

SOUTH AMERICA

Argentina

I. Summary

Argentina is a transit country for cocaine from Bolivia, Peru and Colombia primarily to European destinations. Argentina is also a transit route for Colombian heroin en route to the U.S. (primarily New York). Due to its advanced chemical production facilities, Argentina is a source for precursor chemicals. According to Argentine Government (GOA) statistics, there was considerably more cocaine seized in the first three quarters of 2005 than during the same period in 2004. While the GOA secretariat in charge of prevention issues (SEDRONAR) reported a drop in marijuana seizures in 2005, seizures of coca leaf and precursor chemicals increased. Argentine law enforcement authorities have expressed concern that the potential for political turmoil in neighboring Bolivia or a weakening in that nation's commitment to combating narcotics trafficking could greatly increase the amount of narcotics transiting Argentina.

II. Status of Country

Argentina is not a major drug producing country, but law enforcement agencies continue to seize clandestine cocaine laboratories. Because of its advanced chemical production facilities, it is one of South America's largest producers of precursor chemicals. There have been several large seizures of cocaine in Europe that transited Argentina via shipping containers and commercial air carriers. Marijuana remains the most commonly smuggled and consumed drug, with cocaine (HCl) and inhalants ranked second and third. Bolivia is the primary source of narcotics entering Argentina, and narcotics also enter via Paraguay and Brazil. GOA law enforcement continues to intercept relatively small amounts of Colombian heroin destined for the United States. Seizures of amphetamine-type stimulants and ecstasy, a synthetic stimulant with hallucinogenic properties, are increasing.

III. Country Actions Against Drugs in 2005

Policy Initiatives. The government targets the trafficking, sale, and use of illegal narcotics. In 2005, the GOA passed legislation enforcing SEDRONAR's registry system of precursor chemicals. This legislation increased SEDRONAR's ability to regulate the distribution of precursor chemicals and imposed fines on those who transport or sell unregistered chemicals. Additionally, SEDRONAR completed the nation's first national drug prevention plan, emphasizing youth education and public awareness. The plan is now with President Kirchner, prior to seeking approval of Argentina's Congress.

Accomplishments. From January 2005 to September 2005, the USG—funded Northern Border Task Force (NBTF) seized in excess of 54,690 kilograms of solid illicit chemicals and 88,020 liters of liquid illicit chemicals, a significant increase over the same period in 2004. The NBTF and Group Condor seized 732 kilograms of cocaine, including base, in the first three quarters of 2005 as compared with 565 kilograms of cocaine during the same period of 2004.

According to statistics provided by Argentine federal and provincial police forces, in the first ten months of 2005, GOA law enforcement seized ten cocaine laboratories. Local news sources indicate that a much greater number of laboratories have been seized in 2005, but government statistics for 2005 are incomplete as of this writing. Nevertheless, it is clear that the increase in domestic cocaine production that started in 2003 has continued.

According to SEDRONAR, 3,580 kilograms of cocaine were seized nationally in the first three quarters of 2005, compared to 2,155 kilograms of cocaine during the same period in 2004.

SEDRONAR reported only 21,618 kilograms of marijuana seized nationally in the first three quarters of 2005, compared to 43,920 kilograms during the same period in 2004. SEDRONAR also reports that 38.6 metric tons of coca leaf were seized nationally during the first three quarters of 2005, up from the 29.8 metric tons seized during the same period in 2004.

Law Enforcement Efforts. The Ministry of the Interior, in coordination with SEDRONAR, directs federal narcotics policy. The primary federal forces involved are the Federal Police, the Gendarmeria, Aduanas (Customs), the National Air Police (PSA), and the Prefectura Naval (Coast Guard). Provincial police forces also play an integral part in counternarcotics operations. Argentina's security forces face continuing budget limitations which have hampered investment in training and equipment. The delay between arrest and final judicial dispensation and a lack of judicial transparency undermines confidence in the legal system. Also, weak coordination between law enforcement agencies lessens GOA effectiveness.

Corruption. The GOA is publicly committed to fighting corruption and prosecuting those implicated in corruption investigations. Two cases involving GOA law enforcement and security officials will serve as opportunities for the Argentine Administration to demonstrate its commitment against both corruption and narcotics trafficking. One case involves four members of the Federal Police's counternarcotics unit stationed in Salta accused of smuggling 116 kilograms of cocaine in August, 2005. Another case, involving 60 kilograms of cocaine sent to Spain as unaccompanied baggage on an Argentine air carrier, highlighted a breakdown in airport security and caused the GOA to remove airport security from military control. As these cases work their way through the court system they will serve as indicators of the Administration's commitment to eliminating institutional corruption in its law enforcement agencies.

Agreements and Treaties. 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. Argentina is a party to the 1988 UN Drug Convention.

Cultivation/Production. Illicit cultivation of marijuana remains negligible and no other narcotics are cultivated in Argentina. There were several clandestine cocaine laboratories seized in 2005, but the amount of cocaine produced annually in Argentina is still small. However, there is evidence that shows that more organizations are moving to Argentina due to the traffickers' capability to better control final-product purity, precursor chemicals, and the decreased risk in shipping. With narcotics traffickers looking to raise the quality of Bolivian cocaine, Argentina is becoming a more appealing market to provide greater return.

Drug Flow/Transit. The bulk of cocaine and marijuana enters Argentina via Bolivia utilizing the remote and often rugged land border between Bolivia and the provinces of Salta and Jujuy. Narcotics smugglers also move cocaine and marijuana across the river border between Paraguay and the provinces of Misiones and Corrientes. Heroin and some cocaine enter Argentina via commercial aircraft. GOA officials are becoming increasingly concerned about the use of small private aircraft to carry loads of narcotics into Argentina from Bolivia and Paraguay. The DEA Country Office believes the highest volume of narcotics transits Argentina via containers passing through Argentina's maritime port system. Narcotics also are shipped out of Argentina using commercial aircraft, and in some cases, by cruise ship passengers.

Demand Reduction Programs. SEDRONAR is charged with coordinating the GOA's demand reduction efforts. SEDRONAR recently completed work on Argentina's first national drug plan and hopes to see the plan passed into law in 2006. SEDRONAR recently completed a pilot drug education program targeting school children ages 10 to 14 in two provinces.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. The cornerstone of the U.S. efforts in Argentina is the Northern Border Task Force (NBTF) in Salta and Jujuy Provinces. The NBTF fosters coordination between GOA law enforcement agencies and assist in disrupting the flow of narcotics entering the country from Bolivia. In addition to the NBTF, DEA and the State Department's Bureau for International Narcotics and Law Enforcement Affairs (INL) provide equipment and training opportunities to increase the effectiveness of GOA law enforcement personnel.

The Road Ahead. Argentine law enforcement officials fear that the growing political instability in Bolivia will weaken counternarcotics operations in Bolivia and result in a major increase in trafficking of cocaine and coca leaf into Argentina. The GOA is taking concrete steps to combat both narcotics trafficking and drug use, and the U.S. will continue to assist and encourage the GOA in this process. Possible areas of further cooperation include expanding the task force program to include the creation of a Tri-Border Task Force in the province of Misiones and a Port of Buenos Aires Task Force to focus on maritime container traffic. The U.S. will also continue encouraging the GOA to work toward improving its radar system.

Bolivia

I. Summary

In 2005, Bolivia's coca cultivation increased eight percent overall—the fourth consecutive year of increase—while the Bolivian Government eradicated 6,000 hectares of coca and continued to increase seizures of drugs and precursor chemicals. Although the Bolivian Government under President Rodriguez (inaugurated in June 2005 for a six-month term) reaffirmed its commitment to long-standing counternarcotics policies, his administration maintained a holding action in the Chapare, while preparing to confront coca cultivation in the Yungas, where the present growth exceeds historic trends and what is allowed by Bolivian law. Alternative development (AD) programs, which significantly raised the income levels of farmers in the Chapare and enjoyed widespread acceptance, continued their shift to a more integrated approach, with an emphasis on sustainability and increased participation by municipalities in developing, implementing and monitoring programs. AD programs seek to complement coca reduction through increased competitiveness of licit enterprises, strengthened local democracy and state presence, and improved social services.

Recurring political challenges to democratic governance—over the last five years, Bolivia has had five presidents—have severely limited the ability of the Government of Bolivia (GOB) to curb continuing increases of coca cultivation in the Yungas. Successive governments have opted to resolve confrontations with coca growers (“coccaleros”) through negotiation and concessions than with law enforcement and forced eradication. They have also failed to support drug abuse prevention programs and been slow to undertake social communication programs to explain the dangers that excess coca production, drug production and consumption pose to Bolivian society.

II. Status of Country

Bolivia has produced coca leaf for traditional uses for centuries, and Bolivian law permits up to 12,000 hectares of legal coca cultivation (mostly in the Yungas) to supply this licit market. After a year's delay, the GOB has launched a study to gauge the current licit demand, which many suspect has declined as Bolivian society has urbanized. Many older Bolivians continue to use coca.

From the mid-1990s, when the Chapare region was a principal supplier of cocaine to the world market, and Bolivia had the potential to produce 255 metric tons of pure cocaine, the country has reduced its potential cocaine production down to 70 metric tons. This reduction was accomplished by former President Banzer (1997-2001), who combined forced eradication with strong law enforcement interdiction and provision of alternative development conditioned on coca reduction. However, from 2000 to 2005, there has been an increase in coca cultivation from 19,600 to 26,500 hectares, due partially to the inability of the GOB to conduct forced eradication in the Yungas, to which many Chapare coca growers have migrated, and partially to concessions that emboldened growers to plant more coca. Overall coca cultivation increased 8 percent from 2004 to 2005, to 26,500 hectares.

III. Country Actions Against Drugs in 2005

Policy Initiatives. Despite the recent social and political crises that have resulted in the departure of two presidents before the end of their terms, the GOB has persisted in its policy of forced eradication in the Chapare and of aggressive interdiction of illicit drugs and precursors. However, the short-term agreements between the GOB and coccaleros to resolve violent confrontations in 2004 undercut the GOB's commitment to its forced eradication policy and resulted in less eradication in 2005. Interdiction, however, improved, with a 23 percent increase in cocaine seizures over 2004. A new,

integrated alternative development approach in the Chapare provides for participation by municipalities in GOB decisions on development, implementation and monitoring of programs; this has helped reduce coca-related conflict and strengthen local commitment to licit development.

The principal challenges facing Bolivia today are the expansion of coca cultivation in the Yungas and the need to develop new laws and regulations to control precursor chemicals. Violent cocalero opposition and extreme terrain greatly complicate the prospects for successful forced eradication in the Yungas. Consequently, the GOB's strategy for the Yungas has been to negotiate voluntary coca cultivation reduction and tighten interdiction. Alternative development has grown in some areas within the Yungas. However, none of these initiatives have reduced coca cultivation there.

Accomplishments. In 2005, forced manual eradication fell to just over 6,000 hectares, partly due to the increasing dispersion and decreasing size of cultivation plots in the Chapare, and partly due to allowing 3,200 hectares of coca to remain un-eradicated pending completion of a study to determine the need for licit coca. Interdiction statistics increased significantly from 2004 to 2005, with seizures of cocaine/base exceeding 11 metric tons.

Law Enforcement Efforts. The USG continues to support GOB efforts to develop the capabilities of the Bolivian Special Counternarcotics Police (FELCN) and its specialized units through training, upgrading of existing physical infrastructure and construction of new bases at strategic locations. The quality of the investigative work by FELCN units has improved as a result, as did the number of seizures.

Corruption. There is no evidence that Bolivia's narcotics traffickers exercise a major corruptive influence at the GOB's higher levels. Recent governments have neither condoned, encouraged nor facilitated any aspect of narcotics trafficking. The Offices of Professional Responsibility (DNRP) within the Bolivian National Police (BNP) and FELCN investigate allegations of insubordination and other forms of misconduct. Efforts to create and enforce an effective anticorruption policy have languished for lack of political will. In 2005, there were no prosecutions of narcotics-related cases involving senior level officials, although there were several cases of corruption within the public sector. Judges have been accused by the counternarcotics police of freeing people implicated in narcotics trafficking, despite evidence against them. USG assistance through the U.S. Embassy Narcotics Affairs Section (NAS) program requires polygraph tests for all prosecutors and other key players in the counternarcotics projects. This has greatly improved the credibility of their work.

Agreements and Treaties. Bolivia is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention as amended by the 1972 Protocol, and the 1971 UN Convention on Psychotropic Substances. Bolivia is a party to other multilateral law enforcement conventions: specifically, the UN Convention against Transnational Crime and the UN Convention against Corruption. Bolivia has signed, but has not yet ratified, the Inter-American Convention on Extradition, but has ratified the Inter-American Convention against Corruption.

Extradition. Bolivia and the U.S. signed a bilateral extradition treaty in 1995, which entered into force in 1996 and mandates the extradition of nationals for most serious offenses, including drug trafficking. No extraditions were sought by the U.S. from Bolivia in 2005.

Cultivation/Production. In 2005, the GOB continued the forced eradication of coca cultivation in the Chapare (including the national parks), as well as in minor areas of new cultivation in the Departments of Santa Cruz and in the Beni. In 2005, USG estimates suggest that overall coca cultivation increased by 8 percent from 2004 to 2005. Cultivation in the Yungas increased five percent. The Caranavi region, adjacent to the Yungas, and the area with the greatest potential for further increases in that region, saw 200 hectares of new cultivation since 2004 and an overall increase of 100 hectares. GOB interdiction results also suggest there was a significant rise in marijuana production, likely for internal consumption.

