

## **International Narcotics Control Strategy Report -2003**

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### **Canada, Mexico, and Central America**

#### **Belize**

##### **I. Summary**

Belize, part of the major transit zone for narcotics moving towards the U.S., was removed from the Majors list in 1999. At the time, declining seizure rates and lack of hard evidence that drugs were transiting through Belizean waters and air space supported this decision. However, new evidence that Belize is a regular transshipment point continues to emerge.

The Government of Belize (GOB) recognizes that the transit of cocaine and other drugs are serious matters. The GOB continues to work closely with the United States on narcotics control and other international crime issues—most notably, stolen vehicles. The Belize Police Department, the Belize Defense Force, and the newly established International Airport Canine Unit provide counternarcotics efforts. Although the size of the Belize Police Department did not change in 2003, requests for training and other assistance to professionalize the force have been notable. Unfortunately, police department efforts to battle narcotics transshipment are half-hearted due to lack of air and maritime assets and internal government corruption. Belize is a party to the 1988 UN Drug Convention.

##### **II. Status of Country**

Belize, a potentially significant transshipment point for illicit drugs between Colombia and Mexico, continues to cultivate a small amount of marijuana, primarily for local consumption. The Belize Defense Force and the Belize Police Department have led successful eradication efforts over the past few years. Contiguous borders with Guatemala and Mexico, large tracts of unpopulated jungles and forested areas, a lengthy unprotected coastline, hundreds of small caves, and numerous navigable inland waterways, combined with the country's rudimentary infrastructure add to its appeal for drug trafficking. The number of abandoned suspect boats and airplanes found in Belizean waters and in clandestine areas increased in 2003. Drug-trafficking go-fasts have access to the coast at Belize City and are able to unload illicit cargo alongside legitimate shipments.

##### **III. Country Actions Against Drugs in 2003**

**Policy Initiatives.** The Anti-Drug Unit (ADU) expanded to 35 officers in 2003. The ADU is responsible for all counternarcotics work, both on land and at sea. Roughly one-third of the officers is stationed in the ADU office in Belmopan and the rest are stationed in the Belize City Office. Unfortunately, their superiors assign many ADU officers to combat violent crime in the streets, cutting into the time they can spend on narcotics investigations. The "Canine Unit", a branch of the ADU, comprising seven canine members and seven handlers, refurbished its kennel in 2003. The U.S. Government donated three canines upon GOB request. One of the canines was trained to detect explosives—a new concept for Belize. Another canine was cross-trained to find both narcotics and weapons.

In 2003, Belize's Ministry of Home Affairs established a Forensic Laboratory project. A newly constructed building in Ladyville will house the Forensic Laboratory, fingerprinting facilities, and city morgue. A British contractor conducted an intense evaluation of the existing program, and upon his recommendation, new equipment was donated, intensive training was requested and a

project manager was hired to develop a new Forensics Program with focus on Crime Scene Management and fingerprinting. The police department, which traditionally relied on officers for technical crime scene assistance, realized that it needed dedicated crime scene technicians and fingerprint technicians, and it hired civilians to do the job.

**Accomplishments.** A recent program provided significant assistance to unlicensed firearms investigations. The GOB installed an anonymous tip line for crime information, and advertised a one-month "Gun Amnesty" period. After the amnesty period, Belize took a harder stance on unlicensed firearms and revised its firearm legislation. This appears to have been one of the most successful self-initiated programs within Belize law enforcement over the past few years.

The GOB fully cooperated in one joint counternarcotics operation in 2003 utilizing Joint Task Force Bravo assets.

**Cultivation/Production.** The GOB successfully carried out many independent marijuana eradication missions in 2003. By October 2003, 103,058 marijuana plants had been eradicated. Illicit cultivation continues to occur at reduced levels from the widespread cultivation of a decade ago. Belize has a dense rainforest canopy, and farmers often grow crops in remote areas. Marijuana remains the most popular drug crop grown in Belize, but there is no evidence that it has any significant effect on the U.S. The BDF and BPD conduct manual marijuana eradication missions on a regular basis using their own aerial reconnaissance program.

**Precursor Chemical Control.** Although Belize has had very limited signs of precursor chemical production, the GOB, in support of the 1988 UN Drug Convention, has an existing precursor chemical program. The Medical Department at Carl Heusner Hospital keeps track of all statistics on precursor chemicals. Legislation for precursor chemical control was written and is in the edit process, with no specific date for presentation to the House. The legislation covers a variety of aspects including control, enforcement and registration of all precursor chemicals.

**Asset Seizure.** GOB law permits the seizure of assets connected to drug trafficking. To date planes, boats, cash, vehicles and weapons have been seized. Unfortunately, the vast majority of these seized assets are sold at grossly undervalued amounts to "friends" of the government. Very little, if any, of the proceeds from sale of seized assets is reinvested in fighting crime or narcotics trafficking.

**Domestic Programs/Demand Reduction.** GOB demand reduction efforts are coordinated by the National Drug Abuse Control Counsel (NDACC), which provides drug abuse education, information, counseling, rehabilitation and outreach. NDACC also operates a public commercial campaign, complete with radio advertisements and billboards, designed to dissuade youths from using drugs.

**Law Enforcement Efforts.** Authorities seized 56.7 kilograms of cocaine in 2003. They also seized 55 kilograms of cannabis, 1 kilogram of cannabis seed, 144 grams of heroin, and 2 kilograms of crack cocaine. The ADU is supposed to be dedicated solely to handling narcotics cases and conducts operations throughout the year. To this end, 473 arrests were made on drug-related charges stemming from possession of or trafficking in marijuana, cocaine, crack cocaine and heroin. Additionally, fifteen go-fast boats originating from Colombia and three aircraft were seized. Finally, the Belize police arrested two local high-level narcotics traffickers, who were surrendered to U.S. authorities and currently are being prosecuted in the U.S.

The GOB's most serious internal drug problem is rooted in drug-associated criminality. Obtaining convictions remains difficult, as the Office of the Public Prosecutor remains under-trained, under-paid, and poorly equipped. The GOB is refurbishing its fingerprinting program with the assistance of the Panamanian government and the FBI. This is thought to be the key factor in obtaining

convictions. The GOB expects to have its fingerprinting program reconstructed by the end of FY2004. The government also expects to have 14 civilian crime scene technicians trained and in the field by March 2004 to improve crime scene collection in conjunction with the opening of the new Forensics Laboratory.

**Corruption.** There is no evidence of narcotics-related corruption within the GOB. However, there is a general problem with corruption within some government agencies. In April 2000, the GOB created an Office of the Ombudsman, which can independently investigate allegations of wrongdoing. The police also have an internal affairs investigator charged with handling complaints against police officers. A number of officers were dismissed in 2003 for misbehavior. RSO, DEA and NAS continue to gather increasing evidence and information pointing to the fact that the GOB suffers from serious corruption problems at all levels.

**Agreements and Treaties.** Belize has been a party to the 1988 UN Drug Convention since 1996. In July 2002, Belize ratified a stolen vehicle treaty with the U.S. Five stolen cars were investigated by the National Insurance Crime Bureau (NICB) and were successfully returned to the U.S. under the treaty. In September 1997, the GOB signed the National Crime Information Center Pilot Project Assessment Agreement, which allows for sharing of information and data between the U.S. and Belize. In 1992, Belize set the standard for maritime counternarcotics cooperation in the region by signing the first Maritime Counter Drug Agreement with the U.S. The GOB and the U.S. signed an Over Flight Protocol to the 1992 Maritime Agreement in April 2000 and placed a request for more joint operations under the Sea Rider Agreement in June 2003. A new Extradition Treaty entered into force in March 2001, and one individual on the "United States Marshals Service 15 Most Wanted" list was extradited under that treaty. The U.S.-Belize Mutual Legal Assistance Treaty (MLAT) entered into force in July 2003; Belize has been extremely responsive, primarily through its Financial Intelligence Unit, in executing requests under this treaty. Belize is a party to the Inter-American Convention Against Corruption.

**Drug Flow/Transit.** Maritime routes along Belize's lengthy coastline, remote border crossings and navigable inland waterways are the suspected means for trafficking narcotics through Belize to Mexico, Guatemala, and the U.S. The major narcotics threat in Belize is cocaine transshipment through Belize waters for onward shipment to the U.S. Cargo guards protect shipments of cocaine. Mexicans and Colombians carry automatic weapons and are considered extremely dangerous. These circumstances, coupled with the lack of visibility at night and the vegetation concentrated on the mangroves, makes sea duty hazardous. The primary means for smuggling drugs are go-fast boats transiting the reef system; traffickers can operate in relative safety due to numerous hiding spots and shallow water. Often the drugs are off-loaded on the ocean side near the barrier reef to smaller vessels. These vessels freely transit inside Belize waters due to the lack of adequate host nation resources and interdiction capabilities, including equipment, vessels, personnel, and other items deemed necessary, as well as a lack of critical information, such as locations and times of delivery.

Once cocaine is delivered to Belize, it moves northward—often along the northern highway. This highway leads to the Corozal commercial free zone as well as the Santa Elena Belize/Mexico border crossing. Trafficker exploitation of several unguarded remote border crossings and lax customs enforcement contribute to cross-border operations.

Three deserted airplanes suspected of hauling large drug shipments were found in the latter half of 2003. One Antonov Russian cargo plane landed in the Northern District of Blue Creek and was suspected of hauling 2,000 kilograms of cocaine. These discoveries signal that air trafficking has continued to increase in Belizean airspace. It is suspected that river "wet drops" have also increased.

Intelligence suggests that the Colombian drug cartels have established partnerships with Mexican drug cartels, creating an increase of Mexican drug trafficking activities in Belize. It has also been

confirmed that these Mexicans have been masterminding clandestine aircraft and sea vessel drug operations within Belize. The local Belizean drug trafficker merely provides resources and assists in the load transiting Belizean territory into Mexico while the Mexicans are fully in charge and responsible for the operation's success.

#### **IV. U.S. Policy Initiatives and Programs**

**U.S. Policy Initiatives and Bilateral Cooperation.** The U.S. strategy in Belize continues to focus on assisting the GOB to develop a sustainable infrastructure to combat its drug problems effectively. In 2003, USG support included: counternarcotics and law enforcement assistance, which provided the host nation with equipment and training for the Belize police department's counternarcotics unit and canine branch, as well as the Belize Defense Force; and training for the Department of Immigration and the Customs and Excise Department, as well as the magistrate, supreme courts and the Director of Public Prosecution's Office. Under DEA leadership, an Airport Anti-Drug Task Force was established in October 2003, comprised of the Police Department, Immigration, Customs and the Airport Canine Unit. The USG also responded to a request by the International Airport to purchase new narcotic and explosive detection canines to reinstate a canine program that has been extremely effective in the past. The U.S. Coast Guard and the U.S. Southern Command, including JIATF-E and JTF-Bravo among others, have responded to GOB requests for training and logistics support for counternarcotics activities.

**The Road Ahead.** Given frequent changes in trafficking routes and Belize's lack of maritime and air assets, the potential remains for Belize to become an ever-increasing transshipment point for cocaine. Local marijuana cultivation necessitates continual monitoring and periodic eradication. After five years in power, the People's United Party continues to advocate combating drug trafficking and associated crime as a top priority, but avoids providing the appropriate units with resources. U.S. Mission support should continue to focus on supporting police counternarcotics units and the task force within the airport, providing improved communications and technology for all law enforcement branches, and improving Belize's Rule of Law infrastructure. Improvements in communications, collection of crime scene evidence and forensic examination, and increased training within the Prosecution office are currently being pursued, and seem to point the way toward a stronger criminal justice system in Belize.

#### **Canada**

##### **I. Summary**

The Government of Canada (GOC) seeks to reduce the harm caused by illicit drugs within its borders. Health Canada is the ministry charged with overall coordination of the nation's counternarcotics strategy, although other federal departments, municipal and provincial/territorial governments are fully involved in addressing control of illicit drugs. Internationally, Canadian law enforcement coordinates closely with U.S. counterparts to stem the flow of narcotics into North America and to combat transnational organized crime. Canada is a party to the 1988 United Nations Drug Convention Against Illicit Trafficking in Narcotic Drugs and Psychotropic Substances.

In 2003, the GOC promulgated key regulations to help the GOC to monitor and control firms and transactions involving chemical precursors. The regulations, which implement legislation passed in 1996, are an important first step in making it more difficult for traffickers to obtain precursor chemicals and over-the-counter drugs needed to produce illicit synthetic drugs; however, Canada remains a source and transit country for precursor chemicals and marijuana destined for the United States, including higher-potency hydroponically-grown marijuana. The GOC proposed cannabis reform legislation (Bill C-38) that included alternate sentencing in cases involving possession of small amounts of marijuana intended for personal use—civil penalties (fines) rather

than criminal charges—and increased criminal penalties for drug traffickers. The bill died under procedural rules in November, but was reintroduced in February 2004 by the new government, led by Liberal Party Leader Paul Martin.

## **II. Status of Country**

In recent years, Canada has been a significant producer (from imported bulk materials) and transit country for precursor chemicals and over-the-counter drugs that are used to produce illicit synthetic drugs. Regulations effective in early 2003, however, require the licensing of Canadian companies to import, export, produce, or distribute precursor chemicals. This is a positive first step that makes it more difficult for criminals to divert precursor chemicals into the U.S. or other countries.

Pseudoephedrine (PSE), a common cold remedy and the main component in the manufacturing of methamphetamine, is legally imported into Canada from China, India, and Germany. Based on seizures and arrests in the United States in recent years, U.S. law enforcement authorities estimate that a significant portion of the PSE imported into Canada has been diverted to the United States for the production of illicit drugs. In 2003, however, DEA reported a significant drop in seizures of Canadian-sourced PSE, indicating a possible decline in diversion; as of September 15, U.S. authorities had seized 8.8 million Canadian-sourced tablets compared with 22 million tablets in 2002. Other precursor chemicals available in Canada and used in the production of synthetic drugs are sassafras oil, piperonal, and gamma butyrolactone (GBL). These precursors are used in the manufacturing of ecstasy (methylenedioxyamphetamine or MDMA), methylenedioxyamphetamine (MDA), and gamma hydroxybutyrate (GHB). A variety of synthetic drugs are also produced in Canada, including MDA and GHB, and are trafficked into the United States.

Cannabis cultivation, much of it destined for the United States, continues to expand throughout the country and is a serious concern for both governments. While the GOC does not produce annual production estimates, the Royal Canadian Mounted Police (RCMP) has, since 1998, estimated annual production of marijuana at approximately 800 metric tons (MT), based on seizures and average yield per plant. However, the a significant increase in marijuana seizures by U.S. law enforcement along the U.S.-Canada border, from 26,435 pounds in 2002 to 48,087 pounds in 2003, has led U.S. analysts to believe that production in Canada may be higher than previously estimated. In addition, productivity appears to be increasing. Vietnamese organizations, for example, have developed technologically-advanced methods to produce high-THC level marijuana in hydroponic hothouses. Canadian law enforcement officials have also seized a few aeroponic installations, in which the roots are suspended in mid-air and sprayed regularly with a fine mist of nutrient-enriched water. Multi-thousand plant operations are no longer uncommon in Canada, and the RCMP has destroyed over 1.1 million plants in each of the last five years. Canadian law enforcement agencies have made considerable efforts to target criminal organizations involved in marijuana production, this is made more difficult by limited resources, increasing cultivation, and the minimal penalties imposed on growers by many courts.

Canada is also a significant consuming country of illicit drugs.

According to the RCMP, outlaw motorcycle gangs and Asian, Colombian, and Italian-based criminal organizations cooperate with one another to varying degrees in the trafficking and distribution of illegal drugs. Asian-based organized crime dominates the trafficking of heroin from Southeast Asia to Canada. The RCMP estimates that one to two tons of heroin are required annually to meet the demand of Canada's estimated 25,000 to 40,000 heroin users. Cocaine trafficking and distribution appears to involve a number of organized crime groups as well as individual carriers and sellers, Canadian or foreign. The RCMP estimates that approximately 15 to 24 metric tons of cocaine enter Canada annually, originating in South America and often transiting through Jamaica and the United States. In addition to substantial domestic production,

Canada imports marijuana from abroad. In 2002, Canadian authorities seized nearly 3 metric tons of foreign marijuana coming from the United States, Mexico, Colombia, the Caribbean, the Middle East, and to a lesser degree, Thailand and Morocco. The RCMP reports that ecstasy (MDMA) imports into Canada have been increasing over the past several years and law enforcement officials in Canada seized 1.7 million ecstasy tablets during 2003. Though small-scale production occurs in Canada, it is Netherlands-based traffickers who bring the bulk of the ecstasy supply into Canada from Western Europe. The RCMP estimates that the drug trade in Canada generates over \$3 billion in criminal proceeds at the wholesale level and \$13.5 billion at the street level. Drug use among Canada's youth appears to be increasing; a Health Canada study in 2003 reported that 50 percent of Canadian youth between the ages of 16 and 19 have tried marijuana more than once.

