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Common Abbreviations

ARS	Alternative Remittance System
CBP	Customs and Border Protection
CBRN	Caribbean Basin Radar Network
CFATF	Caribbean Financial Action Task Force
DARE	Drug Abuse Resistance Education
DEA	Drug Enforcement Administration
DHS	Department of Homeland Security
DOJ	Department of Justice
DOS	Department of State
DTO	Drug Trafficking Organization
ESF	Economic Support Fund
EU	European Union
EXBS	The Export Control and Related Border Security Assistance (**EXBS**) Program
FATF	Financial Action Task Force
FB	Federal Bureau of Investigation
FinCEN	Financial Crimes Enforcement Network
FIU	Financial Intelligence Unit
FSA	FREEDOM Support Act
GCC	Gulf Cooperation Council
IBC	International Business Company
ICE	Immigration and Customs Enforcement
ICITAP	International Criminal Investigative Training Assistance Program
IMF	International Monetary Fund
INCSR	International Narcotics Control Strategy Report
INM	See INL
INL	Bureau for International Narcotics Control and Law Enforcement Affairs/(Matters)
IRS	Internal Revenue Service
IRS/CID	Internal Revenue Service, Criminal Investigation Division
JICC	Joint Information Coordination Center
JIATF-S/W	Joint Interagency Task Force South and Joint Interagency Task Force West
MLAT	Mutual Legal Assistance Treaty
MOU	Memorandum of Understanding
NBRF	Northern Border Response Force
NNICC	National Narcotics Intelligence Consumers Committee
OAS	Organization of American States
OAS/CICAD	Inter-American Drug Abuse Control Commission
OFC	Offshore Financial Center
OPBAT	Operation Bahamas, Turks and Caicos
OPDAT	Office of Overseas Prosecutorial Development Assistance and Training
SECI	South East Europe Cooperative Initiative

SEED	Support for East European Democracy Act (1994)
UN Convention	1988 United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances
UNODC	United Nations Office for Drug Control and Crime
USAID	Agency for International Development
USCG	United States Coast Guard
USG	United States Government
ha	Hectare
HCl	Hydrochloride (cocaine)
Kg	Kilogram
Mt	Metric Ton

International Agreements

1988 UN Drug Convention	United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1988
UN Single Drug Convention	United Nations Single Convention on Narcotic Drugs, 1961 as amended by the 1972 Protocol
UN Psychotropic Substances Convention	United Nations Convention on Psychotropic Substances, 1971
UN Convention Against Transnational Organized Crime:	United Nations Convention Against Transnational Organized Crime and its supplementing protocols
UNCAC	UN Convention against Corruption
Trafficking in Persons Protocol	Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime
Migrant Smuggling Protocol	Protocol Against the Smuggling of Migrants by Land, Air and Sea, supplementing the United Nations Convention against Transnational Organized Crime
Firearms Protocol	Protocol against the Illicit Manufacturing of and Trafficking in Firearms, Their Parts and Components and Ammunition, supplementing the United Nations Convention against Transnational Organized Crime

INTRODUCTION

Legislative Basis for the INCSR

The Department of State's International Narcotics Control Strategy Report (INCSR) has been prepared in accordance with section 489 of the Foreign Assistance Act of 1961, as amended (the "FAA," 22 U.S.C. § 2291). The 2007 INCSR, published in March 2007, covers the year January 1 to December 31, 2006 and is published in two volumes, the second of which covers money laundering and financial crimes. It is the 24th annual report prepared pursuant to the FAA. The INCSR addresses the reporting requirements of section 489 of the FAA (as well as sections 481(d)(2) and 484(c) of the FAA and section 804 of the Narcotics Control Trade Act of 1974, as amended.

Section 706 of the FRAA requires that the President submit an annual report no later than September 15 identifying each country determined by the President to be a major drug-transit country or major illicit drug producing country. The President is also required in that report to identify any country on the majors list that has "failed demonstrably . . . to make substantial efforts" during the previous 12 months to adhere to international counternarcotics agreements and to take certain counternarcotics measures set forth in U.S. law. U.S. assistance under the current foreign operations appropriations act may not be provided to any country designated as having "failed demonstrably" unless the President determines that the provision of such assistance is vital to the U.S. national interests or that the country, at any time after the President's initial report to Congress, has made "substantial efforts" to comply with the counternarcotics conditions in the legislation. This prohibition does not affect humanitarian, counternarcotics, and certain other types of assistance that are authorized to be provided notwithstanding any other provision of law.

The FAA requires a report on the extent to which each country or entity that received assistance under chapter 8 of Part I of the Foreign Assistance Act in the past two fiscal years has "met the goals and objectives of the United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances" (the "1988 UN Drug Convention"). FAA § 489(a)(1)(A).

This year, pursuant to The Combat Methamphetamine Enforcement Act (CMEA) (The USA Patriot Improvement and Reauthorization Act 2005, Title VII, P.L. 109-177), amending sections 489 and 490 of the Foreign Assistance Act (22 USC 2291h and 2291) section 722, the INCSR has been expanded to include reporting on the five countries that export the largest amounts of methamphetamine precursor chemicals, as well as the five countries importing these chemicals and which have the highest rate of diversion of the chemicals for methamphetamine production. The expanded reporting also includes additional information on efforts to control methamphetamine precursor chemicals: pseudoephedrine, ephedrine, and phenypropanolamine, as well as an economic analysis that estimates legitimate demand for methamphetamine precursors, compared to actual or estimated imports. The CMEA also now requires a Presidential report by March 1, 2007, certifying which of the five countries that legally exported and the five countries that legally imported the largest amount of precursor chemicals (under FAA section 490) are "fully cooperating."

Although the Convention does not contain a list of goals and objectives, it does set forth a number of obligations that the parties agree to undertake. Generally speaking, it requires the parties to take legal measures to outlaw and punish all forms of illicit drug production, trafficking, and drug money laundering, to control chemicals that can be used to process illicit drugs, and to cooperate in international efforts to these ends. The statute lists action by foreign countries on the following issues as relevant to evaluating performance under the 1988 UN Drug Convention: illicit

cultivation, production, distribution, sale, transport and financing, and money laundering, asset seizure, extradition, mutual legal assistance, law enforcement and transit cooperation, precursor chemical control, and demand reduction.

In attempting to evaluate whether countries and certain entities are meeting the goals and objectives of the 1988 UN Drug Convention, the Department has used the best information it has available. The 2007 INCSR covers countries that range from major drug producing and drug-transit countries, where drug control is a critical element of national policy, to small countries or entities where drug issues or the capacity to deal with them are minimal. The reports vary in the extent of their coverage. For key drug-control countries, where considerable information is available, we have provided comprehensive reports. For some smaller countries or entities where only limited information is available, we have included whatever data the responsible post could provide.

The country chapters report upon actions taken - including plans, programs, and, where applicable, timetables - toward fulfillment of Convention obligations. Because the 1988 UN Drug Convention's subject matter is so broad and availability of information on elements related to performance under the Convention varies widely within and among countries, the Department's views on the extent to which a given country or entity is meeting the goals and objectives of the Convention are based on the overall response of the country or entity to those goals and objectives. Reports will often include discussion of foreign legal and regulatory structures. Although the Department strives to provide accurate information, this report should not be used as the basis for determining legal rights or obligations under U.S. or foreign law.

Some countries and other entities are not yet parties to the 1988 UN Drug Convention; some do not have status in the United Nations and cannot become parties. For such countries or entities, we have nonetheless considered actions taken by those countries or entities in areas covered by the Convention as well as plans (if any) for becoming parties and for bringing their legislation into conformity with the Convention's requirements. Other countries have taken reservations, declarations, or understanding to the 1988 UN Drug Convention or other relevant treaties; such reservations, declarations, or understandings are generally not detailed in this report. For some of the smallest countries or entities that have not been designated by the President as major illicit drug producing or major drug-transit countries, the Department has insufficient information to make a judgment as to whether the goals and objectives of the Convention are being met. Unless otherwise noted in the relevant country chapters, the Department's Bureau for International Narcotics and Law Enforcement Affairs (INL) considers all countries and other entities with which the United States has bilateral narcotics agreements to be meeting the goals and objectives of those agreements.

Information concerning counternarcotics assistance is provided, pursuant to section 489(b) of the FAA, in section entitled "U.S. Government Assistance ."

Major Illicit Drug Producing, Drug-Transit, Significant Source, Precursor Chemical, and Money Laundering Countries

Section 489(a)(3) of the FAA requires the INCSR to identify:

(A) major illicit drug producing and major drug-transit countries;

(B) major sources of precursor chemicals used in the production of illicit narcotics; or

(C) major money laundering countries.

These countries are identified below.

Major Illicit Drug Producing and Major Drug-Transit Countries

A major illicit drug producing country is one in which:

(A) 1,000 hectares or more of illicit opium poppy is cultivated or harvested during a year;

(B) 1,000 hectares or more of illicit coca is cultivated or harvested during a year; or

(C) 5,000 hectares or more of illicit cannabis is cultivated or harvested during a year, unless the President determines that such illicit cannabis production does not significantly affect the United States. FAA § 481(e)(2).

A major drug-transit country is one:

(A) that is a significant direct source of illicit narcotic or psychotropic drugs or other controlled substances significantly affecting the United States; or

(B) through which are transported such drugs or substances. FAA § 481(e)(5).

The following major illicit drug producing and/or drug-transit countries were identified and notified to Congress by the President on September 15, 2006, consistent with section 706(1) of the Foreign Relations Authorization Act, Fiscal Year 2003 (Public Law 107-228):

Afghanistan, The Bahamas, Bolivia, Brazil, Burma, Colombia, Dominican Republic, Ecuador, Guatemala, Haiti, India, Jamaica, Laos, Mexico, Nigeria, Pakistan, Panama, Paraguay, Peru, and Venezuela.

Of these 20 countries, **Burma** and **Venezuela** were designated by the President as having "failed demonstrably" during the previous 12 months to adhere to their obligations under international counternarcotics agreements and take the measures set forth in section 489(a)(1) of the FAA. The President also determined, however, in accordance with provisions of Section 706(3)(A) of the FRAA, that support for programs to aid Venezuela's democratic institutions is vital to the national interests of the United States. The President's report also singled Bolivia out for a special review by March 15, 2007, of its performance in completing certain counternarcotics benchmarks because of its policies that have allowed the expansion of coca cultivation and initially slowed the pace of eradication.

Major Precursor Chemical Source Countries

The following countries have been determined to be major sources of precursor or essential chemicals used in the production of illicit narcotics:

Argentina, Brazil, Canada, China, Germany, India, Mexico, the Netherlands, and the United States.

Information is provided pursuant to section 489 of the FAA in the section entitled "Chemical Controls."

Major Money-Laundering Countries

A major money laundering country is defined by statute as one "whose financial institutions engage in currency transactions involving significant amounts of proceeds from international narcotics trafficking." FAA § 481(e)(7). However, the complex nature of money laundering transactions today makes it difficult in many cases to distinguish the proceeds of narcotics trafficking from the proceeds of other serious crime. Moreover, financial institutions engaging in transactions involving significant amounts of proceeds of other serious crime are vulnerable to narcotics-related money laundering. This year's list of major money laundering countries recognizes this relationship by including all countries and other jurisdictions, whose financial institutions engage in transactions

involving significant amounts of proceeds from all serious crime. The following countries/jurisdictions have been identified this year in this category:

Afghanistan, Antigua and Barbuda, Australia, Austria, Bahamas, Belize, Bosnia and Herzegovina, Brazil, Burma, Cambodia, Canada, Cayman Islands, China, Colombia, Costa Rica, Cyprus, Dominican Republic, France, Germany, Greece, Guatemala, Guernsey, Haiti, Hong Kong, India, Indonesia, Iran, Isle of Man, Israel, Italy, Japan, Jersey, Kenya, Latvia, Lebanon, Liechtenstein, Luxembourg, Macau, Mexico, Netherlands, Nigeria, Pakistan, Panama, Paraguay, Philippines, Russia, Singapore, Spain, St. Kitts and Nevis, Switzerland, Taiwan, Thailand, Turkey, Ukraine, United Arab Emirates, United Kingdom, United States, Uruguay, and Venezuela.

Further information on these countries/entities and United States money laundering policies, as required by section 489 of the FAA, is set forth in Volume II of the INCSR in the section entitled "Money Laundering and Financial Crimes."

Presidential Determination

White House Press Release

Office of the Press Secretary

Washington, DC

September 15, 2006

Presidential Determination No. 2006-24

Pursuant to section 706(1) of the Foreign Relations Authorization Act, FY03 (Public Law 107-228) (FRAA), I hereby identify the following countries as major drug transit or major illicit drug producing countries: **Afghanistan, The Bahamas, Bolivia, Brazil, Burma, Colombia, Dominican Republic, Ecuador, Guatemala, Haiti, India, Jamaica, Laos, Mexico, Nigeria, Pakistan, Panama, Paraguay, Peru,** and **Venezuela.**

A country's presence on the Majors List is not necessarily an adverse reflection of its government's counternarcotics efforts or level of cooperation with the United States. Consistent with the statutory definition of a major drug transit or drug producing country set forth in section 481(e)(2) and (5) of the Foreign Assistance Act of 1961, as amended (FAA), one of the reasons that major drug transit or illicit drug producing countries are placed on the list is the combination of geographical, commercial, and economic factors that allow drugs to transit or be produced despite the concerned government's most assiduous enforcement measures.

Pursuant to Section 706(2)(A) of the FRAA, I hereby designate Burma and Venezuela as countries that have failed demonstrably during the previous 12 months to adhere to their obligations under international counternarcotics agreements and take the measures set forth in section 489(a)(1) of the FAA. Attached to this report (Tab A) are justifications for the determinations on Burma and Venezuela, as required by section 706(2)(B).

I have also determined, in accordance with provisions of Section 706(3)(A) of the FRAA, that support for programs to aid Venezuela's democratic institutions is vital to the national interests of the United States.

Although President Karzai has strongly attacked narcotics trafficking as the greatest threat to Afghanistan, one third of the Afghan economy remains opium-based, which contributes to widespread public corruption. The government at all levels must be held accountable to deter and eradicate poppy cultivation; remove and prosecute corrupt officials; and investigate, prosecute, or extradite narcotics traffickers and those financing their activities. We are concerned that failure to act decisively now could undermine security, compromise democratic legitimacy, and imperil international support for vital assistance.

We are concerned with the decline in Bolivian counternarcotics cooperation since October 2005. Bolivia, the world's third largest producer of cocaine, has undertaken policies that have allowed the expansion of coca cultivation and slowed the pace of eradication until mid-year, when it picked up.

The Government of Bolivia's (GOB) policy of "zero cocaine, but not zero coca" has focused primarily on interdiction, to the near exclusion of its necessary complements, eradication and alternative development. However, the GOB has been supportive of interdiction initiatives and has had positive results in seizing cocaine and decommissioning rustic labs. We would encourage the GOB to refocus its efforts on eliminating excess coca, the source of cocaine. This would include eradicating at least 5,000 hectares, including in the Chapare region; eliminating the "cato" exemption to Bolivian law; rescinding Ministerial Resolution 112, Administrative Resolution 083, and establishing tight controls on the sale of licit coca leaf for traditional use; and implementing strong precursor chemical control measures to prevent conversion of coca to cocaine. We plan to review Bolivia's performance in these specific areas within 6 months.

The Government of Canada (GOC) continued to effectively curb the diversion of precursor chemicals that are required for methamphetamine production to feed U.S. illegal markets. The GOC also continued to seize laboratories that produce MDMA/Ecstasy consumed in both Canada and the United States. The principal drug concern was the continuing large-scale production of high-potency, indoor-grown marijuana for export to the United States. The United States enjoyed excellent cooperation with Canada across a broad range of law enforcement issues and shared goals.

The Government of Ecuador (GOE) has made considerable progress in combating narcotics trafficking destined for the United States. However, a dramatic increase in the quantity of cocaine transported toward the United States using Ecuadorian-flagged ships and indications of increased illegal armed group activity along Ecuador's northern border with Colombia remain areas of serious concern. Effective cooperation and streamlined maritime operational procedures between the U.S. Coast Guard and Ecuadorian Navy are resulting in an increase in the amount of cocaine interdicted. Building on that cooperation, we will work with Ecuador to change the circumstances that make Ecuadorian-flagged vessels and Ecuadorian citizenship so attractive to drug traffickers.

As a result of the elections in Haiti, the new government now has a clear mandate from the Haitian people to bring crime, violent gangs, and drug trafficking under control. We urge the new government to strengthen and accelerate ongoing efforts to rebuild and reform Haiti's law enforcement and judicial institutions and to consult closely with the United States to define achievable and verifiable steps to accomplish these goals.

While Nigeria continues to take substantive steps to curb official corruption, it remains a major challenge in Nigeria. We strongly encourage the government to continue to adequately fund and support the anti-corruption bodies that have been established there in order to fully address Nigeria's ongoing fight against corruption. We urge Nigeria to continue improving the effectiveness of the National Drug and Law Enforcement Agency and, in particular, improve enforcement operations at major airports/seaports and against major drug kingpins, to include targeting their financial assets. We look forward to working with Nigerian officials to increase extraditions and assisting in drug enforcement operations.

Although there have not been any drug seizures or apprehensions of drug traffickers with a connection to the Democratic People's Republic of Korea (DPRK) since 2004, we remain concerned about DPRK state-directed criminal activity. The United States Government has made clear to the DPRK that an end to all involvement in criminal activity is a necessary prerequisite to entry in the international community.

Under provisions of the Combat Methamphetamine Epidemic Act (CMEA), which modified Section 489(a) of the Foreign Assistance Act of 1961, as amended, and Section 490(a) of the FAA, a report will be made to the Congress on March 1, 2007, naming the five countries that legally exported the largest amount of methamphetamine precursor chemicals, as well as the top five methamphetamine precursor importers with the highest rate of diversion for illicit drug production. This report will be sent concurrently with the International Narcotics Control Strategy Report, which will also contain additional reporting on methamphetamine precursor chemicals pursuant to the CMEA.

You are hereby authorized and directed to submit this report under Section 706 of the FRAA, transmit it to the Congress, and publish it in the Federal Register.

GEORGE W. BUSH

MEMORANDUM OF JUSTIFICATION FOR PRESIDENTIAL DETERMINATION ON MAJOR DRUG TRANSIT OR ILLICIT DRUG PRODUCING COUNTRIES FOR FY 2007

Venezuela

Venezuela failed demonstrably to make sufficient efforts during the last 12 months to meet its obligations under international counternarcotics agreements and U.S. domestic counternarcotics requirements as set forth in section 489(a)(1) of the Foreign Assistance Act of 1961, as amended.

This determination comes as the result of Venezuela's lack of effective response to specific United States Government requests for counternarcotics cooperation as well as the country's continued lack of action against drug trafficking within and through its borders commensurate with its responsibilities to the international community.

Venezuela's importance as a transshipment point for drugs bound for the United States and Europe has continued to increase in the past 12 months, a situation both enabled and exploited by corrupt Venezuelan officials. The Venezuelan media provided an example of this corruption when they reported that Venezuelan police re-sold the vast majority of a 9,400 kg cocaine seizure to drug traffickers in July of this year (Venezuela does not allow independent verification of seizure amounts). Seizures of illegal drugs transiting the country have fallen, according to DEA estimates. The volume of cocaine transiting the country is expected to continue to rise substantially in 2006. The most dramatic increase in cocaine departing Venezuela was to non-U.S. destinations, primarily Europe. The vast majority of cocaine going to the United States or Europe goes by sea. However, an increasing proportion is being moved by non-commercial air through the Caribbean toward the United States. The number of suspected drug flights departing Venezuela and going to Hispaniola and the Caribbean more than doubled in 2005 and has continued that rising trend in the first half of 2006.

Venezuela has not used available tools to counter the growing drug threat. It has not strengthened inspections or security along its border with Colombia; it has not utilized judicial wiretap orders to investigate drug cases; it has not attempted meaningful prosecution of corrupt officials; and it has not renewed formal counternarcotics cooperation agreements with the United States Government.

The role and status of the DEA in Venezuela remains in limbo since the host country refuses to sign a memorandum of understanding authorizing Drug Enforcement Administration presence, even after successfully concluding a lengthy process of negotiation with U.S. officials. Venezuela also has not signed a letter of agreement that would make nearly $3 million from FY 2005 available for United States Government cooperative counternarcotics efforts.

Last year Venezuela was found to have "failed demonstrably" as a partner in the war on drugs, in part because it ended most air interdiction cooperation, refused to grant U.S. counternarcotics over flights of Venezuela, curtailed most military and law enforcement counternarcotics cooperation, replaced its most effective counternarcotics officials, and failed to effectively implement its own money laundering and organized crime legislation. All of these issues remain outstanding in 2006.

The United States is very concerned about the continued deterioration of democratic institutions in Venezuela as reflected in the increased executive control over the other branches of government, threats to judicial independence and human rights, and attacks on press freedoms and freedom of expression.

A vital national interests certification will allow the United States Government to provide funds that support programs to aid Venezuela's democratic institutions, establish selected community development projects, and strengthen Venezuela's political party system.

MEMORANDUM OF JUSTIFICATION FOR PRESIDENTIAL DETERMINATION ON MAJOR DRUG TRANSIT OR ILLICIT DRUG PRODUCING COUNTRIES FOR FY 2007

Burma

Burma failed demonstrably to make sufficient efforts during the last 12 months to meet its obligations under international counternarcotics agreements and U.S. domestic counternarcotics requirements as set forth in section 489(a)(1) of the Foreign Assistance Act of 1961, as amended.

Burma remains the world's second largest producer of illicit opium. Burmese opiates continue to pose a threat in Asia. Additionally, amphetamine-type stimulants (ATS) produced and trafficked from Burmese territory continue to threaten the entire region. Burma has not taken decisive action against drug gangs, such as the United Wa State Army (UWSA), which continue to operate freely along Burma's borders with China and Thailand. These criminal organizations increasingly threaten Asia with the crystalline form of methamphetamine called "Ice".

The efforts of the Government of Burma (GOB) to combat the production and trafficking of methamphetamine have been unsatisfactory. Even as methamphetamine production and trafficking have increased in recent years, seizures continue to be disappointing, and the GOB has not been forthcoming with verifiable statistics. It failed to establish a mechanism for the reliable measurement of ATS production and, once again, did not cooperate in the joint United States/Burma crop survey.

The GOB continued to take no action in response to the indictments in January 2005 by the U.S. Justice Department against eight leaders of the UWSA. The failure to take action against these

accused ringleaders, responsible for a good deal of human misery in Asia and beyond, demonstrates the Burmese Government's failure to take serious action against drug activity on its territory.

The Government of Burma has failed to indict and prosecute any Burmese military official above the rank of colonel for drug–related corruption.

Burma has failed to expand demand-reduction, prevention, and drug-treatment programs to reduce drug use and control the spread of HIV/AIDS. The Global Fund for Aids, TB and Malaria had approved grants totaling $98.5 million for Burma but withdrew in late 2005 due to the government's onerous restrictions and lack of full cooperation.

The international Financial Action Task Force (FATF) continues to list Burma as one of only two "Non-cooperative Countries." At the heart of Burma's problems with international financial authorities is its weak implementation of anti-money laundering controls, with the result that narcotics traffickers and other criminal elements are still able to launder the proceeds of their crimes through Burmese financial institutions.

While the picture of Burma's counternarcotics efforts remains overwhelmingly negative, there were some positive aspects. The GOB, with the U.S. Drug Enforcement Administration and the Australian Federal Police, disrupted two international trafficking syndicates that are associated with the United Wa State Army (UWSA), a kingpin organization, and have ties throughout Asia, India, and North America. In September 2005, the GOB seized a UWSA-related shipment of approximately 496 kg of heroin bound for China via Laos. The seizure led to the arrest of 80 suspects, including two of UWSA Chairman Bao Yu Xiang's family members, and the seizure of assets, including $1.3 million in cash. A second, related investigation from December 2005 through April 2006 culminated in the arrest of 30 subjects and the seizure of $2.2 million in assets and significant quantities of morphine base, heroin, opium, weapons, methamphetamine tablets and powder, crystal methamphetamine, pill presses, and precursor chemicals.

Released on September 18, 2006

POLICY AND PROGRAM DEVELOPMENTS

Overview for 2006

Challenges to the illicit drug trade continued on many levels this year; to meet these challenges the international community shared a clear vision of the dangers of narcotic drugs and the need to pursue a mix of law enforcement, demand reduction, and prevention policies. Our international partners in this fight include countries whose developing economies and democratic institutions are threatened by these dangerous commodities, which mortgage the future of their people and their environment.

Cocaine and marijuana cultivation are generally steady. The world's largest supplier of cocaine, Colombia, has shown the political will and tenacity to fight both the cultivation and trafficking of the drug. A growing concern worldwide is the prevalence of amphetamine-type stimulants (ATS), which can be manufactured using easily available, licit materials. The resurgence of Afghan opium cultivation has increased the flow of heroin to Europe, Russia and the Middle East, which undermines those societies and the consolidation of democracy and security in Afghanistan.

Controlling Supply

Cocaine, synthetic amphetamine-type stimulants (ATS), marijuana and heroin are the drugs that most threaten the United States and its allies, while opium cultivation in Afghanistan threatens the consolidation of democracy in that fragile state. The USG's goal is to reduce and ultimately cut off the international flow of illegal drugs. Our primary strategy targets drug supply at critical points along a grower-to-user chain that links the consumer, in the case of cocaine or heroin, with the growers cultivating coca or opium poppies. Intermediate links are the processing (drug refining), transit (transport) and wholesale distribution stages.

Our international programs target the first three links of the grower-to-user chain: cultivation, processing, and transit. The closer we can attack to the source, the better are our chances of halting the flow of drugs altogether. Crop control is the most cost-effective means of cutting supply. Drugs cannot enter the system from crops that were never planted, or have been destroyed or left unharvested; without the crops there would be no need for costly enforcement and interdiction operations. Prevention is a focus of all our international programs, but it has limited application. Nor is eradication a 'silver bullet'. The most effective means of eradication, aerial application of herbicide, is not legal or feasible in many countries and is expensive to implement where it is permitted. Destroying a lucrative (albeit illegal) crop carries enormous political, economic and social consequences for the producing country, so developing, implementing, and reaping the benefits of viable, licit alternatives for the affected populations are critical.

In addition, there is the increasing threat from non-organic drugs, such as ATS, for which physical eradication is impossible. Instead, attacking synthetically produced drugs requires a legal regime of chemical controls and law enforcement efforts aimed at thwarting diverters and destroying laboratories. Thus, our international programs must focus upon all the links in the supply-to-consumer chain: the processing and distribution stages, the interdiction of drug shipments, and attention to the money trail left by this illegal trade. Our programs shift resources to those links where we can achieve both an immediate impact and long-term results, through the right combination of effective law enforcement actions, alternative development programs, and international cooperation.

Cocaine

Coca Eradication: The rate of U.S. cocaine consumption has declined over the past 10 years, but cocaine continues to be a major domestic concern. According to the July 2006 interagency

assessment of cocaine movement, between 517-732 metric tons of cocaine hydrochloride (HCl) depart South America for the United States annually, feeding addiction, fueling crime, and damaging the economic and social health of the United States. As all cocaine originates in the Andean countries of Colombia, Peru, and Bolivia, we channel a significant portion of our international resources toward eliminating coca cultivation, disrupting cocaine production, and preventing the drug from reaching the United States.

Colombia, the source of roughly 90 percent of the cocaine destined for the U.S. and other world markets, leads the world in coca cultivation. Peru and Bolivia are a distant second and third respectively. By the end of 2006, the Colombian government reported eliminating over 213,724 hectares of coca. Aerial eradication removed 171,613 hectares of this amount, far surpassing the previous record of 138,775 hectares sprayed in 2005. Meanwhile, manual eradication destroyed the other 42,111 hectares. If harvested and refined, this eradicated coca could have yielded hundreds of metric tons of cocaine worth billions of dollars on U.S. streets.

Bolivia and Peru, which had substantially reduced their coca cultivation in the past five years, now face the erosion of these achievements. Politically well-connected and active cocalero (coca grower) associations link coca cultivation to issues of cultural identity and national pride and are stepping up efforts to challenge eradication efforts. Traffickers are continuing to exploit these growers' unions.

Cocalero influence has been greatest in Bolivia, where their leader, Evo Morales, won the country's presidency in December 2005. Initial USG estimates for total cultivation in 2006 show increases in most parts of the country. Cocalero activism and the government's desire to avoid violent confrontation have contributed to the rise in coca cultivation. Though the total cultivation estimate for 2005 is half of Bolivia's peak cultivation figure of 52,000 hectares in 1989, the trend is disquieting. Moreover, the level of eradication in 2006 was the lowest in more than ten years. A new integrated alternative development approach in the Chapare region of Bolivia provides for participation by municipalities in the Government of Bolivia's decisions on development implementation and monitoring of programs. This approach is helping to reduce coca-related conflict and strengthen local commitment to licit development.

In Peru, the government planned and mounted an aggressive eradication campaign. The programmed coca eradication goal was increased to 10,000 hectares – a 20 percent increase from 2005. In 2006 total eradication was 12,688 hectares. The Government of Peru adopted the United Nation's estimate of 48,200 hectares of coca under cultivation. This figure reflects the Peruvian Government's intensified eradication efforts in 2006 and the total amount is considerably less than the peak of 115,000 hectares ten years ago. However, cocaleros engaged in numerous violent acts to resist eradication. The Sendero Luminoso terrorist group has openly identified with coca growers and drug traffickers, and organized increasingly violent ambushes of police and intimidation of alternative development teams in coca growing areas.

We continue to support efforts by the governments of the coca-growing countries to eliminate illegal coca within each country's individual context. Alternative development programs offer farmers opportunities to abandon illegal activities and join the legitimate economy, and thereby play a vital role in countries seeking to free their agricultural sector from reliance on the drug trade. In the Andean countries, such programs play a vital role in providing funds and technical assistance to strengthen public and private institutions, expand rural infrastructure, improve natural resources management, introduce alternative legal crops, and develop local and international markets for these products.

Cocaine Seizures: Colombian interdiction programs seized 170 metric tons of cocaine in the course of the year, Colombia's second highest cocaine seizure of the past 10 years. Colombian forces destroyed 200 cocaine HCl and nearly 2,000 cocaine base labs (up from 773 last year).

Other important drug-affected countries in the Hemisphere also reported seizing impressive amounts of cocaine: Bolivia, 14 metric tons – up from 11.5 metric tons last year; Peru, 19.77 metric tons – reflecting a steady increase during the past five years; and Mexico, 21 metric tons. Seizure numbers for Venezuela were not available at publication date.

Interdiction in the Transit Zone: Since no attack on supply within source countries could be exhaustive, the international community must continue to help police key transit zones, specifically for us the route for cocaine moving north out of South America. This has required a well-coordinated effort between the governments of the transit zone countries and the USG. Due to continued high levels in collection and cooperation with allied nations and post-seizure intelligence in the last several years, we now enjoy better actionable intelligence within the transit zone. The Joint Inter-Agency Task Force – South, working closely with international partners from throughout the Caribbean Basin, has focused its and regional partners' intelligence gathering efforts to detect and monitor maritime drug movements while maneuvering interdiction assets into position to affect a seizure. The USG's bilateral agreements with Caribbean and Latin American countries have eased the burden on these countries' law enforcement assets to conduct at seaboardings and search for contraband, while allowing the USG to gain jurisdiction of cases and remove the coercive pressure from large drug trafficking organizations on some foreign governments. This team effort removed over six metric tons of cocaine from the maritime transit zone in 2006.

Synthetic Drugs

Amphetamine-Type Stimulants: Global demand for amphetamine-type stimulants (ATS), such as methamphetamine, amphetamine, and MDMA ("Ecstasy"), has steadily increased throughout both the industrialized and the developing world. ATS drugs have displaced cocaine as the drug of choice in many countries, especially in those of Central and Northern Europe, and Southeast Asia. The relative ease and low cost of manufacturing ATS drugs from readily available chemicals appeals as much to small drug entrepreneurs as to the large international syndicates. Since they do not rely on organic sources such as coca and opium, synthetics allow individual trafficking organizations to control the whole process, from manufacture to sale on the street. Synthetics can be made anywhere and offer enormous profit margins.

With respect to methamphetamine use, the Administration's *2006 Synthetic Drug Control Strategy - A Focus on Methamphetamine and Prescription Drug Abuse (June 2006)*, a companion document to the President's *National Drug Control Strategy*, states that since 2001, regular use of any illicit drug among youth (8th, 10th, and 12th graders) has declined by 19 percent, and regular use of methamphetamine use is down by 36 percent. Transnational drug trafficking organizations, based in Mexico and California, control a large percentage of the U.S. methamphetamine trade. Mexico is the principal foreign supplier of methamphetamine and most frequently used transit country for ATS precursors (especially pseudoephedrine-PSE and ephedrine) destined for the United States. USG drug enforcement authorities believe that PSE and ephedrine imported into Canada is no longer a serious threat due to stricter law enforcement controls in Canada since 2002.

There is a worldwide trend of increasing methamphetamine or other ATS drug trafficking and consumption. However, statistical information suggests that the activity of small toxic laboratories in the United States is declining; lab seizures decreased 42 percent from 2004 (10,015) to 2005 (5,846) and preliminary DEA data for 2006 show continued declines. Current drug lab and seizure statistics indicate that roughly 80 percent of the methamphetamine in the U.S. comes from larger labs, increasingly in Mexico, while the much-diminished remainder comes from small toxic labs. Production and trafficking is now concentrated in areas such as Baja California, Michoacan, Jalisco and Sinaloa, where well-established major drug organizations have their infrastructures. The Government of Mexico (GOM) continued to react strongly over the past year to chemical diversion

and methamphetamine manufacture, implementing strict precursor chemical import quotas and internal chemical distribution controls. Sales of pharmaceutical product containing pseudoephedrine are also controlled and limited in Mexico. Chemical control is one of the closest areas of U.S./Mexican law enforcement cooperation.

Ecstasy: There continues to be substantial global demand for MDMA (Ecstasy), the amphetamine analogue 3, 4-methylenedioxymethamphetamine. Clandestine laboratories in the Netherlands, and to a lesser extent in Belgium, are the principal suppliers of MDMA to the international market, with significant Ecstasy production in Canada. The Netherlands continued to make progress in attacking Ecstasy, including some significant seizures and arrests of members of an alleged large-scale smuggling ring. Labs in Poland and elsewhere in Eastern Europe are major suppliers of amphetamines to the European market, with the United Kingdom and the Nordic countries among the heaviest European consumers of amphetamine. In the United States, Ecstasy use has plummeted among the teenage population most at risk, and according to the December 2006 Monitoring the Future report, regular usage rates among teenagers are less than half of what they were in 2001.

Pharmaceutical Abuse, and the Internet: An area of growing concern is the abuse of pharmaceutical drugs, especially among teenagers. For example, the December 2006 Monitoring the Future survey shows that the past year abuse of OxyContin increased 30 percent since 2002, still representing small numbers of actual uses compared to other drugs, but the only drug category for which there is a significant increase. In addition, sedatives such as Vicodan are being abused in increasing amounts. Many of these drugs are available over the Internet, through Internet doctors prescribing drugs without seeing patients, and through "pharmacies" that accept unverified or even substandard prescriptions. Some pharmaceuticals are being diverted to the United States from international sources, but the extent is not yet known.

Cannabis (Marijuana)

Cannabis production and marijuana consumption is a problem in nearly every world region, including in the United States. However, the December 2006 Monitoring the Future study shows that, while marijuana continues to be the most commonly used illicit drug among teens within the United States, current use has dropped by 25 percent over the past five years. Drug organizations in Mexico and Canada produce more than 4,000 metric tons of marijuana, which is then marketed to the more than 20 million users in the United States. Canada produces approximately 800 metric tons of high potency marijuana, which is marketed, increasingly, nationwide in the United States, along with marijuana from Colombia, Jamaica, and possibly Nigeria. Domestic production of marijuana may rival that of foreign sources.

According to the Drug Enforcement Agency (DEA)'s 2006 National Drug Threat Summary, marijuana potency has increased sharply. Of great concern is the high potency, indoor-grown cannabis produced on a large scale in Canada. Plants are grown in laboratory conditions using specialized timers, ventilation, moveable lights on tracks, nutrients sprayed on exposed roots and special fertilizer that maximize THC levels. A portion of domestic production is also grown under these "hydroponic" conditions. The result is a particularly powerful, dangerous, and addictive drug. Despite suggestions that marijuana use has no long-term consequences, the latest scientific information indicates that marijuana use is a common first step to the abuse of more serious drugs, and that the drug itself is associated with learning difficulties, memory disturbances, and schizophrenia.

Opium and Heroin

Opium poppy is the source of heroin. Containing its cultivation presents its own set of challenges. Unlike coca, which currently grows in significant amounts in only three Andean countries, opium

poppy is cultivated in multiple locations worldwide. Specifically, poppy is produced in Colombia, Mexico, Southeastern Asia and Southwestern Asia. Afghanistan is the world's largest producer of opium poppy, accounting for over 90 percent of the world's opium gum production. In contrast to coca, a perennial that takes at least a year to mature into usable leaf, opium poppy is an easily planted annual crop, and with the correct care and climate, can yield as many as three harvests per year. The gum is harvestable in less than six months.

Most of the heroin used in the United States comes from poppies grown in Colombia and Mexico, though their opium gum production accounts for less than four percent of the world's total production. Mexico supplies most of the heroin found in the western United States. Colombia supplies most of the heroin east of the Mississippi. Eliminating poppy cultivation in Colombia and Mexico is crucial to reducing U.S.-bound heroin flows, and long-standing joint eradication programs in both countries continue with our support Colombian law enforcement and alternative development programs eradicated 1,929 hectares of opium poppy in 2006. Of these, 232 hectares were sprayed and 1,697 hectares uprooted through manual eradication programs.

In 2006, the Government of Mexico (GOM) reported eradicating slightly over 16,831 hectares of opium poppy, down from more than 20,000 in two of the last three years. While the GOM has not provided any official reasoning for the reduction, it is possible that resources had to be re-directed to address pressing events throughout the year.

Afghanistan supplies all but a small amount of the heroin going to Europe, Russia, the Middle East and even much of Asia. Heroin produced from Afghan opium also finds its way to the United States. Due to the limited reach of Afghan law enforcement, endemic corruption, and a weak judicial system, the Afghan Government has been unable to prohibit opium cultivation. The year 2006 saw a substantial increase in poppy cultivation, at 165,000 hectares up from 107,400 hectares in 2005. Eradication, consisting of manual and mechanical efforts, increased in 2006 to 15,300 hectares from 2005's total of 5,000 hectares. UN Office of Drugs and Crime Director Antonio Costa has warned that there could be a wave of overdose deaths in Europe and Russia accompanying the surge of available heroin.

The USG, in close coordination with the GOA, focuses on a five-pillar counternarcotics strategy that includes public information, alternative livelihoods, eradication, interdiction, and law enforcement/justice reform. The strategy, with continued support from the international community, bolsters the considerable efforts of the Government of Afghanistan to deliver a tough message to its people that drugs are the nation's most serious enemy. We support the Government of Afghanistan's work to demonstrate decisive leadership, including reaching out to the provinces, strengthening the rule of law and law enforcement capabilities, tackling corruption, and taking resolute measures against illegal narcotics. Through USAID, we will continue to work to develop alternative sources of income to poppy. We further recognize the need to disrupt the networks that finance, supply, and equip the traffickers who threaten the government and people of Afghanistan.

Controlling Drug-Processing Chemicals

Cocaine, synthetic drugs and heroin cannot be manufactured without certain critical chemicals, most of which also have entirely licit uses. These widely used chemicals are diverted by criminals to illicit use in narcotics manufacture. Government controls strive to differentiate between licit use and illicit diversion. Substitutes for unavailable chemicals can be used for some of the chemicals used in the drug manufacturing process, but there are some chemicals—for example potassium permanganate for cocaine and acetic anhydride for heroin—for which there are few readily obtainable substitutes. Some synthetic drug manufacture requires even more specific precursor chemicals, such as ephedrine and pseudoephedrine. These chemicals, used primarily for pharmaceutical purposes, have important but specific legitimate uses. They are commercially traded in smaller quantities to discrete users. Governments must have efficient legal and regulatory

regimes to control such chemicals, without placing undue burdens on legitimate commerce. In 2006 the United States, other major chemical trading countries, and the United Nations (UN) focused their efforts to improve controls on chemicals used for manufacturing synthetic drugs. Most significant was adoption of a U.S.-initiated resolution by the March 2006 UN Commission on Narcotic Drugs that requested countries to provide to the International Narcotics Control Board (INCB) estimates of their legitimate requirements for these and other synthetic drug chemicals. The INCB, an independent and quasi-judicial organization within the United Nations charged with monitoring the implementation of international drug control treaties, plays a central coordinating role in their implementation. This measure will allow authorities in exporting and importing countries to do a quick "reality" check on proposed transactions, especially as traffickers turn to countries not normally trading in these chemicals as conduits for diversion.

Virtually all other chemicals used in illicit drug manufacture are traded widely in international commerce. Therefore, extensive international cooperation is required to prevent their diversion from licit commercial channels. Two ongoing multilateral law enforcement operations targeting key chemicals provide frameworks for this cooperation. Project Cohesion targets potassium permanganate and acetic anhydride and Project Prism targets synthetic drug precursor chemicals.

This topic is addressed in greater detail in the Chemical Control Chapter of the INCSR.

Drugs and the Environment

Impact of Spray Eradication: Questions inevitably arise over the environmental risks of regular use of herbicides on illegal drug crops. Colombia is currently the only country that conducts regular aerial spraying of coca and opium poppy. The Colombian government has approved the herbicide that is being used to conduct aerial eradication in the growing areas. The only active ingredient in the herbicide used in the aerial eradication program is glyphosate, one of the most widely used agricultural herbicides in the world, which has been tested in the United States, Colombia, and elsewhere. The U.S. Environmental Protection Agency (EPA) approved glyphosate for general use in 1974 and re-registered it in September 1993. EPA has approved its use on food croplands, forests, residential areas, and around aquatic areas. It is one of the top five pesticides, including herbicides, used in the United States, and one of the most widely used in the world, including in Colombia and Ecuador. Colombia's spray program represents a small fraction of total glyphosate use in the country, and carefully follows all label requirements and environmental protocols in its spray operations.

Impact of Drug Cultivation and Processing: Coca cultivation has a devastating impact on the environment. In the Andean region, it has led to the destruction of approximately six million acres of rainforest in the past 20 years. Working in remote areas beyond settled populations, coca growers routinely slash and burn virgin forestland to make way for their illegal crops. Tropical rains quickly erode the thin topsoil of the fields, increasing soil runoff, depleting soil nutrients, and, by destroying timber and other resources that would otherwise be available for more sustainable uses, illicit coca cultivation decreases biological diversity. The destructive cycle continues, as growers regularly abandon non-productive parcels of depleted forestland to prepare new plots. At the same time, traffickers destroy jungle forests to build clandestine landing strips and laboratories for processing raw coca and poppy into cocaine and heroin.

Illicit coca growers use large quantities of highly toxic herbicides and fertilizers on their crops. These chemicals qualify under the U.S. Environmental Protection Agency's highest classification for toxicity (Category I) and are legally restricted for sale within Colombia and the United States. Coca farmers also use glyphosate, although unlike government programs they generally use concentrations that exceed label requirements. Production of the drugs requires more, and more dangerous, solvents and chemicals. One kilogram of cocaine base requires the use of three liters of concentrated sulfuric acid, 10 kilos of lime, 60 to 80 liters of kerosene, 200 grams of potassium

permanganate, and one liter of concentrated ammonia. These toxic pesticides, fertilizers, and processing chemicals are then dumped into the nearest waterway or on the ground. They saturate the soil and contaminate waterways and poison water systems upon which local human and animal populations rely.

Environmental damage hits close to home. Increasingly, marijuana-processing operations are taking place in U.S. national parks, especially in California and Texas due, in part, to increased eradication efforts in Mexico. The cultivation of marijuana on public lands poses a serious threat to the safety of the public, law enforcement personnel, and other public employees. It also creates a significant threat to the environment and our natural resources. In the State of California, the number of plants eradicated is substantial and violence associated with marijuana cultivation is on the rise.

In 2006, the National Park Service and other law enforcement officials conducted operations in several national parks in California, including Yosemite National Park and Sequoia-Kings Canyon National Parks. At California's Point Reyes National Seashore, in August 2006, law enforcement and national park officials raided several marijuana grow sites and confiscated approximately 20,000 marijuana plants with an estimated street value of $50 million. The areas under cultivation suffered extensive resource damage from the growing operations. Growers are killing wildlife, diverting streams that contain threatened species of fish, using harmful pesticides and bringing the presence of violence to these unspoiled areas. Overall, the DEA's Domestic Cannabis Eradication Program has been successful in targeting the illicit cultivation and production of marijuana. Over the past two years the program has seen impressive results. Program effectiveness measured by marijuana plants eradicated increased almost 24 percent from calendar year (CY) 2004 to CY 2005 (3,200,121 plants in CY 2004 to 4,209,086 in CY 2005). Final figures are still being compiled for 2006. Currently available data indicates that eradication of marijuana plants increased to about 5.1 million plants—an increase of 16 percent from CY 2005. Currently available asset seizure data for 2006 shows an increase of about 55 percent from CY 2005 levels, to over 75.8 million dollars.

Meanwhile, for each pound of methamphetamine produced in clandestine methamphetamine laboratories, five to six pounds of toxic, hazardous waste are generated, posing immediate and long-term environmental health risks, not only to individual homes but to neighborhoods. Poisonous vapors produced during synthesis permeate the walls and carpets of houses and buildings, often making them uninhabitable. Cleaning up these sites in the United States and Mexico requires specialized training and costs an average of $2,000 to $4,000 per site.

Attacking Trafficking Organizations

The drug trade depends upon reliable and efficient distribution systems to get its product to market. While most illicit distribution systems have short-term back-up channels to compensate for temporary law enforcement disruptions, a network under intense enforcement pressure cannot function for long. In cooperation with law enforcement officials in other nations, we target the leadership of the main trafficking groups, and focus on the operations along the network that bring drugs to the United States. Our goal is to disrupt and dismantle these organizations, to remove the leadership and the facilitators who launder money and provide the chemicals needed for the production of illicit drugs, and to destroy their networks. By capturing the leaders of trafficking organizations, we demonstrate both to the criminals and to the governments fighting them that even the most powerful drug syndicates are vulnerable to concerted action by U.S. and host-government authorities.

Mexican drug syndicates oversee much of the drug trafficking in the United States. They have a strong presence in most of the primary U.S. distribution centers. The USG and Mexico cooperate against major drug trafficking organizations in both countries and secure mechanisms for data sharing. As a result, and showing strong political will to fight this problem at home, Mexican

Federal enforcement and military authorities have inflicted considerable damage on several important trafficking organizations. Mexican counternarcotics enforcement actions in 2006 included arrests of over 11,000 drug traffickers, including many significant leaders, lieutenants, operators, money launders and enforcers. Mexican authorities also conducted increasingly sophisticated organized crime investigations, continuing marijuana and poppy eradication and strong bilateral cooperation on interdiction. Sensitive Investigative Units within the Mexican Federal Investigative Agency serve as effective mechanisms for sharing sensitive intelligence data in both directions without compromise and play an important role in successful investigations against drug trafficking organizations on both sides of the border.

Extradition

Extradition to the United States is still the sanction international drug criminals fear most. The government of Mexico recently sent a strong message when it extradited those major traffickers wanted in the United States whose appeals against extradition had been exhausted. The host of notorious foreign drug criminals serving long prison terms in the U.S. is a sober reminder to the most powerful international criminals of what can happen when they can no longer use bribes and intimidation to manipulate the local judicial process. Governments are increasingly willing to risk domestic political repercussions to extradite drug kingpins to the United States, and international public acceptance of this measure has steadily increased.

Colombia has an outstanding record of extradition of drug criminals to the United States, and the numbers have increased even more in recent years. Extraditions to the U.S have increased dramatically during President Uribe's administration, with a four-year total of 417 as of December 2006. Prominent and significant traffickers extradited in 2006 include Gabriel Puerta-Para; FARC associates Desar Augusto Perez-Parra and Farouk Shaikh-Reyes, who were the first FARC associates ever to be successfully prosecuted in the United States for drug offenses; and AUC associates Huber Anibal Gomez Luna, Freddy Castillo-Carillo, and Jhon Posada-Vergara. The Colombians also continue to provide excellent investigative and trial support related to the trials of FARC leaders Juvenal Ovidio Ricardo Palmera Pineda and Nayibe Rojas Valderrama.

In late 2005, the Mexican Supreme Court overturned the prohibition on the extradition of fugitives facing life imprisonment without possibility of parole, removing an obstacle to the extradition of the most serious drug traffickers. In 2006, for the fifth consecutive year, Mexican authorities extradited record numbers of fugitives to the United States. In 2006, Mexico extradited 63 fugitives, up from 41 in 2005. In 2006, Mexico also deported 150 non-Mexicans in lieu of extradition, many of whom were wanted on U.S. drug charges. The most notable drug trafficker extradited in 2006 was Javier Torres Felix, a top lieutenant in the Zambada organization.

In January 2007, the Government of Mexico extradited 15 defendants to the United States, for the first time sending several high-level traffickers whose extraditions had been delayed for some time due to judicial appeals or pending Mexican charges. These include figures from the Gulf cartel, the Sinaloa cartel and the Arellano Felix organization.

In July 2006, Baz Mohamed, the first Afghan heroin kingpin ever extradited from Afghanistan, pled guilty in Manhattan federal court to conspiracy to import heroin into the United States. President Bush had designated Baz Mohamed as a foreign narcotics kingpin under the Foreign Narcotics Kingpin Designation Act, and Afghanistan President Hamid Karzai authorized Mohamed's extradition to the United States in October 2005.

Institutional Reform

Fighting Corruption: Though corruption may seem a less obvious threat than the challenge of armed insurgents, the weakening of government institutions through bribery and intimidation

ultimately poses just as great a danger to democratic governments. Terrorist groups or guerrilla armies overtly seek to topple and replace governments through violence. Drug syndicates, however, work behind the scenes, seeking to subvert governments in order to guarantee themselves a secure operating environment by co-opting key officials. Unchecked, the drug trade is capable of taking *de facto* control of a country by essentially buying off a majority of key government officials. By keeping a focus on eliminating corruption, we can prevent the nightmare of a government entirely manipulated by drug lords from becoming a reality.

Fighting the drug trade is a dominant element in a broader struggle against corruption. Drug organizations possess and wield the ultimate instrument of corruption: money. The drug trade has access to almost unimaginable quantities of it. No commodity is so widely available, so cheap to produce, and as easily renewable as illegal drugs. They offer dazzling profit margins that allow the drug trade to generate criminal revenues on a scale without historical precedent. A metric ton of pure cocaine is more than 30 times the price in the United States than in Colombia, a return that dwarfs regular commodities and distorts the licit economy. To put these sums into perspective, in FY 2006 the State Department's budget for international drug control operations was approximately $1.2 billion. Drug syndicates can lose that amount repeatedly, with no serious consequences except to the subordinate responsible for the loss.

Improving Criminal Justice Systems: A pivotal element of USG international drug control policy has been to help governments strengthen their enforcement, judicial, and financial institutions to narrow the opportunities for infiltration by the drug trade. In the past, law enforcement agencies in drug source and transit countries arrested influential drug criminals only to see them released following a questionable or inexplicable decision by a single judge. Each year, as governments work for basic reforms involving transparency, efficiency, and better pay for police and judges, we see improvements in many of these justice systems.

The USG is continuing its support to Afghanistan to counter the drug trade that threatens stability and economic development as the country emerges from decades of war. One element of the comprehensive Afghan counter-narcotics strategy is building law enforcement capacities. Together with our international partners, we are training and mentoring Afghanistan's Counter-Narcotics Criminal Justice Task Force and Central Narcotics Tribunal in Kabul. To date the CNT has overseen over 100 successful convictions, while higher-level cases are expected to be brought before the court over the coming year as the investigative, prosecutorial and judicial skills of the Afghans grow. These efforts are tied into other USG justice assistance programs to build and reform the criminal, commercial, and civil justice systems to establish the rule of law. Meanwhile, the DEA and a recently appointed Resident Legal Advisor assist the Government of Pakistan with increasing the numbers of cases and prosecutions of drug traffickers, particularly by the Anti Narcotics Force Special Investigation Cell, using conspiracy law concepts.

Next Steps

Those involved in the international drug trade are a "thinking enemy," with the ability to adapt to law enforcement constraints and learn from its mistakes. Although we have made many inroads into the core of key drug trafficking networks, and scored victories in the battle for public understanding of the social and public costs of drug use, we continue to face a difficult task. In some cases, successful law enforcement operations weed out the weaker elements of the trade, leaving the more agile and sophisticated criminals in place. In Mexico, hitting the largest trafficking organizations has left smaller groups fighting for dominance with unprecedented levels of social violence. The drug trade itself also evolves, with the increasing use of synthetic drugs, the Internet, state-of-the-art communications and technical and financial expertise. The international community, while mindful of the need to protect individual rights, must band together in an effort to adapt as quickly as the traffickers do.

The drug trade's weakness is that it is simultaneously a criminal organization and a business. It may operate in the shadows, and in some areas with virtual impunity. But to prosper as a business, it must enter the legitimate commercial world, exposed by its dependence on raw materials, processing chemicals, transportation networks, and a means of getting its profits into legitimate commercial and financial channels. As we approach the 20th anniversary of the 1988 UN Convention against Illicit Trafficking in Narcotic Drugs and Psychotropic Substances, we can see tangible improvements in our ability to work with our international partners to increase pressures on the drug trade at every stage of its operations, from cultivation and production to transport and marketing. We must intensify our efforts in all these areas, while also focusing on the financial end. Without a steady flow of funds, the drug trade cannot function effectively. Since governments individually control domestic access to the global financial system, working together they have the potential to make it difficult for drug profits to enter the legitimate international financial system.

Our goal is to transform that potential into a reality and reduce the drug trade from serious threat to our people and global security -- to a common nuisance, controlled through an international network of legal cooperation.

Demand Reduction

Drug "demand reduction" aims to reduce worldwide use and abuse of illicit drugs worldwide. Demand reduction assistance has evolved as a key foreign policy tool to address the inter-connected threats of drugs, crime, and terrorism. Foreign countries recognize the vast U.S. experience and efforts in reducing drug demand. In return for cooperation with supply reduction efforts, many drug producing and transit countries request U.S. assistance with demand reduction technology, since drug consumption also has debilitating effects on their society and children. Demand reduction assistance thereby helps secure foreign country support for U.S. driven supply reduction efforts, while at the same time reducing consumption in that country and reducing a major source of terrorist financing.

Our demand reduction strategy encompasses a wide range of activities. These include efforts to prevent the onset of use, intervention at "critical decision points" in the lives of vulnerable populations to prevent both first use and further use, and effective treatment programs for the addicted. Other aspects encompass education on science-based promising and best practices in both prevention and treatment. Demand reduction is recognized as a key complimentary component in efforts to stop the spread of HIV/AIDS, particularly in countries with high intravenous drug users. Increasing public awareness of the harmful effects of drugs through development of coalitions of private/public social institutions, medical community, and law enforcement entities help to mobilize national and international opinion against the drug trade and encourage governments to develop and implement strong counternarcotics policies and programs.

In 2006, INL's assistance targeted the cocaine producing and transit countries in Latin America, addressed the amphetamine–type stimulant (ATS) epidemic in Southeast Asia, and addressed the heroin threat from Asia, Afghanistan and Colombia. It also focused on countries in Southeast Asia and Africa where intravenous drug use is fueling an HIV/AIDS epidemic. INL funded comprehensive multi-year scientific studies on pilot projects and programs developed from INL-funded training to learn how these initiatives can help assist U.S.-and foreign-based demand reduction efforts. An outcome-based evaluation of INL-funded drug treatment assistance to Thailand was completed and results surpassed an earlier evaluation of INL drug treatment assistance to Peru where overall drug use was reduced from 90 to 34 percent (pre-and post-treatment) in the target population. Methamphetamine use in the Thai target population was reduced from 82 to 7 percent; heroin use was reduced from 7 percent to 1 percent, marijuana was reduced from 20 to 3 percent, pharmaceutical use from 10 to 1 percent, and criminal arrest rates reduced from 40 to 6 percent. Injecting drug use was reduced from 2 percent to zero and drug overdoses were reduced from 15 to 2 percent. Urine testing and criminal justice record checks confirmed results. The study also empirically confirmed the switch from heroin to methamphetamine as the major drug of abuse in Thailand. INL is funding similar studies of INL-funded drug treatment training in Colombia and Vietnam, the latter to address the connection between intravenous drug use and HIV/AIDS, and to reduce overall drug consumption. As a result of the positive findings from these studies, Peru and Laos have asked INL to enhance and expand their treatment infrastructures.

INL also continued to provide training and technical assistance at various locations throughout the world on topics such as community/grassroots coalition building and networking, U.S. policies and programs, science-based drug prevention programming, and treatment within the criminal justice system. INL-funded training targeted predominantly Muslim populations that resulted in the establishment of mosque-based outreach and resource drug treatment centers in 25 provinces

throughout Afghanistan, 12 centers in Indonesia religious schools and a total of 6 in Pakistan, southern Philippines and Malaysia. In 2007, INL will provide prevention and aftercare training to another 550 Mullahs and 250 District Council members in Afghanistan, and continue to fund life skills/drug prevention training for 625 teachers throughout Afghanistan. These initiatives build on a previous INL-funded demand reduction symposium in Kabul, Afghanistan that was attended by over 500 of the country's senior religious leaders and resulted in a major Fatwa against drug production, trafficking and abuse in that country. INL's training assistance also targeted antidrug community coalition network building in Colombia, El Salvador and Peru. Previous coalition building efforts resulted in the first national coalitions to be established in Peru and Chile. INL funding in 2006 provided new updated curricula to 24 Drug Abuse Resistance Education (D.A.R.E.) programs in Latin America and Asia. In 2007, INL funding will target gang-related violence in Central America focusing on at-risk youth in the region. INL funding will establish and expand drug intervention programs in El Salvador's and Guatemala's juvenile correction institutions and community-based programs aiming to reduce youth gang drug-related violence.

Methodology for Estimating Illegal Drug Production

How Much Do We Know? The INCSR contains a variety of illicit drug-related data. These numbers represent the United States Government's best effort to sketch the current dimensions of the international drug problem. Some numbers are more certain than others. Drug cultivation figures are relatively hard data derived by proven means, such as imagery with ground truth confirmation. Other numbers, such as crop production and drug yield estimates, become softer as more variables come into play. As we do every year, we publish these data with an important caveat: the yield figures are potential, not final numbers. Although they are useful for determining trends, even the best are ultimately approximations.

Each year, we revise our estimates in the light of field research. The clandestine, violent nature of the illegal drug trade makes such field research difficult. Geography is also an impediment, as the harsh terrain on which many drugs are cultivated is not always easily accessible. This is particularly relevant given the tremendous geographic areas that must be covered, and the difficulty of collecting reliable information over diverse and treacherous terrain.

What We Know With Reasonable Certainty. The number of hectares under cultivation during any given year is our most solid statistic. For nearly twenty years, the United States Government has estimated the extent of illicit cultivation in a dozen nations using proven statistical methods similar to those used to estimate the size of licit crops at home and abroad. We can therefore estimate the extent of cultivation with reasonable accuracy.

What We Know With Less Certainty. How much of a finished product a given area will produce is difficult to estimate. Small changes in factors such as soil fertility, weather, farming techniques, and disease can produce widely varying results from year to year and place to place. To add to our uncertainty, most illicit drug crop areas are not easily accessible to the United States Government, making scientific information difficult to obtain. Therefore, we are estimating the potential crop available for harvest. Not all of these estimates allow for losses, which could represent up to a third or more of a crop in some areas for some harvests. The value in estimating the size of the potential crop is to provide a consistent basis for a comparative analysis from year to year.

Harvest Estimates. We have gradually improved our yield estimates. Our confidence in coca leaf yield estimates, as well as in the finished product, has risen in the past few years, based upon the results of field studies conducted in Latin America. In all cases, however, multiplying average yields times available hectares indicates only the potential, not the actual final drug crop available for harvest. The size of the harvest depends upon the efficiency of farming practices and the wastage caused by poor practices or difficult weather conditions during and after harvest. Up to a third or more of a crop may be lost in some areas during harvests.

In addition, mature coca (two to six years old) is more productive than immature or aging coca. Variations such as these can dramatically affect potential yield and production. Additional information and analysis is allowing us to make adjustments for these factors. Similar deductions for local consumption of unprocessed coca leaf and opium may be possible as well through the accumulation of additional information and research.

Processing Estimates. The wide variation in processing efficiency achieved by traffickers complicates the task of estimating the quantity of cocaine or heroin that could be refined from a crop. Differences in the origin and quality of the raw material used, the technical processing method employed, the size and sophistication of laboratories, the skill and experience of local

workers and chemists, and decisions made in response to enforcement pressures obviously affect production.

Figures Change as Techniques and Data Quality Improve. Each year, research produces revisions to United States Government estimates of potential drug production. This is typical of annualized figures for most other areas of statistical tracking that must be revised year to year, whether it be the size of the U.S. wheat crop, population figures, or the unemployment rate. For the present, these illicit drug statistics represent the state of the art. As new information becomes available and as the art improves so will the precision of the estimates.

Worldwide Illicit Drug Cultivation

1998–2006 (All Figures in Hectares)

	2006	2005	2004	2003	2002	2001	2000	1999	1998
Opium									
Afghanistan	172,600	107,400	206,700	61,000	30,750	1,685	64,510	51,500	41,720
India									
Iran									
Pakistan	1,908		3,100		622	213	515	1,570	3,030
Total SW Asia	***174,508***	***107,400***	***209,800***	***61,000***	***31,372***	***1,898***	***65,025***	***53,070***	***44,750***
Burma	21,000	40,000	36,000	47,130	78,000	105,000	108,700	89,500	130,300
China									
Laos	1,700	5,600	10,000	18,900	23,200	22,000	23,150	21,800	26,100
Thailand					750	820	890	835	1,350
Vietnam					1,000	2,300	2,300	2,100	3,000
Total SE Asia	***22,700***	***45,600***	***46,000***	***66,030***	***102,950***	***130,120***	***135,040***	***114,235***	***160,750***
Colombia	[1]	[2]	2,100	4,400	4,900	6,500	7,500	7,500	6,100
Lebanon									
Guatemala	[3]	100	330						
Mexico	[4]	3,300	3,500	4,800	2,700	4,400	1,900	3,600	5,500
Total Other	***51***	***3400***	***5,930***	***9,200***	***7,600***	***10,900***	***9,400***	***11,100***	***11,600***
Total Opium	***197,259***	***156,400***	***261,730***	***136,230***	***141,922***	***142,918***	***209,465***	***178,405***	***217,100***
Coca									
Bolivia	[5]	26,500	24,600	23,200	24,400	19,900	19,600	21,800	38,000
Colombia	[6]	144,000	114,100	113,850	144,450	169,800	136,200	122,500	101,800
Peru	[7]	38,000[8]	27,500[9]	31,150	36,600	34,000	34,200	38,700	51,000

[1] USG estimates TBD

[2] USG estimates not available due to cloud coverage.

[3] USG does not have the methodology nor the statistical base to make statistically valid projections/predictions.

[4] USG estimates not available until April 2007

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

[6] USG estimates TBD.

[7] USG estimates TBD.

[8] Change in area measured.

[9] Change in measuring criteria. Estimate reflects the retroactive change in counting.

Total Coca		***208,500***	***166,200***	***168,200***	***205,450***	***223,700***	***190,000***	***183,000***	***190,800***
Cannabis									
Mexico	[10]	5,600	5,800	7,500	4,400	4,100	3,900	3,700	4,600
Colombia			5,000	5,000	5,000	5,000	5,000	5,000	5,000
Jamaica	[11]								
Total Cannabis		***5,600***	***10,800***	***12,500***	***9,400***	***9,100***	***8,900***	***8,700***	***9,600***

[10] USG estimates not available until April 2007

[11] USG has not conducted a survey, but has observed 3 harvests year.

Worldwide Illicit Drug Cultivation

1990–1997 (All Figures in Hectares)

	1997	1996	1995	1994	1993	1992
Opium						
Afghanistan	39,150	37,950	38,740	29,180	21,080	19,470
India	2,050	3,100	4,750	5,500	4,400	
Iran						
Pakistan	4,100	3,400	6,950	7,270	6,280	8,170
Total SW Asia	***45,300***	***44,450***	***50,440***	***41,950***	***31,760***	***27,640***
Burma	155,150	163,100	154,070	154,070	146,600	153,700
China			1,275	1,965		
Laos	28,150	25,250	19,650	19,650	18,520	25,610
Thailand	1,650	2,170	1,750	2,110	2,110	2,050
Total SE Asia	6,150	3,150		***177,795***	***167,230***	***181,360***
Colombia	***191,100***	***193,670***	***176,745***			
Lebanon	6,600	6,300	6,540	20,000	20,000	20,000
Guatemala	15	90	150		440	
Mexico			39	50	438	730
Vietnam	4,000	5,100	5,050	5,795	3,960	3,310
Total Other	***10,615***	***11,490***	***11,779***	***25,845***	***24,838***	***24,040***
Total Opium	***247,015***	***249,610***	***238,964***	***245,590***	***223,828***	***233,040***
Coca						
Bolivia	45,800	48,100	48,600	48,100	47,200	45,500
Colombia	79,500	67,200	50,900	45,000	39,700	37,100
Peru	68,800	94,400	115,300	108,600	108,800	129,100
Total Coca	***194,100***	***209,700***	***214,800***	***201,700***	***195,700***	***211,700***
Cannabis						
Mexico	4,800	6,500	6,900	10,550	11,220	16,420
Colombia	5,000	5,000	5,000	4,986	5,000	2,000
Jamaica	317	527	305	308	744	389
Total Cannabis	***10,117***	***12,027***	***12,205***	***15,844***	***16,964***	***18,809***

Worldwide Potential Illicit Drug Production

1998–2006 (All Figures in Metric Tons)

	2006	2005	2004	2003	2002	2001	2000	1999	1998
Opium Gum									
Afghanistan	6,100	4,475	4,950	2,865	1,278	74	3,656	2,861	2,340
India									
Iran									
Pakistan	38.6		70		5	5	11	37	66
Total SW Asia	***6,138.6***	***4,475***	***5,020***	***2,865***	***1,283***	***79***	***3,667***	***2,898***	***2,406***
Burma	315	380	330	484	630	865	1,085	1,090	1,750
China									
Laos	8.5	28	49	200	180	200	210	140	140
Thailand					9	6	6	6	16
Vietnam					10	15	15	11	20
Total SE Asia	***323.5***	***408***	***379***	***684***	***829***	***1,086***	***1,316***	***1,247***	***1,926***
Colombia	[12]	[13]	30	63	68			75	61
Lebanon									
Guatemala	[14]	4	12						
Mexico	[15]	71	73	101	58	91	21	43	60
Total Other		***75***	***115***	***164***	***126***	***91***	***21***	***118***	***121***
Total Opium		***4,958***	***5,514***	***3,713***	***2,238***	***1,256***	***5,004***	***4,263***	***4,453***
Coca Leaf									
Bolivia[16]	37,000	36,000	37,000	33,000	35,000	32,000	26,800	22,800	52,900
Colombia	[17]	136,800	108,027	115,500	147,918	180,666	583,000	521,400	437,600
Peru	[18]	56,300	48,800	52,300	59,600	54,100	54,400	69,200	95,600
Total Coca	***37,000***	***229,100***	***193,827***	***200,800***	***242,518***	***266,766***	***664,200***	***613,400***	***586,100***
Cannabis									
Mexico	[19]	10,100	10,400	13,500	7,900	7,400	7,000	3,700	8,300

[12] USG estimates TBD.

[13] USG estimates not available due to cloud coverage.

[14] USG does not have the methodology nor the statistical base to make statistically valid projections/predictions.

[15] USG estimates not available until April 2007.

[16] Due to recent revision of the USG's cocaine production estimates for Bolivia, one can only accurately compare the years 2001 to 2005.

[17] Estimate TBD.

[18] Estimates TBD.

[19] USG estimates not available until April 2007

Colombia			4,000		4,000	4,000	4,000	4,000	4,000
Jamaica	[20]								
Total Cannabis		***10,100***	***14,400***	***13,500***	***11,900***	***11,400***	***11,000***	***7,700***	***12,3000***

[20] USG has not conducted a survey, but has observed 3 harvests year.

Worldwide Potential Illicit Drug Production

1990–1997 (All Figures in Metric Tons)

	1997	1996	1995	1994	1993	1992
Opium Gum						
Afghanistan	2,184	2,174	1,250	950	685	640
India	30	47	77	90		
Iran						
Pakistan	85	75	155	160	140	175
Total SW Asia	***2,299***	***2,296***	***1,482***	***1,200***	***825***	***815***
Burma	2,365	2,560	2,340	2,030	2,575	2,280
China			19	25		
Laos	210	200	180	85	180	230
Thailand	25	30	25	17	42	24
Vietnam	45	25				
Total SE Asia	***2,645***	***2,815***	***2,564***	***2,157***	***2,797***	***2,534***
Colombia	66	63	65			
Lebanon		1	1		4	
Guatemala						
Mexico	46	54	53	60	49	40
Total Other	***112***	***118***	***119***	***60***	***53***	***40***
Total Opium	***5,056***	***5,229***	***4,165***	***3,417***	***3,675***	***3,389***
Coca Leaf						
Bolivia	70,100	75,100	85,000	89,800	84,400	80,300
Colombia	347,000	302,900	229,300	35,800	31,700	29,600
Peru	130,200	174,700	183,600	165,300	155,500	223,900
Total Coca	***547,300***	***552,700***	***497,900***	***290,900***	***271,600***	***333,800***
Cannabis						
Mexico	8,600	11,700	12,400	5,540	6,280	7,795
Colombia	4,133	4,133	4,133	4,138	4,125	1,650
Jamaica	214	356	206	208	502	263
Total Cannabis	***12,947***	***16,189***	***16,739***	***9,886***	***10,907***	***9708***

Parties to the 1988 UN Convention

Country	Date Signed	Date Became a Party
1. Afghanistan	20 December 1988	14 February 1992
2. Albania	Accession	27 June 2001
3. Algeria	20 December 1988	9 May 1995
4. Andorra	Accession	23 July 1999
5. Angola	Accession	26 October 2005
6. Antigua and Barbuda	Accession	5 April 1993
7. Argentina	20 December 1988	28 June 1993
8. Armenia	Accession	13 September 1993
9. Australia	14 February 1989	16 November 1992
10. Austria	25 September 1989	11 July 1997
11. Azerbaijan	Accession	22 September 1993
12. Bahamas	20 December 1988	30 January 1989
13. Bahrain	28 September 1989	7 February 1990
14. Bangladesh	14 April 1989	11 October 1990
15. Barbados	Accession	15 October 1992
16. Belarus	27 February 1989	15 October 1990
17. Belgium	22 May 1989	25 October 1995
18. Belize	Accession	24 July 1996
19. Benin	Accession	23 May 1997
20. Bhutan	Accession	27 August 1990
21. Bolivia	20 December 1988	20 August 1990
22. Bosnia and Herzegovina	Succession	01 September 1993
23. Botswana	Accession	13 August 1996
24. Brazil	20 December 1988	17 July 1991
25. Brunei Darussalam	26 October 1989	12 November 1993
26. Bulgaria	19 May 1989	24 September 1992
27. Burkina Faso	Accession	02 June 1992
28. Burundi	Accession	18 February 1993
29. Cambodia	Accession	7 July 2005
30. Cameroon	27 February 1989	28 October 1991
31. Canada	20 December 1988	05 July 1990
32. Cape Verde	Accession	08 May 1995
33. Central African Republic	Accession	15 October 2001
34. Chad	Accession	09 June 1995

Country	Date Signed	Date Became a Party
35. Chile	20 December 1988	13 March 1990
36. China	20 December 1988	25 October 1989
37. Colombia	20 December 1988	10 June 1994
38. Comoros	Accession	1 March 2000
39. Congo, Democratic Republic of	20 December 1988	28 October 2005
40. Costa Rica	25 April 1989	8 February 1991
41. Cote d'Ivoire	20 December 1988	25 November 1991
42. Croatia	Succession	26 July 1993
43. Cuba	7 April 1989	12 June 1996
44. Cyprus	20 December 1988	25 May 1990
45. Czech Republic	Succession	30 December 1993
46. Denmark	20 December 1988	19 December 1991
47. Djibouti	Accession	22 February 2001
48. Dominica	Accession	30 June 1993
49. Dominican Republic	Accession	21 September 1993
50. Ecuador	21 June 1989	23 March 1990
51. Egypt	20 December 1988	15 March 1991
52. El Salvador	Accession	21 May 1993
53. Eritrea	Accession	30 January 2002
54. Estonia	Accession	12 July 2000
55. Ethiopia	Accession	11 October 1994
56. European Economic Community	8 June 1989	31 December 1990
57. Fiji	Accession	25 March 1993
58. Finland	8 February 1989	15 February 1994
59. France	13 February 1989	31 December 1990
60. Gambia	Accession	23 April 1996
61. Georgia	Accession	8 January 1998
62. Germany	19 January 1989	30 November 1993
63. Ghana	20 December 1988	10 April 1990
64. Greece	23 February 1989	28 January 1992
65. Grenada	Accession	10 December 1990
66. Guatemala	20 December 1988	28 February 1991
67. Guinea	Accession	27 December 1990
68. Guinea-Bissau	Accession	27 October 1995
69. Guyana	Accession	19 March 1993
70. Haiti	Accession	18 September 1995
71. Honduras	20 December 1988	11 December 1991

Country	Date Signed	Date Became a Party
72. Hungary	22 August 1989	15 November 1996
73. Iceland	Accession	2 September 1997
74. India	Accession	27 March 1990
75. Indonesia	27 March 1989	23 February 1999
76. Iran	20 December 1988	7 December 1992
77. Iraq	Accession	22 July 1998
78. Ireland	14 December 1989	3 September 1996
79. Israel	20 December 1988	20 May 2002
80. Italy	20 December 1988	31 December 1990
81. Jamaica	2 October 1989	29 December 1995
82. Japan	19 December 1989	12 June 1992
83. Jordan	20 December 1988	16 April 1990
84. Kazakhstan	Accession	29 April 1997
85. Kenya	Accession	19 October 1992
86. Korea	Accession	28 December 1998
87. Kuwait	2 October 1989	3 November 2000
88. Kyrgyz Republic	Accession	7 October 1994
89. Lao Peoples Democratic Republic	Accession	1 October 2004
90. Latvia	Accession	24 February 1994
91. Lebanon	Accession	11 March 1996
92. Lesotho	Accession	28 March 1995
93. Liberia	Accession	16 September 2005
94. Libyan Arab Jamahiriya	Accession	22 July 1996
95. Lithuania	Accession	8 June 1998
96. Luxembourg	26 September 1989	29 April 1992
97. Macedonia, Former Yugoslav Rep.	Accession	18 October 1993
98. Madagascar	Accession	12 March 1991
99. Malawi	Accession	12 October 1995
100.Malaysia	20 December 1988	11 May 1993
101.Maldives	5 December 1989	7 September 2000
102.Mali	Accession	31 October 1995
103.Malta	Accession	28 February 1996
104.Mauritania	20 December 1988	1 July 1993
105.Mauritius	20 December 1988	6 March 2001
106. Mexico	16 February 1989	11 April 1990

Country	Date Signed	Date Became a Party
107.Micronesia, Federal States of	Accession	6 July 2004
108. Moldova	Accession	15 February 1995
109. Monaco	24 February 1989	23 April 1991
110.Mongolia	Accession	25 June 2003
111. Morocco	28 December 1988	28 October 1992
112. Mozambique	Accession	8 June 1998
113.Myanmar (Burma)	Accession	11 June 1991
114. Nepal	Accession	24 July 1991
115. Netherlands	18 January 1989	8 September 1993
116. New Zealand	18 December 1989	16 December 1998
117. Nicaragua	20 December 1988	4 May 1990
118. Niger	Accession	10 November 1992
119. Nigeria	1 March 1989	1 November 1989
120. Norway	20 December 1988	14 November 1994
121. Oman	Accession	15 March 1991
122. Pakistan	20 December 1988	25 October 1991
123. Panama	20 December 1988	13 January 1994
124. Paraguay	20 December 1988	23 August 1990
125. Peru	20 December 1988	16 January 1992
126. Philippines	20 December 1988	7 June 1996
127. Poland	6 March 1989	26 May 1994
128. Portugal	13 December 1989	3 December 1991
129. Qatar	Accession	4 May 1990
130. Romania	Accession	21 January 1993
131. Russia	19 January 1989	17 December 1990
132. Rwanda	Accession	13 May 2002
133. St. Kitts and Nevis	Accession	19 April 1995
134. St. Lucia	Accession	21 August 1995
135. St. Vincent and the Grenadines	Accession	17 May 1994
136. Samoa	Accession	19 August 2005
137. San Marino	Accession	10 October 2000
138. Sao Tome and Principe	Accession	20 June 1996
139. Saudi Arabia	Accession	9 January 1992
140. Senegal	20 December 1988	27 November 1989
141. Seychelles	Accession	27 February 1992
142. Sierra Leone	9 June 1989	6 June 1994
143. Singapore	Accession	23 October 1997

Country	Date Signed	Date Became a Party
144. Slovakia	Succession	28 May 1993
145. Slovenia	Succession	6 July 1992
146. South Africa	Accession	14 December 1998
147. Spain	20 December 1988	13 August 1990
148. Sri Lanka	Accession	6 June 1991
149. Sudan	30 January 1989	19 November 1993
150. Suriname	20 December 1988	28 October 1992
151. Swaziland	Accession	3 October 95
152. Sweden	20 December 1988	22 July 1991
153.Switzerland	16 November 1989	14 September 2005
154. Syria	Accession	3 September 1991
155. Tajikistan	Accession	6 May 1996
156. Thailand	Accession	3 May 2002
157. Tanzania	20 December 1988	17 April 1996
158. Togo	3 August 1989	1 August 1990
159. Tonga	Accession	29 April 1996
160. Trinidad and Tobago	7 December 1989	17 February 1995
161. Tunisia	19 December 1989	20 September 1990
162. Turkey	20 December 1988	2 April 1996
163. Turkmenistan	Accession	21 February 1996
164. UAE	Accession	12 April 1990
165. Uganda	Accession	20 August 1990
166. Ukraine	16 March 1989	28 August 1991
167. United Kingdom	20 December 1988	28 June 1991
168. United States	20 December 1988	20 February 1990
169. Uruguay	19 December 1989	10 March 1995
170. Uzbekistan	Accession	24 August 1995
171. Venezuela	20 December 1988	16 July 1991
172. Vietnam	Accession	4 November 1997
173. Yemen	20 December 1988	25 March 1996
174. Yugoslavia	20 December 1988	3 January 1991
175. Zambia	9 February 1989	28 May 1993
176. Zimbabwe	Accession	30 July 1993
Signed but Pending Ratification		
1. Gabon	20 December 1989	
2. Holy See	20 December 1988	Not UN member

3. Zaire	20 December 1988	
Other		
1. Anguilla		Not UN member
2. Aruba		Not UN member
3. Bermuda		
4. BVI		Not UN member
5. Congo		
6. Djibouti		
7. DPR Korea		
8. Hong Kong		Not UN member
9. Liechtenstein		
10. Marshall Islands		
11. Namibia		
12. Papua New Guinea		
13. Taiwan		Not UN member
14. Turks & Caicos		Not UN member
15. Vanuatu		

USG ASSISTANCE

Department of State (INL) Budget

Bureau of International Narcotics and Law Enforcement Affairs
FY 06 - 08 Budget
($000)

	FY06 Enacted	FY06 Supp.	FY07 Est.	FY 07 Supp Request	FY08 President's Budget	FY 08 Supp Request
ACI Country Programs						
Bolivia	79,200	-	*	-	30,000	-
Interdiction/Eradication	42,570	-	*	-	30,000	-
Alter.Dev./Inst.Building	36,630	-	*	-	0	-
Colombia	464,781	-	*	-	366,968	-
Interdiction/Eradication	307,742	-	*	-	366,968	-
Alter.Dev./Inst.Building	129,920	-	*	-	0	-
Rule of Law	27,119	-	*	-	0	-
Ecuador	19,800	-	*	-	7,000	-
Interdiction/Eradication	8,375	-	*	-	7,000	-
Alter.Dev./Inst.Building	11,425	-	*	-	0	-
Peru	106,920	-	*	-	36,844	-
Interdiction/Eradication	58,410	-	*	-	36,844	-
Alter.Dev./Inst.Building	48,510	-	*	-	0	-
Brazil	5,940	-	*	-	1,000	-
Panama	4,455	-	*	-	1,000	-
Venezuela	2,229	-	*	-	0	-
Air Bridge Denial Program	13,860	-	*	-	0	-
Critical Flight Safety Program	29,970	-	*	-	0	-
Subtotal Andean Counterdrug Initiative	**727,155**	**-**	**569,350**	**-**	**442,812**	**-**
Africa						
Liberia	990	-	*	-	4,130	-
Nigeria	990	-	*	-	1,200	-

South Africa	594	-	*	-	0	-
Sudan	0	-	*	-	24,000	-
Burkina Faso	0	-	*	-	100	-
Cape Verde	0	-	*	-	500	-
Democratic Republic of Congo	0	-	*	-	1,750	-
Djibouti	0	-	*	-	300	-
Ethiopia	0	-	*	-	150	-
Ghana	0	-	*	-	500	-
Mauritania	0	-	*	-	300	-
Mozambique	0	-	*	-	300	-
Sierra Leone	0	-	*	-	150	-
Tanzania	0	-	*	-	450	-
Uganda	0	-	*	-	350	-
Africa Regional	594	-	*	-	0	-
Women's Justice Empowerment Initiative	0	-	*	-	0	-
Subtotal, Africa	**3,168**	**-**	*****	**-**	**34,180**	**-**
East Asia and the Pacific						
Indonesia	4,950	-	*	-	10,050	-
Laos	990	-	*	-	1,580	-
Philippines	1,980	-	*	-	1,150	-
Thailand	990	-	*	-	2,300	-
East Timor	1,485	-	*	-	1,010	-
Cambodia	0	-	*	-	200	-
Malaysia	0	-	*	-	800	-
Mongolia	0	-	*	-	670	-
Vietnam	0	-	*	-	200	-
State EAP Regional	0	-	*	-	280	-
Subtotal, East Asia and the Pacific	10,395	-	*	-	18,240	-
Europe						
Turkey	0	-	*	-	500	-
Subtotal, Europe	**0**	**-**	*****	**-**	**500**	**-**
Near East						
Iraq	0	91,400	*	200,000	75,800	159,000
Algeria	0	-	*	-	200	-
Israel	0	-	*	-	500	-

Egypt	0	-	*	-	3,000	-
Yemen	0	-	*	-	500	-
Gaza/West Bank	0	-	*	-	3,500	-
Morocco	990	-	*	-	1,000	-
Tunisia	0	-	*	-	200	-
United Arab Emirates	0	-	*	-	300	-
Jordan	0	-	*	-	1,500	-
Lebanon	0	-	*	60,000	1,800	-
Subtotal, Near East	**990**	**91,400**	*****	**260,000**	**88,300**	**159,000**
South Asia						
Afghanistan	232,650	-	*	-	274,800	-
Nepal	0	-	*	-	2,700	-
Bangladesh	0	-	*	-	1,500	-
India	0	-	*	-	400	-
Sri Lanka	0	-	*	-	350	-
Pakistan	34,970	-	*	-	32,000	-
Subtotal - South Asia	**267,620**	**-**	*****	**-**	**311,750**	**-**
Western Hemisphere						
Bahamas	495	-	*	-	500	-
Guatemala	2,475	-	*	-	5,320	-
Colombia	0	16,300	*	-	0	-
Haiti	17,500	-	*	-	9,000	-
Jamaica	990	-	*	-	1,009	-
Mexico	39,600	-	*	-	27,816	-
Argentina	0	-	*	-	305	-
Bolivia	0	-	*	-	600	-
Chile	0	-	*	-	100	-
Dominican Republic	0	-	*	-	1,150	-
Ecuador	0	-	*	-	200	-
Guyana	0	-	*	-	100	-
Nicaragua	0	-	*	-	1,600	-
Eastern Caribbean	0	-	*	-	500	-
Trinidad and Tobago	0	-	*	-	500	-
Honduras	0	-	*	-	750	-
Paraguay	0	-	*	-	280	-
El Salvador	2,475	-	*	-	0	-
Southern Cone	0	-	*	-	0	-

Caribbean and Central America (Transit Zone)	0	-	*	-	0	-
Subtotal, Western Hemisphere	**63,535**	**16,300**	*	-	**50,530**	-
Global						
Criminal Youth Gangs	0	-	*	-	5,000	-
Interregional Aviation Support	62,865	-	*	-	60,100	-
International Organizations UNODC	2,960	-	*	-	3,750	-
International Organizations CICAD	1,000	-	*	-	1,750	-
Demand Reduction/Drug Awareness	9,900	-	*	-	3,500	-
Trafficking in Persons	4,950	-	*	-	4,950	-
INL Anticrime Programs	10,395	-	*	-	14,000	-
Alien Smuggling/Border Security	594	-	*	-	1,500	-
Anticorruption Compacts	1,485	-	*	-	0	-
Fighting Corruption	2,475	-	*	-	4,500	-
Financial Crimes/Money Laundering /Counter-Terrorism Financing Initiative	2,475	-	*	-	4,000	-
Cyber Crime, IPR and CIP	3,366	-	*	-	4,000	-
Civilian Police Program	1,980	-	*	-	2,000	-
ILEA Operations	15,840	-	*	-	16,500	-
Subtotal, Global	**109,890**	**-**	*	**-**	**111,550**	**-**
PD&S	**16,830**	**-**	*	**-**	**19,550**	**-**
Subtotal, INCLE	**472,428**	**107,700**	**703,600**	**260,000**	**634,600**	**159,000**
TOTAL INL PROGRAMS	**1,199,583**	**107,700**	**1,272,950**	**260,000**	**1,077,412**	**159,000**

* A regular FY 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution. The amounts included for FY 2007 in this budget reflect the levels provided by the continuing resolution. Country allocations for FY 2007 will be made once a FY 2007 appropriations bill is enacted.

International Training

International counternarcotics training is managed/funded by INL and carried out by the DEA, U.S. Customs and Border Service, and U.S. Coast Guard. Major objectives are:

- Contributing to the basic infrastructure for carrying out counternarcotics law enforcement activities in countries which cooperate with and are considered significant to U.S. narcotics control efforts;
- Improving technical skills of drug law enforcement personnel in these countries; and
- Increasing cooperation between U.S. and foreign law enforcement officials.

INL training continues to focus on encouraging foreign law enforcement agency self-sufficiency through infrastructure development. The effectiveness of our counternarcotics efforts overseas should be viewed in terms of what has been done to bring about the establishment of effective host country enforcement institutions, thereby taking drugs out of circulation before they begin their journey toward the United States. U.S. law enforcement personnel stationed overseas are increasingly coming to see their prime responsibility as promoting the creation of host government systems that are compatible with and serve the same broad goals as ours.

The regional training provided at the ILEAs consists of both general law enforcement training as well as specialized training for mid-level managers in police and other law enforcement agencies.