Drug Flow/Transit. The FELCN focuses on intercepting illicit drugs and chemicals, as well as on detecting and disrupting organizations that bring precursors into Bolivia or transfer cocaine through Bolivian territory. The FELCN's results for 2005 improved over those of 2004, with seizures of 11.5 metric tons of cocaine/base, 31.4 metric tons of cannabis, 540,774 liters of liquid precursors (acetone, diesel, ether, etc.) and 298,815 metric tons of solid precursor chemicals (sulfuric acid, bicarbonate of soda, etc.). It also destroyed 2,619 cocaine base labs and made 4,376 arrests in over 6,294 operations.

Significant quantities of cocaine from Peru and Colombia traverse Bolivia to enter Brazil, Paraguay and Argentina. An increasing proportion of the cocaine both transiting and produced within Bolivia is destined for Europe, Argentina, Brazil, Chile, Paraguay and Mexico (in the case of the last, likely for eventual sale in the United States). Bolivia's own consumption of cocaine products now approaches levels of use in the United States, when measured in terms of users as a percentage of population.

Alternative Development (AD). Funded under the Andean Counterdrug Initiative (ACI), USAID's AD assistance program strengthened the sustainability of the licit economy in the Chapare. Program efforts focused on increasing the competitiveness of rural enterprises, creating more effective, transparent, and responsive democratic institutions, and improving basic public services and social conditions. Average licit gross farm gate family income in the Cochabamba area continued to rise, reaching \$2,667 in 2005 (compared with \$2,390 in 2004). Estimated net licit family income in the Cochabamba area increased from \$1,865 in 2004 to \$1,958 in 2005, while in the Yungas, it increased from \$1,584 to \$1,711. In both areas average licit incomes are substantially above the national average.

Despite Bolivia's chronic political instability and social unrest, the licit economies in coca-growing regions expanded and consolidated in FY 2005, providing former coca growers with opportunities to live within the rule of law and make a decent living. In the Chapare, the value of private investment increased, reaching \$86.5 million. Chapare and Yungas high-value licit crop exports—such as bananas, coffee, pineapple, coffee, cocoa, and palm heart—increased from \$25.3 million in FY 2004 to \$35 million in FY 2005. Over 800 kilometers of improved roads helped farmers reach markets while providing collateral social benefits to thousands of families.

Weak state presence in far-flung areas facilitates coca cultivation. To address this, AD programs helped improve citizen participation and oversight of municipal governments, increase access to justice, and strengthen citizen rights to land. AD institutional strengthening and small-scale infrastructure co-investments with municipalities in coca growing regions (schools, water systems, and road maintenance) improved local government performance, accountability, and transparency. AD also helped strengthen a democratic culture of justice and rights in the Chapare and Yungas. Integrated Justice Centers became operational in FY 2005 in both regions, and have processed almost 2,500 cases. AD support enabled the GOB's Agrarian Reform Institute to deliver about 3,000 property titles to Chapare residents in FY 2005. AD will help title 30 percent of all 30,000 Chapare properties by the end of FY 2006. These efforts allow citizens to exercise their constitutional right to own land and increase legal security in places where the state has been absent.

Domestic Programs (Demand Reduction). The GOB's Drug Strategy includes demand reduction and rehabilitation as one of its four pillars. According to the most recent data from CELIN, the Latin American Center for Scientific Study, consumption rates of cocaine, both HCl and base, among urban populations in Bolivia more than doubled between 2000 and 2005. Consumption rates of all drugs rose from 1.7 percent of the urban population in 1992 to 4.55 percent in 2005. Yet, in 2005, the GOB again undertook few significant efforts to combat documented increases in drug consumption other than to expand the DARE program (financed by the USG).

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. The USG promotes the institutional reform and strengthening of the GOB elements that address our shared counternarcotics objectives. These objectives include removing Bolivia as a major producer of coca leaf for the production of cocaine; promoting licit economic development to provide viable options to cultivating coca; disrupting the production of cocaine within Bolivia; interdicting and destroying illicit drugs and precursor chemicals moving within and through the country; reducing and combating domestic abuse of cocaine and other illicit drugs; institutionalizing a professional law enforcement system; and better communicating the dangers of illicit drugs to the Bolivian population.

Bilateral Cooperation. The GOB and the U.S. Embassy meet routinely at all levels and across several functional entities to coordinate policy, implement programs/operations and to resolve issues. The State Department's Bureau for International Narcotics and Law Enforcement Affairs (INL), through its NAS and Air Wing, supports and assists all interdiction and eradication forces. USAID represents the largest of all international donors in supporting GOB efforts at alternative development.

Road Ahead. The USG plans to continue to support existing eradication and integrated alternative development in the Chapare, push for initiation of eradication in the Yungas, strengthen efforts to interdict precursors and traffickers, continue training an effective corps of prosecutors and push for new anti-money laundering legislation.

Brazil

I. Summary

Improvements in intelligence gathering and investigative capabilities by the Brazilian Federal Police resulted in a higher number of drug seizures and arrests in 2005. Brazil's shutdown law, which authorizes the Brazilian Air Force to use lethal force in the interdiction of aircraft suspected of involvement in drug trafficking, was implemented in October 2004. While the Brazilian Air Force did not record any lethal force incidents during 2005, official Brazilian sources report that some aircraft were forced to land and the number of clandestine flights diminished from the previous year. Brazil's Council for the Monitoring of Financial Activities (COAF) added additional analysts and was active in assisting law enforcement task forces investigating money laundering.

Brazil is a major transit country for illicit drugs shipped to Europe and to a lesser extent, the United States. Brazil cooperates with its South American neighbors in an attempt to control the remote and expansive border areas where illicit drugs are transported. Brazil is a signatory to various counternarcotics agreements and treaties, including the 1988 UN Drug Convention, and the 1995 bilateral U.S.-Brazil counternarcotics agreement.

II. Status of Country

While not a significant drug-producing country, Brazil is a conduit for cocaine base and cocaine HCl moving to Europe, the Middle East and Brazilian urban centers, as well as a conduit for smaller amounts of heroin moving to the U.S. and Europe. Cocaine and marijuana are used among youth in the cities, particularly Sao Paulo and Rio de Janeiro. Organized drug gangs are involved in narcotics related arms trafficking.

III. Country Actions Against Drugs in 2005

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

The GOB has begun to institutionalize its National Strategy for Combating Money Laundering (ENCLA), holding its third annual high level planning session in December 2005. Also in 2005, the GOB drafted, but has not yet presented to Congress, a bill updating its money laundering legislation. If passed, this legislation would facilitate greater law enforcement access to financial and banking records during investigations, criminalize illicit enrichment, allow administrative freezing of assets, and facilitate prosecutions of money laundering and terrorist financing cases.

Brazil's first line of defense against drug smuggling is enforcement at its heavily transited border crossings. Drug traffickers exploit the expansive border in areas where Brazilian law enforcement has only a minimal presence. To more effectively combat trans-border trafficking organizations, Brazil is cooperating closely with its neighbors by establishing joint intelligence centers (JIC). The newest JIC is planned for the Brazilian/Bolivian border. In October 2005, representatives from the Drug Enforcement Administration (DEA) offices in La Paz and Brasilia, the U.S. Embassy's Narcotics Affairs Section (NAS) office, the Brazilian Federal Police, and the Bolivian National Police agreed to staff and operate the planned JIC in Brasilia jointly when it opens in 2006.

Brazil's Unified Public Safety System (SUSP), created in 2003, is now fully functional and showing results. SUSP, which is administered by the Brazilian National Public Safety Secretariat (SENASP), is

a national system to integrate diverse state, civil and military police forces. Collaboration between SENASP and the NAS was good in 2005. A number of courses including crisis management, training for counternarcotics SWAT teams, and training for dog handlers, were sponsored by the NAS and hosted by SENASP for state law enforcement officials throughout Brazil.

Accomplishments. In October, Brazil hosted the “Operation Seis Fronteras” (Six Borders) Phase VII regional meeting. Operation Seis Fronteras is a DEA-sponsored international chemical enforcement initiative, which targets the movement and diversion of chemicals used in the production of cocaine and heroin in South America.

Law Enforcement Efforts. In 2005, the Federal Police seized 15.8 metric tons of cocaine HCL (double the amount seized in 2004) and 126 kilograms of crack cocaine. Marijuana seizures totaled 146.6 metric tons in 2005. 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 75 percent of Brazilian 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. The Federal Police have carried out a number of high profile investigations of public officials and state police involved in money laundering and/or narcotics trafficking. The fight against corruption remains a high priority for Brazilian law enforcement.

Agreements and Treaties. The United States and Brazil are parties to a bilateral mutual legal assistance treaty, which entered into force in 2001. 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 and the U.S. are parties to a bilateral extradition treaty signed in 1961.

Cultivation/Production. With the exception of some cannabis grown primarily for domestic consumption in the northeast, there is no significant evidence of cultivation or production of illicit drugs in Brazil. Drugs for domestic consumption or transshipment originate in Colombia, Paraguay, or Bolivia.

Drug Flow/Transit. Marijuana from Paraguay and cocaine from Bolivia are smuggled into Brazil across remote border areas and are destined primarily for domestic consumption. Higher quality cocaine from Colombia for export to Europe, the Middle East, and Africa enters by boat and is placed in ships departing from Brazil’s northeastern ports. Traffickers have reduced the number of long flights over Brazilian territory due to Brazil’s shutdown law. However, they still make the short flight over Brazil en route to Venezuela and Suriname.

Distribution. As a result of improved intelligence capabilities, the Brazilian Federal Police have enjoyed increased success against international trafficking organizations that transship illicit drugs to Europe, Africa, and the Middle East. The distribution of drugs in Brazilian cities is carried out by domestic networks that operate in major urban areas.

Sale, Transport and Financing. Cocaine from Bolivia and marijuana from Paraguay are smuggled into Brazil. Organized groups based in Sao Paulo and Rio de Janeiro arrange for the transport of the contraband through contacts in the border areas. The drugs are purchased from criminal organizations that operate outside Brazil’s borders. Proceeds from the sale of narcotics are used to purchase weapons and to strengthen the groups’ control over the slums (favelas) of Rio and Sao Paulo.

Asset Seizure. Many assets, particularly motor vehicles, are seized during narcotics raids and put into immediate use by the Federal Police under a March 1999 Executive Decree. Other assets are auctioned and proceeds distributed based on court decisions. Federal Police records show that 2 airplanes, 634 motor vehicles, 58 motorcycles, 13 boats, 146 firearms, and 1,116 cell phones were seized in 2005.

Law Enforcement Cooperation. During 2005, various USG agencies and sections, including the U.S. Embassy's NAS, Public Diplomacy and Economic Offices, the Department of Homeland Security, DEA, and the Federal Bureau of Investigation provided training throughout Brazil in a wide variety of law enforcement areas, including combating money laundering, airport interdiction, community policing, container security, counternarcotics SWAT operations and demand reduction programs.

The Brazilian Federal Police (DPF) maintains excellent relations with their counterparts in neighboring countries such as Bolivia, Colombia and Peru as well as U.S. law enforcement. They are willing to share information as well as participate in joint operations. The DPF have attended training programs in the United States, including money laundering and investigative and crime prevention seminars.

In addition, Coordinated Intelligence Centers soon will be functioning on the borders with Colombia, Bolivia, Paraguay, and Argentina with representatives from each respective country. Brazilian counternarcotics interdiction forces participate in "Operation Alliance" with Paraguayan counterparts to counter the marijuana entering the Paraguayan-Brazilian border area. Brazil has Federal Police Attachés in Argentina and Paraguay and looks to expand the number of Attaché positions to other countries in the future.

Extradition. According to the Brazilian Constitution, no Brazilian can be extradited. Naturalized Brazilians may be extradited for common crimes committed before naturalization, or where there is sufficient evidence of participation in the illicit traffic of narcotics and related drugs. Brazil cooperates with other countries in the extradition of non-Brazilian nationals accused of narcotics-related crimes. Three extraditions were carried out during 2005, one of which was narcotics related. In 2005, eight extradition or provisional arrest requests were submitted to Brazil; six of those requests related to narcotics defendants.

Demand Reduction. The National Anti-Drug Secretariat (SENAD) is charged with oversight of demand reduction and treatment programs. Some of the larger NAS supported programs include a nationwide 800-number for counseling, a nationwide DARE program (Brazil has the largest DARE program outside of the U.S.) and a national household survey of drug use among teens. SENAD also supports drug councils that are located in each of the state capitals. These councils coordinate treatment and demand reduction programs throughout their respective states.

Precursor Chemical Control. In August 2004, the Brazilian Justice Ministry issued a decree to prevent the manufacture of illegal drugs; this regulation made Brazil's law pertaining to chemical control arguably the most stringent in South America. The decree established the control of 146 chemical substances that can be utilized in the production of drugs. All companies that handle, import, export, manufacture, or distribute any of these substances must be registered with the Brazilian Federal Police. The GOB has fulfilled the 1988 UN Drug Convention goals relating to chemicals and is a party to international agreements on a method for maintaining records of transactions of an established list of precursor and essential chemicals. In conjunction with Operation Topaz, the Brazilian Federal Police have recently agreed to work with the DEA to perform a study on the use of chemicals within Brazil and the exportation of acetic anhydride from Brazil.

VI. U.S. Policy Initiatives and Programs

Policy Initiatives. U.S. counternarcotics policy in Brazil focuses on working with Brazilian authorities in identifying and dismantling international narcotics trafficking organizations, reducing

money laundering, increasing awareness of the dangers of drug abuse and drug trafficking and addressing 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 cooperation between U.S. agencies, the National Anti-drug Secretariat and the Ministry of Justice.

Bilateral Cooperation. In 2005 the U.S. and Brazil coordinated on the northern border interdiction operation COBRA (COlombia-BRAzil) and the joint intelligence center located in Tabatinga. The U.S. provided equipment and computers for the coordinated intelligence center in Foz de Iguazu and training courses in airport interdiction and container security.