### **III. Country Actions Against Drugs in 2003**

**Policy Initiatives.** The GOC recognized that Canada needed to adopt a regulatory and administrative framework to better control precursor chemicals. Regulations, promulgated in 2002, took effect in January 2003, which implemented provisions of the Controlled Drugs and Substances Act. The new system strengthens Canada's ability to monitor and control precursors and other substances used in the clandestine manufacturing of synthetic drugs. Companies must now be properly licensed in order to import, export, produce, or distribute precursor chemicals. As of November 2003, the GOC had granted licenses to almost 300 companies and issued over 400 export and 800 import permits for class A precursors. The new regulations encourage legitimate companies to work with Canadian authorities to identify suspicious trafficking activity; however, reporting of such activity is voluntary rather than compulsory and companies are not required to undergo mandatory on-site visits prior to being registered. Also, the regulations do not grant law enforcement officials access to all records of regulated transactions.

In May 2003, the GOC introduced cannabis reform legislation that, inter alia, included alternate sentencing for possession of small, personal-use amounts of marijuana. Had the legislation passed, an adult caught with 15 grams or less of marijuana (equivalent to about 20 cigarettes) would have received a fine of \$115 and a minor, a fine of \$75. The legislation died when Parliament prorogued on November 12, although it was reintroduced by the new government in February 2004. Canadian law currently provides for the legal use of marijuana for medical purposes and Health Canada was instructed in 2003 to make marijuana available to some 700 Canadians with medical authorization. An Ontario court of appeals ruled in October that ill people may grow their own marijuana supply or obtain it from designated growers. The ruling closed a loophole, created by a previous court decision, which had effectively invalidated Canada's marijuana possession law as unconstitutional because it failed to provide exemption for medical use. In December 2003, Canada's Justice Department announced that it would not prosecute the approximately 4,000 people who were charged with possession of marijuana during this period of legal confusion.

In September 2003, the provincial government of British Columbia opened a supervised drug injection site in the Downtown Eastside area of Vancouver, home to an estimated 4,000 injection drug users. The pilot project, the first of its kind in North America, will cost an estimated \$1.5 million a year to operate. British Columbia is financing the project, although Health Canada has committed \$1.15 million to fund research. Vancouver city officials hope that the injection site will reduce the number of heroin deaths in the city as well as decrease the spread of HIV and Hepatitis C from intravenous drug use.

On December 12, Prime Minister Paul Martin announced a major initiative to create a new Ministry of Public Safety and Emergency Preparedness (PSEP). The new Ministry incorporates the law enforcement and public security activities of the former Office of the Solicitor General with additional functions of critical infrastructure protection and emergency preparedness; it will also add a National Crime Prevention Centre. In addition, a new Canada Border Services Agency will

build on the Canada-U.S. Smart Border Initiative and the progress being made in expediting trade and travel while enhancing security with respect to high-risk arrivals. A new National Security Advisor to the Prime Minister in the Privy Council Office has been appointed and a new Cabinet Committee on Security, Public Health, and Emergencies established to manage national security and intelligence issues and activities and coordinate government-wide responses to all emergencies, including public health, natural disasters and security.

**Accomplishments.** In May 2003, the GOC announced the renewal of its comprehensive drug strategy. Health Canada committed \$186 million over five years to reducing both the demand for, and the supply of, illegal drugs in Canada. The renewed strategy will attempt to accomplish its goals through education, prevention, and health promotion initiatives, as well as stronger enforcement efforts. The strategy also provided new funding for statistical research on Canadian drug trends to enable more informed decision-making.

**Law Enforcement Efforts.** In April 2003, the DEA and RCMP announced the arrest of over 65 individuals in ten cities across the United States and Canada. The investigation, dubbed Operation Northern Star, targeted the entire methamphetamine trafficking process, including the suppliers of precursor chemicals, chemical brokers, transporters, manufacturers, distributors, and money launderers. The 34,000 pounds of pseudoephedrine seized in the investigation could have produced approximately 20,000 pounds of methamphetamine.

In May, the RCMP seized approximately 1.4 metric tons of cocaine in international waters in Project Outer Limits, the fifth largest single seizure of cocaine in Canadian history, with a street value of \$105 million. In December, RCMP and Canada Customs seized 200 kilograms of ecstasy, the largest amount of this drug ever seized in Canada. In September, an interagency police operation netted over 12,000 marijuana plants in eastern Ontario, worth an estimated street value of over \$9 million.

**Corruption.** Canada holds its officials and law enforcement personnel to a very high standard of conduct and has strong anticorruption controls in place. Government personnel found to be engaged in malfeasance of any kind are removed from office and are subject to prosecution. Investigations into accusations of wrongdoing and corruption by government officials are thorough and credible. As a matter of government policy, Canada neither encourages nor facilitates illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions.

**Cultivation/Production.** Cannabis cultivation, because of its profitability and relatively low risk, is a thriving industry in Canada. While the GOC does not produce a national estimate of cannabis production, the RCMP has estimated it at around 800 metric tons for many years; however, the USG believes that the figure could be much higher. Law enforcement officials seized approximately 1.1 million plants in raids in 2003. While outdoor cultivation continues, use of indoor grow operations is increasing because it allows production to continue year-round; they are also becoming larger and more sophisticated. Canadian law enforcement authorities estimate that marijuana cultivation in British Columbia alone represents a \$1 billion dollar a year growth industry with a sizable amount of the harvest being smuggled in to the United States. Nationwide, marijuana production generates an estimated \$4 billion in criminal proceeds annually.

**Drug Flow/Transit.** Drugs are smuggled into Canada for domestic use and for transshipment to the United States. Some illicit drugs destined for Canada come from or through the U.S. Heroin and marijuana arrive by both sea and land; cocaine and hashish arrive primarily by sea. Traffickers use couriers, commercial shipments, and international mail to move drugs.

**Domestic Programs (Demand Reduction).** Health Canada is the focal point for the nation's drug control policy and emphasizes demand reduction as an integral component of its drug

control strategy. In an effort to decrease demand, Health Canada has financed a number of public education campaigns, many with a specific focus on youth. The GOC, along with NGOs, also offers extensive drug abuse prevention programs. Drug treatment courts in Vancouver and Toronto offer alternatives to jail for convicted drug abusers facing incarceration for non-violent drug possession offenses.

**Agreements and Treaties.** Canada is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, and the 1961 UN Single Convention on Narcotic Drugs as amended by the 1972 Protocol. Canada is a party to the Inter-American Convention on Mutual Legal Assistance in Criminal Matters and the Inter-American Convention Against the Illicit Manufacturing of and Trafficking in Firearms, Ammunition, Explosives and Other Related Materials. Canada has also signed the Inter-American Convention Against Corruption. Canada has ratified the UN Convention against Transnational Organized Crime. Canada has ratified all 12 United Nations Security Council Resolutions pertaining to terrorist financing.

Canada actively participates in international activities aimed at eliminating illicit drugs. In November 2003, Canada assumed the Chairmanship of the Organization of American States' Inter-American Drug Abuse Control Commission (CICAD) at its meeting in Montreal. In 2003, Canada provided technical assistance and \$115,000 to CICAD for specific projects, including developing partnerships between health and law enforcement officials on drug issues. The GOC participates actively in the Dublin Group and the Commission on Narcotic Drugs (CND) of the United Nations Office on Drugs and Crime (UNODC).

#### **IV. U.S. Policy Initiatives and Programs**

**Bilateral Cooperation.** Canada and the United States have an extensive cooperative law enforcement relation. The two countries collaborate closely at both the federal and state/local levels, and this also extends into the multilateral arena. The principal bilateral cooperative forum is the annual Cross-Border Crime Forum, which engages policymakers in a joint effort to guide that relationship and to enhance coordination. The Forum's technical working groups continue to identify areas and priorities, such as intelligence sharing, where the two countries can better advance a common agenda.

In 2001, the U.S. Department of Justice and the Canadian Department of the Solicitor General released a joint report assessing the common threat posed by the cross-border illegal drug trade; this is currently being updated. In addition, Project North Star is an ongoing mechanism for operational coordination. The two governments also have broad array of agreements in place to facilitate cooperation in legal matters, such as the extradition and mutual legal assistance treaties, an information-sharing agreement, and an asset sharing agreement.

Canada is one of the USG's principal extradition partners.

The RCMP and U.S. law enforcement agencies provide reciprocal direct access to each other's criminal databases, including the Canadian Police Information Center (CPIC), a firearms identification database, and a unique automotive paint chip database. Canadian law enforcement benefits from access to the El Paso Intelligence Center (EPIC) and the USG's tactical National Drug Intelligence Center (NDIC). However, some aspects of Canada's criminal justice system, such as Canada's strict privacy laws, limits timely information exchange in some areas.

**The Road Ahead.** The U.S. is confident that law enforcement cooperation and coordination with Canada will continue to expand in the future. The GOC has taken important steps to enhance the capabilities of Canadian law enforcement to confront the growing threat of international organized crime, drug trafficking, and money laundering. For the year ahead, the USG remains particularly interested in the issue of precursor chemicals, and hopes that the chemical control regulations

enacted by Canada in 2003 can be further strengthened to become an even more effective instrument in the effort to stem the diversion of these chemicals into the United States or other countries. Given the impact of Canadian-produced marijuana on the U.S., the USG is concerned about the possible negative consequences that some aspects of the proposed cannabis reform package could have on trafficking or on international cooperation, and hopes that international considerations are taken into account as the legislative process proceeds.

To further improve cooperation with Canada, the USG is committed to: support Canadian efforts to further strengthen chemical control legislation and regulatory practices, consistent with international standards and practices; maintain and expand two-way intelligence sharing to include the timeliness and relevance of information provided; expand professional exchanges and cooperative training activities between our law enforcement agencies; work with the GOC to increase the risks and penalties for criminals engaged in drug trafficking and other organized crimes; maintain joint cross-border investigations and operations; and to actively promote drug abuse awareness and prevention, particularly among our young people.

## **Costa Rica**

### **I. Summary**

Costa Rica serves as a transshipment point for narcotics from South America to the United States and Europe. The bilateral Maritime Counterdrug Cooperation Agreement, which entered into force in late 1999, continues to improve the overall maritime security of Costa Rica and serves as an impetus for the professional development of the Costa Rican Coast Guard. Costa Rican law enforcement officials continue to demonstrate growing professionalism and reliability as USG partners in combating narcotics trafficking and dealing with ever-changing drug smuggling methods. The amount of illicit narcotics seized in Costa Rica increased dramatically in 2003, almost doubling in the case of cocaine and more than doubling in the case of heroin. The Government of Costa Rica (GOCR) continued to implement a 2002 narcotics control law that criminalized money laundering and created a Counternarcotics Institute to coordinate the GOCR's efforts in the areas of intelligence, demand reduction, asset seizure, and precursor chemical licensing. Costa Rica is a party to the 1988 UN Drug Convention.

### **II. Status of Country**

Costa Rica's location astride the Central American isthmus makes the country an attractive transshipment area for South American-produced cocaine and heroin destined primarily for the United States. The difficulty of maritime interdiction in Costa Rican waters is exacerbated by a total maritime jurisdiction that is more than 11 times the size of Costa Rica's land mass. These territorial waters are used for both transshipment of illegal drugs and refueling operations in which fishing vessels re-supply go-fast boats. In 2003, 2660 kilos of cocaine were seized in Costa Rica's Eastern Pacific. Traffickers along northbound maritime routes continued to use routes through Costa Rica's Pacific Exclusive Economic Zone and those further out to sea in the Eastern Pacific. In the last quarter of CY 2003, two seizures of 500 kilos of cocaine, one of 127 kilos and one of 67 kilos, suggest traffickers' efforts to smuggle sizable quantities of cocaine by land, a method that had not been seen in Costa Rica since 1998.

The amount of illicit narcotics seized in Costa Rica increased dramatically in 2003, almost doubling in the case of cocaine and more than doubling in the case of heroin. The GOCR runs an effective airport interdiction program aimed at passengers and the Embassy has worked with its counterparts to extend that success to cargo inspection at the Juan Santamaria International Airport. A similar effort is underway in the seaports of Limon and Caldera; however, clear legal authority for onboard inspection of containers and ships has yet to be established. This legal

impediment and a lack of sufficient export control procedures for effective identification and inspection of high-risk cargo continue to present challenges.

Costa Rica has a stringent governmental licensing process for the importation and distribution of controlled precursor and essential chemicals and prescription drugs. Local consumption of illicit narcotics including crack cocaine and “club drugs,” along with the violent crimes associated with such drug use, are growing concerns to Costa Ricans. Costa Rican investigators made two seizures of ecstasy pills in the last quarter of 2003 that were significant by local standards, the first of 211 pills on October 30 and the second of 1051 pills on December 5. These two seizures suggest increased consumption in Costa Rica and the potential use of Costa Rica as a transshipment point for “club drugs.” In September 2003, Costa Rican authorities made the first recorded seizure of indoor hydroponic cannabis in Central America, raising concern over the possible export of high-quality cannabis. The GOCR is directing more resources to address the serious threats posed by narcotics trafficking but budgetary limitations continue to constrain the capabilities of law enforcement agencies.

### **III. Country Actions Against Drugs in 2003**

**Policy Initiatives.** The 1999 bilateral Maritime Counterdrug Cooperation Agreement and the Coast Guard Professionalization Law passed in 2000 have continued to catalyze the professional development of the Costa Rican Coast Guard. The Agreement, the first comprehensive six-part agreement in the region, has been instrumental in improving the overall maritime security of Costa Rica. The Costa Rican Coast Guard Academy established its permanent home in Golfito on the southwest Pacific Coast in 2002, and has thus far graduated 75 officials. On April 10, nine countries—Costa Rica, the Dominican Republic, France, Guatemala, Honduras, Haiti, the Netherlands, Nicaragua, and the United States—signed the “Agreement Concerning Cooperation in Suppressing Illicit Maritime and Aeronautical Trafficking in Narcotics Drugs and Psychotropic Substances in the Caribbean Area” in San Jose. Subsequently, Jamaica signed, bringing the total number of signatories to ten. While the agreement is not yet in force, the GOCR serves as the agreement's depository. The Costa Rica Counternarcotics Institute does develop an annual counternarcotics plan; however, resource limitations frustrate full implementation of the plan.

**Accomplishments.** Relations between U.S. law enforcement agencies and GOCR counterparts, including the Judicial Investigative Police Narcotics Section, the Ministry of Public Security Drug Control Police, the Coast Guard, and the Air Surveillance Section, remain close and productive, resulting in regular information sharing and joint operations. Evidence in 2003 of the USG's confidence in GOCR counterparts included the first-ever transfer by the USG to the GOCR, following a seizure on the high seas, of a significant amount of cocaine (1,360 kilograms) for destruction and a defendant for prosecution. In 2003, the Costa Rican Coast Guard, the U.S. Coast Guard and JIATFS conducted one joint counternarcotics operation. The refueling of two Costa Rican patrol craft in blue water made this another successful combined maritime operation and demonstrated again that Costa Rican vessels are a true force multiplier for the U.S. maritime interdiction effort.

**Law Enforcement Efforts.** The primary counternarcotics agencies in Costa Rica are the Judicial Investigative Police, under the Supreme Court, and the Ministry of Public Security's Drug Control Police. The Judicial Investigative Police operate a small, but highly professional, Narcotics Section that specializes in investigating international narcotics trafficking. The Drug Control Police investigate both domestic and international drug smuggling and distribution, and are responsible for airport interdiction as well as land-based interdiction at the primary ports of entry. Both entities routinely conduct complex investigations of drug smuggling organizations, resulting in arrests and the confiscation of cocaine and other drugs, using the full range of investigative techniques permitted under the country's progressive counternarcotics statutes.

Agents of the Drug Control Police have increased the threat to overland trafficking through the effective use of contraband detectors/density meters at both northern and southern borders, resulting in seizures of cocaine hidden within tractor-trailers. The Drug Control Police achieved a milestone in 2003 by initiating intelligence and enforcement action that resulted in arrests in Costa Rica and New York. The effectiveness of the Costa Rican investigation led to the seizure of six kilograms of heroin and the indictment of 15 individuals in the Southern District of New York. Given the threat posed by trafficking via commercial air cargo and container shipments, increased attention was given in 2003 to training counterparts in the Ministry of Finance's Fiscal Control Police and Customs Agency. Efforts continued in 2003 to link local law enforcement resources with the private sector through the Business Anti-Smuggling Coalition (BASC) program. In September, a Costa Rican BASC member provided information to the Embassy that led to the seizure by U.S. Customs and DEA of 48 pounds of cocaine from a container ship in Ft Lauderdale, Florida.

**Corruption.** The commitment to combat public corruption reaches to the highest levels of the GOCR. President Pacheco has worked aggressively to deter corruption among public officials. Vice President Saborio leads the National Council on Citizen Security and Participation that is charged with implementation of initiatives that encourage good governance and public sector transparency. The National Commission for the Improvement of Justice Administration is an umbrella organization responsible for promoting anticorruption awareness and transparency principles in the government and private sectors. Its work encompasses projects addressing judicial training and civic education, including instruction on fundamental rights for Costa Rica's indigenous population, human rights, and training programs in prisons. U.S. law enforcement agencies consider the public security forces and judicial officials to be full partners in counternarcotics investigations and operations with little or no fear of compromise to on-going cases. To the best of the United States' knowledge, no senior official of the GOCR engages in, encourages, or facilitates the illicit production or distribution of such drugs or substances, or the laundering of proceeds from illegal drug transactions. In December 2003, the GOCR signed the UN Convention Against Corruption. The Embassy is working with the Ministries of Finance and Public Security to reinforce the commitment against corruption through the enhancement of anticorruption mechanisms at each ministry.