INL-funded training will continue to support the major U.S. and international strategies for combating narcotics trafficking worldwide. Emphasis will be placed on contributing to the activities of international organizations, such as the UNODC and the OAS. Through the meetings of major donors, the Dublin Group, UNODC and other international fora, we will coordinate with other providers of training, and urge them to shoulder greater responsibility in providing training, which serves their particular strategic interests.

INL will maintain its role of coordinating the activities of U.S. law enforcement agencies in response to requests for assistance from U.S. Embassies. This will avoid duplication of effort and ensure that presentations represent the full range of USG policies and procedures.

International Law Enforcement Academies (ILEAs)

The mission of the regional ILEAs has been to support emerging democracies, help protect U.S. interests through international cooperation, and promote social, political and economic stability by combating crime. To achieve these goals, the ILEA program has provided high-quality training and technical assistance, supported institution building and enforcement capability, and fostered relationships of American law enforcement agencies with their counterparts in each region. ILEAs have also encouraged strong partnerships among regional countries, to address common problems associated with criminal activity.

The ILEA concept and philosophy is a united effort by all the participants—government agencies and ministries, trainers, managers, and students alike—to achieve the common foreign policy goal of international law enforcement. The goal is to train professionals that will craft the future for the rule of law, human dignity, personal safety and global security.

The ILEAs are a progressive concept in the area of international assistance programs. The regional ILEAs offer three different types of programs. The Core program, a series of specialized training courses and regional seminars tailored to region-specific needs and emerging global threats, typically includes 50 participants, normally from three or more countries. The Specialized courses, comprised of about 30 participants, are normally one or two weeks long and often run simultaneously with the Core program. Lastly, topics of the Regional Seminars include transnational crimes, financial crimes, and counter-terrorism.

The ILEAs help develop an extensive network of alumni that exchange information with their U.S. counterparts and assist in transnational investigations. These graduates are also expected to become the leaders and decision-makers in their respective societies. The Department of State works with the Departments of Justice (DOJ), Homeland Security (DHS) and Treasury, and with foreign governments to implement the ILEA programs. To date, the combined ILEAs have trained over 18,000 officials from over 75 countries in Africa, Asia, Europe and Latin America. The ILEA budget averages approximately $16-18 million annually.

Africa. ILEA Gaborone (Botswana) opened in 2001. The main feature of the ILEA is a six-week intensive personal and professional development program, called the Law Enforcement Executive Development Program (LEEDP), for law enforcement mid-level managers. The LEEDP brings together approximately 45 participants from several nations for training on topics such as combating transnational criminal activity, supporting democracy by stressing the rule of law in international and domestic police operations, and by raising the professionalism of officers involved in the fight against crime. ILEA Gaborone also offers specialized courses for police and other criminal justice officials to enhance their capacity to work with U.S. and regional officials to combat international criminal activities. These courses concentrate on specific methods and techniques in a variety of subjects, such as counter-terrorism, anti-corruption, financial crimes, border security, drug enforcement, firearms and many others.

Instruction is provided to participants from Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia, Djibouti, Ethiopia, Kenya, Uganda, Nigeria, Cameroon, Comoros, Congo, the Democratic Republic of Congo, Gabon and Madagascar.

United States and Botswana trainers provide instruction. ILEA Gaborone has offered specialized courses on money laundering/terrorist financing-related topics such as Criminal Investigation (presented by FBI) and International Banking & Money Laundering Program (presented by DHS/FLETC Federal Law Enforcement Training Center). ILEA Gaborone trains approximately 500 students annually.

Asia. ILEA Bangkok (Thailand) opened in March 1999. The ILEA focuses on enhancing the effectiveness of regional cooperation against the principal transnational crime threats in Southeast Asia—illicit drug-trafficking, financial crimes, and alien smuggling. The ILEA provides a Core course (the Supervisory Criminal Investigator Course or SCIC) of management and technical instruction for supervisory criminal investigators and other criminal justice managers. In addition, this ILEA presents one Senior Executive program and about 18 specialized courses—lasting one to two weeks—in a variety of criminal justice topics. The principal objectives of the ILEA are the development of effective law enforcement cooperation within the member countries of the Association of Southeast Asian Nations (ASEAN), East Timor and China (including Hong Kong and Macau), and the strengthening of each country's criminal justice institutions to increase their abilities to cooperate in the suppression of transnational crime.

Instruction is provided to participants from Brunei, Cambodia, East Timor, China, Hong Kong, Indonesia, Laos, Macau, Malaysia, Philippines, Singapore, Thailand and Vietnam. Subject matter experts from the United States, Thailand, Japan, Netherlands, Philippines and Hong Kong provide

instruction. ILEA Bangkok has offered specialized courses on money laundering/terrorist financing-related topics such as Computer Crime Investigations (presented by FBI and DHS/Bureau of Customs and Border Protection (BCBP)) and Complex Financial Investigations (presented by IRS, DHS/BCBP, FBI and DEA). Total annual student participation is approximately 600.

Europe. ILEA Budapest (Hungary) opened in 1995. Its mission has been to support the region's emerging democracies by combating an increase in criminal activity that emerged against the backdrop of economic and political restructuring following the collapse of the Soviet Union. ILEA Budapest offers three different types of programs: an eight-week Core course, Regional Seminars and Specialized courses in a variety of criminal justice topics. Instruction is provided to participants from Albania, Armenia, Azerbaijan, Bulgaria, Croatia, Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Kyrgyz Republic, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan.

Trainers from 17 federal agencies and local jurisdictions from the United States and also from Hungary, Canada, Germany, United Kingdom, Netherlands, Ireland, Italy, Russia, Interpol and the Council of Europe provide instruction. ILEA Budapest has offered specialized courses on money laundering/terrorist financing-related topics such as Investigating/Prosecuting Organized Crime and Transnational Money Laundering (both presented by DOJ/OPDAT). ILEA Budapest trains approximately 950 students annually.

Global. ILEA Roswell (New Mexico) opened in September 2001. This ILEA offers a curriculum comprised of courses similar to those provided at a typical Criminal Justice university/college. These three-week courses have been designed and are taught by academicians for foreign law enforcement officials. This Academy is unique in its format and composition with a strictly academic focus and a worldwide student body. The participants are mid-to-senior level law enforcement and criminal justice officials from Eastern Europe; Russia; the Newly Independent States (NIS); Association of Southeast Asian Nations (ASEAN) member countries; and the People's Republic of China (including the Special Autonomous Regions of Hong Kong and Macau); and member countries of the Southern African Development Community (SADC) plus other East and West African countries; the Caribbean, Central and South American countries. The students are drawn from pools of ILEA graduates from the Academies in Bangkok, Budapest, Gaborone and San Salvador. ILEA Roswell trains approximately 450 students annually.

Latin America. ILEA San Salvador was established in 2005. The training program for the newest ILEA is similar to the ILEAs in Bangkok, Budapest and Gaborone and will offer a six-week Law Enforcement Management Development Program (LEMDP) for law enforcement and criminal justice officials as well as specialized courses for police, prosecutors, and judicial officials. In 2007, ILEA San Salvador will deliver three LEMDP sessions and about 10 Specialized courses that will concentrate on attacking international terrorism, illegal trafficking in drugs, alien smuggling, terrorist financing, financial crimes, culture of lawfulness and accountability in government. Components of the six-week LEMDP training session will focus on terrorist financing (presented by the FBI), international money laundering (presented by DHS/ICE/Immigration and Customs Enforcement) and financial evidence/money laundering application (presented by DHS/FLETC and IRS). The Specialized course schedule will include courses on financial crimes investigations (presented by DHS/ICE) and money laundering training (presented by IRS). Instruction is provided to participants from: Argentina, Bardados, Bahamas, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Jamaica, Nicaragua, Panamá, Paraguay, Perú, Trinidad and Tobago, Uruguay and Venezuela.

The ILEA Regional Training Center located in Peru will officially open in 2007. The center will augment the delivery of region-specific training for Latin America and will concentrate on specialized courses on critical topics for countries in the Southern Cone and Andean Regions.

Drug Enforcement Administration

The primary responsibility of the Drug Enforcement Administration (DEA) is to reduce the threat posed to our nation by illicit narcotics. The majority of illegal drugs impacting American society are produced outside of the United States and smuggled into our country. These illegal drugs are smuggled from their country of origin and often transit other nations before arriving in the U.S. Thus, a strong international commitment to counter narcotics law enforcement is required to effectively blunt this menace. In cooperation with other U.S. agencies and foreign law enforcement counterparts, DEA strives to disrupt the illicit narcotics distribution chain, arrest and prosecute those involved in all aspects of the illegal drug trade, and seize their profits and assets.

DEA's contribution to our nation's international counter narcotics strategy is accomplished through its 227 domestic offices throughout the U.S. and 86 foreign offices in 62 countries. The DEA overseas mission has the following components:

- Conduct bilateral investigative activities;
- Coordinate intelligence gathering;
- Coordinate training programs for host country police agencies;
- Assist in the development of host country drug law enforcement institutions and engage in foreign liaison discussions with host country law enforcement.

The emphasis placed on each component is determined by conditions and circumstances within the host nation. In nations where the law enforcement infrastructure is advanced and well developed, the DEA office may tailor its activities to specific areas that best support host nation efforts. In countries lacking a robust law enforcement capability, DEA personnel may provide assistance in all four of the mission areas listed above. The following sections highlight the assistance that DEA provided during 2006 to host nation counterparts in support of the four established mission components.

Bilateral Investigations

Historical Operations

Operations All Inclusive 2005-1 and 2006-1, which ran from August 5, 2005 through October 8, 2005, and March 4, 2006 through April 26, 2006, respectively, targeted South American source regions, Eastern Pacific and Western Caribbean vectors of the Mexico/Central America transit zones, and the Mexico and Central America land mass, to attack the drug trade's main arteries and support infrastructure with innovative, multi-faceted, and intelligence-driven operations. Both operations exploited the maritime, overland, commercial air, and private air smuggling vulnerabilities in the movement of drugs, money, and chemicals. DEA and other federal, state, and host nation law enforcement and military agencies supported both operational and intelligence aspects of these operations.

Operation All Inclusive 2005-1: Seizure highlights in Mexico include 21.05 metric tons of marijuana, 108 kg of cocaine, 35.2 kg of heroin, and nearly one million tablets of pseudoephedrine. Of particular importance were two currency seizures at the Mexico City Airport totaling $8.7 million. One of these seizures was for $7.8 million. This seizure is the largest currency seizure to

date at the Mexico City International Airport. During this operation, over 46 metric tons of cocaine were interdicted and seized before they could reach Mexico, where the drugs are normally broken down into smaller quantities for transshipment north and to make them more difficult to interdict. Another significant seizure during this operation was of 3.5 metric tons of cocaine, seized from a fishing vessel in the Eastern Pacific Ocean on August 15, 2005.

Operation All Inclusive 2006-1 is an interagency effort using all available intelligence, information, and knowledge gained from Operation ALL INCLUSIVE (OAI) 1-2005. OAI 2006-1 used the combined abilities of the Special Operations Division, the El Paso Intelligence Center, Panama Express, and the Intelligence Community. Pre-operational and operational intelligence was used to identify targets of interest, their vulnerabilities, and cause a sustained disruption in the flow of drugs ultimately destined for the United States. OAI 2006-1 consisted of a combination of staggered and simultaneous land, air, maritime, and financial components combined with disinformation elements; designed to synchronize interagency counter drug operations, influence illicit trafficking patterns, and increase disruptions of drug trafficking organizations. OAI 2006-1 targeted the flow of drugs, money, and chemicals within the source and transit zones in a combined effort utilizing DEA, JIATF-South, interagency, and host counterpart capabilities. Operational Highlights –

- Mexican Federal Police seized **$2.2 million dollars** in U.S. currency found inside false luggage compartments at the Mexico City Airport. Four Colombians scheduled to fly to Guadalajara, Mexico were arrested.
- Ecuadorian National Police seized **5.5 metric tons of cocaine** packaged in 677 boxes within a maritime container. The container originated in Buenaventura, Colombia, and was en route to Colon, Panama. This was largest cocaine seizure ever made at the Port of Guayaquil.
- Fifteen cocaine-processing labs were seized and dismantled in Colombia (11 in March and four in April). A total of **92.6 metric tons of precursor chemicals** and **500 kg of explosives** were seized.
- Eight maritime seizures, six in the eastern Pacific and two in the Western Caribbean, totaling **16.16 MT of cocaine and 8 kg of heroin,** were carried out during the operation. The largest seizure occurred on March 11, 2006, 3,317 kg of cocaine, eight kg of heroin, from a go-fast boat with five Colombia crewmembers.
- In Colombia, many of the smaller cocaine seizures (**10 kg or less)** from air cargo were destined for Spain.
- **5.6 tons of cocaine** was seized in Mexico from a DC-9 that originated in Venezuela. This seizure is one of the largest in recent history in Mexico.

Project Cohesion. Project Cohesion is an international chemical control initiative, run under the auspices of the International Narcotics Control Board (INCB), to track the flow of the cocaine precursor potassium permanganate and the heroin precursor acetic anhydride. Project Cohesion was created in October 2005 by combining the INCB sponsored legacy projects: Operation Topaz and Operation Purple. The combined steering committee of these two operations determined that while Operations Topaz and Purple had been effective in their time, changes needed to be made to reinvigorate these projects. Under the auspices of the INCB, Project Cohesion maintains the system of Central National Authorities (CNAs) for the use of the legacy Pre-Export Notification (PEN) system for both of these substances. Project Cohesion is committed to adopting a regional approach utilizing "time limited" operations to increase arrests and chemical seizures. In addition, the project is committed to increasing the efficiency of sharing intelligence and enforcement activities so that the real time exchange suspect consignment information can be obtained. Pursuant to Operation Cohesion, in the second half of 2006, the project monitored 472 shipments of acetic anhydride and 494 shipments of potassium permanganate.

Operation Cold Remedy/Aztec Flu. Pursuant to ***Operations Cold Remedy*** and ***Aztec Flu***, initiatives run out of Hong Kong and Mexico respectively, and tracked globally under the auspices of ***Project Prism***, over five metric tons of 60 milligram tablets of pseudoephedrine, with the capability to yield in excess of three metric tons of methamphetamine (at a 60 percent conversion rate), were seized through the end of 2005 in the United States, Mexico, and Panama.

Operation Containment. Operation Containment is an intensive, multinational, law enforcement initiative established in 2002 and is led by DEA. It involves countries in Central Asia, the Caucuses, the Middle East, Europe, and Russia.

The following 19 countries are participating in Op Containment:

Afghanistan, Armenia, Azerbaijan, Bulgaria, Germany, Greece, India, Kazakhstan, Kyrgyz Republic, Pakistan, Tajikistan, Turkey, Turkmenistan, Romania, Russia, Ukraine, Uzbekistan, United States, and the United Kingdom.

The following are the goals of Operation Containment.

- Implement a coordinated post-Taliban heroin counter narcotics strategy to reduce the production of opium through the prevention of poppy cultivation and destruction of known opium stockpiles and heroin laboratories.
- Diminish the availability of heroin and morphine base in countries surrounding Afghanistan and along the Balkan and Silk Road trafficking routes.
- Deny safe havens to criminal organizations involved in drug trafficking, drug related terrorist activities, and money laundering. Deprive these organizations of the illicitly gained financial assets necessary for their activities.
- Engage in proactive enforcement and intelligence gathering operations utilizing a regional organizational attack strategy targeting the highest-level heroin Drug Trafficking Organizations (DTOs) and their command and control structures operating in Afghanistan and the greater Southwest and Central Asian region.
- Continue implementing administrative, diplomatic, and investigative measures needed to reduce the flow of Afghan heroin into world markets and prevent Afghanistan from becoming a major heroin supplier to the United States.
- In order to accomplish these goals, DEA has enhanced the staffing levels of its Kabul Country Office and works closely with various Afghan and U.S. Government agencies in a coordinated approach in regards to enforcement efforts against the highest-level DTOs.
- Further DEA office enhancements have already taken place with increased special agent presence in Ankara, Turkey; Istanbul, Turkey; London, England; and Moscow, Russia.
- The Kabul CO's primary counterpart in Afghanistan is the Counter Narcotics Police—Afghanistan (CNP-A). DEA has assisted the Afghan Government in establishing the National Interdiction Unit (NIU), which is comprised of CNP-A officers who have been selected to work narcotic enforcement operations with DEA's Kabul Country Office (CO) and Foreign-deployed Advisory and Support Teams (FAST). DEA continues to advise, train, and mentor these NIU officers. To date, DEA has trained over 150 NIU officers and they are already operationally deployed, working with their DEA counterparts throughout Afghanistan.
- DEA and the U.S. interagency community, including the Department of Defense (DOD) and the Department of State (DOS), in conjunction with British and Afghan counterparts, have initiated a long-term strategic plan for the development of the Counter Narcotics Police – Afghanistan (CNP-A). A key objective is to augment the CNP-A's professionalism and capabilities. The CNP-A will support governmental stability in Afghanistan by disrupting the production and trafficking of illicit drugs across international

borders. The desired outcome for the plan is for the CNP-A to become a self-sustaining law enforcement agency within Afghanistan.

- During fiscal year (FY) 2006, ***Operation Containment*** has resulted in the seizure of 5.3 tons of heroin, 5.2 tons of opium gum, 3.9 tons of cannabis, 1,439 liters of precursor chemicals, 39 clandestine opium/morphine/heroin/ conversion laboratories, and 357 arrests.

Operation Marble Palace II. Consolidated Priority Organization Target (CPOT) Haji Baz MOHAMMAD Convicted. In January of 2005, DEA Kabul CO agents and Afghan NIU counterparts arrested Afghan Heroin Drug Kingpin Haji Baz Mohammad in Kandahar, Afghanistan. President Bush had previously designated Haji Baz Mohammad as a Drug Kingpin pursuant the Foreign Narcotics Kingpin Designation Act. Mohammad was indicted in the Southern District of New York for distributing hundreds of kg of heroin from Afghanistan and Pakistan to the United States, between 1990 and 2005. In October of 2005, Mohammad was extradited from Afghanistan to the United States. This represented the first Afghan drug trafficker that was extradited from Afghanistan to the U.S. to face narcotics charges. Numerous co-defendants who were part of Mohammad's New York based cell have been prosecuted and sentenced to federal prison. In addition, there is a 25 million-dollar forfeiture allegation in the Southern District of New York federal indictment. On July 11, 2006, in the U.S. District Court for the Southern District of New York, Mohammad pled guilty to conspiracy to import heroin into the United States. He faces a mandatory minimum of ten years in prison and up to a potential life sentence when he is sentenced sometime in 2007.

Project Prism. This project, which began in June 2002, is an initiative sponsored by the International Narcotics Control Board (INCB) under the United Nations. The initiative is aimed at assisting governments in developing countries and implementing operating procedures to more effectively control and monitor trade in Amphetamine Type Stimulants (ATS) precursors, used mainly in the production of methamphetamine and Ecstasy, in order to prevent their diversion. A task force oversees the initiation of individual operations and ensures the sharing of information, intelligence, and resulting findings.

Operating under the auspices of Project Prism, DEA hosted a meeting in February 2006, in Hong Kong, for law enforcement and regulatory officials of producing countries of ephedrine/pseudoephedrine and 3-4 methylenedioxyphenyl-2-proponone, as well as those nations most affected by methamphetamine. The objective of this meeting was to develop and enhance systems for voluntary cooperation in data collection and the exchange in law enforcement channels of information on pharmaceutical preparations containing ephedrine and pseudoephedrine, as well as bulk precursor chemicals. This was the first time that almost all of the countries that produce these chemicals and those countries affected by methamphetamine have sat down together to discuss this problem.

While there were some differences of opinion as to the manner and channels in which information regarding the licit trade in these substances should be exchanged, it was important to bring precursor-chemical-producing nations and nations in which illicit drug manufacturing occurs together for candid discussions. The communication that occurred between countries attending the open forum meeting was encouraging. The Hong Kong meeting also helped to lay a foundation for discussions and negotiations between concerned governments, which led to the passage of a resolution at the 49th Commission on Narcotic Drugs in Vienna, Austria in March of this year. The resolution, entitled "Strengthening Systems for Control of Precursor Chemicals Used in the Manufacture of Synthetic Drugs," involves the synthetic drug precursors previously mentioned, as well as preparations containing these substances and phenyl-2-propanone (P2P). The resolution calls on all nations who are signatories to the various United Nations' conventions dealing with

drugs and precursor chemicals to provide to the INCB annual estimates of their legitimate requirements for these substances and preparations containing these substances. The resolution also calls for nations to ensure that their imports of these substances are commensurate with their respective nation's legitimate needs and urges them to continue to provide to the INCB, subject to their national legislation and taking care not to impede legitimate international commerce, information on all shipments of these drugs and precursor chemicals. The resolution further requests countries to permit the INCB to share the shipment information on these consignments with concerned law enforcement and regulatory authorities to prevent or interdict diverted shipments. The sharing of this information will, most likely occur within the Project Prism framework.

Operation Twin Oceans. Operation Twin Oceans is a multi-jurisdictional investigation that targeted the Pablo RAYO-Montaño DTO, a cocaine ring responsible for smuggling more than 15 tons of cocaine per month from Colombia to the streets of the U.S. and Europe. An international coalition spearheaded by the Brazilian Federal Police, Panamanian Judicial Police, Colombian National Police, and DEA was responsible for dismantling this international drug cartel. This three-year long investigation resulted in over 100 arrests and the seizure of 47,555 kg of cocaine, or the equivalent of 52 short tons of cocaine, and the identification of over $100 million in assets in Mexico, Panama, Colombia, Brazil, and the United States. These assets include ships/yachts, vehicles, islands, other real property, U.S. Currency and other foreign currency, bank accounts, art work, etc. RAYO-Montaño, aka "Don Pablo," was the commander and controller of a 21st Century criminal organization whose information technology-literate managers used highly sophisticated methods to coordinate the movement of cocaine north and illegal drug proceeds south. In addition, the organization worked in close association with Colombian narcotics terrorist organizations such as the Autodefensas Unidas de Colombia (AUC), the Fuerzas Armadas Revolucionarias de Colombia (FARC) and the Norte del Valle Cartel. RAYO-Montaño was arrested by the Sensitive Investigations Unit (SIU) of the Brazilian Federal Police (DPF) in Sao Paulo, Brazil, at his residence on May 16, 2006, on charges including money laundering, and conspiracy and possession with intent to distribute cocaine. He represents the 42nd arrest of a CPOT since the inception of the program. As a result of outstanding international cooperation, Operation Twin Oceans was able to identify, target and dismantle all levels of criminal activity, from the Colombian source of supply to wholesale distributors that had direct impact in the cocaine market in the U.S.

Operation Bahamas and Turks and Caicos (OPBAT). The Bahamas participates actively as a partner in "Operation Bahamas and Turks and Caicos" (OPBAT), a multi-agency international drug interdiction cooperative effort established in 1982. OPBAT is the largest and oldest cooperative effort overseas by any government involved in drug enforcement. OPBAT brings together on the U.S. side, DEA, the U.S. Army (DOD), U.S. Coast Guard, the Department of Homeland Security, and the Department of State (DOS) and, on the Bahamian and Turks and Caicos side, counterparts from the Royal Bahamas and Turks and Caicos Police Forces. During 2006, as a result of OPBAT, 1,331 kg of cocaine and 134,831 pounds of marijuana were seized. The Drug Enforcement Unit (DEU) of the Royal Bahamas Police Force (RBPF) cooperated closely with the U.S. and foreign law enforcement agencies on drug investigations in 2006.

Operation High Step. Operation High Step is a Special Operations Division (SOD)-supported, multi-national, multi-jurisdictional, multi-agency investigation targeting the Carlos Alberto Bejarano-Ospina/Gonzalo Salazar-Oliveros DTO. Also known as Operation Isla de Sur by the Bogotá CO, which is coordinating this investigation with DEA New York, DEA JFK Airport Group, the New York Strike Force, DEA New York Task Force, DEA Houston, DEA Chicago, DEA Miami, DEA Orlando, DEA Tampa, and the Colombian National Police (CNP) Direccion Antinarcotics Control Precursores Quimicas (ANTIN). In November 2005, police and federal

agents arrested 78 people and seized hundreds of pounds of heroin in near-simultaneous raids across Colombia and the U.S. The ring brought heroin from labs in Colombia to Boston, MA, New York, NY, Chicago, IL, and Orlando, FL. Seventeen people were arrested in Massachusetts, where the ring was selling heroin in Everett and Lynn, authorities said. Nineteen people were arrested in Colombia, including the alleged leaders of the drug ring, Alberto Bejarano-Ospina and Gonzalo Salazar-Oliveros. They have been charged with distribution of and conspiracy to distribute heroin and are now subject to extradition to the U.S. During the year-long investigation, authorities also seized $1.4 million in cash and 20 weapons. To date, enforcement efforts during Operation High Step have resulted in 160 arrests and seizures totaling 128 kg of heroin, 60 kg of cocaine, and $2.4 million in U.S. currency. The success of this multi-national, multi-jurisdictional, multi-agency investigation exemplifies the cooperation between law enforcement entities throughout the U.S. and the Government of Colombia.

Operation Mountain Mist. Operation Mountain Mist is a SOD-supported multi-jurisdictional, multi-national OCDETF investigation targeting the Auto Defensas De Colombia (AUC) Para military leaders and their supporting lieutenants who are among the most feared and dangerous criminals in Colombia. Their groups, which have been designated as Terrorist Organizations by the Department of State, utilize violent means to maintain total control and to protect the interests of significant Colombian sources of supply of cocaine. Cumulative operational results include 128 arrests and the seizure of 20 cocaine HCl labs, 22,919.5 kg of cocaine, 28,999 gallons of precursor chemicals, 4,000 pounds of marijuana, and $2,732,309 in U.S. currency.

Operation Panama Express. Operation Panama Express is a joint operation designed to disrupt and dismantle major maritime drug smuggling organizations operating from the Pacific and Caribbean coasts of Colombia. DEA and several other federal, state, and local law enforcement authorities, including the Federal Bureau of Investigation, Immigration and Customs Enforcement, and the Joint Interagency Task Force (JIATF), conducted the operation. Since the February 2000 implementation of Operation Panama Express, 437 metric tons of cocaine have been seized, 136,000 kg of cocaine have been destroyed, when vessels carrying these illicit drugs were scuttled by their crews to avoid capture or when the boats were sunk by law enforcement, and 1,288 individuals arrested.

Operation Windjammer. On May 19, 2005, based on information provided by DEA's Cartagena, Colombia Resident Office (RO), DEA's Kingston, Jamaica Country Office (CO) initiated a Priority Target Investigation focusing on Gareth Lewis, a multi-ton, Jamaica-based cocaine distributor. Through a myriad of investigative resources, the Kingston CO, in conjunction with the Cartagena RO, the Panama CO, and SOD determined that Lewis distributed multi-ton quantities of cocaine to the U.S. and Europe via Panama and Mexico. On January 3, 2006, a two-count indictment was rendered by the U.S. District Court for the District of Columbia, alleging that Gareth Lewis, his father Jeffrey Lewis, and five co-conspirators were in violation of Title 21, U.S. Code (USC), Sections 863 and 959, conspiring to transport cocaine into the U.S. In support of Operation Windjammer, the Kingston CO played a significant role in obtaining vital evidence that was utilized to implicate the Lewis' and members of their drug trafficking organization in a conspiracy to transship cocaine into the U.S. As evidenced by this indictment, Operation Windjammer was tailored to assist DEA via host nation counterparts in pursuing Priority Target and/or significant narcotics traffickers impacting the U.S. via Jamaica. There were seizures in this investigation in Colombia in excess of 1,400 kg of cocaine. In 2006, Operation Windjammer seized 195 pounds of hash oil and 7,052 pounds of marijuana, and effected eight arrests.

1st Quarter FY2006 (October 1, 2005-December 31, 2005)

- **The Government of Afghanistan passed comprehensive counter narcotics legislation prohibiting the manufacture and trafficking of narcotics in December 2005.** The law

includes the standardization of penalties and the authorization of modern law enforcement techniques.

- **Operation Gear Grinder.** This operation, which culminated in December 2005, was a 21-month DEA, OCDETF investigation that targeted eight major steroid manufacturing companies, their owners, and their trafficking associates. A federal grand jury in San Diego indicted 23 individuals, including three U.S. citizens, and eight Mexican companies. It resulted in the arrest of the owner of three of the world's largest anabolic steroid manufacturers. DEA identified these eight companies, all located in Mexico, which produced 82 percent of all steroids submitted to DEA laboratories for analysis. These businesses conducted their sales primarily via the Internet, and DEA estimated their total annual wholesale U.S. steroid sales at $56 million. These Mexico based businesses took notice of the demand for anabolic steroids and created a marketing strategy tailored to the needs of the U.S. consumer, including high quality products and Internet websites.

  Communications via the Internet and parcel distributions were the core of these companies' operations. The websites showcased the products and offered an email address to exchange prices and tracking numbers, and provided ordering and payment instructions. They used U.S.-based email addresses and listed each manufacturer utilizing a business website to place their products in the hands of American consumers. Some manufacturers provided direct referrals to distributors through the "Contact Us" section of the websites. The steroids were smuggled into the United States, and shipped to customers. Additionally, steroids from the eight companies were shipped to U.S. traffickers, who re-sold the products to their customers. Financial transactions were primarily done via Western Union wire transfers, as well as bank transfers and credit card payments. These groups also supplied numerous pharmacies along the U.S./Mexico border, where U.S. customers could purchase steroids and smuggle them back across the border into the United States. To date, nine individuals have been arrested pursuant to this investigation, as well as seizures of assets and steroids.

- **Seizure of 39 kg of Heroin.** On October 29, 2005, DEA's Santo Domingo, Dominican Republic CO and members of one of its sponsored units, (Inteligencia Operativa) at the Dirrecion Nacional De Control De Drogas, seized 39 kg of heroin. The seizure was a result of an undercover operation involving a confidential source and extensive surveillance. As a result of the operation, five individuals were arrested; four Colombian Nationals and one Venezuelan national. All were conducting their drug trafficking activities within the Dominican Republic.

- **Historic Extradition of Cocaine Kingpin and Four Criminal Associates from Curacao To New York.** On October 5, 2005**,** the historic extradition of cocaine kingpin James Yezid VALENCIA Rugeles, aka "Matador," and four of his associates from the Netherlands Antilles to New York, for the alleged trafficking of $88 million worth of cocaine was announced. VALENCIA Rugeles, along with Mario ALBERTO Valencia, James Jesus VALENCIA Munevar, Oscar DIAZ Mejia, and Xiomara DIAZ Mejia were arraigned in Manhattan, where they were ordered to be held for appearance at the U.S. District Court. These extraditions rise from the first-ever joint Curacao-U.S. investigation of a major drug organization and represent the culmination of an international law enforcement operation conducted by the New York Drug Enforcement Task Force, DEA's Carribean Field Division, the Colombian National Police, and law enforcement agencies of the Netherlands Antilles. The indictment alleges that the VALENCIA Rugeles ran an organization responsible for massive cocaine smuggling and transported tons of cocaine to St. Maarten, and ultimately Puerto Rico and the U.S. During the course of the investigation, law enforcement officers seized approximately 4,438 kg of cocaine worth more than $88 million on New York City streets. If convicted, each defendant faces a maximum sentence of life in prison and a mandatory minimum term of 10 years imprisonment.

2nd & 3rd Quarter FY2006 (January 1, 2006-June 30, 2006)

- **Arrest of Jose Adolfo HURTADO-Paz.** On July 4, 2006, Jose Adolfo HURTADO-Paz was arrested in Buenaventura and is currently in jail in Colombia awaiting extradition to Miami, FL or Washington, D.C. HURTADO-Paz was a fugitive involved in coordinating multi-ton shipments of cocaine via fishing vessels for the RAYO-Montano DTO on the eastern Pacific side of Colombia. DEA's Cartagena Resident Office and the Colombian National Police (CNP) Anti-Narcotics Unit (ANTIN) are actively pursuing eight other fugitives in Colombia in relation to this case. DEA Cartagena continues to coordinate the financial investigation of the Colombian-based RAYO-Montano DTO with the CNP-ANTIN SIU FIT, and has identified approximately $61 million in properties, vehicles, businesses, and fishing vessels.
- **Arrest and Extradition of Roger KAHN.** On June 29, 2006, Roger KAHN, leader of a Guyana-based DTO, was successfully extradited via an arrest warrant issued out of the Eastern District of New York. KAHN was apprehended in Suriname, turned over to the DEA, and transported to the U.S. KAHN is currently in custody in New York pending drug trafficking charges. KAHN was responsible for significant amounts of narcotics shipped via maritime, air, and go-fast boats from Guyana, Suriname, and the Eastern Caribbean region.
- **Fentanyl Laboratory Seized in Mexico.** As a result of Chemical and Drug Identification training received from DEA and INL, on May 21, 2006, Mexican officials seized an operational fentanyl laboratory in Toluca, Estado de México, Mexico. It is suspected that kg quantities of fentanyl were produced in this laboratory and sent to the United States.
- **Consolidated Priority Organization Target (CPOT) Zeev ROSENSTEIN Arrested.** On November 8, 2004, the DEA Miami Division reported the arrest of CPOT Zeev ROSENSTEIN by the Israeli National Police in Tel Aviv, Israel. The arrest is the result of a three-year investigation and September indictment of ROSENSTEIN for trafficking MDMA in the U.S. District Court, Southern District of Florida. According to intelligence information, ROSENSTEIN was the leader of an Israeli criminal organization responsible for financing, coordinating and smuggling multi-million tablet shipments of MDMA from Belgium and Holland to the United States, Israel and Europe. Investigative information has linked ROSENSTEIN to a 2001 seizure in New York of 700,000 MDMA tablets and $187,000 in U.S. currency. On February 16, 2006, the Israeli Justice Minister signed the extradition order allowing ROSENSTEIN to be extradited to Miami, Florida. On March 6, 2006, Rosenstein was transported to Miami, Florida. Subsequently, ROSENSTEIN was convicted in federal court and sentenced to 144 months prison.
- **DEA Kabul, National Interdiction Unit members, and Afghan Security Force Officers Seized 15 kg of Heroin and Arrested Haji Ahsanullah in Nangarhar Province,** in February 2006. This marked the first execution of a search warrant under the new Afghanistan Drug Law.

4th Quarter FY2006 (July 1, 2006-September 30, 2006)

- **Operational Mexican Methamphetamine Laboratory Seized.** On December 10, 2006, the Jalisco, Mexico fire department responded to a blazing fire at a ranch located in Tlajomulco de Zuniga, Jalisco, Mexico. As a result of Chemical and Drug Identification training received from DEA and INL, firemen discovered an operational methamphetamine laboratory containing 100 200-liter barrels of chemical substances used in the manufacture of methamphetamine. The main building contained approximately 100 55-gallon barrels of chemicals, multiple pressure cookers, and approximately 33 pounds of suspected finished methamphetamine.

- **Arrest of CPOT Pablo RAYO-Montano and Dismantlement of the RYAO-Montano Drug Trafficking Organization.** On May 16, 2006, CPOT Pablo RAYO-Montano was arrested as part of Operation Twin Oceans. The unprecedented level of cooperation and coordination between governments has enabled DEA to identify and target this worldwide DTO. Updated stats for the May 16, 2006, takedown include the arrest of 29 of 42 indicted targets; 52 additional targets arrested on local charges. Seizures include $377,000 in Colombia, $323,000 in Panama, and $2,047,000 in Miami, for a total of $2,747,000, combined with over $100 million in assets.
- **Cash Seizure of $829,716 by DEA's Kingston, Jamaica Country Office.** On May 15, 2006, the Kingston CO reported a significant seizure of $829,716 in U.S. currency, which was being transported by four Colombian nationals. All four individuals were arrested and identified as members of a drug trafficking and money laundering organization. All defendants are in custody pending prosecution on money laundering charges. This seizure also attests to the continuing success and efficient sharing of information between DEA and Jamaican law enforcement officials.
- **DEA Fugitive Extradited from Mexico.** On November 30, 2006, DEA fugitive Javier Torres-Felix was extradited from Mexico to McAllen, Texas, under a U.S. indictment for conspiracy to import, manufacture and distribute cocaine. Javier Torres-Felix was a top lieutenant and close confidant for CPOT Ismael ZAMBADA-Garcia.
- **Arellano-Felix Brother Extradited from Mexico.** On September 16, 2006, Francisco Rafael Arellano-Felix was extradited from Mexico to Texas. Francisco Rafael Arellano-Felix was originally arrested in Mexico on December 4, 1993, and was in a Mexican jail. He is the older brother of CPOT Francisco Javier Arellano-Felix and Eduardo Ramon Arellano-Felix.
- **Seizure of 588 firearms in Pedro Juan Caballero, Paraguay**. On September 3, 2006, 588 firearms were seized in Pedro Juan Caballero, Paraguay. This seizure was the result of an investigation by the DEA Asuncion, Paraguay CO and the DEA-supported vetted unit (SENAD) of drug/firearms traffickers involved in a recent seizure of 318 firearms in Pedro Juan Caballero. Intelligence indicates that these firearms were destined for the violent Primero Comando de Capital (PCC) organization. A total of 906 firearms, consisting of shotguns, assault rifles, rifles, pistols, revolvers, and concealable pen guns have been seized from the PCC organization in Pedro Juan Caballero. Additionally, 8,000 rounds of rifle ammunition (7.62mm and 5.56mm), multiple silencers, and numerous M-16 magazines were seized, with a total value of $600,000.
- **Extradition of Samuel Knowles on August 29, 2006.** On August 28, 2006, Samuel Knowles was extradited to the Southern District of Florida after fighting extradition from The Bahamas since 2002. In 2002, Knowles was designated by President Bush as an individual appropriate for sanctions under the Foreign Narcotics Kingpin Designation Act (21 USC 1901-1908), an act that targets, on a worldwide basis, significant foreign traffickers and their organizations and operations. Knowles' organization was responsible for the importation/distribution of multi-ton quantities of cocaine and marijuana to the U.S. from The Bahamas. Knowles is charged with importing, via high performance speedboats, approximately 1,644 kg of cocaine and 879 pounds of marijuana. Additionally, over $2.5 million in drug proceeds was been seized from Knowles' organization.
- **Extradition of CPOT Manuel Hoover SALAZAR-Espinosa.** On August 22, 2006, Manuel Hoover SALAZAR-Espinosa was extradited from Colombia to the U.S. SALAZAR-Espinosa was indicted for violations of Title 21 in the Southern District of New York and is also the subject of a second indictment returned in the Southern District of Florida. SALAZAR-Espinosa, aka "Hoover Salazar," is the subject of superseding indictment 05 CR 517, which

was returned in the Southern District of New York on June 28, 2005. The indictment charged SALAZAR-Espinosa with violations of 21 USC 812, 21 USC 952, 21 USC 959, 21 USC 960, and 21 USC 963 of the Controlled Substances Act. Additionally, SALAZAR-Espinosa was charged with violations of 18 USC 2, and 18 USC 1956. This indictment also includes criminal forfeiture penalties pursuant to 21 USC 853, 21 USC 959, 21 USC 963, and also 18 USC 982, 1343 and 1956.

- **Cash Seizure of $1,345,842**. On August 17, 2006, $1,345,842 was seized in Freeport from a Haitian DTO operating in The Bahamas.
- **Arellano-Felix Brother and Associates Arrested.** Based on an ongoing investigation, on August 14, 2006, the U.S. Coast Guard arrested Francisco Javier Arellano-Felix and two of his lieutenants, Arturo Villareal-Heredia and Marco Villanueva-Fernandez, and turned them over to DEA San Diego. In December of 2003, a grand jury in the Southern District of California returned an indictment against Francisco Javier Arellano-Felix and several other members of the Arellano-Felix drug trafficking organization charging them with violating the Racketeering Act, a Continuing Criminal Enterprise, Conspiracy to Import and Distribute a Controlled Substance, and Aiding and Abetting in furtherance of a Criminal Conspiracy.
- **Seizure of 732.1 kg of Cocaine in Eastern Pacific Ocean [Galapagos Islands].** On August 5, 2006, a U.S. Navy vessel interdicted an unflagged go-fast vessel (GFV) with four crew members. Personnel from the Navy vessel boarded the GFV and discovered that the entire mid-ship and bow was filled with cocaine, resulting in a seizure total of 1,614 pounds. U.S. Navy personnel estimated that, based on its size, as much as 2.5 metric tons of cocaine was on board the GFV, however, due to fire on the vessel, an accurate total could not be ascertained. The Navy sank the GFV due to excessive fire damage.
- **Corrupt Member of the Afghan Ministry of Interior was Convicted and Sentenced to Ten Years Incarceration for Distributing Two kg of Heroin.** In August 2006, in an investigation jointly undertaken by DEA and the Counter Narcotics Police of Afghanistan, a corrupt member of the Afghan Ministry of Interior was convicted and sentenced to ten years incarceration for distributing two kg of heroin. The convicted individual, who held the rank of Lieutenant Colonel, was found guilty despite making threats against key members of the Afghan government. This investigation demonstrates the resolve of both governments in the fight against narcotics trafficking.
- **Training Results in Methamphetamine Laboratory Seizures in Mexico.** As a result of DEA and INL sponsored training in Chemical and Drug Identification on January 5, 2006, Mexican authorities raided a suspected methamphetamine laboratory and seized approximately 500 kg of methamphetamine, 770 kg of ephedrine, large amounts of precursor chemicals, and laboratory equipment. Also, on August 1, 2006 as a result of the same chemical recognition training, Mexican State Police officials discovered a methamphetamine laboratory in Jalisco, Mexico, and seized approximately 100 kg of methamphetamine.

1st Quarter FY-2007 (October-December 2006)

- **Extradition of North Valle Cartel Leader Jairo Aparicio-Lenis.** On October 21, 2005, Jairo Aparicio-Lenis, a leader of the North Valle Cartel, one of Colombia's most powerful cocaine trafficking organizations, was extradited to the U.S. to face racketeering and drug charges. Aparicio-Lenis arrived in Florida and was transferred to Washington, D.C., where he has been charged by a federal grand jury along with eight other leaders of the Norte Valle Cartel. The April 29, 2004, indictment charges the cartel leaders with violations of the Racketeer Influenced and Corrupt Organizations Act (RICO) and with distributing cocaine knowing and intending that it would be unlawfully imported into the U.S. The indictment alleges that the

Norte Valle Cartel bribed and corrupted Colombian legislators. According to the indictment, Aparicio-Lenis was a member of the Norte Valle Cartel responsible for laundering the cartel's cocaine proceeds. The cartel operated in the Norte Valle del Cauca region of Colombia, the cities of Cali and Buenaventura, Colombia, as well as Mexico and the U.S. If convicted, Aparicio-Lenis faces a maximum sentence of up to life imprisonment on the cocaine importation charges, and 20 years in prison for the RICO charge. On October 19, 2006, Jairo APARICIO-Lenis pled guilty to RICO Conspiracy, 18 USC 1962(d). The underlying conduct was money laundering, in excess of $20 million for the North Valley Cartel. APARICIO-Lenis pled guilty in the Federal District Court for the District of Columbia. He is scheduled to be sentenced on January 26, 2007.

- **Arrest of Financial CPOT Gabriel PUERTA-Parra in Colombia.** On October 8, 2004, DEA's Bogotá, Colombia CO reported the arrest of Financial CPOT Gabriel PUERTA-Parra by the Colombian National Police Sensitive Investigative Unit in La Vega, Colombia. PUERTA-Parra, a former attorney for the Departamento Administrativo de Seguridad, the Colombian equivalent to the FBI, was indicted in the U.S District Courts for the District of Columbia and the Southern District of Florida, and charged with violation of the Racketeer Influenced and Corrupt Organization Act, conspiracy, cocaine trafficking, and money laundering. According to intelligence information, PUERTA-Parra was a key counselor and advisor to the North Valley Cartel since the 1980s, and an attorney for former Medellín Cartel leader Pablo Escobar. PUERTA-Parra utilized a large range of legitimate businesses including investment and real estate companies, agricultural enterprises, and currency exchanges to launder drug proceeds through the U.S., Mexico, Colombia, Ecuador, and Vanuatu. Puerta-Parra was extradited to the U.S. on May 23, 2006, and was sentenced to 135 months on December 14, 2006.
- **Arrest of Henry RODRIGUEZ-Gallego.** On November 8, 2006, Henry RODRIGUEZ-Gallego, aka "Negro," a principal member of the Alexander PAREJA-Garcia DTO, was arrested in Madrid, Spain, on an Interpol warrant as part of Operation Platinum Fist. This investigation involved extensive coordination among multiple nations and jurisdictions. The Policia Nacional de Uruguay´s DGRTID (Uruguayan National Police's Anti-Drug Unit) and DEA's Buenos Aires, Argentina CO initiated the takedown of OPERATION CHIMED on September 5, 2006. Multiple search and arrest warrants were issued over the three-week takedown, resulting in the arrest of 34 individuals and seizure of 343 kg of cocaine, over $190,000 bulk cash (euros and dollars), over 20 bank accounts containing approximately $2,400,000 million USD, and approximately 13 properties. The DGRTID issued two additional Interpol international arrest warrants resulting in the arrest of the following fugitives in connection with this investigation: Alexander PAREJA-Garcia and Nazar CHEMAVONIAN-Panocian.
- **Malladi, Inc. Investigation.** The Malladi investigation, coordinated by DEA, targeted Malladi Inc. located in Edison, New Jersey, an importer of listed chemicals. Malladi imported over 87 tons of pseudoephedrine raw material into the United States in 2004 from India, and was a large supplier of ephedrine and pseudoephedrine to manufacturers of "gray market" products. The investigation revealed that Malladi provided inconsistent statements regarding the declared customers for the importation requests. As a result, in April 2005, DEA served an Administrative Inspection Warrant at MALLADI, Inc. The inspection revealed Malladi had intentionally imported and exported listed chemicals with the intent to evade the reporting requirements and violated numerous other civil and criminal violations. As a result of the findings, 5,200 kg of ephedrine and pseudoephedrine were seized from the location and an additional 46,000 kg of ephedrine was seized at the New Jersey and New York ports due to Malladi's failure to file the proper paperwork for the importations. Malladi, Inc. surrendered

both their import and export registrations. On October 11, 2006, DEA's New Jersey Field Division executed a Federal District Court Seizure Warrant in Kearny, NJ, and seized an additional 1,425 kg of pseudoephedrine from Malladi, as company officials had stored this list I chemical, since April 2005, at an unregistered location.

United States Coast Guard

Overview

The Coast Guard's multiyear campaign plan to combat the dynamic maritime drug trafficking threat, Campaign Steel Web, is continually evolving to reflect changes in drug trafficking trends.

Steel Web 2006 is fully aligned with the National Drug Control Strategy (NDCS), the National Interdiction Command and Control Plan (NICCP), national security and other directives complementing the contributions of our law enforcement (DOJ/DEA, DHS/ICE, CIS, CBP and local LEAs) and DoD partners in this effort.

Three pillars form the foundation of Steel Web 2006:

- **Flexible, Intelligence Driven Operations**: On an individual basis as well as being major source providers for Joint Interagency Task Force South (JIATF-S), USCG Operational Commanders aggressively conduct and support coordinated, flexible and dynamic operations in the transit zone in response to tactical intelligence and information.
- **International Engagement**: The Coast Guard continues to emphasize international partnering, including the planning and execution of both large and small-scale joint and combined operations, as well as the pursuit and judicious exercising of bilateral maritime agreements and International Maritime Interdiction Support (IMIS) arrangements throughout the theaters of operations. The Coast Guard also continues to coordinate operations with local, state, and federal law enforcement and Defense agencies.
- **Technological Initiatives**: Coast Guard is actively addressing operational shortfalls through research, developing and fielding detection, monitoring, and non-lethal endgame technologies, such as OPERATION NEW FRONTIER (ONF), to enhance effectiveness and greatly increase the chances for success against drug traffickers.

The keys to success of Steel Web 2006 have been adherence to the concept of centralized operational planning and decentralized execution, which includes maintaining the flexibility to respond to tactical intelligence and information; pursuit of international engagement opportunities, which occur at the tactical, theater and strategic levels; partnering with law enforcement officials of other nations, which helps develop indigenous interdiction forces and enhances the cumulative impact of interdiction efforts directed at drug traffickers in the region; and maintenance and training support through exportable training teams and resident training, which improves the effectiveness of our counternarcotics partners.

Combined Operations

The Coast Guard conducted several maritime counternarcotics combined operations in 2006 in coordination and/or cooperation with military and law enforcement forces from: Colombia, Jamaica, the United Kingdom and its Overseas Territories, Netherlands and Netherlands Antilles, Belgium, and France and its Overseas Territories. In FY2006, Law Enforcement Detachments (LEDET) conducting joint operations onboard British Naval Vessels seized a total of 10,201 pounds of cocaine.

International Agreements

There are now 26 bilateral maritime Counterdrug agreements in place between the U.S. and our Central, South American and Caribbean partner nations, moving toward our goal of eliminating safe havens for drug smugglers. In FY-2006, the USCG signed a set of operational procedures with the Bureau of Coastal Navy & Merchant Affairs of Ecuador, which facilitate cooperation in cases involving Ecuadorian flagged vessels suspected of engaging in maritime drug smuggling activities. In addition, the United States, Belize and France have signed and taken the necessary steps to bring the Caribbean Regional Maritime Counterdrug Agreement (CRA) into force; however, two more countries need to take action for the CRA to come into effect.

International Cooperative Efforts

In FY 2006, the Coast Guard undertook 64 drug smuggling events, which resulted in the seizure of 23 vessels, the arrest of 200 suspected smugglers, and the seizure of 234,337 pounds of cocaine and 9,059 pounds of marijuana. A number of the 64 events involved some type of foreign support or cooperation, either through direct unit participation, exercise of bilateral agreements, granting permission to board, or logistics support.

International Training and Technical Assistance

In FY 2006, the USCG provided International Training and Technical Assistance in support of drug interdiction programs through a variety of support efforts. The USCG Cutter GENTIAN completed her final patrol as the Caribbean Support Tender (CST). The GENTIAN was decommissioned after 7 years of strengthening cooperating nations' operational and maritime interdiction capabilities through training and maintenance support. Over her career, the CST provided hands-on training for over 5,500 students, including 80 international members that trained as part of the CST's multinational crew.

During GENTIAN's final patrol, 283 students from four countries received training in a variety of technical skills designed to build capabilities in military law enforcement including patrol, interdiction and boarding techniques, navigation, search and rescue, damage control, and medical response. The CST's INL-funded program to renew seized go-fast boats provided seven foreign maritime services with 26 refurbished law enforcement vessels. In FY 06, the CST also helped four countries make repairs to their small boat platforms. A dedicated three-person Technical Assistance Field Team (TAFT) provides engineering skills, boat assessment and repair contracting services to the boats belonging to countries in the Eastern Caribbean Regional Security System. USCG ships used the service's new legislative authority "to conduct training and technical assistance in conjunction with normal operations" in several countries to continue the USCG's international engagement mission.

Students are also taught by the USCG's International Training Division's Mobile Training Teams who deliver one-to-two-week long courses to student groups in the host nation. Typical courses include Maritime Law Enforcement (MLE) Boarding and Advanced Boarding Officer, Joint MLE Boarding, Maritime Operations Planning and Management, MLE Instructor, and Port Security/ Port Vulnerability and Small Boat Operations. Courses consist of formal classroom instruction with

either on-board or on-locale hands-on skill training. In FY 2006, 922 students from 45 countries from around the world received instruction.

Individual students also receive instruction in USCG resident training programs. These students develop a broad range of skills from boat handling and boat and engine repair to senior officer leadership training. In FY 2006, 125 students from 51 partner nations enrolled in resident courses at USCG training installations.

U.S. Customs and Border Protection

The Department of Homeland Security, Customs & Border Protection (CBP) processes goods, merchandise, and people entering and exiting the United States. CBP officers intercept contraband, illicit goods, and unreported currency as it crosses our borders. Interdiction efforts are targeted in order to minimize impact on legitimate trade by utilizing techniques of selectivity to identify high-risk shipments for intensive examination. CBP now incorporates the border control functions of passport control and agriculture inspections to provide seamless border control processing termed, "One Face at the Border." CBP has jurisdiction between ports of entry under the authority of the Office of Border Patrol. CBP responds to the nation's terrorism priorities through strategic programs designed to increase port security.

CBP is an integrated border control agency that operates at a high level of efficiency and integrity. On the average day, CBP processes 1.1 million passengers and pedestrians, 70,900 containers by land and sea, 240,737 incoming international air passengers, 71,151 passengers/crew arriving by ship, 327,042 incoming privately owned vehicles; seizes $157,800 in undeclared or illicit currency, 1,769 pounds of narcotics; and arrests 3,000 fugitives or violators at or between ports of entry; all while facilitating commercial trade and collecting $84,400,000 in fees, duties and tariffs. The State Department Bureau for International Narcotics and Law Enforcement Affairs and CBP promote international cooperation through interagency agreements providing training and assistance programs on a global scale. These agreements enable CBP to deliver a variety of training, high-tech tools, and management strategies for combating transnational crime, thereby promoting international law enforcement.

International Training and Assistance

In 2006, CBP provided technical training and assistance in support of the International Law Enforcement Academy (ILEA) programs, currently operating in Bangkok, Budapest, Gaborone, and Latin America. The mission of the ILEA is to promote social, political, and economic stability by combating crime. To achieve this goal, ILEA provides high-quality training and technical assistance, supports institution building and enforcement capability and fosters improved relationships between American law enforcement agencies and their counterparts in the region.

ILEA encourages strong partnerships among regional countries to address common problems associated with criminal activity. CBP has supported ILEA programs by developing and conducting specialized training on topics, which include Land Border Interdiction; International Controlled Deliveries and Drug Investigations (conducted jointly with the Drug Enforcement Administration); Complex Financial Investigations (conducted jointly with Immigration and Customs Enforcement); Intellectual Property Rights Investigations (conducted with the Federal Bureau of Investigation); and a Customs Forensics Lab course. In 2006, CBP provided assistance for twelve different ILEA programs.

In 2006, agents from the Border Patrol Tactical Unit (BORTAC), in coordination with the Department of State, conducted training and acted in an advisory capacity to law enforcement personnel in 2 Central American countries. Border Patrol Tactical Unit (BORTAC) is CBP's national special response team which has a mission to respond to terrorist threats of all types - anywhere in the world - in order to protect our nation's homeland.

Since its inception in 1984, BORTAC has developed and maintained a motivated and well-trained tactical cadre able to meet a constantly evolving threat. The BORTAC Strategic Plan provides a

blueprint for increasing BORTAC's capabilities, through training and personnel development, to support missions addressing various threats to national security.

BORTAC agents were deployed to Panama, to support the Panamanian Government and Law Enforcement Office at traffic checkpoints. BORTAC representatives were also deployed to remote locations to conduct, interdiction and checkpoint operations, as well as operational planning and maritime operations.

In March, April and May 2006, BORTAC provided the Government of Ecuador with a Mobile Training Team (MTT). The MTT provided basic tactical pistol and officer safety training to the Ecuadorian National Police (ENP). BORTAC agents also coordinated, developed, and implemented training sessions consisting of basic firearms skills, basic tactical weapons skills, personal protection tactics, and ground defense. Those training sessions were conducted in four geographic locations within Ecuador and the MTT successfully trained 156 ENP personnel, including members from four Ecuadorian special unit and anti-narcotics teams.

Port Security Initiatives

In response to increased threats of terrorism, CBP supported programs seek to identify high-risk shipments to the United States - before they reach our ports. One important program with this objective is the Container Security Initiative (CSI). CSI addresses the threat to border security and global trade posed by the potential for terrorist use of a maritime shipping container. CSI consists of security protocols that, if fully implemented, ensure that all maritime shipping containers, that pose a potential risk for terrorism, are identified, inspected and secured at foreign ports before they are placed on vessels destined for the United States. CBP is now stationing multidisciplinary teams, consisting of representatives from both CBP and ICE that work together with their host government counterparts. Their mission is to jointly target and pre-screen containers, as well as develop additional investigative leads related to the terrorist threat to cargo destined for the United States.

Through CSI, CBP officers work with host customs administrations to establish security criteria for identifying high-risk containers, using non-intrusive technology to quickly inspect high-risk containers before they are shipped to U.S. ports. Additional steps are taken to enhance the physical integrity of inspected containers while they are shipped to the U.S. A total of 50 foreign ports were "CSI operational" at the end of 2006, with plans to continue expansion in 2007 and beyond.

Plan Colombia

In support of the Government of Colombia's plan to strengthen its counterdrug and counterterrorism operations – Plan Colombia - CBP developed and implemented an initiative focusing on joint U.S.-Colombia narcotics interdiction efforts. As part of U.S. support to Plan Colombia, CBP provided Colombia with training and assistance on personnel management systems to assure integrity among key Colombian staff, border interdiction, and industry partnership programs. Through this support, CBP has provided Colombia with basic tools, vehicles, high-tech equipment, training and technical assistance to the Colombian National Police, Colombian Customs, and other Colombian law enforcement agencies.

Customs Mutual Assistance Agreements

CBP provides a portion of U.S. support, provided to host nations under Customs Mutual Assistance Agreements (CMAAs). CMAAs provide for mutual assistance in the enforcement of customs-related laws. Under CMAA protocols, CBP provides assistance to its foreign counterparts in the collection of evidence for criminal cases. U.S. courts have ruled that evidence - gathered via these executive agreements - is fully admissible in U.S. court cases.

Training in the United States

International Visitors Program (IVP). The IVP provides a venue for foreign officials to consult with their counterparts and appropriate high-level managers in CBP Headquarters, as well as conduct on-site observational tours of selected U.S. ports and field operations. The focus includes narcotics enforcement, port security, counter terrorism and intelligence operations. In 2005, the IVP supported a total of 977 participants, 173 programs and 145 countries.

Canine Training. CBP's Canine Enforcement Training Center (CETC) continues to provide training courses, designed to assist foreign countries in the proper use of detector dogs. CETC provides each country a clear and logical framework for the initial training and employment of detector dog teams for the successful interdiction of smuggled narcotics, explosives, and currency. CETC provides support to countries in the initial development and evaluation of canine training programs, as well as the enhancement of existing canine interdiction and breeding programs. Training is provided to federal police and customs officers, trainers, and supervisors on all facets of canine training and utilization. Over the past 28 years, over 500 officers - representing over 50 countries - have been trained at the CETC in Front Royal, Virginia. Recently, canine training has been provided to Peru and Brazil, with continuing support to canine programs being provided to Trinidad, Israel, Kazakhstan, and Trinidad.

Training in Host Countries

Overseas Enforcement Training. This training combines formal classroom training and field exercises for host nation border control personnel. The curriculum includes narcotics interdiction, identifying falsified/forged travel documents, effective targeting and search techniques, risk management and the identification of terrorist tools – all in a border context. In 2006, this training was provided to over 1,500 participants in 17 countries.

Short Term Advisory Training. This training allows on-site CBP experts to assist host government agencies with selected projects, such as building institutions and improving interdiction capabilities. These may focus on specific narcotics threats, port security initiatives and the counterproliferation of Weapons of Mass Destruction (WMD). CBP advisors are also deployed to help with host nation strategic planning, commercial processing, investigations, canine enforcement, automation and border/trade facilitation. In 2006, many CBP short-term advisors were fielded to various countries in Latin America and the Caribbean.

Integrity/Anti-Corruption Training. This training is designed to promote professionalism and integrity within the workforce of those agencies that are particularly vulnerable to bribery and corruption. The focus is on integrity awareness and development of internal investigation capabilities and organizations. In 2006, this training was provided to 120 participants in 3 countries.

Looking Ahead

The Department of Homeland Security, which began operations in January 2003, consolidated several agencies with customs, immigration, and border enforcement experience. CBP, with its history of revenue collection and border protection, took its place in this consolidated grouping of agencies designated to combat terrorism. The long-standing mission of CBP in providing security to U.S. citizens - through targeted examination and interdiction - plays a major role in the new organizational concept. Port security functions continue to be on the forefront, focusing on enforcement activities, promoting domestic security, and fighting the threat of international terrorism.

In 2007, CBP's will continue its border security mission through its initiatives that secure the supply chain of international cargo destined to the U.S. CBP's international missions will also focus on evaluating and prioritizing the needs of countries seeking assistance in capacity building. CBP will place continued emphasis on evaluating the effectiveness of all its programs and CBP advisors will be deployed to assist countries in improving their border security operations and in meeting recognized international standards for security and reporting.

CHEMICAL CONTROLS

Introduction

Amendments to the Foreign Assistance Act contained in the Combat Methamphetamine Epidemic Act of 2005 (CMEA)(Title VII, USA Patriot Improvement and Reauthorization Act 2005, P.L. 109-177) require that additional information be included in the International Narcotics Control Strategy Report (INCSR) section on the major sources of precursor chemicals used in the production of illicit narcotic drugs (22 USC section 2291h(a)(3). The format of the 2007 Chemical Control Chapter has been changed to include the additional information required by Section 722 of the CMEA. The CMEA recognizes the grave threats that methamphetamine trafficking and addiction pose for America and, among other provisions, calls for additional reporting on international trade in the precursor chemicals used for methamphetamine manufacture. To meet these requirements, the final two sections of this chapter are devoted to methamphetamine chemicals and the Section 722 reporting requirements.

Executive Summary

The controls required by the CMEA and state laws on domestic over-the-counter sales of pharmaceutical preparations containing chemicals that can be used as methamphetamine precursors have significantly reduced the number of "small toxic labs" in the United States, those producing small amounts of methamphetamine, primarily using pharmaceutical preparations as a source of chemicals. These small labs had comprised the vast majority of labs seized, if not the largest total quantities of methamphetamine produced. As a result of their marked decrease, even more illicit production has shifted to "super labs" that can produce ten pounds or more of methamphetamine in a single production cycle. With the expansion of superlabs, production is increasingly taking place in Mexico. The super labs generally rely for chemicals on ephedrine and pseudoephedrine, and pharmaceutical preparations containing them, diverted at various stages from international commerce. The Government of Mexico has reacted strongly to this threat and traffickers are seeking new sources and routes for their chemicals. There are also indications that traffickers are starting to use unregulated substitute chemicals and natural ephedra as raw materials, although this requires more raw material, and produces a less pure product.

The methamphetamine precursors, ephedrine and pseudoephedine, will continue as a major focus of chemical control in 2007. A U.S.-drafted resolution adopted by the March 2006 UN Commission on Narcotic Drugs[21] (CND) requested countries to provide to the International Narcotics Control Board[22] (INCB) estimates of their legitimate requirements for these and other synthetic drug chemicals.[23] This will allow authorities in exporting and importing countries to do a quick "reality" check on proposed transactions, especially as traffickers turn to countries not normally trading in these chemicals as conduits for diversion. The U.S. Government will push for a full response to the resolution's request for estimates.

The emphasis on methamphetamine chemicals does not reduce the importance of continuing vigilance to prevent the diversion of chemicals for use in the illicit manufacture of other drugs. The explosion of opium poppy cultivation and heroin manufacture in Afghanistan focuses particular attention on the heroin essential chemical acetic anhydride. A November 27, 2006, meeting of the Paris Pact, a group of countries impacted by and concerned with Afghan heroin, noted there is no

1. The UN Commission on Narcotic Drugs is the principal drug policy-making body of the United Nations.

2. The International Narcotics Control Board is the quasi-judicial control organ of the UN, established by treaty, for monitoring the implementation of the international drug control treaties.

3. Commission on Narcotics Drugs, Report on the 49th Session, Resolution 49/3,E/2006/28 ECN/2006/10.

legitimate requirement for acetic anhydride in Afghanistan, and that it would be most effective to concentrate on preventing its illegal entry into the country. Appropriate law enforcement measures will be an important agenda item for future meetings.

Cocaine and heroin manufactured in the Americas remain major drug threats and preventing the diversion of potassium permanganate, a key chemical for cocaine manufacture, and acetic anhydride, are important regulatory and law enforcement objectives. The U.S. Government will continue working bilaterally and through OAS/CICAD to prevent chemical diversion in this hemisphere.

All these chemicals, as with virtually all other chemicals used in illicit drug manufacture, are traded widely in international commerce. Therefore, extensive international cooperation is required to prevent their diversion from licit commercial channels. Two on-going multilateral law enforcement operations targeting key chemicals provide frameworks for this cooperation. Project Cohesion targets potassium permanganate and acetic anhydride and Project Prism targets synthetic drug chemicals. The INCB plays a central coordinating role in their implementation. The United States is the largest financial supporter of the INCB databank project, which is essential to its coordinating role. In the second half of 2006, Project Cohesion monitored 472 shipments of acetic anhydride and 494 shipments of potassium permanganate, and Project Prism monitored over 900 shipments of the amphetamine and methamphetamine precursors ephedrine and pseudoephedrine.

Despite these efforts, the enduring availability of illicit drugs shows that chemical diversion continues. Some of the obstacles to ending it completely include the large quantities of drug precursor chemicals licitly produced and the small percentage of this production that needs to be diverted to satisfy the requirements for illicit drug manufacture, the large number of chemical transactions, international and domestic, that must be monitored to prevent diversion, the many avenues for diversion, and the rapidity with which traffickers can adjust to effective chemical controls.

Background

Role of Chemicals in Drug Manufacture

Chemicals are essential to the manufacture of narcotic drugs. They become an integral component in the case of synthetic drugs, and are required for the processing of coca and opium into heroin and cocaine. Only marijuana, of the major illicit drugs of abuse, is available as a natural, harvested product.

Chemicals used in drug manufacture are divided into two categories, precursor and essential chemicals, although the term “precursors” is often used to identify both. Precursor chemicals are those used in the manufacture of synthetic drugs and they become part of the final product. Essential chemicals are used in the refining of coca and opium into cocaine and heroin. Although some remain in the final product, the basic raw material is the coca or opium. Many chemicals required for illicit drug manufacture have extensive commercial applications, are widely traded, and are available from numerous source countries.

Chemical Diversion Control

Chemical diversion control is a proactive and straightforward strategy to deny traffickers the chemicals they must have. A first essential element is the regulation of licit commerce in the chemicals most necessary for drug manufacture to ensure that transactions are permitted to proceed only after legitimate end-uses for the chemicals involved have been established. This requires

verifying that both the chemicals and the quantities ordered are appropriate for the needs of the buyer.

A second essential element of chemical control is tracking shipments to prevent diversion in transit. Ideally, this would be to the ultimate consignee, but this is complicated given the number of shipments and the many middlemen, wholesalers, distributors, etc., involved. Diversion can occur anywhere along the transaction chain.

Pre-export notifications (PENs) and voluntary multilateral tracking systems are employed to verify legitimate end-use and to prevent diversion in transit. The 1988 United Nations Convention against Illicit Trafficking in Narcotic Drugs and Psychotropic Substances (1988 UN Drug Convention) has two tables listing chemicals under its control. Table I is primarily synthetic drug precursor chemicals, including ephedrine and pseudoephedrine. Table II is primarily essential chemicals, including potassium permanganate and acetic anhydride, used in the manufacture of other drugs. In the case of Table I chemicals, and upon the request of the importing country, The Convention requires that the exporting country must provide to the importing country prior notification of the details of transactions involving them. In 1998, the United States succeeded in having a pre-export notification requirement for potassium permanganate and acetic anhydride included in the chemical control action plan adopted by the United Nations General Assembly Special Session Devoted to Countering the World Drug Problem Together. Some countries, in cases of sensitive chemicals or exports to drug-producing regions, will not approve exports until they receive a positive response to the PEN verifying the legitimacy of the proposed transaction.

Projects Prism and Cohesion are multilateral cooperative mechanisms for tracking shipments. Their success depends on widespread and active participation. Effective participation requires the promulgation of national chemical control regimes, the regulatory structures to implement them, and the law enforcement structures to enforce them. The national regimes must include provisions for multilateral information exchange, while respecting the legitimate commercial interests of the businesses involved.

Effective participation can also be influenced by a government's approach to chemical control. Some governments consider it a health issue to be handled by health ministries, with a primary interest in protecting public health. Others consider it a trade issue to be handled by trade ministries or agencies with a bias towards promoting, not regulating trade. If these organizations do not allow sufficient scope for law enforcement, as well as regulatory measures in support of chemical control, they may unwittingly undermine this effective anti-drug strategy.

International Framework for Chemical Control

Article 12 of the 1988 UN Drug Convention is the framework for multilateral cooperation in chemical control. It establishes the obligations and international standards for parties to the Convention to observe in controlling their chemical commerce to prevent diversion to illicit drug manufacture. The two tables of the Annex to the Convention list 23 chemicals as those most necessary for drug manufacture and, therefore, subject to control. The Convention contains provisions for adding and deleting chemicals from the tables. Signatories to the Convention accept the obligation to enact national laws and regulations to carry out its provisions.

The European Union has chemical control regulations binding on all Member States. The regulations are updated regularly, most recently in 2005. The EU regulations meet the chemical control provisions of the 1988 UN Drug Convention. EU Member States implement the regulations through national laws and regulations.

The U.S. has a chemical control agreement with the European Union, signed on May 28, 1997. It is particularly valuable in that it involves a 27-Member State organization representing some of the world's largest chemical manufacturing and trading nations. As a result of this agreement and a natural confluence of interests, U.S./European cooperation in chemical control is excellent.

The Inter-American Drug Abuse Control Commission of the Organization of American States (CICAD) has approved Model Regulations for the control of drug-related chemicals that set a high standard for government action. The Model Regulations cover all the chemicals included in the 1988 UN Drug Convention. Many Latin American countries have adopted chemical control laws and regulations based on the CICAD Model Regulations. A CICAD experts group on chemical control meets annually to coordinate efforts in the hemisphere.

The 1988 UN Drug Convention, regional regulations, model legislation, and national legislation and regulations, provide frameworks for chemical control regimes. They do not provide the practical mechanisms for the multilateral cooperation required for their successful implementation internationally. The United States and other governments use annual meetings of the UN Commission on Narcotic Drugs (CND) and ad hoc arrangements to highlight emerging chemical control concerns, and to lay the groundwork for voluntary information exchange and chemical tracking mechanisms, such as Projects Cohesion and Prism.

The CND can be used to forge consensus on more formal procedures. However, many governments resist formal arrangements, particularly if they provide for multilateral information exchange beyond that required by the 1988 UN Convention. Moreover, any resolution calling for such arrangements must be approved by the consensus of the 53-member body. The result can be resolutions weakened with caveats and non-obligatory language.

The CND has been effective in establishing procedures for alerting members to trafficker use of substitute chemicals in place of those controlled under the 1988 UN Drug Convention, particularly in the manufacture of synthetic drugs. In 1996, the United States introduced a resolution which was adopted by the CND requesting the UN International Narcotics Control Board (INCB), with the UN Office of Drugs and Crime, to establish a limited international special surveillance list of chemicals not included in the Convention for which substantial evidence exists of their use in illicit drug manufacture. In 1998, the INCB, drawing on contributions of different governments, established the list to alert governments to the chemicals.

How Traffickers Obtain Chemicals

Chemicals are traded in vast quantities from multiple sources, both domestically and internationally, offering many opportunities for their diversion to illicit drug manufacture. Transshipment or smuggling from third countries into drug producing countries is increasing as the chemical and drug producing countries tighten their chemical controls, particularly in the case of synthetic drug precursors. The exploitation of pharmaceutical preparations containing easily extractable pseudoephedrine is a major source of that key chemical used in illicit manufacture of methamphetamine.

The following are some of the more common diversion and other methods used to obtain chemicals.

- Traffickers extract chemicals, particularly pseudoephedrine, from pharmaceutical preparations. Under prevailing international interpretations of the 1988 UN Drug Convention, it does not control pharmaceutical preparations, allowing them to be traded internationally without regard to legitimate requirements unless exporting and importing countries impose such controls.

- Chemicals are diverted from domestic chemical production to illicit in-country drug manufacture.
- Chemicals are imported legally into drug-producing countries with official import permits and subsequently diverted.
- Chemicals are manufactured in or imported by one country, diverted from domestic commerce, and smuggled into drug-producing countries.
- Chemicals are mislabeled or re-packaged and sold as non-controlled chemicals
- Chemicals are shipped to countries or regions where no systems exist for their control.
- New drugs ("designer drugs") are developed that have physical and psychological effects similar to controlled drugs, but which can be manufactured with non-controlled chemicals.
- Traffickers manufacture the controlled chemicals they require from unregulated raw materials, a costly and difficult process.
- Traffickers use unregulated substitute chemicals with chemical properties similar to regulated chemicals.

These tactics are masked by the use of front companies, false invoicing, multiple transshipments, use of free trade zones, and any other device that will conceal the true nature of the product, its ultimate recipient or its final end-use.

There is some recycling of the solvents used in heroin and cocaine drug manufacture; recycling cannot be used for acids, alkaline materials or oxidizing agents. Since recycling requires some sophistication, and there is a loss of chemical with each recycling process, it is not a preferred method for unsophisticated laboratories. The precursor chemicals used in the manufacture of synthetic drugs such as methamphetamine and Ecstasy cannot be recycled.

2006 Chemical Diversion Control Trends and Initiatives

The relative profitability of individual drugs is a function of their popularity and their ease of manufacture based on the availability of raw materials. This is the driving force in chemical diversion. Traffickers concentrate on drugs that provide the greatest returns with the greatest ease of manufacture.

In Southeast Asia, the rising popularity of amphetamines and methamphetamine has accelerated a shift in drug manufacture from heroin to synthetic drugs. The availability of synthetic drugs is a factor in their rising popularity, but their availability is spurred by the availability of the chemicals, required for their manufacture, primarily in Burma. Under these circumstances, it is easier and more profitable for traffickers to manufacture synthetic drugs than to cultivate opium and manufacture heroin.

The spread of methamphetamine abuse eastward across the United States was facilitated by the ability of non-professionals, using recipes available on the Internet, to manufacture the drug in small toxic labs ("mom and pop labs") from readily available chemicals, particularly pseudoephedrine extracted from over-the-counter cold remedies.

A common factor in each of these developments is a need for the required chemicals, and the relative ease in obtaining them. The trend towards synthetic drugs probably will continue as the coca and opium required for cocaine and heroin manufacture become more difficult to acquire due to law enforcement and eradication activities.

The shifting emphasis in chemical control toward synthetic drug chemicals reflects this. The key heroin chemical, acetic anhydride, and the key cocaine chemical, potassium permanganate, are already the targets of an on-going multilateral chemical control operation, Project Cohesion. In addition, the Paris Pact countries have placed particular emphasis on the need to prevent acetic anhydride from reaching Afghanistan, noting that given the enormous amount of licit trade in the chemical and the relatively small proportion diverted to Afghanistan, their efforts should focus on law enforcement measures aimed at interdicting smuggling.

The quantity of chemicals required for synthetic drug manufacture is relatively small; depending on the efficiency of the lab, the ratio of pseudoephedrine to methamphetamine is approximately 1.6 to 1. It can be lower. Thus, a small percentage of diversion from licit trade can meet most chemical requirements for illicit drugs. However, synthetic drug chemicals are primarily Table 1 chemicals in the 1988 UN Drug Convention, the most tightly regulated, so authorities do have a common basis for controlling them.

In 2006, the United States cut off a significant source of chemicals for domestic methamphetamine manufacture with the signing of the CMEA. The Act places strict controls on the sale of over-the-counter pharmaceutical preparations containing easily extractable pseudoephedrine, closing an important chemical source used by small toxic labs. Many U.S. states and other governments already had similar restrictions. However, under prevailing international interpretations, the 1988 UN Drug Convention chemical control provisions do not apply to pharmaceutical preparations containing chemicals controlled by the Convention. Governments must voluntarily control trade in these products.

The United States introduced a resolution adopted by the March 2006 UN Commission on Narcotic Drugs requesting that governments provide to the INCB annual estimates of their requirements for the most critical chemicals used in the manufacture of synthetic drugs and preparations containing them. The estimates, which the INCB will make available for law enforcement purposes, will enable importing and exporting countries to make a quick check on proposed transactions to determine their legitimacy, or if they require further examination, especially in the case of countries that do not normally trade in these chemicals.

The Government of Mexico is already using estimates of its legitimate requirements of ephedrine and pseudoephedrine to drastically cut imports, with a goal of 70 metric tons in 2006.

In response, traffickers are expected to exploit the pharmaceutical preparation exemption in the 1988 UN Drug Convention and to turn to third countries in Central and South America, Africa, West Asia, and other areas that have weak chemical control regimes as conduits for chemicals. They also can turn to unregulated substitute chemicals (pseudoephedrine derivatives) and natural ephedra, although both can complicate the methamphetamine manufacturing process and, in the case of natural ephedra, require up to twenty-five times as much raw material.

The Way Ahead

Synthetic drug chemicals will be a central focus of chemical control efforts in the immediate future, while on-going initiatives against heroin and cocaine chemicals will continue. The U.S. Government will work with the primary producers of ephedrine and pseudoephedrine, bilaterally and multilaterally, to get better controls on these chemicals, with increasing emphasis on pharmaceutical preparations containing them, and stressing the obligation of exporting, importing and transit countries to monitor their trade in controlled chemicals to prevent diversion.

The March 2006 CND resolution requesting that governments provide to the INCB estimates of their legitimate requirements for synthetic drug chemicals and preparations containing them will be a valuable asset to countries in controlling their trade in these products. While the U.S.

Government considers this resolution an important step forward, the ability to obtain the information from the INCB is contingent on countries providing the estimates requested by the resolution. The U.S. Government will be pushing for full compliance at the March 2007 CND and in other appropriate fora.

The need for stricter controls on synthetic drug chemicals will be an important agenda item in U.S. counternarcotics discussions with other governments. It was on the agenda of the June and December 2006 U.S./European Union Troika meeting and will remain as long as chemical diversion remains a problem. The Troika meetings are the U.S. Government's most senior regular interaction with the 27-Member State European Union on drug issues.

U.S. participation, and leading role, in Project Prism is another vehicle for increasing cooperation in synthetic drug chemical control. The Project Prism Task Force - - United States (Americas), China (Asia), the Netherlands (Europe), South Africa (Africa), and Australia (Oceana) - - includes some of the most important governments involved in this effort. India, Germany and Mexico are other active participants.

The U.S. Government will also be working with Mexico bilaterally to enhance chemical control cooperation. For example, we are working with Mexican authorities to establish clandestine lab teams in Mexican "hot spot" locations. In addition, the U.S. Government has funded the training of more than 1,500 Mexican officials in a variety of clandestine laboratory and precursor related topics.

The apparent increase in the use of unregulated substitute chemicals in synthetic drug manufacture will require more attention. In addition to highlighting the problem at the March 2007 CND, the U.S. Government will urge governments to notify the INCB and others as they discover this usage. This will facilitate a quick reaction to the substitute chemicals, and allow the INCB to update its surveillance list of chemicals not included in the 1988 UN Drug Convention that are being used in illicit drug manufacture.

The attention to synthetic drug chemicals cannot be at the expense of programs to prevent the diversion of heroin and cocaine chemicals. The U.S. Government will continue its active participation in Project Cohesion and will be working with its Paris Pact partners in joint efforts to prevent acetic anhydride from reaching Afghanistan. In the Americas, bilateral cooperation and multilateral operations will continue to target key precursor chemicals for cocaine, heroin and synthetic drugs.

Major Chemical Source Countries

The countries included in this section are those with large chemical manufacturing or trading industries that have significant trade with drug-producing regions, and those countries with significant chemical commerce susceptible to diversion domestically for smuggling into neighboring drug-producing countries. Designation as a major chemical source country does not indicate a country lacks adequate chemical control legislation and the ability to enforce it. Rather, it recognizes that the volume of chemical trade with drug-producing regions, or proximity to them, makes these countries the sources of the greatest quantities of chemicals liable to diversion. The United States, with its large chemical industry and extensive trade with drug-producing regions, is included in the list.

Many other countries manufacture and trade in precursor chemicals, but not on the same scale, or with the broad range of precursor chemicals, as the countries in this section.

A discussion of methamphetamine chemicals and the major exporters and importers of them is in separate sections immediately following this section.

Article 12 of the 1988 UN Drug Convention is the international standard for national chemical control regimes and for international cooperation in their implementation. The annex to the Convention lists the 23 chemicals most essential to illicit drug manufacture. The Convention includes provisions for the Parties to maintain records on transactions involving these chemicals, and to provide for their seizure if there is sufficient evidence that they are intended for illicit drug manufacture.

The Americas

Argentina

Argentina has a large chemical industry manufacturing chemicals susceptible to diversion to illicit drug manufacture. Bolivia is the major destination for these chemicals. Some cocaine is manufactured domestically using smuggled cocaine base and locally diverted precursors.

Argentina is a party to the 1988 UN Drug Convention and has laws meeting the Convention's requirements for record keeping, import and export licensing, and the authority to suspend shipments. Presidential decrees have placed controls on precursor and essential chemicals, requiring that all manufacturers, importers or exporters, transporters, and distributors of these chemicals be registered with the Secretariat for the Prevention of Drug Addiction and Narcotics Trafficking (SEDRONAR). In 2005, legislation was passed giving the SEDRONAR registry system the force of law. This increased its ability to regulate the distribution of precursors and impose fines on those who transport and sell unregistered chemicals.

Argentina participates in Project Cohesion and the regional Operation Seis Fronteras. Argentine authorities willingly share chemical control information with U.S. authorities.

Brazil

Brazil has South America's largest chemical industry and also imports significant quantities of chemicals to meet its industrial needs. Portaria Ministerial No.1.274-MJ, issued by the Justice Ministry in August 2004 to prevent the manufacture of illicit drugs, includes stringent chemical control previsions. The decree established controls on 146 chemicals that can be utilized in the manufacture of drugs, and requires the registration with the Brazilian Federal Police of all companies that handle, import, export, manufacture, or distribute any of these chemicals. There are approximately 25,000 companies registered with the police. The registered companies are required

to send a monthly report to the Brazilian Federal Police on their usage, purchases, sales, and inventory of these chemicals. Any person or company that is involved in the purchase, transportation or use of the substances must have a certificate of approval of operation, real estate registry, or special license issued by the police. Companies that handle the 22 most sensitive substances with regard to drug production are also regulated by the Ministry of Health's National Sanitary Vigilance Agency.

Brazil is a party to the 1988 UN Drug Convention and these legislative provisions meet the chemical control requirements. The country also participates and supports the multilateral chemical control initiatives, Project Cohesion, Project Prism and the regional Operation Seis Fronteras. In conjunction with Project Cohesion, the Brazilian Federal Police have agreed to work with DEA to perform a study on the use of acetic anhydride within the country and its exportation from the country. US/Brazil cooperation in other areas of chemical control is good, and the Brazilian Federal Police make records relating to chemical transactions available when requested. The Brazilian Federal Police also respond to Pre-Export Notifications of controlled chemicals in a timely fashion. DEA has a Diversion Investigator assigned to its Brasilia office.

Canada

Canada is a producer and transit country for precursor chemicals and over-the-counter pharmaceuticals used to produce synthetic drugs. There is domestic Ecstasy and methamphetamine manufacturing, indicating domestic diversion.

Health Canada, the Royal Canadian Mounted Police (RCMP) and the Canadian Border Services Agency are the agencies responsible for chemical control. Health Canada is the competent authority for managing the export of precursor chemicals listed in the 1988 UN Drug Convention.

In January 2006, the government implemented the Precursor Control Amendments to the Controlled Drugs and Substances Act. These amendments strengthen verification of import and export licensing procedures, require that companies requesting these licenses provide additional detail in their initial request, establish guidelines for the suspension and revocation of licenses for abusers, and add controls on six chemicals that can be used to produce GHB and/or methamphetamine.

Canada's active strategy to combat illicit drug use includes MethWatch implemented by the National Drug Manufacturers Association of Canada, a non-profit industry association of health care product and over-the-counter pharmaceutical manufacturers. This voluntary program trains retailers to monitor and identify irregular sales of methamphetamine precursors.

Canada is a party to the 1988 UN Drug Convention and complies with its record keeping requirements. Cooperation between U.S. and Canadian law enforcement agencies in chemical control is excellent. Information sharing is part of this cooperation. Canada participates in Project Prism, targeting synthetic drug chemicals, its principal precursor concern, and is a member of the North American working group. Although it supports Project Cohesion and contributes on an ad hoc basis, Canada is not actively engaged in it.

U.S./Canadian law enforcement cooperation and the strengthening of Canadian chemical control laws and enforcement have helped to significantly reduce the amount of Canadian-sourced pseudoephedrine discovered in clandestine U.S. methamphetamine labs.

Mexico

Mexico's major chemical manufacturing and trading industries produce, import and export most of the chemicals necessary for illicit drug manufacture. Mexico is a party to the 1988 UN Drug Convention and has laws and regulations meeting the Convention's chemical control requirements.

Mexican chemical control initiatives are now concentrating on methamphetamine precursors. The Mexican Federal Commission for the Protection Against Sanitary Risks (COFEPRIS) has conducted a survey to calculate domestic requirements for pharmaceutical products containing ephedrine and pseudoephedrine, and determined that imports have exceeded domestic requirements. As a result, COFEPRIS has greatly reduced the imports of ephedrine, pseudoephedrine and combination products containing them, from over 216 metric tons in 2004 to 130 metric tons in 2005. The goal for 2006 is 70 metric tons, including combination products containing pseudoephedrine and ephedrine.

COFEPRIS has also instituted a system of quotas for imports by pharmaceutical companies. They must now forecast their requirements for ephedrine and pseudoephedrine one year in advance.

Other controls on ephedrine and pseudoephedrine include:

- Prohibiting import shipments weighing more than three tons;
- Restricting importation of pseudoephedrine to drug companies only;
- Requiring shipments of pseudoephedrine to be transported in GPS-equipped, police-escorted armored vehicles to prevent hijacking and unauthorized drop offs;
- Limiting sales of pills containing pseudoephedrine to licensed pharmacies; and
- Restricting customer purchases to no more than three boxes of pills with a prescription required for larger doses.

U.S. and Mexican authorities cooperate closely in chemical control. The formal mechanism for cooperation is the U.S-Mexico Bilateral Chemical Control Working Group, and the DEA Country Office handles day-to-day contact, notably by a group of Diversion Investigators and agents posted to Mexico City. The result is a strong bilateral working relationship, involving information exchange and operational cooperation. Mexico also participates in the multilateral chemical control initiatives Projects Cohesion and Prism.

The United States

The United States manufactures and/or trades in all 23 chemicals listed in Tables I and II of the 1988 UN Drug Convention. It is a party to the Convention and has laws and regulations meeting its chemical control provisions.

The basic U.S. chemical control law is the Chemical Diversion and Trafficking Act of 1988 (P.L. 100-690, Title VI, Section 6051, November 18, 1988. *See generally* 21 USC Section 801 *et seq*, "Controlled Substances Act."). This law and three subsequent chemical control amendments were all designed as amendments to U.S. controlled substances laws, rather than stand-alone legislation. The Drug Enforcement Administration (DEA) administers them. In addition to registration and record keeping requirements, the legislation requires traders to file import/export declarations at least 15 days prior to shipment of regulated chemicals. DEA uses the 15-day period to determine if the consignee has a legitimate need for the chemical. Diversion Investigators are assigned to DEA offices in key countries and at INTERPOL to assist in determining legitimate end-use. In other countries, DEA agents perform this task. The Diversion Investigators and agents work closely with host country officials in this process. If legitimate end-use cannot be determined, the legislation gives DEA the authority to stop shipments.

