleged that the entire Nicaraguan intelligence system was involved in drug operations.

The current Cuban Ambassador to Nicaragua, Fernando Ravelo Renedo, is under indictment in Florida on narcotics charges.

A.2. Accomplishments in 1989

Nicaragua concluded an agreement with Costa Rica in December 1988 for the exchange of narcotics information, coordinated border patrols and possible coordinated operations on the Atlantic coast. This agreement has not been fully implemented. The border patrols were suspended following Costa Rican protests in March and April of unauthorized landings by Nicaraguan helicopters in Costa Rica. The GON asserted that the helicopters were on border patrols to curb smuggling and narcotics trafficking. Talks between the police authorities of Costa Rica and Nicaragua did result in the loan by Nicaragua of two tracking dogs to assist in a murder investigation.

A.4. Adequacy of Legal and Law Enforcement Measures

Nicaragua's judicial and law enforcement mechanisms seem to be adequate for dealing with drug enforcement. The basic statute of narcotics law enforcement is the 1986 Title Six of the Penal Code which, along with Decrees 559 and 1457, constitute the country's legal apparatus for narcotics control.

Nicaragua is party to the 1961 Single Convention on Narcotic Drugs. It is not a signatory of the 1972 Protocol to the Single Convention.

A.5. Domestic Drug Abuse

The Nicaraguan Government has argued that it has no domestic drug problem. Alcohol abuse seems to be a more serious problem in Nicaragua than drug abuse.

C.1. Statistical Tables

There are no officially published statistics on narcotics violations in Nicaragua.

PANAMA

A.1. Status of Illicit Narcotics Production and Trafficking

Panama continued to be an important transshipment site for illegal drugs and the chemicals used to process cocaine during the last year of General Manuel Noriega's corrupt regime. Selective drug enforcement actions in Panama resulted in limited cocaine seizures there. U.S. authorities seized at least 2,005 kilograms (kgs) of cocaine in Miami and New York which had come from Panama.

The level of money laundering probably decreased by 1989, as a result of deteriorating economic conditions and the unstable political environment. As in prior years, cannabis cultivation was not significant.

A.2. Accomplishments in 1989

Immediately after taking office in December 1989, the democratic government of President Guillermo Endara began demonstrating its commitment to cooperate with the U.S. on narcotics matters. When former military dictator Manuel Noriega took refuge in the Papal Nunciate in Panama, the Endara Government urged the Nuncio against granting Noriega asylum and urged the Nuncio to expel Noriega from its grounds in order for Noriega to face U.S. drug charges. The new Panamanian Government also cooperated by freezing hundreds of bank accounts which U.S. officials had reason to believe were being used to launder illicit drug money.

During 1989, the Panama Defense Forces (PDF) claimed that it seized an estimated 2,000 kgs of cocaine and a slightly lesser amount of marijuana. The State Department believes narcotics interdiction was selective, reflecting the climate of bribery and corruption that prevailed in Panama under the Noriega regime. In two instances, however, information passed by Panamanian officials to U.S. authorities led to seizures in Miami and New York totaling 694 kgs of cocaine. The PDF advised that it eradicated 16 hectares of cannabis.

The United States continued to recognize Mr. Eric A. Delvalle as the lawful President of Fanama until September 1, 1989, when his constitutional mandate expired. The U.S. had worked out and successfully implemented a useful procedure with Mr. Delvalle to permit the boarding, search and seizure by U.S. authorities of Panamanian flag vessels on the high seas that were suspected of drug trafficking.

A.3. Plans, Programs and Timetables (1990)

On December 20, 1989, the democratically elected government of Guillermo Endara assumed control in Panama. On January 10, 1990, the new government signed a counter-narcotics cooperation agreement with the United States in accordance with the provisions of the Chiles Amendment. The agreement commits both governments to cooperate on the full range of drug-related problems, including trafficking, money laundering, control of chemicals that can be used to process cocaine, production of illicit drugs and demand reduction.

During the Noriega years, all law enforcement was under the control of the PDF. The new government has dissolved the PDF. A new Panamanian Public Force is being created as a police-type organization. The Public Force is subordinate to civilian authority under the Ministry of Interior and Justice. and is restructuring its enforcement elements to permit civilian control of public security activities. In order to correct past problems of narcotics-related corruption, the Endara Government is making efforts to staff the counter-narcotics law enforcement agencies or units with individuals of integrity and reliability.

The U.S. and Panama plan to follow up the January 10 agreement with another anti-narcotics agreement through which the U.S. will assist the Panamanian Government to train and equip its narcotics law enforcement personnel. The U.S. Government also is prepared to assist the Government of Panama in establishing an interagency narcotics information center which can gather actionable intelligence on the movements of vessels, aircraft and persons who are suspected of trafficking in illicit drugs. Finally, the Department of State believes the Panamanian Government will continue its cooperation with U.S. authorities in the effort to gather evidence against persons engaged in drug-related money laundering.

A.4. Adequacy of Legal and Law Enforcement Measures

Panama is a signatory to the 1961 Single Convention on Narcotic Drugs and to the 1972 Protocol thereto. Although Panama signed the United Nations Convention Against Illicit Trafficking in Narcotic Drugs and Psychotropic Substances in 1988, it has yet to ratify the accord.

During 1989, Panamanian authorities continued to expel third-country nationals for whom warrants were outstanding for drug charges in the U.S. In April, fifteen persons (mostly Colombians) were detained in Panama and most were expelled.

Based on a 1986 drug enforcement law, Panamanian authorities can seize anything of value used in the commission of a drug-related crime. The law also makes it easier for the government to seize personal property, money and real estate derived from drug-related criminal activity.

With regard to the requirements of Section 2013 of PL 99-570, the Government of Guatemala does not encourage or facilitate the production or distribution of illicit narcotic psychotropic drugs or other controlled substances.

A.5. Domestic Drug Abuse

Drug abuse is not considered a major problem in Panama. Marijuana and cocaine are used primarily by limited numbers of Panamanian youth and by Americans. Two organizations that dedicate themselves to drug abuse prevention and rehabilitation are the Parents' Resources Institute on Drug Education (PRIDE/Panama) and the Cruz Blanca (White Cross).

B.1. Nature of Illicit Drug Production

Past PDF programs of aerial eradication of cannabis have nearly eliminated production. There is no evidence at this time that other narcotic drugs are being cultivated or produced in Panama.

PANAMA

A. SUMMARY TABI	ES for CY	1990 est.	1989	1988	1987	1986
CANNABIS						
Cuitivation	[ha]	10	16	10	30-40	175-250
Eradication	[ha]	10	16	10	30-40	240
Harvested	[ha]		- ,		:	
Yield	[mt]	•		-	.	. · · · · · - · .
B. DATA TABLES fo	or CY	1990 est.	1989	1988	1987	1986
Cultivation (Gross)						
Cannabis	[ha]	10	16	10	30-40	175-250
Potential Prod (Gross)						
Cannabis	[mt]	10	16	10	30-40	175-250
Hectares Eradicated						
Cannabis	[ha]	10	16	10	30-40	240
Crops Eradicated						
Cannabis	[mt]	10	16	10	30-40	240
Net Cultivation						
Cannabis	[ha]		-	-	•	10-35
Net Production						
Cannabis	[mt]	•	:		•	10-35
Seizures						
Cocaine	[mt]	3.000	2.000	-	1.450	0.410
Bazuco	[mt]	0.600		. ·	0.610	0.010
Cannabis	[mt]	2.500	1.900		0.130	0.110
Arrests						
Nationals		800		-	454	1,051
Foreigners		150	-		167	86
Total Arrests		950	•		621	1,137

Notes

Information contained in the summary and data tables for prior years was provided by the U.S. Embassy. Because U.S. narcotics law enforcement and other Embassy personnel were withdrawn from Panama in May 1989, complete and verifiable statistics for 1989 were unavailable. Also, complete figures for 1988 were never provided to the Embassy by Panamanian law enforcement agencies. Although detailed information on domestic drug use is unavailable, domestic consumption is believed to be minimal and would not affect production/export figures in any case.

THE CARIBBEAN

THE BAHAMAS

A.1. Status of Illicit Production and Trafficking

The Bahamas is a major transit country for cocaine and marijuana destined for the U.S. The 700 islands and cays which constitute the Bahamas, with a population of only 250,000 people, are scattered over 100,000 square miles. It lies directly astride established air and maritime smuggling routes from major source countries to the U.S. This large area, with over 70 airports and 100 small boat marinas, makes law enforcement difficult and expensive.

USG authorities noted a decline in the level of drug trafficking activities in The Bahamas -- especially in the northern area -- during the spring and summer of 1989. That decline resulted from Bahamian law enforcement efforts, concurrent Colombian counter-narcotics activities and the deployment of additional USG resources in support of joint enforcement/interdiction operations.

The USG receives excellent cooperation from the Bahamian Government in enforcement and interdiction efforts. Bahamian support and participation in joint interdiction operations involving the U.S. Customs Service (USCS), U.S. Coast Guard (USCG) and the Drug Enforcement Administration (DEA), and the USCG ship rider program, demonstrate the Bahamian Government's continuing commitment to joint drug operations. In several cases, Bahamian authorities, in cooperation with U.S. law enforcement agencies, permitted narcotic shipments to transit the Bahamas in controlled operations which resulted in seizures and arrests. The Government of the Bahamas (GOB) also authorized the deployment in The Bahamas of three USG-operated mobile military radars in 1989. The Bahamian Police and Defense Forces continued to upgrade their anti-drug capacities, by participating in training provided by DEA in searches, seizures and investigations. A team of Bahamian police was instructed in dog handling; dogs are now actively involved in police drug detection. The USG provided vehicles and miscellaneous operational equipment to the Police Drug Enforcement Unit. Bahamian Defense Forces were trained in counter-narcotics operations, while the Department of State Bureau of International Narcotics Matters (INM) and the USCG provided engines and boats for interdiction patrols.

In 1989, the USG was concerned about Bahamian unwillingness to pursue negotiations to expand Operation Bahamas, Turks and Caicos (OPBAT) joint interdiction activities to include the Turks and Caicos Islands; however, the Bahamian attitude has changed.

Negotiations between the GOB, the USG, Great Britain and the Government of the Turks and Caicos for a tripartite agreement should be concluded in 1990. Construction difficulties at the Moss Town Airport delayed the closure of the old George Town Airport in Great Exuma by almost a year, postponing the full-scale operation of the aerostat balloon programmed for that island. We expect the airport to open shortly, at which time the new aerostat will become fully operational.

Bahamian enforcement agencies made several major unilateral seizures in 1989, intercepting and confiscating 1.8 metric tons of cocaine. A total of 1.8 kgs of Nigerian heroin was also seized by Bahamian authorities. No other drugs in major quantities were seized in The Bahamas in the course of the year. There is no evidence of commercial drug cultivation or refining in the country.

Joint USG and GOB interdiction operations in The Bahamas and in adjacent international waters resulted in the seizure of 7 metric tons of cocaine and 0.6 metric tons of marijuana, including a seizure of 954 kgs of cocaine by law enforcement personnel assigned to OPBAT. Joint operations also resulted in the seizure of eight aircraft, eight vessels, four weapons and the arrest of 71 suspects.

Available statistics for 1989 from DEA's El Paso Information Center (EPIC) reveal that thirteen percent (5.9 metric tons) of all cocaine seized worldwide in private aircraft in 1989, including through unilateral U.S. law enforcement operation, was interdicted in the vicinity of the Bahamas. Moreover, an additional eleven percent (5.1 metric tons) of all cocaine seized in private aircraft was interdicted in Florida; EPIC estimates that a significant number of the Florida aircraft drug seizures involved planes that transited The Bahamas. Addressing sea borne trafficking, EPIC reported that nineteen percent of narcotic seizures worldwide took place in The Bahamas and in adjacent international waters during 1989.

Drug shipments normally enter The Bahamas in general aviation aircraft and vessels departing directly from source countries. In most cases, narcotics are transferred to fast boats and other non-commercial vessels and smuggled into the United States.

While smuggling aircraft continue to stage and recover in The Bahamas, drug-laden planes are landing less frequently. Thanks to enforcement efforts, traffickers have switched to the mid-ocean air drop to waiting vessels as their preferred method of delivery in and around The Bahamas. There is also evidence that traffickers have returned to the use of large mother ships to conduct mid-ocean transfer operations to smaller vessels destined for the United States.

Increased law enforcement efforts in the region have forced a shift in trafficking tactics. Radar sites and OPBAT helicopter bases have helped to push trafficking activities to the south, forcing traffickers to move shipments from there to the northern islands by boat. U.S. officials believe that additional radar sites and the planned OPBAT interdiction base in Great Inagua should close this area to air trafficking. The inclusion of the Turks and Caicos within OPBAT, planned for 1990, will further restrict drug activities.

Mid-ocean air drops and vessel-to-vessel transfers by traffickers pose a major problem for USG and GOB enforcement agencies. Furthermore, the capability of smuggling aircraft to fly non-stop from Colombia and Jamaica to drop sites and return to the points of origin compounds the problem. An increase in anti-drug patrols, however, reduces drug flights; traffickers frequently abort deliveries in the presence of U.S. and Bahamian interdiction forces.

The GOB judicial system continues to grapple with an increasingly complex load of narcotics cases. A number of prosecutions were dismissed due to procedural error by the prosecution and technical rulings by the courts. USG officials have received credible reports that drug traffickers are able to buy cooperation from some Bahamian officials. Consequently, USG agencies continue to provide information on official corruption to the Bahamian police. The Anti-Corruption Unit of the police is currently investigating numerous cases. When there is sufficient evidence to guarantee prosecution, the Bahamians will take action.

In 1989, the GOB on its own actively investigated and prosecuted Wilbert Moss, a Bahamian member of parliament. Moss was convicted of attempting to bribe the magistrate in a drug case and was sentenced to a year in jail. He was also forced to resign his position as parliamentary secretary and his parliamentary seat. Notwithstanding the successful prosecution of Moss, the Chief Justice of the Supreme Court reduced his sentence and; the former parliamentarian served only nine weeks of confinement, most of which was in a government hospital.

In March 1989, USG courts handed down indictments in separate narcotics cases involving Bahamian citizens Everette Bannister and Kendall Nottage. Nottage, a member of the Bahamian Parliament and head of the Bahamian National Insurance Board, and his wife, Rubie, were charged in connection with a drug money laundering scheme. Prime Minister Pindling issued a public statement defending the Nottages following the USG indictments. In another 1989 development, the ruling Progressive Liberal Party (PLP) elected, Irrington "Minkey" Isaacs, as its chairman. Isaacs, a Bahamian

citizen, was implicated along with his air charter company in drug trafficking activities by a Bahamas Commission of Inquiry established in 1984 to investigate drug trafficking and related corruption. According to the DEA, the air charter company continues to engage in illegal narcotics activities, including the modification of aircraft for traffickers. Isaacs, however, has never been indicted or convicted of any drug-related offenses by the GOB or the USG.

A.2. Accomplishments in 1989

In January, The Bahamas was the first country to ratify the 1988 U.N. Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances. In accord with the Chiles Agreement, a bilateral agreement between the USG and the GOB was signed in February. We consider this an important, positive action given the Bahamian pledge to take further drug control steps and increase cooperation with the USG. Negotiations for a new bilateral extradition treaty with the USG were concluded in July. This agreement should be ratified by both countries in 1990, enhancing bilateral drug control efforts. Similarly, the implementation of the Mutual Legal Assistance Treaty (MLAT) between the United States and The Bahamas, to which the U.S. Senate gave its advice and consent to ratification in September, will add to our mutual narcotics control initiatives. The Bahamas also underlined its commitment to international law enforcement efforts by joining the International Drug Enforcement Conference (IDEC) in the spring of 1989.

In November, the USG, in response to a Bahamian request, transferred the last of six decommissioned USCG cutters to the Royal Bahamian Defense Force (RBDF). These vessels will enable the RBDF to increase coastline patrolling and interdiction efforts and will be a further deterrent to trafficker operations in and around the Bahamas.

In July, the British Privy Council ruled in the Nigel Bowe extradition case that conspiracy is an extraditable offense. This means that proceedings relating to Bowe, who is the subject of a USG extradition request, may continue in Bahamian courts. The Privy Council ruling also affects five other narcotics-related cases which can now move forward in Bahamian courts.

A.3. Plans, Programs and Timetables (1990)

We anticipate a variety of drug control projects, programs and accomplishments in 1990. By mid-year, we hope that the agreement to involve the Turks and Caicos in OPBAT drug interdiction operation will be concluded. The expected inauguration of another OPBAT base on Great Inagua will provide added drug control coverage for the southern Bahamas and the Turks and Caicos.

The 24-hour aerostat radar operations on Great Exuma, central Bahamas, scheduled for 1990, should also enhance detection efforts, as would the construction of a planned third aerostat balloon on Great Inagua. Though plans for a Joint Information and Coordination Center for the collection of narcotics-related data had been stalled by the GOB, the government has recently expressed new interest in this project.

A.4. Adequacy of Legal and Law Enforcement Measures

The GOB has taken legal and law enforcement steps to eliminate bribery and other forms of public corruption which facilitate the shipment of narcotics, psychotropic drugs and other controlled substances. With regard to the requirements of Section 2013 of PL 99-570, the Government of The Bahamas does not encourage or facilitate the production or distribution of illicit narcotic psychotropic drugs or other controlled substances.

In 1989, two Bahamians were extradited to the United States to face narcotics related charges. One extradition request was dismissed in August when the Chief Justice of The Bahamas ruled that a USG request was invalid because of a technicality. The ruling may have a direct adverse impact on several other pending USG extradition cases. The new extradition treaty between the United States and the Bahamas, once signed and ratified, should expedite future extradition requests.

The GOB and the banking industry have adopted a comprehensive set of operating and reporting regulations which make money laundering increasingly difficult in the Bahamas, though the country is still vulnerable to it. The regulations, which depend largely on self-policing, must be further refined to deter money laundering. If implemented effectively, the regulations should make The Bahamas increasingly less attractive to traffickers for money laundering. The MLAT between the United States and The Bahamas, which will be ratified shortly, should substantially increase the ability of the USG and Bahamian enforcement officials to investigate, detect and prosecute money laundering cases.

The Bahamas has progressive, up-to-date laws and regulations dealing with asset seizures. Thus far, however, the country has had limited success in seizing assets and proceeds of drug traffickers in judicial proceedings. With more experience in dealing with cases of this nature, the government should be able to take a more aggressive stance in this field.

A.5. Domestic Drug Abuse

While there are no accurate figures available on domestic abuse abuse, The Bahamas has a serious domestic drug abuse problem. The principal drug of choice is crack cocaine. Bahamian medical authorities continue to describe cocaine addiction as endemic, but state that the number of new drug users is declining and that the addict population appears to have stabilized.

The GOB funds a National Drug Council which is charged with coordinating government activities in narcotics education and demand reduction. The Council has made strong efforts to reach the public through community rallies, public service announcements and seminars. This past year the council has largely concentrated on the capital island of New Providence. In 1990, the Council plans to use INM funds to bring key people from other islands together and to form a core group of trainers to train others.

Though lack of funds and personnel have limited teacher training and the implementation of a pilot program, the GOB is working to make drug education a regular part of the school curriculum.

Bahamian private voluntary organizations deserve credit for their work in demand reduction. There are groups in both Nassau and Freeport which sponsor a wide variety of activities -- hot lines, public service announcements, teen programs, self-esteem training, health fairs -- designed to promote the goal of drug-free communities.

THE BAHAMAS

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Data Tables for CY	199	0 198	39 19	88 198	7 1986
Seizures(1)					
Cocaine (mt) Marijuana (mt)	-	8.8 0.6	10.7 13.3	12.6 160.5	3.3 5.6
Arrests Nationals Foreigners- Totals:	-	- 1,255(2)	1,016 245 1,261	1,172 424 1,596	1,212 214 1,426

⁽¹⁾ Seizures are for The Bahamas and adjacent international waters.(2) A breakdown for arrests of Bahamian nationals and foreigners in 1989 was not available.

CUBA

A.1. Status of Illicit Narcotics Production and Trafficking

Cuba stands amidst some of the primary illicit drug routes into the United States. Traffickers have transited Cuban airspace and territorial waters to avoid detection by U.S. law enforcement assets operating in the Caribbean. The principal air smuggling route through Cuba to South Florida has been via the Maya air corridor in central Cuba. Reported smuggling operations in and around Cuba primarily involve cocaine and, to a lesser extent, marijuana.

U.S. law enforcement agencies reported a marked increase in observed drug smuggling incidents in Cuban territory during the first half of 1989. Several reported smuggling operations implicated Cuban officials. The observed incidence of drug smuggling in and around Cuba declined significantly during the second half of 1989 after a major scandal unfolded in June. It is difficult to gauge the overall amount of trafficking that takes place in Cuba.

On June 16, 1989, the Cuban Government for the first time admitted that Cuban officials were involved with drug traffickers. Cuban authorities arrested, tried and convicted fourteen Revolutionary Armed Forces and Interior Ministry officers, including two generals, accused of corruption and drug trafficking. The accused officers were subjected to what appears to have been a carefully choreographed show trial. Four of them were executed and the rest were sentenced to ten to thirty year prison terms.

Some of the defendants admitted concluding agreements with Colombian drug traffickers and facilitating the transshipment of approximately six tons of Colombian cocaine and unspecified amounts of marijuana in fifteen successful smuggling operations between April 1987 and April 1989. According to official Cuban accounts, some defendants participated in drug airdrops, drug plane re-fuelings and drug plane off-loadings in Cuban territory.

The motives behind President Castro's decision to investigate and to prosecute the accused officers are unclear. There are circumstantial indications that political motivation may have played a part in making General Arnaldo Ochoa the trial's leading defendant. Other accused officers clearly were involved in drug smuggling. Several factors (the high rank and number of officials involved, Cuba's pervasive intelligence network and Fidel Castro's propensity to micro-manage events) suggest President Castro and Raul Castro, the Minister of Defense, may have suspected or approved the multiple drug trafficking operations carried out by Interior Ministry

officials. At a minimum, the Castros were aware of U.S. criminal cases going back to 1982 in which high-ranking Cuban officers were implicated in drug trafficking. The USG has had information of senior level Cuban official involvement with drug traffickers since 1980.

The Government of Cuba (GOC) portrayed the Ochoa trial as a demonstration of its commitment to fighting drug trafficking and corruption. The trial led to an investigation into corruption in the Ministry of the Interior. As a result, the Minister of the Interior was sentenced to twenty years in prison, and many other Interior Ministry officials were removed, primarily from the intelligence directorates. Castro subsequently replaced many of the Ministry officials with officers from the armed forces.

The Revolutionary Armed Forces announced in June a new policy of shooting down suspicious aircraft that stray from established air corridors and altitudes and do not respond to commands to land for inspection. Fidel Castro justified the policy in a July 9 speech by claiming that violations of Cuban airspace by drug traffickers were frequent and the situation was intolerable. At the same time, he called for discussions with the United States on how to handle this situation.

The Cuban Government's policies enunciated in June and July 1989 were a departure from its past blanket denials of the involvement of Cuban officials and its uneven record toward interdicting suspect overflights. There is evidence that Cuban authorities have taken measures designed to improve their narcotics enforcement capabilities since the drug scandal. In his July 9 speech, President Castro disclosed that Cuban fighter planes, over the previous week, had been given orders to open fire on suspect aircraft that were taking irregular flight paths. Subsequently, in several cases, Cuban authorities claim Cuban fighters with orders to open fire pursued small aircraft, but they eluded interception. Through the end of 1989, Cuban forces were not successful in capturing or shooting down a drug smuggling plane transiting Cuba. The U.S. encouraged the Cuban Government to exercise restraint in implementing its policy of shooting down unauthorized aircraft that do not land for inspection to avoid the loss of innocent life.

During 1989, the U.S. urged Cuba to take serious, unilateral drug enforcement efforts, to help bring traffickers under U.S. indictment to trial in the U.S. and to respond to U.S. narcotics-related information exchanges. The U.S. continued to pass information for interdiction and other information for investigative purposes via the U.S. Interests Section in Havana and via the U.S. Coast Guard-Cuban Border Guard Troops telex line. The Cuban Government has failed to respond to several U.S. requests.

In June, the U.S. requested that the Cuban Government provide information from its ongoing drug investigation to the U.S., particularly as it might relate to criminal activities by American nationals or in the U.S. in order for USG authorities

to initiate appropriate legal action. The Cuban Government has made no substantive response, but has advised the USG that all of the information of relevance to the United States obtained during its investigation had already been made public.

The U.S. Coast Guard, with State Department concurrence, telexed details to the Cuban Border Guard Troops on four suspect drug-smuggling aircraft after the Cuban Government announced its new emphasis on fighting drug traffickers (July-December 1989). In each case, the U.S. Coast Guard telex requested that Cuban authorities investigate and respond with available information. In one case, the Cuban Border Guard Troops responded the same day that they observed the aircraft on radar, but lost contact due to bad meteorological conditions. In another instance, the Cuban Border Guard Troops responded two days later that they had located the aircraft, but it was too late to take action. In the other two cases, Cuban authorities responded that the telexes had been mis-routed within the Cuban Government. The Cuban Government's failure to respond effectively to U.S. law enforcement-related requests raises questions about the seriousness of Cuba's commitment to fighting drug trafficking.

Unanswered questions remain about indicators of high-level Cuban involvement in drug trafficking that predate the 1989 drug scandal. U.S. indictments are outstanding on four relatively high-level Cuban officials who were indicted in Miami in 1982 for involvement in drug trafficking, but they cannot be extradited. Other non-Cuban defendants in this case were convicted. One of the indicted officials, Vice Admiral Aldo Santamaria sat on the Military Tribunal which heard the Ochoa case. Cuba also figures prominently as a cocaine transshipment point in federal indictments handed down in February 1988 and April 1989. To the best of our knowledge, the Cuban Government has not systematically investigated the charges in these indictments, but simply denounced them as politically motivated. Cuban officials claim that they have investigated these earlier cases and found the charges untrue.

Drug trafficking activities in and around Cuban territory declined following the drug scandal through the end of 1989. The reasons for the decline are unclear. Contributing factors may include disruption of apprehended Cuban officials' drug smuggling, traffickers' apprehension in the wake of Cuban officials' stated commitment to fighting drugs and Cuban law enforcement measures or changes in trafficking patterns unrelated to Cuban law enforcement efforts. The U.S. is closely monitoring Cuban interdiction efforts to see if Cuban actions match Cuban officials' claims that their government is indeed serious about combatting narcotics trafficking.

Cuba conducted an active public campaign in 1989 to portray itself as a crusader in the war against drugs. Cuba's public anti-narcotics posture is wrapped in political rhetoric that casts blame principally on consumer nations and suspicion on U.S. efforts at bilateral narcotics assistance to other countries.

There is no evidence of money laundering in Cuba, although General Ochoa allegedly had planned to encourage drug traffickers to invest in building hotels in Cuba.

A.4 Adequacy of Legal and Law Enforcement Measures

Article 217 of the Cuban Penal Code provides for imprisonment of three to eight years for the production, transport, trafficking, possession with the intent to traffic, or to procure for others toxic drugs or hallucinogenics, hypnotics or narcotic substances. Simple possession is punishable by sentences of six months to three years. Land used to cultivate cannabis or similar substances is subject to confiscation (if privately held). If the amounts of illegal substance involved are "relatively large," sentences range from seven to fifteen years. Eight U.S. citizens were known to be in Cuba prisons at the end of 1989, all but two of them on drug charges. Most drug smugglers apprehended by Cuban forces are also charged with illegal entry into Cuba, a crime carrying a sentence of an additional two years imprisonment. Most smugglers are, however, given early release, after three to six years in prison. The destination of the drugs is not considered a relevant factor by Cuban courts.

The narcotics control function within the Cuban Government is carried out by the Ministry of Public Health. Both the Interior Ministry and the Revolutionary Armed Forces are involved in the apprehension and investigation of drug offenders on a selective basis. No public information is available on how these official organizations cooperate, on their lines of authority or their areas of responsibility.

In a July 9 statement, Raul Castro advocated stricter anti-narcotics trafficking legislation which would include the death penalty for the most serious cases. No such legislation was enacted in 1989. Cuba made no effort to establish or improve extradition procedures

in 1989. The Cuban Government did sign the United Nations Convention against ilicit trafficking in narcotic drugs and psychotropic substances in April 1989.

A.5 Domestic Drug Abuse

No additional information is available on the domestic drug abuse problem.

DOMINICAN REPUBLIC

A.1. Status of Illicit Narcotics Production and Trafficking

The Dominican Republic geographic location makes it important in illicit narcotics trafficking. With more than sixty airstrips, two-thirds of which are abandoned, it is a natural staging area/re-fueling stop for traffickers moving from Latin America to the United States. U.S. Customs reports that air smuggling, particularly in the form of air drops, have been increasing in the area of the Dominican Republic.

The illicit drug problem in the Dominican Republic centers around transshipment. Trafficking organizations linked to the estimated one million Dominicans residing in the New York City area provide channels for shipping cocaine for conversion to crack for New York City's addict population. Although there is no known cultivation of coca or opium poppy in the Dominican Republic, small-scale cannabis plots have been discovered and destroyed by the National Police.

A.2. Accomplishments in 1989

Cooperation between the Government of the Dominican Republic (GODR) and the United States Government has been excellent. In March, the National Drug Control Directorate (NDCD) seized approximately 400 kgs of cocaine and arrested thirteen members of a drug trafficking organization operating between Colombia and the Dominican Republic.

The National Drug Control Directorate (NDCD) and the Joint Information Coordination Center (JICC) played major roles in all significant Dominican drug seizures and arrests of significant narcotics traffickers. The JICC continues to be the focal point for GODR interdiction efforts through the acquisition of drug intelligence on suspect aircraft, vessels and individuals. Information gathered by the JICC, via a network of radar sites and regional narcotics offices located throughout the Republic, is transmitted to the U.S. Drug Enforcement Administration's (DEA) El Paso Intelligence Center (EPIC) where it is analyzed and relayed back for appropriate action.

A.3. Plans, Programs, and Timetables (1990)

The JICC system currently has radar sites at Cabo Rojo and San Isidro. A third radar site, part of the Caribbean Basin Radar Network (CBRN), is currently under construction at Bani, southwest of Santo Domingo. Participants in the CBRN will require training in air traffic control and English language, as well as training

for technicians assigned to electronic communications and navigation equipment maintenance. Civilian contract and Dominican military personnel are due to begin operating at the site by April/May of 1990.

The GODR has repeatedly demonstrated its commitment to combat narco-traffickers, using many of its own resources and depending upon the U.S. for fuel, accessories and spare parts. However, continued GODR activity is hampered by aging equipment and lack of spare parts. U.S. Military Assistance Program (MAP) funds for the Dominican Republic were eliminated in FY 89, which reduced efforts to provide assistance.

A Local Area Network (LAN) is to be established at the JICC. Once fully operational, it will improve the JICC's capabilities to collect and disseminate information on illicit narcotics trafficking by using enhanced computer capabilities.

One full-time regional Narcotics Assistance Unit (NAU) position has been allocated by the Department of State. Resident in the Dominican Republic, the official will also be responsible for U.S. narcotics programs in Haiti. It is expected that the position will be filled during the second quarter of 1990.

A.4. Adequacy of Legal and Law Enforcement

We believe that the GODR will continue to take a tough stand against the entry into and through the DR of illicit narcotics. Nevertheless, in spite of tough new drug legislation, a number of narcotics offenders apprehended by the GODR have been released for unknown reasons.

Pursuant to the 1988 drug law, the National Drug Board oversees the Ministry of Health in controlling licit drugs within the country, and routinely inspects major pharmaceutical firms, laboratories and pharmacies to ascertain their compliance with Dominican law and regulations. To enhance anti-narcotics legislation, the DCND has proposed amendments to the drug law to control the sale of precursors, solvents, and reactive chemicals.

Although it does not appear that the Dominican Republic is being used to launder drug money on a large scale, some of the remittances from Dominicans residing in the United States are probably drug-related.

In June, the GODR agreed to transfer Dominican fugitive Daniel Mirambeaux to the United States for the 1988 murder of a New York policeman. Although Mirambeaux died before he was able to stand trial, the GODR's decision to turn over a Dominican citizen to the United States underscored its commitment to deal cooperate on enforcement matters.

In October, the GODR and the USG signed a Tax Information Exchange Agreement (TIEA) to discourage money laundering. The TIEA offers the tax authorities of both governments equal access, pursuant to specified procedures, to tax and examine the commercial banking records of presumed drug dealers.

In November, the president of the NDCD and a visiting Federal Republic of Germany Minister agreed to establish a program to exchange intelligence in the fight against drug trafficking including efforts to stop the use of West German chemicals in the production of illegal substances.

The GODR is a signatory to the 1961 Single Convention on Narcotic Drugs but not to the 1972 Protocol Amending the Convention. It is also a signatory to the 1971 Convention on psychotropic substances. The 1909 extradition treaty with the U.S. does not cover crimes involving narcotics or terrorism or require the extradition of nationals. Discussions with ranking GODR officials suggest an interest in negotiating a new extradition treaty to remedy these deficiencies.

With regard to the requirements of Section 2013 of PL 99-570, the Government of the Dominican Republic does not encourage or facilitate the production or distribution of illicit narcotic psychotropic drugs or other controlled substances. No senior official has been indicted for narcotics-related corruption.

The NDCD has taken positive steps under the 1988 drug legislation to seize assets relating to narcotics arrests. During 1989 \$77,283 in currency was seized as well as 175 weapons, 138 vehicles, 87 motorcycles, 1 airplane and 3 vessels.

A.5. Domestic Drug Abuse

At the beginning of 1989, which President Balaguer designated the "Year of the Fight Against Drugs," the Dominican Government hosted the Organization of American States (OAS) Conference on Drug Abuse. The NDCD and the JICC Academy held numerous courses and seminars on rugs, controlled substances and prevention. These events were attended by over 7,000 persons from sports groups, mental health clubs, schools, church groups, the military and the police. Dominican Government officials and private citizens have participated in USIS programs, IDEC Conferences, and DEA and U.S. Customs training workshops. Individuals have also traveled to the United States through the International Visitor Program to attend drug abuse control programs. A number of Dominican foundations sponsor anti-drug education and rehabilitation programs.

There continues to be significant public opposition to narcotics and narcotics traffickers. Recent unofficial NDCD statistics indicate that although cocaine and marijuana are available to the general

public, use of these drugs, particularly cocaine, is relatively low. Glue sniffing is reported to have all but disappeared, while drugs such as amphetamines and barbiturates that could until recently be purchased in local pharmacies now require a prescription.

While there are no reliable data on the number of drug users in the Dominican Republic, an estimated four percent of the population of 240,000 uses illicit drugs, principally marijuana.

DOMINICAN REPUBLIC

C.1. Statistical Tables								
B. DATA TABLES	for CY	1990 est.	1989	1988	1987	1986		
Seizures								
Cocaine	[mt]		0.86	0.55	1.89	0.94		
Marijuana	[mt]		0.16	11.19	0.05	41.60		
Arrests								
Nationals			1,529	1,387	1,719	1,860		
Foreigners			131	77	211	174		
Total Arrests			1,660	1,464	1,930	2,034		
Users								
Cocaine/marijuan	a .		9,600	9,600	9,600	9,600		

HAITI

A.1. Status of Illicit Narcotics Production and Trafficking

Haiti remained a significant transshipment point for the movement of illegal narcotics, especially cocaine, into the United States in 1989. The Avril Government continued to support and emphasize drug interdiction efforts.

Seizures increased in 1989, in part due to better support provided to and by the Center for Information and Coordination (CIC). The volume of trafficking is still beyond the capacity of the Haitian security forces to control. The police narcotics unit is ill-equipped, poorly trained and understaffed. Corruption remains a problem. The judicial system is weak. Haiti's long coastline and mountainous interior also facilitate smuggling operations.

Haiti produces an insignificant amount of narcotics. Transshipment and some processing continue to be the major narcotics problems. According to the private APAAC (The Association for the Prevention of Alcoholism and Other Chemical Dependencies) formed in 1986, domestic consumption roughly parallels levels found elsewhere in the Caribbean region (though not as high as in Jamaica), and abuse is found in all strata of society. It is widely believed that drug consumption, especially of crack, is on the rise.

There is little hard information on the extent to which drug smugglers use Haiti to launder money. Money laundering does not appear to follow the classic bank exchange pattern. Indications are that narcotics dealers are selling U.S. dollars in cash directly for local currency, using money changers who operate in the parallel currency market.

A.2. Accomplishments in 1989

President Avril has removed or transferred over 40 Haitian army officers, including many of senior rank, for suspected involvement in the drug trade. At the same time, he has appointed officers with good reputations to key anti-narcotics positions.

In March, Avril created a National Narcotics Bureau (NNB) to oversee and coordinate Haitian anti-narcotics efforts. The NNB, with a staff of 9 army officers and 33 enlisted men, has nationwide jurisdiction.

Information sharing between the United States Government (USG) and the Government of Haiti (GOH) continued to improve through the expanded Port-au-Prince CIC and the newly opened CIC in Cap-Haitien. A sustainable data processing capability and basic communications net have been established. Several Haitian anti-narcotics officials attended seminars and training courses in the United States in 1989.

In August, the U.S. and Haitian Governments negotiated a Memorandum of Understanding on Cooperation against Narcotics Trafficking. The agreement (as revised in September) provides the Haitian Government with \$560,800 to develop sustainable counternarcotics capabilities. It also covers information sharing, CIC operations, the establishment of another satellite CIC in Jeremie, and cooperation with USG interdiction operations.

Seizures of cocaine continued to increase, from 667 kgs in 1987, to 1,435 in 1988, and to 1527 in 1989. In 1989, the GOH turned over to the USG for disposal over 1,500 kilos of seized cocaine.

The GOH tightened visa requirements for Colombians entering Haiti. Colombians now must submit visa requests to the Haitian Consulate in Bogota; these requests are then forwarded to the Haitian Ministry of the Interior and the CIC for recommendation.

In September, the GOH enacted a new law facilitating the seizure and forfeiture of assets of narcotics traffickers, as well as increasing penalties for traffickers, co-conspirators, and persons involved in support activities such as money laundering or logistical assistance. In November, drug trafficker Mimose Jeanty and five of her accomplices were convicted, the first conviction on narcotics charges in Haiti in recent years. The GOH deported to the U.S. two American citizens wanted in the U.S. on drug-related charges.