**Agreements and Treaties.** The six-part bilateral Maritime Counterdrug Cooperation Agreement continues to serve as the model maritime agreement for Central America and the Caribbean. The agreement has promoted closer cooperation in the interdiction of maritime smuggling and permitted the interdiction of 15,903 kilograms of illicit drugs in Costa Rica's Exclusive Economic Zone by U.S. Coast Guard and Navy vessels since 1999. Results of the agreement in 2003 include one combined maritime counternarcotics operation, 16 U.S. law enforcement ship visits to Costa Rica in support of Eastern Pacific and Caribbean counternarcotics patrols, and a number of search and rescue cases by USG assets. The United States and Costa Rica have had an extradition treaty in force since 1991. The treaty is actively used for the extradition of U.S. citizens and third-country nationals, but Costa Rican law does not permit the extradition of its own nationals. Costa Rica has ratified the Inter-American Convention Against Corruption and signed the UN Convention Against Corruption. Costa Rica ratified a bilateral stolen vehicles treaty in October 2002. Costa Rica is a party to the 1988 UN Drug Convention, the 1961 Single Convention on Narcotic Drugs, as amended by its 1972 Protocol, and the 1971 Convention on Psychotropic Substances.

Costa Rica and the United States are also parties to bilateral drug information and intelligence sharing agreements dating from 1975 and 1976. Costa Rica is a member of the Caribbean Financial Action Task Force and the Egmont Group. It is also a member of the Inter-American Drug Abuse Control Commission of the Organization of American States (OAS/CICAD). Costa Rica has signed the UN Convention against Transnational Organized Crime, the Protocol to Prevent, Suppress and Punish Trafficking in Persons, and the Protocol against the Smuggling of Migrants, and the Protocol against the Illicit Manufacturing of and Trafficking in Firearms. Costa

Rica asserted its leadership on trafficking issues in 2003 by promoting the creation of a regional database to monitor child sexual exploitation through the Regional Commission on Migration.

**Cultivation/Production.** Marijuana cultivation is relatively small-scale and generally found in remote mountainous areas near the Panamanian border, in the Caribbean region near Limon and Talamanca, and the Valle del General on the southern Pacific coast. Such cultivation is sometimes intermixed with legitimate crops. Joint eradication operations are periodically carried out under the auspices of "Operation Central Skies," utilizing U.S. Army air assets. Over six million marijuana plants have been destroyed to date during these operations. In 2003, the Costa Rican Air Section and the Drug Control Police demonstrated an ability to conduct eradication operations independent of USG assistance, while seizing 448,000 plants. The quantity of plants eradicated suggests that marijuana is not being exported from Costa Rica. The first-ever seizure of hydroponic marijuana in 2003 created a concern that Costa Rica could become a distribution point for this drug. Costa Rica does not produce other illicit drug crops.

**Drug Flow/Transit.** The last half of 2003 witnessed a return to sizable overland shipments transiting Costa Rica in truck compartments, dump truck loads and car compartments that were characteristic of trafficking trends before 1999. GOCR officials have made numerous seizures at the international airport in San Jose, typically from departing passengers. Along with traditional body carrying methods, counternarcotics law enforcement personnel have uncovered some novel modes of concealment. The recent trend of increased trafficking of narcotics by maritime routes has continued, with indications that maritime traffickers solicit Costa Rican-flagged fishing vessels to serve as refueling vessels for northbound go-fast boats in the Costa Rican exclusive economic zone. Costa Rican internal drug use is mostly limited to marijuana, cocaine, and crack, but ecstasy is increasing in popularity among young adults. LSD and heroin have also been detected.

**Domestic Programs (Demand Reduction).** Costa Ricans have become increasingly concerned over local consumption, especially of crack cocaine and ecstasy. Abuse appears highest in the Central Valley (including the major cities of San Jose, Alajuela, Cartago, and Heredia), the port cities of Limon and Puntarenas, the north near Barra del Colorado, and along the southern border. The Prevention Unit of the Costa Rica Counternarcotics Institute oversees drug prevention efforts and educational programs throughout the country, primarily through well-developed educational programs for use in public and private schools and community centers. In November 2003, the Institute launched a country-wide campaign against ecstasy use with print, television and radio spots; web site information and training programs involving community leaders in contact with the target audience. The Institute and the Ministry of Education distribute demand reduction materials to all public school children. The Costa Rican Drug Abuse Resistance Education (DARE) Foundation, modeled after its U.S. counterpart, conducts drug awareness programs at over 500 public and private schools.

#### **IV. U.S. Policy Initiatives and Programs**

**U.S. Policy Initiatives.** The principal U.S. counternarcotics goal in Costa Rica is to reduce the transit of drugs to U.S. markets. Means of achieving that goal include: reducing the flow of illicit narcotics through Costa Rica; enhancing the effectiveness of the criminal justice system; reducing the use of Costa Rica as a money laundering center by strengthening enforcement of controls against such activities and encouraging the enactment of stricter controls on offshore banking; supporting efforts to locate and destroy marijuana fields; and the continued targeting of high level trafficking organizations operating in Costa Rica. Specific initiatives include: continuing to implement the bilateral Maritime Counterdrug Cooperation Agreement; enhancing interdiction of drug shipments by improving the facilities and training personnel at the northern border crossing of Penas Blancas; enhancing the ability of the Air Section of the Public Security Ministry to respond to illicit drug activities by providing equipment and technical training; improving law enforcement capacity by providing specialized training and equipment to the Judicial Investigative Police Narcotics Section, the Drug Control Police, the Intelligence Unit of the Costa Rica

Counternarcotics Institute, the National Police Academy, and the Customs Control Police; and increasing public awareness of dangers posed by narcotics trafficking and drug use by providing assistance to Costa Rican demand reduction programs and initiatives. The single formal border crossing between Costa Rica and Nicaragua at Penas Blancas provides a unique opportunity for law enforcement officials to reduce northbound overland cocaine trafficking through Central America via the Pan-American Highway. There are no secondary crossing points or alternative routes on the Costa Rican-Nicaraguan border to bypass this main checkpoint, except for routes that require use of a four-wheel drive vehicle. The U.S. Embassy is nearing completion of an enhanced port-of-entry/exit facility for greater border control. This facility will have the potential for future expansion to allow for southbound inspections seeking traffic in illegal arms, currency, precursor chemicals and stolen equipment. This facility is expected to be completed in January 2004. A Mobile Enforcement Team (MET) possessing specialized vehicles and equipment was inaugurated in 2003. The team—an interagency effort of canine units, drug control units, customs police and the Counternarcotics Institute—will supplement interdiction efforts at the inspection station. In November 2003, the MET participated in the first joint deployment of MET vehicles in a cross-border operation with Nicaraguan counterparts. The U.S. Customs Service and the DEA will continue to train MET officers.

**Bilateral Cooperation.** The Department of State allocated \$1.9 million appropriated under Title III, Chapter 2, of the Emergency Supplemental Act, 2000, as enacted in the Military Construction Appropriations Act (P.L. 106-246) for expanded assistance to the Costa Rican Coast Guard consistent with the MOU on Maritime Assistance and the Maritime Agreement. This assistance is designed to enhance Costa Rican and U.S. maritime security through the development of a professional Coast Guard. In 2003, USG assistance provided numerous U.S. Coast Guard training programs, over \$100K in maintenance and spare parts for the three U.S. donated 82-ft patrol boats, completed construction on a Coast Guard Station in Quepos on the Pacific coast, and continued funding support for a U.S. Coast Guard Advisor and a contract maritime engineering advisor position. The U.S. also provided increased information sharing on suspect vessel and air traffic movements near Costa Rica. The U.S. Embassy hosted a series of seminars on the law of maritime interdiction and boarding procedures that brought together Costa Rican Coast Guard officers, prosecutors and judges. The Embassy used the same inter-agency approach to provide a training series on law enforcement techniques related to border control and cargo inspection to five police organizations. Increased emphasis on operations that combine the forces of various law enforcement entities is anticipated in the next year. The United States acquired upgraded computers, peripheral equipment, and software for the Ministry of Public Security's Drug Control Police, Air Surveillance Section, and Migration Section; the Judicial Investigative Police Narcotics Section; the Public Prosecutor's Economic Crimes Section and Sex Crimes Section; and the Costa Rica Counternarcotics Institute's Financial Analysis Unit, Intelligence Unit and Precursor Chemicals Unit. Surveillance Vehicles were purchased for the Drug Control Police and Judicial Investigative Police Narcotics Section. A training package, four canines and a transport van were donated to the Ministry of Public Security's Canine Section.

**The Road Ahead.** The U.S.-sponsored, \$2.2 million Costa Rican Coast Guard Development Plan was completed in 2003. Subject to the availability of funds, the United States will continue to provide technical expertise, training, and funding to professionalize Costa Rica's maritime service and enhance its capabilities to conduct U.S. Coast Guard-style maritime law enforcement, marine protection, and search and rescue operations within its littoral waters in support of the bilateral Maritime Counterdrug Cooperation Agreement. Funding will also be sought for a Coast Guard Advisor. The United States seeks to build upon the on-going successful maritime experience by turning more attention and resources to land interdiction strategies, including expanded coverage of airports and seaport facilities. The centerpiece of this expanded focus will be the inauguration of the Penas Blancas Inspection Station. In conjunction with the Inspection Station, GOCCR counternarcotics agencies' interdiction capabilities will be enhanced through the continued in-country presence of a USG technical advisor from the U.S. Customs Service. The United States

will cooperate with the GOCR in its efforts to professionalize its public security forces and implement and expand controls against money laundering.

## **El Salvador**

### **I. Summary**

El Salvador is a transit country for narcotics, mainly cocaine and heroin. In 2003, the Government of El Salvador (GOES) passed a new counternarcotics law. The Forward Operating Location (FOL) facilities were expanded, and Salvadoran law enforcement cooperated with U.S. authorities on cases that led to the indictment in the U.S. of six major foreign drug traffickers. The National Civilian Police (PNC) increased their seizures of heroin. While El Salvador is not a major financial center, assets forfeited and seized as the result of money laundering or other crimes amounted to \$4.23 million dollars in 2003. Salvadoran authorities complied with resolutions regarding terrorist assets and did not find assets from individuals or entities on the terrorism lists.

### **II. Status of Country**

Located in the isthmus between the U.S. and the major drug producing nations, El Salvador is a transit point for trafficking. Cocaine and heroin are the most commonly trafficked drugs. Climate and soil conditions are unfavorable for coca cultivation. Precursor chemical production, trading, and transit are not significant problems.

### **III. Country Actions Against Drugs in 2003**

**Policy Initiatives.** According to the Salvadoran Anti-Drug Commission (COSA), progress in implementing the 2002-2008 National Anti-Drug Plan, the counternarcotics master plan of the Salvadoran Government (GOES), was made in the categories of 1) prevention, treatment, rehabilitation, and social reintegration; 2) research, information, and statistics; 3) substance control; and 4) law enforcement. In addition, the Salvadoran Legislature passed a new counternarcotics law.

**Accomplishments.** A significant development in achieving or maintaining compliance with the goals and objectives of the 1988 UN Drug Convention was the passage of a new counternarcotics law, which came into effect on November 7, 2003. The new law contains a stronger and more well-defined conspiracy provision, increases the penalties for a broad range of drug-related offenses, and includes additional aggravating circumstances that can further enhance penalties. It also punishes simple possession of illegal drugs and better defines procedures for the use of undercover agents, undercover buys, controlled deliveries, and confidential informants. In addition, the new law includes detailed procedures for the immobilization, seizure, and forfeiture of assets, including the establishment of a special fund for forfeited drug-related assets to be used for law enforcement, drug treatment, and drug prevention purposes. Another significant legislative development was the October 9, 2003 passage of an antigang law that led to the arrest of some gang members with connections to drug-trafficking.

Other significant developments included the establishment of an inter-agency working group to exchange information and coordinate actions to control the import and export of chemical substances and precursors as well as to respond to questionnaires and surveys required by the International Narcotics Control Board (INCB).

COSA points out its accomplishments in the following areas. In the area of prevention, strides were made including: the development of drug-prevention plans at the municipal level, celebration of the first-ever National Anti-Drug Week, the formation of youth counternarcotics

coalitions in the country's 14 departments, and presentation of drug-prevention training courses and workshops.

Major achievements in the research, information and statistics category included the initiation of the second phase of the Inter-American System of Uniform Data on Drug Consumption survey, submission of quarterly reports on money-laundering and drug-related arrests, and the completion of a drug survey in 19 prison facilities.

Under the substance control category, major achievements included the creation of a coordination group for the auditing and control of substances at the ports of entry and holding two training workshops for 70 Customs and police personnel.

In addition, the United Nations Office on Drugs and Crime and the Inter-American Drug Abuse Control Commission of the Organization of American States (OAS) held a mock money-laundering trial. El Salvador joined the Caribbean Financial Action Task Force, implemented the PNC's strategic counternarcotics plan, and reinforced security and control in the customs houses at the ports of entry.

Instances of regional counternarcotics cooperation included: the creation of a Permanent Central American Commission for the Eradication of the Production, Trafficking, Consumption, and Illicit Use of Drugs and Psychotropic Substances in Honduras; the establishment of a regional office of the International Criminal Police Organization in El Salvador; the PNC's continuing implementation of the Regional Plan for Reducing Drug Demand and Supply; a database for the exchange of information with local and international authorities regarding money laundering; and the operation of the Joint Information Coordination Center (JICC) which coordinates regional counternarcotics investigations and operations.

The GOES responded to the annual questionnaire of the United Nations International Drug Control Program, provided training to forensic laboratory personnel, held a training seminar on improving the quality of analysis regarding seized drugs provided to the courts, sent delegates to the Second Sub-regional Workshop of the Coalition of Central American Youth Organizations for the Prevention of Drug Abuse and HIV/AIDS, and participated in the School Prevention Seminar for the development of national plans for drug prevention, rehabilitation, and social reintegration.

The obstacles that prevented El Salvador from fully achieving all of the objectives of the 1988 UN Drug Convention included legal shortcomings, limited resources, and the consequent need to seek additional support from international organizations to carry out programs that would reach those objectives.

The new FOL facilities, located within the Salvadoran Air Force Base at Comalapa International Airport, were inaugurated on November 13, 2003, and include expanded office, storage, runway, and classified briefing spaces.

**Law Enforcement Efforts.** Law enforcement efforts in 2003 were adequate, given resource constraints and legal shortcomings, and in some areas represented an improvement over past years. These efforts were heavily focused on priority targets of mutual interest to both the U.S. and Salvadoran governments. Salvadoran efforts in this area led directly to the U.S. indictment of six major foreign drug traffickers, two of which were successfully expelled to the United States.

Salvadoran law enforcement efforts are still hindered by constitutional prohibitions on investigative tools such as wiretapping. Salvadoran authorities have encountered difficulties obtaining judicial authorization to destroy clandestine airstrips situated on private property and used by drug traffickers. The GOES gives a very high priority to counternarcotics law enforcement, but its available resources are inadequate to achieve all of its counternarcotics

objectives. This is mainly because El Salvador is a poor country whose resources are targeted to other national priorities. Nevertheless, in 2003, the PNC's Anti-Narcotics Division (DAN) seized 17 kilograms of cocaine, less than 1 percent of last year's record haul of 2,068 kilograms, and slightly less than the 18 kilograms seized in 2001. This result reflects the somewhat anomalous single capture of 2,000 kilograms of cocaine in 2002 and, probably, traffickers' reluctance to risk sending large shipments by way of El Salvador given the presence of the FOL.

In 2003, the DAN also seized about 22.1 kilograms of heroin, an amount more than 66 percent greater than the 13.2 kilograms seized in 2002 and more than twice as much as the 10.5 kilograms seized in 2001. There were 1,390 drug arrests in 2003, 4 percent more arrests than the 1,338 recorded in 2002, but 66 percent fewer than the 4,003 in 2001. This arrest level reflects the DAN's change of focus from arresting small drug dealers to investigating major drug traffickers. However, like the rest of the PNC, the DAN suffers from a lack of resources. U.S. aircraft flying out of the FOL played a significant role in the seizure of more than 39 tons of cocaine, mostly on the Pacific high seas.

The Salvadoran Navy's ability to patrol the Pacific coast was enhanced by the transfer of ex-U.S. Coast Guard vessels and boarding equipment in 2001. However, the Salvadoran Navy has been not yet been able to take full advantage of these new acquisitions in 2003 because of a lack of funds for fuel and maintenance.

**Corruption.** With U.S. Government (USG) assistance, the GOES drafted a code of government ethics and proposed an Office of Government Ethics to prevent, identify, and control corruption among public officials. A bill to establish the Office within the Court of Accounts (the Salvadoran equivalent of the Inspector General's Office) was submitted to the Legislative Assembly. The PNC's Internal Affairs Unit and the Attorney General's Office (FGR) investigate and prosecute police officers for corruption and abuse of authority. The USG provided specialized training in anticorruption to police, prosecutors, and judges.

The new drug law's provisions criminalizing drug conspiracies, preparative acts to commit drug offenses, cooperation in trafficking, and being an accessory to such offenses could apply to a corrupt official involved in drug trafficking. Moreover, using one's official position in relation to the commission of a drug offense is an "aggravating circumstance" that can result in an increased sentence of up to one-third of the statutory maximum. Furthermore, Salvadoran anticorruption laws apply broadly to corrupt acts, including accepting or receiving money or other benefits in exchange for an act or omission in relation to one's official duties, whether or not such bribery is drug-related.