The Road Ahead. To build upon their successes in 2005 against organized narcotics trafficking organizations, the Brazilian Federal Police must continue to increase their investigative and intelligence capabilities, expand cooperation with neighboring law enforcement through joint intelligence centers, and augment the number of agents assigned to the Operation COBRA northern border posts.

At the state level, SENASP needs to maintain the support given to states most affected by criminal gangs that control the drug trade. Cities such as Sao Paulo and Rio de Janeiro must deal with powerful narcotics trafficking gangs that operate out of the shantytowns (favelas) that are located throughout the city of Rio de Janeiro and on the periphery of Sao Paulo. Federal aid for training and equipment as well as increased cooperation with the federal police will greatly assist the state police in their efforts to combat narcotics trafficking.

Chile

I. Summary

Chile is a transit country for cocaine and heroin shipments destined for the U.S. and Europe. Chile also has an internal cocaine and marijuana consumption problem, with ecstasy increasing in popularity. 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

Chile is a transshipment point for cocaine and heroin from the Andean region. Cocaine HCl consumption has increased, although cocaine base abuse is more prevalent. Chilean authorities discovered some cocaine and amphetamine labs three years ago, but Chile is not a major source of refined cocaine. Marijuana, primarily supplied by Paraguay and by a small cultivation industry in Chile, is consumed domestically.

III. Country Actions Against Drugs in 2005

Policy Initiatives. The Chilean Congress passed a revision of Chile's 1995 drug laws in February 2005. The National Drug Control Commission (CONACE) develops and coordinates the National Drug Control Strategy; the current strategy covers the years 2003-2008. CONACE also coordinates all demand reduction programs.

Accomplishments. In March 2005, the Chilean NGO "Citizen Peace Foundation," in coordination with the U.S. Embassy, launched the country's first pilot program for drug courts in the port town of Valparaiso. The program will be expanded to Santiago in 2006. In June 2005, eight Chilean officials traveled to Florida to observe U.S. drug courts and to participate in the annual U.S. conference of drug courts. Participants returned to Chile as strong proponents of incorporating drug courts into the new judicial system as well as adding an alternative dispute resolution program.

The Drug Enforcement Administration (DEA) Country Office in Santiago and the Policia de Investigaciones de Chile (PICH) hosted the 22th International Drug Enforcement Conference (IDEC XXII) in April 2005. DEA Administrator Karen Tandy met with Chilean President Ricardo Lagos and then-Minister of Interior José Miguel Insulza. Over 200 delegates from 73 countries attended. For the first time, the IDEC conference focused on forming working groups to identify mutually agreed-upon regional narcotics targets and to specify steps to disrupt or dismantle drug trafficking organizations. The conference received positive media coverage from Chilean and international press.

DEA Santiago invited six Chilean law enforcement representatives to the U.S. in June 2005 to observe DEA-supported drug task forces operating along the southwest border. The institutions represented included the Carabineros (uniformed police), the PICH (investigative police), the National and Regional Public Ministry Offices, the Chilean Customs Service, and DIRECTEMAR (Coast Guard). The visit exposed Chilean officials to the workings of interagency task forces dedicated to combating narcotics trafficking, with a focus towards implementing a similar task force in Chile.

In August 2005, Calvina Fay, Director of the Drug Free America Foundation, provided keynote remarks at a seminar on the impact of drug legalization, co-organized by the Network of Chilean Drug Prevention NGOs (CHIPRED), PRIDE-Chile and the Drug Commission of the National Association of Chilean Municipalities. More than 200 drug prevention experts attended.

In September 2005, the Chilean court system allowed the release of the results of the Arrestee Drug Abuse Monitoring (ADAM) test sponsored by the U.S. Embassy. Developed by the Citizen Peace Foundation and the National Institute of Drug Abuse, the test revealed that 73 percent of arrestees for violent crimes were using drugs at the time of their arrest in Santiago. This test was the first scientific test in Chile showing a link between drug use and crime. Until its release, Chilean officials traditionally believed that drugs did not play a significant role in crime.

Chile completed its multi-year, nationwide criminal justice reform project in June 2005. Chile's 12 regions, plus the Santiago Metropolitan region (comprising 40 percent of the population), have adopted the new adversarial judicial system. The new system is based on oral trials rather than document-based legal proceedings. Initial feedback suggests a wider trust in the new system, and cases are reportedly being resolved faster than before. Ongoing challenges include training judges, prosecutors and law enforcement on evidence collection and analysis, presentation in court and court administration (case loads, budget, scheduling, etc.).

Law Enforcement Efforts. In 2005, Chilean authorities seized 2777 kilograms of cocaine hydrochloride, 2173 kilograms of cocaine, 5.4 kilograms of heroin, 5846 kilograms of marijuana, and 122,740 marijuana plants. Law enforcement agencies arrested 12,878 persons for drug-related offenses, an increase from 9400 in 2004. Chilean authorities are also addressing the domestic distribution sources of cocaine, marijuana, and ecstasy.

Corruption. Narcotics-related corruption among police officers and other government officials is not a major problem in Chile. The government actively discourages illicit production and distribution of narcotic and psychotropic drugs and the laundering of proceeds from illegal drug transactions. No current Chilean senior officials have been accused of engaging in such activities. The investigation of high-profile and on-going scandals related to Former President Augusto Pinochet's activities provide an example of the gravity and attention that Chile attaches to corrupt behavior by former and current government officials. Transparency International's Annual Corruption Perception Index consistently ranks Chile within the top 20 least corrupt countries in the world.

Agreements and Treaties. Efforts are 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. While the U.S. and Chile do not have a bilateral Mutual Legal Assistance Treaty (MLAT), both countries are party to the multilateral Inter-American Convention on Mutual Assistance in Criminal Matters. Chile is party to the Inter-American Convention Against Corruption.

Cultivation/Production. There is no known major cultivation or production of drugs in Chile. Very small amounts of marijuana are cultivated in Chile to meet domestic demand.

Drug Flow/Transit. Transshipment of drugs from Andean source countries to the U.S. and Europe increased in 2005. Though most of Bolivia's 95 metric tons of potential exportable quality cocaine is shipped to Brazil, a smaller but significant amount is smuggled to Chile. Chile's extensive and modern transportation system make it attractive to narcotics traffickers. Maritime and land route trafficking have increased; the most recent trend is to traffic drugs via Chile's road system and out of the country via maritime routes. The Santiago International Airport is also used to transit heroin to the U.S. and Europe. Most narcotics arrive by land routes from Peru and Bolivia, but some enter through Argentina. The efforts of Chilean authorities to intercept illicit narcotics 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. Small amounts of ecstasy enter the country primarily via couriers traveling by air.

Demand Reduction. The Chilean government has expressed concern about domestic drug use. The most recent study, completed in 2002 and released by CONACE in July 2003, demonstrates that the

existing treatment infrastructure in Chile is insufficient. CONACE continues to work with NGOs, community organizations, and schools to develop demand reduction programs.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. U.S. support to Chile in 2005 reinforced ongoing priorities in five areas: 1) training for prosecutors, police, judges, and public defenders in their roles in the new criminal justice system; 2) demand reduction; 3) enhanced police investigation capabilities; 4) police intelligence capability; and 5) money laundering.

Bilateral Cooperation. During 2005, the USG pursued numerous initiatives based on the above priorities. Examples include: 1) a seminar on Intellectual Property Rights targeted at judges; 2) a drug court pilot program in Valparaiso; 3) a UN-funded trip of eight officials to Florida for the annual drug court conference; 4) a DEA-sponsored visit to observe and evaluate counternarcotics task forces in action; 5) a Department of Justice-funded course on trafficking in persons for prosecutors, law enforcement and government officials; 6) publication of results of a public affairs grant to Fundacion Paz Ciudadana to implement ADAM (Arrestee Drug Abuse Monitoring), showing the link between crime and drugs; 7) Drug Free America participation in a Chilean seminar on the impact of drug legalization; and 8) DEA-funded course on tactical entries and 9) continued discussions towards updating the 1900 U.S./Chile extradition treaty.

The Road Ahead. In 2006, the USG will continue to support Chilean efforts to combat the narcotics-related problems. The U.S. plans to continue capacity-building assistance to the on-going criminal justice system reform. Efforts to enhance the counternarcotics capabilities of both the Carabineros and the Investigations Police pursuant to the U.S.-Chile bilateral letter of agreement will also continue.

Colombia

I. Summary

Colombia had a record year in 2005 for eradication, interdiction, and extradition. The country's public security forces prevented hundreds of tons of illicit drugs from reaching the world market through interdiction and eradication of coca and poppy crops. Colombia's police and military forces captured or shared in the capture of 223 metric tons of cocaine and cocaine base. The U.S.-supported Anti-Narcotics Police Directorate (DIRAN) sprayed 138,775 hectares of coca during the year and 1,624 hectares of poppy. The Government of Colombia (GOC) reports that manual eradication accounted for the destruction of an additional 31,285 hectares of coca and 497 hectares of poppy. According to preliminary reports these efforts may have led to an increase in the U.S. street price of cocaine and heroin and a reduction in purity for both.

Colombia's military forces are continuing the successful "Plan Patriota," a major campaign against the Revolutionary Armed Forces of Colombia (FARC), which uses the drug trade as its major financing source. Over 14,000 members of the paramilitary United Self Defense Forces (AUC) have demobilized, weakening its influence, although the AUC is still involved in the drug trade and continues to challenge the FARC for control of key coca and poppy cultivation areas. In addition, almost 3,000 members of the FARC, AUC, and the National Liberation Army (ELN) deserted in 2005, providing invaluable counternarcotics intelligence. Colombia is party to the 1988 UN Drug Convention.

II. Status of Country

Colombia is the source of over 90 percent of the cocaine entering the United States and a significant source of heroin. It is also a leading user of precursor chemicals and the focus of significant money laundering activity. Developed infrastructure—such as ports on both the Pacific and the Atlantic, multiple international airports, and a highway system—provides narcotics traffickers with many options. The presence of illegal armed groups who participate in the drug trade compounds the normal problems associated with narcotics trafficking. These groups include the FARC, the AUC, and the ELN. They control areas within Colombia with high concentrations of coca and opium poppy cultivation, and their involvement in narcotics continues to be a major source of violence and terrorism. Drug use in Colombia is increasing, even though there are very active demand reduction programs. The judicial system continues the transition to an oral accusatorial system. The system is now functioning in Bogota and three municipal areas, and is proving efficient and effective. Six new municipal areas will be added in 2006, including Medellin and Cali. Over 17,000 prosecutors, judges, and criminal investigators received intensive training in the new accusatory system in 2005, and the GOC plans to have the system installed nationwide by 2008.

III. Country Actions Against Drugs in 2005

Policy Initiatives. The Justice and Peace Law, passed in July of 2005, provides a legal mechanism for individuals in illegal armed groups to demobilize with certain legal protections and assurances. The new law has greatly accelerated the demobilization of AUC paramilitary groups enmeshed in narcotics trafficking; over 60 percent of the 14,000 paramilitary members who had demobilized since 2003 did so in the latter half of 2005. Paramilitary members who choose not to demobilize, as well as those who do not qualify for the demobilization program due to previous crimes, will continue to be investigated and prosecuted outside of the Justice and Peace Law framework. The GOC also began a program of Manual Eradication Groups (GMEs) in 2005 and increased the number of 30-member groups to 60 by

the end of the year. In January 2006, the GOC began a massive manual eradication operation in one of Colombia's largest national parks using these groups. The Colombian Congress has approved a "shock" reform package for the military justice system. This package will improve the long-term functioning of the military, which is critical to successful efforts against narcotics traffickers and narcotics terrorists.

Another important GOC policy initiative in 2005 was the establishment of the Coordination Center for Integrated Action (CCAI), an interagency organization to reestablish governance in previously ungoverned spaces of Colombia through synchronizing military operations with the operations of other ministries. The GOC also beefed up its riverine capability by launching a new gunboat in the interior to deter and attack traffickers; started operating its own go-fast Midnight Express boats on the North Coast against traffickers; established a government website to fight drug consumption and trafficking; contracted to buy more Blackhawks for mobility against narcotics terrorists; reorganized the National Narcotics Directorate (DNE); and expanded the Forest Ranger program (which pays families in rural communities a stipend to pull up any coca and maintain area coca-free primarily in important/fragile ecosystems) to 33,589 families who keep 1.25 million hectares free of coca and poppy and who have recovered 330,000 hectares of forest. Finally, notwithstanding the record levels of coca eradication, the GOC detected massive replanting and reconstitution efforts by traffickers in the Department of Nariño. It rapidly deployed forces to the region late in the year to increase eradication and assigned a Colombian military general officer as "regional drug czar" to coordinate efforts against cultivators, transporters and traffickers.

Law Enforcement Efforts. The CNP, led by DIRAN, interdicted over 94 metric tons of processed cocaine (HCl) and cocaine base and destroyed 107 HCl laboratories and 779 base labs. All security forces seized a record 223 metric tons of cocaine and cocaine base and destroyed 137 HCl laboratories. DIRAN also conducted numerous joint operations with the military against high-value narcotics terrorist targets. Asset seizures were up by more than 500 percent in 2005 and included the drugstore chain owned by the Rodriguez Orjuela brothers, valued at several hundred million dollars.

The CNP's Mobile Rural Police (Carabineros or EMCAR) captured 275 narcotics traffickers and 1,639 guerrillas. The squadrons also captured 3,127 common criminals. They seized 1,655 weapons, 8.5 metric tons of cocaine base, 46,600 gallons of liquid precursors and 142.5 metric tons of solid precursors. A total of 52 EMCAR squadrons have been trained and deployed, and their work along with the "Municipio" or hometown CNP units was largely responsible for the continued improvement in public security throughout rural Colombia.