U.S. legislation also requires chemical traders to report to DEA suspicious transactions such as those involving extraordinary quantities, unusual methods of payment, etc. Close cooperation has developed between the U.S. chemical industry and DEA in the course of implementing the legislation.

Criminal penalties for chemical diversion are strict; they are tied to the quantities of drugs that could have been produced with the diverted chemicals. Persons and firms engaged in chemical diversion have been aggressively and routinely subjected to civil and criminal prosecution and revocation of DEA registration.

The U.S. has had a leadership role in the design, promotion and implementation of cooperative multilateral chemical control initiatives. It is actively working with other concerned countries to develop information sharing procedures to better control pseudoephedrine and ephedrine, the principal precursors for methamphetamine production. It is on the steering committee for Project Cohesion and the task force coordinating Project Prism. It also has established close operational cooperation with counterparts in major chemical manufacturing and trading countries. This cooperation includes information exchange in support of chemical control programs and in the investigation of diversion attempts.

Asia

China

China has one of the world's largest chemical industries, producing large quantities of chemicals that can be used for illicit drug manufacture such as acetic anhydride (heroin), potassium permanganate (cocaine), PMK (Ecstasy) and pesudoephedrine and ephedrine (methamphetamine). The country is a party to the 1988 UN Drug Convention and has laws and regulations meeting or exceeding the Conventions requirements. A November 2005 administrative law strengthening chemical control included provisions to control domestic chemical sales; previous laws and regulations focused solely on imports and exports. Despite the adequate legislation, the size of China's chemical industry is not matched by a law enforcement structure adequate to effectively monitor all its production and international trade. Because of resource constraints and lack of training, provincial police generally only address controlled chemicals when they are discovered at a clandestine laboratory.

China continues to be a strong partner with the United States and other concerned countries in international chemical control initiatives targeting the precursors of greatest current concern. These are Project Cohesion tracking acetic anhydride and potassium permanganate and Project Prism targeting synthetic drug chemicals. In addition, the National Narcotics Control Commission (NNCC) issues Pre-Export Notifications for all proposed transactions in bulk ephedrine and pseudoephedrine and requires a Letter of No Objection from the importing country before authorizing shipments.

U.S. and Chinese cooperation in chemical control is good. Information is exchanged within the frameworks of Projects Cohesion and Prism and in the course of normal counternarcotics cooperation. China is the Asian representative on the Project Prism Task Force. China is also a participant in Operation Icebreaker, an effort to combat diversion of precursor chemicals for the production of crystal methamphetamine. DEA has Diversion Investigator positions in its Beijing and Hong Kong offices. The Chinese signed a memorandum of understanding with the Netherlands on October 22, 2004, governing the sharing of information on precursor shipments to prevent diversion, and the Dutch assigned a law enforcement liaison officer to Beijing in July 2005. Additionally, in July 2006, the Office of National Drug Control Policy (ONDCP) and the Chinese National Narcotics Control Commission (NNCC) signed a Memorandum of Intent on behalf of their two countries to increase cooperation in combating drug trafficking and abuse.

India

India's developed chemical industry is one of the world's largest producers of chemicals that can be misused in the manufacture of illicit drugs. Chemicals are controlled in India under three

different laws, the Narcotic Drugs and Psychotropic Substances Act (NDPS) of 1985, the Customs Act of 1962 and the Foreign Trade Development & Regulation Act of 1992.

India is a party to the 1988 UN Drug Convention, but it does not have controls on all the chemicals listed in the Convention. The GOI controls acetic anhydride, N-acetylanthranilic acid, anthranilic acid, ephedrine, pseudoephedrine, potassium permanganate, ergotamine, 3, 4-methylenedioxyphenyl-2-propanone, 1-phenyl-2propanone, piperonal, and methyl ethyl ketone, all chemicals listed in the Convention. Indian law allows the government to place other chemicals under control. Violation of any order regulating controlled substance precursors is an offense under the NDPS and is punishable with imprisonment of up to ten years. Intentional diversion of any substance, whether controlled or not, to illicit drug manufacture is also punishable under the Act.

The Indian Government will not permit the export of key chemicals until it has issued a No Objection Certificate. It also requires a No Objection Certificate for the import of acetic anhydride, ergotamine and piperonal. The government has also placed acetic anhydride under the control of the Customs Act for movements within 100 km of the Indo-Burmese border and 50 km of the Indo-Pakistan border. As an additional safeguard, all vehicles transporting acetic anhydride must be sealed with tamper proof seals.

Cooperation between U.S. and Indian authorities on chemical control is excellent, including on letters of no objection and verification of end-users, especially with regard to ephedrine and pseudoephedrine. Information is shared between Indian and U.S. authorities and India is a participant in Project Cohesion and Project Prism, where it is taking an active role. DEA has a Diversion Investigator assigned to its New Delhi office.

Europe

Chemical diversion control within the European Union (EU) is regulated by EU regulations binding on all Member States. The regulations are updated regularly, most recently in 2005. The EU regulations meet the chemical control provisions of the 1988 UN Drug Convention, including provisions for record keeping on transactions in controlled chemicals, a system of permits or declarations for exports and imports of regulated chemicals, and authority for governments to suspend chemical shipments. EU Member States implement the regulations through national laws and regulations.

The EU regulations govern the regulatory aspects of chemical diversion control. Member States are responsible for the criminal aspects, investigating and prosecuting violators of their national laws and regulations implementing the EU regulations.

The U.S.-EU Chemical Control Agreement, signed May 28, 1997, is the formal basis for U.S. cooperation with the European Commission and EU Member States in chemical control. The agreement calls for annual meetings of a Joint Chemical Working Group to review implementation of the agreement and to coordinate positions in other areas. The annual meeting has been particularly useful in coordinating national or joint initiatives such as resolutions at the annual UN Commission on Narcotic Drugs.

Bilateral chemical control cooperation is also good between the U.S. and EU Member States, and many are participating in and actively supporting voluntary initiatives such as Projects Cohesion and Prism.

Germany and the Netherlands, with large chemical manufacturing or trading sectors and significant trade with drug-producing areas, are considered the major European chemical source countries. Other European countries have important chemical industries, but the level of chemical trade with drug-producing areas is not as large and broad-scale as these countries.

Germany

Germany's large chemical industry manufactures and sells most of the precursor and essential chemicals, which can be used in illicit, drug manufacture. Germany produces large quantities of pseudoephedrine for licit pharmaceutical production. The country is a party to the 1988 UN Drug Convention and has chemical control laws and regulations, based on the EU regulations, meeting the Convention's requirements. The federal Precursor Control Act, which takes the EU regulations into account, criminalizes the diversion of controlled chemicals for the illicit manufacture of drugs. Effective January 1, 2006, the act was changed to implement 2005 amendments to EU regulations.

Germany has an effective and well-respected chemical control program that monitors the chemical industry, as well as chemical imports and exports. Cooperation between government chemical control officials and the chemical industry is a key element in the country's chemical control strategy. The Federal Office of Criminal Investigation and the Federal Office of Customs Investigation have a very active Joint Precursor Chemical Unit, based in Wiesbaden, devoted exclusively to chemical diversion control and chemical diversion investigations.

Germany is a leader in international cooperation in chemical control. It developed and promoted the concept that led to Operation Purple and was one of the original organizers of Operation Topaz. It strongly supports the INCB's Project Prism that concentrates on stricter tracking of trade in chemicals and equipment required for synthetic drug manufacturer. German chemical control officials and DEA counterparts maintain a close working relationship. A senior DEA Diversion Investigator in DEA's Frankfurt Resident Office is assigned to the Joint Precursor Chemical Unit, working on chemical issues of concern to both countries. The arrangement allows for the real-time exchange of information. German and U.S. delegations regularly support joint positions on chemical control in multilateral meetings such as the UN Commission on Narcotic Drugs. Information exchange during special operations has also been excellent.

The Netherlands

The Netherlands has a large chemical sector, making it an attractive location for criminals to attempt to obtain chemicals for illicit drug manufacture. There are large chemical storage facilities and Rotterdam is a major chemical shipping port. Currently, there are no indications that the Netherlands is a significant source for methamphetamine chemicals.

The country remains an important producer of Ecstasy, although production seems to be declining substantially, and there is some production of amphetamines and other synthetic drugs, indicating chemical smuggling or diversion. The government has been proactive in meeting this threat. Many of the important Ecstasy precursors originate in China and the government has increased cooperation with the Chinese. The joint Dutch/Chinese participation in Project Prism resulted in their signing a memorandum of understanding on October 22, 2004, governing the sharing of information on precursor shipments to prevent diversion. In July 2005, the Dutch assigned a law enforcement liaison officer to Beijing. One of the officer's primary missions is to coordinate the sharing of intelligence on precursor chemical investigations.

The Netherlands is a party to the 1988 UN Drug Convention and has legislation meeting its chemical control requirements and those of the EU regulations. The 1995 Act to Prevent Abuse of Chemical Substances is the most important piece of implementing legislation. The legislation provides for prison sentences up to six years, fines up to 50,000 Euros, and/or asset seizures. The Fiscal Information and Investigative Service and the Economic Control Service oversee implementation of the law.

The Netherlands participates in multilateral chemical control initiatives such as Project Cohesion. It took an active role in the design of Project Prism, hosting an important organizational meeting

December 2002. The Netherlands and the U.S. (DEA) have co-chaired the Project Prism Chemicals Working Group since its inception in 2002.

The Dutch and the U.S. work closely on precursor controls and investigations. There are formal and informal arrangements for information exchange. In addition to working together in multilateral operational initiatives, the U.S. and Dutch delegations to international meetings such as the UN Commission on Narcotic Drugs regularly coordinate positions. The Netherlands National Police expect to join the DEA International Drug Enforcement Conference (IDEC) as a full member in 2007.

Methamphetamine Chemicals

The control of ephedrine and pseudoephedrine, the key chemicals used for methamphetamine, in order to deny traffickers those chemicals required for its manufacture, is a major component of a comprehensive strategy to combat methamphetamine production and trafficking. Control has been complicated by the fact that the chemicals used in methamphetamine manufacture can be easily extracted from popular, non-prescription cold medications containing them. In the United States, access to diverted chemicals for methamphetamine production has been significantly reduced by increased domestic law enforcement pressure, coupled with enhanced regulatory and law enforcement controls by Canada, where chemical diversion had been taking place. Access to non-prescription cold medications is being effectively curtailed in the United States by state and federal laws (Combat Methamphetamine Epidemic Act of 2005 - CMEA) placing strict controls on their handling and sale. Similar controls already exist in many other countries.

The restricted availability of non-prescription cold medications has contributed to a reduction in the number of domestic "small toxic labs" in the United States -- those producing small amounts of methamphetamine, which generally use pharmaceutical preparations for the key chemicals -- and a shift to "super labs," that can produce more than ten pounds of methamphetamine in a single production cycle. Along with the shift to super labs, more production is taking place in Mexico, while super lab seizures in the U.S. are decreasing. The labs generally rely on ephedrine and pseuodoephedrine, and pharmaceutical preparations containing them, diverted at various stages from international commerce at the wholesale level. The chemicals and preparations containing them can be diverted in one country and smuggled into another country where illicit drug production occurs.

The CMEA has given U.S. enforcement and regulatory agencies another tool for tracking shipments by requiring U.S. importers of methamphetamine chemicals to file with Federal regulators detailed information about the chain of distribution of imported chemicals from the foreign manufacturer to the United States.

The international community has long recognized the need for strong controls on ephedrine and pseudoephedrine; for example, they are included in Table I of the 1988 United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988 UN Drug Convention) calling for the strictest levels of control. The Convention does not, however, provide for controls on pharmaceutical preparations containing the chemicals, which it controls. There is concern that traffickers will exploit this exemption as controls on bulk ephedrine and pseudoephedrine tighten.

Effective national chemical controls and international cooperation are required to prevent the diversion of any drug precursor chemical. A basic element of this is ensuring that the chemicals are only traded domestically and internationally after establishing that there is a legitimate end-use, which corresponds to the quantities, involved, and that the chemicals reach the legitimate buyer without being diverted during shipment.

The International Narcotics Control Board (INCB), an independent and quasi-judicial organization within the United Nations charged with monitoring the implementation of international drug control treaties, has taken the lead in establishing an international regulatory and law enforcement initiative, Project Prism, to assist governments in verifying the legitimate requirements for controlled chemicals and in tracking shipments once made to prevent diversion. Project Prism targets the key chemicals used to manufacture synthetic drugs, including ephedrine and pseudoephedrine. One hundred and twenty-six countries and five international organizations participate in Project Prism. The governing Project Prism Task Force consists of the following

regional representatives: United States (Americas), China (Asia), the Netherlands (Europe), South Africa (Africa), and Australia (Oceana). India, Germany and Mexico are also active participants.

To assist governments in determining the legitimacy of proposed export and import transactions, the United States introduced a resolution at the March 2006 CND requesting that governments provide annual estimates to the INCB of their legitimate requirements for the most critical chemicals used in the manufacture of synthetic drugs of greatest concern to Member States, such as methamphetamine and Ecstasy. These are pseudoephedrine, ephedrine, 3,4 methlenedioxyphenyl-2 propanone, and phenyl-2-propanone, all Table I chemicals in the 1988 UN Drug Convention. Governments are requested to use these estimates to verify that their exports of these chemicals are commensurate with legitimate requirements. The resolution also requests countries to permit the INCB to share shipping information on consignments of these chemicals with concerned law enforcement and regulatory authorities to prevent or interdict diverted shipments.

In addition, the resolution requests Member States to provide "to the extent possible, estimated requirements for imports of preparations containing those substances that can be easily used or recovered by readily applicable means." This is an important addition and its inclusion was agreed upon after considerable debate, reflecting the fact that the Convention does not provide for the control of pharmaceutical preparations, the difficulty many governments would have in estimating requirements, and the trade-sensitive nature of the information requested. Reflecting the trade-sensitive nature of the information, the INCB is requested to provide the estimates to Member States in "such a manner as to ensure that such information is used only for drug control purposes."

The primary objective of the U.S. resolution is to provide additional information to national law enforcement and regulatory authorities to assist them in deciding whether to authorize exports and imports of these chemicals. Traffickers are quick to react to increased controls in one country by importing their chemicals into another country, frequently one that has not historically traded in the chemicals and which may lack the regulatory and enforcement infrastructure to control them. Once diverted in the new importing country, production of methamphetamine can begin there, or the chemicals can be smuggled across borders into countries where illicit drug production already exists. A quick check of estimated requirements can assist authorities in exporting and importing countries in determining whether a proposed transaction is proportionate to legitimate requirements, or requires closer inspection. Stopping the export transaction before it starts can then prevent diversion.

The INCB reports there has been a good response to the request for estimates, indicating that governments, especially those not normally trading in these chemicals, recognize the importance of determining their legitimate requirements to assist them in controlling their exports and imports. The INCB plans to publish the licit requirements list by March 2007, the first anniversary of the resolution.

Combat Methamphetamine Epidemic Act (CMEA) Reporting

Section 722 of the CMEA amends Section 489(a) of the Foreign Assistance Act of 1961 (222 USC Section 2291h) by requiring the following information to be included in the annual International Narcotics Control Strategy Report (INCSR):

- The identification of the five countries that exported the largest amounts of pseudoephedrine, ephedrine and phenylpropanolamine (including the salts, optical isomers, or salts of optical isomers of such chemicals, and also including any products or substances containing such chemicals) during the preceding calendar year.
- An identification of the five countries that imported the largest amounts of these chemicals during the preceding calendar year and that have the highest rate of diversion for use in the illicit production of methamphetamine (either in that country or in another country). The identification is to be based on a comparison of legitimate demand for the chemicals as compared to the actual or estimated amount imported into the country. It also should be based on the best available data and other information regarding the production of methamphetamine in the countries identified and the diversion of the chemicals for use in the production of methamphetamine.
- An economic analysis of the total worldwide production of pseudoephedrine, ephedrine, and phenylpropanolamine as compared to legitimate worldwide demand for the chemicals.

In addition, Section 722 of the CMEA amends Section 490 (a) of the Foreign Assistance Act of 1961 to require that the countries identified as the largest exporters and importers of these chemicals be certified by the President as fully cooperating with U.S law enforcement or meeting their responsibilities under international drug control treaties.

The Department of State, in consultation with the Attorney General, is required to submit to Congress a comprehensive plan to address the chemical diversion within 180 days in the case of countries that are not certified.

Section 723 of the CMEA requires the Secretary of State, acting through the Assistant Secretary of the Bureau of International Narcotics and Law Enforcement, to take such actions as are necessary to prevent the smuggling of methamphetamine into the United States from Mexico. Section 723 requires annual reports to Congress on its implementation.

Major Exporters and Importers of Pseudoephedrine and Ephedrine (Section 722, CMEA)

This section of the INCSR is in response to the Section 722 requirement for reporting on the five major importing and exporting countries of the identified chemicals. In meeting these requirements, the Department of State and DEA considered the chemicals involved and the available data on their export, import, worldwide production, and the known legitimate demand for them.

Ephedrine and particularly pseudoephedrine are the much-preferred chemicals for methamphetamine production. Phenylpropanolamine, a third chemical listed in the CMEA, is not a methamphetamine precursor, although it can be used as an amphetamine precursor. Phenylpropanolamine is banned in the United States for human consumption or in products intended for human consumption. A limited amount is imported for veterinary medicines, but there

is little data available on its production and trade. Since phenylpropanolamine is not a methamphetamine precursor chemical, and in the absence of useful trade and production data, this section provides information only on pseudoephedrine and ephedrine.

The Global Trade Atlas (GTA), complied by Global Trade Information Services, Inc. (www.gtis.com), provides the most comprehensive export and import data on pseudoephedrine and ephedrine; however, the most recent data is from 2005. GTA data have been used in the following tables. Data on legitimate demand will not be available until the estimates requested in the U.S. resolution adopted by the March 2006 CND are made available in the spring of 2007. Therefore, the countries listed as major importers are those with the largest imports, rather than those with the highest imports as compared to estimated legitimate demand. This does not necessarily demonstrate that these countries have the highest rates of diversion. Future reports should be able to make that comparison. This report provides export and import figures for both 2004 and 2005 to illustrate the wide annual shifts that can occur in some countries, reflecting such commercial factors as demand, pricing, and inventory buildup. GTA data on U.S. exports and imports have been included to indicate the importance of the U.S. in international pseudoephedrine and ephedrine trading.

Data on the worldwide production of pseudoephedrine and ephedrine are not available, because the major producers will not release them publicly for commercial, proprietary reasons. The U.S. government unsuccessfully sought this data, as well as production data on pharmaceutical preparations containing these chemicals, from the major producers at a February 2006 DEA-organized meeting in Hong Kong. The meeting, intended to increase multilateral cooperation in controlling methamphetamine chemicals, did succeed in strengthening commitments by governments to work together in Project Prism and also helped lay the groundwork for the March 2006 CND estimates resolution.

The following data are for 2004 and 2005 to provide an indication of the volatility of the trade in pseudoephedrine and ephedrine.

Exporters (Kg)

Pseudoephedrine	**2005**	**2004**
Germany	390,000	579,000
India	270,600	393,157
China	107,914	177,907
Switzerland	41,084	84,370
Taiwan*	31,546	41,141
Sub-Total	841,144	1,185,575
United States	28,895	55,540
All Others	19,088	47,983
Total	889,127	1,289,098

* According to official Taiwan data and the Global Trade Atlas, Taiwan was the fifth-largest exporter of pseudoephedrine. However, the data are misleading because a criminal investigation has revealed that during the period 2003-2005, a Taiwan company that had reported exports included in the trade data had actually diverted the chemical to local drug manufacture for local consumption. Nevertheless, while Taiwan's actual exports were lower, the trade data show that exports by the sixth largest exporter were sufficiently small that Taiwan would remain the fifth-largest exporter despite the falsely reported exports.

Exporters (Kg)

Ephedrine	**2005**	**2004**
India	217,106	79,708
Germany	51,000	23,000
Singapore	16,350	12,555
China	8,955	12,893
United Kingdom	4,000	3,000
Sub-Total	297,411	132,156
United States	5,542	4,388
All Others	6,083	73,435
Total	309,036	209,979

Analysis of exports - Germany, India and China are the largest producers of pseudoephedrine and ephedrine. Their principal markets for 2005 and the 2001-2005 time period were:

- Germany: pseudoephedrine - (2005) U.S., Belgium, Mexico
  (2001-05) U.S. Belgium, Mexico

  ephedrine - (2005) U.S., South Korea, Russia
  (2001-05) Japan, U.S., South Korea

- India: pseudoephedrine - (2005) U.S., Mexico, Germany
  (2001-05) U.S., Mexico, Canada

  ephedrine - (2005) U.S., Iran, Egypt

  (2001-05) U.S., Singapore, Canada

- China: pseudoephedrine - (2005) Switzerland, U.S., Pakistan

	(2001-05) U.S., Switzerland, Mexico
ephedrine -	(2005) Canada, Pakistan, Hong Kong
	(2001-05) Mexico, Hong Kong, Canada

Excluding the U.S., the other top-five exporting countries are trading countries, such as Singapore and Switzerland, which appear as both importers and exporters, or as exporters of relatively small amounts. Switzerland and Singapore also have important pharmaceutical industries.

Importers (Kg)

Pseudoephedrine	**2005**	**2004**
United Kingdom	203,000	29,000
Mexico	124,552*	226,574
South Africa	91,400	6,477
Switzerland	67,800	95,114
Belgium	52,000	70,000
Sub-Total	538,752	427,165
United States	319,998	616,346
All Others	365,419	372,972
Total	1,224,169	1,416,493

- The GTA reports Mexico's 2005 pseudoephedrine imports as 3,115,552 kg, of which 3,009,000 kg were imported from Germany. A cross-reference to Germany's reported exports to Mexico indicates that Germany exported only 18,000 kg to Mexico. Therefore, the Mexican imports noted in this report have been revised downward by 2,991,000 kg to reflect actual exports from Germany to Mexico. The Government of Mexico has confirmed this revised data.

Importers (Kg)

Ephedrine	**2005**	**2004**
Singapore	19,875	14,529
South Korea	17,550	7,600
Indonesia	16,177	15,110
South Africa	14,374	11,185

United Kingdom	14,000	4,000
Sub-Total	81,976	54,424
United States	178,657	218,118
All Others	57,274	66,838
Total	317,907	337,380

Analysis of imports:

- Of the top five noted above, Mexico is the only importer of pseudoephedrine or ephedrine that is a known major methamphetamine producer (it is making impressive strides unilaterally and multilaterally to attack the problem with chemical control an important element of its national drug strategy).
- None of the other top-five importers noted above is considered a major methamphetamine producer, although there may be some production in South Africa and Indonesia for domestic and regional consumption. They are not considered sources of precursors for methamphetamine production in Mexico or the U.S.
- Singapore and Switzerland, as trading countries, appear as both importers and exporters. They along with Belgium and the United Kingdom also have pharmaceutical industries that utilize ephedrine and pseudoephedrine.

These data are useful in determining overall trends in legitimate trade, but they cannot identify diversion when traffickers use false labeling and other subterfuges. The 2007 National Drug Assessment prepared by the National Drug Intelligence Center notes as intelligence gaps: "The extent of precursor chemical diversion from sources of supply in Asia is unclear. Intelligence and law enforcement reporting confirms the shipment of wholesale (multiple ton) quantities of ephedrine and pseudoephedrine – often repackaged with vague labeling and disguised as legitimate business transactions – to Mexico from source areas in Asia, particularly Hong Kong and China. However, there are relatively few data available to measure such activity, thereby impeding a full and accurate assessment of the situation."

The diversion problem may spread as Mexico continues its increasingly effective controls on pseudoephedrine and ephedrine imports and traffickers turn to third countries in Central and South America, Africa, West Asia, and other areas that have weak chemical control regimes in which to import and divert the chemicals. The estimates of legitimate requirements requested by the 2006 CND resolution will help make the international community aware of this, but repackaging, mislabeling and smuggling will continue to require law enforcement and regulatory attention.

Burma, a major methamphetamine producer, illustrates another problem. It does not appear in trade data because the precursor chemicals for its methamphetamine production are smuggled into the country, primarily from domestic diversion in China and India. Because the chemicals are domestically diverted, they also will not appear as exports from these countries.

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 United States and a source for precursor chemicals because of its advanced chemical production facilities. Although complete statistics are not available, the Government of Argentina (GOA), cocaine seizures increased in the first three quarters of 2006 in comparison to the same period in 2005. Authorities also report an increase in the number of small labs converting cocaine base to cocaine hydrochloride (HCl). Marijuana seizures, which had dropped in 2005, appear to be back up in 2006. Argentina is a party to the 1988 UN Drug Convention.

II. Status of Country

Argentina is not a major drug producing country, however, because of its advanced chemical production facilities; it is one of South America's largest producers of precursor chemicals. Law enforcement authorities believe that the amount of cocaine passing through Argentina continued to increase in 2006. Marijuana remains the most commonly smuggled and consumed drug, with cocaine (HCl) and inhalants ranked second and third, respectively. Narcotics enter Argentina primarily from Bolivia, but also from Paraguay and Brazil. GOA law enforcement intercepted small amounts of Colombian heroin destined for the United States. Seizures of amphetamine-type stimulants and Ecstasy are increasing.

III. Country Actions Against Drugs in 2006

Policy Initiatives. The GOA targets the trafficking, sale, and use of illegal narcotics. In 2006, the Government of Argentina's Secretariat of Planning for the Prevention of Drug Addiction and Fight Against Narcotrafficking (SEDRONAR) initiated a comprehensive, interdisciplinary study of drug trafficking and related crimes as well as an analysis of the application of the federal narcotics law, in order to better understand the nature and scope of the problem and better focus anti-narcotics policy and resources.

Accomplishments. Although complete statistics were not available from the GOA, the U.S. Drug Enforcement Administration (DEA) reports that it assisted the Argentine authorities in the seizure of 2,532 kg of cocaine in 2006. DEA also assisted the GOA in the seizure of 9.12 kg of heroin, and 77 kg of marijuana. In June 2006 the Gendarmeria seized a truck with approximately 1,105 kg of coca leaf. Although the local indigenous population in a number of Argentina's Northern provinces consumes coca leaf, seizures of this size are unusual. From January 2006 to September 2006, the USG-funded Northern Border Task Force (NBTF) seized approximately 684,220 kg of illicit chemicals, a significant increase over the amount seized during the same periods in 2005 and 2004. The NBTF also seized 9.12 kg of heroin at the La Quiaca international port of entry in the Province of Jujuy.

Law Enforcement Efforts. The Ministry of Interior made a concerted effort to improve coordination between law enforcement agencies by creating special prosecutors units in many of the provinces, to improve communications between prosecutors and police, and between federal and provincial authorities. The Ministry, in coordination with SEDRONAR, directs federal narcotics policy, and 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. The Argentine justice system is currently being transformed from an inquisitive system to an accusatorial one.

However, due to remaining vestiges of the slower, less-efficient inquisitive system, confidence in the legal system remained low in 2006, because of excessive delays between arrest and final judicial dispensation, as well as a lack of judicial transparency. Presidential decrees placed controls on precursor and essential chemicals, requiring that all manufacturers, importers or exporters, transporters, and distributors of these chemicals be registered with SEDRONAR.

Corruption. The GOA is publicly committed to fighting corruption and prosecuting those implicated in corruption investigations. As a matter of policy, no senior GOA officials are 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. Two cases noted in the 2005 INCSR that involve GOA law enforcement and security officials remain under investigation. In 2006, there was little development in the case of four members of the Federal Police's counternarcotics unit stationed in Salta accused of smuggling 116 kg of cocaine in August 2005. However two Spanish suspects were extradited to Argentina in November, for a case involving 60 kg of cocaine sent to Spain in 2004 as unaccompanied baggage on an Argentine air carrier.

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), but has not yet ratified the third protocol (firearms). The United States and Argentina are parties to an extradition treaty that entered into force on June 14, 2000, and a bilateral mutual legal assistance treaty that entered into force on February 9, 1994. Both of these agreements are actively used by the United States. 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. In 1990, the U.S. Customs and Border Protection signed a Customs Mutual Assistance Agreement with the government of Argentina. This agreement provides a basis for the exchange of information to prevent, investigate and redress any offense against the customs laws of the United States or Argentina.

Cultivation/Production. Illicit cultivation of marijuana in Argentina is negligible, and it is not trafficked to the U.S. Although statistics were not available from the GOA, the amount of cocaine produced annually in Argentina is estimated to be minor. According to preliminary statistics, seven clandestine cocaine laboratories were discovered and destroyed in 2006. However, trafficking organizations are reportedly moving to Argentina due to the traffickers' capability to better control final-product purity, the availability of precursor chemicals, and the decreased risk in shipping.

Drug Flow/Transit. The bulk of cocaine and marijuana enters Argentina from Bolivia via the remote and often-rugged land border. Narcotics smugglers also move cocaine and marijuana across the river border with Paraguay. Heroin from Colombia and some cocaine from Bolivia and Peru enter Argentina via commercial aircraft. In 2006, a seizure of 9.12 kg of heroin being smuggled overland from Bolivia was highly unusual. GOA officials are becoming increasingly concerned about the use of small private aircraft to carry loads of narcotics into Argentina from Bolivia and Paraguay. Based upon the amount of cocaine seized with its assistance, and investigative reporting, DEA assesses that the amount of cocaine flowing through Argentina continued to increase in 2006, over the previous ten-year high of 5,399 kg that the GOA seized in 2005. Much of the volume of narcotics transits Argentina via containers passing through Argentina's maritime port system—particularly via containerized cargo—destined primarily for Europe. . DEA reports that some 52 percent of the seizures in which it assisted in 2006 were container related, indicating that the quantity of cocaine passing through Argentina is considerably more than previously believed. For example, 937 kg of the 1,225 kg of DEA-assisted cocaine seizures in the first quarter of 2006 were seized either in containers in Spain, or at Argentine ports prior to shipment to Spain or other destinations.

Demand Reduction Programs. SEDRONAR coordinates the GOA's demand reduction efforts. In 2006, following up on the passage of Argentina's first national drug plan the previous year; SEDRONAR began a nationwide effort to extend a pilot drug education program targeting school children ages 10 to 14. Argentine federal and provincial authorities are increasingly concerned about the rise in the smoking of a cheap cocaine base called "paco," considering its devastating health effects and the attendant crimes committed by users to support their addiction. Authorities undertook a number of print and broadcast media information campaigns in 2006 to raise awareness of this problem.

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) on Argentina's border with Bolivia. The NBTF fosters coordination between GOA law enforcement agencies and assists in disrupting the flow of narcotics entering the country from Bolivia. In addition to support for the NBTF, the USG provides equipment and training opportunities to increase the effectiveness of GOA law enforcement personnel. In 2006, the USG worked with national and provincial law enforcement agencies to develop a plan for duplicating the NBTF model in Misiones and Formosa provinces to address the drug and contraband smuggling in the tri-border area of Paraguay and Brazil. This plan will be implemented in 2007. The USG also provided training in Maritime Law Enforcement and Port Security to the Prefectura Naval in 2006. In 2005, the USG implemented the Container Security Initiative in the Port of Buenos Aires, Argentina to promote secure containerized cargo to the United States. The USG also worked with Argentina's relevant agencies and financial institutions to strengthen the country's money laundering and counterterrorism financing strategy and regime.

The Road Ahead. In 2007, the USG will continue working with the GOA to combat the recent trends of increased quantities of drugs in transit through Argentina, increased domestic production, and increased domestic consumption. 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 task force at the port of Buenos Aires and in the province of Misiones. The USG will also continue to encourage the GOA to improve its radar system and to implement stronger money laundering and counter-terrorism financing legislation.

Bolivia

I. Summary

President Evo Morales proposed a counternarcotics policy of "zero cocaine" and the "revalidation" of the coca leaf upon entering office in January 2006. Morales remains the president of the six coca growers federations in the Tropico of Cochabamba (hereinafter referred to as the "Chapare"). In December 2006 President Morales described his plan to industrialize the coca leaf, and he announced his intention to increase the amount of hectarage allowed for legal coca cultivation from 12,000 to 20,000; a change that would contravene the 1961 Single Convention on Narcotics Drugs and would require modification of Bolivian law. According to USG estimates, as of August 2006, there was a slight increase of coca cultivation in most parts of the country, including 17 percent in the Chapare. Bolivia is the world's third largest cocaine producer, accounting for some 115 tons according to the U.S. Drug Enforcement Administration (DEA).

The Government of Bolivia (GOB) met its coca eradication goal of 5,000 hectares by mid December 2006. However, this year represented the lowest level of eradication in more than ten years. Bolivian Law 1008 requires the GOB to complete a study to determine the actual licit demand for coca in Bolivia, but the GOB has yet to launch such a study, though the European Union has offered full funding and encouragement. The GOB also did not give adequate support to drug abuse prevention programs and has been slow to explain to Bolivians the dangers that excess coca production, drug production and consumption pose to Bolivian society.

As of December 2006, the GOB seized cocaine base and cocaine hydrochloride (HCl) amounting to 14 tons of cocaine. Alternative Development (AD) programs, which notably raised the income levels of farmers in the Chapare, shifted to a more integrated approach, with an emphasis on sustainability and increased participation by communities in developing, implementing and monitoring programs. Bolivia is a party to the 1988 UN Drug Convention.

II. Status of Country

Bolivia has produced coca leaf for traditional uses for centuries, and current Bolivian law permits up to 12,000 hectares of legal coca cultivation (mostly in the Yungas) to supply this licit market. The GOB has proposed to increase this amount to 20,000 hectares, which will require modification of Law 1008. The GOB explains that the excess coca leaf not used for internal consumption will be industrialized and exported to an international market. However, currently worldwide demand for coca leaf used in commercial flavorings and pharmaceuticals only requires the amount of coca that can be grown on 250 hectares (in Peru). From 2001 to 2005, coca cultivation increased from 19,900 to 26,500 hectares, and as a result, Bolivia's estimated potential cocaine production has increased, from 100 metric tons in 2001 to 115 metric tons in 2005 (according to recent USG statistics). USG cultivation estimates show an increase in most parts of the country in 2006.

III. Country Actions Against Drugs in 2006

Policy Initiatives. The GOB maintained aggressive interdiction of illicit drugs and precursors. According to Bolivian law enforcement, the number of cocaine base labs more than doubled since the inauguration of President Morales. A slow eradication start in 2006 resulted in less eradication than in 2005. Although the rate of eradication improved as 2006 progressed, the annual result was the lowest in more than ten years. 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 control of coca cultivation, especially near and in the Yungas, the need to develop new laws and regulations to control precursor chemicals, and pass new laws to modify the current Code of Criminal Procedures, which handicaps drug case prosecutions. Violent cocalero opposition and extreme terrain greatly complicate the prospects for successful eradication in the Yungas. The GOB began voluntary eradication in the Yungas in 2006, with symbolic results. The GOB's strategy has been to negotiate coca cultivation reduction, encourage areas of no expansion of coca, and tighten interdiction. Alternative development has been accepted in some areas within the Yungas; however, it has not reduced coca cultivation there.

In June, President Morales introduced a plan to authorize all Bolivian coca growers to sell leaf anywhere in the country. In July the Morales Administration issued Ministerial Resolution 112, requiring seized leaf to be consolidated and returned to communities rather than be destroyed as required by Bolivian domestic law. The Resolution has not been implemented. In December, the GOB announced a counternarcotics policy for 2007 through 2010 with two pillars: "zero cocaine" and the "revalidation" of the coca leaf. The GOB did insist on zero coca in the National Parks, but eradication in these areas is slow and has been met with cocalero opposition. The GOB plans to focus on interdiction of illegal drugs and precursor chemicals, alternative development, and prevention. At the same time, the GOB plans to increase legal cultivation of coca to 20,000 hectares, and to support coca industrialization and export. These policies, if implemented, would violate Bolivian law and the 1988 UN Drug Convention. The GOB intends to eradicate only through voluntary means, and to negotiate reduction of coca production with the farmers and their unions ("sindicatos") that control coca production in the Chapare.

Accomplishments. The GOB met its coca eradication goal of 5,000 hectares for the year by eradicating 5,070 hectares. Interdiction of cocaine base and HCl exceeded 14 metric tons, up from 11.5 MT in 2005. This may be, in part, due to increased coca cultivation. The GOB has begun to draft legislation in the areas of precursor control and anti-corruption.

Law Enforcement Efforts. The Bolivian Special Counternarcotics Police (FELCN) intercepts illicit drugs and precursor chemicals. The FELCN's results for 2006 improved over those of 2005. Through 9,132 operations, the FELCN seized 1,344 metric tons of coca leaf, 14 metric tons of cocaine base and HCl, 125 metric tons of marijuana, 1,352,152 liters of liquid precursors and 323 metric tons of solid precursor chemicals. It also destroyed 4,070 cocaine base labs and detained 4,503 suspects.

Corruption. As a matter of policy, no senior GOB official, nor the GOB, encourage or facilitate the illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. The Offices of Professional Responsibility (DNRP) within the Bolivian National Police (BNP) and FELCN investigate allegations of insubordination and other forms of misconduct. In 2006, an employee of the Bolivian Senate, Freddy Ramiro Terceros, was arrested at El Alto International Airport in La Paz with three kilos of cocaine, and released on $625 bail.

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 the UN Convention against Transnational Crime, the UN Convention against Corruption, and the Inter-American Convention against Corruption. Nevertheless, Bolivia is lacking many of the laws and enforcement mechanisms needed to fully implement these agreements. Bolivia has signed, but has not yet ratified, the Inter-American Convention on Extradition. Bolivia is not a party to the Inter-American Convention on Mutual Assistance in Criminal Matters.

Extradition. The GOB and the United States Government (USG) signed a bilateral extradition treaty in 1995, which entered into force in 1996. The treaty permits the extradition of nationals for most serious offenses, including drug trafficking. No extraditions were sought by the U.S. from Bolivia in 2006.

Cultivation/Production. According to USG estimates, as of August 2006, countrywide cultivation appears to have increased in three of four regions: 33 percent in Apolo, 45 percent in Caranavi, and 17 percent in the Chapare. The total cultivation in the Yungas in 2006 may have increased, but exact figures are lacking. In 2006, the GOB continued 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. Of 5,070 hectares of coca eradicated in 2006, 4,926 hectares were in the Chapare. In the Yungas, 46 hectares were eradicated. GOB interdiction results also suggest a rise in marijuana production, likely for internal consumption. As of November 2006, seizures of marijuana were up 241 percent in 2006 compared with 2005.

Drug Flow/Transit. Significant quantities of cocaine from Peru and Colombia traverse Bolivia to enter Brazil, Paraguay and Argentina. There are indications, based upon seizures in Argentina, that small amounts of Colombian heroin also transit Bolivia. 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, probably for eventual sale in the United States). Drug traffickers are continuing to seek new routes to escape the pressure being exerted by the New Dawn Operation inside the Chapare. Operation New Dawn is an innovative USG-supported, six-month financial model/interdiction strategy, which began in late July, whose purpose is to flood key areas of Bolivia with law enforcement personnel and to squeeze Bolivian drug traffickers out of their traditional patterns.

Alternative Development (AD). Funded under the Andean Counterdrug Initiative (ACI), the United State Agency for International Development's (USAID) AD assistance program is used strategically to support coca control in Bolivia's changing and challenging counternarcotics context. The AD program supports coca control by 1) establishing well-developed licit economic alternatives for coca farmers to transition to, as a necessary pre-condition to sustainable coca reduction (especially given Bolivia's political, economic, and social context); 2) targeting social infrastructure and community development projects (always in exceptionally high demand) to those communities that are cooperating fully with coca control; and 3) strengthening state presence in far-flung and lawless coca growing areas, though strengthening of municipal and justice institutions and land titling efforts.

Average licit gross farm gate family income in the Cochabamba area rose, reaching $2,826 in 2006 (compared with $2,667 in 2005). Estimated net licit family income in the Chapare area increased from $1,958 in 2005 to $2,123 in 2006, while in the Yungas, it increased from $1,711 to $1,942. In both areas average licit incomes are substantially above the national average.

The licit economies in coca-growing regions expanded and consolidated in FY 2006, 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 $87.7 million. Chapare and Yungas high-value licit crop exports—such as bananas, coffee, pineapple, cocoa, and palm heart—increased from $35 million in FY 2005 to $46.9 million in FY 2006. Over 600 kilometers of improved roads helped farmers reach markets while providing collateral social benefits to thousands of families.

Domestic Programs (Demand Reduction). 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. In

2006, the GOB undertook, with USG assistance, efforts to combat documented increases in drug consumption. This included an expansion of the D.A.R.E. program and implementation of a Drug Demand Reduction Decentralization Project in 20 municipalities and a project on accreditation of rehabilitation centers.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. The USG promotes the institutional reform and strengthening of the GOB to address the following counternarcotics objectives: reducing coca cultivation; arresting and bringing drug traffickers to justice; 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. Bolivian and U.S. officials meet regularly to coordinate policy, implement programs/operations, and resolve issues. The State Department's Bureau for International Narcotics and Law Enforcement Affairs (INL) principally supports and assists Bolivian interdiction and eradication forces. USAID is a significant supporter of GOB efforts on alternative development.

Road Ahead. The USG plans to continue to support existing eradication and integrated alternative development in the Chapare; push for expansion of eradication in the Yungas; and enhance efforts to interdict precursors and traffickers to include stronger precursor control legislation. The USG will encourage the GOB to exert tighter control over the licit coca market and to conduct a study on the licit demand of coca in Bolivia. Additionally, the USG will continue training prosecutors; and encourage the GOB to enact new anti-money laundering, chemical control, and wire intercept legislation. Although the President did not find in his September 15 2006 Majors List Report to Congress that Bolivia had failed demonstrably in counternarcotics cooperation, he requested that an evaluation be conducted in six months to gauge the GOB's progress on counternarcotics efforts. That evaluation report is due in mid-March 2007.

V. Statistical Tables

BOLIVIA STATISTICS (1996-2006)

	2006*	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Coca											
Net Cultivation[1] (ha)	-	26,500	24,600	23,200	24,400	19,900	19,600	21,800	38,000	45,800	48,100
Eradication (ha) **	5,070	6,073	8,437	10,000	11,839	9,435	7,953	16,999	11,621	7,026	7,512
Leaf: Potential Harvest[3] (mt) ***	37,000	36,000	37,000	33,000	35,000	32,000	-	-	-	-	-
HCl: Potential (mt)	115	115	115	100	110	100	-	-	-	-	-

HCl: Potential (mt) ***	115	115	115	100	110	100	-	-	-	-	-
Seizures											
Coca Leaf (mt)	1,344	887.4	395.0	152.0	101.8	66.0	51.9	56.0	93.7	50.6	76.4
Coca Paste (mt)	-	-	-	-	-	-	-	-	-	0.008	-
Cocaine Base (mt)	12.7	10.2	8.2	6.4	4.7	4.0	4.5	5.5	6.2	6.6	6.8
Cocaine HCl (mt)	1.3	1.3	0.5	6.5	0.4	0.5	0.7	1.4	3.1	3.8	3.2
Combined HCl & Base (mt)	14	11.5	8.7	12.9	5.1	4.5	5.3	6.9	9.3	10.4	10.0
Agua Rica[4] (ltrs)	-	-	-	-	-	20,240	15,920	30,120	44,560	1,149	2,275
Arrests/Detentions	4,503	4,376	4,138	3,902	3,229	2,948	3,414	3,503	407	3,428	3,324
Labs Destroyed											
Cocaine HCl	3	3	4	2	2	1	2	1	1	1	7
Base	4,070	2,619	2,254	1,769	1,285	877	620	893	1,205	1,022	2,033

* The USG was unable to provide an estimate for the net coca cultivation in time for this report.

**As of 12/17/06

***Due to recent revision of the USG's cocaine production estimates for Bolivia, one cannot accurately compare 1996-2000with future years.

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

[2]As of 06/01/2001.

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

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

Brazil

I. Summary

Brazil is a major transit country for illicit drugs shipped to Europe and, to a somewhat lesser extent, the United States. Brazil cooperates with its neighbors in an attempt to control its remote and expansive border areas where illicit drugs are transported. The Tri-border area with Paraguay and Argentina is particularly porous; in 2006, the Brazilian Federal Police seized over 24 metric tons of marijuana and about 126 kg of cocaine in Foz do Iguaçu, which had been smuggled from Paraguay.

The Brazilian Federal police (DPF) had a number of successes in 2006 against foreign narcotics trafficking organizations operating within Brazilian territory, the most significant of which was the arrest of kingpin target Pablo Joaquin Rayo Montano in Sao Paulo. In 2006, the Government of Brazil (GOB) broke up Mexican and Colombian groups involved in sending heroin to the U.S., and is now targeting groups that sell prescription drugs illegally via the Internet. The DPF is placing a higher priority on interdiction capabilities along the Bolivian border, where seizures of cocaine base increased.

Brazil is a signatory of various counternarcotics agreements and treaties, the 1995 bilateral U.S.-Brazil counternarcotics agreement, and the annual Memorandum of Understanding (MOU) with the United States. Brazil is a party to the 1988 UN Drug Convention,

II. STATUS OF COUNTRY

Brazil is a significant transit country for cocaine base and cocaine moving from source countries to Europe, the Middle East and Brazilian urban centers, as well as for smaller amounts of heroin. Cocaine and marijuana are used among youths in the country's cities, particularly Sao Paulo and Rio de Janeiro, where powerful and heavily armed organized drug gangs are involved in narcotics-related arms trafficking.

III. COUNTRY ACTIONS AGAINST DRUGS IN 2006

Policy Initiatives. The GOB anti-money laundering legislation drafted in 2005 still has not been presented to Congress. If passed it 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 cases by amending the legal definition of money laundering and making it an autonomous offense. Brazil has established systems for identifying, tracing, freezing, seizing, and forfeiting narcotics-related assets. The Brazilian Government's interagency Financial Crimes Investigations Unit (COAF) and the Ministry of Justice manage these systems jointly. Police authorities and the customs and revenue services have adequate police powers and resources to trace and seize assets. The GOB is in the process of creating a computerized registry of all seized assets to improve tracking and disbursal. The judicial system has the authority to forfeit seized assets, and Brazilian law permits the sharing of forfeited assets with other countries.

Narcotics terrorists exploit Brazil's heavily transited border crossings and its expansive border areas where Brazilian law enforcement only has a minimal presence. To more effectively combat trans-border trafficking organizations, Brazil cooperates closely with its neighbors through joint intelligence centers (JIC) in strategic border towns. The newest JIC is located near the common border of Brazil, Bolivia, and Peru, in the Brazilian town of Epitaciolandia. The JIC operates out of the Federal Police offices and is staffed by the Brazilian DPF and a Bolivian law enforcement representative. Another JIC, at the Tri-Border Area of Brazil, Paraguay, and Argentina has been

built and will commence operations following the finalization of staffing issues by the three countries. Brazil also currently has Federal Police Attachés in Argentina and Paraguay.

Accomplishments. In 2006, the BFP played a major role in "Operation Seis Fronteras" to disrupt the illegal flow of precursor chemicals in the region. The GOB also supported "Operation Alliance" with Brazilian and Paraguayan counterdrug interdiction forces in the Paraguayan-Brazilian border area.

Law Enforcement Efforts. In 2006, the Brazilian Federal Police seized 13.2 MT of cocaine and 144 kg of crack. Marijuana seizures totaled 161.1 MT in 2006. Brazilian Federal Police also seized 57 kg of heroin. While the GOB did not maintain heroin seizure statistics prior to 2006, DEA estimates that this is double the amount estimated to have been seized in 2005. Since only the Federal Police, and not local police forces report seizures on a national basis, and since Federal Police sources estimate they record perhaps 75 percent of seizures and detentions, all seizure statistics may be incomplete. 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 the GOB seized 2 airplanes, 909 motor vehicles, 179 motorcycles, 14 boats, 660 firearms, and 1,897 cell phones in 2006.

In conjunction with Operation Topaz the DPF agreed to work with the USG to perform a study on the use within Brazil and the exportation of Acetic Anhydride from Brazil. The DPF makes records relating to chemical transactions available to USG law enforcement officials when requested.

Corruption. As a matter of government policy, neither the GOB nor any of its senior officials condone, encourage, or facilitate production, shipment, or distribution of illicit drugs or laundering of drug money, although corruption remains a problem. 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. Late in 2006, the BFP arrested 75 Rio de Janeiro state police after an investigation into their involvement in illegal gambling and support of narcotics trafficking gangs.

Agreements and Treaties. Brazil became a party to the 1988 UN Drug Convention in 1991. Bilateral agreements based on the 1988 convention form the basis for counternarcotics cooperation between the U.S. and Brazil. The United States and Brazil are parties to a bilateral mutual legal assistance treaty that entered into force in 2001, which is actively used in a wide array of cases. In 2002, the U.S. Customs and Border Protection signed a Customs Mutual Assistance Agreement with the government of Brazil, which provides a basis for the exchange of information to prevent, investigate and redress any offense against the customs laws of the United States or 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).

Extradition. The Brazilian constitution prohibits the extradition of natural-born Brazilian citizens. It allows for the extradition of naturalized Brazilian citizens for any crime committed prior to naturalization. The constitution also allows for the extradition of naturalized Brazilian citizens specifically for narcotics-related crimes committed after naturalization, however no such extraditions have occurred, because the Brazilian congress has not passed implementing legislation. Brazil cooperates with other countries in the extradition of non-Brazilian nationals accused of narcotics-related crimes. Brazil and the U.S. are parties to a bilateral extradition treaty and protocol thereto, both of which entered into force in 1964.

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

Drug Flow/Transit. Cocaine arriving from Bolivia and marijuana from Paraguay are mainly destined for domestic consumption within Brazil. 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. 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 of Brazil's borders. Traffickers have reduced the number of long flights over Brazilian territory due to Brazil's introduction of a lethal-force air interdiction program in 2004. However, traffickers still make the short flight over Brazil en route to Venezuela and Suriname. 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. Domestic networks that operate in the major urban areas of the country carry out the distribution of drugs in Brazilian cities.

Demand Reduction. The National Anti-Drug Secretariat (SENAD) is charged with oversight of demand reduction and treatment programs. Some of the larger USG-supported programs include a nationwide toll-free number for drug-abuse 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.

IV. U.S. POLICY INITIATIVES

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

Bilateral Cooperation. U.S.-Brazil bilateral programs include support of the northern border interdiction Operation COBRA and the joint intelligence center located in Tabatinga; the establishment of the joint intelligence center on the Bolivian border; and training courses in airport interdiction and container security. Prevention and treatment assistance included support for DARE and the toll free drug counseling/information hotline as well as an ongoing national household survey of drug usage.

In 2006, various operations, such as the annual Operation Alianza (Brazil, Paraguay) that involved marijuana eradication/interdiction, Operation Seis Fronteras and Operation Twin Oceans were supported with USG funds. During 2006, the USG provided training throughout Brazil in combating money laundering, airport interdiction, community policing, container security, counter-drug SWAT operations, maritime law enforcement, and demand reduction programs. Brazilian Law Enforcement attended training programs in the United States, such as money laundering prevention seminars and the Federal Bureau of Investigation academy. Seminars and courses for State police representatives will also assist the Brazilian authorities with security preparations for the 2007 Pan American games. In 2005, the USG implemented the Container Security Initiative in Santos, Brazil to promote secure containerized cargo to the United States.

The Road Ahead. While 2006 proved to be a productive year for Brazilian Federal Police in their fight against narcotics trafficking organizations, daunting challenges remain. Increased attention

must be given to the expansive land border regions to stem the smuggling of cocaine into Brazil. Improving control of Brazil's immense land borders became a significant political issue in the 2006 presidential race and will remain a priority for both Brazil and the USG. According to the U.S. DEA, the amount of heroin interdicted in 2006 indicates that Brazil is increasingly being utilized as a transshipment route to the U.S. Plans to strengthen airport interdiction and target international trafficking networks should show positive results over the next year. In early 2007, the USG will conduct a comprehensive review of USG counterdrug and law-enforcement assistance to Brazil, to ensure that the changing policy priorities of both countries are being properly addressed.

Chile

I. Summary

Chile is a transit country for cocaine and heroin shipments destined for the U.S. and Europe. Chile has a domestic cocaine and marijuana consumption problem, and the amphetamine-type drug Ecstasy is increasing in popularity. Chile is a source of precursor chemicals for use in cocaine processing in Peru and Bolivia. 2006 was the first full year of Chile's newly instituted adversarial judicial system. 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 hydrochloride (HCl) consumption has increased domestically, although cocaine base abuse is more prevalent. Marijuana, primarily supplied by Paraguay, as well as by a small domestic cultivation industry, is consumed domestically.

III. Country Actions Against Drugs in 2006

Policy Initiatives. In 2006, the National Drug Control Commission (CONACE) continued to implement its 2003-2008 National Drug Control Strategy. In January 2006, an "informal" drug court pilot program was initiated in Santiago, under the leadership of the Santiago Southern Regional Prosecutor, and the Chilean Drug Prevention Network (CHIPRED). In May 2006, CONACE and Citizen Peace Foundation (FPC) created a special committee to study legal issues related to the "conditional suspension" of a case to allow the possibility of providing drug rehabilitation treatment to offenders and analyzing technical aspects of the project.

Accomplishments. In September 2005, the Chilean court system approved the release of the results of an Arrestee Drug Abuse Monitoring (ADAM) test sponsored by the USG. Developed by the Citizen Peace Foundation and the National Institute of Drug Abuse, the test revealed that 73 percent of arrestees for violent crimes in Santiago were using drugs at the time of their arrest. This test was the first scientific test in Chile showing a definitive link between drug use and crime. Until its release, Chilean officials had tended to believe that drugs played no significant role in crime. Now these officials often cite this survey in studies and speeches that address the link between drug use and crime, and the need for further investment in drug rehabilitation.

2006 was the first full year of Chile's newly instituted adversarial judicial system, which is based on oral trials rather than documents. Initial feedback suggests greater public trust in the new system, and cases are reportedly being resolved faster than before. Ongoing challenges include training judges, prosecutors and law enforcement officials on evidence collection and analysis, courtroom presentation methods, and court administration procedures.

Law Enforcement Efforts. In 2006, Chilean authorities seized approximately 2,225 kg of cocaine HCl (147 kg of which was crack), 4,239 kg of cocaine base, 3,639 dosage units of Ecstasy, 4,991 kg of marijuana, and 5.9 kg of heroin. Chilean authorities made two seizures (27kg in May, and 120 kg in September) of crack cocaine in 2006, the first reported seizures of this type of cocaine in Chile. They also seized 220 liters of acetone, and 27,400 kg of sulfuric acid. Law enforcement agencies arrested 27,343 persons for drug-related offenses, more than twice the 12,878 who were arrested on similar charges in 2005. Chilean authorities are also undertaking proactive enforcement initiatives to address the domestic distribution sources of cocaine, marijuana, and Ecstasy. One joint investigation in 2006 conducted by DEA and the Carabineros, led to the seizure of more than

400 kg of cocaine and the disruption of a major Colombian transportation cell. In a separate operation the Carabineros seized approximately 650 kg of cocaine from Colombia.

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. After slipping one place in 2005, in 2006, Chile regained its traditional standing in the top 20 least-corrupt countries in the world in Transparency International's Annual Corruption Perception Index. In the same survey, Chile ranked behind only Canada as the second least corrupt country in the Americas.

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 Organization of American States' 1992 Inter-American Convention on Mutual Assistance in Criminal Matters (which it ratified in 2004) and the 1988 UN Drug Convention, both of which permit mutual legal assistance. Chile is also party to the Inter-American Convention Against Corruption.

Cultivation/Production. There is no known major cultivation or production of drugs in Chile for export. The very small amount of marijuana that is cultivated in Chile is consumed domestically. A new law passed in 2005 gives CONACE responsibility for registry and inspection of companies that produce, use, import or export any of 64 types of chemicals that are used in the production of various illegal drugs. The regulations to implement the new law were under revision in 2006 by the National Comptroller's Office, and CONACE plans to begin implementing the registry in January 2007.

Drug Flow/Transit. Most narcotics arrive in Chile overland from Peru and Bolivia, but some enter through Argentina. The most recent trend is to traffic drugs into Chile 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. Though much of Bolivia's cocaine is shipped to Brazil, a smaller amount is smuggled into Chile. The treaty signed after the War of the Pacific allows cargo originating in Peru and Bolivia to pass through Chile and out of the ports in Arica and Antofagasta without Chilean inspection. Chilean efforts to intercept illicit narcotics are obviously hampered by this treaty. Recent seizures provide evidence that Colombian drug trafficking organizations are utilizing overland transportation routes to ship their cocaine to Chile for further distribution. Small amounts of Ecstasy enter the country primarily via couriers traveling by air.

Domestic Programs/Demand Reduction. In 2006, the GOC spent $373,000 to finance about 700 drug prevention projects in Chile. The 2007 budget will increase funding of CONACE by 32 percent to expand programs for drug-prevention and rehabilitation. CONACE runs a variety of community, family and youth programs, including prevention-oriented artistic programs, sports programs, youth employment programs, and the creation of programs using internet technology, such as an "on-line brigade" against the use of drugs.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. U.S. support to Chile in 2006 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-gathering capability; and, 5) combating money laundering.

Bilateral Cooperation. During 2006, the USG pursued numerous initiatives including: an International Visitor Program for three Chilean judges, concerning drug and intellectual property

rights (IPR) issues and conducting a seminar on recovering proceeds from acts of corruption, attended by personnel from Chile's Financial Investigative Unit (FIU). The USG also sponsored a Chilean judge, a Carabinero, a prosecutor and a customs agent to an IPR seminar for law enforcement officials; and sent 42 Chilean law enforcement officials to a USG-Sponsored conference on Media Piracy that took place in Santiago and sponsored a workshop on effective practices in border enforcement of intellectual property rights; as well as numerous other programs. In March 2006, a U.S. judge and a U.S. prosecutor participated in the first International Seminar on Drug Courts in Chile, organized by the Citizen Peace Foundation (FPC) and the United Nations Office of Drugs and Crime.

The USG also conducted Operation Pipeline training for the Carabineros during 2006 in the northern city of Iquique. Operation Pipeline is a highway drug interdiction program used throughout the continental United States and other countries with great success.

The Road Ahead. In 2007, the USG plans to support Chilean efforts to combat narcotics-related problems and will continue to emphasize the importance of interagency cooperation to better confront drug trafficking in Chile. Efforts to establish a joint USG-GOC narcotics task force in Arica, the primary point of entry of Peruvian cocaine, have been fruitless, thus far, due to the history of mistrust and turf battles between the Policia de Investigaciones de Chile (PICH - Chile's investigative police) and the Carabineros. The PICH have begun to realize that inter-agency cooperation is necessary for effective counternarcotics operations, and is moving toward a greater acceptance of a joint task force. The GOC also needs to continue capacity building and reforms of Chile's criminal justice system. The USG is prepared to provide assistance and will host training in the investigation of money laundering, and prosecution of such crimes in the new criminal justice system in 2007.

Colombia

I. Summary

Although Colombia remains a major drug producing country, the Government of Colombia (GOC) is completely committed to fighting the production and trade in illicit drugs. Colombia had a sixth consecutive record year for illicit crop eradication and continued its aggressive interdiction programs and strong commitment to extradite persons charged with crimes in the United States. The country's public security forces prevented hundreds of tons of cocaine and heroin from reaching the United States, including the seizure of over 170 metric tons of cocaine and cocaine base. In 2006, the U.S.-supported Colombian National Police (CNP) Anti-Narcotics Directorate (DIRAN) sprayed 171,613 hectares of illicit coca and opium poppy, and manual eradication accounted for the destruction of an additional 42,111 hectares of coca and 1,697 hectares of poppy. Colombia is a party to the 1988 UN Drug Convention.

II. Status of Country

Colombia is the source of almost 90 percent of the cocaine entering the United States. Colombia is also the primary source of heroin used east of the Mississippi River, a leading user of precursor chemicals, and the focus of significant money laundering activity. Developed infrastructure, including ports on the Pacific and Atlantic, multiple international airports, and a highway system; as well as extensive rivers and miles of remote and unguarded borders, provide narcotics traffickers with many options to transport their product. Although official statistics are limited, most experts agree that drug use in Colombia is increasing. While demand reduction programs exist in large municipalities, there is no coordinated national demand reduction strategy.

Two Foreign Terrorist Organizations (FTOs) - the Revolutionary Armed Forces of Colombia (FARC) and, to a lesser degree, the National Liberation Army (ELN) - participate in all phases of the drug trade. These groups exercise considerable influence over areas with high concentrations of coca and opium poppy cultivation, and their involvement in narcotics is a major source of violence and terrorism. Another FTO, the United Self-Defense Forces of Colombia (AUC), almost completely demobilized in 2005 and 2006. Some former AUC members continue to engage in narcotics trafficking.

III. Country Actions Against Drugs

Policy Initiatives. Colombia's criminal justice system is in transition to an accusatorial system. The new procedures are now in place in Bogota, Medellin, Cali, and seven other municipalities. Criminal cases in those areas are now being resolved more quickly and with a higher percentage of convictions. Although challenges remain, the GOC, with USG assistance, is working to have the system fully functioning nationwide by the end of 2008.

The GOC's coca and poppy manual eradication program expanded considerably in 2006, resulting in the eradication of 43,800 hectares of illicit crops, according to the GOC. The CNP provided security for manual eradication projects nationwide, and 41 security force personnel and civilian eradicators were killed in 2006 by improvised explosive devices and narcotics terrorist attacks directed at manual eradication operations. In 2006, the CNP formally made manual coca eradication a nationwide responsibility of regular, municipal-level police units with the initiation of an institutional plan entitled "Todos Contra la Coca," or "Everyone Against Coca." This plan put all police units into the business of illicit crop eradication, a duty that had previously been the sole domain of DIRAN.

DIRAN also instituted a special ten-member judicial police group to gather evidence for asset forfeiture processes against property owners who use their land for the cultivation or processing of illegal crops. Starting at mid-year, this unit developed, investigated, and presented to the Prosecutor General's office ("Fiscalia") 273 separate cases. In November, 59 of these properties in western Boyaca were occupied by GOC authorities. Despite substantial bureaucratic, legal, and security obstacles, this asset seizure initiative is a crucial step towards real deterrence of cultivation and replanting after eradication.

In response to President Uribe's push to eradicate more coca in 2006, DIRAN created a temporary fourth spray aviation group (in addition to the three permanent USG-supported groups) to eradicate coca in El Bagre, Antioquia. Although the USG provided aviation, chemical, and fuel support for this pilot project, the CNP had complete organizational and operational control. This was an important first step towards nationalization of aerial eradication operations, and resulted in the spraying of more than 2,600 hectares of coca.

Law Enforcement Efforts. In 2006, the CNP, led by DIRAN, interdicted over 84 metric tons of processed cocaine (HCl) and cocaine base and destroyed 156 HCl laboratories and 965 base labs. In total, Colombia authorities seized 170 metric tons of cocaine and cocaine base. DIRAN also conducted several operations with the military against high-value narcotics terrorist targets.

The CNP Mobile Rural Police Squadrons (EMCAR or Carabineros) captured 175 narcotics traffickers, 223 FARC/ELN guerrillas, 32 AUC members, and 1,099 common criminals through September 2006. They also seized 25,507 gallons of liquid precursors, 15,870 kg of solid precursors, 377 kg of cocaine base, and 2,570 kg of marijuana. They contributed to the eradication of 188.9 hectares of opium poppy and 17,772 hectares of coca. The squadrons also provide public security in areas vacated by demobilized AUC members to help prevent the FARC from taking control of those areas. They provide road security throughout the country and security for municipal police units under threat of attack. Fifty-six 150-man Carabinero squadrons have been trained thus far.

DIRAN's Jungle Commandos (Junglas) airmobile units destroyed over half of the HCl and cocaine base labs taken down by the CNP. They also seized significant quantities of drugs, and captured the chief of security for the Norte del Valle Cartel. The Colombian Army's Counter-Drug (CD) Brigade conducted interdiction missions, High Value Target (HVT) operations and provided security for aerial eradication. It seized over 1.8 metric tons of cocaine, 237,000 gallons of liquid precursors, and 106 tons of solid precursors as of October 2006. They also destroyed 14 HCl labs and 235 base labs and dismantled 34 narcotics terrorist base camps. While conducting operations, the CD Brigade killed or captured 57 guerrillas and suffered 24 casualties.

Port Security. Various USG agencies worked with Colombian government entities and private seaport operators to improve port security and prevent drug trafficking in Colombia's ports. In 2006, more than 13 metric tons of cocaine, 82 kg of heroin, 312 kg of marijuana, and more than 70 tons of chemical precursors were seized in Colombian ports. Additionally, the DIRAN and Customs Police (POLFA) units arrested 39 persons in the four principal Colombian ports. The USG also works with DIRAN and Airport Police to prevent Colombia's international airports from being used as export points for drugs. In 2006, DIRAN airport agents confiscated tons of illicit drugs and made over 100 drug-related arrests.

Extradition and Mutual Legal Assistance. Colombia extradited 417 individuals to the U.S. since August of 2002, 102 of them in 2006. Extradited Cali Cartel leaders Miguel and Gilberto Rodriguez Orejuela pled guilty to conspiring to import cocaine and to money laundering and agreed to a record USD 2.1 billion-asset forfeiture judgment. Prominent figures extradited in 2006 include: Consolidated Priority Targets (CPOT) Jhonny Cano Correa, Manuel Felipe Salazar-Espinosa, and Gabriel Puerta-Para; FARC associates Cesar Augusto Perez-Parra and Farouk

Shaikh-Reyes, the first FARC associates to be convicted in the U.S. for drug offenses; and AUC paramilitary associates Huber Anibal Gomez Luna, Freddy Castillo Carillo, and Jhon Posada Vergara. The Colombians also provided excellent investigative and trial support related to the trials of FARC leaders Juvenal Palmera-Pineda (aka "Simon Trinidad") and Nayibe Rojas Valderama (aka "Comandante Sonia"). Obstacles remain regarding the extradition of the AUC leaders.

There is no bilateral mutual legal assistance treaty in force between the U.S. and Colombia, although the two countries cooperate extensively via multilateral agreements and conventions, such as the OAS Convention on Mutual Legal Assistance and the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (the 1988 UN Drug Convention). During 2006, the United States submitted more than 100 legal assistance requests and received well over 60 responses, with many pending due to their complexity. 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 has two programs for demobilization: collective and individual. Under the 2005 Justice and Peace Law, the High Commissioner for Peace oversees the collective demobilization program, which to date has applied only to the AUC. The individual demobilization or deserter program applies to all three formally designated Foreign Terrorist Organizations (the FARC, ELN and AUC), plus any other armed group in Colombia. Since 2002, the GOC estimates over 41,000 persons have demobilized - 11,000 under individual desertion program and over 30,000 AUC under the collective program. AUC members who chose not to demobilize, as well as those who do not qualify for the demobilization program, will continue to be investigated and prosecuted under normal Colombian law. In 2006, FARC desertion increased over 50 percent compared to 2005.

Public Security. Following fulfillment in 2004 of the GOC's goal to establish or reestablish a police presence in all "municipios" (roughly equivalent to U.S. counties), the CNP initiated a program to place police in additional larger townships. This expansion of police presence in 2006 further limited the influence of illegal armed groups and truncated their sources of income. Homicides continued to decline in 2006, down five percent to 17,277; and kidnappings were down by 20 percent, to 637.

Operation All-Inclusive. Colombian authorities participated in a regional, multi-agency international drug flow prevention strategy designed to disrupt the flow of drugs, money, and chemicals between the source and transit zones and the United States. The strategy included coordinated enforcement operations with counterparts in Mexico and Central America, resulting in seizures of 43.77 metric tons (MT) of cocaine, 83.6 kg of heroin, 19.65 MT of marijuana, 92.6 MT of precursor chemicals, and over USD 4 million. Arrests totaled 131.

Operation Twin Oceans. The CNP, Brazilian Federal Police, Panamanian Judicial Police, and the U.S. Drug Enforcement Agency (DEA), along with the Colombia Fiscalia and the U.S. Department of Justice, dismantled the Pablo Rayo-Montano drug trafficking organization responsible for smuggling more than 15 tons of cocaine per month to the United States and Europe. The three-year investigation culminated in over 100 arrests and the seizure of 52 tons of cocaine and nearly USD $70 million in assets.

High-Value Targets. In 2006, the GOC organized all security forces that focus on High Value Targets (HVTs) within one Ministry of Defense office. During 2006, at least six high interest FARC leaders were killed, including a FARC General Staff member, alias "Juan Carlos." The security forces continue to identify and arrest narcotics traffickers, several of whom have been, or are waiting to be, extradited to the United States.

Corruption. According to Transparency International and the World Bank, Colombia has made significant improvements in fighting corruption. However, concerns remain with respect to the corrupt influences of criminal organizations. Such influences are believed to be at the root of the shooting of 10 GOC counternarcotics police in May by members of a Colombia Army battalion. That incident, which occurred in the Jamundi municipality of the western department of Valle Del Cauca, is still under investigation. Another example is the paramilitary (AUC) corruption cases which the Prosecutor General's Office (Fiscalia) is investigating using information found on a laptop allegedly belonging to a former paramilitary leader known by his alias "Jorge 40," that links him to crimes and contains records of his alleged ties to politicians. Based on the information stemming from this investigation, three members of Congress are in jail and more than a dozen are under investigation for alleged paramilitary ties.

The use of polygraph exams, primarily within the police, continues to be a constructive tool in the fight against corruption. The Government of Colombia does not encourage or facilitate any aspects of the illegal narcotics trade. Colombia is party to both the Inter-American Convention Against Corruption and the UN Convention against Corruption.

Agreements and Treaties. The GOC is a party to the 1988 UN Drug Convention, the OAS Convention on Mutual Legal Assistance, the UN Convention against Transnational Organized Crime, and the protocol on trafficking in persons. In 2006, Colombia signed bilateral counternarcotics agreements with the governments of Spain and Russia. These agreements primarily focus on information sharing, but could include training and technical assistance. The GOC's 1998 national counternarcotics plan meets the strategic requirements of the UN Drug Convention, and the GOC is generally in line with its other requirements.

In 1997, the GOC and the U.S. signed a Maritime Ship boarding Agreement; a highly successful arrangement that provides faster approval to board ships in international waters and has facilitated improved counternarcotics cooperation between the Colombian Navy and the U.S. Coast Guard. In 1999, U.S. Customs and Border Protection signed a Customs Mutual Assistance Agreement with the GOC. This agreement provides a basis for the exchange of information to prevent, investigate, and repress any offense against the customs laws of the U.S. or Colombia. In September 2000, Colombia and the United States signed an agreement establishing the Bilateral Narcotics Control Program, which provides the framework for specific counternarcotics project agreements with the various Colombian implementing agencies. This agreement has been amended annually and is the vehicle for the bulk of U.S. counternarcotics assistance.

Cultivation/Production. Cocaine. From 2004 to 2005, the USG's estimate of coca cultivation in Colombia increased by 26 percent, from 114,100 hectares to 144,000 hectares, largely due to increased areas surveyed (by 81 percent). Coca cultivation in areas already surveyed in 2004 declined by 8 percent in 2005, mainly due to Colombia's aggressive aerial eradication program. Using a survey area less than half the size in 2001, the U.S. found 170,000 hectares under cultivation. As a consequence of the increased crop estimate, the USG increased by 27 percent its estimate of Colombia's potential cocaine production during this same time period, from 430 metric tons in 2004 to 545 metric tons in 2005. Even so, the exponential growth of coca cultivation that commenced in the late 90s has clearly been halted.

Heroin. According to USG estimates, Colombian counternarcotics efforts reduced opium poppy cultivation by 68 percent between 2000 and 2004, from 6,540 hectares to 2,100 hectares. Cloud cover in the key opium growing areas of Colombia prevented the USG from making an imagery-based opium poppy cultivation estimate in 2005. The CNP estimated a total of 1,748 hectares of opium poppy at mid-year 2006. CNP sources reported at the end of 2006 that they had manually eradicated nearly 1,700 hectares and aerially eradicated more than 200 hectares during the year,

and that no "plantation-sized" poppy fields remained. The announcement noted that smaller cultivations probably still exist, due to replanting and interspersing of poppy with licit crops.

Synthetic Drugs. Based upon available intelligence, Colombian drug trafficking organizations profit from the illicit trafficking of ephedrine, but there is little substantiated evidence that Colombian drug trafficking organizations are currently producing methamphetamine on a large-scale basis. However, the trafficking of ephedrine, the limited presence of methamphetamine production in Colombia, the potential for high profit margins, established drug trafficking routes, and high methamphetamine demand in the United States are all areas of concern. There have been minor seizures of Ecstasy in Colombia, but no indication of significant production or export.

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. Transportation nodes include the larger airports, clandestine airstrips, and seaports and harbors from which small go-fast and fishing vessels can be launched. Cocaine is also smuggled using small aircraft from clandestine airstrips in eastern and southeastern Colombia to Brazil, Suriname, Venezuela, or Guyana, where it is either consumed domestically or transferred to airplanes or 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 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, Buenaventura, and elsewhere. In addition to go-fast vessels, commercial fishing vessels are also used regularly.

In 2006, traffickers began to shift their go-fast routes to the "edges of Colombia" to access Venezuelan and Ecuadorian waters and avoid the interdiction units of the Colombian Navy and CNP. Small aircraft air routes have undergone a similar shift, with more air smuggling now involving short-hop flights from and to Venezuela. 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, although mules also swallow heroin wrapped in latex. Colombia's Airport Interdiction Group has experienced great success in identifying and arresting "swallowers" at the international airports in Bogota, Cali, and Medellin. There are also quantities of heroin being shipped from Colombia's Pacific Coast, particularly from Buenaventura. Heroin shipments are combined with cocaine shipments on go-fast boats departing from the Atlantic Coast, although with less frequency in 2006. 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 Cartagena, and then transit one or more countries before arriving in Mexico and on to the United States.

Demand Reduction. The Colombian Government has been developing a national demand reduction strategy since 2004; however, it has not yet been presented for approval to the National Council on Dangerous Drugs. GOC authorities involved in demand reduction hold monthly meetings to share information and discuss plans. With USG and Organization of American States support, the Ministry of Social Protection conducted a national drug use survey in 2004. Although an official report has not yet been published, and the GOC does not keep official statistics on drug abuse treatment, evidence suggests there is increased drug use by Colombians. Throughout Colombia, numerous private entities and nongovernmental organizations (NGOs) work in the area

of demand reduction, and DIRAN has an active Drug Abuse Resistance Education (DARE) program. The USG supports several Colombian and international NGO programs targeted at keeping children drug-free. In 2006, the USG sponsored a conference that laid the foundation for the development of NGO networks and sponsored community coalition training in the United States for representatives from four Colombian NGOs.

IV. U.S. Policy Initiatives and Programs

2006 was the sixth consecutive year of record aerial eradication in Colombia, surpassing the previous year's record by 24 percent. The GOC's decision to manually eradicate opium poppy freed up air assets for additional coca spraying, while close intelligence coordination and more intensive utilization of ground forces resulted in a more secure environment for aerial eradication operations and an increased operational tempo. However, the increased tempo, as well as increased helicopter assistance to manual eradication, strained available helicopter resources for all operations.

The USG continues to support DIRAN's aviation unit, ARAVI, comprised of 18 fixed-wing and 54 rotary-wing aircraft. In addition to counternarcotics missions, ARAVI has used USG-supported assets for humanitarian missions, targeted intelligence gathering, and anti-terrorism, anti-kidnapping, HVT, and public order missions. As part of USG and GOC nationalization efforts, the USG continues to help ARAVI train more pilots and mechanics within Colombia and perform more maintenance and repairs in Colombia. A process is underway to shift procurement operations for aviation repair and maintenance parts from the U.S. to Colombia, and an on-the job training program commenced in 2006. With USG assistance, ARAVI began training for over-water Night Vision Goggle (NVG) missions in 2006.

The Plan Colombia Helicopter Program (PCHP) consists of UH-1N, UH-1H II, UH-60, and K-Max helicopters and is part of the Colombian Army (COLAR) Aviation program. It provides support to eradication, interdiction, counterterrorism, HVT, and humanitarian missions, using human rights-certified Colombian military personnel. Nationalization efforts to train pilots and mechanics continue, and the number of U.S. contractors is declining, according to plan.

The Air Bridge Denial (ABD) program completed its third year of operations, and the number of illegal flights over Colombia decreased significantly. In 2003, there were 637 suspected and known illegal flights over Colombia. In 2006, there were only 171, a decrease of more than 70 percent. Coordination between the Colombian Air Force (COLAF), other GOC ground forces, and Colombia law enforcement agencies also increased. One aircraft was forced down. The COLAF also coordinated with other GOC authorities to destroy illegal airfields and monitor legal airfields. In 2006, the program resulted in eight law enforcement actions, resulting in four aircraft impounded, 1.6 tons of cocaine seized, and one arrest.

The USG provides training, coordination, and technical assistance, including polygraph tests, for Colombian security units stationed in the ports and airports. U.S. Customs and Border Protection trained and provided technical assistance to the CNP in such areas as passenger documentation analysis, firearms handling, and the inspection of containerized cargo.

In 2006, the USG conducted port physical security and vulnerability training with members of the Colombian Coast Guard, naval intelligence and port security officers from the major ports in Colombia. Hundreds of Colombian companies participate in the private sector-led Business Alliance for Secure Commerce (BASC) program supported by U.S. Customs and Border Protection.

The USG also supported Culture of Lawfulness program promotes respect for rule of law and civic responsibility in Colombia, and its curriculum has been taught to over 16,000 ninth-graders at 200 schools in 11 municipalities. In 2006, the program was integrated into CNP basic training programs

for officer cadets, and a pilot program was developed for patrol cadets in the CNP's 11 regional academies.

Environmental Safeguards. Biennial verification missions continue to show that aerial eradication causes no significant damage to the environment or human health. The coca and poppy 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. In addition to the biennial verification missions, soil and water samples are taken before and after spray for analysis. The OAS, which published a study in 2005 positively assessing the chemicals and methodologies used in the aerial spray program, is currently conducting further investigations, to be completed in 2007.

Complaints Verification. As of September 2006, the GOC had received 6,449 complaints alleging legal crop damage by spray planes since the tracking of complaints began in 2001. The GOC had concluded investigation of 5,875, with 1,045 complaints processed in 2006. 33 complaints were found to be valid and compensation paid (approximately $168,000). The GOC investigates all claims of human health damage alleged to have been caused by aerial spraying. Since spraying began, the Colombian National Institute of Health has not verified a single case of adverse human health effects linked to glyphosate spraying.

Other Law Enforcement Initiatives and Programs. A number of U.S. law enforcement agencies maintained programs in Colombia. U.S. Customs and Border Protection (CBP) authorized the Container Security Initiative (CSI) program in the Port of Cartagena, and initial program implementation is underway. Immigration and Customs Enforcement (ICE) created the Trade Transparency Unit in conjunction with the GOC to target cases utilizing legitimate trade practices to commit customs fraud and money laundering. Operations by different USG agencies to seize cash from narcotics traffickers were successful. In a single weekend, an ICE operation seized 4.6 million dollars from persons in Ecuador and Colombia, and three were arrested.

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. In addition, ATF's firearms program traces every U.S.-made firearm recovered in Colombia (including those turned in by demobilized paramilitaries and guerrillas) to determine how those weapons arrived in Colombia. U.S. Office of Foreign Assets Control (OFAC) efforts to increase the number of Specially Designated Narcotics Traffickers resulted in tens of millions of dollars being seized by the GOC. Finally, the U.S. Coast Guard conducted patrol boat operations, maritime law enforcement, and maritime operations and planning training with the Colombian Coast Guard to strengthen operational cooperation between the services. The USG provides quarterly reports to the Colombian Navy on the status of all cases prosecuted pursuant to the maritime bilateral agreement, and promptly investigates all claims of impropriety during sea boardings.

Alternative Development. Joint USG and GOC efforts are encouraging farmers to abandon the production of illicit crops. USG programs have supported the cultivation of over 102,000 hectares of legal crops and completed 1,117 social and productive infrastructure projects in the last five years. More than 81,700 families in 17 departments have benefited from these programs. In addition, to ensure that Colombians are provided with alternatives, the USG has worked with Colombia's private sector to create an additional 53,000 full-time equivalent jobs.

Support for Vulnerable Groups. The USG is assisting Colombians in areas that have been most ravaged by the drug trade. In total, 264 municipalities have benefited and 156 municipalities received assistance in delivering public services, including water, sewage, and electricity. To date, the USG has provided non-emergency support for over 2.7 million Colombians internally displaced by narcotics terrorism, including aid for over 3,200 former child soldiers. Nine peaceful-coexistence centers have been created in small municipalities to provide onsite administrative and

legal assistance, educational opportunities, and a neutral space for community meetings, discussions, and events.

Support for Democracy and Judicial Reform. With USG support, the GOC expanded access to justice for conflict- impacted communities, creating a national system of 45 "justice houses." Through the Justice Sector Reform Program and rule of law assistance, the USG is helping reform and strengthen the criminal justice system in Colombia. DOJ, USAID, and other USG agencies have provided training, technical assistance, and equipment to enhance the capacity and capabilities of the Colombian justice system and to make it more transparent and credible. To date the DOJ Justice Sector Reform Program has provided training to 53,261 prosecutors, judges, criminal investigators, and forensic experts in Colombia.

Military Justice. Twelve teams of trainers from the DOD's Defense Institute of International Legal Studies provided training to the Colombian Military Justice Corps prior to the passage of legislation that will change their system from paper-based to oral advocacy. Assistance was also provided to identify, measure effectiveness, and improve respect and understanding of human rights in the military. Reports of human rights abuses by the military are now a small percentage of the human rights cases reported each year in Colombia.

The Road Ahead. Challenges for 2007 include continuing to transfer to the GOC greater responsibilities in counternarcotics funding and operations currently supported by the USG, while maintaining operational results; countering the rapid replanting and pruning of coca in areas sprayed by the eradication program; addressing increased illicit cultivation in no-spray zones (e.g. Colombia's national parks, indigenous reserves, and certain border areas); supporting the GOC's efforts to demobilize and reintegrate ex-combatants, while advancing reconciliation and victim reparations processes; increasing the number of police to fill 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 supporting the Colombian people as they confront and defeat their internal enemies.

V. Statistical Tables

Colombia Statistics 1997–2006	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Coca										
Estimated Year End Cultivation (ha)	Estimate not yet available	144000	114,100	113,850	144,450	169,800	136,200	122,500	101,800	79,500
Estimated Potential Pure HCl Production (mt)		545	430	460	571	839	580	520	435	350
Aerial Eradication (ha)	171,613	138,775	136,555	132,817	122,695	84,251	47,371	43,246	66,366	41,843
Manual Eradication (ha)*	42,111	31,285	10,991							
Opium										
Estimated Year End Cultivation (ha)	Estimate not yet available	No USG estimate for 2005	2,100	4,400	4,900	6,540	5,010	5,000	4,050	6,600
Estimated Potential Pure Heroin Production (mt)			3.8	7.8	8.5	11.4	8.7			
Aerial Eradication (ha)	232	1,624	3,060	2,994	3,371	2,583	9,254	—	—	6,972
Manual Eradication (ha)*	1,697	497	1,497							
Seizures (metric tons)*										
Heroin	0.5	0.7	0.7	0.5	0.8	0.8	0.6	0.5	0.3	0.3
Opium			0.8	—	0.1	0.0	—	0.2	0.1	0.1
Cannabis	105.7	139.9	—	126.1	76.9	36.6	46.0	65.0	69.0	136.0
Cocaine Base/Paste	48.1	43.8	28.3	31.1	30.0	26.7	0.0	9.0	29.3	10.0
Cocaine HCl	130.2	179.0	138.6	114.0	94.0	57.3	69.0	22.7	54.7	34.0
Total Cocaine HCl/Base	178.3	222.8	166.9	145.1	124.0	84.0	69.0	31.7	84.0	44.0
Drug Laboratories Destroyed*										
Cocaine HCl	205									
Cocaine paste/base	1,952									
Heroin	9									
Total labs destroyed	2,166	1964								
Drug Related Arrests*	64,123	82,236	63,791	—	15,868	15,367	8,600	—	1,961	1,546

*Data are provided by Colombia's National Drug Observatory

Ecuador

I. Summary

Situated between two of the world's largest illicit drug producers, Ecuador is a major transit country for illicit drugs. In 2006, authorities, for the first time, took down three cocaine laboratories capable of refining multi-ton quantities of cocaine. Cocaine and heroin from Colombia and Peru are trafficked by land and sea to Ecuador's air and seaports for international distribution in volumes ranging from ingested individual loads of a few hundred grams to multi-ton sea shipments. Traffickers exploit Ecuador's porous land borders, maritime ports, and its vast Exclusive Economic Zone in the Pacific. The growth of drug production by Colombian armed insurgent groups has rendered Ecuador's northern border particularly vulnerable to illicit trafficking and production. Similarly, successes against Colombian drug transport organizations have forced them to shift tactics to load drugs onto Ecuadorian vessels at sea without having crossed Ecuadorian soil.

Counternarcotics results for Ecuador were mixed in 2006. Cocaine seizures were down, while seizures of heroin and precursor chemicals continued at high levels. To address the growth in seaborne trafficking, the U.S. and Ecuador agreed to boarding procedures to facilitate maritime interdiction. Uneven implementation of the criminal procedures code and a faulty judicial system hampered prosecutions.

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 remain weak and easily evaded. The National Police (ENP) and military forces have neither personnel nor equipment adequate to meet all of the international criminal challenges they face.

Authorities have found and eradicated coca cultivation occasionally in widely scattered, sparsely planted small plots. Coca base, cocaine hydrochloride (HCl) and heroin from Colombia and Peru are distributed internationally through Ecuador's sea and airports in volumes ranging from a few hundred grams to multi-ton loads. The practice of shipping drugs via international mail and messenger services continued at a high level in 2006. There has been a dramatic increase in the use of Ecuadorian-flagged mother ships carrying drugs since 2004. The U.S. is working with Ecuador to facilitate effective law enforcement regarding interdiction of suspected vessels and the judicial treatment to be accorded persons engaged in illegal trafficking.

III. Country Actions Against Drugs in 2006

Policy Initiatives. The reorganization and re-staffing of the National Drug Council (CONSEP) continued in 2006. Efforts also continued to revise the basic anti-drug law, Law 108, to harmonize it with the new money laundering law. CONSEP activity against trafficking in controlled precursor chemicals continued at a high level. However, CONSEP still is not funded at a level consistent with its broad responsibilities. Military and police forces generally cooperated at the local level, conducting some joint operations in 2006 to destroy illicit crops and seize precursor chemicals. The GOE continued to reinforce its security presence in the northern border area.

The Counternarcotics Directorate (DNA) of the National Police was increased from 1,385 to 1,500 members in 2006. 1,538 police and other judicial operators throughout the country received training in the implementation of the new code of criminal procedures. New DNA bases and

stations were opened with USG assistance in 2006 in El Oro Province at Puerto Bolivar (Machala) and Y de Jobo, and in Pichincha Province at Santo Domingo de los Colorados.

Accomplishments. Ecuadorian authorities arrested 3,327 people for drug trafficking in 2006. While many arrests result in convictions, prosecutions in general are impeded by problems in the judicial system, such as lengthy trial delays and persistent confusion over proper implementation of the 2001 Code of Criminal Procedures. Total seizures in 2006 were 38.16 metric tons (mt) of cocaine, 410 kilograms (kg) of heroin and 1.10 mt of cannabis. By comparison, in 2005 the GOE seized 44.68 mt of cocaine, 230 kg of heroin, and 640 kg of cannabis. A total of 2.74 million gallons of drug precursor chemicals were seized in 2006, but there still have been no prosecutions.