In April, the U.S. and Haitian Governments signed an agreement that has enabled the Haitian navy to conduct anti-narcotics patrolling and facilitates procedures for entry into Haitian jurisdiction of U.S. law enforcement vessels and aircraft.

The Haitian Government has continued to show a commitment to cutting the flow of illegal drugs through Haiti. The Haitians have maintained and expanded drug interdiction efforts and continue to cooperate with U.S. authorities.

A.3. Plans, Programs and Timetables (1990)

FY 1989 funds are being applied toward establishing a regional CIC at Jeremie. It is to open in March 1990 and will monitor traffic on the south coast. Additional communications capabilities will be established for the CIC and National Narcotics Bureau. The National Narcotics Bureau and CIC will acquire needed vehicles to provide mobility for informational and law enforcement missions. Anti-narcotics operations will be enhanced by mobile high frequency radios which will be provided for narcotics police vehicles.

APAAC, the only organization in Haiti with programs to assist local addicts, will continue to receive funds from a USAID grant. USAID

assistance is directed toward program organization, staff expansion and training, and public education. APAAC will also conduct an extensive survey of drug use in Haiti in 1990 with USAID funding assistance.

Needed anti-narcotics training will be provided by the U.S. to personnel of the CIC and Narcotics Bureau, as well as other government agencies.

Long-term goals of U.S. narcotics policy in Haiti remain: decreasing the availability of Haiti to narco-traffickers as a transshipment and suspected processing point; discouraging domestic consumption; fostering an effective host government narcotics control policy; and assisting Haiti to develop an effective anti-narcotics capability of its own.

A.4. Adequacy of Legal and Law Enforcement Measures

The Haitian legal system remains weak in practice in all areas. Anti-narcotics laws, already relatively strong, were reinforced this year with the enactment of a law allowing the seizure and forfeiture of assets of narco-traffickers, and allowing co-conspirators and facilitators to be treated as principals in narcotics cases. Haitian law enforcement officials readily arrest suspected traffickers. However, in most cases drug offenders are released (and sometimes deported) after a time without proper legal procedures. There are widespread but unproved allegations that such releases are obtained by bribing officials. In the first successful prosecution in several years, six prison sentences were handed out for drug-related offenses in the Mimose Jeanty case.

Although a 1905 extradition treaty is in force between the U.S. and Haiti, it does not specifically address narcotics offenses. To date, there has been no known case of formal extradition of Haitian citizens to the U.S. on drug-related charges. Moreover, the 1905 treaty prohibits the extradition of nationals, and Haiti's constitution forbids the extradition from Haiti of any Haitian citizen. In August 1986, the U.S. and Haiti entered into an interim executive agreement on information sharing.

Police and law enforcement resources are grossly inadequate to deal with the drug trade. The NNB lacks equipment, trained personnel, and professional training standards. Effective coordination between the different branches of the military and the NNB has improved under the CIC.

The Haitian Air Force and Navy lack sufficient aircraft, ships, equipment, maintenance, and trained personnel to conduct effective anti-narcotics patrols or interdiction missions. The Avril Government has expressed strong interest in improving its capabilities, but lacks the financial means.

Corruption remains a problem with respect to narcotics trafficking. Over 40 military officers and enlisted men suspected of involvement in the drug trade have been removed from the service or transferred this year. While there is no solid evidence to implicate specific senior officials in drug trafficking, suspected collusion of local government officials at high levels remains an impediment to effective nationwide control.

Regarding anti-corruption activities, the Avril Government has removed a significant number of suspect officials from the government and army. The Avril Government specifically listed drug interdiction as a high priority on its agenda. Regarding threats to U.S. law enforcement officials, the GOH has provided special security and other measures in limited circumstances. Security measures are usually as good as or better than protection afforded to Haiti's own law enforcement officials.

The Haitian Government cooperates closely with U.S. law enforcement agencies in anti-narcotics activities, and allows U.S. Drug Enforcement aircraft to follow suspect aircraft into Haitian airspace, and U.S. ships to enter Haitian territorial waters.

The Haitian Government reformed its legal code to permit asset seizure and forfeiture. The laws themselves are generally adequate, but the weak judicial system has brought few traffickers to justice.

As noted, the government cooperated quickly in extraditing two American citizens wanted in the U.S. on drug-related charges. It has not offered safehaven to any known traffickers.

A.5. Domestic Drug Abuse

Little reliable information is available on the number of drug users or the amount of illegal drugs consumed. There are no public health resources devoted to the problem of drug abuse. Estimates from APAAC suggest there are from 300,000 to 500,000 addicts in Haiti including alcohol abusers; we would estimate the number of people addicted to illegal drugs at approximately 25,000, a figure that is believed to be increasing.

B.1. Nature of Illicit Drug Production

Haiti is not a major producing nation. Insignificant quantities of cannabis are grown. It is widely believed that laboratory facilities for processing cocaine base into cocaine hydrochloride are operating in Haiti, though none has yet been found. Crack cocaine is available locally and is probably produced in Haiti.

C.1. Statistical Tables								
B. DATA TABLES	for CY	1990 est.	1989	1988	1987	1986		
Seizures								
Cocaine	[mt]	1.80	1.53	1.38	0.67	0.32		
Other Cannabis	[mt]			0.00	2.50	0.37		
Arrests								
Nationals		150	127	10	53	14		
Foreigners		12	8	18	27	19		
Total Arrests		162	135	28	80	33		
Users (thousands)		400	400	400	400	400		

JAMAICA

A.1. Status of Illicit Narcotics Production and Trafficking

Jamaica is a producer of marijuana for markets in the United States, Canada, and Europe. The island is also a transshipment point for cocaine en route to the U.S. Money laundering does not appear to be a major problem. While some money generated by drug sales undoubtedly enters the economy in the form of real estate purchases and community projects sponsored by drug traffickers, it is believed that most of these illicit funds are invested in offshore banking safe havens or laundered through enterprises and legitimate investments outside of the country. The government has been responsive to U.S. requests for financial information.

Jamaica's long coastline and thinly stretched security forces provide near ideal conditions for airborne drug traffickers. Traffickers take advantage of Jamaica's proximity to the United States, the island's numerous illegal airstrips, and the abundance of illegally diverted aviation fuel both to prepare shipments of locally produced marijuana and to re-fuel cocaine flights from South America. These same traffickers are alleged to be involved in bringing illegal weapons to the island, as well as providing escape routes for local criminals.

The island's location is also advantageous for sea-borne marijuana smugglers. The many ports, harbors, and beaches provide ideal loading sites for the movement of marijuana. Maritime traffickers commonly use pleasure boats with concealed storage compartments to carry relatively small quantities of marijuana. Commercial fishing and cargo vessels are used to carry larger loads. The island's strategic position astride the sailing routes from Central and South America and its proximity to the Yucatan and windward passages also make Jamaica a way station for vessels carrying cocaine from the production areas of South America.

Individuals who attempt to smuggle out marijuana or cocaine on their bodies or in their luggage aboard commercial airliners present a continuing problem. Arrests of such couriers at Jamaica's two international airports are a near daily occurrence. Small quantities of marijuana (1-2 kgs) are usually seized from couriers, although up to 115 kgs has been found in luggage. Couriers generally smuggle cocaine on their bodies.

Jamaica continued its highly successful marijuana eradication program in 1989. Using a combination of manual and herbicidal methods, the GOJ reduced net production of marijuana to 190 metric tons, compared to 1,700 metric tons in 1986. Unfortunately, the GOJ has not been as successful in interdicting narcotics. Despite increased enforcement efforts, drug traffickers still use legitimate carriers for smuggling marijuana and cocaine. Within the past year, the U.S. Customs has fined Air Jamaica twice for marijuana found aboard its U.S.-bound aircraft. In the most notable case, nearly two metric tons of marijuana was found on a single flight. Persistent drug smuggling also has resulted in large fines being levied against the Kirk, Evergreen and Sea-Land shipping lines.

A.2. Accomplishments in 1989

Prime Minister Michael Manley has demonstrated that he and his government are committed to an active anti-narcotics program. Since winning the national elections in February, Manley has taken a personal lead in seeking international cooperation against narcotics trafficking. In October, the Government of Jamaica (GOJ) hosted the Caribbean Ministerial Narcotics Law Enforcement Conference, which was attended by more than 150 participants from 20 countries and 10 anti-narcotics organizations.

One of the prime minister first acts was to appoint the new leader of the House of Representatives, Dr. Kenneth McNeill, head of a special cabinet sub-committee responsible for mobilizing and coordinating all aspects of the national fight against drugs and drug trafficking. In March, Manley and Foreign Minister David Coore visited Washington and met with the President and other senior administration officials.

The GOJ stepped up its successful marijuana eradication and interdiction programs in 1989. Operation Buccaneer, Jamaica's annual marijuana control campaign, met its 1989 goal by eradicating over 1,500 hectares of marijuana. The Ministry of National Security has overall responsibility for Buccaneer operations. The Chief of Staff of the Jamaica Defense Force (JDF) and the Commissioner of Police of the Jamaica Constabulary Force (JCF) provide operational leadership and daily direction of all eradication and interdiction forces. During Buccaneer V, which began in January 1989 and will continue through March 1990, the JDF has committed a platoon of soldiers, assisted by five policemen and forty U.S.-funded civilian laborers. The JCF has committed fifteen constables and sixty-three U.S.-funded civilian laborers to the operation. The eradication forces have been assisted by two U.S.-funded Bell 212 Helicopters and by helicopters from the JDF airwing, including four UH-1H helicopters leased from the USG. Buccaneer V marks the first time that continuous U.S. helicopter support was provided throughout the summer months, during which growers traditionally have planted cannabis for the fall harvest.

The GOJ is in compliance with the provision in the 1988 Drug Act (Chiles Amendment) that requires all major trafficking or producing countries to have in place a bilateral narcotics control agreement with the U.S.

U.S. Customs provided training in monitoring outbound cargo shipments for illicit narcotics. In addition, Customs sent a three-person Customs Overseas Analysis Team (COATS) to Kingston to prepare a reference document on Jamaica for Customs officers. The U.S. Drug Enforcement Administration (DEA) sent two senior police officials to the U.S. for training.

A.3. Plans, Programs, and Timetables

A special effort will be made to increase interdiction activities during 1990, especially to control drug smuggling out of Kingston's Port Bustamante and to reduce the use of Jamaica as a transshipment point for cocaine from South America. The discovery in May by U.S. Customs in Miami of 4,000 pounds of marijuana aboard an Air Jamaica passenger flight forced the GOJ to reassess security at Norman Manley and Sangster International airports. As a result, the GOJ created the civilian port security corps to replace private security forces at the nation's airports and seaports. The unarmed port security corps works in conjunction with the JCF's Port Security Division, which provides arrest authority. There are now 120 port security corps employees stationed at Norman Manley Airport and Kingston's Port Bustamante. Another 250 are being trained at the Jamaican Police Academy. Upon graduation, they will be deployed to Sangster International Airport, Montego Bay, and the island's other seaports.

The GOJ's newly established Joint Information Coordination Center (JICC) will open shortly. The Center will collate information on incoming and outgoing private aircraft, vessels, and selected categories of individuals.

Under present planning, <u>Buccaneer VI</u> will begin in October 1990, The JDF airwing should be able to assume even greater responsibility for supplying helicopter support to eradication forces by that time. Plans are now being formulated to establish a helicopter overhaul facility at the JDF airwing in 1990.

Other measures that will improve the interdiction capabilities of Jamaica's security forces during 1990 include the planned expansion of the contraband enforcement team from ten to twenty-five officers; increasing the strength of the police canine division; refurbishing the Coast Guard's north coast base to better support interdiction operations; and increasing JDF airwing support of interdiction activities.

A.4. Adequacy of Legal and Law Enforcement Measures

Jamaica is a signatory to the 1961 U.N. Single Convention on Narcotics Drugs. It supports initiatives in international fora for increased international narcotics control cooperation. DEA has an office in Jamaica and works closely with its Jamaican counterparts.

Regarding the requirements of Section 2013 of PL 99-570, the Government of Jamaica does not as a matter of government policy encourage or facilitate the production or distribution of illicit drugs. No senior official has been indicted for narcotics-related corruption.

The U.S. Government assists the GOJ's efforts to address the needs of the nation's criminal justice system, which suffers from chronic under-funding, inadequate physical facilities, and a dearth of qualified personnel. The U.S. Government is assisting through the Caribbean Improvement of Justice Program, which has upgraded the physical facilities of the court system, trained personnel, and provided legal resource materials. The International Criminal Investigative Training Assistance Program (ICITAP) provides investigative training to the Jamaican Constabulary Force.

While the GOJ has sought to eliminate bribery and other forms of public corruption connected with drug dealers, low salaries have made security force personnel vulnerable to payoffs from narcotics dealers. Corruption remains a problem within the security forces, despite the GOJ's best efforts to deal with it. Excessive use of lethal force by police over the past several years has made many Jamaicans distrustful of the security forces and has hampered law enforcement efforts.

Jamaica is committed to a vigorous anti-narcotics program that focuses on the production and distribution of illicit drugs. The government cooperates fully with U.S. drug enforcement agencies, generally responds positively to extradition requests relating to narcotics trafficking, and does not protect or give haven to known drug traffickers.

A U.S.-Jamaica Mutual Legal Assistance Treaty (MLAT) was signed on July 7, 1989, but it has not yet been ratified by the Jamaican Parliament nor has the U.S. Senate given its advice and consent to ratification. Jamaica is moving to adopt legislation implementing a 1983 U.S.-Jamaica extradition treaty, and the GOJ is drafting proposed asset forfeiture legislation for parliament's consideration. The efforts of the DEA-sponsored Organized Crime Drug Enforcement Task Force have resulted in the arrest and jailing of three major narcotics traffickers in 1989.

A.5. Domestic Drug Abuse

The final results from the USAID-funded Pan American Health Organization (PAHO) epidemiological surveys were published in 1989. The findings confirmed that marijuana use is epidemic in Jamaica, and that alcohol use is a significant problem as well. The PAHO surveys, which use data gathered in 1987, showed surprisingly little cocaine or crack use. More recent reports indicate an increase in availability and use of crack among all socioeconomic groups, but no current data exists to measure the size of this problem.

Heretofore, demand reduction has not been as important to the government as eradication, interdiction, and the arrest and prosecution of narcotics traffickers. The National Council of Drug Abuse (NCDA), which is the lead governmental organization for drug abuse education, is still under-funded and understaffed, but has been much more active under its new director. The private sector has not proven effective in demand reduction, although private associations, church groups, editorialists, and others have been supportive of a government demand reduction program. There is no facility in Jamaica dedicated to drug dependency rehabilitation, and the prisons have not been successful in rehabilitating drug offenders. USAID is now developing a program to provide technical assistance to develop comprehensive community-based drug prevention programs.

B.1. Nature of Illicit Drug Production

Medicinal and recreational use of marijuana has had wide public acceptance in Jamaica for over a hundred years. Marijuana was first introduced onto the island in the mid-19th Century by East Indian laborers. It is still used extensively by agricultural workers and is often brewed as a medicinal tea or tonic or applied externally as an ointment. It is also used for religious purposes by the Rastafarians.

Cannabis is grown year-round and island wide. Traditionally, it has been harvested in two main seasons (five to six month cycles) each year, with yields of about 675 kgs per hectare. Due to the successful eradication campaigns since 1987, large-scale cultivation (five to fifty acre plots) has practically ceased. Most is now grown in plots of one acre or less. Planting has moved from the more accessible wetlands of western and central Jamaica to remote sites in the highlands, often on the sides of ridges or deep in mountain valleys. These plots are often inaccessible to ground transportation, requiring eradication teams to be transported to the sites by helicopter.

Jamaican farmers grow commercial and the more desirable sinsemilla and indica varieties of cannabis. In order to counter the government's eradication/interdiction program, farmers have largely discontinued the traditional practice of drying the harvested crop adjacent to their plots. Farmers now generally remove all cut marijuana from the area of their fields and take it in small amounts to several different locations for drying and packaging. Because of the government's intensified and more effective eradication activities, farmers often have been forced to harvest their crop before it reaches full maturity. As a result, the production of hashish oil has increased because it can be made from young plants.

B.2. Factors Affecting Production

Sub-tropical growing conditions make the island ideal for cannabis cultivation. By locating growing sites in mountainous and hilly terrain and by reducing the size of cannabis fields, growers have made eradication much more difficult and costly.

The GOJ is commitment to a vigorous anti-narcotics program. It views narcotics as a major threat to Jamaica's national security, political stability, public health, and international trade and transport links. At the same time, narcotics remains a controversial issue for many Jamaicans. Opposition to the marijuana control program stems from perceptions held by a substantial segment of the population that Jamaica does not have an indigenous drug abuse problem, that profits generated by cannabis cultivation benefit the depressed rural economy, and that the narcotics control program is mostly a response to external pressure from the U.S. On the other hand, there is a broad consensus among Jamaicans that cocaine and other non-indigenous drugs are bad and should be suppressed.

B.3. Maximum Achievable Reduction

Because of the widespread social tolerance for marijuana use in Jamaica, cultivation cannot be eliminated entirely. As experience since 1987 shows, however, a sustained eradication program can result in a dramatic decrease in net marijuana production. The target for 1990 is to reduce the quantity of marijuana for potential export to under 300 metric tons.

4,800 2,200 2,600	1987					
2,200		1988	1989	1990 est.	A. SUMMARY TABLES for CY	
2,200						CANNABIS
	1,330	1,257	1,790		[ha]	Cultivation
2 600	650	650	1,510		[ha]	Eradication
2,000	680	607	280		[ha]	Harvested
1,755	460	405	189		[mt]	Yield
- 88	23	20	9		[mt]	Loss Factor (.05)
-	215	53	38		[mt]	Seized in-country
•	-	-			y [mt]	Consumed in-country
						Exported
•		-			[mt]	:
	•	-		•	[mt]	Elsewhere
1986	1987	1988	1989	1990	or CY	B. DATA TABLES fo
				050		Cultivation (Gross)
4,800	1.330	1.257	1.790		Гћај	•
1,000	2,000		2,100		frices	
3,240	900	850	1.208		[mt]	· · · · · · · · · · · · · · · · · · ·
0,			-,		,	
2,200	650	650	1.510		[ha]	
			-,			
1,485	440	445	1.019		[mt]	Cannabis
•					• -	Net Cultivation
2,600	680	607	280		[ha]	Cannabis
•						Net Production
1,755	460	405	189		[mt]	Cannabis
•						Refining
		1	1		[mt]	Hashish oil
						Seizures
0.55	8.60	0.01	0.00		[mt]	Cocaine
					[mt]	Other Coca
	215.00	0.53	38.00		[mt]	Marijuana
						Arrests
3,341	3,400	3,100	2,856			Nationals
782	567	625	638			Foreigners
4,123	3,967	3,725	3,594			-
	1,330 900 650 440 680 460 215.00	1988 1,257 850 650 445 607 405 1 0.01 0.53	1,790 1,208 1,510 1,019 280 189 1 0.00 38.00	1990 est.	mt] [mt] [mt] [mt] [ha] [mt] [ha] [mt] [mt] [mt]	Exported USA Elsewhere B. DATA TABLES fo Cultivation (Gross) Cannabis Potential Prod (Gross) Cannabis Hectares Eradicated Cannabis Crops Eradicated Cannabis Net Cultivation Cannabis Net Production Cannabis Refining Hashish oil Seizures Cocaine Other Coca Marijuana Arrests Nationals

SOUTHWEST ASIA

AFGHANISTAN

A.1. Status of Illicit Narcotics Production and Trafficking

Opium poppy cultivation in Afghanistan has increased significantly over the past decade as a direct result of the war and the continuing conflict between the Soviet installed regime in Kabul and the Afghan resistance. Following the withdrawal of Soviet troops from Afghanistan in January of 1989, unsettled security conditions in Kabul resulted in the closing of the U.S. Embassy. Afghanistan officially banned opium poppy cultivation in 1957, but we believe that little has been done by the Kabul regime to curb drug production. Afghanistan is a traditional producer of opium and hashish, and over the past ten years of warfare has produced steadily increasing amounts of opium poppy. Afghanistan is now considered to be the world's second largest producer of opium after Burma. U.S. officials estimated opium production to lie in the range of 400 to 800 metric tons in 1987, and 700 to 800 metric tons for 1988. For 1989, however, the estimated harvest declined to the 1987 level of about 585 metric tons. Totally accurate estimates of drug addiction, opium poppy production, and heroin trafficking inside Afghanistan are difficult to achieve. Fragmentary reports suggest, however, that all three problems are likely to worsen in 1990.

With the encouragement and support of U.S. officials, the Afghan Interim Government (AIG), which represents part of the Afghan resistance, has increased recognition of its responsibility to combat narcotics production and trafficking in Afghanistan. Under the AIG Ministry of Interior's Security Department, an anti-narcotics unit is being organized and its personnel are undergoing training -- helped by the Drug Enforcement Administration (DEA), and possibly funded by the Department of State Bureau of International Narcotics Matters (INM). The Chief of Internal Security met with Department of State and Drug Enforcement Administration (DEA) officials in Washington to discuss possible types of assistance to his personnel. We hope that the AIG will soon name an overall anti-narcotics coordinator, backed by a committee made up of representatives from the Ministries of Education, Health, Agriculture, Interior, and Reconstruction in order to facilitate assistance.

A.2. Accomplishments in 1989

The Kabul regime has not initiated any new narcotics control initiatives. The resistance, through the AIG located in Peshawar, has stated its opposition to narcotics cultivation and trafficking. The resistance field commanders rule most of Afghanistan, and while there are reports of some commanders taking a strong stance

against opium poppy production within their areas of control, U.S. authorities believe that others continue to condone opium production in order to maintain popular support. USAID initiated a small cross-border assistance program in 1989, in response to a request from a commander in Nangarhar for food and agricultural commodities in exchange for his efforts to curtail opium poppy production in his area. The U.S. Special Envoy to the Afghan Resistance, USAID, DEA, and INM will continue to work closely with the AIG to develop initiatives to deal with reducing opium cultivation.

A.3. Plans, Programs and Timetables (1990)

We believe that the Kabul regime has no plans or programs with regard to narcotics control activities. Working through the AIG in Peshawar, the USG is pursuing approaches to deal with opium poppy suppression. These include continuing to urge a strong resistance stand against narcotics, putting anti-narcotics language in assistance agreements involving U.S. funding, and encouraging U.N. and other donor agreement not to provide assistance to poppy growing areas in Afghanistan. The ability of the AIG to act, however, is limited currently to activities with individual commanders in the field.

The office of the USAID representative for Afghanistan began a small anti-narcotics project in 1989, responding to a commander's request for food and agricultural assistance in carrying out his own poppy ban. Mounting concern over Afghanistan's poppy production by the AIG, further expressions of desire to eliminate poppy by commanders and resistance leaders, and success of the pilot project in Nangahar led the USAID representative to design and obtain approval for a \$12.5 million three-year narcotics awareness and control project, which should become operational in the first half of 1990.

The project has three components: promotion of narcotics awareness among Afghans, elimination of poppy cultivation, and establishment of an analytical base to facilitate implementation of the project. In the meantime, the small pilot project is being continued and will eventually be folded into the larger project. Other pilot projects are being explored. There are reports of growing interest by individual commanders in obtaining food supplies and agricultural assistance in exchange for banning the growth of poppy in their areas of control. The cross-border project and the expanded multi-year USAID Narcotics Awareness and Control Project will be used to assist these commanders. The project could be expanded and improved, but can only be fully successful when there is a government in Kabul we can work with.

A.4. Adequacy of Legal and Enforcement Measures

The absence of a responsible central authority interested in narcotics control, and the thus far ineffective efforts at control by the AIG, place decisions for poppy production, smuggling and refining mostly in the hands of local populations and resistance commanders. Poppy

production, therefore, varies by area according to the stance taken by the commander in control. AIG awareness of the dangers of increased drug production and trafficking is increasing, and the USG is working to encourage and assist nascent AIG anti-narcotics efforts. The AIG has made several statements condemning opium production and trafficking based on Afghanistan's Islamic tradition, but has not yet been able to undertake significant anti-narcotics actions of its own.

There continues to be evidence that the Kabul regime is not undertaking any significant anti-narcotics efforts. The regime periodically announces seizures of narcotics, usually alleging they were being trafficked through Afghanistan from production centers outside the country's borders. The regime alleges the traffickers have connections with Pakistani and resistance circles. While no reliable statistics are available on regime seizures, we believe that those that are released by the regime are likely aimed at discrediting the AIG.

U.S. officials believe that the regime encourages opium production in areas under its control by selling seed and acting as a purchaser of opium to encourage the allegiance of local tribes. We further believe that the regime is not in compliance with the 1961 Single Convention on Narcotic Drugs because of its failure to obtain authorization for ongoing sales of opium to the Soviet Union.

There has been no cooperation between the U.S. and Kabul regime authorities in drug related matters, asset seizures or forfeitures.

B.1. Nature of Illicit Drug Production

Opium poppy has been a traditional crop for generations in much of Afghanistan, and is used widely by Afghans for medical purposes. Because it is a hardy crop with generally assured yield, opium poppy is regarded by many farmers as a good cash crop, although very labor intensive. Over 80 percent of opium poppy production is divided evenly between two growing areas, Nangarhar province in northern Afghanistan and in the Helmand Valley in southwestern Afghanistan. Afghanistan's best poppy cultivation is observed in irrigated areas.

B.2. Factors Affecting Production

Our information reveals that poppy production in Afghanistan did not increase in 1989 as anticipated, but fell from 800 metric tons to 585 metric tons. Continued hostilities between the regime and the resistance prevented the massive return of refugees that was expected. In addition, it appears that more food crops, especially wheat, were grown in some areas to the exclusion of poppy. We believe that once hostilities end, both internal refugees and those returning from Pakistan will turn to poppy cultivation to make ends meet during the period of economic disruption as they seek to rebuild a livelihood interrupted by 10 years of war.

Narcotics trafficking continues to increase along the Iran-Afghanistan border. Baluchi tribesmen from Afghanistan, as well as some from Pakistan, are major traders in the area, relying on tribal links with Baluchis native to Iran. Heroin is a principal trade item with profits from the sale of heroin trafficked from and through Afghanistan used to purchase Persian carpets and bulk goods such as textiles, canned food and small electronic items.

B.3. Maximum Achievable Reductions

Under current circumstances, we do not expect a change in attitude toward narcotics production and trafficking by the Kabul regime. Continued hostilities will result in ongoing efforts by the regime to attempt to woo political and military support from from tribal groups in the Afghanistan/Pakistan border areas by allowing poppy cultivation.

Efforts by the AIG to speak out against poppy cultivation on religious grounds, and approaches by some commanders to seek assistance in return for the elimination of poppy cultivation in their areas of control are positive signs we will seek to promote. The formation of a credible anti-narcotics unit under the AIG should also have an impact, although its effectiveness cannot be predicted.

Expansion of programs with individual commanders in exchange for poppy elimination should yield more positive results, but the continuation of the war and absence of a functioning government for all of Afghanistan with which the U.S. can work will continue to complicate narcotic control efforts.

B.4. Methodology for Estimates

One hectare yields an average of 31 kgs of opium.

AFGHANISTAN

A. SUMMARY TA	BLES for CY	1990 est.	1989	1988	1987	1986
OPIUM						
Cultivation	[ha]		18,650	23,000	18,500	10,000
Eradication	[ha]		, •		•	
Harvested	[ha]			•	, -	
Yield	[mt]		585	750	600	325
B. DATA TABLES	for CY	1990 est.	1989	1988	1987	1986
Cultivation (Gross)		0000				
Opium	[ha]		18,650	23,000	18,500	10,000
Potential Prod (Gros			4	,,		
Opium	[mt]		585	750	600	325
Net Cultivation	" - .					
Opium	[ha]		18,650	23,000	18,500	10,000
Net Production			•			
Opium	[mt]		585	750	600	325
Refining						
Heroin	[mt]				,	
Hashish	[mt]		•	•	•	
Seizures						
Heroin	[mt]		·			0.99
Cocaine	[mt]				•	0.68
Other Cannabis	[mt]		· ·			3.40

INDIA

A.1. Status of Illicit Narcotics Production and Trafficking

India has become an increasingly important transit point for narcotics produced in neighboring countries -- Pakistan, Afghanistan and more recently, Burma. Unofficial estimates by the Government of India (GOI) are that 30 to 40 mt of heroin transit India from Pakistan each year, accounting for about 80 percent of the total flow of heroin transshipped through India. U.S. officials believe, however, that this flow is more in the vicinity of 10 mt, accounting for about 50 percent of the flow of heroin transshipped through India. This U.S. position is based largely on a redistribution of opium cultivation among the two major production areas--Pakistani/Afghan production dropped by 33 percent last year, while Southeast Asian heroin production increased by 100 percent. Frequent arrests of individuals en route by air to Europe or Africa, carrying high grade heroin originating in Pakistan and Afghanistan, indicate the extent of the problem. Most heroin flows across the porous Indo-Pakistan land border; we believe Indo-Pakistan narcotics cooperation needs to be intensified in order to curb this traffic. Heroin originating in Burma is a growing problem, and U.S. officials believe that this flow is significant and growing. Burmese operators buy Indian manufactured acetic anhydride (AA) because of its high quality. The GOI has increased legal sanctions for those caught near the Burmese border with AA in their possession, and has augmented its anti-narcotics operations in the northeast. Despite these efforts we have seen no clear indication of an abatement in the heroin for AA trade. Some hashish and marijuana flow into India from Nepal, and there are concerns that high grade white heroin from Burma may move directly into the east coast of India.

The U.S. Drug Enforcement Administration (DEA) is actively encouraging increased cooperation and communication among enforcement agencies of India and its neighbors, and India has signed Memoranda of Understanding with Pakistan. The Indians wish to increase cooperation with the reorganized Pakistan Narcotics Control Board (PNCB), but little cooperation is possible with the military government of Burma. Some Sri Lankan Tamils connected to Tamil militant groups remain active in heroin smuggling

Bombay, Calcutta and New Delhi are the dominant air transshipment points for narcotics in India. A considerable quantity of narcotics also leaves by sea, mostly from Bombay and Calcutta. Nigerians and other Africans play an important role as middlemen for heroin trafficking through Bombay to the international market. Sri Lankan Tamils connected to Tamil militant groups remain active in heroin smuggling.

Illicit opium in India stems from some diversion of licit production as well as unlicensed cultivation. The GOI, while acknowledging that some diversion exists, feels that diversion from licit cultivation is a lesser problem for the international community than heroin transshipments, but that it is a matter deserving increased attention. As the Indian Government continues its attempts to reduce its excess stockpile of licit opium--currently at about 2,000 tons--by further limiting licensed production, an increase in illicit production and diversion may occur as farmers continue to depend on the income from opium.

The GOI believes most domestically consumed heroin is leakage from transit shipments. Heroin is abundantly available in New Delhi, Calcutta and Bombay (normally Heroin No. 3, commonly identified as "brown sugar"). Along the northeast border with Burma, heroin addiction is increasing sharply, due to the influx of Heroin No. 4 from Burma. The recent street price of No. Three Heroin is about five dollars per gram, unchanged from 1987. The wholesale price of this "brown sugar" is about \$3,000 per kg.

A.2. Accomplishments in 1989

Despite new legislation and resources applied by the GOI to counter-narcotics efforts, heroin seizures reported by GOI authorities in 1989 of 2,237 kgs were 47 percent lower than the 3,029 kgs seized in 1988. Reported opium seizures fell from 3,304 kgs in 1988 to 2,607 kgs in 1989 as well. The GOI also reported that seizures of opium diverted from licit production declined from 8.8 mt. in 1986, to 2.6 mt. in 1989, as a result of better controls and reduced acreage. The GOI has arrested or detained fourteen of the top twenty Indian narcotics traffickers identified by DEA, and smashed several international drug smuggling rings in the process. U.S. officials report, however, that most of the offenders are out of jail for various reasons including lengthy waits for trial. A cabinet-level working group on narcotics headed by the Home Minister, which was formed under the previous government to oversee the GOI's drug intervention and demand reduction policies, may be reactivated. The GOI has signed the United Nations Convention Against Illicit Trafficking in Narcotic Drugs and Psychotropic Substances, and the GOI and the USG are in the final stages of negotiations on a bilateral agreement on narcotics cooperation. The drafts appear to meet or exceed Chiles Amendment requirements.

A long standing informal money laundering system of great sophistication, the <u>hawala</u> system, is now being used for narcotics-related financial transfers. The <u>hawala</u> is only one element of the "underground economy" in India, involving a broad range of consumer goods, foreign currencies (particularly dollars) and gold.

New asset forfeiture legislation provides for freezing of assets involving domestic crime. Foreign convictions can result in deposits being frozen in India, and a conviction abroad for money laundering now counts as a first major offense. This new legislation, however, has yet to be tested in Indian courts. The Ministry of Finance Foreign Exchange Department is concentrating on improving anti-laundering efforts for both exchange control and anti-narcotic purposes. GOI cooperation with the USG has been excellent. Many cooperative efforts have taken place, including sharing of evidence, testimony, and joint operations.

A.3. Plans, Programs and Timetables (1990)

The GOI says there is little illicit domestic production in India, so there are no specific plans for the elimination of opium cultivation. However, the GOI says it is committed to eradication of illicit production where found, and did destroy 77 hectares in 1989. U.S. officials believe, however, that illicit opium cultivation is on the increase in India. We also believe that the current monitoring system for India's licit opium program is insufficient to prevent diversion, given the fact that 150,000 farmers are spread out over 27 districts. The USG would welcome the opportunity to provide assistance and training to assist the GOI in improvements to its monitoring system.

India and the U.N. Fund for Drug Abuse Control (UNFDAC) agreed in 1987 on a \$20 million five-year project to strengthen India's anti-narcotics programs and capabilities. The project includes: (1) bolstering narcotics/forensic labs; (2) overseeing licit opium production; (3) preventive education on drug abuse; (4) dependence prevention and treatment; (5) rehabilitation and social reintegration of ex-addicts. The five-year project also has set targets for training and recruiting of additional enforcement personnel, and meets most of the requirements of the Chiles Amendment.

A.4. Adequacy of Legal and Law Enforcement Measures

In 1989, the GOI continued to implement the asset seizure provisions of the 1985 Narcotic Drugs and Psychotropic Substances Act. The GOI also continued its reward system to encourage law enforcement officials to seize illicit drugs. We believe the death penalty, asset seizure, and conspiracy provisions of a powerful anti-narcotics law passed in 1988 have not been fully utilized because Indian law enforcement authorities lack sufficient funds to implement the laws adequately.

The Narcotics Control Bureau (NCB), a division of the Department of Revenue, Finance Ministry, continues to strengthen its role within the GOI. The NCB has played a key role in pushing anti-drug legislation. Legislation was presented to parliament in 1988 to increase NCB staff by 460 employees is still pending.

A.5. Domestic Drug Abuse

Observers estimates that there are between 4 and 5 million opium addicts in India, mainly traditional users in rural areas. The GOI is also concerned about the rising number of heroin addicts, primarily middle class, in urban areas. UNFDAC, the Indian Health Ministry, and the police department, are supporting addiction and rehabilitation centers. Non-governmental organizations have been effective in carrying out demand reduction programs.

B.1. Nature of Illicit Drug Production

Only a small amount of illicit opium cultivation or domestic heroin refining has been discovered by Indian authorities. The Indian Government states that it recognizes that activities in neighboring countries could spill over into India, and that it will continue to be on the alert for evidence of illicit heroin production. Given the lack of available statistics, however, we cannot place an accurate estimate on the amount of illicit opium produced in India or on the number of heroin refining labs in operation. No estimates are available for cannabis production, which grows wild throughout India and whose use is accepted for religious ceremonies. Cannabis production and use are not now viewed as a significant problem by the GOI.

B.2. Factors Affecting Production

Because it is situated between two major opium producing regions, India's efforts are concentrated on border interdiction. Opium poppy cultivation could potentially become an enticing opportunity for thousands of small-plot, subsistence cultivators to harvest a cash crop in arid or semi-arid areas, and heroin traffickers may seek to encourage illicit domestic production. There have been reports of illicit cultivation in the traditional growing areas of Uttar Pradesh, Madhya Pradesh and Rajasthan, as well as in Gujarat, along the Kerala/Tamil Nadu border, and in the northeast (Nagaland, Mizoram, and Manipur). U.S. officials believe that if current world demand for narcotics continues to increase, incentives to illegally produce and refine opium, and export heroin, in India will increase. As noted above, the government states that it is aware of these dangers, and is on the alert for evidence of cultivation. The fact that three heroin refineries to convert diversion of licit production were discovered last year suggests that the threat may be increasing. Narcotics enforcement has improved in recent years, but more vigilance will be required in the future.

B.3. Maximum Achievable Reductions

The GOI eradicated 77 hectares of illicit poppy production found in 1989, and says it is committed to eradicating any other illicit cultivation. Licit production has been reduced from 66,000 hectares

in 1978 to just over 15,000 hectares in 1989, and opiate production now is below market demand. The stockpile in 1989 remains at 2,000 mt; there has been little or no drawdown due to the slack world demand for opiate products. There is no evidence of diversion from the legal opium stockpile. The GOI feels that further reductions in production acreage will be difficult because licit opium growth is a major source of income in producing areas.

B.4. Methodology for Estimates

An accurate number of opium and heroin addicts cannot be established, but we have made a rough estimate from newspaper reports and comments by urban rehabilitation centers. Estimates of illicit heroin and opium production are gained by working backward from estimated addiction figures.

C.1. Statistical Tables							
B. DATA TABLES fo	r CY	1990 est.	1989	1988	1987	1986	
Seizures							
Opium	[mt]	3.00	2.61	2.80	3.40	8.80	
Heroin	[mt]	3.50	2.24	3.00	2.70	. '-	
Opiate Husk	[mt]	40.00	20.00	10.00	40.00	36.50	
Morphine	[mt]	0.05	0.02	0.04	0.21	0.14	
Marijuana	[mt]	35.00	31.80	17.40	13.40	36.50	
Other Cannabis	[mt]	40.00	37.30	63.50	32.60	60.60	
Arrests							
Nationals				1,810	1,849	•	
Foreigners		•	t .	208	158	•	
Total Arrests		-		2,018	2,007	-	
Labs Destroyed							
Heroin		•	3	, 3	0	2	
Domestic Consumption							
Opium	[mt]	. · · · · ·	250	225	225	200	
Licit Production							
Opium	[mt]	• 1	480	600	800	765	
Users (millions)							
Opium		-	4.0	4.0	4.0	4.0	
Heroin		-	0.5	0.5	-	-	

Notes

- (a) All 1989 figures are through October.
- (b) As noted in the text, some illicit production of opium does exist, and probably will increase. The GOI found and eradicated 77 hectares in 1989. It is likely that eradication also will increase, but those figures also are only estimates. It is impossible to realistically estimate actual production figures.