DIRAN's Jungle Commandos (Junglas) are air mobile units that have received significant specialized USG training. The Junglas' primary mission is the destruction of HCl labs and interdiction missions. They were responsible for the destruction of over half of the HCl and base labs destroyed by the CNP and a significant quantity of the seizures.

The Colombian Army Counter Drug (CD) Brigade (BDE) seized over 3 metric tons of cocaine and destroyed 14 HCl labs and 209 base labs. The CD BDE destroyed over 168 tons of liquid precursors and 180 tons of solid precursors. They also dismantled 22 narcotics terrorist base camps and killed or captured 78 narcotics terrorists. Most importantly, they provided security to the aerial eradication efforts.

Corruption. Allegations of corruption within the Office of the Prosecutor General fell sharply in 2005. Widespread use of polygraph exams has been a constructive tool in the fight against corruption. Polygraphs were used extensively in a shakeup at the DAS (FBI-equivalent) at the end of 2005 that resulted in the removal of the top three DAS officers, along with other agents accused of collaborating with the AUC. A specialized Anti-Corruption Task Force Unit investigates and prosecutes public corruption. Corruption plays a major role in the continued diversion of precursor chemicals into the

black market. Colombia is party to the Inter-American Convention Against Corruption. Colombia has signed, but not ratified, the UN Convention against Corruption.

Culture of Lawfulness. The USG supports programs that promote respect for rule of law and civic responsibility in Colombia. The Culture of Lawfulness program has taught over 16,000 ninth-graders in 190 schools using over 320 teachers. The program is being integrated into Colombian National Police (CNP) basic training programs. Operating in ten cities, the program will train additional teacher trainers in 2006 to move the program closer to self-sufficiency.

Port Security. Various USG agencies work with DIRAN and private seaport operators to prevent narcotics trafficking in Colombia's ports. DIRAN provides police personnel, and the port authorities work to improve their own security and provide equipment and infrastructure support to the DIRAN units. The USG provides coordination, technical assistance, and training. In 2005, almost 5 metric tons of cocaine and 26 kilograms of heroin were seized and 36 persons arrested in the four principal Colombian ports. The USG works separately with DIRAN and Airport Police to prevent Colombia's international airports from being used as export points for drugs. In 2005, airport agents confiscated 862 kilograms of cocaine and 73 kilograms of heroin, resulting in 55 arrests.

Hundreds of Colombian companies participate in a USG Business Alliance for Secure Commerce (BASC) program. The program seeks to increase the effectiveness of law enforcement by deterring narcotics smuggling in commercial cargo shipments. All major port cities have an active BASC program.

Environmental Safeguards. The illicit crop eradication program follows strict environmental safeguards monitored permanently by several GOC agencies. The spray program adheres to all GOC laws and regulations, including the Colombian Environmental Management Plan. The USG also reviews the program on a yearly basis. The OAS published a study in 2005 positively assessing the chemicals and methodologies used in the aerial spray program.

Since the tracking of complaints began in 2001, the GOC has processed approximately 5,844 complaints of crop damage by spray planes, with some 3,069 complaints in 2005 alone. 28 complaints of accidental spraying of food crops or pastureland have been verified and compensation paid. To date, the program has paid approximately \$159,000 in compensation for damaged crops.

The GOC investigates all claims of human health damage alleged to have been caused by aerial spraying. Since the spraying began, the Colombian National Institute of Health has not verified a single case of adverse health effects.

Extradition and Mutual Legal Assistance. During President Uribe's administration, extraditions have increased, with 304 Colombian nationals and 11 nonnationals extradited by the end of 2005.

In early 2005, Colombia extradited FARC leader Nayibe Rojas Valderama (aka "Comandante Sonia") and other criminal associates. Colombia also extradited Cali Cartel leader Miguel Rodriguez Orejuela in 2005, and continued to arrest and extradite other significant drug traffickers wanted for prosecution in the U.S.

There is no bilateral mutual legal assistance treaty in force between the United States and Colombia, but the two countries cooperate via mutual legal assistance provisions in multilateral agreements and conventions, such as the OAS Convention on Mutual Legal Assistance and United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (the 1988 UN Drug Convention). During 2005, the United States submitted more than 100 mutual legal assistance requests and received over 50 responses. The GOC also cooperates with U.S. investigations and prosecutions. Several specialized Colombian law enforcement units work closely with U.S. law enforcement agencies to investigate drug trafficking organizations as part of our bilateral case initiatives.

Demobilization. Colombia is home to three formally designated Foreign Terrorist Organizations. The Justice and Peace Law passed in 2005 accelerated the pace of demobilization of one of these organizations. Reportedly, over 14,000 AUC members had demobilized by the end of 2005, but the actual number may be higher. Diego Murillo Bejarano, also known as “Don Berna,” a prominent paramilitary commander who was part of the original demobilization negotiations with the Colombian government in late 2002, turned himself in during May 2005 to avoid arrest. Shortly afterwards, he ordered the demobilization of more than 2,000 of his troops. The USG has provided limited assistance for the collective demobilization process and is being asked to do more by the GOC. The ELN, with a little over 2,000 troops, has recently begun peace talks with the government.

Public Security. There are now police in all of Colombia’s 1,098 municipalities, limiting the influence of illegal armed groups and denying their sources of income. This increased government presence has contributed to increased desertions by terrorist group members. Other security indicators also were very positive in 2005: homicides down by 13 percent, kidnappings down by 51 percent, overall terrorist attacks down by 21 percent, and the number of Internally Displaced Persons (IDPs) down by 15 percent.

Kingpin Group. The DIRAN permanent task force, which targets the leadership of the narcotics terrorist organizations, continues to work towards capturing more than 300 Kingpins. The special police teams gather intelligence and the DIRAN intelligence fusion center analyzes the intelligence and participates in operational planning. Since the group was formed, numerous special operations have been conducted, resulting in the capture of several leadership targets.

Operation Knockout. In June of 2005, a multi-agency operation seized 10.7 metric tons of cocaine, 30 kilograms of heroin, and over \$142 million worth of properties and currency. This intelligence-driven operation, which attacked the source, transit, and target zones, was successful due to the leveraging of intelligence and operational resources from the USG and the GOC.

High-Value Targets. In 2005, three FARC commanders were killed, many other important leaders were either killed or captured, and other important narcotics traffickers were arrested and are now awaiting extradition to the United States.

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. The GOC is generally in 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 counternarcotics project agreements with the various Colombian implementing agencies.

Colombia is party to the OAS Convention on Mutual Legal Assistance and the GOC and the U.S. concluded a Maritime Shipboarding Agreement, signed in 1997, a highly successful agreement that provides faster approval for shipboarding in international waters and has facilitated improved counternarcotics cooperation between the Colombian Navy and the U.S. Coast Guard. Colombia is also party to the UN Convention against Transnational Organized Crime, along with the protocol on trafficking in persons.

Cocaine. Based on USG estimates on coca yield and laboratory efficiency data, potential production of pure cocaine declined another 6.5 percent in 2004 to 430 metric tons (2005 cultivation estimates were not available as of publication date). This put estimated Colombian potential cocaine production at the lowest level in at least seven years, despite the fact that the Colombian coca crop size estimate remained statistically unchanged between 2003 and 2004. Based on average purities of bulk seizures in the United States, 430 metric tons of pure cocaine equates to approximately 515 metric tons of “export quality” cocaine. This is down 43 percent from 2001’s high of 905 metric tons of production

potential of export quality cocaine. This success may be reflected in preliminary reports of a 19 percent increase in the price of cocaine on U.S. streets between February and September of 2005.

Heroin. According to USG estimates, Colombia had the potential to produce 3.8 metric tons of 100 percent pure heroin in 2004. Eradication reduced Colombian opium poppy cultivation from 6,540 hectares in 2001 to 2,100 hectares in 2004—a 68 percent decline. (2005 cultivation estimates were not available at press time). Preliminary reports of a 30 percent increase in the U.S. street price of heroin may be a result of this decline.

Synthetic Drugs. Both availability and consumption of ecstasy in Colombia are rising. Most ecstasy found in Colombia enters from Europe in powder form and is locally pressed into pills. There has been no evidence of ecstasy being smuggled from Colombia to the United States, and it is believed that almost all ecstasy entering Colombia is for local consumption. Colombian production of ecstasy is believed to be limited. The Colombian National Police raided one ecstasy lab and one amphetamine pill press facility in 2005.

Drug Flow/Transit. Cocaine and heroin are transported by road, river, and small civilian aircraft from the Colombian source zone to the Colombian transit zone north and west of the Andes mountains. Primary transportation nodes include the larger airports, clandestine airstrips, and seaports from which small go-fast vessels can transport cocaine. Cocaine is also smuggled using small aircraft from clandestine airstrips in eastern and southeastern Colombia to Brazil, Suriname, Venezuela, or Guyana. From these countries the cocaine is either consumed domestically, or transferred to maritime vessels for shipment to the United States or Europe.

Colombia's coastal regions are major transshipment points for bulk maritime shipments of cocaine. The majority of the drugs shipped from the coastal regions originate from production areas in the south-central portion of the country, as well as from less-prolific growing areas in the northern third of Colombia. Most shipments are organized by well-established trafficking organizations based in Cali, Medellin, Bogota, and elsewhere.

Go-fast boats regularly on/off-load drugs onto fishing vessels or other ships at sea. Go-fast boats also transport drugs to Central American and Caribbean transshipment countries, using refueling vessels to extend their range. Fishing vessels and commercial cargo ships continue to transport large quantities of drugs via both Atlantic and Pacific routes. Fishing vessels usually travel to Mexico or Guatemala, while cargo ships can go directly to the United States or Europe. The drugs are hidden in container cargo, bulk cargo, or hidden compartments.

Cocaine is also transported from Colombia to the United States and other countries via commercial air cargo or concealed aboard commercial aircraft. The use of "mules" (couriers) traveling as passengers on commercial airlines is frequent, though the quantities transported in this manner are relatively small.

Heroin is often concealed in the lining of clothing or luggage. There is also ingestion by airline passengers. The CNP/Airport Interdiction Group has experienced great success in identifying and arresting "swallowers" at the international airports in Bogota, Cali, and Medellin. There are also significant quantities of heroin being shipped from Colombia's Pacific Coast, particularly from Buenaventura. The trend of heroin shipments being combined with cocaine shipments on go-fast boats departing from the Atlantic coast continues, although such shipments have not been detected with the frequency that occurred in the past.

Colombian heroin transportation organizations use trafficking routes through Argentina, Ecuador, Guatemala, Mexico, Panama, and Venezuela to move heroin to the United States. In many cases, couriers depart from Colombia through the international airports in Bogota, Medellin, Cali, and to a lesser extent, Barranquilla, and then transit one or more countries before arriving in Mexico. From

Mexico, the heroin is typically transported across the border into the United States and transported by courier to its final destination.

Demand Reduction. The Colombian government is developing a national Demand Reduction Strategy. The Ministry of Social Protection completed a comprehensive survey of school age drug use that will serve as a baseline for the strategy. Many private entities and nongovernmental organizations (NGOs) work in the area of demand reduction, and the DIRAN has an active DARE program. The USG is currently coordinating with the National Directorate on Dangerous Drugs (DNE) to develop a registry of NGOs working in demand reduction. Once completed, the USG plans to sponsor a national demand reduction conference to synchronize efforts across the country and to assist in the formation of a demand reduction NGO network.

IV. U.S. Policy Initiatives and Programs

U.S. Policy Initiatives. The aerial eradication program sprayed approximately 138,775 hectares of coca and 1,624 hectares of poppy in 2005, surpassing 2004's totals. Continued close intelligence coordination and more intensive utilization of Colombia's counternarcotics brigade has resulted in a lower number of incidents of hostile fire on spray aircraft. Fewer hostile fire impacts has in turn helped to sustain the operational tempo of aerial eradication by reducing time lost to repair damaged aircraft. One pilot was killed in 2005 during a spray operation, and the spray plane was also lost.

The Plan Colombia Helicopter Program (PCHP), consisting of UH-1N, UH-1H II, UH-60, and K-Max helicopters, supported the CD Brigade and, when available, provided support to human rights-certified Colombian military and public security forces. In 2005, PCHP aircraft flew 29,054 hours, carried 36,782 passengers, transported 1,788,400 pounds of cargo, and conducted 188 medical evacuations of military and civilian personnel. This year the program lost one UH-60 and one UH-1H II in crashes that were not the result of enemy fire. PCHP also participated in a number of high value target (HVT) missions. Nationalization of the PCHP continued, with more than 100 contract American pilots and mechanics replaced by Colombian Army (COLAR) personnel in 2005.

Immigration and Customs Enforcement (ICE) and Customs Border Patrol (CBP) continue to provide training and technical assistance to improve the ability of border control agencies in Colombia to combat money laundering, contraband smuggling, and commercial fraud. The emphasis has been on seaports and airports. The Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) provides technical assistance and training to numerous GOC entities to ensure that they can deal with the threat of explosive devices, and the Bureau of Prisons (BOP) has a small program that provided technical assistance and training to its GOC counterpart. In addition, the Colombian Coast Guard has benefited greatly from a number of U.S. Coast Guard (USCG) courses, including extensive Maritime Law Enforcement training. In August 2005, the U.S. Coast Guard conducted a Law Enforcement Curriculum Infusion Program in Cartagena.