Law Enforcement Efforts. Ecuadorian law enforcement agencies cooperated well with U.S. and certain other foreign law enforcement agencies in 2006. Maritime cooperation increased in response to a surge in maritime smuggling out of Ecuador. Ecuadorian cooperation with Colombia to address border issues has depended more on accommodation between local commanders than on GOE policy. Ecuador does not extradite its nationals, but it is taking steps with USG assistance to establish a rapid method to confirm the validity of national ID cards (*cedulas*) of individuals detained on drug smuggling vessels on the high seas and claiming Ecuadorian citizenship to avoid extradition.

By law, seized assets cannot be forfeited until the owner is convicted of a drug offense and a judge orders their forfeiture. Judges commonly delay issuing forfeiture orders and problems arise in safeguarding the assets pending forfeiture. Real estate, vehicles, and other personal property have historically been used by government agencies or officials while awaiting forfeiture, and have depreciated during the interim. The responsible governmental agency, CONSEP, endeavored to curb this practice in 2006 by enforcing inventory controls. In 2006, CONSEP sold two forfeited real properties as well as several forfeited items of personal property.

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. Some elements of other official corruption are criminalized in Ecuadorian laws, but there is no comprehensive anti-corruption law. There were no known allegations of, or prosecutions for, drug-related official corruption in 2006. However, a bribery scandal that rocked the Supreme Court late in the year, although it did not involve a drug case, served as evidence that such corruption could be possible.

Agreements and Treaties. The United States and Ecuador are parties to an extradition treaty, which entered into force in 1873, and a supplement to that treaty which entered into force in 1941. Ecuador is a party to the 1962 Single Convention on Narcotics Drugs and the 1972 amending protocol, the 1971 Convention of Psychotropic Substances, and the 1988 UN Drug Convention. It is also a party to the 1992 Inter-American Convention on Mutual Assistance in Criminal Matters, the UN Convention against Corruption, and the UN Convention against Transnational Organized Crime and its protocols on trafficking and migrant smuggling. The GOE 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. The GOE and the USG has agreements on measures to prevent the diversion of chemical substances, on the sharing of information on currency transactions over $10,000, and a Customs Mutual Assistance Agreement with the GOE.

Cultivation/Production. From January through August 2006, Ecuadorian military and police forces located and destroyed approximately 114,000 cultivated coca plants in small, scattered sites near the Colombian border. Half of these were seedlings rather than mature plants. (For comparison, 30,000 plants are equivalent to one hectare of plantings in Bolivia.) While not

commercially significant, this was nearly three times greater than the eradication total for 2005, which in turn was about double the 2004 total. The increased eradication may result, at least in part, from expanded patrol activity. However, it might also indicate a greater use of Ecuadorian territory by Colombian growers, especially for seedbeds.

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

Petroleum ether or "white gas," declared a controlled substance by CONSEP in June 2003, is 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, closed down the principal diversion points but seized 122,820 liters of the chemical in the first ten months of 2006, as traffickers found other vulnerable points in more remote oil fields near the Colombian border. The USG and the Government of Ecuador have a bilateral agreement under which the Drug Enforcement Administration (DEA) notifies CONSEP in advance of pending chemical shipments. These notices are passed on to port inspectors, who seize all controlled chemicals which enter the country without proper documentation or when the quantity surpasses that which was authorized by CONSEP.

Demand Reduction. Coordination of abuse prevention programs is the responsibility of CONSEP, which has reinvigorated a multi-agency national prevention campaign in the schools and expanded programs in 2006 to municipalities, reaching some 70 municipalities thus far. All public institutions, including the armed forces, are required to have abuse prevention programs in the workplace.

Regional Coordination. While substantial friction exists between Colombia and Ecuador on counternarcotics policies, GOE officials met frequently with their Colombian counterparts concerning border issues. Senior GOE officials have complained to the Government of Colombia (GOC) and to international organizations that Colombian aerial eradication near the border harmed humans, animals, and crops on the Ecuadorian side. In late 2005, the GOE lodged official complaints with the OAS and the UN, and, in response, the GOC declared a temporary spray moratorium in a ten-kilometer-wide zone along the border -- a zone that soon contained Colombia's greatest concentration of coca plantings. The OAS refused to investigate, citing the contrary evidence of its own CICAD study. The UN sent a team of experts in February 2006 in response to the GOE's request. The team's report offered several possible studies for assessing the environmental and health impacts of the spray mixture, while noting the need to improve access to health and other basic services in the Ecuador-Colombia border region. The report was delivered to the GOE in late spring 2006. Colombia resumed spraying in the ten-kilometer zone in December 2006.

Alternative Development. In 2006, UDENOR, the Ecuadorian agency for northern border development continued its implementation of the government's northern border development master plan aimed at preventive alternative development. Illicit crop cultivation is not currently significant in the area but is a severe problem in the immediately adjacent region of Colombia. The GOE and USAID developed new strategies for the northern border during 2006. UDENOR began more effective coordination with Foreign Ministry initiatives for a joint Colombia - Ecuador Border Integration (development) Zone.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. U.S. counternarcotics assistance is provided to improve the professional capabilities, equipment, and integrity of Ecuador's police, military, and judicial agencies and enable them to counter illicit drug activities more effectively. USG programs seek to increase awareness of the dangers of drug abuse and to disseminate proper information about abuse prevention through demand reduction programs.

Bilateral Cooperation. An initiative begun in 2001 that continued in 2006, seeks to improve the staffing, mobility, and communications of military and police forces in the northern border region. Resources were provided to the Ecuadorian Navy for expanded patrol and interdiction operations on Ecuador's northwestern coast and for in-port inspections. In August 2006, Ecuador and the U.S. agreed to procedures for boarding suspected smuggling vessels on the high seas. Cooperation between the USG and GOE agencies in 2006 resulted in several successful large-scale drug interdiction operations. The U.S. Customs and Border Protection Agency provided technical guidance and assistance to Ecuadorian Customs and National Police; from 2004 to 2006, approximately 1,914 officials received training in firearms use, canine handling, cargo processing, examination techniques, risk assessment, document analysis, and security and safety procedures. In 2006 the USG also provided communications equipment, ground vehicles, and support to the drug-detection canine program. Judicial police who successfully completed a USG-provided course on the new penal code in 2002 were, in 2006, now training their colleagues. Major USG-funded projects began in 2006 to train police, prosecutors, and judges for their roles under the revised criminal procedures.

The USG worked with the Ecuadorian Army to ensure that they can rapidly move trained forces to counteract incursions by Colombian insurgents on the northern border. The Narcotics Affairs Section (NAS) and the US Military Group provided operational support, including field rations, fuel, uniforms, and other non-lethal field gear. Additionally, antinarcotics funds from the U.S. Departments of State and Defense were used to construct an antinarcotics police base in Lago Agrio, the capital of Sucumbios Province, which borders Putumayo Department, a major drug-producing area and a center of insurgent activity in Colombia.

The USG also provided operational support in 2006 to financial intelligence and investigative units being formed and trained in order to combat money laundering and financial crimes. With a dollarized economy and weak banking controls, bulk currency enters and leaves Ecuador with little or no control.

USG-funded programs administered by USAID and implemented primarily by the International Organization for Migration (IOM), the NGO CARE, Associates for Rural Development (ARD), and The Futures Group (TFG) contributed to the Ecuadorian Government's Northern Border development efforts. USAID's social and productive infrastructure program in 2006 built 37 water and sanitation systems and 21 bridges, roads and irrigation canals. Coffee and cacao are becoming the most successful alternative development crop clusters, increasing family incomes by 50 percent or more, and generating some 3,000 full time equivalent jobs in 2006. CARE conducted a program of local government strengthening and citizen participation in eight municipalities and 14 parishes, providing training in participatory budgeting, ethics, accountability and financial management, sustainability of municipal services, and strategic planning at the municipal and parish levels. Reliable data for the five municipalities that were later surveyed found positive changes in public trust and satisfaction where these activities were combined with infrastructure investments.

The Road Ahead. The U.S. and Ecuadorian governments are cooperating to improve interdiction of illicit drugs and chemicals and to improve Ecuadorian safeguards against terrorism and illegal migration, but more coordination and improvements are needed. The GOE needs to target drug trafficking organizations by arresting their leadership, seizing their assets, and disrupting their operations, as well as strengthen its military drug interdiction efforts along its sea and land borders.

Increasing counter-drug staffing and inspection capacity at all ports of entry: land, seaports, and airports will also enhance drug control efforts. 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 establishing, training, and equipping the new, autonomous Financial Intelligence Unit mandated by the comprehensive law against money laundering. In July 2006, USAID approved a new Alternative Development (AD) Strategic Objective, to cover the period 2007-2009, designed to constrain the appeal of illicit activities by strengthening the ability of local governments to promote economic and social development in Ecuador's six northern border provinces.

V. Statistical Tables

Tables for CY:	2006	2005	2004
Drug seizures (MT):			
Coca base	7.07	2.57	1.37
Cocaine HCl	31.09	42.11	2.95
Cocaine Total	38.16	44.68	4.32
Heroin	.41	.23	.35
Cannabis	1.1	.64	1.90
Drug laboratories:	3	0	0
EC-flag vessels interdicted:	6	7	4
Total Arrests	3,327	2,752	1,632

Domestic consumption (information not available)

Paraguay

I. Summary

Paraguay is a major transit country for illegal drugs, primarily cocaine. The Government of Paraguay (GOP), through its National Anti-Drug Secretariat, has taken serious steps to combat illicit trafficking of narcotic drugs by disrupting transnational criminal networks in close cooperation with international law enforcement agencies. In 2006, Paraguayan authorities arrested several major drug traffickers, including Arnoldo Moreira de Macedo, a major Brazilian trafficker, and seized $1.5 million in assets (including a farm). Paraguay is a party to the 1988 UN Drug Convention.

II. Status of Country

Paraguay is a transit country for cocaine destined for Argentina, Brazil, Europe, Africa and the Middle East. Brazilian nationals, some of whom purchase cocaine from the Revolutionary Armed Forces of Colombia (FARC) in exchange for currency and weapons, head most trafficking organizations in Paraguay. As part of a long-term effort to improve and strengthen the National Anti-Drug Secretariat's (SENAD) operational capabilities in the northeast region of Paraguay, on August 22, SENAD opened a new office on Paraguay's border with Brazil. This new office represents an important step towards expanding its operational activities and further improving both its reach and effectiveness. Paraguay is also a significant producer of marijuana, which is primarily trafficked for consumption to neighboring countries in South America. It is cultivated throughout the country, but principally along the borders with Brazil and Bolivia.

III. Country Actions Against Drugs in 2006

Policy Initiatives. In 2006, SENAD continued its public information campaign, seeking information on drug traffickers operating in Paraguay. The 2006 campaign generated helpful leads for SENAD and led to some arrests. Symbolically, the campaign has sent a strong message to traffickers that SENAD is serious in the fight against drugs and traffickers. In October 2006, the Paraguayan Congress approved funding for 50 new SENAD agents, nearly doubling the number of SENAD's operational personnel. The additional agents will be assigned to the new SENAD offices at the Paraguay-Brazil border. SENAD has also created an Internal Affairs Unit to combat internal corruption. This unit has investigated several claims of misconduct in 2006, suspending at least 11 employees without pay for periods of 5 to 30 days.

Accomplishments. In 2006, SENAD arrested several important drug traffickers—such as Arnoldo Moreira de Macedo, Ubiratan Brescovich and Marcelinho Niteroi—all of whom were major Brazilian traffickers. Several of these arrests occurred in a region notorious for drug trafficking, which had been effectively off limits for law-enforcement authorities. SENAD achieved the arrest of de Macedo with the assistance of Brazilian intelligence and the U.S. Drug Enforcement Administration (DEA) and seized $1.5 million in assets (including a farm). SENAD estimated that de Macedo was trafficking approximately one ton of cocaine per month. Paraguay also carried out joint counternarcotics operations with other countries in the region and Europe.

During 2006, SENAD seized 493 kg of cocaine, 58,671 kg of marijuana (of both Paraguayan and Bolivian origin), 39 vehicles, three boats, one farm, and three planes. SENAD also destroyed 1,202 hectares of marijuana. According to SENAD reports, the total financial loss to narcotics traffickers in 2006 from these seizures was over $39 million.

Law Enforcement Efforts. Since the opening of the new SENAD regional office in Pedro Juan Caballero (PJC), Paraguay has expanded its counter narcotics and investigative activities in the region, producing more arrests and seizures. In addition, SENAD opened two new regional offices in Salto la Guaira and Pilar, in the Departments of Canindeyu and Neembucu respectively. All these regional offices will enhance SENAD's presence, as they are strategically located near Paraguay's borders with Brazil and Argentina.

In 2006, SENAD's drug detection dog unit assisted in successful interdiction operations in the city of Mariscal Estigarribia—in the Department of Boqueron—and at Asuncion's Silvio Pettirossi International Airport. The dogs are used in the airport in Asuncion and other cities, checkpoints throughout the country, and along the Paraguayan-Brazilian border.

Asset Forfeiture. In 2006, the GOP received approximately $36,000 in proceeds from the auction of a seized vehicle and other seized assets. Under Paraguayan law, SENAD received 70 percent of these receipts, or approximately $25,000, with the remainder provided to the Attorney General's office. SENAD used a portion of these proceeds to buy a sonogram machine to examine individuals suspected of trafficking drugs by swallowing them. The rest of the funds will be used to equip SENAD agents with new tactical equipment.

Corruption. There is no evidence that the government or senior officials directly facilitate the distribution or production of narcotics or other controlled substances. Nevertheless, corruption and inefficiency within the Paraguayan National Police (PNP) and the judicial system negatively affects SENAD operations. Combating official corruption remains a considerable challenge for the GOP. In December 2006, Police Commissioner Arístides Cabral an alleged corrupt police official with strong ties to drug traffickers, was retired from active police service. Prosecutors from Paraguay's Anticorruption Unit opened a number of high profile corruption cases including one against Victor Bogado, the current President of the House of Deputies, and another against Humberto Galeano, an influential military official who had led the President's protection regiment. A case was also opened against Colorado Party Deputy Magdaleno Silva, who is allegedly linked to drug traffickers in the Departments of Concepción and Amambay and has been accused of involvement in the disappearance of a journalist who had issued strong attacks on drug traffickers in Concepción. Silva has denied all charges against him. Faustino Villalta, the Colorado party leader in PJC and a defense attorney for most major traffickers, was shot and killed by a gunman in front of his house in October. Villalta's son remains in jail on charges relating to his arrest in June for involvement in trafficking 195 kg of cocaine.

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 a 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. In 2002, the USG signed a Customs Mutual Assistance Agreement with the government of Paraguay. This agreement provides a basis for the exchange of information to prevent, investigate and redress any offense against the customs laws of the United States or Paraguay. An extradition treaty entered into force between the U.S. and Paraguay in 2001. The 1987 bilateral letter of agreement under which the government of United States provides counternarcotics assistance to Paraguay was extended in 2006.

Cultivation/Production. Marijuana is the only illicit crop cultivated in Paraguay, primarily in the departments of Amambay and San Pedro in the eastern region of the country, and is

harvested throughout the year. Marijuana production has increased, spreading to nontraditional areas of the country. SENAD destroyed 1,202 hectares of marijuana plants in 2006, an increase of 202 hectares over 2005 (enough to produce three metric tons of marijuana) out of an estimated 5,500 hectares under cultivation.

SENAD is responsible for controlling drug precursor chemicals. Paraguay has no drug precursor laboratories; precursors are trafficked through Paraguay generally in route from Brazil to Bolivia. Laws regulating precursors are adequate but resources to implement them are lacking. In 2006, SENAD seized several tons of precursor chemicals including a June seizure of 15,380 kg of acetone and 7,440 kg of isopropyl alcohol.

Drug Flow/Transit. Paraguay remains a transit country for cocaine from Bolivia, Peru and Colombia. The cocaine is destined for Brazil, Argentina, Europe, Africa and the Middle East. Paraguay's porous borders—the product in large measure of poor border controls and its vast, relatively unmonitored region called the Chaco—in the northwestern part of the country, make it an attractive place for traffickers to transship narcotics and weapons. 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. SENAD's Office of Demand Reduction (Prevention Unit) does significant outreach work, primarily in schools in the Central Department. SENAD has the principal coordinating role under the "National Program Against Drug Abuse" and works with the Ministries of Education and Health and several NGOs. In 2006, the Prevention Unit held 1,409 drug awareness workshops in 167 schools reaching 43,482 people including students, parents and teachers. In June 2006, SENAD released its latest national study of the prevalence of risk factors associated with the consumption of drugs in school-aged children, ages 12 to 17. A survey, conducted for the study in the form of a standardized test at public and private schools, showed that children in all cities surveyed consumed alcohol most frequently, followed by cigarettes, sedatives and marijuana. Abuse of cocaine remains minimal, with only 0.7 percent of the population surveyed having ever tried it.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. USG programs and policies in Paraguay focus on the disruption of narcotics trafficking. The U.S. also provides training, equipment and technical assistance, supports efforts against money laundering, and sponsors projects to combat public corruption. In addition to providing funding for SENAD's new operations center in Pedro Juan Caballero, in 2006 the USG provided funding for SENAD Agents to attend police academies in Brazil and Bolivia, for advanced training. The USG provided funding and logistical assistance for the creation of Paraguay's first Intellectual Property Rights (IPR) manual, which provides standard guidance to prosecutors and judges who handle IPR infringement cases. The USG also provided a Resident Legal Advisor in Asuncion, to advise the GOP in the creation of its anti-money laundering and anti-terrorism legislation.

The Road Ahead. The USG will continue to support strengthening the technical and operational ability of SENAD to conduct complex criminal investigations. The USG will also continue to support Paraguayan efforts to undertake operational activities to decrease the flow of drugs through Paraguay and arrest major trafficking figures and otherwise disrupt trafficking networks. The U.S. will support a helicopter pad and support facilities scheduled for completion in 2007 on Paraguay's border with Brazil. Paraguay's commitment to dedicate two helicopters to this facility should significantly enhance SENAD's operational effectiveness. Although the GOP had great success against narcotics traffickers in 2006, it needs to increase

its efforts in related areas and fulfill its international obligations, by adopting the anti-money laundering and anti-terrorism legislation that has been pending for two years in the Congress.

V. Statistical Tables

	2006	2005
Cocaine seized	493 kg	489 kg
Marijuana seized	58,671 kg	66,964 kg
Marijuana crops destroyed	1,202 ha	1,000 ha

Peru

I. Summary

Peru's national, regional, and municipal elections created uncertainty and provided a volatile political backdrop to counternarcotics strategies in 2006. The election of several new cocalero members of Congress raised the profile of the debate surrounding coca cultivation and amplified the voice of an organized, well-funded and often violent opposition from politically active cocalero groups working to stop eradication and to undermine alternative development.

In FY 2006, the Government of Peru (GOP) eradicated 12,688 hectares (ha) and interdicted over 19 metric tons (mt) of cocaine. Peru also made significant progress in strengthening police capacity east of the Andes by training 750 new police dedicated to counternarcotics. Their entry on duty will allow the Peruvian National Police (PNP) to sustain interdiction and eradicate coca cultivation in valleys where growers have violently resisted programmed eradication. The Alternative Development (AD) program offered assistance to farmers' programmed eradication. This direct link between AD and programmed eradication has proved to be a major success and model for subsequent AD project implementation.

The terrorist group Shining Path/Sendero Luminoso (SL) openly identified with coca growers and drug traffickers in the Upper Huallaga Valley (UHV) and Apurimac and Ene River Valleys (VRAE) and engaged in violent ambushes of police and intimidation of alternative development teams in coca growing areas. GOP demand reduction efforts created a greater public understanding of the close linkage between illegal coca cultivation and the hugely negative impact of narcotics trafficking on Peru and its people. Peru is a party to the 1988 UN Drug Convention.

II. Status of Country

In 2006, the GOP planned and mounted an aggressive eradication campaign in the Upper Huallaga Valley (UHV) in the San Martin Department. The return to the Huallaga after successful eradication operations there in 2005 was designed to deal coca growers a second blow and demonstrate that replanting would be eradicated. This operation caused a delay of as much as twelve to fifteen months between harvests in some areas.

Though fewer deadly attacks in 2006 were linked to SL than in 2005, evidence continues to indicate stronger links between the SL and coca growers. This includes SL members providing protection for coca transporters and cocaine base processing and in some cases directly participating in processing cocaine base.

Peru is also a major importer of precursor chemicals for cocaine production. In 2006, the PNP Chemical Investigations Unit (DEPCIQ) initiated Operation Chemical Choke to deny and disrupt illicit diversion of sulfuric acid and hydrochloric acid.

III. Country Actions Against Drugs in 2006

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

Following the passage of a precursor chemical control law and regulations in late 2005, operational work began in 2006 with key ministries to identify requirements and begin building and integrated

precursor chemical user registry that will enable all relevant government entities to exercise control and make arrests and seizures based on real time information.

Law Enforcement Efforts. In 2006, the GOP made significant strides in investigating and dismantling major Colombian and Mexican drug trafficking organizations and attacking drug-processing sites in key growing areas of the UHV and VRAE. The Peruvian National Police Narcotics Directorate (DIRANDRO) mounted operations in the UHV and VRAE, destroying 684 cocaine base laboratories, over 88 MT of coca leaf and 19 tons of precursor chemicals. The GOP conducted operations on land, sea, and air to disrupt the production and transshipment of cocaine. Peruvians law enforcement authorities seized 14.66 mt of cocaine HCl and 5.11 mt of cocaine base in these operations. Additionally, the GOP seized 104 kg of opium latex and 1.71 kg of heroin.

The PNP operates Basic Training Academies at Santa Lucia and Mazamari Police Bases, located in two coca-growing areas. In January, the PNP established a third Training Academy in Ayacucho. Recognizing that applicants from coca growing areas encountered difficulties passing written entrance exams to enter police academies, NAS, in coordination with the Peruvian National Police, provided a grant to establish Pre-police Basic Training Academies. The increase of DIRANDRO personnel in the source zones has contributed to more effective eradication and interdiction operations.

A PNP Canine Training Program has been implemented with support of U.S. Customs. The trained PNP officers were assigned to mobile teams in the Ayacucho area to deter the flow of precursor chemicals destined for cocaine laboratories in the Apurimac/Ene Valley. These operations resulted in a 300 percent price increase in the price of these chemicals in the illicit market. Additionally, as part of the Canine Training Program, PNP canine teams are being trained to detect improvised explosive devices (IEDs) in open fields where eradication and helicopter operations take place and to support mobile road interdiction units to detect precursor chemicals, drugs and money transiting through the source zones.

An Advanced PNP Officers Tactical Operations Training School is being established in Santa Lucia. The training will be designed to enhance leadership abilities and tactical operation skills of junior officers who will command newly graduated police from the PNP/NAS basic training academies.

The PNP also cooperated with neighboring countries and in Operation Seis Fronteras, a regional chemical interdiction operation aimed at seizing chemicals in the production of illicit drugs, primarily cocaine and heroin. Over a 45-day period, PNP/DEPCIQ recorded seizures of precursor chemicals totaling approximately 175 metric tons.

Maritime/Airport Interdiction Programs. Peruvian Customs has focused on improving its access to information and intelligence to better target interdictions, and on technology and equipment to conduct more effective and efficient searches. Customs (SUNAT) and the Police Manifest Review Unit (MRU) have implemented a new link analysis and cataloging software that allows the tracking of a company's history, export trends, and timing of shipments, as well as personnel associated with multiple companies. SUNAT enacted a new Export Control System that changes export notification requirements for shippers and provides SUNAT with detailed manifests with container numbers, greatly enhancing the information available for targeting cargo searches. SUNAT began using a container scanner in Callao maritime port, and a second is planned for the northern port of Paita. Authorities use a personnel x-ray scanner at Lima's airport to screen people carrying weapons and identify internal drug carriers (swallowers). In 2006, 11.82 mt of cocaine of the national total of 19.77 mt were seized in maritime and airport interdictions.

The NAS funded the purchase and training of seven narcotics detector dogs, whose handlers also received training at CBP's Canine Training Center in Virginia. In July, based on Peruvian law

enforcement information, the U.S. Coast Guard (USCG) located and seized the Peruvian-flagged fishing vessel (F/V) CECI in international waters, an example of DTOs pushing further south and exploring the option of utilizing Peruvian flagged vessels to transport illicit drugs through the transit zone.

Cultivation/Production. DEVIDA adopted the United Nation's 2005 estimate of 48,200 ha of coca under cultivation in Peru, which produces a potential annual harvest of approximately 110,000 mt of coca leaf. However, in 2005, the USG estimates 38,000 ha of coca cultivation, of which 4,000 are in new measured areas. This represents a rise of 23 percent in the traditional cultivation areas and 38 percent overall. According to the Peruvian Institute of Statistics and Information (INEI), approximately 4 million Peruvians use up to 9,000 mt of coca leaf for legal purposes each year, leaving approximately 100,000 mt of coca leaf available to produce an estimated 190 mt of cocaine annually.

Drug Flow/Transit. 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 Colombia. Maritime smuggling of larger cocaine shipments is one of the primary methods of transporting multi-ton loads of cocaine base and cocaine. U.S. law enforcement and counterparts from Australia, Hong Kong, Japan, Malaysia, and Thailand report that Peruvian trafficking organizations operate in the Far East.

Opium Poppy. In CY 2006, the PNP seized over one million opium poppy plants, (approximately 88 ha), thanks in part to a nationwide drug-tip hotline. Opiate trafficking is primarily concentrated in the northern and central parts of the country, as well as the Huallaga and Apurimac Valleys. Opium latex from Peru is shipped by land to Ecuador and Colombia for production of morphine base and heroin. In 2006, DIRANDRO seized 104 kg of opium latex.

Eradication. In 2006, CORAH surpassed the GOP goal of 10,000 hectares for programmed eradication, the second year in a row that they exceeded the goal. The primary reasons for the success in the eradication campaign were the resolve of the police to hold their ground against cocalero threats, the flexibility of aviation assets to change tactics as situations dictated, and the understanding on the part of CORAH workers that they were eliminating cocaine, not coca. Using the Cocaine Production Avoided (CPA) formula approved by the GOP and USG in 2006 CORAH helped keep the equivalent of 25.8 metric tons of cocaine from market.

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.

Extradition and Mutual Legal Assistance. The United States and Peru are parties to an extradition treaty that entered into force in 2003**.** Among the U.S. extradition and provisional arrest requests to Peru in 2006, nine were related to narcotics trafficking. Five of these have been approved, but surrender is pending completion of judicial and penal processes in Peru. In his inaugural address, President Garcia pledged to expedite extraditions of Mexican narcotics terrorists. A Department of Justice delegation visited Peru in 2006 to discuss ongoing extradition requests and improve the efficiency of the process, including permitting defendants to be temporarily surrendered to the United States to stand trial. The United States and Peru are also parties to multinational mutual legal assistance conventions that permit the exchange of evidence and information, including the 1988 UN Drug Convention and the 1992 Inter-American Convention on Mutual assistance in Criminal Matters. While the United States does not frequently utilize these agreements with Peru, one request for assistance in a narcotics matter was pending in 2006.

Judiciary, Congress and Legislation. In April, over half a dozen candidates with strong ties to coca growers were elected to Congress and formed an informal legislative bloc. Judge Saturno Vergara, who was trying members of the Tijuana Cartel, was assassinated on July 19. The assassination was widely condemned by civic leaders and the press, and the trial resumed after new judges were appointed to oversee it.

Domestic Programs/Demand Reduction. A public opinion poll conducted in Lima and five cities in coca-growing regions in 2005 indicated that the Peruvian public is greatly concerned about the extent of influence of narcotics traffickers over public institutions, and believes that both the Peruvian Government and the Congress must do more to defeat narcotics trafficking. Over 77 percent of those polled recognized that most coca leaf is destined for narcotics trafficking and over 90 percent of respondents thought that drug trafficking is a problem that affects both Peru and other countries. The change in Peruvian perceptions about coca growing and the complicity of coca farmers in narcotics trafficking is to a great extent due to multiple U.S. and GOP efforts to inform the public debate in the press, via television and radio, and among Peruvian government officials. Despite this change in perception, surveys continue to show that illegal drug use is increasing at all levels of society since drugs are inexpensive and easy to obtain.

The U.S. funds local NGOs in the development of six community anti-drug coalitions (CAC) targeting poor communities in Lima. The U.S.-based NGO Community Anti-Drug Coalitions of America (CADCA) is assisting in the adaptation of the CAC model to the realities of Peruvian society (e.g., high levels of poverty weak institutions, and corruption). Peruvian communities have participated with enthusiasm in CACs, donating their time and resources for projects. The CAC model emphasizes the participation of all sectors of the community in long-term, sustainable activities to reduce drug use.

Alternative Development (AD) Program. The alternative development program in Peru has achieved sustainable reductions in coca cultivation through a multi-sectoral approach that increases the economic competitiveness of coca-growing areas while improving local governance and working to change perceptions and behaviors of coca farmers for the long term. At the close of its fourth year, over 53,700 families have committed to the voluntary eradication program, substantially eradicating a total of over 13,300 ha of coca in their communities. In FY 2006 alone, over 17,000 families joined the voluntary eradication program, pulling up 3,717 ha of coca. Assistance to the licit economy in alternative development areas resulted in approximately $5 million of additional sales where voluntary eradication is taking place and approximately $20 million in other regions.

Additionally, in the final months of FY 2006, the development and law enforcement components of the USG counternarcotics program launched a post-programmed eradication alternative development program in the area of Tocache. With tailored alternative development programs to keep communities from replanting coca, 1,954 families in 39 communities signed up in the last three months of the fiscal year despite a tenuous start.

IV. U.S. Policy Initiatives and Programs

Bilateral and Multilateral Cooperation. Recognizing that national borders do not hinder drug trafficking organizations, Peru's law enforcement organizations have participated in joint operations and shared drug intelligence with other countries. In Operation Amazonas, the PNP conducted a joint operation with Ecuadorian National Police. The PNP attended International Drug Enforcement Conferences (IDEC) in Canada and Europe. This IDEC conference brought together law enforcement representatives from Central and South America, Europe and the Far East, Andean nations as well as Brazil, Panama and the U.S. The conference highlighted counter narcotics initiatives and issues including money laundering, as well as growing problems with

narcotics terrorism. Peru is actively participating in Counternarcotics Officer Exchange Programs with Bolivia, Brazil, and Ecuador to enhance cross-border drug enforcement efforts.

The USG is funding a study of opium poppy, to be conducted by the local United Nations Office Against Crime and Drugs and the Assistance Corps for Alternative Development (CADA), to determine the best way to detect opium poppy fields, if they exist, in Peru.

Regional Aerial Interdiction Initiative Program (RAII). Under the 2005 Cooperating Nation Information Exchange System (CNIES) Agreement the Military Assistance and Advisory Group (MAAG) is coordinating and conducting CNIES training for Fuerza Aerea del Peru (FAP) personnel. In addition, MAAG and the FAP are cooperating on establishing radar coverage for aerial trafficking routes. The new FAP Joint Anti-Drug C-26 Air Squadron, supported by NAS, has conducted CN reconnaissance and airlift east of the Andes. The C-26 Forward Looking Infrared camera (FLIR) has been used to map suspected clandestine runways

The Road Ahead. The USG and GOP CN efforts are focused on prevention, interdiction/eradication, and alternative development. The GOP's 5-year CN strategy emphasizes control and interdiction of precursor chemicals, seizures, reduction in coca cultivation, enforcement of money-laundering laws, reduction in drug use, and improvement in economic conditions to reduce dependency on coca cultivation.

An integral part of the CN strategy, effective interdiction is dependent on the GOP's ability to put a sufficient number of trained police personnel into the coca-growing regions. The USG will assist in increasing CN police presence east of the Andes to 2,800 personnel by the end of 2008, help improve security at air and seaports thereby directly contributing to U.S. national security, and continue basic and specialized courses at the three academies. Specialized U.S.-based training will also be provided to enhance the capacity of PNP and further the nationalization of the aviation support program.

USG efforts will also require the continuation of the alternative development program, which directly supports the interdiction and eradication programs by introducing alternative development into areas seeking alternatives to coca cultivation. Additionally, the USG will work with NGOs, universities and media to sustain an anti-drug and education campaign and expand presence and influence in coca-growing regions. While USG financial assistance is crucial to the implementation of these programs, continued political-will of the GOP is essential if they are to be successful.

V. Statistical Table

	2006	**2005**	**2004**
Coca Net Cultivation (ha)	TBD	38,000	27, 500
Eradication Total (ha)	12,688	12,232	10,338
-Programmed (ha)	10,137	8,966	7,605
-Voluntary (ha)	2,551	3,266	2,733
Leaf (Potential Harvest, mt)	TBD	62,500	54,200
HCl (pure, mt)	TBD	165	145
Cocaine Production Averted by Programmed Eradication	TBD	N/A	N/A
Seizures (mt)			

-Coca Leaf	88	1,558	.915
-Cocaine Base	5.11	4.57	6.34
-Cocaine HCl	14.66	11.58	7.30
-Total Cocaine	19.77	16.15	13.64
-Opium Latex (kg)	104	505	285
-Heroin (kg)	1.71	8	.91
Aircraft Items	0	0	0

Uruguay

I. Summary

Uruguay is not a major narcotics producing or transit country. Efforts to fight trafficking and domestic consumption are relatively effective, despite limited resources. Current areas of concern include increased cocaine seizures, and increasing consumption of cocaine paste from Bolivia. Efforts to upgrade port security and customs services were slow in 2006, limiting inspection of containers at maritime ports and making possible the use of free trade zones for the movement of drugs, precursors, and other contraband. Uruguay is a party to the 1988 UN Drug Convention.

II. Status of Country

Uruguay is not a major narcotics producing country, but it is becoming more attractive to drug traffickers from Colombia, Bolivia, Paraguay, Brazil and Mexico as a transit point. Limited inspection of airport and port cargo makes Uruguay attractive for contraband, possibly including chemical precursors, to Paraguay and elsewhere. Although precursor chemical controls exist, they are difficult to monitor and enforce. Relatively weak controls at the port of Montevideo contrast with the enhanced container security initiatives at other ports in the region such as Santos, Brazil and Buenos Aires, Argentina. According to the GOU, shipping containers transiting to or from other MERCOSUR countries are rarely inspected in Uruguay. Colombian, Argentine, and Brazilian traffickers smuggle cocaine through the international airport; and European traffickers use more sophisticated methods to smuggle cocaine such as dissolving it in bottled wine and embedding it into fabrics. 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 paste, and Uruguayans—often without previous criminal records, are increasingly being used as couriers.

Uruguayan counternarcotics police units identified and targeted clandestine laboratories processing Bolivian coca and shipping refined cocaine north, but also distributing local "pasta base." The local demand for inexpensive "pasta base," continues to increase, as do the incidents of crime related to this drug. According to the Uruguayan National Police (DGRTID), the number of confiscated vehicles concealing narcotics and contraband, including "pasta base," has increased steadily in recent years, with 12 being confiscated in 2006. Uruguayan police have discovered secret compartments in fuel tanks, wheel rims, and vehicle side panels.

Domestic drug consumption consists mainly of marijuana that arrives in small planes or overland from Paraguay. However, Bolivian cocaine paste, smuggled through Argentina and Brazil, is increasingly common in the marginalized neighborhoods of Montevideo, due to the drug's availability and extremely low cost (generally two dollars per dose). Additionally, in Uruguay, individual drug use is not viewed as a criminal offense. Rather, users are sent for rehabilitation in ever-increasing numbers, which has created an unexpected problem with which the Government of Uruguay (GOU) is not yet equipped to deal.

III. Country Actions Against Drugs in 2006

Policy Initiatives. In 2006, the GOU continued to make counternarcotics policy a priority. President Tabare Vazquez enhanced drug rehabilitation and treatment programs and launched demand reduction public awareness campaigns focused on minors and young adults. Administrative delays hindered implementation of Uruguay's 2004 anti-money laundering legislation. 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. In 2006, Uruguay continued to participate in the "Gran Chaco" and "Seis Fronteras" initiatives to limit trafficking in precursor chemicals, and regularly enters data in the Uruguayan National Data System (NDS) to track chemical precursor trade. Also in 2006, the GOU passed a law enabling the Ministry of the Interior to collect and distribute the proceeds from auctions of seized vehicles, making much needed funds available and putting to use assets which previously would simply rot away.

Accomplishments. In 2006, the GOU seized 417.7 kg of cocaine, a significant increase over the 53.8 kg seized in 2005. Marijuana seizures were down from 2005 levels. The GOU also made 1,358 drug-related arrests. Of 366 drug-related convictions, 11 persons were imprisoned—up from one imprisonment in 2005. Between mid-May and mid-September of 2006, approximately 546 kg of cocaine were seized in three separate law enforcement operations in Uruguay, or in European countries, involving shipments originating from Uruguay. Among these was the largest cocaine seizure in Uruguayan history (343 kg). There has also been a significant increase in the amount of confiscated "pasta base," with 90.8 kilos seized in 2006, over 34.4 kg in 2005. No seizures of heroin or illegal synthetic drugs were reported.

Law Enforcement Efforts. The GOU agencies responsible for narcotics-related law enforcement improved their effectiveness in 2006, but coordination remains difficult because the various agencies report to different ministries. The responsible agencies include: Customs, 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. The Prefectura Naval has benefited from numerous U.S. Coast Guard Maritime Law enforcement courses.

Corruption. The USG has no knowledge that any senior Uruguayan government officials engage in, encourage, or facilitate the illicit production or distribution of narcotics, nor are there any who encourage, or facilitate, the illicit production of drugs. Transparency International rates Uruguay as one of the least corrupt countries in Latin America. The GOU Transparency Law of 1998 criminalizes various abuses of power by government office holders 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.

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 are parties to an Extradition Treaty—which entered into force in 1984—a Mutual Legal Assistance Treaty—which entered into force in 1994—and annual Letters of Agreement under which the USG 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 Accion Financiera de Sudamerica (GAFISUD).

Cultivation/Production. There is no known large-scale cultivation or production of drugs in Uruguay. Although small marijuana plots have been discovered in previous years, none were found in 2006.

Drug Flow/Transit. According to DEA, Uruguay is used as a drug-transit country. Limited law enforcement presence along the Brazilian border and increased U.S. pressure on traffickers in Colombia, Bolivia and Peru is shifting some smuggling routes south, and drugs are moving through Uruguay by private vehicle, bus, and small airplanes. During a large-scale DGRTID operation in

2006, they discovered and destroyed a laboratory used for processing cocaine for shipment out of Uruguay.

Demand Reduction. Uruguay's demand reduction efforts focus on developing prevention programs, rehabilitation and treatment. They are based on a strategy developed cooperatively in 2001 between the National Drug Secretariat, public education authorities, various government ministries, municipalities and NGOs. In 2006 one of the public hospitals was designated as the National Drug Rehabilitation Center, and the National Drug Secretariat began conducting training seminars for health professionals on working with drug users, as well as sponsored teacher training, public outreach, and programs in community centers and clubs. The program, known locally as the "Portal Amarillo," a drug rehabilitation clinic and hotline, opened in April 2006 in a northern Montevideo suburb specifically for "pasta base" addicts. Staffed by recent graduates of Uruguay's largest nursing school, it services about 200 patients a week and has 21 beds. From 2004 to 2006, to improve its tracking of drug consumption, the GOU funded studies on the social costs of drug use, drug use in prisons, and the link of drug use to emergency room visits. The results of these studies are expected to be released in 2007.

IV. US Policy Initiatives and Programs

Bi-Lateral Cooperation. U.S. strategy is to prevent Uruguay from becoming a major narcotics transit or processing country. In pursuit of this strategy, the USG assists the GOU by providing assistance for demand reduction programs, narcotics interdiction and police training.

The DGRTID has reported that its greatest need is for more training for their officers in investigations, surveillance and money laundering. The need for equipment is always present as well, however the DGRTID has been focused on building a solid cadre of well-trained officers in order to carry out its counter narcotics missions.

The Road Ahead. The drug seizures that the GOU made in 2006 illustrate the possibility of a growing problem In light of Uruguay’s increasing consumption problem, and the evolving drug trafficking threat, we hope to see the GOU continue narcotics interdiction efforts.

Venezuela

I. Summary

Venezuela is one of the principal drug-transit countries in the Western Hemisphere. Counternarcotics successes in Colombia are causing a shift in trafficking patterns toward neighboring countries like Venezuela, whose geography, rampant high level corruption, weak judicial system and lack of international counternarcotics cooperation are increasingly enabling a growing illicit drug transshipment industry.

During 2005, the GOV indicated that counternarcotics cooperation with the United States would be contingent on the signing of an addendum to a 1978 USG-GOV Bilateral Counternarcotics Memorandum of Understanding (MOU). While the USG did not agree that the addendum was essential to ensuring appropriate counternarcotics cooperation, in the interests of maintaining a coordinated effort, the USG negotiated a mutually acceptable version of the addendum and has been prepared to sign it since December 2005. However, GOV authorities have refused to schedule the signing, while still refusing to permit normal counternarcotics cooperation until the addendum is signed.

Meanwhile, organized crime is flourishing, and seizures and arrests are limited to low-level actors. Given the Venezuelan government's refusal to cooperate, the President determined in 2006, as in 2005, that Venezuela failed demonstrably to adhere to its obligations under international counternarcotics agreements and take the measures set forth in U.S. law.

Despite the GOV's refusal to cooperate, the Drug Enforcement Administration (DEA) has continued working with its law enforcement contacts, developing information and leads that resulted in several multi-ton seizures in 2006 outside Venezuela. Seizures of illicit drugs within Venezuela dropped sharply in 2006, while seizures by other countries of drugs coming out of Venezuela more than tripled. There is no evidence that the GOV has sought to formalize and expand its cooperation on counternarcotics with other key countries affected by drugs transiting from Venezuela. Venezuela is a party to the 1988 UN Drug Convention.

II. Status of Country

A remote and poorly secured 2,200-kilometer border 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 exploited a variety of routes and methods to move hundreds of tons of illegal drugs through Venezuela. These routes include the Pan-American Highway, the Orinoco River, the Guajira Peninsula, and dozens of clandestine airstrips.

The USG estimates that over 200 metric tons (MT) of cocaine transit Venezuela annually. Cocaine is smuggled from Venezuela to the U.S. and Europe in various quantities via maritime cargo containers, fishing vessels, go-fast boats, and private aircraft deploying from clandestine airstrips. USG estimates of the amount of cocaine moving on these private aircraft have increased from 25 MT in 2004, to 50 MT in 2005, and to 66 MT in 2006. Additionally, cocaine and heroin continue to be routinely smuggled through Venezuela's commercial airports. Drugs destined for the United States from Venezuela are shipped through Central America, Mexico, Haiti, the Dominican Republic and other Caribbean countries. Drugs destined for Europe are shipped through West Africa, notably Guinea and Guinea Bissau. Multi-kg shipments of cocaine and heroin are also mailed through express delivery services to the United States. Colombian guerrilla and paramilitary organizations, including the Revolutionary Armed Forces of Colombia (FARC) and the National

Liberation Army (ELN), move through parts of Venezuela without significant interference from the Venezuelan security forces.

Because of the permissive and corrupt Venezuelan environment, and the success of Plan Colombia in neighboring Colombia, traffickers have set up operations to transship illicit drugs through Venezuela to the eastern Caribbean, Europe, Africa and the United States. Venezuelan traffickers have been arrested in The Netherlands, Spain, Ghana, the Dominican Republic, Mexico and other countries. In 2006, traffickers shifted their go-fast boat routes to the "edges of Colombia" to access Venezuelan and Ecuadorian waters and avoid the interdiction units of the Colombian Navy and CNP. Thanks to the Air Bridge Denial program in Colombia, small aircraft air routes have undergone a similar shift, with more air smuggling now involving short-hop flights from and to Venezuela. In 2003, there were 637 suspected and known illegal flights over Colombia. In 2006, there were only 171, a decrease of more than 70 percent. However, that decrease was mitigated in 2006 by a marked increase in suspect and known illegal flights from Venezuela to Caribbean transshipment points, particularly Haiti and the Dominican Republic, which are ill equipped to address the violence and corruption which often afflict major drug transshipment countries.

III. Country Actions against Drugs in 2006

Policy Initiatives. There were no new counterdrug policy initiatives by the GOV in 2006, and there is no evidence that Venezuela's political and judicial institutions vigorously and impartially implemented the two important laws promulgated in October 2005 that brought Venezuela law into line with the 1988 UN Drug Convention. The country's Financial Intelligence Unit is not independent, and conspiracy to traffic in drugs has yet to be criminalized. These shortcomings must be addressed if Venezuela is to effectively investigate and prosecute criminal organizations and government officials involved in trafficking at every level.

Law Enforcement Efforts. In general, Venezuelan police and prosecutors do not have adequate training or tools to carry out investigations properly. The public has little faith in the judicial system due to ineffective criminal prosecutions, politicization, and corruption. Honest prosecutors often shrink from taking on narcotics cases, wary of the pressures and corrupt practices that are often linked to these proceedings. At the judicial level, prisoners miss hearings if unable or unwilling to pay guards to escort them, which may delay cases by months. In addition, judges may delay hearings on, or recuse themselves from, cases with political interest.

Precursor Chemical Control. The GOV did not participate in the 2006 Operation Seis Fronteras, an annual USG-supported chemical control operation that normally includes Venezuela, Colombia, and other neighboring countries. In 2006 The Ministry of Light Industry and Commerce, under provision of the "Law Against the Trafficking and Consumption of Narcotics and Psychotropic Substances," established a National Registry to monitor precursor chemicals. Ministry officials are confident the registry captures the import and export of all lawful shipments of precursor chemicals. The Ministry, however, lacks personnel trained to recognize the possible diversion of precursor chemicals, an automated system to track and identify irregularities, and the resources needed for regular and spot inspections.

Demand Reduction. The 2005 "Law Against the Trafficking and Consumption of Narcotics and Psychotropic Substances" mandates that companies having more than 200 workers donate one percent of their profits to what is now the National Anti-Drug Office (ONA), which would in turn transfer those funds to demand reduction programs carried out by NGOs who have been approved by the ONA. This represents a significant departure from how the program functioned under the ONA's predecessor organization (The National Commission Against Illegal Drug Use, or CONACUID), wherein companies made donations directly to CONACUID-approved NGO's. The ONA's implementation of the law has been slow and cumbersome. The number of NGOs working on demand reduction and rehabilitation programs has declined as a result, and the GOV has no

other programs in place. Several NGOs that were denied ONA's certification claim the decision was politically motivated. NGOs receiving assistance from the USG are closely scrutinized. Several legal challenges to the requirement that funds be donated directly to ONA have frozen that donation process. As a result, companies have postponed making donations, either to ONA or to NGOs, until the statutory requirement is clarified. Many NGOs have shut their doors for lack of funding. The GOV does not track statistics on drug abuse/treatment, with the exception of a 2005 ONA survey, which suggested that drug abuse among Venezuelan youth was decreasing. However, the veracity of that survey is uncertain, and other reports suggest that in fact drug abuse is on the rise.

Corruption. Public corruption continued to plague Venezuela in 2006. U.S. Embassy officials report that Venezuelan security forces often facilitate or are themselves involved in drug trafficking. Press and intelligence reports suggest that, within the security forces, the most likely to be involved in drug trafficking are the special counternarcotics units of the National Guard and the Federal Investigative Police. For instance, in 2006, a plane and part of its crew were seized in Mexico with over five MT of cocaine packed in 128 suitcases. The plane's flight plan revealed that it had traveled directly from Caracas' Simon Bolivar International Airport at Maiquetia. Sources revealed that the National Guard in fact had loaded the suitcases while it sat on the tarmac at Maiquetia. Security forces at the airport routinely take bribes in exchange for facilitating drug shipments. Seizures are most likely to occur when payoffs have not been made. Also, there is evidence that even when seizures occur, the drugs are not always turned over intact for disposal, and seized cocaine is returned to drug traffickers.

There have been instances in which GOV officials facilitated the operations of known traffickers and/or members of Foreign Terrorist Organizations (FTOs). In June 2006, accused drug trafficker Jose Maria Corredor escaped from the GOV's Internal Security Directorate (DISIP). GOV law enforcement officials had arrested Corredor in Caracas in October 2005 at the request of the USG. Venezuelan courts refused to authorize his extradition because the USG could not guarantee that he would not receive a sentence in excess of 30 years. The GOV admitted that several DISIP officers facilitated Corredor's escape.

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 and the United States are parties to a Mutual Legal Assistance Treaty that entered into force in March 2004. 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 bilateral agreements with the U.S., including a 1991 ship-boarding agreement updated in 1997, a 1978 Memorandum of Understanding concerning cooperation in narcotics, and a customs mutual assistance agreement. The GOV continues to honor the provisions of its ship boarding agreement, authorizing the USG to board suspect Venezuelan flagged vessels on the high seas.

Extradition and Mutual Legal Assistance. The United States and Venezuela are parties to an extradition treaty that entered into force in 1923. The more recent Venezuelan constitution bars the extradition of its nationals, however. Non-Venezuelans can be extradited, but Venezuelan judges historically have attached conditions – such as unilateral attempts to restrict the term of years that an extradited defendant may serve in prison - that have the effect of precluding extradition. On occasion, Venezuelan authorities have deported non-Venezuelan criminals to a third country - usually Colombia - where they can be more easily extradited. Venezuela and the United States negotiated and signed a Mutual Legal Assistance Treaty, which entered into force in March of 2004.

Cultivation/Production. While illicit crop cultivation and drug production in Venezuela have not been significant historically, the success of Plan Colombia is pushing traffickers to increase the quantity of illicit drugs being transported through Venezuela. No eradication operations were carried out in 2006. The most recent eradication operation took place in November 2005 in the Serrania de Perija mountain range, on Venezuela's northwestern border with Colombia.

Drug Flow/Transit. The GOV reported seizures of 38.92 MT of cocaine during the first nine months of 2006, a third less than what it claimed to have seized in 2005 for the same time period. These figures, moreover, include seizures made by third countries in international waters that are subsequently returned to Venezuela, the country of origin. Discounting seizures in international waters by third countries, DEA Caracas estimates that GOV authorities seized between 20-25 MT of cocaine in 2006, and between 35-40 MT in 2005. Additionally, the GOV reported seizing 270 kilos of heroin (a 30 percent reduction from 2005), 21 MT of marijuana (a 16 percent increase over 2005), and 1,750 methamphetamine tablets.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. The GOV has minimized all counternarcotics related cooperation and contact with the USG. The GOV postponed signing the 2005 Letter of Agreement (LOA), which would enable the USG to provide funding to Venezuela to support joint counternarcotics efforts.

Some cooperation still takes place with the Venezuelan judiciary, largely via the United Nation's Office of Drugs and Crime (UNODC). The NAS sponsored three UNODC programs in 2006; two on money laundering and a third on the preparation of a manual, based on Venezuelan law, and on counternarcotics related law enforcement matters. Notwithstanding the GOV's minimal cooperation, the USG sought to maintain ties and to encourage cooperation with its traditional counternarcotics partners in the GOV. The USG also sought out non-traditional partners, increasing support for NGOs involved in demand reduction, and working with countries that receive cooperation from the GOV, including regional and municipal institutions.

Despite USG efforts, the GOV has not made the Container Inspection Facility (CIF) at Puerto Cabello operational. The CIF has a high-tech pallet x-ray system, forklifts, tools, and safety equipment that can provide the Venezuelan authorities with a safe and secure location to unload and examine containers in an efficient manner. The Port Security Program was designed to address the movement of narcotics from Colombia to the United States through Venezuela utilizing the Tachira - Puerto Cabello corridor, where over 70 percent of narcotics from Colombia that are trans-shipped through Venezuela flow, according to the DEA. The drugs are smuggled by land into the state of Tachira and then trucked through Venezuela to Puerto Cabello where they are laden on vessels bound for other transshipment points or directly for the U.S. or Europe. Venezuelan authorities have not allowed the CIF to operate, however, pending an investigation into improper handling of the radioactive source used to scan the outbound cargo for drugs or other illicit shipments. There was no progress in this investigation in 2006 and the CIF remains closed.

Dozens of Venezuelan companies participate in the U.S. Customs Service's Business Anti-Smuggling Coalition (BASC) program. This program seeks to deter smuggling, including of narcotics, in commercial cargo shipments by enhancing private sector security programs. There are BASC chapters in Valencia and Caracas. The latter is failing and may be merged into the Valencia chapter. The Valencia chapter is a potentially effective smuggling deterrent. BASC is part of DHS's Americas Counter-Smuggling Initiative (ACSI).

The Road Ahead. In 2007, the USG remains prepared to renew cooperation with Venezuelan counterparts to fight drugs. In addition to providing a new impetus for stalled projects (e.g., development of a drug intelligence fusion and analysis center and initiation of riverine interdiction

operations on the Orinoco River), renewed focus should be placed on disrupting the transit of drugs entering Venezuela, dismantling organized criminal networks, and prosecuting those engaged in trafficking. In particular, the USG will try to work with the Government of Venezuela to make the Container Inspection Facility (CIF) at Puerto Cabello operational. The GOV must carry out its obligations under numerous international counternarcotics agreements and conventions if it is to stem the rising tide of security and corruption problems that have been further compounded by its own inaction.

V. Statistical Tables

Venezuela Statistics 1997–2006	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Seizures (metric tons)										
Cocaine Total	20-25****	35-40***	31.22	19.46*	17.79	14.18	15.17	13.1	8.6	16.18
Heroin	0.27	0.39	0.65	.364**	0.56	0.28	0.13	0.04	0.04	0.11
Cannabis	21.12	18.27	11.31	6.13	20.92	14.43	12.43	19.69	4.50	5.52
Arrests/Detentions	809	869	1179	2,187	2,711	3,069	2,616	6,630	7,531	5,379

*The GOV's reported number of 27.70 mtw as revised dow nw ard based on an independent, case-by-case verification of seizures.

**The GOV's reported number of 443 kgs w as revised dow nw ard based on an independent, case-by-case verification of seizures.

***The GOV's reported number of 58.43 mtincluded seizures made by third countries outside of Venezuela. Actual GOV seizures w ere likely w ithin the indicated range.

***The GOV's reported number of 38.92 mtincluded seizures made by third countries outside of Venezuela. Actual GOV seizures w ere likely w ithin the indicated range.

CANADA, MEXICO AND CENTRAL AMERICA

Belize

I. Summary

While Belize is not a major drug source, transit or consuming country, it is part of the trans-shipment corridor to the United States. The Government of Belize (GOB) supported narcotics operations and investigations in 2006 and collaborated with the United States, including on extradition of fugitives wanted in the United States. Belize is party to the 1988 UN Drug Convention.

II. Status of Country

Because of its location and geography, Belize is part of the trans-shipment corridor for illicit drugs between Colombia and Mexico and the U.S. Belize has borders with Guatemala and Mexico, large tracts of unpopulated jungles and forested areas, a lengthy unprotected coastline, hundreds of small keys and islands and numerous navigable inland waterways. In 2006, GOB law enforcement officers found abandoned, suspect trafficking boats in Belizean waters and hidden near the sea, ready for use in trafficking. Underdeveloped infrastructure and a small population limit what the authorities can do to suppress narcotics trafficking. The Belize Police Department (BPD), the Belize Defence Force (BDF), the International Airport Security Division and the new Belize National Coast Guard (BNCG) lead counternarcotics efforts. A small amount of locally consumed marijuana is cultivated in Belize. There is no evidence of trafficking in precursor chemicals in Belize, nor are there industries in Belize requiring precursor chemicals. Corruption and the potential for money laundering are areas of concern.

III. Country Actions Against Drugs in 2006

Policy Initiatives/Accomplishments. In its first year the BNCG began patrolling the Belizean coastline and keys and conducted several counternarcotics operations. The GOB also instituted anti-corruption measures related to conflict of interest and migration. The newly assigned Ministry of Home Affairs Chief Executive Officer opened the Belize National Forensic Science Services (NFSS) laboratory at the end of 2006 and a two-year training program continues.

Law Enforcement Efforts. The GOB's most serious internal drug problem is rooted in drug-associated criminality. Obtaining convictions remains difficult, as the Office of the Director of Public Prosecutions remains under-trained, under-staffed, and under-funded. In 2006, the BNCG conducted several counternarcotics operations with USG assistance. Although there were no significant drug seizures, these operations resulted in the confiscation of 34 high-powered automatic and semi-automatic weapons. Seizures in 2006 include: 8 kg (kg) of crack cocaine, 81 kg of cocaine, 651 kg of marijuana, and minor quantities of other drugs. From January through September 2006, law enforcement made 1, 397 arrests.

Corruption. The GOB does not facilitate the production, processing, or shipment of narcotic and psychotropic drugs or other controlled substances, or the laundering of the proceeds from illegal drug transactions. Nor is any senior official of the government known to be involved in those activities. The GOB takes limited legal and law enforcement measures to prevent and punish public corruption. No laws specifically cover narcotics-related public corruption, but it is covered under the 1994 Prevention of Corruption in Public Life Act. The Act created an integrity commission with powers to investigate various forms of corruption and levy civil penalties on offenders. Despite allegations of corruption, to date no government officials have been punished under the Act. While there is no direct evidence of narcotics-related corruption within the government, other kinds of corruption are suspected in several areas of the government and at all levels. Laws against

bribery are rarely enforced. IN 2006 there were two high profile cases of conflict of interest or suspected or confirmed corruption in the Financial Intelligence Unit, Passports, and the Department of Immigration and Nationality.

In June 2001, the GOB signed the OAS Inter-American Convention against Corruption and supported the revival of the Committee on Public Probity and Ethics to review implementation of the convention, but Belize is not a party to the UN Convention against corruption.

Agreements and Treaties. Belize has been a party to the 1988 UN Drug Convention since 1996. Belize is one of three countries that has signed and ratified the Caribbean Regional Agreement on Maritime Counter Narcotics. In September 1997, the GOB signed the National Crime Information Center Pilot Project Assessment Agreement (data- and information-sharing). Recent bilateral agreements between the U.S. and Belize include a protocol to the Maritime Agreement that entered into force in April 2000, a bilateral Extradition Treaty with the United States that entered into force in August 2001, a U.S.-Belize Mutual Legal Assistance Treaty (MLAT) that entered into force in July 2003, and the Inter-American Convention on Serving Criminal Sentences Abroad that entered into force in 2005.

Although there were no extraditions from Belize in 2006, a number of U.S. fugitives were deported. In 2005, a U.S. extradition request in a major drug case was denied on the basis of insufficient evidence. This resulted in a call by U.S. for clarification of standard review in the extradition treaty to which the Belize Solicitor General responded that there may be a need for a technical exchange of notes to clarify the standard review. The matter remains pending. In another extradition case, pending since 1999, the GOB has not scheduled arguments on the fugitives' appeal since 2002. Although the Mutual Legal Assistance Treaty entered into force in 2003, it was not implemented by the GOB until 2005. Response to U.S. requests for assistance has been slow.

Belize is a party to the UN Convention against Transnational Organized Crime and it's Trafficking in Persons protocol. In 2005, Belize joined other Central American countries participating in the Cooperating Nations Information Exchange System (CNIES), which assists in locating, identifying, tracking and intercepting civil aircraft in Belize's airspace. The program has resulted in several significant seizures in coordinated interdiction operations, particularly with Guatemala.

Cultivation/Production. The widespread marijuana cultivation of a decade ago has been reduced, but small amounts of illicit cultivation continue, as do GOB eradication efforts. Between January and August 2006, 121,267 marijuana plants were eradicated.

Drug Flow/Transit and Distribution. The major narcotics threat in Belize is cocaine trans-shipment through its territorial waters for onward shipment to the U.S. The primary means for smuggling drugs are "go-fast" boats transiting Belize's lengthy coastline and reef system, then transshipment along navigable inland waterways and to remote border crossings. Interdiction is hampered by the lack of adequate host nation resources and lax customs enforcement.

Domestic Program/Demand Reduction. The National Drug Abuse Control Council (NDACC), which provides drug abuse education, information, counseling, rehabilitation, outreach, and a public commercial campaign, coordinates GOB's demand reduction efforts. In 2006, the USG and the United Nations Office against Drugs and Crime (UNODC) assisted the GOB to establish a treatment, rehabilitation and social integration center for drug abusers in Belize, and the USG added more support for 2007. Through CICAD, the Inter-American Drug Abuse Control Commission, the U.S. also supported school-based substance abuse prevention and life skills education.

U.S. Policy Initiatives and Bilateral Cooperation. The U.S. strategy in Belize continues to focus on assisting the GOB in developing a sustainable infrastructure to combat drug trafficking. The USG provides support to the Belizean Forensic Laboratory to increase the justice system's

successful investigations and prosecution of crimes; programs for at-risk school youth and prison drug rehabilitation; and maritime security and law enforcement. In 2006 the USG provided a third refurbished "go-fast" boat for counternarcotics operations and tactical gear. The USG also assisted the GOB with the establishment of a Voluntary Polygraph Testing program. Members of the Police Department Anti-Drug Unit, Police Special Branch, Belize Defence Force Air Wing and Belize National Coast Guard participated in this exercise, led by the Commandant of the BNCG.

A number of training courses were provided in 2006 to improve Belizean anti crime capacity. The USG and Canada provided Carrier Liaison training to airlines and Fraudulent Detection and Smuggling Deterrence training to local Belize Police Officers, Immigration and Customs officials, and Belize National Coast Guard. The USG provided maritime law enforcement, search and rescue, engineering, and professional development training to the BNCG. The USG continues to provide technical assistance for developing and implementing an appropriate legislative framework to provide the BNCG with clear authorities. Additionally, the USG provided training to the Police Department in interdiction, narcotics officer survival, parcel investigations, anti-terrorism, anti-gang, asset seizure and other related topics.

The Road Ahead. Given frequent changes in trafficking routes and lack of resources for maritime and air assets, the potential remains for trans-shipment of cocaine through Belize to increase. Local marijuana cultivation necessitates continual monitoring and periodic eradication. After eight years in power, the People's United Party continues to advocate combating drug trafficking and associated crime, but provides limited resources. USG assistance will continue to focus on supporting police counternarcotics units, Belize National Coast Guard, investigative, forensic and prosecutor units, and the Financial Intelligence Unit.

Canada

I. Summary

In 2006, the Government of Canada (GOC) implemented the Precursor Control Amendments to the Controlled Drugs and Substances Act to establish a regulatory framework to curtail the production of illicit drugs. Canada has an active strategy to combat illicit drug use, production, and distribution, including public-private partnerships such as "MethWatch" to assist retailers in identifying irregular sales of precursor chemicals. In addition, integrated U.S.-Canadian law enforcement teams disrupted drug smuggling operations, highlighted by one involving pilots transporting marijuana and cocaine across isolated parts of the border. Canada has graduated from being a transit country to a source country for ecstasy (MDMA), due to organized criminal activities. Canada is party to the 1988 UN Drug Convention, and serves as a member of the UN Commission on Narcotic Drugs.

II. Status of Country

While Canada is primarily a drug-consuming country, it also a significant producer of high-quality marijuana and has emerged as a source country for MDMA. Additionally it serves as a transit or diversion point for precursor chemicals and over-the-counter pharmaceuticals used to produce illicit synthetic drugs (notably MDMA and methamphetamine). Canada's Renewed Drug Strategy (2003) provides a federal policy response to the harmful use of substances.

III. Country Actions Against Drugs in 2006

Policy Initiatives. In January 2006, the Precursor Control Amendments to the Controlled Drugs and Substances Act went into effect. These amendments strengthen verification of import and export licensing procedures, require that companies requesting licenses provide additional detail in their initial requests, establish guidelines on the suspension and revocation of licenses for abusers, and add controls on six chemicals that can be used to produce gamma-hydroxybutyric acid (GHB) and/or methamphetamine. They also authorize Health Canada to consider adverse law enforcement information in licensure and renewal decisions. When the Royal Canadian Mounted Police (RCMP) seized one ton of red phosphorous in September, the Precursor Control Amendments enabled the RCMP to charge an individual with selling and possession for the purpose of selling a precursor chemical. The individual was also charged with cultivation of marijuana under the Controlled Substances and Drugs Act.

Law Enforcement Efforts. According to unofficial GOC statistics, during 2006 it seized 1,500 kilograms (kg) of cocaine during 100 operations, 80 kg of heroin in 60 operations, 20 kg of opium in 20 operations and one metric ton of hashish oil. The RCMP did not provide statistics on marijuana seizures for 2006, or information on operations against MDMA production. A joint MDMA and marijuana trafficking investigation, Operation Northern X-Posure, resulted in the arrests of approximately 26 high-level distributors in both countries, including six persons in Toronto. In August, The RCMP identified 250 outdoor marijuana-growing sites and seized 16,500 marijuana plants in a two-week period on Vancouver Island, British Colombia.

Corruption. Canada has strong anti-corruption controls in place and holds its officials and law enforcement personnel to a high standard of conduct. Civil servants found to be engaged in malfeasance of any kind are removed from office and are subject to prosecution. Investigations into accusations of wrongdoing and corruption by civil servants are thorough and credible. No senior government officials are known to engage in, encourage, or facilitate the illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of

proceeds from illegal drug transactions. As a matter of government policy, Canada neither encourages nor facilitates illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions.

Agreements and Treaties. Canada is party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, and the 1961 UN Single Convention as amended by the 1972 Protocol. Canada is also a party to the Inter-American Convention on Mutual Legal Assistance in Criminal Matters; the Inter-American Convention Against the Illicit Manufacturing of and Trafficking in Firearms, Ammunition, Explosives and Other Related Materials; and the Inter-American Convention Against Corruption. Canada actively cooperates with international partners. The USG and GOC exchange forfeited assets through a bilateral asset sharing agreement, and exchange information to prevent, investigate, and repress any offense against U.S. or Canadian customs laws through a Customs Mutual Assistance Agreement. The GOC has signed 30 bilateral mutual legal assistance treaties and 87 extradition treaties. Judicial assistance and extradition matters between the U.S. and Canada are made through a Mutual Legal Assistance Treaty (MLAT) and an extradition treaty and protocols.

Cultivation/Production. Commercial marijuana cultivation thrives in Canada in part because growers do not face strict legal punishment. Though outdoor cultivation continues, the use of large and more sophisticated indoor-grow operations is increasing because it allows year-round production. The RCMP reports the involvement of ethnic Chinese and Vietnamese organized-crime organizations in technologically-advanced organic grow methods that produce marijuana with elevated THC levels. In fact, the marijuana industry in Canada is becoming increasingly sophisticated, with organized crime groups relying on marijuana sales as a primary source of income and using the profits to finance other illicit activities. The RCMP reports that frequently Canadian marijuana is trafficked to the United States and exchanged for currency, firearms, and cocaine. Recently, Asian drug trafficking organizations based in Canada have experimented with new methods to evade law enforcement and expand their businesses. This trend includes the increasing use of eastern ports of entry along the Canadian border for marijuana smuggling and the establishment of indoor-grow operations on the U.S. side of the border, especially in the Pacific Northwest and California.

The demand for, and production of, synthetic drugs is on the rise in Canada, particularly methamphetamine and MDMA. Reports of GHB use are increasing. According to DEA, GHB has been used in the commission of sexual assaults because it renders the victim incapable of resisting, and may cause memory problems that could complicate case prosecution. Clandestine laboratories – once largely located in rural areas but expanding into urban, residential neighborhoods - are becoming larger and more sophisticated. Approximately 95 percent of the methamphetamine sold originates from multi-kilogram operations. In June 2006, authorities in Ontario seized a methamphetamine super lab, the largest in Ontario's history, with 35 kilograms of finished methamphetamine and 25 kilograms of ephedrine.

Drug Flow/Transit. U.S. and Canadian law enforcement received reports of seizures of ephedrine (a methamphetamine precursor) in India destined for Canada, including two large seizures in August and September 2006. The shipment of the precursor appears to be controlled by Canadian criminal organizations. In June 2006, the U.S. and Canadian Integrated Border Enforcement Team (IBET) busted a drug smuggling organization that utilized helicopters and fixed-wing aircraft to smuggle marijuana to and from the two countries through sparsely populated regions. The August 2006 Criminal Intelligence Services Canada annual report on organized crime indicates that there are 800 organized crime groups in Canada, of which approximately 80 percent are involved in the illegal drug trade in some capacity. The report also highlighted an increase in the cross-border drug trade, especially in MDMA. Asian-Pacific (AP) officials indicate that Canada has become a source country for drugs to their region. AP officials report increasing drug smuggling from Canada,

primarily to Australia, Japan, and Korea, but also to Hong Kong, New Zealand, the Philippines, and Vietnam.

Domestic Programs. Canada has embarked on a number of harm-reduction programs at the federal and local levels. On September 1, Health Canada announced that no new government-sponsored injection sites will be opened until a new National Drug Strategy is promulgated and additional research is completed on the existing sole site in Vancouver. The Vancouver site has been in operation since 2003 and is authorized to operate until December 2007. Several cities have also approved programs to distribute drug paraphernalia, including crack pipes, to chronic users. Delivery of demand reduction, education, treatment and rehabilitation is primarily the responsibility of the provincial and territorial governments and Health Canada provides funding for these services.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. The U.S. and Canada cooperate closely at the federal, state/provincial, and local levels. In November 2006, the annual U.S./Canada Cross-Border Crime Forum engaged policy-makers and senior operational directors in a joint effort to guide the relationship strategically, to develop a common agenda, and to enhance operational coordination. Two examples are Project North Star, a mechanism for law enforcement coordination at the state and local level; and the joint Integrated Border Enforcement Teams (IBETs), which have become a primary tool in ensuring that criminals cannot exploit the international border to evade justice. The joint MDMA and marijuana trafficking investigation, Operation Northern X-Posure, underscored bilateral law-enforcement efforts between the two nations. In May, the RCMP and DEA co-hosted the 2006 International Drug Enforcement Conference (IDEC) in Montreal. This annual, DEA-sponsored conference brought together high-ranking law enforcement officials for the largest IDEC contingent ever, representing 81 countries, to share drug-related information and to develop a coordinated approach to combat criminal threats. Canada also expanded cooperative efforts with the United States against illicit trafficking in the transit zone from South America to North America by deploying Maritime Patrol Assets in support of Joint Interagency Task Force South. U.S Customs and Border Protection and Canada Border Security Agency meet between two and four times a year to discuss programs and initiatives of mutual concern.

Road Ahead. In 2007, the United States and Canada will continue to pursue joint operations against drug-trafficking organizations. The USG will look to Canada for cooperation in monitoring and tracking precursor chemical activity, interception of suspicious shipments, and addressing the rise in MDMA production there. The GOC should continue to look for ways to improve its regulatory and enforcement capacity, as well as to encourage industry compliance - to prevent diversion of precursor chemicals for criminal use. With much of the legal framework already in place, Canada should focus on improving the effectiveness of its inspectorate regime. Canada should also continue its efforts to identify, disrupt and prosecute money-laundering operations.

The USG wishes to embark on a new cooperative, joint policing model designed to make the maritime border as seamless to law enforcement officers as it is to criminals. The Integrated Marine Security Operations (IMSO) program, also referred to as “Shiprider,” would facilitate effective maritime law enforcement by cross-designating each party’s law enforcement officers as customs officers. It would allow cross-designated officers to operate from the vessels or aircraft of the other country; thereby, permitting a single vessel to patrol both Canadian and U.S. waters and pursue suspect vessels. All law enforcement activities in host nation waters would be conducted under the direction and supervision of host nation officers. The USG is also seeking reciprocal treatment for U.S. federal maritime law enforcement officers by expanding on USG-granted blanket diplomatic clearance for Canadian law enforcement officers to carry their weapons while transiting in and out of U.S. waters on the Great Lakes aboard Canadian government vessels. The

U.S. further encourages Canada to take steps to improve its ability to expedite investigations and prosecutions. Strengthening judicial deterrents in Canada would be extremely useful in curbing the expansion of criminal organizations in Canada. The U.S. supports Canada's efforts to increase the availability of science-based treatment programs to reduce drug use, as opposed to measures, which facilitate drug abuse in the hopes of reducing some of its harmful consequences.

Costa Rica

I. Summary

Costa Rica is a significant trans-shipment point for narcotics destined for the United States and Europe. Drug seizures rose dramatically under the new Arias administration, nearly doubling last year's total. Costa Rican authorities seized a record 11.5 metric tons (MT) of cocaine and 84.9 kg (kg) of heroin in 2006 in addition to the nearly 14 MT of cocaine seized off Costa Rica's coasts by U.S. law enforcement with Costa Rican cooperation. Local consumption of illicit narcotics, particularly crack cocaine, along with the violent crimes associated with drug use, is a growing concern. In 2006 the Government of Costa Rica (GOCR) continued to implement a 2002 narcotics control law that criminalized money laundering. Joint implementation of the 1998 bilateral Maritime Counterdrug Cooperation Agreement continues to improve the overall maritime security of Costa Rica. In 2006 the Costa Rican Counternarcotics Institute (ICD enhanced its coordination efforts in the areas of intelligence, demand reduction, asset seizure, and precursor chemical licensing. Costa Rica is a party to the 1988 UN Drug Convention.

II. Status of Country

Costa Rica's long Atlantic and Pacific coastlines and strategic point on the isthmus linking Colombia with the United make it vulnerable to drug transshipment for South American cocaine and heroin destined primarily for the United States. The GOCR cooperates with the USG in combating narcotics trafficking by land and sea.

Costa Rica also has a stringent governmental licensing process for the importation and distribution of controlled precursor chemicals

III. Country Actions Against Drugs in 2006

Policy Initiatives. The Costa Rican Counternarcotics Institute (ICD) changed leadership in 2006 and greatly enhanced its coordination efforts in the areas of intelligence, demand reduction, asset seizure, and precursor chemical licensing. Costa Rica is focusing on adapting its plans to realistic goals given its somewhat limited resources.

Accomplishments. Close relations between U.S. law enforcement agencies and GOCR counterparts resulted in regular information-sharing and joint operations. As a result, authorities seized record amounts of drugs in 2006. Costa Rican authorities (in coordination with U.S. law enforcement) seized a record 25.5 MT of cocaine while increasing seizures of crack and eradicating over 650,000 marijuana plants. Costa Rican drug police tripled seizures of processed marijuana to 2,881 kg and increased heroin seizures to 84.9 kg. In addition, Costa Rican authorities seized 3,405 Ecstasy tablets and confiscated over $4 million in suspect currency. Thanks to a crack down after the Arias Administration came to power, drug-related arrests skyrocketed to 21,199 in 2006 as compared to 6,251 in 2005 and only 1,024 in 2004.

Law Enforcement Efforts. The primary counternarcotics agencies in Costa Rica are the Judicial Investigative Police (OIJ) in the judicial branch, and the Ministry of Public Security's Drug Control Police (PCD) of the executive branch. Other authorities include the Costa Rican Coast Guard, the Air Surveillance Section, and the nearly 10,000-member police force. The OIJ operates a small, highly professional Narcotics Section that specializes in investigating domestic and international narcotics trafficking. The PCD investigates both domestic and international drug smuggling, and coordinates international operations. Both entities conduct complex investigations of drug trafficking organizations, resulting in arrests and the confiscation of cocaine and other drugs.

The interagency Mobile Enforcement Team (MET), consisting of canine units, drug control police, customs police and specialized vehicles, coordinated six cross-border operations with authorities in Nicaragua and Panama in 2006. The ICD increased the frequency of MET deployments but has not yet met its goal of two per month.

Corruption. No senior official of the GOCR engages in, encourages, or facilitates the illicit production or distribution of such drugs, or the laundering of proceeds from illegal drug transactions. In 2006, Costa Rica passed a draconian law against illicit enrichment in response to unprecedented corruption scandals, involving three ex-presidents that were exposed in 2004. Although the ex-presidents' cases have not yet gone to trial, Costa Rica's commitment to combat public corruption appears to have been strengthened by the scandals.

The GOCR aggressively investigates allegations of official corruption or abuse. U.S. law enforcement agencies consider the public security forces and judicial officials to be full partners in counternarcotics investigations and operations.

Agreements and Treaties. The 1998 bilateral Maritime Counterdrug Cooperation Agreement continues to serve as the model maritime agreement for Central America and the Caribbean. Provisions of the maritime agreement were actively used in joint operations that resulted in record seizures at sea during 2006.

The United States-Costa Rican extradition treaty, in force since 1991, was actively used in 2006. Costa Rica ratified the Inter-American Convention Against Corruption in 1997 and signed the UN Convention Against Corruption in 2003. Costa Rica ratified a bilateral stolen vehicles treaty in 2002. Costa Rica is a party to the 1988 UN Drug Convention, the 1961 Single Convention on Narcotic Drugs, as amended by its 1972 Protocol, and the 1971 Convention on Psychotropic Substances. Costa Rica ratified the UN Convention against Transnational Organized Crime and its Supplemental Protocols in 2003.

Costa Rica and the United States are also parties to bilateral drug information and intelligence sharing agreements dating from 1975 and 1976. Costa Rica is a member of the Caribbean Financial Action Task Force and the Egmont Group. It is a member of the Inter-American Drug Abuse Control Commission of the Organization of American States (OAS/CICAD). Costa Rica was one of the first countries to sign the Caribbean regional maritime counternarcotics agreement when it opened for signature in April 2003, and is the depository for the document, but has not yet taken the necessary internal steps to bring it into force.

Cultivation/Production. Low quality marijuana is grown in remote areas. An indoor hydroponics cannabis production facility was seized in 2006. The last similar seizure was in 2004. The small scale of the operation indicated domestic consumption only, despite export-quality potency of the marijuana. Costa Rica does not produce other illicit drug crops or synthetic drugs.

Drug Flow/Transit. In 2006, the trend toward frequent, smaller (50-500 kg) shipments of drugs transiting Costa Rica in truck and passenger car compartments continued. With two notable exceptions in 2006, this modality accounted for almost all cocaine seizures on land. The trend toward increased trafficking of narcotics by maritime routes has also continued with nearly 14 MT of cocaine seized at sea in 2006 by U.S. law enforcement. One of these seizures was the largest in Costa Rican history (7.8 MT seized on a Costa Rican-flagged fishing vessel). Traffickers continue to use Costa Rican-flagged fishing boats to smuggle multi-ton shipments of drugs and to provide fuel for other go-fast boats.

Domestic Programs/Demand Reduction. The Prevention Unit of the ICD oversees drug prevention efforts and educational programs throughout the country. The ICD and the Ministry of Education distribute demand-reduction materials to all school children. The MET team often visits

local schools in the wake of a deployment. The team's canines and specialized vehicles make effective emissaries for demand-reduction messages.

In 2006, the ICD worked closely with the U.S. Embassy to produce a demand reduction video and discussion guide for use in public schools and took the lead in organizing a demand reduction event during Red Ribbon week in Limon, one of Costa Rica's poorest and most crime-ridden provinces.

IV. U.S. Policy Initiatives and Programs

U.S. Policy Initiatives. The U.S. seeks to compliment and build upon the on-going successful maritime experience by turning more attention and resources to land interdiction strategies, including expanded coverage of airports, seaports and border checkpoints.

Bilateral Cooperation. In 2006, the USG sought to implement the bilateral Maritime Counterdrug Cooperation Agreement and enhance the ability of the Air Section of the Public Security Ministry to respond to illicit drug activities by providing equipment and technical training. The USG also improved law enforcement capacity by providing training and equipment to the OIJ Narcotics Section, the PCD, the Intelligence Unit of the ICD, the National Police Academy, and the Customs Control Police; and increasing public awareness by providing assistance to Costa Rican demand-reduction programs. In addition, the USG provided training, computer equipment, software and other equipment to the Ministry of Public Security, the Judicial Branch, the ICD's Financial Intelligence Unit, and the inter-agency MET unit.

The Road Ahead. The U.S. will continue to provide technical expertise, training, and funding to professionalize Costa Rica's Coast Guard and enhance its capabilities to conduct independent maritime law enforcement operations in accordance with the bilateral Maritime Counterdrug Cooperation Agreement. In the coming year, the GOCR will continue professionalization of its public security forces; implement and expand controls against money laundering; and expand its efforts against corruption. It intends to deploy the MET interdiction team twice a month. The GOCR also plans to increase its police force by 4,000 additional officers over the next four years.

El Salvador

I. Summary

El Salvador is a transit country for narcotics, mainly cocaine and heroin. Illicit drugs that enter the country from South America make their way to the United States by land, eventually through Mexico. In 2006, the National Police (PNC) seized 445 kg (kg) of marijuana, 100 kg of cocaine, and 23 kg of heroin. Although El Salvador is not a major financial center, assets forfeited and seized as the result of drug-related crimes amounted to over $2 million. El Salvador is party to the 1988 UN Drug Convention.

II. Status of Country

Along with its Central American neighbors, El Salvador is a transit point for cocaine and heroin that flow through the Eastern Pacific and by land. El Salvador hosts a Forward Operating Location for trafficking detection and interception. Criminal youth gangs also plague El Salvador. While not deemed to be major traffickers, gangs retail drugs and provide “muscle” for protecting shipments. Precursor chemical production, trading, and transit are not significant problems in El Salvador.

III. Country Actions Against Drugs in 2006

Policy Initiatives. In 2006, the Government of El Salvador (GOES), in cooperation with the United States, Mexico, and other Central American countries, implemented Operation All Inclusive against trafficking along Central America's Atlantic and Pacific coastlines and money laundering operations. The Anti-Narcotics Division (DAN) of the National Civilian Police (PNC) also targeted overland transportation, commercial air, package delivery services, and maritime transportation in the Gulf of Fonseca. As a result of the operation, the PNC seized 12 kg of cocaine and arrested 12 individuals for trafficking offenses.

Accomplishments. Several significant developments during the year demonstrated the GOES commitment to the objectives of the 1988 UN Drug Convention. USG-supported Containerized Freight Tracking System (CFTS) at the Amatillo border crossing with Honduras permits the GOES to inspect commercial and passenger vehicles arriving from Honduras. In 2006, police at the CFTS inspected 1,750 commercial freight trucks, 4,748 passenger buses, and 7,680 passenger vehicles, and seized 13 kg of marijuana, seven kg of cocaine, and 10 kg of heroin. Police operations at the Amatillo border crossing resulted in the arrests of 28 individuals for trafficking offenses. In 2006, the National Police (PNC) seized a total of 445 kg (kg) of marijuana, 100 kg of cocaine, and 23 kg of heroin.

Law Enforcement Efforts. Law enforcement efforts in 2006 were primarily focused on priority targets of mutual interest to both the United States and the GOES. Salvadoran police investigators and prosecutors traveled to the United States on numerous occasions to share intelligence and coordinate operations. Policies initiated by the newly elected Salvadoran Attorney General, such as embedding prosecutors within police units, exponentially increased cooperation between prosecutors and the police over the previous year. The narcotics police are professionally competent, but their capabilities are hampered by a lack of resources and legal impediments against wiretapping.

Corruption. As a matter of policy, the GOES does not encourage or facilitate illicit production or distribution of narcotics or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. Under Salvadoran law, using one’s official position in relation to the commission of a drug offense is an aggravating circumstance that can result in an increased sentence of up to one-third of the statutory maximum. This includes accepting or

receiving money or other benefits in exchange for an act or omission in relation to one's official duties. The PNC's Internal Affairs Unit and the Attorney General's Office investigate and prosecute GOES officials for corruption and abuse of authority.

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

Agreements and Treaties. El Salvador is a party to the 1971 UN Convention on Psychotropic Substances; the 1961 UN Single Convention as amended by the 1972 Protocol; the Central American convention for the Prevention of Money Laundering Related to Drug-Trafficking and Similar Crimes; the UN Convention against Transnational Organized Crime and its three protocols, and the 1988 UN Drug Convention. The current extradition treaty between the United States and El Salvador does not mandate the extradition of Salvadoran nationals. Negotiation of a new treaty has stalled in light of a Salvadoran constitutional ban on life imprisonment, which may prove an obstacle to extradition in some cases. Narcotics offenses are covered as extraditable crimes by virtue of the 1988 UN Drug Convention.

Cultivation/Production. Small quantities of poor quality marijuana are produced in the mountainous regions along the border with Guatemala and Honduras for domestic consumption. There is no evidence of coca or poppy cultivation.

Drug Flow/Transit. Cocaine and heroin from Colombia typically transits El Salvador via the Pan-American Highway and maritime routes off the country's Pacific coast. Most drugs transiting terrestrially are carried by commercial bus passengers in their luggage. Both heroin and cocaine also transit by go-fast boats and commercial vessels off the Salvadoran coast.

Domestic Programs (Demand Reduction). The GOES manages its demand reduction program through several government agencies. The Ministry of Education presents lifestyle and drug prevention courses in the public schools, as well as providing after school activities. The PNC operates a D.A.R.E. (Drug Abuse Resistance Education) program modeled on the U.S. program. The Ministries of Governance and Transportation have units that advocate drug-free lifestyles. The Public Security Council (Consejo Nacional de Seguridad Publica) is actively involved in demobilization and substance abuse prevention within Salvador's gang communities.

The USG-supported Salvadoran NGO FundaSalva works with the GOES to provide substance abuse awareness, counseling, rehabilitation, and reinsertion services (job training) to the public. In 2006, FundaSalva provided demand reduction services to over 2,301 individuals. The USG also sponsors the U.S.-based "Second Step" program. Second Step is taught in first grade and assists teachers to identify antisocial behavior that later leads to substance abuse and violence. Other less comprehensive demand reduction programs exist, and they are usually faith-based and run by recovering addicts or religious leaders.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. U.S. assistance primarily focuses upon developing El Salvador's law enforcement agencies and on increasing the GOES ability to combat money laundering and public corruption, and ensuring a transparent criminal justice system. From September 28 to October 7, 2006, the DEA country office, in conjunction with the U.S. Department of Defense, the U.S. Coast Guard (USCG), and police and naval forces from Guatemala and El Salvador, conducted a combined maritime operation to disrupt trafficking operations off the littoral coasts of Central America. The operation resulted in the seizure of eight kg of cocaine and the arrest of 22 individuals for trafficking offenses.

Bilateral Cooperation. The United States provided funding for operational support of Grupo Cuscatlan and the high-profile crimes unit (GEAN) within the Anti-Narcotics Police. The United States also funded training and travel related to airport security, money laundering, maritime boarding operations, and anti-gang measures. Drug Enforcement Administration officers work closely with the PNC counternarcotics unit, the PNC financial crimes unit, the Financial Investigations Unit of the federal prosecutor's office, and the federal banking regulators on issues relating to drug trafficking and money laundering. El Salvador has benefited from several USCG courses including the Maritime Boarding Officer Course and the International Maritime Officer's Course. Additionally, they hosted a regional, multi-national Port Security / Vulnerability mobile training team course in which eight other countries participated.

Road Ahead. The United States will continue to provide operational and training support to Salvadoran law enforcement institutions, with an emphasis on improving intelligence, investigations and prosecutions leading to convictions. Increased integration of police and prosecutors' work will enable El Salvador to increase convictions, as will increased use of evidence tools, such as fingerprint analysis and case databases to solve crimes. Sharing information among law enforcement and financial institutions will help El Salvador to facilitate money laundering and trafficking investigations. In the coming year, El Salvador will also be an active participant in the regional anti-gang program.