IRAN

A.1. Status of Illicit Narcotics Production and Trafficking

Reliable data on narcotics cultivation, consumption and trafficking in Iran has been limited since the fall of the Shah. Little additional information has become available in the past year, but opium production levels are estimated to be similar to those in 1988.

Opium poppies are cultivated widely in Iran, but the domestic production of from 200 to 400 mt cannot meet Iran's domestic demand for drugs. We believe that the heroin addict population in Iran is approaching 2,000,000. Consequently, this excess demand is met by an increasing flow of drugs from Afghanistan and Pakistan. Despite the high internal demand, an indeterminate but significant portion of the opiates cultivated or smuggled into Iran is shipped to the West, due to the higher prices available outside Iran.

Despite a government ban on opium poppy cultivation in 1980, several major regions of the country remain conducive to opium production. Although the present government insists opium poppy cultivation has been eliminated, production probably remains in the 200 to 400 mt range.

Iran is a significant conduit for the transshipment of opiates produced in Afghanistan and Pakistan. Drugs enter Iran from the east and exit through its western border, mainly through Turkey or other countries in the Middle East. Laboratories for morphine base and heroin conversion are operating in Kurdish controlled sectors of northwestern Iran and Baluchi sectors of southeastern Iran.

Iranian traffickers continue to expand their activities to the United States. U.S. Drug Enforcement Administration (DEA) reports that the center of activity is in California, where large Iranian communities have been established and where about half the Iranian drug arrests since 1980 have been made.

A.2. Accomplishments in 1989

In January, a new anti-narcotics law went into effect calling for capital punishment for those who buy, sell or distribute more than five kgs of hashish or opium. The law states that peddlers of over thirty grams of heroin, morphine, codeine or methadone will be executed. First time heroin offenders will be sentenced to life and their property confiscated. Iranian press reports indicate that since February about 40,000 addicts were arrested in Iran, among them 15,822 addicted to heroin, 18,963 to opium and 5,214 to hashish. In the past year several hundred people have been executed under this law, but U.S. officials believe that some of these executions were politically motivated.

Efforts to curb the flow of drugs across Iran's eastern border, initiated in June of 1988, are reported to be continuing. However, there is no indication of any effort to halt the flow of drugs to Turkey and on into the Western pipeline.

Since 1980, the government has reported enormous seizures of opium, morphine, heroin and cannabis. The accuracy of these figures cannot be verified. The Iranian press reported in September that 53 international drug rings were smashed in Iran since February, and that at least 10,700 kgs of various narcotics had been seized. These included 300 kgs of heroin, 6,500 kgs of opium, 3,500 kgs of opium extracts, 1,461 kgs of hashish and four kgs of morphine. In 1983, the last year for which DEA had complete figures, Iran reported the seizure of more than 3.4 mt of heroin, 1 mt of morphine, 35 mt of opium and nearly 500 kgs of cannabis.

A.4. Adequacy of Legal and Law Enforcement Measures

The U.S. has no extradition treaty, Mutual Legal Assistance Treaty, or any other bilateral narcotics agreement with Iran. Iran is party to the Single Convention on Narcotic Drugs of 1961, but not to the 1972 Protocol Amending the Single Convention.

C.1. Statistical Tables								
A. SUMMARY TA	BLES for CY	1990 est.	1989	1988	1987	1986		
OPIUM								
Cultivation	[ha]		•		-	, 		
Eradication	[ha]			- .				
Harvested	[ha]			•	-	, •		
Yield	[mt]		200-400	200-400	200-400	200-400		
B. DATA TABLES	for CY	1990 est.	1989	1988	1987	1986		
Net Production								
Opium	[mt]		200-400	200-400	200-400	200-400		

NEPAL

A.1. Status of Illicit Narcotics Production and Trafficking

Nepal's location astride travel routes between Southeast Asia and Europe and its proximity to India and Pakistan make it a potential transit point for the shipment of narcotics. U.S. officials believe that the past arrest of couriers, both Nepalese and foreign, reveal that heroin is funneled either from Pakistan through India into Nepal and onward to Europe and the United States, or from Hong Kong, Bangkok, and Burma to Nepal and outward. At the same time, however, Nepal's landlocked status makes it vulnerable to sudden changes affecting both overland and air travel that passes through Nepal. There is no evidence of any significant indigenous production of narcotics entering international markets, though locally produced hashish is widely consumed, especially during festivals celebrated by some of Nepal's many tribal and ethnic groups.

Direct data are very spotty but information based on arrests and seizures within Nepal, and of arrests of Nepalese outside the country, show that narcotics transit through Nepal was growing in 1989. Nepal actively encourages foreign tourism and its entry formalities are among the easiest in South Asia. As air travel facilities improve, travelers entering Nepal have increased year by year, some of them providing a market for hashish and heroin imported from outside. Transit across the Indian border also expanded steadily prior to 1989 and traffickers took advantage of both types of entry into Nepal.

The opening of a new international air terminal at Tribhuvan Airport in May 1989 was expected to increase the numbers of travelers and thus to spur narcotics transiting through Nepal, mostly originating from Hong Kong and Thailand. However, events in 1989 dictated otherwise. Following a deterioration in relations between the two countries, the Indian Government did not renew longstanding treaties of trade and transit when they expired in March 1989. Because of Nepal's great dependence on trade with India and on transit through Indian territory, this action had a very negative impact on the Nepalese economy.

The Indian embargo on fuel shipments from India reduced all travel to and within Nepal. The expected increase in air travel and visitors did not materialize in 1989. In particular, the flow of Indians into Nepal dropped sharply, though the number of western visitors increased somewhat in the fall.

Cross-border land traffic between India and Nepal -- another major means of entry and transit for heroin -- was similarly affected as India closed all but two of twenty-one border entry points.

The border with Nepal had become an exit point for traffickers from India as enforcement activities increased within India itself. Although hard data are lacking and some Southeast Asian heroin ("brown sugar") continues to be smuggled into Nepal primarily for local consumption in Kathmandu, border trafficking has fallen off.

It is not clear how long the narrowing of narcotics shipment routes will last because it stems directly from the continuing impasse in Indo-Nepalese relations. A restoration of commercial ties, which many observers expect to occur following the change in government in India, could revive earlier trafficking channels across the border and restore previous levels of air travel into Nepal.

Although we have no conclusive evidence of narcotics-related money laundering in Nepal, we believe there are links between drug traffickers in Nepal and money launderers in traditional centers like Hong Kong and Singapore. Although the government seeks to maintain tight controls on hard currency movements in and out of the country, in practice all hard currencies are available on the black market in Kathmandu.

A.2. Accomplishments in 1989

The combination of a reported decline of trafficking into and through Nepal, plus the attention given by law enforcement agencies to possible security concerns resulting from the situation with India, contributed to a continued fall-off of narcotics interdiction activity in 1989. According to Government of Nepal (GON) police sources, heroin seizures at Tribhuvan Airport have dropped sharply from previous years because fewer drug carriers are passing through Nepal. Support for this view is found in the fact that while a number of Nepalese carriers were arrested in Australia, Hong Kong, and the U.S. in 1989, very few of these heroin shipments had any connection with Nepal. These were shipments between points outside of Nepal. The arrests of a large number of traffickers in 1987 and the jailing of several prominent people with ties to traffickers may also have detered transit through Nepal.

Contrary to concerns existing prior to the opening in May of the new air terminal facility at Tribhuvan Airport, the Nepalese Government has instituted steadily tighter airport security procedures. Most of these have focused on anti-terrorist measures, but new equipment, systems, and techniques developed with International Civil Aviation Organization (ICAO) and Canadian assistance also provide for better narcotics interdiction. The GON also evinced greater awareness of anti-narcotics measures and more official interest in narcotics training in 1989. In addition, the Nepalese civil aviation authorities moved to develop facilities at the airport to house and feed narcotics sniffer dogs that were trained in Germany and England (the latter under U.S. auspices). Seven Nepalese traveled to the United States under the auspices of the U.S. Information Service to participate in narcotics-related programs.

A.3. Plans, Programs, and Timetables (1990)

U.S. narcotics cooperation with Nepal in 1990 will continue to focus on interdiction at the airport terminal. A U.S. Customs training exercise is scheduled in April to be held in Kathmandu, and will focus specifically on upgrading narcotics interdiction at the airport. This will be the first U.S.-sponsored in-country training program in Nepal. Training may expand further as the result of training requests submitted by the GON for police training at various levels, including the first training ever for senior officers. Two courses are planned in the United States in 1990.

U.S.-Nepal cooperation has traditionally consisted of Nepalese police contacts with the U.S. Drug Enforcement Administration (DEA) and joint action on specific trafficking cases. Nepalese interest in narcotics education and public awareness activities should be supported as well. With the assistance of the Department of State Bureau of International Narcotics Matters (INM), a country strategy is being developed to focus public attention on addiction problems in Nepal. This will support the public education effort to which the Nepalese Government committed itself in December 1989.

A.4. Adequacy of Legal and Law Enforcement Measures

With tough anti-narcotics legislation adopted in 1987, including provisions for asset seizure and a separate anti-corruption act, Nepal has adequate legislation to control illicit narcotics. In practice, however, these provisions have been used minimally, and in fact, not at all in 1989. Law enforcement priorities were directed elsewhere. In addition, the great isolation and remoteness of much of Nepal's territory, along with poor communications and roads outside the Kathmandu Valley, further impede law enforcement. Local officials can often exercise great autonomy.

These factors will continue to make the control of illicit narcotics difficult. For example, the closing of border crossing points between India and Nepal in 1989 resulted in a substantial rise in smuggling which, because such trade brought in vital articles otherwise not obtainable from India, was allowed to flourish with little official intervention. Though data are lacking, smugglers might use such channels to bring narcotics from India.

Nepal's only extradition treaty is with India. Nepalese authorities in the past have demonstrated a willingness to cooperate with other nations, including the U.S., on deportations of narcotics-linked individuals. Nepal has acted on information supplied by Interpol, and is an eager supporter of the efforts of the South Asian Association for Regional Cooperation (SAARC) to tackle narcotics issues regionally. It has participated in SAARC's technical committee on drug trafficking and narcotics abuse.

The Nepalese Government mounted a major media effort to draw the public's attention to the SAARC declaration of 1989 as the "Year Against Drug Abuse".

We believe that the Home Ministry, which chairs the government's narcotics control unit, does not concentrate on interdiction, which is regarded primarily as a police matter. The chief district officers of the nation's 75 districts are responsible for coordinating anti-narcotics programs at the local level, but they are not very active. In general, official policy outside of police activity emphasizes promoting better public understanding of narcotics abuse.

Regarding the requirements of Section 2013 of P.L. 99-570, the government does not as a matter of policy encourage or facilitate the production or distribution of illicit drugs. No senior official was indicted for narcotics related corruption in 1989. Lack of training and incentives for the seizure of narcotics comparable to the monetary rewards for discovery of smuggled gold remain obstacles to effective narcotics interdiction.

A.5. Domestic Drug Abuse

The major domestic narcotics problem in Nepal is the abuse of heroin, mainly smoked in the form of heroin base or "brown sugar" by urban youth, both in Kathmandu where western tourists are numerous, and in Pokhara where many tourists also travel. This type of heroin travels from India into Nepal often by smuggling a small purchase (5-10 grams) along the border with India. This trade is independent of international trafficking. There is also widespread domestic marijuana use.

Informal estimates of the number of heroin addicts in Nepal remain in the 20,000 range, but more reliable statistics are needed to document the size and distribution of the drug abusing population. King Birendra's public message in December 1989, describing drug abuse as a "curse that has afflicted an increasing number of people" in Nepal, was accompanied by extensive media attention to narcotics issues. However, the lack of a senior official or body charged to cut across bureaucratic lines of authority and to implement a government-wide anti-narcotics strategy hampers government effectiveness in this field.

Another shortcoming is the lack of sufficient rehabilitation centers, and of government funding for those centers. Nonetheless, the Drug Abuse Prevention Association, founded in 1987, plays an active role in addressing narcotics abuse issues. In addition, as the official anti-narcotics education effort becomes more committed and developed, evidence suggests that there will be increasing scope for private voluntary organizations to work in this field, as has already been initiated on a small scale.

C.1. Statistical Tables								
B. DATA TABLES	for CY	1990 est.	1989	1988	1987	1986		
Seizures								
Opium	[mt]		0.002	0.000	0.003	0.001		
Heroin	[mt]		0.008	0.004	0.005	0.003		
Hashish	[mt]		0.182	0.178	0.260	0.105		
Cocaine	[mt]	1	•	0.000	0.020	0.000		
Marijuana/Hemp	[mt]		1.134	5.570	61.230	17.700		
Arrests	'			•				
Nationals			286	376	306	245		
Foreigners			48	102	9	59		
Total Arrests		•	334	478	315	304		

PAKISTAN

A.1. Status of Illicit Narcotics Production and Trafficking

Following a trend of increased opium production in Pakistan since 1985, production declined from 205 mt in the 1987/88 crop year to 130 mt in 1988/89. While voluntary eradication efforts played a role in the reduction, poor weather at planting time was the major contributing factor to the decline. The government of Prime Minister Bhutto continues to state publicly that anti-narcotics efforts are a top priority. Work is underway within the Government of Pakistan (GOP) to reorganize and better coordinate the anti-narcotics efforts. Pakistani Government efforts against major traffickers and heroin-producing laboratories have not been effective and much more work needs to be done to improve the performance of law enforcement agencies.

Remote tribal areas of the Northwest Frontier Province (NWFP), as well as the largely un-policed Afghanistan/Pakistan border, are the major areas of opium poppy cultivation. To counter this, the GOP has reinforced its efforts to ban cultivation in the more accessible areas of the province. Border regions with Afghanistan remain an area of prime concern to the U.S., as they continue to be used as sites for converting opium gum into heroin. After being processed in the border areas, heroin then transits Pakistan en route to the U.S., Europe, Iran and India, as well as markets in Pakistan itself. Since heroin manufacturing is clandestine, precise estimates of total heroin production in Pakistan are virtually impossible to establish.

U.S. Drug Enforcement Administration (DEA) intelligence indicates there are over 100 mobile and primitive heroin production labs in the NWFP which, because of location and tribal agreements, operate with virtual impunity. Most refining is done in the Khyber Agency which borders Afghanistan and lies on the Grand Trunk road, the main artery connecting Khyber to the rest of Pakistan. Injectable heroin is manufactured for U.S. consumption. The drug often enters the U.S. concealed in air and sea cargo such as textiles, sports equipment and surgical instruments, and is also hidden in luggage, personal effects and/or body cavities of couriers. Heroin for export to Europe and domestic consumption is normally brown smoking heroin (heroin base).

The estimate of the heroin addict population of Pakistan has been revised upward to 1.2 million in 1989, compared with the one million estimated for 1988. Addiction has continued to expand rapidly over the past several years. It is of great concern to the present government, which is now increasing its efforts to address the problem. Previous efforts were undertaken almost solely by non-government groups.

Pakistan is not a major center for international money laundering. It is difficult to analyze how much narcotics related money there might be in Pakistan. The black and informal hundi markets, and the large number of expatriate Pakistanis who transmit funds in a variety of forms, all make analysis extremely difficult. Pakistanis involved in the drug trade are not unlike most wealthy Pakistanis and prefer to keep the majority of their money overseas. However, money derived from illicit internal narcotics trafficking certainly has had an impact on the Pakistani economy.

As in many less developed countries, law enforcement personnel are poorly paid and susceptible to bribes from traffickers. Except in a few cases, law enforcement agencies have not prosecuted any important narcotic traffickers, financiers, or organizers. However, the Pakistan Narcotics Control Board (PNCB) in cooperation with Pakistan Customs has authorized DEA to conduct controlled-delivery investigations which have resulted in the arrest of several Pakistani traffickers in the U.S.

During the 1988-89 opium harvest season, the GOP made limited but effective use of aerial spraying of poppy with U.S. assistance. The GOP believes that aerial spraying demonstrates clearly to farmers the GOP's anti-poppy commitment, and serves to convince many farmers to eradicate voluntarily rather than run the risk of having their crops sprayed. According to the GOP, about 810 hectares were destroyed last year by all types of eradication. The GOP continues to support the use of the Thrush aircraft of the Department of State Bureau of International Narcotics Matters (INM) and has made plans for its use in the 1989-90 growing season.

A.2. Accomplishments in 1989

The protocol between the USG and the GOP agreeing to the establishment of an elite anti-narcotics enforcement unit was signed in June in Washington during Prime Minister Bhutto's official visit. The protocol called on the GOP to establish a special anti-narcotics unit specifically designed to investigate, arrest and prosecute major drug traffickers in Pakistan. To fulfill the agreement, INM provided an additional \$1.5 million in FY 1989 anti-narcotics funding. Refinements to existing programs, including a reduction in the total number of generally ineffective Joint Narcotic Task Force Units (JNTF's), produced an additional \$500,000. This brought the total amount committed to the establishment of the elite unit to \$2 million. Recruitment is underway and a DEA team will start training in early 1990. The unit should become fully operational by mid-year.

U.S. development assistance projects were initiated in Bajaur and Mohmand Agencies along the border with Afghanistan, where the majority of Pakistani opium production has shifted. The agreements for this INM development assistance provided for gradual introduction of the poppy ban in the two agencies over a five year period. The ban was enforced in the irrigated areas of Bajur and Mohmand during the 1989 season. The Ministry of Interior, the PNCB and the government of the NWFP undertook public awareness campaigns and meetings with tribal leaders to discourage planting, and issued instructions for manual destruction of poppy in areas not accessible to eradication efforts.

Active anti-poppy cultivation campaigns are underway in growing areas with on-going development programs. Key NWFP officials worked through tribal jirgas (councils) to convince the tribal leaders to ban poppy cultivation and all involvement with both opium and heroin. This effort in Mohmand and Bajaur Agencies has been marked by some reported success. The first phase of the voluntary ban will be enforced by the tribal people themselves.

Generally, law enforcement agencies in Pakistan have not effectively pursued major drug traffickers and their organizations, although over the past year there has been a spate of arrests of some major traffickers based on old cases that had been allowed to languish. Some of these arrests were made before the the quality of the evidence was fully examined. This has caused some of those arrested to be released for lack of evidence. However, for the first time, extraditions of drug traffickers have begun. In May 1989, Pakistan hashish trafficker Malik Saleem was extradited to the U.S. to face drug trafficking charges in Miami. Also, Pakistani heroin trafficker Zulqarnan Khan was arrested in November 1989 in response to a U.S. extradition request made five years ago. Extradition proceedings have been re-initiated by the GOP in this case, and we are hopeful of a successful conclusion to the case.

There is continuing cooperation with provincial police agencies and regional paramilitary agencies under federal control. Under agreements with the U.S., new anti-narcotics cells have been established in exchange for provision of equipment and training assistance. U.S. assistance has been considerably restricted over the past year to only those Pakistani law enforcement agencies which have demonstrated their effectiveness, capability and interest in narcotics enforcement.

A.3. Plans, Programs and Timetables (1990)

Enforcement of the opium poppy ban continues to be linked to the provision of development assistance to each major growing area. The INM-funded tribal areas development project has contributed to a major expansion of the opium cultivation ban to key growing areas in the NWFP, and should result in more effective control over poppy cultivation in these key areas.

The newly amended USAID project in the Gadoon Amazai area will expand into the adjacent Kala Dhaka district this year, where development will eventually lead to full enforcement of the poppy ban. The United Nations Fund for Drug Abuse Control's (UNFDAC) Dir Development Project, supported in part by a \$10 million grant from USAID, continues to be re-organized following criticism for mismanagement and the lack of any impact on the reduction of opium production. Reviving this important project will help facilitate expansion of the opium ban to northern Dir, Pakistan's second largest poppy growing area.

We are working in close coordination with UNFDAC and other donor nations on a demand reduction project targeted at generating public interest in and general population awareness of Pakistan's narcotics problem. The U.S. Embassy and DEA meet regularly with U.N. and narcotics officers of other embassies to coordinate other projects as well. In addition, efforts are underway to develop ideas for UNFDAC cooperation in funding effective professional training for the narcotics elite unit. UNFDAC is also working to persuade local missions to provide additional funding in helping to upgrade GOP anti-narcotics training.

The government continues to make strong public statements with regard to its anti-narcotics stance. Private conversations with high level government officials confirm anti-narcotic activities remain a high priority for the government. Detailed planning for preventive enforcement and aerial spraying this year has been completed and U.S. representatives have participated in the planning at all levels. The government remains committed to eradication of poppy in all "settled areas" and in government controlled irrigated areas in poppy growing districts including Bajaur, Mohmand and Dir. In Bajaur and Mohmand this commitment goes beyond the enforcement schedule in the tribal areas agreement.

DEA training for the new elite anti-narcotic units is currently in progress, with the force expected to be fully operational by mid-1990 in five separate locations. The PNCB joint narcotics task force reorganization is also expected to be completed by mid-1990. A Pakistan Customs evaluation report will be submitted the first quarter of 1990 and discussions on reorganization will be conducted resulting in a viable formula for special drug enforcement cells in Customs. Implementation of the reorganization is expected to be completed by the third quarter of 1990.

Concern by both the USG and GOP over Pakistan's heroin addiction problem has resulted in the establishment of a drug resource center by the GOP, with funding assistance being provided by USAID over a five year period. The center's goal is to centralize the GOP's demand reduction efforts and focus on building public awareness and support for enforcement goals. The U.S. also intends to co-finance UNFDAC's demand reduction program.

The GOP continues to play an active role in regional cooperation through the South Asia Association for Regional Cooperation (SAARC) narcotics control committee. Some courses at the PNCB training center have been attended by law enforcement officers from other countries in the region. Pakistan cooperates with law enforcement agencies in a number of other countries in the region especially in the area of narcotics movements.

A.4. Adequacy of Legal and Law Enforcement Measures

Pakistan's judicial system is over-burdened with delays in the prosecution of criminal cases, including narcotics cases. The National Assembly has passed a speedy trial law which should hasten trials of major narcotics offenders. Also, draft legislation on the establishment of special courts to try drug-related cases is being studied by the government. The effectiveness of the asset seizure law enacted in 1987 has yet to be tested in Pakistani courts, and prosecutors are still learning how to use the law effectively. The U.S. Department of Justice has completed a review of Pakistan narcotics laws, and is awaiting the designation of Pakistani legal counterparts to work with in order to suggest the necessary revisions to existing laws, and make them more effective.

Though evidence collected by wiretapping or electronic eavesdropping is admissible in Pakistani courts, there are no legal guidelines for its acquisition in narcotics cases. In the absence of legal authority, enforcement agencies are constrained by civil liberties statutes, even though evidence gained through such methods can be critical in proving conspiracy.

Provincial police forces have primary responsibility for users and street level pushers and distributors. Some federal agencies have developed specialized narcotics investigation units. These units include the Special Drug Enforcement Cell (SDEC) of Customs and the drug enforcement units of the Pakistan Rangers. Interdiction techniques are well understood by enforcement agencies. However, officials hardly ever press conspiracy or aiding and abetting charges, and do not use other specialized investigative techniques to develop cases against major traffickers. As a consequence, we believe that more attention is paid to simple seizures than to investigative work against major traffickers. With USG assistance, the narcotics control division is establishing an elite narcotics investigative unit designed to investigate and prosecute important traffickers/managers.

The PNCB is Pakistan's national narcotics enforcement agency. It is composed of about six hundred individuals. It has a small number of relatively well-trained senior managers, and a large number of investigators who are poorly trained and poorly supervised. Over the years, the GOP has not given the PNCB the support

required to develop it into a strong institution. The PNCB's current senior managers, appointed by the Bhutto Government, have told us they recognize that they have inherited a weak institution and that upgrading it will require a consistent effort over a period of several years.

One useful law enforcement approach applied in Pakistan is the government's foreign enforcement agencies cooperative program. This program targets traffickers in the U.S. and other foreign countries, making it possible for the U.S. and others to reach important trafficking organizations. Through it, the government permits any country to station drug enforcement personnel in Pakistan. Foreign law enforcement liaison officers may use their own informant networks to initiate and conduct investigations involving smuggling of narcotics outside Pakistan. At the request of the liaison officers, the PNCB and Customs permit the exportation under controlled circumstances of narcotics to foreign countries. Such controlled deliveries have resulted in the arrest of a number of mid-level traffickers in the U.S. Currently, the U.S. has fifteen narcotics enforcement officers and two analysts in Pakistan.

Concerning the requirements of Section 2013 of P.L. 99-570, the Government of Pakistan does not as a matter of policy encourage or facilitate the production or distribution of illicit drugs. No senior official has been indicted for narcotics-related corruption. Corruption, however, remains a problem at all levels.

An extradition treaty exists between the U.S. and Pakistan and the GOP has extradited one drug offender to the U.S. so far. A second extraditable fugitive has recently been arrested and hearings on his case have begun. As mentioned previously, asset seizure legislation, passed in 1987, has yet to be tested in Pakistani courts. Pakistan is in substantial compliance with Chiles Amendment requirements through a series of existing bilateral agreements and as party to the 1961 United Nations Single Convention on Narcotic Drugs.

A.5. Domestic Drug Abuse

The PNCB estimate of the number of heroin addicts increased to 1.2 million in 1989. The PNCB also estimates there are approximately two million of all types of drug addicts in Pakistan. There are 26 drug treatment centers in Pakistan having both in-patient and out-patient narcotics treatment facilities. Three-hundred beds are available for in-patient addiction treatment. These centers, using the "cold turkey" approach coupled with symptomatic treatment of withdrawal pains, have a reported cure rate of approximately 20 percent, with an unknown number of relapses.

B.1. Nature of Illicit Drug Production

The PNCB estimates unofficially that 80 mt of opium were produced from poppy cultivation in Dir, Gadoon, Bajaur, Mohmand, Orakzai and Hazara. The U.S. estimates of opium production is higher (130 mt). PNCB is unable to estimate the amount of heroin refined in production centers of Khyber and Mohmand Agencies. PNCB claims that nationwide heroin seizures for the first nine months of 1989 were 7.6 mt which compares with 4.5 mt for the entire year of 1988. This increase is deemed to be the result of more effective enforcement and not increased production by labs.

Information and data with regard to cannabis cultivation and production are not collected. Cannabis grows wild throughout Pakistan and is systematically cultivated in Chitral and other northern areas of the country. It is processed into hashish in multi-hundred ton quantities in the tribal areas of the NWFP. There is no licit production of narcotics in Pakistan.

B.2. Factors Affecting Production

For the 1989-90 crop cycle the GOP has repeated public awareness efforts and conducted negotiations with tribal leaders to affect voluntary compliance with the poppy ban. Paramilitary police have been stationed in development areas to discourage poppy cultivation. Onions, which are the principal substitute crop for opium poppy, sold at an extremely high price during 1987-88. Rainfall was also relatively low. Both factors directly affected the relatively low production of poppies during this crop cycle. The price of onions have fallen for the 1989 crop. On the other hand, the rains in the major poppy growing areas were reported to be optimum this year. These factors clearly point to the need for vigorous enforcement efforts if voluntary restraints by the tribal leaders do not have the desired impact. Having the resources on hand for aerial spraying will again be an important tool in the total enforcement program.

B.3. Maximum Achievable Reductions

The GOP estimates that with the unusually favorable rainfall in late autumn in the inaccessible tribal areas where much of the rain fed poppy is grown, the opium harvest in 1990 could be in the range of 118-128 mt (the figure shown below in the summary table). U.S. authorities believe that production could significantly exceed this estimate without a vigorous program of enforcement as a follow on to the programs targeted towards voluntary poppy eradication.

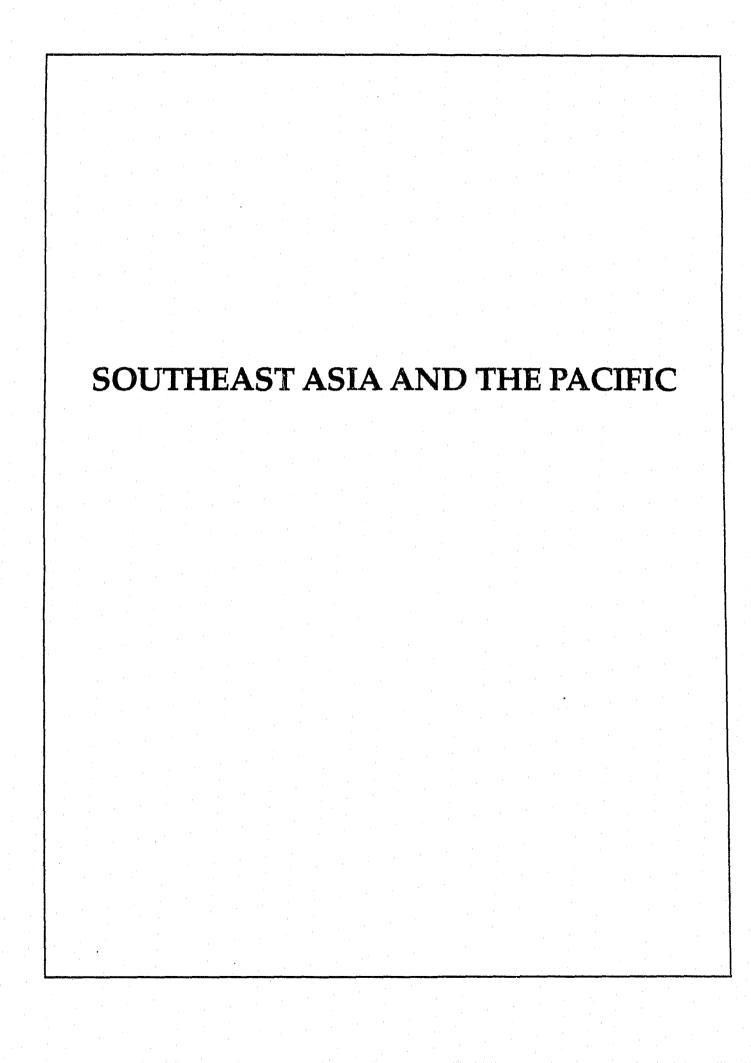
B.4. Methodology of Estimates

Estimates of poppy cultivation for 1989-90 are based on PNCB land survey as well as all other information available. This best case estimate is based on the following assumptions: a) the GOP will destroy all opium poppy in areas to which the poppy ban has been extended and in some areas to which the ban has not yet been extended and; b) the yield per hectare is computed at 22.2 kgs for 1989 and the 18.0 for the 1990 estimates. (Excellent weather in 1989 is responsible for the 22.2 kg yield. If normal weather returns, yields should fall to the norm of 18 kg per hectare.) Assumptions regarding GOP enforcement are based on plans and actions being taken and intentions to enforce the poppy ban. Seizure statistics are based on seizures of 10 grams or more for heroin and one kg and above for opium and hashish. Opium cultivation figures do not correspond with heroin production figures due to both opium for conversion and manufactured heroin being transported from Afghanistan. The effect of this movement is not possible to measure.

C.1. Statistical Tables							
A. SUMMARY TABL	ES for (CY 1990 est.	1989	1988	1987	1986	
OPIUM							
Cultivation	[ha]	6-7,000	6,860	13,296	11,270	7,805	
Eradication	[ha]	600-1,300	810	1,708	1,300	375	
Harvested	[ha]	54-5,700	6,050	11,588	9,970	7,430	
Yield	[mt]	118-128	130	205	205	150	
B. DATA TABLES fo	or CY	1990 est.	1989	1988	1987	1986	
Cultivation (Gross)		est.					
Opium	[ha]	6-7,000	6,860	13,296	11,270	7,805	
Potential Prod (Gross)	(ma)	0-1,000	0,000	10,230	11,270	. 1,000	
Opium	[mt]	129-150	157	235	225	155	
Hectares Eradicated	[TITE]	123-100	101	200	220,	100	
Opium	[ha]	600-1300	810	1,708	1,300	375	
Crops Eradicated	[maj	000-1000	0.10	2,100	2,000	0.0	
Opium	[mt]	-	12.0	30.0	20.0	7.0	
Net Cultivation	freehl			1			
Opium	[ha]	54-5,700	6,050	11,588	9,970	7,430	
Net Production		, ,	-,		-,	.,	
Opium	[mt]	116-123	130	205	205	150	
Seizures							
Opium	[mt]	5.0	5.4	2.7	3.0	3.0	
Heroin	[mt]	7.0	7.6	4.5	5.0	2.6	
Marijuana	[mt]	100.0	86.0	80.0	90.0	80.0	
Arrests		45,000	44,000	45,000	35,000	39,000	
Users (thousands)							
Opium/heroin		1,500	1,200	1,080	770	660	
Other Cannabis		580	580	580	580	580	
Other Drugs		50	50	50	56	50	

Notes

(a) Pakistan now reports opium and heroin user statistics data as single figure.



BURMA

A.1. Status of Illicit Narcotics Production and Trafficking

Burma (Myanmar) is the largest producer of illicit opium and exporter of narcotics in the world. The major portion of the opium crop is produced in areas under the control of various insurgent and drug trafficking groups. While many of these areas have not been under central government control since the country achieved independence in 1948, a rapid increase in illicit opium production has taken place during the past fifteen years, despite international anti-narcotics assistance to Burma.

From 1974 until 1988, combatting narcotics was a top Burmese priority. From the central government's perspective, narcotics provided the financial means for the insurgent movement to survive and purchase weapons. Since the 1988 mass demonstrations against 26 years of one-party rule, and the consequent military takeover, however, the Burmese Government has attached a minimal priority to fighting narcotics. Burma's military regime has concentrated instead on maintaining control and stifling domestic opposition.

According to U.S. estimates, there has been a substantial increase in opium cultivation during the past year. Heroin refining and narcotics trafficking have increased due to the lack of enforcement, eradication, and a policy of accommodation with the main narcotics producing and trafficking organizations. Burmese authorities moved quickly to reach agreements with the Wa and Kokang organizations after the breakup of the Burmese Communist Party in March-April 1989 and the regime has continued an accommodation with the Shan United Army (SUA), the most powerful drug trafficking organization in the Golden Triangle.

The U.S. Embassy estimates that the 1988 opium crop was approximately 1,280 metric tons; the 1989 crop ranged from 1,650 to 2,625 tons. (The growing season in Burma spans portions of two calendar years, September to March. For reporting purposes, the September 1988-March 1989 growing season is termed the 1989 crop.) In addition to the absence of Burmese enforcement and eradication efforts, excellent weather and increased cultivation contributed to this year's bumper harvest. However, these statistics are only very rough estimates; the lack of USG access to these remote areas makes accurate reporting difficult. The Burmese Government has not provided any estimates for this year's crop. In the past, it has consistently argued that the crop is much less than U.S. figures indicate.

According to U.S. officials, increased production has also brought a significant increase in trafficking. While Thailand remains the primary exit point to the world market, increasing amounts of illicit opiates are also smuggled via Laos, Cambodia, Vietnam, southern China to Hong Kong, south through Rangoon and other Burmese cities, and westward through India and Bangladesh. Illicit narcotics leave Burma in various forms which include opium, pitzu (impure morphine base), morphine base, impure heroin base, and Heroin No. 4. U.S. officials estimate that from 105 to 175 metric tons of refined narcotics were produced in refineries in Burma from the 1989 crop. Of this amount, roughly 40 percent was produced in northern Shan State refineries and 60 percent was produced in refineries along with Thailand. border Although several of the Burma's insurgent/trafficker groups have ties with business groups and government officials, Burma is not a money laundering country in the traditional sense.

A.2. Accomplishments in 1989

The Burmese regime continues to officially proclaim its commitment to eliminating illicit narcotics production and destroying the organizations that grow and traffic in narcotics. Prior to the political upheaval in Burma during the summer of 1988, the Burmese Government had continued efforts to cope with the narcotics/insurgent problem at heavy cost in both financial and human resources. With the realignment of priorities of the military due to civil unrest, the pressure on trafficking groups has almost totally relaxed.

Moreover, since the breakup last spring of the Burmese Communist Party (the major threat to the central government) groups in Shan State involved in narcotic production and trafficking present little threat to the regime's control of central Burma. The regime has sought to cultivate relations with several narcotics-producing organizations in order to free military units for internal security duties and to marshal forces against the Karen National Union (KNU), an insurgent organization which is not involved in narcotics trafficking.

Irritated by the suspension of U.S. anti-narcotics assistance and the U.S. denial of certification of Burma in 1989, Burmese authorities have tried to blame the U.S. for their retrenchment. In reality, U.S. officials doubt that the military regime is likely to resume any significant anti-narcotics activity in the near future. The Burmese Government suspended the eradication campaign in the 1988/89 growing season, even though equipment and supplies were on site in Burma, and there has been no eradication activity during the 1989/90 poppy cultivation season.

Except for isolated incidents, interdiction efforts in Burma have been limited. Government checkpoints in narcotics producing areas concentrate on searching for weapons, not interdicting the flow of drugs. There are continued reports in the local press, however, of small amounts of narcotics being seized by the People's Police Force (PPF) and in February 1990, U.S. officials were invited to a public ceremony in Rangoon where Burmese authorities burned a large amount of seized opiates.

A.3 Plans, Programs and Timetables (1990)

In past years the Burmese emphasized action in five areas to accomplish their narcotics suppression program: limiting and reducing opium production; preventing the movement of narcotics from producing areas to processing centers and foreign markets; striking at processing centers and trafficking organizations; substituting other forms of income for the raising of poppies; and reducing Burma's domestic demand for narcotics. Burmese officials have admitted to U.S. officials that fighting narcotics is currently not a high priority; we believe that Burma's military rulers have virtually ignored poppy cultivation, heroin production, and narcotics trafficking. We expect that at least for the foreseeable future, the Burmese Government will continue to stress internal security while devoting only minimal resources to counter-narcotics efforts.

A.4. Adequacy of Legal and Law Enforcement Measures

Burma's Narcotics and Dangerous Drug Act of 1974, amended in 1983, provides stiff penalties and legal sanctions against every aspect of narcotics production, processing, trafficking and use. Asset seizure is built into the basic law, negating the necessity for separate legislation. Penalties for narcotics violations range from fines to capital punishment. The almost eight hundred percent difference between the official and free market rates for the kyat, and the central role of the black market in Burma's economy, make money laundering possible, even likely, in non-convertible currencies. There is no way to gauge, however, the extent of money laundering that may be taking place.