The FGR's Anti-Corruption Unit is investigating several important cases of public corruption, including one involving the public water utility (ANDA) in a multimillion-dollar fraud. Although none of these cases is directly related to narcotics, they show that the GOES is making efforts to enforce its laws against corruption.

As a matter of policy, the GOES does not encourage or facilitate illicit production or distribution of narcotics or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. No senior official is known to engage in, encourage, or facilitate the illicit production or distribution of such drugs or substances, or the laundering of proceeds from illegal drug transactions. The GOES has no INL-provided aircraft, nor has it misused any other equipment purchased with INL funds.

El Salvador is a party to the Inter-American Convention Against Corruption. Consistent with the country's obligations under that Convention, the law criminalizes soliciting, receiving, offering, promising, and giving bribes, as well as the illicit use and concealment of property derived from such activity.

**Agreements and Treaties.** The current extradition treaty between the United States and El Salvador does not provide for the extradition of nationals. Narcotics offenses are covered as extraditable crimes by virtue of the 1988 UN Drug Convention, to which El Salvador is a party. Negotiations for a new, more comprehensive extradition treaty began in 2001 but are still in progress. El Salvador is a party to the 1971 UN Convention on Psychotropic Substances and the 1961 UN Single Convention on Narcotic Drugs as amended by the 1972 Protocol.

There is no bilateral mutual legal assistance treaty between El Salvador and the United States. But, mutual legal assistance in narcotics cases is available to the United States and El Salvador under Article 7 of the 1988 UN Drug Convention. Also, El Salvador has signed the Inter-American Convention on Mutual Assistance in Criminal Matters which, once ratified by El Salvador, will provide additional tools to facilitate legal cooperation between the United States and El Salvador. There is no bilateral precursor chemical agreement between El Salvador and the United States. Formal negotiations continue on a comprehensive maritime counternarcotics cooperation agreement, and the USG has offered an interim step of an International Maritime Interdiction Support Agreement that would allow expeditious movement of detainees and samples of contraband seized at sea to move through Salvadoran territory to the U.S. for prosecution. Annually, the two governments sign agreements under which the USG provides counternarcotics assistance to El Salvador.

El Salvador's Legislative Assembly approved the UN Convention against Transnational Organized Crime and its protocols on November 12. El Salvador is a signatory to the Central American convention for the Prevention of Money Laundering Related to Drug-Trafficking and Similar Crimes. There is a Central American Mutual Legal Assistance Agreement between all Central American countries and Panama. The Protocol against the Illicit Trafficking of Migrants by Land, Sea, and Air was approved by the Legislative Assembly on November 17. The Protocol to Prevent, Suppress, and Sanction Trafficking in Persons, Especially Women and Children, was approved by the Legislative Assembly on November 18. The Protocol Against the Manufacture and Illicit Trafficking of Firearms, their Parts, Components, and Munitions was approved by the Legislative Assembly on October 23.

**Cultivation/Production.** Climate and soil conditions do not favor the cultivation of coca plants. Small quantities of cannabis are produced in the mountainous regions along the border with Guatemala and Honduras. However, the cannabis is of poor quality and is consumed domestically. There were no gains or setbacks in controlling cannabis cultivation and production because the small quantity and poor quality of the crop does not justify the expenditure of a systematic campaign against it.

There is no local methodology for determining cannabis crop size and yields. Cannabis is detected thanks to tips, routine foot patrols, and air surveillance.

**Drug Flow/Transit.** Cocaine from Colombia typically transits El Salvador via the Pan-American Highway and via maritime routes off the country's Pacific coast. Heroin from Colombia usually goes through Panama, then via courier on a commercial passenger flight to El Salvador to another commercial flight to Honduras and then by bus to Guatemala. The Pan-American and Littoral Highways are the land routes preferred by traffickers. As in the rest of Central America, there has been a notable increase in the amount of heroin transiting both the international airport and land ports of entry. Both heroin and cocaine also transit by sea off the Salvadoran coast as well as through Salvadoran airspace.

**Domestic Programs (Demand Reduction).** In counternarcotics education efforts, the Anti-Drug Foundation of El Salvador (FUNDASALVA), with funds provided by the Madrid City Council, has worked with students, parents, and public schools to teach drug prevention. Together with the Ministry of Education, FUNDASALVA has also worked on a prevention program in high-risk zones that benefited 6,250 students. FUNDASALVA, public and private institutions, and the

private sector have also been developing programs for a drug-free workplace. In addition, FUNDASALVA provides information about the effects of drugs to specific populations, especially students. The PNC draws on the U.S. Drug Abuse Resistance Education (DARE) program for its counternarcotics presentations at schools. The Ministry of Education uses the U.S. Military Information Support Training (MIST) program to inform elementary school children of the dangers of drugs.

FUNDASALVA also runs a comprehensive drug treatment and rehabilitation program. The Psychiatric Hospital also runs a program sponsored by the Public Health and Social Assistance Ministry that focuses on rehabilitation and the training of facilitators among the recovered addicts. Other less comprehensive rehabilitation programs exist, usually faith-based and run by ex-addicts.

The exact magnitude of the country's drug abuse problem is unknown, but a comprehensive study of the problem funded by the USG is being organized by FUNDASALVA. Relative to the presumed size of the at-risk and addicted populations, demand reduction programs are inadequate.

#### **IV. U.S. Policy Initiatives and Programs**

**Policy Initiatives.** The United States aims to assist in the professional development of the GOES' law enforcement agencies, increase their ability to combat money laundering and public corruption, and ensure a transparent criminal justice system.

**Bilateral Cooperation.** The United States provided funding for operational support for Grupo Cuscatlan and the high-profile crimes unit (GEAN) within the DAN, a mobile ion-scan machine and essential equipment for border police. In addition, USG funds were used to provide a laser tattoo-removal machine (to reduce drug consumption and crime), a comprehensive national study of drug use, an antitrafficking-in-persons public awareness campaign, and for drug treatment and rehabilitation in prisons. The USG also funded training and travel related to airport security, money laundering, maritime boarding operations, and antigang measures. DEA officers work closely with the DAN on issues of mutual concern.

**Road Ahead.** The USG will continue to provide operational support to Salvadoran law enforcement institutions, anti-money-laundering training, and essential investigative tools. In partnership with the GOES, the United States plans to finance the construction of a vehicle inspection facility, new headquarters for the JICC, and new kennels for the DAN's narcotics detection canine unit.

### **Guatemala**

#### **I. Summary**

Guatemala remains a major drug-transit country for cocaine, heroin and illicit narcotics en route to the United States and Europe. In spite of improvements in the Government of Guatemala's (GOG) counternarcotic efforts in 2003, large shipments of cocaine continue to move through Guatemala by air, road, and sea. Guatemala's de-certification with a national interest waiver in early 2003 spurred the GOG to dramatically increase their efforts against narcotics trafficking; these efforts led to Guatemala's recertification in September.

The long-standing problems of acute lack of resources, weak leadership, widespread corruption and frequent personnel turnover continue to affect GOG ability to deal with narcotics trafficking and organized crime. However, there is a fair list of accomplishments. Most notably, cocaine seizures more than tripled compared to 2002, thereby returning to pre-2000 levels. Many of these

seizures were made as a direct result of improved GOG police/military coordination, and cooperation with USG agencies in the interdiction of suspect aircraft violating Guatemalan airspace. Currency seizures totaled over \$20 million, including \$14.5 million seized from one drug trafficking organization, the largest bulk seizure of currency in Guatemala's history.

The GOG also made positive steps to pursue corrupt police: two cases involving 24 former members of the now defunct National Civilian Police's (NCP) Anti-Narcotics Operations Department (DOAN) were sentenced to prison for the theft of cocaine from the drug warehouse and for the torture and killing of two prisoners.

The newly created NCP's Anti-narcotics Information and Analysis Service (SAIA) has been very responsive to U.S. training and technical assistance. The USG will continue to assist in the professionalization of the SAIA, train prosecutors and courts in order to enhance investigations, and enhance interdiction and eradication operations. The GOG recognizes that there is a growing domestic consumption problem and supports an active demand reduction program. After eight years of negotiations, a comprehensive six-part maritime counternarcotics agreement was signed and ratified; however, it is not yet in force, as we are awaiting the transmittal of the relevant documents from the GOG. Guatemala is a party to the 1988 UN Drug Convention and the OAS Inter-American Anti-Corruption Convention.

## **II. Status of Country**

Guatemala continues to be the preferred staging point in Central America for onward shipment of cocaine to the United States. USG estimates indicate that up to 400 metric tons of cocaine are shipped annually through, over and around the Central American corridor to Mexico and the United States. Guatemalan law enforcement agencies interdicted 8.8 metric tons of cocaine in 2003. This was a significant increase from the previous year's 2.4 metric tons. Narcotics traffickers continue to pay for transportation services with drugs, which enter into local markets, leading to an increase in domestic consumption and crime.

While Guatemala has enacted and implemented a law criminalizing the laundering of proceeds of crime, full monitoring has not yet been ensured and the country has not yet been removed from the list of countries that the Financial Action Task Force (FATF) on Money Laundering considers uncooperative in efforts to counter money laundering. The FATF is planning a visit to Guatemala in early 2004 to consider removing Guatemala from the list of uncooperative nations.

Guatemala grows minimal quantities of opium poppy. Marijuana is also grown, but only for local consumption. Apart from crack and marijuana, it is unknown if any quantities of illicit narcotics or club drugs are processed in Guatemala. Diversion of precursor chemicals is, at present, a non-quantified problem in Guatemala; the registration and control of these substances has just begun. With the enactment in 1999 of precursor chemical control legislation, and the approval of implementing regulations this year, the legislation is now a potentially useful law enforcement tool.

## **III. Country Actions Against Drugs in 2003**

**Policy Initiatives.** In 2003, Guatemala signed three Letters of Agreement (LOAs) amendments with the USG on counternarcotics and demand reduction. The GOG also developed and approved an updated counternarcotics master plan for the period 2003-08, replacing the plan that had been in force for the previous five- year period.

Following their decertification with a national interest waiver, the GOG organized a multi agency-working group to focus their counternarcotics efforts. As a result, progress was made on all nine benchmarks and Guatemala was recertified in September. We will urge the new government

taking office in January 2004 to retain the working group as an effective means to focus GOG interagency efforts and coordination with the USG.

Guatemala's Congress ratified a comprehensive six-part maritime agreement with the U.S. during 2003, and also issued implementing regulations for the control of precursor chemicals.

No progress was made on implementing the legal and regulatory changes necessary for Guatemala to comply with the terms of the Inter-American Convention Against Corruption that was signed in 2001. Guatemala signed the UN Convention Against Corruption.

**Illicit Cultivation, Production and Distribution.** Guatemala has significant cannabis cultivation, all of which is consumed locally. There is minimal opium poppy cultivation. The GOG continues to have an active manual eradication program for cannabis and poppy. Eradication of cannabis plants continues to be robust, with more than a 40 percent increase in eradication from the previous year. Over 625,602 marijuana plants were eradicated in the remote northern area of the country during 2003.

Past seizures at processing labs indicate that shipments of cocaine transiting Guatemala are reprocessed to reduce purity, prior to repackaging for onward shipment to the U.S.

**Sale, Transport, and Financing.** Guatemala more than tripled total cocaine seizures in 2003. Seizures were made from land, air and sea transportation.

The Pan-American Highway is a major conduit for drugs traveling north to Mexico and eventually the U.S. The trend continued of individuals transiting Guatemala being arrested in U.S. airports with cocaine and heroin. This year the trend for delivery to Guatemala shifted toward the employment of small and medium sized aircraft; the use of go-fast boats and commercial fishing vessels declined but continues.

Commercial containers, both on land and through seaports, continue to offer the best opportunity for smuggling larger quantities of drugs through Guatemala's ports of entry. Unfortunately, this is the area that has had the least amount of interdiction success. Guatemala's Port Security Program (PSP) is trying to improve counternarcotics interdiction at the seaports. PSP is self-financed by a fee levied on shipping companies and provides monetary and technical assistance to the SAIA agents who operate in the ports. The USG provides technical assistance, logistical support, and training. Seizures have been very low due to continuing corruption in the seaports.

ONDCP estimates that, in some transactions, up to 33 percent of the cocaine transiting north toward the U.S. may be used as payment for the services of local smuggling groups. Most of the cocaine is sold to other traffickers moving cocaine to the U.S., while a portion is sold locally to users in Central American countries. This is a major factor behind increased domestic consumption and the violent crime committed by drug trafficking gangs.

**Law Enforcement and Transit Cooperation.** Guatemalan law enforcement representatives work with U.S. personnel and organizations to curtail the flow of drugs through Guatemala in instances when the USG can provide intelligence, funding and technical assistance. U.S. law enforcement agencies continue to have collaborative relationships with Guatemalan law enforcement authorities and Guatemala exchanges limited information and maintains links with other Joint Intelligence Coordination Centers (JICCs) in South and Central America.

Guatemala actively participated in the Central Skies combined counternarcotics campaign plan that included DEA and the U.S. Army. Guatemala has also been very cooperative in allowing the U.S. permission to enter their airspace and territorial waters in connection with counternarcotics missions.

**Demand Reduction.** The GOG continues to support counternarcotics education and rehabilitation programs pursuant to the country master plan. Guatemala's demand reduction agency, SECCATID, implemented a variety of projects, including the first nationwide comprehensive drug consumption survey. The study found that in the last five years alcohol use has increased by 50 percent, cocaine by 40 percent, marijuana by 55 percent, and tranquilizers (primarily by young females) 380 percent.

Through the National Program of Preventive Education, SECCATID trained 1,138 instructors this year throughout the country using the "train the trainer" concept with the participation of the Ministries of Health and Education. SECCATID also provided training and education to parents, students and teachers. SECCATID also provided training to NGO reps, private company reps, soldiers, prison guards, and adults. The DARE program provided training to students and teachers. In 2003, SECCATID developed and distributed counternarcotics educational materials, including pamphlets, t-shirts and caps and school items, 50,000 school agendas, 60,000 notebook dividers, and with drug prevention messages.

**Law Enforcement Efforts.** In addition to the seizures described above, GOG law enforcement scored some notable successes during 2003. There has been a marked improvement in the ability of the GOG to react to incoming suspect aircraft, due to close cooperation between the USG and the Guatemalan Air Force (GAF). The GAF provides, when it can, air assets for interdiction missions and airlift for police and prosecutors conducting drug interdiction and eradication operations. Aging aircraft and lack of money for fuel continue to be constraints.

The SAIA has the potential to become a credible threat to narcotics trafficking. However, GOG law enforcement agencies must function with limited resources, as the GOG is having trouble paying salaries and utilities for all of its agencies. Significant resources, training and support from the USG will be needed to prepare and support the GOG to effectively engage in counternarcotics operations, particularly against major organized crime figures.

As in previous years, success in prosecuting major narcotics traffickers has been limited. The Public Ministry's narcotics prosecutors receive USG training and assistance, and continue to try cases and achieve convictions. However, corruption, intimidation, lack of resources in the judiciary, as well as an absence of criminal conspiracy laws in Guatemala, are important reasons for the lack of success in prosecuting and convicting major traffickers.

Widespread corruption, high turnover of law enforcement personnel and poor leadership also frustrate GOG law enforcement efforts. During the Portillo administration, there were four Ministers of Government, seven Directors of the National Civilian Police (PNC), and eleven different directors of the DOAN/SAIA. This constant turnover made continuity for operations and investigations impossible.

**Corruption.** Corruption remains the largest single obstacle to overall efficiency of all USG sponsored programs in Guatemala. Transparency International's August 2003 rankings listed Guatemala as one of 34 out of 133 countries where corruption is perceived to exist among public officials and politicians. There are frequent allegations of police, prosecutors, and judges being corrupt. High levels of impunity and intimidation exacerbate the problem.

The GOG is making efforts against corruption. Currently, new entries to the SAIA undergo a background investigation, polygraph exam, and urinalysis testing. On average, this process eliminates in excess of 60 percent of new candidates. This program has been institutionalized and extended to the Anti-Corruption, Money Laundering and Narcotics prosecutors' offices and includes the periodic re-testing of all active members of the SAIA.

The GOG also aggressively pursued corrupt police: eight members of the now-defunct National Civilian Polices Anti-Narcotics Operations Department (DOAN) were each sentenced to 16 years imprisonment for the theft of cocaine from the drug warehouse. In another case, 16 former members of the DOAN were each sentenced to more than 25 years in prison after their convictions for the torture and killing of two suspects in an effort to steal 2000 kilos of cocaine. Also during the year, 11 police were arrested for attempting to steal 10 kilos of cocaine from the drug warehouse and are expected to be tried during 2004. These arrests were made as a result of improved accountability procedures instituted by the SAIA at the drug warehouse. In compliance with one of the recertification benchmarks, the GOG also inventoried and destroyed all drugs seized before 1999. Newly seized drugs are being destroyed in an expeditious fashion. The USG has assisted the SAIA in developing written procedures for the storage and destruction of seized drugs, implementing new security measures to protect seized drugs, and providing some minor physical upgrades.