Guatemala

I. Summary

Guatemala is a major drug-transit country for cocaine and heroin en route to the United States and Europe. The Government of Guatemala (GOG) made substantial progress in restructuring counternarcotics police functions, passed an organized crime control act that will permit wiretapping, and continued opium poppy eradication efforts. In spite of these efforts in 2006, traffickers exploited air, road, and sea routes to move cocaine through Guatemala. The government is committed to attacking corruption and has fired hundreds of corrupt police since taking office. Insufficient resources, weak GOG middle management, and widespread corruption hamper the GOG's ability to deal with narcotics trafficking and organized crime. Guatemala is party to the 1988 UN Drug Convention.

II. Status of Country

Most cocaine destined for the United States transits the Mexico/Central America corridor. Guatemala is an important transit point for onward shipment of cocaine to the United States. Guatemalan drug law enforcement agencies underwent substantial restructuring after the arrest of the country's three top drug law enforcement officials in November 2005. Guatemalan authorities interdicted 281 kg. of cocaine in 2006. Guatemala has limited capability to control the northern area of the country where traffickers operate clandestine airstrips, or the Eastern Pacific coastline, where traffickers are able to offload cargoes with little impediment. Narcotics traffickers at times paid for transportation services with drugs, which enter into local markets leading to increased domestic consumption and crime.

In 2006, Guatemalan authorities eradicated 79 hectares of opium poppy. Marijuana is also grown, but only for local consumption. During 2006, the Ministry of Health inspected all drug manufacturers and distributors for compliance to rules related to potassium permanganate, a precursor chemical for cocaine processing. Separately, as a result of a 2005 inspection, the GOG filed its first court case alleging illicit storage of and commerce in pseudoephedrine.

III. Country Actions Against Drugs in 2006

Policy Initiatives. The GOG uses a multi agency-working group to focus their counternarcotics efforts. In 2006 Guatemala enacted a law against organized crime. This law authorizes wiretaps, undercover operations and controlled deliveries, and also provides a stronger conspiracy statute. In 2005, the Berger government obtained congressional reauthorization for three years of a law permitting joint U.S./Guatemalan military and law enforcement operations in Guatemala. Two such operations (known as "Mayan Jaguar") were held in 2006 as part of an operation involving other Central American countries and DOD's Joint Interagency Task Force South, including implementation of the U.S.-Guatemala bilateral maritime agreement and support for DEA's region-wide Operation All Inclusive.

Law Enforcement Efforts. Since the investigation and arrest of three top officials from the GOG's Anti-Narcotics Analysis and Information Services (SAIA), in November 2005, SAIA has been fully restructured with USG assistance. SAIA now focuses solely on investigations, while the newly formed Division of Ports and Airports (DIPA) staffs land points of entry and airports. All officers assigned to these units, including management, are vetted.

In October, the GOG agreed to the boarding of a Guatemalan-flagged vessel under the terms of the bilateral maritime agreement. As a result, the U.S. Coast Guard seized approximately 1,632 kg of

cocaine, arrested four drug traffickers, and transferred them to the U.S. for prosecution. SAIA seized 281 kg of cocaine in 2006. The GOG also eradicated 79 hectares of opium poppy.

There is close cooperation between the USG and the Guatemalan Air Force (GAF), particularly during Mayan Jaguar exercises. While aging aircraft and lack of money for fuel continue to be constraints, the GAF provides air assets for interdiction missions and airlift for police and prosecutors conducting drug interdiction and eradication operations.

The Public Ministry's narcotics prosecutors receive USG training and assistance, which aids them in achieving convictions, but success in prosecuting major organized crime figures, including narcotics traffickers, has been limited.

The USG supports the model police precinct in Villa Nueva to help the PNC control police corruption and make inroads against gang-related drug distribution, extortion, and murder. During 2006, the Villa Nueva investigative unit had a 200 percent increase in cases investigated and resolved, and now clears more than 60 percent of its cases. Crime indices in Villa Nueva decreased and more citizens are filing formal complaints as confidence in the police improves. Villa Nueva initiated directed patrolling based on area crime statistics; the increased patrols in Villa Nueva's highest crime areas should further reduce crime and increase public confidence.

Corruption. Guatemala does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. Senior government officials are not known to be involved in these activities. Guatemala is pursuing numerous public corruption cases against former public officials, army officers and police. The anti-money laundering law is also being used as an anticorruption tool. The attorney general opened 54 corruption cases during 2006, including the prosecution of four former mayors for diversion and misuse of public funds.

Corruption remains an obstacle for GOG counternarcotics programs. After the 2005 arrest of the three top SAIA officers, the GOG redoubled efforts to fight corruption in the National Civilian Police (PNC), using rigorous vetting procedures. The Director General of the police enforces a "zero tolerance" policy on corruption, investigating complaints through the Office of Professional Responsibility. A landmark case was the July murder of the chief investigator in Villa Nueva. Two former and one active duty police officers were arrested.

Agreements and Treaties. Guatemala is a party to the 1961 UN Single Convention and its 1972 Protocol; the 1971 UN Convention on Psychotropic Substances; the 1988 UN Drug Convention; the Central American Commission for the Eradication of Production, Traffic, Consumption and Illicit Use of Psychotropic Drugs and Substances; and the Central American Treaty on Joint Legal Assistance for Penal Issues. Guatemala is a party to the UN Convention against Transnational Organized Crime and its three protocols. Guatemala has a maritime counternarcotics agreement with the U.S., and was one of the first countries to approve the Caribbean Regional Maritime Counternarcotics Agreement when it opened for signature in April 2003, but has not yet deposited it. Guatemala also is a party to the Inter-American Convention Against Corruption. In addition, Guatemala ratified the Inter-American Mutual Legal Assistance Convention, and is a party to the Inter-American Drug Abuse Control Commission (an entity of the OAS).

The extradition treaty between the GOG and the USG dates from 1903. A supplementary extradition treaty adding narcotics offenses to the list of extraditable offenses was adopted in 1940. Guatemala does extradite its citizens, but the required legal procedures can make the process somewhat onerous. In 2006, the GOG extradited one Guatemalan citizen to the U.S. U.S. citizen fugitives are usually expelled to U.S. custody on the basis of violations of Guatemalan immigration laws. All U.S. requests for extradition in drug cases are consolidated in specialized courts located in Guatemala City.

Cultivation/Production. The is opium poppy cultivation, usually in small fields situated in the San Marcos department, roughly totaling about 100 ha at the end of 2006. Guatemala manually eradicated 48 ha of poppy in 2005 and 47 ha in 2006. Guatemala and the USG conducted aerial reconnaissance missions to plan GOG manual poppy eradication operations. There is significant marijuana cultivation, all of which is consumed locally.

Drug Flow/Transit. In 2006, the trend for maritime drug transit to Guatemala shifted from go-fast boats to increased use of mother ships working in concert with fishing vessels. These ships position themselves beyond the 12 mile territorial waters limit and offload cocaine to the smaller fishing vessels, which then smuggle the loads into the many ports and estuaries along Guatemala's Pacific coast. Once the cocaine is landed in Guatemala, it is then broken down into smaller loads for transit to Mexico enroute to the U.S.

Commercial containers continue as major land and sea avenues for smuggling larger quantities of drugs through Guatemala's ports of entry. To address corruption in the seaports, the Ministry of Government (MOG) ordered the formation of the DIPA to specialize in interdiction at seaports, airports and land border points of entry. Initial experience with the DIPA has been good, with increased detection of money and drug couriers transiting La Aurora International Airport in Guatemala City. DEA information suggests that Guatemalan opium gum is shipped into Mexico, and then processed in Mexico for distribution.

Domestic Programs/Demand Reduction. Guatemala's demand reduction agency, SECCATID, continued to implement the National Program of Preventive Education (PRONEPI) and trained 1,600 teachers using the "train the trainer" concept with the participation of the Ministries of Health and Education. GOG has enough teachers trained that drug prevention course is being institutionalized for 2007 academic year. SECCATID, with NAS support, provides technical assistance in developing the curriculum appropriate for each grade level and methods of evaluation.

The GOG approved regulations setting forth minimum legal requirements for rehabilitation centers to operate. SECCATID provides technical and commodity assistance to at least 50 centers to enable them to come into compliance with the new standards.

The preschool Second Step pilot program implemented for 300 children, three to five years old, yielded improvements in children's coping skills, ability to manage and express their emotions, and capacity for achieving solutions to their problems as measured in post tests and teacher and parent observation. SECCATID, with USG assistance, is expanding the program to other schools in the city and two departments outside the capital. In coordination with the Ministry of Government, SECCATID also expanded the Drug Abuse Resistance Education (DARE) program from 6 to 28 PNC agents to cover more schools nationwide.

IV. U.S. Policy Initiatives and Programs

U.S. strategy in Guatemala focuses on strengthening the law enforcement and judicial sectors through training, technical assistance, and the provision of equipment and infrastructure, especially for the units directly involved in combating narcotics trafficking, gang crime, and other international organized criminal activity that directly affects the U.S. Special emphasis is placed on management skills, leadership, human rights, investigative techniques, and case management issues. The U.S. strategy also aims at reducing corruption in Guatemala by assisting in implementing strong vetting and internal inspection regimes, as well as through training, education, and public awareness programs.

Bilateral Cooperation. The USG provides technical assistance in education, training and public awareness programs to Guatemala's demand reduction agency, SECCATID. The USG also works with the Public Ministry and the Attorney General to support three task forces dealing with narcotics, corruption and money laundering investigations. The USG provided maritime law

enforcement (MLE) training, and assistance in developing a "train the trainer" MLE curriculum to the Guatemalan Navy. The USG provides support for SAIA through an agreement with the Ministry of Government and to DIPA for ports. An important part of this program is the Regional Counternarcotics Training Center. The school teaches the basic entry course for new SAIA agents, as well as advanced narcotics investigations and canine narcotics detection courses. They also offer regional courses in polygraph, false documents, intelligence analysis, and canine drug and explosive detection, among others. In 2006, students from Belize, Bolivia, Colombia, Costa Rica, Ecuador, El Salvador, Honduras, Mexico, and Panama participated.

The USG supports the development of a model police precinct in Villa Nueva (a suburb of Guatemala City plagued by crime and gang violence). In 2006, police in Villa Nueva arrested 157 gang members, many of whom were involved in street level drug distribution. As a result, crime indices declined, including homicides, auto theft, and robberies. This work also includes community policing and directed patrolling based on area crime patterns.

During FY-06, SOUTHCOM provided counter-drug funding to purchase Harris radios and spare parts for ten M113's (an armored personnel carrier). These items are being used by Interagency Task Force North (ITFN), based in the Peten region, in connection with its border security and drug interdiction missions.

The Road Ahead. Future efforts will focus on investigations, interdiction, corruption, money laundering, and task force development, with emphasis on assisting the restructured SAIA and DIPA to become more effective drug enforcement partners. A successful interdiction and maritime strategy will involve close cooperation with units of the Guatemalan military that have a clean human rights record. The USG will also continue to assist the GOG in improving the successful Regional Counternarcotics Training Center.

Honduras

I. Summary

Honduras is a transit country for shipments of cocaine flowing north from South America by land, sea and air. The Government of Honduras (GOH) cooperates with the U.S. in investigating and interdicting narcotics trafficking, but faces significant obstacles in terms of funding, a weak judicial system with heavy caseloads, lack of coordination, and leadership challenges. Honduran President Jose Manuel "Mel" Zelaya, took office in January 2006, and kept his promise to attack corruption by implementing new measures, such as passing the Transparency Law, which allows public scrutiny of government actions; reforms to the Civil Procedure code, which will speed up judicial processes and allow for public oral arguments; and instituting polygraphs for members of special investigative units. Honduras is a party to the 1988 UN Drug Convention.

II. Status of Country

Honduras is a transit country for drug trafficking from the source zone to the United States. Recent reports indicate that such transit is increasing, as narcotics traffickers have been shifting their boat traffic from Guatemala to Honduras. USG and Honduran counternarcotics police and military units actively monitor the transshipment of drugs through the country via air, land, and sea routes. Violent youth gangs are also involved in retail drug distribution.

III. Country Actions Against Drugs in 2006

Policy Initiatives President Zelaya and his new administration took office in January 2006 vowing to take stronger measures against crime and drugs, promising stronger international cooperation, and an increase in the number of national police. President Zelaya has made combating drug activities one of its major priorities. This includes the expansion of maritime interdiction, especially along the north coast where most of the drug trafficking occurs; strengthening international cooperation; and Ministry of Public Security initiatives to weed out corrupt officials. In 2006 Honduras passed two important laws: the Transparency Law will give public access to more of the government's dealings and allow the public to obtain information about the ministries and agencies; and the recently passed reforms to the Civil Procedure Code will speed up the judicial process and allow for public oral arguments. The GOH also instituted measures to polygraph members of special investigative units, and to fire police who have committed crimes or are linked to drug traffickers.

President Zelaya requested USG assistance to support a plan of action to reorganize the National Police and the Honduran law enforcement counternarcotics efforts. This plan, which also includes reforms to the Police Organic Law, is expected to pass Congress early in 2007. GOH actions to reform and improve the National Police in 2006 include the addition of 2,300 officers, with plans to add another 2,000 in 2007; reorganization of the police command to decentralize the police and appoint regional commanders with more autonomy to fight crime in their areas; creation of motorcycle patrols for the cities to put more cops on the streets; and a purge of cops who have committed crimes or are linked to drug traffickers. Police operations have been supplemented by training 300 military personnel in law enforcement techniques and implementing two joint patrol operations searching for drugs, stolen vehicles, criminals, and illegal weapons.

Accomplishments. Drug-related arrests at Honduras' borders increased as a result of road interdiction operations by the Frontier Police and other forces. An intelligence initiative and a criminal database to organize information have given positive results. GOH maritime interdiction has been successful in apprehensions and arrests of persons and ships involved in drug trafficking

in conjunction with USG assistance. GOH law enforcement agencies have also intercepted several major shipments of weapons for drugs conducted between Honduran gunrunners and Colombian drug dealers.

Law Enforcement Efforts. Honduras was a major participant in Operation All Inclusive, a USG interagency counternarcotics operation. The operation was initiated as a regional counternarcotics initiative directed at major drug trafficking organizations exploiting the countries of Central America and Mexico. With the participation of the Honduran Navy, U.S. Coast Guard (USCG) assets searched Honduran flagged vessels and seized over 6,636 kg of cocaine at sea. In other actions, counternarcotics forces seized 736 kg of cocaine, 807 kg of marijuana, and arrested 403 people in 2006. Authorities seized $194,273 in cash. It is unusual for large amounts of marijuana to be smuggled in Honduras, but, in 2006, police arrested two subjects transporting approximately 500 kg of marijuana on a public bus near La Ceiba. Prosecution, however, was less successful due to judicial corruption, inefficiency, overwhelming caseloads and funding constraints.

Corruption. As a matter of policy, the GOH does not facilitate the production, processing, or shipment of narcotic and psychotropic drugs or other controlled substances. The GOH takes legal and law enforcement measures to prevent and punish public corruption although convictions are rare. Honduras is a party to the OAS Inter-American Convention Against Corruption and the UN Convention against Corruption. In 2006, the Minister and Vice Minister of Public Security voluntarily took and passed polygraph and drug tests. Minister Romero has asked the Honduran Congress to pass legislation requiring all GOH national law enforcement personnel to submit to polygraphs and drug testing. Police reforms are also directed at rooting out corruption.

Agreements and Treaties. Honduras has counternarcotics agreements with the United States, Belize, Colombia, Jamaica, Mexico, Venezuela, and Spain. Honduras is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, and the 1961 UN Single Convention as amended by its 1972 Protocol. Honduras' major public maritime ports are in compliance with International Ship and Port Facility Security codes and the country is an active member of the Inter-American Drug Abuse Control Commission (CICAD). Honduras is a party to the UN Convention Against Corruption and the UN Convention Against Transnational Organized Crime. A U.S.-Honduras maritime counternarcotics agreement entered into force in 2001 and a bilateral extradition treaty is in force between the U.S. and Honduras. Honduras is one of ten nations to sign a bilateral Caribbean Maritime Counter Drug Agreement with the U.S., but has not yet ratified it. A Declaration of Principle was signed between the U.S. and Honduras on December 15, 2005 as part of the Container Security Initiative (CSI) for the inspection of sea-going cargo destined to the U.S. and other countries.

Cultivation and Production. Marijuana, the only known drug cultivated in Honduras, is planted throughout Honduras in small isolated plots and sold locally. The most productive areas for marijuana cultivation are the mountainous regions of the departments of Copan, Yoro, Santa Barbara, Colon, Olancho, and Francisco Morazan.

Drug Flow and Transit. South American cocaine destined for the United States flows through Honduras by land and sea. Remote areas, such as the Department of Gracias a Dios, are a natural safe haven for the traffickers, offering an isolated area to refuel maritime assets or effect boat-to-boat transfers. Most of the area is accessible only by sea or air. Aircraft is also used to smuggle cocaine, but numbers decreased after a surge in 2003. Heroin is believed to be transported through Honduras to the United States, possibly also in liquid form that is sold and transported in small quantities.

Domestic Programs/Demand Reduction. Increased drug trafficking and use by gang members, which target young school children, is a growing concern. The Honduran Government is conscious that drug trafficking and usage poses security threats as well as social problems. Programs to deal

with these problems include the cooperation of numerous church and NGO groups dealing with pro-active drug awareness and rehabilitation programs. Job skills, family counseling, and demand reduction are included in the USG-sponsored umbrella NGO project with the Ministry of Public Health.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. Honduras cooperates closely with the USG in investigations and operations against drug trafficking. The Special Vetted Unit gathers sensitive narcotics intelligence that is then passed to other Honduran law enforcement agencies. The unit targets major traffickers operating in Honduras and has been instrumental in the disruption and disbanding of international organized crime groups. In 2006, the unit developed and implemented a biometric database of all known youth gang members. The USG also supports anti-corruption programs within the Ministry of Public Security by providing funding and logistical support to the newly formed National Police Internal Affairs Office.

The Road Ahead. The Zelaya administration's steps to improve the National Police will translate into stronger counternarcotics activities. The GOH would like to institutionalize anti-corruption and improved methodology with improvements to the police academy. A new Organic Police Law will come up for approval this year, and will allow for mandatory drug tests and polygraphs of the police. The USG is encouraging GOH law enforcement entities to conduct cooperative criminal investigations on trafficking organizations on the North Coast and other areas of the country. The GOH is especially concerned about traffickers establishing bases in the department of Gracias a Dios, and is investigating ways to beef up government presence there. The Declaration of Principle Agreement (DOP) that initiated the Container Security Initiative (CSI) shared by the U.S. Customs and Border Protection with participating countries will be a major deterrent to target drug smuggling, weapons trafficking, and terrorism utilizing ocean-going, containerized cargo.

Mexico

I. Summary

Throughout 2006, the Fox Administration cooperated with U.S. law enforcement counterparts at levels unmatched by any previous Mexican government. Mexican authorities dismantled major drug trafficking organizations, and extradited 63 fugitives to the United States. The Government of Mexico (GOM) also continued to eradicate opium poppy and marijuana, and pursue money-laundering cases. Health officials dramatically reduced the legal importation of methamphetamine precursors into Mexico. The GOM also seized large amounts of methamphetamine, precursors, marijuana, cocaine and heroin. Mexico is party to the 1988 UN Drug Convention.

II. Status of Country

Mexico is a major transit and source country for illicit drugs reaching the United States. Roughly 90 percent of all cocaine consumed in the United States transits Mexico. Given their close proximity, Mexican processors and growers supply a large share of the heroin distributed in the United States, even though Mexico produces a relatively small percentage of the global supply of opium poppy and heroin. Mexico remained the largest foreign supplier of marijuana to the United States and is a major supplier and producer of methamphetamine.

Seizure statistics for cocaine and methamphetamine during 2006 demonstrate Mexico's significance as a production and transit country. The GOM dismantled two cocaine labs and seized four methamphetamine “super labs” (i.e., having a production capacity of 10 pounds or more per processing cycle). During 2006, Mexican authorities seized 21 metric tons (MT) of cocaine and 0.6 MT of methamphetamine.

Mexico itself has been profoundly affected by this drug trafficking. Levels of violence, corruption and internal drug abuse rose in 2006. Mexican drug trafficking organizations (DTOs) control domestic drug production and trafficking, as well as the laundering of drug proceeds. These DTOs also undermined and intimidated Mexican law enforcement and public officials. The extensive licit cross-border traffic between the two countries provides ample opportunities for drug smugglers to deliver their illicit products to the U.S. market. The escalation of drug-related crime and violence was of particular concern during 2006. Press reports indicate that between 2,000 to 2,500 drug-related homicides occurred in Mexico during 2006.

III. Country Actions Against Drugs in 2006

Policy Initiatives. President Fox's domestic policy agenda emphasized the promotion of a more transparent, professional and accountable law enforcement and judicial system. Yet, no laws were passed that significantly changed the underlying structure. Legislation passed included a new juvenile justice code, as well as a constitutional amendment that guaranteed the right of defendants to be represented by a professional public defense, rather than by a “trusted individual.”

In 2006, Congress also passed legislation-delegating jurisdiction to state authorities to pursue or investigate individuals engaging in retail sales (“narcomenudeo”) of illicit drugs. The Fox Administration initially supported the draft law to promote greater involvement by state and local police agencies. However, the addition of provisions that decriminalized possession for personal use of small quantities of certain drugs, however, led to its eventual veto by President Fox.

During 2006, the Federal Investigative Agency (AFI) investigated and arrested drug traffickers, violent kidnappers and corrupt officials. AFI also brought on-line nine Clandestine Laboratory Response Vehicles donated by the USG to support First Responders at the discovery of

methamphetamine labs; over 1,700 AFI agents were also trained on how to conduct raids of meth labs. U.S. law enforcement agencies provided AFI personnel with basic equipment instruction and advanced contraband detection training on three mobile Vehicle and Cargo Inspection System (VACIS) vehicles deployed in 2006 to inspect trucks for drugs, explosives and other contraband.

Multilaterally, Mexico promoted efficient and effective anti-drug and anti-corruption policies. In December 2006, Mexico was elected Chair of the OAS/CICAD Working Group on Precursor Chemical and Pharmaceutical Control because of its leadership in the region in controlling precursor chemical diversion.

Accomplishments. Significant Mexican counternarcotics enforcement actions in 2006 included sophisticated organized crime investigations, marijuana and poppy eradication, strong bilateral cooperation on drug interdiction and arrests of several major drug traffickers. Those included Estephan Marin, an associate of the Juarez Cartel, Jorge Asaf who was wanted for distributing 1.5 MT of cocaine, Rolando Villareal and Octavio Arellano for each distributing 1 MT of marijuana and over 5 kg of cocaine, and Claudio Garcia Rodriguez for transporting 550 kg of opium. In 2006, the GOM arrested over 11,000 persons, including many significant drug leaders, lieutenants, operators, money launderers and assassins.

Law Enforcement Efforts. In 2006, Mexican authorities seized more than 21 MT of cocaine hydrochloride (HCl), 1,849 MT of marijuana, 0.4 MT of heroin and 0.6 MT of methamphetamines. They seized 1,220 vehicles, 46 maritime vessels and 15 aircraft, and arrested 11,579 persons on drug-related charges, including 11,493 Mexicans and 86 foreigners.

Corruption. As a matter of policy, no senior GOM official, nor the GOM encourages or facilitates the illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or laundering of proceeds from illegal drug transactions. During 2006, the Fox Administration strictly targeted corruption. Aggressive investigations, better pay and benefits for employees and better selection criteria for Federal government employment have all deterred corruption. In 2006, the Secretariat of Public Administration (which investigates corruption across the Federal government) reported that 3,597 inquiries and investigations into possible malfeasance or misconduct by 2,693 federal employees resulted in the dismissal of 202 federal employees, the dismissal of an additional 743 employees with re-employment restrictions, the suspension of 953 employees, 1,040 reprimands and the issuance of eight letters of warning, as well as the imposition of 651 economic sanctions that brought over seven billion pesos in fines and reimbursements into the Treasury.

Agreements and Treaties. Mexico is a party to the 1961 United Nations Single Convention on Drugs (as amended by the 1972 Protocol) and to the 1971 United Nations Convention on Psychotropic Substances. Mexico also subscribes to regional counternarcotics commitments, including the 1996 Anti-Drug Strategy in the Hemisphere and 1990 Declaration of Ixtapa. In April 2003, Mexico ratified the Protocol against the Illicit Manufacturing of and Trafficking in Firearms that supplements the United Nations Convention Against Transnational Organized Crime (the Palermo Convention), bringing the country into full adherence to the Convention. Mexico is also a party to the Inter-American Convention Against Corruption; in July 2004, it ratified its membership to the United Nations Convention Against Corruption. Mexico is a party to the 1988 UN Drug Convention.

The current bilateral Extradition Treaty has been in force since 1980. The 2001 Protocol to this Treaty allows for the temporary surrender for trial of fugitives serving a sentence in one country but wanted on criminal charges in the other. The United States and Mexico are also parties to a bilateral Mutual Legal Assistance Treaty (MLAT - 1991).

Extradition and Mutual Legal Assistance. In 2006, Mexican authorities extradited 63 fugitives to the United States, making it the fifth consecutive record year. Of the total number of extraditions, 30 were for narcotics related offenses in the United States and 47 were Mexican citizens. Extradition of significant leaders of drug trafficking organizations in 2006, however, was complicated by numerous and lengthy delays that these wealthy and powerful fugitives were able to procure through the use of the "amparo" appeal process in Mexico's courts. Cooperation with Mexico for the return of fugitives steadily increased during the Fox Administration. In November 2005, the Mexican Supreme Court reversed a ruling that had prohibited Mexico's extradition of fugitives facing life imprisonment without parole. That decision was a major breakthrough in the U.S./Mexico extradition relationship and in 2006 facilitated the extradition from Mexico of fugitives charged with narcotics and violent offenses.

Just prior to publication of this report in January 2007, for the first time, Mexico extradited several high-level traffickers whose extraditions had been delayed for some time due to judicial appeals or pending charges. Those included Osiel Cardenas Guillen, the leader of the Gulf cartel, Jesus Hector Palma Salazar of the Sinaloa cartel, and Ismael and Gilberto Higuera Guerrero of the Arellano Felix Organization, as well as Gilberto Salinas Doria and Miguel Angel Arriola Marquez.

In addition to extraditions, U.S. and Mexican law enforcement agencies also coordinated closely to deport or otherwise expel numerous fugitives to the United States. During 2006, Mexican police and immigration authorities -- in cooperation with the U.S. Marshals Service (USMS) and the Federal Bureau of Investigation (FBI), deported 150 non-Mexican fugitives (mostly U.S. nationals) to the United States to stand trial or to serve sentences. Many of these fugitives were wanted on U.S. drug charges.

Cultivation and Production. Mexican authorities also conducted extensive eradication efforts against opium poppy and marijuana, dedicating up to 30,000 soldiers and 6,000 sailors to eradication efforts in 2006. With annual Mexican domestic consumption estimated at 100-500 MT, the majority of the marijuana Mexico produces is bound for the U.S. market. Preliminary GOM data indicated that overall eradication of marijuana remained near the 2005 level, amounting to 29,928 ha of cannabis in 2006. The GOM also reported eradicating 16,831 ha of opium poppy cultivation in 2006. While this reflects a 12 percent decrease compared to 2005, it remains within the range set in prior years.

Drug Flow and Transit. U.S. officials estimate that over 90 percent of the cocaine departing South America that reaches the United States transits through Mexico. After cocaine arrives in Mexico, most is transported overland to the land border with the United States. En route, the cocaine is warehoused at various points throughout the country, with storage locations typically depending on where the DTO wields influence. Like marijuana, cocaine is primarily moved on commercial trucks modified with hidden compartments or concealed within legitimate cargo, as well as in autos, railcars and aircraft.

The Mexican heroin trade remains highly fragmented, unlike Mexican cocaine trafficking, which is dominated by the DTOs. A mix of opium farmers, heroin processors and small-scale trafficking groups operating independently or in mutually supportive business relationships controls Mexican heroin production. Typically, farmers sell their opium harvest to a trafficker with access to heroin processors and distribution networks.

Both the Mexican and U.S. Governments are concerned over the shift of the manufacture and trafficking of methamphetamine and its precursors into Mexico. Although concentrated in the areas of Baja California, Michoacan, Jalisco, Sinaloa and Sonora, methamphetamine production and trafficking can occur virtually anywhere in the country. While seizures of cocaine, heroin and marijuana along the U.S.-Mexico border have remained relatively stable over the last four years, seizures of methamphetamine have risen.

Domestic Programs. Domestic drug use is rising in Mexico. The most commonly used drug is marijuana, followed by cocaine and such inhalants as aerosol-propelled paints, glue, etc. Use is most prevalent along the border with the United States and in Mexico's central regions, while use is on the decline in southern Mexico. Methamphetamine abuse is on the rise, especially along the U.S. border. Mexico has 70,000-100,000 methamphetamine users, who consume 5-10 MT of the drug annually. The state of Baja California has a particularly severe abuse problem, centered in Tijuana. Federal health officials coordinate prevention, treatment and rehabilitation programs through use of state organizations, ancillary federal entities and private foundations.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. Bilateral counternarcotics cooperation continued at unprecedented levels and represented one of the most positive aspects of the bilateral relationship. U.S. law enforcement personnel shared sensitive information on drug traffickers with select Mexican counterparts, resulting in the capture and conviction of drug traffickers, as well as significant seizures of illicit narcotics. USG/GOM coordinated interdiction efforts led to the Mexican military seizing over 16 MT of cocaine from maritime vessels; it also led to the seizure of 30 MT of marijuana. On several occasions USG assets on the high seas chased suspected smugglers into Mexican waters where the Mexican Navy continued the pursuit.

The GOM and the USG inaugurated the SENTRI (Secure Electronic Network for Traveler's Rapid Inspection) access lanes, constructed with NAS funding, at Tijuana/San Ysidro and Mexicali/Calexico in March, Nogales/Nogales in September, and Nuevo Laredo/Laredo in October. Construction began on the SENTRI access lane at Matamoros/Brownsville in October. Contractors prepared the design drawings for the new SENTRI lane at Reynosa/Hidalgo, and construction should begin early 2007. The SENTRI projects facilitate the cross-border movement of travelers who have enrolled in the program and undergone background investigations.

In 2006, the USG also provided Clandestine Laboratory training for law enforcement personnel to bolster local capabilities against synthetic drugs, particularly methamphetamine. The USG provided the AFI with equipment, including nine specially designed Clandestine Laboratory Vehicles.

Throughout 2006, the USG also supported institutional development across Mexico's law enforcement structure, one of the Fox Administration's top priorities. The U.S. and Mexican Governments cooperated on initiatives that enhanced the ability of law enforcement agencies to track and take down DTO members, while also targeting their ill-gotten gains through enhanced anti-money laundering efforts. Both governments also worked closely to address the border violence, particularly in Nuevo Laredo, that reflects a fierce struggle for control of the smuggling corridor in this area following the capture of various DTO leaders.

The USG's Law Enforcement Professionalization and Training Program provided 136 training courses to 4,526 GOM law enforcement officers. The PGR Police Academy continued the successful Criminal Investigations School initiated by the USG in 2004. Over 1,700 AFI candidates and agents have received this course in the past three years. In 2006, 385 information technology engineers received 79 related courses on computer software applications.

The Road Ahead. The record of accomplishment during the outgoing Fox Administration fosters high expectations for what might be achieved with the incoming Calderon Administration. Important institutional changes have resulted in a level of cooperation with U.S. law enforcement that would have been unimaginable even ten years ago.

The incoming Calderon Administration has enunciated a vision of public security that includes innovations in counternarcotics and law enforcement, including the reform of the justice system, the creation of a unified federal police force under a single command, the establishment of a

unified criminal information system and the development of a regime that will combat drug addiction.

V. Statistical Tables

	2006	2005	2004	2003
Drug Crop Cultivation (Unit):				
Opium:				
Harvestable Cultivation (Ha)	--	--	--	--
Eradication (Ha)	16,831	21,609	15,925	20,034
Potential Opium Gum (Mt)	--	--	--	--
Potential Heroin (Mt)	--	--	--	--
Cannabis:				
Harvestable Cultivation (Ha)	--	--	--	--
Eradication (Ha)	29,928	30,842	30,851	36,585
Net Cannabis Production (Mt)	--	--	--	--
Labs Destroyed:	17	39	23	22
Seizures:				
Cocaine (Mt)	21	30	27	21
Cannabis (Mt)	1,849	1,786	2,208	2,248
Opium Gum (Kg)	75	275	464	198
Heroin (Kg)	351	459	302	306
Methamphetamine (Kg)	621	979	951	751
Arrests:				
Nationals	11,493	19,076	18,763	8,822
Foreigners	86	146	180	163
Total Arrests	11,579	19,222	18,943	8,985

Notes:

(1) The PGR National Center for Analysis, Planning and Intelligence against Organized Crime (CENAPI) provided statistics on eradication, seizures and arrests.

Nicaragua

I. Summary

As part of the Central American isthmus, Nicaragua's position makes it a significant sea and land transshipment point for South American cocaine and heroin. The Government of Nicaragua (GON) is making a determined effort to fight both domestic drug abuse and the international narcotics trade, despite an ineffectual, corrupt, and politicized judicial system. The GON is also trying to prevent establishment of the criminal youth gangs. In 2006, Nicaraguan drug police and Navy forces seized 9,720 kg (kg) of cocaine. Nicaragua is a party to the 1988 UN Drug Convention.

II. Status of Country

Drug traffickers move illegal narcotics through Nicaragua by land, sea, and air. The Atlantic coast is a primary transit route for drugs being smuggled principally to the United States and Canada but also to European markets. In 2006, Nicaragua seized large amounts of narcotics along its Atlantic coast, an area physically and culturally isolated from the rest of Nicaragua, including an April seizure of 763 kg of cocaine. In the last year, drug traffickers have shifted their methods of operation to avoid heavy patrols and detection on the Atlantic side; it is now estimated that three quarters of drug trafficking occurs on the Pacific Coast. Traffickers are using the numerous fishing channels on the Pacific side to hide their activities.

III. Country Actions Against Drugs in 2006

Policy Initiatives. The GON is aware of its need to strengthen the legal system especially money laundering legislation, but was unable to pass adequate legislation in 2006. The Nicaraguan Navy established its first Naval Infantry Company to staff outposts on the numerous rivers and estuaries on Nicaragua's Caribbean Coast where drug trafficking predominates.

Accomplishments. In 2006, the GON carried out major seizures of transshipped South American cocaine and heroin headed for U.S. markets. The Nicaraguan National Police (NNP) also conducted operations against local drug distribution centers and large shipments transiting the country, gathering intelligence on their locations and making arrests. The extent of marijuana planting is unknown, but the GON eliminated 14,000 plants in 2006.

Law Enforcement Efforts. Nicaraguan authorities seized a total of 23.39 kg of heroin and 9,720 kg of cocaine in 2006, arrested 67 international traffickers (20 of which have been convicted and sentenced), and seized nearly $3 million in U.S. currency. The GON also uncovered arms trafficking related to these cases and seized a cache of weapons that included 3 grenade launchers, 2 Uzis, 9 AK-47s, several pistols and machine guns and ammunition for all the weapons in April. In October, the NNP seized 39 AK-47s and two pistols which were directly tied to drug trafficking. According to law enforcement sources, most weapons cases in Nicaragua are linked to Colombian terrorist organizations.

The police Narcotics Unit have 95 officers (down from 116 in 2005), including administrative support, to cover all of Nicaragua. The 850-man Nicaraguan Navy, with assistance from the USG, is developing a long-range patrol capability, using two donated patrol boats have been completely retrofitted as of 2006. With USG assistance the Nicaraguan Navy has revamped and put into operation a captured narcotics vessel, which will support extended blue water operations off the Caribbean coast of Nicaragua.

Corruption. As a matter of policy, The GON does not encourage or facilitate the illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of

proceeds from illegal drug transactions. However corruption is a pervasive and continuing problem, despite attempts to address it. Multiple factors make it difficult to eliminate corruption, including low salaries for police and judges and poor law enforcement infrastructure. Nicaragua's weak and corrupt criminal justice system lowers the risk of detection and effective prosecution, encouraging the proliferation of narcotics trafficking and transnational criminal organizations. Cash rich criminals have acquired a cloak of impunity through bribery and extortion of judicial and law enforcement officials.

The Nicaraguan justice system is also politicized, with posts awarded based on political affiliation and court decisions manipulated for political ends. Corrupt judges often let detained drug suspects go free after a short detention, a practice that puts them quickly back on the streets and undercuts police morale. Several judges had their U.S. visas revoked in 2006 due to corruption and/or their involvement in drug trafficking. The Nicaraguan Attorney General (who represents the interests of the state) has been publicly critical of the inactivity and ineffectiveness of the Financial Analysis Commission controlled by the Prosecutor General (who represents society). The Prosecutor General initiated not a single money-laundering investigation in 2006. On a positive note, the new Police Chief began her tenure in September by implementing immediate anti-corruption measures, including replacing some key personnel. Naval personnel working counter drug operations are routinely rotated and personal effects are searched to deter corruption. Nicaraguan Army military justice regulations allow for the imposition of strict penalties for corruption and treason.

Agreements and Treaties. Nicaragua is a party to the 1961 UN Single Convention as amended by the 1972 Protocol, the 1971 UN Convention on Psychotropic Substances, and the 1988 UN Drug Convention. A U.S.-Nicaragua extradition treaty has been in effect since 1907. Nicaragua is a member of the Caribbean Financial Action Task Force (CFATF) and is about to be sanctioned for its failure to comply with the requirements and recommendations outlined in its most recent country report. The United States and Nicaragua signed a bilateral counternarcotics maritime agreement in November 2001. Nicaragua is a party to the UN Convention against Transnational Organized Crime and its protocol on trafficking in persons and is a member of the Inter-American Drug Abuse Control Commission (CICAD) of the Organization of American States (OAS). Nicaragua is a party to the Inter-American Convention against Corruption and in 2001 signed the consensus agreement on establishing a mechanism to evaluate compliance with the Convention. Nicaragua also ratified the Inter-American Mutual Legal Assistance Convention in 2002, an agreement that facilitates sharing of legal information between countries. Nicaragua was one of the first countries to sign the Caribbean regional maritime counternarcotics agreement when it opened for signature in April 2003, but has not yet taken the necessary internal steps to bring it into force.

Cultivation/Production. The exact amount of marijuana cultivated in Nicaragua is unknown, but the quantity and quality are low, and it is consumed locally. Other illegal drugs are not cultivated or produced in Nicaragua.

Drug Flow/Transit. GON and USG law enforcement authorities report that there is evidence of increased trafficking on the Pacific coast by air and sea. Aircraft suspected to be smuggling narcotics have crashed along the Pacific Coast, but drugs and passengers were gone before law enforcement officials arrived on the scene. Clandestine airstrip construction on the Pacific Coast is another indicator of the shift in trafficking. Along with the air transport of narcotics, maritime transport of cocaine along the Pacific Coast increased dramatically in 2006. The Navy seized several vessels near San Juan del Sur and Pochomil. Together with the NNP, the Nicaraguan Army Special Operations Unit seized 3,100 kg of cocaine and 12 assault rifles on the Montelimar-Managua highway, near San Juan del Oeste -- the largest seizure of cocaine in Nicaraguan history. Five suspects were arrested with links to a Mexican drug trafficking cartel. Another key area for Nicaraguan law enforcement is the Penas Blancas land crossing on the Costa Rican border, which

has more than 200 trucks transiting daily. The NNP inspects about 10 percent of the total number of trucks crossing into Nicaragua and routinely seizes significant amounts of drugs.

The Atlantic/Caribbean coast is physically and culturally isolated from the rest of Nicaragua. This region has been granted a degree of political autonomy by the national government. Unemployment on the Atlantic coast is high, which makes the illicit drug trade extremely attractive to local residents. Nicaraguan law enforcement points to the surprising number of new homes and hardware stores appearing in the region as evidence that more people are being lured into the drug business.

Domestic Programs (Demand Reduction). Drug consumption in Nicaragua is a growing problem, particularly on the Atlantic coast, where the increase in narcotics trans-shipment during recent years has generated a rise in local drug abuse. The Ministries of Education and Health, the NNP, and the Nicaraguan Fund for Children and Family (FONIF) have all undertaken limited demand reduction campaigns. The D.A.R.E. (Drug Abuse Resistance Education) Program, established in Nicaragua in 2001, has grown to include secondary schools. During the second two years of the program, 2004-2006, 22,000 students received certificates.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. During 2006, the United States provided counternarcotics and law enforcement assistance to the NNP. The USG continued support to the Nicaraguan Navy with maintenance and refurbishment of three large naval boats and numerous smaller patrol boats for maritime interdiction on both the Atlantic and Pacific coasts. The USG provided eight Zodiac boats with motors to the Nicaraguan Navy and Naval Infantry to begin patrolling in the numerous estuaries along Nicaragua's Caribbean Coast, and secure communications devices for the Navy. In 2006 the USG ordered specialty equipment, spare parts, and outboard motor replacements for the Nicaraguan Navy patrol boats, which will be delivered in 2007. Nicaragua is cooperating with U.S. efforts to disrupt international terrorist financing. The USG shares information with the Superintendent of Banks as well as the Ministry of Finance and the Foreign Ministry on suspect persons or organizations whose assets should be frozen. The USG provided a Resident Legal Advisor and other related programs and activities to the GON in support of a new multi-agency anticorruption initiative that will include the police, Attorney General and other government agencies.

The Road Ahead. The USG hopes to work cooperatively with Nicaragua's new leaders to address the threat that illegal drugs pose to Nicaraguan society and the country's sovereignty. Nicaragua still needs anti-corruption reform, including professionalization and de-politicization of the judiciary and the Prosecutor General's office, and the passage and application of stronger statutes to combat corruption and money laundering. Amendment of Nicaraguan law and constitution to allow for extradition of Nicaraguan citizens who commit extraterritorial crimes could break the cycle of impunity.

Panama

I. Summary

By virtue of its geographic position and well-developed transportation infrastructure, Panama is a major drug trans-shipment country for illegal drugs to the United States and Europe. The Torrijos Administration has cooperated closely with the U.S. and its other neighbors on security and law enforcement issues. U.S. support to Panama's law enforcement agencies, including assistance in restructuring their organizations, remains crucial to ensure fulfillment of agency missions. Panama is a party to the 1988 United Nations Drug Convention.

II. Status of Country

Panama's geographic proximity to the South American cocaine and heroin producing countries makes it an important trans-shipment point for narcotics destined for the U.S. and other global markets. Panama's containerized seaports, the Pan-American Highway, a rapidly growing international hub airport, numerous uncontrolled airfields, and unguarded coastlines on both the Atlantic and Pacific facilitate drug movement. Smuggling of weapons and drugs continues, particularly between the Darien region and Colombia. Over the last year, Panamanian authorities have paid greater attention to security along the border with Costa Rica, inaugurating a border check post in Guabala in May 2006. The flow of illicit drugs has contributed to increasing domestic drug abuse, encouraged public corruption, and undermined the Government of Panama's (GOP) criminal justice system. Panama is not a significant producer of drugs or precursor chemicals. However, cannabis is cultivated for local consumption.

III. Country Actions Against Drugs in 2006

Policy Initiatives. The Torrijos Administration considers counternarcotics and anti-crime cooperation with the U.S. and combating corruption key priorities. A legal reform proposal currently before Congress will modify the criminal system from a written (inquisitorial) to an oral (accusatorial) system. The GOP has also drafted legislation to merge the current National Air Service (SAN) and National Maritime Service (SMN) into a Coast Guard.

Accomplishments. USG law enforcement agencies continued to enjoy a cooperative relationship with GOP counterparts in narcotics-related criminal matters. International drug-related arrests increased slightly since last year. A three-year investigation by the Drug Prosecutors Office (DPO), the Public Ministry's Technical Judicial Police (PTJ), and several other law enforcement agencies in the region culminated in the May 2006 arrest in Brazil of Pablo Rayo Montano, a Colombian-born drug kingpin. Assets located in Panama belonging to his criminal cartel were among those seized by the GOP following his indictment by a U.S. federal court in Miami.

Law Enforcement Efforts. Drug Enforcement Administration (DEA)-monitored statistics for 2006 indicate seizures of over 36 metric tons (MT) of cocaine, 107.24 kg (kg) of heroin, over 4 MT of marijuana, over $8 million (including cash, diamonds and gold), 299 arrests for international drug-related offenses, and seven extraditions for such offenses. In 2006, U.S. Immigration and Customs Enforcement (ICE) developed a joint strategic bulk cash smuggling initiative with Panamanian Customs called Operation Firewall, which resulted in seizures of approximately 40 kg of gold (valued at approximately $900,000), $357,100 in U.S. currency, and 26,000 Euros.

Several USG-supported GOP units grew and expanded operations in 2006- the PTJ Sensitive Investigative Unit (SIU) responsible for investigations of major drug and money laundering organizations; as well as the Panamanian National Police (PNP) Mobile Inspection Unit and Paso

Canoas (Costa Rica border) Interdiction Enhancements, the Tocumen International Airport Drug Task Force, and the Canine Unit made major arrests and seizures.

The SMN responds to USG requests for boarding and interdictions, assists the U.S. Coast Guard (USCG) with verifying ship registry data, and transfers prisoners and evidence to Panama for air transport to the United States.

The SAN provides excellent support for counternarcotics operations, for example, seizing 500 kg of cocaine and a stolen aircraft, and apprehending two Mexican traffickers in April 2006. The SAN also participated in the interdiction of several go-fast targets in cooperation with JIATF South, and seized a twin engine King Air B-90 when traces of drugs were detected through an IONSCAN machine donated by the USG. The SAN patrols and photographs suspect areas, identifies suspect aircraft, and provides logistical support in the transfer of detainees and drug evidence through Panama to U.S. jurisdiction.

The GOP has begun to draft legislation (requiring passage by Congress) to merge the SMN and SAN into a "Coast Guard."

Corruption. President Torrijos's administration, through its National Anti-Corruption Commission, which is charged with coordinating the government's anticorruption activities, made strides towards purging corruption from government, including auditing government accounts and launching investigations into major public corruption cases. Despite the Torrijos Administration's public stance on corruption, few high-profile cases, particularly involving political or business elites, have been acted upon. A USG-funded "Culture of Lawfulness" program has trained officials from the Ministry of Education, the PNP, and the PTJ, and a separate initiative to train twelve PNP officers as certified polygraphists has resulted in improved PNP candidate selection.

Agreements and Treaties. Panama is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention on Narcotics Drugs, as amended by the 1972 Protocol, and the 1971 UN Convention on Psychotropic Substances. A mutual legal assistance treaty and an extradition treaty are in force between the U.S. and Panama, although the Constitution does not permit extradition of Panamanian nationals. A Customs Mutual Assistance Agreement and a stolen vehicles treaty are also in force. In 2002, the USG and GOP concluded a comprehensive maritime interdiction agreement. Panama has bilateral agreements on drug trafficking with the United Kingdom, Colombia, Mexico, Cuba, and Peru. Panama is a party to the UN Convention Against Transnational Organized Crime and its three protocols, and is a signatory to the UN Convention Against Corruption. Panama is a member of the Organization of American States and is a party to the Inter-American Convention on Mutual Assistance in Criminal Matters and the Inter-American Convention Against Corruption.

Cultivation and Production. There have been no confirmed reports of cocaine laboratories in Panama since 1993-94. Limited cannabis cultivation, principally for domestic consumption, exists in Panama, particularly in the Pearl Islands.

Precursor Chemicals. Panama is not a significant producer or consumer of chemicals used in processing illegal drugs. However, it is believed that a significant volume of chemicals transits the Colon Free Zone (CFZ) for other countries. The Panamanian agencies responsible for chemical control are the National Drug Control Council (CONAPRED) and the Ministry of Health. Legislation to strengthen Panama's chemical control regime was signed by President Torrijos in April 2005. With the new precursor chemical control legislation in place, focus shifted in 2006 towards capacity building to implement the new laws. The new legislation created a chemical control unit, which is co-located with the Joint Intelligence Coordination Center (JICC), a multi-agency intelligence information center manned by members of all public forces and the PTJ with direct access to over 25 databases. The Chemical Control Unit worked closely with DEA Diversion

Investigators to initiate investigations on suspicious companies. The Chemical Control Unit identified 20 companies that need to be monitored on a regular basis and conducted administrative inspections at several company sites. The Chemical Control Unit also coordinated with the PNP Narcotics Unit to conduct the necessary enforcement operations. The GOP also improved its ability to combat precursor chemical diversion through training and by conducting joint investigations with the DEA in 2006.

Drug Flow/Transit. Panama remains an integral territory for the transit and distribution of South American cocaine and heroin, as indicated by the more than 36 metric tons (MT) of cocaine and over 100 kg of heroin seized in 2006. The drugs were moved in fishing vessels, cargo ships, small aircraft, and go-fast boats. Illegal airplanes utilized hundreds of abandoned or unmonitored legal airstrips for refueling, pickups, and deliveries. Couriers transiting Panama by commercial air flights also moved cocaine and heroin to the U.S. and Europe during 2006.

Domestic Programs (Demand Reduction). Through CONAPRED the GOP is implementing a five-year counternarcotics strategy that includes 29 demand reduction, drug education, and drug treatment projects for 2002 through 2007. The GOP has set aside $6.5 million to fund the projects. In 2006, CONAPRED funded seven prevention and/or treatment projects with a total cost of approximately $1.05 million. The Ministry of Education and CONAPRED, with USG support, promoted anti-drug training for teachers, information programs, and supported the Ministry of Education's National Drug Information Center (CENAID).

IV. U.S. Policy Initiatives and Programs.

Policy Initiatives. USG-supported programs focus on improving Panama's ability to intercept, investigate, and prosecute illegal drug trafficking and other transnational crimes; strengthening Panama's judicial system; assisting Panama to implement domestic demand reduction programs; encouraging the enactment and implementation of effective laws governing precursor chemicals and corruption; improving Panama's border security; and ensuring strict enforcement of existing laws.

The Narcotics Affairs Section (NAS) in the U.S. Embassy provided crucial equipment and training support for the Fluvial (riverine) division of the PNP, one of the major success stories of the GOP's interdiction efforts. The NAS Department of Homeland Security (DHS), and USCG provided resources for modernization and upkeep of SMN boats and bases, and began assisting SAN in providing air patrol platforms for drug interdiction efforts. The USG provided Panamanian Customs with training, operational tools, and a canine program that has become a linchpin of the Tocumen Airport Drug Interdiction Law Enforcement Team.

A major NAS law enforcement modernization project to professionalize the PNP involves implementing community policing, expanding existing crime analysis technology, and promoting managerial change to allow greater autonomy and accountability. Work is nearly complete on the initial phase of the national crime tracking and mapping system (INCRIDEFA), which will enable the PNP to track criminal incidents in real time. Training to achieve police management change has been developed with the Miami-Dade Police Department and the University of Louisville Southern Police Institute.

In 2006 the USG also assisted the GOP in upgrading the Attorney General's Anti-Corruption Prosecutor's Office. The USG supplied training, computers, office equipment, and other necessary gear.

Bilateral Cooperation. The Torrijos' Administration continued to sustain joint counternarcotics efforts with the DEA and to strengthen national law enforcement institutions. The maritime interdiction agreement has facilitated enhanced cooperation in interdiction efforts, with Panama

playing a vital role in facilitating the transfer of prisoners and evidence to the U.S. enabling USG assets to remain on patrol in theater.

The Road Ahead. The USG encourages Panama to devote sufficient resources to enable its forces to patrol land borders along Colombia and Costa Rica; its coastline, and the adjacent sea-lanes; and to increase the number of arrests and prosecutions of major violators, especially in the areas of corruption and money laundering. The USG will work closely with the GOP on the development of a new Panamanian Coast Guard, and support law enforcement modernization through improved equipment maintenance, strategic planning, decentralization of decision-making, and community-oriented policing philosophies.

V. Statistical Tables

Drug Seizures and Arrests in Panama

CY 2004 – CY 2006

(In kg unless otherwise specified)

	2004	**2005**	**2006**
Cocaine	7,080	13,793	36,635.5*
Heroin	97	41.6	107.24
Marijuana	4,046	12,411.9	4,276.9
MDMA	-0-	2,432 tablets	-0-
Pseudoephedrine	3,006,430 tablets	-0-	-0-
Amphetamines	-0-	-0-	926 tablets
Currency	$1,946,645.00	$10,294,798	$8,384,761.39+
Arrests	231	308	299
Prisoner Transfers (#of events/# of prisoners)	9/113	12/84	12/100
Renditions	3	3	0
Extraditions/Self-Surrenders	3	5	7
Labs Destroyed	-0-	-0-	-0-

* Includes 8 interdiction/seizure events in international waters resulting from PCO information/coordination.

+ Includes U.S. currency value of seized diamonds and gold.

THE CARIBBEAN

The Bahamas

I. Summary

The Bahamas is a major transit country for cocaine and marijuana bound for the U.S. from South America and the Caribbean. The Government of the Commonwealth of The Bahamas (GCOB) cooperates closely with the USG to stop the flow of illegal drugs through its territory, to target Bahamian drug trafficking organizations, and to reduce the domestic demand for drugs within the Bahamian population. In 2006, the GCOB extradited drug trafficker, Samuel "Ninety" Knowles, who had been fighting his extradition to the U.S in the courts since 2001. The GCOB also seized or froze nearly $2 million in assets derived from drug trafficking and money laundering. A joint GCOB/USG investigation into narcotics smuggling at the airport resulted in the arrest of nine baggage handlers in the U.S. and The Bahamas. The Bahamas is a party to the 1988 UN Drug Convention.

II. Status of Country

The Bahamas, a country of 700 islands and cays distributed over an area the size of California astride maritime and aerial routes between South American drug producing countries and the U.S., is an attractive location for drug transshipments of cocaine, marijuana and other illegal drugs. Based upon seizures, cultivation of marijuana on remote islands and cays appears to have increased in 2006. The Bahamas is not a producer or transit point for drug precursor chemicals. In 2006, The Bahamas continued to participate as an active partner in "Operation Bahamas and Turks and Caicos" (OPBAT)--a multi-agency international drug interdiction effort established in 1982.

III. Country Actions Against Drugs in 2006

Policy Initiatives. In furtherance of its efforts to implement the 2004 National Anti-Drug Plan, in June 2006 the GCOB dedicated office space for the National Drug Secretariat but has yet to name someone to head it. The Cabinet approved draft precursor chemical control legislation and sent it to the Law Commission for reconciliation with existing laws. The measure should be introduced into Parliament in early 2007. The GCOB and the Government of Haiti began negotiations concerning the placement of Haitian National Police officers on Great Inagua Island to improve the collection of intelligence from Haitian trawlers passing through Bahamian waters.

Accomplishments. In 2006, the Drug Enforcement Unit (DEU) of the Royal Bahamas Police Force (RBPF) cooperated closely with the U.S. and foreign law enforcement agencies on drug investigations. In August 2006, the GCOB extradited accused drug trafficker, Samuel, "Ninety" Knowles to the U.S. Knowles was designated as a drug Kingpin by President Bush in 2001, and his extradition was a top USG priority. During 2006, including OPBAT seizures, Bahamian authorities seized 1.6 metric tons of cocaine (double that seized in 2005) and over 140 metric tons of marijuana (a ten-fold increase over 2005). The DEU arrested 1,399 persons on drug-related offenses and seized drug-related assets valued at nearly $2.5 million.

Law Enforcement Efforts. During the year, the RBPF participated actively in OPBAT whose mission is to stop the flow of cocaine and marijuana through The Bahamas to the U.S. U.S. Army and Coast Guard helicopters intercepted maritime drug smugglers detected by Department of Homeland Security surveillance aircraft and on occasion, the Cuban Border Guard. Officers of DEU and the Royal Turks and Caicos Islands Police also flew on OPBAT missions and made arrests and seizures. Aerial reconnaissance identified marijuana fields under cultivation on remote islands and cays leading to record seizures of marijuana by the GCOB in 2006. GCOB law enforcement officers have noted that Haitian traffickers are concealing their drugs in hidden

compartments in sailing vessels, commingling of drug trafficking networks with illegal migrant smuggling organizations. Following an eight-month long RBPF/DEA investigation into narcotics smuggling at the airport, five baggage handlers were arrested in the U.S. and four others were arrested in The Bahamas.

To enhance the results of drug interdiction missions, The Royal Bahamas Defense Force (RBDF) provided vetted officers to the DEU in 2006. The RBDF also agreed to position a DOD funded fast-boat in Great Inagua to provide OPBAT endgame capabilities. The DEA in conjunction with the DEU and Bahamian Customs initiated a program in Great Inagua to enforce GCOB requirements that vessels entering Bahamian waters check-in with Bahamian Customs. In September, the GCOB and the Government of Haiti reached an agreement in principle to provide Haitian National Police officers to work with Bahamian counterparts to interview Creole-speaking crewmembers of trawlers that are interdicted or that register with Bahamian Customs in Great Inagua. During 2006, the RBDF assigned three ship-riders each month to Coast Guard Cutters. The ship-riders extend the capability of the U.S. Coast Guard into the territorial seas of The Bahamas.

Corruption. As a matter of policy, The Bahamas does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, nor the laundering of proceeds from illegal drug transactions. No senior official in the GCOB was convicted of drug-related offenses in 2006. The RBPF anticorruption unit reported that during 2006 there were eight allegations of corruption brought against officers, three pending prosecutions and five ongoing investigations. The RBPF uses an internal committee to investigate allegations of corruption involving police officers instead of an independent entity.

Agreements and Treaties. The Bahamas is a party to the 1961 UN Single Convention as amended by the 1972 Protocol, and is party to the 1971 Convention on Psychotropic Substances, 1988 UN Drug Convention, and the 1990 U.S.-Bahamas-Turks and Caicos Island Memorandum of Understanding concerning Cooperation in the Fight Against Illicit Trafficking of Narcotic Drugs. The GCOB is also a party to the Inter-American Convention Against Corruption.

The U.S. and the Bahamas cooperate in law enforcement matters under an extradition treaty and a mutual legal assistance treaty (MLAT). The MLAT facilitates the bilateral exchange of information and evidence for use in criminal proceedings. There are currently 30 U.S. extraditions pending in the Bahamas. GCOB prosecutors pursue USG extradition requests vigorously and, at times, at considerable expense. However, in the Bahamian justice system, defendants can appeal a magistrate's decision, first domestically, and ultimately, to the Privy Council in London. This process often adds years to an extradition procedure. In the case of Samuel Knowles the process took five years. The USG also has a Comprehensive Maritime Agreement (CMA) with The Bahamas, which entered into force in 2004 replacing a patchwork of disparate safety, security and law enforcement agreements. Among its provisions, the CMA permits seamless cooperation in Counterdrug and migrant interdiction operations in and around Bahamian territorial seas, including the use of ship riders and expedited boarding approval and procedures.

Cultivation and Production. The majority of marijuana seized in 2006 was in plant form grown by Jamaican nationals on remote islands and cays of the Bahamas. OPBAT and the RBPF cooperated in identifying, seizing and destroying the marijuana. Although there are no official estimates of marijuana hectarage in the islands, cultivation of marijuana by Jamaicans is a new trend.

Drug Flow/Transit. The cocaine flow originates in South America and arrives in The Bahamas via go-fast boats, small commercial freighters, or small aircraft from Jamaica, Hispaniola and Venezuela. According to USG law enforcement, sport fishing vessels and pleasure crafts then transport cocaine from The Bahamas to Florida, blending into the legitimate vessel traffic that moves daily between these locations. Larger go-fast and sport fishing vessels regularly transport

between 1,000 to 3,000 pounds of marijuana shipments from Jamaica to The Bahamas. These shipments are moved to Florida in the same manner as cocaine. During 2006, law enforcement officials identified 35 suspicious go-fast type boats on Bahamian waters. In addition, there were 11 drug smuggling aircraft detected over Bahamian territory. Small amounts of drugs were found on individuals transiting through the international airports in Nassau and Grand Bahamas Island and the cruise ship ports.

In 2006 Bahamian law enforcement officials also identified shipments of drugs in Haitian sloops and coastal freighters. According to the U.S. Joint Interagency Task Force – South, multi-ton cocaine shipments to the Turks and Caicos Islands and The Bahamas from Venezuela and Colombia took place during the year. However, none of these shipments were successfully interdicted. Illegal drugs have also been found in transiting cargo containers stationed at the Port Container facility in Freeport. DEA/OPBAT estimates that there are a twelve to fifteen major Bahamian drug trafficking organizations.

Domestic Programs. In 2006, the quasi-governmental National Drug Council coordinated the demand reduction programs of the various governmental entities such as Sandilands Rehabilitation Center, and of NGO's such as the Drug Action Service and The Bahamas Association for Social Health. The focus of the prevention/education program in 2006 was schools and youth organizations.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. The goals of USG assistance to The Bahamas are to dismantle drug trafficking organizations, stem the flow of illegal drugs through The Bahamas to the United States, and strengthen Bahamian law enforcement and judicial institutions to make them more effective and self-sufficient in combating drug trafficking and money laundering.

Bilateral Cooperation. During 2006, INL in coordination with the U.S. Embassy's Narcotics Affairs Section (NAS), funded training, equipment, travel and technical assistance for a number of law enforcement and drug demand reduction officials. In 2006, the U.S. and the CGOB concluded negotiations to include the Freeport Container Port as part of the Department of Homeland Security's Container Security Initiative (CSI). NAS procured computer and other equipment to improve Bahamian law enforcement capacity to target trafficking organizations through better intelligence collection and more efficient interdiction operations. NAS also provided funding to the National Drug Council and the Drug Action Service to extend their demand reduction education campaign throughout Bahamian public schools and to the Family Islands.

Road Ahead. The Bahamas will likely continue to be a preferred route for drug transshipment and other criminal activity because if its location and the expanse of its territorial area. We encourage the Bahamian Government to continue its strong commitment to joint counternarcotics efforts and its cooperative efforts to extradite drug traffickers to the U.S. The GCOB can further enhance its drug control efforts by integrating Creole speakers into the DEU and work with HNP officers stationed in Great Inagua to develop information on Haitian drug traffickers transiting the Bahamas, as well as introducing precursor chemical control legislation to the Parliament. The USG will continue to support RBPF efforts to convert seized boats for use in interdiction operations, and plans to assist the Bahamians in identifying innovative technologies to obtain important intelligence to thwart the flow of drugs.

Cuba

I. Summary

Cuban territorial waters and airspace are within the transshipment corridor for narcotics trafficking in the Caribbean. A key factor exposing Cuba to the dangers of narcotics trafficking is residual shipments of drugs that sometimes wash ashore. Over 600 kg (kg) of marijuana and cocaine was recovered by Cuban Border Guard troops along the Cuban shores in 2006 and another 943 kg of marijuana was seized from a go-fast boat in Cuban waters. Cuba is also exposed to drug trafficking by foreign tourism, trade, and economic relations with other source and transit countries.

This drug problem has been fought as part of the "Battle of Ideas", a national propaganda campaign launched by the Cuban government in 2000.Enforcement activities during 2006 were limited. The GOC national strategy for maritime and aerial interdiction stems from its continued execution of Operation Hatchet III, a multi-force initiative. Although there was a slight increase in aerial and maritime sightings in Cuban territory in 2006 compared to 2005, drug seizures declined to the lowest level in 10 years.

The GOC pursues an aggressive internal enforcement and investigation program against its incipient drug market. It has increased the range and effectiveness of its drug law enforcement authorities. Cuba has maintained Operation Popular Shield, its effective nationwide drug prevention and awareness campaign. This social-order approach to combating illicit drug trafficking is established through a national crime watch-training program for neighborhood organizations to reinforce control of drug trafficking and other crimes in the community. The training, organized by the Committees for the Defense of the Revolution (CDR), is within the scope of the control and surveillance activities performed by the CDR.

II. Status of Country

Although Cuba is not a major drug-producing country and its level of internal consumption is small compared to other countries in the region, Cuban officials acknowledge an incipient market does exist. There are Cubans willing to cultivate low quality marijuana or tempted to try to sell contraband that may have been found washed ashore. According to the Cuban Government, the Border Guard interdicts ninety percent of the drugs that Cuban law enforcement authorities seize. The lead investigative law enforcement agency on drugs in Cuba is the Ministry of Interior's National Anti-Drug Directorate (DNA).

III. Country Actions Against Drugs in 2006

Policy Initiatives. The Government of Cuba enforced its Decree 232 "On the Confiscation for Deeds Related with Drugs, Acts of Corruption and Other Illicit Behavior" which entered into effect in 2003 and is in agreement with Article 60 of the Cuban Constitution. This became the GOC's "legal framework" for a nation-wide security crack down, cast as a "battle against international drug trafficking and the incipient internal market." The decree authorizes arrests and confiscation of property of drug producers, traffickers or users, and those guilty of "corruption, pimping, pornography, corruption of minors, human trafficking and other similar crimes." The Ministry of Interior investigates suspected narcotics traffickers, and works with the drug commission to carry out a nation-wide public awareness campaign.

In December of 2006, the GOC hosted the eighth bi-annual International Penal Science Congress in Havana to modernize legal frameworks and criminal justice systems. The congress brings together lawyers, judges, prosecutors and criminologists and provides a forum to discuss more effective prosecution of major criminals.

Law Enforcement Efforts. Cuba's Operation Hatchet, in its sixth year, disrupts maritime and air trafficking routes, recovers washed-up narcotics, and denies drug smugglers shelter within the territory and waters of Cuba. In addition to using Cuba's fleet of Cuban Border Guard regular patrols, Operation Hatchet relies on shore-based patrols, visual and radar observation posts, and the civilian fishing auxiliary force and civilians ashore to report suspected contacts and contraband. Operation Hatchet includes vessel, aircraft and radar surveillance from the Ministry of the Revolutionary Armed Forces (Navy and Air Force), coastal patrol vessel and radar surveillance from the Ministry of Interior Border Guard, and participants from the DNA, National Police, and the National Park Rangers.

Cuba maintains a self-defense use-of-force policy when dealing with suspected narcotics trafficking vessels transiting its territorial seas and low flying planes violating its air space. Cuban law enforcement reported to U.S. Coast Guard authorities sightings of 33 suspect targets (9 aircraft and 24 go-fasts) in 2006 transiting their airspace or territorial waters, a slight increase over the 31 sightings (7 aircraft and 24 go-fast) in 2005. They have also provided, albeit with occasional impediments, investigative criminal information on drug trafficking cases.

The lead investigative law enforcement agency on drugs is the Ministry of Interior's National Anti-Drug Directorate (DNA). The DNA is comprised of criminal law enforcement, intelligence and justice officials. Cuban Customs maintains an active counternarcotics inspection program at maritime ports and airports. In 2004, Cuba re-established its International Criminal Police Organization (INTERPOL) office in Havana. The GOC works with the World Customs Organization and in 2005 established an integrated container examining facility at the port of Havana to house a large custom's x-ray system.

Cuba has received counternarcotics training from Canada, France and the United Kingdom. The GOC has set up an internal program to pass this knowledge on to over 300 of their customs officers. The training extends from narcotic dog handling to x-ray techniques for the detection of suspected "mules" and "swallowers".

Drug Seizures/Arrests. Drug seizures declined during 2006 to their lowest level in ten years. The GOC reported the seizure of 1.5 metric tons of illicit narcotics. In October, Cuban Border Guard disrupted, chased and recovered seventy-three bales of marijuana from a drug laden go-fast boat. The marijuana, weighing 943 kg, marked Cuba's largest seizure of drugs for 2006. An additional 600 kg. (525 kg. of marijuana and 75 kg. of cocaine) were confiscated from the recovery of washed-up contraband picked up by Cuban Border Guard troops and coastal watch stations. Eleven cases of airport seizures netted 14 kg. of narcotics. All eleven cases took place at Jose Marti International Airport in Havana. In almost all cases involving foreign tourists detected with narcotics for personal consumption, after being fined, they are allowed to continue their visit. Operation Popular Shield resulted in the final 22kg of narcotics (20kg of marijuana and 2kg of cocaine) seized from Cuba's domestic market. Since Operation Popular Shield began in 2003, the GOC has reported the detention of over 3,000 people, of whom 65 percent were sentenced to six or more years of imprisonment for trafficking drugs in the internal market.

Corruption. The U.S. government does not have direct evidence of current narcotics-related corruption among senior GOC officials, although regular anecdotal reports of corruption throughout all levels of Cuban society and government continue to circulate. No mention of GOC complicity in narcotics trafficking or narcotics-related corruption was made in the media in 2006; however, the media in Cuba is completely controlled by the state, which permits only laudatory press coverage on itself. Crime is almost never reported. Cuba has not signed the Inter-American Convention Against Corruption.

Agreements and Treaties. Cuba is a party to the 1988 UN Drug Convention, the Convention on Narcotic Drugs as amended by the 1972 Protocol, the 1971 UN Convention on Psychotropic Substances and the 1961 UN Single Convention.

The GOC cooperates with the United Nations Office for Drug Control and Crime Prevention and maintains bilateral narcotics agreements with 33 countries and less formal agreements with 16 others. Counternarcotics coordination between the U.S. and Cuba occurs only on a case-by-case basis. In an effort to demonstrate international collaboration, Cuba is an active participant in the annual Latin America and the Caribbean meeting for Heads of National Law Enforcement Agencies (HONLEA).

Cultivation/Production. Cuba's National Revolutionary Police and National Association of Small Farmers acknowledge the smuggling of marijuana seeds into the country. In 2006, GOC seized 2,115 plants of marijuana and 16,839 marijuana seeds. Cuba is not a source of precursor chemicals, nor have there been any incidents involving precursor chemicals reported in 2006.

Drug Flow/Transit. According to JIATF-S, narcotics smuggling through Cuban territory decreased in 2006. Traffickers take advantage of Cuba's 4,000 small keys and the 3,500 nautical miles of shoreline, which create ample opportunities for clandestine smuggling operations. Traffickers use high-speed boats to bring drugs northward from Jamaica to the Bahamas, Haiti and to the U.S. around the Windward Passage or small aircraft from clandestine airfields in Jamaica. Small quantities of narcotics are trafficked via Cuba's international airports, in which drug couriers or "mules" carried narcotics to and from Europe.

Domestic Programs. The governing body for prevention, rehabilitation, and policy issues is the National Drug Commission (CND), formed in 1989 after the GOC contrived a scandal involving the conviction and execution of an Army major general, a Ministry of Interior colonel, and several other officials for purported involvement in narcotics trafficking. This interagency coordinating body is headed by the Minister of Justice, and includes the Ministries of Interior, Foreign Relations, Public Health and Public Education. Also represented on the commission are the Attorney General's Office and the National Sports Institute. There is a counternarcotics action plan that encompasses the Ministries of Health, Justice, Education and Interior, among others. In coordination with the United Nations, the CND aims to implement a long-term domestic prevention strategy that is included as part of the educational curriculum at all grade levels.

The majority of municipalities on the island have counternarcotics organizations. Prevention programs focus on education and outreach to groups most at risk of being introduced to illegal drug use. The GOC reports that there are 195 mental health community centers in Cuba consisting of family doctors, psychiatrists, psychologists, occupational therapists, and 150 social, educational and cultural programs dedicated to teaching drug prevention and offering rehabilitation programs.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. Narcotics cooperation occurs only on a case-by-case basis, primarily through the U.S. Coast Guard Drug Interdiction Specialist (DIS) assigned to the U.S. Interests Section in Havana. In January 2006, the GOC invited the DIS to provide technical assistance and observe Cuban officials conduct an inspection of the M/V "Megan". A specialized Cuban team conducted a three-day search, complete dockside boarding and sounding of the vessel, which yielded negative results for drugs. At the GOC request, DIS has provided briefings on compartmentalized search techniques. These professional exchanges cover specific U.S. Coast Guard boarding methods. DIS was also taken for a site visit in November and given an operational synopsis of Cuba's only maritime drug disruption of the year, a go-fast vessel that eluded capture and discarded 943kg of marijuana.

Cuban authorities, on occasion, have arrested individual drug traffickers and provided investigative information on narcotics trafficking cases. The sharing of this information, however, is never systematic. In May 2006, the GOC denied permission for a DEA delegation to meet and debrief incarcerated drug trafficker Luis Hernando Gomez-Bustamante, of Colombia's Norte del Valle cartel, who was detained on immigration charges.

The Road Ahead. Cuban officials profess interest in developing with the U.S. government bilateral agreements to combat drug trafficking. Such agreements are not possible until the Cuban regime grants access to international narcotics traffickers seeking refuge and protection under the GOC and the regime stops using alleged counternarcotics efforts as a pretense to also repress economic and political activities. When Cuba transitions to the post-Fidel-Castro era, cooperation on law enforcement could become more significant. Additionally, both the USG and Cuba could be more successful if cooperation were more systematic. Cuba's geographic position alone makes it a key to halting the flow of drugs through the Caribbean to the United States. A post-Castro, democratic Cuba could be a valuable ally in the war against drugs.

Dominican Republic

I. Summary

The Dominican Republic (DR) is a major transit country for illicit drugs from South America, with cocaine transiting to Europe, and both cocaine and heroin to the United States and Europe. In 2006, the DR saw a surge in air smuggling of cocaine out of Venezuela. The DR continued cooperation in extraditing fugitives to the U.S. and increased deportations of criminals. Seizures of heroin, cocaine and MDMA increased. The DR made advances in its domestic law enforcement capacity, institution building and interagency networking; and made progress in prosecuting major bank fraud and government corruption cases. In spite of these positive signs, corruption and weak governmental institutions remained an impediment to controlling the flow of illegal narcotics. The DR is a party to the 1988 UN Drug Convention.

II. Status of Country

There is no significant cultivation, refining, or manufacturing of illicit drugs in the Dominican Republic. Dominican criminal organizations are involved in international drug trafficking operations and use the DR as a trans-shipment hub. According to the U.S. Joint Interagency Task Force –South (JIATF-S) the number of drug smuggling flights from Venezuela to Hispaniola increased by 167 percent from 2005 to 2006. Approximately two thirds of the flights went to the DR. Fishing and "go-fast" boat crews involved in drug trafficking in the Caribbean include Dominican nationals. Interdicted MDMA (Ecstasy) was most often transported from Europe to the United States. The DR does not import or export a significant amount of ephedrine or any other precursor chemicals utilized in the manufacture of amphetamines or methamphetamines.

III. Country Actions Against Drugs in 2006

Policy Initiatives. In 2006 the DR continued to struggle to implement anti-money laundering legislation passed in 2002; and its Financial Analysis Unit, which became operational in 2005, still lacks the resources and institutional support to perform effectively. The U.S. is working with DR prosecutors and law enforcement agencies on joint money-laundering investigations. In 2006, the DR signed the Cooperating Nations Information Exchange System agreement allowing the installation of equipment to track and respond to suspected drug smuggling aircraft headed for the DR.

Accomplishments In 2006 Dominican authorities seized 5 metric tons of cocaine, 236.8 kg. of heroin, 363,433.6 units of MDMA, and 362.4 kg. of marijuana. One single seizure in September netted a record 2.5 metric tons of cocaine. The DNCD made 8,809 drug-related arrests in 2006. Of these, 8,563 were Dominican nationals and 246 were foreigners.

Law Enforcement Efforts. The DEA Center for Drug Information (CDI), housed in the DR National Drug Control Directorate (DNCD), serves as a clearinghouse for intelligence within the Caribbean, and this intelligence sharing plays an important part in interdiction efforts. Maritime seizures remain a challenge for the DR, especially drugs hidden in commercial vessels for shipment to the U.S. and/or Europe and drugs arriving by "go-fast" boats from South America. The DNCD and DEA counterparts concentrated on investigations leading to the takedown of large criminal organizations.

In 2006, the DR supported its counternarcotics and explosive detection canine units at its international airports and major seaports. Canine units at the five major airports in the country also received updated explosives training and certification in 2006. Plans are underway to establish a canine training facility at an active Army base, and the DNCD is purchasing additional canines for

training in drug detection. The DNCD continued to upgrade its equipment, train technicians, and develop new software in furtherance of a multi-year, USG-supported effort to share data among Dominican law enforcement agencies and to make information available on demand to field officers. The U.S. Coast Guard (USCG) executed two joint maritime operations with the Dominican Navy that focused on the human smuggling and illicit drug threats from DR to Puerto Rico via maritime routes in the Mona Passage.

Cultivation/Production. There is no known cultivation of coca or opium poppy in the DR. Cannabis is grown on a small scale for local consumption.

Drug Flow/Transit. In 2006, the DNCD focused interdiction operations on the drug-transit routes in Dominican territorial waters along the northern border and on its land border crossings with Haiti, while attempting to prevent air drops and maritime delivery of illicit narcotics to remote areas. According to JIATF-S, there were 75 suspect drug flights from Venezuela where a permissive environment is allowing smuggling aircraft to operate with impunity. During the year, drugs were easily accessible for local consumption in most metropolitan areas. In 2006, the Dominican Navy focused efforts on shore patrol operations. Examination of captured smuggling vessels indicated a strong link between illegal migration and drug smuggling. On a typical voyage, several passengers carry backpacks containing one or two kg of cocaine.

Extradition. The U.S.-Dominican Extradition Treaty dates from 1909. Extradition of nationals is not mandated under the treaty, but, in 1998, President Fernandez signed legislation permitting such extraditions. During 2005, judicial review was added to the procedure for extradition, making extraditions more transparent. In 2006, the U.S. Marshals Service continued to receive excellent cooperation from the DNCD Fugitive Surveillance/Apprehension Unit and other relevant Dominican authorities in arresting fugitives and returning them to the United States to face justice. The DR extradited 26 Dominicans, notable among them Luis de la Rosa Montero, the head of a well-organized international drug trafficking organization responsible for transporting thousands of kg. of cocaine and heroin into Puerto Rico from the DR and neighboring islands using go-fast boats. The DR also arrested and deported 21 U.S. and third-country national fugitives back to the U.S. for prosecution purposes. Of these 47 cases, 38 were narcotics-related.

Agreements and Treaties. The DR is a party to the 1988 UN Drug Convention. In 1984, the USG and the DR entered into an agreement on international narcotics control cooperation. In May 2003 the Dominican Republic entered into three comprehensive bilateral agreements on Cooperation in Maritime Migration Law Enforcement, Maritime Counter-Drug Operations, and Search and Rescue, granting permanent over-flight provisions in all three agreements for the respective operations. The DR signed, but has not yet ratified, the Caribbean Regional Maritime Agreement. The DR is not party to the OAS Mutual Legal Assistance Treaty and no bilateral mutual legal assistance treaty is in effect. Direct requests for judicial cooperation continue to be made through letters derogatory, but are always scrupulously honored. The DR signed the Cooperating Nations Information Exchange System agreement in 2006.

Corruption. As a matter of policy, the DR does not encourage or facilitate illicit production or distribution of narcotics, psychotropic drugs, and other controlled substances, nor does it contribute to drug-related money laundering. The DR has made efforts to reduce the influence of narcotics traffickers in the judicial system – removing at least 24 judges from office in 2006 for improperly handing out favorable sentences to known narcotics traffickers. Dominican institutions nevertheless remain vulnerable to influence by narcotics traffickers. Aggravating this situation is the fact that endemic corruption and favoritism among the DR's law enforcement elite lead to frequent changes in office among its command-level officers, retarding any progress made with prior officials. In October 2006, the DR prosecuted its first money laundering case, filing charges against drug trafficker Quirino Paulino and member of his family. The DR has moved forward on implementing

the 2003 Career Law for Prosecutors, graduating 100 newly hired prosecutors from the National School of the Public Ministry and converting another 27 prosecutors from provisional status. The Attorney General pursued several corruption investigations in 2006, at least one of which resulted in the arrest of a senior DNCD official for extortion. A financial disclosure law for senior appointed, civil service and elected officials has been implemented in the DR, but lack of auditing controls and sanctions weakened the effectiveness of this measure. The DR is a party to the Inter-American Convention Against Corruption.

Demand Reduction. In 2006, the DNCD conducted 155 sporting events and seminars regarding the effects and use of narcotics and drugs. Approximately 300,000 Dominican youths participated in these events. The USG believes that the demand for narcotics in the Dominican Republic is increasing because narcotics are often used as a method of payment for transit. No official surveys regarding domestic drug use have ever been undertaken due to a lack of resources.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. During 2006, the USG continued to provide equipment and training to maintain the drug and explosive detection canine units, support the DNCD's vetted special investigation unit, enhance DNCD computer training, database expansion and systems maintenance support, improve the DNCD's capability to detect drugs smuggled through airports, and provide training and equipment to enhance the DR's anti-money laundering capacity. The FBI office presented a course on Basic Crime Scene Investigation in March 2006. FBI instructors taught 30 National Police Officers and 10 prosecutors about the collection and preservation of crime scene evidence. The 30 police officers that graduated were presented with Crime Scene Kits for use in their investigations.

The USCG participated in joint counternarcotics and illegal migrant operations. In addition, the USCG held two training exercises for the benefit of the Dominican Navy – the Annual Interoperability Conference aimed at improving coordination in maritime interdictions and the International Shipping and Port Security Conference geared toward enhancing port security in the DR.

The Law Enforcement Development Program, implemented by the Embassy's Narcotics Affairs Section (NAS) to assist in reforming the DR's National Police, progressed more rapidly in 2006. Internal Affairs (IA) was restructured and is operating efficiently. In the last few months of 2006, approximately 60 police officers were terminated who tested positive for drug use. IA investigators also completed 20 internal investigations against police personnel, which were referred to the Prosecutor General's office. Deaths as result of police involved shootings have declined considerably due to a new training curriculum for basic police training developed and implemented in 2006. A community based policing program was initiated in several barrios with preliminary positive results. National Police and Prosecutors continue to receive combined training, which promises to further enhance institutional cohesion. In 2006, the Public Prosecutor's office continued to strengthen the forensics lab to improve security, handling, and processing of the drugs and arms it receives as evidence.

In 2006, the Dominican chapter of the Business Alliance for Secure Commerce (BASC), a voluntary alliance of manufacturers, transport companies, and related private sector entities, expanded its training program and was cited by CBP officials as one of the most effective BASC chapters worldwide. In 2006, the BASC DR chapter expanded to 30 the number of companies who met the strict criteria for certification.

The Road Ahead. The USG will continue to help the DR to institutionalize judicial reform and good governance in furtherance of U.S. narcotics control strategy. The DR is working to build coherent counternarcotics programs that can resist the pressures of corruption and can address new

challenges presented by innovative narcotics trafficking organizations. Money laundering will be a priority, and the USG will provide prosecutors and police investigators the training necessary to help the DR conduct complex financial investigations. Anti-corruption efforts within the Law Enforcement Development Program will continue with a focus on special training for IA investigators. The DR will expand its community-policing program to additional neighborhoods in Santo Domingo through the training of in-house Nation Police instructors in the concepts of community-based policing.

Dutch Caribbean

I. Summary

Aruba and the Netherlands Antilles are part of the Kingdom of the Netherlands. The two Caribbean parts of the Kingdom have autonomy over their internal affairs, with the right to exercise independent decision making in a number of counternarcotics areas. The Government of the Netherlands (GON) is responsible for the defense and foreign affairs of all three parts of the Kingdom and assists the Government of Aruba (GOA) and the Government of the Netherlands Antilles (GONA) in their efforts to combat narcotics trafficking. Dutch Sint Maarten continues to serve as a staging ground for moving cocaine and heroin into the U.S. market. The Kingdom of the Netherlands is a party to the 1988 UN Drug Convention, and all three parts are subject to the Convention. Both Aruba and the Netherlands Antilles are active members of the Financial Action Task Force (FATF) and Caribbean Financial Action Task Force (CFATF).

II. Status

Netherlands Antilles. The islands of the Netherlands Antilles (NA) (Curacao and Bonaire off the coast of Venezuela; and Saba, Saint Eustatius, and Sint Maarten east of the U.S. Virgin Islands) serve as transshipment points for cocaine and heroin, chiefly Colombia, Venezuela, and to a much lesser extent, Suriname. These shipments typically are transported to U.S. territory in the Caribbean by “go-fast” boats although use of fishing boats, freighters, and cruise ships is becoming more common. Direct transport to Europe, and at times to the U.S., is by drug couriers using commercial flights. The DEA and local law enforcement saw continued go-fast boat traffic in 2006 with some load sizes reduced because of a potential detection by the Antilles new ground based radar system capable of identifying inbound vessels.

The hardening of border controls in Curacao in 2006 resulted in a marked increase of drug traffic to Sint Maarten from the source zones. These shipments were generally enroute to Puerto Rico or the U.S. Virgin Islands, but Sint Maarten continued to serve as a gateway for couriers to Europe. In addition to go-fast boat activity and smuggling via commercial airlines, large quantities of narcotics moved through in shipping containers. Recreational sailing vessels were sometimes identified as being used to move multi-hundred kg shipments of cocaine.

Significant seizures in 2006 indicate that Dutch Sint Maarten serves as a staging ground for moving cocaine and heroin into the U.S. market. Officials in Sint Maarten have responded to this threat by initiating joint U.S. cooperative investigations as well as by adopting new law enforcement strategies to combat the problems.

In October 2006, the Antillean authorities reported a significant reduction in courier traffic as a result of efforts to crackdown on “mules”- who either ingest or conceal on their bodies illegal drugs at Curacao's Hato International Airport, and the “100 percent Check” instituted by Dutch officials in The Netherlands on all passengers arriving at Amsterdam's Schiphol Airport from the Antilles. 95 percent of the drug courier traffic was destined for Europe, and from 2002 to 2006, at least 13,000 persons were denied boarding based on suspicion of drug trafficking. As Hato airport tightened controls, traffickers shifted their activities to regional airports. Law enforcement reporting indicated a rise in Dutch passport holders being detained in the neighboring countries of Dominican Republic, Haiti, Jamaica, and Cuba. French Guyana and Peru also reported notable increases in Dutch passport holders being involved in drug trafficking. Dutch Sint Maarten, to a lesser extent, detected increasing numbers of “mules.”

Elected officials, law enforcement and the judicial community recognize that the Netherlands Antilles, chiefly due to geography, faces a serious threat from drug trafficking. The police, who are

understaffed and need additional training, have received some additional resources. This included support, from the National Guard, which was given authority in 2004 to participate in the crime reduction effort. The rigorous legal standards that must be met to prosecute cases constrain the effectiveness of the police; nevertheless, local police made some progress in 2006 in initiating complex, sensitive investigations targeting upper-echelon traffickers.

Successful joint Antillean/Dutch investigations conducted by the Hit and Run Money Laundering Team (HARM) became commonplace during 2006. The specialized Dutch police units (Recherche Samenwerking Teams--RSTs) that support law enforcement in the NA cooperated with local Antillean officers in the development of investigative strategies to ensure exchange of expertise and information. During October 2006, the RST Sint Maarten cooperated with five other countries in a multi-jurisdictional investigation that resulted in the seizure of 1,900 kg (kg) of cocaine and 28 arrests.

The Netherlands Antilles and Aruba Coast Guard (CGNAA), in coordination with RST Curacao, seized approximately 40 kg of cocaine and a go-fast vessel. Seizures like this by the CGNAA have become commonplace and highlight the CGNAA's desire to be a regional player in law enforcement. The CGNAA's three cutters, outfitted with rigid-hull inflatable boats (RHIBs) and new 'super' RHIBs designed especially for counternarcotics work in the Caribbean, have demonstrated their utility against “go-fast” boats and other targets. The CGNAA remained, in 2006, a valuable law enforcement partner with the U.S. Coast Guard and DEA

Under the leadership of the Attorney General, the GONA strengthened its cooperation with U.S. law enforcement authorities throughout 2006. This cooperation extended to Sint Maarten, where the United States and the GONA continued joint efforts against international organized crime and drug trafficking.