In the past when narcotics offenders were apprehended and convicted, Burmese courts often imposed severe sentences. Since 1986, Burmese courts have handed down eight death sentences for drug trafficking but none of the sentences have been carried out. However, all those condemned are low level traffickers. Major traffickers continue to operate unhindered. The Burmese Government has established a system of rewards for information leading to the arrest and conviction of narcotics users and traffickers and seizures of narcotic drugs. There are no legal uses of heroin in medical treatment or scientific research in Burma.

Burmese anti-narcotics efforts are coordinated by the Central Committee for Drug Abuse Control (CCDAC). The CCDAC is chaired by the Minister of Home and Religious Affairs, with deputy ministers from six other ministries and the heads of various subcommittees represented. The CCDAC establishes policy and coordinates anti-narcotics activities throughout the country. The principal enforcement agencies of the Burmese Government were the People's Police Force (PPF), the Burma Army (BA) and the Air Force (BAF). Subsidiary agencies involved in narcotics control are the National Intelligence Bureau (NIB), the Directorate of Defense Services Intelligence (DDSI), and the Bureau of Special Investigation. However, since the September 1988 takeover, the Burmese military has assumed the primary responsibility for narcotics control.

Narcotics related corruption remains a serious problem at the local/field levels in Burma. The U.S. Embassy has provided information to the Burmese Government to assist it in dealing with this problem.

There are no third-country narcotics control officials stationed in Burma. Narcotics attaches based in neighboring countries pay periodic visits to Burma and consult with officials. The United Nations Fund for Drug Abuse Control (UNFDAC) had a representative assigned to manage UNFDAC programs but he has been reassigned to Bangkok. Anti-narcotics training is included in the basic training given by the PPF. Prior to the cutoff of assistance, U.S. training and course materials had been provided to command level officers. In police narcotics investigations, this training had produced improvements, but all senior police officials who had worked in the U.S. anti-narcotics program were removed in 1988. Many PPF officials have been replaced by Burmese army officers.

A.5. Domestic Drug Abuse

Anti-narcotics preventive education is carried out by both the Ministry of Education (school lectures, exhibitions, and competitions) and the Ministry of Information (newspapers and publications, radio and television programs). The Ministry of Health is responsible for drug treatment and detoxification. The Ministry of Social Welfare is primarily responsible for the drug rehabilitation program.

The Ministry of Health Supervises 26 treatment and detoxification centers with a combined capacity of 730 beds. Heroin addicts are provided with 10 weeks of detoxification treatment and the estimated annual capacity is 3,500-4,000 addicts.

A growing domestic addiction problem was a major catalyst in the 1974 government decision to establish an active narcotics control policy. More recently, the Burmese maintain that the addiction rate has been stabilized and a decline in heroin addiction has taken place in the past three years. According to Ministry of Health estimates, there are approximately 48,000 registered addicts in Burma. Out of this total there are 10,000 heroin addicts, 33,000 opium addicts, and another 5,000 addicted to other drugs, including polydrugs and marijuana. A major problem for the health authorities has been the steadily growing abuse of polydrugs in combination with alcohol.

Addicts in Burma are required to register and then undergo compulsory treatment and rehabilitation but a large number of persons addicted to opiates are not registered; some Burmese observers estimate that the total number of addicts may be three times higher than the number of registered addicts. The true number could be much higher since there has been an obvious increased availability of heroin and other drugs, lower prices, and a significant increase in usage following last year's turmoil. Patterns of usage have also changed. Injection of heroin has become more common in lieu of smoking the drug, resulting in an increased number of deaths by overdose and a significant increase in the number of verified drug-related AIDS cases and positive HIV tests. There are no reliable figures for overdose deaths in 1989.

While it is impossible to make an accurate estimate of the amount of illicit narcotics consumption, commonly accepted estimates put the figure at one kilogram of opium or equivalent per addict per year. Assuming 120,000 narcotics addicts in Burma, based upon Burmese observers' estimates, the required internal consumption would total 120,000 kgs (120 metric tons) of opium per year. Adding to this an estimated 500 metric tons consumed by hill tribes, total internal consumption may be as high as 620 metric tons per year.

B.1. Nature of Illicit Drug Production

The main concern in Burma lies with production of opium and its derivatives. Burma is one of the world's major opium growing areas, producing approximately 2,625 metric tons in the 1989 season. Opium is cultivated in tens of thousands of small fields, primarily in northern and eastern Burma, dispersed across a cultivation area roughly the size of Louisiana. The principal cultivation regions are in the Shan, Kachin, and Kayah states, although some poppy is grown in areas of the Karen State and Mandalay Division which border these primary states and in the Chin State.

Opium has historically been grown by the hill tribes but the current level of production can be directly attributed to the increased involvement of various insurgent groups in the international drug trade to support their activities, and to the decreased priority given by the government to narcotics interdiction. Refining locations are no longer concentrated only along the Thai/Burma border. Increased refining activity has taken place in areas under the control of the Wa, the Kokang Chinese and the Kachin Independence Army (KIA) in more remote areas of Burma. There is no licit production of opium, coca, methaqualone, cannabis, amphetamines, barbituates, or precursor chemicals in Burma. Burma has no plans to initiate licit production.

In the growing areas, narcotics are a major part of the local economy. Farmers grow opium poppy as a principal cash crop to raise living standards above or to maintain a subsistence level. In insurgent-controlled areas, they are often encouraged or coerced to grow as much as the labor supply allows.

B.2. Factors Affecting Production

The Shan plateau is the principal poppy growing area in Burma. It extends almost the full length of the Shan State and has an average elevation of 1,000 meters. It is mountainous with some peaks extending to over 2,500 meters. The poppy fields range from 0.1 to 4.0 hectares with an average size of 0.5 hectare. In more inaccessible areas, fields are often clustered near villages as well and are separated from them by hedges, paths, and drainage ditches. Burma's climate is tropical and is dominated by two sub-continental monsoons. The southwest monsoon brings the rainy season which extends from June to October. During this period the Shan plateau receives approximately 90 percent of its annual 80 inch rainfall. The annual mean temperature is 80 degrees. Except for seasons of drought, the terrain and climate are near the world's best for poppy cultivation.

The Burmese Government has minimal or no political, administrative, military, and enforcement presence in many of the opium producing areas. Roads extending into these often remote and rugged areas are primitive or nonexistent. Large portions of the Shan and Kachin States are contested by or under the influence of insurgent groups.

Burma is the most ethnically diverse country in Southeast Asia. According to official figures, the dominant ethnic group, the Burmans, represent approximately 72 percent of the population. The principal ethnic minorities are the Karen (7 percent), Shan (6 percent), Indian (6 percent), and Chinese (3 percent). The country's recent history is one of various minority ethnic groups locked in a continual struggle with the predominately Burman central government.

Farmers never have to leave their land to market the opium. Seed is delivered and the crop picked up by buyers. Even if it wished to, the government would not be able to institute substitute crop programs in these areas because of the lack of roads and other means of transport.

B.3. Maximum Achievable Reductions

To achieve a significant reduction in illicit drug production, it is essential that a solution to the insurgency problem be found and that programs for the economic development of the poppy cultivation areas be introduced to provide alternative income to poppy farmers. The Burmese Government's preoccupation with internal political problems, and current lack of manpower and resources, will continue to result in increased production and trafficking in and from Burma.

B.4. Methodology of Estimates

The following figures are imprecise, and based only on Embassy sources.

C.1. Statistical	Tables	· · · · · · · · · · · · · · · · · · ·				
A. SUMMARY TABLE	ES for CY	1990 est.	1989	1988	1987	1986
OPIUM			1			
Cultivation	[ha]	188,000	152,760	116,700	92,300	91,056
Eradication	[ha]	- :	18	12,500	16,279	13,597
Harvested	[ha]	188,000	152,742	104,200	76,021	77,459
Yield_	[mt]	2,780	2,625	1,283	836	620
Loss Factor	[mt]	278.0	262.0	128.0	0.8	0.6
Seized	[mt]	-		0.6	1.3	1.5
Consumed	[mt]	400	400	400	300	300
Exported	[mt]	300	300	75		
Available for		4 004	1 000	250		
refining	[mt]	1,804	1,600	679	· · · · · · · · · · · ·	•
HEROIN	f47	100.0	100.0	60.0	00.0	04.0
Produced	[mt]	180.0	128.0	68.0	33.0	24.0
Seized in-country	[mt]	4.5	1 5	0.1 2.0	-	*
Consumed in-country	[mt]	4,0	4.5	2.0		*
B. DATA TABLES for	r CY	1990 est.	1989	1988	1987	1986
Cultivation (Gross)						
Opium	[ha]	188,000	152,760	116,700	92,300	91,056
Potential Prod (Gross)		0.500	0.00=	1 400	4 04 5	500
Opium	[mt]	2,780	2,625	1,400	1,015	728
Hectares Eradicated	n-1		10	12,500	16 070	13,597
Opium Crops Eradicated	[ha]	, • • • • • • • • • • • • • • • • • • •	18	12,000	16,279	19,097
Opium	[mt]		0.25	117	179	109
Net Cultivation	Limpj	-	0.20	111	110	100
Opium	[ha]	188,000	152,742	104,200	76,021	77,459
Net Production	[Hd]	100,000	102,132	10-1,200	10,022	11,200
Opium	[mt]	2,780	2,625	1,283	836	620
Refining (Potential)	[HIIO]	2,100	2,020	1,200	000	
Heroin	[mt]	180.0	128.0	68.0	53.0	32.0
2201 0111	[1110]	200.0		, 00,0		
Seizures						
Opium	[mt]	. -		0.62	1.34	1.45
Heroin	[mt]	•	-	0.09	0.54	0.14
Arrests		•		2,000	4,916	4,491
Labs Destroyed						
Heroin		3	3	3	5	4
Domestic Consumption						
Opium	[mt]	400.0	400.0	400.0	360.0	300.0
Heroin	[mt]	4.5	4.5	2.0	2.0	0.9
Users (thousands)						
Opium		400	400	400	•	-
Heroin		18	15	12	9	9

Notes

* Available opium in any given year is not converted into heroin. Undetermined quantities of opium and heroin are stockpiled for use and export during subsequent years.

The summary table is based upon information available to the U.S. Embassy which is sketchy at best in some categories. Estimates shown for refined narcotics could be in the form of heroin, heroin base or morphine base. Data available to the U.S. Embassy do not permit further breakdown. Opium yield is calculated using a factor of 12 kgs per hectare. Seizure figures are for 6 months only. Estimates for Burmese eradication and enforcement have not been made for 1989 and 1990, because it is unlikely that the Burmese Government will reinstitute eradication programs.

Footnotes:

Accurate figures do not exist for Burma for most of the categories requested. Estimates have been based on incomplete intelligence and all other available sources. Projections are not made in some categories for 1989 and 1990 because information is simply not available.

(a) U.S. Embassy estimates are based upon analysis of locally available intelligence. For 1989 and 1990 we have used a midpoint value of high and low figures to arrive at estimates for cultivation and production.

(b) Figures for 1989 hectare and opium crop eradication taken from

published Burmese Government document.

(c) It should be noted that the 10 percent loss factor included in the

summary table is not deducted here.

(d) Information available does not permit a breakdown in various refining products. Figures shown for heroin also include heroin base and morphine base.

(e) Opium usage is based upon Burmese estimates of addicts and includes a conservative estimate of hill tribe usage. Heroin usage is based upon Burma's estimates of heroin addicts.

(f) There is no licit production of opium in Burma.

(g) Opium user estimates include Burmese estimates of opium addicts in areas under governmental control and projects a conservative rate of addiction among hill tribe population. Heroin estimates are based upon Burmese estimates of addicts under governmental control.

CHINA

A.1. Status of Illicit Production and Trafficking

China does not produce a significant amount of illicit narcotics and does not have a significant narcotics abuse problem. There is growing concern among Chinese and international authorities about the transshipment of heroin from the Golden Triangle through southern China to Hong Kong, and increasing use of heroin and opiates in China's southwest border region. Trafficking through southern China, although not equal to the volume via traditional routes such as through Thailand, is growing and will require more action on the part of Chinese drug control authorities. China had a long history of illicit opium production and a crippling abuse problem before the founding of the People's Republic of China (PRC) in 1949. The government estimates there were 20 million opium addicts in China in 1949. In the 1950's, the communist government effectively attacked drug trafficking and abuse by cutting lines of distribution and vigorously prosecuting addicts and traffickers. Although it is difficult to gauge the full extent of trafficking operations in southern China, Chinese seizure statistics indicate illegal trafficking along this route is increasing rapidly.

China has an important role to play in combatting international drug trafficking. The PRC is a regional power and an influential neighbor of almost all major Southeast and Central Asian heroin producing countries. China realizes the threat drug trafficking poses and is moving aggressively at home to crack down on domestic drug use and trafficking. PRC cooperation will be vital to U.S. efforts to combat illicit drug production, trafficking and drug-related money laundering activity in Asia, particularly after 1997, when Hong Kong is to be restored to China. Additionally, since China has a large chemical industry, the Chinese cooperation will be a key factor in to controlling trade in precursor chemicals.

The Chinese Government is concerned about the development of trafficking routes through southern China. China has established a 1,300 man special police force in southern Yunnan province to deal with narcotics smuggling. The PRC authorities are also concerned about the re-establishment of Triad influence in southern China--especially in Guangdong and Fujian provinces--and the possibility of a link between Triad activity and narcotics trafficking. The government deals strictly with convicted traffickers. For example, those who violate China's laws on narcotic abuse and illicit trafficking often receive the death penalty. Despite this, increasing amounts of drugs have been smuggled through China in recent years.

Chemicals such as acetic anhydride produced in China have been diverted for use in processing illegal narcotics outside of China, principally in the Golden Triangle area. In 1987, the Chinese State Council promulgated the Narcotic Drug Control Act. This act provides specific measures for control and regulation of cultivation, production, supply, transportation, import/export, and legal use and distribution of narcotic drugs, as well as punishment for violations of the act. In 1986, the Yunnan provincial government adopted strict laws regulating the sale, distribution, and import/export of chemicals used in the production of narcotic drugs. A central government law regulating these chemicals was implemented in 1988.

A.2. Accomplishments in 1989

China has recognized that it has drug trafficking and drug abuse problems. The PRC's police and customs organizations now have specialized narcotics control units. In addition, the legal framework for combatting narcotics abuse and illicit trafficking has been strengthened. In 1989, U.S. attorneys traveled to Shanghai to take depositions in the "goldfish" heroin smuggling case. Five PRC witnesses, including four police officers from the Ministry of Public Security, testified in San Francisco in early 1990. The case, involving a 330 gram seizure of heroin destined for San Francisco from Shanghai, is an example of cooperation between PRC law enforcement agencies and the United States.

In April 1989, a U.S. Drug Enforcement Administration (DEA) international training team conducted a basic narcotics training course in China for about 80 ministry of public security officers. In February 1989, the Chinese coordinating committee on drug control and prohibition sent a delegation to the 33rd session of the United Nations' Commission on Narcotic Drugs. At the meeting, the Chinese delegation met with the American representatives and proposed that under the 1987 Memorandum of Understanding (MOU) between the U.S. and China on cooperation in narcotics control, the U.S. and China begin a research cooperation project between the PRC's National Institute of Drug Dependence and the National Institute of Drug Abuse (NIDA) in the United States. The Chinese submitted a formal proposal to NIDA in May 1989.

China has also become a more active participant in the international effort to control narcotics abuse and illegal narcotics trafficking. A seminar on drug control and administration was held in Beijing in April 1989. Sponsored by the United Nations' International Narcotics Control Board (INCB), the six-day meeting focused on cooperation among INCB and regional governments in the field of narcotics control. In October 1989, the Ministry of Public Security sponsored an Asian regional drug law enforcement symposium which brought police and public health officials from more than 30 countries to Beijing for a three day conference. The National People's Congress ratified the United Nations Convention Against Illicit Trafficking in Narcotic Drugs and Psychotropic Substances in October 1989.

Chinese authorities have stepped up their efforts in various fields of research. In December 1989, the National Institute on Drug Dependence was established at Beijing Medical University. Under the direction of the Ministry of Public Health, the Institute will carry out laboratory experiments on drug dependency and organize national surveys on drug dependence to provide help to the public health authorities in combatting drug abuse.

A.3. Plans, Programs and Timetables (1990)

As noted above, the National People's Congress in October 1989 approved the U.N. Convention Against Illicit Trafficking in Narcotic Drugs and Psychotropic Substances. The PRC considers this Convention to be extremely important and moved to early ratification. During 1990, the PRC Coordinating Committee on Narcotics Control, made up of representatives of the Ministries of Public Health, Public Security, Foreign Affairs and the Customs General Administration, will continue to meet to develop new measures for the implementation of the Convention.

In cooperation with the United Nations Fund for Drug Abuse Control (UNFDAC), China intends to strengthen its interdiction efforts in 1990, planning to continue a joint program to strengthen drug interdiction and the treatment of drug abusers in Yunnan province. The U.S. Drug Enforcement Administration (DEA) is planning to hold basic training sessions in the PRC for the Chinese customs service officers in south and southwest China.

In the context of the 1987 MOU between the U.S. and China, the Ministry of Public Health is interested in further cooperative research programs in 1990, particularly with the National Institute of Drug Abuse. The U.S. Embassy in Beijing and the PRC's Ministry of Public Health have agreed to hold a tele-conference between American and Chinese officials involved in the programs.

A.4. Adequacy of Legal and Law Enforcement Measures

The Chinese Government has taken steps to strengthen the legal and supervisory aspects of drug control and liaison with international law enforcement agencies.

In 1982, the standing committee of the Chinese National People's Congress approved a supplementary amendment to article 171 of the criminal law: "whoever manufactures, sells or transports narcotics is to be sentenced to life imprisonment or death when the circumstances are particularly serious." Article 47 of the customs law was implemented in 1987, stipulating that "whoever transports, carries or sends narcotics by post into or out of the territory" has committed the crime of smuggling. According to article 118 of the criminal law, those who commit a crime of smuggling "with a serious nature" are sentenced to life imprisonment or death. In 1987, the State Council promulgated the Narcotic Drug Control Act to establish strict controls over narcotic drugs.

In 1988, Premier Li Peng promulgated "Procedures for the Administration of Psycho-pharmaceuticals" aimed at tightening control of drugs which directly affect the central nervous system. The law limits the production of psycho-pharmaceuticals to state-designated production units under central government guidance; specifies procedures for transport or shipment of these chemicals; designates procedures for the import and export of such substances; and delineates penalities for the violation of this new law.

The Chinese implemented new national level regulations controlling precursor chemicals effective January 1, 1989. The government has emphasized the need to monitor implementation of these regulations at the local level. Accordingly, the authorities had planned to carry out an investigative survey beginning in June 1989 to ensure that local governments are exercising proper control over the various substances controlled by the regulations listed above.

Chinese criminal law is aggressively administered and punishments, including confiscation of property and asset seizure, are enforced. There are no known "legal loopholes" a drug trafficker could use to shield assets. The Chinese Criminal Code Section 8, Articles 55 and 56 allow the confiscation of part or all of the property personally owned by a person convicted of a crime. Chapter 3, Sections 116 through 119 relating to "Crimes of Undermining the Socialist Economic Order" list confiscation of property as one of the punishments for smuggling. The newly revised drug law's section 171 lists confiscation of property as a penalty for trafficking in drugs.

C.1. Statistical Tables							
B. DATA TABLES	or CY	1990 est.	1989	1988	1987	1986	
Seizures	r47		0.286	0.170	0.159	0.112	
Opium Heroin	[mt] [mt]		0.289	0.246	0.500	0.112	
Arrests			132	97	38	22	
Licit Production							
Opium	[mt]		•	14.6	14.2	12.8	

Notes

All information received from the PRC Government. Comprehensive government figures for 1989 will not be available until April 1990. Statistics for 1989 are estimates based on the first six or eight months.

HONG KONG

A.1. Status of Illicit Narcotics Production and Trafficking

Several factors increased the importance of Hong Kong to the U.S. narcotics control effort over the past year: increased use of the territory as a major transit point for drug trafficking, continued involvement of locally-based traffickers in the international drug trade, and the use of the territory by traffickers to consummate deals and launder drug proceeds. Most drug trafficking activities into and out of the territory involved the importation of Heroin No.4 (injectable heroin). Local dealers convert some of this supply to Heroin No. 3 (smokable heroin), still the local drug of choice. Traffickers export the remainder mainly to the United States, with lesser amounts also shipped to Australia, Europe, and Canada.

Abundant supplies resulted in ever declining prices for Heroin No. 3, falling by October 1989 to a retail price of \$3.64/gm and a wholesale price of \$1,339/kg. Street purity of Heroin No. 3 dropped to an all time low of 4.68 percent as of July 1989. Heroin No. 4 sold for as as low as \$11,538/kg wholesale. Importation of opium continued to meet the demands of the territory's much smaller, but relatively constant, population of opium addicts. Within the last year, local authorities noted an apparent upsurge in the use of "soft" drugs, particularly marijuana.

The Golden Triangle represented the major source of supply for heroin and opium entering Hong Kong. Enforcement authorities believe that marked increases in production by Burmese cultivators directly resulted in abundant supplies on the local market.

Although sea routes served as the most common trafficking routes in the past, Hong Kong authorities found that a large proportion of Heroin No. 4 entered the territory via land routes through China during 1989. Enforcement officials found no evidence of any indigenous terrorist organizations operating in Hong Kong, nor were any terrorist groups identified with territory-related drug trafficking activities. Hong Kong's extensive Triad community facilitates both local and international trafficking activities. Recent arrests of major traffickers and subsequent dismantling of their syndicates provided continuing evidence of Triad involvement by members of large-scale international trafficking groups and continuing efforts on their part to establish power bases outside of Hong Kong. In some parts of the U.S., ethnic Chinese trafficking groups control the majority of the heroin trade.

A.2. Accomplishments in 1989

In responding to these challenges, Hong Kong authorities registered notable gains. From January through November, local drug enforcement agencies seized a total of 415 kgs of Heroin No. 3 and 595 kgs of Heroin No. 4; a September operation alone netted 420 kgs of No. 4, a record amount for a single seizure within the territory. Authorities also seized sixty-eight kgs of raw and prepared opium, 445 kgs of herbal cannabis and cannabis resin, and 5,047 Mandrax (methaqualone) tablets over the same period. The negligible amount of heroin base seized, two kgs, provided further evidence that Heroin No. 4 served as the main substance for producing the Heroin No. 3 demanded by local addicts. Hong Kong Government (HKG) narcotics division statistics indicated that for the first half of 1989, a total of 4,940 persons were prosecuted for drug offenses, both major and minor; major drug offenders represented some 71 percent of this total.

Extensive cooperation continued between Hong Kong authorities and foreign law enforcement agencies, particularly those of the U.S. There were many successful joint investigations, for example the arrests in Hong Kong of four major traffickers over the past year: John Eng, Chuen Sau-kam, Somchai Liangsiriprasert and Sakchai Suwannapeng. In May, the U.S. Customs Service, as part of the Sea Carrier Initiative, participated in a maritime anti-drug seminar in Hong Kong; shipping representatives attended from throughout the region. The HKG continued implementation of its Triad renunciation scheme, begun the previous year, which is an important tool in reducing opportunities for blackmail among the civil service ranks. Early this past year, the HKG submitted a statement reflecting its compliance with the Chiles Amendment which was accepted by the U.S. The statement detailed areas in which Hong Kong cooperates in the war against drugs, such as treatment of drug abusers and extradition of drug offenders.

A.4. Adequacy of Legal and Law Enforcement Measures

Over the past year, the HKG instituted significant measures in its legal and regulatory framework against drug trafficking. Building upon existing law, primarily the Dangerous Drugs Ordinance, the Commissioner of Banking in March issued precautionary guidelines to local banking institutions to counter possible money laundering transactions. On July 12, a Drug Trafficking (Recovery of Proceeds) bill passed into law, empowering government authorities to trace, freeze, and confiscate proceeds from persons convicted of drug trafficking activities. Significantly, the law provided that banks and individuals are required to notify the government if reasonable

grounds exist for believing that money laundering activities are taking place. The U.S. and Hong Kong governments currently are engaged in discussions with the aim of gaining "designated country" status for the U.S. under terms of the drug trafficking act; once accomplished, such an arrangement would enable each party to honor, on a reciprocal basis, confiscation orders received from the other's jurisdiction.

In November 1988, the United States presented the Hong Kong Government with draft language for a proposed Mutual Legal Assistance Treaty. The government is currently reviewing this draft. In keeping with Hong Kong's cooperation in international narcotics control efforts, including drug interdiction operations, U.S. extradition requests were processed routinely and expeditiously throughout the year.

Hong Kong actively participated in initiatives of the United Nations Commission on Narcotics Drugs. In June, Hong Kong agencies staged a three day exhibit as part of the U.N. international day against drug abuse and illicit trafficking. As it does annually, Hong Kong contributed financially to the United Nations Fund for Drug Abuse Control.

The HKG augmented local drug enforcement efforts with additional personnel. Narcotics control units performed in a professional, well-trained, and efficient manner. Local law enforcement agencies cooperated fully with the Independent Commission Against Corruption (ICAC) to root out corruption within the ranks; ICAC investigations in 1989 resulted in the arrest of three Customs officers and an official of the narcotics bureau. With regard to the requirements of Section 2013 of PL 99-570, the Government of Hong Kong does not encourage or facilitate the production or distribution of illicit narcotic psychotropic drugs or other controlled substances. No senior official has been indicted for narcotics-related corruption.

A.5. Domestic Drug Abuse

About ninety percent of addiction cases involve heroin abuse. Based on statistics developed by the Central Registry of Drug Abuse (CRDA), Hong Kong as of June 30, 1989 had 42,373 known and active drug addicts, representing 0.9 percent of the total population aged 11 and above. Though the number of newly reported drug abusers decreased from last year, the percentage of reported abusers under age 21 increased by 11.5 percent over a comparable period. Equally disturbing, anti-drug abuse officials noted that evidence accumulated over the last year indicated that some local addicts had begun to use Heroin No. 4. Though the numbers remain small, CRDA figures also revealed a marked increase of reported instances of marijuana abuse, from 61 in the first half of 1988 to 203 for the corresponding period in 1989.

The HKG maintains three major treatment and rehabilitation programs. These include mandatory treatment carried out by the Corrections Department, out-patient methadone maintenance under the Medical and Health Department, and a voluntary in-patient program conducted by the Society for the Aid and Rehabilitation of Drug Abusers (SARDA). The methadone treatment program has been singled out for praise by various American drug abuse experts. Other treatment, counselling, and public education programs operated by various volunteer agencies complement this effort. The HKG also conducts a multi-media program of preventive education and publicity geared primarily towards reaching Hong Kong youth. The government expended approximately \$168,000 in a month-long anti-drug campaign in October aimed at psychotropic substances.

C.1. Statistical Tables						
B. DATA TABLES	for CY	1990 est.	1989 /a	1988	1987	1986
Refining /b						
Heroin No. 4	[mt]	0.65	0.65	0.65	0.65	0.20
Heroin Base	[mt]	•	•	•	1.00	3.20
Seizures /c						
Opium	[mt]	_	0.058	0.064	0.172	0.081
Heroin	[mt]	•	1.010	1.845	0.565	0.563
Cocaine	[mt]	-	0.602	0.002	0.002	0.001
Other Cannabis	[mt]		•	0.007	0.016	0.039
Prosecutions /d		. · · · · · · · · · · · · · · · · · · ·	4,940	11,544	11,248	12,473
Labs Destroyed			•			
Heroin		•	10	. 10	9	10
Domestic Consumption	n/e					
Opium	[mt]	0.50	0.50	0.50	0.50	0.50
Heroin	[mt]	9.00	9.00	9.00	9.20	9.40
Cocaine	[mt]	0.05	0.05	0.03	0.03	0.02
Marijuana	[mt]	5.50	5.00	4.00	3.00	0.70
Users (thousands) /f						
Opium		2.5	2.5	2.0	2.0	2.0
Heroin		42.3	43.0	45.0	47.0	49.0
Cocaine		1.4	1.3	1.0	0.8	0.5
Marijuana		8.0	7.0	6.0	5.0	3.0
Other Cannabis		2.0	1.8	1.5	1.5	1.3
Other Drugs		2.5	2.5	2.5	1.5	1.3

Notes

(a) Figures for 1989 are for January - November 1989; for other

years, figures are for the full calendar year.

(b) Refining figures are estimates, calculated with assistance of DEA Hong Kong. The processing of Heroin No. 4 into Heroin No. 3 has become popular in Hong Kong only within the last three years. The amount of base refined locally is negligible.

(c) Amounts seized vary from year to year depending upon number and size of illegal shipments interdicted, and as a result cannot be

projected on any plausible mathematical basis for 1990.

(c) Prosecutions for January - June 1989. Source: 24th Statistical Report of the Central Registry of drug abuse, September 1976 - June 1989.

(e) All figures are estimates, developed with the

assistance of DEA Hong Kong.

(f) CRDA figures indicate that between 1978 and June 30, 1989 a total of 61,073 persons had been recorded as drug (mostly heroin) addicts; some 18,700 persons have not been re-reported within the last five years, leaving a total of 42,373 active drug addicts known to the authorities.

INDONESIA

A.1 Status of Illicit Narcotics Production and Trafficking

Indonesia is not a significant producer of illicit drugs for the international market and Indonesian officials deny that international traffickers use Indonesia for transit of large amounts of narcotics and/or precursor chemicals. Nevertheless, Indonesia's island geography and over one million square miles of territorial sea and archipelagic waters include some of the world's busiest international straits and provide countless opportunities for smuggling narcotics and other goods. No significant change in marijuana production or use over the past year has been reported. According to available evidence, little if any cannabis produced in Indonesia enters the U.S. market.

Drug abuse and trafficking in Bali is a concern as government efforts to spur tourism through easier immigration and customs procedures attract ever greater numbers of foreign visitors. Tourists complain about approaches by local drug vendors. Frequent international flights contribute to Bali's potential as a drug transit center; direct flights now link it with numerous international locations, including Auckland, Amsterdam, Hong Kong, Singapore, Sydney, Tokyo, Honolulu and Los Angeles. Indonesian law enforcement officials believe that foreigners, especially Western Europeans, are involved in moving most narcotics out of Bali abroad.

A.2. Accomplishments in 1989

Between February 20 and April 20 the Indonesian police carried out "Operation Nila I", the largest drug seizure/eradication operation in the country since 1985. The operation covered eight provinces on the islands of Sumatra, Java, and Bali and involved approximately 600 police officers, concentrating on the marijuana-producing areas of Northern Acch. According to police records, law enforcement officials destroyed 4.9 million marijuana plants on an area of 70 hectares as well as 78 metric tons of dried marijuana. In addition, police seized small quantaties of other narcotics and dangerous drugs. Police reported the arrest of 306 persons during the operation, including 5 foreign nationals. Police made numerous other arrests and seizures during the year, mainly for trafficking in marijuana in Northern Sumatra and, to a lesser extent, West Java. Amounts of marijuana confiscated ranged from a few grams to 25 kgs, and the number of plants destroyed in eradication efforts ranged from a few stalks to more than 6,800 plants. Figures for 1988 (the latest figures available) show a decline in arrests and drug seizures compared with 1987.

Police expect a significant increase in these figures for calendar year 1989 because of Operation Nila, but complete 1989 statistics will not be available until 1990.

Authorities believe there has been an increase in the availability of illicit drugs on the market due to a growing number of illegal home laboratories. Courts have meted out stiff sentences to convicted offenders, including the death penalty for some heroin traffickers. Some Westerners, the largest number of whom are Australians, have been convicted of trafficking, primarily in Bali. Several have received prison terms of up to 18 years.

A.3. Plans, Programs, and Timetables (1990)

The Government of Indonesia plans to continue implementation of current policies emphasizing training of law enforcement officials in narcotics interdiction and eradication, and preventive education through schools, social organizations, and religious institutions.

A.4. Adequacy of Legal and Law Enforcement Measures

Indonesia's legislation and legal structure are technically adequate to prosecute abuse of and production and trafficking in opiates, coca, marijuana, and synthetic narcotics. Indonesia is not a signatory of the 1971 United Nations Convention on Psychotropic Substances and the 1976 narcotics law does not cover psychotropic drugs. While these drugs are regulated and trafficking in them is illegal, this omission complicates police efforts to curb the growing problem of urban psychotropic drug abuse. The Government of Indonesia is currently working on a draft law which would bring Indonesia into conformity with the Convention.

Indonesia has extradition agreements with Malaysia, the Philippines, and Thailand, but not with the U.S. Drug offenders may also be extradited to other countries under existing domestic law. Indonesia participates in international narcotics control efforts and is a member of the U.N. Commission on Narcotic Drugs. It has regular contacts on drug issues with fellow members of the Association of Southeast Asia Nations (ASEAN) which is headquartered in Jakarta. A narcotics officer has been designated by the membership to coordinate drug related programs of the member countries (Thailand, Malaysia, Singapore, Indonesia, Brunei, and the Philippines). The police, which are part of the armed forces, the Directorate General of Customs and Excise, under the Ministry of Finance, and the Directorate General for Food and Pharmaceutical Control, under the Ministry of Health, are primarily responsible for the control of licit and illicit narcotics. The Jakarta-based Narcotics Sub-Directorate (NSD) of the police investigates narcotics crimes. It has 36 uniformed police and 30 civilians under the command of a police colonel.

Approximately 500 police with specialized narcotics training work countrywide. The National Coordinating Board (Bakolak) is an interagency body charged with coordinating all narcotics activities in the country through its narcotics branch. Actual coordination among the various agencies remains uneven. In general, all lack sufficient budget, trained personnel and equipment.

No evidence cites Indonesia as a significant money laundering country, but its open currency exchange regime makes this a possibility. The 1976 narcotics law allows for seizure and forfeiture of narcotics-related assets and could also be used in money laundering cases. The disposition of seized narcotics is determined jointly by the Ministry of Health and the Attorney General; the proceeds from the seizure of other assets go to the Ministry of Finance. Assets may be seized without a warrant if the case is urgent; however, a warrant must subsequently be obtained. The assets seizure provisions of the 1976 law do not appear to be vigorously used, perhaps because of the rigorous burden of proof needed in trial. It has on occasion been used to seize cars, motorcycles, and aircraft. There are no figures on the dollar amounts seized in 1989.

Indonesia has been active in ASEAN efforts on a draft assets seizure and conspiracy law for possible adoption as national law by the various member countries. Indonesia's bank secrecy law complicates police efforts to investigate narcotics crimes. If police suspect that assets related to drugs have been deposited in a bank, they must first obtain a court warrant and then obtain permission from the Ministry of Finance — a time-consuming procedure. The police have the power to freeze bank accounts while in the process of obtaining permission, but money can be moved out of the country relatively quickly under Indonesia's open currency exchange system.

A.5. Domestic Drug Abuse

Domestic drug abuse is a small but growing problem. According to press reports based on Jakarta police and hospital records, approximately 70 percent of drug abusers in the capital are between the ages of 13 and 25. About 80 percent of them come from middle and upper class families and nearly 70 percent have at least a junior high school education. The range and proportion of drug abuse is suggested by records of the Jakarta drug dependence hospital. During 1988, 44 percent of its patients were poly-drug abusers; 27 percent were abusers of psychotropics (mainly tranquilizers); 18 percent alcohol were abusers; 8 percent were marijuana abusers; and percent were opiate abusers. Poly-drug use has become among urban youth, increasingly popular particularly sedative-alcohol or sedative-marijuana-alcohol combinations. Some adolescents have turned to solvent abuse (paint thinner, gasoline, glue).

There is no registry of drug abusers nor are reliable indirect indicators of abuse monitored. The Government of Indonesia estimates that 0.05 percent of the Indonesian population, or approximately 90,000 persons, are narcotics addicts. The chief of Indonesia's police estimated in 1988 that there were at least 82,000 drug abusers countrywide, of which 50,000 were marijuana users. He based this estimate on information gathered from the Ministries of Health and Social Affairs and from police records.

The government views drug abuse and narcotics trafficking as a major long-term threat to social stability, and coordinates efforts to increase public awareness about the dangers of drug abuse through an overall coordinating body, Bakolak, and the Departments of Health, Education and Culture, Religion, and Information. Youth and women's organizations are also active in public awareness campaigns, and religious organizations are involved in prevention, treatment and rehabilitation. Poor statistical data hampers the evaluation of success in demand reduction.

B.1. Nature of Illicit Drug Production

Cannabis is grown illicitly in Sumatra, Java, Bali, Nusatenggara, and Sulawesi. Most marijuana comes from Aceh province in Northern Sumatra, where it grows both wild and under cultivation. The highest estimate ever cited for annual marijuana production was 200 metric tons. In the early 1980's, small numbers of coca bushes were first identified in Java.

Most plants seized in recent years have been in the wild or cultivated as ornamental plants. According to one report, small coca plantings from the Dutch Colonial period continue to supply the market for traditional medicines. An illicitly cultivated mushroom of the psilocybin type enjoys a small market among foreign tourists in Yogyakarta (Java) and in Bali. Despite a favorable climate in some parts of Indonesia, there is no evidence that opium poppies are cultivated.

Indonesia is not a major processing country for illicit narcotics, and police have not found heroin or cocaine laboratories in the country. According to one report, illegal heroin labs may be operating aboard fishing vessels in the international straits of Malacca where jurisdiction is divided between Indonesia and Malaysia.

Indonesia imports and processes a significant amount of acetic anhydride, an essential chemical in heroin processing, primarily for use in the pharmaceutical, industrial chemical, and petroleum industries. There is no firm evidence that acetic anhydride is diverted from legitimate uses to heroin processing. Police report there is some processing of marijuana into oil. Over the past two to three years, there has been a steep rise in the illicit "copycat"

production of controlled pharmaceuticals for the domestic market. The heroin, morphine, opium and cocaine available locally come from abroad.

B.2. Factors Affecting Production

Marijuana has a long history of use in Indonesia, primarily in northern Sumatra where it is used as a condiment in cooking. Opium has traditionally been used among the Indonesian chinese communities. The Government of Indonesia points to the country's unique combination of cultural, family and religious values as an important obstacle to the spread of illicit drug use. The Indonesian Government is concerned that growing urbanization, modernization in the countryside, and increased exposure to information and cultural influences from abroad will erode these societal values.

B.3. Maximum Achievable Reductions

In the absence of reliable statistics on illicit drug production, it is not possible to make realistic estimates of maximum achievable reductions. Government marijuana eradication operations have had only a small impact on domestic production, because of limitations on the resources the government is able to allocate to drug eradication, and resultant limitations on the size and scope of ongoing eradication efforts.