Finally, several high-level figures, including a congressman, were charged and arrested this year for theft of social security funds.

**Agreements and Treaties.** Guatemala is a party to the 1961 UN Single Convention and its 1972 Protocol; the 1971 UN Convention on Psychotropic Substances; the 1988 UN Drug Convention; the Central American Commission for the Eradication of Production, Traffic, Consumption and Illicit Use of Psychotropic Drugs and Substances; and the Central American Treaty on Joint Legal Assistance for Penal Issues. Guatemala has ratified the UN Convention Against Transnational Organized Crime.

Guatemala has also signed bilateral counternarcotics agreements, including information exchanges, with Mexico (1989), Venezuela (1991), Argentina (1991), Colombia (1992), Ecuador (1992), Peru (1994), and Spain (1999).

While most GOG law enforcement efforts have been consistent with the goals and objectives of the 1988 UN Drug Convention, some aspects of the Convention, such as the provisions on extradition, have not been codified into law. The extradition treaty between the GOG and the USG dates from 1903. A supplementary extradition treaty adding narcotics offenses to the list of extraditable offenses was adopted in 1940. When a Guatemalan citizen is involved, an extradition request will usually involve a significant expenditure of effort and time due to the required legal procedures. U.S. citizen fugitives are often expelled to U.S. custody on the basis of violations of Guatemalan immigration laws, a much shorter process. During 2003, a long-standing request for extradition of a Guatemalan citizen wanted for a double homicide in the U.S. was completed. There are currently 15 outstanding extradition requests; three are in jail in Guatemala pending judicial processing. In December the GOG signed the OAS multilateral Mutual Legal Assistance Treaty, to which the U.S. is a party.

#### **IV. U.S. Policy Initiatives and Programs**

**Bilateral Cooperation.** The USG supports a wide range of law enforcement assistance and counternarcotic programs in Guatemala. The USG works with the office of the Vice President to support Guatemala's demand reduction agency, SECCATID, to provide technical assistance in education, training and public awareness programs.

The USG also works with the Public Ministry and the Attorney General to support three task forces dealing with narcotics, corruption and money laundering investigations. This cooperation takes the form of training, technical and logistical support on case management and specialized legal subjects.

The USG supports the specialized drug police (the SAIA) through an agreement with the Ministry of Government. This support is designed to create a professional and capable force through training and development of infrastructure for units involved in counternarcotics operations.

An important part of this program is the Regional Anti-Drug School. The school primarily teaches the basic entry course for new SAIA agents, narcotics investigations and canine narcotics detection. They also offer regional courses in polygraph, false documents, intelligence analysis, and canine explosive detection, among others. This year the school had student participation from Bolivia, Colombia, Venezuela, Uruguay and all of Central America.

**Policy Initiatives and the Road Ahead.** U.S. strategy in Guatemala continues to focus on strengthening the GOG law enforcement and judicial sector through training, technical assistance, and the provision of equipment and infrastructure, especially for the units directly involved in combating narcotics trafficking and other international organized criminal activity that directly affects the U.S.

Special emphasis is placed on management skills, leadership, human rights, investigative techniques, and case management issues.

The U.S. strategy also is aimed at reducing the level of corruption in Guatemala by implementing training, education, and public awareness programs.

Future efforts will focus on investigations, interdiction, corruption, money laundering, task force development, and successfully implementing the maritime agreement. The USG will also continue to assist the GOG in improving the successful Regional Counternarcotics Training Center.

As a result of reorganization, the Department of State's Bureau of International Narcotics and Law Enforcement Affairs (INL) will assume responsibility for the Department of Justice International Criminal Investigation Training Assistance Program (ICITAP) in Guatemala. This program which will continue to focus on law enforcement areas not specifically related to narcotics trafficking, such as the unification of police and prosecutor forensic laboratories, establishment of an Internal Affairs Unit in the Public Ministry, computerization of police case files, and the continued development of a model precinct that includes offices for prosecutors and judges to increase successful case investigation and closure.

**Guatemala Statistics  
(1994–2003)**

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
<b>Opium</b>										
Potential Harvest (ha)	—	—	0	0	0	10	7	0	39	50
Eradication (ha)	1	1	1	1	1	5	3	12	86	150
Cultivation (ha)	1	1	1	1	1	15	10	12	125	200
Potential Yield (mt)	—	—	0.00	0.00	0.00	0.20	0.10	0.00	0.40	0.50
<b>Cannabis</b>										
Potential Harvest (ha)	—	—	—	—	0	82	100	41	50	100
Eradication (ha)	662	38	43	32	52	58	50	213	250	100

Cultivation (ha)	62	38	43	32	52	140	150	254	300	200
Potential Yield (mt)	—	—	1	1	0	10	12	5	6	12
<b>Seizures</b>										
Cocaine (mt)	8.76	2.8	4.1	1.4	10.1	9.2	4.3	4.0	1.0	2.0
Cannabis (mt)	0.5	2.3	0.52	0.03	0.65	0.42	0.34	16.40	0.50	1.76
Heroin (kg)	0.05	18.00	16.00	9.30	52.00	3.65	16.20	7.80	0.00	0.00
Opium (kg)	0	0.0	0.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Arrests</b>	4,902	5,917	479	842	472	928	188	189		

## Honduras

### I. Summary

The transshipment of cocaine through Honduras by air, land, and maritime routes continued, but with significant disruption in 2003. Overall, seizures in Honduras were higher than the past five years combined. Corruption within the police, Public Ministry and the judiciary tempered some of the law enforcement successes. The Government of Honduras (GOH) moved forward with the implementation of the new Money Laundering Law, passed in 2002.

The National Council for the Fight Against Drug Trafficking renewed its commitment to lead the country's counternarcotics efforts. The Supreme Court operated with greater independence, but remained susceptible to political pressures. Funds to implement the approved counternarcotics plan were severely limited. Even though the Ministry of Public Security (which includes all police) and the Honduran Armed Forces took a more active role in counternarcotics operations, the Public Ministry did little to prosecute high-level suspects or dispose of seized assets. Honduras is a party to the 1988 UN Drug Convention.

### II. Status of Country

Honduras's primary drug problem stems from the movement of drugs, particularly, cocaine, via air, land, and maritime routes through its territory. There are direct air and maritime links to U.S. cities and the Pan-American Highway crosses southern Honduras. While the Honduran police and Honduran Navy lack sufficient maritime assets to comprehensively attack drug trafficking along its north coast, there was nonetheless a significant increase in drug seizures this year. Despite the recent passage of a broader money laundering law, money laundering in Honduras remains a serious concern. Honduras is not a significant producer of drugs.

### III. Country Actions Against Drugs in 2003

**Policy Initiatives.** In April 2003, the Government of Honduras launched a joint police and military counternarcotics effort to thwart the transit of drugs along its north coast and southern borders. The effort included increased interdiction and other law enforcement initiatives to discourage traffickers from using Honduras as a transit point. A new Pan-American Highway checkpoint, manned by the Honduran Frontier Police, provided a deterrent to the flow of narcotics into Honduras from its southern border with Nicaragua.

The money laundering law now allows cases to be investigated that are not directly linked to narcotics, including corruption, terrorism, and other crimes. The GOH formed a Financial

Investigation Unit and assigned prosecutors and investigators to special money laundering units to ensure that suspected narcotics traffickers were fully investigated.

The Honduran Congress is reviewing a new counternarcotics law that would expand the authority of law enforcement to initiate undercover operations. The current law, as written, prohibits these types of narcotics operations and mandates that anyone participating in the purchase or sale of narcotics, including police participating in sting operations, be arrested.

The Criminal Procedures Code took effect on February 20, 2002. This code changed the Honduran criminal legal system from an inquisitorial system to an accusatorial one. The code's primary goal was to decrease opportunities for criminals to manipulate the justice system.

**Accomplishments.** As of December 15, 2003 Honduran authorities seized 5,738 kilograms of cocaine and 13 kilograms of heroin, destroyed over 364,592 marijuana plants and made 1,000 narcotics-related arrests. The Honduran Frontier Police have been largely responsible for these seizures, drawing on intensive counternarcotics training, U.S. technical assistance, and equipment. Law enforcement agencies also confiscated \$1,119,130 in cash and boats and other vehicles worth approximately \$1,000,000.

**Law Enforcement Efforts.** Counternarcotics efforts are a priority for the Maduro Government, however the Directorate for the Fight Against Narcotrafficking (DLCN), one of the principal counternarcotics organizations, suffers from weak leadership, inadequate funding, and unqualified personnel. The DLCN has not established working relationships with other Honduran law enforcement agencies or U.S. counterparts. Despite the ineffectiveness of the DLCN, the Frontier Police, military, and other GOH agencies have had successes, such as the increase in seizures in 2003.

**Corruption.** While the GOH has taken some steps to address internal corruption, corruption within the judicial system continues to be a significant impediment to effective law enforcement. The Ministry of Public Security has taken significant steps to investigate corrupt personnel; a new Internal Affairs Unit was formed and several cases were brought to trial. However, corruption in the Public Ministry and the judiciary provided significant roadblocks in the prosecution of alleged narcotics traffickers and money launderers and corrupt officials. Two members of Congress were arrested for participating in drug-related activities. In response, the Honduran legislature has made efforts to narrow the use of the immunity privilege for elected officials.

**Agreements and Treaties.** Honduras has counternarcotics agreements with the United States, Belize, Colombia, Jamaica, Mexico, Venezuela and Spain. Further, Honduras is a party to the 1988 UN Drug Convention. The Ministry of Public Security and the taxing authority for Honduras (DEI) have signed an agreement that provides the Ministry of Public Security the authority to open sealed containers with probable cause, an authority that was formerly held solely by the DEI. The Honduran government is an active member of the Inter-American Drug Abuse Control Commission (CICAD) and hosted a regional training session on port security in 2003. Honduras also hosts the Regional Center for Counternarcotics Development and Judicial Cooperation in Central America and has funded the Secretariat for the regional Central American Drug Commission (CCP). Honduras ratified the UN Convention on Organized Crime in December 2003. A U.S.-Honduras maritime counternarcotics agreement entered into force in 2001. A bilateral extradition treaty is in force between the U.S. and Honduras. Honduras is one of ten nations to sign the Caribbean Maritime Counterdrug Agreement, but has not yet ratified it.

**Cultivation/Production.** Cannabis remains the only illegal drug known to be cultivated in Honduras. Over 300,000 marijuana plants were manually destroyed in 2003. The GOH does not permit the use of aerial eradication. Upon detection, marijuana plants are cut down and destroyed.

**Drug Flow/Transit.** There was a noticeable increase in the number of detected suspect air-tracks and maritime vessels through Honduran territory en route to southern Mexico and the United States. Cocaine and heroin are smuggled overland by commercial and private vehicles. Approximately 90 percent of drugs transiting Honduras is destined for the United States. Honduras has pursued an aggressive interdiction strategy, which included the interception of a drug trafficking plane from Colombia in April which was transporting 998 kilos of cocaine. Youth gang members are increasingly used to distribute drugs in urban areas and along Honduras's north coast. There is evidence of the existence of an illicit trade of "arms for drugs," with arms from these deals presumably destined for use by terrorist groups in Colombia. The GOH has made a concerted effort to implement a port security program with the goal of having it in place and functional by July 2004.

**Domestic Programs/Demand Reduction.** The Maduro Administration has launched two pilot programs directed at Honduran youth to fight drug abuse. The National Council is making demand reduction a major part of Honduran counternarcotics efforts. It reflects the government's appreciation that drug trafficking through Honduras is not only a national security threat, but a major public policy problem as well.

Drug use continues to increase among youth in Honduras, which is particularly worrisome since 49 percent of the population is under 18 years of age. Drug abuse by gang members is a growing issue of public safety as well. It is viewed as one of many public health and social problems linked to unemployment, poverty and economic under-development. Cannabis is the most widely abused illegal drug in Honduras, followed by inhalants, and, to a much lesser extent, cocaine and designer drugs.

The National Council's program and the Ministry of Public Security's program link the efforts of the government's demand reduction entity, the Institute for the Prevention of Alcoholism and Drug Addiction (IHADFA), with an umbrella group (CIHSA) of NGOs working in demand reduction and drug rehabilitation efforts. The new programs combine those formerly operated by the Ministries of Public Health and Education, IHADFA and CIHSA, to launch a community-wide effort to inform youth about the dangers of drugs and provide alternatives in the form of sports, the arts, and after school projects. The U.S. Embassy is working with the National Council and the Ministry of Public Security to support this approach.

#### **IV. U.S. Policy Initiatives and Programs**

**U.S. Policy Initiatives.** U.S. counternarcotics initiatives aim to strengthen Honduran law enforcement entities, with a special focus on enhancing GOH maritime interdiction along the north coast. The Maduro Administration has worked hard to support implementation of bilateral counternarcotics projects and has expressed interest in expanding program cooperation, though GOH resources continue to be extremely limited. The Machine Readable Passport Program, part of the June 2000 U.S.–GOH Letter of Agreement Amendment, is nearing completion and should be implemented by the beginning of 2004.

**Bilateral Cooperation.** The United States is funding efforts through the Ministry of Public Security to enhance Honduran police reform efforts by providing the services of a full-time law enforcement development advisor and other technical assistance, training, and materials to improve the organization's effectiveness and implement key criminal laws. The U.S. Government funded additional training and equipment to the Frontier Police, continued to support existing canine units, maritime training and projects, and demand reduction projects, as well as the checkpoint project along the Pan-American Highway, which was implemented in March 2003.

**The Road Ahead.** The Honduran government has demonstrated a strong renewed commitment, backed by concrete action, to attack drug trafficking through its national territory. It is organizing

police, military, social services, and national security policy to more effectively respond to this challenge on a limited budget. We expect to see an increased level of maritime and land interdiction operations during the next year. The National Council for the Fight Against Drug Trafficking has taken a revitalized leadership role within the government. The U.S. expects to work closely with the Council to support the implementation of its national counternarcotics plan. Corruption, threats, and violence continue to pose a major challenge to effective law enforcement.

## **Mexico**

### **I. Summary**

The Government of Mexico (GOM) recognizes the serious threat that drug trafficking poses to national security and public safety. Mexican authorities sustained an intensive counternarcotics effort throughout 2003, including the capture of major drug cartel figures and the seizure of large quantities of illicit drugs. The Office of the Attorney General (PGR) and the Mexican Secretariat of National Defense (SEDENA) reinforced the capabilities of their institutions and identified and rooted out many instances of corruption. They conducted robust eradication of cannabis and opium poppy crops, sustaining the net reductions achieved over the past several years. Despite crop eradication, Mexico continued to produce about one-third of the heroin consumed in the United States and exported about 5,000 metric tons of marijuana to the United States. In August, Attorney General Rafael Macedo de la Concha implemented a major reorganization to enable PGR personnel to work more effectively against organized criminal groups, including the consolidation of drug and organized crime investigative units under one Special Deputy Attorney General. The Federal Investigative Agency (AFI) and the National Center for Analysis, Planning, and Intelligence (CENAPI) of the PGR continued to achieve significant law enforcement successes, and to develop first-rate cadres of investigators and analysts to collect and analyze information on drug trafficking and other serious crimes. Mexico is a Party to the 1988 United Nations (UN) Drug Convention.

The United States and Mexico achieved unprecedented levels of cooperation in fighting drug trafficking and other transnational crimes in 2003. Special vetted units in AFI and DEA conducted successful bilateral investigations and increased intelligence sharing. Bilateral teams met regularly to plan operations, exchange information and conduct investigations. Mexico extradited a record 31 fugitives to the United States in 2003. Opportunities exist for enhancing bilateral cooperation, particularly in the areas of eradication, interdiction and capacity building during the remaining three years of the Fox administration.

### **II. Status of Country**

Mexico is the principal transit country for South American cocaine entering the United States; an estimated 70 percent of the U.S.-bound cocaine shipments pass through its territory. Mexico is by far the leading foreign source of marijuana consumed in the United States and, together with Colombia, one of the principal sources of heroin. Mexico is also a major producing and transit point for methamphetamine and other synthetic drugs. Recorded seizures for all but methamphetamine suggested that traffickers attempted to introduce most of these drugs through Texas. Arizona and California appeared to be the primary points of entry for methamphetamine, with many synthetic drug production laboratories located in Mexico's northwest.

While Mexico's Pacific littoral remains a preferred transit route for the smuggling of cocaine from Colombia, trafficking activity has resurged in the western Caribbean in response to the success of Mexican and regional interdiction operations in the Pacific. Mexican traffickers have steadily increased their operations in the United States, coming to dominate most of the distribution

centers. U.S. and Mexican authorities have worked closely to attempt to dismantle these drug organizations on both sides of the border.

Drug use has grown considerably in Mexico in recent years. Mexican drug traffickers have expanded domestic distribution in Mexico, particularly in major cities, along the northern border, and in tourist areas. Prices of cocaine, heroin, methamphetamine, and marijuana in Mexico City have remained at: \$12-16,000 per kilogram of cocaine; \$2-3,000 per ounce of heroin; \$3-4,000 per pound of methamphetamine; and \$100-250 per pound of marijuana.

