

International Narcotics Control Strategy Report -2003

Released by the Bureau for International Narcotics and Law Enforcement Affairs
March 2004

South America

Argentina

I. Summary

Argentina is not a major drug producing country, but it is a transit country for cocaine flowing from neighboring Bolivia, and less so from Peru and Colombia. Argentina has also become a transit area for Colombian heroin en route to the U.S. East Coast (primarily New York), although there is no evidence that the quantities involved significantly affect supply in the U.S. According to Argentine government (GOA) statistics, domestic drug use continues on the upswing. Although the number of arrests for possession and trafficking declined in 2003, seizures of most types of drugs increased in 2003. This is indicative of a more focused use of investigative resources, to target trafficking organizations instead of individual violators. Argentina is a party to the 1988 UN Drug Convention.

II. Status of Country

Argentina is not a major drug producing country. However, because of its advanced chemical production facilities, it is one of South America's largest producers of chemicals used to manufacture almost all the precursors necessary to process cocaine and heroin. Marijuana is the most popular illegal drug consumed, with cocaine HC1 and inhalants ranked second and third. Bolivia is the primary source of cocaine entering Argentina. Other drugs, such as marijuana, enter via Paraguay and Brazil. The trafficking of Colombian heroin through Argentina to the U.S. East Coast has increased although there is no evidence that the quantities involved significantly affect supply in the U.S. Seizures of amphetamines and ecstasy (MDMA), a synthetic stimulant with hallucinogenic properties, are also increasing. Although Buenos Aires has a sophisticated financial sector, its attractiveness to traffickers for money-laundering was diminished substantially by the 2001-02 financial crisis.

III. Country Actions Against Drugs in 2003

Policy Initiatives. The government actively targets the trafficking, sale, and use of illegal narcotics. During 2003, the GOA's Secretariat for the Prevention of Drug Addiction and Narcotics Trafficking (SEDRONAR) took the lead, along with the Gendarmeria Nacional [border guards (GN)], Customs, and the Federal Police, and jointly worked toward improving the country's chemical control system and interagency cooperation. Additionally, Argentina law enforcement participated in Operation SEIS FRONTERAS (Six Borders) and recorded the second highest total of chemical seizures of the participating countries.

To deal with the precursor problem, the GOA has introduced more secure import and export certificates to address suspicious shipments of precursor chemicals. SEDRONAR has been working to rebuild a national database of producers and distributors to gain a better understanding of the scope of the problem and has formed an eight-person chemical investigation unit. The GOA proposed to its neighbors that they work together to monitor the flows of chemicals in the region. SEDRONAR officials are willing to exchange records with USG law enforcement authorities and have begun to do so in an effective manner mutually beneficial to both governments.

Accomplishments. From November 2002 to October 2003 the Northern Border Task Force (NBTF) of the GN seized in excess of 153,569.50 kilograms of illicit chemicals. These significant seizures carried out under Operations Gran Chaco and Seis Fronteras indicate that chemical diversion remains a serious problem. The NBTF and Group Condor seized 507.88 kilograms of cocaine, including base, and arrested 207 traffickers in FY 2003. A major benefit derived from these operations has been the enhanced cooperation between the agencies in the conduct of joint investigations.

The total quantity of clandestine laboratories seized in Argentina during the last five years by all Argentine law enforcement authorities was 23, eight of which were being seized in the last year. Of the 23, all except one had a production capability of less than five kilos. The largest was capable of processing 30 kilos of coca base. In 2003, of the eight labs seized, one had a capacity of 150 kilograms/year and another had a 50 kilograms/year capacity.

According to the SEDRONAR, 45,553 kilograms of marijuana were seized in 2003, compared to 35,254 kilograms in 2002. SEDRONAR also reports that 39.5 metric tons of coca leaf were seized during the first nine months in CY-2003, up slightly from the 32.3 metric tons seized in all of CY-2002. Seizure totals for the last two years are considerably lower than the 91.3 metric tons seized in CY-2001, and 95.9 metric tons in CY-2000.

The continued low seizure totals for coca leaf are likely attributable to reduced production and improved interdiction in Bolivia. Another likely factor is increased emphasis on chemical seizures, resulting in greater scrutiny of the northbound potentially chemical-laden traffic exiting the country at the expense of monitoring the southbound potentially chemical-laden traffic entering from Bolivia. Other possible factors are the coca leaf price increases and the GOA's enforcement of prohibitions on the importation of coca leaf.

Law Enforcement Efforts. Federal counternarcotics policy is coordinated by the SEDRONAR. The primary federal forces involved are the Federal Police who have jurisdiction for crimes committed in or connected to the city of Buenos Aires, GN, National Customs Service, National Air Police, and Prefectura Naval (Coast Guard). Provincial police forces also play an integral part in counternarcotics operations. While cognizant of its responsibilities in the interdiction area, Argentina continues to focus on demand reduction. This effort is discussed in greater detail in the Demand Reduction Programs section.

All of Argentina's security forces face continuing severe counternarcotics budget limitations which have hampered investment in training and equipment. Also, weak coordination between law enforcement agencies continues to lessen GOA effectiveness. The GOA recognizes this problem and has taken some steps to alleviate it although more needs to be done to effect better cooperation.

Corruption. The Kirchner administration, which took office in May 2003, has made the fight against corruption one of its main priorities. Most significantly, it worked to encourage the resignation of the former Chief Justice of the Supreme Court and another Supreme Court Justice on malfeasance and corruption-related allegations. It supported Congressional efforts that resulted in the impeachment of a third Supreme Court Justice. The Kirchner administration also fired the Chief of the Federal Police and other senior officials on corruption charges. The Kirchner administration has indicated its intentions to enhance existing anticorruption regulations and procedures. It has endorsed the work of the Ministry of Justice's Anti-Corruption Office, while at the same time widening the scope of anticorruption activities to include other GOA elements. The GOA does not facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances or the laundering of proceeds from illegal drug transactions.

Agreements and Treaties. Argentina remains very active in multilateral counternarcotics organizations such as the Inter American Drug Abuse Commission, the International Drug Enforcement Conference (IDEC), and the United Nations Drug Control Program. The GOA hosted the IDEC in 2000 and played an active role in IDEC 2001-3. In 2003, Argentina continued to urge MERCOSUR (Southern Common Market) to play a larger role in money laundering and chemical precursor diversion investigations.

Argentina is a party to the UN Convention Against Transnational Organized Crime and two of its protocols (trafficking in persons and alien smuggling), and has signed but not yet ratified the third protocol (firearms). The GOA has bilateral narcotics cooperation agreements with many neighboring countries. The United Kingdom, Germany, Australia, France, and Italy provide limited training and equipment support. In 1998, a witness protection program for key witnesses in drug-related prosecutions was created. In 1997, the USG and Argentina signed a new extradition treaty, which entered into force on June 15, 2000. A memorandum of understanding between the U.S. Department of the Treasury and SEDRONAR dealing with the exchange of financial information relating to money laundering was also signed in 1995. In 1990, Argentina and the USG signed a mutual legal assistance treaty that entered into force in 1993. Argentina is a party to the 1988 UN Drug Convention.

Cultivation/Production. Illicit cultivation remains negligible. There is very limited refining or manufacturing of illicit drugs, with small amounts being produced in the country.

Drug Flow/Transit. Most Argentine officials agree that the drug trafficking is a problem. Drug shipments out of the country are mostly via commercial aircraft, Argentina's maritime port system, and, in some cases, by cruise ship passengers. Couriers of cocaine from Buenos Aires, Ezeiza International Airport, are primarily destined for Europe, South Africa, and Australia. Air couriers of heroin are primarily destined for the United States. As a member of MERCOSUR, Argentina cannot open and inspect sealed containers from another member state that pass through the country. These uninspected containers are considered to be a high trafficking threat. Riverine traffic from Paraguay and Brazil is another probable method for moving narcotics through Argentina.

Demand Reduction Programs. The GOA continues to focus its efforts on demand reduction. Drug use is treated as a medical problem and addicts are eligible to receive federal government-subsidized treatment. Buenos Aires province, the most heavily populated province and also the one with the largest number of regular drug users, has its own well-established demand reduction program.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. The GOA has yet to sign the standard USG Letter of Agreement due to Ministry of Foreign Affairs legal and policy concerns. The delay has hampered bilateral counternarcotics efforts for the last eight years by impeding the disbursement of funding and material assistance to the GOA. The U.S. Embassy continues to work with the Ministry of Foreign Affairs to resolve the situation. Counternarcotics programs are funded with money obligated from previous years.

Cooperation between the USG and Argentine authorities, both federal and provincial, continued to be excellent in 2003. USG assistance supplied equipment and training programs for Argentine law enforcement personnel, including the Northern Border Task Force (NBTF) and Group Condor. The USG funded a course on airport drug interdiction methods and a money-laundering seminar put on by U.S. Customs. All GOA federal law enforcement agencies and the Argentine Customs Service were represented at these seminars. Based on the success of the NBTF and Group Condor task forces, the USG planned to provide additional training and to assist the GOA

in establishing similar task forces, but those plans have been hampered by the absence of LOA-provided funding.

Notwithstanding the failure to reach agreement on an LOA, the U.S. Embassy will still seek to channel some funding to assist Gendarmeria efforts to establish new task forces. The USG will also look to provide assistance to the Prefectura Naval for maritime drug interdiction activities.

The Road Ahead. With the inauguration of President Kirchner in May 2003, counternarcotics cooperation has continued to improve, despite the administration's early initiative to address corruption in the country's security forces and the federal judiciary. The Kirchner government has left in place the drug policies and priorities established by preceding governments. The USG will encourage the GOA to continue to focus its efforts on the northern border area where the vast majority of cocaine enters Argentina, but also not to neglect other important areas such as the tri-border area where Argentina, Paraguay, and Brazil meet. The USG will continue to work with the Argentine Customs Service and Air Police to target heroin trafficking to the U.S. East Coast and cocaine movements by couriers through Argentina's airports. The GOA should also determine the extent of South Atlantic maritime trafficking. The U.S. Embassy will continue to work with SEDRONAR to develop effective chemical controls and identify the illegal diversion of precursor chemicals. Finally, the U.S. Embassy will double efforts to sign the Letter of Agreement to enhance assistance in the future.

Bolivia

I. Summary

Consistent policies on forced eradication across successive Bolivian governments have virtually eliminated the Chapare as a significant source of coca destined for cocaine. The dramatic record-breaking seizures of both drugs and precursor chemicals in 2003 demonstrate the value of long-term investments made in developing special counternarcotics police units (FELCN). Alternative development (AD) initiatives in the Chapare continue to provide licit alternatives to coca and new AD activities in the Yungas are beginning to show their value. Bolivia is a significant transit country for cocaine precursor chemicals.

The Yungas is the largest coca growing area in Bolivia, where topography (mountain ranges transpierced by one small road) and a long history of traditional coca cultivation argue against simply replicating the successful Chapare forced eradication strategy. This area will be President Carlos Mesa's principal challenge. In 2003, the Government of Bolivia (GOB) continued efforts to build up mechanisms to control the licit coca market and to prevent diversion of coca to cocaine production. In recognition of the importance of counter narcotics (CN) issues, President Mesa is personally chairing the reorganized and strengthened Counter-Narcotics Control Board (CONALTID).

Bolivia is a party to the 1988 UN Drug Convention.

II. Status of Country

Bolivia has produced coca leaf for a millennia for traditional uses. Coca remains a core part of indigenous ceremonies and medicine, as well as a popular legal stimulant in the form of tea and chewing. Bolivian law permits 12,000 hectares of legal coca cultivation for this market, mostly in the Yungas.

By 1990 the Chapare region was the principal supplier of cocaine to the U.S. market. Through aggressive intervention, the GOB reduced cultivation from its peak in 1989 (from 52,900 to 28,450 hectares in 2003), effectively removing the Chapare from the coca/cocaine circuit. In

2003, the successful reduction of coca cultivation in the Chapare (down 15 percent) was offset by a 26 percent increase in the Yungas resulting in an overall increase of 17 percent or 4,050 hectares. Bolivia is also an important transit country (especially for Peruvian cocaine) because its borders run along the most remote and least controlled territories of its five neighboring countries.

III. Country Actions Against Drugs in 2003

Policy Initiatives. President Banzer (1997-2001) changed Bolivian policy from one of inaction to one of serious confrontation of the coca/cocaine circuit. Since then, and despite tremendous social and political crises (in part due to CN issues), the GOB policy of forced eradication in the Chapare and increasingly sophisticated interdiction of illicit drugs and precursors has continued. Coca growers (“cocaleros”) efforts to stop eradication have been rebuffed, but the GOB has been willing to discuss a variety of other coca-related issues in an attempt to avoid the violence and economic disruption that result from cocalero-mounted demonstrations and violence.

The weak coalition Sanchez de Lozada government resigned in the face of widespread protests due in large part to economic issues in October 2003, after only 14 months of a five-year term. The successor Mesa government faces major social and political challenges. Despite this context, President Mesa has assumed personal chairmanship of CONALTID, the ministerial committee that coordinates the GOB's counternarcotics policy. Reorganized in November, CONALTID shows potential of taking a more forceful role in 2004.

The principal challenge facing Bolivia is the unconstrained growth of coca cultivation in the Yungas. Violent cocalero opposition and an extreme geographic terrain have discouraged forced eradication in the Yungas. Instead, the GOB has pursued a containment strategy based on interdiction. By using the same mountainous terrain that makes forced eradication difficult, the GOB channels the movement of leaf, precursors and illicit drugs through control checkpoints. The U.S. Government (USG) is working closely with the GOB to improve the efficiency and reliability of DIGECO, the institution charged with regulating the commercialization of legal coca.

A major challenge in this effort has been the lack of the institutionalization of a professional civil service. The Mesa Administration has asked the USG to help develop a modern civil service in the agencies and offices involved in the counternarcotics program, beginning with the Ministry of Government.

Accomplishments. The GOB was successful in 2003 in its counternarcotics efforts: according to the CNC, forced eradication led to a 15 percent drop in coca cultivation in the Chapare; despite a 17 percent increase in coca overall, the potential production of cocaine remained unchanged due to the immaturity of new planting; interdiction statistics increased dramatically; and major trafficking organizations were taken out.

Law Enforcement Efforts. The GOB and USG continue to work together cooperatively to develop the capabilities of the Special Drug Police Force (FELCN) and its specialized units, including: expanding personnel; upgrading existing physical infrastructure; and constructing new bases. As a direct result, interdiction seizures improve yearly and 2003 statistics are up to three times as high as those for 2002 with 152 metric tons of leaf and 12.9 metric tons of cocaine captured.

Corruption. Bolivia's trafficking organizations do not appear to exercise a major corruptive influence at the higher levels of the GOB. Recent governments have not condoned, encouraged or facilitated any aspect of narcotics trafficking. The GOB has aggressively investigated allegations and seems prepared to take appropriate action in instances where investigations suggest current or former Bolivian National Police or other officials are involved in or otherwise implicated in narcotics-related corruption. The recent creation of the Office of Professional

Responsibility within the FELCN and the National Police will help minimize the opportunity for corruption among the police and increase its internal affairs capacity. The USG will encourage establishing a similar unit within the prosecutors' office. In 2003, there were no prosecutions of narcotics-related cases involving senior level officials, although four judges have been suspended and are under administrative judicial review. Upon adjudication of the judicial review, formal charges for prosecution will be determined.

Agreements and Treaties. Bolivia 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. Bolivia and the U.S. signed an extradition treaty in 1995, which has been in force since 1996. Bolivia has signed, but not yet ratified, the UN Convention against Transnational Organized Crime and the Protocol against the Smuggling of Migrants; both have been approved by the Senate, but have remained before the Lower House for final approval for over a year. In November 2001 Bolivia ratified the Protocol to Prevent, Suppress and Punish Trafficking in Persons. On December 10, 2003 Bolivia signed the UN Convention against Corruption.

Extradition. Bolivia and the U.S. signed a bilateral extradition treaty in 1995, which entered into force the following year and mandates the extradition of nationals for most serious offenses, including drug trafficking. There were no extraditions from Bolivia to the U.S. in 2003, nor were any sought. The last drug trafficking related extradition from Bolivia was in August 2001.

Cultivation/Production. The GOB continued forced eradication in the Chapare. The CNC estimated that coca cultivation in the Yungas grew by 26 percent, bringing Bolivia's total area under cultivation to 28,450 hectares, a 17 percent increase over 2002. Law 1008 authorizes up to 12,000 hectares of legal coca cultivation to supply the licit market. Total potential cocaine production in Bolivia decreased from an estimated 240 metric tons in 1995 to 60 metric tons in 2003.

Drug Flow/Transit. The FELCN enjoyed a banner year in 2003, nearly tripling cocaine seizures over 2002. Through end-2003, the GOB seized 152 metric tons of coca leaf, 12.9 metric tons of cocaine and 8.5 metric tons of cannabis, in addition to 546,252 liters of liquid precursor chemicals (acetone, diesel, ether, etc.) and 538.1 metric tons of solid precursor chemicals (sulfuric acid, bicarbonate of soda, etc.). It also destroyed 1,769 cocaine base labs and made 3,902 arrests in 4,709 operations. The GOB continues to focus upon the interception of illicit drugs and chemicals, as well as on the detection and disruption of organizations which bring chemicals into Bolivia from Chile and Argentina and of those which transfer cocaine from Bolivia into Brazil and Argentina.