C.1. Statistical Tables						
B. DATA TABLES for CY	1990 est.	1989	1988	1987	1986	
Crops Eradicated						
Coca plants		•	-	16	1,281	
Cannabis plants		4,914,105	1,253	5,939	73,082	
Arrests						
Nationals		560	352	650	1,851	
Foreigners		13	3	15	23	
Total Arrests		573	355	665	1,874	

<u>Notes</u>

(a) Information from the Narcotics Sub-Directorate (NSD) of the police; (b) data changed from 1989 INCSR due to corrections in police statistics; (c) millions of doses.

LAOS

A.1. Status of Illicit Narcotics Production and Trafficking

U.S. officials estimate Laos to be the third largest producer of opium in the world. Laos also produces marijuana but U.S. officials do not know the extent of production. In addition to being a major opium producer, the U.S. Government continues to receive credible reports that a number of Lao military and government officials actively encourage and facilitate the trafficking of heroin and marijuana.

Since assumption of power 15 years ago, the Lao People's Democratic Republic (LPDR) consistently denied Laos played a role in the international drug problem. It chose instead to charge that the Western consumer countries provided the demand and hence caused the problem. In 1988 and 1989, the Lao Government began to reverse its public stance and request assistance in providing viable alternative crops to its opium poppy farmers. In 1989, two projects, one with the United Nations and the other with the U.S., began and the LPDR is requesting additional assistance. In addition, the National Assembly recently passed a criminal code of law which reportedly contains anti-narcotics provisions. Finally, in January 1990 the LPDR signed a Memorandum of Understanding (MOU) on narcotics cooperation with the U.S. which commits Laos to: 1) work with the U.S. to eliminate the cultivation of opium poppies and other illicit crops; 2) cooperate on the disruption and elimination of processing, trafficking and storage through enforcement efforts; 3) regulate and control precursor chemicals; 4) improve the effectiveness and availability of treatment services; 5) cooperate on programs designed to publicize widely the dangers of illicit drugs; and 6) cooperate with other international programs to combat drug abuse and control the traffic in narcotics.

Despite these positive developments, the LPDR failed in 1989 to undertake any significant law enforcement actions against major traffickers akin to its 1988 action against some 48 persons arrested and convicted in connection with a raid on heroin refining operations. U.S. authorities have received reports, however, that some of these traffickers were released after conviction, which the Lao Government denies. The LPDR did not take any steps in 1989 to eradicate opium poppy or cannabis cultivation; it is stated Lao Government policy that no forcible eradication will be done to eliminate this sole traditional cash crop of the hill tribes until alternatives are available.

U.S. officials estimate that opium production and heroin refining have in fact expanded significantly in 1989. Opium poppy cultivation is estimated to have increased from 40,400 hectares in 1988 to 42,130 in 1989 (more than a four percent gain), and opium production from 1988's 255 metric tons to 380 in 1989 (a 49 percent increase). Estimates are difficult to make in Laos because of the lack of access provided by the government. However, U.S. officials have ascribed the dramatic increase in opium production to higher yields due to near perfect weather in the Golden Triangle region. There are no estimates of marijuana production. The Lao currency is not readily convertible, and Laos is not believed to be a money laundering center.

Laos was denied U.S. presidential certification of its cooperation in narcotics control efforts in 1987 and 1988 because of the extensive involvement of its officials in the narcotics trade and the lack of anti-narcotics cooperation but was given a national security waiver for its cooperation on POW/MIA issues in both years. The Government of Laos began changing its public attitude toward narcotics in 1988 and asked for crop substitution assistance first from the UN and later from the U.S. In 1989, Laos was again denied certification but was not given a national interest waiver. In reaction, the LPDR briefly halted POW/MIA cooperation and, at the time, our nascent narcotics cooperation. (Agreement had been reached in principle in January 1989 for a major crop substitution project and training of Lao officials in customs and law enforcement.) However, shortly thereafter the LPDR decided to continue and expand this cooperation.

More recently, the Lao Government has stated its willingness to cooperate with its neighbors and the international community on drug issues. Specifically, it indicated receptivity to "special assistance to reinforce the ability of law officers to eliminate trafficking" at a November 1989 seminar on reducing opium poppy cultivation in Pakistan sponsored by the U.N. Fund for Narcotics Abuse Control (UNFDAC). In addition, during the January 1990 visit to Laos by a delegation led by Congressman Charles Rangel, Chairman of the House Select Committee on Narcotics Abuse and Control, a leading Politburo member pledged full cooperation with the U.S. on narcotics issues. The delegation's call on National Assembly President Nouhak Phomsavan, the second-ranking official in the Politburo, was the first official USG meeting at the highest levels of the LPDR's leadership. While the LPDR's statements are encouraging, Lao resolve to work strongly against drug production and trafficking has not been demonstrated in practice.

A.2. Accomplishments in 1989

Laos reversed its public stance toward drug problems in the years just before 1989. The LPDR took steps toward international cooperation in 1989, including:

- -- Beginning two new large-scale crop substitution projects, one with the U.N. in Vientiane Province (\$5.8 million) and a multi-year effort with the USG in Houaphanh Province (\$8.7 million). Continued U.S. financing will depend on Lao counter-narcotics performance, which will be closely monitored.
- -- Meeting with senior U.S. Drug Enforcement Administration (DEA) and Department of State Bureau of International Narcotics Matters (INM) officials in Vientiane in November, the first such meetings since 1975. During these meetings agreement in principle was reached on further U.S.-Lao drug control cooperation, including law enforcement cooperation.
- -- Participating in USG anti-narcotics training in drug education, narcotics enforcement, and customs enforcement. A total of seven officials in three ministries were involved.
- -- Negotiating a Memorandum of Understanding (MOU) with the USG on Bilateral Narcotics Cooperation, signed in January 1990. This MOU is designed to meet all Chiles Amendment requirements.
- -- Making reductions in slash-and-burn agriculture, which includes most opium poppy cultivation, a high-level national priority and soliciting further international assistance and targeting scarce domestic resources to this goal.
- -- Requesting additional assistance in crop substitution projects from the U.N. and the USG.
- -- Rejoining the U.N. Commission on Narcotics Drugs and attending its annual conference in February 1989 for the first since the LPDR assumed power fourteen years ago. .
- -- Beginning a review of the 1988 U.N. Convention Against Illicit Trafficking in Narcotics Drugs and Psychotropic Substances. The Convention, however, has not yet been translated into Lao in preparation for a final decision on its signing by the highest levels of the Lao Government. Laos stated its adherence to the 1961 Single Convention on Narcotic Drugs and the 1971 Convention of Psychotropic Drugs in 1988, but has yet to provide statistics on legal opium production.
- -- Approving in March the first U.S. Congressional delegation to Laos on the subject of narcotics.

Despite these steps toward anti-narcotics reforms, Laos is at the beginning of a long and difficult road which will test the government's resolve to engage in effective anti-drug programs. The U.S. and other members of the international community have awakened the Lao to the dangers of narcotics production and trafficking. Continued persistence and financial and technical assistance will be required to encourage Laos to improve its anti-narcotics performance and to assist those officials opposed to narcotics production and trafficking in their efforts.

A.3. Plans, Programs and Timetables (1990)

Laos and the USG intend to move ahead with the crop substitution project in Houaphanh province, including major infrastructure development. The improvements will increase market access and paddy rice land to provide alternatives to opium production. If this project can be fully funded, it should provide crop alternatives to some 36,000 people in two districts before 1995. UNFDAC expects its project to provide similar alternatives to people in Vientiane Province during the same period. The Lao Government has made reduction of slash-and-burn agriculture, partially caused by opium production, a very high national priority and is receiving substantial assistance from Sweden and international organizations to provide alternatives and help to stabilize hill tribe populations.

The U.S. is working with the government to use photography, coupled with field checks, to estimate opium production in the Houaphanh province project area. Crop substitution projects may be the surest way to reduce opium production over the long range, but the USG also wants to develop and assist LPDR efforts at interdicting trafficking and stopping refining. The U.S. will continue to offer law and customs enforcement training and other assistance.

The Lao have also indicated an interest in international cooperation in other aspects of the drug problem. As noted, the Lao Government signed an MOU with the USG committing Laos to support broad-ranging counter-narcotics cooperation. Working level visits by DEA officials are expected to begin in early 1990.

A.4. Adequacy of Legal and Law Enforcement Measures

The LPDR suspended the Lao Constitution and Code of Law when it came to power in 1975. However, in November 1989, the National Assembly passed a new criminal code which the host government has reported includes penalties ranging from one to ten years for selling opium and refining and trafficking in heroin and other drugs. This code also has penalties ranging from six months to three years for possession of large quantities of drugs, according to LPDR officials.

Thus for the first time since the founding of the LPDR 15 years ago, an adequate basis of published law will exist for prosecution of drug related crimes. Given Laos' lack of resources and infrastructure (median income of less than \$140 per year), however, establishing effective law enforcement will require substantial resources and assistance from other governments.

With the MOU on Bilateral Narcotics Cooperation signed in January 1990, the LPDR now meets the requirements of the Chiles Amendment that any major narcotics producing or transit country conclude a bilateral narcotics control agreement with the United States in which the country agrees to take specific steps in the anti-narcotics area. Specifically, Section 481(h)(3) of the 1961 Foreign Assistance Act as amended by the Anti-drug Abuse Act of 1988, requires that the bilateral narcotics agreement address a variety of issues regarding efforts by the country in question to counter drug-related corruption. These concerns center on whether the government, as a matter of policy, encourages or facilitates illicit narcotics production or distribution, and whether any senior official is involved in the drug trade. In addition, the law asks whether the government has taken steps to eliminate corruption which assists narcotics production and trafficking.

Even with the signing of the MOU, answers to these questions are not easy. While the USG has credible reporting depicting the Lao military's extensive involvement in the narcotics trade, the civilian central government continues to claim that its policy is to eliminate illicit trafficking and cultivation. The central government has denied that it condones drug trafficking and has stated its willingness to cooperate with the U.S. in the narcotics field and receive narcotics control and development assistance. Nonetheless, the U.S. continues to receive reports that the Ministry of Defense's Mountainous Area Development Corporation is involved in promoting production of opium and marijuana and in trafficking narcotics abroad. While the new criminal code may address official corruption, the USG is not aware of any recent narcotics related anti-corruption actions, although there have been some reports of such activities.

Laos has not, to the USG's knowledge, made changes to legal codes specifically aimed at asset seizure or the use of conspiracy charges against drug traffickers. There is no extradition treaty between the U.S. and Laos. The USG is aware of no requests by other countries to extradite suspected drug traffickers from Laos. U.S. officials have received reports of known drug traffickers staying temporarily in Laos, as well as reports of these traffickers' extensive involvement in narcotics refining within Laos.

The Government of Laos exercises tenuous control over some portions of its territory, especially in the remote mountain areas where much opium poppy is cultivated. During the war years, the Pathet Lao, which formed the current government, was strongly resisted by various mountain tribes which have been traditionally involved in opium production. The LPDR cites these factors, along with the economic realities in the mountainous areas, in addressing the question of eradication, which it has ruled out in favor of crop substitution. On the other hand, the USG has received reports that elements of the Lao military and some local officials have encouraged the hill tribes in the remote mountain areas to continue and even increase their opium production to supply heroin labs run by corrupt officials.

A.5. Domestic Drug Abuse

Among the fifty percent of Laos' population made up of lowland Lao, drug abuse is a relatively minor health problem. Until very recently, the government denied there was any problem among the lowland population. Now the it admits that drug abuse is at least a minor problem. Among the various hill tribes which comprise the other fifty percent of the population, opium addiction is thought to be a major and growing problem. Given the other more immediate threats to the general health of the population and the inadequate, rudimentary health care system, drug addiction is not viewed with concern by government authorities. However, in contrast to previous years, Lao officials have asked for assistance in rehabilitating opium addicts.

B.1. Nature of Illicit Drug Production

Various hill tribes in Laos have been growing and using opium for generations. Commercial production increased dramatically during the French colonial period (1893-1953) and flourished during the more than 20 years of civil strife (1953-75). Current cultivation continues to be based on slash-and-burn agriculture. Cannabis is grown in the valleys of the Mekong River and its tributaries.

B.2. Factors Affecting Production

As in the other Golden Triangle countries -- Thailand and Burma -- tradition, geography, inadequate infrastructure and lack of alternative crops combine to provide fertile ground for illicit narcotics production. Northern Laos has good climate and soil conditions for opium production, which, together with strong world demand, has produced increasingly large crops. Poor market access and lack of agricultural extension services promoting cultivation of other crops have led to the growing of opium as a cash crop in many mountainous areas. The historical antipathy between many hill tribes and the LPDR acts to make the government extremely reluctant to take strong action, such as eradication, in tribal areas.

Cannabis is also easily and profitably grown in southern Laos and provides a higher cash return than many other crops. U.S. and international observers believe that Thailand's success in its anti-drug efforts combined with Burma's retrogression have likely led to an increase of traffickers being driven into Laos from Thailand on the one hand and using secure bases in Burma to penetrate Laos on the other.

B.3. Maximum Achievable Reductions

Both the UNFDAC and USG projects are in their initial stages. Although both are likely to achieve reductions in opium production in the early 1990's, it is too early to forecast such reductions. It is worth noting that the U.S. project, for instance, has a goal of fifty percent reduction in opium poppy planting in project areas by the end of 1993 and a ninety percent reduction by the end of 1995. However, we are making it clear to the Lao Government that we expect it to actively encourage opium crop reduction even while the project is getting underway. Our knowledge of opium and marijuana production and Lao Government policy is insufficient to provide specific estimates of achievable gains at this time.

C.1. Statistical	Tables					
A. SUMMARY TABL	ES for CY	1990 est.	1989	1988	1987	1986
OPIUM						
Cultivation	[ha]		42,130	40,400	-	-
Eradication	[ha]		-	•		
Harvested	[ha]		. •		-	
Yield	[mt]		375	255	150-300	100-290
HEROIN						
Produced	[mt]		. • •		-	, ·
B. DATA TABLES fo	or CY	1990 est.	1989	1988	1987	1986
Cultivation (Gross)						
Opium	[ha]		42,130	40,400		-
Potential Prod (Gross)	<u></u>		,,	,		
Opium	[mt]				•	
Hectares Eradicated						
Opium	[ha]				. •	
Crops Eradicated						
Opium	[mt]		_			
Net Cultivation						
Opium	[ha]		42,130	40,400	•	
Net Production			~			
Opium	[mt]		375	255	150-300	100-290
Refining						
Heroin	[mt]		32	21	-	
Heroin Base	[mt]		•	. .		. •
Seizures						
Opium	[mt]		•	0.206		

Notes

(a) The Lao Government estimated opium production in 1988 at be approximately 30-40 mt.

MALAYSIA

A.1. Status of Illicit Narcotics Production and Trafficking

Malaysia grows no opium, but illicit heroin processing, widespread addiction, and heroin trafficking constitute serious problems. Heroin base is smuggled into Malaysia from Thailand and Burma and is converted to Heroin No. 3 (smokable heroin) in local conversion "laboratories." While much of this production is consumed locally, a substantial amount is shipped overseas, chiefly to Europe and Australia. Almost nine kilograms (kgs) of No. 4 Heroin destined for the U.S. was seized. There was also a 275 percent increase in raw opium seizures in Malaysia last year, from 233 kgs in 1988 to 643 kgs in 1989. Malaysian authorities, despite severe drug use and trafficking penalties and good enforcement efforts, have not been able to completely stem trafficking or curb laboratory production.

The chief determinants of the flow of opiates into Malaysia are the size of the opium crop in the Golden Triangle and the effectiveness of local enforcement. Bumper harvests in the Triangle and the breakdown of enforcement in Burma have increased markedly the regional supply of opiates. Despite substantial heroin seizures in Malaysia in 1988 and 1989 (amounting to more than 300 and 290 kgs respectively) and the dramatic increase in raw opium seizures noted above, the street price of opiates remained stable in the last quarter of 1989. The island of Penang in northwest Malaysia remains the hub of operations for the ethnic Chinese traffickers who dominate Malaysia's drug traffic. The island of Langkawi in the northern state of Kedah is also becoming an important transit point for maritime trafficking. Effective land border controls have resulted in more narcotic smuggling by sea, mainly in fishing boats along the coast between Thailand, Burma and northern Malaysia. Direct shipments of narcotics from Burma to Malaysia in 1989 constitute a new development that concerns enforcement officials.

A.2. Accomplishments in 1989

On October 17, 1989 Malaysia and the United Kingdom signed a Bilateral Asset Seizure Agreement. The Government of Malaysia (GOM) also publicly expressed an interest in completing similar agreements with other governments, specifically the United States. In order to implement the March 1988 Malaysian asset seizure law, the Royal Malaysian Police (RMP) established a special financial investigation unit comprised of 359 officers and staff. The RMP has since seized property of narcotics traffickers amounting to more than \$1 million, with many times that amount currently under investigation. In 1989, heroin seizures matched those for 1988 (which were up 700 percent from 1987); opium seizures increased 275 percent. In 1989, the RMP closed five heroin processing labs, matching the number closed in 1988.

In April, the U.S. and Malaysia signed a Memorandum of Understanding (MOU) implementing the requirements of the Chiles Amendment committing both sides to increased anti-narcotics cooperation. The Department of State Bureau of International Narcotics Matters (INM) provided the GOM with anti-narcotics equipment amounting to \$25,000, while the Drug Enforcement Administration (DEA) conducted two INM-funded enforcement schools, including one on financial investigative methods.

A 3. Plans, Programs, and Timetables (1990)

In 1983, Prime Minister Mahathir declared the fight against narcotics to be a national security concern. An anti-narcotics committee was set up under the prime minister's department, reporting directly to the Prime Minister. The executive arm of the committee is the anti-narcotics task force, which is the key GOM anti-narcotics coordinating body and the major point of contact for U.S. programs. In 1990, the GOM plans to overhaul its treatment and rehabilitation policies because of high addiction recidivism rates (estimated at 80-85 percent). The World Health Organization (WHO) will fund a number of seminars in Malaysia to assist the GOM in re-formulating its rehabilitation program. After conducting a two-month study on rehabilitation and prevention programs over the last 19 years, the police have recommended new penalties for drug use as an added deterrent to narcotics abuse. The GOM will also review the Dangerous Drug Act's preventive detention provisions, which were enacted in 1985 under a five-year "sunset" rule. While some modification of this law is possible, it is expected that preventive detention under the Dangerous Drugs Act will be re-authorized.

A 4. Adequacy of Legal and Law Enforcement Measures

Malaysia's drug laws are among the world's most severe. The Dangerous Drugs Act, as amended in 1983, mandates the death sentence for narcotics trafficking. Under the law, possession of small quantities of drugs (15 grams of heroin or morphine, 200 grams of cannabis, 1 kg of opium) is presumed to constitute trafficking. From 1975 through September 1989, Malaysia hanged 92 drug offenders, of whom 68 were hanged under the 1983 law. An additional 179 convicted traffickers are currently on death row. The Dangerous Drugs (Special Preventive Measures) Act of 1985 empowers the government to order two-year periods of detention without trial for suspected drug traffickers. Under this statute, the government arrested 416 people between January and November 1989. Inadequate anti-narcotic conspiracy laws are often cited as a major cause for the preventive detention of narcotics suspects.

The asset seizure law enacted in March 1988 provides for civil procedures to seize assets derived from drug trafficking, outlaws money laundering, and authorizes international cooperation in seizure cases. The RMP has expanded staff and training to implement this important anti-narcotics legislation.

Malaysian and U.S. officials met in 1988 and 1989 to negotiate an extradition treaty, but no agreement has yet been concluded. Malaysia was also among the 44 original signatories of the 1988 U.N. Convention Against Illicit Trafficking in Narcotic Drugs and Psychotropic Substances. Ratification of the Convention and any necessary amendments to existing Malaysian laws to enable Malaysia to implement the Convention should be completed in 1990.

While corruption has not emerged as a serious problem in Malaysia's anti-narcotics enforcement agencies, a number of police and prison officials have been charged with corruption and involvement in narcotics trafficking. The most important case to date was the September conviction and sentencing to death of the anti-narcotics police chief in the eastern state of Terengganu for marijuana trafficking. With regard to the requirements of Section 2013 of PL 99-570, the GOM does not encourage or facilitate the production or distribution of illicit narcotic psychotropic drugs or other controlled substances.

Australia is the only country besides the U.S. which stations a narcotics control officer in Kuala Lumpur. Canada and New Zealand have officers in Singapore with responsibility for enforcement liaison in Malaysia, while several European countries cover Malaysia from Bangkok.

A.5. Domestic Drug Abuse

Heroin No. 3 remains the major drug of abuse in Malaysia. From 1970 through June 1989, the government registered 141,613 drug addicts. While the official GOM estimate of the active addict population is 100,000 (the remainder having died or been rehabilitated), most observers estimate that the true figure may be two to three times this number. Reported new cases in 1989 (through June) were 3,162 addicts. The GOM expects the total of new registered addicts in 1989 to exceed 1988's figure of 7,893 new addicts, due to strenuous police efforts to round up addicts prior to the Commonwealth summit held in Kuala Lumpur in October 1989. Approximately 80 per cent of all addicts are heroin users; seventy percent of registered addicts are under age 30.

The GOM complements its stringent enforcement measures with an active program to enhance public awareness of the drug problem,

making using school programs, television "spots" by well-known entertainers, fund-raising walkathons, highway billboards and conferences to spur greater involvement by parents and community organizations in the campaign against drugs. The U.S. has provided \$75,000 in grants for public awareness projects in Malaysia.

There are currently nine fully operational rehabilitation centers in Malaysia with a total capacity of 3,350. The government is using seven additional, though incomplete, centers to increase total capacity to about 5,500 places. Another 7,000 addicts would receive some counselling or post-rehabilitation care by 1991 under current GOM plans for additional halfway houses and after-care centers.

B 1. Nature of Illicit Drug Production

No opium is grown in Malaysia. Heroin "refining" takes the form of processing imported heroin base into No. 3 (smokable) Heroin. Government officials and outside observers estimate that while much of the Heroin No. 3 produced in Malaysia is consumed domestically, substantial amounts also join the flow of heroin through Malaysia bound for overseas markets, primarily Europe and Australia.

B 2. Factors Affecting Production

The most compelling factor affecting heroin production in Malaysia is the country's proximity to the opiate source countries of Thailand and Burma. Trafficking and production are generally thought to be monopolized by well-financed ethnic Chinese syndicates based in Malaysia with connections in both producer and consumer countries. However, Malaysia's addict population cuts across ethnic lines and includes ethnic Malays in numbers roughly proportionate to their share of the total population (approximately one-half).

Malaysia's national leadership, taking its cue from Prime Minister Mahathir, has shown through public statements in domestic and international fora, through legislative initiatives, and through increased commitment of government resources, that the GOM is firmly committed to fighting the drug problem. In 1989, GOM spending on narcotics control amounted to about \$20 million, a 10 percent increase over 1988.

B.3. Maximum Achievable Reductions

Neither the GOM nor any international narcotics control agency, including DEA, has firm estimates of the volume of narcotics processed in Malaysia. A major cause of increased supplies in 1989 over 1988 is the direct shipment of opiates from Burma to Malaysia. Short of some improvement in the Burmese narcotics production problem, it is unlikely that opiate supplies to and through Malaysia can be decreased. Therefore, any reduction in heroin processing in Malaysia in 1990 seems unlikely.

MALAYSIA

C.1. Statistic	al Table	S	<u> </u>			
B. DATA TABLES	S for CY	1990 est.	1989 /e	1988	1987	1986
Refining						
Heroin	[mt]		6.0	4.7	5.0	5.2
Seizures						
Opium	[mt]		0.64	0.27	0.30	0.33
Heroin	[mt]		0.29	0.31	6.04	0.12
Other Opiate	[mt]		0.01	0.04	0.02	0.01
Morphine	[mt]			•	0.00	0.02
Marijuana	[mt]		1.61	1.24	1.39	0.94
Arrests /b						
Nationals			11,554	11,580	11,149	9,935
Foreigners			60	80	82	133
Total Arrests			11,614	11,6 60	11,231	10,068
Labs Destroyed						
Heroin			5	5	2	1

Notes

The Malaysian Government is the source of all data, except heroin refining estimates.

- (a) 1989 figures for arrests, seizures, and labs destroyed are through October.
- (b) Arrest statistics for 1986-87 include those arrested under the 1969 emergency ordinance. Since 1988, virtually all narcotics arrests are under the Dangerous Drugs Act. Among the 60 foreigners arrested in 1989 is one American citizen awaiting formal charges.

PHILIPPINES

A.1. Status of Illicit Narcotics Production and Trafficking

Marijuana production and trafficking in the Philippines has been increasing steadily. Although cultivation is widely spread geographically, northern Luzon and the central Visayas are the centers of cannabis cultivation. Private ships are often loaded with marijuana in the Visayas, with final destinations outside of the region. The Philippines exports increasing amounts of marijuana to Hong Kong, Japan, Australia, and the U.S. Philippine waters serve as a transshipment point for Southeast Asian marijuana destined for the U.S. A potential for exporting an increased volume of local marijuana is indicated by a record seizure of two tons of Philippine marijuana in California in October, 1989.

The fastest growing narcotics problem involves methamphetamine, known locally as "shabu". Until recently most methamphetamine was smuggled into the Philippines, but domestic production expanded sharply in 1989 as indicated by increased seizures of ephedrine, a chemical used in its manufacture. Methamphetamine seizures are on the increase in Hawaii and California. A small number of coca plants are reportedly cultivated in the Philippines. There is no evidence of the cultivation of opium poppy or the processing of heroin.

No single criminal organization controls the production and trafficking of illegal drugs in the Philippines. Domestic and foreign criminal groups, notably Australian, U.S., and ethnic Chinese, transship marijuana and heroin through the Philippines, largely through Manila's Ninoy Aquino International Airport, destined for Guam, Australia, Europe and the U.S. The Philippines continues to serve as a planning and deployment site for illicit narcotics organizations.

A.2. Accomplishments in 1989

From January through September, drug enforcement activities resulted in the arrest of 2,578 persons for various drug offenses. Enforcement agencies conducted 1,730 raids and seizures, confiscating 70 kgs of methamphetamine (ten times the amount confiscated during the same period in 1988) and almost 1,800 kgs of marijuana. Among prominent convictions in 1989 were Tse Tung Kai, Michael Dewitt, and Chen Quay Cheng, sentenced to life imprisonment in three separate cases for trafficking in methamphetamine and heroin. The three were arrested by the U.S.-assisted Customs Narcotics Interdiction Unit. Arrests were also made after large methamphetamine seizures in April and July, and prosecution is underway. Data are not yet available on convictions in 1989 for narcotics offenses.

In 1989, the Government of the Philippines (GOP) imposed import controls on ephedrine, a precursor of methamphetamine. Senator Ernesto Herrera focused nationwide attention on the illicit narcotics problem by identifying major drug syndicates and corrupt law enforcement personnel, and formed a group called Citizens Drug Watch to mobilize the public in the campaign against illegal drugs. The head of the Department of National Defense's Narcotics Command revamped his organization and relieved dozens of personnel suspected of collaborating with traffickers. The Secretary of Justice created a new anti-narcotics unit in his department, and directed all prosecutors to block petitions for bail filed by persons accused in drug cases.

The Philippines Customs Interdiction Unit was responsible for the arrest of two major narcotics offenders in January 1989. This level of effectiveness needs to be maintained through bilateral and multilateral training programs.

A.3. Plans, Programs and Timetables (1990)

Although GOP policy emphasizes the importance of narcotics enforcement, budgetary and structural constraints as well as corruption, inhibit its effective implementation. The Philippine Congress is considering imposing the death penalty on narcotics traffickers and expanding provisions for confiscation of assets of arrested drug traffickers.

A.4. Adequacy of Legal and Law Enforcement Measures

The Philippines is a party to the 1961 Single Convention on Narcotic Drugs, as amended, and the 1972 Protocol Amending the Single Convention. The Philippine enacted the Dangerous Drugs Act in 1972. This law provides heavy penalties for narcotics trafficking, including life imprisonment, seizure of assets, penalties for conspiracy, and the requirement that drug cases be adjudicated within 105 days after initiating prosecution. The Department of Justice has established a special team of prosecutors for narcotics violations and instructed all judges not to accept any narcotics cases unless referred by one of the special prosecutors. The GOP has signed bilateral extradition treaties with Indonesia and Thailand.

Several agencies are involved in drug law enforcement. The principal police agencies are the Philippine Constabulary-Integrated National Police (PC-INP), the Narcotics Command (Narcom) under the Department of National Defense, and the National Bureau of Investigation (NBI) under the Department of Justice. Other agencies involved include the Narcotics Interdiction Unit of the Bureau of Customs, the Intelligence Bureau under the Department of Finance, the Bureau of Posts under the Department of Transportation and Communication, the Dangerous Drugs Board (DDB), and the Bureau of Food and Drugs under the Department of Health.

It is not believed that the Philippine banking system is used to launder proceeds from illicit drugs, due to strict GOP currency controls. However, the U.S. Drug Enforcement Administration (DEA) has found strong indications that an underground banking system and the Philippine casino system are being used by ethnic Chinese involved in trafficking to launder narcotics-related funds. Also, in 1989 DEA became aware of European narcotics-related funds being used to purchase a legitimate business in the Philippines.

A.5. Domestic Drug Abuse

The most commonly abused drug in the Philippines is marijuana. Abuse of methamphetamine hydrochloride ("shabu"), non-medical use of narcotic over-the-counter medicines, and inhalation of industrial preparations are also common. Abuse of heroin, cocaine, and LSD is limited to the affluent. Several GOP agencies are involved in prevention and treatment of drug abuse. Two operate their own rehabilitation centers, as do three private agencies. There are a total of twenty-four fully accredited and operational residential and out-patient centers throughout the Philippines. The number of yearly admissions to various treatment centers averages 1,000. With the methamphetamine problem growing, these Philippine treatment centers will need to switch from a focus on marijuana users to treatment of methamphetamine addiction. Filipino awareness of the seriousness of drug abuse is the result of educational campaigns undertaken by the GOP, complemented by active participation by the private sector.

B.1. Nature of Illicit Drug Production

Illicit drug production and trafficking have a minimal effect on the national economy. Although still not a significant cash nor subsidiary crop, some observers believe that production of marijuana could become a serious problem. Opium poppy is not grown, and there is no known precessing/refining of heroin. Few coca plants are cultivated. Varying quantities of marijuana, cocaine, and heroin entered the country during 1989, the bulk of which was for transshipment.

B.2. Factors Affecting Production

There is neither traditional use of drugs nor traditional dependency on cannabis as a cash crop in the Philippines. However, hill tribes in northern Luzon have become aware of the profitability of cultivating cannabis. As a result, a number of farmers have shifted from vegetables and rice to cannabis cultivation. The use of ports in the Visayas for transshipment has increased the incentive to grow cannabis as a cash crop.

B.3. Maximum Achievable Reductions

The GOP plans to continue its cannabis eradication and narcotics interdiction efforts. However, the wide geographic dispersal of cannabis cultivation and its frequent location in insurgent-affected areas inhibit the GOP's efforts, as does the use of manual methods of eradication. Historical deficiencies in the criminal justice system further limit the success of GOP efforts. Reforms in the Philippine justice system this year have begun to reduce the backlog of criminal cases and may have a positive impact on prosecution of narcotics offenses. Progress in reducing illicit drug cultivation and trafficking depends in large part on the GOP's success in making other economic opportunities available to the almost half of the population that remains under the poverty level.

PHILIPPINES

C.1. Statistical Table	s				
B. DATA TABLES for CY	1990 est.	1989	1988	1987	1986
Arrests					
Nationals		-	1,455	4,496	3,418
Foreigners		•	21	21	24
Total Arrests		2.578	1 476	4 517	3 442

SINGAPORE

A.1. Status of Illicit Narcotics Production and Trafficking

Singapore neither produces nor processes narcotics. However, it is a staging area and transit zone and U.S. officials believe it has the possibility of being a significant money laundering center. Commercial aircraft and the use of couriers remain the primary method of transshipment of illicit drugs. Singapore is a major maritime port, and local authorities have seized sizable amounts of opium, marijuana, and heroin on board a variety of ocean freighters, tankers, and medium-sized craft. As a staging area, smugglers regularly outfit, and repair their vessels in Singapore prior to picking up of illicit cargo in Thai, Cambodian, and Vietnamese waters for onward delivery to North America and Australia.

The Government of Singapore (GOS) is currently studying what is involved -- and the implications for Singapore as a financial center -- in changing its bank secrecy laws to allow both asset seizure and access to local bank records in investigations by foreign law enforcement agencies.

A.2. Accomplishments in 1989

In the course of 1989, Singapore moved closer to passing asset seizure and bank secrecy laws. A corruption bill (Confiscation of Benefits) became effective in July 1989. Under this legislation, a person convicted of corruption may have to surrender more assets than the amount which was the subject of the charges against him. When seizure is sought in court, the burden of proof now shifts to the accused to show the source of assets which are disproportionate to his known sources of income. While the provisions of this bill are modeled on Britain's Drug Trafficking Offenses Act of 1986, the Singapore law against corruption does not apply to narcotics offenses. It does, however, set a precedent for an assets seizure law for narcotics trafficking cases.

The drug problem in general, and money laundering in particular, was a topic of discussion at the Commonwealth Heads of Government meeting in Kuala Lumpur in October. In an interview before that meeting, Singapore's Prime Minister said he had "no antipathy in principle" to a law for seizure of assets in drug trafficking cases, but that government officials in charge of banking wanted to move slowly. In the end of November, Singapore's Minister for Law and Home Affairs went to Malaysia to study the implementation and implications of that country's Dangerous Drugs (Forfeiture of Property) Act.

Singapore has not signed the 1988 U.N. Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances because it does not have laws to implement the Convention's provisions on money laundering and seizure of assets. In practice, Singapore complies with the other enforcement measures called for in the Convention. The highlight of the year's interdiction efforts came in July, when agents seized 15.4 kgs of Heroin No. 4 from the gasoline tank of a car a few hours after the car entered Singapore from Malaysia. Earlier in the year, with the cooperation of U.S. Drug Enforcement Administration (DEA) and Thai narcotics officials, the Singapore Central Narcotics Bureau (CNB) ran an extensive two-week airport detail to provide training in airport interdiction. The detail did not result in any seizures, but in April customs officers arrested two couriers carrying 8.5 kgs of Heroin No. 4. They were en route from Phuket, Thailand, to Brussels.

A.3. Plans, Programs, and Timetables (1990)

The United States' primary goal remains to encourage the GOS to implement asset seizure legislation and to relax bank secrety regulations. To convince the Government of Singapore of the need for such legislation, efforts will continue to uncover examples of the use of Singapore banks in money laundering schemes.

The DEA will also work to strengthen further its close working relationship with Singapore's CNB. DEA will organize a two week regional law enforcement seminar in early 1990. The seminar will be attended by Asian law enforcement personnel and focus on interdiction techniques. In addition, two CNB officers are being sent to the U.S. for DEA supervisory training, and the CNB has requested the U.S. Coast Guard to provide maritime interdiction instruction.

A.4. Adequacy of Legal and Law Enforcement Measures

Singapore does not have legislation allowing for seizure of assets in drug trafficking cases, or allowing investigators to inspect bank records in cases of suspected money laundering. However, the GOS states that it is firmly committed to combating the use and trafficking of drugs in Singapore. In November 1989, Parliament approved a bill which greatly increased the penalties for drug trafficking convictions. A death penalty is now mandatory for those convicted of trafficking more than 1,200 grams of opium, 30 grams of morphine, 15 grams of diamorphine, 500 grams of marijuana, 200 grams of cannabis resin, or 30 grams of cocaine. The law established a minimum five-year sentence for any trafficking conviction. An extradition treaty is in force between the U.S. and Singapore, but few, if any, extradition requests have been made by the U.S. to Singapore.

A.5. Domestic Drug Abuse

The drug most commonly abused in Singapore is heroin. Because of strict laws and mandatory rehabilitation programs, the number of addicts in Singapore has fallen from a high of 13,000 in 1976 to a current population of approximately 9,000. Eighty-five percent of those addicts smoke heroin. Fifty-two percent of those currently arrested for drug abuse are ethnic Malays.

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C.1. Statistical tables

DATA TABLES for CY	1990 est.)	1989(1)	1988	1987	1986
Seizures Opium (mt)		0	0.07	0.45	0.23
Heroin (mt)	-	-	0.03	0.01	0.23
Marijuana	-		0.05	. •	• =
Arrests		3,648	3,693	4,730	4,305
Domestic Consumption	L				
Opium (mt)	-		_	0.02	0.02
Heroin (mt)	-	• ,	-	0.03	0.03
Marijuana	-	• . · ·	•	0.02	0.02
Users (2)		5,037	4,734	4.755	3,638

<u>Notes</u>

(a) 1989 figures cover the January 1 - September 30 period only.(b) Population of rehabilitation centers.

THAILAND

A.1. Status of Illicit Narcotics Production and Trafficking

Thailand is significant as the primary route for Southeast Asian heroin bound for the international market. Heroin is refined in Thailand, but in much smaller quantities than that produced in refineries on the Burmese and, to a somewhat lesser degree, Lao sides of the berder. Both cannabis and opium poppy are cultivated in Thailand. Thai opium production, however, represents less than two percent of the total estimated production in the Golden Triangle and is not significant in the world market.

Thai and Thai/Chinese financiers and middlemen play a leading role in narcotics trafficking within Thailand. Non-Thai involvement is substantial, especially by various groups based on ethnic minority populations in Burma which finance their activities through production, refining and/or protection of the narcotics industry. Strengthened relationships between Thai military and civilian officials and traffickers in Burma and Laos significantly constrain effective disruption of narcotics production and trafficking in the area. U.S. observers believe these ties to traffickers have fostered increased narcotics corruption among the officials involved. In the past, these relationships often were rationalized on security grounds by Thai officials. With recent improvements in official relations between Thailand and Burma, however, these ties are increasingly related to cross-border economic activity, both licit and illicit. We have reports that a number of Thai officials have been involved in corrupt activities connected with narcotics trafficking. While we have a close, cooperative relationship with the Royal Thai Government (RTG), much more needs to be done to eliminate corruption and engage in effective efforts against drug trafficking.

Opium poppy is grown almost exclusively in northern Thailand, usually in areas above 1,000 meters. The opium growing season begins in late August or early September and some planting takes place as late as October. Planting is staggered so that harvesting can take place from November until March.