Traffickers transport most cocaine to Mexico by sea for smuggling over land to the United States. Ocean-going vessels plying routes in the Gulf of California reportedly move large quantities close to the U.S. border, while “go-fast” vessels in the eastern Pacific deliver 1-2 metric tons loads of illegal drugs to coastal areas between Guatemala and the state of Guerrero. Traffickers also use air cargo, couriers, and mail parcels throughout the Mexico and Central America. U.S. and Mexican interdiction authorities have noted a resurgence in air trafficking from Colombia via Central America. Traffickers continue to rely on land routes to transfer large marijuana loads to the United States.

While Mexico produces less than five percent of the world's opium poppy, its geographical proximity to the United States makes it the supplier of some 30 to 40 percent of the U.S. heroin market—especially in states west of the Mississippi. Mexican cultivators represent the largest foreign source of marijuana in the United States, providing a significant supplement to cannabis produced by domestic growers. Cannabis and opium poppy growers continued to employ small, widely dispersed plots in remote, inaccessible regions, such as the western Sierra Madre mountains. Cultivators used the dispersion and remoteness of the fields to evade aerial and manual eradication programs. Given the favorable climate and terrain, cultivators produce two to three opium poppy harvests and two cannabis harvests yearly in the primary growing regions.

Mexican-based trafficking groups have a strong presence in most of the primary distribution centers in the United States, directing distribution of cocaine, heroin, methamphetamine, and marijuana. U.S. investigations have revealed the involvement of Mexico-based organizations beyond the western states into the east, e.g., Operation Trifecta, resulted in over 85 separate, but related, DEA, BICE, and FBI investigations in New York City, Miami, Newark, Baltimore, the District of Columbia, Charlotte, and Philadelphia.

Drug trafficking groups exploited Mexican banks and other financial institutions to transfer significant amounts of currency derived from illegal drug sales in the United States through the global financial system. The smuggling of shipments of U.S. currency into Mexico and the movement of the cash back into the United States via couriers and armored vehicles, as well as through wire transfers, remain favored methods for laundering drug proceeds.

### **III. Country Actions Against Drugs in 2003**

**Policy Initiatives.** In November 2002, the Fox Administration launched a comprehensive six-year drug strategy that called upon Mexican society and institutions to engage in a frontal assault against illicit drugs. The strategy recognizes the need to address all aspects of the drug problem, including production, consumption, money laundering, and diversion of precursor chemicals. During 2003, Mexican agencies actively pursued the leadership of the main drug cartels, prompting violent struggles among rival groups for control of border crossing points and markets. In July, President Fox reiterated his intention to send to the Mexican Congress legal reforms to allow state and local authorities to arrest and prosecute those involved in retail sales of drugs, thereby enlisting the aid of police at all governmental levels.

President Fox and Attorney General Macedo directed the creation of new investigative entities manned by skilled professionals to fight drug trafficking, organized crime, and terrorism. The GOM has invested considerable human, financial, and material resources into counternarcotics and anticrime efforts. The PGR has embarked on a program of major infrastructure improvements at offices nationwide. Under a reorganization that occurred in August, it consolidated all offices involved in fighting drug trafficking and organized crime under a single Deputy Attorney General (SIEDO). New offices responsible for ensuring respect for human rights of defendants and to oversee training and governmental innovation were also created.

**Accomplishments.** During 2003, AFI personnel figured prominently in investigations resulting in the arrests of drug traffickers, violent kidnappers, and corrupt officials. AFI has become the centerpiece of Fox Administration efforts to transform Mexican federal law enforcement entities into honest, effective institutions. AFI leaders have focused on recruitment and development of young, professional, investigators. Unlike earlier forces, AFI has established a career service for its personnel, characterized by greater job stability, upward mobility, improved pay and benefits, and promotions based on time-in-grade and performance. As part of the PGR reorganization, AFI assumed the interdiction and eradication planning, coordination and execution.

During 2003, the former Drug Control Planning Center (CENDRO) was reorganized as the National Center for Analysis, Planning and Intelligence (CENAPI). CENAPI assumed a broader mandate to gather and analyze strategic intelligence on organized criminal organizations in Mexico involved in several categories of crime, including terrorism, drug trafficking, money laundering, vehicle thefts, arms trafficking, currency counterfeiting, trafficking of minors, assaults, migrant smuggling, kidnappings, and trafficking in human organs. CENAPI's analytical capabilities were also enhanced, particularly in the exploitation of seized documents. CENAPI analysts used advanced software and training to make investigative and prosecutorial advances in unsolved crimes.

AFI and CENAPI were both equipped with state-of-the-art computer networks for collecting, storing, and analyzing crime-related information to support prosecutions and to dismantle organized crime syndicates.

**Law Enforcement Efforts.** Mexico's counternarcotics enforcement actions included increasingly-sophisticated organized crime investigations, arrests of major drug traffickers, active money laundering investigations, robust marijuana and poppy eradication, and bilateral cooperation on air, land, and maritime drug interdiction. The PGR, other law enforcement entities, and the military services targeted all major drug-trafficking organizations in Mexico. They continued to achieve impressive results against the upper leadership of these cartels.

**Interdiction.** Mexico's interdiction efforts focused on maritime and air drug movement on both coasts as traffickers responded with smaller load sizes. According to GOM reports, maritime interdiction—primarily in international waters—resulted in a number of important cocaine seizures. While most of the maritime seizures occurred along the west coast of Mexico, there were significant seizures in the Gulf of Mexico as well. Detection and monitoring assets continued to identify suspicious aircraft flying along the United States-Mexico border and near the Mexico-Guatemala and Mexico-Belize borders. Suspicious flights detected in northwestern Mexico generally involved internal, short-duration flights originating in Mexico, with the overwhelming majority of seizures involving marijuana. Suspicious flights in southeastern Mexico generally involved cocaine flights from South America, with a noticeable surge in mid-2003.

Mexican authorities remained committed to interdicting air trafficking incursions in the southern border region; the GOM is seeking a bilateral agreement with the Guatemalan Government to allow for a more coordinated effort between the two nations. The United States and Mexico shared information in some 47 air and maritime events entering Southern and Western Mexico. The resulting interdiction coordination efforts yielded the seizure of over 13 metric tons of cocaine

from several vessels and another 3.3 metric tons of cocaine from general aviation aircraft. The increased aerial threat to southern Mexico has forced the GOM to move more personnel and scarce assets into this area. Bilateral cooperation along Mexico's northern border, meanwhile, accounted for the interdiction of 58 air events, netting 1.1 metric tons of cocaine and 16.5 metric tons of marijuana.

**Seizures.** Mexican authorities seized over 20 metric tons of cocaine hydrochloride (HCl) during 2003. Marijuana interdiction continued at an impressive pace, with authorities confiscating over 2,019 metric tons, over 27 percent of the potential marijuana production in 2002 (7,900 metric tons). In addition, authorities confiscated 165 kilograms of heroin, 189 kilograms of opium gum, and 652 kilograms of methamphetamines. They seized 1,688 vehicles, 63 boats, and 13 aircraft. In March and June 2003, authorities discovered four kilograms of Colombian heroin and a cocaine-processing laboratory as a result of an investigation of Mexican and Colombian traffickers operating in Mexico City. At year's end, this investigation resulted in the arrest of 11 suspects in Mexico City.

**Arrests.** Authorities arrested 7,792 persons on drug-related charges in 2003, including 7,653 Mexicans and 139 non-Mexicans, according to GOM statistics. Some notable arrests included: Osiel Cardenas Guillen, Armando Valencia Cornelio, Arturo Hernandez Gonzalez, Jose Ramon Laija and Rigoberto Glaxiola. Cumulatively, Mexican officials arrested over 26,300 drug traffickers during the first three years of the Fox Administration (2001-3).

**Organizational Takedown.** During 2003, U.S. and Mexican officials developed a common targeting plan against major drug trafficking organizations in Mexico and the United States at meetings of the Bilateral Southwest Collective Targeting Group. Sensitive Investigative Units (SIUs) have served as effective mechanisms for sharing sensitive intelligence data in both directions—without compromise. As a result, SIUs have played important roles in successful investigations against drug trafficking organizations. Among the most prominent arrests in 2003:

- In March, military units brought the violent narcotics activities of Osiel Cardenas Guillen to an end with his arrest in Matamoros, Tamaulipas, following fierce gun battles. Before his arrest, Cardenas headed a drug trafficking organization that controlled large-scale marijuana and cocaine trafficking through the smuggling corridor between Matamoros and Brownsville, Texas.
- Mexican officials arrested potential Osiel Cardenas successor Victor Manuel "El Meme Loco" Vasquez Mireles.
- In April, AFI agents arrested Juarez drug cartel senior enforcer Arturo "El Chaky" Hernandez, suspected of killing dozens of persons—including the doctors who allegedly mishandled the 1997 plastic surgery of the late cartel boss Amado Carrillo Fuentes.
- In July, AFI agents in Guadalajara arrested three traffickers during "Operation Trifecta," including Manuel Medina Campas, a high-ranking member of the Ismael "El Mayo" Zambada Garcia organization. To date, the operation has resulted in the arrests of over 240 individuals in the United States, a principal source of supply in Mexico, and a major distributor in New York. Drug and money seizures included 11,759 kilograms of cocaine, one kilogram of heroin, 24,409 pounds of marijuana, 107 pounds of methamphetamine, and \$8,354,217.
- In August, Nayarit state police arrested Jose "El Coloche" Laija Serron, the principal Juarez Cartel operator in Jalisco, Nayarit, and Colima. Laija, the cousin of incarcerated drug trafficker Hector "El Guero" Palma, nearly gained his release via a suspicious court order, which a higher court later overturned.
- In mid-August, the military arrested Armando Valencia Cornelio, head of the Valencia or "Milenio" Cartel based in Michoacan. Authorities detained Valencia along with various associates, including Eloy Trevino Garcia, chief operator and hit man of the group. Valencia's dispute of the important Nuevo Laredo border crossing with Cardenas, camp fueled a wave of violence that left a record number of murders in the city.

- In September, AFI arrested Rigoberto Glaxiola, a major Juarez Cartel drug trafficker and money launderer whom police had tried to capture for years. U.S. officials want Glaxiola for drug trafficking and money laundering. Authorities detained six others during the operation, including the AFI regional commander for Sonora.

**Convictions.** Mexican courts convicted a number of major traffickers in 2003. A civilian court sentenced senior Arellano Felix Organization hit-man Humberto Rodriguez to 21 years in prison for drug trafficking and illegal weapons possession. A military tribunal sentenced former Army generals Francisco Quiroz Hermosillo (16 years) and Arturo Acosta Chaparro (15 years), respectively, for protecting the activities of drug traffickers.

Chemical Diversion remained a serious threat in 2003. An internal reorganization and personnel changes at the Federal Commission for the Protection Against Sanitary Risks (COFEPRIS) significantly bolstered efforts against the diversion of precursor and essential chemicals in 2003. The Commission began conducting unannounced inspections at the premises of importers of precursor chemicals and preparing pre-notification messages on exports to other countries.

In addition, the AFI created a Chemical Sensitive Investigative Unit (SIU) and assigned one of its members to an ad-hoc group to investigate cases of chemical and pharmaceutical diversion. Members of this special unit investigated information on illegal pseudoephedrine shipments from the Far East; they also collected and analyzed information on past shipments to determine common links and to identify those responsible for illegal drug shipments. International information sharing on chemical control resulted in the identification of 75 illegal shipments of pseudoephedrine products destined to bogus firms in Mexico, totaling over 420 million 60-milligram tablets. From September-December, authorities conducted surveillance and seized four pseudoephedrine shipments totaling 12.6 million tablets—including one seizure of 1,256 kilograms and the closure of a customs broker. The chemical SIU has begun to collect information from seized clandestine laboratories, to find investigative leads regarding the sources of the listed chemicals.

**Corruption.** Combating corruption remained a top priority of the Fox Administration in 2003. Mexican leaders worked energetically to detect and punish corruption among federal law enforcement officials and military personnel. President Fox, Attorney General Macedo, and other Cabinet members repeatedly warned that authorities would detect and punish corrupt public servants. The new Organic Law for the Attorney General's Office outlined requirements for employment within the PGR, standards of conduct, and procedures for dismissal from service. Provision of better pay and benefits, as well as dismissal and prosecution of corrupt officials, have served as deterrents to engaging in corrupt behavior.

Successes included entry into force of the freedom of information law in July—of which the local press has made energetic use—and civil service administration legislation. The Secretariat of Public Administration (SFP), formerly known as the Secretariat of the Comptroller and Administrative Development (SECODAM) coordinated anticorruption policy implementation government-wide. The SFP mandate includes all Mexican public institutions, embraces civil society, and emphasizes preventive measures, while fighting impunity at every turn. As the Mexican Government incorporates innovative transparency tools, such as a widely-accepted federal employee Code of Conduct and agency websites, a number of Mexican states have begun to replicate federal efforts.

The Anti-Corruption and Human Rights Offices of the PGR worked closely with the SFP in the identification and punishment of suspect government employees. The PGR levied more than 2,500 sanctions in the first half of 2003, to include 514 suspensions, 395 fines, and 146 firings; some 90 employees faced criminal proceedings, resulting in 15 convictions. AFI leaders have

enacted stricter entrance and performance standards for new investigators and continue to investigate and remove former Federal Judicial Police personnel suspected of compromise.

The Fox Administration faces many challenges as it attacks the culture of corruption at many levels of government and society. It is deeply entrenched. By September, for example, nine customs positions along the U.S. border had reportedly undergone 26 changes in directors since 2000, including six swaps in Reynosa alone. Several changes apparently occurred because of improper conduct, such as aiding smugglers. Local police forces increased their use of surprise drug tests, often identifying abusers. Nevertheless, the GOM is making very significant changes that, if sustained and institutionalized, will make meaningful inroads against the problem.

**Illicit Cultivation, Production, and Eradication.** Military and PGR personnel maintained robust eradication efforts throughout the year. The Mexican Secretariat of National Defense (SDN) reported deployed from 20,000 to 30,000 troops in the field at peak times to eradicate drug crops manually, while the PGR employed helicopters to apply herbicides in inaccessible areas. The military accounted for about 80 percent of the eradication results. During 2003, the PGR Air Fleet suffered the loss of two aircraft and crews engaged in aerial eradication activities, one as the result of hostile fire.

Eradication data for 2003 were not available at the time of publication.

**Demand Reduction.** Mexican leaders have expressed concern over a rise in domestic demand for illicit drugs during the past decade. Such recognition of drug trafficking and consumption as a serious threat to Mexico's national security became an important factor in creating the positive climate of cooperation. According to the 2002 National Survey on Addictions (released in mid-2003), drug use within the previous year of nearly all major illicit drugs generally held steady compared to the 1998 survey. Even so, the age of initiation of drug use dropped, with children as young as ten reporting first use; this poses serious concerns for the future. In addition, drug use among women has risen dramatically. Illegal drug consumption remained highest among people in regions along the United States-Mexico border and in major urban areas in Mexico's central region, including Mexico City. Surveys showed that drug use among prison inmates was rampant.

The National Council Against Addictions (CONADIC) of the Secretariat of Health has coordinated prevention, treatment, and rehabilitation programs through the use of state organizations and ancillary federal entities, such as the Social Service and Child Welfare Agency and private foundations. Increased drug availability and consumption near schools has elicited concern among officials and civic leaders. CONADIC officials and a private foundation have initiated a media campaign to enhance awareness of the dangers of drug use and to exhort parents to monitor their children's activities more closely. In March, Health Secretariat and CONADIC officials inaugurated a real-time, interactive network for drug awareness groups. The United

States collaborated to complement CONADIC's efforts by continuing to support various non-governmental organizations (NGOs) and youth councils involved in discouraging drug use and treating drug addicts. Such assistance generally involved small grants to serve as "seed money" and support efforts of these important groups. In late 2003, President Fox ordered the dismissal of the Director of Mexico's National Council Against Addictions (CONADIC) for alleged influence peddling. By year's end, the GOM had not named a permanent replacement.

**Extradition and Mutual Legal Assistance.** Mexico extradited 31 fugitives to the United States in 2003 (up from a record 25 on 2002), including 18 Mexican citizens and 19 narcotics defendants (both new records). In addition, the Mexican National Migration Institute (INM), the International Police Organization (INTERPOL), the U.S. Marshal's Service, and the Embassy Legal Attaché coordinated closely in the expulsion of over 70 fugitives who were in Mexico illegally. Officials of the PGR, U.S. Department of Justice, and the U.S. Embassy sponsored a bilateral conference of

prosecutors in March in Mexico City to improve understanding of each other's justice systems and to identify practical methods to improve extradition procedures. Denials of U.S. extradition requests fell from 25 in 2002 to ten in 2003. However, denials included some major drug fugitives, including trafficker Juan Jose Quintero Payan. GOM officials were very helpful in processing new formal requests in various denied cases. In other cases, the PGR proceeded with Article 4 prosecutions (domestic prosecution of fugitives from foreign jurisdictions), and the PGR strengthened its Article 4 Section with new prosecutors in 2003. According to the PGR, it achieved 178 convictions in 194 Article 4 prosecutions between 2001-2003.