Approximately 30 metric tons of Peruvian cocaine crosses into Bolivia along the northern reaches of the shared border, then traverses Bolivia to enter Brazil. This cocaine is mostly consumed in Brazil. Some increasing proportion of Peruvian cocaine transiting Bolivia and of cocaine from Bolivia itself is likely destined for Europe, Argentina, Chile and Paraguay. An increasing amount is being consumed in Bolivia itself.

Alternative Development. In the Chapare, USAID supported coca reduction by deepening and broadening alternative development (AD) assistance. Through FY-03, USAID helped some 26,000 farm families with AD support, and increased licit (non-drug) crops from 127,013 to 129,703 hectares—even with a two-month program pause caused by social conflicts, violence and blockades. The average family income from licit products increased from \$2,055 in 2001 to \$2,138 in 2002 and the number of jobs rose to almost 53,000 by the end of 2003. After the Argentine economic crisis of 2002, AD programs enjoyed greatly improved market access, with an estimated 30 percent increase in export of bananas (to 22,000 metric tons) and a 250 percent increase exported pineapples (to 900 metric tons). Additionally, USAID initiated major new activities in land titling, health, environment and democracy in the region.

Through 2003, the Yungas AD program completed 96 rural and small-town infrastructure projects, initiated 44 new projects, and began design of 40 projects. These included potable water systems, schools, coffee post-harvesting plants and other types of social and productive infrastructure. In addition, USAID continued to build social capital through scholarships for 33 regional university students in health and farm science. AD programs have trained 60,000 Yungas residents in 454 communities in disease prevention, supported programs to provide medical treatment for tuberculosis and leishmaniasis to over 2,000 patients, constructed 240 latrines benefiting about 6,000 people, maintained and improved 112 kilometers of rural mountain roads (constructing three major bridges), and provided technical assistance in coffee harvest and post-harvest techniques in 116 communities affecting over 5,000 families (and helped increase specialty coffee exports by 300 percent to more than \$1 million).

A USG-supported Organization of American States project to modernize organic cacao and banana cultivation in the Yungas is effectively mitigating poverty and preventing the spread of illicit coca cultivation to this vulnerable region. 1,300 families participating in the project, each averaging 2 hectares of cultivation, are enjoying revenues of between \$1,866 and \$2,900 per year—in addition to the subsistence crops grown for food and market.

Domestic Programs (Demand Reduction). In March 2003 the Vice Ministry of Prevention and Rehabilitation was moved from the Ministry of Government to the Ministry of Health, resulting in a further weakening of bilateral projects in demand reduction. The USG has encouraged the Mesa Government to return this function to its original Ministry, placing it under the Vice Ministry for Social Defense, the GOB's "drug czar". At the end of the year, CONALTID was planning to re-emphasize demand reduction as one of the four poles of GOB CN policy and consider where to place the coordinating function.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. The principal USG counternarcotics goals in Bolivia are: to remove Bolivia as a major producer of coca leaf for the production of cocaine; to promote economic development and establish alternative licit crops and markets to provide farmers with viable options to cultivating coca; to disrupt the production of cocaine within Bolivia; to interdict and destroy illicit drugs and precursor chemicals moving within and through the country; to reduce and combat the market for the domestic abuse of cocaine and other illicit drugs; and to institutionalize a professional law enforcement system. The USG works through various programs to promote institutional reform and to strengthen the elements within the GOB dedicated to addressing counter narcotics-related issues.

Bilateral Cooperation. The GOB and Embassy meet routinely at all levels and across several functional entities to coordinate policy, to implement programs/operations and to resolve issues. INL, through the Embassy's Narcotics Affairs Section (NAS) and its Air Wing, supports and assists all interdiction and eradication forces. This support is defined by Letters of Agreements (LOAs) signed annually with the GOB.

Road Ahead. Bolivia today is experiencing its worst political instability since its 1952 Revolution. President Gonzalo Sanchez de Lozada took office in 2002, at the head of a weak coalition, and was forced to resign in October 2003 during a series of massive violent protests and road blockades led by several disparate radical opposition groups. The unrest demonstrated a widespread and long-term undercurrent of popular dissatisfaction with the political system. Current President Carlos Mesa leads an "apolitical" government, whose ministers are serving without links to any political parties. However, governing under the perpetual threat of renewed popular protest and massive financial requirements poses a formidable challenge.

Evo Morales, the most well known radical cocalero leader, received the second largest plurality in votes in the 2002 presidential election. He in turn heads a political movement that is an agglomeration of disparate political elements that campaigned against the status quo. There are other anti-establishment leaders vying with Morales for the leadership of Bolivia's disaffected, each seeking to benefit politically from the growing sense of disenfranchisement and frustration evident among many voters, especially those from the mountain highlands, Bolivia's altiplano.

The implications of the political situation on the ability of Bolivia to fulfill its obligations under the 1998 Convention and its LOA with the USG are difficult to predict. To date there is support for continued interdiction across many political groupings.

The biggest narcotics challenge facing Bolivia is how to control the growth of illicit cultivation in the Yungas, where coca has been cultivated for millennia and cocaleros are willing to fight to protect their "right" to grow it.

**Bolivia Statistics
(1995–2003)**

	2003	2002	2001	2000	1999	1998	1997	1996	1995
Coca									
Net Cultivation ¹ (ha)	28,450	24,400	19,900 ²	14,600	21,800	38,000	45,800	48,100	48,600
Eradication (ha)	10,000	11,839	9,435	7,653	16,999	11,621	7,026	7,512	5,493
Cultivation (ha)	18,450	12,561	10,465	22,253	38,799	49,621	52,826	55,612	54,093
Leaf: Potential Harvest ³ (mt)	29,083	19,800	20,200	13,400	22,800	52,900	70,100	75,100	85,000
HCl: Potential (mt)	60	60	60	43	70	150	200	215	240
Seizures									
Coca Leaf (mt)	152	102	65.95	51.85	56.01	93.72	50.60	76.40	110.09
Coca Paste (mt)	—	—	—	—	—	—	0.008	—	0.05
Cocaine Base (mt)	6.4	4.7	3.95	4.54	5.48	6.20	6.57	6.78	4.60
Cocaine HCl (mt)	6.5	0.4	0.51	0.72	1.43	3.12	3.82	3.17	3.59
Combined HCl & Base (mt)	12.9	5.1	4.46	5.26	6.91	9.32	10.39	9.95	8.19
Agua Rica ⁴ (ltrs)	—	—	20,240	15,920	30,120	44,560	1,149	2,275	16,874
Arrests/Detentions	—	1,422	1,674	2,017	2,050	1,926	1,766	955	600
Labs Destroyed									
Cocaine HCl	2	2	1	2	1	1	1	7	18
Base	1,769	1,420	877	620	893	1,205	1,022	2,033	2,226

¹The reported leaf-to-HCl conversion ratio is estimated to be 370 kilograms of leaf to one kilograms of cocaine HCl in the Chapare. In the Yungas, the reported ratio is 315:1.

²As of 06/01/2001.

³Most coca processors have eliminated the coca paste step in production.

⁴Agua Rica (AR) is a suspension of cocaine base in a weak acid solution. AR seizures first occurred in late 1991. According to DEA, 37 liters of AR equal one kilograms of cocaine base.

Brazil

I. Summary

The four main counternarcotics events of 2003 were the expansion of Operation COBRA to Brazil's northern border areas, increased attention by Brazil to bilateral relations with its South American neighbors, the implementation of the Unified Public Safety System (SUSP), and increased actions against corrupt civil servants.

Brazil is a major transit country for illicit drugs shipped to Europe and, to a lesser extent, to the United States. Brazil continues to cooperate with its South American neighbors to effectively control the remote frontier regions where illicit drugs are transported. Brazil is a signatory of various counternarcotics agreements and treaties, including the 1988 UN Drug Convention, the 1995 bilateral U.S.-Brazil counternarcotics agreement, and the annual Memorandum of Understanding (MOU) with the U.S.

II. Status of Country

Brazil is a conduit for cocaine base and cocaine HCl moving from source countries in South America to Europe and Brazilian urban centers, as well as a conduit for smaller amounts of heroin moving from source countries to the U.S. and Europe. Crack cocaine is used among youths in the country's cities, particularly Sao Paulo. Brazil is not a significant drug-producing country. Narcotics-related arms trafficking into and through Brazil was also observed in 2003.

III. Country Actions Against Drugs in 2003

Policy Initiatives. Brazil has undertaken various bilateral and multilateral efforts to meet all objectives of the 1988 UN Drug Convention, has implemented adequate law enforcement measures, and achieved significant progress in the fight against illegal drugs.

Throughout 2003, the Brazilian government, through the National Anti-Drug Secretariat, implemented its National Anti-Drug Policy (PNAD). PNAD's main focus is on demand reduction and treating the user, although it addresses the supply side as well, through improved law enforcement capabilities. PNAD also focuses on local support of counternarcotics strategies, through municipal and state drug councils, with representatives from all areas of drug prevention/treatment/enforcement. PNAD highlights the transnational character of drug trafficking and the connection of this type of crime with other illegal activities such as money laundering, and assigns enforcement roles to various Government of Brazil (GOB) agencies. The Brazilian policy is a reaffirmation of commitments made in the Special Session of the General Assembly of the UN in June of 1998.

In September, the GOB expanded its inter-agency Colombia border security program (COBRA) to other northern borders, including those with Peru (PEBRA), Venezuela (VEBRA), and Bolivia (BRABO). COBRA, which was started in September 2000, focuses on controlling land and air entry into Brazil from Colombia at various border control points, with a central headquarters in Tabatinga, on the Colombia-Brazil border. PEBRA, VEBRA, and BRABO will function in a similar manner, with representatives from a wide variety of GOB agencies, including, but not necessarily limited to: Customs, Internal Revenue Service, Armed Forces, IBAMA (similar to U.S. EPA), and others, with the lead role being fulfilled by the Brazilian Federal Police (DPF). With the 2003 full implementation of the Brazilian System for the Vigilance of the Amazon (SIVAM), the DPF and other agencies will have more information available to them. The monitoring system known as SIVAM was designed to monitor all areas of interest in the Amazon, including environmental impact and illegal incursions into Brazilian territory.

Together with expanding COBRA in 2003, the Brazilian government increased outreach and contacts with its South American neighbors. During 2003, President Lula met with most of his South American counterparts, including the presidents of Colombia, Bolivia, Venezuela, Argentina, and Paraguay. To complement these visits, the GOB formed a "mixed commission" (CM) led by the Brazilian Foreign Ministry, with representatives from the DPF, SENAD (National Anti-drug Secretariat), SENASP (National Public Safety Secretariat), ANVISA (National Agency of Health Monitoring), Health Ministry, and ABIN (National Intelligence Agency). In 2003, the GOB CM team visited Bolivia, Peru, Venezuela, and Ecuador and met with their counterparts to discuss cooperation in a wide variety of law enforcement and counternarcotics areas. Plans for 2004 CM meetings include Argentina, Paraguay, Chile, and Cuba.

In 2003, all of Brazil's 26 states and one federal district joined the Unified Public Safety System (SUSP). SUSP, which is administered by SENASP, is a national system to integrate diverse state, civil, and military police forces. Each state has formulated its own public safety plan, in accordance with SENASP's national plan. SUSP will assist the GOB in ensuring a unified approach to law enforcement and the reporting of crime statistics and narcotics seizures.

The GOB is increasing its emphasis on enforcement of anticorruption laws and has arrested and sentenced a wide variety of corrupt civil servants. In 2003, examples included several anticorruption operations which took place throughout Brazil: Foz do Iguacu (Sucuri), Manaus (Eagle), Rio de Janeiro (Glider), Rio de Janeiro (Propinoduto), Sao Paulo (Anaconda), and Roraima (Grasshopper). In all of the operations, police forces arrested corrupt civil servants (including Federal, Civil, Military, and Judicial) who were violating the public trust.

Accomplishments. In 2003, the GOB exercised a regional counternarcotics leadership role. In February and September, the GOB organized and hosted "Operation Alliance X and XI1" with Brazilian and Paraguayan counternarcotics interdiction forces in the Paraguayan-Brazilian border area. In October, the DPF hosted the HONLEA (Heads of National Law Enforcement Agencies) meeting in Salvador, Bahia, which was sponsored by the United Nations Office on Drugs and Crime (UNODC) and attended by representatives of 34 different countries.

Illicit Cultivation/Production. With the exception of some cannabis grown primarily for domestic consumption in the interior of the northeast region, there is no significant evidence of the cultivation of illicit drugs in Brazil. DPF analysts believe that international narcotics trafficking organizations may be investing in building cocaine processing laboratories in Brazilian territory because of the availability of precursor chemicals.

Distribution. Federal Counter-narcotics Police and state authorities are investigating the extensive domestic distribution networks in major and secondary cities in Brazil.

Sale, Transport And Financing. The DPF have taken measures to identify significant drug trafficking trends, patterns, and traffickers throughout Brazil in 2003. Although one or two monthly deliveries of large amounts of Colombian cocaine may be shipped to Brazil's urban centers of Rio de Janeiro and Sao Paulo, DPF information indicates that Bolivian cocaine generally tends to dominate in those markets.

Asset Seizure. Many assets, particularly motor vehicles, are seized during narcotics raids and put into immediate use by the DPF under a March 1999 Executive Decree. Other assets are auctioned and proceeds distributed based on court decisions. DPF show that seven airplanes, 709 motor vehicles, 93 motorcycles, 5 boats, 291 firearms, and 924 cell phones were seized in 2003.

Extradition. According to the Brazilian Constitution, no Brazilian shall be extradited, except naturalized Brazilians in the case of a common crime committed before naturalization, or in the

case where there is sufficient evidence of participation in the illicit traffic of narcotics and related drugs, under the terms of the law. Brazil cooperates with other countries in the extradition of non-Brazilian nationals accused of narcotics-related crimes. Brazil and the U.S. are parties to a bilateral extradition treaty signed in 1961. There were three extraditions from Brazil to the U.S. in 2003, one of which was narcotics-related. In addition, in November, one person was extradited to Paraguay, for financial crimes (not narcotics-related).

Law Enforcement and Transit Cooperation. The DPF and SENAD continued to express their interest in active cooperation, particularly intelligence sharing, and coordination with the U.S. in drug control activities.

During 2003, various USG agencies and sections of the U.S. Embassy, including the Narcotics Affairs Section (NAS), the Public Affairs Section, Department of Homeland Security (DHS) representatives, DEA representatives, FBI representatives, and others, provided training throughout Brazil in a wide variety of law enforcement areas, including combating money laundering, cyber-crime, community policing enhancing port security, and demand reduction programs.

In August, a visiting team from DHS briefed the GOB on the container security initiative (CSI) program.

Brazil cooperates with authorities in neighboring countries, particularly Colombia, Peru and Bolivia, to enhance regional counternarcotics efforts. In November, two GOB officials attended specialized port security training in Guayaquil, Ecuador. In a separate program in November, two DPF officers attended the regional needs assessment meeting in Quito, Ecuador, of the International Law Enforcement Academy (ILEA). Previously, in January, a group of 12 Brazilian police officers (9 Federal, 2 state military, and one civilian) attended the ILEA advanced management course in New Mexico.

Demand Reduction. In 2003, the DARE (Drug Abuse Resistance and Education) program (known as PROERD in Brazil) was expanded to include all 26 states and the Federal District. Through the Brazilian National Public Safety Secretariat (SENASP) and the National Antidrug Secretariat (SENAD), NAS assisted in financing and logistics, and NAS personnel visited several of the training sessions. Brazil has the largest DARE program outside of the U.S. The DARE program reinforces a positive image of local police forces, while providing a strong message concerning demand reduction. SENAD has begun work on Drug Information (OBID), which will be supported by funds from the U.S.-Brazil letter of agreement on counternarcotics cooperation. SENAD continues to enjoy success with its toll-free number on drug information.

Law Enforcement Efforts. In 2003, the DPF seized 7.3 metric tons of cocaine HCl, 128 kilograms of crack, and 342 kilograms of base. Marijuana (cannabis) seizures totaled 157.7 metric tons in 2003. One cocaine drug laboratory was dismantled in 2003. These numbers are incomplete, since only those of the Federal Police, and not those of local police forces, are reported on a national basis. Federal Police sources estimate they record perhaps 75 percent of seizures and detentions.

Corruption. As a matter of government policy, Brazil does not condone, encourage, or facilitate production, shipment, or distribution of illicit drugs or laundering of drug money. As described above, in 2003, the GOB conducted a number of anticorruption operations.

Agreements And Treaties. Brazil became a party to the 1988 UN Drug Convention in 1991. Bilateral agreements based on the 1988 convention form the basis for counternarcotics cooperation between the U.S. and Brazil. Brazil also has a number of narcotics control agreements with its South American neighbors, several European countries, and South Africa.

Brazil cooperates bilaterally with other countries and participates in the UN Drug Control Program (UNDCP) and the Organization of American States/Anti-drug Abuse Control Commission (OAS/CICAD). Brazil is also a party to the Inter-American Convention against Corruption and is a signatory to the December 2003 UN Convention against Corruption, which has not yet entered into force.