Cannabis can be grown anywhere in Thailand and in any season if water resources are adequate. The main marijuana crop is concentrated in the northeast and is planted in the late fall and harvested in December, January, and February. A second crop is harvested in April and May. In other regions, production is keyed to the availability of water. Traffickers in western Thailand are involved in marijuana production and marketing.

Thailand's excellent highway system makes it a natural conduit for drugs flowing from the Golden Triangle. The volume of traffic and extensive transportation network make interdiction extremely difficult. Narcotics depart Thailand in many ways - by air passenger flights, air cargo flights, ocean-going transport vessels, fishing trawlers, and overland to Malaysia. The booming economy and explosive growth of the export sector, particularly the expansion in containerization, have greatly increased the potential for large shipments to leave Thailand through the ports.

Thailand is not a major money laundering center per se. However, Thailand serves an important function in the financing of the Golden Triangle narcotics trade. The proceeds from narcotic shipments through Thai territory are deposited in foreign accounts by remittance syndicates which operate in Thailand but bypass the Thai banking system. Cash itself is not usually transferred. Traffickers use legitimate banks to store narcotics money and to move it within the country. Drug profits are sometimes invested in legitimate businesses within Thailand.

A.2. Accomplishments in 1989

Opium poppy cultivation in Thailand has stabilized at about 4,500 - 5,000 hectares since crop eradication was introduced during the 1984/85 crop year. This amount is about half of the pre-1984/85 level and only about one-quarter of the mid-1960s when roughly 18,000 hectares of opium poppy were planted. Accuracy of opium poppy crop surveys has improved in recent years. The 1989/90 planting should be approximately 5,000 hectares.

Approximately 1,800 hectares of opium poppy (or roughly 37 percent of the estimated total planting of 4,816 hectares) were subject to crop destruction efforts during the 1988/89 crop cycle. Because of pre-eradication of surviving and regenerated plants, actual net removals were probably on the order of 20 percent of the estimated gross production of 50 tons, or about 10 tons of opium removed through crop destruction.

Despite continued aggressiveness on the part of the Thai authorities, 1989 cannabis destruction totaled only an estimated 150 hectares, a reduction from the mid-80's destruction levels. While we lack an overall estimate of Thai marijuana production, cultivation has been reduced. This is due in part to substantial displacement of cannabis cultivation from Thailand to neighboring countries, principally Laos, where there has been no known eradication.

Law enforcement efforts during 1989 resulted in the arrest of seven major traffickers who were targeted on the U.S. Drug Enforcement Administration's (DEA) most wanted list. These arrests contributed to the disruption of trafficking organizations in the Golden Triangle. Although narcotics related arrests increased, drug seizures are down from previous years, especially 1988 when the largest heroin seizure on record was made in Thailand. Most arrests are for minor possession charges, given the absence of conspiracy statutes under Thai law. Refinery interdiction operations continued during 1989 with eight heroin refineries immobilized.

Approximately 50 metric tons of processed marijuana were seized in 1989, a slight decrease from 1988. Some of this originated in neighboring countries.

Section A.3. Plans, Programs, and Timetables (1990)

Since the mid-1960s, the factor most responsible for the steady reduction in opium cultivation has been the integration of the highlands into the lowland economy and civil administrative structure. The pace at which highland development takes place is directly affected by foreign assistance, but the Royal Thai Government's (RTG) own investment in highland infrastructure development has been substantial.

By the mid-1980s, it was clear to the RTG that development alone would not end opium production in the near term, and the government decided during 1984/85 to add involuntary eradication to the mix of pressures being brought to bear upon opium producers. Since then, annual eradication campaigns have been carried out against both opium poppy and cannabis. These will continue indefinitely. Opium poppy eradication is pre-conditioned on the provision of development assistance so that hill tribe opium producers will not experience extreme hardship from the loss of their traditional cash crop. Development assistance is not provided to cannabis growers who are simply engaged in an illicit commercial enterprise.

Narcotics interdiction and eradication efforts in Burma have ceased due to domestic political developments. This development, combined with superb weather conditions in the Golden Triangle in 1989, will again result in a bumper opium crop in the region. Much of the finished product will enter Thailand on its way to the international market. The effectiveness of Thai interdiction efforts will be critical to stemming the flow of this heroin to the world market. While these efforts would be aided by greater resources to fund initiatives to increase seizures, even more important will be Thai resolve to improve the effectiveness of ongoing law enforcement programs and to eliminate the corrupt activities of officials.

Thai opium survey activities are well established. Initial tests aimed at development of a systematic marijuana survey have revealed technical problems that must be overcome before a comprehensive survey is possible. These efforts are continuing, especially in the area of aerial surveys in the prime growing areas of northeastern Thailand.

A.4. Adequacy of Legal and Law Enforcement Measures

Thai laws related to narcotics enforcement need significant improvement. A more effective narcotics conspiracy law, and a law allowing the seizure of assets generated by narcotics activities, if accompanied by strong enforcement measures, would enable the prosecution of large-scale traffickers who currently operate with relative impunity. A narcotics control law with both asset seizure and conspiracy provisions--which has been in planning for over six years--has been approved in principle by the cabinet and has redrafted by the Office of the Narcotics Control Board (ONCB). It will be submitted to Parliament after review, hopefully in the May 1990 session. Legislation to implement the Mutual Legal Assistance Treaty between the U.S. and Thailand, signed in 1986, has not yet been submitted to Parliament.

Regarding Chile Amendment requirements, the U.S. narcotics assistance program in Thailand is carried out under the general umbrella of the 1950 economic and technical cooperation agreement between the U.S. and Thailand and replaced by an updated agreement in June 1977. More specifically, cooperation in narcotics control was the subject of a Memorandum of Understanding signed by the U.S. and Thailand in 1971. These two agreements, together with the annual program agreements, satisfy the requirements of Section 4811h of the Foreign Assistance Act of 1961, as amended (Chiles Amendment).

U.S. officials believe that corruption recently has become an even greater problem in Thailand. Thailand's narcotics control efforts are seriously hampered by the lack of conspiracy statutes which would allow prosecution of individuals who facilitate narcotics trafficking but do not physically handle the illegal substances. An effort to address this shortcoming through the legislative process has begun. Passage of conspiracy and asset seizure laws should allow more aggressive investigation and prosecution of narcotics-related corruption. It should be stressed, however, that in order to be effective, these laws must be implemented and strongly enforced. The Thai Government's resolve to do so will be critical to the effort.

Thailand does not as a matter of government policy encourage or facilitate the production of illegal drugs. However, Thai policies regarding its border with Burma have indirectly resulted in the encouragement of drug trafficking and efforts to stem the flow of heroin across the border have been spotty, at best.

Whether inspired by security concerns or commercial interests, the network of relationships among Thai military and civilian officials and the drug trafficking organizations of the Golden Triangle strengthens the control the latter exercise over the border areas. In this environment, there are continuing reports of Thai police, Army, and civilian personnel assisting in and profiting individually from drug trafficking.

In some instances, where sufficient evidence has been developed implicating Thai officials in drug trafficking, the authorities have taken action. Within a four month period in 1989, criminal cases were filed against three Thai police officials. Although a police major general indicted in the U.S. was investigated by Thai authorities, the officer was dismissed from his job without formal charges having been filed. The Thai Government has responded aggressively to threats against USG personnel engaged in narcotics control activities and has provided close cooperation in numerous narcotics investigations. Extradition requests are processed in accordance with the requirements of the Thai legal system which, in one pending case, have resulted in delays in effecting the requested extradition. Thai police personnel, however, have been cooperative in ensuring that the individual in question remains in custody pending final resolution of the extradition request.

While Thailand has been very helpful in the extradition of drug traffickers pursuant to the 1924 extradition treaty in force, a U.S.-Thai extradition treaty signed in 1983 has yet to be supported by implementing legislation by the Thai Parliament. The 1924 extradition treaty permits, in appropriate cases, extradition of non-Thai citizens to the U.S. Most pending cases, however, involved Thai citizens. The Mutual Legal Assistance Treaty signed by Thailand and the United States in 1986 and ratified by the U.S. Senate is still awaiting necessary implementing legislation in the Thai Parliament.

With regard to the requirements of Section 2013 of PL 99-570, the RTG does not encourage or facilitate the production or distribution of illicit narcotics, psychotropic drugs or other controlled substances.

A.5. Domestic Drug Abuse

Drug addiction has been recognized as a significant public health problem by Thai authorities since the 1950's. In 1958/59, Thailand outlawed opium production and use in an effort to eliminate opium addiction. A major treatment facility (Thanyarak Hospital) was set up by the Ministry of Public Health to assist in the treatment of existing addicts. Within a year, this facility began to see heroin addicts in its patient population. These addicts reflected an initial epidemic of heroin use which peaked before the mid-1960s. A second epidemic occurred during the late-1960s and 1970s.

These epidemic increases in heroin addiction contributed heavily to the large population of heroin addicts which now exists in Thailand despite aggressive drug abuse treatment and prevention efforts by many public and private organizations. Opium addiction among the hill tribes continues to be a major factor in prolonging opium production.

Drug abuse treatment efforts include inpatient detoxification, outpatient detoxification, therapeutic communities, religiously oriented rehabilitation institutions, and self-help efforts. Both the Ministry of Public Health and the Bangkok Metropolitan Health Department have active treatment and rehabilitation efforts. Prevention materials are well integrated into the educational curriculum developed by the Ministry of Education, and many agencies work to inform the general public about the dangers of drug abuse.

Estimates of the size of the drug-abusing population in Thailand are imprecise. The illegal status of the drugs used in Thailand ensures that addicts try to avoid detection. Treatment programs are voluntary and patients move readily from one to another. Thus treatment statistics often involve double counting. Estimates of the drug abusing population, used in this report are therefore lower than estimates used by other sources and, at best, can be rated as only fairly accurate.

B.1. The Nature of Illicit Drug Production

The main illicit drugs produced in Thailand are opium and its refined derivatives, marijuana, and illicit amphetamines. There is no licit production of opium, coca, methaqualone, cannabis, or amphetamines. Opium is produced by hill tribe farmers who have grown it for centuries. It is used by them as an analgesic, as an aid in the treatment of gastro-intestinal and pulmonary diseases, and, most importantly, as a cash crop. Addiction among hill tribe opium producers may involve as much as ten percent of the population.

Unlike opium poppy cultivation, commercial cannabis cultivation is a relatively recent phenomenon. The RTG considers the production of marijuana to be a criminal act done for profit, and enforcement programs are conducted accordingly.

Some heroin refining is done within Thailand, but the bulk of Golden Triangle opium is refined into morphine and heroin elsewhere and trafficked through Thailand to the international market. Interdiction of finished products is thus the primary objective of narcotics control efforts in Thailand.

B.2. Factors that Affect Production

At present, Thai opium production is driven primarily by its attractiveness as a cash crop and secondarily by the high levels of opium addiction among the hill tribes who cultivate it. With

systematic crop eradication and the increasing viability of alternative crops, the importance of opium as a cash crop has declined although substantial numbers of hill tribe farmers persist in planting the crop. Growers have learned that there are limits to the government's eradication campaign and that certain tactics (staggered planting, dispersion and miniaturization of fields, concealment) can enhance the probability of harvesting at least part of a crop.

The impact of eradication is limited by several factors. Many fields are eradicated after some harvesting has already taken place. Opium can sometimes be recovered following eradication. Bulbs on opium plants cut down 24-36 hours earlier have been shown to yield opium. Younger plants

often survive eradication and eventually yield opium. The dispersion of opium fields observed during the past several growing seasons has made it impractical and cost-ineffective to target some remote small fields. All of these have contributed to the stabilization in opium poppy planting noted during the past four years.

U.S. and Thai officials believe that hill tribe farmers eventually can be persuaded to abandon opium cultivation as the eradication program becomes more efficient, the dependability of income from alternative crops improves, and farmers are integrated more completely into the mainstream or the Thai society and economy. In the near to medium term, the challenge will be to maintain the pressure on opium cultivation without alienating the hill tribes to the point of armed resistance. The current mix of incentives and disincentives is designed to accomplish this goal.

Although cannabis cultivation is illegal, the plant has long been grown in Thailand to meet local demand for it as a seasoning, a fiber and a psychoactive agent. Thai society does not look on marijuana use as a particularly dangerous form of anti-social behavior. Penalties for both use and trafficking of marijuana are less severe than for other drugs. Thai

marijuana is considered a high-quality variety in foreign markets, especially the United States which has led to commercial-level production for export purposes.

Refining of drugs, principally opiates, in remote areas of the country persists for two primary reasons: remoteness and corruption. Although the chemical processes involved in producing heroin from opium are complex, they can be carried out by knowledgeable chemists in very rudimentary labs in the dense jungle of the border regions. Since these areas are remote and covered by thick foliage, locating refineries by aerial surveillance is often not possible. Ground-based intelligence can also be inaccurate since an error of 100 meters may mean that the refinery is not found. The same rugged terrain also makes refinery raids extremely difficult and hazardous.

However, the second overriding impediment to improved narcotics law enforcement is the corruption of police and other government officials. This is discussed more fully in other sections of this report.

B.3: Maximum Achievable Reductions

Based on pre-survey overflight data, the 1989/90 opium planting is expected to be approximately 5,000 hectares. This represents a slight increase over the 1988/89 cultivation. The 1989/90 eradication program started in late November and will continue until the end of the growing season around the end of February. The program is well organized and targets about 40 percent of the estimated crop. The continuation of this effort serves to convince the hill tribe planters that eradication will continue to make opium production a gamble. The cannabis eradication campaign now continues throughout the year. Increased eradication in southern Thailand was noted in 1989. This is due, in part, to provision of U.S. funding for intelligence collection on cannabis plantations in the area.

B.4. Methodology for Estimates

Narcotics production and seizure estimates are based primarily on the data produced by ONCB. To compensate for various data anomalies, U.S. officials have made adjustments to the ONCB data as noted in the footnotes which follow the data tables.

C.1. Statistical Tables							
A. SUMMARY TABLE	S for CY	1990 est.	1989	1988	1987	1986	
OPIUM							
Cultivation	[ha]	5,000	4,795	4,604	4,674	4,175	
Eradication	[ha]	2,000	720	1,761	1,740	1,718	
Harvested	[ha]	3,000	4,075	2,843	2,934	2,457	
Yield	[mt]	40	50	23-33	24	21	
Loss Factor	[mt]	- .	- 1	. •	•	-	
Seized	[mt]	2.1	2.4	1.8	1.6	2.5	
Consumed	[mt]	5-10	5-10	5-10	5-10	5-10	
Exported	[mt]		_	-	•	, a = 4	
Available for							
refining	[mt]	•	_	_	_		
HEROIN	-						
Produced	[mt]		_	_	. •	-	
Seized in-country	[mt]	1.5	0.4	2.4	1.3	0.7	
Consumed in-country	[mt]	10-15	10-15	10-15	10-15	10-15	
Exported	• • • • • • • • • • • • • • • • • • •	•		•	•	•	
CANNABIS							
Cultivation	[ha]		. · · · · · · -	_			
Eradication	[ha]	150	150	165			
Harvested	[ha]		-				
Yield	[mt]	-	-	-			
Loss Factor	[mt]						
Seized in-country	[mt]	50	50	62			
Consumed in-country	[mt]		-				
Exported	[mt]	•	- ·	_			
HASHISH	<u></u>						
Converted from							
cannabis	[mt]	•	'	•			
B. DATA TABLES for	CY	1990 est.	1989	1988	1987	1986	
Cultivation (Gross)							
Opium /a	[ha]	5,000	4,795	4,604	4,674	4,175	
Cannabis	[ha]	,	•	. -	-	-	
Potential Prod (Gross)							
Opium /b	[mt]	50	60	28	30	26	
Cannabis	[mt]		. •	· •		- '-	
Hectares Eradicated							
Opium /c	[ha]	2,000	720	1,761	1,740	1,718	
Cannabis /d	[ha]	150	150	200	165	391	
Crops Eradicated							
Opium /e	[mt]	10	10	5	6	5	
Cannabis /e	[mt]	500	500	1,105	2,617	1,243	

C.1. Statistical T	ables					
B. DATA TABLES for CY		1990 est.	1989	1988	1987	1986
Net Cultivation						
Opium /f	[ha]	3,000	4,075	2,843	2,934	2,457
Cannabis	[ha]		•	-	_	
Net Production						
Opium	[mt]	40	50	23-33	24	21
Cannabis	[mt]	-	•		•	
Refining						
Heroin/g	[mt]	-	-	. •	-	. · · •
Seizures						
Opium /h	[mt]	2.0	2.4	1.8	1.6	2.5
Heroin /i	[mt]	1.5	0.4	2.4	1.3	0.7
Other (Morphine)	[mt]	0.1	0.0	0.1	0.0	0.1
Marijuana (processed)	[mt]	50.0	50.0	62.4	58.0	45.6
Other Cannabis (fresh)	[mt]	200.0	200.0	134.0	148.0	1,870.8
Arrests /k						
Nationals		56,000	55,000	46,000	42,550	35,947
Foreigners		600	550		354	140
Total Arrests		56,600	55,550	46,000	42,904	36,087
Labs Destroyed						
Heroin		10	8	10	12	10
Other			•		10	1
Domestic Consumption						
Opium	[mt]	5-10	5-10	5-10	5-10	5-10
Heroin	[mt]	10-15	10-15	10-15	10-15	10-15
Other Opiate	[mt]		-	-		
Marijuana	[mt]	•	• •			
Users (thousands)						
Opium		5-10	5-10	5-10	5-10	5-10
Heroin		100-150	100-150	100-150	100-150	100-150

Notes

Since the annual opium crop spans two years and statistics are accumulated on a crop-cycle basis, the data reported are for the year in which the crop cycle ended. Marijuana eradication and all drug seizure data are reported on a calendar year basis. Where empirical data were not available, estimates were made on the basis of the best available information. If no data at all were available, no estimate was made.

(a) ONCB estimate for 1987 (1986/87 crop year) from its 1987 annual report was adjusted updated to allow for increased photointerpreter false negative error rate.

(b) Original ONCB estimate for 1987 was adjusted upward at ONCB-estimated yield rate to account for area increase discussed in

footnote no. 1.

(c) The 2,000-hectare total reported for 1990 reflects the fact that eradication operations began earlier and are expected to run longer than in previous years.

(d) Source: ONCB reports for 1986-1988; estimates thereafter based on non-statistical projections from field reports and observations.

(e) The opium eradicated totals were estimated by taking the estimated opium yield per hectare (obtained by dividing estimated gross potential production by gross cultivation), multiplying it times hectares eradicated, and dividing the result by 2 to allow for pre-eradication harvesting, post-eradication plant regeneration, and post-eradication

harvesting of plants that survive in eradicated fields. Cannabis eradication totals for 1988 and 1989 were obtained by projecting

based on the 1988 tonnage to hectarage ratio.

(f) Net cultivation was computed by subtracting hectares eradicated from gross cultivation without adjusting the hectares eradicated for eradication inefficiencies.

(g) Zero entries are shown for these items because Thailand is judged to be a net importer of opiates. It is known with certainty, however, that some Thai opium is converted into heroin which enters the regional heroin market. In addition, some opium originating elsewhere in the Golden Triangle is refined in Thai laboratories and subsequently exported.

(h) Source: ONCB's annual and monthly narcotics law enforcement statistics. The opium seizure estimate for 1989 reflects data available through September pro-rated to 12 month totals. 1990 estimate is based on assumption that opium seizures will remain

roughly constant over the next 12 months.

(i) Source: For 1989, as for footnote 8; for 1990, estimate reflects the projected results of a seizure enhancement program which the U.S.

Embassy expects to implement during the year.

(j) The 1986 total is being reported as stated in the 1987 annual statistical report issued by the ONCB despite the fact that it is an order of magnitude higher than the other annual totals in the series. The estimated totals for 1989 and 1990 reflect non-statistical projections based on anticipated enforcement activity. Linear projections based on pro-rating in 1989 are not possible because marijuana seizures are not evenly distributed throughout the year.

(k) National totals reflect total annual drug law arrests reported by ONCB in its annual statistical summary report less the number of

foreign arrestees.

OTHER ASIA AND PACIFIC

AUSTRALIA

A.1. Status of Illicit Narcotics Production and Trafficking

Australia is not a narcotics-producing or transit country and does not figure significantly in international drug trafficking. Domestic production of illicit drugs consists of locally grown cannabis, clandestinely manufactured methamphetamines/amphetamines and the occasional manufacture of "homebake heroin" from over-the-counter codeine-based pharmaceutical products. These domestically produced drugs are consumed locally. There is no evidence that any of these drugs are destined for international markets.

Australia's drug abuse and trafficking problems, although minor compared to those of other developed countries, are growing steadily. Illicit drug trafficking is pervasive, and there are few places in Australia where drugs cannot be purchased. In the global setting, Australia is a consumer country with a significant percentage of available illicit drugs being imported from source countries around the world.

The main drugs of abuse in Australia are heroin, cannabis, methamphetamine/amphetamine and cocaine. Market demands for heroin and cocaine are met entirely by illicit importation, while demand for cannabis and amphetamine drugs for the most part is met by local production. Heroin is imported primarily from the Golden Triangle area with lesser amounts coming from Southwest Asia (Pakistan and India) and the Middle East (Lebanon). Principal heroin smugglers/traffickers continue to be Thai and Hong Kong Chinese. Heroin is obtained in Bangkok and either smuggled directly to Australia or through transit countries such as Hong Kong and Singapore. The majority of heroin is smuggled via commercial aircraft utilizing body or baggage concealment. In 1989, several large seizures were also made from commercial sea cargo.

Marijuana remains the most widely abused illicit drug in Australia. While domestic production satisfies a large portion of the local market, imported varieties are also popular. The largest source area of imported marijuana is Southeast Asia with the major transit/shipping area being Thailand. Demand for hashish and hashish oil appears to have diminished in recent years. Primary source for hashish are Lebanon and Southwest Asia.

Methamphetamine/amphetamine abuse continues to rise dramatically with the market being satisfied entirely by domestic production. Clandestine laboratory activity has been recorded in every state in Australia. Cocaine abuse continues to rise but

availability is unpredictable. The cocaine market has developed slowly and quantities available are small compared to the markets in other developed countries. According to law enforcement authorities, the U.S. appears to be a primary route for cocaine destined for Australia, with American and local traffickers bringing it to Australia from the U.S. to realize profits of up to 500 percent.

A.2 Accomplishments in 1989

Australian law enforcement agencies have continued their aggressive posture in investigating drug trafficking, and in 1989 several record drug seizures were made. In May, the Australian Federal Police (AFP), working jointly with the Royal Hong Kong Police (RHKP) seized 50 kgs of heroin and arrested 15 individuals in Australia and Hong Kong. This was the largest single seizure of heroin in Australian law enforcement history. This shipment of heroin, via Bangkok - Hong Kong - Vanuatu - Sydney, was hidden in commercial restaurant equipment. In November, the New South Wales State Police (NSWPD) made the largest seizure of methamphetamine, forty kilograms, along with a laboratory. Additional chemicals seized indicated the lab would have been capable of producing upwards of 100 kgs of methamphetamine. Significant achievements were noted again this year in Australia's domestic cannabis eradication initiatives. Several of the larger states have expanded their eradication programs and 1989 plant seizures will exceed those recorded in 1988.

This year, two Australian narcotics police officers (AFP and NSWPD) attended a two week mid-level managers course in Washington sponsored by the Drug Enforcement Administration (DEA) and the Department of State Bureau of International Narcotics Matters (INM). Australian law enforcement agencies, with the continued encouragement and assistance of DEA, are increasing their use of asset forfeiture legislation as an effective enforcement tool to immobilize significant traffickers. There are also several studies underway, at the federal and state levels, with the view to initiating legislation to control certain precursor and essential chemicals.

Australia views drug abuse and trafficking as serious global problems and continues to work closely with the U.S. and the international community to develop ways and means to control this activity. The Australian Government is a positive participant in international fora regarding drug abuse and trafficking, and has increased its contributions to the United Nations Fund for Drug Abuse Control (UNFDAC) to \$1,060,000, with a special contribution of \$150,000 to support a sophisticated law enforcement/preventative education computer project in Colombia. The Australian Government has reacted in a positive manner to diplomatic initiatives in the international fight against drug abuse and trafficking.

A.4. Adequacy of Legal and Law Enforcement Measures

Australia's law enforcement agencies are well organized and strive to keep abreast of new and innovative enforcement techniques. Drug trafficking is the top priority of the AFP and most other enforcement agencies throughout Australia. The New South Wales Police Department (the largest force in Australia) recently reorganized its entire drug enforcement operation, increased staffing and resources, and became a separate unit with its own identity (Drug Enforcement Agency).

Narcotics intelligence cooperation between Australia and the U.S. is excellent. In 1989 the AFP opened two new foreign offices, bringing its total to thirteen offices in eleven countries. In early 1990 the AFP will open offices in Chiang Mai, Thailand and in Rome. Australian law enforcement agencies are supportive in pursuing U.S. drug fugitives and cooperate fully in processing U.S. extradition requests. A protocol to the existing 1974 extradition treaty between the U.S. and Australia is currently being negotiated and should be signed in 1990. There is no evidence of significant narcotics-related police corruption.

In 1989 several states enhanced their drug conviction penalties. Penalties throughout Australia are tough with several states imposing life sentences for trafficking in heroin. Australian courts are backlogged with lengthy delays in bringing defendants to trial. This year the Cash Transaction Reports Agency was established to enforce the Cash Transactions Act of 1988. This agency will investigate illegal financial and money laundering activities. Also this year the Taxation Administration Act of 1953 was amended to allow access to taxation information relative to criminal investigations.

The Australian Bureau of Criminal Intelligence (ABCI) is nearing the start-up phase of the Australian Drug Data Base (ADDB). When fully operational, this national data base can be used by all Australian law enforcement agencies for drug-related statistics and intelligence. The ADDB should enhance law enforcement capabilities

throughout Australia.

A.5. Domestic Drug Abuse

Marijuana is the most popular drug of abuse and is readily available throughout Australia. The unconfirmed estimate of regular cannabis users continues to be around ten percent of population levels. Aggressive eradication efforts have resulted in sporadic shortages and higher prices. Domestic growers are also reverting to smaller well-concealed plots and there have been several reported incidents of indoor cultivation.

Heroin abuse is a serious problem in Australia and availability continues to remain steady. Seizures in 1989 are estimated to be approximately 150 kgs, a record. The National Campaign Against Drug Abuse (NCADA) estimates dependent heroin users number 30-50,000 with "recreational" users at 60-90,000. Per capita statistics for heroin seizures and dependant users are similar to those recorded in the U.S.

Methamphetamine/amphetamine abuse is the fastest growing drug problem in Australia. Seizures have increased rapidly over the last 12-18 months and quantities seized are 4-6 times greater than cocaine seizures. Domestic production has increased to keep up with the demand, and lab seizures have occurred throughout Australia. The manufacture and distribution of methamphetamines and amphetamines, once primarily confined to outlaw motorcycle gangs, is now spreading to more traditional trafficking groups.

Cocaine's popularity and user base is growing, but at a very slow pace. Cocaine's availability is sporadic and prices are high. The surge in methamphetamine/amphetamine abuse may be a factor in the slow spread of cocaine usage as methamphetamine/amphetamine is cheaper and the supply is steadier.

In 1989, Australia experienced a dramatic increase in the popularity and availability of the designer drug MDMA ("Ecstasy"). In previous years the MDMA market was confined to a very small select group. This year saw a record seizure of 160,000 dosage units of MDMA smuggled into Australia from the U.S. Law enforcement agencies throughout Australia are reporting that MDMA's availability is steadily rising and prices are falling.

Australia, while aggressively attacking illicit drug supplies, is also committed to a national strategy targeting demand side reduction. Australia's National Campaign Against Drug Abuse, originally funded for three years in 1985, was renewed in 1988 for another three years. Most states have similar programs, and community interest and involvement is increasing.

The legalization/decriminalization of illicit drugs question is being feverishly debated in several states, with a vocal minority in favor of this alternative, receiving a lot of media attention. However, this alternative is not supported by the federal and state governments, which remain committed to an aggressive balanced approach to both supply and demand side reduction.

NEW ZEALAND

A.1. Status of Illicit Narcotics Production and Trafficking

New Zealand is not a major narcotics producing or trafficking country and does not figure significantly in the international trafficking arena. Domestic production of illicit drugs consists of locally grown cannabis and the clandestine manufacture of "homebake heroin" from over-the-counter codeine based pharmaceuticals. These domestically produced drugs are consumed locally; there is no evidence that any of these drugs are exported to other markets in significant amounts.

Drug control officials believe that New Zealand has the potential of being used as a transit country due to direct flights from source areas such as Thailand (heroin) and Argentina (cocaine). Australia and the U.S., to a much lesser degree, could be the destination for drugs transiting New Zealand. Travel of Thais to New Zealand has increased due to a relaxing of visa requirements. The actual number of documented seizures of drugs transiting New Zealand to Australia or the U.S. has thus far been insignificant. In 1989, one Thai-sourced heroin seizure was made that was destined for the U.S.

New Zealand's domestic drug abuse and trafficking problem, although insignificant compared to other developed countries, is growing. The most popular drug of abuse is marijuana. The majority of demand is met by domestic production, with imported varieties occasionally available. The principal source area for imported marijuana is Southeast Asia. Cannabis oil is also domestically manufactured. Heroin availability is limited, and only one seizure of heroin was reported in the first half of 1989. Southeast Asia is the primary source for New Zealand's heroin market. "Homebake heroin" seizures for the first half of 1989 were up from the same period in 1988.

LSD use is increasing; the primary source areas are the U.S. and the Netherlands. A majority of the LSD is smuggled into New Zealand in international mail. Cocaine availability is very limited and the abuser base is small. One significant seizure was made in 1989 of cocaine smuggled from the U.S.

A.2. Accomplishments in 1989

In 1989, New Zealand police and customs successfully concluded several major investigations and recorded three significant seizures. In May, five defendants were arrested and approximately two kgs of heroin was seized in Auckland. The U.S. Drug Enforcement Administration (DEA) in Thailand assisted the New Zealand authorities and provided the intelligence that led to the arrests

and seizure. In April, four defendants were arrested and 658 grams of cocaine were seized in Christchurch. The defendants had been trafficking cocaine in the Christchurch area for several years. The cocaine was smuggled into New Zealand from California. In March, 87 kgs of hashish was seized at the airport in Auckland. The hashish originated in Pakistan. No arrests were made in Auckland but Pakistani authorities arrested eleven individuals involved with the shipment. This was the largest seizure of hashish ever recorded in New Zealand.

In 1989, one officer from the New Zealand Police attended a two week mid-management course in Washington sponsored by the Department of State Bureau of International Narcotics Matters (INM) and DEA. Also, a New Zealand chemist, working in the drug analysis area, attended a DEA/INM 2-week international forensic chemist seminar in Washington.

A.3. Plans, Programs and Timetables (1990)

The asset seizure and forfeiture bill prepared by the New Zealand Government for presentation to parliament in 1989 was not enacted during 1989. Plans are to raise the bill in 1990 but New Zealand law enforcement officials believe that with the number of events such as the Commonwealth Games, the Royal visits, the Sesquicentennial Celebration and the election campaign, the chances of the bill becoming law in 1990 are uncertain. In addition, these events will at one time or another involve fifty percent of New Zealand's law enforcement personnel; enforcement efforts are expected to decline in 1990.

A.4. Adequacy of Legal and Law Enforcement Measures

New Zealand's two law enforcement agencies, the New Zealand National Police and New Zealand Customs Service, work jointly on drug trafficking investigations. They work effectively together and are very cooperative with the U.S. Government in all areas of narcotics-related matters. They are supportive in pursuing American fugitives and facilitating U.S. extradition requests. New Zealand law enforcement participates in the international narcotics control arena and currently has liaison officers in three foreign countries. There is no known narcotics-related police corruption.

A.5. Domestic Drug Abuse

Marijuana continues to be the most popular drug of abuse in New Zealand. Over 90 percent of drug arrests were marijuana related. Domestic marijuana is readily available throughout New Zealand. Cultivation is most effective in the northern area of the country. Eradication efforts continue to improve every year, particularly with the increased use of aerial surveillance of cultivation areas.

Heroin availability is limited and the supply is erratic. The sporadic availability and uncertain purity of the imported heroin have prompted the manufacture of "homebake" heroin/morphine. Most recent statistics indicate that there are 2,500-3,000 intravenous drug users, most of whom are using heroin. Cocaine abuse, although still very insignificant, is increasing slowly. Availability is limited and prices are high. LSD's popularity in New Zealand remains high with seizure figures steadily increasing since 1985.

C.1. - Statistical Tables

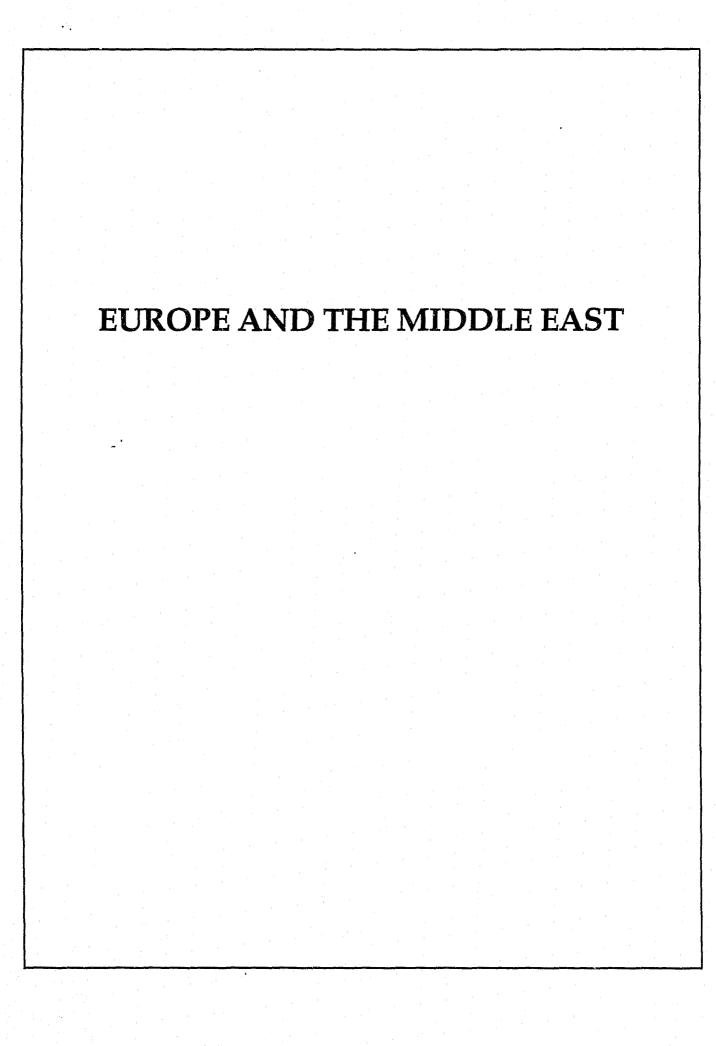
DATA TABLES for CY 1990 1989 1988 1987 1986

Seizures

Heroin (mt) - 0.00 0.017 0.087 Cocaine (mt) - 0.003 0.002 -

Marijuana,

no. of plants (000's) - 95 190 106 Other cannabis - 0.022 0.017 0.087



BULGARIA

A.1. Status of Illicit Narcotics Production and Trafficking

Bulgaria is not a major narcotics producer. The Government of Bulgaria (GOB) has claimed that all licit production of opiates ceased in 1981. There is no evidence to indicate either licit or illicit production is occurring in Bulgaria. Some precursors, such as acetone and ether, are produced. There is no evidence that illicit drugs are refined in Bulgaria.

Bulgaria is a vital transit country for drugs proceeding from Southwest Asia and Turkey to Western Europe and beyond. The main road (the E-5 highway) and parallel rail routes connecting these two regions pass through Bulgaria. Some reports occasionally suggest that traffickers employ temporary bases or connections inside the country. There is no recent evidence of government involvement in the actual trafficking of narcotics.

In April 1989, a Swiss prosecutor involved in the investigation of a money laundering ring operated by the Magharian brothers revealed evidence of low level Bulgarian official complicity in the conversion of narcotics-related currency to gold and other foreign exchange. American and Western European press accounts also carried these allegations. The GOB vehemently denied the allegations. However, a leading law enforcement official admitted that the then applicable currency and customs laws permitted foreigners to import and export currency, gold and other valuables through Bulgaria without inquiry into their origin or purpose. Although officials maintained that existing laws permitted forfeiture of conveyances and other personal property used in connection with trafficking, forfeiture of narcotics-related proceeds was not specifically addressed by law. The currency law has since been modified.

A.2. Accomplishments in 1989

Bulgarian seizures of heroin were up sharply in 1989, amounting to 233 kgs as compared to 155 kgs in 1988, a fifty percent increase. For the first time, a dialogue was begun with the U.S. Government at the Ministry of Interior level to discuss improvement of anti-narcotics measures. Although the dialogue has produced little in terms of concrete results, and while continued Ministry involvement has not been forthcoming, we hope that the higher level interest will bring real improvement and was not simply a reaction to the money laundering allegations.

Communication between the U.S. Embassy and Bulgarian Customs has been satisfactory. A good working relationship in terms of

information sharing and cooperation has developed. Samples of seizures have been delivered promptly and USG requests for other assistance have been honored e.g. the request for assistance in apprehending major Colombian drug traffickers.

On November 28, 1989, Bulgaria was approved as a member of Interpol. In December 1989, Bulgaria and Italy signed a narcotics control agreement.

Perhaps the most significant accomplishment was the modification to the customs and currency law, which now requires foreigners to declare any importation of currency and other valuables in excess of \$2,900. If such currency or valuables are neither exported nor legally exchanged, the importer is subject to a fine and imprisonment. In either case, the currency or valuable is seized and retained by the GOB. This measure was considered as a necessary anti-narcotics and anti-money laundering step.

A.3. Plans, Programs and Timetables (1990)

The GOB has not announced any specific anti-narcotics related plans for 1990. The proposed improvement of the inspection facility at the Kapitan Andreevo crossing point, the major Bulgarian-Turkish entry/exit point, is still under discussion. U.S. Customs plans to send an architect to Bulgaria to develop a basis for this UNFDAC-funded project.