In 2006, the Dutch Navy operated in the Netherlands Antilles under the auspices of Component Task Group 4.4 (CTG 4.4), under the oversight of the Joint Inter Agency Task Force (JIATF) South. The U.S. Coast Guard routinely deployed Law Enforcement Detachments (LEDETs) on Dutch Navy vessels conducting counter drug patrols in the Caribbean. Under blanket Netherlands clearances renewed annually, the USG placed assets in the territorial waters of Netherlands Antilles and Aruba as well as its airspace/airfields to carry out detection and monitoring operations in support of the counter drug mission. As a result, several notable seizures occurred during 2006, including approximately 3,000 kg of cocaine following a one-week joint surveillance operation on a shipping vessel west of Aruba.

The GONA also supported the U.S. Forward Operating Location (FOL) at the Curacao Hato International Airport. Under a ten-year use agreement signed in March 2000, U.S. military aircraft conduct counternarcotics surveillance flights over both the source and transit zones from commercial ramp space provided free of charge.

Aruba. Aruba is a transshipment point for heroin, and to a lesser extent cocaine, moving north, mainly from Colombia, to the U.S. and secondarily to Europe. Drugs move north via cruise ships and the multiple daily flights to the U.S. and Europe. While Aruba enjoys a low crime rate, there are indications of established drug traffickers operating on the island. Various types of drugs are easily purchased within walking distance of Oranjestad's cruise pier and are frequently peddled to cruise ship tourists. Cruise lines that call on Aruba have instituted strict boarding/search policies for employees to thwart trafficker’s efforts to establish regular courier routes back to the United States. The expanding use of MDMA (Ecstasy) in clubs has also attracted increasing attention. Private foundations on the island work on drug education and Aruba government's top counternarcotics official reaches out to U.S. sources for materials to use in his office's prevention programs. The police also work in demand reduction programs for the schools and visit them regularly. In 2006, the government established an interagency commission to develop plans and

programs to discourage youth from trafficking between the Netherlands and the U.S. The Aruba Government has been very clear that it intends to pursue a dynamic counternarcotics strategy in close cooperation with its regional and international partners.

In 2006, Aruba law enforcement officials investigated and prosecuted mid-level drug traffickers who use drug couriers. In 2006, there were several instances where Aruba authorities worked with the U.S. to prosecute American citizens arrested in Aruba while attempting to transport multi-kg quantities of drugs to the U.S.

In 2006, the GOA continued to make valuable commercial ramp space at Reina Beatrix International Airport available to both U.S. military and U.S. Customs aircraft conducting counternarcotics surveillance missions. Further development of the U.S. Customs Forward Operating Location (FOL) facilities on Aruba is underway. The GOA also continued to host the Department of Homeland Security's (DHS) Bureau of Customs and Border Protection pre-inspection and pre-clearance personnel at Reina Beatrix airport. These officers occupy facilities financed and built by the GOA. DHS seizures of cocaine, heroin, and Ecstasy declined slightly in 2006. Drug smugglers arrested are either prosecuted in Aruba or returned to the U.S. for prosecution. . The GOA established special jail cells in which to detain those suspected of ingesting drugs. Aruba participated in the Coast Guard of the Netherlands Antilles and Aruba.

III. Actions Against Drugs in 2006

Accomplishments: Available drug seizure statistics as of November 2006 show that Aruba seized 3,006 kg of cocaine and 3 kg heroin; and the Netherlands Antilles seized 1,989 kg of cocaine, 18.5 kg of heroin and 6 kg of marijuana.

Corruption: As a matter or policy, no senior GOA and GON officials, nor GOA and GON encourage or facilitate the illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or laundering of proceeds from illegal drug transactions. The effect of official corruption on the production, transportation, and processing of illegal drugs is not an issue for Aruba. During 2006, the NA continued an aggressive and notably successful program to identify links between prominent traffickers in the region and law enforcement officials. The NA is quick to investigate evidence of corruption and monitors law enforcement officials in sensitive positions. The judiciary maintains close ties with the Dutch legal system and has a reputation for integrity. It is involved in the seconding of Dutch prosecutors and judges to fill positions for which there are no qualified candidates among the small Antillean and Aruba populations.

Agreements and Treaties: The Netherlands extended the 1988 UN Drug Convention to the NA and Aruba in March 1999; with the reservation that its obligations under certain provisions would only be applicable in so far as they were in accordance with NA and Aruban criminal legislation and policy on criminal matters. The NA and Aruba subsequently enacted revised, uniform legislation to resolve a lack of uniformity between the asset forfeiture laws of the NA and Aruba. The obligations of the Netherlands as a party to the 1961 UN Single Convention on Narcotic Drugs, as amended by the 1972 Protocol, apply to the NA and Aruba. The obligations of the Netherlands under the 1971 UN Convention on Psychotropic Substances have applied to the NA since March 10, 1999. The Netherlands's Mutual Legal Assistance Treaty (MLAT) with the

United States applies to the NA and Aruba. Both Aruba and the NA routinely honor requests made under the MLAT and cooperate extensively with the United States on law enforcement matters at less formal levels. In 2002 the NA, followed by Aruba signed a Tax Information Exchange Agreement with the U.S. In September 2004 Aruba ratified the agreement; ratification in the NA remains pending. Aruba has limited legislation dating from May 1996 regulating the import and export of certain precursor and essential chemicals, consistent with the 1988 UN Drug Convention.

Domestic Programs (Demand Reduction) Both the Netherlands Antilles and Aruba have ongoing demand reduction programs, but need additional resources. The Korps Politie of Curacao includes a well-trained demand reduction staff, which does presentations at local schools.

IV. U.S. Policy Initiatives and Programs

The United States encourages Aruba and Netherlands Antilles law enforcement officials to participate in USG-funded regional training courses provided by U.S. agencies at the GOA and GONA's expense. Chiefly through the DEA and DHS/Immigration and Customs Enforcement, the United States is able to provide assistance to enhance technical capabilities as well as some targeted training. The U.S. continues to search for ways in which locally assigned U.S. law enforcement personnel can share their expertise with host country counterparts. Appreciation of the importance of intelligence to effective law enforcement has grown in the Dutch Caribbean and the USG has expanded intelligence sharing with GOA and GONA officials. Because U.S.- provided intelligence must meet the strict requirements of local law, sharing of intelligence and law enforcement information requires ongoing, extensive liaison work to bridge the difference between U.S. and Dutch-based law.

Road Ahead. Drug trafficking and related money laundering and criminal violence will remain a threat to the Dutch Caribbean. Vigorous law enforcement against the traffickers and money launderers will be necessary to prevent the Dutch Caribbean from becoming a haven for illegal activity.

Eastern Caribbean

I. Summary

The seven Eastern Caribbean countries—Antigua and Barbuda, Barbados, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines—form the eastern edge of the Caribbean transit zone for drugs, mostly cocaine and marijuana products, going from South America to U.S., Europe and other markets. Illicit narcotics transit the Eastern Caribbean mostly by sea, in small go-fast vessels, larger fishing vessels, yachts and freight carriers. Drug trafficking and related crimes, such as money laundering, drug use, arms trafficking, official corruption, violent crime, and intimidation, have the potential to threaten the stability of the small, democratic countries of the Eastern Caribbean and, to varying degrees, have damaged civil society in some of these countries. In 2006, the seven Eastern Caribbean countries supported the treaty-based Regional Security System (RSS). Barbados funds 40 percent of the RSS's budget.

The seven Eastern Caribbean states are parties to the 1961 UN Single Convention as amended by the 1972 Protocol, the 1988 UN Drug Convention, and the 1971 UN Convention on Psychotropic Substances. Each one individually also has signed bilateral maritime counter-drug agreements with the U.S. allowing expedited cooperation.

II. Status of Countries and Actions Against Drugs

In 2006, the seven Eastern Caribbean countries supported the treaty-based Regional Security System (RSS). Barbados funds 40 percent of the RSS's budget. The RSS operated a maritime training facility in Antigua for member-nation forces. The USG provided partial support to the RSS for its twice-yearly basic training course for marijuana eradication exercises for police special services units. Additionally, the USG provided the maritime security forces of Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, and St. Lucia with various training courses that prepared them to conduct counter-drug operations including maritime law enforcement, port security, engineering, seamanship, and professional development. In 2006, the U.S. Coast Guard continued to operate a three person Technical Assistance Field Team (TAFT) in a security assistance partnership with the RSS nations. This team provides engineering, technical, procurement and logistics advice and support to the RSS maritime forces.

Antigua and Barbuda. The islands of Antigua and Barbuda are transit sites for cocaine moving from South America to the U.S. and global markets. Narcotics entering Antigua and Barbuda are transferred mostly from go-fast boats, fishing vessels, or yachts to other go-fasts, powerboats or local fishing vessels. Secluded beaches and uncontrolled marinas provide excellent areas to conduct drug transfer operations. Marijuana cultivation in Antigua and Barbuda is not significant, and is imported primarily from St. Vincent.

According to Government of Antigua and Barbuda (GOAB), in 2006, approximately 75 percent of the cocaine that transits Antigua and Barbuda was destined for the United Kingdom -- a 15 percent increase from the previous year, while the percentage transited to the United States dropped by five percent -- from 20 percent in 2005 to 15 percent in 2006. Approximately 10 percent of the cocaine transiting Antigua and Barbuda is destined for St. Martin/Sint Maarten. Through October 2006, GOAB forces seized eight kg (kg) of cocaine and 75 kg of marijuana, arrested 112 persons on drug-related charges, and prosecuted five traffickers. Eradication efforts increased significantly from the previous year, from 500 marijuana plants in 2005 to more than 25,000 marijuana plants in 2006.

Antigua and Barbuda is a party to the 1961 UN Single Convention as amended by the 1972 Protocol, the 1971 UN Convention on Psychotropic Substances, and the 1988 UN Drug Convention. The Government of Antigua and Barbuda (GOAB) is a party to the Inter-American Convention against Corruption, the Inter-American Convention on Extradition, the Inter-American Convention on Mutual Assistance in Criminal Matters, the Inter-American Convention against the Illicit Manufacturing of and Trafficking in Firearms, Ammunition, Explosives and Other Related Materials (Inter-American Firearms Convention), and the Inter-American Convention on Extradition. The GOAB has signed the UN Convention against Transnational Organized Crime, but has not signed any of its three protocols.

In 2006, the police operated a Drug Abuse Resistance Education (D.A.R.E.) program, and lectured church groups and other civic organizations on the dangers of drugs. Local organizations such as the Optimist Club and Project Hope conducted their own school programs or assisted groups that work with drug addicts.

The USG provided technical assistance in 2006 during the dry-docking of the patrol boat LIBERTA and restored the Antigua and Barbuda Coast Guard's three patrol vessels to operational readiness after they sustained damages during operations.

Barbados. Barbados is a transit country for cocaine and marijuana products entering by sea and by air. Smaller vessels or go-fast boats transport marijuana from St. Vincent and the Grenadines and cocaine from South America.

In 2006, GOB agencies reported seizing 92.6 kg of cocaine and 4,698 kg of marijuana. The GOB brought drug charges against 623 persons during 2006, five of whom were major drug traffickers. Total reported drug charges in 2006 were significantly lower than the previous year, which reported 2,551. In 2006, 2,583 cannabis plants were eliminated; more than triple the amount eliminated in 2005. A new trafficking trend encountered in 2006 was the use of yachts to move drugs between the islands, and onward to Europe and the United States. The Barbados Police Force estimates 60 percent of the cocaine that transits Barbados is destined for the UK, 15 percent to Canada. Approximately 10 percent is destined to the U.S., representing a 50 percent reduction from the previous year. Most of the cannabis that enters Barbados is consumed locally, while local consumption of cocaine represents only five percent of the amount thought to transit the island.

Barbados is party to the 1961 UN Single Convention as amended by the 1972 Protocol, the 1971 UN Convention on Psychotropic Substances, and the 1988 UN Drug Convention. Barbados has signed, but not ratified, the Inter-American Convention against Corruption, and is a party to the Inter-American Firearms Convention. Barbados has not signed the Inter-American Convention on Mutual Assistance in Criminal Matters or the Inter-American Convention on Extradition. The Mutual Assistance in Criminal Matters Act allows Barbados to provide mutual legal assistance to countries with which it has a bilateral mutual legal assistance treaty, Commonwealth countries, and states-parties to the 1988 UN Drug Convention. Barbados has an asset-sharing agreement with Canada. Barbados has signed but has not yet ratified the UN Convention against Transnational Organized Crime and its three protocols.

In 2006, the GOB's National Council on Substance Abuse (NCSA) and various concerned NGOs sponsored prevention and education efforts, skills-training centers, a "Drugs Decisions" program in 45 primary schools, prison drug and rehabilitation counseling, and the Drug Abuse Resistance Education (D.A.R.E.) and Parents Resource Institute for Drug Education (P.R.I.D.E.) programs.

Commonwealth of Dominica. The Commonwealth of Dominica serves as a transshipment and temporary storage area for drugs, principally cocaine products, headed to the U.S. and to Europe, mostly via the French Departments of Martinique and Guadeloupe. Go-fast boats bring shipments from St. Vincent and the Grenadines and elsewhere. In addition, marijuana is cultivated in

Dominica. The Dominica police regularly conduct round-based marijuana eradication missions in rugged, mountainous areas.

From January through October 2006, Dominican law enforcement agencies reported seizing 50.85 kg of cocaine and 583.5 kg of marijuana. Most of the more than 92,000 marijuana plants under cultivation were eradicated. Dominica police arrested 287 persons on drug-related charges, double that of the previous year, and prosecuted eight major drug traffickers. According to the Government of the Commonwealth of Dominica (GCOD) Police, most of the drugs that transit through Dominica are intended for foreign markets: 10 percent to Canada; 10 percent to the U.S.; 20 percent to the U.K.; and 20 percent to France. Within the region, 40 percent of marijuana is intended for Guadeloupe and 10 percent for Antigua. Approximately 20 percent of cocaine is intended for St. Martin and 10 percent for St. Thomas. Domestic consumption of marijuana is approximately 90 percent of all drug consumption on the island, while cocaine is at 10 percent.

The Ministry of Health oversees drug demand reduction efforts. The Ministry and its National Drug Abuse Prevention Unit have been successful in establishing a series of community-based drug use prevention programs including the D.A.R.E. Program. The GCOD continued to implement its 2005-2009 National Drug Prevention Program.

Dominica is a party to the 1961 UN Single Convention, as amended by the 1972 Protocol, the 1971 UN Convention on Psychotropic Substances, and the 1988 UN Drug Convention. Dominica is a party to the Inter-American Convention on Mutual Assistance in Criminal Matters, the Inter-American Firearms Convention, and the Inter-American Convention against Corruption.

In 2006, the USG provided technical assistance to restore the Marine Police Unit's patrol boat MELVILLE and rigid hull inflatable to operational readiness.

Grenada. South American and Caribbean drug traffickers use Grenada's coastal waters and its often un-policed islands to transship cocaine and marijuana en route to U.S., Canada and the UK, including by drug couriers on commercial aircraft and via yachts. A small percentage of the cocaine smuggled through Grenada remains on the island and is converted to crack cocaine for local consumption. In 2006, the police drug squad collaborated closely with DEA officials in the targeting and investigation of a local drug trafficking organization associated with South American and other Caribbean traffickers. 2006 saw an increase in violence and gang activity associated with the drug trade, including armed robbery and kidnapping. Additionally, there was a slight increase in petty crimes, including theft and break-ins for cash, to pay for drugs. On May 1, 2006, police drug squad carried out an operation that resulted in four arrests, 2.5 kg of cocaine, a quantity of ammunition and an unlicensed firearm.

Through October 2006, Grenadian authorities reported seizing approximately 20.52 kg of cocaine; 8,149 marijuana plants; 98.61 kg of marijuana; and 1,934 marijuana cigarettes. During that period, they arrested 407 persons on drug-related charges. Regular rural patrols continue to contribute significantly to deter marijuana cultivation on the island, which usually consists of around 50 or fewer plants in any one plot. Marijuana is smuggled through Grenada from both St. Vincent and Jamaica. Of the total smuggled, local officials estimate that about 75 percent remains on the island. The remaining 25 percent is destined for Canada and the UK.

The 2005 draft Precursor Chemical Bill that would implement controls preventing the diversion of controlled chemical substances, remained with the Ministry of Legal Affairs in 2006. However, the Prevention of Corruption Act, which has been languishing in Parliament for 18 months, had its first reading in the House of Representatives (the lower house of Grenada's parliament) on October 30, 2006. An additional two readings in the House and passage by the Senate are required for the bill to become law.

Grenada is a party to the 1961 UN Single Convention as amended by the 1972 Protocol, the 1971 UN Convention on Psychotropic Substances and the 1988 UN Drug Convention. Grenada also is a party to the Inter-American Convention against Corruption, Inter-American Firearms Convention and the Inter-American Convention on Mutual Assistance in Criminal Matters. Grenada is a party to the UN Convention against Transnational Organized Crime and its three protocols. An extradition treaty and a Mutual Legal Assistance Treaty (MLAT) are in force between the U.S. and Grenada.

The Drug Control Secretariat of the National Council on Drug Control undertook a number of demand reduction initiatives, including Community Caravan, D.A.R.E., and other community outreach programs. Drug use prevention education remains incorporated into all levels of the educational curriculum, and "Living Drug Free," a one-hour television program aired on the public access channel to sensitize the public to the dangers of drugs. In 2006, Grenada, with OAS assistance, began working on a new national master plan for drug control to run through 2009.

In 2006, USG assistance to the Royal Grenada Police Force Marine Unit included replacing a patrol vessel engine and restoration of two additional patrol boats to operational readiness following damage sustained during operations.

St. Kitts and Nevis. St. Kitts and Nevis is a transshipment site for cocaine from South America to the United States and the United Kingdom, as well as to regional markets. Drugs are transferred out of St. Kitts and Nevis primarily via small sailboats, fishing boats and go-fast boats bound for Puerto Rico and the U.S. Virgin Islands. Trafficking organizations operating in St. Kitts are linked directly to South American traffickers, some of whom reportedly are residing in St. Kitts, and to other organized crime groups. Marijuana is grown locally, 90 percent of which is consumed locally.

The Government of St. Kitts and Nevis (GOSKN) Defense Force augments police counternarcotics efforts, particularly in marijuana eradication operations. GOSKN officials reported seizing 21.4 kg of cocaine, representing a 50 percent reduction in seizures from the previous year, and approximately 57.5 kg of marijuana from January through October 2006. From January to October 2006, 67 arrests were made, almost double the number of arrests in 2005. Eradication of marijuana plants increased from approximately 6,243 in 2005 to over 31,000 in 2006. According to the GOSKN, this figure does not represent an increase in cultivation, but rather an increase in eradication efforts. Despite these successes in 2006, the police drug unit on St. Kitts remained largely ineffective due to insufficient political will and the lack of complete independence for police to operate.

The GOSKN is party to the 1961 UN Single Convention as amended by the 1972 Protocol, the 1971 UN Convention on Psychotropic Substances, and the 1988 UN Drug Convention. St. Kitts and Nevis is a party to the Inter-American Convention against Corruption and the Inter-American Firearms Convention, but has not signed the Inter-American Convention on Extradition or the Inter-American Convention on Mutual Assistance in Criminal Matters. St. Kitts and Nevis is a party to the UN Convention against Transnational Organized Crime and its protocols.

In 2006, drug demand reduction programs included D.A.R.E. and Operation Future. There are no drug rehabilitation clinics in SKN and persons seeking such treatment are sent to St. Lucia.

USG provided technical assistance in 2006 with the dry-docking of the St. Kitts and Nevis Coast Guard's two patrol boats, STALWART and ARDENT, to repair damage sustained during operations.

French Caribbean

I. Summary

French Guiana, Martinique, Guadeloupe, the French side of St. Martin, and St. Barthelemy are all overseas departments of France and therefore subject to French law, including all international conventions signed by France. With the resources of France behind them, the French Caribbean Departments and French Guiana are meeting the goals and objectives of the 1988 UN Drug Convention. The French Judiciary Police, Gendarmerie, and Customs Service play a major role in narcotics law enforcement in France's overseas departments, just as they do in the rest of France. Cocaine moves through the French Caribbean and from French Guiana to Europe, and to a lesser extent, to the United States.

II. Status

French officials are seeing an increase in cocaine coming directly to France from the French Caribbean, and created the Martinique Task Force in response. The USG is concerned that some of this increased in trafficking could flow to the United States. French Customs also takes an active part in the undertakings of the Caribbean Customs Law Enforcement Council (C.C.L.E.C.), which was established in the early 1970's to improve the level of cooperation and exchange of information between its members in the Caribbean. C.C.L.E.C. has broadened its scope to include training programs, technical assistance and other projects.

III. Country Actions Against Drugs

In 2006, there were some 7,600 French troops in the Caribbean area and Guiana who played a major role in countering drug trafficking alongside the U.S. Joint Interagency Task Force South. During the year, important drug seizures in the French Caribbean included the April 29, discovery by French Customs agents of 808 kg of cocaine on board a Gibraltar flagged sailboat named "le Canito" in the open seas near Guadeloupe. Three Italian nationals were arrested. On May 2, French sailors aboard a patrol boat stopped a sailing vessel named "Ocean Breeze" approximately 700 kilometers from Martinique, and recovered some 50 kg of cocaine (it was suspected that the boat originally carried approximately a ton of cocaine, but much of the cargo was thrown overboard by the traffickers before the ship could be stopped). On July 2, two large drug seizures of cocaine – 14.044 kg and 14.124 kg respectively – were discovered in the suitcases of two passengers arriving at Orly airport from a flight originating from Pointe-a-Pitre in Guadeloupe.

Agreements and Treaties. In addition to the agreements and treaties discussed in the report on France, USG and Government of France (GOF) counter narcotics cooperation in the Caribbean is enhanced by a 1997 multilateral Caribbean customs mutual assistance agreement that provides for information sharing to enforce customs laws and prevent smuggling, including those relating to drug trafficking. The assignment of a French Navy liaison officer to the U.S. Joint Interagency Task Force-South (JIATF-S) at Key West, Florida has also enhanced law enforcement cooperation in the Caribbean. In October 2005, the French Parliament approved the "Aruba Accord" (formally the "Accord Concerning the Cooperation in Suppressing Illicit Maritime and Aeronautical Trafficking in Drugs and Psychotropic Substances in the Caribbean Region") and in February 2006, France deposited its instrument of ratification in Costa Rica, completing action on the French side. In October 2006, France, along with 11 other nations, signed the "Paramaribo Declaration" at a conference in Suriname, which is an agreement to establish an intelligence sharing network, to coordinate and execute drug sting operations among countries, and to address money laundering.

The French Customs and Excise Service operates, together with the French National Police and French National Mounted Police, the Inter-ministerial Drug Control Training Center (CIFAD) in Fort-de-France, Martinique. CIFAD offers training in French, Spanish and English to law enforcement officials in the Caribbean and Central and South America, covering such subjects as money laundering, precursor chemicals, mutual legal assistance, international legal cooperation, coast guard training, customs valuation and drug control in airports. CIFAD coordinates its training activities with the UNDOC, the Organization of American States/CICAD, and individual donor nations. U.S. Customs officers periodically teach at CIFAD. French Customs is co-funding with the Organization of American States (OAS), on a regular basis, training seminars aimed at Customs and Coast Guard officers from O.A.S. member countries.

France supports European Union initiatives to increase counternarcotics assistance to the Caribbean. The EU and its member states, the United States, and other individual and multinational donors are coordinating their assistance programs closely in the region through regular bilateral and multilateral discussions. The GOF participates actively in the Caribbean Financial Action Task Force (CFATF) as a cooperating and support nation (COSUN).

Guyana

I. Summary

Guyana is a trans-shipment point for cocaine destined for North America, Europe, and the Caribbean. In 2006, domestic seizures of cocaine were insignificant. The Government of Guyana's (GOG) inability to control its borders, a lack of law enforcement presence, and a lack of aircraft or patrol boats allow traffickers to move drug shipments via sea, river, and air with little resistance. The GOG has yet to implement the substantive initiatives of its National Drug Strategy Master Plan (NDSMP) for 2005-2009. Guyana is a party to the 1988 UN Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (the 1988 UN Drug Convention) but still needs to pass and implement additional legislation to meet its obligations under the convention.

II. Status of Country

Guyana is a trans-shipment country for cocaine, however, there have not been any large domestic seizures since a 1998 joint Guyanese/U.S. operation confiscated 3,154 kilograms (kg) of cocaine from a ship docked in Georgetown. Guyana's vast expanse of unpopulated forest offers cover for drug traffickers. Timber concessions in the remote interior may allow drug traffickers to establish autonomous outposts beyond the reach of Guyanese law enforcement. In response to controversy surrounding one such permit, the government announced it would propose legislation requiring stronger background checks on investors applying for timber concessions. The legislation has not yet been tabled in the National Assembly.

Government counternarcotics efforts are undermined by the lack of adequate resources for law enforcement, poor coordination among law enforcement agencies, and a weak judicial system. The Guyanese media regularly report murders, kidnappings, and other violent crimes commonly believed to be linked with narcotics trafficking. Guyana produces cannabis, but not coca leaf or cocaine. Guyana is not known to produce, trade, or transit precursor chemicals on a large scale.

III. Country Actions Against Drugs in 2006

Policy Initiatives. The GOG announced no new drug policy initiatives in 2006. Guyana has not yet implemented its ambitious 2005-2009 NDSMP that was launched in June 2005. The Financial Investigations Unit (FIU) remains handicapped by the lack of effective legislation to deal with money laundering, such as the absence of regulations to allow for seizing assets.

Accomplishments. In 2006, Guyanese law enforcement agencies seized less than 60 kg of cocaine with no publicly reported seizures in excess of 10 kg. This represents a miniscule portion of the cocaine that the USG believes transits Guyana. In 2006, Guyanese drug trafficker Roger Khan was indicted by a federal court in New York for conspiracy to import cocaine into the United States. Khan was deported from Trinidad, and he is currently incarcerated in New York awaiting trial.

Law Enforcement Efforts. The GOG's counternarcotics efforts suffer from a lack of adequate law enforcement resources, poor inter-agency coordination, and widespread corruption. Several agencies share responsibility for counternarcotics activities: the Customs Anti-Narcotics Unit (CANU) is tasked with conducting enforcement activities mainly at ports of entry; the Guyana Police Force (GPF) Narcotics Branch is the principal element in the police responsible for enforcement of drug laws domestically; and the Guyana Defense Force Coast Guard (GDFCG) has the lead for maritime counternarcotics operations. There is little productive interaction or intelligence sharing among these organizations. The Joint Intelligence Coordination Center (JICC) is not currently operational.

In 2006, the GPF Narcotics Branch and CANU arrested dozens of drug couriers at Guyana's international airport en route to the Caribbean, North America, and Europe. However, the arrests were limited to individuals with small amounts of marijuana, crack cocaine or powder cocaine, usually on charges of possession for the purpose of trafficking. Authorities have not successfully acted against major traffickers and their organizations. The GDFCG conducts patrols with the interceptor boat donated by the USG in 2005, but has not yet interdicted any narcotics shipments. While CANU is responsible for patrolling Guyana's ports, it has only one team of six officers available to secure all five main transit points. CANU has no officers patrolling the numerous land entry points on the Venezuela, Brazil, and Surinam borders.

Corruption. There is no evidence that the GOG or senior GOG officials encourage or facilitate the illicit production, processing, shipment or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. Guyana is party to the Inter-American Convention Against Corruption (IACAC), but has yet to fully implement its provisions, such as seizure of property obtained through corruption. News media routinely report on instances of corruption reaching to high levels of government that go uninvestigated and unpunished. Guyana is not a party to the UN Convention against Corruption.

Agreements and Treaties. Guyana is party to the 1988 UN Drug Convention, the 1961 UN Single Convention on Narcotic Drugs, as amended by the 1972 Protocol, and the 1971 UN Convention on Psychotropic Substances. Guyana also is a party to the UN Convention Against Transnational Organized Crime and its protocol on trafficking in persons. The 1931 Extradition Treaty between the United States and the United Kingdom is applicable to the U.S. and Guyana. Although there is no bilateral mutual legal assistance treaty between the U.S. and Guyana, assistance has been provided informally to each country by the other. In March 2006, Guyana signed the OAS Mutual Legal Assistance Treaty, to which the US is a party, which can be a basis to seek assistance. Guyana signed a bilateral agreement with the U.S. on maritime counternarcotics cooperation in 2001; however, it has not yet taken the necessary domestic actions to bring the agreement into force. Guyana has bilateral agreements to cooperate on drug trafficking issues with its neighbors and with the United Kingdom. Guyana is also a member of the Organization of American States' Inter-American Drug Abuse Control Commission (OAS/CICAD).

Cultivation and Production. Cannabis cultivation occurs in Guyana on a limited scale, primarily in the intermediate savannahs. Police regularly discover and eradicate cannabis cultivation sites when conducting area sweeps. Guyana authorities discovered and destroyed more than 6,500 kg of marijuana in 2006.

Drug Flow/Transit. According to USG law enforcement authorities, Guyanese narcotics traffickers regularly move shipments of cocaine through the country. In some deals Guyanese traffickers swap weapons for drugs. Cocaine flows through Guyana's remote, uncontrolled borders and coastline. Light aircraft land at numerous isolated airstrips or make airdrops where operatives on the ground retrieve the drugs. Smugglers use small boats and freighters to enter Guyana's many remote but navigable rivers. Smugglers also take direct routes, such as driving or boating across the uncontrolled borders with Brazil, Suriname, and Venezuela. Inside the country, narcotics are transported to Georgetown by road, water, or air and then sent on to the Caribbean, North America, or Europe via commercial air carriers or cargo ships. "Go-fast" boats may also carry cocaine from Guyana's rivers to mother-ships in the Atlantic. Authorities have arrested drug mules attempting to smuggle small amounts of cocaine on virtually every northbound route out of the international airport.

Drug traffickers also use cargo ships to export narcotics from Guyana, either directly to North America and Europe, or through intermediate Caribbean ports. In July 2006, Spanish police broke

up a drug-smuggling ring that used yachts hired out for family holidays to import more than 800 kg of cocaine into Britain and Spain. Authorities said the drugs were loaded off Venezuela, Guyana and Suriname and hidden below the decks while paying passengers took cruises. Drug traffickers have also used virtually every commodity that Guyana exports as a cover for shipping cocaine out of the country.

Demand Reduction (Domestic Programs). Marijuana is sold and consumed openly in Guyana, despite frequent arrests for possessing small amounts of cannabis. CANU and a study reported in the 2005-2009 NDSMP both note that consumption of cocaine powder, crack cocaine, ecstasy, and heroin has been on the rise. Guyana's ability to deal with drug abusers is limited by a lack of financial resources to support rehabilitation programs. Guyana only has two facilities that treat substance abuse - the Salvation Army and the Phoenix Recovery Center. Both of these facilities are "men only" - there are no treatment facilities for women in Guyana. There are no adequate programs to deal with substance abuse in the prisons.

IV. U.S. Policy Initiatives and Programs

U.S. Policy Initiatives. U.S. policy focuses on cooperating with Guyana's law enforcement agencies and promoting good governance. U.S.-funded training and technical support are key components of this strategy. In 2006, the USG continued to encourage Guyanese participation in bilateral and multilateral counternarcotics initiatives. The U.S. Agency for International Development (USAID) is funding projects to improve governance in Guyana, which includes parliamentary and judicial reform.

Bilateral Cooperation. The DEA works with Guyana's government and law enforcement agencies to develop initiatives that will enhance their counternarcotics activities. The GOG routinely grants diplomatic credentials to DEA officers who cover Guyana from the U.S. Embassy in Trinidad. U.S. officials continue to work closely with the FIU in its fledgling efforts to curb money laundering.

The Road Ahead. Guyana’s lack of resources significantly hampers its ability to mount an effective counternarcotics campaign. The GOG needs to implement the substantive initiatives of its National Drug Strategy Master Plan (NDSMP) for 2005-2009. The U.S. will channel future assistance to initiatives that demonstrate success in interdicting drug flows and prosecuting drug traffickers. Additionally, legislation to give the Financial Investigations Unit (FIU) additional authorities and provide regulations allowing for asset seizure and forfeiture needs to be passed. We also encourage the GOG to increase participation in bilateral and multilateral initiatives, as well as implementing current international conventions and agreements.

Haiti

I. Summary

Haiti, a major transit country for cocaine from South America, is experiencing a surge in air smuggling of cocaine out of Venezuela. The new Government of Haiti (GOH) headed by President Preval, like the Interim Government it replaced following elections in 2006, struggled to overcome pervasive corruption, weak governance and mismanagement. Haiti's law enforcement institutions are weak and its judicial system dysfunctional. Another challenge confronting the GOH is the need to curb continuing violence and disorder perpetrated by criminal elements – some of whom are involved in drug trafficking - that continues to undermine efforts to promote the economic, social and political development of the country. The GOH with assistance from international donors – principally the United Nations Stabilization Mission in Haiti (MINUSTAH) and the USG - took important steps during the year toward restoring the rule of law. President Preval reappointed a reform-minded Haitian National Police Director General to a three-year term in June 2006. The GOH also reached agreement with MINUSTAH on a plan to reform the Haitian National Police (HNP) that includes a vetting and certification process for new police recruits as well as existing officers. With the support of MINUSTAH troops, the GOH initiated a campaign to dismantle and disarm the criminal gangs in Port au Prince involved in kidnappings and other criminal activity. The HNP's anti-drug unit carried out limited operations during the year that resulted in some seizures of drugs and drug-related funds. Haiti is a party to the 1988 UN Drug Convention.

II. Status of Country

Haiti is a significant transit country for cocaine destined for the United States and to a lesser extent Canada and Europe. According to the U.S. Joint Interagency Task Force–South (JIATF-S), the number of drug smuggling flights from Venezuela to Hispaniola increased by 167 percent from 2005 to 2006. Approximately one third of these flights went to Haiti. In addition to 1,125 miles of unprotected shoreline, uncontrolled seaports, and numerous clandestine airstrips, Haiti's struggling police force, dysfunctional judiciary system, corruption, a weak democracy and a thriving contraband trade contribute to the prolific use of Haiti by drug traffickers as a strategic point of distribution.

III. Country Actions Against Drugs in 2006

During 2006, the HNP trained 1,044 new recruits and provided in-service training to 860 existing officers. In December, the HNP graduated a class of 565 new officers, most of whom were initially assigned to traffic control duties. Since 2004, a total of 2,300 new recruits have been trained and 1,100 existing officers have been given in service training. The HNP and MINUSTAH reached agreement on a reform plan with the goal of creating a police force of 12,000 trained and vetted officers within five years. Since August MINUSTAH troops, United Nations Police (UNPOL) and HNP officers have made progress in dismantling gangs that support drug trafficking organizations. The GOH reaffirmed its support of the DEA-led Sensitive Investigative Unit (SIU) with the signing of an agreement in September. With a location for the unit leased and renovated and the procurement of necessary investigative equipment underway, the SIU is expected to become fully operational in early 2007.

The GOH Central Financial Intelligence Unit (French acronym UCREF), and the Financial Crimes Task Force (FCTF) within it, continued to investigate money laundering and corruption cases during the year. However, none of the hundreds of investigations conducted by UCREF and the FCTF since 2004 have been prosecuted. UCREF confiscated $800,000 and froze $1.4 million as well as the equivalent of $5 million in local currency related to money laundering offenses.

UCREF provided assistance to DEA in two investigations and to an IRS investigation during the year.

Law Enforcement Efforts. With assistance from DEA and the Narcotics Affairs Section (NAS), the counterdrug unit of the HNP (French acronym BLTS) conducted limited operations against drug trafficking. In August, the BLTS seized 372 kg (kg) of cocaine linked to a Haitian trafficker currently under indictment in the U.S. In November, the BLTS unit at the airport in Port au Prince arrested a former HNP officer and known associate of Colombian traffickers and seized $254,000 before he was able to board a flight to Panama. As a result of an investigation into drug trafficking across the border with the Dominican Republic, the BLTS set up a checkpoint on the main road and seized 238 kg of cocaine. DEA provided training to two BLTS agents in the use of the Centers for Drug Information database that is linked to DEA offices in the Caribbean via the Internet. The BLTS formed a drug detection canine unit with support from American Airlines that will inspect baggage and cargo at the airport. American Airlines provided two dogs and training for four BLTS agents and the Narcotics Affairs Section (NAS) contributed a vehicle to the new unit.

The Haitian Coast Guard (HCG) conducted limited drug and migrant interdiction operations from its bases in Port au Prince and Cap Haitien during the year. The HCG deployed one 40 ft vessel and two 35 ft. "Eduardono" fast boats to Cap Haitien for patrol and port security operations. In May, the HCG successfully interdicted a boat with more than one hundred Haitian migrants aboard that had departed the north coast for The Bahamas.

Corruption. There is rampant corruption in almost all public institutions in Haiti, including the HNP. Since 2004, all new police recruits are vetted and the HNP reached agreement in August 2006 with MINUSTAH on procedures to vet all currently serving police officers. The HNP Director General dismissed 500 officers during the year for misconduct. However, in June, a magistrate ordered the release of funds frozen by UCREF as the result of its investigations into money laundering and corruption and briefly jailed the director of UCREF when he refused to do so. Over $1.4 million were eventually released by the magistrate to the suspected money launderers.

Agreements and Treaties. Haiti is a party to the 1988 UN Drug Convention. A U.S.-Haiti maritime counternarcotics agreement entered into force in 2002. Haiti has signed and ratified the Inter-American Convention Against Corruption. Haiti has signed but not ratified the Caribbean Regional Maritime Agreement, the UN Convention Against Transnational Organized Crime and the UN Convention Against Corruption. Haiti has not signed or ratified the OAS Mutual Legal Assistance Treaty. There is no bilateral mutual legal assistance treaty between the U.S. and Haiti. Requests for assistance historically have been made through letters rogatory but there have been no formal requests for assistance in years.

Extradition. Haiti and the U.S. are parties to an extradition treaty that entered in force in 1905. Although the Haitian Constitution prohibits the extradition of nationals, in the past Haitians under indictment in the U.S. have been returned to the U.S. by non-extradition means. During 2006, no Haitian fugitives were returned to the U.S. nor were there any extraditions.

Cultivation/Production. There is no known cultivation or production of illicit drugs in Haiti with the exception of low quality cannabis, which is grown on a small scale and sold locally.

Drug flow/transit. For the greater part of 2006, traffickers used small aircraft to make offshore air drops of illegal drugs, however, near the end of 2006, traffickers shifted to land deliveries using clandestine airstrips. According to JIATF-South, in 2006 there were 46 suspect drug flights from Venezuela, where a permissive environment is allowing smuggling aircraft to operate with impunity. Fast boats transporting cocaine from South America to the United States through a variety of strategic Haitian locations frequented the southern coast of Haiti. Drug shipments

arriving at the various seaports are transported overland to Port-au-Prince where they are frequently concealed on cargo and coastal freighters destined for the United States and Europe. Marijuana is shipped via fast boats from Jamaica to waiting Haitian fishing vessels and cargo freighters to seaports along Haiti's southern claw. It is then shipped directly to the continental United States or transshipped through the Dominican Republic or Puerto Rico. Cocaine, crack and marijuana are readily available and consumed in Haiti.

Demand Reduction. Drug abuse is not yet a major problem in Haiti. In 2006, the GOH continued a public awareness campaign designed to discourage drug use launched in 2005 with USG assistance.

IV. U.S. Policy Initiatives and Programs

Reform of the HNP continues to be the cornerstone of USG efforts to combat drug trafficking in Haiti. In cooperation with MINUSTAH, the USG provided equipment and technical assistance in 2006, aimed at transforming the HNP into an effective law enforcement institution. The NAS Police Advisory Group identified specific requirements and coordinated the procurement of vehicles, radios and other technical equipment for the HNP. The police advisers also oversaw the construction of four model police stations in Leogane, Petit Goave, Carrefour and Thiotte and the installation of 58 solar-powered radio base stations for the HNP throughout the country. The USG contributed 50 officers to MINUSTAH's UNPOL contingent, many of whom are involved in training recruits at the HNP academy. The USG also is contributing three corrections experts to form the nucleus of a sixteen-member UN team that will work on improving the infrastructure and management of Haiti's prison system. In addition, the USG has provided an adviser to help the HNP Director General implement anti-corruption measures. Advisers from U.S. Treasury's Office of Technical Assistance provided training and mentoring in financial investigations to UCREF and the Financial Crimes Task Force. The U.S. Coast Guard supported HCG operations with leadership and technical courses, visits by Mobile Training Teams that advised on boat maintenance and handling, law enforcement techniques and port security operations, and by refitting one 40 ft. patrol vessel.

Road Ahead. Continued USG support for the reform and expansion of the HNP as well as reform of the judicial system is prerequisites for effective counternarcotics operations throughout the country. More importantly, the restoration of the rule of law will provide the security and stability Haiti needs to fully meet the economic, social and political development needs of the Haitian people.

Jamaica

I. Summary

Jamaica is a major transit point for cocaine enroute to the United States and is also a key source of marijuana and marijuana derivative products for the Americas. There is robust cooperation between U.S. Government (USG) and the Government of Jamaica (GOJ) law enforcement agencies. During 2006, the GOJ seized narcotics destined for the United States, arrested key traffickers and criminal gang leaders and dismantled their organizations. The GOJ began 2006 with an ambitious legislative agenda that included financial crimes, port security, and use of DNA in criminal cases, but had little success in moving the legislation through Parliament. The Jamaica Constabulary Force's (JCF) anti-crime program achieved a 16 percent decrease in crime for 2006. The GOJ however, seems unable to move with equal efficacy against official corruption. In 2006, Jamaica's Minister of National Security warned of the dangers of a narcotics/political link within Jamaica, and pledged the GOJ's full support to combat corruption, but there were no prosecutions of high-level officials for corruption over the last 12 months.

II. Status of Country

Jamaica's difficult to patrol coastline, over 100 unmonitored airstrips, busy commercial and cruise ports and convenient air connections make it a major transit country for cocaine. Jamaica remains the Caribbean's largest producer and exporter of marijuana. Consumption of cocaine, heroin and marijuana is illegal in Jamaica. Marijuana is the drug most frequently abused. Consumption of powder and crack cocaine is rising, despite their cost and limited availability. The possession and use of Ecstasy (MDMA) is controlled by the Food and Drug Act and is subject to light non-criminal penalties.

III. Country Actions Against Drugs in 2006

Policy Initiatives/Accomplishments. In 2006, the GOJ announced an ambitious agenda of key security and counternarcotics legislative and policy initiatives: civil forfeiture, use and collection of DNA evidence, port security, human trafficking, digital fingerprinting, and anti-corruption but was unable to move all but the digital fingerprinting program beyond the initial stages.

The Proceeds of Crime Act, which would provide the GOJ with the powerful tool of civil forfeiture and permit a more expeditious seizure and forfeiture process, was stalled in Parliament, despite a lack of opposition. The GOJ also tabled a Human Trafficking Bill in November 2006. However, the GOJ prepared legislation to expand the collection of DNA evidence in criminal cases in late 2006, and signed an agreement with the FBI to share DNA information with the USG through the FBI's Combined DNA Index System (CODIS) database, scheduled to begin in early 2007. Legislation to criminalize the manufacture, sale, transport, and possession of Ecstasy, methamphetamine, and their precursor chemicals, was also drafted in 2006 and is slated for presentation to Parliament in 2007.

In late 2006, the USG Container Security and MegaPorts initiatives began. Although the focus of these two programs is not counternarcotics, the side-by-side working relationship between U.S. and Jamaican customs officials should enhance other USG efforts against narcotics trafficking through Kingston's commercial port.

Law Enforcement Efforts. Both the Jamaica Constabulary Force (JCF) and Jamaica Defense Force (JDF) gave priority to counternarcotics missions in 2006. While they were hampered by internal corruption and a lack of sufficient resources, their efforts enabled cannabis seizures to increase by over 200 percent in 2006. The JDF Air Wing and Coast Guard (JDFCG) are involved

in maritime interdiction efforts, and they, along with the JCF and Financial Investigations Division worked closely with the USG to investigate significant narcotics trafficking and money laundering organizations. The JCF also continued to implement its 2005-2008 Corporate Strategy for Reform, which includes a reorganization of police divisions. During 2006, the JCF's efforts to control crime and improve community policing, resulted in a reduction in crime by 16 percent overall. In 2006, the JCF arrested 5,409 persons on drug related charges including 269 foreigners.

In August 2006, two priority targets associated with major cocaine trafficking organizations were arrested in Jamaica and await extradition to the United States where they are charged with conspiracy to import illegal drugs. Jeffrey and Gareth Lewis (father and son) allegedly transported cocaine shipments from Colombia to the United States. Jamaican, Colombian, Panamanian, Mexican and U.S. law enforcement agencies cooperated in an operation that resulted in seizure of five tons of cocaine in international waters. The Lewis' cargo vessel was seized by Panama. In conjunction with the arrests in Jamaica, 11 vehicles were seized, along with the equivalent of $70,158 in cash.

Since its inception in October 2004, through December 2006, Operation Kingfish, a multinational task force (GOJ, U.S., United Kingdom and Canada) to coordinate investigations leading to the arrest of major criminals, launched 1,378 operations resulting in the seizure of 56 vehicles, 57 boats, one aircraft, 206 firearms, and two containers conveying drugs. Kingfish was also responsible for the seizure of over 13 metric tons of cocaine (mostly outside of Jamaica), and over 27,390 pounds of compressed marijuana. In 2006 Operation Kingfish mounted 870 operations, compared to 607 in 2005.

In 2006, through cargo scanning, the Jamaican Custom's Contraband Enforcement Team seized over three thousand pounds of marijuana, ten kg of cocaine and approximately $500,000 at Jamaican air and seaports. Nonetheless, the Service is understaffed and ill equipped to combat effectively the ever-complex methods of smuggling illicit drugs in commercial goods.

Corruption. No Senior GOJ official, nor the GOJ as a matter of policy, encourage or facilitate the illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. However, USG funded polygraphing of JCF, Immigration, and Customs officers starkly illuminated the pervasive nature of corruption, which continues to undermine efforts against drug-related and other crimes, plays a major role in the safe passage of drugs and drug proceeds through Jamaica and remains a major barrier to improve counternarcotics efforts. High profile corruption scandals plagued the GOJ throughout 2006. The GOJ has a policy of investigating credible reports of public corruption; however, despite stern warnings that corruption at any level would not be tolerated, in 2006, the GOJ made little progress as there were no prosecutions of high-level officials for corruption, or of officials linked by reliable evidence to drug-related activity.

The JCF established a Professional Standards Branch and appears to be taking steps to deal with corruption within the Force's lower levels. The JDF investigates any reports of corruption, and takes disciplinary action when warranted in furtherance of its zero tolerance policy. In Parliament for consideration is the Corruption Prevention Act, which would grant Jamaica's Commission for the Prevention of Corruption greater powers, and make Jamaica's legislation consistent with its commitments under the Inter-American Convention against Corruption.

Agreements and Treaties. The extradition treaty between the USG and the GOJ has been actively used, with the vast majority of cases involving requests to Jamaica. Jamaica and the U.S. regularly use their mutual legal assistance treaty (MLAT). The U.S. and Jamaica have a reciprocal asset sharing agreement, and a bilateral law enforcement agreement governing cooperation on stopping the flow of illegal drugs by maritime means. Jamaica is a party to the Inter-American Convention on Mutual Legal Assistance in Criminal Matters. In 2005, the GOJ agreed to participate in the

Cooperating Nation Information Exchange System. The GOJ signed, but has not ratified, the Caribbean Regional Maritime Counterdrug Agreement. Jamaica is a party to the 1988 United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances.

Cultivation/Production. Jamaica is the Caribbean's largest producer and exporter of marijuana, but exact cultivation levels are unknown due to a lack of crop surveys. Marijuana is grown mostly in smaller plots nested in hilly and rocky terrain inaccessible to vehicular traffic. Jamaica uses manual eradication without the use of herbicides. The GOJ does not have any alternative development or crop substitution programs.

Drug Flow/Transit. In 2006, Cocaine smugglers changed their methods of moving cocaine to Jamaica and through Jamaica to the United States. Smugglers now primarily use container cargo transshipments or sea drops that are then brought on shore for smuggling via checked luggage, couriers and in commercial shipments. It is believed that the volume of cocaine smuggled through Jamaica, which was trending downward in 2005, was on the rise in 2006. However, due to better concealment by traffickers, seizures of cocaine within Jamaica decreased from 153 kg (kg) in 2005 to 109 kg in 2006. With 113 unmonitored landing strips/fields, the potential to also use land drops remains high. In 2006, marijuana seizures increased from 19,777 kg in 2005 to 59,771 kg in 2006, and eradication of marijuana increased from 423 hectares to 524 hectares for the same period. Marijuana traffickers barter for cocaine and finance gunrunning activities.

Domestic Programs/Demand Reduction. A 2006 survey indicates that the use of narcotics and alcohol by youths aged 11to19 remains elevated, with alcohol and marijuana being the substances of choice. There is also evidence that the use of Dutch-produced Ecstasy is on the rise among the "tourist" market. Jamaica has several demand reduction programs including the Ministry of Health's National Council on Drug Abuse that receive U.S. funding support. The UNODC works directly with the GOJ and NGOs on demand reduction; however, due to limited resources these programs make little impact.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. In 2006, the U.S. concluded the four-year tenure of the Law Enforcement Advisor to the JCF's National Intelligence Bureau and the three-year tenure of the Law Enforcement Development Advisor to assist the JCF's strategic planning and reform efforts. Due to a combination of internal resistance to change, and a lack of power to ensure implementation of the programs' recommended changes, neither program fully achieved its goals. The Jamaica Fugitive Apprehension Team (JFAT) received specialized training, equipment, guidance and operational support from the U.S. Marshals permanently stationed in Kingston. The U.S. Marshals report that there are 210 open/pending cases regarding U.S. fugitives. In 2006, there were 15 arrests, 12 extraditions and 5 deportations.

Operation Riptide allows partner nations to conduct law enforcement operations within each other's maritime zones and is authorized under the Joint Jamaica-United States Maritime Cooperation Agreement. The GOJ participated in one deployment in Jamaican waters during 2006 along with one British vessel and two U.S. vessels. Although no drugs were seized, the deployment provided a useful training opportunity. The JDF continued to work with USG's Joint Interagency Task Force-South (JIATF-S) in 2006 to disrupt maritime trafficking.

Continued use of the USG funded International Organization for Migration (IOM) Border Control System, and follow on DHS training of Jamaican Immigration, and airline staff in 2006 resulted in the detection of over 30 fraudulent Jamaican passports, the interception of more than 100 fraudulent visas and enabled Jamaican authorities to identify a number of victims of human smuggling.

Multi-lateral Cooperation. In 2006, the USG funded renovations and provisioning of computer equipment for the Kingston-based multi-nation (GOJ, U.S., United Kingdom and Canada) Airport Interdiction Task Force. The Task Force, set to begin in early 2007, will combat narcotics and arms smuggling, as well as human trafficking and immigration fraud. The U.S. continues to support the Mini-Dublin Group, and reinvigorated cooperation with the local UK and Canadian embassies to prevent duplication of efforts and ensure the most effective use of our combined counternarcotics resources.

The Road Ahead. Official corruption ranging from petty shakedowns by street cops to higher-level graft and other criminal activities remains a cancerous force in Jamaica. To prevent Jamaica from becoming a full-fledged kleptocracy, the GOJ must investigate, prosecute and convict corrupt officials at all levels of government service.

In 2007, the U.S. will enhance cooperation with our international partners to better assist the GOJ with tackling corruption. In addition, by partnering with the United Kingdom and Canada, the U.S. intends to rationalize its expenditures on operational equipment for the GOJ, thereby ensuring more uniform provisioning of JCF and JDF units. GOJ plans to push passage and implementation of key security and counternarcotics legislation, such as the Proceeds of Crime Act in early 2007. Once passed, the USG will be able to intensify the capacity building of the FID and JCF Financial Crimes Group. The U.S. urges the GOJ to interdict at least two major cocaine shipments, arrest at least one major target operating within an international drug trafficking organization, and take certain concrete steps to reform the Jamaica Constabulary Force in the coming year.

V. Statistical Tables

Seizures in Jamaica		2006	2005	2004	2003
	Unit				
Cannabis	kg	59,770.69	19,777.31	20,952.14	36,603.60
Hash Oil	kg	0	910.49	37.70	1,897.33
Cocaine	kg	109.15	152.85	1,735.51	1,586.16
Crack Cocaine		2.62 kg	1.79 kg	3,049 pieces	2,949 pieces
Ecstasy	Tablets	500	13,070	133,032	0

Eradication in Jamaica		2006	2005	2004	2003
	Unit				
Cannabis	ha	524	422.96	411.64	444.639
Nurseries		180	392	403	279
Seedlings		9,902,279	7,277,000	5,004,930	3,711,975
Seeds	kg	7,677* 44	7,603.67 15	551.12	N/A
Huts					

*** There was one seizure in 2006 of 7,500 kg of seeds, which is indicative of the suspected massive increase in cultivation on the island.

Arrests	2006	2005	2004	2003
Total Arrests	6,793	6,215	3,319	
Foreigners	269	203	294	

Seizure and Tracking Reports -- within Jamaica and overseas	Unit	2006	2005	2004
Marijuana	KG	33,961	422,842	18,455
Cocaine	KG	24,550	40,602	26,598
Cash	USD	2,877,233	1,041,375	N/A
Go Fast Events		11	60	56

Suriname

I. Summary

Suriname is a transit point for South American cocaine en route to Europe and, to a lesser extent, the United States. The Government of Suriname's (GOS) inability to control its borders, inadequate resources, limited training for law enforcement, lack of a law enforcement presence in the interior, and lack of aircraft or patrol boats allow traffickers to move drug shipments via sea, river, and air with little resistance. Nevertheless, in 2006, Suriname's law enforcement officials continued their anti-narcotics efforts by arresting and convicting high-profile narcotics traffickers. Over the past five years, the GOS has successfully eliminated eight out of ten major local narcotics organizations. Suriname is a party to the 1988 United Nations Drug Convention but has not implemented legislation to bring itself into full conformity with the Convention. However, in October 2006, the country hosted an international anti-narcotics conference, showing its commitment to combat drug trafficking.

II. Status of Country

Suriname is a transshipment point for cocaine destined primarily for Europe and, to a lesser extent, the United States. The GOS is unable to detect the diversion of precursor chemicals for drug production, as it has no legislation controlling precursor chemicals and hence no tracking system to monitor them. The lack of resources, limited law enforcement capabilities, inadequate legislation, drug related corruption, a complicated and time-consuming bureaucracy, and overburdened and under-resourced courts inhibit GOS's ability to identify, apprehend, and prosecute narcotic traffickers. In addition, Suriname's sparsely populated coastal region and isolated jungle interior, together with weak border controls and infrastructure, make narcotics detection and interdiction efforts difficult.

III. Country Actions Against Drugs in 2006

Policy Initiatives. Suriname's National Drugs Master Plan (2006-2010) was approved in January 2006. The plan covers both supply and demand reduction and includes calls for new legislation to control precursor chemicals. The development of the plan through multi-sectoral consultation was a significant step in fostering national coordination to address Suriname's drug problem. To coordinate implementation of the Master Plan, the Executive Office of the National Anti-Drug Council was established.

Accomplishments. In 2006, the Ministry of Justice and Police and law enforcement institutions in Suriname were more active and effective in pro-actively targeting large trafficking rings and working with international partners. Through September 2006 the GOS seized 577 kilograms (kg) of cocaine and 42 kg of cannabis. 571 persons were arrested for drug-related offenses. While seizures and arrests have significantly decreased compared to 2005, law enforcement sources attribute this to the GOS' renewed focus on targeting major narcotics traffickers -- within the past five years GOS law enforcement has rounded up eight of the ten known major criminal organizations operating in the country.

Law Enforcement Efforts. Through September, GOS law enforcement agencies arrested 112 people who were carrying cocaine in their stomachs. Many who evade detection in Suriname are arrested at the airport in Amsterdam, which since 2004 has implemented a 100 percent inspection of all passengers and baggage arriving on all inbound flights from Suriname. In February and March 2006, Surinamese law enforcement officials destroyed marijuana fields in the interior, consisting of four and two hectares, respectively. In 2006, the judiciary handed down several stiff

sentences in high-profile drug cases, such as in March, when a judge convicted and sentenced two men to eight and four years' imprisonment, respectively, based on the April 2005 seizure of 118 kg of cocaine that had been hidden in a container of lumber and shipped to France.

In a major success in 2006, Surinamese authorities arrested Shaheed "Roger" Khan, a Guyanese national suspected of narcotics trafficking, on charges of false documentation. He was set to return to Guyana via Trinidad and Tobago, but was deported, instead, to the United States, where he is currently awaiting trial on narcotics-related charges.

Corruption. As a matter of policy, no senior GOS official, nor the GOS, encourages or facilitates the production, processing, or shipment of narcotic and psychotropic drugs or other controlled substances, and does not discourage the investigation or prosecution of such acts. Moreover, the GOS has demonstrated some willingness to undertake law enforcement and legal measures to prevent, investigate, prosecute, and punish public corruption. Through October, nine police officers suspected of narcotics trafficking and membership in criminal organizations were investigated. Public corruption is considered a problem in Suriname and there are reports of drug use and drug sales in prisons. Reports of money laundering, drug trafficking, and associated criminal activity involving current and former government and military officials continue to circulate. According to Customs reports, the GOS loses roughly $45 million annually in uncollected Customs revenues due to corruption and false invoicing. Investigations show that false invoicing occurs daily, despite heavy fines.

Agreements and Treaties. Suriname is party to the 1961 United Nations Single Convention as amended by the 1972 Protocol, and the 1971 U.N. Convention on Psychotropic Substances. Suriname is also a party to the 1988 U.N. Drug Convention and has accordingly passed legislation that conforms to a majority of the convention's articles, but it has failed to pass legislation complying with precursor chemical control provisions. The GOS has not ratified the Inter-American Convention on Mutual Assistance in Criminal Matters or the Optional Protocol thereto. Since 1976, the GOS has been sharing narcotics information with the Netherlands pursuant to a Mutual Legal Assistance Agreement. In August 1999, a comprehensive six-part, bilateral, maritime counter-narcotics enforcement agreement with the U.S. entered into force. The U.S.-Netherlands Extradition Treaty of 1904 is applicable to Suriname, but Suriname's Constitution prohibits the extradition of its nationals. In January 2006, Suriname, the Netherlands Antilles, and Aruba signed a Mutual Legal Assistance Agreement allowing for direct law enforcement and judicial cooperation between the countries, thereby no longer requiring the process to be first routed through The Hague. Parties met in October to discuss progress in implementing the agreement, which covers cooperation with regard to drug trafficking, trafficking in persons, and organized crime. Suriname has also signed bilateral agreements to combat drug trafficking with neighboring countries Brazil and Guyana, as well as with Venezuela. Suriname is an active member of the Inter-American Drug Abuse Control Commission of the Organization of American States (OAS/CICAD), to which it reports regularly. Suriname has signed agreements with the United States, Netherlands and France that allow for police attachés to work with local police. Suriname is not a party to the U.N. Convention Against Transnational Organized Crime.

Cultivation and Production. Suriname is not a producer of cocaine or opium poppy. While cannabis is cultivated in Suriname, there is little specific data on the amount under cultivation, or evidence that it is exported in significant quantities.

Drug Flow/Transit. Much of the cocaine entering Suriname is delivered by small aircraft, which land on clandestine airstrips that are cut into the dense jungle interior and sparsely populated coastal districts. The lack of resources, infrastructure, law enforcement personnel, and equipment makes detection and interdiction difficult. Drugs are transported along interior roads to and from the clandestine airstrips. Drugs are also shipped to seaports via numerous river routes to the sea or

overland for onward shipment to Caribbean islands, Europe, and the United States. Sea-drops are also used. Drugs exit Suriname via commercial air flights (by drug couriers or concealed in planes) and by commercial sea cargo. European-produced MDMA is transported via commercial airline flights from the Netherlands to Suriname (three to six flights per week, varying seasonally).

Domestic Programs. Suriname has a National Drug Demand Reduction Office, which conducts drug awareness and drug prevention campaigns throughout the year and trained schoolteachers and police officers in early detection of drug use. The Suriname Epidemiological Network on Drug Use (SURENDU), which is a network of governmental and non-governmental organizations, was strengthened in the areas of drug-use prevention and treatment in 2006. With funding from the Organization of American States, the National Anti-Drugs Council (NAR) embarked on a project to survey drug use in Suriname, and will interview approximately 6,000 persons between the ages of 12 and 65. The Council will also do a study on drug use in prisons. In the area of supply reduction, a U.S.-funded computer database was established to keep track of drug criminals from their detention up to their sentencing.

IV. U.S. Policy Initiatives and Programs

U.S. Policy Initiatives. The U.S. provides training and equipment to strengthen the GOS law enforcement and judicial institutions and their capabilities to detect, interdict, and prosecute narcotics trafficking activities. In October 2006, Suriname hosted an anti-narcotics conference attended by many regional and international players, including the United States. The "Paramaribo Declaration," which was endorsed in principle by the participants at the end of the conference, proposes a framework to establish an intelligence-sharing network, coordinate and execute sting operations, and tackle money laundering. .

Bilateral Cooperation. A high level of cooperation exists between U.S. and GOS law enforcement officials. In 2006, once again the U.S. provided both training and material support to several elements of the national police to strengthen their counternarcotics capabilities and promote greater bilateral cooperation. In May 2006, the U.S. conducted an assessment to assist the Suriname Defense Force (SDF) determine the structure, training, equipment, and facilities needed to support the creation of a Maritime Security Service (Coast Guard). In July 2006, the DEA intensified its cooperation with Surinamese law enforcement by establishing an office in Suriname. The U.S. was a participant and presenter at the October 2006 anti-narcotics conference in Paramaribo.

The Road Ahead. The U.S. will continue to encourage the GOS to pursue large narcotics traffickers and to dismantle their organizations. The GOS Ministry of Justice and Police have highlighted this goal to the news media, and the Khan arrest bears out its seriousness and commitment. Port security improved in 2006, and we urge the GOS to continue its efforts to strengthen its focus on port security, specifically seaports, which are seen as the primary conduits for large shipments of narcotics exiting Suriname. The U.S. will continue to provide equipment, training, and technical support to the GOS to strengthen its counternarcotics efforts.

Trinidad and Tobago

I. Summary

Trinidad and Tobago is a transit country for illegal drugs from South America to the U.S. and Europe. While there has been an increase in illicit drug traffic out of Venezuela, the quantity of drugs transiting Trinidad and Tobago does not have a significant effect on the U.S. Cannabis is grown in Trinidad and Tobago, but not in significant amounts. Trinidad and Tobago's petrochemical industry imports and exports chemicals that can be used for drug production and the Government of Trinidad and Tobago (GOTT) has instituted export controls to prevent diversion. In 2006, the GOTT cooperated with the U.S. on counter-drug issues and allocated significant resources of its own to the fight against illegal drugs. The GOTT is party to the 1988 UN Drug Convention.

II. Status of Country

Trinidad and Tobago, situated seven miles off the coast of Venezuela, is a convenient transshipment point for illicit drugs, primarily cocaine and marijuana but also heroin. Increased law enforcement success in Colombia has led to greater amounts of illegal drugs transiting the Eastern Caribbean. While the drugs entering the U.S. from Trinidad and Tobago do not have a significant effect on the U.S. market, their steady entry into the U.S. occupies the resources of American law enforcement.

Trinidad and Tobago has an advanced petrochemical sector, which requires the import and export of chemicals that can be diverted for the manufacturing of cocaine hydrochloride. Precursor chemicals originating from Trinidad and Tobago have previously been found in illegal drug labs in Colombia. The GOTT is working to track chemical shipments through the country, and export controls have been instituted to prevent future diversion to narcotics producers.

III. Country Actions Against Drugs in 2006

Policy Initiatives. In 2006, the GOTT National Drug Council continued to implement counter-drug policy initiatives, including elements of the country's counter-drug master plan, which addresses both supply and demand reduction. The GOTT also enhanced the capabilities of the Special Anti-Crime Unit (SAUTT), which has responsibility for both anti-drug and anti-kidnapping operations. This unit was provided with training in crime scene management, first responder responsibilities, investigation techniques, forensic evidence gathering, surveillance, interview techniques and also given technical support. In addition, a multi-purpose building was constructed to house the Crime Academy, where police and SUTT officers are taught anticrime techniques.

In 2006, the two major parties set aside political differences to pass anti-crime and law enforcement bills. The bills focus on streamlining the police service and holding it more accountable as well as increasing the penalties for certain crimes, to include kidnapping. These laws significantly enhance the effectiveness of law enforcement in fighting narcotics and other criminal offenses. The GOTT continued to implement training recommendations made by an American criminal justice specialist to improve capacity to detect narcotics and appropriately manage crime scenes. The Government is also considering recommendations from the Department of Justice’s International Criminal Investigative Training Assistance Program, which suggested changes in the structure, recruiting and retention of SAUTT officers.

In 2006, the GOTT also upgraded its coastal radar assets, and acquired two armed helicopters, an aerial surveillance system outfitted with radar and imaging systems, a forward-looking infrared camera, and twenty-four mobile police radios.

Accomplishments. As a result of joint operation between GOTT authorities and foreign law enforcement counterparts, there were 43 arrests from January to September 2006 and 2,500 kilograms (kg) of cocaine were seized/intercepted in the Caribbean Sea, Barbados, United Kingdom and Spain, and 3,200 kg of marijuana in Canada and the Netherlands. As of September 30, 2006, the GOTT seized approximately 1,000 kg of cocaine, 162 kg of heroin, and over 1,500 kg of cannabis in various forms. The GOTT also eradicated over 192,550 cannabis plants, 47,400 seedlings, and 271,264 kg of cured marijuana. In a series of operations in April and June, the Organized Crime Narcotics and Firearms Bureau (OCNFB) seized approximately 45 kg of cocaine valued at $5 million. During one incident, a DHL employee was arrested while attempting to ship the drug to London. In another incident, three persons were arrested following a high-speed chase, which netted 23 kg of cocaine. GOTT authorities also arrested a total of 36 foreigners for drug trafficking and for attempting to export narcotics. In July 2006, Dutch national Andre Van Dijk was sentenced to 4 years' hard labor for possession of liquid cocaine valued at over $600,000. In addition nationals from Venezuela, Africa, Canada, Europe and some Americans were arrested for possession of cocaine and marijuana in 2006.

Law Enforcement Efforts. The Coast Guard (TTCG), Organized Crime and Narcotics Unit (OCNU), CDCTF, SAUTT and other specialized police/military units continued drug interdiction and eradication operations throughout 2006, sometimes in cooperation with the DEA and U.S. Customs and Border Protection. The country has purchased technical equipment to augment human resources. However, some agencies complain that they have been overlooked in budgetary allocations and do not have adequate funds for upkeep or necessary new equipment. The Government hired Scotland Yard officers to work alongside T&T law enforcement agents as "on-the-job mentors" and to provide further technical assistance. The GOTT also provided support for the Caribbean Financial Action Task Force (CFATF), which has its secretariat in Port of Spain, and began to implement several of its recommendations to combat money laundering.

The GOTT also consolidated the OCNU and the Firearms Interdiction unit (FIU) into the Organized Crime Narcotics and Firearms Bureau (OCNFB), resulting in increased seizures of various types of illicit drugs and disruption of the drug trade. Additionally, in 2006, the GOTT established an Incident Coordination Center, staffed by personnel from a number of specialized agencies, to facilitate information sharing and more effective response by law enforcement. The Counter Drug and Crime Task Force (CDCTF) continue to be active in developing and implementing counter drug operations in Trinidad and Tobago. It is also responsible for conducting financial investigations.

Corruption. Trinidad and Tobago is a party to the Inter-American Convention against Corruption and has signed the UN Convention against Corruption. During 2006, there were no charges of drug-related corruption filed against GOTT senior officials, and post has no information indicating that any senior government officials encourage or facilitate the illicit production or distribution of drugs or the laundering of drug money. The country actively fights against the production or distribution of illicit narcotics and works against laundering the proceeds of such crimes. The 1987 Prevention of Corruption Act and the 2000 Integrity in Public Life Act contain the ethical rules and responsibilities of government personnel. The Integrity in Public Life Act requires public officials to declare and explain the source of their assets and an Integrity Commission initiates investigations into allegations of corruption. At GOTT request, the USG has polygraphed police and mid- and high-level officials selected for training or entering elite units, to ensure that reputable and reliable personnel are chosen.

Agreements and Treaties. Trinidad and Tobago is party to the 1988 UN Drug Convention, the 1961 UN Single Convention on Narcotic Drugs, the 1972 Protocol amending the Single Convention, and the 1971 UN Convention on Psychotropic Substances. Mutual legal assistance and extradition treaties with the U.S. entered into force in November 1999. The GOTT continued to

comply with U.S. requests under the extradition and mutual legal assistance treaties. The GOTT updated its domestic extradition legislation in April 2004 to make it consistent with the extradition treaty and to streamline the extradition process. A bilateral U.S.-GOTT maritime agreement is also in force. The GOTT signed the UN Convention against Transnational Organized Crime, the Protocol to Prevent, Suppress, and Punish Trafficking in Persons, and the Protocol against the Smuggling of Migrants in 2001, but it has not yet ratified those instruments. Trinidad and Tobago is also a member of the Organization of American States' Inter-American Drug Abuse Commission (OAS/CICAD).

Cultivation and Production. Trinidad and Tobago is not a producer of cocaine or opium poppy. Small amounts of cannabis are cultivated year-round in the forest and jungle areas of northern, eastern, and southern Trinidad and, to a lesser extent, in Tobago. The total amount of cultivation cannot accurately be determined because plants are grown in small lots in remote areas.

Drug Flow/Transit. Illicit drugs arrive from the South American mainland, particularly Venezuela, on fishing boats, pleasure craft and commercial aircraft. Sizeable quantities of drugs also transit the country through commodities shipments from South America. Drugs are then smuggled out on yachts, in air cargo, and by couriers. Smuggling through the use of drug swallowers continued to rise in 2006. Cocaine has also been found on commercial airline flights from Tobago en route to North America and Europe. Drug seizures reported by U.S. law enforcement officials at JFK International Airport link directly to Trinidad and Tobago, and the Drug Enforcement Administration (DEA) believes there has been an increase in the amount of heroin transiting the country. Some shipments are bypassing Trinidad and Tobago in favor of other islands, due in large part to the counter-drug efforts of GOTT security forces.

Domestic Programs/Demand Reduction. The GOTT does not maintain statistics on domestic consumption or numbers of drug users. Demand reduction programs are managed by government agencies such as the Ministry of Community Development, Culture and Gender Affairs; the National Drug Council in the Ministry of National Security; the Ministry of Education; and the Office of Social Services Delivery, often with assistance from NGOs. The GOTT also funds the National Alcohol and Drug Abuse Prevention Program, which coordinates the activities of NGOs to reduce demand. In addition, the GOTT promotes job skills training programs for high-risk youths, and supports police youth clubs with its community-policing branch. The GOTT also has a D.A.R.E. (Drug Abuse Resistance Education) program. The USG provided funding to enable the NGO Servol to expand its program of early childhood education, and continues to support demand reduction efforts in Trinidad and Tobago through the sponsorship of schools, police youth clubs, football leagues and public awareness campaigns.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. To assist the GOTT to eliminate the flow of illegal drugs through Trinidad and Tobago to the United States, joint U.S./GOTT efforts focus on strengthening the GOTT's ability to detect and interdict drug shipments, bring traffickers and other criminals to trial, attack money laundering, and counter drug-related corruption. The U.S. also seeks to strengthen the administration of justice by providing training and technical assistance to help streamline Trinidad and Tobago's judicial process, reduce court backlogs, and protect witnesses from intimidation and murder.

Bilateral Cooperation. In 2006, the USG provided drug, cadaver and explosive-detection canine/handler training to the Police Service and the Customs and Excise Division as well as assisting in the establishment of a Canine Academy on the island. In addition, the USG offered training courses in crime scene investigation, explosive detection and combating terrorism. Over the past year, the DEA and/or its local counterparts have been involved in investigations that led to the seizure of over 10 metric tons of cocaine that came into or through Trinidadian waters. The

GOTT-funded U.S. Customs Advisory Team provided technical assistance to Customs and Excise in tracking and intercepting marine vessels, including cargo container ships. In 2006, an IRS Tax Assistance and Advisory Team assisted the GOTT in developing a Criminal Investigation and Tax Fraud Unit that tracks tax evasion and underreporting usually associated with money laundering.

The Road Ahead. The U.S. will continue to work closely with the GOTT's law enforcement agencies to strengthen their counter-drug/crime capabilities and will continue to provide training and operational support to the TTCG to enhance the GOTT's maritime interdiction capabilities. The GOTT needs to pass the outstanding DNA and Wire-Tapping bill, which would strengthen their criminal justice system, starting with the admission of hearsay evidence to lessen the likelihood of witness tampering and decrease witness intimidation. The GOTT needs to strengthen border protection by automating their system to include container scanning. The GOTT should provide additional training to prepare officers to deal with counterfeit merchandise and money. The U.S. will continue efforts to provide the GOTT law enforcement with stronger border patrols on the western side of the island in order to decrease the flow of drugs. The U.S. will also encourage the GOTT to participate in the SOUTHCOM initiative, Carib Ventur, which is a multinational mission on the southern Caribbean focused on stemming the flow of drugs in the region.

SOUTHWEST ASIA

Afghanistan

I. Summary

Afghanistan remained the world's largest producer of opium in 2006, cultivating 172,600 hectares of opium poppy according to USG estimates. This equates to 5,644 metric tons of opium, up from 4,475 metric tons in 2005. The export value of this opium harvest, $3.1 billion, was approximately one-third of Afghanistan's combined licit and illicit GDP of $9.8 billion according to the UNODC. Approximately 25 percent of the opium's value, $755 million, was paid to farmers, with the rest going to the narcotics traffickers. Afghanistan's huge drug trade undercuts efforts to rebuild the economy and to develop a strong democratic government based on the rule of law. There is strong evidence that narcotics trafficking is linked to the Taliban insurgency. These links between drug traffickers and anti-government forces threaten regional stability. Corruption and dangerous security conditions constrain government and international efforts to combat the drug trade and provide alternative livelihoods. President Karzai appointed a new Chief Justice of the Supreme Court and a new Attorney General in 2006, who has taken initial steps to combat corruption.

The international community assists the GOA in its efforts to develop institutions capable of combating opium cultivation and trafficking. The GOA focuses on an eight-pillar strategy that includes Public Information, Alternative Livelihoods, Law Enforcement, Criminal Justice, Eradication, Institutional Development, Regional Cooperation, and Demand Reduction. The United States complements the GOA's strategy with a five pillar strategy that consists of Public Information, Alternative Livelihoods, Law Enforcement/Justice Reform, Elimination/Eradication, and Interdiction, which are the focus of U.S. government assistance. The GOA's Poppy Elimination Program (PEP), developed in 2005 in seven major poppy-growing provinces, engaged in its first full year of activity and is becoming a trusted institution for disseminating information to farmers and the general public about the risks of cultivating opium poppy and the availability of alternative livelihoods. The GOA also focused on building capacity within its law enforcement and justice sector institutions to increase arrests, prosecutions, and convictions of drug traffickers.

The large increase in poppy cultivation in 2006 spurred the GOA to take stronger action in discouraging farmers from pursuing opium crops. In August 2006, the Ministry of Counter Narcotics organized a national conference on counternarcotics, marking the ministry's first effort to initiate and plan a nationwide event. President Karzai used the conference as an opportunity to press provincial governors to take responsibility for reducing and eliminating opium production in their regions of control. During the 2006 pre-planting and planting season, the GOA built on this message and informed provincial and district governors and chiefs of police that the government would hold them accountable for pursuing an active pre-planting information campaign that reduces poppy cultivation. The Minister of Interior dismissed some district-level officials due to their failure to implement the pre-planting campaign. Opium cultivation is hard to deter since an infrastructure is in place to finance farmers and market what they produce. No other current crop has a combination of features – reliably high price, financing, and ready marketability – to compare with opium cultivation. In order to make sustained progress in combating narcotics trafficking, the GOA will need to continue to extend credible governance throughout Afghanistan's provinces and districts and demonstrate its ability to enforce the rule of law across the country. This will require international and political support over many years.

II. Status of Country

Afghanistan produced more than 90 percent of the world's opium poppy during 2006, and it is the world's largest heroin producing and trafficking country. Afghan traffickers trade in all forms of

opiates: unrefined opium, semi-refined morphine base, and refined heroin. An increasing share of Afghanistan's opium is refined into morphine base and heroin in Afghanistan itself. The GOA's Central Statistics Office estimated Afghanistan's licit GDP (excluding illicit opium activity) as $6.7 billion in 2006. UNODC estimated the export value of the country's illicit opium at $3.1 billion (farm-gate value plus trafficking proceeds) for the same time period. Opium represented roughly one-third of Afghanistan's total GDP (licit and illicit). The $755 million farm gate price paid to farmers represented 8 percent of total licit and illicit GDP. Reconstruction efforts that began in 2002 are improving Afghanistan's infrastructure, providing the necessary foundation for more effective efforts to combat the cultivation and trafficking of drugs throughout the country, but this is a slow process that will take years. Crime financiers and narcotics traffickers will continue to exploit the government's weakness and corruption.

III. Country Actions Against Drugs in 2006

Policy Initiatives. The United States, with the United Kingdom, continues to work to ensure that counternarcotics is at the forefront of Afghan policy initiatives. President Karzai has reiterated his commitment to stemming drug production and trade in Afghanistan, publicly stating that drugs are Afghanistan's biggest threat. In January 2006, the GOA presented an update to its National Drug Control Strategy (NDCS), which lays out a five-year plan for strengthening the GOA's ability to control narcotics production and trafficking. In October 2006, the GOA formalized the NDCS with detailed implementation plans for each of the pillars identified in the strategy. The GOA took the following actions in support of the NDCS during the year:

-- Illicit Crop Control - The GOA's Poppy Elimination Program (PEP), established in 2005, became operational in seven of Afghanistan's largest poppy-producing provinces, with U.S. and UK support. PEP teams work at the local level to provide year-round, targeted public information to farmers and local officials about the dangers of poppy cultivation, the availability of assistance for alternative livelihoods, and the credible threat that eradication poses to farmers who choose to grow poppy. These teams lay the foundation for the GOA's Afghan Eradication Force (AEF) and Governor-Led Eradication (GLE) to operate in an environment where the public is well informed about its alternatives and aware that illegal crops are subject to destruction.

-- **Legislation** - In December 2005, President Karzai adopted a counternarcotics law. Afghan prosecutors assisted by the U.S Department of Justice Senior Federal Prosecutors Program drafted the law. After review of the law, Parliament proposed amendments that were still under review at time of publication. This legislation was the first step in supporting Amendment 7 of the Afghan Constitution prohibiting the cultivation and smuggling of narcotics and provides the legal and investigative authority for high-level investigations and prosecutions.

-- Justice Reform - The United States, the United Kingdom, and other donors mentor and assist the Criminal Justice Task Force (CJTF) to investigate and prosecute narcotics traffickers using modern investigative techniques provided for in the counternarcotics law (adopted in December 2005). Narcotics cases are tried before the Counter Narcotics Tribunal (CNT), which has exclusive national jurisdiction over mid- and high-level narcotics cases in Afghanistan. In April 2006, the CNT convicted three major narcotics traffickers — Misri Khan, Haji Bahram Khan, and Noor Ullah – and sentenced them to 17 years in prison for possession, sale, and attempted exportation of heroin. The Counternarcotics Justice Center (CNJC), which will be completed in mid 2007, will provide secure facilities for the CJTF and CNT. It will contain offices, secure courtrooms, and a detention facility to house defendants throughout the trial process. The GOA, with assistance from the United Nations Office on Drugs and Crime (UNODC) and the United States, refurbished a section of the Pol-e Charkhi prison to house 100 maximum-security narcotics traffickers following CNT conviction.

Law Enforcement Efforts. Continued insurgency and lack of GOA capacity to establish the rule of law throughout the entire country have hampered drug law enforcement efforts. The Ministry of Interior (MOI) established the Counter Narcotics Police of Afghanistan (CNPA), comprised of investigation, intelligence, and interdiction units, in 2003. At the end of 2006, the CNPA had approximately 1,100 of its 2,900 authorized staff, which includes the AEF. The DEA works closely with the CNPA, offering training, mentoring, and investigative assistance. Developing MOI capacity and capability for the CNPA remains a high priority for the GOA and foreign donors.

The GOA, with the support of DEA, created the National Interdiction Unit (NIU), a specialized unit within the CNPA that focuses on interdiction and investigations targeting command and control structures of mid-value and high-value drug trafficking organizations in Afghanistan. The DEA trained the sixth NIU class of 50 new recruits in 2006, and the unit now has more than 125 officers. The DEA provided support to the NIU throughout the year by continuing its program of Foreign Advisory Support Teams (FAST) for mentoring and assistance. FAST teams are rotational deployments of specially trained DEA Special Agents and Intelligence Research Specialists who are assigned to Afghanistan for 120-day periods to support the Kabul Country office of the DEA and the NIU in furthering DEA intelligence and law enforcement operations. The NIU also works with the Afghan Special Narcotics Force (ASNF), a UK trained and supported paramilitary interdiction unit used to attack large, hard targets. With this cooperation, the NIU is developing the ability to perform specialized narcotics interdiction and investigative functions capable of disrupting and dismantling major trafficking organizations. NIU operations began in October 2004.

In calendar year 2006 (data through September 2006), the CNPA reported the following seizures: 1,927 kg of heroin, 105 kg of morphine base, 40,052 kg of opium, and 17,675 kg of hashish. During the year, the CNPA also raided 248 drug labs. The CNPA seized 30,856 kg of solid precursor chemicals and 12,681 liters of liquid precursors. The CJTF reported 548 arrests for trafficking under the provisions of the CN law where possession of 2 kg of heroin (or morphine base), 10 kg of opium, or 50 kg of hashish mandates automatic jurisdiction for the CNT. The CJTF obtained 328 convictions during the year.

In August 2006, the DEA cooperated with the GOA on the first controlled delivery of heroin from Afghanistan to the United States (a related delivery connected to the same case went to the United Kingdom). The Minister of Counter Narcotics authorized the law enforcement operation, and the GOA is working to develop a more routine mechanism for future controlled deliveries across international borders. The August case led to arrests in the United States connected to a trafficking network. The Afghan conspirators fled to Pakistan in order to avoid arrest, highlighting the tough problems narcotics law enforcement faces in Afghanistan.

Efforts to interdict precursor substances and processing equipment also suffer from limited police and judicial capacity. While there is a legal requirement to track precursor substances, an active registry does not yet exist to record the data. Many developing countries find their systems strained by this difficult task. The new drug law requires the Ministry of Counter Narcotics to develop a modern regulatory system. Progress in this regard depends on passing new laws, establishing a system for distinguishing between licit and potentially illicit uses of dual-use chemicals, and establishing a specialized police force to enforce the new system.

There is direct evidence linking the insurgency in Afghanistan and narcotics. Poppy cultivation contributes to Taliban funding to include the taxing of poppy farmers by the Taliban. In addition, some drug traffickers willingly finance insurgency activities and provide money to buy weapons. Traffickers provide weapons, funding, and personnel to the Taliban in exchange for the protection of drug trade routes, poppy fields, and members of their organizations.

Haji Bashir Noorzai, a major Afghan trafficker, was arrested in April of 2005, upon entry to the United States at JFK airport. Noorzai is incarcerated in New York pending trial. His indictment

alleges that he has a symbiotic relationship with the Taliban. The case of Bashir Noorzai illustrates the link that exists between drug trafficking and terrorist organizations. Noorzai was the leader of the largest Central and Southwest Asia-based heroin drug trafficking organization known to DEA. Noorzai provided explosives, weaponry, and personnel to the Taliban in exchange for protection for his organization's opium poppy crops, heroin laboratories, drug transportation routes, and members and associates. Noorzai was also a close associate of former Supreme Taliban leader Mullah Mohammad Omar, who is now a fugitive. Noorzai himself was a former leader of the Taliban Shura, or Ruling Council.

Haji Baz Mohammed, a major Afghan trafficker, was extradited to the United States in October 2005. In July 2006, he pled guilty to conspiracy to import heroin into the United States. He faces a mandatory minimum of ten years in prison and up to a potential life sentence when he is sentenced in early 2007. Similar to Noorzai's indictment, Mohammed's indictment also alleged that he was closely aligned with the Taliban.

Corruption. GOA policy prohibits the illicit production or distribution of narcotic or psychotropic drugs and other controlled substances and the laundering of proceeds from illegal drug transactions. However, some GOA officials have been accused of profiting from the illegal drug trade. The Government of Afghanistan, with support from the United States, is investigating these allegations. Drug-related corruption remains a problem, being particularly pervasive at provincial and district government levels. Corruption behaviors range from facilitating drug activities to benefiting from revenue streams that the drug trade produces. In 2006, the Ministry of Interior dismissed a district governor and district chief of police from office after they failed to assist in pre-planting campaigns against poppy cultivation. The provincial governor alleged that the two were corrupt and involved in narcotics trafficking and cultivation. During the year, the CNPA arrested a former police officer, Nadir Khan, for selling two kg of heroin to a law enforcement informant. Khan previously had directed a special narcotics unit within the Ministry of Interior.

President Karzai appointed a new Attorney General (AG) in September 2006 who has become an anti-corruption activist, dismissing prosecutors across the country for corruption. The AG is also pursuing corruption investigations against politically sensitive targets. The President also appointed a new reformist Chief Justice of the Supreme Court to head an anti-corruption task force, made up of high-level officials, to tackle the problem of corruption in the government. The GOA recognizes that it must take stronger action against corruption in order to facilitate good governance and assist in implementing its National Drug Control Strategy.

Agreements and Treaties. Afghanistan is a party to the 1988 UN Drug Convention, the 1971 UN Convention, and the 1961 UN Single Convention on Psychotropic Substances. The GOA has no formal extradition or legal assistance arrangements with the United States, but recent Afghan counternarcotics legislation allows the extradition of drug offenders under the 1988 UN Drug Convention. The U.S. Department of Justice extradited a major trafficker, Haji Baz Mohammed, from Afghanistan to the United States in October 2005 under the 1988 UN Drug Convention. A similar effort in 2006 to extradite a major trafficker met with a request from President Karzai that the defendants first stand trial in Afghanistan. The CJTF tried and convicted the defendants; the CNT then sentenced them to 17 years prison. The defendants were still incarcerated in Afghanistan as of November 2006. Afghanistan is not a party to any bilateral treaties that provide mutual legal assistance with any nation, including the United States. Afghanistan is a party to the UN Convention Against Transnational Organized Crime. Afghanistan has signed, but has not yet ratified, the UN Convention Against Corruption.

Illicit Cultivation / Production. According to USG estimates, the number of hectares under poppy cultivation in Afghanistan increased 61 percent, from 107,400 hectares (ha) in 2005 to 172,600 ha in 2006, second to 2004 as the highest level on record. Resulting opium production reached a

record 5,644 mt, due to a 36 percent increase in yields for 2006 versus 2004. The opium yield per hectare, however, fell between 2005 and 2006, dropping 41.5 k/ha to 32.7 kg/ha. Based on UNODC data, Afghanistan is the largest cultivator of illicit opium poppy in the world, accounting for 82 percent of global cultivation and 92 percent of potential opium production (based on UNODC's estimated production of 6,100 metric tons in 2006). The number of people involved in opium cultivation increased in 2006, from 2.0 million to 2.9 million. According to UNODC estimates, 12.6 percent of Afghans were involved in opium cultivation during the year.