Drug Flow/Transit. The vast Amazon region remains difficult to adequately monitor, increasing the likelihood of narcotics moving by air and along the extensive river system. DPF officials indicate that cocaine leaving Colombia and entering Brazil by air is destined for international markets in Europe hidden in containerized cargo. According to the DPF, smaller amounts of cocaine leave Colombia via Brazil's waterway networks in the Amazon region and are mainly destined for the Brazilian domestic market. In addition, smaller quantities of heroin have been detected moving through Brazil from source countries to the U.S. and Europe.

VI. U.S. Policy Initiatives and Programs

U.S. Policy Initiatives. U.S. counternarcotics policy in Brazil focuses on liaison with, and assistance to, Brazilian authorities in identifying and dismantling international narcotics trafficking organizations; reducing money laundering and increasing awareness of the dangers of drug abuse and drug trafficking; and related issues such as organized crime and arms trafficking. Assisting Brazil to develop a strong legal structure for narcotics and money laundering control and enhancing cooperation at the policy level are key goals. Bilateral agreements provide for cooperation between U.S. agencies, the National Anti-drug Secretariat and the Ministry of Justice.

Bilateral Cooperation. In accordance with the bilateral U.S.-Brazil Letter of Agreement (LOA) on counternarcotics, bilateral programs that took place in 2003 included: cooperation with the Regional Intelligence Center of Operation COBRA; expansion of COBRA to northern border areas, the Heads of National Law Enforcement Agencies (HONLEA) meeting in October; and SENASP workshops and training for approximately 400 state and federal public safety officials in the area of combating organized crime. Brazil and the U.S. are seeking to meet all goals set forth in the bilateral LOA

Through the LOA, in 2003, the USG worked closely with the DPF, SENASP (Brazilian National Public Safety Secretariat), and SENAD. Various operations, such as Operation Alianza X and XI, were supported with LOA funds. With SENASP, the USG worked with local, state, and military police forces throughout Brazil to ensure such forces had basic law enforcement equipment, including bullet proof vests, handcuffs, and computer equipment. The USG worked with SENAD in 2003 to begin implementation of the Brazilian Observatory for Drug Information (OBID).

Brazil continues to be actively involved in the International Drug Enforcement Conference (IDEC). Worldwide conferences are held annually, and sub-regional conferences are held approximately six months after the general conference. These conferences, sponsored and supported by DEA, bring law enforcement leaders from Western Hemisphere countries together to discuss the counternarcotics situations in their respective countries and to formulate regional responses to the problems they face. Brazil is a member of the Andean and Southern Cone Working Groups.

Operation Seis Fronteiras V is part of a continuing regional exercise involving Brazil, Bolivia, Colombia, Ecuador, Peru, Venezuela, and U.S. DEA to concentrate counternarcotics law enforcement efforts in the area of precursor chemicals, and has been successful.

NAS and PAS provided assistance in the area of drug courts. In November, a three-person FINCEN (U.S. Treasury Financial Crimes Enforcement Network) and OAS team visited Brasilia; the FINCEN's visit was financed by NAS. NAS funded the visit by a team of four Military Police

officers to the International DARE (Drug Abuse Resistance and Education, called PROERD in Brazil) conference in New Jersey in June, and will continue to assist in the expansion of the DARE program in Brazil.

The Road Ahead. In September, Brazil officially announced the expansion of its Operation COBRA in northern Brazil towards other border areas, including the northern border with Suriname and Guyana and the southern tri-border area with Argentina and Paraguay. Such expansion and perseverance demonstrates that the Government of Brazil is serious in its commitment to combat trafficking and production of illegal drugs. Further signs of Brazil's strong commitment to combat drug trafficking would include willingness to share information on a real-time basis with other governments committed to the counternarcotics fight; continued high-level attention to counternarcotics efforts; further funding of counternarcotics programs and law enforcement agencies; and continued interdiction efforts in the regions most exploited by international narcotics traffickers.

Chile

I. Summary

While not a center of illicit narcotics production, Chile remains a transit country for cocaine and heroin shipments destined for the U.S. and Europe. Chile is a source of essential chemicals for use in coca processing in Peru and Bolivia. Chile is a party to the 1988 UN Drug Convention.

II. Status of Country

Transshipment of cocaine from the Andean region is a problem for Chile, as is the growing transit of heroin destined for the U.S. and Europe. Chile is a destination for marijuana from Paraguay due to domestic demand. Chile produces small amounts of marijuana for domestic consumption but is not a major drug producing country. Chilean authorities have discovered some cocaine and amphetamine labs, but Chile is not a major source of refined cocaine.

III. Country Actions Against Drugs in 2003

Policy Initiatives. The Chilean Congress continues to work on a comprehensive revision of Chile's 1995 drug legislation, a project pending since 1999. A section relating to money laundering was removed from this project and passed separately in September 2003. The National Drug Control Commission (CONACE) develops and coordinates the National Drug Control Strategy. The current plan covers the years 2003-2008. CONACE also coordinates all demand reduction programs.

Accomplishments. In August 2003, Embassy Santiago, in conjunction with CONACE, organized the launch of CHIPRED, a network of Chilean NGO's working on drug issues. The network conducts activities throughout all of Chile. CHIPRED will allow better coordination of programs to prevent drug abuse and reduce demand. CHIPRED immediately joined the Drug Prevention Network of the Americas (DPNA) and it will send representatives to DPNA's next international conference. In January 2004, a group of five CHIPRED representatives will participate in a voluntary visitor program on managing drug abuse prevention programs.

Chile continues to implement its multi-year criminal justice reform project. As of December 2003, all of Chile's 12 regions have adopted the new adversarial judicial system, leaving only the metropolitan area of Santiago operating under the old system. The new system involves oral trials rather than document-based legal proceedings and generally results in a faster resolution of cases. The Santiago metropolitan region, which accounts for almost 40 percent of Chile's

population, will present special challenges. For budgetary reasons, the transfer in Santiago was rescheduled to June 2005 from December 2004.

Law Enforcement Efforts. Chilean authorities are successfully interdicting narcotics transiting through and destined for Chile. As a result of increased U.S. support for interdiction efforts in the Andean source nations, narcotics traffickers are using Chile as a transshipment point for cocaine and heroin with more frequency. Traffickers assume that Chile's clean reputation with authorities in the U.S. and Europe means that vessels and aircraft originating from Chile are less closely scrutinized.

In 2003, Chilean authorities seized 4.6 kilograms of heroin, 3,410 kilograms of cannabis, and 559 kilograms of cocaine. Law enforcement agencies also arrested 8,343 persons for drug-related offenses, a decrease from 10,369 in 2002. Chilean authorities are also addressing the domestic distribution sources of cocaine, marijuana, and most recently ecstasy. A rise in the use of ecstasy among young people has shifted the focus of many counternarcotics operations to this drug. Police seized 5,000 pills of ecstasy in a raid in December 2003, for instance.

Corruption. Narcotics-related corruption among police officers and other government officials is not a major problem in Chile. Although a series of scandals rocked the Chilean political establishment in 2003, there is no indication that drug production, processing, or shipment played any role. The government actively discourages illicit production and distribution of narcotic and psychotropic drugs and the laundering of proceeds from illegal drug transactions. No Chilean senior officials have been accused of engaging in such activities. The corruption scandals of 2003, though not narcotics-related, provide an example of the gravity that Chile attaches to corrupt behavior by government officials. Law enforcement agencies and the justice system responded to the challenge to reassure the Chilean public that corruption in government would be rooted out. Transparency International's Annual Corruption Perception Index ranked Chile 17th in 2003, one spot lower than the U.S.

Agreements and Treaties. Efforts are currently underway to update the U.S./Chile extradition treaty signed in 1900, under which no Chilean citizen has ever been extradited to the U.S. Chile expressed interest in updating the current treaty in late 2002. Draft language has been exchanged and exploratory meetings may begin in early 2004. The U.S. and Chile do not have a mutual legal assistance treaty (MLAT). The U.S. is hoping that Chile will ratify the OAS MLAT to which the United States is a party. Chile is party to the Inter-American Convention Against Corruption.

The September 2002 letter of agreement between Chile and the U.S. remains the most recent accord for cooperation and mutual assistance in narcotics-related matters. U.S. assistance programs are implemented under this agreement. The GOC and the DEA signed an agreement in 1995 to create a Special Investigative Unit (SIU) within the Carabineros (national uniformed police), and some INL funding provides training and equipment for the SIU. The SIU is not yet fully operational. Chile has bilateral narcotics cooperation agreements in force with Argentina, Austria, Bolivia, Brazil, Colombia, Costa Rica, Croatia, Cuba, Ecuador, El Salvador, Mexico, Panama, Paraguay, Peru, Russia, Singapore, South Africa, Uruguay and Venezuela.

Cultivation/Production. There is no known major cultivation or production of drugs in Chile, and it is not a major drug-transit country. Very small amounts of marijuana are cultivated in Chile to meet domestic demand.

Drug Flow/Transit. Increasing amounts of drugs are transshipped from Andean source countries through Chile, destined for the U.S. and Europe. Chile's extensive and modern transportation system, both air and maritime, make it attractive to narcotics traffickers. Most narcotics arrive by land routes from Peru and Bolivia, but some enter through Argentina. The efforts of Chilean

authorities are hampered by treaty provisions allowing cargo originating in Bolivia and Peru to transit Chile without inspection to the ports of Arica and Antofagasta.

No labs producing synthetic drugs have been found in Chile to date. Ecstasy enters the country primarily in small amounts, but the seizure of 5,000 pills in December 2003 indicates that some larger scale importation is taking place.

Demand Reduction Programs. The Chilean government has expressed concern about domestic drug use. In July 2003, CONACE released a new study of drug usage based on a 2002 survey. Based on the numbers of respondents who reported having been treated for addiction and the numbers of drug users who stated that they would like to be treated, the report found that the existing treatment infrastructure in Chile is insufficient. According to the survey, 5.7 percent of Chileans had used drugs in the previous 12 months. This represents a slight decrease from the previous survey in 2000, which registered 6.3 percent. Prevalence of marijuana use in the previous 12 months fell from 5.8 percent in 2000 to 5.2 percent in 2003. Use of cocaine base fell from 0.7 percent to 0.5 percent, but use of refined cocaine rose slightly from 1.5 percent to 1.6 percent. The 2002 survey found that 22.9 percent of respondents had used illegal drugs at least once in their lives. CONACE continues to work with NGO's, community organizations, and schools to develop demand reduction programs. With the launch of CHIPRED, the network of NGO prevention and treatment organizations, CONACE is able to cooperate more effectively with the NGO community.

IV. U.S. Policy Initiatives and Programs

U.S. Policy Initiatives. U.S. support to Chile in 2003 reinforced ongoing priorities in five areas; 1) Training for prosecutors, police, judges, and public defenders in their roles in the criminal justice system reform; 2) Demand reduction; 3) Enhanced police investigation capabilities; 4) Police intelligence capability; and 5) Money laundering.

Bilateral Cooperation. During 2003, the U.S. government pursued numerous initiatives based on the above priorities. These include; 1) creation of a nationwide drug intelligence computer network for the Carabineros; 2) two oral advocacy courses for new Chilean prosecutors; 3) a U.S. speaker program on money laundering; 4) an INL-funded course on interview and interrogation techniques; 5) the launch of CHIPRED, a network of Chilean NGO's in the area of drug abuse prevention and treatment; 6) a series of INL/DEA-funded seminars about the drug ecstasy aimed at law enforcement, the medical community, and the public; 7) the establishment of a dedicated server network for the Investigations Police; 8) a course for narcotics prosecutors; 9) INL-funded support of the police to provide equipment for counternarcotics operations; 10) two International Visitor programs (IVP) on narcotics prosecution issues; 11) two IVP's on money laundering issues; 12) one IVP on drug control policy and demand reduction efforts; 13) the launch of PRIDE drug abuse prevention programs at schools in four municipalities in the Santiago area; and 14) continued discussions towards updating the 1900 U.S./Chile extradition treaty.

The Road Ahead. In 2004, the U.S. Government will continue to support Chilean efforts to combat the narcotics-related problems listed above. Since the criminal justice system reform is an ongoing process, the U.S. plans to continue to provide capacity-building assistance. Efforts to enhance the counternarcotics capabilities of both the Carabineros and the Investigations Police pursuant to the LOA will also continue.

Colombia

I. Summary

Despite dramatic progress against the narcotics trade, Colombia remains a major producing country. Proceeds finance the Revolutionary Armed Forces of Colombia (FARC), the United Self Defense Forces of Colombia (AUC), and, to a lesser extent, the National Liberation Army (ELN). They control areas within Colombia with concentrations of coca and heroin poppy cultivation and their involvement in narcotics is a major source of violence in Colombia. In 2003 the Government of Colombia (GOC) eradicated illicit crops at a record-setting pace. The U.S.-supported Colombian National Police Antinarcotics Directorate (DIRAN) sprayed over 127,000 hectares of coca and 2,821 hectares of opium poppy. Subsequent field verification demonstrated that this spraying effectively eradicated 116,000 hectares of coca. In addition to spray operations, the GOC manually eradicated 8,441 hectares of coca and 1,009 hectares of opium poppy. Plan Colombia has reduced narcotics production and seizures of illicit commodities are up; the scope and delivery of key government services have been extended; the effectiveness and availability of institutions of justice have been increased; and, the GOC is in negotiations with the AUC toward demobilization. Colombia is party to the 1988 UN Drug convention.

II. Status of Country

The FARC continues its drug and arms trafficking and terrorist activities, including for the first time violent actions targeted specifically against Americans. The FARC has been exchanging drugs for arms and cash and conducting its armed attacks for some time in rural areas. Now the FARC is acting in urban areas. In February 2003, the FARC detonated a car bomb at an exclusive Bogota social club, killing 36 people. In September 2003, the FARC detonated a bomb on a motorcycle in front of a nightclub in the city of Florencia, killing thirteen. Then, on November 16, 2003, grenades were tossed into two crowded Bogota restaurants frequented by Americans; one Colombian citizen was killed and 72 others, including four Americans, were injured. A suspect apprehended at the scene and subsequently identified as a FARC commando confirmed that American citizens were the targets of the attacks. These attacks brought to six the number of attacks within Bogota attributed to the FARC in 2003.

On November 29, 2003, a FARC military commander and spokesman criticized the United States for "training and aiding government forces in counterinsurgency tactics and actions" and stated that "the invasive foreign troops are a military target for the FARC." The FARC is apparently responding to the active counterterrorism and counternarcotics campaign of President Alvaro Uribe, who is supported by the United States.

III. Country Actions Against Drugs in 2003

Policy Initiatives: The AUC also has a reputation for large-scale involvement in the drug trade. After months of peace talks, the GOC and several AUC front commanders reached a tentative agreement to dismantle nine AUC fronts within the next two years. It is estimated that there are a total of 10,000 armed militants in these nine fronts. The negotiations focused on two major points: the permanent disarmament of AUC troops and a provisional amnesty granted by the GOC for past AUC actions.

AUC leaders representing approximately ninety percent of the AUC have agreed in principle to laying down arms. At least three AUC national leaders, however, are under indictment in the United States for narcotics trafficking. Potential extradition to the U.S. may dissuade them from demobilization or surrender. Five AUC fronts were not a part of these negotiations.

On November 25, 2003, 855 members of the Cacique Nutibara Front disarmed in a nationally televised ceremony in Medellin, Colombia. The event, which featured the Colombian national anthem, a surrender of rifles and ammunition belts, and speeches from AUC leaders apologizing for past AUC actions, was the first tangible result of AUC demobilization. The Cacique Nutibara Front and a later demobilized sector in Cauca, however, are somewhat anomalous with the AUC.

All three branches of the GOC continue to explore terms for provisional amnesty legislation to encompass demobilization of the major AUC blocks and other armed groups.

In addition to negotiating with the AUC, the Colombian Congress recently passed constitutional reforms that will grant the GOC additional tools to combat terrorism. These include granting the Colombian military authority to conduct wiretaps and detentions for a 36-hour period with the option for an additional 36 hours if approved by a judge. The GOC intends to develop a residential registry of persons in conflicted areas. Some human rights groups and NGO's have strongly criticized this legislation.

Accomplishments. The U.S.-supported aerial eradication program achieved another record setting year. Despite the net loss of two spray aircraft during 2003, the Colombian National Police (CNP) Antinarcotics Directorate (DIRAN) sprayed over 127,000 hectares of coca and nearly 3,000 hectares of poppy.

The CNP's Investigation and Resolution staff resolved over 50 percent of 4,000 complaints of spray damage to legitimate crops; five cases were determined to have merit and compensation was paid. USG and GOC personnel ensure that spray operations are conducted in an environmentally sound manner. Toward that end, the U.S. Department of Agriculture trained ten Colombian scientists in glyphosate analysis and the Colombian National Institute of Health is training health care professionals in the identification and management of different types of pesticide and herbicide poisoning.