A.4. Adequacy of Legal and Law Enforcement Measures

Internal trafficking and consumption do not appear to be major problems in Bulgaria, although drug use appears to be increasing. Internal law enforcement and legal measures appear to be adequate. For the time being, measures to address the transit of narcotics through Bulgaria are of limited effectiveness due to lack of facilities, training, equipment and personnel. While the new customs and currency law is an encouraging development, Customs officials stressed that its implementation would be an increased burden on their already strained staffs.

The Bulgarian Customs Service is responsible for detecting and confiscating illegal drug shipments at border points and for arresting suspects. Internal arrests and subsequent investigations are made by the Ministry of Internal Affairs. There is at least one officer in each administrative district responsible for monitoring local drug use. The Office of the Prosecutor General conducts the criminal cases and the Ministry of Public Health acts as custodian for all seized narcotics. The Bulgarian Anti-narcotics Liaison Unit (BANLU), comprising the Deputy Director of Customs and the Assistant General Prosecutor, acts as the GOB's liaison unit with the U.S. Embassy and the U.S. Drug Enforcement Administration. It is ostensibly designed to promote more efficient exchange of

information, but it also acts as a barrier to direct contact with the Ministry of Internal Affairs. While it appeared earlier this year that such a barrier would be removed by virtue of the direct participation of the Ministry of Internal Affairs in BANLU, this has not yet proven true.

With regard to the requirements of Section 2013 of PL 99-570, the Government of Bulgaria does not encourage or facilitate the production or distribution of illicit narcotic psychotropic drugs or other controlled substances. No senior official has been indicted for narcotics-related corruption. Other than the allegations of low-level government involvement in money laundering noted previously, we have seen no evidence that any Bulgarian law enforcement agents are involved in narcotics-related corruption.

A.5. Domestic Drug Abuse

The latest official figures are from 1986 and report 669 registered addicts in Bulgaria. Another 408 persons were considered to suffer a "drug dependence" falling short of addiction. In July 1989, a Bulgarian weekly newspaper reported that there were 1,138 registered drug addicts in the country. If accurate, the more recent figure would indicate a significant rise in the number of addicts, but the problem would still seem to be small.

Bulgaria has two hospitals and one clinic which specialize in the treatment of drug and alcohol addiction and dependence. According to medical officials, these facilities provide long-term treatment of up to 3 years, and include physical, social and psychological therapy.

BULGARIA

C.1.	Sta	tist	ical	Ta	hl	AS

B. DATA TABLES	for CY	1990 est.	1989	1988	1987	1986
Seizures						
Opium	[mt]			0.003	0.002	0.000
Heroin	[mt]		0.233	0.155	0.053	0.033
Other Opiate	[mt]		0.000	0.001	0.000	0.000
Marijuana	[mt]		0.000	0.000	0.000	0.008
Other Cannabis	[mt]		0.002	0.000	0.000	0.000
Arrests						
Nationals				0	2	. 0
Foreigners			26	16	13	8
Total Arrests				16	15	. 8

CYPRUS

A.1. Status of Illicit Narcotics Production and Trafficking

Cyprus is neither a significant consumer nor a producer of narcotics. However, as a tourist and business center in the Eastern Mediterranean it is used for brokering by narcotics traffickers, especially those from Lebanon and Turkey. Traffickers meet in Cyprus, forward concealed shipments of heroin and cannabis resin through the island's modern container transshipment facilities, and take advantage of air connections to transship currency and bullion to and from Europe.

A.2. Accomplishments in 1989

In March 1989, the government-owned Cyprus Broadcasting Corporation (CBC) revised policy and began airing anti-drug awareness programs on TV and radio. Seminars for educators on drug abuse prevention are to be held in early 1990. In May, the Government of Cyprus (GOC) signed letters of intent to acquire a helicopter with sophisticated surveillance equipment and two coastal patrol boats for the Cyprus Police Force (CPF). The Foreign Ministry confirmed in October that it regards the 1931 U.S. - U.K. extradition treaty as binding between the U.S. and Cyprus.

In a September visit to Damascus, Interior Minister Veniamin signed a Protocol on anti-narcotics cooperation with Syria. During a visit to Moscow in November he and his Soviet counterpart agreed to cooperate against narcotics trafficking and terrorism.

A.4. Adequacy of Legal and Law Enforcement Measures

Narcotics laws are enforced rigidly and, in most cases, the judicial process operates effectively. Draft legislation on stricter penalties for possession and trafficking of illicit narcotics is under discussion. Recent publicity over narcotics seizures has been accompanied by press reports calling for acceleration of the revisions. The GOC has signed but not yet ratified the 1988 U.N. Convention Against Illicit Trafficking in Narcotic Drugs and Psychotropic Substances.

A major part of the enforcement effort in Cyprus is devoted to intelligence gathering and coordination with law enforcement authorities of countries which are likely destinations for the traffic. GOC police cooperate fully with foreign counterparts stationed in Cyprus and with law enforcement authorities in most neighboring countries. These efforts have resulted in significant seizures and arrests in other countries. This international enforcement

cooperation is limited somewhat by the <u>de facto</u> division of the island into a government controlled area and a northern area, essentially Turkish speaking, beyond its control. There are no direct working relations with Turkish Cypriot enforcement authorities or with Turkey.

The GOC Customs Service is responsive and extremely helpful in responding to U.S. requests information made through the 1987 Customs Cooperation Agreement.

Restrictions on foreign ownership of property and controls on currency and bullion transiting Cyprus are effective in discouraging efforts to launder money through the domestic economy. Under current law, proceeds from assets seized by GOC law enforcement authorities are deposited in the government treasury.

Since little or no money laundering occurs in the domestic economy, the Cyprus police have not been involved in significant asset seizures or investigations. Cyprus Customs declarations accompany transshipments of currency and bullion, and Customs officials give special attention to those fitting a drug courier profile.

Although domestic and offshore banks are protected by provisions for bank secrecy, the banking authorities have indicated a willingness to respond to requests through police or Customs authorities for information for ongoing criminal investigations.

Official corruption is not a serious problem in Cyprus. The government continues to take positive steps to cooperate with U.S. drug enforcement authorities to halt the trafficking of drugs through Cyprus.

A.5. Domestic Drug Abuse

Although use of illegal drugs is still low when compared to that elsewhere in the Eastern Mediterranean and Europe, Interior Minister Veniamin testified to Parliament in October 1989 that the domestic narcotics problem is growing.

C.1. Statistical Tables									
B. DATA TABLES	for CY	1990 est.	1989	1988	1987	1986			
Seizures									
Heroin	[mt]		0.006	0.002	0.008	0.007			
Cocaine	[mt]		0.000	0.000	0.003	0.001			
Marijuana	[mt]		0.000	0.000	0.000	0.001			
Other Cannabis	[mt]		0.365	0.001	0.001	0.278			
Arrests									
Nationals			72	63	30	26			
Foreigners			62	24	43	29			
Total Arrests			134	- 87	73	55			

EGYPT

A.1. Status of Illicit Narcotics Production and Trafficking

Egypt is neither a major narcotics producing nor a major trafficking country. It is, however, increasingly important as a consuming country and as a transit point for drugs going eventually to Western Europe and the U.S.

Egypt's central geographical location makes it attractive as a transit point for heroin and opium moving from Southwest Asia and the Golden Triangle to Europe and beyond, including the U.S. Although Southwest Asia continues to be the principle source of heroin, some evidence points to an increasing role for Lebanon and Syria. Lebanon and Syria remain the principle suppliers of hashish, most of which enters Egypt off the northern coast. Small amounts of opium and hashish are grown locally. There is no evidence that refining of narcotics takes place in Egypt.

A.2. Accomplishments in 1989

In the first major update of drug laws since 1960, the government approved new legislation in June expanding the range of activities punishable as drug offenses and applying stiffer penalties for a number of offenses, including capital punishment for both producers and traffickers of hard drugs.

Also in June, the government carried out the first execution of a convicted drug trafficker in nearly thirty years, thereby reversing a long-standing practice whereby death sentences were held in abeyance pending an indefinite appeal. Media reports indicate that the government intended the execution as a signal that Egypt intends to deal harshly with traffickers. There are currently 27 inmates on death row convicted of drug offenses, 20 of them foreigners. According to the press, more executions are expected in the near future.

For the first time, Egypt detained and extradited to the U.S. a third country national wanted for drug trafficking in the U.S. This was done under an 1874 extradition treaty between the U.S. and the Ottoman Empire.

There was an increase in the exchange of information and some progress in operational cooperation between Egypt and Israel, which should increase their ability to move against regional drug organizations and operations.

The national drug awareness campaign begun by President Mubarak three years ago continues. There are almost daily reports in the national media on drug issues, in sharp contrast to a virtual silence on drug matters as recently as three years ago. Several Egyptian ministers participated in and Egyptian television provided national coverage for ceremonies and activities in support of international drug awareness day. There has been continued growth in community and private organizations aimed at combatting drugs, most of which did not exist two years ago.

Egypt continued to play a regional role by providing training seminars for some 35 drug officers from several African countries and by sending a training team to Nigeria.

Egypt and the United Nations Fund for Drug Abuse Control (UNFDAC) agreed to a three-year master plan under which UNFDAC will provide \$300,000 in operational assistance to the Egyptian Anti-narcotics General Administration (ANGA) and a variety of grants to the Ministries of Health and Social Services.

Operation Suez, a proposed effort to target narcotics trafficking by commercial ships passing through the Suez Canal, remains under study by U.S. and Egyptian officials.

A.3. Plans, Programs and Timetables (1990)

PRIDE International of Egypt, the only private anti-drug organization in Egypt devoted to prevention, moves into its first year of full operation with a broad campaign of public awareness aimed at parents, students, and teachers.

A.4. Adequacy of Legal and Law Enforcement Measures

ANGA, whose activities roughly parallel those of the U.S. Drug Enforcement Administration (DEA), is the oldest agency of its kind in the world and assumes the lead for all drug enforcement activities in Egypt. Its roughly 100-man force works in coordination with a range of other agencies, including the Frontier Police, Customs, and the narcotics units of provincial police departments.

Egyptian laws provide for the seizure of "unexplained" assets, but such laws are not designed specifically to deal with narcotics activities. Drug officials can refer suspects to a special prosecutor who determines whether the evidence merits seizure of assets. Seizures are usually for five years, with the property returned after that time if the accused has not further engaged in suspected illegal activities. While under sequestration, the property may be used to pay fines or taxes owed as a result of illegal activities. Vehicles, including boats, seized in the course of drug operations are usually turned directly over to ANGA, which may use them while the case is pending. Seizures for 1989 amounted to \$4 million, roughly double the rate for 1988 but below the 1987 figures.

Given the non-convertibility of the Egyptian pound and the close government controls over and monitoring of foreign currency flows, Egypt is not attractive for money laundering schemes and there is no evidence that any appreciable amount of laundering takes place.

There is no evidence of significant corruption among Egyptian drug officials. The most likely target of such efforts would be ANGA, which carefully monitors its agents. Given the low salaries of all law enforcement officials, however, the enforcement structure in general remains vulnerable to such threats.

A.5. Domestic Drug Abuse

Reliable statistics on drug use in Egypt do not exist. Estimates used by drug authorities are based on anecdotal evidence and projections based on drug seizures and the number of patients seeking treatment in rehabilitation centers. Several official projects are currently underway to improve statistics on use but these are unlikely to yield useful results in the near future.

Hashish is by far the drug of choice in Egypt. Egypt is the world's largest consumer of the drug, nearly 350 mt annually, or about half the cannabis crop from Lebanon. It is readily available throughout most of the country, although it is too soon to tell what effect the stiffer penalties of the new law will have on trafficking. As with opium, the use of hashish is a traditional practice going back several centuries. Egyptian drug authorities differ on estimates of use, with figures for hashish ranging up to two million people and, for opium, up to one-half million. Seizures are in line with the normal pattern over the past several years but considerably behind last year's rate, which included a record seizure.

Evidence of cocaine use first appeared in 1983, and the indications are that its use continues at a very low level. Of much greater concern to Egyptian authorities is the apparently rapid increase in the use of heroin among young Egyptians. One private treatment center reports a dramatic increase in the number of people seeking treatment over the past two years, from roughly ten annually to more than four hundred in 1989.

A. SUMMARY TABLES for CY 1990 1989 1988 1987						Tables	C.1. Statistical
Cultivation	1986	1987	1988	1989		ES for CY	A. SUMMARY TABLE
Eradication [ha] 110 105 115 110 Harvested [ha] - - - - - - - - -					1		OPIUM
Harvested [ha] Yield [mt] 2.2 2.3	-	-	-	-	•	[ha]	Cultivation
Yield [mt] 2.2 2.3 2.3 2.3 CANNABIS Cultivation [ha]	105	110	115	105	110	[ha]	Eradication
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Cultivation [ha] 1.0 1.0 1.0 1.0 Harvested [ha] - - - Yield [mt] 1.0 1.0 1.0 B. DATA TABLES for CY 1990 1989 1988 1987 Cultivation (Gross) Opium [ha] - - - Cannabis [ha] - - - - Cannabis [mt] 2.9 3.0 3.0 3.0 Cannabis [mt] 1.0 1.0 1.0 1.0 Hectares Eradicated Opium [ha] 110 105 115 110 Cannabis [ha] 1.0 1.0 1.0 1.0 1.0 Crops Eradicated /a Opium [mt] 0.7 0.7 0.8 0.7 Cannabis [mt] 0.001 0.001 0.001 0.001 Net Cultivation Opium [ha] - - - Opium [ha] - - - - Cannabis [ha]	2.3	2.3	2.3	2.3	2.2	[mt]	Yield
Eradication [ha] 1.0 1.0 1.0 1.0 1.0 Harvested [ha]							CANNABIS
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Yield [mt] 1.0 1.0 1.0 1.0 B. DATA TABLES for CY 1990 est. 1989 est. 1988 1987 est. Cultivation (Gross) Opium [ha]	1.0	1.0	1.0	1.0	1.0	[ha]	Eradication
B. DATA TABLES for CY 1990 1989 1988 1987 Cultivation (Gross) Opium [ha]	-	.	-	-	. •	[ha]	Harvested
Cultivation (Gross) Opium [ha]	1.0	1.0	1.0	1.0	1.0	[mt]	Yield
Cultivation (Gross) Opium [ha] - - - Cannabis [ha] - - - Potential Prod (Gross) Opium [mt] 2.9 3.0 3.0 3.0 Cannabis [mt] 1.0 1.0 1.0 1.0 Hectares Eradicated Opium [ha] 110 105 115 110 Cannabis [ha] 1.0 1.0 1.0 1.0 1.0 Crops Eradicated /a Opium [mt] 0.7 0.7 0.8 0.7 Cannabis [mt] 0.001 0.001 0.001 0.001 0.001 Net Cultivation Opium [ha] - - - - Opium [ha] - - - - Net Production Opium [mt] 2.2 2.3 2.0 2.0 Cannabis [mt] 1.0 1.0 1.0 1.0	1986	1987	1988	1989		r CY	B. DATA TABLES for
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Opium (ha) (ha) 110 105 115 110 Cannabis (ha) 1.0 1.0 1.0 1.0 Crops Eradicated /a Opium [mt] 0.7 0.7 0.8 0.7 Cannabis (mt] 0.001 0.001 0.001 0.001 0.001 Net Cultivation Opium (ha)	1.0	1.0	1.0				
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	1.0					7 7	
							Soiguros
12011170 1701 05 05 44 02	0.6	0.2	4.4	0.5	0.5	[mt]	Opium
Heroin [mt] 0.1 0.1 0.3 0.1	0.1						
Cocaine $[mt]$ 0.1 0.1 0.5 0.1 Co.5 0.1 0.0							
Other Cannabis [mt] 50.0 29.0 14.0 39.5	65.0						-
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Arrests 10,000 8,500 11,149 10,000	10,000	10,000	11,149	8,500	10,000		Arrests
Domestic Consumption							
Opium [mt] 12 12 12 10	10						
Other Cannabis [mt] 350 350 75 350 /ь	350	350 Љ	350 Љ	350	350	[mt]	Other Cannabis
Users (thousands)							Users (thousands)
Opium 500 500 500 500	500	500	500	500	500		Opium
Hashish 2,000 2,000 2,000 2,000	2,000	2,000	2,000	2,000	2,000		Hashish

Notes

Data contained in the tables is derived and extrapolated from information provided by the Egyptian Government. Statistics for 1989 are annual projections based on data through November. Figures on gross and net cultivation are provided in metric tons rather than hectares because estimates on the latter are not available.

- (a) These figures reflect the fact that poppies are generally grown mixed in with other plants, which may inflate the total acreage eradicated.)
- (b) ANGA's estimates range from 150-350 metric tons. Figures for past years have been adjusted to reflect the upper range of current estimates.
- (c) Updated to reflect more recent ANGA estimates.

GREECE

A.1. Status of Illicit Production and Trafficking

Greece's geographic location, at the commercial and transport crossroads between Europe and the Middle East, its long, sparsely populated coastline, and its extensive merchant marine contribute to its importance as a transit country for illicit narcotics. Drug control is primarily a problem of interdicting this transit traffic.

Narcotics abuse is a growing problem in Greece. Cannabis is the only illicit drug produced in any significant quantity, though there is also a small amount of illegally grown opium poppy. Currently, there is no known domestic production of narcotic pharmaceuticals. The import, packaging, and distribution of controlled pharmaceuticals is supervised by the ministry of health. A new system of central certification of prescriptions for controlled substances, scheduled to be in place in 1990, should reduce illegal diversion of pharmaceuticals.

Police destroyed of some 600,000 cannabis plants in 1989. Narcotics interdiction efforts resulted in a number of heroin seizures in the 1-5 kgs range, but Greek authorities lack the intelligence gathering resources and expertise for large-scale seizures and the arrest of major traffickers.

Illicit narcotics trafficking takes two principal forms: transshipment through Greece to Western Europe and the U.S. of narcotics originating in the Middle East and Asia; and the use of Greek carriers to transport illicit narcotics to western markets. Hashish and heroin from the Middle East, especially Lebanon and Syria, pass through Greece in TIR (bonded) trucks, which do not undergo customs inspection. They enter Greece via the Syria-Volos ferry line or pass overland through Turkey. From Greece these trucks can cross by ferry to Italy or continue by land through Yugoslavia. Hashish is also off-loaded in remote areas and forwarded to Western Europe by boat or ground transportation. The organizers of this traffic are Italians, Lebanese, Syrians, Iranians, and Pakistanis, and the drugs are transported by both Greeks and foreigners.

Heroin is arriving in Greece in increasing quantities. The bulk of this traffic continues on to Europe and the U.S. Most transit smugglers are non-Greek.

The traffic of cocaine through Greece is minor but increasing, including transit through Greece to Lebanon. Greek-owned commercial vessels play a role in the transshipment of hashish from Lebanon to Western Europe and the U.S. Greek nationals are not believed to be significantly involved in the organization of such traffic, but provide an experienced body of nautical personnel adept at such smuggling.

A.2. Accomplishments in 1989

As noted, Greek police made a number of small-scale heroin seizures and destroyed some 600,000 cannabis plants. Additional personnel were allocated to the police narcotics division, bringing the force up to about 150 persons in Athens and 40 in Thessaloniki, in addition to two-man narcotics detachments at many local police stations. The Justice Ministry reports it will soon submit to parliament a bill to ratify the 1988 U.N. Convention Against Trafficking in Narcotic Drugs and Psychotropic Substances. According to the Justice Ministry, the Convention will not require any significant modification of existing Greek law. In 1989, parliament loosened restrictions on official access to bank account data. The coming harmonization of European Community (EC) banking practices may ultimately have an effect on money laundering in Greece, but the EC has no standing in criminal cases to compel disclosure of banking information. A cooperation agreement between U.S. and Greek customs services is still awaiting final approval. This will provide a legal framework for future customs cooperation on narcotics and other issues.

A.3. Plans, Programs, and Timetables (1990)

No formal timetable exists for the eradication of local production of marijuana, the major domestically produced narcotic. Seizures and crop destruction occur on an <u>ad hoc</u> basis, usually following accidental discovery. Budget constraints and lack of discretionary funding limit equipment acquisitions, specialized training, and undercover operations.

A.4. Adequacy of Legal and Law Enforcement Measures

The sweeping drug legislation passed in 1987 is a relatively powerful tool for drug enforcement, and sentences for convicted traffickers are heavy, with several heroin dealers sentenced to life imprisonment in 1989. The lack of detoxification programs continues to hinder the law's provisions on mandatory treatment for convicted addicts.

Greece's bank secrecy laws permit access by prosecuting magistrates to account information when probable cause exists. As there is no mechanism for gathering intelligence on money flows, the extent of money laundering is impossible to assess. Existing law grants judicial authorities broad powers of asset seizure in narcotics cases, but few seizures have taken place and the legal basis for seizure of real estate has not been fully clarified. To coordinate cooperation among the six ministries involved in prevention of narcotics abuse and drug trafficking and treatment of addicts, the 1987 narcotics law mandated the creation of a Central Narcotics Council. However, with only one full-time member and no resources of its own, the

Council currently serves as an information center to advise various ministries on narcotics programs. A bill was submitted to parliament late in 1989 which would make the Council an autonomous organization whose personnel and programs would be funded separately.

Fighting drug trafficking and abuse is still a relatively low priority for the Greek Government. Low morale and pay in the Greek enforcement agencies, accompanied by a lack of adequate training, hampers performance. There is also a general perception among the police that counter-narcotics work does not enhance promotion prospects.

The recently established coordinating council of Police, Customs, and Coast Guard representatives has not succeeded so far in asserting a meaningful role in coordinating narcotics operations among the three services. There is still no mechanism for generating reliable statistics on the extent of the narcotics problem.

There is no indication of high-level corruption of Greek authorities by narcotics trafficking interests, though allegations continued of interference by political party figures in Thessaloniki to prevent the closure of clubs where narcotics were used. Laws currently on the books impose substantial penalties for police malfeasance.

There has been a U.S. Drug Enforcement Administration (DEA) office in Athens since 1981. A Swedish detective superintendent, working out of the Swedish Embassy in Athens and representing Nordic interests, works with Greek narcotics enforcement officials. In addition, the British Embassy in Athens has a part-time narcotics coordinator. An officer of the Royal Canadian Mounted Police in Rome assists the Greek Government, as does the Australian Government from its embassies in London and Nicosia. The USG provided a number of technical, legal and managerial training programs in 1989.

A.5. Domestic Drug Abuse

Illicit drug use in Greece is not high by U.S. or Western European standards, and the pattern of abuse lags some 10-15 years behind that in the U.S. However, the large pool of underemployed urban youth is a market for readily-available locally-grown marijuana and imported hashish and heroin. Amphetamines and barbiturates are not uncommon, but cocaine is still an upper-middle class drug in limited circulation, while crack is as yet unknown. Overdose deaths and the visibility of heroin paraphernalia around schools and parks have heightened public consciousness; opinion polls now show narcotics abuse to be considered one of Greece's most pressing problems. Anti-drug campaigns at the community level have gotten more visibility than programs sponsored by the ministries of health and education. Projects are underway to expand drug treatment facilities in major provincial cities.

C.1.	Statistical	Tables

B. DATA TABLES	for CY	1990 est.	1989	1988	1987	1986
Seizures						
Heroin	[mt]		0.03	0.07	0.07	0.04
Cocaine	[mt]		0.01	0.01	0.02	0.00
Marijuana /a	[mt]		20.00	8.40	23.00	0.65
Other Drugs	[mt]		0.06	-	-	-
Arrests /b						
Nationals			2,800	2,300	1,600	1,571
Foreigners				400	400	301
Total Arrests			•	2,700	2,000	1,872
Domestic Consumption	n					
Heroin	[mt]		0.30	0.25	0.15	0.10
Cocaine	[mt]		0.10	0.10	0.05	0.02
Marijuana	[mt]		250.00	2.00	1.50	1.50
Users (thousands) /c						
Heroin			30	30	25	25
Cocaine			12	10	2.5	2.5
Marijuana			300	300	200	150
Overdose Deaths			70	60	56	28

Notes

- (a) In addition, about 600,000 cannabis plants were seized/destroyed in 1989.
- (b) Breakdown of foreign versus Greek is not yet available for 1989.
- (c) We have seen no official estimates of the narcotics user/addict population. Data for 1985/86 reflect individuals brought to government attention through hospitalization or arrest. Recent statistics are police estimates; unofficial estimates of overdose deaths are significantly higher.

LEBANON

A.1. Status of Illicit Narcotics Production and Trafficking

Lebanon remains a major illicit narcotics producing and trafficking country and continues to supply a major share of the world hashish market. Over the past few years, Lebanon has become a more prominent opium producer and heroin processor as well as a transshipment point for cocaine from South America. As the political turmoil in Lebanon intensified in 1989, the U.S. Embassy was closed, and reliable statistics on narcotics production were no longer available. Revised estimates by U.S. officials indicate, however, that opium production increased significantly in Lebanon in 1989, to as much as 45 metric tons from 4,500 hectares. This compares to 30 metric tons of opium from 2,000 hectares in 1988. U.S. officials believe that during 1989, an estimated 6.5 metric tons of heroin were converted in Lebanon, with 4.5 metric tons produced from locally grown opium. At least an additional 2 metric tons were produced from opiates which were imported from Afghanistan, Iran and Pakistan. Significant increases are also estimated for cannabis cultivation and hashish production.

U.S. officials estimate that 24,520 hectares of cannabis was cultivated producing over 905 metric tons of hashish in 1989 compared to cultivation of 16,000 hectares and 700 metric tons of hashish in 1988. Lebanon supplies not only regional markets in Egypt and other Arab countries, but also markets in Europe, the United States, Canada and Australia. Because of the potential for huge profits from the drug trade, most of the warring factions in Lebanon, including some known terrorist elements, are thought to be involved in one or more aspects of the drug trade, and use the profits to finance their operations.

Other than the Israeli security zone in the South and the Christian enclave of Lebanon, sixty-five percent of the country is controlled by Syria, including the prime drug producing area of the Bekaa Valley. We believe that Syria tolerates and profits from the drug production and trafficking in the areas over which it exercises control.

A.2. Accomplishments in 1989

While in recent years there have been media reports of Syrian Army encouragement of and participation in the destruction of hashish and opium crops in the Bekaa Valley, we are unaware of any such activity during the past year.

A.3. Plans, Programs and Timetables (1990)

Because of continuing chaotic political conditions in Lebanon, there is little hope of enforcing legal measures against illicit drugs in most of the country. Thus, there are no meaningful plans, programs or timetables. The U.S. will continue to attempt to expand liaison contacts with Lebanese drug authorities who are aware of their limited authority and ability to act within Lebanon, but who have been cooperative and helpful in international interdiction efforts.

A.4. Adequacy of Legal and Law Enforcement Measures

Nominally, Lebanese laws appear adequate to provide for effective narcotics control, but the armed conflicts that have taken place almost daily for the past 15 years have severely hampered or eliminated normal law enforcement measures. Lebanon is a party to the Single Convention on Narcotic Drugs of 1961, but not to the 1972 Protocol Amending the Single Convention.

B.1. Nature of Illicit Drug Production

Lebanon, one of the world's largest producers of hashish, also converted an estimated 6.5 mt of heroin during 1989. It is also a major transshipment point for cocaine bound for the Arabian Peninsula and the Persian Gulf. Virtually all the cannabis grown in Lebanon is converted to hashish in Lebanon. American officials estimate that as much as 20 percent of production is exported to the United States. This is smuggled either directly into the U.S. or via Europe. Almost all opium grown is converted into heroin in Lebanon. We estimated that 40 percent of all opiate production is smuggled into the U.S. Heroin is produced both from locally grown opium and, to a large extent, from morphine base smuggled in from elsewhere, principally through Turkey and Syria.

B.2. Factors Affecting Production

The major factor affecting production of narcotics in Lebanon is the tremendous financial profits possible through all phases of the drug business, including production, false documentation for travel, courier fees and distribution. Another leading factor is the ongoing civil disorder and the resulting lack of effective government control. Various militias depend on drug revenues for their livelihood. Low government subsidies for legitimate agricultural production, high inflation and Syrian protection of growing areas, also encourage drug cultivation and production.

C.1. Statistical	Tables					:
A. SUMMARY TABI	ES for CY	1990 est.	1989	1988	1987	1986
OPIUM		-				
Cultivation	[ha]		4,500	2,000	1,800	400
Eradication	[ha]		0	0	1,400	-
Harvested	[ha]		4,500	2,000	400	400
Yield	[mt]		45	30	6	6
CANNABIS						
Cultivation	[ha]		24,520	16,000	16,000	20,000
Eradication	[ha]		1	1	-	-
Harvested	[ha]		24,520	16,000	16,000	16,000
Yield (Green)			•	48,600	48,600	50,000
HASHISH						
Converted from						
cannabis	[mt]		905	700	700	720
B. DATA TABLES fo	or CY	1990	1989	1988	1987	1986
A 545 11 2A		est.				
Cultivation (Gross)						
Opium	[ha]		4,500	2,000	1,800	400
Cannabis	[ha]		24,520	16,000	16,000	16,000
Potential Prod (Gross)						
Opium	[mt]		45	30	27	6
Cannabis	[mt]		• •	48,600	48,600	50,000
Hectares Eradicated						
Opium	[ha]		0	0	1,400	-
Cannabis	[ha]			1.2		-
Crops Eradicated						
Opium	[mt]			0	21	-
Cannabis	[mt]			0	0	0
Net Cultivation						
Opium	[ha]		4,500	2,000	400	400
Cannabis	[ha]		24,520	16,000	16,000	16,000
Net Production					•	
Opium	[mt]		45.00	30.00	6.00	6.00
Cannabis (Green)	[mt]			48,600	48,600	50,000
Refining	[mo]			20,000	20,000	00,000
Heroin	[mt]		4.5	5.0	2.6	_
Hashish	[mt]		, 1.0	700.0	700.0	720.0
Seizures						
Opium	[mt]			0.002	0.007	0.100
Heroin	[mt]		. •	0.020	0.024	0.038
Cocaine	[mt]		. .	0.011	0.000	0.006
Marijuana	[mt]		-	-	0.156	
Other Cannabis	[mt]			0.095	0.155	1.000
Arrests			•	231	172	250

SYRIA

A.1. Status of Illicit Narcotics Production and Trafficking

President Bush denied certification to Syria on March 1, 1989, under Sec. 481(h) of the Foreign Assistance Act, because Syria had failed to cooperate with the United States on narcotics control or take effective anti-drug actions on its own. No cooperative action on narcotics occurred in 1989, but bilateral talks on narcotics cooperation which were re-initiated in 1988, continued in 1989.

Syria is not a significant producer of illicit narcotic or psychotropic drugs or other controlled substances, but is known to be a transit point for some of these substances as well as a refiner of heroin. Syria is a transit country mainly for Lebanese produced hashish and heroin, destined for Europe and the U.S. Morphine base and opium from points east enter Syria via Turkey en route to processing labs in the Bekaa Valley in Lebanon. Small amounts of cocaine, refined in Lebanon and Turkey, transit Syria. Captagon, heroin and hashish headed southward for markets in the Gulf area also cross Syria. There is no money laundering in Syria.

Much of Syria's trafficking problem continues to stem from Lebanon's Bekaa Valley where Syria maintains a military presence but fails to adequately enforce anti-narcotic controls. Until Syria takes steps to fulfill its anti-narcotics responsibilities in the Bekaa, it will continue to suffer international criticism for its tacit condonation of the area's narcotics trafficking.

A.2. Accomplishments in 1989

U.S.-Syrian bilateral talks on narcotics enforcement, which were renewed in 1988, intensified during 1989. Both sides sought and received the other's cooperation and assistance in providing details about suspected traffickers. Syrian police officials initiated contacts with U.S. officials to obtain information and advice on particular arrest cases. The U.S. Drug Enforcement Administration (DEA) officer based in Cyprus visited Damascus twice in 1989, and held extensive discussions with police officials on individual cases, and discussed ways to improve the exchange of information.

Syrian police authorities have informed U.S. officials that the Ministries of Interior and Justice have approved Syrian adherence to the 1988 U.N. Convention on on Illicit Trafficking in Narcotic Drugs and Psychotropic Substances and the Foreign Ministry is expected to give the government's final approval soon. Syria attended

several international conferences and seminars on narcotics, including DEA-hosted meetings in Cyprus. In December Syria hosted a regional international conference on the social and health aspects of drug trafficking and addiction.

A.3. Plans, Programs and Timetables (1990)

The Syrian Arab Republic Government (SARG) and DEA officials plan to continue periodic meetings in Damascus and Nicosia in 1990. Syria also hopes to attend a DEA-sponsored seminar in Abu Dhabi in March. The Syrian Government has taken concrete steps toward approving United Nations Fund for Drug Abuse Control (UNFDAC) recommendations to improve the structure of the narcotics enforcement bureaucracy. Presidential approval could occur in 1990, according to police officials. The Syrian police plan to expand their direct contact with law enforcement authorities in the region, in addition to relying on the Interpol facility. They claim that this will substantially improve their ability to respond quickly to requests for investigative assistance. Authorities cite acquisition of telefax facilities as an item that would enhance reaction time. They note that many other regional police forces have and use such facilities, but cannot communicate with Syria through them.

A.4. Adequacy of Legal and Law Enforcement Measures

Official Syrian Government policy, bolstered by the tenets of Islam, opposes the use, sale, distribution and trafficking of narcotics, psychotropic drugs and other controlled substances. The existing Syrian legal system appears more than adequate to cope with Syria's current narcotics problem (no production, some use, trafficking and processing). The SARG has told U.S. authorities that it has intensified its presence at border posts.

The possession use, sale and trafficking of illicit substances are illegal in Syria. Punishments are relatively severe, but commensurate with the seriousness of the crime. A first-time offender caught using and/or in possession of a minimal amount of marijuana might be sentenced to six months in prison. Important traffickers may be sentenced to twenty years in prison, and cases exceeding 30 thousand Syrian pounds (\$2,670) are referred to the "economic courts," special tribunals established to try corruption cases. We are aware of a few cases in which the death penalty was imposed.

In addition to the prison sentences, courts may impose substantial fines on traffickers. Thus, while there is no specific asset seizure provision, the trafficker would have to dispense of his/her assets in order to pay the fine. Vehicles used to transport drugs are subject to immediate seizure.

There are no specific laws designed to prevent money laundering in Syria, but the structure of the banking system and the very strict foreign exchange controls make money laundering next to impossible. All banks in Syria are nationalized. No foreign exchange is authorized unless the owner of the account can establish that he/she acquired the exchange through the export of Syrian-produced goods. These funds may be used to purchase imports, but cannot be used for any other purpose. While the legal structure may be sufficient to cope with narcotics offenses, enforcement of these laws is sometimes a different matter. There are periodic anti-corruption campaigns including anti-narcotics efforts.

Many officials are committed to implementing stated government policies against illegal practices. U.S. officials believe that individual Syrian soldiers and other officials stationed in Lebanon's Bekaa Valley, as well as some higher level military officials, are involved in the drug trade. This is in contradiction to the stated Syrian Government policy and such individuals are subject to prosecution if the government is presented with evidence against them. But despite official government disapproval, drug trafficking rumors persist of high-level Syrian military involvement in drug smuggling.

Concerning asset seizure, vehicles used in the transport of narcotics are subject to immediate seizure. Many assets are subject to <u>de facto</u> seizure through the imposition of high fines as part of the sentence imposed on a trafficker. In general, Syrians with assets, be they acquired legitimately or illicitly, do not hold them in Syria.

There was no narcotics liaison between Syria and the U.S. between early 1986 and November 1988, hence there were no requests for cooperation and assistance. Since the November 1988 meetings with American drug enforcement officials, the Syrians have cooperated with both DEA officers and other regional officials. Several significant seizures of hashish and Captagon resulted from cooperation with Jordanian narcotics enforcement officers during 1989. The Syrians also have close cooperation with West Germany, and have formal bilateral agreements with Cyprus, Turkey, Saudi Arabia and Jordan. There have been no requests for extraditions and Syria is not known to be harboring specified traffickers.

A.5. Domestic Drug Abuse

Syria's domestic drug abuse problem reportedly is minimal. There is some use of hashish or marijuana among the young, primarily those from poorer urban groups. Syrian troops stationed in the Bekaa Valley have brought back hashish habits when they return to Syria. Use of opium is not unknown, but is much less than hashish abuse. Syria has no clinics specifically devoted to narcotics abuse. Addicts are treated in private clinics or in military hospitals.

Although Syria's consumption problem is still small, the government is concerned about its potential to increase. Officials are aware that trafficking countries can become consumer countries and many have considered the precedent established by American troops in Vietnam and Soviet troops in Afghanistan who acquired drug problems and brought them home. An inter-ministerial committee with participation at the vice minister level was constituted in 1987 and includes twelve different ministries ranging from Health and Education to Interior and Defense. This committee meets semi-annually to discuss ways of controlling the abuse problem. In addition to publications and seminars, the committee coordinated several anti-drug abuse programs shown on Syrian television in 1989, including two discussions among religious, police and education figures.

For the moment, Syria seems to have its consumption problem under control and the high-level attention may help to prevent the problem from growing rapidly. Pertinent officials have little background in dealing with addict problems, but appear receptive to receipt of materials, literature and perhaps advice from those who have had long experience in dealing with the problem.

B.1. Nature of Illicit Drug Production

No known illicit cultivation takes place in Syria. We have had reports that there are heroin laboratories in the vicinity of Aleppo which process opium grown in the Bekaa Valley in Lebanon. We have not been able to verify these reports.

C.1. Statistic	al Table	S			· ·	
B. DATA TABLES	S for CY	1990 est.	1989	1988	1987	1986
Seizures						
Heroin	[mt]		0.02	0.01	0.04	
Other Opiate	[mt]		•	0.00	0.01	- -
Cocaine	[mt]		0.01	0.00	0.08	-
Marijuana	[mt]		0.88	0.88	0.97	
Arrests			1,317	1,683	1,853	

TURKEY

A.1. Status of Illicit Narcotics Production and Trafficking

Although Turkey was a traditional producer of opium for centuries, the Government of Turkey (GOT) has eliminated illicit poppy cultivation. A complete ban, imposed in 1971, was eased in 1974 to permit conversion to the concentrated poppy straw method (cps) which is easier to control. Bolvadin, the government's processing facility, is the largest facility of its kind in the world with an annual capacity of 20,000 metric tons. Licensed cultivation of poppies for licit purposes is strictly controlled to prevent any diversion.