The USCG and the Colombian Navy (COLNAV) in 2005 discussed how to further cooperation and field new initiatives to stop smugglers in the transit zone. USCG aircraft flew maritime patrol missions in support of COLNAV operations, and a USCG communications team deployed aboard a COLNAV frigate to facilitate operational communications with JIATF-S. The USG continues to support DIRAN's aviation unit (ARAVI), comprised of 19 fixed-wing and 61 rotary-wing aircraft. In addition to counternarcotics missions, ARAVI has, with Embassy approval, used USG-supported assets for humanitarian missions; targeted intelligence gathering; and antiterrorism, antikidnapping, high value target, and public order missions. As part of USG nationalization efforts, the USG continues to help ARAVI train more pilots and mechanics within Colombia and perform more maintenance and repairs in Colombia. USG funds financed a modern state-of-the-art maintenance hangar that allows ARAVI to perform depot-level maintenance on the 31 Huey IIs, reducing downtime due to shipment of aircraft back to the United States. In addition, two of seven American technical advisors have been replaced

with Colombians. With USG assistance, ARAVI began training for Night Vision Goggle (NVG) use in 2005.

The Air Bridge Denial (ABD) program completed 28 months of operations in 2005. ABD operations in 2005 contributed to the destruction of two aircraft, the capture of five aircraft in Colombia and three others in Central America, and the seizure of almost four metric tons of cocaine.

In addition to combating drug production and trafficking, the USG is assisting Colombians in the areas that have been most ravaged by the drug trade. For example, the USG helped improve the delivery of public services in 156 municipalities, including the delivery of potable water and sewage treatment. To date, the USG has provided nonemergency support for over two million Colombian internally displaced persons affected by narcotics-related terrorism and aided over 2,600 former child soldiers. Nine peaceful-coexistence centers have been created in small municipalities to provide administrative and legal assistance, educational opportunities, and a neutral space for community meetings, discussions, and events. In addition, the GOC's presence in rural areas was expanded by the creation of 40 Justice Houses, which offer access to justice and peaceful conflict resolution.

The USG is assisting the GOC in criminal justice system reform through the implementation of a new criminal procedure code, as the country moves from the written inquisitorial system to an oral accusatory system. The first year of implementation has demonstrated resolution of criminal cases in weeks or months rather than years. Over 60 percent of cases formally charged have resulted in convictions. Plea agreements have resolved large percentages of criminal cases. DOJ, USAID, and other USG agencies have provided training, technical assistance, and equipment. In 2005, the DOJ trained more than 11,300 police, prosecutors, forensic experts, and judges in the new accusatorial system and in specialized areas of money laundering, human rights, anticorruption, post-blast investigations, antikidnapping and judicial protection.

The Road Ahead. Challenges for 2006 include continuing transfer of greater responsibilities in counternarcotics funding and operations to the GOC, while maintaining operational results; countering the rapid replanting of coca in areas sprayed by the eradication program; dealing with increased illicit cultivation in Colombia's national parks; supporting the GOC's efforts to demobilize and reintegrate ex-combatants, while advancing reconciliation and victim reparations processes; increasing the number of police to deal with the power vacuum created by the demobilization of the AUC; gaining control of the vast Pacific coastal zones; maintaining an aging air fleet that is required to fly more hours every year; and maintaining the political will of the Colombian people to confront and defeat their internal enemies.

Ecuador

I. Summary

Sharing porous borders and a contiguous seacoast with Colombia and Peru, Ecuador is a major transit country for illicit drugs and chemicals. On Ecuador's northern border, the Revolutionary Armed Forces of Colombia (FARC), a narcotics terrorist organization based in Colombia, has extended its influence. The region has become a major transit point for cocaine, chemicals, and supplies for the FARC and other trafficking organizations based in Colombia. Most drugs leave Ecuador by sea and there has been a significant shift toward the use of Ecuadorian-flagged vessels for multi-ton shipments of cocaine to circumvent the USG success in stopping Colombian-flagged suspect vessels and prosecuting their crews. Cocaine seizures through November 2005 were substantially above previous years'. Uneven implementation of the new criminal procedures code, a faulty judicial system, and conflicting laws hamper prosecutions. The USG provides equipment, infrastructure, and training to help 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

Weak public institutions, widespread corruption and a poorly regulated financial system make Ecuador vulnerable to organized crime. Border controls of persons and goods are un dependable. Scanty government presence in a large portion of the country contributes to lawlessness. The Ecuadorian National Police (ENP) and military forces are inadequately equipped and trained to deal with international criminal or insurgent pressures.

There is no evidence that significant illicit crops or drugs are produced in Ecuador. However, coca base, cocaine hydrochloride and heroin from Colombia and Peru are transhipped internationally through Ecuador's seaports and airports in volumes ranging from a few hundred grams to multi-ton loads. Maritime cocaine shipments aboard Ecuadorian-flagged vessels and through Ecuadorian waters increased in 2005. Although Ecuador has no bilateral maritime agreement with the U.S., law enforcement operators improved their ability to work cooperatively in late 2005 to facilitate the boarding and search of suspect vessels by U.S. law enforcement personnel. Detected shipments of drugs via international mail and messenger services continued at a high level. In 2005, the number of Ecuadorian-flagged drug "motherships" seized by the U.S. Coast Guard exceeded, for the first time ever, the seizures of similar Colombian-flagged vessels. The USG is helping the Government of Ecuador (GOE) to strengthen the rule of law and to improve civil security.

III. Country Actions Against Drugs in 2005

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 illicit association related to drug trafficking and profiteering.

Policy Initiatives. The reorganization and re-staffing of CONSEP, which began in 2003, continued through 2005. Work began to revise the basic drug law, Law 108, to harmonize it with the new money laundering law. CONSEP activity against trafficking controlled precursor chemicals continued at a

high level in 2005. Military and police forces generally cooperated at the local level, conducting some joint operations in 2005 to destroy illicit crops and seize precursor chemicals.

New ENP Counternarcotics Directorate (DNA) bases and stations were opened with USG assistance in 2005 in San Lorenzo, Esmeraldas Province and at San Jeronimo, Imbabura Province. Construction of other DNA installations began in El Oro Province at Machala port and at Y de Jobo. Other USG-financed DNA infrastructure projects are in construction or design phases in Esmeraldas, Carchi, and Sucumbios provinces. Further improvements were made in the ENP intelligence data and voice communications networks. Advanced technical inspection equipment, including digital x-rays and ion scanners, began service in Ecuadorian international airports in 2004. The ENP budget for 2006 includes \$700,000 for DNA operational costs.

Law Enforcement. Total cocaine seizures in 2005 were over 44 metric tons. This compares with 5.8 metric tons in 2004 and 2.5 metric tons in 2003. In large measure, the increase is due to increased transit of cocaine from Colombia through Ecuador, mostly via maritime routes. Heroin seizures in 2005 totaled 230 kilograms. Cannabis seizures were 640 kilograms.

The new Code of Criminal Procedures promulgated in 2001 is still applied unevenly. An extensive revision of the new code, correcting numerous shortcomings in the original 2001 revised law, was still in progress at the end of 2005.

Corruption. Ecuadorian law criminalizes 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 who deliberately impedes the prosecution of anyone charged under that law. However, there is no comprehensive anticorruption law. There were no known prosecutions for drug-related official corruption in 2005.

Law Enforcement Efforts. There are occasional delays in obtaining GOE permission to board and seize Ecuadorian vessels suspected of engaging in illicit activities at sea, due in large part to the lack of a maritime counternarcotics agreement. Ecuadorian law enforcement agencies improved procedures for cooperation with U.S. law enforcement agencies in the second half of 2005. Cooperation between the USG and the GOE in 2005 resulted in several successful drug interdiction operations and the dismantling of some international trafficking organizations.

Arrests and Prosecutions. A total of 2,438 Ecuadorians and 314 foreigners were arrested for drug trafficking from January through November 2005. Prosecutions are impeded by the dysfunctional judicial system and persistent confusion over proper implementation of the 2001 Code of Criminal Procedures.

Agreements and Treaties. The United States-Ecuador extradition treaty, which entered into force in 1873, and its supplement, which entered into force in 1941, is outdated. There has been informal dialogue about its possible revision, but no action has been taken. Ecuador has cooperated with the USG to deport or extradite nonEcuadorian nationals. The Ecuadorian constitution prohibits 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 UN Office on Drugs and Crime (UNODC) has conducted counternarcotics law enforcement projects in Ecuador for several years. Ecuador is also a party to the OAS Inter-American Convention on Mutual Assistance in Criminal Matters.

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

Cultivation/Production. Ecuadorian security forces located and destroyed about 36,160 cultivated coca plants in small, scattered sites in 2005. While not commercially significant, the extent of

cultivation was about double that of 2004. Together with the discovery of a small, partially harvested opium poppy plantation, they suggest that growers are testing the feasibility of drug crop cultivation in Ecuador.

Precursor Chemical Control. Law enforcement officials generally believe that the illicit traffic of chemicals in Ecuador is greater than indicated by the relatively small volume of chemicals seized. The USG, other cooperating governments, and the United Nations continue to work with the

Ecuadorian Government to correct deficiencies in the chemical control regime. Ecuador meets 1988 UN Drug Convention objectives regarding chemicals, and has signed a cooperative agreement with the European Union.

Petroleum ether or “white gas,” used in HCl processing, was declared a controlled substance by CONSEP in June 2003, but continues to be trafficked from Sucumbios Province (where it is produced as a byproduct of oil extraction) to neighboring Putumayo Department, Colombia. GOE security forces, primarily the Army, have closed down the principal diversion points but seized 116,480 liters of chemicals in 2005, as traffickers found other vulnerable points in more remote oil fields near the Colombian border.

In one major case in 2005, police and CONSEP seized 6,000 kilograms of methyl ethyl ketone; 1,620 kilograms of toluene; 355 kilograms of isopropyl alcohol; and 362 kilograms of ethyl acetate.

Demand Reduction. Prevention of domestic drug abuse is an important part of the Ecuadorian government’s drug strategy and received greater emphasis in the revised strategy published in 2004. Coordination of abuse prevention programs is the responsibility of CONSEP, whose new management is seeking to reinvigorate a multi-agency national prevention campaign. National prevention activities currently are conducted primarily through the schools with some USG support. All public institutions, including the armed forces, are required to have abuse prevention programs. The DNA conducts an abuse prevention program.

Asset Seizure. By law, seized assets cannot be forfeited until the owner is convicted of a drug offense and a judge orders their forfeiture. Judges commonly are slow in issuing forfeiture orders. Problems arise in relation to the safeguarding of assets pending forfeiture. Real estate, vehicles and other personal property have historically been used by government agencies or officials and have depreciated during the interim. The responsible governmental agency, CONSEP, is trying to curb this practice by enforcing new inventory controls. In 2005, CONSEP sold two forfeited real properties, the first in several years, as well as forfeited items of personal property.

Regional Coordination. Ecuadorian Government officials met frequently with their Colombian counterparts concerning border issues. 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. UDENOR, the Ecuadorian agency for northern border development established in 2000 to coordinate economic and social development programs in the country’s northern border region, continued its implementation of the government’s northern border development master plan. The \$400 million 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. The UDENOR master plan includes productive development, conservation of environmental resources, productive infrastructure, social infrastructure, and local economic development. Between 2000 and 2007, the USG, through USAID, has provided the bulk of funding, with agreements to finance some \$78 million. The USAID-funded elements of the plan seek to increase citizen satisfaction with the performance of local democratic institutions, increase availability of basic infrastructure (potable water, sanitation, bridges, farm-to-market roads), and

increase licit income and employment for small and medium farmers in Ecuador's northern border provinces.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. 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 through 2005 seeks to improve the staffing, mobility and communications of military and police forces in the northern border region. Resources are being provided to the Ecuadorian Navy for expanded patrol and interdiction operations on Ecuador's northwestern coast.

Communications equipment, ground vehicles and the canine program continue to be areas supported through USG assistance and for which recent successful operations can be credited. Digital x-rays and ion scanners provided by the USG are being used for cargo and passenger inspections in many locations.

USG-funded programs administered by USAID and operated principally by the International Organization for Migration (IOM) and CARE contribute to the Ecuadorian Government's Northern Border plan. To increase citizen satisfaction and demonstrate the legitimacy of democratic institutions, a social and productive infrastructure program in 2005 built 47 water and sanitation systems and 11 bridges. CARE conducts a program to strengthen local government and citizen participation in 10 municipalities and parishes by providing training in participatory budgeting, ethics, accountability and financial management, sustainability of municipal services, and strategic planning at the municipal and parish levels.

A program component to promote licit income and jobs includes training and assistance in agricultural production and marketing, especially supporting farmers growing coffee, cacao and vegetables. Coffee and cacao are becoming the most successful crop clusters based on achievement of results, i.e., increasing family income and generating full time equivalent jobs.

The Road Ahead. The USG will continue to provide training and essential infrastructure and equipment to improve the effectiveness of military and police collaboration, seaport and coastal control, police intelligence and land route interdiction. Special emphasis will be given to the detection and prosecution of money laundering, expanded training of police, prosecutors and judges and the interdiction of illicit chemical precursors. USAID will continue to improve communications and coordination between implementing organizations to improve service delivery and increase public awareness about USG and GOE efforts. In addition, it will intensify USG support to civil society efforts in the oversight of judicial performance and independence.

Paraguay

I. Summary

Paraguay is a significant transit country for drugs. The National Anti-Drug Secretariat (SENAD) through its Major Violator Unit (MVU), disrupted cocaine trafficking networks, increasing cocaine seizures while assisting and coordinating with international law enforcement agencies. Paraguay extradited to the United States Ivan Carlos Mendes Mesquita, the leader of a major international drug trafficking organization, with connections to the Revolutionary Armed Forces of Colombia (FARC), on drug charges. In addition, three other major Brazilian drug traffickers were extradited to Brazil. Paraguay cooperates with its neighbors by patrolling remote border regions where illicit drugs are being transported. On a negative note, an allegedly corrupt official with strong ties to drug traffickers, Aristides Cabral, was named the Chief of Police of a department in northwest Paraguay that forms part of a corridor for illegal flights and ground transport for drugs. Paraguay is a party to the 1988 UN Drug Convention.