Interdiction efforts were boosted in August 2003 with the reintroduction of the Air Bridge Denial (ABD) program following a hiatus of over two years, because of the tragic shutdown in Peru. Through year-end 2003, ABD operations have resulted in the destruction of four aircraft, the capture of three aircraft, the seizure of one "go-fast" boat (which had been tracked by air), and the seizure of over five metric tons of cocaine in Colombia and Guatemala.

The Colombian Navy, with the support of the USG and other foreign governments, created a Special Reconnaissance and Assault Unit, trained and equipped by the USG. In 2003, this unit seized 12 metric tons of cocaine, 12 kilograms of heroin, 17 go-fast boats, 34 outboard motor boats, 2 commercial fishing vessels, and 75 traffickers.

In 2003, DIRAN destroyed 83 HCl laboratories, surpassing its previous record of 63 HCl labs in 2001. DIRAN also captured over 48 metric tons of cocaine/cocaine base, 1,539 metric tons of solid precursors and 755,588 gallons of liquid precursors. The DIRAN, with USG support, opened two major interdiction support bases, one in Santa Marta and one in Tulua. Each new base supports an Airmobile Interdiction Company (approximately 166 "Jungla" jungle commandos) and 10-12 helicopters and crews, plus related command and control and intelligence units. This new capability, combined with the existing Bogota-based Airmobile Interdiction Company, extends the reach and improves the CNP's response capability. The Santa Marta interdiction group is coordinating its operations with the Colombian Navy and is a key element of the Embassy-supported "Firewall" concept that integrates intelligence and operations against maritime trafficking.

Narcotics terrorists have reacted to increased spray operations by increasing their efforts to shoot down spray and escort aircraft. In response, the Counter Drug (CD) Brigade has actively supported coca spray operations, attacking narcotics terrorist concentrations and serving as a quick reaction force. Since departing Tumaco in June 2003, the CD Brigade has supported coca spray operations in Sur de Bolivar, Norte de Santander, Arauca, Meta, and Neiva. In addition to supporting spray missions, the CD Brigade seized seven metric tons of cocaine, two metric tons of coca base and destroyed 16 cocaine HCL labs and 948 coca base labs.

The Airport Interdiction Project (AIP) was initiated in 2001 to share intelligence to interdict illegal drug shipments originating at Colombia's international airports. Units from airport security, the National Security Service (DAS), and DIRAN received special equipment and training to identify drug-carrying couriers and detect hidden compartments, as well as to identify the organizations behind these illegal activities. In 2003, the AIP led to the seizure of 445 metric tons of cocaine, 117 kilos of heroin, \$3.9 million in U.S. currency, 900,000 in Euros, and the arrest of 121 couriers.

Operation MORPHEUS, a comprehensive initiative forged by the Colombian Heroin Task Force (HTF), conducts long-term conspiracy cases against major Colombian heroin trafficking organizations. Information obtained by MORPHEUS is disseminated to other DEA foreign offices, domestic offices, and the Special Operations Division-Bilateral Case Group. Working with DOJ prosecutors, this information has been used in numerous instances as probable cause for affidavits to support domestic Title III investigations.

The objective in conspiracy cases pursued in conjunction with Operation MORPHEUS is to dismantle the leadership of Colombian heroin trafficking organizations in their entirety, including the Colombia-based suppliers and the U.S.-based distributors. Several U.S./Colombian bilateral investigations in 2003 dismantled transportation organizations that were in place in transit countries such as Panama and the Dominican Republic. Since the beginning of April 2002 through February 13, 2004, there have been twenty-nine arrestees extradited to the U.S. for heroin-related offenses.

The number of drug-related extraditions from Colombia to the United States has increased dramatically under the administration of President Alvaro Uribe. During the Pastrana administration from 1998 to 2002, 64 individuals were extradited to the U.S. Sixty-seven fugitives (64 Colombian nationals and three others) were extradited to the U.S. during 2003, a 70 percent increase from the previous year.

The desertion rate from Colombia's illegal armed groups increased 80 percent in 2003. During President Uribe's administration, 2,432 illegal militants have been demobilized. Intelligence from the deserters has helped prevent terrorist actions, prosecute criminals, and assist in locating weapons, explosives, drugs, and other materiel used by criminals.

Law Enforcement Efforts. Operation Fuente is a joint heroin initiative of the DEA Heroin Group, the U.S. Army Regional Information Support Team (RIST) and the Colombian National Police Judicial Police Section (SIJIN). The operation includes a media saturation campaign involving newspaper advertisements, leaflets, posters, billboards, and television advertisements to promote a toll-free heroin telephone tip line manned by the SIJIN. The tip line provides a conduit for anonymous information regarding heroin organizations, routes, stash sites, and laboratories in exchange for reward money, should the information lead to arrests and/or seizures.

The operation has been a success, though most actionable intelligence has resulted in arrests and seizures related to cocaine rather than heroin. In 2003, the operation resulted in the following seizures and arrests: 607 kilograms of cocaine HCL/cocaine base, 12 kilograms of heroin, 11 vehicles, and 54 arrests. 338,975,000 Colombian pesos were seized, the equivalent of roughly US\$130,375. The operation has also generated intelligence on transportation methods and routes, as well as prices for heroin and cocaine products in the Medellin area.

In 2003, the DEA Cartagena Resident Office initiated "Operation Firewall" to interdict go-fast boats by combining DEA and various land, air, and sea elements of the CNP and military. It enables joint action for interdiction. In 2003, 13 go-fast boats were seized containing 3.9 metric tons of cocaine and 1.1 metric tons of marijuana.

Corruption. The GOC does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or money laundering. The GOC has enacted appropriate legislation to combat money laundering and related illegal financial flows associated with narcotics trafficking, and a unit made up of officials of the Ministries of Justice and Finance tracks the illegal flow of money. The Colombian anti-money laundering and anticorruption specialized task force units, supported and assisted by the DOJ Justice Sector Reform Program, have been strengthened, resulting in increased investigation and conviction levels.

Agreements And Treaties. Colombia is a party to the 1988 UN Drug Convention, and the GOC's national counternarcotics plan of 1998 meets the strategic plan requirements of that convention. Recent reforms have generally brought the GOC into line with the other requirements of the convention. In September 2000, Colombia and the United States signed an agreement formally establishing the Bilateral Narcotics Control Program. This effort provides the framework for specific narcotics project agreements with the various Colombian implementing agencies.

The GOC and the USG are also parties to a Maritime Shipboarding Agreement signed in 1997, providing faster approval for shipboarding in international waters and setting guidelines for improved counternarcotics cooperation with the Colombian Navy and Coast Guard. Colombia has signed, but has not yet ratified, the UN Convention on Transnational Organized Crime.

Cultivation/Production. Colombia continues to be the world's largest producer of cocaine base, despite recent reductions in production and cultivation. In 2002, 680 metric tons of cocaine base were produced and 144,000 hectares were under cultivation in Colombia, a decrease of 115 metric tons and 26,000 hectares respectively over the previous year. Nonetheless, nearly 80 percent of the world's cocaine hydrochloride (HCl) continues to be processed from Colombian coca crops, with a limited amount of production from imported Peruvian and Bolivian cocaine base.

Colombia is also a significant supplier of high quality heroin to the United States. Colombia hosted approximately 4,900 hectares of opium poppy under annual cultivation in 2002 (down from 6,540 in 2001). In 2003 the CNP aggressively sprayed poppy and carried out forced manual eradication to supplement the voluntary poppy eradication conducted through alternative development programs. However, Colombia's potential 2003 heroin production was undetermined as of the date of this publication.

Drug Flow/Transit. The Pacific Coast Maritime Interdiction Program seeks to interdict shipping from strategic locations on Colombia's Pacific Coast. The program is comprised of DEA Enforcement Group 1, the Colombian Navy, Coast Guard, and Marines, as well as the CNP. These groups worked together to conduct large-scale investigations and enforcement activities against drug trafficking organizations operating primarily in Cali, Buenaventura, and Tumaco. Despite these achievements, narcotics traffickers continue to move multi-metric ton cocaine shipments to the Colombian coast and onward.

Domestic Programs (Demand Reduction). The Colombian Social Protection Ministry is charged with promulgating Colombia's national drug demand reduction strategy. In 2004, the Ministry will conduct a nation-wide survey to determine the extent of drug use in Colombia. A comprehensive demand reduction policy and specific programs will be formulated based on the findings of the survey.

IV. U.S. Policy Initiatives and Programs

U.S. Policy Initiatives. The United States is focused on institution building, especially within the police, military, and judicial systems.

Bilateral Cooperation. To assist the GOC in combating drug production and trafficking, the USG is developing and strengthening the land and air capabilities of the CNP/DIRAN. With USG assistance, the CNP is training and equipping 62 Carabiniero Mobile Squadrons (16,500 police in all) for assignment throughout rural Colombia. Deployed Carabiniero units in 2003 arrested 1,316 persons, captured 641 firearms, seized 11.6 metric tons of coca base and 17.4 metric tons of marihuana, as well as locating and eradicating illegal drug crops. The USG supported the establishment of police units in 140 of the 158 municipalities (equivalent to a U.S. county) that had no police presence in 2002. The remaining 18 police units were in training and scheduled to be deployed in January and February 2004.

The USG also supports DIRAN's aviation unit (ARAVI), which includes 19 fixed-wing and 61 rotary-wing aircraft (ARAVI operates three fixed-wing and seven rotary-wing aircraft independently of Plan Colombia). In addition to counternarcotics missions, ARAVI has, with Embassy approval, used USG-supported assets for humanitarian missions, targeted intelligence gathering, counterterrorism, antiskidnapping, and public order missions. With USG assistance, ARAVI was able to maintain an availability rate of approximately 75 percent, which is comparable to most commercial airlines. The opening of forward operating bases in Santa Marta and Tulua allowed greater flexibility and improved response time in the northern and southwestern areas of Colombia.

The UH-1N, UH-1H II, UH-60, and K-MAX helicopters of the Plan Colombia Helicopter program continued to provide support to the CD Brigade and other vetted COLAR units throughout 2003. Since its inception in 1999, program aircraft have flown over 56,000 hours, transported over 95,600 passengers and 3,000,000 pounds of cargo, and conducted 235 medical evacuation missions. In 2003, Plan Colombia aircraft flew 23,015 hours, carried 28,800 passengers and 1,101,268 pounds of cargo, and flew 60 medical evacuation missions.

In addition to strengthening the CNP and COLAR ability to directly attack drug production and trafficking, the USG is providing assistance to other government agencies and institutions in their efforts to combat the drug trade. For example, in response to the threat of bomb attacks by narcotics terrorists, the ATF has trained, equipped, and created protocol for all bomb disposal technicians from GOC agencies. As a result, deaths incurred during deactivation/destruction of bombs declined from seven in 2001 to zero in 2002 and 2003.

The U.S. Bureau of Prisons (BOP) continued to strengthen and develop the Colombian prison system to ensure that convicted drug traffickers cannot conduct their operations while incarcerated. Throughout 2003, USG funded training for personnel selection, ISO 9000 (International Organization for Standardization standards for quality management systems) compliance, close quarters combat, hostage rescue, and other activities for over 600 GOC prison employees. As a result, prisoner escapes have declined 50 percent from 2001 and inmate deaths declined 25 percent over the same period.

To safeguard the viability of drug related prosecutions, the U.S. Marshals Service provided training in witness and judicial and dignitary protection to Colombian security officials. Likewise, to ensure that business and government activities could be conducted in a safe environment, the USG provided protection from narcotics terrorists for 821 individuals under threat, including journalists, mayors, and union leaders.

To ensure that the GOC's drug related investigations and prosecutions conform to international standards, the U.S. Department of Justice (DOJ) trained nearly 400 prosecutors, judges, investigators and defense attorneys in their new roles in the framework of an accusatorial criminal system. The USG supported the establishment of 15 oral trial courtrooms to facilitate Colombia's transition to an accusatorial system of justice. In addition, over 800 police personnel were trained in basic and advanced crime solving techniques. USG personnel also conducted anticorruption seminars for over 230 CNP and other law enforcement officials.

Likewise, the DOJ Justice Sector Reform Program improved the efficiency of the Colombian judicial police by providing specialized investigative training, technical assistance and enhanced forensic science capabilities. Calendar year 2003 accomplishments included: the training and support of specialized task force units (human rights, money laundering/asset forfeiture, anticorruption, narcotics/maritime enforcement), the training of 840 police later assigned to rural outposts with little or no previous police presence; the training of 400 police in accusatory system/oral trial techniques; the training of 172 prosecutors, judicial police, and judges in Trial Advocacy preparation; the training of 80 judicial police in the Management of Electronic Surveillance Evidence; the training and certification of 60 police as instructors, thereby multiplying the number of training courses given to the different police agencies; and the training of 45 CNP, DAS, and CTI officials in crime scene reporting techniques. The Justice Sector Reform Program also provided forensic training and equipment to Colombian crime labs. All of these efforts help ensure that the GOC's drug related (human rights and other criminal) prosecutions conform to international standards.

USG and GOC joint efforts are having a major impact on illicit agriculture. To encourage farmers to abandon the cultivation of drug crops, the USG supported the creation of 38,563 hectares of legal crops—corn, cacao, soybeans, specialty coffee, etc.—up from 10,512 in 2002) and the establishment of 488 social and productive infrastructure projects (up from 142 in 2002) to the benefit of 31,170 families in 16 Departments.

Aside from combating drug production and trafficking, the USG is assisting Colombians in areas that have been most ravaged by the drug trade. For example, the USG helped 82 local citizen committees to complete social infrastructure projects and 36 municipalities to improve the delivery of public services, including the delivery of potable water and sewage treatment. To date, USAID has provided non-emergency support for over 1.2 million Colombians internally displaced by narcotics terrorism, including aid for over 1,100 former child militants. Two peaceful coexistence centers were created in Barrancabermeja and San Gil to provide legal, social and educational services. Additionally, the GOC's presence in rural areas was expanded by the creation of 12 Justice Houses offering access to justice and peaceful conflict resolution.

The Road Ahead. Both Plan Colombia and the Andean Counter-drug Initiative recognize the interdependence of Colombia's counternarcotics programs and their efforts to defeat insurgent groups. These activities also influence Colombia's relations with neighboring countries. The greatest challenges in 2004 will again be the threat posed by the three terrorist organizations, the FARC, the ELN and the AUC. U.S. policy recognizes these groups as narcotics terrorist organizations and permits selective use of USG- provided counternarcotics assets to defeat them.

**Colombia Statistics
(1994–2003)**

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Coca										
Potential Harvest (ha)	—	144,450	169,800	136,200	122,500	101,800	79,500	67,200	50,900	44,700
Eradication (ha)	132,817	122,695	84,251	47,371	43,246	—	19,000	5,600	8,750	4,910
Estimated Cultivation (ha)	—	—	—	183,200	—	—	98,500	72,800	59,650	49,610

HCl: Potential (mt)	—	571	839	580	520	435	350	300	230	70
Opium										
Potential Harvest (ha)	—	—	6,500	7,500	7,500	6,100	6,600	6,300	6,540	20,000
Eradication (ha)	—	3,371	2,583	9,254	—	—	6,972	6,028	3,760	3,906
Estimated Cultivation (ha)	—	TBD	9,083	—	—	—	13,572	12,328	10,300	23,906
Cannabis										
Potential Harvest (ha)	5000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	4,980	4,986
Eradication (ha)	—	—	—	—	—	—	—	—	20	14
Estimated Cultivation (ha)	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Potential Yield (mt)	4,150	4,150	4,150	4,150	4,150	4,150	4,150	4,150	4,133	4,138
Seizures										
Heroin (mt)	0.5	0.77	0.78	0.572	0.504	0.317	0.261	0.183	0.419	0.181
Opium (mt)	—	0.11	0.002	—	0.183	0.100	0.120	0.036	0.078	0.128
Cannabis (mt)	126.1	76.9	36.6	46	65	69	136	235	166	2000
Base/Basuco (mt)	31.1	30	26.70	—	9.00	29.30	10.00	17.50	19.50	32.00
Cocaine HCl (mt)	114.0	94	57.30	69.00	22.73	54.70	34.00	23.50	21.50	30.00
Total HCl/Base (mt)	145.1	124	80.00	69.00	31.73	84.00	44.00	41.00	41.00	62.00
Total Arrests	—	15,868	15,367	8,600	—	1,961	1,546	1,561	1,745	2,154

Ecuador

I. Summary

Ecuador is a major transit country for drugs and precursor chemicals. Armed violence on the Colombian side of Ecuador's northern border renders interdiction especially difficult. Police and military forces are working together to improve security and curtail drug trafficking in the border area. Most drugs exit the country via commercial containers. Ecuadorian counternarcotics police, with help from the USG, continue efforts to enhance port inspection facilities and to improve drug

detection capacity in ports and airports. Drug seizures overall for 2003 were at levels comparable to 2002, while seizures of precursor chemicals increased significantly. Imperfect implementation of the new penal code, a faulty judicial system and conflicting laws hamper Ecuador's prosecution of accused criminals. Substantial progress was made in 2003 toward creating legal protections against money laundering. The USG continues to provide equipment, infrastructure and training to improve counternarcotics performance.

Ecuador is a party to and has enacted legislation to implement the provisions of the 1988 UN Drug Convention.