The decision to plant poppy determines access to land and credit, making it the principal source of livelihood in several areas. Strong linkages between poppy and all aspects of Afghanistan's still profoundly underdeveloped economy exist. The GOA has been unable to prevent opium production due to a number of factors: uneven and fluid security throughout the country, weak governance, limited reach of law enforcement, corruption, some lack of government will, and weak judicial institutions. The lack of equally remunerative economic alternatives to opium also appears to deter vigorous enforcement. The GOA will not likely have the capacity to prevent opium production for some years.

Twelve of Afghanistan's 34 provinces were poppy-free in 2006. Helmand province in the south was the most significant opium producer during the year, cultivating 46 percent of Afghanistan's poppy crop--greater than 79,000 ha (USG estimate). The neighboring provinces of Farah, Oruzgan and Kandahar together produced an additional 24 percent of the country's production. Security problems in the south prevented the government from launching effective eradication and prevention programs. A stable, high farm-gate price for raw opium, along with minimal risk of law enforcement, contributed to farmers' motivations to plant poppy last year.

Eradication efforts in 2006--using manual and mechanical methods--improved over the previous year, increasing from 5,100 ha in 2005 to 15,300 ha in 2006, according to UNODC estimates. Governor-Led Eradication (GLE) accounted for greater than 13,000 ha eradicated nationwide, and the centrally deployed Afghan Eradication Force (AEF) accounted for more than 2,200 ha of eradicated crops in Helmand and the northern provinces of Badakhshan and Baghlan. Opium poppy cultivation increased 61 percent overall, from 107,400 - to 172,600 - hectares. Nevertheless, the percent of opium actually eradicated almost doubled to 8.9 percent of planted poppy versus 4.7 percent the year before. UNODC's Afghanistan survey shows that poppy farmers whose fields were eradicated in 2006 are only 44 percent likely to plant again. Over 80 percent of poppy farmers who did not experience eradication are likely to plant poppy again. Provincial PEP teams reported similar results in their informal surveys.

Rebuilding the rural economy to provide viable alternatives to poppy growing is critical to reducing opium cultivation. USAID continued with its comprehensive Alternative Livelihoods Program (AL) that allocated and obligated $198.4 million to AL projects in the major opium cultivation areas of Afghanistan. These projects are focused on providing increased opportunities in the legal economy for those who no longer grow poppy. AL aims to revitalize the licit rural economy in Afghanistan and create long-term sustainable employment. AL achieves this through projects such as farm to market road construction, irrigation system repair, development of high value crop production, crop diversification, associated agribusiness development, and capacity building activities in rural areas. The full effects of these initiatives are realized over years and are not likely to result in a massive shift away from poppy cultivation in the near future.

Drug Flow/Transit. Drug traffickers and financiers lend money to Afghan farmers in order to facilitate drug cultivation in the country. These traffickers buy the farmers' crops at previously set prices or accept repayment of loans with deliveries of raw opium. In many provinces opium markets exist under the control of regional warlords who also control the illicit arms trade and

trafficking in persons. Traders sell to the highest bidder in these markets with little fear of legal consequences, and the gangsters tax the trade.

Drug labs operating within Afghanistan process an increasingly large portion of the country's raw opium into heroin and morphine base, reducing its bulk to 1/10th that of opium. This facilitates its movement to markets in Asia, Europe, and the Middle East with transit routes through Iran, Pakistan, and Central Asia. Organized criminal groups are involved in transporting the opium products onwards to Turkey, Russia, and the rest of Europe. Distribution networks often operate within regional and ethnic kinship groups. Pakistani nationals play a prominent role in all aspects of the drug trade in the South, Southeast, and Northeast border regions.

Domestic Programs/Demand Reduction. The GOA recognizes a growing domestic drug use problem, particularly with opium and increasingly with heroin. The GOA, in cooperation with UNODC, conducted its first nationwide survey on drug use in 2005. According to this survey, Afghanistan had 920,000 drug users, including an estimated 150,000 users of opium and 50,000 heroin addicts, including 7,000 intravenous users (updated statistics not yet available for 2006).

The Afghan National Drug Control Strategy includes rehabilitation and demand reduction programs for existing and potential drug abusers. However, Afghanistan has a shortage of general medical services, and the GOA directs limited resources to these programs. The United Kingdom and Germany--and to a lesser degree, the United States--have funded specific demand reduction and rehabilitation programs.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. Solving the narcotics problem is critical to reconstruction, effective governance, and rule of law in Afghanistan and remains one of the United States' top priorities for Afghanistan. The United States, in coordination with the GOA and the United Kingdom, has crafted a comprehensive, integrated strategy and is providing substantial resources to the following objectives:

- Win popular support for the government's CN program through a broad public affairs campaign. The U.S. Embassy supports radio, print and person-to-person outreach campaigns that highlight the perils of Afghanistan's continued dependence on opium trade and provide information about alternative livelihood programs that are available. Special emphasis has been placed on person-to-person community outreach activities through the Multiplying Messengers (MM) and PEP programs, which engage local community, religious, and tribal leaders on CN issues.
- Develop alternative sources of income to poppy in rural areas. USAID offers a range of development programs and quick-impact, immediate relief-work programs. Starting in late 2006, USAID implemented a widespread rural finance program that will provide credit to farmers and small- and medium-sized enterprises in areas where financial services were previously unavailable. The poppy-basket of Helmand is one of the highest recipients of USAID assistance reaching $114 million of programmed Alternative Livelihood assistance through June 2007. Most of this alternative livelihood assistance is concentrated in central Helmand, which is the focus of our eradication programs in 2007, in addition to the Kajakai dam that provides power to the whole area.
- Enhance the GOA's capacity to arrest, prosecute, and incarcerate drug offenders. DEA and DOJ prosecutors work closely with their Afghan counterparts in providing developmental training and pursuing specific cases.
- Destroy drug labs and stockpiles. The NIU and ASNF, in cooperation with the DEA, target drug labs and seize drug stockpiles.

- Dismantle the drug trafficking/refining networks. DEA works closely with the CNPA, NIU, and ASNF in pursuing criminal investigations and disrupting the narcotics trade.
- Enhance counternarcotics efforts through a strong eradication campaign. Eradication in 2006 employed manual and mechanical techniques. The United States, through the Department of State's Bureau for International Narcotics and Law Enforcement Affairs (INL), provides training and financial and material support to the Afghan Eradication Force. The United States provides financial support to provincial governors for Governor-Led Eradication.

The Road Ahead. Afghanistan's unstable security, political, and economic environment limit the government's ability to combat narcotics production and trade. The 61 percent increase in the poppy crop in 2006 is discouraging. The GOA understands that its CN implementation plan was not effective during the previous pre-planting season, and it took more focused action during the 2006 pre-planting season in an effort to deter farmers from planting poppy, but the task is challenging for many different reasons set out above. The GOA should also build on its use of eradication as a deterrent by incorporating herbicide, through ground-based spray, to augment and expand its eradication efforts. However, sustained progress against the drug trade will require continued commitment to the GOA's comprehensive counternarcotics implementation plan over several years, and the GOA will require international assistance in combating narcotics over this time period. Drug production and trafficking will continue in Afghanistan until the GOA is able to guarantee a stable security environment and exert its influence through credible law enforcement institutions throughout the country. These developments will provide a foundation for the rural sector to rebound and pursue legal livelihoods. Long-term, sustained assistance and political support from the international community will be necessary to ensure that the GOA can achieve its goals.

V. Statistical Tables

Drugs Seized (kg)
(Through September 2006)

	2003	2004	2005	2006
Opium	2,171	17,689	50,048	40,052
Heroin	977	14,006	5,592	1,927
Morphine Base	111	210	118	105
Hashish	10,269	74,002	40,052	17,675

Precursor Chemicals Seized
(Through September 2006)

	2003	2004	2005	2006
Solid (kg)	14,003	3,787	24,719	30,856
Liquid (liters)	0	4,725	40,067	12,681

Arrests (for trafficking)
(Through September 2006)

	2003	2004	2005	2006
Arrests	203	248	275	548

Drug Labs Destroyed
(Through September 2006)

	2003	2004	2005	2006
Labs Destroyed	31	78	26	248

Bangladesh

I. Summary

Several high-profile cases this year have proven that Bangladesh is susceptible to use by organized criminals as a transit point for heroin trafficking. Increases in the seizure of heroin, cannabis, phensidyl (a codeine-based, highly addictive cough syrup produced in India), and pethedine (an injectable opiate with medical application as an anesthetic) within the country point to growing narcotics abuse in Bangladesh. There is no evidence that Bangladesh is a significant cultivator or producer of narcotics. The Bangladesh government (GOB) officials charged with controlling and preventing illegal substance trafficking lack training, equipment, continuity of leadership, and other resources to detect and interdict the flow of drugs. There has been an historical lack of cooperation among law enforcement agencies, but the situation improved somewhat in 2006. Corruption at all levels of government, and in particular law enforcement, hampers the country's drug interdiction efforts. Bangladesh is a party to the 1988 UN Drug Convention.

II. Status of Country

The country's porous borders make Bangladesh an attractive transfer point for drugs transiting the region. After years of unwillingness to recognize narcotics issues, the country's law enforcement bodies took a stance against drugs in 2006, largely due to two factors: high-profile cases of heroin smuggling to the United Kingdom, and growing methamphetamine (locally, yaba) use among the young elite. A newly formed "Anti-Drugs" task force made comprehensive recommendations to the government, most notably moving to strengthen the law enforcement capabilities of the Department of Narcotics Control (DNC).

III. Country Actions Against Drugs in 2006

Policy Initiatives. The DNC is governed by the National Narcotics Control Board (NNCB), which is authorized by the Narcotics Control Act (NCA). Article 5 of the NCA directs the Board to formulate policies and monitor the production, supply, and use of illegal drugs in Bangladesh. The 19-member NNCB, composed of up of 11 ministers, seven appointed members, and the DNC Director General, is charged to meet quarterly. Infrequent meetings of the NNCB in recent years have hampered the DNC's ability to make agency changes. In a proactive effort, the Home Minister called for the creation of an Anti-Drugs Committee, and charged the committee with developing a set of recommendations to improve the narcotics situation in the country. This effort was in part a response to growing methamphetamine addiction among college students. Although their work has not been formally released, the Committee made short, medium, and long-term recommendations to improve the administrative organization of law enforcement units, curb drug-related crime, increase law enforcement training, and improve addict treatment and rehabilitation. The NNCB must approve and enact the recommendations of the Anti-Drugs Committee. Follow-up over the long term will be a key issue, as the changes likely to be sought would be significant in scope.

Law Enforcement Efforts. The GOB demonstrated its commitment to fighting narcotics in its response to high-profile heroin smuggling cases this year. The United Kingdom discovered heroin totaling 140 kg in several shipments originating from the Chittagong port in Bangladesh. The UK government requested and received the assistance of the GOB to gather information on the case. The Bangladesh Ministry for Home Affairs established a task force to investigate the case itself, leading to several charges against employees of a prominent business. Law enforcement units engaged in counternarcotics operations include the police, the DNC, the border defense forces known as the Bangladesh Rifles (BDR), customs, the navy, the coast guard, and local magistrates.

Elements of these agencies are widely believed to abet the smuggling of goods, including narcotics, into Bangladesh. Regular police are viewed as so corrupt and inept at combating everyday crime that a new "Rapid Action Battalion" (RAB) force was established in 2004 by the central government. Customs, the navy, the coast guard and the DNC all suffer from poor funding, inadequate equipment, understaffing and lack of training. Customs officials also lack arrest authority. At ports of entry where customs officials are not stationed with police units, they have no capacity to detain suspected traffickers. Instead, they can only retain the contraband items found. There is no DNC presence at the airports in Dhaka and Chittagong, or at the Chittagong seaport. These obstacles significantly undermine overall GOB counternarcotics efforts.

Drug seizures are reported to the DNC by all law enforcement agencies. Until 2006, the DNC did not compile these statistics across agencies; as a result, previous years' data cannot be compared directly to 2006 seizure records. Drugs seized by all Bangladesh authorities from January through June 2006 are as follows: 46.5 kg of heroin (more than a 25 percent increase over the amount seized during the same period in 2005); 5.34 metric tons of marijuana (more than a 60 percent increase over the amount seized during the same period in 2005); nearly 250,000 bottles of phensidyl; 1197 ampoules of pethedine and T.D. Jasick brand injections (an anesthetic intended for animal use, active ingredient: buprenorphine); and 216 ampoules of methamphetamine, or yaba.

Corruption. Corruption is a major problem at all levels of society and government in Bangladesh. At the working level, authorities involved in jobs that have an affect on the drug trade facilitate the smuggling of narcotics. Corrupt officials can be found throughout the chain of command. If caught, prosecuted, and convicted, most officials receive a reprimand at best and termination from government service at worst. Adjudicating authorities do not take these cases seriously. An Anti-Corruption Commission was formed in November 2004 with a mandate to investigate corruption and file cases against government officials. The Commission remained largely inactive, however, and questions have been raised about its commitment to operate effectively and independently. The GOB does not, as a matter of government policy, encourage or facilitate illicit production or distribution of drugs or controlled substances or launder proceeds from their transactions. No senior official has been identified as engaging in, encouraging, or facilitating the production or distribution of drugs or controlled substances.

Agreements and Treaties. Bangladesh is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention, and the 1972 Protocol amending the Single Convention. The GOB and USG signed a Letter of Agreement on Law Enforcement and Narcotics Control (LOA) in September 2002 under which the U.S. would provide equipment and technical assistance to the DNC and its central chemical laboratory. The LOA also provided for training, via the U.S. DOJ, to law enforcement personnel involved in counternarcotics activities. There is no US-Bangladesh extradition treaty; however, Bangladesh law permits extradition without the existence of a treaty. There has been limited cooperation with the return of fugitives from Bangladesh.

Cultivation/Production. The DNC strongly denies unsubstantiated reports from several NGO and local government officials that opium production takes place in the Bandarban district along the border with Burma. The DNC acknowledges that a limited amount of cannabis is cultivated in the hill tracts near Chittagong, in the southern silt islands, and in the northeastern region, claiming it is for local consumption. The DNC also reports that as soon as knowledge of a cannabis crop reaches its officers, that crop is destroyed in concert with law enforcement agencies.

Drug Flow/Transit. The heroin smuggling cases to the UK in 2005, and the resulting investigations by the GOB in 2006, identified weaknesses in the country's narcotics-detection infrastructure. Bangladesh is situated between the Golden Crescent to the west and the Golden Triangle to the east, placing the country at continued risk for transit crimes. Opium-based

pharmaceuticals and other medicinal drugs are being smuggled into Bangladesh from India. White (injectable) heroin comes in from Burma.

Domestic Programs (Demand Reduction). There is no widely accepted estimate of the number of drug addicts in Bangladesh. A recent Anti-Drugs Committee report acknowledges at least 1.5 million addicts in Bangladesh. Media and anecdotal reports suggest that drug abuse, while previously a problem among the ultra-poor, is becoming a major problem among the wealthy and well-educated young. Recent cases of yaba addiction in wealthy neighborhoods and on university campuses are of particular concern to the government. The GOB runs several domestic programs, but is not funding them at levels to ensure their success. The DNC sponsors rudimentary educational programs aimed at youth in schools and mosques, but there is little funding for these programs and no clear indication of their impact. In addition, the DNC currently runs outpatient and detoxification centers in Dhaka, Chittagong, Khulna, and Rajshahi. Its 250-bed facility is closed for renovation for the next few months. These centers only remove the drug from the addict's system; they do not address the underlying causes of individual addiction. Hence, they are not successful in assisting addicts to overcome their addiction over the long term. There are other, non-governmental centers with a variety of treatment therapies available. Unfortunately, most of these are quite expensive by Bangladeshi standards and therefore beyond the reach of most drug addicts. One drug addicts' rehabilitation organization, APON, operates five long-term residential rehabilitation centers, including the first center in Bangladesh for the rehabilitation of female addicts (opened in 2005). APON and other NGOs have expressed concerns about new regulations imposed on treatment facilities by the GOB. New requirements passed in 2005 for certification and additional medical professional oversight of private facilities will increase the cost of operating these facilities and therefore put continued operation of many of these grass-roots organizations at risk.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. The USG continues to support Bangladesh's counternarcotics efforts through various commodities and training assistance programs. As part of a program directed at curbing the spread of HIV/AIDS, USAID provided a grant to add treatment facilities directed at intravenous drug users. Pursuant to the 2002 LOA, equipment and law enforcement courses were provided in 2004, primarily to the police, but also to DNC laboratory technicians and officers; the equipment is used daily to identify narcotics for evidence in criminal cases. A limited number of BDR personnel have attended U.S. funded boarder security courses. Department of Justice efforts to improve the anti-money laundering and financial intelligence capabilities of the Bangladesh Bank will support counternarcotics activities in the country.

The Road Ahead. The USG will continue to provide law enforcement and forensic training for GOB officials and work with the GOB to construct a comprehensive strategic plan to develop, professionalize, and institutionalize Bangladesh counternarcotics efforts. With existing State Department narcotics assistance funds under the LOA, the U.S. Drug Enforcement Administration will hold a “Basic Drug Enforcement” training academy in Bangladesh in the spring of 2007. The program will be offered through the DNC, with some seats reserved for the BDR and Customs officers from the Chittagong Port. This effort should be followed by continued professional support from the regional DEA office in New Delhi, and additional capacity-building programs under the 2002 LOA. In addition, the USCG will provide a Container Inspection MTT, and a Boarding Officer resident course.

India

I. Summary

India is the only country authorized by the international community to produce opium gum for pharmaceutical use, rather than concentrate of poppy straw (CPS), the processing method used by the other producers of opiate raw material. India's strategic location, between Southeast and Southwest Asia, the two main sources of illicit opium, make it a heroin transshipment area. Over the last several years, the northwestern state of Himachal Pradesh has seen an increase in illegal drug trafficking activities, including international hashish trafficking and illicit opium cultivation. Insurgent groups operating in the Northeast finance their activities through smuggling of drugs from Burma into India. Much of the hashish and cannabis intended for international markets is smuggled into India from Nepal. India produces heroin from diverted licit opium for both the domestic addict market and is a modest, but growing, producer of heroin destined for the international market. The Government of India (GOI) formally released the results of the National Drug Study (NDS) conducted in partnership with UNODC in 2004. Injecting drug use (IDU) of heroin, morphine base ("brown sugar" heroin) and opiate pharmaceuticals, particularly in the Northeast states bordering Burma, continues to be a concern, resulting in an extremely high incidence of HIV/AIDS in these populations. Major metropolitan areas increasingly report the use of cocaine, Ecstasy and other synthetic drugs among the wealthy elite.

The Government of India (GOI) continually tightens licit opium diversion controls, but an unknown quantity of licit opium is diverted into illicit markets. In 2001 and 2003, the GOI and the United States conducted a Joint Licit Opium Poppy Survey (JLOPS) to develop a methodology to estimate opium gum yield. The survey results confirmed the validity of the survey's yield prediction methodology, but lacked key data to apply the study's conclusions directly to India's 2002/03 licit opium crop. The data revealed that several widely used Indian poppy varieties have a low alkaloid yield. This past year (2005-06), the GOI and the U.S. Embassy conducted another opium study, focusing on limiting the area and number of plots where the data are collected. India is a party to the 1988 UN Drug Convention.

II. Status of Country

Under the terms of international agreements, supervised by the International Narcotics Control Board, India must maintain licit opium production and carry-over stocks at levels no higher than those consistent with world demand to avoid excessive production and stockpiling, which could be diverted into illicit markets. India has complied with this requirement and succeeded in rebuilding stocks over the past four years from below-recommended levels. Opium stocks now exceed minimum requirements, almost tripling between 1999 and 2003. From a stock of 509 metric tons in 1999/2000, stocks rose to 1,776 metric tons last year (2004/05), but are now down to 1,476 metric tons at the end of the 2005/06-crop year.

Licensed farmers are allowed to cultivate a maximum of 10 "ares" (one tenth of a hectare), the same as last year. "Opium years" straddle two calendar years. All farmers must deliver all the opium they produce to the government alone, meeting a minimum qualifying yield (MQY) that specifies the number of kg of opium to be produced per hectare (HA), per state. The MQY is established yearly by the Central Bureau of Narcotics (CBN) prior to licensing. At the time the CBN establishes the MQY, it also publishes the price per kilo the farmer will receive for opium produced that meets the MQY, as well as significantly higher prices for all opium turned into the CBN that exceeds the MQY.

The MQYs are based on historical yield levels from licensed farmers during previous crops. Increasing the annual MQY has proven effective in increasing average yields, while deterring diversion, since, if the MQY is too low, farmers could clandestinely divert excess opium they produce into illicit channels, where traffickers often pay up to ten times what the GOI can offer. Thus, an accurate estimate of the MQY is crucial to the success of the Indian licit production control regime.

During the 2002/03-crop year, CBN began to estimate the actual acreage under licit opium poppy cultivation by using satellite imagery and then comparing it with exact field measurements. Since licit poppy cultivation is not confined to an enclosed area, many of the farmers integrate fields with other agricultural crops like soybean, wheat, garlic and sugarcane. This technology has also been used in conjunction with satellite imagery of weather conditions to compare cultivation in similar geo-climatic zones to estimate potential crop yields, assess storm damage and determine whether opium was being diverted. The satellite results were then confirmed by on-ground CBN visits that measured each farmer's plot size. This year the CBN intends to use this technology to identify illicit cultivation of opium in various parts of the country as well.

Any cultivation in excess of five percent of the allotted cultivation area is not only uprooted, but the cultivator is also subject to prosecution. During the lancing period, the CBN appoints a village headman for each village to record the daily yield of opium from the cultivators under his charge. CBN regularly checks the register and physically verifies the yield tendered at harvest. The CBN has also reduced the total procurement period of opium in order to minimize opportunities for diversion and deployed additional teams of officers from the Central Excise Department to monitor harvesting and check diversion. In 2006, the CBN also began experimenting with closed circuit television cameras to monitor the collection and weighing of opium gum.

In 2006, the CBN continued issuing microprocessor chip-based cards (Smart Identity Cards) to opium poppy cultivators. The card carries the personal details of the cultivator, the licensed area, the measured/test measured field area and the opium tendered by him to the CBN. The card also stores the previous years' data. The information stored on the card is read with handheld terminal/read-write machines that are provided to field divisions. CBN personnel will enter cultivation data into the cultivators' cards and the data will be uploaded to computers at CBN HQs and regional offices. The cards are delivered to cultivators at the time of licensing. For crop year 2005/2006, the project was expanded to include all of the 17 Opium Divisions, the three State Unit Headquarters and the Central Headquarters in Gwalior.

The GOI periodically raises the official price per kilo of opium, but illicit market prices are four to five, even ten times higher than the base government price. Farmers who submit opium at levels above the MQY receive a premium, but premium prices can only act as a modest positive incentive. In the 2005/2006 opium harvest year, CBN significantly decreased the number of hectares licensed from 8,771 in 2004/2005 to 6,976 in 2005/2006, and the number of farmers licensed from 87,682 in 2004/2005 to 72,478 in 2005/2006. Much of this reduction took place in Uttar Pradesh, where CBN is in the process of phasing out opium cultivation. The estimated yield for the 2005/06-crop year is 372 metric tons of opium.

Although there is no reliable estimate of diversion from India's licit opium industry, clearly, some diversion does take place. It is estimated that between 20 — 30 percent of the opium crop is diverted. However, it is not possible to pinpoint the amount accurately and there is no evidence that significant quantities of opium or its derivatives diverted from India's fields reaches the U.S. In 2006, the GOI reports it seized 142 kg of licit opium and closed down three morphine-manufacturing facilities.

Poppies harvested using concentrate of poppy straw (CPS) are not lanced, and since the dried poppy heads cannot be readily converted into a usable narcotics substance, diversion opportunities

are minimal. However, it is inherently difficult to control diversion of opium gum collection because opium gum is collected by hand-scraping the poppy capsule, and the gum is later consolidated before collection. The sheer numbers of Indian farmers, farm workers and others who come into contact with poppy plants and their lucrative gum make diversion appealing and hard to monitor. Policing these farmers on privately held land scattered throughout three of India's largest states is a considerable challenge for the CBN. All other legal producers of opium alkaloids, including Turkey, France, and Australia, produce narcotics raw materials using the CPS process. The GOI believes the labor intensive gum process used in India is appropriate to the large numbers of relatively small-scale farmers who grow poppy in India.

Processing opium gum is difficult because a residue remains after the narcotic alkaloids have been extracted. This residue must be disposed of with appropriate environmental safeguards. Because of this, pharmaceutical opiate processing companies prefer using CPS for ease of extracting the opiate alkaloids, with the exception of certain companies, which have adapted their equipment and methods to be able to use gum opium.

To meet this challenge, the GOI has explored the possibility of converting some of its opium crop to the CPS method. The GOI is also examining ways to expand India's domestic opiate pharmaceutical processing industry and the availability of opiate pharmaceutical drugs to Indian consumers through ventures with the private sector. However, regardless of the GOI's interest in CPS, the financial and social costs of the transfer and the difficulty of purchasing an appropriate technology are daunting. Since alkaloid extraction requires highly specialized equipment, some of the most obvious places where such equipment and technologies would be available, along with advice on how to use them, are in the other countries licensed to produce legal opiate alkaloids and thus in countries in direct competition with India for licit opium sales.

Morphine base ("brown sugar" heroin) is India's most popularly abused heroin derivative, either through smoking, "chasing" (i.e., inhaling the fumes) or injecting. Most of India's "brown sugar" heroin comes from diverted licit Indian opium and is locally manufactured. Indian "brown sugar" heroin is also increasingly available in Nepal, Bangladesh, Sri Lanka, and the Maldives. Most seized "white" heroin is destined for West Africa and Europe. Heroin seizures on the India/Pakistan border, which had plummeted during the recent period of Indian/Pakistani border tensions, are on the upswing.

III. Country Actions Against Drugs in 2006

Policy Initiatives. India's stringent Narcotic Drugs and Psychotropic Substances Act (NDPSA) of 1985 was amended in October 2001, bringing significant flexibility to the Indian sentencing structure for narcotics offenses. The amendments removed obstacles faced by investigation officers related to search, seizure, and forfeiture of illegally acquired property and provided for controlled deliveries to facilitate investigation both within and outside the country. The amended NDPSA also made it more likely that drug traffickers would be refused bail, particularly those serious offenders who are more likely to flee before trial. Amendment of India's sentencing laws for drugs is expected to increase the conviction rate significantly for future violators. Prosecutions under the NDPSA have increased dramatically, from 7,874 persons in 2003 to 20,138 in calendar year 2005. The overall conviction rate has also increased, from 38 percent in 2003 (3,006 convictions) to 45 percent in 2005 (9,074 convictions). In certain cases involving repeat offenders dealing in commercial quantities of illegal drugs, the law allows for the death penalty, although there have been no such sentences to date.

In April 2003, GOI moved the Narcotics Control Bureau (NCB) from the Ministry of Finance to the Ministry of Home Affairs. The Ministry of Finance remains the GOI's central coordinating ministry for counternarcotics and continues to cooperate with the NCB. The move has enhanced

the NCB's law enforcement capabilities and helped align the bureau with other GOI police agencies under the control of the Home Ministry.

Law Enforcement Efforts. While heroin seizures have remained steady (991 kg in 2003 and 981 in 2005), seizures of opium have grown from 1,720 in 2003 to 2,009 in 2005. Seizure statistics for other drugs, such as cocaine, methaqualone and ephedrine, tend to fluctuate more dramatically as a result of larger single seizures, but statistics for all three so far in 2006 show large increases. Marijuana and hashish seizures have shown constant explosive growth in recent years. Marijuana seizures almost doubled the last two years (from 79,653 kg in 2003 to 153,660 in 2005), and hashish seizures are up 32 percent over the same period (3,013 kg in 2003 to 3,965 in 2005).

The year 2006 saw a number of major seizures that indicate an increasing sophistication in the law enforcement response to illicit narcotics and precursor trafficking in and through India. In June, in what was reported to be the largest cocaine seizure in Asia, the NCB seized 200 kg on a cargo ship in the port of Mumbai. The ship M.V. Voyager had been tracked from Ecuador through the Far East and into India.

The New Delhi police had two major successes in August 2006. On August 14 and 15 they seized 100 kg of ephedrine, 600 kg of ketamine, and 3 kg of hashish in an operation that resulted in the arrest of 4 individuals. The accused were in the process of shipping at least some of the goods to Canada using commercial express mail services, with indications that they had been doing the same for the past two years. In the second incident, officials seized more than 4,400 kg of Methaqualone on August 27, the largest such seizure in India. The accused were in the business of stealing the contents of shipping containers.

On September 3, the NCB seized a total of 550 kg of ephedrine at two DHL locations in New Delhi, again destined for Canada. Using information from the September seizure, on October 18 the NCB raided a factory in New Delhi that was being established as a methamphetamine laboratory and arrested seven individuals and seized an additional 550 kg of ephedrine. In November, the NCB searched a container in the port of Calcutta and found extensive laboratory equipment that is believed was destined for a methamphetamine laboratory outside of New Delhi. The seizures of ephedrine made in these cases dwarf the 8 kg of ephedrine reported to have been seized in India in 2005. These seizures, along with the seizure made by Delhi Police in 2006, highlight a possible emerging trend of Canadian and Chinese drug trafficking organizations attempting to exploit India as a source for ephedrine, a critical component in the manufacture of methamphetamine.

A joint investigation by the DEA and NCB in 2005 led to the dismantling of a major international pharmaceutical drug organization that was distributing controlled pharmaceuticals such as bulk ephedrine (a controlled precursor chemical) and ketamine (a Schedule III non- narcotic controlled substance in the U.S.) internationally through the Internet. The international drug trafficking ring, consisting of over 20 individuals in the U.S. and India, may have had as many as 80,000 retail customers. The 108 kg of Indian ketamine seized in the U.S. was valued at $1.62 million. The total amount of U.S. money and property seized in this investigation was $2 million dollars in India and $6 million in the United States. In another joint investigation, DEA and NCB cooperated to take down another Internet pharmacy. The result of this case was seven arrests in the United States and five arrests in India. The Internet pharmacies were being operated by individuals in India in conjunction with a call center that was processing orders for U.S.-based customers. The call center in India employed fifteen people and processed approximately $400,000 worth of pharmaceuticals per month.

Subsequent joint investigations have shown the continuing use of the Internet to distribute drugs and pharmaceuticals of all kinds from India to the U.S. and other countries. In the fall of 2005, Indian Customs seized five international mail packages that were found to contain a kg or more of

Southwest Asian heroin destined for individuals in the United States, with controlled deliveries leading to the arrest of five individuals in the U.S. Heroin being smuggled into India from Afghanistan and Pakistan has picked up over the past year, with West Africans often arrested as the carriers. This trend may continue as the border between Pakistan and India opens up to increasing commerce and travel as relations between the two countries improve. Indian law enforcement agencies are also becoming more proactive in fighting international drug trafficking.

Corruption. The Indian media periodically reports allegations of corruption against law enforcement personnel, elected politicians, and cabinet-level ministers of the GOI. The United States receives reports of narcotics-related corruption, but lacks the corroborating information to confirm those reports and the means to assess the overall scope of drug corruption in India. The GOI does not, as a matter of government policy, encourage or facilitate illicit drug production or distribution, nor is it involved in laundering the proceeds of the sale of illicit drugs. Similarly, we are not aware of any individual senior government official so involved. Both the CBN and NCB periodically take steps to arrest, convict, and punish corrupt officials within their ranks. The CBN frequently transfers officials in key drug producing areas to guard against corruption. The CBN has increased the transparency of paying licensed opium farmers to prevent corruption and appointing village coordinators to monitor opium cultivation and harvest. These coordinators receive 10 percent of the total paid to the village for its crops, in addition to what they receive for their own crops, so it is advantageous for them to ensure that each farmer under their jurisdiction turns in the largest possible crop.

Agreements and Treaties. India is a party to the 1961 UN Single Convention on Narcotic Drugs and its 1972 Protocol, the 1971 UN Convention on Psychotropic Substances, and the 1988 UN Drug Convention. The United States and India signed a Mutual Legal Assistance Treaty (MLAT) in 2001 that came into force in October 2005. An extradition treaty is in effect between the U.S. and India. India has signed but has not yet ratified the UN Convention against Transnational Organized Crime. The USG and the GOI signed a Customs Mutual Assistance Agreement on December 15, 2004. A modern US-India extradition treaty entered into force in 1999, replacing the outdated US-UK 1931 treaty, and a US-India mutual legal assistance treaty (MLAT) entered into force in 2005.

Cultivation/Production. The bulk of India's illicit poppy cultivation is now confined to Arunachal Pradesh, the most remote of northeastern states, which has no airfields and few roads. The terrain is mountainous, isolated jungle, requiring significant commodity and personnel resources, just to reach it. The need to combat the many insurgencies in the Northeast states has limited the number of personnel available for such time-consuming, labor-intensive campaigns. For those reasons, the GOI has not conducted any major poppy eradication campaigns in the Northeast in years. There are no accurate estimates of opium gum yields, but CBN officials claim that the yields from illicit production in Arunachal Pradesh are very low, between two to six kg per hectare.

Drug Flow/Transit. Although trafficking patterns appear to be changing, India historically has been an important transit area for Southwest Asia heroin from Afghanistan and Pakistan and, to a lesser degree, from Southeast Asia - Burma, Thailand, and Laos. India's heroin seizures from these two regions continue to provide evidence of India's transshipment role. Most heroin transiting India appears bound for Europe. Seizures of Southwest Asian heroin made in New Delhi and Mumbai tend to reinforce this assessment. However, the bulk of heroin seized in the past two years has been of domestic origin, and it was seized in South India, and was apparently destined for Sri Lanka. Trafficking groups operating in India fall into four categories. Most seizures in Mumbai and New Delhi involve West African traffickers. Traffickers who maintain familial and/or tribal ties to Pakistan and Afghanistan are responsible for most of the smuggling of Pakistani or Afghan heroin into India. Ethnic Tamil traffickers, centered primarily in Southern India, are alleged to be involved in trafficking between India and Sri Lanka. Indigenous tribal groups in the northeastern states

adjacent to Burma maintain ties to Burmese trafficking organizations and facilitate the entry into Burma of precursor chemicals and into India of refined "white sugar" heroin through the porous Indo/Burmese border. In addition, insurgent groups in these states have utilized drug trafficking as a means to finance their operations against the Indian Government.

Indian-produced methaqualone (Mandrax) trafficking to Southern and Eastern Africa continues. Although South Africa has increased methaqualone production, India is still believed to be among the world's largest known clandestine methalqualone producers. Seizures of methalqualone, which is trafficked in both pill and bulk forms, have varied significantly, from 7,458 kg in 2004 to 472 kg in 2005. Cannabis smuggled from Nepal is mainly consumed within India, but some makes its way to Western destinations.

India is also increasingly emerging as a manufacturer and supplier of licit opiate/psychotropic pharmaceuticals (LOPPS), both organic and synthetic, to the Middle East, Pakistan, Bangladesh and Afghanistan. Some of the LOPPS are licitly manufactured and then diverted, often in bulk. Some of the LOPPS are illicitly manufactured as well. Indian-origin LOPPS and other controlled pharmaceutical substances are increasingly being shipped to the U.S. DHS Customs and Border Protection are intercepting thousands of illegal "personal use" shipments in the mail system in the United States each year. These "personal use" quantity shipments are usually too small to garner much interest by themselves, and most appear to be the result of illegal Internet sales.

Domestic Programs/Demand Reduction. Newspapers frequently refer to Ecstasy and cocaine use on the Mumbai and New Delhi "party circuit," but there is little information on the extent of their use. There has been a considerable amount of reporting in local newspapers indicating that the use of cocaine and Ecstasy are on the rise. While smoking "brown sugar" heroin (morphine base) and cannabis remain India's principal recreational drugs, intravenous drug use (IDU) of LOPPS is rising in India, replacing, almost completely, "white" heroin. In parts of India where intravenous drug users (IDUs) have been denied access to LOPPS, IDUs have turned to injecting "brown sugar" heroin. Various licitly produced psychotropic drugs and opiate painkillers, cough medicines, and codeine are just some of the substances that have emerged as the new drugs of choice. In 2004, the Ministry of Social Justice and Empowerment (MSJE) released a drug abuse study conducted in partnership with UNODC in 2001. The study found that licit opiate abuse accounted for 43 percent of Indian drug abuse. Although drug abuse cuts across a wide spectrum of Indian society, more than a quarter of drug abusers are homeless, nearly half are unmarried, and 40 percent had less than a primary school education. Itinerant populations (e.g., truck drivers) are extremely susceptible to drug use. Widespread needle sharing has led to high rates of HIV/AIDS and overdoses. The states of Manipur and Nagaland are among the top five states in India in terms of HIV infection (disproportionately affecting the 15- to 30-year old population in these states), primarily due to intravenous drug use.

The popularity of injecting licit pharmaceuticals can be attributed to four factors. First, they are far less expensive than their illegal counterparts. Second, they provide quick, intense "highs" that many users prefer to the slower, longer-lasting highs resulting from heroin. Third, many IDUs believe that they experience fewer and milder withdrawal symptoms with pharmaceutical drug use. Finally, licit opiate/psychotropic pharmaceuticals are widely available and easy to obtain since virtually any drug retail outlet will sell them without a prescription.

The MSJE has a three-pronged strategy for demand reduction, consisting of building awareness and educating people about drug abuse, dealing with addicts through programs of motivational counseling, treatment, follow-up and social reintegration, and training volunteers to work in the field of demand reduction. The MSJE's goal is to promote greater community participation and reach out to high-risk population groups with an on-going community-based program for

prevention, treatment and rehabilitation through some 400 NGOs throughout the country. The MSJE spends about $5 million on NGO support each year.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. The United States has a close and cooperative relationship with the GOI on counternarcotics issues. In September 2003, the United States and India signed Letter of Agreement (LOA) amendments to provide State Department drug assistance funding worth $2.184 million for counternarcotics law enforcement. In 2004, another $40,000 was added to the LOA. In 2004 a Customs Mutual Assistance Agreement was signed. The U.S. and India have had a long-standing extradition relationship; however, India's efforts to bring about prompt conclusion of extradition proceedings have been poor. The USG has repeatedly asked the GOI to take steps to bring extradition proceedings to fruition more promptly. It is hoped that India will be able to soon conclude the extradition proceeding for Sarabeet Singh, charged with narcotics trafficking, which have been underway since 2002. In 2006 India's NCB provided prompt and effective cooperation under the MLAT in connection with ah narcotics prosecution in EDPA; other requests have been stalled, however. The USG hopes to consult with India soon on MLAT implementation.

The Road Ahead. The NCB's move to the Ministry of Home Affairs has enhanced the U.S. relationship with the Ministry and NCB. DEA gave more courses to more law enforcement officials from a wider variety of state and central government law enforcement agencies in 2004 and 2005 than ever before. Other training included standard and advanced boarding officer training by the USCG. Our joint LOA (Assistance Agreement) Monitoring Committee Meetings with the GOI ensure that funds achieve desired results, or are otherwise reprogrammed to higher priority projects. The LOA project to enhance and improve NCB's intelligence gathering and information sharing will enable it to better target drug traffickers and improve its cooperation with DEA. Another project managed by the Ministry of Finance trains law enforcement officials across India on asset forfeiture regulations. We also use LOA funds to build the capacity of Indian law enforcement agencies to fight international narcotics trafficking by providing them with badly needed commodities and equipment. The United States will continue to explore opportunities to work with the GOI in addressing drug trafficking and production and other transnational crimes of common concern.

V. Statistical Tables (through October 2006)

Drug seizure statistics are kept by the NCB (Ministry of Home Affairs) and updated on a monthly basis. The accuracy of the statistics is dependent upon the quality and quantity of information received by the NCB from law enforcement agencies throughout India. Statistics relative to opium cultivation and production are kept by the CBN (Ministry of Finance).

Note — not all information is available in all categories

POPPY CULTIVATION

Poppy cultivation/harvest in hectares

Final figures for opium gum yields in metric tons at 90 percent consistency; provisional yields at 70 percent consistency

Average yield of gum per hectare in kg

2005/06	2004/05	2003/04

Hectares Licensed	7,252	7,901	21,141
Farmers Licensed	72,478	79,016	105,697
Hectares Harvested	6,976	7,833	18,591
Gum Yield (MT)	N/A	N/A	825
Opium Yield (kg/ha)	59.9	N/A	57.07

	2006/07 (Estimate)
Hectares Licensed	6,220
Farmers Licensed	N/A
Hectares Harvested	N/A
Gum yield (MT)	372
Opium Yield (kg/ha)	60

Opium prices paid to farmers in rupees (RS. 45 equals one USD). The price of opium for the 2006/07 crop year has yet to be declared by the GOI

	2005/6	2004/5	2003/4
44-54 kg/ha	750-1075	756-1076	1550-2100
55-70 kg/ha	1100-1600	1102-1601	1050-1525
71-100+ kg/ha	1625-2200	1627-2205	1550-2100

DRUG SEIZURES 2004-2006

(2006 statistics through October, 2005 figures revised)

	UNIT	2006	2005	2004
Opium	kg	2494	2009	2237
Morphine	kg	30	47	97
Heroin	kg	856	981	1162
Cannabis	kg	133,131	153,660	144,055
Hashish	kg	2,735	3,965	4,599
Cocaine	kg	204	4	6
Methaqualone	kg	4,420	472	1,614
Ephedrine	kg	1,200	8	72

Acetic Anhydride	kg	98	300	2,665
Amphetamine	kg	0	0	91

PERSONS	2006*	2005	2004
Arrested	13,434	19,746	12,106
Prosecuted	11,702	20,138	10,173
Convicted	5,936	9,074	4,294

*Through October

Nepal

I. Summary

Although Nepal is neither a significant producer of, nor a major transit route for, narcotic drugs, domestically produced cannabis, hashish and heroin are trafficked to and through Nepal every year. An increase in the number of Nepalese couriers apprehended by the police suggests that Nepalis are becoming more involved in trafficking. Moreover, Nepal's Narcotics Drug Control Law Enforcement Unit (NDCLEU) reports that more Nepalese citizens are investing in and taking a larger role in running trafficking operations. Customs and border controls remain weak, but international cooperation has resulted in increased narcotics-related indictments in Nepal and abroad. The ongoing Maoist insurgency has hindered interdiction and monitoring efforts in many parts of the country. New in 2006, the Government of Nepal adopted a Narcotics Control National Policy. Legislative efforts are also underway to increase control over the trafficking of precursor chemicals between India and China. Nepal is a party to the 1988 UN Drug Convention.

II. Status of Country

Police confirm that production of cannabis is on the rise in the southern areas of the country, and that most is destined for the Indian market. Abuse of locally grown and wild cannabis and locally produced hashish, which is marketed in freelance operations, remains widespread. Heroin from Southwest and Southeast Asia is smuggled into Nepal across the open border with India and through Kathmandu's international airport. Licit, codeine-based medicines continue to be abused. Nepal is not a producer of chemical precursors but serves as a transit route for precursor traffic between India and China.

The ongoing Maoist insurgency has obstructed rule-of-law, interdiction and monitoring efforts in many parts of the country. The Maoists are most likely involved in drug smuggling to finance their insurgency. Nepal's NDCLEU reports that Maoists have called upon farmers in certain areas to increase cannabis production and have levied a 200 Nepal Rupees per kg (approximately $2.75) tax on cannabis production. The inaccessibility of areas due to the insurgency has also skewed the NDCLEU's statistics.

III. Country Actions Against Drugs in 2006

Policy Initiatives. Nepal's basic drug law is the Narcotic Drugs (Control) Act, 2033 (1976). Under this law, the cultivation, production, preparation, manufacture, export, import, purchase, possession, sale, and consumption of most commonly abused drugs is illegal. The Narcotics Control Act, amended last in 1993, conforms in part to the 1961 UN Single Convention on Narcotic Drugs and its 1972 Protocol by addressing narcotics production, manufacture, sales, import, and export.

In August 2006, the Home Ministry drafted a Narcotics Control National Policy, which has been adopted by the Cabinet. Noting the growing incidence of HIV infection among narcotic-using sex workers, abuse of narcotics and psychotropic medicines among youth, and illicit trafficking by organized mafia, the new policy, an update of the 1996 Narcotics Control National Policy, attempts to address these concerns in a more “transparent and enforceable” manner. It consists of five strategies to control drug production, abuse and trafficking: (1) supply control, (2) demand reduction (treatment and rehabilitation and drug abuse prevention), (3) risk reduction, (4) research and development, and (5) collaboration and resource mobilization.

To ensure institutional support, the policy calls for the creation of a Narcotic Control Bureau in the Ministry of Home Affairs, to include the NDCLEU and a special Nepal Police Taskforce trained in counter narcotics. In addition, the policy would establish a high-level narcotics control national guidance and coordination committee, chaired by the Home Minister, and a narcotics control executive committee, chaired by the Home Secretary. The policy has also set up an autonomous body to create a National Drug Demand Reduction Campaign involving awareness and advocacy programs, but the campaign group has not yet met.

Nepal is actively implementing a National Drug Abuse Control Plan (NDACP), but other proposed efforts still await legislative approval. Legislative action on mutual legal assistance and witness protection, developed as part of the NDACP, has stalled for a fifth year. The government has not submitted scheduled amendments to its Customs Act to control precursor chemicals. Legislation on asset seizures, drafted in 1997 with United Nations Office on Drugs and Crime assistance, is also awaiting approval. All are under review by the Ministry of Law and Justice. Legislation on criminal conspiracy has not yet been drafted.

In response to reports from the NDCLEU of increased trafficking and criminal behavior among Nigerian tourists, the Home Ministry has sent the Ministry of Foreign Affairs a proposal to restrict the travel of Nigerians to Nepal. The Home Ministry and the NDCLEU reported that Nigerians travel on false passports to Nepal, via South Africa and India, to widen their organized crime network and traffic heroin, humans and arms.

Law Enforcement Efforts. The NDCLEU has developed an intelligence wing, but its effectiveness remains constrained by a lack of communication and surveillance equipment. Coordination and cooperation among NDCLEU and Nepal's customs and immigration services, while still problematic, are improving. The reallocations of resources to fight the Maoist insurgency and the lack of security in the countryside have hampered crop destruction efforts. While the amount of destroyed areas of illicit drugs cultivation has been fluctuating since 1991, final statistical data for 2005 indicate that destruction of cannabis plants has declined since 2004. In 2005, 4 ha of opium and 121 ha of cannabis cultivation were destroyed, compared to 231.5 h of cannabis destroyed in 2004.

The NDCLEU reported that it is responsible for arresting 35 percent of the prisoners in Nepali jails. In 2005, the Nepal Police arrested 33 foreigners on the basis of drug trafficking charges. From January-May 2006, police arrested 16 foreigners and 138 Nepalese citizens. In the same time period, the NDCLEU and local units reportedly seized 1,574 kg of cannabis - more than the amount of cannabis seized in all of 2005 (1,532 kg). The NDCLEU also seized 6 kg of heroin in this period, compared to the 9 kg seized in 2005. Of the 6 kg seized, 2.5 kg were seized at Kathmandu's international airport. The NDCLEU further reported the seizure of 63.7 kg of hashish (54.3 kg in 2005) at Kathmandu's Tribhuvan International Airport (TIA) from January-May 2006. Most seizures of heroin and hashish in 2006 occurred along the Nepal-Indian border, within Kathmandu, or at TIA as passengers departed Nepal. Seizures of illicit and licit, but illegally abused, pharmaceuticals in January-May 2006 were higher than 2005 levels.

Corruption. Nepal continues to have no laws specifically targeting public narcotics-related corruption by senior government officials, although both provisions in the Narcotics (Control) Drug Act of 1976 and Nepal's anticorruption legislation can readily be employed to prosecute any narcotics-related corruption. As a matter of government policy, Nepal neither encourages nor facilitates illicit production or distribution of narcotics, psychotropic drugs, or other controlled substances, nor the laundering of proceeds from illegal drug transactions.

Agreements and Treaties. Nepal is party to the 1998 UN Drug Convention, the 1961 UN Single Convention on Narcotic Drugs, as amended by the 1972 Protocol, and the 1993 South Asian Association for Regional Cooperation (SAARC) Convention on Narcotics Drugs and Psychotropic

Substances. The Cabinet has signed the latter and it is now in the House awaiting ratification. In addition, as agreed upon at the May 2006 SAARC Summit, the Home Ministry set up a SAARC Drug Offenses Monitoring Desk at TIA. Nepal has signed, but has not yet ratified, the UN Convention against Transnational Organized Crime and the UN Convention against Corruption. There is no U.S. extradition treaty with Nepal. Nepal does not extradite its nationals.

Cultivation/Production. Cannabis is an indigenous plant in Nepal, and cultivation of certain selected varieties is rising, particularly in lowland areas. There is some small-scale cultivation of opium poppy, but detection is difficult since it is interspersed among licit crops. Nepali drug enforcement officials reported that all heroin seized in Nepal originated elsewhere. Nepal does not produce precursor chemicals. Importers of dual-use precursor chemicals must obtain a license and submit bimonthly reports on usage to the Home Ministry.

According to the Home Ministry, there have been no seizures of precursor chemicals since 1997. There have not been reports of the illicit use of licensed imported dual-use precursor chemicals. Nepal is used as a transit route to move precursor chemicals between India and China. With ratification of the SAARC Convention on Narcotics Drugs and Psychotropic Substances, which holds countries liable for policing precursor chemicals, the Home Ministry said it planned to assert control over precursor chemicals. These chemicals are currently under the jurisdiction of the Ministry of Health and are not carefully monitored for abuse.

Drug Flow/Transit. According to NDCLEU, evidence from narcotics seizures suggests that narcotics transit Nepal from India, Pakistan, and Afghanistan to other countries in the region and to Europe, the U.S. and Japan. Media reports have claimed that most narcotics are bound for India, and law enforcement sources indicated that most seizures occur at the India/Nepal border. The NDCLEU said customs and border controls were weak along Nepal's land borders with India and China, while the Indian border was essentially open. Security measures to interdict narcotics and contraband at TIA and at Nepal's regional airports with direct flights to India were also inadequate. The Government of Nepal (GON), along with other governments, is working to increase the level of security at the international airport, and the Nepal Army is detailed to assist with airport security. The NDCLEU took the increase in arrests of Nepalese couriers in other countries as an indication that Nepalese were becoming more involved in the drug trade both as couriers and as traffickers, and that Nepal may be increasingly used as a transit point for destinations in South and East Asia, as well as Europe (Spain, the Netherlands and Switzerland). The NDCLEU has also identified the United States as a final destination for some drugs transiting Nepal, typically routed through Bangkok.

Domestic Programs (Demand Reduction). The GON has continued to implement its national drug demand reduction strategy in association with the Sri Lanka-based Colombo Plan, the United States, UNODC, donor agencies, and NGOs. However, resource constraints have limited significant progress.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. U.S. policy is to strengthen Nepal's law enforcement capacity to combat narcotics trafficking and related crimes, to maintain positive bilateral cooperation, and to encourage Nepal to enact and implement appropriate laws and regulations to meet all objectives of the 1988 UN Drug Convention. The United States, NDCLEU, and other donors work together through regional drug liaison offices and through the Kathmandu Mini-Dublin Group of Countries Offering Narcotics Related Assistance.

Bilateral Cooperation. The United States works with GON agencies to help implement Nepal's master plan for drug abuse control and to provide expertise and training in enforcement. Nepal

exchanges drug trafficking information with regional neighbors and occasionally with destination countries in Europe in connection with international narcotics investigations and proceedings.

The Road Ahead. The United States will continue information exchanges, training, and enforcement cooperation; work with the UNODC to further enhance the efforts of the NDCLEU and support their demand reduction and social rehabilitation efforts; provide support to various parts of the legal establishment to combat corruption and improve rule of law; and support improvements in the Nepali customs service. The United States will also encourage the GON to enact stalled drug legislation.

Pakistan

I. Summary

With continued pressures on its Western border, Pakistan remains on the frontline of the war against drugs as a major transit country for opiates and hashish from neighboring Afghanistan. Aiming to return to poppy-free status, Pakistan saw a 39 percent decrease in opium poppy cultivation in 2006, to approximately 1,908 hectares, of which 1,545 hectares were harvested. The Government of Pakistan (GOP) maintains that there is no evidence that opiate laboratories are currently operating in Pakistan. The GOP's Anti-Narcotics Force (ANF) conducted an operation on June 10, 2006, that destroyed eight mobile drug labs near the Afghan border in the Baluchistan Province, which the GOP states were the only labs in country. Estimates of the number of drug addicts in Pakistan range from two to three million.

Although GOP efforts to develop a five-year Master Drug Control Plan in coordination with UNODC have slowed, a draft should be available by spring 2007. GOP counternarcotics efforts are led by the Anti-Narcotics Force (ANF) under the Ministry of Narcotics Control, but also include several other law enforcement agencies as well as the Home Departments of the Northwest Frontier Province (NWFP) and Baluchistan Province. Counternarcotics cooperation between the GOP and the United States remains strong. U.S. assistance programs in counternarcotics and border security have strengthened the capacity of law enforcement agencies and improved their access to remote areas where some of the drug trafficking takes place, evidenced by more than 30 percent increase in narcotics seizures in 2006. Extradition to the United States of persons charged with narcotics offenses and other crimes continues to be delayed for years due to judicial and administrative delays. Pakistan is a party to the 1988 UN Drug Convention.

II. Status of Country

After seeing a steady increase in poppy cultivation from 213 ha in 2001 to 7,571 ha in 2004, Pakistan reversed the trend in 2005 and in 2006 reduced poppy cultivation by 39 percent. The GOP is committed to regaining its poppy-free status and nearly reached that goal in 2006. Of course, opium production in neighboring Afghanistan is at an all-time high, which could be attributed to the choice of Pakistani criminal elements to finance opium production there. According to the U.S. Drug Enforcement Administration (DEA), Pakistani traffickers are an important source of financing to the poor farmers of Afghanistan, who otherwise could not afford to produce opium. Since poppy cultivation continues to rise in post-Taliban Afghanistan, Pakistan remains a significant transit country of heroin, morphine, opium, and hashish, particularly as a conduit to Turkey, and to Iran by land and sea. The fact that opium poppy production in Pakistan added marginally to the vastly large flow of drugs from Afghanistan will bring additional pressure on Pakistani law enforcement bodies to increase interdiction of Afghan opiates moving through Pakistan. The U.S.-funded Border Security Project, which began in 2002, continues to contribute to the ability of the GOP to interdict traffickers along the porous 1500-mile western border, as shown by increased drug seizures in 2006. However, successfully interdicting drug shipments is extremely difficult given Pakistan's rough terrain and the fact that smugglers are well armed and not afraid to engage GOP forces. For example, in July 2006, five Frontier Corps/Pakistan Army troops were killed during a gun battle with smugglers near Chagai on the Pak-Afghan border in Baluchistan.

Pakistan's position as a major drug transit country has fueled domestic addiction, especially in areas of poor economic opportunity and physical isolation. The GOP estimates that they have two to three million drug addicts in the total population of 162 million, although no accurate figure exists. In 2000, the UNODC's National Assessment on Drug Abuse estimated that there were

500,000 chronic heroin abusers that year and identified a new trend of injecting narcotics, which raised concerns about HIV/AIDS. A new UNODC drug use study should be available in spring 2007.

Pakistan has established a chemical control program that monitors the importation of controlled chemicals used to manufacture narcotics. While some diversion of precursor chemicals probably occurs in Pakistan, it is not believed to be a major precursor source country. The ANF and DEA are working to determine the routes and methods utilized by traffickers to smuggle chemicals through Pakistan into Afghanistan. DEA continues to provide the ANF with information regarding chemical seizures that occur in Afghanistan and that may be linked to Pakistani smuggling groups and/or chemical companies, in order to facilitate further investigation within Pakistan.

III. Country Actions Against Drugs in 2006

Policy Initiatives. The GOP, in coordination with UNODC, is working on a five-year plan to interdict and eradicate narcotics in Pakistan. Although movement on the plan has been slow, officials intend to have a draft ready for international review by Spring 2007. The goal of the plan is to identify prioritized strategies, agency responsibilities, and funding requirements for attacking drug supply and demand. The ANF is the lead counternarcotics agency in Pakistan, but other law enforcement agencies also have counternarcotics mandates, including the Frontier Corps (FC), the Coast Guards, the Maritime Security Agency, the Frontier Constabulary, the Rangers, Customs, the police, and the Airport Security Force (ASF). The GOP approved significant personnel expansions for the ANF and FC Baluchistan. The Coast Guards utilize antidrug cells within its headquarters to better coordinate and execute counternarcotics operations.

The GOP seeks to regain “poppy-free” status, which it had obtained from the United Nations in 2001, by enforcing a strict “no tolerance” policy for cultivation. Federal and provincial authorities continue antipoppy campaigns in both Baluchistan and NWFP, informing local and tribal leaders to observe the poppy ban or forced eradication, fines, and arrests will take place. Security concerns in Khyber Agency, where 67 percent of all Pakistani poppy was harvested in 2006, could threaten GOP's “poppy-free” goal in the 2006-2007 season.

Law Enforcement Efforts. In 2006, GOP law enforcement and security forces reported seizing 2.7 metric tons (MT) of heroin, 32.7 metric tons of morphine base, and 8 metric tons of opium, a substantial increase in narcotics seizures from 2005. 110.5 metric tons of hashish was also seized in 2006. Other drugs seized by the ANF include over 1,630 kg of poppy straw, 50 kg of synthetic drugs, 1.7 kg of cocaine, 301,895 units of morphine injections, buprenophine injections, Ecstasy tablets, and other synthetic drugs.

From January to October 1, 2006, GOP authorities reported arresting 34,170 individuals on drug-related charges. As of October 1, 2006, the ANF had registered 549 narcotics cases in the GOP's court system, 265 of which were decided with an 84.5 percent conviction rate. The great majority of narcotics cases that go to trial continue to be uncomplicated drug possession cases involving low-level couriers and straightforward evidence. The problematic cases tend to involve more influential, wealthier defendants. The ANF continues to prosecute appeals in seven long-running cases in the Pakistani legal system against major drug traffickers, including Munawar Hussain Manj, Sakhi Dost Jan Notazai, Rehmat Shah Afridi, Tasnim Jalal Goraya, Haji Muhammad Iqbal Baig, Ashraf Rana, and Muhammad Ayub Khan Afridi.

In an effort to address reversals of convictions, the ANF has hired its own special prosecutors, who have had commendable results despite limited resources. The ANF also added additional attorneys as part of its expansion. Since the DEA sponsored a judicial seminar in Pakistan in October 2005, DEA continues to work with the GOP to increase the number of cases and prosecutions of drug traffickers by the ANF, particularly the ANF Special Investigation Cell (SIC), by utilizing

conspiracy legal concepts. The recent arrival of a Resident Legal Advisor (RLA) to the U.S. Embassy in Islamabad will greatly assist these efforts. Through October 1, 2006, drug traffickers' assets totaling 105.39 million rupees (about $1.79 million) remained frozen.

In 2005, Prime Minister Shaukat Aziz approved 1,166 new positions for the ANF (500 positions were hired and 666 are expected in 2007) and increased ANF's budget by 15.5 percent to cope with emerging narcotics challenges. The GOP also approved an increase of 10,264 personnel for the Frontier Corps Baluchistan to increase their capacity along the border with Afghanistan and Iran. In 2000, the DEA-vetted and funded the ANF SIC to target major drug trafficking organizations operating in Pakistan. The unit has grown to 59 members who were subjected to intensive background checks, polygraph examinations, and drug testing to ensure operational integrity. In May 2006, two members of the ANF SIC attended the Federal Law Enforcement Analysts Training (FLEAT) course held at the DEA Training Academy in Quantico, Virginia. In October 2006, instructors from DEA's Office of International Training traveled to Pakistan to conduct a weeklong investigative skills workshop.

Corruption. The United States has no evidence that the GOP or any of its senior officials encourage or facilitate the illicit production or distribution of narcotic or psychotropic drugs or other controlled substances or the laundering of proceeds from illegal drug transactions. However, with government salaries low and societal and government corruption endemic, narcotics-related corruption among government employees is likely to be associated with the movement of large quantities of narcotics and precursor chemicals. In July 2006, ANF SIC agents arrested high-value target in the restroom of the Karachi Airport departure lounge after observing a uniformed ASF officer deliver him approximately one kg of heroin. During the course of the investigation, two additional ASF officers were arrested along with two more Pakistani nationals. The National Accountability Bureau (NAB), a Pakistani agency tasked with investigation and prosecution of corruption cases, reports that it received 12,255 complaints of corruption in 2005, of which it investigated 723 cases and completed 319 cases. The investigations resulted in 140 arrest warrants and 39 convictions. NAB recovered 1,357 million rupees (almost $23 million) from officials, politicians, and businessmen in 2005 through plea bargains and voluntary return arrangements.

Agreements and Treaties. Pakistan is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention on Narcotic Drugs as amended by the 1972 Protocol, and the 1971 Convention on Psychotropic Substances. The United States provides counternarcotics and law enforcement assistance to Pakistan under a Letter of Agreement (LOA). This LOA provides the terms and funding for cooperation in border security, opium poppy eradication, narcotics law enforcement, and drug demand reduction efforts. There is no mutual legal assistance treaty**.** The U.S. and Pakistan's extradition agreement is carried out under the terms of the 1931 U.S.-U.K. Extradition Treaty, which continued in force after Pakistan gained independence in 1947. Lack of action by Pakistani authorities and courts on pending extradition requests for four drug-related cases continues to be of concern to the United States. Problems include inexperience of GOP public prosecutors, the tendency of appeals over a period of many years, in some cases more than a decade (due primarily to inability of the judiciary to deal effectively with unwarranted delays brought about by defense counsel) and corruption. There is a similar lack of action in responding to U.S. requests for mutual legal assistance. Pakistan has signed, but has not yet ratified the UN Convention on Transnational Organized Crime. In November 2005, Pakistan and India concluded negotiations on a Memorandum of Understanding for counternarcotics cooperation.

Cultivation/Production. Through interagency ground monitoring and aerial surveys, the GOP and USG confirmed that Pakistan's poppy cultivation levels decreased by 39 percent to about 1,908 hectares (50 in Baluchistan, and 1,858 in NWFP) in 2006. Only 19 percent of the overall cultivated crop was eradicated, leaving about 1,545 hectares harvested. Based on the GOP's methodology for determining poppy crop yield, which estimates that approximately 25 kg of opium are produced per

hectare of land cultivated, Pakistan's potential opium production was approximately 38.6 metric tons in 2006.

Pakistan's overall decrease in poppy cultivation was largely due to aggressive pre-sowing deterrence efforts by the NWFP Government. GOP announced that it destroyed almost 100 percent of the crop this year in Baluchistan and a small percentage of poppy in NWFP. Cultivation in the "non-traditional" areas in NWFP remained almost completely contained this year, with Kala Dhaka as the only trouble spot. With new USG counternarcotics and alternative development programs ramping up in Kala Dhaka this year, poppy cultivation should decrease there. The USG does not fund any application of aerially applied herbicides in Pakistan.

The NWFP Government intends to take a hard line on enforcement this season, employing the police force to control poppy growing in Charsadda and Peshawar Districts and ensure that farmers and traffickers are arrested early in the season to deter poppy growing practices. In Khyber, eradication efforts continue to be poor. However, this is attributed to a fear of disrupting community acquiescence to counterterrorism operations and a lack of available security forces due to ongoing counterterrorism operations in the area. Ground monitoring teams continue to observe, particularly in Khyber, a trend of increased cultivation within walled compounds to prevent eradication. In 2006, security problems and militancy intensified in Khyber and will likely be an obstacle to the GOP's goal of regaining "poppy-free" status in 2007.

Drug Flow/Transit. Although no exact figure exists for the quantity of narcotics flowing across the Pakistan-Afghan border, Pakistan's Anti-Narcotics Force estimates that 36 percent of illicit opiates exported from Afghanistan transit Pakistan en route to Western Europe, Africa, and East Asia. The GOP remains concerned that increased law enforcement efforts in Afghanistan will cause Drug Trafficking Organizations (DTOs) and labs to move into Pakistan. Many of the DTOs already have cells throughout Pakistan, predominantly in the rugged, remote terrain of Baluchistan where there is little or no law enforcement presence. DTOs in Pakistan are still fragmented and decentralized, but individuals working in the drug trade often become "specialists" in processing, transportation, or money laundering and sometimes act as independent contractors for several different criminal organizations.

Pakistan is a major consumer of Afghan heroin, although the majority of the heroin smuggled out of Southwest Asia through Pakistan continues to go to the European market, including Russia and Eastern Europe. The balance goes to the Western Hemisphere and to Southeast Asia where it appears to supplement opiate shortfalls in the Southeast Asia region. Couriers intercepted in Pakistan are en route to Africa, Nepal, India, Europe, Thailand, China, Bangladesh, Sri Lanka, and the Middle East (especially the United Arab Emirates (UAE)). The ANF believes precursor chemicals are most likely smuggled through UAE, Central Asia, China, and India, and that mislabeled containers of acetic anhydride form part of the cargo in the Afghan transit trade. Ecstasy, Bumorpriphine, and other psychotropics are smuggled from India, UAE, and Europe for the local Pakistani market. The ANF has seized small amounts of cocaine smuggled into the country by West African DTOs.

Afghan opiates trafficked to Europe and North America enter Pakistan's Baluchistan and NWFP Provinces and exit either through Iran or Pakistan's Makran coast or through international airports located in Pakistan's major cities. The ANF reports that drugs are being smuggled in the cargo holds of dhows to Yemen, Oman, Saudi Arabia, and United Arab Emirates via the Arabian Sea. Traffickers also transit land routes from Baluchistan to Iran and from the tribal agencies of NWFP to Chitral, where they re-enter Afghanistan at Badakhshan Province for transit through Central Asia.

In Baluchistan, drug convoys are now smaller, typically two to three vehicles with well-armed guards and forward stationed scouts, who usually travel under cover of darkness. Several years ago

there were seizures of 100-kg shipments, but now traffickers are transporting smaller quantities of drugs through multiple couriers, both female and male, to reduce the size of seizures and to protect their investment. This is evidenced by the 20-30 kg seizures, which are now typical. Other methods of shipment include inside false-side luggage or concealed within legal objects (such as cell phone batteries), the postal system, or strapped to the body and concealed from drug sniffing dogs with special sprays. The ANF reports that traffickers frequently change their routes and concealment methods to avoid detection. West African traffickers are using more Central Asian, European, and Pakistani nationals as couriers. An increasing number of Pakistani females are being used as human couriers through Pakistan's international airports. In 2006, the GOP has also detected an increase in narcotics, both opium and hashish, traveling through Pakistan to China via airports and land routes. Arrests of couriers traveling via Pakistan to China have increased significantly.

Demand Reduction. Concerned about an increasing number of drug addicts in Pakistan, the GOP, in coordination with the UNODC, is completing a drug use survey to be published in Spring 2007. Early estimates indicate that Pakistan has approximately two to three million drug addicts, with half a million heroin users. The GOP views addicts as victims, not criminals. Despite the perseverance of a few NGOs and the establishment of two GOP model drug treatment and rehabilitation centers in Islamabad and Quetta, drug users have limited access to effective detoxification and rehabilitation services in Pakistan. The ANF is also tasked with reducing demand and increase drug use awareness.

In 2006, the ANF continued to conduct a number of drug abuse awareness programs, including a series of UNODC and USG-funded demand reduction workshops on raising the awareness of district officials and highlighting the increasing number of women identified as drug abusers. The ANF organized a seminar for religious leaders in Lahore, which led to the drafting of a resolution against drug use. The USG funded a faith-based drug treatment center in Peshawar via contributions to the Colombo Plan Secretariat, extending an already-successful program with a local NGO. The USG also funded outreach/drop-in centers in Karachi, Quetta, and Peshawar via the Colombo Plan, as well as directly funding four faith-based outreach centers in the FATA Other USG-funded programs include technical support and assistance to aid UNODC's drug use survey, a study on drug addiction in women, creation of youth groups to prevent drug abuse through organized alternative activities, and media messages and information dissemination. In GOP rehabilitation and detoxification centers, the ANF uses a symptomatic method, utilizing Restoril and Dyzopan, when necessary.

The ANF plans to implement other projects to increase community participation in demand reduction, including the establishment of a national awareness media campaign. While the GOP has the political will to do more, it lacks the human and technical resources and an updated, comprehensive demand reduction strategy. We expect the results of the new drug use survey to propel the GOP to create a comprehensive strategy.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. It is becoming increasingly clear that there is at least a financial link between local militancy and opiates in South Asia. The United States maintains several counternarcotics policy objectives in Pakistan that are in sync with America's larger goals to block insurgency on the Pak-Afghan border and prevent terrorist support in the FATA and Baluchistan. These objectives are to continue to help the GOP fortify its borders and coast against drug trafficking and terrorism, support expanded regional cooperation, encourage GOP efforts to eliminate poppy cultivation, and inhibit further cultivation. The United States also aims to increase the interdiction of narcotics from Afghanistan and to destroy DTOs by building the capacity of the GOP, as well as to expand demand reduction efforts. USG agencies continue to strive to enhance cooperation on the

extradition of narcotics fugitives and to encourage enactment of comprehensive money laundering legislation. With the support of a new RLA, the United States is focusing on streamlining wiretap methods and legislation, making it easier for the ANF and other law enforcement agencies to use communication evidence in narcotics court cases. The United States presses for the reform of law enforcement institutions and encourages cooperation among the GOP agencies with counternarcotics responsibilities. Although the ANF is the premier counternarcotics agency in Pakistan, the United States also focuses on improving antismuggling capabilities of a number of agencies, including the Customs Department, the Frontier Corps, and the National Police.

Bilateral Cooperation. The United States, through the State Department-funded Counternarcotics Program and Border Security Project, provides operational support, commodities, and training to the ANF and other law enforcement agencies. The United States also provides funding for demand reduction activities. Under the Border Security Project, approximately 50 Frontier Corps outposts in Baluchistan and NWFP have been completed and 50 new outposts are under way in NWFP and Baluchistan, for a total of 100 outposts. Construction of 72 kilometers of roads in the border areas of the FATA is complete, and ongoing construction of 288 kilometers continues to open up remote areas to law enforcement. To date, the State Department has funded construction of more than 500 kilometers of counternarcotics program roads, which allow forces to eradicate poppy and facilitate farmer-to-market access for legitimate crops, and implemented 732 small schemes and alternative crops in Bajaur, Mohmand, and Khyber Agencies with an additional 21 schemes projected for completion in early 2007. Alternative development programs have expanded to Kala Dhaka and Kohistan in 2006, where the construction of 49 kilometers of roads has begun, and a total of $10 million has been committed to road construction and small electrification and irrigation schemes for this earthquake-devastated area of NWFP. In October 2006, an RLA was deployed to the U.S. Embassy in Islamabad. It is anticipated that through the RLA's cooperative efforts productive changes in the administration of courts and the law enforcement agencies will occur.

The United States funds a Narcotics Control Cell in the FATA Secretariat to help coordinate counternarcotics efforts in the tribal areas, where the overwhelming majority of poppy is grown. The U.S.-supported MOI Air Wing program provides significant benefits to counternarcotics efforts and also serves to advance counterterrorism objectives. The DEA provides operational assistance and advice to ANF's SIC, which continues to raise investigative standards. In 2005, the Department of Defense began providing assistance to the Pakistan Coast Guards to improve the GOP's counternarcotics capacity on the Makran Coast.

The USG-supported Border Security Project continues to make progress in strengthening security along Pakistan's western border through training to professionalize border forces, provision of vehicles and surveillance and communications equipment to enhance patrolling of the remote border areas, and continued support for USG-provided Ministry of Interior Air Wing to enable expanded border surveillance and interdictions. Nine of the Air Wing's Huey II helicopters (the tenth spent much of the year being repaired due to battle damage) executed 83 operational missions involving 213 aircraft sorties. These included air assaults on a suspected drug compound and drug processing facilities, poppy surveys, medevacs for personnel injured during FC and ANF operations, support for Operation MOUNTAIN THRUST along the Afghan border, and border reconnaissance. The three fixed-wing Cessna Caravans, equipped with FLIR surveillance equipment, executed 87 missions, including surveillance, medevacs, and command and control support for large operations.

In May 2002 the first meeting took place of the US-Pakistan Joint Working Group on Law Enforcement and Counter-Terrorism ("JWG"). The JWG was established to create a bilateral mechanism to address the means of improving cooperative law enforcement efforts, assessing the progress on US-funded law enforcement projects in Pakistan, and combating terrorism. The fourth

meeting occurred in Washington, DC, in April 2006 and the next meeting is anticipated to occur later in 2007.

The Road Ahead. Despite the provision of air and ground mobility and communications capacity from the United States, the GOP will face an immense challenge in the coming year to interdict the increasing supply of drugs from Afghanistan. The United States will continue to assist the GOP in its efforts to eliminate poppy, to build capacity to secure the western border and coast, to conduct investigations that dismantle drug trafficking organizations, to increase convictions and asset forfeitures, and to reduce demand of illicit drugs through enhanced prevention, intervention, and treatment programs. Implementation of these strategies will require stricter GOP enforcement of the poppy ban and eradication, development of an indigenous drug intelligence capability, stronger GOP interagency cooperation, more effective use of resources and training, and enhanced regional cooperation and information sharing.

V. Statistical Tables

Drug Crop - Opium Poppy

Cultivation: 2006 - 1,908 ha; **2005** - 3,147 ha; **2004** - (6,600 - 7,500 ha); **2003** - 6,811 ha

Harvested: **2006** - 1,545 ha; **2005** - 2,440 ha; **2004** - 3,145 ha; **2003** - 3,170 ha

Eradication: **2006** - 363 ha; **2005** - 707 ha; **2004** - 4,426 ha; **2003** - 3,641 ha

Seizures heroin (including morphine base): 2006 — 35.3 mt; Jan - Nov 2005 - 24 mt; 2004 - 24.7 mt; 2003- 34 mt

Seizures opium: **2006** - 8 mt; **Jan - Nov 2005** - 6.1 mt; **2004**- 2.5 mt; **2003**- 5.4 mt

Seizures hashish: **2006** -110.5 mt; **Jan - Nov 2005** - 80 mt; **2004**- 136 mt; **2003**- 87.8 mt

Illicit Labs Destroyed: Eight mobile labs, June 10, 2006

Arrests (total): **Jan - Oct 1, 2006** - 34,170 people; **Jan - Nov 2005** - 33,932 people; **2004** - 49,186 people; **2003** - 46,346 people

Number of Users: No reliable data exists. The last National Survey of Drug Abuse in Pakistan in 1993 estimated 3.01 million drug addicts in Pakistan, with a 7 percent annual increase. Based on those figures, some estimates now put the number at two to four million. A 2000 UNODC survey estimated 500,000 chronic heroin users.

Sri Lanka

I. Summary

Sri Lanka has a relatively small-scale drug problem. The Government of Sri Lanka (GSL) remains committed to targeting drug traffickers and implementing nation-wide demand reduction programs. In early 2005, the U.S. government strengthened its relationship with Sri Lanka on counternarcotics issues by offering training for the Sri Lanka Police. Sri Lanka is a signatory to the 1988 UN Drug Convention, but as of 2006, Parliament had not enacted implementing legislation for the convention. In November 2006 the Attorney General's office submitted the legislation to the Cabinet of Ministers, and the bill is expected to be passed by parliament in the first quarter of 2007. In the meantime, amendments to the current laws, including some covering chemicals control, have been enacted as intermediate steps.

II. Status of Country

Sri Lanka is not a significant producer of narcotics or precursor chemicals and plays a minor role as a transshipment route for heroin from India. GSL officials continue to raise internal awareness of and vigilance against efforts by drug traffickers attempting to use Sri Lanka as a transit point for illicit drug smuggling. Domestically, officials are addressing a modest upsurge in domestic consumption, consisting of heroin, cannabis, and increasingly Ecstasy.

III. Country Actions Against Drugs in 2006

Policy Initiatives. In 2005, Sri Lanka made progress in further implementing its counternarcotics strategy, first developed in 1994. The lead agency for counternarcotics efforts is the Police Narcotics Bureau (PNB), headquartered in the capital city of Colombo. The GSL remains committed to ongoing efforts to curb illicit drug use and trafficking. The PNB recruited more officers, resulting in increased investigations and interdictions. In early 2006, a special court was established to try drug cases with minimal delays.

Accomplishments. The PNB and Excise Department worked closely to target cannabis producers and dealers, resulting in several successful arrests. The PNB warmly welcomed and was an active partner in taking full advantage of U.S.-sponsored training for criminal investigative techniques and management practices.

Sri Lanka continued to work with South Asian Association for Regional Cooperation (SAARC) and the United Nations Office of Drugs and Crime (UNODC) on regional narcotics issues. SAARC countries met in Maldives in early 2004 and agreed to establish an interactive website for the SAARC Drug Offense Monitoring Desk, located in Colombo, for all countries to input, share, and review regional narcotics statistics. GSL officials maintain continuous contact with counterparts in India and Pakistan, origin countries for the majority of drugs in Sri Lanka. The SAARC Drug Offences Monitoring Desk (SDOMD) is co-located within Colombo's PNB. The SDOMD Antidrug officials based in India and Pakistan regularly share information with the SDOMD, though other SAARC countries reportedly do not maintain such regular contact with the SDOMD desk.

Law Enforcement Efforts. The PNB continued to cooperate closely with the Customs Service, the Department of Excise, and the Sri Lankan Police to curtail illicit drug supplies in and through the country. As a result of these efforts, in 2005 GSL officials arrested nearly 11,700 persons on charges of using or dealing heroin and over 11,000 persons on cannabis charges. Police seized a total of 51.6 kg of heroin, with one major haul yielding 11.7 kg. Police also seized 29,490 kg of

cannabis in 2005. In addition, in response to slowly increasing Ecstasy usage in upscale venues in Colombo, the PNB made their first ever Ecstasy-related drug arrests in 2004.

Apart from its Colombo headquarters, the PNB has one sub-unit at the Bandaranaike International Airport near Colombo, complete with operational personnel and a team of narcotics-detecting dogs. Greater vigilance by PNB officers assigned to the airport sub-station led to increased arrests and narcotics seizures from alleged drug smugglers. During the year, the PNB began the process of establishing additional sub-stations. The next substation is due to open at the port of Colombo in late 2006/early 2007.

Corruption. The GSL does not, as a matter of policy, encourage or facilitate the illicit production or distribution of any controlled substances or the laundering of proceeds from illegal drug transactions. A government commission established to investigate bribery and corruption charges against public officials that resumed operations in 2004 continued through 2006. In December 2005, six police personnel were arrested for collusion with a high-profile drug dealer, but were released without charges in March 2006. On June 14, 2006, a Major in the army was arrested for allegedly trafficking 15.3 kg of heroin in Pesalai in Mannar.

Agreements and Treaties. Sri Lanka is a party to the 1988 UN Drug Convention and the 1990 SAARC Convention on Narcotic Drugs and Psychotropic Substances. Implementing legislation for both conventions had not reached Parliament by year's end. The Attorney General's office has reviewed both pieces of legislation and has submitted implementing legislation to Parliament in November 2006. The bill is expected to be passed by parliament in the first quarter of 2007. Sri Lanka is also a party to the 1961 UN Single Convention, as amended by the 1972 Protocol, and the 1971 Convention on Psychotropic Substances. Sri Lanka has signed, but has not yet ratified, the UN Convention against Transnational Organized Crime, and is a party to the UN Convention Against Corruption. An extradition treaty is in force between the U.S. and Sri Lanka.

Cultivation/Production. Small quantities of cannabis are cultivated and used locally, but there is little indication that it is exported. The majority of cannabis cultivation occurs in the southeast jungles of Sri Lanka. PNB and Excise Department officials work together to locate and eradicate cannabis crops.

Drug Flow/Transit. Some of the heroin entering Sri Lanka is transshipped to other markets abroad, including Europe. With the 2003 opening of the northwestern coastal waters in the advent of the ceasefire between the GSL and the LTTE, narcotics traffickers began to take advantage of the short distance across the Palk Strait to transit drugs from India to Sri Lanka. According to police officials, drugs are transported across the strait and then overland to the south. The PNB sought to open a sub-station in the region but was unable to do so because of the prevailing security situation in the northwestern coastal waters resulting from Sri Lanka's long-running ethnic conflict. With no coast guard, Sri Lanka’s coast remains highly vulnerable to transshipment of heroin moving from India.

Police officials state that the international airport is the second major entry point for the transshipment of illegal narcotics through Sri Lanka. There is no evidence to date that synthetic drugs are manufactured in Sri Lanka. Police note that the Ecstasy found in Colombo social venues is likely imported from Thailand.

Domestic Programs (Demand Reduction). The National Dangerous Drugs Control Board (NDDCB) has begun to establish task forces in each regional province to focus on the issue of drug awareness and rehabilitation at the community level. Each task force works with the existing municipal structure, bringing together officials from the police, prisons, social services, health, education and NGO sectors. For the first time in 2004, NDDCB officials visited the war-affected north and east provinces to assess the local situation and investigate the possibility of establishing

treatment centers in those regions. The NDDCB officials held discussions with District Secretaries to conduct awareness programs, open counseling centers, and build medical centers in the war-affected areas. The NDDCB is awaiting approval from the Treasury for the necessary funding to implement the initiatives. The GSL continued its support, including financial, of local NGOs conducting demand reduction and drug awareness campaigns. The Sri Lanka Anti Narcotics Association, in collaboration with PNB, Colombo City Traffic Police, and Sri Lanka Telecom, organized an antidrug bicycle parade on a 100-kilometer route from Galle to Colombo in June 2005. The Colombo Plan Drug Advisory Program, a regional organization, pledged its assistance to the government and non-government agencies in their efforts to combat illicit drugs.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. The USG remained committed to helping GSL officials develop increased capacity and cooperation for counternarcotics issues. The USG also continued its support of a regional counternarcotics program, which conducts regional and country-specific training seminars, fostering communication and cooperation throughout Asia.

Bilateral Cooperation. Continuing a USG-PNB law enforcement program implemented in 2004, the USG-trained Sri Lanka police are replicating the seminars and scheduling training for colleagues of the original police trainees at the training academies and stations throughout the island. Regional U.S. government officials, primarily DEA, conducted narcotics officer training for their local counterparts in a seminar organized by the host government.

Road Ahead. The U.S. government will maintain its commitment to aid the Sri Lankan police to transition from a paramilitary force into a community-focused one. This will be accomplished with additional assistance for training and continued dialogue between U.S. counternarcotics related agencies and their Sri Lankan counterparts. The U.S. also expects to continue it support of regional and country specific training programs.

SOUTHEAST ASIA

Australia

I. Summary

Australia is a committed partner in international efforts to combat illicit drugs, and gives high priority to drug-related issues, both internationally and domestically. Australia manages the diverse legal, health, social and economic consequences of drug use through comprehensive and consistent policies of demand and supply reduction and circumscribed harm reduction initiatives. Australia is party to the 1988 UN Drug Convention.

II. Status of Country

Australia is primarily a consumer nation for illicit narcotics; however, clandestine laboratories producing methamphetamine and MDMA (Ecstasy) continue to be seized throughout the country. Although, these laboratories are increasing in number and sophistication, it appears that the narcotics produced at these sites are consumed domestically and there is no evidence indicating that narcotics destined for the U.S. are produced in Australia or transit Australia. While domestically produced marijuana remains the most abused drug in Australia, the use of methamphetamine, primarily crystal methamphetamine (crystal meth), and MDMA (Ecstasy) continues to rise. The 2006 UN World Drug Report indicates that Australia has one of the highest rates of MDMA and methamphetamine abuse in the world. Arrests for possession of crystal meth in Australia have risen over 250 percent in the last ten years. Law enforcement and health officials have expressed concern about the dramatic increase in the abuse of crystal meth throughout Australia. In addition to the increased use of crystal meth, cocaine use also appears to be increasing throughout Australia in recent years. The use of cocaine, which previously had been limited to more affluent individuals, appears to be spreading into all segments of society. The use of heroin in Australia has declined significantly since the late 1990's and 2000, but law enforcement and health officials continue to aggressively target heroin traffickers and work to address the issues surrounding the abuse of heroin.

III. Country Actions Against Drugs in 2006

Policy Initiatives. The Australian Government continues to vigorously pursue polices that attempt to both prevent and treat illegal drug use. Launched in 1997, Prime Minister Howard's National Illicit Drug Strategy outlines a program to address drug issues. Australia has committed more than US$750 million (AU$1 billion) to the Strategy. (NOTE: Throughout this report, figures are in U.S. dollars, calculated at an exchange rate of A$1 equals U.S. $0.75)

Since 2002, following the Australian Government's creation of the Australian Crime Commission, state and federal investigators have increased their cooperation, bolstered their enforcement responses to serious crimes such as drug trafficking, and improved prosecution at the appropriate state or federal level. The Australian government committed an additional $187.4 million in 2003 to its program to reduce the supply of, and demand for, illicit drugs. The government is supporting private industry's attempt to develop a pseudoephedrine product that cannot be used as a precursor chemical for methamphetamine. There is an ongoing campaign to prevent illegal sales of pseudoephedrine in Australia. In August 2005, the Australian Minister of Justice announced the implementation of the National Strategy to Prevent Diversion of Precursor Chemicals. On January 1, 2006 as part of this strategy, legislation tightening the access to pseudoephedrine on a national level went into effect. The Australian government has committed $4.1 million to prevent the diversion of legitimate chemicals like pseudoephedrine into the manufacture of illicit drugs. There

is also an on-going initiative involving state jurisdictions to establish a computer system to permit the pharmacists around the country to track the purchases of pseudoephedrine products.

The Australian government continues to implement extensive multi-faceted programs to combat drug trafficking and use in Australia. Throughout 2006, Australian law enforcement officials continued to seize large amounts of MDMA, crystal meth and cocaine smuggled into Australia. These seizures are consistent with the reported increased use of these drugs throughout the country. Law enforcement officials continue to report increases in the seizures of clandestine laboratories producing methamphetamine and MDMA. Many of these laboratories are more sophisticated and have greater production capacity than the laboratories seized in the past. In order to circumvent Australian governmental efforts to control the availability of the precursor chemical pseudoephedrine, criminal organizations continue to attempt bulk importations of the chemical into Australia. In June 2006, a multi-agency investigation involving law enforcement agencies from Australia and Indonesia led to the dismantlement of a syndicate that had allegedly smuggled more than 380 kg of pseudoephedrine into Australia. In 2006, Australian law enforcement officials made three significant seizures of illicit narcotics smuggled into the country from Canada. These seizures included approximately 46 kg of crystal meth secreted in the hull of a boat, approximately 350 kg of MDMA secreted in barrels containing ink toner and approximately 135 kg of cocaine and 33 kg of MDMA secreted within computer monitors.