II. Status of Country

According to USG law enforcement sources, Paraguay remains a transit country for significant amounts of Colombian, Bolivian and Peruvian cocaine destined for Argentina, Brazil, Europe, Africa and the Middle East. Brazilian nationals, some of whom purchase cocaine from the FARC in exchange for currency and weapons, head most trafficking organizations in Paraguay. Paraguay is also a source country for high-quality marijuana which is not trafficked to the U.S. As part of a long-term effort to improve and strengthen SENAD's operational capabilities in the northeast region of Paraguay, in December 2005, construction began on a new office for SENAD in the city of Pedro Juan Caballero, in the Department of Amambay.

III. Country Actions Against Drugs in 2005

Policy Initiatives. In May 2005, the GOP issued a decree approving modification of the organizational structure of the SENAD, which will enhance SENAD's ability to expand in a timely manner.

In June 2005, SENAD began appealing to the public for information related to drug traffickers operating in Paraguay through a public relations campaign. The campaign consisted of radio spots on local stations as well as large billboards with the photos of SENAD's "Most Wanted" drug traffickers. The program has generated helpful leads, putting traffickers on the defensive.

Accomplishments. The 2005 capture of Brazilian fugitive and accused arms and drug trafficker Ivan Carlos Mendes Mesquita, resulted in Paraguay's extraditing him to the United States in June 2005. The U.S. initiated an extradition request for Mendes Mesquita on charges of possession of cocaine and conspiracy to distribute; the Paraguayan Court of Appeals upheld the extradition in a timely manner, and the Supreme Court rejected Mendes Mesquita's appeals. During Mendes Mequita's detention, the GOP resisted significant pressure not to extradite, and took security precautions to ensure Mendes Mesquita was not released or otherwise freed. Mendes Mesquita is the first major trafficker extradited to the U.S. by Paraguay, representing an important step in the war against drug trafficking organizations with links to the FARC. Paraguay also expelled or extradited three additional drug traffickers. In December 2005, Paraguayan's Supreme Court approved the extradition of Jose Luis Gomez to the U.S. on charges of narcotics-related money laundering. Gomez was extradited to the U.S. on January 20, 2006.

In July 2005, SENAD, in cooperation with the Brazilian National Police, captured Brazilian national, Luis Alberto Da Cunha (aka “Barba”), who was on Brazil’s Ten Most Wanted List. During the operation, SENAD seized weapons, cars, cellular telephones and false documents. Brazil is seeking extradition of Da Cunha, who was one its principal drug traffickers and was connected to Mendes Mesquita.

Paraguay also carried out joint counternarcotics operations with countries in the region, the U.S., and Europe in 2005. In one case, Paraguayan, Chilean and Bolivian law enforcement officials conducted a series of joint operations, and used a controlled delivery to capture members of an international drug ring. Law enforcement officials in Chile apprehended 13 suspects and seized two (2) tons of marijuana, and SENAD arrested 11 drug traffickers in Paraguay—seizing a total of 708 kilograms (kg) of marijuana.

In December 2005, SENAD seized 257 kilograms of cocaine destined for Spain, apprehended seven members of a drug trafficking organization and confiscated the equivalent of \$34,000. The operation also directly facilitated further arrests of traffickers in Europe. This operation with the Drug Enforcement Administration (DEA) and Spanish police officials resulted in the largest seizure ever made in Asuncion and reflects SENAD’s ability to carry out a complicated operation in concert with foreign law enforcement authorities.

Throughout 2005, SENAD seized 489 kilograms of cocaine, 66,964 kilograms of marijuana, 43 weapons, 46 vehicles, and five planes. SENAD also destroyed 1,000 hectares of marijuana. All figures represent increases over 2004. According to SENAD, the total financial loss to narcotics traffickers in 2005 from these seizures was over \$94.7 million.

Law Enforcement Efforts. Since opening its first forensic laboratory, Paraguay continues to strengthen SENAD’s counternarcotics and investigative operational units. According to SENAD, 237 persons, including drug producers and distributors, have been arrested. The Attorney General’s office designated three prosecutors (two more than in 2004) for narcotics cases and the Supreme Court reaffirmed the assignment of two magistrates as special narcotics judges.

SENAD’s canine program, with a coordinator and 12 dog/handler teams, continued successful operations in 2005, enhancing the overall efforts of SENAD’s drug interdiction program. The canines are used in the international airport in Asuncion, checkpoints throughout the country, and along the Paraguayan-Brazilian border.

Asset Forfeiture. In 2005, the GOP received approximately \$37,000 in proceeds from the auction of a seized twin-engine aircraft. SENAD plans to allocate a portion of these proceeds to equip SENAD agents with new weapons and tactical equipment.

Corruption. There is no evidence that the government or any senior official facilitates the distribution or production of narcotics or other controlled substances. Nevertheless, Corruption within the Paraguayan National Police (PNP) and corruption and inefficiency within the judicial system negatively affects SENAD operations. There is evidence that high-ranking PNP officials have compromised counternarcotics operations and provide protection to narcotics traffickers.

In March, convicted Brazilian drug trafficker Fabricio Silveira Machado escaped from Asuncion’s Tacumbu Prison, where he was serving a 25-years sentence. The day before his escape, a Paraguayan judge had signed an extradition order to send Machado to Brazil. Press reports indicate Machado bribed prison guards with payment of \$3,200 for his release. Authorities located one of the prison guards and discovered Machado’s bribe money in his possession.

In 2004, the GOP submitted to the Senate a list of police officials recommended for promotion, including that of Aristides Cabral. There are strong allegations of corruption and ties to drug trafficking organizations surrounding Cabral. In October 2005, the Senate narrowly voted to reject

Cabral's promotion notwithstanding the support of most Senators of the governing Colorado Party. Nevertheless, in November 2005, Cabral was named Police Chief of the Department of Presidente Hayes. This department, northwest of the capital, is part of a vast under-populated region in Paraguay forming part of a corridor used by traffickers to move drugs across Paraguay. Cabral's near-promotion and appointment set back the GOP's efforts against corruption.

Agreements and Treaties. Paraguay is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention as amended by the 1972 Protocol, and the 1971 UN Convention on Psychotropic Substances. The GOP is also party to the UN Convention against Transnational Organized Crime, Inter-American Convention against Corruption and the Inter-American Convention against Terrorism. Paraguay also signed the OAS/CICAD Hemispheric Drug Strategy. In 2004, the OAS Inter-American Convention on Mutual Assistance in Criminal Matters entered into force for Paraguay. Paraguay has law enforcement agreements with Brazil, Argentina, Chile, Venezuela, and Colombia. An extradition treaty is in force between the U.S. and Paraguay. The 1987 bilateral letter of agreement under which the U.S. provides counternarcotics assistance to Paraguay was extended in 2005.

Cultivation/Production. Marijuana is the only illicit crop cultivated in Paraguay, and it is harvested throughout the year. Marijuana production has increased, spreading to nontraditional areas of the country. SENAD destroyed 1,000 hectares of marijuana plants in 2005 (enough to produce 3 metric tons of marijuana) out of an estimated 5,500 hectares under cultivation.

Drug Flow/Transit. According to estimates by U.S. law enforcement officials, a significant amount of cocaine transits Paraguay annually enroute to Brazil, Argentina, Europe, Africa and the Middle East. There is also evidence from seizures and law enforcement operations that the Brazil Air Bridge Denial Program is driving more traffickers to use Paraguay as a staging area for smaller shipments of cocaine via land into Brazil.

The marijuana produced in Paraguay is not trafficked to the U.S. SENAD estimates that nearly 85 percent is destined for the Brazilian market, 10-15 percent for other Southern Cone countries and 2-3 percent is consumed domestically.

Domestic Programs/Demand Reduction. The SENAD's Office of Demand Reduction does significant outreach work, primarily in schools. 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. From September 2004 to September 2005 the drug awareness program reached a total of 44,710 students and formal training was provided to 1,068 school teachers in 219 public educational institutions.

According to a 2004 national study on drug consumption, carried out by SENAD in partnership with OAS/CICAD, marijuana continues to be the most commonly abused drug by adults (alcohol excepted). Abuse of cocaine remains minimal with only 0.7 percent of the population surveyed having tried it once in their lifetime. Among children 6-14 years old, glue is the most abused substance and its use is increasing. In 2005, a judicial decree was issued providing for greater control over the in-country sale of chemical substances such as glue and other derived products.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. USG priorities in Paraguay focus on the disruption of narcotics trafficking through building an effective investigative and interdiction force by providing training equipment and technical assistance; supporting a strong GOP institutional effort against money laundering; and encouraging a decrease in public corruption. The USG will continue to support professional development and institutionalization of SENAD to promote more effective counternarcotics and organized crime investigative and operational capability. The USG will encourage SENAD to

incorporate greater focus on shipping containers and greater prevention measures against precursor chemical diversion.

The U.S. Treasury Department's Office of Technical Assistance (OTA) provided basic economic crime investigation training to select members of SENAD, SEPRELAD, and the Ministries of Hacienda, Tributacin and Customs in 2005, in areas such as money laundering, trademark and copyright violations, piracy, tax evasion and corruption. The State Department's Bureau for International Narcotics and Law Enforcement Affairs (INL) provided logistical and financial support for their law enforcement operations.

DEA continued to work with SENAD, providing guidance on operations and investigations. INL provided commodities and training support to SENAD, including the purchases of detection canines, computer-related items, uniforms, laboratory and other equipment. In 2005, SENAD agents participated for the first time in joint U.S.-Paraguayan counternarcotics/counterterrorism training courses. Separately, the U.S. has refurbished two helicopters dedicated to drug operations. In March 2005, INL sponsored a training course conducted by Alcohol, Tobacco and Firearms (ATF) officials from the U.S. Embassy in Bogota, Colombia on firearms identification, and in May 2005, INL sponsored participation by two SENAD agents in a management training course held in Guatemala.

The Road Ahead. The USG will continue to support Paraguayan efforts to fight drug trafficking. When the new SENAD office in Pedro Juan Caballero is completed in July 2006, the GOP's enforcement capabilities will be greatly enhanced in the northeast region. The GOP is in the process of approving a 2006 budget that could incorporate up to 50 new drug agents. This augmented capability, along with SENAD's legislative and operational tools will enable the GOP to expand its efforts to track, arrest and prosecute major drug trafficking organizations and corrupt officials who protect them. Combating official corruption remains a considerable challenge for the GOP.

In 2006, INL will continue to support improvements to the technical and operational abilities of SENAD. The planned development of a centralized database for storing and sharing intelligence data will greatly enhance SENAD's ability to conduct investigations. SENAD's ability to conduct complex investigations has improved, as evidenced by the December 2005 joint operation with Spanish police to dismantle a drug trafficking organization. DEA will continue to work with SENAD to enhance its skills—providing guidance on operations and investigations.

Despite low ratings on corruption and other indices that prevented Paraguay from qualifying to participate fully in the Millennium Challenge Account (MCA) program, it was again invited to participate in the MCA's Threshold program. If Paraguay's most recent proposal is accepted, Paraguay could be eligible to receive significant USG funding to assist it in addressing the problems of corruption and impunity that hamper law enforcement efforts.

Peru

I. Summary

In 2005, the Government of Peru (GOP) surpassed its coca eradication goals and conducted operations on land and sea to disrupt the production and transshipment of cocaine. Despite these efforts, the price of coca leaf has risen steadily and the number of hectares under cultivation has grown, especially in areas not under the GOP's control. Coca farmers (cocaleros) have become more violent and better organized. Groups claiming to be affiliated with the Shining Path (Sendero Luminoso—SL) terrorist organization have also openly identified with coca growers and drug traffickers and engaged in violent ambushes of police and intimidation of alternative development teams in coca growing areas. Public understanding of the linkage between illicit coca cultivation and the negative impact of narcotics trafficking on Peru increased in 2005.

The GOP eradicated almost 9,000 hectares of coca in key producing zones of the Huallaga Valley and San Gaban in Puno Department, and over 3,000 hectares more in voluntary eradication linked to alternative development. Port programs directed at interdicting maritime drug shipments contributed to the seizure of over 11 metric tons of cocaine in 2005.

Peru is a party to the United Nations counternarcotics conventions, including the 1988 United Nations Convention Against Illicit Traffic in Narcotics Drugs and Psychotropic Substances (1988 UN Drug Convention).

II. Status of Country

The USG estimates there are 38,000 hectares of coca cultivation in Peru, including 4,000 hectares in new areas. This could potentially produce 62,500 metric tons of air-dried leaf (only 9,000 tons of leaf is consumed for traditional licit uses). Less than one percent of the 27 million population, approximately (45,000 families), are involved in growing, processing and trafficking coca.

Attacks on helicopters supporting eradication in April, kidnapping of, and threats to, alternative development workers in November, and two deadly ambushes of police in the Upper Huallaga and Apurimac/Ene (VRAE) in December, point to growing links between the Sendero Luminoso and cocaleros. Cocalero organizations are aggressively active but remain divided.

Trafficking organizations 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 move overland north into Ecuador and/or Colombia. Maritime smuggling of larger cocaine shipments is one of the primary methods of transporting multi-ton loads of cocaine base and HCl.

III. Country Actions Against Drugs in 2005

Policy Initiatives. The Peruvian counternarcotics coordinating and policy agency, DEVIDA, strategy includes supply reduction (interdiction and eradication) alternative development, demand reduction and policy initiatives such as legislation and regulation of coca supply for traditional use. DEVIDA works closely with the U.S. and other bilateral and international organizations to implement the strategy.