II. Status of Country

A small country with three international airports and four major seaports, Ecuador shares porous borders with two of the world's largest narcotics producers: Colombia and Peru. Ecuador's public institutions are weak, corruption is a chronic problem and the financial system is poorly regulated. Entry and exit controls of persons and goods are undependable. A high level of poverty renders much of the population susceptible to illicit activities. Large-scale armed conflict in immediately adjacent areas of Colombia makes Ecuador's control of its northern border difficult. Scanty government presence on the southern border facilitates resurgent drug traffic from Peru. The National Police (ENP) and military forces are inadequately equipped and trained to deal with a challenge of this magnitude, although USG resources are helping correct this deficiency.

There is no evidence that illicit crops are cultivated to any significant degree in Ecuador, or that there is substantial processing of raw materials into market-ready drugs within the country. However, coca base enters Ecuador from eastern Colombia (east of the Andes) and exits to western Colombia (west of the Andes) for refinement. Coca base increasingly transits Ecuador from Peru to laboratories in Colombia. Cocaine HCL and heroin from Colombia and Peru are carried to Ecuador's sea and airports for international distribution in volumes ranging from ingested individual loads of a few hundred grams to multi-ton sea shipments. Detected shipments of drugs via international mail and messenger services increased in 2003. The USG has made significant contributions to the Ecuadorian police and military to strengthen security in the northern border region and to interdict illicit drug-related activities.

III. Country Actions Against Drugs in 2003

Ecuadorian laws implementing the 1988 UN Drug Convention include criminalization of the production, transport, and sale of controlled narcotic substances; the import, transport and/or use of precursor chemicals without an appropriate permit from the Ecuadorian National Drug Council (CONSEP); any attempt to conceal the profits from narcotics trafficking activities; the intimidation or corruption of judicial and public authorities in respect to drug crimes; and illegal association related to drug trafficking and profiteering.

Policy Initiatives. The Ecuadorian Government's (GOE) national drug strategy, published in 1999, specifies the counternarcotics roles and responsibilities of Ecuadorian Government agencies, including the armed forces. CONSEP has announced the intention to formulate a strategic plan in the first quarter of 2004. Military and police forces generally cooperate at the local level, conducting joint operations in 2003 to destroy illicit crops and seize precursor chemicals. The GOE continues to reinforce its security presence in the northern border area. The GOE began a fundamental reorganization and re-staffing of the historically ineffectual CONSEP. The new CONSEP management began selling a limited number of seized assets that had been held for several years and significantly improved its enforcement of chemical controls. An interagency task force completed a draft stand-alone money laundering law with technical assistance from the Organization of American States. The draft was submitted to the President in November 2003 for subsequent introduction to the Congress early in 2004.

The Counternarcotics Directorate (DNA) of the National Police, established in 1999, was further increased to 1229 members including a number of women officers. Using the trainers and curriculum developed in 2001-2002 with USG assistance, training in implementation of the new code of criminal procedures was expanded to police and other judicial operators throughout the country.

At the time of writing, completion of the new Manta port cargo inspection facility was expected by March 2004. The port authority of Puerto Bolivar, Machala allocated suitable space for a cargo inspection facility that is now in the design stage. Further improvements were made in the National Police intelligence data and voice communications networks. The management of the Quito and Guayaquil airports provided space for advanced technical inspection equipment that is currently being installed. The GOE national budget includes administrative funds for the DNA, and the National Police allocated additional new vehicles to the DNA fleet.

Law Enforcement. Narcotics-related guerilla and paramilitary activity in southern Colombia continue to impact law enforcement and public security in Ecuador's northern border area. There are indications that drug trafficking across the southern border is growing. Meanwhile, overall drug seizures were comparable to the prior year, with a decline in the level of cocaine seizures. Total cocaine seizures were 6.84 metric tons compared to 11.36 metric tons in 2002. Heroin seizures totaled .29 metric tons, compared to .35 metric tons in 2002. Cannabis seizures rose from 1.90 to 2.57 metric tons.

New administration and the naming of a capable chemicals control expert in CONSEP, the responsible agency, brought a notable improvement in chemicals control in the second half of 2003, reflected in vastly increased chemical seizure totals.

The new Code of Criminal Procedures promulgated in 2001 continues to cause confusion as police, prosecutors and judges struggle to agree on how it should be implemented. Using seminars, virtual classrooms and training manuals and videos, the USG and other donors are working urgently with the GOE to overcome this situation, which hampers effective investigation and prosecution of all types of crimes.

Corruption. Ecuadorian government policy opposes the illicit production or distribution of drugs or other controlled substances, as well as the laundering of drug money. The 1990 drug law (Law 108) provides for prosecution of any government official, including a judge, who deliberately impedes the prosecution of anyone charged under that law. Some elements of other official corruption are criminalized in Ecuadorian laws but there is no comprehensive anticorruption law to address the problem per se. In 2003 several individual members of the National Police and the Armed Forces were arrested for corrupt activities including the theft of Ecuadorian military weapons for sale to Colombian insurgents. A break-in at the CONSEP evidence warehouse in Guayaquil, during which three security guards were bound and executed, resulted in the loss of several hundred kilograms of cocaine. The exact amount could not be determined because of faulty inventory practices. There are indications that the thieves may have had inside help. In October 2003, a judge was arrested when it was found that he had purloined cocaine evidence that he claimed was destroyed. Also in October, police interdicted a 429-kilogram cocaine shipment being readied in Portoviejo, Manabi Province, arresting 14 persons including the former governor of the province, prominent businessman Cesar Fernandez, who was caught red-handed preparing the packages. Three aircraft, several automobiles and real estate were seized. Those arrested Mexican, Colombian and Ecuadorian nationals. Ecuador is a party to the Inter-American Convention Against Corruption.

Law Enforcement Cooperation. Ecuadorian law enforcement agencies cooperate well with U.S. and other foreign law enforcement agencies. There are occasional delays in obtaining GOE permission to board and seize Ecuadorian vessels engaged in illicit activities at sea. The USG and the GOE continue to strengthen their law enforcement relationships and develop information

sharing conduits. Cooperation between the USG and GOE in 2003 resulted in numerous successful drug interdiction operations and the dismantling of some international trafficking organizations. National Police personnel policies requiring frequent transfer of personnel of all ranks among different functions detracts seriously from the development and continuity of specialized expertise.

Arrests and Prosecutions. A total of 2,295 Ecuadorians and 391 foreigners were arrested for drug trafficking from January through October 2003. While many arrests result in convictions, prosecutions in general are impeded by the dysfunctional judicial system and persistent confusion over proper implementation of the new (2001) Code of Criminal Procedures. The GOE performed its own investigation of two front companies of the Cali Drug Cartel and ordered them liquidated and closed in August 2003, well before the Office of Foreign Assets Control listed them as Specially Designated Narcotics Traffickers in October 2003. Despite these orders, the companies remain in business.

Agreements and Treaties. Ecuador and the United States signed a customs mutual assistance agreement in 2002. Ecuador signed and ratified the United Nations Convention against Transnational Organized Crimes and its protocols dealing with migrant smuggling and trafficking in persons.

The United States-Ecuador extradition treaty, signed in 1872 and amended in 1939, is outdated. There have been some exploratory talks about its possible revision, but no further action has been taken. Ecuador has cooperated with the USG to deport or extradite non-Ecuadorian nationals. The Ecuadorian constitution prohibits the extradition of Ecuadorian nationals. Thus, the negotiation of a new extradition treaty depends on whether Ecuador would be willing to amend its constitution to permit the extradition of Ecuadorian nationals.

Ecuador is a party to the 1988 UN Drug Convention and has a narcotics law that incorporates its provisions.

The GOE agreed in 1999 to permit the USG to operate a forward operating location (FOL) for counternarcotics surveillance at the Ecuadorian Air Force base in Manta.

The Government of Ecuador is a strong supporter of regional cooperation and has signed bilateral counternarcotics agreements with Colombia, Cuba, Argentina and the United States, as well as the Summit of Americas money laundering initiative and the OAS/CICAD document on an Anti-Drug Hemispheric Strategy.

In 1991, the GOE and the USG entered into an agreement on measures to prevent the diversion of chemical substances. In 1992, the two governments concluded an agreement to share information on currency transactions over USD 10,000.

The GOE has met the requirements of annual agreements with the United States concerning the provision of assistance for counternarcotics activities. The U.S. and Ecuadorian governments are cooperating to improve Ecuadorian controls over the entry and exit of persons, strengthen safeguards against terrorism and illegal migration, and enhance interdiction of illicit drugs and chemicals. interim. The responsible governmental agency, CONSEP, is attempting to establish new inventory controls and began to sell seized assets in 2003 for the first time in several years.

Regional Coordination. Ecuadorian Government officials met frequently with their Colombian counterparts concerning border issues. Ecuadorian and Colombian security organs are working to improve cross-border communications and information exchange. Ecuadorian police operational and intelligence communications systems now being developed provide for compatibility with other police agencies in the region to facilitate a rapid exchange of information.

Alternative Development. The Ecuadorian agency for northern border development (UDENOR), established in 2000 to coordinate economic and social development programs in the country's vulnerable northern border region, continued its implementation of the government's four year, \$465 million northern development master plan. The plan, critically dependent on the support of foreign donors, aims at "preventive" rather than "alternative" development, since illicit crop cultivation is not currently significant in the area but is a severe problem in the immediately adjacent region of Colombia.

Cultivation/Production. Joint police/military operations located and destroyed about 5,400 cultivated coca plants in scattered locations, mostly near the northern border, in 2003. The crops were eradicated in the presence of a public prosecutor, as the law requires. The absence of significant cultivation and of processing laboratories suggests that drug production is not now a serious problem in Ecuador, although the threat is always present due to Ecuador's geographic location and widespread poverty.

Petroleum ether, popularly known as "white gas," a by-product of petroleum extraction, has long been trafficked from oil fields in Sucumbios to neighboring Putumayo Department, Colombia, where it is used in cocaine production. Until 2003, CONSEP took the position that white gas was not a controlled substance. Although police and military forces occasionally seized shipments of the compound (totaling 7,061 liters from January through May 2003) they had no legal basis to prosecute the traffickers. In June 2003, the new CONSEP management ruled that "white gas" was chemically equivalent to petroleum ether, which is on the GOE controlled chemicals list. Supported by this finding, security forces—primarily the Ecuadorian Army—seized 301,779 liters of white gas from August through October 2003.

The USG and the Government of Ecuador have a bilateral agreement under which the Drug Enforcement Administration (DEA) notifies CONSEP in advance of pending chemical shipments. These notices are passed on to port inspectors, who seize all controlled chemicals which enter the country without proper documentation or when the quantity surpasses that which was authorized by CONSEP. Both CONSEP and police records are available to DEA as they relate to narcotics or controlled chemical seizures.

Demand Reduction. The most recent comprehensive national survey of drug use in Ecuador, in 1998, revealed that four percent of the respondents admitted having used illicit drugs at least once in their lifetimes. A new survey is underway. Prevention of domestic drug abuse is an integral part of the Ecuadorian government's drug strategy. Coordination of abuse prevention programs is the responsibility of CONSEP, whose new management plans to reinvigorate a multi-agency national prevention campaign. National prevention activities currently are conducted primarily through the schools and supported by foreign donors. All public institutions, including the armed forces, are required to have abuse prevention programs in the workplace. The counternarcotics police conduct an abuse prevention program in selected communities.

Asset Seizure. By law, seized assets cannot be forfeited until the owner is convicted of a drug offense. Problems arise in relation to the safeguarding of assets pending forfeiture. Real estate, vehicles and other personal property are often used by government agencies or officials and depreciated during the

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. U.S. counternarcotics assistance to Ecuador aims at improving the professional capabilities, equipment and integrity of police, military and judicial agencies to enable them to counter illicit drug activities more effectively. An initiative begun in 2001 and continuing throughout 2002-2003 seeks to strengthen the security of the northern border region. Ecuadorian army units in the northern border area are being supplied with tactical radio

communications, ground vehicles, computers and field supplies. Resources are being provided to the Ecuadorian Navy for expanded patrol and interdiction operations on Ecuador's northwestern coast. A major USG-funded police counternarcotics base in Sucumbios Province (northeastern Ecuador) opened in April, 2003 and another is under construction in San Lorenzo, Esmeraldas Province (northwestern Ecuador). Two additional police checkpoints, in north-central and southwestern Ecuador, are in the design phase. Renovated port cargo inspection facilities in Guayaquil and new facilities in Manta began operation. A port cargo inspection facility is being designed for Puerto Bolivar, Machala, in southern Ecuador.

In 2002, the USG funded a Judicial Police training program, the purpose of which was to educate the judicial police on the new penal code. Trainers who successfully completed that first course are now training their colleagues. Police and judicial authorities are working to revise some ineffective aspects of the new code.

Communications equipment, ground vehicles and support of the canine program continue to be areas supported through USG assistance and for which recent successful operations can be credited. The USG began in 2003 to provide advanced technical equipment for port and land route inspections.

The Department of Homeland Security, Customs and Border Protection, in cooperation with the Narcotics Affairs Section of the American Embassy in Quito, fielded six Customs inspectors and firearms instructors as short-term advisors to Guayaquil and Quito in 2003.

All initiatives and strategies are jointly planned and coordinated with the GOE and are formalized in annual letters of agreement under which the USG grants assistance to the GOE.

The Road Ahead. The USG will seek improved performance in military/police collaboration, seaport and coastal control, police intelligence and land route interdiction through the provision of expanded training and essential infrastructure and equipment. Increasing emphasis will be given to the detection and prosecution of money laundering (once the new legislation is passed by the Ecuadorian Congress), expanded training of the judicial police and the interdiction of illicit chemical precursors.

***Ecuador Statistics
(1994–2003)***

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Seizures										
Cocaine (mt)	6.22	10.49	10.83	1.72	9.24	10.770	2.160	9.800	4.400	2.186
Base, paste (mt)	0.62	0.87	1.26	1.60	0.93	0.690	1.605	0.530	0.250	0.192
Cannabis (mt)	2.57	1.90	3.07	18.26	2.98	17.730	0.022	0.200	0.200	0.131
Heroin (mt)	0.29	0.35	0.23	0.11	0.08	0.053	0.034	0.070	0.053	0.024
Labs Destroyed										
Cocaine	0	0	4	0	2	2	0	1	0	0
Arrests/Detentions										
Nationals	2,522	2,106	2,018	2,532	3,567	3,596	3,346	2,075	1,858	2,872
Foreigners	417	605	440	434	267	292	346	204	2,214	201

Total Arrests	2,939	2,711	2,458	2,966	3,834	3,888	3,692	2,279	4,072	3,073
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Paraguay

I. Summary

The Government of Paraguay (GOP) took significant steps to bolster its counternarcotics capabilities in 2003. President Nicanor Duarte Frutos re-appointed Hugo Ibarra as the Executive Director of the Anti-Narcotics Secretariat (SENAD). Under Ibarra's four-year leadership, the SENAD has transformed itself into an effective, albeit limited counternarcotics agency. Also, President Duarte approved the SENAD's request to proceed with plans to bring the SENAD into the special unit program, joining other Drug Enforcement Administration (DEA) programs in South America. In 2003, Andean cocaine seizures in Paraguay increased, due primarily to implementation of the counternarcotics law approved in 2002, which allowed the SENAD to employ new investigative methodologies and law enforcement techniques. The Major Violators Unit (MVU) carried out successful operations to disrupt cocaine trafficking networks, arresting a narcotics terrorist and a major Brazilian drug fugitive. The GOP will also introduce a new money laundering law, with technical assistance by the Embassy's Resident Legal Advisor (RLA), in the Congress in 2004. The SENAD saw the creation of an internal affairs section to fight corruption, and in conjunction with the Attorney General's Office (AG), carried out a sting operation that led to the arrest of two attorneys, including a prosecutor assigned to drug cases. Paraguay is a party to the 1988 UN Drug Convention.

II. Status of Country

Paraguay is a transit country for between 40 and 60 metric tons of Colombian, Bolivian and Peruvian cocaine that traverses its territory destined for Argentina, Brazil, Europe, and Africa. Paraguay is also used by the FARC to trade cocaine for arms. The Mobile Enforcement Team (CMET) was created to target the cocaine that transits by land, river and air over the vast Chaco area, with its undeveloped land border, extensive river networks, and numerous registered and unregistered airstrips. The MVU is tasked with identifying and investigating major drug trafficking organizations. Paraguay is a source country for high-quality marijuana that is not trafficked to the U.S.

III. Country Actions Against Drugs in 2003

Policy Initiatives. Shortly after taking office, President Nicanor Duarte Frutos re-appointed Hugo Ibarra as the SENAD's Executive Director. Under Ibarra's four-year leadership, the SENAD has transformed itself into an effective, albeit limited counternarcotics agency. On September 17, the new president approved the SENAD's request to proceed with plans to officially request inclusion into the DEA Special Unit program, to bring the SENAD up to par with other DEA programs in South America. Meanwhile, President Duarte is expected to approve the creation of a dedicated unit to considerably expand the existing semi-vetted program.