The U.S. and Mexican Governments worked hard to narrow the impact of the Mexican Supreme Court's 2001 life imprisonment decision. Both PGR and Foreign Relations Secretariat (SRE) officials petitioned the Court to reconsider its decision. The SRE also asserted its prerogative to judge the adequacy of U.S. assurances and pressed the position that, as long as U.S. authorities provide assurances before the SRE opinion is due, they are timely. U.S. officials honed language on "life assurances" so that those facing life terms with eligibility for parole could face extradition. Despite its commitment to legal assistance cooperation and implementation of the mutual legal assistance treaty (MLAT), there are difficulties in informal exchange of information in criminal cases and timely provision of evidence under the MLAT. Officials of both countries experience backlogs of requests. Moreover, the GOM does not yet possess centralized record keeping for access to court docketing records, criminal records, and publicly filed documents. The 2004 joint prosecutors' conference will examine ways to reduce the backlog in MLAT requests and to focus on priority cases.

**Agreements and Treaties.** Mexico is party to the 1961 UN Single Convention, as amended by the 1972 Protocol, the 1971 UN Convention on Psychotropic Substances, and the 1988 UN Drug Convention. Mexico also subscribes to regional counternarcotics commitments, including the 1996 Anti-Drug Strategy in the Hemisphere, which committed signatories to take strong actions against drug trafficking, including controlling money laundering and preventing diversion of precursor chemicals. Mexico is a party to the UN Convention against Transnational Organized Crime and two of its Protocols. In October, Mexican officials signed a Memorandum of Understanding with Colombia on Judicial-Technical Cooperation that will enable the two governments to exchange legal, scientific, and operational information against organized crimes.

Mexico is also party to the Inter-American Convention Against Corruption. Mexico has been a driving force behind the negotiation of the new UN Convention Against Corruption and, in December, it hosted the international signing ceremony. The Convention obligates signatories to criminalize corrupt acts such as bribery, to extend mutual legal assistance in the prosecution of suspected offenders, and to aid in the identification and recovery of assets resulting from corruption. The Convention encourages signatories to establish due diligence and transparency programs to aid in the detection and prevention of financial crimes.

Mexican officials continued to participate actively in the Inter-American Drug Abuse Control Commission (CICAD) of the Organization of American States. Attorney General Macedo served as President of CICAD from December 2002 to November 2003; during this period, CICAD approved the first full round of national counternarcotics assessments under the OAS' Multilateral Evaluation Mechanism (MEM) process. In October, Mexico also hosted the First Meeting on Cooperation to Fight Organized Crime, at which delegates discussed expansion of the OAS' focus beyond counternarcotics cooperation.

The United States-Mexico Extradition Treaty entered into force in 1980. A U.S. Protocol to the Extradition Treaty, which became effective in May 2001, permits the temporary surrender for trial of fugitives serving a sentence in one country but wanted on criminal charges in the other. However, Mexican authorities have reported legal difficulties in implementing the Protocol. The United States and Mexico continue to improve implementation of the Mutual Legal Assistance Treaty.

#### **IV. U.S. Policy Initiatives and Programs**

**Bilateral Cooperation.** Bilateral counternarcotics cooperation remains close and represents one of the most positive aspects of relations between the United States and Mexico. U.S. and Mexican law enforcement personnel routinely share sensitive information to aid in the capture and prosecution of drug traffickers and the seizure of cocaine, heroin, marijuana, and methamphetamine shipments. While bilateral law enforcement cooperation often depends upon cultivation of close interpersonal relationships among key officials, significant progress has been made in establishing bilateral frameworks for promoting continued cooperation well into the future. The United States and Mexico continued to participate in numerous bilateral counternarcotics and law enforcement fora.

The most senior, on-going bilateral entity involves the annual Binational Commission (BNC), at which the Attorneys General of both nations lead discussions at the Law Enforcement Working Group. The Senior Law Enforcement Plenary (SLEP) meets several times per year to monitor and guide bilateral actions at the practical and operational level. The SLEP comprised several working groups, including those dealing with major drug trafficking organizations, money laundering, demand reduction, arms trafficking, extradition, interdiction, training, and precursor chemicals. To promote cooperation against trans-border criminal organizations, U.S. and Mexican officials developed joint threat assessments to enhance mutual understanding of major drug trafficking threats and to improve joint targeting efforts.

In 2003, the U.S. Interdiction Coordinator participated in the Bilateral Interdiction Working Group (BIWG) for the first time. The Directors of JIATF-South and JIATF-West also participated in several meetings. The BIWG acted as the catalyst for the creation and testing of a ship-to-ship communications plan. The plan will assist ships and aircraft of both countries to communicate better and respond more effectively to suspicious maritime vessels. The plan was successfully tested in early December. Technical sub-groups also developed lists of suspect maritime vessels and prepared an analysis of drug trafficking flows and assets needed to enhance drug interdiction. In 2003, the BIWG agreed to establish a sub-group on precursor chemicals to complement efforts of the SLEP working group. Post-seizure analysis improved in selected drug cases but remained infrequent.

Mexico continued to expand and solidify the professionalization of its law enforcement institutions. Rigorous training programs, important acquisitions of equipment, renovation and construction of new offices, and improvement of benefits, including salaries and job security, contributed to the ongoing professionalization of Mexican law enforcement personnel. Indeed, 2003 saw progress at the federal, state, and local levels, demonstrated most notably in the increasing number of requests to the United States for training and equipment donations. The newly-created PGR training and professionalization office cooperated closely with USG agencies in these areas. At the state level, the National Public Security System (NPSS), serving the entire country through a system of five Regional Training Academies, developed aggressive programs, providing training to state, local and federal preventive uniformed police personnel.

The USG supported Mexico's professionalization efforts in 2003 by sponsoring over 140 training courses for 6,484 Mexican police officers, prosecutors, and investigators at the federal, state, and local levels. Courses include a broad spectrum of skills, including crisis management, ethics, corruption investigations, supervision and management, basic investigative techniques, crime scene investigations, land interdiction, money laundering investigations, counterterrorism, collection and analysis of intelligence, and handling of cyber-crimes. U.S. Embassy-sponsored training placed increased emphasis in Counter-Terrorism, Airport Security, and Crisis Management. The National Public Security System (NPSS) of the Secretariat of Public Security helped coordinate training for state and local officials at five regional academies. To ensure proper coordination on course delivery, the Embassy prepared a comprehensive Master Training Plan.

While primarily designed to deter terrorists from using Mexican territory as a springboard for entry into the United States, implementation of security projects along the United States-Mexico border played a role in enhancing interdiction of illicit drugs and other types of contraband. Mexican officials collaborated closely with U.S. counterparts to implement these vital projects, including installation of Non-Intrusive Inspection Equipment (NIIE) at border crossing points, establishment of an Advanced Passenger Information System (APIS) to review passenger manifests of commercial airlines, training and equipping of Mexican officials involved in the rescue of migrants stranded in remote desert regions, and deployment of planning software to enhance infrastructure and staffing at ports of entry.

**The Road Ahead.** President Fox and Attorney General Macedo have striven to reform, reorganize and modernize Mexico's criminal justice sector, including rigorous steps to root out corruption among federal police officials. The creation of AFI and SIEDO and expansion of CENAPI represent major undertakings at criminal justice sector reform and institution building. Improving interagency cooperation is essential to fight money laundering, stop diversion of precursor chemicals, and ensure successful prosecutions.

With clear GOM commitment, improving capabilities, and enhanced information management, Mexico is well positioned to begin to stem the flow of drugs through its territory en route to the U.S., and the USG is committed to supporting that effort. Many opportunities exist to enhance further the unprecedented level of cooperation of cooperation between U.S. and Mexican law enforcement. As law enforcement capacity, professionalism, and integrity increase, so too will mutual confidence. Progress is being made to institutionalize relationships to harness this cooperative spirit for the future.

Innovative and targeted investment of additional USG resources for justice sector development and operational support in Mexico will pay considerable dividends in stemming the production and flow of drugs through Mexico to the United States as well enable the GOM to work effectively with us to dismantle trans-border criminal cartels. Vigorous bilateral cooperation in administering our common border will also help to prevent terrorist exploitation of legitimate flows of bona-fide travelers and commercial goods between our two nations, thus preventing terrorists from using Mexican territory to stage attacks on the United States.

***Mexico Statistics  
(1994–2003)***

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
<b>Opium</b>										
Potential Harvest (ha)	—	2,700	4,400	1,900	3,600	5,500	4,000	5,100	5,050	5,795
USG Estimated Impact (ha)	—		7,400	7,600	7,900	9,500	8,000	7,900	8,450	6,620
Eradication (ha)	—	19,157	19,115	15,300	15,469	17,449	17,732	14,671	15,389	11,036
Cultivation (ha)	—		11,800	9,500	11,500	15,000	12,000	13,000	13,500	12,415
Potential Yield (mt)	—	47	71	25	43	60	46	54	53	60
<b>Cannabis</b>										
Potential Harvest (ha)	—	7,900	4,100	3,900	3,700	4,600	4,800	6,500	6,900	10,550

USG Estimated Impact (ha)	—	7,900	7,400	13,000	19,400	9,500	10,500	12,200	11,750	8,495
Eradication (ha)	—	30,775	28,699	33,000	33,583	23,928	23,576	22,961	21,573	14,227
Cultivation (ha)	—	7,900	4,100	16,900	23,100	14,100	15,300	18,700	18,650	19,045
Potential Yield (mt)	—	7,900	7,400	7,000	6,700	8,300	8,600	11,700	12,400	5,908
<b>Seizures</b>										
Opium (kg)	189	310	516	270	800	150	340	220	220	150
Heroin (kg)	165	282	269	268	258	120	115	363	203	297
Cocaine (mt)	20	12.6	30.0	18.3	33.5	22.6	34.9	23.6	22.2	22.1
Cannabis (mt)	2,019	1,633	1,839	1,619	1,459	1,062	1,038	1,015	780	528
Methamphetamine (kg)	652	457	400	555	358	96	39	172	496	265
<b>Arrests</b>										
Nationals	7,653	6,930	9,784		10,261	10,034	10,572	11,038	9,728	6,860
Foreigners	139	125	189		203	255	170	207	173	146
<i>Total Arrests</i>	<i>7,792</i>	<i>7,055</i>	<i>9,973</i>		<i>10,464</i>	<i>10,289</i>	<i>10,742</i>	<i>11,245</i>	<i>9,901</i>	<i>7,006</i>
<b>Labs Destroyed</b>	—	13	28			7	8	19	19	9

## Nicaragua

### I. Summary

Nicaragua is not a major drug producing country. However, the country is a transit zone for narcotics trafficked from South America to the United States and Europe. Major trafficking routes are found on both coasts as well as through the country on the Pan American Highway. The isolation of the country's Atlantic Coast, its vulnerable banking system, its endemic poverty, and the fact that many in the population remain well-armed from years of civil war during the 1980s all make Nicaragua a rich target for drug traffickers. Consequently, the U.S. Government is working to help Nicaragua fight against illegal drugs. Narcotics consumption in Nicaragua is a growing problem, particularly along the Atlantic Coast. The Nicaraguan Government (GON) is making a determined effort to fight both the domestic use of illegal drugs and the international narcotics trade. However, lacking resources, the Nicaraguan National Police (NNP) and the Nicaraguan Armed Forces require U.S. help to make significant gains against well-financed and well-armed drug traffickers.

In 2001, Nicaragua ratified a six-part bilateral maritime counternarcotics agreement with the United States. On the basis of this treaty, Nicaraguan and U.S. law enforcement authorities engaged in several joint maritime counternarcotics operations in 2003, including seven high seas prisoner transfers. The United States also continued to assist the Nicaraguan National Police's (NNP) counternarcotics efforts during the year. Working with the DEA office in Managua, the NNP seized significant amounts of cocaine and heroin in 2003. The Nicaraguan National Assembly is currently considering illegal money laundering legislation to set up an operational and technical Commission of Financial Analysis to help the banking sector identify and track suspicious deposits over USD 10,000. Nicaragua is a party to the 1988 UN Drug Convention.

## II. Status of Country

Colombian drug traffickers move illegal narcotics through Nicaragua by land, sea, and air. According to DEA Managua, advances in maritime interdiction by the governments of Panama and Costa Rica have pushed drug traffickers northward in their search for refueling areas. Nicaragua is also in danger of becoming a target for money laundering due to a vulnerable banking sector. DEA and the NNP have noted continued movements of illegal drugs by air that the GON is powerless to intercept.

The NNP is a relatively capable law enforcement organization. In 2003, the DEA office in Managua and the NNP conducted joint investigations that resulted in the capture of 75.9 kilograms of heroin and 1,199 kilograms of cocaine, representing a 50 percent increase in heroin seizures but nearly a 60 percent decrease in cocaine seizures over last year. Despite these achievements, resource constraints and an inefficient and corrupt legal system continue to impede fully effective police operations. Consumption of illegal drugs (especially crack cocaine) remains a serious problem, particularly along the Atlantic Coast. Although the NNP is responsible for law enforcement, the Army, which includes a naval unit, is increasingly playing an important support role in counternarcotics efforts.

## III. Country Actions Against Drugs in 2003

**Policy Initiatives.** The Government of Nicaragua (GON) continues efforts to revamp the country's legal system. In December 2002, the new Criminal Procedures Code went into effect. The Code permits oral arguments in court cases, a change that should allow fairer and more efficient processing of legal cases. The GON prosecutors, with USAID training, are learning to use this new system effectively. The National Assembly is currently stalled on passing reforms to the major statute that covers illegal drugs. This draft law includes important provisions related to money laundering. If approved, the amended statute would clearly establish money laundering as an autonomous crime as opposed to only being a component of drug trafficking cases.

**Accomplishments.** Nicaraguan authorities continued to destroy domestically grown marijuana plants in increased numbers during 2003. They also carried out major seizures of transshipped cocaine and heroin (see below). In the course of the year, several joint maritime operations were carried out between the Nicaraguan Military, the Nicaraguan Police and U.S. Law Enforcement vessels under the auspices of the U.S.-Nicaraguan bilateral maritime counternarcotics agreement that went into force in 2001. The Nicaraguan Navy has also assisted with three prisoner transfers wherein crews of U.S. seized drug boats were landed in Nicaragua for transfer to the U.S. The NNP has conducted operations against local drug distribution centers, gathering intelligence on their locations and making arrests.

**Law Enforcement Efforts.** During 2003, the NNP arrested over 900 persons on drug-related charges, including 22 foreigners. During the same time, Nicaraguan authorities seized 1,199 kilograms of cocaine; 75.9 kilograms of heroin; 127,564 marijuana plants and 811 pounds of cleaned marijuana, plus 10,430 crack "rocks." Whereas in CY 2002, 19,860 tablets of ecstasy were seized, in CY 2003 the NNP did not make a single ecstasy seizure. The Nicaraguan Navy seized 121 kilograms of cocaine and one kilogram of heroin. They also seized 14 fast boats that had already jettisoned/delivered their cargo. In addition, the Navy broke up affiliated alien smuggling and arms smuggling rings. Despite this record, resource limits continue to plague the NNP. The Narcotics Unit has only 116 officers, including administrative support, to cover all of Nicaragua. The Nicaraguan Navy, with INL help, is only now developing a long range patrol capability that will be able to maintain a presence at sea for days at a time.

**Corruption.** The GON does not engage in, encourage, or facilitate the illicit production or distribution of narcotics, or the laundering of proceeds from illegal drug transactions. The NNP

regularly rotates officers to prevent conflicts of interest from developing at the local level. The NNP also issues numbered badges in order to make it easier for the public to identify abusive police officials. Finally, the Narcotics Unit answers only to the top two ranking officials in the NNP, a measure that maintains the integrity of confidential information. DEA and INL have begun developing an elite drug unit within the Narcotics unit.

Low salaries make it hard to eliminate corruption. A new Nicaraguan Police Officer earns about \$120 a month. Judges' official salaries run about \$500 month. Corrupt judges often let detained drug suspects go free after a short detention, a practice that puts drug traffickers back on the streets, undercutting police morale.

Starting in CY 2000, with funding provided by INL and using expertise provided by the Department of Justice's International Criminal Investigative Training Assistance Program (ICITAP) in Guatemala, the NNP developed an Anti-Corruption Unit (UAC) to investigate cases of abuse of government power. The unit has contributed to cases that have resulted in a number of arrests for corruption and misuse of government funds. ICITAP programs will terminate at the end of CY2003, but INL plans to maintain support, under a new multi-agency anticorruption initiative for both the anticorruption unit and the various training programs at the police academy.

**Agreements and Treaties.** Nicaragua is a party to the 1961 UN Single Convention on Narcotic Drugs, the 1971 UN Convention on Psychotropic Substances, and the 1988 UN Drug Convention. A U.S.-Nicaragua extradition treaty has been in effect since 1907, but the Nicaraguan constitution prohibits extradition of Nicaraguan nationals. Nicaragua is a member of the Caribbean Financial Action Task Force (CFATF). The United States and Nicaragua signed a bilateral counternarcotics maritime agreement in November 2001. Nicaragua has ratified the UN Convention against Transnational Organized Crime. Nicaragua is a member of the Inter-American Drug Abuse Control Commission (CICAD) of the Organization of American States (OAS). Nicaragua is a party to the Inter-American Convention Against Corruption and in 2001 signed the consensus agreement on establishing a mechanism to evaluate compliance with the Convention. Nicaragua also ratified the OAS Mutual Legal Assistance Convention in 2002, an agreement that facilitates the sharing of legal information between countries.

**Cultivation/Production.** With the exception of marijuana, illegal drugs are not cultivated in Nicaragua. The marijuana grown in Nicaragua is dedicated to local consumption.