In 2005, the GOP challenged the constitutionality of two regional ordinances that sought to liberalize coca production. The Constitutional Tribunal declared the ordinances unconstitutional, but also criticized the GOP's coca policies and their implementation. The decision ended pro-coca regional

ordinance efforts. The GOP is working on new legislation defining limited traditional coca and targeting drug-related cultivation, processing and trafficking.

Alternative Development. The USAID alternative development programs aim to make coca reduction sustainable through improving local governance, strengthening rule of law and increasing the economic competitiveness of coca-growing areas. Over 9,000 more families joined the voluntary eradication program in 2005. Approximately 3,000 hectares of coca were voluntarily eradicated in 2005, and over 11,000 hectares since it began in October 2002.

The program accelerated the implementation of infrastructure and productive activities in communities participating in voluntary eradication in 2005, resulting in the completion of 231 infrastructure projects and the delivery of technical assistance to 26,469 family farmers on over 31,000 hectares of licit crops. Assistance in increasing licit business activity in alternative development areas resulted in \$4.4 M of additional sales in districts where voluntary eradication is taking place. In addition, USAID completed the \$30 M rehabilitation of the Fernando Belaunde Terry highway, which is expected to improve legal productivity in the former cocalero stronghold of the Central Huallaga Valley.

The implementation of community agreements is challenged by organized, well-funded and often violent opposition from politically active cocalero groups as well as by insurgent groups. Strikes and threats of violence slowed program implementation in 2005, forcing the program implementer to close regional offices for nearly a third of the year.

Law Enforcement Efforts. Four hundred police specialized in counternarcotics graduated from the NAS-supported police academies in 2005. Their entry on duty allowed the Peruvian National Police (PNP) to sustain interdiction and eradicate illicit crops where farmers have violently resisted forced eradication. In 2005, the GOP investigated and dismantled major drug trafficking organizations and attacked drug-processing sites in the Monzon and Apurimac/Ene River Valleys (VRAE). In the Monzon, they destroyed over 621 metric tons of coca leaf and 522 cocaine base laboratories, and over 767 cocaine base laboratories and 1,200 metric tons of coca leaf in the VRAE. To disrupt drug trafficking in the Ayacucho region adjacent to the VRAE, the PNP deployed a mobile road interdiction group trained to detect precursor chemicals and drugs using x-ray technology to deter truckers from transporting cocaine production chemicals into the area.

Eradication of Illicit Coca Cultivation. In 2005, the GOP also planned and mounted interdiction and eradication campaigns in the Huallaga Valley and in San Gaban in Puno Department. Success in eradication campaigns despite violent resistance is due to full GOP commitment. The Ministry of Interior's coca eradication group (CORAH, its acronym in Spanish) eradicated almost 9,000 hectares of coca, plus an additional 3,200 hectares through voluntary eradication. They destroyed coca nurseries that would have planted 3,558 hectares more. The PNP eradicated 92 hectares of opium fields in 2005.

Maritime/Airport Interdiction Programs. An estimated 70 percent of all illicit drugs exported from Peru are hidden in legitimate maritime cargo. The USG and GOP increased investigative and intelligence resources targeting the transportation of cocaine to the coastal regions for maritime smuggling and will enhance the GOP's capability to identify and inspect suspect cargo shipments passing through Peruvian maritime ports and its international airports. The Peruvian drug police (DIRANDRO) and Peruvian Customs have established a joint interdiction group at the Port of Callao to review all export documents of containerized-freight and identify suspect cargo for further inspection. The GOP has made many arrests and multi-ton/multi-kilogram seizures totaling over 11 metric tons of cocaine HCl in 2005. Examples include 1.2 metric tons of cocaine HCl hidden in a chemicals tanker at the Port of Callao and cocaine found packed in frozen squid (follow up produced multiple seizures in the U.S. and Europe).

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 substances, 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. Agreements and Treaties. Peru is a party to the 1988 UN drug Convention, the 1971 UN Convention on Psychotropic Substances, and the 1961 Single Convention, as amended by the 1972 protocol. Peru is a party to the UN Convention Against Transnational Organized Crime and its three protocols. Peru is also a part to the Inter-American MLAT Convention and the Inter-American Corruption Convention.

The United States and Peru are parties to an extradition treaty that entered into force on August 25, 2003. The treaty mandates extradition of nationals, and Peru is cooperating with extradition requests. Peru extradited one fugitive, a nonnarcotics defendant, in 2005.

Cultivation/Production. Peru's coca cultivation has been spreading to new areas over the past few years, a response to high prices and perceived impunity after initial GOP concessions in the face of cocalero protests. The USG estimated there were 38,000 hectares of coca cultivation in 2005, including 4,000 in areas new to the 2005 survey. This is a rise of 23 percent in the traditional cultivation areas and 38 percent overall. Opium poppy cultivation is difficult to quantify. The GOP estimates that there might be as much as 1,500 hectares based on the amount of hectares eradicated and opium latex seized in 2004, but an aerial survey of suspected growing areas in northern Peru found little cultivation. The USG detected minor cultivation: 229 tiny fields averaging 0.1 hectares each. Additional efforts to quantify the opium poppy crop are underway.

Drug Flow/Transit. Mexican drug traffickers are appearing as key players in directing the shipment of multi-kilogram and multi-ton loads to Mexico and the Caribbean. Colombian drug trafficking organizations are present to a lesser degree. DIRANDRO successfully identified and disrupted major international cocaine trafficking organizations responsible for maritime and air shipment of tons of cocaine to U.S., South American and European markets.

Although most opium latex and morphine base is transported overland from Peru to Ecuador and Colombia, "mules" carrying opium latex have been intercepted at the Lima's international airport and latex has been found in packages sent through the Peruvian postal system to destinations in Europe. DIRANDRO seized 501 kilograms of opium latex in 2005, up from 383 kilograms in all of 2004.

Fernando Zevallos-Gonzales, a USG-designated drug kingpin, was taken into custody by the GOP on November 19, 2005. Zevallos was sentenced by a Peruvian court to 20 years in jail in December. Two of his key lieutenants were arrested separately on charges including drug trafficking and witness intimidation.

Domestic Programs/Demand Reduction. A policy of proactive public information campaigns to inform the public, opinion leaders and decision makers about the narcotics trafficking industry and its impact has shown positive results. Public opinion poll conducted in Lima and five cities in coca-growing regions show that the Peruvian public is greatly concerned about the extent of influence of narcotics traffickers over public institutions and authorities, recognizes the complicity of coca farmers in drug trafficking, and realizes that drug trafficking is not a problem only for foreigners.

The U.S. Embassy is funding the development of "community anti-drug coalitions" (CAC) in lower-class communities in Lima with technical assistance from the US-based NGO Community Anti-Drug Coalitions of America (CADCA). The CACs will involve people from all sectors of the community in long-term, community financed, and sustainable activities to reduce drug use and abuse.

IV. U.S. Policy Initiatives and Programs

Bilateral and Multi-Lateral Cooperation. Peru's law enforcement organizations have participated in joint operations and shared drug intelligence with neighboring countries. In Operation Amazonas, the PNP conducted a joint operation with the Ecuadorian National Police. Operation Northern Border began with a conference to address drug trafficking along Peru's borders with Brazil, Colombia, and Ecuador. Peru is actively participating in a counternarcotics officer exchange program with Bolivia, Brazil and Ecuador to enhance cross-border drug enforcement efforts.

Regional Aerial Interdiction Program. In September 2005, the GOP signed a Cooperating Nation Information Exchange System agreement (CNIES) that will enable the USG and other cooperating nations to share intelligence about trafficking of drugs by air. The Peruvian Air Force formed a counternarcotics squadron and accepted two aircraft, one specially equipped, donated to the Peruvian Air Force (Fuerza Aerea del Peru—FAP) by the USG. The aircraft will be dedicated to counternarcotics missions.

The Road Ahead. The GOP will continue eradication and interdiction operations during 2006 within a more dangerous security environment in the major coca-growing valleys, as well as in the transit zones. DEVIDA's eradication plan for 2006 will create coca-free zones in the Departments of San Martin and Ucayali that will consolidate alternative development program gains, encourage more voluntary eradication, and eradicate any replanted fields. This action should dissuade farmers of the notion that their crops are safe between eradication campaigns and encourage them to sign compacts for alternative development.

A long-term goal is to assure the PNP has the manpower to carry out counternarcotics law enforcement efforts east of the Andes. Three NAS-supported basic police training academies and new preparatory academies will increase police numbers and capacity.

Progress has been achieved in 2005 to strengthen the capabilities of the Ministry of Transportation and Communications, the Peruvian Coast Guard, the National Port Authority, Peruvian Customs and the Peruvian National Police to carry out operations against drug trafficking and related crimes at Peru's seaports and airports. In 2006, the Peruvian Customs Service will introduce x-ray technology at several ports to conduct more extensive examinations of cargo containers suspected of containing contraband.

Uruguay

I. Summary

Uruguay is not a major narcotics producing or transit country. Current areas of concern include increased trafficking of marijuana, heroin, and cocaine and increasing domestic consumption of highly addictive, cheap cocaine base from Bolivia. Although port security and customs services are being slowly upgraded, limited inspection of containers at maritime ports and the possible use of free trade zones for the movement of drugs, precursors, and other contraband remain vulnerabilities. Uruguay is a party to the 1988 UN Drug Convention.

II. Status of Country

Uruguay is not a major narcotics producing or transit country. Colombian, Argentine, and Brazilian traffickers increasingly smuggle heroin through the international airport, while European traffickers use the local mail to smuggle small quantities of cocaine. Cruise ship passengers and merchant marine sailors are also suspected of smuggling small quantities of narcotics. Some Uruguayans have integrated into Paraguayan drug gangs involved in trafficking marijuana and cocaine base, and Uruguayans are used as couriers.

Since 2004, Uruguayan counternarcotics police units have identified and targeted clandestine laboratories designed to process Bolivian coca and ship refined cocaine north. The number of confiscated vehicles concealing narcotics and contraband increased substantially in 2005.

The triborder area of Paraguay, Argentina and Brazil, which has long been a haven for narcotics traffickers, affects Uruguay, and the porous border with Brazil lends itself to infiltration. Limited inspection of airport and port cargo continues to be a problem, with Uruguay serving as a transit point for contraband and precursor chemicals, to Paraguay and elsewhere. Although precursor chemical controls exist, they are difficult to enforce.

Domestic drug consumption consists mainly of marijuana that arrives in small planes or overland from Paraguay. However, Bolivian cocaine base, smuggled through Argentina and Brazil, is available cheaply in the marginal neighborhoods of Montevideo.

III. Country Actions Against Drugs in 2005

Policy Initiatives. The GOU continues to make counternarcotics policy a priority. President Tabaré Vázquez has maintained the former administration's counternarcotics policy and enhanced drug rehabilitation and treatment programs. Uruguay is an active member of the Southern Cone Working Group of the International Conference for Drug Control and other international organizations fighting narcotics, corruption and crime.

Accomplishments. In 2005, Uruguayan authorities seized more than 15kg of heroin at the Carrasco International Airport and dismantled numerous cocaine reprocessing laboratories in Montevideo. The Uruguayan legislature was also considering a new initiative that would allow the GOU to confiscate and immediately sell a drug trafficker's vehicle, providing additional resources for Uruguayan counternarcotics efforts. According to the current law, all impounded vehicles must be kept until the suspect is indicted.

Law Enforcement Efforts. The agencies responsible for narcotics-related law enforcement including, Customs, the Police, the Directorate General for the Repression of Illicit Drug Trafficking (DGRTID), the National Directorate for Intelligence and Information (DNII), the Prefectura Naval (Coast Guard),

the Military Intelligence Agency (DGID), and the National Drug Secretariat are increasingly competent and effective. Coordination remains difficult, however, since most report to different ministries.

In 2005, 945.6 kilograms of marijuana was seized, while the amount of cocaine seized more than doubled from 2004 to 76.3 kilograms. The total amount of LSD seized decreased from 100 doses in 2004 to only one dose in 2005. In 2005, 15.5 kilograms of heroin were confiscated. In 2005, the total number of drug-related arrests decreased significantly to 962 from 1,526 in 2004, while the number of prosecutions remained nearly unchanged with 298 convictions in 2005 and 296 in 2004. In 2005, only one person was imprisoned for drug trafficking, in contrast to 13 in 2004.

Corruption. Transparency International rates Uruguay as the least corrupt country in Latin America, and there are no indications that senior GOU officials have engaged in drug production, trafficking, or money laundering. The Transparency Law of 1998 criminalizes various abuses of power by government officials and requires high-ranking officials to comply with financial disclosure regulations. 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. There is no information to suggest that senior Uruguayan government officials engage in, encourage, or facilitate the illicit production or distribution of narcotics.

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 and the 1972 Protocol amending the Single Convention. It is also a member of the OAS Inter-American Drug Abuse Control Commission (CICAD). The United States and Uruguay have signed an Extradition Treaty (1973), which entered into force in 1984, a Mutual Legal Assistance Treaty (1991), which entered into force in 1994, and annual Letters of Agreement under which the U.S. funds counternarcotics and law enforcement 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 Sudamerica (GAFISUD).

Cultivation/Production. There is no known large-scale cultivation or production of drugs in Uruguay. However, several small marijuana plots were discovered in 2004 and 2005, as well as small reprocessing laboratories.

Drug Flow/Transit. Uruguay is a minor drug-transit country. Limited law enforcement presence along the Brazilian border and increased pressure on traffickers in Colombia, Bolivia and Peru is shifting some smuggling routes south—by private vehicle, bus, and small airplanes.

Demand Reduction. The GOU remains committed to education and prevention. In 2005, the Ministry of Public Health launched a new publicity campaign aimed at adolescents and young adults to stop the abuse of both illegal and legal substances. The Ministry has created a series of informative posters about drug use and prevention, started sports programs to provide a positive social alternative to drug use, and placed local police at concerts and sporting events. In 2005, to improve its tracking of illicit drug consumption, the GOU funded studies on the social costs of drug abuse, drug abuse in prisons, and the links between drug abuse and emergency room visits. It also continued monitoring drug offenses in the prison population.