Accomplishments. The most notable counternarcotics achievement in 2003 was the capture and expulsion to Brazil of Claudair Lopes de Faria, who was wanted in Brazil for trafficking and murder. During the investigation, the discovery that Claudair possessed false Paraguayan identification, opened a probe into possible government accomplices. The arrest served to highlight the advances the SENAD has made in surveillance techniques and investigative strategies. The same skills proved successful in the arrest of known narcotics trafficker Hassan Abdullah Dayoub, who was stopped at the Asuncion airport on his way to Syria carrying 2.33 kilograms of cocaine hidden inside an electric organ. Improved detection skills were also on display in the arrest of several individuals attempting to carry cocaine by ingestion. In conjunction

with the Attorney General's Office (AG), the SENAD carried out a sting operation that led to the arrest of two attorneys, including a prosecutor assigned to drug cases. In 2003, cocaine seizures stood at 278 kilos, slightly above last year's total, and marijuana seizures totaled 47,459 kilos. The joint Paraguayan-Brazilian counternarcotics "Alliance" exercise continued in 2003. The February exercise netted 160 kilograms of pressed or cut marijuana, and the destruction of 319 hectares of planted marijuana and 40 camps. Ten marijuana presses were also seized. A second "Alliance" was scheduled for December 11-20. The canine program continues to shine. In airport and bus terminal searches, the dogs have discovered about 92 kilograms of cocaine, including a single bust of 59.3 kilograms, which was hidden in the interior panel of a bus originating in Bolivia, and an undetermined amount soaked in clothes.

Law Enforcement Efforts. According to the SENAD chief, 201 persons, including drug producers, distributors and bagmen, were arrested. The Supreme Court reaffirmed the assignment of two magistrates as special narcotics judges. They approved SENAD requests for search warrants and the use of investigatory powers granted in the narcotics law. DEA sponsored a trip to the U.S. for its informal advisory group, composed of the two dedicated judges, the Deputy AG and a Supreme Court justice, for a detailed briefing of DEA activities in Latin America. The group also had the opportunity to see how DEA employs the same law enforcement tools that were granted to the SENAD in the 2002 counternarcotics law.

Asset Forfeiture. The GOP has auctioned its first seized airplane since a revised asset forfeiture law took effect in 2002. As a result, the SENAD will receive about \$28,000 in proceeds from the sale of the aircraft.

Corruption. The SENAD established an internal affairs unit to deal with corruption. Polygraph tests have played a major role in keeping the SENAD honest. Several SENAD agents were removed after failing the test; the vast majority remained clean. The Duarte Administration has made anticorruption the linchpin of its program of governance. In the first one hundred days of his administration, President Duarte dismissed his deputy chief of staff, environmental minister, and the head of the state oil company after allegations of fraud and corruption emerged. On the mere appearance of impropriety, Duarte dismissed his Interior Minister, a personal friend and political ally; the Customs head, and the National Police commander. Additionally, dozens of other Customs officials or other public officials have been replaced and reassigned. The GOP has also launched a campaign against some of the largest tax evaders, and President Duarte has ordered that transparent bidding and contract procedures are implemented early next year. We remain concerned, however, that reportedly corrupt police officials are in positions to give protection to or compromise law enforcement actions against narcotics traffickers. There is no evidence that the government or any senior official facilitates the distribution or production of narcotics or other controlled substances, however.

Agreements and Treaties. The new U.S.-Paraguay Extradition Treaty entered into force on March 9, 2001, and permits the extradition of nationals. Paraguay is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention on Narcotic Drugs, the 1972 Protocol amending the Single Convention, and the 1971 UN Convention on Psychotropic Substances. It ratified the UN Convention against Transnational Organized Crime, Inter-American Convention Against Corruption and the Inter-American Convention Against Terrorism. It also signed the OAS/CICAD Hemispheric Drug Strategy. Paraguay has law enforcement agreements with Brazil, Argentina, Chile, Venezuela, and Colombia. The 1987 bilateral letter of agreement, under which the U.S. provides counternarcotics assistance to Paraguay, was extended in 2003.

Cultivation/Production. Marijuana is the only illicit crop cultivated in Paraguay, and it is harvested throughout the year. Driven by a worsening economic situation and the relatively high price paid by traffickers for cultivation, marijuana production has increased, spreading to non-traditional areas of the country. SENAD estimates that 5,500 hectares were dedicated to the cultivation and production of marijuana in 2003.

Drug Flow/Transit. The levels of Andean cocaine transiting through Paraguay remained stable in 2003. U.S. law enforcement officials estimate that 40-60 metric tons of Colombian, Bolivian, and Peruvian cocaine transit Paraguay annually. The SENAD estimates that close to 85 percent of marijuana cultivated in Paraguay is for the Brazilian market. It also estimates that the remaining 10-15 percent is for the Southern Cone countries and that a very small amount is consumed domestically, between 2-3 percent. The U.S. is not the destination.

Demand Reduction Program. The increased marijuana cultivation in Paraguay has led to a perceived rise in substance abuse. According to an INL-funded drug poll published in January 2003, Paraguayans' perception, confirmed by SENAD analysts, is that marijuana is the most abused drug (alcohol excepted) by adults, followed by cocaine. Among children, glue is the most abused drug. The SENAD's Office of Demand Reduction does a significant amount of outreach work, primarily in schools. The SENAD has the principal coordinating role under the National Program Against Drug Abuse and works with the Ministries of Health and Education and several NGOs. President Duarte asked President Bush at their September 26 meeting in the White House for USG support in developing a local sugar substitute (stevia) as a crop replacement for marijuana.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. The disruption of narcotics trafficking through training and equipping of an effective investigative and interdiction force, a strong GOP institutional effort against money laundering, and a decrease in public corruption continue to be USG priorities in Paraguay. To accomplish these goals, the USG will support further professional development of the SENAD's MVU and CMET, providing for a more effective counternarcotics and organized crime investigative and operational capability, as well as the expansion of the semi-vetted unit program. We will continue to work closely with judicial and law enforcement agencies to use the new money-laundering law to make head-way against trafficking networks.

DEA continues to work with the SENAD, providing guidance on operations and investigations. INL will continue to provide commodities and training support to SENAD, including the purchase of detection canines, computers and computer-related items, uniforms, laboratory and other equipment. SENAD officers participated in an Office of Defense Cooperation (ODC)-sponsored Special Forces Training.

The Road Ahead. The USG will continue to strengthen the SENAD's counternarcotics investigative and operational units, as well as the anti-money laundering Financial Investigative Unit (FIU), through training, technical assistance, equipment, and other donations. The next phase of the counternarcotics program involves the expansion of the SENAD's ability to better track the movements of drug traffickers and the fortification of special agent units that can react to improved intelligence the semi-vetted unit will acquire. The new leadership of the FIU, expected large budget increase, hiring and training of new personnel, and passage of a new money laundering law should significantly better Paraguay's ability to fight money laundering. Additionally, USAID Paraguay will fund a feasibility study on the production and marketing of stevia, which the GOP is exploring as a potential crop substitute for marijuana.

Peru

I. Summary

In calendar year 2003, the Government of Peru (GOP) eradicated 11,313 hectares of coca by forced and voluntary eradication. GOP agencies have prepared an eradication plan for 2004 that could eliminate as many as 12,000 hectares of coca. According to a USG May to September 2003 survey, coca cultivation in Peru declined by 15 percent compared to a similar period in

2002, leaving a total of 31,150 hectares under cultivation, the lowest level of coca cultivation in Peru since 1986. Nevertheless, much of the forced eradication was conducted in abandoned fields and parklands, and the extensive presence of high-density coca cultivation in the Monzon and Apurimac/Ene river valleys remains a major concern.

Over the past year, the USG has supported new Peruvian alternative development activities that link eradication to the provision of development benefits. Key to program success is the political commitment of elected leaders as well as ensuring that alternative development funding is tied to eradication results. The benefits offered at four different levels—regional, municipal, community, and household—have led communities to express their interest in participating in the program. Farmers participating in this program voluntarily eradicated over 4,000 hectares of coca during the six months since the program's inception in June 2003.

According to U.S. Embassy reporting, coca farmers received approximately \$126 million from buyers for their coca leaf output in 2002. This total is only a fraction of the size of the total cocaine economy in Peru, which may equal 1.2 to 2.4 billion dollars or more annually (or 2 to 4 percent of Peru's GDP). Nearly all of the wealth derived from the cocaine economy accrues to narcotics traffickers and other criminal elements. Notwithstanding the income they receive from planting, caring for and harvesting the crop, coca farmers remain impoverished and are vulnerable to enticements, pressures, and even threats of violence from the narcotics traffickers. The lack of security and any significant government presence in the coca-growing areas provides ample opportunity for narcotics traffickers to carry out their activities unopposed. Poor infrastructure and services in coca-growing areas limit opportunities for licit economic activity. While eradication and alternative development in Peru face formidable challenges, the negative impact of the coca economy on Peru, the U.S. and other countries make continued efforts to reduce coca production all the more necessary.

II. Status of Country

Coca is grown in a number of areas east of the Andes in Peru. The USG has estimated there were 31,150 hectares of managed coca for 2003 and identified the Upper Huallaga and the Apurimac valleys as the source of 67 percent of the coca crop. In addition to the five major areas tracked by the USG, GOP ground reconnaissance has identified new areas of coca cultivation in the Marañon river valley (1,230 hectares) in the department of Loreto. Additional increases in cultivation have also been identified in the department of Puno (at least 3,000 hectares) close to Peru's borders with Bolivia and Brazil. There are no confirmed estimates as to the amount of opium poppy under cultivation in Peru.

Trafficking organizations continue to use all available methods to move coca products out of Peru via air, river, land and maritime routes to Mexico, Bolivia, Brazil, Colombia, Ecuador and Chile. Opium latex and morphine moved overland north into Ecuador and/or Colombia, where they are collected and converted to heroin for subsequent export to the U.S. and Europe. Although maritime smuggling of larger cocaine shipments is on the increase, traffickers continue to use private aircraft to transport cocaine base from Peru to Bolivia, Brazil, Colombia, and Mexico.

III. Country Actions Against Drugs in 2003

Policy Initiatives. In Peru, DEVIDA, the Peruvian equivalent of the USG's Office of National Drug Control Policy, coordinates counternarcotics policy. During 2003 DEVIDA worked closely with the USG on a host of counternarcotics issues, including voluntary eradication, alternative development, and law enforcement and interdiction strategy.

In 2003, the Peruvian Congress set the stage for the enactment of new legislation that should provide increased legal authorities and better responsibilities and programs within the GOP

designed to address drug trafficking. In July 2003, the Alternative Development Commission of the Peruvian Congress laid out a framework to eliminate and penalize illegal coca in Peru.

The USG supports research to quantify traditional coca consumption which, together with documented legal commercial coca sales, could be used by the GOP to define the legal limits of coca production under any new coca legislation.

The GOP, with USG support, is urging regional and municipal elected leaders in coca growing areas to take a public position rejecting illicit coca cultivation and narcotics trafficking as impediments to development. To date, six of seven regional presidents and numerous mayors have signed formal statements to this effect.

Treaties and Agreements. The GOP supports the objectives of the 1996 USG-GOP counternarcotics bilateral framework agreement currently in force and the 1988 UN Drug Convention, to which Peru has been a party since 1992. Peru is also a party to the 1961 UN Single Convention, as amended by the 1972 protocol, and the 1971 Convention on Psychotropic Substances.

Under Peru's 2002 law creating a Financial Intelligence Unit (FIU), banks and other financial institutions are required to report individual transactions over US\$10,000 (the standard international threshold). Peruvian officials have made clear their intent to seek, as soon as it is feasible, membership in the Egmont Group a cooperative and information-sharing alliance composed of well-established national FIUs from various countries.

Extradition. The United States and Peru exchanged instruments of ratification on August 25, 2003, and the new extradition treaty entered into force on that date. This treaty represents a major step forward in bilateral efforts to combat drug trafficking and organized crime. Among other things, the treaty provides for temporary surrender of a fugitive for purposes of trial and sentencing, even though the accused may have judicial processes pending in his/her home country. Under the previous treaty, signed in 1899, a defendant could not be extradited when released from prison on parole.

Illicit Cultivation. In 2003, Peru eradicated over 11,313 hectares of coca, its best performance since 1999. Forty percent of this total was as a result of community-based or government-assisted voluntary eradication, with the remainder coming as a result of forced eradication. Due to the potential for social unrest, forced eradication was limited to "non-conflictive" areas. Most of the forced eradication that took place during the year was done in San Martin and near Pucallpa.

A series of well-financed and organized strikes by coca growers (cocaleros) in February 2003, to protest GOP eradication programs, briefly shut down the Tingo Maria-Aguaytia-Pucallpa highway linking the Huallaga Valley to points eastward. Cocalero representatives demanded an end to eradication, withdrawal of NGOs from the coca valleys and an alternative development program that put funds directly into the hands of the cocaleros.

President Toledo issued an Executive Decree (DS-044) in April 2003, which restricted forced eradication to coca planted since November 2000, coca growing in national parks, and coca growing near maceration pits and processing facilities. Since April 2003, there have been no further national strikes by cocaleros, even though most of the forced eradication that took place in 2003 was done after the issuance of the decree.

As part of its voluntary eradication efforts, the USG promoted a new program of social and economic infrastructure projects and productive projects that provide income to beneficiaries. The goal of the program is to bring jobs and sustainable development to ex-coca-growing regions. Coca fields are measured and eradication is verified by the Ministry of Interior. The USG is

committing up to \$8 million monthly under the program, which signed up 330 communities in 2003.

Law Enforcement Efforts. In 2003, the GOP made important progress in investigating and dismantling major drug organizations and in attacking drug processing sites in the key growing valleys of the Monzon and Apurimac/Ene. The Peruvian National Police Narcotics Directorate (DIRANDRO) mounted a number of successful operations in the Monzon and Apurimac Valleys. In a well-coordinated and extensive five-day operation in the Monzon valley in November 2003, the PNP utilized over 500 personnel and 11 helicopters—including 9 NAS UH-1H aircraft—to conduct a complete criminal sweep. The police targeted maceration pits, precursor chemicals, stolen vehicles, criminal fugitives, false documents, terrorism activities, and foreigners illegally in Peru on false documentation. The operation, logistically supported by DEA and NAS, received local support and favorable press coverage in Peru. In addition to interdiction activities, GOP personnel carried out civic action activities, specifically targeting local needs. The PNP estimated that 80 percent of Monzon valley residents supported the operation. Follow-up operations later in the year were equally well-received by residents there.

In 2003 coca base and cocaine HCl seizures were less than in 2002. Overall, in 2003 GOP interdiction efforts resulted in the destruction of approximately 3,762 kilograms of cocaine base, 3,250 kilograms of coca paste, and 134 metric tons of coca leaf. To further complement these and other law enforcement successes, DIRANDRO has re-initiated road interdiction operations in the coca growing regions of Peru. DIRANDRO personnel conduct inspections of trucks and other vehicles suspected of smuggling illegal drugs and chemicals, particularly on those highways exiting the coca-producing jungle region.

DIRANDRO successfully identified and dismantled several international cocaine trafficking organizations responsible for maritime and air shipment of metric tons of cocaine to U.S. and European markets. The USG and GOP have cooperated to improve port security and to address increased maritime smuggling at key Peruvian port locations. In September 2003, the Peruvian National Police (PNP) seized 1,079 kilos of high purity cocaine near the port city of Chimbote. The cocaine was destined for the U.S. via Mexico; eleven men were arrested in the bust.

In August 2003, two DIRANDRO basic training academies were established at the Mazamari and Santa Lucia police bases. Candidates for these schools were recruited from local communities. Each school will train classes of approximately 200 cadets a year, and graduates will be assigned to DIRANDRO units in the drug source zones. These schools have already increased police presence in the Upper Huallaga and Apurimac/Ene Valleys.

Peruvian law requires that, save for exceptional circumstances, a prosecutor be present when investigatory operations are carried out. The counternarcotics prosecutors (Fiscales Especiales Anti-drogas, or “FEAs”) continued to play an integral role in narcotics interdiction. The GOP has stationed counternarcotics prosecutors in Lima and in the other provinces as well.

Corruption. As a matter of policy, the GOP does not encourage or facilitate the illicit production or distribution of narcotic or psychotropic drugs or other controlled substance, or the laundering of the proceeds from illegal drug transactions. No senior official of the GOP 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.

Demand Reduction. In 2003, the results of two important national surveys were released. CEDRO, a local NGO, conducted a public opinion survey in seven Peruvian cities on the drug problem in Peru. The survey revealed that drugs are viewed as Peru's second most important problem (after the economy). It also showed that 93 percent of urban Peruvians believe there is a

relationship between coca and drug use in their country. The survey also pointed out that a majority view coca growers as victims rather than as accomplices of narcotics trafficking.

A second survey released by DEVIDA, the GOP's counternarcotics office, showed a continuing increase in drug use in Peru. Marijuana use among 17 to 19 year olds has almost doubled since 1998. The most frequently consumed illegal drugs are marijuana, cocaine base and cocaine. Additionally, sniffing of legal substances such as gasoline and glue continues to be a problem, especially among 12-16 year olds. For the first time, Ecstasy (MDMA) appeared as an abused drug, with a 0.4 percent use rate.