Turkish authorities face a much more difficult situation with regard to trafficking, due to Turkey's geographic location between the major producing countries of Afghanistan, Iran and Pakistan, and markets in Europe and the United States. The thousands of TIR trucks (bonded and not subject to inspection) that cross Turkey's eastern borders en route to Western Europe provide a ready means to transport illicit goods without undergoing customs controls. Nearly 100,000 of these trucks transited Turkey in 1989. In addition, heroin and hashish enter Turkey by primitive means through the rugged terrain on the Iranian border.

Political events have tended to facilitate trafficking. The cessation of the Iran-Iraq conflict makes transportation in the border area less hazardous. In addition, clashes between Kurdish separatists and Turkish authorities in the southeast have complicated interdiction. Another trend which has been noted is the increased size of a single seizure. In May, Turkish police reported a record seizure of 186 kgs of heroin. We believe that traffickers continue to link up with international criminal networks. Turkish nationals have been involved in an estimated 70 percent of major arrests and seizures in Europe this year.

The prevalence of Turkish workers in European countries has created ties there which help in the marketing of illicit drugs. There is increasing evidence that Turkish smugglers are bypassing European middlemen to sell drugs directly to U.S. dealers. Iranian nationals living in Turkey and members of ethnic groups, including Kurds, are among those heavily involved in drug trafficking. Both groups have strong ties on both sides of the very porous border area in eastern Turkey which facilitates smuggling. Despite strong interdiction efforts by the Turkish police, more laboratories have been discovered converting morphine base into heroin in eastern

Turkey, especially around Diyarbakir and Gaziantep. Some laboratories were recently discovered in Istanbul as well. Most of these operations are very small, primitive, and temporary, but the shift from mere transit to processing operations is a matter of concern.

Money laundering is not considered to be a significant problem in Turkey. Inflation, which hovers around 75 percent per annum, makes the Turkish Lira relatively unattractive for laundering operations. To the extent that money laundering does occur, it is believed to be centered in the covered bazaar in Istanbul. There, Turkish Lira may be exchanged for hard currencies which are smuggled out of the country and either deposited or used to buy gold. These funds are transferred by wire to legitimate (or cover) concerns, or gold is smuggled back into Turkey. There are no estimates of the amounts involved. The Turkish Government has no legislation which specifically governs money laundering. Current policies are aimed at attracting foreign currencies so there are no restrictions regarding the sources of funds. Turkish Lira can be easily converted to other currencies and Turkish nationals (or foreigners) can hold foreign currency denominated accounts. Thus, the liberal foreign exchange regime makes money laundering relatively simple.

A.2. Accomplishments in 1989

Turkey fully cooperates in international efforts to combat narcotics trafficking. In October 1989, Turkey hosted the meeting of the United Nations Sub-Commission on Illicit Drugs, attended by representatives of fourteen countries of the Near and Middle East. The Sub-commission reviewed trends and measures to combat drug trafficking in and through the region. Turkey was one of the first signatories of the 1988 United Nations Convention Against Illicit Trafficking in Narcotic Drugs and Psychotropic Substances. In order to ratify the Convention, Turkey must enact enabling legislation. The ratification procedures have not yet been initiated.

Turkey has several bilateral agreements which facilitate cooperation in international narcotics interdiction. The bilateral Agreement on Extradition and Mutual Assistance between the United States and Turkey executed in June 1979 remains in force. In 1989, the GOT executed bilateral agreements with Iran and Greece. We expect agreements will be signed with Denmark, Pakistan, Saudi Arabia and possibly the USSR in 1990. The Turkish National Police has strengthened its network of liaison officers in Europe.

A.3. Plans, Programs and Timetables (1990)

Despite concerted efforts by the Turkish authorities, it is generally believed that the trafficking problem is growing more serious. Training has improved the professionalism of the Turkish National Police (TNP), and according to the U.S. Drug Enforcement Administration (DEA) the quality of arrests is up. Nonetheless, the TNP still lacks basic equipment and resources. In 1989, the USG provided several hundred pairs of handcuffs. For 1990, it will provide bullet proof vests and vehicles for undercover and surveillance operations.

The TNP had plans to establish computerized data centers in its seven regional headquarters with support from United Nations Fund for Drug Abuse Control (UNFDAC), but implementation has been delayed. This is due in part to the Government's austerity program which limits the funds available for this program.

A.4. Adequacy of Legal and Law Enforcement Measures

There has been no major change in the legal and law enforcement measures concerning narcotics control since 1986. Turkish enforcement agencies remain highly motivated and cooperate fully with their U.S. and other counterpart agencies in interdicting international narcotics traffic. While there have been some instances of suspected corruption, they have been dealt with expeditiously. The Turkish Government does not, as a matter of policy, encourage or facilitate illicit drug production or trafficking, and no senior officials are known to be involved in such activity. The main Turkish Government entities involved in narcotics interdiction are the Turkish National Police (TNP), the Jandarma, and the Turkish Customs Office (although Turkish Customs turns narcotics enforcement matters over to the TNP or the Jandarma.) The Turkish Coast Guard may assume a more important role as sea traffic becomes a more important means of smuggling.

The TNP is the principal narcotics enforcement agency. It now has specialized narcotics units in all 71 of Turkey's provinces. The narcotics enforcement division is working intensively to improve training and to better equip its narcotics units. In the 1980's its interdiction efforts became more professional and better targeted. The paramilitary Jandarma polices the countryside and remote border areas where illicit narcotics enter Turkey. The Jandarma is essentially a military organization manned by conscripts who serve for only eighteen months. The Jandarma's highest priority is its counter-insurgency operation against Kurdish separatists in the southeast. The Jandarma air wing uses aerial surveillance and photography to search for illicit poppy fields. Interdiction

of all kinds of smuggling is coordinated through monthly meetings at the Ministry of Interior. The Ministry of Foreign Affairs (MFA) coordinates international narcotics matters through its involvement in bilateral and multilateral programs. The Turkish Soil Products Office (TMO) oversees all aspects of licit poppy production, from sales and processing to distribution. TMO issues the licenses required to raise poppies to ensure compliance with Turkish Government regulations, including the ban on incision.

A.5. Domestic Drug Abuse

Although Turkey is a traditional producer country, drug addiction is not a social problem. Customs, traditions, moral values, close family ties and supervision weigh heavily against drug abuse. Informal soundings of public opinion indicate that a few very affluent Turks in large cities like Istanbul and Ankara may use cocaine. Heroin addiction is attributed to Iranian immigrants, again mainly in the big cities. In 1985, Turkey's concern over contemporary trends toward drug addiction led to the adoption of stricter measures prohibiting misuse of prescription drugs. Financial incentives are offered for information leading to the arrest and prosecution of smugglers. The Turkish Government emphasizes the role of education in preventing drug abuse, especially among the young. The government also maintains a center in Istanbul with a capacity of 360 beds for treatment of alcoholics and drug addicts.

C.1. Statistica	ıl Table	S		· · · · · · · · · · · · · · · · · · ·	1	
B. DATA TABLES	for CY	1990 est.	1989	1988	1987	1986
Seizures						
Opium	[mt]	0.01	0.01	0.01	0.02	0.07
Heroin	[mt]	1.50	1.10	1.43	1.29	0.17
Other Opiate	[mt]	0.35	0.03	0.05	0.32	0.06
Other Cannabis	[mt]	5.00	6.85	6.50	3.96	2.72
Arrests	•	2,100	1,955	1,404	1,296	2,651
Labs Destroyed						
Heroin		7	6	2	3	1
Licit Production						
Opium (capsules)		15,000	15,000	9,870	3,600	3,500

(1) Through November 1989.

Source: Turkish National Police and Jandarma

AFRICA

IVORY COAST (COTE D'IVOIRE)

A.1. Status of illicit Narcotics Production and Trafficking

The Ivory Coast (Cote d'Ivoire) produces only cannabis. Much of this production is consumed locally and regionally, but some enters international trafficking channels. The primary concern of the Government of the Cote d'Ivoire (GOCI) regarding narcotics is Abidjan's use as a way station by drug traffickers from other countries. Heroin originating in the Middle East and Southwest Asia and arriving from other West African countries, cocaine coming from South America, and marijuana from many points pass through Abidjan on the way to markets in Europe and the U.S.

A.2. Accomplishments in 1989

During 1989, the GOCI mounted a drug awareness week, established committees in the larger cities to promote community involvement in the fight against drugs, and heavily publicized arrests and seizures in the newspapers and on radio and television. Due to the in-fighting between the police, the gendarmerie, the customs, and the drug squads, it is difficult to determine whether interdiction efforts have produced improved results in comparison to 1988. However, security at Abidjan's international airport, partially as a result of a USG technical assistance and the granting of U.S. funds to purchase drug detector dogs, has improved significantly. Drug traffickers have reacted by shifting to land transport via commercial trucks over the borders and small boats on the lagoon systems in the southern portion of the country in order to smuggle narcotics.

A.3. Plans, Programs and Timetables (1990)

The newly reorganized Ministry for Internal Security and Drug Interdiction plans to develop a more active role in both its areas of responsibility, cutting through the bureaucratic in-fighting which limits cooperation among the other enforcement agencies. In support of these plans, the Ministry has indicated an interest in increased material assistance from the U.S. in 1990.

A.4. Adequacy of Legal and Law Enforcement Measures

The GOCI modified its legal system in 1988 to provide for increased penalties on users and traffickers. However, due to the mass arrests resulting from the joint police/military crackdown which began in October 1989, the system is overwhelmed with individuals held in prison awaiting arraignment.

With regard to the requirements of Section 2013 of PL 99-570, the GOCI does not encourage or facilitate the production or distribution of illicit narcotic psychotropic drugs or other controlled substances. No senior official has been indicted for narcotics-related corruption.

As mentioned previously, the fighting among the various law enforcement agencies for scarce resources, and the desire of each department chief to gain as much personnel and materials as possible in order to consolidate his power base, hurts the overall anti-drug effort. Corruption, particularly bribery, throughout the judicial and enforcement systems occasionally results in release from prison and/or a failure to complete an arrest at the street level. The extent of corruption is difficult to gauge, but we believe it to be a serious hindrance to the overall interdiction effort.

A.5. Domestic Drug Abuse

Domestic drug abuse is a growing problem, and one that is finally beginning to concern policy-makers in Abidjan. In earlier years, the government could issue public statements decrying the passage of drugs through the country and blaming foreigners, but with their constituents now complaining to Ivorian deputies of drug abuse in the villages, government leaders in Abidjan are taking note. The most common drugs used here are amphetamines and barbiturates, which are cheap and readily available. Marijuana, for the same reasons, is also popular in the larger cities. There is little abuse of cocaine and heroin on the street-user level, due to the high cost of these products.

B.1 Nature of Illicit Drug Production

As the Ivory Coast is basically a shipping point rather than a site for the manufacture of narcotics. However, there has been an increase in local production of cannabis in the past year, with over a ton and a half being destroyed at a single location in July. The majority of marijuana used here is still imported from neighboring West African countries such as Ghana and Liberia.

C.1. Statistical Tables

A. DATA TABLES for	1989 (1)			
(throug	h October)			
Seizures	e de la companya de l			
Heroin[mt]	.004			
Cocaine[mt]	.005			
Cannabis[mt]	.657			
Amphetamines[unit]	181,369			
Barbiturates[unit]47,646			
Arrests (2)				
Nationals	204			
Foreigners	418			
Total Arrests	622			

- (a) Records were not tabulated prior to October, 1988, so it is impossible to determine whether there is an increase or decrease in the number of individuals arrested or in the quantities of drugs seized. Also, these numbers were supplied by the GOCI's Drug Ministry; the USG is not able to verify the figures independently.)
- (b) Figures represent numbers of detainees formally charged. A total of 710 people were arrested, but 88 were released without being charged due to lack of evidence.

KENYA

A.1. Status of Illicit Narcotics Production & Trafficking

Kenya continues to be a transit point for illicit narcotics (heroin and mandrax) from the Asian sub-continent destined for markets in Western Europe and the United States (heroin) and Southern Africa (mandrax). Marijuana cultivation and abuse in Kenya, as well as illicit alcohol production and consumption, are domestic drug abuse concerns as well. Indeed, illicit drugs are readily available in major cities throughout Kenya. The discovery in October 1989 of a few acres of opium in the Nairobi area may have added a new dimension to Kenya's narcotics problems. Although the Kenyan Government has shown serious resolve in its approach to dealing with them, its efforts are greatly hampered by limitations in material and human resources and an extremely lax penal code for drug offenses. It is, therefore, in the interests of the United States to continue and intensify our cooperation with the GOK in anti-narcotics efforts.

A.2. Accomplishments in 1989

In 1989, the GOK demonstrated a serious commitment to dealing with the problems of drug abuse and narcotics trafficking, and continued its active participation in regional and other international for aintended to enhance cooperation in The Police Department's Anti-Narcotics Unit (ANU) coordinates the government's response to the domestic drug problem and illicit transit through Kenya of controlled substances, namely heroin and mandrax. In January, its chief travelled to the U.S. to participate in an orientation program on narcotics detection and

established to advise the government on broad narcotics issues. It is not yet clear, however, what impact this task force has had on the

interdiction techniques. In May, a multi-sector task force was

government's overall anti-narcotics efforts.

GOK efforts directed against narcotics traffickers at **Immigration** and customs inspections Jomo Kenyatta International Airport and the Port of Mombasa have been intensified, and narcotics-related arrests and seizures rose sharply in 1989. The government also took immediate steps to destroy the opium poppy fields discovered outside Nairobi. There may be other poppy fields yet undiscovered.

A.3. Plans, Programs and Timetables (1990)

In 1990, the GOK will host a DEA-sponsored East Africa regional narcotics training course in Nairobi. The sixteen Kenyan attendees will be drawn largely from the ANU Core Staff, along with representatives of the Customs Service. The participants will focus on topics of narcotics enforcement and intelligence collection techniques. In conjunction with the course, DEA will also offer a three-day judicial seminar intended for prosecutors, judges and legislators concerned with enacting and/or enforcing laws related to narcotics violations.

Using recently donated vehicles, the ANU plans to launch two mobile narcotics training and education units. One will be dedicated to training local law enforcement officials on drug (Marijuana and Opium) detection techniques. The other will be used to increase public awareness of narcotics issues. The ANU also hopes to begin aerial searches for opium poppy fields during early 1990, provided government funding is available.

A.4. Adequacy of Legal and Law Enforcement Measures

In 1989, the Kenyan Government announced its intention to strengthen its anti-drug laws, which do not address illicit trafficking. The legislation currently under consideration would empower the government to confiscate proceeds derived from trafficking, including ships and planes, and require minimum sentences for individuals convicted of trafficking offenses. This legislation, which was reportedly near completion, was not introduced in Parliament in 1989.

A.5. Domestic Drug Abuse

The domestic cultivation of marijuana continues to be one of Kenya's leading narcotics problems. It is abused with increasing frequency by young people between the ages of 15 and 30 throughout the country, especially Nairobi and Mombasa. The abuse of miraa (Catha Edulis - known in the Arab world as qat) is another major narcotics issue. Miraa is not illegal in Kenya and its use is widespread; the plant is chewed by men, women and children of all ages, and is also exported to Ethiopia and Somalia.

B.1. Nature of Illicit Drug Production

Marijuana in Konya is grown on small plots in the Western, Nyanza, Eastern and Coast Provinces. Miraa grows naturally (and legally) throughout Kenya. Miraa is also a major revenue earner for Somali businessmen. Frequent flights to the Somali border are made from Nairobi's Wilson Airport with single and twin engine aircraft carrying full loads of miraa. The three opium poppy farms discovered and uprooted by the ANU in October 1989, were located in the uplands area (7,000 feet above sea level), about 20 miles outside Nairobi. The total crop covered about 2.5 acres. The poppies tested positive for opium and most of the pods had been scored.

B.2 Factors Affecting Production

The factor which contributes most to Kenya's largely unchecked production of marijuana, illicit alcohol, miraa and possibly opium, is the absence of a structured GOK eradication

program. The limited eradication of marijuana which does occur is based on sporadic spottings of small plots. The fact that <u>miraa</u> is widely accepted by many segments of Kenyan society has prevented GOK officials from mounting a serious eradication effort, even in view of a growing consensus among medical and law enforcement professionals that steps should be taken to stem the use of this substance.

Neither Kenya or the U.S. has made any extradition request of the other in recent years. While low-level corruption is widespread, there is no indication of systemic involvement of the government or its senior officials in facilitating or protecting the drug trade. There are no DEA officials resident in Kenya; cooperation with visiting regional DEA officers has been excellent.

C.1. Statistical Tables

Data Tables for CY 1990 1989 (est.) Seizures (a)

Heroin (mt) Cannabis (mt) Other Drugs (units) $\begin{array}{c} .009 \\ 13.2 \end{array}$ 276,200

1,766 (b) Arrests (b)

- (a) These figures, provided by the Anti-narcotic Unit (ANU), represent a first effort at compiling such data with no prior base, and as such, may be somewhat inaccurate.
- (b) These figures are known to include those arrested for personal possession of very small quantities of drugs, as well as some brought in for questioning but not charged.

MOROCCO

A.1. Status of Illicit Narcotics Production and Trafficking

Cultivating, processing and trafficking of cannabis are the most prevalent illicit narcotics activities in Morocco. There are some disturbing indications that Morocco may become a transshipment point for heroin from the Golden Crescent and for cocaine from South America because of the easy access to Europe which is also the destination of almost all Moroccan cannabis. Moroccan enforcement authorates are very concerned about the potential for transit of cocaine and heroin by air and they believe the seizures they make from time to time have deterred traffickers from establishing permanent routes through Morocco.

Estimates by Moroccan officials of the hectarage under cannabis cultivation in 1989 vary from 600 to 40,000 hectares. The primary region of cannabis production is in the northern mountainous region called the Rif, although there is some production in the Souss Valley in the south. There is no indication that there has been a reduction in cultivation in 1989; the farmers are making a greater effort to disguise their crops by planting maize around the perimeter of their fields.

Most traffickers arrested in Morocco are Moroccan. However, there are also many Europeans arrested, as well as a few from South America, North America, and North Africa and sub-Saharan Africa. False passports have been used by smugglers in some instances.

Every means of transportation including donkeys is employed for smuggling, but the prefered method of carrying cannabis products is either by truck or ship, whereas the preferred method for moving cocaine and heroin appears to be by commercial airplane. French, Spanish and Portugese authorities regularly seize trucks and automobiles loaded with hashish and marijuana coming into their territories by ferry from Morocco. Several seizures of cocaine have been made in Morocco and in Portugal from flights originating in Rio de Janeiro and transiting Casablanca en route to Lisbon.

There are no indications of links between narcotics trafficking, terrorism, insurgent or other criminal activity in Morocco, nor is there evidence of money laundering operations.

A.2. Accomplishments in 1989

On December 28, 1988, Morocco signed the UN Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances. On February 10, 1989, the GOM and the USG signed a bilateral narcotics cooperation agreement in compliance with the requirements of the Chiles Amendment. The agreement

provides for mutual cooperation in the fight against illicit production, trafficking and the abuse of narcotics, as well as in the fields of organized crime and anti-terrorism. Similar agreements have been signed with Italy and Great Britain.

The first cree substitution program in Morocco, funded by the U.N. Fund for Drug Abuse Control (UNFDAC), was initiated on February 23, with the signing of an agreement for a three-year pilot project in a small community in northern Morocco. The GOM hopes the U.S. \$2.6 million project, which entails not only crop substitution but also improved health care, education and infrastructure development, will serve as a model for future projects.

A.3. Plans, Programs and Timetables

In May 1990, U.S. Customs will conduct a two-week training program in narcotics detection methods for officers from the Moroccan Customs Service, the Gendarmerie Royale, and the Surete Nationale. The course will cover not only airport, but also seaport and land border search techniques.

A.4. Adequacy of Legal and Law Enforcement Measures

In 1989 Morocco and the United States signed an anti-narcotics agreement, as described in Section A.2. Press coverage of drug seizures, primarily hashish, have increased, which may reflect government responsiveness to the heightened international concern over narcotics trafficking. A mutual legal assistance treaty was signed in 1984 and ratified by the U.S. but has not yet been ratified by the Moroccans.

While the Government of Morocco does not condone the production of cannabis, corruption of local officials and police undermine enforcement efforts, and police investigations are sometimes dropped because of political sensitivity involving prominent officials and private citizens. So long as growers and traffickers limit their activities to cannabis products, which GOM officials consistently call "soft drugs", and the local abuse problem does not become too alarming, the GOM is unlikely to exert maximum efforts towards the elimination of cannabis cultivation. At the highest levels, drug trafficking has been called, "a problem for the consuming countries to solve, not the producing countries."

With regard to the requirements of Section 2013 of PL 99-570, the Government of Morocco does not encourage or facilitate the production or distribution of illicit narcotic psychotropic drugs or other controlled substances. No senior official has been indicted for narcotics-related corruption.

Moroccan law provides for seizure and forfeiture of assets of narcotics traffickers, including real and personal property, as well as intangible property such as bank accounts. However, in practice, only vehicles are seized, with the proceeds going to

the national treasury. Morocco is not known to be a center for money laundering, and the Moroccans who were convicted this year for illegal foreign exchange transactions were using banks in Switzerland and The Bahamas. The Moroccan Government has not worked with the U.S. or other governments to trace assets extraterritorially.

A.5. Domestic Drug Abuse

Morocco does not have a major problem with domestic consumption of "hard drugs," (heroin and cocaine) although there are reports of increasing cocaine use among the Casablanca jet set. On the other hand, kif, as marijuana is known in Morocco, continues to be used in the north, where it is cultivated, as well as in poorer urban areas, particularly in Marrakech. Moroccan officials make a very clear distinction between cannabis products (which are domestically produced), and heroin and cocaine (imported), and they express much more concern about the latter. Abuse of prescription drugs does not seem to be common.

B.1. Nature of Illicit Drug Produced in Morocco

Cannabis is the only illicit drug produced in Morocco.

B.2. Factors Affecting Production

Political, geographic, economic, security, social factors work against a reduction in cannabis production. The Rif inhabitants, the berbers, have a longstanding independent tradition, and an extensive eradication campaign would likely provoke anti-government tension in an area of relatively weak central government control. The geography and climate of the Rif make legitimate agriculture difficult and cannabis is by far the most profitable cash crop. The Rif's sea access to Europe has given rise to an economy based largely on smuggling cannabis out of the country and consumer goods into the country.

B.3. Maximum Achievable Reductions

The GOM is unable to furnish crop eradication figures for 1989, or any previous year. However, there were press reports of 597 tons of kif being burned in fields during the growing season.

B.4. Methodology for Estimates

There are no reliable official figures for areas of cultivation, crop size, yield, processing, abuse and eradication. Unofficial Moroccan estimates vary drastically from 600 hectares to 40,000 hectares under cultivation. There are also quite contradictory statements made on the seriousness of the transshipment problem. The following are very rough U.S. estimates based on GOM data and discussions with resident

experts. It will be noted that the figures for 1988, 1989 and 1990 are the same. This reflects the belief that there have been no changes in the situation over the last two years, and also the paucity of official statistics.

C.1. Statistical Tables						
A. SUMMARY TABLE	ES for CY	1990 est.	1989	1988	1987	1986
CANNABIS						
Cultivation	[ha]		20,000	20,000	15,000	14,000
Eradication	[ha]		40	40	40	40
Harvested	[ha]		19,960	19,960	14,960	13,960
Yield	[mt]		13,200	13,200	7,000	9,700
Loss Factor	[mt]		1,320	1,320	700	970
Seized in-country	[mt]		50	50	50	50
Consumed in-country			-	-	-	
Exported	[mt]		_		_	
HASHISH	[IIIO]					
Converted from						
cannabis	[mt]		4,400	4,000	2,050	2,900
Yield	- , -		•	4,000 85	40	2,500 60
	[mt]		85 C			
Consumed	[mt]		6	6	6	5
Exported	5 13					
USA	[mt]		=-	- -	-	~ 0
Elsewhere	[mt]		79	79	45	50
B. DATA TABLES for	r CY	1990 est.	1989	1988	1987	1986
Cultivation (Gross)		cst.				
Cannabis	П3		90,000	90,000	15 000	14.000
	[ha]		20,000	20,000	15,000	14,000
Potential Prod (Gross)	r 43		10.050	10 050	11 050	10 500
Cannabis	[mt]		16,250	16,250	11,250	10,500
Hectares Eradicated			40	40	40	40
Cannabis	[ha]		40	40	40	40
Net Cultivation						
Cannabis	[ha]		19,960	19,960	14,960	13,750
Net Production						
Cannabis	[mt]		14,000	14,000	10,500	6,990
Refining						
Hashish	[mt]		90	90	60	40
Seizures				20.00	00.00	00.00
Marijuana	[mt]		23.00	23.00	23.00	20.00
Other Cannabis	[mt]		8.00	8.00	8.00	5.00
Other Drugs	[mt]		0.02	0.02	0.02	
A-manta						
Arrests			F 000	F 000	4.000	0.000
Nationals			5,000	5,000	4,038	8,333
Foreigners			100	100	108	102
Total Arrests			5,100	5,100	4,146	8,435
Domostic Consumation						
Domestic Consumption	717		4 400	1 400	1 400	4 400
Marijuana	[mt]		1,400	1,400	1,400	1,400
Other Cannabis	[mt]		5	5	5	5

NIGERIA

A.1. Status of Illicit Narcotics Production and Trafficking

Nigeria is a major heroin trafficking country. The bulk of illicit narcotics enter for transshipment to Europe and North America. Opiates originate in Pakistan, India, and Thailand and reach Nigeria by air/land/sea routes which vary according to changes in law enforcement pressure. Cocaine enters via flights from South America and often arrives by air at Abidjan, Ivory Coast, for transport overland to Nigeria. The quantities included probably are small. Some is intended for domestic consumption, while the rest transits Nigeria for other markets.

There are seven known Nigerian courier organizations. Their membership is primarily Nigerian, although other West African Nationals are involved. Air couriers conceal heroin in luggage or body cavities, or ingest it in small balloons or cellophane-wrapped packets. Improved detection at Lagos airport has resulted in increased air shipments of South Asian heroin to other West African cities, with onward shipment to Nigeria overland. With recent interdiction successes in other West African airports, however, trafficking patterns may again shift.

Arrests and seizures rose markedly in 1989, reversing the downward trend which began at the end of 1987 and continued throughout 1988. One possible explanation is that the ingestion method of concealment and the use of false-compartment luggage, both of which became more commonplace in 1988 and 1989, significantly increase the amount of narcotics that can be carried by an individual courier over the traditional body cavity concealment method used previously. In addition, the increase in arrests and seizures can be attributed to improved detection at the Lagos airport by officials of the Nigerian Customs Service's Drug Unit, which was established in 1988 and receives continuous training from the U.S. Drug Enforcement Administration on investigative techniques.

A.2. Accomplishments in 1989

In 1989, the Federal Military Government (FMG) continued to demonstrate commitment to addressing trafficking and abuse problems. An agreement consistent with the provisions of the Chiles Amendment was concluded between the U.S. and Nigeria by exchange of diplomatic notes in January 1989. Two officials from Indian customs, along with officers from the Indian High Commission in Lagos, held talks in February 1989 with the FMG to begin cooperation to reduce narcotics trafficking from India by intensifying searches in Bombay. In February 1989, a one-week drug seminar was provided by U.S. Customs to Nigerian Immigration, Aviation Security, State Security, Nigeria Airways, Security, and Customs.

In March 1989, a Nigerian chemist attended a one-week DEA forensic chemist seminar in Washington, D.C. A U.S.-Nigeria Mutual Legal Assistance Treaty (MLAT) was signed in Washington in September 1989. The FMG continued in 1989 its substantial Public Awareness Campaign on Narcotics Trafficking and Abuse; major arrests were given broad press coverage. The FMG welcomed U.S. experts who conducted a series of programs on drug abuse awareness in 1989. It also supported the efforts of several non-governmental organizations to increase public awareness on narcotics: one group is setting up a drug education counselling center; another is constructing a rehabilitation center for addicts.

After conducting a joint inspection of security practices at the Lagos Airport in November 1989, three cabinet ministers reportedly criticized "shoddy" airport security practices and announced their intent to implement new airport security measures in the near future.

Also in November 1989 the FMG publicly announced a forthcoming new decree covering narcotics issues: stiffer penalties for drug traffickers, establishment of a Nigerian Drug Law Enforcement Agency (NDLEA), and seizure of assets from narcotics-related crime. The FMG also announced its intent to purchase five Emit-ST urinalysis machines from Britain to improve narcotics detection capabilities at the airports in Lagos, Kano and Port Harcourt.

In November 1989 Nigeria hosted the first All-Africa Law Ministers Conference, which was set up by the Nigerian Attorney General. The conference called for creation of an African bureau to coordinate African anti-narcotics efforts and negotiation of new extradition treaties and mutual legal assistance treaties (MLATs) throughout Africa. It also called on all African countries to sign and ratify the 1988 Vienna Convention on drugs.

In 1989 Nigeria continued its cooperation with the U.K. by signing a U.K.-Nigeria Mutual Legal Assistance Treaty and responding to British requests for arrests and extradition. The Federal Military Government also has a good relationship with West German narcotics authorities based in Cotonou, Benin.

Nigerian Customs, particularly the drug unit, continued to demonstrate effectiveness in interdicting and prosecuting traffickers: at least 110 arrests were made from January through August 1989 resulting in 17 convictions with lengthy prison terms. (The remainder of the cases are pending before the Special Narcotics Tribunal, which records a rate of conviction of over 90 percent.)

A.3. Plans, Programs and Timetables (1990)

The FMG has publicly announced its intent to set up a Nigerian Drug Law Enforcement Agency modeled on the U.S. DEA. Talks concerning U.S. cooperation and assistance in establishing the Nigerian DRUG Law Enforcement Agency were held in Washington in December 1989.

Also at the December 1989 U.S.-Nigeria bilateral talks in Washington, the negotiating teams discussed details of establishing a joint U.S.-Nigeria task force for exchanging narcotics intelligence to lead to the arrest and prosecution of Nigerian narcotics trafficking ringleaders. This is an area in which Nigerian performance whas not been strong. Nigerian authorities acknowledge this and say that they wish to focus on improving their efforts to go after narcotics kingpins.

Nigeria and the U.S. expect to finalize in early 1990 a Memorandum of Understanding (MOU) detailing steps both sides will take under the 1989 Mutual Cooperation Agreement (Chiles Amendment Agreement) to curb illicit narcotics trafficking.

At least eight Nigerian law enforcement officials are scheduled to attend various USG sponsored narcotics control training programs in the region or in the U.S. in 1990. In addition, DEA provides continuous training of Nigerian Customs officers and other law enforcement officers in detection techniques at the Lagos Airport.

A.4. Adequacy of Legal and Law Enforcement Measures

Nigeria has severe penalties for narcotics offenses, including 8-12 years imprisonment for exporting illicit narcotics and 22 years to life for importing. Discussions on the forthcoming new decree on narcotics have included consideration of reinstituting the death penalty for trafficking and 20-year sentences for money laundering.

The FMG has authority to seize assets in narcotics-related cases. Such authority also allows for response to requests for seizures from the U.S. Government. Assets which may be seized include vehicles, businesses and personal property. The FMG also has authority to freeze bank accounts of suspected narcotics offenders. Seizures can be made either by police or Customs; proceeds of sales of seized assets revert to the Federal Treasury. In practice, however, seizures are only authorized when an offender has been convicted; during the often long period of incarceration pending trial, the offender has ample opportunity to dispose of his assets. No reliable statistics exist on the value of assets seized in 1989 and the FMG's response to U.S. requests for assets seizures are yet to be tested under the new U.S.-Nigeria MLAT.

Although the legal framework to combat it is adequate, corruption remains a pervasive problem. This aspect, combined with the growing sophistication of Nigerian trafficking organizations, presents the FMG with a major challenge. Several customs officers were arrested in 1989 for aiding and abetting narcotics trafficking, but the level of corruption, at least among customs officials, appears to have declined since the transfer of the majority of drug interdiction responsibilities to the Customs Drug Unit in 1988.

With regard to the requirements of Section 2013 of PL 99-570, the Government of Nigeria does not encourage or facilitate the production or distribution of illicit narcotic psycho'ropic drugs or other controlled substances. Rumors continue to circulate from time to time that customs officials of the FMG have encouraged or facilitated trafficking in such materials, but these allegations have not been substantiated. No senior official has been indicted for narcotics-related corruption.

The FMG continues to make an effort to cooperate with U.S. Drug Enforcement Administration agents, insofar as it is able to do so within a cumbersome bureaucratic framework.

In the single extradition case encountered since the conclusion of an executive agreement on mutual assistance in law enforcement matters in late 1987, the Federal Ministry of Justice proved highly cooperative. Because of delays in providing the necessary documentation on the U.S. side, however, the Nigerian court system released the several individuals under its statute of limitations.

A.5. Domestic Drug Abuse

Although there are no statistics on drug abuse in Nigeria, indications are that it is on the rise. Rehabilitation centers (mostly psychiatric hospitals) report an increase in narcotics-related patients. Street activities show heroin sold in amounts as small as several grams, indicating it is meant for consumption rather than resale. Cocaine use is thought to be commonplace only among the affluent--most of whom acquired the habit abroad; marijuana use is considered widespread at all levels of society--and growing.

B. Production

Only marijuana is cultivated in Nigeria. There are no statistics on its production and no indications of any FMG crop eradication efforts in 1989, although the FMG has reported destroying crops in the past.

NIGERIA

C.1. Statistical Tables							
B. DATA TABLES	for CY	1990 est.	1989	1988	1987	1986	
Seizures	4						
Hero - Cocaine	[mt]		2.00	0.05	0.14	0.02	
Marijuana	[mt]		0.02	0.06	•	-	
Arrests							
Nationals			165	- 88	137	294	
Foreigners			0	0	4	5	
Total Arrests			165	88	141	299	

Only incomplete data are available on narcotics arrests and seizures for the period January-August 1989. The greatest portion of the data presented below reflects activity of the Customs Narcotics Unit at Lagos Airport; only small numbers of arrests and seizures took place at other ports of entry/exit. Nigerian authorities make little distinction between heroin and

cocaine-classifying both as "hard drugs." Most reports of large cocaine seizures have later proved to be heroin; thus, heroin and cocaine are grouped together in one category.

SENEGAL

A.1. Status of Illicit Narcotics Production and Trafficking

Senegal is an important transit country for narcotics destined for Europe and the United States. The increased amounts of drugs passing through the country are evidenced by greater (ranging from 1.6 kg to 7 kgs) seizures of heroin and cocaine at Dakar-Yoff International Airport in the latter half of 1989, and falling local street prices for amphetamines, marijuana, heroin and cocaine. Arrested traffickers reported that Europe is the primary destination for a large percentage of the heroin and cocaine transiting Senegal. This is substantiated by a number of arrests of Senegalese nationals in 1989 in Spain, France and Germany for transporting and distributing narcotics. Embassy Dakar has recently learned of and reported an effort to recruit Americans in the United States for courier duty by offering "free vacations in Senegal." We have no evidence that narcotics proceeds are laundered in Senegal. While corruption exists at low levels, we have no indication of systemic involvement of the government or its senior officials in narcotics-related corruption. There are no DEA officials resident in Senegal; cooperation with visiting regional DEA officers has been good.

A.2. Accomplishments in 1989

On October 4, 1989, the Senegalese National Assembly unanimously approved law 27/89 which authorized the President of Senegal to ratify the United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances signed by Senegal on December 20, 1989. On November 16, 1989, following 18 months of deliberations, the National Commission on Narcotics adopted a national narcotics strategy. It is a multidisciplinary approach which includes increased focus on interdiction of narcotics coming into or transiting the country, measures to cut demand, and treatment of addicts and users. The government also launched a year-long anti-drug publicity campaign, capped by a "week of national mobilization against problems resulting from narcotics" featuring an exhibition on drugs and addiction.

In 1989, the U.S. Government provided law enforcement commodity assistance to the Senegalese government to equip the anti-narcotics "brigade" at the Dakar-Yoff International Airport. This equipment, including a car, radios and cameras, was turned over to the unit in January 1990. Two high-ranking Senegalese police officers participated in USIS' International Visitor (IV) Program to study American anti-narcotics methods. Four other officers (two from the police and two from customs) attended a West African regional narcotics training program in Abidjan funded by the Department of State (INM) and taught by U.S. Customs. Two of these officers (one from each service) remained for a follow-on train-the-trainer course.

A.3. Plans and Programs for 1990

The U.S. is exploring ways of meeting Senegalese Government requests for additional training in 1990. The Senegalese Government has also requested law enforcement commodity assistance for the narcotics "brigade" at the port of Dakar, similar to that provided to the airport narcotics "brigade" in 1989.

The Government of Senegal has expressed interest in negotiating an extradition treaty with the U.S. Government based on the United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988).

A.4. Adequacy of Legal and Law Enforcement Measures

Senegalese authorities are drafting an asset forfeiture and seizure statute, under the umbrella of the newly adopted National Narcotics Strategy. Post is following up on Government of Senegal (GOS) interest in negotiating an extradition treaty with the U.S. Government.

With regard to the requirements of Section 2013 of PL 99-570, the Government of Senegal does not encourage or facilitate the production or distribution of illicit narcotic psychotropic drugs or other controlled substances. No senior official has been indicted for narcotics-related corruption.

A.5. Domestic Drug Abuse

No figures are readily available on the number of actual users in Senegal. The figure of 200 heroin addicts has been bandied about, but no reliable statistics exists. Heroin, cocaine, marijuana (both foreign and domestic) and various tablets are readily available on the streets and their prices have fallen substantially over the past year.

B.1. Nature of Illicit Drug Production

Senegal is not a major, or even a significant, site for the cultivation or refining of narcotics or trade in precursor chemicals. There is no known production in Senegal of narcotics or precursor chemicals other than two types of cannabis consumed locally. Senegal's location, however, is an ideal location for drug trafficking, given its geographical location and good air and sea connections to Europe, South and North America.

C.1. Statistical Tables

DATA TABLES for CY	Y 19	90 t.	1989	1988	
Seizures(mt)				•	
Heroin	-		.011	.003	
Cocaine		:	.005	.002	
Cannabis	-		.302	4.0	
Amphetamines(unit)) ,	6,898	3	-	
Barbiturates(unit)	-	3,283	3		
Arrests (a)	1,435	4,980) ,		

(a) Heroin/cocaine connected arrests numbered 50 in 1989 and 90 in 1988. Amphetamine/barbiturate connected arrests numbered 332 in 1989; no breakdown was available in 1988. The remaining number for each year represents Cannabis/hashish connected arrests.