In 2005, the National Drug Secretariat funded a program, augmented with USG funding, to establish a drug rehabilitation clinic specifically for cocaine base addicts in a northern Montevideo suburb. The program, known locally as the “Portal Amarillo,” is scheduled to open in February 2006 and will be staffed by recent graduates of Uruguay’s largest nursing school.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. U.S. support complements GOU counternarcotics efforts. In 2005, funding provided by the State Department's Bureau for International Narcotics and Law Enforcement Affairs (INL) was used for demand reduction programs, narcotics interdiction and police training, police and counternarcotics canine training, anti-money laundering training, and upgrades to immigration controls at the Carrasco International Airport.

The Road Ahead. The 2005 INL Letter of Agreement (LOA) was one of the first bilateral initiatives accepted by the Vázquez administration after assuming power in March 2005. The LOA illustrates Uruguay's commitment to fighting the illegal use and trafficking of narcotics. Although Uruguay's narcotics strategy is focused heavily on demand reduction and rehabilitation, GOU authorities are generally receptive to USG counternarcotics priorities and support the global fight against narcotics trafficking. In the coming year, the USG will continue working with the GOU to interdict U.S.-bound narcotics smuggling and support Uruguayan efforts to fight the increased use of "pasta base" among the country's poor. The U.S. will also support GOU efforts to strengthen immigration controls and improve law enforcement coordination.

Venezuela

I. Summary

Venezuela is a key transit point for drugs leaving Colombia. Two key factors have contributed to an increase in trafficking during 2005: rampant corruption at the highest levels of law enforcement and a weak judicial system. As a result, organized crime flourishes, with seizures and arrests of underlings more an annoyance than a threat. Government of Venezuela (GOV) senior political leaders have withdrawn regular bilateral law enforcement cooperation with the U.S. Drug Enforcement Administration (DEA) Country Office in Caracas and have terminated Venezuelan participation in several counternarcotics programs. Given the Venezuelan government's refusal to cooperate and its obstructionist behavior throughout much of 2005, the U.S. Government, under U.S. domestic law, determined that Venezuela had failed demonstrably to meet its counternarcotics obligations and that the Government of Venezuela (GOV) could no longer be certified as an ally in the war on drugs.

In spite of the political tensions, DEA continued working with its law enforcement contacts, developing information and leads that have contributed to record seizures by Venezuelan law enforcement. After decertification, political sniping faded and government officials expressed renewed willingness to cooperate. GOV officials have linked cooperation to the signing of a new bilateral counternarcotics working arrangement. Venezuela is a party to the 1988 UN Drug Convention.

II. Status of Country

A remote and poorly secured 2,200-kilometer border is all that separates Venezuela from Colombia—the world's primary source of cocaine and South America's top producer of heroin. Colombian cartels and other smugglers routinely exploit a variety of routes and methods to move hundreds of tons of illegal drugs into Venezuela every year. These routes include the Pan-American Highway, the Orinoco River, the Guajira Peninsula, and hundreds of clandestine airstrips.

Realizing that it is more profitable to purchase cocaine and heroin from Colombia and sell it to customers in other countries, organized crime in Venezuela has begun to set up operations in foreign countries to receive and distribute drugs in addition to providing transportation services. As a result, Venezuelan traffickers have been arrested in Holland, Spain, Ghana, Dominican Republic and several other countries.

On the outbound side, cocaine is smuggled from Venezuela to the U.S. and Europe in multi-hundred kilogram to multi-ton lots via maritime cargo containers, fishing vessels, and go-fast boats. Amounts of cocaine and heroin routinely smuggled through Venezuela's commercial airports increases in 2005. Multi-kilo shipments of cocaine and heroin are mailed through express delivery services to the United States. Colombian guerrilla organizations, such as the Revolutionary Armed Forces of Colombia (FARC), National Liberation Army (ELN), and United Self-Defense Forces of Colombia (AUC), move through parts of Venezuela without significant interference by the Venezuelan security forces. These groups in turn are responsible for much of the drug trade through Venezuela.

III. Country Actions Against Drugs in 2005

Policy Initiatives. Two important laws were promulgated in October 2005: the "Law against Organized Crime" and the "Law against the Trafficking and Consumption of Narcotics and Psychotropic Substances." The long-awaited Organized Crime Bill was weakened considerably in the days just prior to its passage. On the positive side, money laundering was made a predicate offense and police powers were enhanced to allow controlled deliveries of narcotics. Unfortunately, an

independent Financial Intelligence Unit was not established and the criminalization of “conspiracy to traffic in drugs” was not developed sufficiently. The latter is important if Venezuela is to apprehend the criminal organizations and senior government officials involved in trafficking, rather than just catching and prosecuting the lower-level movers of drugs.

The “Law against the Trafficking and Consumption of Narcotics and Psychotropic Substances” went into effect October 26, 2005. In addition to regulating the consumption, cultivation and production of illicit drugs, the law establishes a National Registrar to better monitor precursor chemicals.

With the passage of these two laws, Venezuelan law is now in line with the 1988 UN Drug Convention. It is not certain, however, whether Venezuela’s political and judicial institutions are up to the task of vigorous and impartial implementation.

Extradition. The Venezuelan constitution precludes the extradition of its citizens. nonVenezuelans can be extradited, but Venezuelan judges historically attach conditions that preclude the actual extradition. Venezuelan authorities have been able to work around the extradition process by occasionally deporting nonVenezuelan criminals to a third country—usually Colombia—from where they can more easily be extradited. Furthermore, extradition is hampered by the corruption that permeates the system and often allows criminals to “escape” or be released for lack of evidence. The escape from a maximum security prison by known Colombian trafficker “Boyaco”, while awaiting extradition to Colombia, is emblematic of this problem. The United States and Venezuela are parties to an extradition treaty that entered into force in 1923.

Law Enforcement Efforts. In general Venezuelan police and prosecutors do not have adequate training or tools to complete or supervise an investigation. The public has no faith in prosecutors due to ineffective criminal prosecutions, politicization and corruption. Prosecutors sometimes shrink from taking new cases, wary that cases are politically motivated or otherwise corrupt. At the judicial level, prisoners miss their hearings if unable or unwilling to pay guards to escort them. Missed hearings typically delay cases by months. Incompetence is common among judges in the criminal courts. Judges may delay or request removal from cases with political interest. The closed nature of the legal system encourages judicial corruption given the lack of effective oversight.

Cooperation in 2005 diminished as a result of political tensions and corruption within Venezuelan law enforcement at the highest levels. In January 2005, the government refused to renew its participation in the Cooperating Nations Information Exchange System (CNIES), which is designed to track suspect aircraft. In March, the Venezuelan National Guard withdrew from the USG-sponsored vetted unit and senior government officials made baseless accusations against DEA. Counternarcotics cooperation subsequently declined on all fronts. In July, President Hugo Chavez accused the DEA of spying and planning a coup and announced that DEA personnel in Venezuela would be asked to leave. As a result of these acts, President Bush decertified Venezuela in September for having failed demonstrably to make substantial efforts in the war on drugs. Despite noncooperation in several other areas, Venezuelan authorities have continued to comply fully with the provisions of the maritime counternarcotics agreement, rapidly approving requests to board Venezuelan-flagged vessels suspected of engaging in drug smuggling, and allowing the USG to take law enforcement action when appropriate.

Subsequent to decertification, President Chavez signed the long-delayed “Law against Organized Crime” and the “Law against the Trafficking and Consumption of Narcotics and Psychotropic Substances” important steps to bring Venezuela’s penal code in line with the 1988 UN Convention on Drugs. The Commander of the National Guard Counternarcotics Unit, the source of much of the anti-DEA rhetoric, was relieved in late September and subsequently placed under investigation. The Venezuelan government has linked renewed formal cooperation to the signing of a bilateral counternarcotics agreement.

Precursor Chemical Control. The GOV participated in Operation Seis Fronteras VI in 2005 and, with assistance from DEA, audited several companies for possible diversion of precursor chemicals.

Demand Reduction. This year President Chavez and other senior political leaders acknowledged that domestic consumption of narcotics was a serious problem. The government's role is typically limited to oversight of the dozens of NGO demand reduction and rehabilitation programs that have been approved by CONACUID. The number and strength of these programs is a direct result of the statutory requirement that all private companies, employing more than 200 workers, must donate one percent of their profit to promote demand reduction. Companies may donate to their choice of the dozens of CONACUID-approved programs in existence.

Corruption. Public corruption continued to plague Venezuela in 2005.

Two aspects of this problem were particularly damaging to the GOV's counternarcotics efforts. First, the commanders of the National Guard and the Anti-Drug Unit of the Federal Investigative Police (CICPC) units, responsible for counternarcotics operations, were themselves linked to drug trafficking. Both are now under investigation by Venezuelan authorities. Second is the complicity of mid-level military officers that were involved in the smuggling of drugs through Maiquetia International Airport and possibly other ports of embarkation. Notwithstanding an impressive record of heroin and cocaine seizures, GOV security personnel at Maiqueta reportedly take bribes in exchange for facilitating drug shipments. Seizures are most likely to occur when pay-offs have not been made. Also, there is evidence that even when seizures do occur, the drugs are not always turned over intact for disposal—often, hundreds of kilograms of cocaine are never reported as having been diverted by authorities back to drug traffickers. There have been cases of known traffickers or members of Foreign Terrorist Organizations (FTOs), such as Rodrigo Granda from the FARC, who trafficked drugs or conducted operations against neighboring Colombia from safehavens inside Venezuela with complicity by GOV authorities who turned a blind eye, or facilitated false documents.

In 2004, National Guard officers were implicated in drug smuggling. In 2005, information developed by DEA exposed a major trafficking organization within the CICPC. In another case, 14 CICPC officers were detained while transporting drugs. One of them was the son of the Anti-Drug unit's commander, who is also suspected of involvement in drug trafficking.

Agreements and Treaties. Venezuela is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention as amended by the 1972 Protocol and the 1971 UN Convention on Psychotropic Substances. Venezuela ratified the Mutual Legal Assistance Treaty with the U.S. in 2003, but the treaty has not entered into force. Venezuela is party to the UN Convention against Transnational Organized Crime and its protocols against trafficking in persons and migrant smuggling. The GOV has also 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. Venezuela's 1999 "Bolivarian" constitution expressly prohibits the extradition of Venezuelan citizens. Previously, Venezuela only had a statutory bar to the extradition of nationals. Given the current political environment, this is unlikely to change in the foreseeable future.

Cultivation/Production. In November 2005, the GOV carried out an 8-day eradication operation in the Serrania de Perija mountain range on Venezuela's northwestern border with Colombia. The Minister of the Interior reported that 132 hectares of illicit coca, marijuana and poppy cultivations were manually eradicated. Based on historic cultivation patterns and current illicit cultivation on the Colombian side of the Perija, total Venezuelan coca and poppy cultivation does not exceed a few hundred hectares.

During this eradication operation, 18 small cocaine base processing labs were identified and destroyed. While production in Venezuela has not historically been significant, there is increasing evidence that at least some production is shifting from Colombia to Venezuela.

Drug Flow/Transit. The GOV reports having seized 54 metric tons of cocaine during the first eight months of 2005. This number includes seizures made by third countries in international waters that are subsequently returned to Venezuela, as the country of origin. However, DEA Caracas, which does not tally seizures made by third countries, estimates total cocaine seizures at approximately 30 metric tons, still well ahead of 2004 seizures at a similar point in time. In 2005, 240 kilograms of heroin were seized during the first eight months.

Demand Reduction. The country's largest advertising agencies create, without charge, drug education and prevention messages. The time and space to transmit these messages has been donated by Venezuela's most important media firms. Some 160 messages and \$90,000,000 of airtime have been provided free of charge by the private sector since 1996.

In 2005, a new Communications Law mandated that the broadcast media pay taxes on donated airtime. This effectively dried up the pool of donated airtime for eight months, until the law was revised in October to exempt donations made to promote demand reduction.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. Political differences between the U.S. and Venezuela hampered official bilateral cooperation. Notwithstanding, working level cooperation continued, with most of the tonnage seized by Venezuelan authorities the direct result of information developed, jointly with or unilaterally, by U.S. law enforcement. Working level cooperation continued, but at a lower level than in previous years.

The U.S. program in Venezuela is grouped into five projects: interdiction, administration of justice, chemical control, money laundering control, and public awareness.

Components of the interdiction project include seaport, airport, and border security with a particular emphasis on shutting down the Tachira-Puerto Cabello cocaine transit corridor. A state-of-the-art cargo inspection facility has been under construction at Puerto Cabello and should be fully operational in early 2006. Two permanent U.S. Customs and Border Protection inspectors were assigned as advisors to the interdiction project in 2004.

The interdiction project also focuses on reducing the flow of heroin and cocaine through Maiquetia International Airport to the U.S. and Europe. In addition to providing nonintrusive detection equipment, training centers have been set up at Maiquetia and Maracaibo International airports in order to train airport security in their use.

The Road Ahead. In 2006, the USG is committed to renewing cooperation with its Venezuelan counterparts at all levels in the war on drugs. In addition to restarting stalled projects—e.g., development of a drug intelligence fusion and analysis center, initiation of riverine interdiction operations on the Orinoco River, and construction of a centralized storage and incineration facility—added emphasis will be placed on disrupting the transit of drugs entering Venezuela and raising public awareness regarding the dangers of organized crime and narcotics trafficking.

To demonstrate success in adhering to its international counternarcotics agreements, Venezuela needs to make substantial efforts to improve in attacking corruption and enhancing transparency and international cooperation.