Rising concern about the affects of the drug economy prompted the government and private sector to mount an counternarcotics public education campaign. DEVIDA, with the support of the USG, produced a widely televised commercial that linked the cultivation of coca to violence, delinquency and corruption by explaining 90 percent of all Peruvian coca leaf is used to make cocaine. Also with support from the USG, the NGO Alliance for Drug-Free Peru broadened its focus from drug education and prevention to include messages linking coca production to narcotics trafficking.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. The USG's Andean Counter-narcotics Initiative (ACI) program in Peru provides law enforcement support to the GOP (inter alia, for eradication of mature managed coca and seedbeds, busts of labs and maceration pits, riverine interdiction, customs interdiction at ports and airports, road-based interdiction, control of precursor and essential chemicals, and anti-money laundering efforts) as well as assistance for alternative development and drug awareness and demand reduction programs. Particularly important in affording mobility to GOP units is the aviation support (helicopters and fixed-wing assets) that the U.S. Embassy's Narcotics Assistance Section (NAS) provides.

The USG continues to encourage the GOP to focus its counternarcotics law enforcement operations in the major drug source zones in the Upper Huallaga Valley and Apurimac/Ene valley. The PNP has used USG assistance to increase police presence and its operational productivity in these areas by fortifying existing police bases and establishing two police training academies.

Precursor Chemicals. Peru produces some of the precursor chemicals, such as sulfuric acid, required for the processing of coca to cocaine base and cocaine HCl. Peru also is a major importer of all other necessary chemicals for cocaine production. Many tons of these chemicals are diverted from legitimate use. The PNP proactively cooperates with neighboring countries and the U.S. to conduct regional chemical control operations. In 2003, the PNP seized over 900 metric tons of illicit chemicals; Peruvian Customs officials seized 4,300 kilograms of such chemicals.

With USG assistance, a chemical precursor assessment study was completed in early November. The assessment provides a roadmap for the GOP to implement a series of reforms, including the drafting of new chemical control legislation which could substantially reduce the flow of such chemicals and increase the effectiveness of interdiction efforts in coca-growing areas.

Anti-Narcotics Coordination Center (ANCC). The USG is currently engaged in discussions with the GOP on strengthening efforts to prevent the illegal shipment of drugs via ground, river and air. As part of this effort, the two countries are discussing the establishment of an Anti-Narcotics Coordination Center (ANCC), which would help coordinate law enforcement activities among various GOP agencies.

Riverine and Maritime Programs. The joint USG/GOP riverine program was established to prevent traffickers from using Peru's extensive river system to transport drugs. The results of this program have been disappointing.

As a consequence, the USG has redirected its resources towards building a stronger drug interdiction program in Peru's seaports. The USG is helping the GOP build a capability to identify and inspect suspect cargo shipments. The program started in Callao, Lima's principal seaport, and initial efforts to expand it to other Peruvian ports with significant export traffic to the U.S. are currently underway.

Alternative Development Efforts. Beginning in June 2002, USG resources have been employed to support a voluntary eradication program which directly links Alternative Development Program (ADP) benefits to a commitment on the part of communities and political leadership to permanently eliminate illegal coca cultivation. This approach has resulted in the eradication of 4,290 hectares of coca, most of which was eradicated in the last six months of 2003.

The ADP portfolio is a multi-sector approach to removing barriers to development, improving local governance, strengthening rule of law and increasing the economic competitiveness of coca-growing areas. It strengthens the planning, management and budgeting capabilities of regional and local governments via direct training as well as through their participation in the implementation of infrastructure, health and education projects. During 2003, the ADP completed work on 751 km of road, 6 bridges, 4 irrigation systems, 32 health posts, and 79 schools and continues work on over 500 additional km of rural roads. The ADP is helping to develop IIRSA (public-private-partnerships for national road integration) concessions to generate private investment in major roads and infrastructure, and is currently contracting for the rehabilitation of 170 km of the Fernando Belaunde Highway, a major link between the Huallaga Valley and national markets. The program supports the expansion of ombudsman services to coca growing areas to help resolve conflicts and prevent the intimidation of participating communities by narcotics interests, and works to increase the number of cases tried in these areas.

During 2003, business deals supported by ADP resulted in an increase in sales of US\$9.5 million, while ADP-supported forest concessionaires generated 400 permanent jobs and commercialized \$5 million in lumber. The ADP is supporting credit mechanisms and providing land titles. In 2003, ADP concluded an agreement to make US\$12 million in credit available over the next five years in the coca areas, financed approximately US\$1.5 million in loans and issued the first 200 of 4,300 land titles that will be given out by March 31, 2004.

Road Ahead. After a banner year in terms of meeting its coca eradication and interdiction goals, the GOP will need to build upon this success in the coming year. Persistent efforts to provide both positive incentives and negative disincentives for farmers to desist from coca cultivation are necessary. The GOP's counternarcotics agenda will need to include: continued emphasis on forced eradication of mature managed coca in high-density cultivation areas, drug interdiction, expansion of the pilot voluntary eradication program, increased efforts to identify and eradicate cultivation of opium poppy, establishment of, and support for, the contemplated Anti-Narcotics Coordination Center, further development of its Financial Investigative Unit, a renewed commitment to taking ownership of the Riverine Program, and hard thinking on how to best establish an effective maritime interdiction program.

A large part of the USG/GOP bilateral cooperation will continue to revolve around alternative development that is tied to eradication results. The community-based activities we are jointly undertaking to strengthen institutions, infrastructure, and governance are a long-term project. While short-term results are a must, they cannot substitute for long-term success.

**Peru Statistics
(1994–2003)**

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Coca										
Net Cultivation (ha)	31,150	36,000	34,000	34,100	38,700	51,000	68,800	94,400	115,300	108,600
Eradication (ha)	11,313	7,000	3,900	6,200	13,800	7,825	3,462	1,259	0	0
Cultivation (ha)	42,463	42,000	37,900	40,200	52,500	58,825	72,262	95,659	115,300	108,600
Leaf (Potential Harvest) (ha)	—	52,700	52,600	60,975	69,200	95,600	130,600	174,700	183,600	165,300
HCl (Potential) (mt)	—	140	140	154	175	240	325	435	460	435
Seizures										
Coca Leaf (mt)	132.9		13.8	55.0	164.3	132.9	146.8	99.1	33.4	25.2
Coca Paste (mt)	—	—	—	—	—	—	—	—	—	—
Cocaine HCl (mt)	3.25	3.7	2.77	2.70	3.59	1.70	2.30	1.01	7.65	0.10
Cocaine Base (mt)	3.76	8.7	5.71	9.01	6.65	19.70	8.80	18.68	15.00	10.60
Total Cocaine (mt)	7.01	12.4	8.48	11.70	10.24	21.40	11.10	19.69	22.65	10.70
Heroin (mt)	.004	—	.004	.002	—	—	—	—	—	—
Aircraft (items)	0	0	1	2	—	—	11	7	22	4

Uruguay

I. Summary

Uruguay is not a major narcotics producing or transit country. Efforts to fight drug trafficking and domestic consumption are effective, although law enforcement agencies and counternarcotics programs have limited resources. Current areas of concern include increasing drug consumption, limited inspection of containers at ports, limited border controls, lack of radar coverage over most of the territory, and the possible use of free trade zones for the movement of drugs and precursors. Uruguay is a party to the 1988 UN Drug Convention.

II. Status of Country

Uruguay is not a major narcotics producing or transit country, but a five-year recession, which is just ending, and its strategic location, could lead to increased trafficking. Domestic drug consumption consists mainly of marijuana that arrives in small planes from Paraguay. However, Bolivian cocaine, smuggled through Argentina and Brazil, is increasingly in evidence, as are small quantities of heroin brought in through the airports by Uruguayan, Colombian, Argentine, and Brazilian traffickers. The tri-border area of Paraguay, Argentina and Brazil, which has long been a haven for narcotics traffickers, affects Uruguay, and the long porous border with Brazil lends itself to infiltration. Limited inspection of airport and port cargo is a problem, with Uruguay serving as a transit point for contraband to Paraguay and elsewhere. Although chemical precursor controls exist, they are not effectively enforced.

III. Country Actions Against Drugs in 2003

Policy Initiatives. Despite President Jorge Batlle's occasional public statements supporting the legalization of drugs, the Government of Uruguay (GOU) continues to make counternarcotics a priority. Batlle has increased military involvement in antitrafficking efforts and got personally engaged to improve anti-money laundering regulations. The GOU remains committed to education and prevention, although funding for this is low. Uruguay is an active member of the Southern Cone Working Group of the International Conference for Drug Control, as well as other international mechanisms that fight narcotics, money laundering and corruption.

Accomplishments. Uruguay continued to cooperate fully with U.S. and regional counter narcotics efforts. In April 2003, working with Brazilian authorities, the police arrested Brazilian narcotics trafficker Joao Arcanjo Ribeiro who purchased a residence in Montevideo. Four of the 23 companies he owns are located in Uruguay and were allegedly used for money laundering. Arcanjo remains in prison pending extradition to Brazil. Uruguayan law enforcement authorities increased drug seizures in 2003, demonstrated cooperation with their regional counterparts, and fractured urban distribution rings. In addition, the GOU has mounted a concerted campaign on demand reduction.

Law Enforcement Efforts. The expertise of the different groups responsible for narcotics-related law enforcement has improved, and they are generally effective. However, difficulties remain in coordination among the Directorate General for the Repression of Illicit Drug Trafficking (DGRTID), the police, the National Directorate for Intelligence and Information (DNII), and the Military Intelligence Agency (DGID). The DNII is now under the direct supervision of the Minister of the Interior and has expanded its assignment to include combating organized crime, contraband, terrorism, and financial crimes.

According to Uruguay's General Direction of the Repression of Illicit Drug Trafficking, drug seizures amounted to 1,110 kilos of marijuana, 41 kilos of cocaine, 12 kilos of heroin and some ecstasy in 2003. Also in 2003, 1,690 suspects were arrested (188 were minors), and 269 were convicted. Major achievements included the dismantling of the smuggling ring around the Uruguayan trafficker Omar Clavijo (who was murdered in Paraguay), the seizure of 12 kilos of heroin at Carrasco International Airport in June 2003, and the dismantling of urban distribution centers.

Corruption. There are no indications that senior GOU officials have engaged in drug production, trafficking, or money laundering, and the GOU does not condone narcotics production, trafficking and money laundering. Public officials who do not act on knowledge of a drug-related crime may be charged with a "crime of omission" under the Citizen Security Law. In addition, the Transparency Law of 1998 criminalizes various abuses of power by government officials and requires high-ranking officials to comply with financial disclosure regulations.

Uruguay has an active commission that investigates public sector corruption, whose head is in his second year as President of the Experts Group of the OAS Inter-American Convention Against Corruption. In April 2003, Public Prosecutor Carlos Garcia Altolaquirre was convicted on bribery charges for receiving money from drug traffickers and suspected money launderers in exchange for early release from jail. One of his colleagues, Pedro Miguel Milano, was also imprisoned.

Agreements and Treaties. Uruguay is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, the 1961 UN Single Convention on Narcotic Drugs, the 1972 Protocol amending the Single Convention, and has signed, but not yet ratified, the UN Convention against Transnational Organized Crime. It is also a member of the OAS's Inter-American Drug Abuse Control Commission (CICAD). The United States and Uruguay have signed an Extradition Treaty (1984), a Mutual Legal Assistance Treaty (1994), and annual Letters of Agreement under which the U.S. funds International Narcotics and Law Enforcement (INL) programs. Uruguay has signed drug-related bilateral agreements with Brazil, Paraguay, Bolivia, Chile, Mexico, Panama, Peru, Venezuela and Romania. Uruguay is a member of the regional financial action taskforce, Grupo de Acción Financiera de Sudamérica (GAFISUD), of which it held the presidency in 2003.

Cultivation/Production. There is no known cultivation or production of drugs in Uruguay, and it is not a major drug-transit country.

Drug Flow/Transit. Limited law enforcement presence along the Brazilian border and increased U.S. pressure on traffickers in Colombia, Bolivia and Peru could increase transit through Uruguay. Drug seizures are increasing, but would be even greater if the GOU had more funding for law enforcement equipment. To deal with this, the GOU is tendering for companies to operate container scanners at the main port, and the private consortium that won the contract to operate the main airport agreed to build new passenger and cargo terminals that meet international security and safety standards.

Demand Reduction Programs. The GOU does not maintain statistics on domestic drug consumption, but indications are that drug use within Uruguay is moderate but increasing, with marijuana dominating. GOU efforts focus on prevention, rehabilitation and treatment, based on a strategy developed by the National Drug Council, the Ministries of Education, Interior, Public Health, and Sports and Youth Affairs, and including INJU (The National Institute of Youth), INAME (The National Institute of Minors), the municipalities and NGOs. Specific demand reduction projects include: 1) the "Adventure of Life" program for teaching values and healthy habits to school children; 2) the "Espacio de Encuentro" web page chat forum of the National Drug Council; and 3) the "Centro de Referencia de Drogas," an NGO program that works with addicted children and young adults. The National Drug Council has sponsored teacher training, public outreach, and programs in community centers, and published several brochures on demand reduction.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. U.S. strategy is to prevent Uruguay from becoming a major narcotics transit or consumption country. In addition, given Uruguay's success as a regional financial center before the recession, the U.S. provides assistance to combat money laundering. U.S. support complements GOU counternarcotics efforts. In 2003 and 2004, funds from the State Department's INL Bureau will be used for travel, training, and conferences for GOU officials in counternarcotics, crime, corruption and money laundering. Additionally, funds will purchase computer equipment for the Central Bank and the prosecutors office, brochures on demand reduction, and a feasibility study on installing radar over northern Uruguay.

In recent years, the U.S. provided computers, software, passport scanners, vehicles and other equipment to the GOU to enhance its counternarcotics and anti-money laundering efforts. The U.S. funded conferences, seminars, and training on canine handling, community policing, and money laundering. In 2003, INL also sponsored a training session for policemen in patrol techniques and a seminar on investigating money laundering.

The Road Ahead. The U.S. will continue to work closely with the GOU and law enforcement agencies to strengthen Uruguayan counternarcotics and anti-money laundering efforts. The focus will be on stronger sea, air, and land border controls. In addition, regional cooperation will continue to play an important role, especially since MERCOSUR holds its administrative headquarters in Montevideo. Despite the current government's strong political will to fight drug trafficking, additional resources are needed to strengthen Uruguay's borders.

Venezuela

I. Summary

Continuing political turmoil in Venezuela distracted the Government of Venezuela (GOV) from the international narcotics control program throughout much of 2003. A two-month national strike virtually shut down the country at the beginning of the year. A series of activities for and against a national referendum on President Hugo Chavez' term in office kept much of the GOV's attention focused on internal political friction. Consequently, the key Anti-Organized Crime Bill received little attention and made no progress in 2003. Final steps in the ratification of the U.S.-Venezuela mutual legal assistance treaty also stalled. At year's end the GOV conducted two coca eradication operations, the first such operations against coca or opium poppy in two years. Corruption in the judicial and other sectors of the government hampered narcotics investigations and trials.

On the positive side, cocaine seizures increased dramatically. According to figures provided by Venezuelan authorities, cocaine seizures rose as high as 32 metric tons, which would be nearly double previous year record seizures of 17.79 metric tons. Heroin seizures remained on a par with last year's elevated rate at about half ton and led those throughout South America for a fourth straight year. A vetted unit working with DEA, the Venezuelan Prosecutor's Drug Task Force (VPDTF) accomplished a series of notable seizures, arrests, and convictions. Construction began on a model cargo inspection facility at Venezuela's primary container port and state-of-the-art X-ray machines were installed at two airports. Venezuela is a party to the 1988 UN Drug Convention.

II. Status of Country

Situated next to the world's greatest source of cocaine, Venezuela shares Colombia's largest land border—2,200 kilometers of poorly controlled desert, mountains, and jungle crisscrossed by various highways, back roads, river systems, and ocean front. The Pan American Highway and its spur roads support a daily flow of hundreds of tractor-trailers, trucks, and buses through two official border crossing points. The shared Guajira peninsula, long synonymous with smuggling and clandestine airstrips, affords alternate trafficking routes adjacent to the Caribbean Sea. The Serrania de Perija mountain range, located between the Pan American Highway and the Guajira peninsula, is the site of coca and opium poppy cultivations and rudimentary production labs on both sides of the Colombo-Venezuelan border. The navigable Guaviare and Meta rivers flow from Colombia's coca-growing and cocaine-production region to form two sides of Venezuela's southwest border, eventually meeting to form the Orinoco River, which bisects Venezuela and provides several oceanic ports before emptying into the convergence of the Caribbean Sea and Atlantic Ocean.

The amount of cocaine transiting Venezuela has been estimated at 100 to 150 metric tons per year, although figures provided by Venezuelan authorities suggest that the level could already exceed 250 metric tons per year. Although there is no reliable estimate on the amount of heroin transiting the country, the continuation of an exponential rise in heroin seizures over the last four years and the use of bolder smuggling methods is cause for grave concern; for the fourth straight year, Venezuela leads the continent in heroin seizures, ahead of Colombia. Large seizures of MDMA (Ecstasy) continued for the second year in a row. Coca and opium poppy are cultivated along the Colombian border in small amounts.