**Drug Flow/Transit.** Nicaragua's location in the isthmus of Central America, the deep poverty of a large proportion of the population, the lack of government presence in large sections of the country and the paucity of government monies that can be dedicated to law enforcement make the country an attractive transit zone for drug traffickers. Nicaragua's isolated Atlantic Coast constitutes the most vulnerable part of the country. This region's many islands and inlets provide way stations for drug smugglers moving between Colombia and points farther north.

Many Atlantic Coast residents, the majority of whom are ethnically and culturally distinct from residents of the rest of Nicaragua, support the traffickers by refueling their vessels, storing drugs, and serving as lookouts. In some communities drug smuggling has become the principal economic activity, creating concern that an incipient "narco-culture" is emerging. Drugs also move north along the Pan-American Highway and in "go-fast" boats that run along the Pacific Coast. Multiple unidentified small aircraft transit Nicaraguan airspace at night. A number of drug shipments have been "dropped" on the Atlantic coast for further surface transshipment. The GON has no capability to intercept these flights. At this time the GON has little capability to monitor or prevent the diversion of precursor chemicals, which are utilized in drug manufacturing in neighboring countries. DEA suspects that drug-processing labs are now being set up within Nicaragua.

**Domestic Programs (Demand Reduction).** Drug consumption in Nicaragua continues to be a problem. Atlantic Coast leaders in particular have become concerned about increasing levels of crack cocaine use in that region of the country. The Atlantic coast is the poorest part of Nicaragua and suffers from chronic 60-70 percent unemployment. Narcotics traffickers pay for help from locals by distributing drugs, a practice that augments the number of addicts in the local population. In addition, drug shippers threatened by interdiction in the Caribbean Sea toss their cargoes overboard. Drug packages wash ashore in communities where residents divide up the captures among village members to sell. Both trends reinforce local use.

The GON has responded to its growing domestic drug problem. The Ministries of Education and Health, the NNP, and the Nicaraguan Fund for Children and Family (FONIF) have all undertaken limited demand reduction campaigns. In February 2001, the USG established the D.A.R.E. Program in Nicaragua and, since its inception, approximately 150 NNP officers have received training as D.A.R.E. instructors. During 2001-2002, over 8,200 Nicaraguan schoolchildren were awarded certificates of participation in the D.A.R.E. program. During 2003, 5,975 students received D.A.R.E. training.

#### **IV. U.S. Policy Initiatives and Programs**

**Bilateral Cooperation.** Nicaragua and the United States are strong allies in counternarcotics activities. The police have done much to professionalize their force since Nicaragua returned to the democratic fold in 1990. The NNP established formal relations with the DEA in 1997. From that time, cooperation between the two agencies has been ongoing and effective. During 2003, the U.S. continued to provide significant counternarcotics and law enforcement assistance to the National Police through the DEA, State/INL, and the U.S. Department of Justice. In FY 2003, the USG will fund the creation of an elite narcotics investigative unit.

A new bilateral anticorruption initiative will bring additional USG resources to bear in improving the judicial system and the customs service. The Nicaraguan Military has also proven to be an effective and reliable partner in the counternarcotics field and has committed ground, air, and naval forces to support law enforcement operations. INL is refurbishing several large and numerous smaller patrol boats to carry out interdiction activities on both the Atlantic and Pacific coasts. Nicaragua is cooperating with the U.S. on attempts to cut off terrorist financing. The USG shares information on suspect persons or organizations whose assets should be frozen with the Superintendent of Banks as well as the Ministry of Finance and the Foreign Ministry. Nicaragua is a party to the 2002 International Convention on the Suppression of the Financing of Terrorism.

**The Road Ahead.** Nicaragua's leaders and its people recognize the threat that illegal drugs pose to Nicaraguan society and sovereignty. The Nicaraguan Military and the Nicaraguan Police are committed to the counternarcotics effort. Even so, Nicaragua does not possess the resources to wage this war alone. The country requires continued assistance. Nicaragua also requires urgent internal reforms, particularly the professionalization of justice sector personnel and the application of stronger statutes to combat crimes like corruption and money laundering, if the country is to become a successful partner with the United States in fighting the narcotics trade.

### **Panama**

#### **I. Summary**

Panama serves as a major transshipment point for narcotics from South America to the United States and Europe. In 2003, the GOP seized increased quantities of illicit drugs, including a significant amount of heroin. The Government of Panama (GOP) fully cooperates with the U.S. Government (USG) and the international community in combating drug trafficking, money laundering, and other transnational crimes. The GOP expanded the capacity of its law

enforcement agencies to combat international narcotics-related crimes with the augmentation of resources in the Darien region; the maturation of a Public Ministry, Technical Judicial Police (PTJ) Vetted Unit; and the development of a Panama National Police (PNP) mobile inspection unit. Panama is taking steps to strengthen its precursor chemical control regime, including the drafting of improved legislation and strengthening of interagency cooperation. Panama is a party to the 1988 UN drug convention.

## II. Status of Country

Panama's proximity to the world's largest cocaine producer and South America's heroin producers, containerized seaports, Pan-American Highway, international hub airport and numerous uncontrolled airfields, vast coastline, and limited control of its borders, continue to make Panama a major drug-transit country. Strengthened interdiction efforts in the Caribbean and Eastern Pacific have increased the importance of the Central American corridor for drug traffickers. Domestic drug abuse, particularly among juveniles, continued to be a significant problem in 2003. The results of national household and student drug abuse surveys will help to quantify the extent of the problem. Panama is not a significant producer of drugs or precursor chemicals. Cannabis is produced in small quantities for local consumption, and small-scale coca cultivation has been reported in Panama's remote Darien Province that borders Colombia.

## III. Country Actions Against Drugs in 2003

**Policy Initiatives.** In 2003, the Panamanian National Commission for the Study and Prevention of Drug-Related Crimes (CONAPRED), an inter-institutional GOP entity functioning under the direction of the Attorney General's office, began implementation of its second five-year National Drug Control Strategy. The report, released in 2002, proposes 81 projects to combat all aspects of drug supply and demand.

**Accomplishments.** During 2003, the Drug Prosecutor's office held the third national seminar for counter narcotics authorities. Panama also chaired and hosted the Central American Permanent Commission on Narcotics (CCP) annual meeting in October 2003.

**Law Enforcement Efforts.** USG law enforcement agencies enjoy cooperative relationships with their GOP counterpart agencies across the full spectrum of narcotics-related criminal matters. DEA-monitored statistics through December 2003 indicate seizures of 9.92 metric tons of cocaine (9,487 kilograms), 1.44 metric tons of cannabis (1,478 kilograms), .21 metric tons of heroin (205 kilograms), 2,609 tablets of Ecstasy, 9,753 amphetamine tablets and 226 arrests for international drug-related offenses, as well as \$6,058,091 in currency seizures. An aggressive GOP law enforcement posture has compelled trafficking groups to employ more sophisticated methods and greater operational security, and to vary their smuggling routes to elude detection. Consequently, as in recent years, most of the large seizures in 2003 resulted from intelligence-driven operations and cooperation among Panama's public forces and with USG counterparts.

This cooperation was furthered by the creation in December 2001 of a Public Ministry/PTJ Vetted Unit with authority to conduct special and sensitive investigations relative to major drug and money laundering organizations. It complements three other institution-building, counter narcotics projects sponsored by the U.S. Embassy's Narcotics Affairs Section (NAS) and the DEA—the PNP Mobile Inspection Unit and Paso Canoas Interdiction Enhancements, the International Airport Drug Task Force, and the Canine Unit. All of these projects have produced numerous seizures and arrests. The PNP/PTJ Drug Task Force has accounted for 37 drug courier arrests this year.

The Public Ministry's Drug Prosecutor's Office (DPO) remains a respected entity for combating narcotics-related crimes and a principal coordinator of Panama's Public Forces' counter narcotics

investigative resources. DPO cooperation with U.S. law enforcement agencies is excellent and extensive. The PNP's Directorate of Information and Intelligence (DIIP) and its Anti-Drug Sub-Directorate (DAD) are extremely effective drug investigative units. The PNP/DAD was responsible for the majority of illicit drug seizures in 2003. The PNP responded aggressively to new trafficking patterns in 2003, interdicting drug and arms shipments along the coast and in the interior of Panama.

The National Maritime Service (SMN) has vigorously employed assets to interdict illicit narcotics. During 2003, the SMN conducted boardings and interdiction operations in response to USG requests. The SMN also regularly provides critical assistance to USG drug-interdiction operations. This includes verifying ship registry data for U.S. Coast Guard (USCG) or U.S. Navy boardings, and transferring detainees and drug evidence from USG ships to Panama for air transport to the United States for prosecution. The SMN participated in two exercises (CONJUNTOS) organized by the U.S. Coast Guard and JIATF-S during 2003.

The National Air Section (SAN) continued to provide excellent support for counter narcotics operations despite limited air assets. The SAN acquired four new helicopters during 2003, which will improve its ability to respond to future requests for assistance from USG and GOP law enforcement entities. The SAN continued to respond rapidly to U.S. law enforcement requests to over-fly and photograph suspect areas and to identify suspect aircraft in flight or on the ground. The SAN provides logistical support in the transfer of detainees and drug evidence through Panama to U.S. jurisdiction. The SAN and PNP continued to cooperate in the surveillance of areas of potential coca and cannabis growth as well as verification of suspected clandestine airfields. Both the SMN and SAN responded to reports of air drops of cocaine from general aviation aircraft to the Caribbean and Pacific coasts of Panama.

**Cultivation and Production.** Joint DEA-SAN aerial reconnaissance efforts indicate small-scale coca cultivation, accompanied by cocaine laboratories, has resumed in the portion of the Darien Province bordering Colombia. GOP resource constraints, triple-canopy jungle, and the presence of armed Colombian insurgents in the region have prevented crop eradication. Limited cannabis cultivation, principally for domestic consumption, exists in Panama, particularly in the Perlas Islands. The SMN, SAN, and PNP cooperate effectively to eradicate these crops.

**Precursor Chemicals.** Panama is not a significant producer or consumer of chemicals used in processing illegal drugs, but a large volume of chemicals transits the Colon Free Zone for other countries. The GOP regulatory/enforcement infrastructure to control the use and shipment of precursor chemicals remains inadequate. During 2003, new legislation to create an effective regulatory system and enforcement regime was presented to the National Assembly for approval. The legislation clearly defines criminal conduct pertaining to chemical diversion and imposes adequate penalties. Early legislative assembly action on the measure is hoped for in 2004. DEA collaborated with GOP law enforcement agencies to conduct inspections and audits of businesses dealing in precursor chemicals. Seizures of pseudoephedrine in 2003 totaled 9.6 million tablets. The GOP also took steps during 2003 to strengthen the interagency chemical control center, including providing it with new permanent offices. Panama also recently created an inter-institutional chemical control commission to ensure more efficient coordination and cooperation between government agencies.

**Drug Flow/Transit.** Panama is a key center for the transit and distribution of South American cocaine, heroin, and Ecstasy. Fishing vessels, cargo ships, small aircraft, and go-fast boats transit Panamanian waters and airspace, continuing to other Central American countries and the United States or dropping their cargo in Panama. Shipments deposited in Panama are repackaged and moved northward on the Pan-American Highway or shipped in sea-freight containers. General aviation aircraft planes enter Panamanian airspace, and transport drugs and money. Couriers transiting Panama by commercial air flights continued to move cocaine, as well as increasing amounts of heroin, to the United States and Europe during 2003.

**Domestic Programs (Demand Reduction).** CONAPRED's new five-year counter narcotics strategy identifies 29 demand reduction, drug education, and drug treatment projects to be funded between 2002 and 2007 at a cost of U.S. \$6.5 million. The Ministry of Education and CONAPRED, supported by U.S. funding, promoted demand reduction through training for teachers and information programs. In August 2003, a new law came into force that created a national drug prevention education program, which mandates inclusion of drug prevention in school curriculum. CONAPRED and the Embassy's NAS also supported the Ministry of Education's National Drug Information Center (CENAID) in 2003. The PNP Juvenile Police, with Embassy NAS funding, implemented the DARE Program in Panama City public schools in 2003.

**Corruption.** As a matter of government policy and practice, Panama does not encourage or facilitate the illicit production or distribution of drugs or the laundering of proceeds from illegal drug transactions. Panamanian public perceptions of governmental corruption received increasing attention during 2003 as preparations began for the 2004 Presidential campaign. Since January 2002, when two major corruption scandals broke within the legislature—one over ratification of two Supreme Court justices and the other over bribes in the concession law for a Colon Free Zone multimodal center—fighting corruption has gained societal momentum among nongovernmental organizations, the private sector, and the Catholic Church. The United States launched a new anticorruption initiative in September 2003.

**Agreements and Treaties.** Panama is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention on Narcotic Drugs, as amended by the 1972 Protocol, and the 1971 UN Convention on Psychotropic Substances. A mutual legal assistance treaty and an extradition treaty are in force between the United States and Panama, although the Panamanian constitution does not permit extradition of Panamanian nationals. A Customs Mutual Assistance Agreement and a stolen vehicles treaty are also in force. In 2002, a comprehensive interdiction agreement between the USG and GOP entered into force. Panama has bilateral agreements on drug trafficking with the United Kingdom, Colombia, Mexico, Cuba, and Peru.

#### **IV. U.S. Policy Initiatives and Programs**

The United States provided crucial equipment, training, and information to enhance the performance of GOP counter narcotics, public force, and law enforcement institutions in 2003. These U.S.-supported programs are aimed at improving Panama's ability to intercept, investigate, and prosecute illegal drug trafficking and other transnational crimes; strengthening Panama's judicial system; assisting Panama to implement domestic demand reduction programs; encouraging the enactment and implementation of effective laws governing precursor chemicals and corruption; improving Panama's border security; and ensuring strict enforcement of existing Panamanian laws. Panama does not have an anti-alien smuggling law, nor has the USG approached the GOP on this issue.

The USG, through USAID, continues to assist the GOP in developing an Administration of Justice (AOJ) program to strengthen law enforcement and judicial institutions and procedures. This program addresses objectives including reduction of pre-trial detention. The AOJ program also works to promote civil society involvement in the reform process.

During 2003, the USCG worked closely with the SMN, enhancing its effectiveness as a maritime interdiction force. In 2002, under a Memorandum of Understanding (MOU), the United States provided the SMN the 180-foot buoy tender "Sweetgum." In 2003, the United States, through the Embassy's NAS, continued to procure repair parts for this and other boats transferred by the USG and to fund additional training in fleet maintenance and boarding operations. The United States traditionally has had an excellent relationship with Panamanian Customs, and has provided Panamanian Customs with training, operational tools, and a canine program that has become a linchpin of the Tocumen International Airport Drug Interdiction Law Enforcement Team.

In 2003, Panama was selected to participate in the Department of Homeland Security's Container Security Initiative (CSI).

During 2003, the USG, through the NAS, donated four trucks and four boats to the PNP, which will enhance its logistic and support capabilities for units in the Darien province. Funds from the 2002 Andean Counter drug Initiative (ACI) supported the growth of the PTJ Counter narcotics Vetted Unit. Other NAS projects funded in 2003 included construction of an x-ray room at Tocumen Airport; passport readers and stamps for the Immigration Department; communications equipment for the PTJ; refurbishing "go fast" boats for the SMN; and equipping forensic laboratories in Panama City and the interior. The NAS continued to support the Ministry of Education's teacher training programs in demand reduction, development of Panama's Joint Intelligence Coordination Center, and joint counter narcotics operations among Panamanian authorities and the DEA, U.S. Customs, and the USCG.

**Bilateral Cooperation.** The Moscoso Administration continued its close cooperation by sustaining joint counter narcotics efforts with the DEA and by strengthening national law enforcement institutions. The new maritime interdiction agreement has facilitated enhanced cooperation in maritime interdiction efforts.

The GOP has remained one of the United States' principal partners in counter narcotics missions. During 2003, under the authority of Panama's Attorney General and Ministry of Government and Justice, there were 13 instances in which drugs and 103 prisoners seized on the high seas were transferred through Panama's territory for prosecution in the United States. The GOP has cooperated with U.S. requests to board and search Panamanian-flagged vessels suspected of drug smuggling in international waters. In 2003, the PTJ, Panamanian Customs, and the PNP, with support from the U.S. Customs Service and the DEA, executed interdiction operations against alien smuggling and drug trafficking along the Costa Rican border.

**The Road Ahead.** The GOP continues to demonstrate its commitment to build strong law enforcement institutions and deter the flow of narcotics northward. The GOP is ready to cooperate with the USG on port security, which will be advanced by the implementation of the Container Security Initiative. This effort also continues to enjoy significant private sector support.

Panama's law enforcement efforts would be enhanced through additional coordination among its law enforcement agencies, and improvement of the role and capabilities of the PTJ as an investigative agency. GOP resources will continue to be inadequate to patrol fully the land borders, the Panamanian coastline, and the adjacent sea-lanes, rendering them vulnerable to illicit traffic. The United States will continue to work with the GOP to help strengthen Panama's ability to deter trafficking in drugs through training and equipment. The United States will also continue to work with the GOP to help strengthen Panama's law enforcement and public forces institutional capacity and will provide assistance to Panama to support criminal justice reform, as well as anticrime and anticorruption efforts. The United States will continue to work with the Ministries of Health and Education and NGOs to expand Panama's demand reduction programs.

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