III. Country Actions Against Drugs in 2003

Policy Initiatives. Progress on major counternarcotics legislative issues halted in 2003. The primary source of disappointment was the National Assembly's failure to pass, or even move forward on, the Anti-Organized Crime Bill (known by its Spanish acronym "LOCDO"). This bill, which was first sent to the National Assembly in 1999, would arm Venezuelan law enforcement with a full array of tools needed to effectively combat narcotics trafficking organizations and organized crime, including authorization for use of undercover agents and controlled deliveries, an expanded scope of criminal money laundering (currently limited to proceeds of narcotics trafficking), establishment of the concept of criminal conspiracy, and enhanced and streamlined asset forfeiture.

The first reading of the LOCDO was completed by December 2001. The second reading was scheduled for early 2002, but other issues, including the temporary removal of President Chavez from office in April and subsequent political turmoil, distracted the National Assembly from this critical piece of legislation. By October 2002, the National Assembly pushed through 97 of the bill's 150 articles; however, work on the bill was again abandoned the next month as political tensions between the Chavez administration and the opposition again increased. After the nationwide strike from December 2002 through February 2003, the National Assembly did not take up the work again on the LOCDO in 2003.

The U.S.-Venezuela mutual legal assistance treaty (MLAT) was ratified by the National Assembly in March 2002, but by the end of 2003 it still awaited the final step of publication in the National Gazette before becoming law.

A major amendment to Venezuela's National Narcotics and Psychotropic Drug Law (LOSEP), which would include much needed enhancements to Venezuela's chemical control regulation, saw little movement in 2003. It cleared the first reading in 2003, but has not moved on to the second.

The GOV has introduced three antiterrorism bills, but much of their content is highly politicized (e.g., defining various forms of non-violent political protest to be forms of terrorism). These bills do not fulfill the requirements of either the UN International Convention for the Suppression of the Financing of Terrorism (1999) nor the UN International Convention Against Transnational Organized Crime (AKA the Palermo Convention—2000).

Accomplishments. Cocaine seizures in Venezuela climbed dramatically in 2003, reaching a level more typical of the amount normally seized in Mexico—according to figures provided by Venezuelan authorities, more than 32 metric tons in 2003. At more than double the annual average of 15 metric tons in recent years, 2003's record seizures indicate an improving interdiction capability within the GOV, as well as an increase in cocaine transit through Venezuela. A further indication of this increased flow is the approximately 61 metric tons of cocaine seized by the Government of Spain on the high seas from ships sailing under the Venezuelan flag during a three-month period in mid-2003.

The GOV in late December conducted two coca eradication operations in the Serrania de Perija mountain range, along the border with Colombia, the first such operations against coca or opium poppy cultivation in two years. Most illicit drug crop cultivation is believed to continue on a small, but increasing scale, on the border with Colombia. GOV efforts were focused primarily on disrupting the distribution, sale, transport of drugs, as discussed in part IV of this report (bilateral cooperation).

Finally, demand reduction programs abound in Venezuela, financed and administered by a number of government agencies, non-government organizations, and private sector companies.

Law Enforcement Efforts and Cooperation. At the law enforcement agency level, cooperation between GOV and USG continues to be excellent. A number of specific examples involving significant disruption of narcotics trafficking organizations (NTOs) can be cited.

In January 2003, the Venezuelan Prosecutor's Drug Task Force (VPDTF) took a lead role in a DEA investigation of the Ramiro Imitola Lopez NTO, which was responsible for the movement of multi-hundred kilogram quantities of heroin to the United States via commercial aircraft, a few kilos at a time. Thirty members of the Lopez NTO were also identified and arrested in the U.S., Venezuela, Colombia, and Curacao. Multi-kilogram quantities of heroin and half a million dollars in drug proceeds were also seized by Venezuelan authorities during the course of the investigation.

In February 2003, the VPDTF and DEA initiated an investigation of the Yorlank Pea NTO, which transported some 40 kilograms of heroin per month to New York. VPDTF's investigation turned up a number of members of the organization in the U.S. and other countries. This intelligence has proved not only valuable for evidentiary purposes, but also for developing leads for DEA offices in the U.S. and elsewhere. As a result, NTO leader Ramon Dugarte was arrested along with several of his cohorts.

From June through September 2003, the VPDTF supported several DEA offices in Caracas, Santo Domingo, Washington, and New York by conducting multiple court-ordered wire intercepts against DEA priority targets Mateo Juan Holguin-Ovalle and others. These co-conspirators were suspected of shipping large quantities of cocaine and heroin from Venezuela to the Dominican Republic, Puerto Rico, and the continental United States. The VPDTF not only allowed DEA to be present during subsequent arrests and search warrants, but also permitted DEA to interview the defendants and provided evidence to be used in the U.S. prosecution. Based in part on the evidence obtained by the VPDTF, the U.S. District Court in the District of Columbia issued arrest warrants for Holguin and another fugitive. A U.S. request for Holguin's extradition is being processed through the Venezuelan court system.

In April 2003, in response to the kidnapping of the American Embassy's security officer at Georgetown, Guyana, the GOV granted expedited flight clearance to allow a U.S. Customs aircraft to land in Caracas to pick up a team of Diplomatic Security and FBI agents for immediate deployment to Guyana. Although under the current bilateral agreement such flight clearance requests require five days advance notice, GOV authorization was granted at the most senior level within just a few hours. The rapid deployment of this team was instrumental in the successful resolution of the kidnapping.

In November 2003, through the joint efforts of the Venezuelan investigative police (CICPC) and the FBI, and pursuant to a GOV extradition request, the alleged mastermind of the 1999 kidnapping of Venezuelan businessman Antonio Nagen was returned to Venezuela from Miami, Florida. Evidence gathered by the CICPC was instrumental in the case. During his captivity, Nagen was held by the Colombian Ejercito de Liberacion Nacional (ELN), which is designated as a foreign terrorist organization by the Department of State.

Corruption. Venezuela placed 100th out of 133 countries in Transparency International's 2003 report, falling from its position of 83 in 2002. Venezuela now ranks among the six most corrupt countries in Latin America.

Although the GOV, as a matter of government policy, does not encourage or facilitate illicit drug production or trafficking, nor the laundering of proceeds from the same, there have been accusations that the current administration has turned a blind eye to such activities. Venezuela's sometimes practice of assigning temporary stand-in judges to narcotics trafficking cases at key points of the trial has resulted in the release of numerous narcotics traffickers under suspicious, if not farcical, circumstances.

Petty corruption, such as the taking of small bribes to facilitate exportation processing, is widespread and tolerated with ambivalence. This in turn creates an atmosphere of ambiguity where larger scale corruption may also be accepted.

Agreements and Treaties. Although the GOV obtained legislative approval of the U.S.-Venezuela Mutual Legal Assistance Treaty (MLAT) in 2002, entry into force awaits publication in the National Gazette and the completion of formal mutual notification of the completion of the ratification process through the diplomatic channel, in accordance with the terms of the MLAT. The GOV has signed a number of important bilateral agreements with the U.S., including a ship-boarding agreement from 1991 (updated with a new protocol in 1997), a Memorandum of Understanding concerning cooperation in narcotics, and a customs mutual assistance agreement. An extradition treaty between the U.S. and Venezuela was signed in 1922.

Venezuela is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention on Narcotic Drugs, the 1972 Protocol amending the Single Convention, and the 1971 UN Convention on Psychotropic Substances. Venezuela has ratified the UN Convention against Transnational Organized Crime, and the Protocol to Prevent, Suppress and Punish Trafficking in Persons, and has signed, but not yet ratified, the Protocol against the Smuggling of Migrants. Venezuela's 1999 constitution expressly prohibits the extradition of Venezuelan citizens. Previously, Venezuela had only a statutory bar to the extradition of nationals. Given the current political environment, this is extremely unlikely to change in the foreseeable future.

Venezuela is also party to numerous bilateral and multilateral narcotics control agreements, including bilateral agreements with 15 other Latin American and Caribbean nations, as well as one Asian and three European countries. Venezuela 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. Additionally, Venezuela has entered into two agreements with the European Union. The scope of these agreements ranges from suppression of trafficking and demand reduction to specific controls on money laundering and precursor chemicals.

Elements of Venezuela's private sector are active participants in the U.S. Customs Service's Business Anti-smuggling Coalition (BASC) program. This program seeks to increase the effectiveness of law enforcement officers in their efforts to deter narcotics smuggling in commercial cargo shipments and conveyances by enhancing private sector security programs. Hundreds of Venezuelan companies, organized into two BASC chapters, participate in the program to eliminate the infiltration of drugs into their legitimate commercial shipments to U.S. markets. BASC is part of USCS's Americas Counter-smuggling Initiative (ACSI).

Cultivation/Production. Unknown quantities of coca and opium poppy, not thought to exceed 400-600 hectares, are cultivated in the Serrania de Perija mountain range along the border with Colombia. The GOV conducted two successful coca eradication operations in that region in late December.

Two years ago, cocaine base labs were discovered for the first time ever in Venezuela, near the Colombian border. Three cocaine base labs with attendant chemicals and processing equipment were discovered in 2001.

Drug Flow/Transit. Venezuela is a major transit country for shipment of cocaine, heroin, and marijuana to the United States and Europe. Containerized shipments via commercial sea freight are the dominant method of smuggling cocaine in loads of a ton or more. Drug smuggling organizations also utilized pleasure boats to move a large percentage of the cocaine transiting Venezuela. Heroin is moved primarily via courier on commercial airlines and in packages sent via express courier services. Heroin smuggling continues to increase.

Based on seizure statistics for 2003, multi-ton shipments of cocaine continue to enter Venezuela from Colombia via the Pan American Highway (border state of Tachira) and exit Venezuela from the coastal states of Carabobo (Puerto Cabello), Vargas (Puerto La Guaira and Maiquetia International Airport), and Sucre (mainland coast opposite Margarita Island). Significant cocaine seizures in the border states of Zulia and Bolivar confirm the transit of cocaine from Colombia across the Guajira Peninsula and via the Orinoco River, respectively.

Heroin trafficking, based on 2003 seizure statistics, indicates heavy inbound activity at the Colombian border in Tachira, as well as heavy outbound activity at Maiquetia International Airport. Notable heroin trafficking also takes place across the Guajira Peninsula and in the vicinities of Puerto Cabello and Maracaibo.

Domestic Programs (Demand Reduction). The National Commission Against the Use of Illicit Drugs (CONACUID) is the centralized coordinating body for nationwide demand reduction and treatment programs in Venezuela. Its areas of interest include educational demand reduction products, support for treatment of drug addicts, and collection and analysis of drug consumption and rehabilitation statistics. In addition to CONACUID's large network of public and private demand reduction and treatment organizations, other groups such as the Alliance for a Drug-Free Venezuela (Alianza para una Venezuela sin Drogas) undertake important work on their own. During the first nine months of 2003, Alianza ran a total of 2,317 public service commercials on three different networks. The value of the privately donated airtime is estimated at more than 3.7 million dollars.

No firm estimates on the size of the drug consuming population in Venezuela are available, although it is commonly agreed that national consumption is a problem. In fact, Venezuela is dealing very positively with drug abuse. The official 2003 first semester report shows that 25 public and private centers treated 3,468 patients. Marijuana consumption was highest, cocaine moderate, and heroin and methamphetamine low; the majority of the patients were between the ages of 15 and 29; 91 percent were male; 78 percent had less than a high school education; and 74 percent were unemployed or underemployed.

IV. U.S. Policy Initiatives and Programs

U.S. Policy Initiatives. Ultimately, the diverse manifestations of narcotics trafficking—cultivation, chemical diversion, production, transportation, smuggling, market development, sale, money laundering—are all operations of organized crime, without which this illegal activity could not be sustained on such a massive scale. The overall USG counternarcotics goal in Venezuela is to disrupt and dismantle narcotics trafficking organizations through numerous policy, law enforcement, and institutional development efforts. Interdiction, in this context, is viewed as a precursor to obtaining and exploiting intelligence information, which in turn may be used to direct criminal investigations and, ultimately, prosecutions and convictions.

Bilateral Cooperation (Accomplishments). USG-GOV bilateral narcotics control efforts and programs continued to undergo significant development and expansion in Venezuela in 2003, notwithstanding a national work stoppage, that resulted in a two-month ordered departure of most embassy personnel, including the Narcotics Affairs Officer. Seaport and airport security programs were initiated and expanded during the year. Heroin seizures, both on the border and at the country's largest airport, continued at last year's high level. A multi-agency investigations task force begun in late 2001 built upon its excellent record in 2002, making major seizures and arrests in 2003. Arrests and prosecutions continued at an energetic level throughout the year, although convictions remained low, indicating the need for better-trained prosecutors, tougher laws (such as the Anti-Organized Crime Bill), and the need to crack down on judicial corruption.

Work began on a USG-funded model cargo inspection facility in Venezuela's largest commercial seaport, Puerto Cabello, a known embarkation point for multi-ton containerized shipments of cocaine to the U.S. The new national level directors of the three agencies responsible for control of exports agreed in principle to assign personnel to work together with U.S. Customs and Border Protection (CBP) officers in the new facility when complete. Two TDY CBP officers augmented the Port Security Program during seven months of the year and assisted in implementing improved procedures, organization, training, and equipment to detect and intercept drug shipments and conduct follow-up investigations.

Airport security projects were initiated at Maiquetia International Airport (servicing Caracas) and Michelena Airport in Valencia. In all, seven X-ray machines and two ion scanners were installed, with the dual capability of detecting drugs and explosives. Additionally, a number of portable radiation detectors were issued to airport and seaport inspectors to permit the discovery of radioactive material that might be used in the construction of "dirty" bombs.

The Venezuelan Prosecutors' Drug Task Force (VPDTF), begun in October 2001 with NAS logistical support and DEA advice, continued to develop its professional investigative and operational capability in 2003. Composed of vetted personnel from three GOV agencies (the Public Ministry, the Federal Judicial Police, and the National Guard), this task force of three dozen prosecutors and investigators seized more than 11 metric tons of drugs (4.3 metric tons of cocaine, 31 kilograms of heroin, and seven metric tons of marijuana), conducted follow-up investigations resulting in the arrest of 59 traffickers (including one kingpin), and seized numerous watercraft, real estate, and cash. Additionally, the VPDTF's intelligence and investigations supported international operations that resulted in the seizure of 2.5 additional tons of drugs. Several counterterrorism courses and seminars were offered in country by the USG during FY 2003, including terrorist financing detection, terrorist crime scene investigation, and antiskidnapping. Competition to attend these courses was fierce and demand for additional training in 2004 is very high.

The International Narcotics Enforcement Officer Association Commendation Award was presented to two Venezuelan narcotics officers in 2003 for the outstanding results of their investigations, which resulted in the dismantling of several major narcotics trafficking organizations.

In support of the GOV-developed Criminal Case Tracking System software, the USG initiated the procurement of 100 computers to run the software and contracted the professional services of six lawyers to assist the Public Ministry in clearing its backlog of 2,692 narcotics trafficking cases. By the end of 2003, most of these cases had been processed.

In a trilateral project, the American Embassy, British Embassy, and the GOV National Financial Intelligence Unit (UNIF) pooled resources to purchase and install a 21-station local area network at the UNIF headquarters.

The Road Ahead. The pending Organized Crime Bill remains pivotal to increased operational capability at all levels and in all disciplines, from the conduct of criminal investigations to money laundering control to asset seizure. The USG will continue to call upon its contacts within the GOV and the international diplomatic community to lobby for speedy passage and enactment of this law. Additional training and advisory resources must be directed to improve GOV capabilities in the areas of intelligence analysis, criminal investigations, case management, and prosecution. The port security program, begun at the country's primary seaport, airport, and border crossing in 2002, will be intensified at those locations and expanded to other large transportation hubs in 2004. To the extent possible given Venezuela's polarized political situation, we will revive and rebuild focused training programs for judges, public prosecutors, and criminal investigators; improve interdiction capabilities at key transportation choke points; and seek to revitalize and expand a centralized organized crime intelligence analytical center. The emphasis will be on attacking narcotics trafficking as an aspect of organized crime.

***Venezuela Statistics
(1994–2003)***

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Seizures										
Cocaine HCl (mt)	32.20	14.89	13.39	15.03	12.48	7.30	14.58	5.60	6.17	5.10
Other Cocaine (Basuco) (mt)	—	0.343	0.79	0.62	0.62	1.30	1.60	1.60	1.60	1.60
Total Cocaine Products (mt)	32.20	15.23	14.18	15.17	13.10	8.60	16.18	7.20	7.77	6.70
Cannabis (mt)	9.50	19.38	14.43	12.43	19.69	4.50	5.52	5.30	13.70	10.00
Heroin (mt)	0.44	0.475	0.28	0.13	0.04	0.04	0.11	0.07	0.10	0.02
Arrests										
Nationals	1,897	1,614	2,733	2,341	6,414	7,242	4,880	—	3,000	—
Foreigners	290	450	336	275	216	289	499	—	600	—
Unspecified	—	647	—	—	—	—	—	—	—	—
Total Arrests	2,187	2,711	3,069	2,616	6,630	7,531	5,379	—	3,600	—

[2003](#)