Law Enforcement Efforts. Australian law enforcement agencies continued their aggressive counternarcotics and anti-money laundering efforts in 2006. Responsibility for these activities is divided primarily between the Australian Federal Police (AFP), the Australian Customs Service (ACS), the Australian Crime Commission (ACC) and the Therapeutic Goods Administration (TGA), along with state/territorial police services throughout the country. In 2006, the AFP received funding to increase its, international deployment group from 570 to over 1000 individuals. Some of these individuals will be used to increase the AFP Overseas Liaison Network in order to better focus on transnational crime, including drug trafficking, terrorist activities and immigrant smuggling. The AFP currently maintains more than 86 officers in 26 countries to assist in narcotics investigation. AFP Liaison Officers, particularly those in the Pacific Islands and throughout Asia, also assist local law enforcement agencies in training and institution building. The AFP and other Australian law enforcement agencies continue to have close working relationships with U.S. agencies including the DEA, the FBI and BICE.

Corruption. The Australian Government and state/territorial governments remain vigilant in their efforts to prevent narcotics-related corruption. There is no indication of any senior official of the government facilitating the production or distribution of illicit drugs or aiding in the laundering of proceeds from such activities. Although some state police officers have been investigated and convicted for drug-related corruption, including several members of the Victoria Police Drug Squad, corruption is not common or widespread.

Agreements and Treaties. The U.S. and Australia cooperate extensively in law enforcement matters, including drug prevention and prosecution, under a bilateral mutual legal assistance treaty and an extradition treaty. The USG has a Customs Mutual Assistance Agreement (CMAA) with Australia. Australia is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, and the 1961 UN Single Convention as amended by its 1972 Protocol. Australia is a party to the UN Convention against Transnational Organized Crime and its protocols against migrant smuggling and trafficking in persons. Australia also is a party to the UN Corruption Convention.

Cultivation/Production. Cannabis is the only significant illicit drug cultivated in Australia. The use of hydroponics growth sites has been increasing throughout the country in recent years with well-organized syndicates operating multiple growth sites. The cannabis grown in Australia is

primarily destined for the domestic market and there is no evidence that Australian marijuana reaches the U.S. in any significant quantity. Australia has a well-established and controlled licit opium crop (13,000 hectares) on Tasmania. Although recent significant seizures of foreign produced methamphetamine have revealed a change in trafficking patterns, a large amount of the amphetamine and methamphetamine consumed in Australia is produced in domestic clandestine laboratories. As previously mentioned, many of these laboratories are more sophisticated and possess greater production capacity than laboratories seized in the past.

Drug Flow/Transit. Asian organized crime groups continue to be the primary suppliers of heroin into Australia, and also are heavily involved in the trafficking of crystal meth into Australia. This is consistent with regional trends in which many drug trafficking organizations are moving away from crop-based drugs, such as heroin, into the large-scale production and distribution of synthetic drugs, such as MDMA and crystal meth. MDMA consumed in Australia is primarily produced in Europe, but there have been significant seizures, which originated in Asia and Canada. It should be noted that many of the clandestine laboratories producing MDMA seized in Australia are very sophisticated and possess the capacity for large-scale production of MDMA. South American cocaine trafficking organizations continue to target Australia utilizing a variety of means to smuggle cocaine into the country — from personal couriers to cocaine secreted within legitimate cargo shipments. African based trafficking organizations are also involved in the smuggling of cocaine into Australia. Couriers attempting to smuggle cocaine, heroin, MDMA and crystal meth into Australia are intercepted at the international airports on a regular basis.

Domestic Programs. The Federal Government has continued to pursue an aggressive policy to prevent and treat drug use. The Prime Minister's National Illicit Drug Campaign committed the equivalent of $4 million to drug prevention programs in schools and $40 million for compulsory education and a treatment system for drug offenders. Under Australian law, the federal government has responsibility for national health and crime issues, while the states and territories have responsibility for the delivery of health and welfare services. The Ministerial Council on Drug Strategy brings together federal, state and territory ministers responsible for health and law enforcement to determine national policies and programs to reduce the harm caused by drugs in Australia. Although the Federal Government opposes supervised heroin injecting rooms, the legal authority to provide injecting rooms rests with the health and law enforcement agencies in the states and territories. In May 2001, the State of New South Wales passed legislation to permit the licensing and operation of an injecting center, which provides for medically supervised heroin injections, for a trial period of 18 months. This trial period has been extended to October 2007. The Australian Capital Territory has passed similar legislation but has not opened an injection center.

IV. U.S. Policy Initiatives and Programs

U.S. Policy Initiatives. U.S. counternarcotics activities in Australia feature strong ongoing U.S.-Australian collaboration in investigating, disrupting, and dismantling international illicit drug trafficking organizations. The U.S. and Australia have a Memorandum of Understanding in place, which outlines these objectives. U.S. and Australian law enforcement agencies, also, have agreements in place concerning the conduct of bilateral investigations and the open exchange of intelligence information concerning narcotics trafficking organizations.

The Road Ahead. Australia shows no sign of lessening its commitment to the international fight against drug trafficking. Australian counternarcotics efforts throughout Asia and the Pacific Islands continue to be extremely robust. The U.S. can expect continuing strong bilateral relations with Australia on counternarcotics issues. The two countries will continue to work closely in support of the UN Drug and Crime Program and other multi-lateral fora.

Burma

I. Summary

Burma continued to cut opium poppy cultivation this year, but remains vulnerable to periodic spikes in opium production. Burma's reduction in opium cultivation has been accompanied by significant increases in the production and trafficking of synthetic drugs. While Burma remains the second largest opium poppy grower in the world after Afghanistan, its share of world opium poppy cultivation has fallen from 63 percent in 1998 to 11 percent in 2006. This large proportional decrease is due to a significant decrease of opium poppy cultivation in Burma and a large increase in cultivation in Afghanistan. Aided by Burma's decline, the Golden Triangle region in Southeast Asia no longer reigns as the world's largest opium poppy cultivating region. Its share of the world opium cultivation fell from 66 percent in 1998 to only 12 percent in 2006.

Over a longer time horizon of the last eight years, Burma's opium cultivation has declined dramatically. The UN Office on Drugs and Crime (UNODC) estimates a decrease from 130,000 hectares in 1998 to 21,000 hectares in 2006, an 83 percent decrease. Cultivation during the past year dropped from 40,000 hectares to 21,000 hectares. The most significant decline was observed in the Wa region following the United Wa State Army's (UWSA) pledge to end opium poppy cultivation in its primary territory, UWSA Region 2. UWSA controlled territory accounted for over 30 percent of the acreage of national opium poppy cultivation in 2005, but almost no poppy cultivation was reported in the Wa region in 2006.

The trend of continuing decline in opium poppy cultivation is welcome, but it also points to new challenges. Burma has not provided most opium farmers with access to alternative development opportunities. Furthermore, some opium farmers may be tempted to increase production to take advantage of higher prices generated by opium's relative scarcity, and continuing strong demand. Increased yields in remaining poppy fields (particularly in Southern Shan State) may partially offset the affects of decreased cultivation. Favorable weather conditions in 2006 and improved cultivation practices contributed to higher yields. Higher yields in some areas may also signal more sophisticated criminal activity, greater cross border networking, and the transfer of new and improved cultivation techniques.

Burma's declining poppy cultivation has been accompanied by a sharp increase in production and export of synthetic drugs, threatening to turn the Golden Triangle into an "Ice Triangle." Burma plays a leading role in the regional traffic of amphetamine-type stimulants (ATS). Drug gangs based in the Burma-China and Burma-Thailand border areas, many of whose members are ethnic Chinese, produce several hundred million methamphetamine tablets annually for markets in Thailand, China, and India as well as for onward distribution. There are also indications that groups in Burma increased production and trafficking of crystal methamphetamine or "Ice" — a higher purity and more potent form of methamphetamine than the tablets.

In addition to information-sharing and regular cooperation with the U.S. Drug Enforcement Administration (DEA) and Australian Federal Police (AFP) on narcotics investigations, the Government of Burma (GOB) has increased its law enforcement cooperation with Thai, Chinese and Indian counternarcotics authorities, especially through renditions, deportations, and extraditions of suspected drug traffickers.

During the 2006 drug certification process, the U.S. determined that Burma was one of only two countries in the world (the other being Venezuela) that had "failed demonstrably" to meet international counternarcotics obligations. Major concerns include: unsatisfactory efforts by Burma to deal with the burgeoning ATS production and trafficking problem; failure to take action to bring members of the United Wa State Army (UWSA) to justice following the unsealing of a

U.S. indictment against them in January 2005; failure to investigate and prosecute senior military officials for drug-related corruption; and failure to expand demand-reduction, prevention and drug-treatment programs to reduce drug-use and control the spread of HIV/AIDS. Burma is a party to 1988 UN Drug Convention.

II. Status of Country

Burma is the world's second largest producer of illicit opium. Eradication efforts and enforcement of poppy-free zones combined to reduce cultivation levels between1998-2006, especially in Wa territory. However, a small resurgence of cultivation occurred in 2006, particularly in eastern and southern Shan State, where improved weather conditions and new cultivation practices increased opium production levels, leading to a slight overall increase in cultivation and production in Burma.

According to the UNODC, opium prices in the Golden Triangle have increased over the past years. Burmese village-level opium prices or *farm-gate* prices have increased from $153 per kg in 2004 to $187 in 2005 and $230 in 2006. In Burma, opium sales contribute about half of the annual household cash income of farmers who cultivate opium, which they use to cover food shortages. Forty-three percent of the average yearly income ($437) of opium cultivating households was derived from opium sales in 2006. In 2006, the UNODC opium yield survey estimated there were approximately 21,000 hectares planted with opium poppies. In 2005 the U.S. estimated opium production in Burma at approximately 380 metric tons, a 14 percent increase over 2004. The UNODC's opium yield survey, using a different methodology, concluded that cultivation had actually declined 26 percent and production had declined 19 percent. Nonetheless, both surveys estimated a 2006 yield average of 9.2 kg per hectare, well below the peak level of 15.6 kg per hectare recorded in 1996. Both surveys also concluded that Burma experienced a significant downward trend over the past decade, with poppy cultivation and opium production declining by roughly 80 percent. The UNODC estimated opium production in Burma to be 315 metric tons in 2006 (somewhat less than in 2005), and the yield average to be 14.7 kg per hectare (significantly higher than in 2005).

Declining poppy cultivation has been accompanied by a sharp increase in the production and export of synthetic drugs. According to GOB figures for the first six months of 2006, ATS seizures totaled about 16.27 million tablets, an almost tenfold increase from 2005. Opium, heroin, and ATS are produced predominantly in the border regions of Shan State and in areas controlled by ethnic minority groups. Between 1989 and 1997, the Burmese government negotiated a series of cease-fire agreements with several armed ethnic minorities, offering limited autonomy and continued tolerance of narcotics production and trafficking activities in return for peace. In June 2005, the United Wa State Army (UWSA) announced implementation in Wa territory of a long-delayed ban on opium production and trafficking. While the cultivation of opium poppies decreased in the Wa territory during 2006, according to many reports Wa leadership replaced opium cultivation with the manufacture and trafficking of ATS pills and possibly "Ice" in their territory, predominantly by ethnic Chinese gangs.

Although the government has not succeeded in convincing the UWSA to stop its illicit drug production or trafficking, Burmese police Anti-narcotic Task Forces stepped up pressure against Wa traffickers in 2005 and 2006. In addition, the UWSA itself undertook limited enforcement actions. In May 2006, UWSA units found two clandestine laboratories operating in the Eastern Shan state (territory occupied and controlled by the UWSA–South). The UWSA units dismantled the two heroin refineries, which were operating in their area of control. When the UWSA units entered the lab sites, a firefight ensued, with eight people fatally wounded, four arrested, and 25 kg of heroin and 500,000 methamphetamine tablets seized by the raiding UWSA units. In June 2006, the UWSA passed custody of the contraband substances to Government of Burma (GOB) officials.

The prisoners remain in the custody of the UWSA. These UWSA actions likely were motivated more towards eliminating the competition in their area than by a desire to stop drug trafficking. In Burma, opium addiction remains high in places of historic or current opium production, ranging from 0.60 percent of the total adult population in Shan State to 0.72 percent in Kachin State and up to 0.83 percent in the Wa region, the main area of opium production through 2006.

III. Country Actions Against Drugs in 2006

Policy Initiatives. Burma's official 15-year counternarcotics plan, launched in 1999, calls for the eradication of all narcotics production and trafficking by the year 2014, one year ahead of an ASEAN-wide plan of action that calls for the region to be drug-free by 2015. To meet this goal the GOB has initiated the plan in stages using eradication efforts combined with planned alternative development programs in individual townships, predominantly in Shan State. The government initiated its second five-year phase in 2004. Ground surveys by the Joint GOB-UNODC Illicit Crop Monitoring Program indicate a steady decline in poppy cultivation and opium production due to enforcement, some alternative livelihood measures, which include crop substitution, discovery and closure of clandestine refineries, interdiction of illicit traffic, and annual poppy eradication programs. The UNODC estimates that the GOB eradicated 3,970 hectares of opium poppy in 2006.

The most significant multilateral effort in support of Burma's counternarcotics efforts is the UNODC presence in northeastern Shan State. The UNODC's “Wa Project” was initially a five-year, $12.1 million supply-reduction program designed to encourage alternative development in territory controlled by the UWSA. In order to meet basic human needs and ensure the sustainability of the UWSA opium ban announced in 2005, the UNODC extended the project until 2007, increased the total budget to $16.8 million, and broadened the scope from 16 villages to the entire Wa Special Region No. 2. Major donors that have supported the Wa Project include the United States, (however, the USG halted funding after the Wa made death threats against DEA agents) Japan and Germany, while the UK and Australia recently made additional contributions.

As part of the 15-year counternarcotics plan, in 2002 the Burmese Central Committee for Drug Abuse Control (CCDAC) initiated the “New Destiny” project, which calls for the complete eradication of poppy cultivation and its replacement with substitute crops. The GOB has claimed that since the implementation in April 2002 of New Destiny in high-density areas of poppy cultivation (in Shan State, Kachin State, and Kayah State), poppy farmers have surrendered on their own volition over 163,720 kg of poppy seeds, which were then destroyed. This destruction prevented poppy from being cultivated on 40,573 hectares with a potential production of 40.01 metric tons of heroin. The GOB, under its 1993 Narcotics Drugs and Psychotropic Substances Law, has issued notifications in subsequent years controlling 124 narcotic drugs, 113 psychotropic substances, and 25 precursor chemicals. Burma enacted a “Mutual Assistance in Criminal Matters Law” in 2004.

Law Enforcement Measures. The CCDAC, which leads all drug-enforcement efforts in Burma, is comprised of personnel from the police, customs, military intelligence, and army. The CCDAC, effectively under the control of the Ministry of Home Affairs, coordinates 25 drug-enforcement task forces around the country, with most located in major cities and along key transit routes near Burma's borders with China, India, and Thailand. As is the case with most Burmese government entities, the CCDAC suffers badly from a lack of adequate resources to support its law-enforcement mission. There are 25 Anti-Narcotics Units located around Burma under the command of the Burmese Police, the lead counternarcotics law enforcement agency. The Burmese Army and Customs Department support the Police in this role. In 2005, CCDAC established two new anti-narcotic task forces in Rangoon and Mandalay, supplementing existing task forces in both cities. The GOB also established a Financial Investigation Team (FIT), based in Mandalay, to serve as a

clearinghouse for northern Burma. This new team, established with assistance from DEA and the AFP, complements an existing FIT based in Rangoon.

Burma is actively engaged in drug-abuse control with its neighbors China, India, and Thailand. Since 1997, Burma and Thailand have had 11 cross-border law enforcement cooperation meetings. The most significant result of this cooperation has been the repatriation by Burmese police of drug suspects wanted by Thai authorities: two in 2004, one in 2005 and one in 2006. According to the GOB, Thailand has contributed over $1.6 million to support an opium crop substitution and infrastructure project in southeastern Shan State. Burma-China cross border law enforcement cooperation has also increased, resulting in successful operations and the handover of several Chinese fugitives who had fled to Burma. A joint operation by Burmese and Chinese police resulted in the seizure of 496 kg of heroin in Eastern Shan State in September 2005. While not formally funding alternative development programs, the Chinese government has encouraged investment in many projects in the Wa area, particularly in commercial enterprises such as tea plantations, rubber plantations, and pig farms and has assisted in marketing those products in China through relaxation of duties and taxes.

The last formal Burma/China meeting was held at Pyin-Oo Lwin, Burma, on December 12, 2005. After Burma and India signed an agreement on drug control cooperation in 1993, the two countries have held cross border Law Enforcement meetings on a biannual basis, the last being held September 11, 2004, in Calcutta.

Since the 2005 U.S. federal indictments against the seven UWSA leaders, the GOB has to date taken no direct action against any of the seven indicted UWSA leaders, although authorities have taken action against other, lower ranking members of the UWSA syndicate.

Narcotics Seizures. Heroin, opium, and methamphetamine seizures have all increased since 2005. Summary statistics provided by Burmese drug officials indicate that during the first six months of 2006, Burmese police, army, and the Customs Service together seized 1,406.69 kg of raw opium, 154 kg of heroin, 22.03 kg of marijuana, and just over 16.27 million methamphetamine tablets. In January 2006, Chinese police located a wanted Burmese national and major heroin financier, Yang Ah Hong, in Shanghai and handed him over to Burmese Police. In February 2006, Burmese Police Officers from the Anti-Narcotic Task Force (ANTF) in Tachilek arrested two Burmese nationals after a search of a truck belonging to one of the suspects revealed 100,000 methamphetamine tablets and 1,100 Ecstasy tablets. In March 2006, acting on information received from sources, officers from ANTF Tachilek stopped a Toyota pick-up truck at the entrance of the city limits of Lashio, Burma, and found approximately 48 kg of heroin concealed in a false compartment under the bed of the truck. The driver was arrested. In May 2006, a joint DEA Rangoon, Thai Office of Narcotics Control Board (ONCB) and Burmese CCDAC ANTF operation resulted in the arrest of 16 subjects in Eastern Shan State, and the seizure of approximately 340 kg of heroin, 65.2 kg of opium, 1.08 kg of opium gum and 140 gallons of opium in solution. This operation also resulted in the seizure of two active heroin refineries. The ANTF also discovered and destroyed seven heroin refineries in 2006. In May 2006, ANTF officers arrested two Burmese citizens, a husband and wife, at Switlwe Port, Eastern Shan State, in possession of 48 blocks of heroin (approximately 16 kg). Also in May 2006, the CCDAC conducted an operation at Rangoon international airport, which resulted in the seizure of approximately 3.65 kg of heroin and the arrest of two subjects. On May 28, 2006, police in Eastern Shan state seized 688,000 tablets of methamphetamine and arrested two suspects. In June 2006, police in Mandalay arrested four Burmese nationals and seized 15 kg of ketamine. In October 2006, Police in the Taunggyi ANTF seized 385 vials of ketamine. Each vial was marked as containing 500 milligrams of ketamine hydrochloride.

However, Burma's efforts to combat the production and trafficking of ATS have been unsatisfactory. While seizures are made, they are not at levels commensurate with the burgeoning ATS problem.

Corruption. Burma signed but has not ratified the UN Corruption Convention. Burma does not yet have a legislature or effective constitution; and has no laws on record specifically related to corruption. There is little reliable evidence that senior officials in the Burmese Government are directly involved in the drug trade. However, lower level government officials, particularly army and police personnel posted in border areas, are widely believed to be involved in facilitating the drug trade. Some officials have been prosecuted for drug abuse and/or narcotics-related corruption. In 2006, long prison terms were handed down for several officials of Customs and the Border Trade Committee. The Director General of Burmese Customs was sentenced to 66 years imprisonment and his personal assistant was sentenced to seven years in jail. In 2006, several directors and assistant managers of the Ministry of Trade assigned to the Border Trade Committee in Muse Township, Kutkhaing, were also sentenced to prison terms ranging from seven to forty years based on charges of involvement in illegal trading. However, Burma has failed to indict any military official above the rank of colonel for drug-related corruption.

Agreements and Treaties. Burma is a party to the 1961 UN Single Convention on Narcotic Drugs (and became a member of the 1972 Protocol to the Single Convention in 2003), the 1971 UN Convention on Psychotropic Substances, and the 1988 UN Drug Convention.

Cultivation and Production. According to the UNODC opium yield estimate, in 2006 the total land area under poppy cultivation was 21,500 hectares, a 34 percent decrease from the previous year. The UNODC also estimated that the potential production of opium increased by one percent, from 312 metric tons in 2005 to 315 metric tons in 2006. Despite the decrease in total land under poppy cultivation, the slight increase in potential opium production indicated in the UNODC estimate may reflect improved agricultural methods and more favorable weather conditions in opium poppy growing areas, such as Shan State.

Burma as yet has failed to establish a reliable mechanism for the measurement of ATS production. Moreover, while the U.S. and UNODC undertake estimates of poppy cultivation and production, Burma once again declined to participate in a joint crop survey with the U.S.

Drug Flow/Transit. Most ATS and heroin in Burma is produced in small, mobile labs located near Burma's borders with China and Thailand, primarily in territories controlled by active or former insurgent groups. A growing amount of methamphetamine is reportedly produced in labs co-located with heroin refineries in areas controlled by the United Wa State Army (UWSA), the Shan State Army-South (SSA-S), and groups in the ethnic Chinese Kokang autonomous region. Ethnic Chinese criminal gangs dominate the drug syndicates operating in these three areas. Heroin and methamphetamine produced by these groups are trafficked overland (or via the Mekong River) primarily through China, Thailand, India, and, to a lesser extent, Laos, Bangladesh, and within Burma. Heroin seizures in 2005 and 2006 and subsequent investigations revealed the increased use by international syndicates of the Rangoon International Airport and Rangoon port for trafficking of drugs to the global narcotics market.

Demand Reduction. The overall level of drug abuse is low in Burma compared with neighboring countries, in part because most Burmese are too poor to afford a drug habit. Traditionally, some farmers use opium as a painkiller and an anti-depressant, in part because they lack access to other medicine or adequate healthcare facilities. There has been a growing shift in Burma away from opium smoking toward injecting heroin, a habit that creates more addicts and poses greater public health risks. Deteriorating economic conditions will likely stifle substantial growth in overall drug consumption, but the trend toward injecting narcotics is of significant concern. The GOB maintains that there are only about 65,000 registered addicts in Burma, but surveys conducted by UNODC,

among others, suggest that the addict population could be as high as 300,000. NGOs and community leaders report increasing use of heroin and synthetic drugs, particularly among disaffected youth in urban areas and by workers in mining communities in ethnic minority regions. The UNODC estimated that in 2004 there were at least 15,000 regular ATS users in Burma, and a joint UNODC/UNAIDS/WHO study estimated that there are between 30,000 and 130,000 injecting drug users.

There is also a growing HIV/AIDS epidemic tied to intravenous drug use. According to a UNODC regional center, an estimated 26 to 30 percent of officially reported HIV cases are attributable to intravenous drug use, one of the highest rates in the world. Infection rates are highest in Burma's ethnic regions, and specifically among mining communities in those areas where opium, heroin, and ATS are more readily available.

Burmese demand reduction programs are in part coercive and in part voluntary. Addicts are required to register with the GOB and can be prosecuted if they fail to register and accept treatment. Altogether, more than 21,000 addicts were prosecuted between 1994 and 2002 for failing to register. (The GOB has not provided data since 2002.) Demand reduction programs and facilities are limited, however. There are six major drug treatment centers under the Ministry of Health, 49 other smaller detoxification centers, and eight rehabilitation centers, which, together, have provided treatment to about 60,000 addicts over the past decade. As a pilot model, in 2003 UNODC established community-based treatment programs in Northern Shan State as an alternative to official GOB treatment centers. About 1,700 addicts have participated in this treatment over the past three years. Since 2006, an additional 8,028 addicts have sought medical treatment and support from UNODC-sponsored drop-in centers and outreach workers who are active throughout northeastern Shan State. The GOB also conducts a variety of narcotics awareness programs through the public school system. In addition, the government has established several demand reduction programs in cooperation with NGOs. These include programs coordinated with CARE Myanmar, World Concern, and Population Services International (PSI), all of which focus on addressing injected drug use as a key factor in halting the spread of HIV/AIDS.

However, while maintaining these programs at pre-existing levels, Burma has failed to expand demand-reduction, prevention, and drug-treatment programs to reduce drug use and control the spread of HIV/AIDS. The Global Fund for AIDS, TB, and Malaria had approved grants totaling $98.5 million for Burma but withdrew in late 2005 due to the government's onerous restrictions and lack of full cooperation.

IV. U.S. Policy Initiatives and Programs

Policy and Programs. As a result of the 1988 suspension of direct USG counternarcotics assistance to Burma, the USG only engages the Burmese government in regard to narcotics control on a very limited level. DEA, through the U.S. Embassy in Rangoon, shares drug-related intelligence with the GOB and conducts joint drug-enforcement investigations with Burmese counternarcotics authorities. In 2006, these joint investigations led to significant seizures, arrests, and convictions of drug traffickers and producers. The U.S. conducted opium yield surveys in the mountainous regions of Shan State from 1993 until 2004, with assistance provided by Burmese counterparts. These surveys gave both governments a more accurate understanding of the scope, magnitude, and changing geographic distribution of Burma's opium crop. As in 2005, the GOB refused in 2006 to allow another joint opium yield survey. A USG remote sensing estimate indicated that opium cultivation in Burma continues its long-term decline. Bilateral counternarcotics projects are limited to one small U.S.-supported crop substitution project in Shan State. No U.S. counternarcotics funding directly benefits or passes through the GOB.

The Road Ahead. The Burmese government has made significant gains in recent years in reducing opium poppy cultivation and opium production, and has cooperated with UNODC and major

regional partners (particularly China and Thailand) in this struggle. Although large-scale and long-term international aid — including development assistance and law-enforcement aid – could play a vital role in further curbing drug production and trafficking in Burma, the ruling military regime's ongoing political repression and barriers to outside assistance have limited international support of all kinds, including support for Burma's law enforcement efforts. Furthermore, in order to be sustainable, a true opium replacement strategy must combine an extensive range of counternarcotics actions, including crop eradication, effective law enforcement, alternative development options, and support for former poppy farmers. The GOB must foster closer cooperation with the ethnic groups involved in drug production and trafficking, especially the Wa, tackle corruption effectively, and enforce counternarcotics laws to eliminate poppy cultivation and opium production.

The USG believes that the GOB must further eliminate poppy cultivation and opium production; prosecute drug-related corruption, especially by corrupt government and military officials who facilitate or condone drug trafficking and money laundering; take action against high-level drug traffickers and their organizations; strictly enforce its money-laundering legislation; and expand prevention and drug-treatment programs to reduce drug use and control the rapid spread of HIV/AIDS. The GOB must take effective new steps to address the explosion of ATS that has flooded the region by gaining closer support and cooperation from ethnic groups, especially the Wa, who facilitate the manufacture and distribution of ATS, primarily by ethnic Chinese gangs. The GOB must close production labs and prevent the illicit import of precursor chemicals needed to produce synthetic drugs. Finally, the GOB must stem the troubling growth of a domestic market for the consumption of ATS.

Cambodia

I. Summary

The number of drug-related investigations, arrests and seizures in Cambodia continued to increase in 2006. This reflects a significant escalation in drug activity and perhaps some increase in law enforcement capacity. The government is concerned at the increasing use of amphetamine-type stimulants (ATS) such as methamphetamines and Ecstasy (MDMA) among all socio-economic levels. The government's principal counternarcotics policymaking and law enforcement bodies, the National Authority for Combating Drugs (NACD) and the Anti-Drug Department of the National Police cooperate closely with DEA, regional counterparts, and the United Nations Office on Drugs and Crime (UNODC). Cambodia is a party to the 1988 UN Drug Convention.

II. Status of Country

Cambodia has experienced a significant increase in recent years in the amount of ATS transiting from the Golden Triangle. The World Health Organization (WHO) estimates that as many as 150,000 methamphetamine tablets enter Cambodia each day. Many of these are consumed domestically (as many as 50,000 per day in Phnom Penh alone), though some are also thought to be re-exported to Thailand and Vietnam. In addition, Cambodian drug control authorities and foreign experts have reported the existence of ATS laboratories in northwestern and southeastern Cambodia. There have also been reports of mobile groups harvesting cinnamomum trees in Cambodia's Cardamom Mountains and extracting chemicals, which can be used as precursors for ATS production. Cocaine use by wealthy Cambodians and foreigners in Cambodia is a relatively small but worrisome new phenomenon. Cocaine consumed in Southeast Asia originates in South America, particularly Peru and Colombia, and transits via human couriers ("swallowers") on commercial air flights to regional narcotics distribution hubs in Bangkok, Hong Kong, Beijing, and Guangzhou. Recent reports indicate that Cambodia may be taking on a small but increasing role as a new trafficking route, with cocaine coming by air from Kuala Lumpur or Singapore, transiting via Phnom Penh, and arriving in Bangkok. Cambodia is not a producer of opiates; however, it serves as a transit route for heroin from Burma and Laos to international drug markets such as Vietnam, Mainland China, Taiwan, Hong Kong, and Australia. Heroin and methamphetamine enter Cambodia primarily through the northern provinces of Stung Treng and Preah Vihear, an area bordering Laos and Thailand. Larger shipments of heroin, methamphetamine and marijuana exit Cambodia concealed in shipping containers, speedboats and ocean-going vessels. Smaller quantities are also smuggled through Phnom Penh International Airport concealed in small briefcases, shoes, and on the bodies of individual travelers. Cannabis cultivation continues despite a government eradication campaign, and there have been reports of continued military and/or police involvement in large-scale cultivations in remote areas. Only small amounts of Cambodian cannabis reach the United States.

III. Country Actions Against Drugs in 2006

Policy Initiatives. Cambodian law enforcement agencies suffer from limited resources, lack of training, and poor coordination. The NACD, which was reorganized in 1999 and again in June 2006, has the potential to become an effective policy and coordination unit. With the backing of the Cambodian government, the UNODC launched in April 2001 a four-year project entitled "Strengthening the Secretariat of the National Authority for Combating Drugs (NACD) and the National Drug Control Program for Cambodia". This project seeks, inter alia, to establish the NACD as a functional government body able to undertake drug control planning, coordination, and

operations. The project expired at the end of 2006 and is to be replaced by a similar, but less ambitious, capacity building project of one-year duration in 2007.

Accomplishments. The NACD is implementing Cambodia's first 5-year national plan on narcotics control (2005-2010), which focuses on demand reduction, supply reduction, drug law enforcement, and expansion of international cooperation. In 2006, the NACD trained 205 police officers, gendarmes, customs officials, seaport officials, and border liaison officials in drug identification and law enforcement. This training complements donor-provided training to increase local law enforcement capacity to test seized substances for use as evidence in criminal trials. The Cambodian government continued its work to strengthen previously weak legal penalties for drug-related offenses. The new law, drafted with help from the Anti-Drug Department of the National Police, provides for a maximum penalty of $1 million fine and life imprisonment for drug traffickers, and would allow proceeds from the sale of seized assets to be used towards law enforcement and drug awareness and prevention efforts. However, some observers worry that the law is too complex for the relatively weak Cambodian judiciary to use effectively.

Law Enforcement Efforts. According to NACD reports, (exclusive of synthetic drugs) 439 people (mostly Cambodians) were arrested for various drug-related offenses in the first nine months of 2006, compared to 705 in the first eleven months of 2005. The number of arrests and amount of heroin seized during the first nine months of 2006 exceed the total number of heroin-related arrests and quantity seized during all of 2005. Total seizures of heroin from January through September 2006 were 13.4 kg, compared to 11.06 kg in 2005. Police arrested 18 people in heroin-related cases in January to September 2006 (compared to 10 arrests in 2005), including six Taiwanese individuals apprehended at Phnom Penh airport with more than 10 kg of heroin hidden in their bodies and bags. While methamphetamine trafficking is believed to be on the rise, the number of methamphetamine pills confiscated in 2005 and the first nine months of 2006 remain far below 2004 levels. Police arrested 465 people in methamphetamine-related cases in January to September 2006 and seized 322,761 methamphetamine pills, and 3,722 grams of methamphetamine, and 485 small dose packets.

Corruption. The Cambodian government does not, as a matter of government policy, encourage or facilitate illicit production or distribution of drugs or controlled substances, or launder proceeds from their transactions. Nonetheless, corruption remains pervasive in Cambodia, making Cambodia highly vulnerable to penetration by drug traffickers and foreign crime syndicates. Senior Cambodian government officials assert that they want to combat trafficking and production; however, corruption, abysmally low salaries for civil servants, and an acute shortage of trained personnel severely limit sustained advances in effective law enforcement. The judicial system is weak, and there have been numerous cases of defendants in important criminal cases having charges against them dropped after paying relatively small fines. In July 2006, Heng Pov, the former chief of the Anti-Drug Police, fled Cambodia and alleged that high-ranking government officials and well-connected businessmen were involved in drug trafficking but were not prosecuted due to government pressure. It is difficult to assess the credibility of these claims. At the Consultative Group (CG) meeting in December 2004, a group of donor countries jointly proposed a new benchmark for Cambodian government reform: forwarding an anticorruption law, which meets international best practices to the National Assembly. The government agreed to meet this benchmark by the next CG meeting, which was held in March 2006. Unfortunately, the government failed to meet this deadline and, as of October 2006, has still not completed the law. An informal donor working group, including the U.S., has worked closely with the government to produce a draft that meets international best practices. In addition, at each quarterly meeting of the Government-Donor Coordinating Committee, the international community has highlighted the government's still un-met commitment and outlined the international best practices to be included

in the Cambodian draft corruption law. Cambodia has not signed the UN Convention against Corruption.

Agreements and Treaties. Cambodia is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, and the 1961 UN Single Convention as amended by the 1972 Protocol. Cambodia is a party to the UN Convention against Transnational Organized Crime and its protocols against migrant smuggling and illegal manufacturing and trafficking in firearms.

Cultivation/Production. Cannabis cultivation continues despite a government eradication campaign. During the first nine months of 2006, 144 square meters of cannabis plantations were destroyed and eight people linked to these plantations were arrested. This eradication campaign has either reached a plateau of success or is being pursued less vigorously than in past years (for example, while 218 square meters were reported destroyed during 2005, 14,000 square meters were reported destroyed during 2004, and 6,000 square meters were reported destroyed in during 2003).

Drug Flow/Transit. Cambodia shares porous borders with Thailand, Laos, and Vietnam and lies near the major trafficking routes for Southeast Asian heroin. Drugs enter Cambodia by both primary and secondary roads and rivers across the northern border. Many narcotics transit through Cambodia via road or river networks and enter Thailand and Vietnam. Enforcement of the border region with Laos on the Mekong River, which is permeated with islands and mangroves, is nearly impossible due to lack of boats and fuel among law enforcement forces. At the same time, recent improvement in National Road 7 and other roads is increasing the ease with which traffickers can use Cambodia's rapidly developing road network--a trend likely to continue as further road and bridge projects are implemented. Large quantities of heroin and cannabis, along with small amounts of ATS, are believed to exit Cambodia via locations along the Gulf--including the deep-water port of Sihanoukville--as well as the river port of Phnom Penh. Airports in Phnom Penh and Siem Reap suffer from lax customs and immigration controls. Some illegal narcotics transit these airports en route to foreign destinations. In May 2006, police and customs officials arrested three Taiwanese nationals, two of whom were carrying a total of more than 7 kg of heroin, which they intended to smuggle to Taiwan on commercial flights. In September 2006, the Anti-Drug Police arrested four South Americans who had swallowed a total of more than 4 kg of cocaine and smuggled it into Cambodia on commercial flights.

Domestic Programs (Demand Reduction). A nine-month report of the NACD, covering the period from January to September 2006, states the total number of drug users and addicts was 6,500, a figure provided by the Royal Government of Cambodia's (RGC) Anti-Drug Department. NGOs and other specialists working on this issue argue that the number of drug users in Cambodia is probably far higher and is growing each year. A study conducted by the Joint United Nations Program on HIV/AIDS (UNAIDS) in 2005 estimated that at the end of 2004, there were 20,000 amphetamine users, 2,500 heroin users, and 1,750 intravenous drug users in Cambodia. With the assistance of the UNODC, UNICEF, WHO, CDC, the Japanese International Cooperation Agency (JICA) and NGOs, the NACD is attempting to boost awareness about drug abuse among Cambodians--especially Cambodian youth--through the use of pamphlets, posters, and public service announcements. A UNODC treatment and rehabilitation project, funded by Japan and initiated in October 2006, provides services to addicts and works to increase the capacity of health and human services to deal effectively with drug treatment issues. This project will work at four sites in three provinces, most likely in Phnom Penh, Battambang, and Banteay Meanchey. Several local NGOs, including Mith Samlanh, Punloeu Komar Kampuchea, Cambodian Children and Handicap Development (CCHDO), Goutte d' Eau, Cambodian Children Against Starvation Association (CCASVA) and Street Children Assistance for Development Program (SCADP), have taken active roles in helping to rehabilitate drug victims across the country.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. For the first time in over three decades, there is relative political stability in Cambodia. However, Cambodia is plagued by many of the institutional weaknesses common to the world's most vulnerable developing countries. The challenges for Cambodia include: nurturing the growth of democratic institutions and the protection of human rights; providing humanitarian assistance and promoting sound economic growth policies to alleviate the debilitating poverty that engenders corruption; and building human and institutional capacity in law enforcement sectors to enable the government to deal more effectively with narcotics traffickers. One unique challenge, which Cambodia faces, is the loss of many of its best trained professionals in the Khmer Rouge period (1975-1979), as well as during the subsequent Vietnamese occupation. Performance in the area of law enforcement and administration of justice must be viewed in the context of Cambodia's profound underdevelopment. Even with the active support of the international community, there will be continuing gaps in performance for the foreseeable future.

Bilateral Cooperation. U.S. restrictions on assistance to the central government of Cambodia, in place from the political disturbances of 1997 until the present reporting period, hampered U.S.-Cambodia bilateral counternarcotics cooperation. However, U.S.-Cambodia bilateral counternarcotics cooperation should improve in FY07 as a result of the lifting of certain restrictions on military assistance to Cambodia. Cambodia regularly hosts visits from Bangkok-based DEA personnel, and Cambodian authorities cooperate actively with DEA, including in the areas of joint operations and operational intelligence sharing. In January and March 2006, immigration, customs, and police officials attended Basic Counternarcotics and Airport Interdiction courses funded by the State Department and taught by DEA Special Agents. DOD conducted Joint Interagency Task Force-West (JIATF-West) training missions in Koh Kong in February 2006, and in Stung Treng province in June 2006. The three-week programs increased the ability of Cambodian police, military, and immigration officials to interdict transnational threats, including narcotics. In 2006, JIATF-West and DEA partnered to incorporate DEA trainers into the JIATF-West training missions, bringing together military interdiction and law enforcement skills into a coherent package. Through a USAID cooperative agreement, Khmer HIV/AIDS NGO Alliance (KHANA) is supporting more than 80 local organizations engaged in HIV/AIDS prevention throughout the country. In 2006, some of these organizations included drug-related HIV/AIDS transmission issues in their programs. Outreach efforts targeted at intravenous drug users will continue, as such drug use is the quickest and most efficient means of HIV transmission.

The Road Ahead. Cambodia is making progress toward more effective institutional law enforcement against illegal narcotics trafficking; however, its capacity to implement an effective, systematic approach to counternarcotics operations remains low. Instruction for mid-level Cambodia law enforcement officers at the International Law Enforcement Academy in Bangkok (ILEA) and for military, police, and immigration officers by JIATF-West has partially addressed Cambodia's dire training needs. However, after training, these officers return to an environment of scarce resources and pervasive corruption. As part of the JIATF-West program, Cambodian officials can be trained in land and maritime navigation and boat maintenance, but equipment to perform these tasks is often shoddy or completely lacking. As noted above ("Bilateral Cooperation"), the USG in FY07 lifted certain restrictions on military assistance to Cambodia. The RGC is establishing a foreign military sales case for $670,000 of excess defense articles. The acquisition of basic soldier and unit equipment (such as uniforms, boots, first aid pouches, compasses, cots, and tents) for the Army border battalions will facilitate an increased ability to conduct patrols along the borders. The JIATF-West training events in FY07 will consist of two events in Stung Treng province and one event in the Battambang/Banteay Meanchey area, and will again include DEA trainers in addition to military personnel. JIATF-West has also embarked on a training infrastructure renovation project, which will renovate several law enforcement and military

facilities in Sisophon town and the provinces of Preah Vihear and Stung Treng. Renovation will serve both to facilitate future JIATF-West training and also to build the capacity of Cambodian law enforcement and military authorities. In addition, the U.S.-based drug treatment organization Daytop International will conduct three training sessions for Cambodian government, non-government, and private sector drug prevention and treatment professionals. These training sessions, which will be funded by the State Department and will last approximately two weeks each, are scheduled to start in December 2006. USAID is collaborating with WHO and NGO partners to collect data on numbers and behaviors of intravenous drug users and is supporting intravenous drug use and HIV outreach services in Phnom Penh and Siem Reap as a first step in addressing the growing problem of illicit drug use. The U.S. will also encourage the Cambodian Government to sign and ratify the UN Convention against Corruption and begin to implement its commitments.

China

I. Summary

The People's Republic of China is a major factor in the regional drug market, serving as a transit country and an important producer/exporter of Amphetamine Type Stimulants (ATS). China continues to have a domestic heroin problem along with an upsurge in the consumption of synthetic drugs such as Ecstasy and crystal methamphetamine, known locally as "ice." Chinese authorities view drug trafficking and abuse as a major threat to its national security, its economy, and its national and regional stability, but corruption in far-flung drug producing and drug transit regions of China limits what dedicated enforcement officials can accomplish. Authorities continue to take steps to integrate China into regional and global counternarcotics efforts. Cooperation with U.S. counternarcotics officials has steadily improved over the past year. A successful joint operation in 2005/2006 dismantled a Colombian drug organization operating in Southern China. China is a party to the 1988 UN Drug Convention.

II. Status of Country

Mainland China is situated adjacent to both the major narcotics producing areas in Asia, Southeast Asia's "Golden Triangle" and Southwest Asia's "Golden Crescent." While the "Golden Triangle" area poses a longstanding problem, Chinese officials note that the "Golden Crescent" is the source of increasing amounts of illicit drugs trafficked into Western China, particularly Xinjiang Province. China's 97-kilometer border with Afghanistan is remote, but Chinese authorities are increasingly concerned that opium from Afghanistan can find its way into China through other countries. Beijing claims that there are no heroin refineries in China. China is a major producer of licit ephedrine and pseudoephedrine used in the manufacture of methamphetamine. There is a widespread belief among Asian law enforcement agencies that large-scale methamphetamine producers in other Asian countries are using China-produced ephedrine and pseudoephedrine, and there are numerous examples from criminal investigations to confirm this suspicion. Diverted Chinese precursor chemicals may sustain synthetic drug production in other countries as far away as Mexico, Belgium and the Netherlands. Although China recently enacted enhanced precursor chemical control laws and is fully engaged in multilateral and bilateral efforts to stop diversion from its chemical production sector, it has not matched the size of its large chemical industry with sufficient resources to effectively ensure against diversion.

As for drug abuse within China, according to the Chinese Government, drug abuse continues to rise. There were, by the end of 2005 (the most current statistics available), 1,160,000 registered drug users, down 440,000 from 2004, but officials acknowledge the actual number of addicts is higher, and there have been published reports that China might have as many as 15 million drug abusers. The majority of registered drug addicts, 78.3 percent (700,000 people), are heroin users. Youth between the ages of 17-35 comprise the largest percentage of addicts.

As China's economy has grown and its society has opened up over the last decade, the country's youth have come to enjoy increasing levels of disposable income and freedom. This has been associated with a dramatic increase in drug abuse among the country's youth in large and mid-sized cities. The number of abusers of new drugs is increasing and drugs such as crystal methamphetamine, Ecstasy, ketamine, and triazolam have become more popular. Synthetic drug use has surpassed that of traditional drugs in Northeast China's three provinces of Heilongjiang, Jilin, and Liaoning. Nightclubs and karaoke bars have become hotbeds for such recreational drugs.

With a large and developed chemical industry, China is one of the world's largest producers of precursor chemicals, including acetic anhydride, potassium permanganate, piperonylmethylketone (Ecstasy), pseudoephedrine, ephedrine, and ephedra. China monitors all 22 of the chemicals on the

tables included in the 1988 UN Drug Convention. China continues to be a strong partner of the United States and other concerned countries in implementing a system of pre-export notification of dual-use precursor chemicals. According to the PRC's National Narcotics Control Commission (NNCC), China seized over 157 metric tons of precursor chemicals in 2005, prevented 3,250 metric tons of precursor chemicals from being exported abroad, and dismantled 34 labs. Nevertheless, diverted Chinese-source precursor chemicals are regularly encountered abroad during the course of criminal investigations.

III. Country Actions Against Drugs in 2006

Policy Initiatives. China takes active measures to combat the use and trafficking of narcotics and dangerous drugs. China's Ministry of Public Security (MPS) is in the midst of its National People's War on Illicit Drugs, begun in 2005 at the initiative of Chinese President Hu Jintao. MPS has designated five campaigns as part of this effort: drug prevention and education; drug treatment and rehabilitation; drug source blocking and interdiction; "strike hard" drug law enforcement; and strict control and administration, designed to inhibit the diversion of precursor chemicals and other drugs. In November 2005, China passed an Administrative Law on Precursor Chemicals as well as an Administrative Regulation on Narcotic Drugs and Psychotropic Substances. In the same month, China issued Provisional Administrative Regulations on the Export of Precursor Chemicals to Special Countries, strengthening the regulation of exports of 58 types of precursor chemicals to countries in the "Golden Triangle." In June 2004, MPS Bureau of Narcotics Control implemented a nationwide drug-related information gathering, sharing and storing network allowing data comparison alerts, and improved overall coordination in counternarcotics operations.

China continues to participate in UNODC demand reduction and crop substitution efforts in areas along China's southern borders and worked closely with Burma to implement an alternative crops program. With UNODC support, NNCC conducted training in cross-border drug enforcement cooperation, ATS data collection, and combating ATS crimes in Southern China. China routinely participates in counternarcotics education programs sponsored by the International Law Enforcement Academy (ILEA), located in Bangkok, Thailand.

Accomplishments. China's biggest success in 2005/2006 was the dismantlement of a Colombian drug trafficking organization in Southern China in cooperation with U.S. DEA. DEA, Hong Kong, and mainland Chinese agencies jointly tracked a drug trafficking organization as it moved cocaine from Colombia to China. In March 2006, China's Customs Anti-Smuggling Bureau made several arrests and seized 136 kg of cocaine in Zhongshan City in Guangdong Province. China continues to cooperate with regional and international partners to stem drug trafficking. China has eradicated opium poppy cultivation in China and Chinese authorities continue efforts to destroy illicit drug laboratories within China's borders.

Law Enforcement Efforts. The Chinese Government has continued its aggressive counternarcotics campaign. The coordination between China's Beijing-based counternarcotics efforts and those at the provincial level has grown substantially with increased training and exchange programs. Special interagency organizations were set up in 18 key provinces and cities to actively oversee and carry out the National People's War on Illicit Drugs.

According to the NNCC 2006 Report, Yunnan Province (bordering Burma and Laos) and Guangxi Autonomous Region (bordering Vietnam) conducted stepped up counternarcotics efforts in 2005. Yunnan authorities solved more than 10,000 criminal narcotics cases and seized 5.19 tons of heroin, 124 kg of morphine, 2.62 tons of methamphetamine and 2.05 tons of opium and arrested 13,500 suspects. Solved cases and seizures increased by 8.7 percent and 1.3 percent respectively. Yunnan forestry authorities seized 2.97 tons of poppy shells and the State Postal Administration in Yunnan helped solve more than 30 drug-related cases. Guangxi Autonomous Region solved 159 cases involving heroin from Vietnam, an increase of 115 cases over 2004, and seized 66.8 kg of

heroin, up 124 percent over 2004. Both regions mounted special operations to combat drug-related money laundering. In 2005, Xinjiang Autonomous Region uncovered nine cases involving drugs coming from the "Golden Crescent" by air, with 14 foreign couriers arrested and 14.5 kg of heroin seized, a dramatic increase over 2004.

Altogether in 2005, Chinese law enforcement agencies arrested 46,359 drug suspects, prosecuted 33,750 drug cases involving 46,013 persons, and solved 45,400 drug criminal cases, including 1,794 cases involving seizures from one to ten kg and 342 cases with seizures of more than ten kg. China also dismantled 1,550 drug trafficking gangs, arrested 58,000 suspects, and seized 6.9 tons of heroin, 5.5 tons of methamphetamine, 2.3 tons of opium, 2.34 million "Ecstasy" tablets, 2.6 tons of ketamine, and 941 kg of cannabis. Authorities solved 34 precursor cases, arrested 44 suspects, and seized 50.4 tons of precursor chemicals. Chinese authorities seized drug-related funds amounting to 47.92 million RMB, 140 thousand U.S. dollars, and 410,000 Hong Kong dollars.

Prior to 2003, narcotics enforcement was handled by one organization and focused primarily on heroin. The NNCC reorganized its enforcement operations in 2003 and established separate heroin and ATS enforcement groups at both the ministerial and provincial levels in order to better focus on ATS enforcement.

In 2005, China continued to strengthen its cooperation with United States law enforcement agencies. This included major DEA successes, such as the joint efforts against the Colombian drug organization. MPS continues to provide strategic and concrete information to its DEA counterparts to actively target drug rings. MPS has allowed DEA to interview witnesses in carrying out case investigations and has allowed DEA to jointly conduct other investigative activity to help identify drug rings. In addition, MPS routinely facilitates the travel of U.S. law enforcement personnel based at the U.S. Embassy in Beijing.

China has actively participated in an international cooperative effort with its neighbors in the Golden Triangle to reduce poppy cultivation in Laos and Burma in recent years, resulting in a 27 percent decrease in the total area of production since 1995. Nevertheless, according to the NNCC's 2006 report, Burma remains the major source of opium entering China.

The Chinese Government successfully conducted joint counternarcotics operations with neighboring countries. NNCC reports that after an 11-month investigation, police forces from five countries arrested 70 suspects in September 2005 and finally dismantled an international drug trafficking group headed by Han Hongwan and covering China, Burma, and Thailand.

Corruption. China has a very serious corruption problem. Anticorruption campaigns have led to arrests of many lower-level government personnel and some more senior-level officials. Most corruption activities in China involve abuse of power, embezzlement, and misappropriation of government funds, but payoffs to "look the other way" when questionable commercial activities occur are another major source of official corruption in China. While narcotics-related official corruption exists in China, it is seldom reported in the press.

MPS takes allegations of drug-related corruption seriously, launching investigations as appropriate. Most cases appear to have involved lower-level district and county officials. There is no specific evidence indicating senior-level corruption in drug trafficking. Nevertheless, the quantity of drugs trafficked within China raise suspicions that official corruption is a factor in trafficking in certain provinces bordering drug producing regions, such as Yunnan, and in Guangdong and Fujian, where narcotics trafficking and other forms of transnational crimes are prevalent. Official corruption cannot be discounted among the factors enabling organized criminal networks to operate in certain regions of China, despite the best efforts of authorities at the central government level. China is engaged in an anticorruption dialogue with the United States through the U.S.-China Joint Liaison Group on Law Enforcement Cooperation (JLG). As a matter of government policy or practice,

China does not encourage or facilitate the laundering of proceeds from official drug transactions, nor are there any indications that senior Chinese officials engage in laundering the proceeds from illegal drug transactions. Narcotics-related corruption does not appear to have adversely affected ongoing law enforcement cases in which United States agencies have been involved.

As part of its efforts to stem the flow of corrupt Chinese officials who embezzle public funds and flee abroad to evade punishment, China ratified the United Nations Convention Against Corruption in January 2006, shortly after the Convention entered into force in December 2005.

Agreements and Treaties. China actively cooperates with other countries to fight against drug trafficking and has signed over 30 mutual legal assistance agreements with 24 countries. China has signed 58 bilateral treaties on legal assistance and extradition with 40 countries. China is a party to the 1988 UN Drug Convention, as well as to the 1961 UN Single Convention and its 1972 Protocol and the 1971 Convention on Psychotropic Substances. The United States and China cooperate in law enforcement efforts under a mutual legal assistance agreement signed in 2000. There is no extradition treaty between the United States and China. In January 2003, the United States and China reached agreement on the Customs Mutual Assistance Agreement (CMAA.). In February 2005, NNCC and DEA signed a memorandum of intent to establish a bilateral drug intelligence working group to enhance cooperation and the exchange of information. They jointly sponsored a drug-related money laundering workshop in August 2006. China continues to cooperate with international chemical control initiatives, “Operation Purple” and “Operation Topaz,” and strictly regulates the import and export of precursor chemicals. China continued its participation in the ASEAN and China Cooperative Operations in Response to Dangerous Drugs (ACCORD).

Cultivation/Production. The PRC has effectively eradicated the cultivation of drug-related crops within China. China's mountainous and forested regions where illegal cultivation can occur are subject to aerial surveillance, field surveys, and drug eradication. Chinese officials state that there are no heroin refineries in China.

China is a main source for natural ephedra, which is used in the production of ephedrine. China is also one of the world’s largest producers of licit synthetic pseudoephedrine. China has a large pharmaceutical industry and ephedra is used for legitimate medicinal purposes. The Chinese central government, supplemented by stricter controls in critical provinces such as Yunnan and Zhejiang, makes efforts to control exports of this key precursor. Despite these efforts, there is a widespread belief among law enforcement authorities in Asia that large-scale production of methamphetamines, most notably in super and mega-labs, in the Asia Pacific Rim, use China-produced ephedrine and pseudoephedrine. Large-scale seizure of chemicals diverted from China is almost commonplace in law enforcement investigations around the world.

The Chinese Government continues to make shutting down illicit drug laboratories a top priority. China dismantled 34 labs in 2005.

Drug Flow/Transit. China continues to be used as a transshipment route for drugs produced in the “Golden Triangle” to the international market, despite counternarcotics cooperation with neighbors such as Vietnam, Thailand and Burma. China shares a 2000-kilometer border with Burma, much of which lies in remote and mountainous areas, providing smugglers unrestricted crossing into China. In addition, there are many official crossings on the Burma/China border that also provide access. Transit of drugs through Yunnan and Guangxi to Guangdong for storage, distribution, or repackaging has been especially widespread. Traffickers continue to use Guangzhou, Shenzhen, and Zhuhai in Guangdong Province as transit/transshipment points for heroin and crystal methamphetamine leaving China. Chinese authorities report that much of Burma's heroin travels through China en route to the international market. It is estimated 78 percent (8,468 kg) of the total amount of heroin (10,837 kg) seized in China during 2004 was produced in the Golden Triangle

area and entered China from the Muse and Kohkang areas of Northern Burma. In 2005, Chinese authorities seized a total of 6.9 tons of heroin nationwide.

Chinese authorities acknowledge that Western China is experiencing significant problems as well. Chinese officials are becoming increasingly concerned about the growing source of opium from the Golden Crescent and have seen a steady increase in the flow of heroin from that region. They report that drugs such as opium and heroin are being smuggled into Xinjiang Province for distribution throughout China. MPS and DEA report that Pakistan serves as a key trafficking route for heroin from Afghanistan into China. In 2005, Pakistan reportedly solved 22 cases involving drugs intended for China. China itself reported nine cases of drugs smuggled by air into China from Pakistan.

Domestic Programs (Demand Reduction). MPS figures indicate there were 1,160,000 registered drug addicts in China in 2005, down 440,000 from 2004. Officials acknowledge that the actual number of addicts is higher, with some published reports speaking of 15 million drug abusers. An estimated 700,000 people, or 78.3 percent, of registered drug abusers are addicted to heroin.

As part of its National People's War on Illicit Drugs, China takes a multi-agency approach to educating people about drug prevention. This effort involved producing a film, “Memory of Black and White,” on drug prevention and education; creating a drug enforcement hero character, Wu Guanlin, and promoting him and his deeds in five provinces; disseminating thousands of drug control fliers and pictures for prominent display on TV, buses, and in public spaces; designating five well-known public figures as “image ambassadors”; setting up training courses in schools in key provinces that reach millions of students; mobilizing 1,000 college students to go to villages during holidays to publicize drug control; antidrug training in discos and pubs, targeting high-risk groups and promoting drug awareness; special courses in re-education-through-labor camps; periodic placement of pieces in newspapers, magazines, and TV news programs including Focus Talk, Face to Face, Dialogue, etc. China continued to give high priority to controlling the spread of HIV/AIDS in 2005. MPS also stepped up campaigns targeting young people in its fight against banned narcotics and created more drug-free residence communities and villages for rehabilitating addicts.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. Counternarcotics cooperation between China and the United States continues to develop in a positive way. The information shared by China is leading to progress in attacking drug-smuggling rings that have an impact on the U.S. and is yielding significant operational results.

Road Ahead. The most significant problem in bilateral counternarcotics cooperation remains the lack of progress toward concluding a bilateral Letter of Agreement (LOA) enabling the U.S. Government to extend counternarcotics assistance to China. Reaching agreement on the LOA is a major U.S. goal that, if achieved, would greatly increase counternarcotics cooperation between the two countries. While China has provided the DEA on a case-by-case basis with some samples of drugs seized in the PRC intended for U.S. markets, the U.S. Government would welcome routinely receiving samples of all drugs seized by Chinese authorities. Despite these issues, bilateral enforcement cooperation remains on track and is expected to continue to improve over the coming year.

Hong Kong

I. Summary

Hong Kong is not a major transit/transshipment point for illicit drugs destined for the international market because of its efficient law enforcement efforts, the availability of alternate transport routes, and the development of port facilities elsewhere in southern China. Some traffickers continue to operate out of Hong Kong to arrange shipments from nearby drug-producing countries via Hong Kong and other international markets, including to the United States. The Government of the Hong Kong Special Administrative Region (HKSAR) actively combats drug trafficking and abuse through legislation and law enforcement, preventive education and publicity, treatment and rehabilitation, as well as research and external cooperation. The 1988 UN Drug Convention, to which the People's Republic of China (PRC) is a party, also applies to Hong Kong.

II. Status of Hong Kong

Hong Kong's position as a key port city in close proximity to the Golden Triangle and mainland China historically made it a natural transit/transshipment point for drugs moving from Southeast Asia to the international market, including to the United States. In recent years, Hong Kong's role as a major transit/transshipment point has diminished due to law enforcement efforts and the availability of alternate routes in southern China. Despite the diminished role, some drugs continue to transit Hong Kong to the United States and the international market. Some drug-traffickers continue to use Hong Kong as their financial base of operations, including investors involved in international drug trafficking activity who reside in Hong Kong. Drug trafficking groups operating in Hong Kong are primarily transnational in nature.

Hong Kong law enforcement officials maintain very cooperative liaison relationships with their U.S. counterparts in the fight against drugs. According to HKSAR authorities, drugs seized in Hong Kong are smuggled mostly for local consumption and to a lesser extent for further distribution in the international market, including the United States. Hong Kong continued to experience an overall decrease in drug abuse in 2006. According to the Hong Kong Central Registry of Drug Abuse (CRDA), in the first six months of 2006 the total number of drug abusers continued to fall to 7941, a drop of 11.5 percent from 8969 during the same period in 2005. Ketamine (an livestock anesthetic abused by youth as a hallucinogen) was the most commonly abused psychotropic substance and the number of its abusers rose by 20.9 percent in the first half of 2006. (Hong Kong is one of the centers of abuse of Ketamine in Asia.) There was also a slight increase in the number of young drug abusers under age 21, rising from 1,396 to 1,451. Heroin remains the most popular drug of adult drug users and the number of overall heroin users slightly decreased in the first six months of 2006 when compared to the same period in 2005.

In 2006, the Hong Kong Government again gave a high priority to tackling psychotropic substance abuse. The Hong Kong Government has identified the continuing prevalence of psychotropic substance abuse and the growing trend of young people experimenting with drugs as their major area of concern in the battle against drug abuse and trafficking.

III. Actions Against Drugs in 2006

Policy Initiatives. Although there were no major policy changes in 2005 and 2006, the Hong Kong Government continued to work with existing counternarcotics policies and strategies in drug-prevention efforts. Minor policy changes included the replacement of the Action Committee Against Narcotics on Research by the Research Advisory Group (RAG). Apart from monitoring

research, the RAG provides advice on interpreting drug abuse statistical trends and drawing together the latest research findings from both local and overseas narcotics-related studies.

Law Enforcement Efforts. Hong Kong's law enforcement agencies, including the Hong Kong Police and Hong Kong Customs and Excise Department (HKCED), place high priority on meeting the objectives of the 1988 UN Drug Convention. Their counternarcotics efforts focus on the suppression of drug trafficking and the control of precursor chemicals. The Hong Kong Police have adopted a three-level approach to combat narcotics distribution: at the headquarters level, the focus is on high-level traffickers and international trafficking; the regional police force focuses on trafficking across police district boundaries; and the district level police force has responsibility for eradicating street-level distribution. In 2006 Hong Kong Police stepped up license checking on entertainment premises in order to deter youngsters from visiting venues where drugs are more easily available. HKCED's Chemical Control Group, in cooperation with the U.S. DEA office in Hong Kong, closely monitors the usage of precursor chemicals and tracks the export of suspicious precursor chemical shipments to worldwide destinations with significant results impacting on several regions including the United States. HKCED continued to aggressively combat drug trafficking in 2006 and carried out numerous significant drug seizures, including the collective seizure with the U.S. DEA and Chinese Customs authorities of 142 kg of cocaine. Concurrent with the cocaine seizure, HKCED arrested eight defendants, three of whom are Colombian nationals. Results from this investigation corroborate increasing intelligence information that Colombian trafficking organizations are establishing closer working ties with Chinese traffickers and becoming actively involved in joint smuggling ventures of cocaine to the Asia region. Hong Kong police also made large narcotics seizures in the first nine months of 2006 to include record seizures of 151,200 and 550 kg of ketamine in January, February and September respectively.

Corruption. As a matter of government policy, the HKSAR government does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. Similarly, no senior government official is alleged to have participated in such activities.

Hong Kong has a comprehensive anticorruption ordinance that is effectively enforced by the Independent Commission Against Corruption (ICAC), which reports directly to the Chief Executive. In addition, the UN Convention Against Corruption, which the PRC ratified on January 13, 2006, is applicable to Hong Kong.

Agreements and Treaties/International Cooperation. Hong Kong has "mutual legal assistance in criminal matters agreements" with the United States and many other countries. Hong Kong signed surrender of fugitive offenders' agreements with Finland, Germany and Korea in 2006 to bring the total number of countries with which Hong Kong has such agreements or treaties to 16, including the U.S. Hong Kong has also signed transfer of sentenced persons' agreements with eight countries, including the U.S. Hong Kong law enforcement agencies enjoy a close and cooperative working relationship with their mainland counterparts and counterparts in many countries. Last year Hong Kong's Joint Financial Intelligence Unit (JFIU) entered into a Memoranda of Understanding in respect to intelligence sharing with the financial intelligence units of Australia, Korea, Japan, Singapore and Canada. Hong Kong's reversion to China in 1997, and particularly adjustment to the unique "one country, two systems" environment in which Hong Kong currently operates, caused Hong Kong's law enforcement and customs operations around the time of reversion (July 1997) to operate less efficiently with their mainland counterparts than they do now. In the last few years, liaison information sharing and data-networking functions, such as customs information, have been formalized and have been successful in increasing the levels of inter-system cooperation and efficiency. Because intermittent drug trafficking through Hong Kong involving mainland China has been increasing, foreign law enforcement agencies in Hong Kong such as the U.S. DEA have also benefited from the increased level of PRC-Hong Kong cooperation. One

example has been a strong emphasis on cooperative training seminars. In June 2006, an innovative cross-boundary intelligence sharing workshop hosted by the U.S. DEA and HKCED included officials from Mainland Chinese Customs and highlighted the open exchange of intelligence and the increasing level of cooperation among the participating agencies. The 1988 UN Drug Convention, 1961 UN Single Convention as amended by the 1972 Protocol, and the 1971 UN Convention Against Psychotropic Substances are all applicable to Hong Kong.

Cultivation and Production. Although Hong Kong police detected and destroyed several minor drug production and cultivation enterprises in 2006 including four small-scale crack cocaine production labs and three cannabis cultivation sites, Hong Kong is generally not considered a producer of illicit drugs.

Drug Flow/Transit. Some drugs continue to flow through Hong Kong for the overseas market, to destinations including Australia, Japan, Taiwan, and the United States. Traffickers use land routes through mainland China to smuggle heroin into Hong Kong. The heavy volume of vehicle and passenger traffic at the land boundary between PRC and Hong Kong continues to pose difficulties in the fight against the trafficking of drugs into Hong Kong. In an effort to curb Hong Kong's role as a transit/transshipment point for illicit drugs, the HKSAR maintains a database of information on all cargoes, cross-border vehicles, and shipping. The air cargo clearance system, the land border system and the customs control system are all capable of quickly processing information on all import and export cargoes, cross-border vehicles and vessels. The local Chinese population primarily dominates the Hong Kong drug trade. Contrary to common belief, there is not a significant and direct connection between Hong Kong narcotics activity and Hong Kong triads at the wholesale and manufacturing level. Therefore, drug investigations are not focused on known triad societies, but rather on the particular trafficking syndicates or individuals involved. In 2005 and 2006, the trafficking destined for mainland China by Southeast Asians became more prominent. As a result, seizures of ketamine have continued to spiral upwards and shipments of multi-kilo loads of ketamine have been intercepted. For example, a recent joint investigation between the U.S. DEA and Taiwanese authorities netted the seizure of 240 kg of ketamine believed to have originated from India and bound for Taiwan.

Domestic Programs. The Hong Kong Government uses a "five-pronged" approach to confront domestic drug problems, covering legislation and law enforcement; preventive education and publicity; treatment and rehabilitation; research; and external co-operation. In 2006, the Hong Kong Government's preventative education policy efforts continued to focus on youth and parents. The Hong Kong Government has provided a comprehensive drug prevention program throughout Hong Kong's education system. In 2006 the Hong Kong Police Narcotics Division stepped up publicity efforts to teach Hong Kong adolescents about the detrimental effects of commonly abused drugs like ketamine by using Announcements in the Public Interest through TV and radio broadcasts. The Hong Kong Government's Narcotics Bureau also partners with youth organizations and groups such as Junior Police Call, the Hong Kong Red Cross, and the Scout Association of Hong Kong to promote an anti-counternarcotics message to youths. In June 2004, the Hong Kong Government formally opened the Drug Information Centre (DIC), funded by the Hong Kong Jockey Club. The DIC is the first exhibition center in Hong Kong dedicated to counternarcotics education. Since the DIC's opening, it has received more than 73,000 visitors for various drug-prevention education activities. The Government also continued to commission nongovernmental organizations to assist in educating primary and secondary school children by sponsoring antidrug education programs in local schools and conducting antidrug seminars with parents, teachers, social workers and persons from various uniform groups. In July 2005, the Advisory Group on Professional Training for Anti-drug Workers was formed to educate social workers and peer counselors and provide them with certified antidrug training on treatment and rehabilitation.

The Hong Kong Government also continued to implement a comprehensive drug treatment and rehabilitation program in 2006. The fourth Three-year Plan on Drug Treatment and Rehabilitation Services was released in March 2006. The plan sets out the overall direction for enhancing Hong Kong's treatment and rehabilitation services and increases focus on early intervention efforts and focus programs that reach out to substance abusers. The Department of Health and the Social Welfare Department continued to operate seven residential drug treatment centers and five counseling centers for psychotropic substance abusers and the Department of Health continued its operation of a methadone treatment program. The Correctional Services Department continued to provide compulsory treatment for convicted persons with drug abuse problems.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. The U.S. Government and the HKSAR continue to promote sharing of proceeds from joint counternarcotics investigations. In May 2003, Hong Kong began participating in the U.S. Container Security Initiative (CSI), which U.S. law enforcement believes will increase the potential for identifying shipments of narcotics, even though its focus is on terrorism and weapons of mass destruction. Hong Kong is also an active participant in the International Law Enforcement Academy (ILEA) in Bangkok, Thailand. From 2003 to October 2005, Hong Kong Customs, Hong Kong Department of Health and the U.S. DEA launched a joint operation codenamed "Cold Remedy" to monitor the movement of precursor chemicals that are used in the production of methamphetamine and other drugs from Hong Kong to high-risk countries. The operation effectively decreased the frequency of these shipments and, through the high level of information exchange and timely international tracking, indicated strong cooperation between Hong Kong Government officials and their U.S. counterparts. To further strengthen international cooperation against trafficking of precursors used in the production of amphetamine and other amphetamine-type stimulants (ATS) drugs, Hong Kong secured an agreement with the U.S., Mexico and Panama to impose stringent controls on such shipments. Since the agreement's implementation in April 2005, no shipment of such products to Mexico or any other high-risk countries has been detected. Another cooperative chemical initiative was implemented in February 2006 and codenamed Amethyst Asia. This new program is designed much like Cold Remedy in which the U.S. DEA and Hong Kong Government monitor and track potassium permanganate shipments sourced from countries or territories in Asia, which transit through Hong Kong, and are destined to high risk countries. Potassium permanganate is a precursor chemical used in the manufacture of cocaine.

The Road Ahead. The Hong Kong Government has proven to be a valuable partner in the fight against drug trafficking and abuse. Hong Kong law enforcement agencies, among the most effective in the region, continue to cooperate closely with U.S. counterparts. The U.S. Government will continue to encourage Hong Kong to maintain its active role in counternarcotics efforts.

Indonesia

I. Summary

Although Indonesia is not a major drug producing, consuming, or transit country, Indonesia continues to have a rapidly growing problem in all three areas. The Indonesian National Police (INP) has participated in several international donor-initiated training programs and continues to commit increased resources to counternarcotics efforts. The INP has received both specialized investigative training and equipment, including vehicles, software, safety and tactical equipment, to support its efforts against crime and drugs. INP efforts are firmly based on counternarcotics legislation and international agreements. The INP relies heavily on assistance from major international donors, including the U.S. Indonesia is a party to the 1988 UN Drug Convention.

II. Status of Country

According to Government of Indonesia (GOI) statistics, Indonesia is facing an increase in drug abuse among its citizenry. Specifically, according to the Indonesian National Narcotics Board (BNN) approximately 3.2 million people (1.5 percent of Indonesia's total population) are drug abusers. Furthermore, according to GOI statistics, on average 15,000 people, die from drug abuse every year. Of the drug users in Indonesia, 56 percent are drug addicts using hypodermic needles. A statistical comparison of the number of drug trafficking and abuse cases indicates that between 2001 and 2005, there was a 76 percent increase. Similarly, the BNN reports that during the same period the number of suspects in drug trafficking and abuse cases has increased 75 percent. In an effort to curb the rising drug abuse problem the Indonesian government has imposed tougher punishments. Nevertheless, all major groups of illegal drugs are readily available in Indonesia, including, methamphetamine, in its crystalline or tablet forms, Ecstasy (MDMA), heroin, cocaine, and marijuana.

Historically, MDMA Ecstasy has been smuggled into Indonesia from sources of supply in the Netherlands. However, in recent years Indonesia has been experiencing an increase in large scale, domestic MDMA and methamphetamine production, which is one of the most significant drug trafficking threats to Indonesia. Since 2002, Indonesian/Chinese MDMA and methamphetamine production syndicates have established numerous large-scale clandestine MDMA and methamphetamine laboratories capable of producing multi-hundred pound quantities utilizing precursor chemicals from the Peoples Republic of China (PRC). In addition, MDMA and methamphetamine produced in the PRC is smuggled to Indonesia in multi-hundred kg quantities, via maritime cargo and fishing vessels, by Chinese organized crime syndicates based in Hong Kong, Taiwan and in mainland China. Specifically, Indonesian authorities cite two of the largest methamphetamine seizures of 2006, 200 kg (February 2006) and 956 kg (August 2006), as originating from the PRC and say they were smuggled via maritime cargo and fishing vessels to Indonesia.

Marijuana is cultivated and trafficked throughout Indonesia; INP also reports that Indonesian trafficking syndicates based out of Jakarta control marijuana trafficking in Indonesia.

Although cocaine seizures continue to occur in major Indonesian airports, the market for cocaine in Indonesia is believed to be very small.

III. Country Actions Against Drugs in 2006

Policy Initiatives. The BNN continues to strive to improve interagency cooperation in drug enforcement, interdiction, and precursor control. In 2005, under the auspices of BNN, the USG sponsored Joint Interagency Counter Drug Operations Center (JIACDOC) was opened in Jakarta,

Indonesia. The JIACDOC is supported by an extensive IT infrastructure connecting the center to key provinces throughout Indonesia. The mission of the JIACDOC is to improve coordination and information exchange between various Indonesian law enforcement agencies related to drug enforcement.

Law Enforcement Efforts. The continued lack of modern detection, enforcement and investigative methodologies and technology, as well as the presence of pervasive corruption, are the greatest obstacles to advancing the antidrug efforts. According to the BNN, prosecutions for drug possession, trafficking and manufacturing have increased more than 400 percent during recent years. Specifically, based on GOI figures, the number of prosecutions for drug possession had quadrupled to 14,515 in 2005 from 3,617 in2001. Furthermore, the number of recorded drug crimes, including trafficking has also increased from 4,924 suspects in 2001, to 20,023 in 2005.

The INP Narcotics and Organized Crime Directorate continues to improve in its ability to investigate and dismantle international drug trafficking syndicates, as well as cooperate with other international law enforcement agencies. In addition, the Narcotics Directorate has become increasingly active in the regional targeting conferences designed to coordinate efforts against transnational drug and crime organizations. In 2006, the INP attended the International Drug Enforcement Conference (IDEC) held in Montreal, Canada. INP's Director for Narcotics and Organized Crime was subsequently appointed as the Chairman of the East Asia Regional IDEC Working Group.

The maritime counterdrug effort depends on a myriad of Indonesian law enforcement agencies. Efforts to define the roles of these agencies, including the Navy and the INP Air and Sea Police continue in an effort to avoid duplicative enforcement initiatives.

Corruption. Indonesia has laws against official corruption. Despite these laws, corruption in Indonesia is endemic, and seriously limits the effectiveness of all law enforcement, including narcotics law enforcement. As a mater of government policy and practice, the GOI does not encourage or facilitate the illicit production or distribution of drugs or the laundering of proceeds from illegal transactions. The recently elected administration has made anticorruption efforts one of its top three major policy initiatives along with counterterrorism and counterdrug efforts.

Agreements and Treaties. Indonesia is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, and the 1961 UN Single Convention, as amended by the 1972 Protocol. Indonesia ratified the UN Corruption Convention in September 2006.

Cultivation/Production. Opium is not cultivated or processed in Indonesia. INP reports that the domestic production of MDMA and methamphetamine is the most significant drug production threat in Indonesia. MDMA and methamphetamine are produced in Indonesia, as well as neighboring Malaysia. Specifically, Indonesian/Chinese trafficking syndicates based in both Jakarta and Malaysia (Penang) utilize chemists trained in the Netherlands. Local syndicates rely upon precursor chemical sources of supply in the Peoples Republic of China (PRC). The lax law enforcement, and corruption that is endemic to Indonesia enables regional narcotics production and trafficking syndicates to operate relatively unimpeded by law enforcement

Marijuana is cultivated throughout Indonesia. However due to the equatorial climate of Sumatra, and year round growing conditions, marijuana is most intensively cultivated throughout northern Sumatra. Specifically, large scale (greater than 20 hectares) marijuana cultivation occurs in the remote and sparsely populated regions of the province, often in mountainous topography. Regional marijuana cultivation syndicates are believed to be exploiting INP's equipment limitations by locating cultivation sites in remote and high elevation areas.

Drug Flow/Transit. Indonesia's numerous islands present a ready opportunity to traffickers of synthetic drugs and precursor chemicals to manufacture them. The GOI is not adequately equipped

to police and inspect the numerous entirely licit flows of waterborne commerce, and finds it very difficult indeed to distinguish systematically which vessels might be carrying contraband. Most synthetics and precursors for them seem to arrive in Indonesia by boat from their starting point in China.

The INP reports that the majority of heroin seized in Indonesia originates in Southwest Asia. Indonesian authorities report that much of the heroin trade in Indonesia is controlled and directed by West Africans-- Nigerians in particular. Heroin is smuggled by West African and Nepalese trafficking organizations utilizing sources of supply in Karachi, Pakistan and Kabul, Afghanistan via commercial air carriers transiting Bangkok, Thailand, and India en route to Jakarta. In addition to heroin being trafficked to Indonesia, heroin is also transshipped from Indonesia, by couriers traveling via commercial air carrier to Europe, Japan and Australia.

Domestic Programs/Demand Reduction. Indonesia has only a basic drug education program, which is significantly constrained by inadequate resources. Sophisticated treatment availability is also a problem. Sophisticated treatment is really only available, to a limited extent, in the largest Indonesian cities. If the family of a drug abuser has adequate resources, they might seek treatment elsewhere, perhaps in Malaysia or Singapore. General treatment availability in smaller cities and in areas other than Java would probably be at government-operated treatment clinics, and providers would have little experience in delivering either appropriate pharmaceuticals or counseling. With U.S. assistance and collaboration, the GOI National Narcotics Board and the Ulama Council of Indonesia has established demand reduction outreach centers within their madrassahs (religious schools called Pesantraens) throughout Indonesia, permitting a culturally appropriate response to drug abuse.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. Indonesia and the United States maintain excellent law enforcement cooperation on narcotics issues. During 2006, the United States Coast Guard (USCG) conducted basic and advanced boarding officer courses in Indonesia. ICE (Immigration and Customs Enforcement) has also provided Indonesian authorities with advanced money laundering training in 2005 and training in combating cash couriers and trade based money laundering in 2006.

The Road Ahead. In 2007 the U.S. will continue to assist the BNN and its member agencies in realizing the full potential of the Counter Drug Operations Center and Network to standardize and computerize the reporting methods related to narcotics investigations and seizures; to develop a drug intelligence database; and to build an information network designed to connect all of the provinces of Indonesia. This will permit Indonesian law enforcement to contribute to and access the database for investigations. The U.S. and Indonesia will continue to cooperate closely on narcotics control.

Japan

I. Summary

Japan's efforts to fight drug trafficking comply with international standards. Japan cooperates with other countries in intelligence sharing and law enforcement. Methamphetamine abuse remains the biggest challenge to Japanese antinarcotics efforts, but MDMA (Ecstasy) trafficking has also become a persistent problem. Cocaine and marijuana use is relatively smaller in scale but still significant. According to Japanese authorities, all illegal drugs consumed in Japan are imported from overseas, usually by organized crime syndicates and foreign drug trafficking organizations. In spite of bureaucratic obstacles, Japanese law enforcement officials are proactively addressing the problem, and have conducted precedent-setting operations in cooperation with the U.S. Drug Enforcement Administration (DEA) Tokyo. Although drug seizures are down from 2005 levels, continuing short-supply-driven high street prices indicate that law enforcement has been effective. Japan is a party to the 1988 UN Drug Convention.

II. Status of Country

Japan is one of the largest markets for methamphetamine in Asia. A significant source of income for Japanese organized crime syndicates, over 80 percent of all drug arrests in Japan involve methamphetamine. The National Police Agency (NPA) estimates there are 600,000 methamphetamine addicts, and between one and three million casual users nationwide. Authorities unofficially estimate that between four and seven metric tons is trafficked annually into Japan. MDMA has also become a significant problem in Japan; over 50,000 Ecstasy tablets had been seized by police as of September 2006, and officials say that they expect MDMA abuse to increase. Marijuana use has also grown steadily in Japan since 2000. Japan is not a significant producer of narcotics. The Ministry of Health, Labor and Welfare strictly controls some licit cultivation of opium poppies, coca plants, and cannabis for research. According to DEA and the National Police Agency, there is no evidence that methamphetamine or any other synthetic drug is manufactured domestically.

III. Country Actions Against Drugs in 2006

Policy Initiatives. The Headquarters for the Promotion of Measures to Prevent Drug Abuse, which is part of the Prime Minister's Office (Kantei), announced the Five-Year Drug Abuse Prevention Strategy in July 2003. This strategy includes measures to increase cooperation and information-sharing among Japanese agencies as well as with foreign countries, utilize more advanced investigation techniques against organized crime syndicates, and raise awareness about the dangers of drug abuse. The Ministry of Health, Labor and Welfare added 30 more drugs to its list of controlled substances in 2006.

Law Enforcement Efforts. Japanese police are effective at gathering intelligence and making arrests, in spite of operating under a number of legal and operational constraints. Prosecutors do not have the option of plea-bargaining in Japan, which severely limits the amount of information police can extract from the people they arrest. Japan also has laws restricting the use of informants, undercover operations, and telephone intercepts. Officials nevertheless maintain detailed records of Japan-based drug trafficking, organized crime, and international drug trafficking organizations. Japan regularly shares intelligence with foreign counterparts and engages in international drug trafficking investigations. The National Police Agency and Tokyo Metropolitan Police conducted two groundbreaking operations in 2006 with DEA's assistance. Using technically sophisticated methods to attack organized crime drug traffickers, officers seized 30 kg of Nepalese cannabis resin in July and two kg of Peruvian cocaine in September. The decrease in drug seizures in 2006

could be a sign of reduced supply. The closure of several methamphetamine mega-labs in Indonesia, Malaysia, and the Philippines, as well as Japan's increased international cooperation, may be limiting the flow of drugs into the country. The fact that drug prices have risen in the last year strongly suggests that supply on the street is tight. As of September 2006, police had seized 45 kg of methamphetamine, a significant decrease from the 126 kg confiscated during the same period in 2005. Marijuana and cannabis resin seizures as of September 2006 were 154 kg and 57 kg respectively, over a third less than the same period of the previous year. MDMA seizures during January-September fell from 350,000 tablets in 2005 to only 50,000 in 2006. Cocaine, heroin, and opium seizures remained roughly at their 2005 levels.

Corruption. There were no reported cases of Japanese officials being involved in drug-related corruption in Japan in 2006. The government does not encourage or facilitate the illicit production or distribution of narcotics, psychotropic drugs, controlled substances, or the laundering of proceeds from illegal drug transactions.

Agreements and Treaties. Japan abandoned efforts to pass an anticonspiracy bill this year, a major step backward for a country otherwise very progressive on fighting illegal narcotics trafficking. As a result, Japan cannot ratify the UN Convention on Transnational Organized Crime. Japan is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention on Narcotic Drugs, the 1972 Protocol amending the Single Convention, and the 1971 UN Convention on Psychotropic Substances.

An extradition treaty is in force between the U.S. and Japan, and a Mutual Legal Assistance Treaty (MLAT) went into effect in August 2006, Japan's first MLAT with any country. The MLAT allows Japan's Ministry of Justice to share information and cooperate directly with the Department of Justice in connection with investigations, prosecutions and other proceedings in criminal matters.

Cultivation/Production. Japan is not a significant cultivator or producer of controlled substances. The Ministry of Health, Labor, and Welfare's research cultivation program produces a negligible amount of narcotic substances purely for research purposes.

Drug Flow/Transit. Authorities believe that methamphetamine smuggled into Japan originates in the People's Republic of China (PRC), Taiwan, North Korea, Burma, Malaysia, Indonesia and the Philippines. Drugs other than methamphetamine often come from the these same source countries, however airport customs officials have made several recent seizures of cocaine transiting from the United States, and authorities confirm that methamphetamine and marijuana are being imported from Canada as well. Most of the MDMA in Japan originates in either the Netherlands or China.

Domestic Programs/Demand Reduction. Most drug treatment programs are small and are run by private organizations, but the government also supports the rehabilitation of addicts at prefectural (regional) centers. There are a number of government-funded drug awareness campaigns designed to inform the public about the dangers of stimulant use, especially among junior and senior high school students. The Ministry of Health, Labor, and Welfare, along with prefectural governments and private organizations, continues to administer national publicity campaigns and to promote drug education programs at the community level.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. U.S. goals and objectives include building on the successes of the last year by strengthening law enforcement cooperation related to controlled deliveries and drug-related money-laundering investigations; encouraging more demand reduction programs; supporting increased use of existing anticrime legislation and advanced investigative tools against drug traffickers; and promoting greater involvement from government agencies responsible for financial transaction oversight.

The Road Ahead. DEA Tokyo will work closely with its Japanese counterparts to offer support in conducting investigations on international drug trafficking, money-laundering, and other crimes. DEA will continue to pursue an aggressive education and information-sharing program with Japanese law enforcement agencies to foster knowledge of money laundering investigations, and their relationship to narcotics trafficking and terrorist financing.

Laos

I. Summary

Laos has made tremendous progress in reducing opium cultivation during the last several years, but there is growing evidence that the momentum of this effort is slowing, and may even have reversed. The large number of former poppy growers who have yet to receive assistance has created a substantial potential for renewed production. At the same time, both the transit and abuse of Amphetamine Type Stimulants (ATS) appear to be growing unabated throughout the country. While both treatment capacity and awareness programs targeting methamphetamine expanded in 2006, they remain insufficient to meet the challenges facing Laos. Law enforcement capacity is woefully inadequate, and the inability to offer an effective deterrent to regional traffickers is making Laos the transit route of choice for Southeast Asian heroin, ATS, and precursor chemicals bound for other nations in the region. The combination of weak enforcement and new Lao highways connecting China, Thailand, and Vietnam will likely exacerbate the already worrisome transit situation. Laos is a party to the 1988 UN Drug Convention.

II. Status of Country

In 2006, Laos moved into what seemed a final stage in its battle against opium, in no small part due to U.S. counter narcotics funding and assistance from other donors working to alleviate rural poverty and drug cultivation. From a high of more than 42,000 ha under cultivation in 1989, current estimates show less than 3,000 remaining, a reduction of more than 90 percent. However, high opium prices driven by this reduction in supply and a remaining addict population of 8-10,000 may stall the effort to end poppy cultivation. Indeed one recent estimate sees a sharp increase in opium production, and the increasingly desperate circumstances of many villages in growing regions are highly favorable to a dramatic reversal of years of progress. Many former poppy cultivators, finding themselves without the assistance they expected, are facing severe food security problems. Robust alternative development assistance over the long term is necessary to assure that Laos eliminates poppy cultivation completely. If aid is not soon forthcoming, many former opium farmers could be forced back into poppy production.

Just as Laos is attempting to eliminate the last of its opium, a new threat has appeared in the form of ATS. The scourge of methamphetamine, locally known as “yaa baa” (crazy medicine), is exploding among the nation's youth, truck drivers, and commercial sex workers. Though previously consumed primarily in tablet form, the United Nations Office for Drugs and Crime (UNODC) reports that injectable types of ATS have begun to appear, raising concerns about HIV transmission. Continued emphasis on drug awareness and addict treatment will be essential to stop the growth in domestic demand.

Laos occupies a strategic position in the center of mainland Southeast Asia, a critical route for traffickers. It must contend with long and remote borders that are very difficult to control. Illicit drugs produced in Burma and diverted precursor chemicals from China flow through landlocked Laos to Thailand and Vietnam. From major ports in these countries, cargoes are smuggled to other nations in the region. The opening of the Kunming-Bangkok Highway in northwest Laos linking China and Thailand and the new bridge at Savannakhet linking Thailand to Vietnam will further aggravate Laos' drug transit problem. The country is challenged to interdict the current flow of illegal goods, and these new high-speed truck routes will likely overwhelm existing border control capacity. More robust law enforcement and better regional cooperation could help, but this will require a substantial investment in both, and Laos may already be a major transit country.

III. Country Actions Against Drugs in 2006

Policy Initiatives. While the Government of Laos (GOL) declared in February 2006 that the nation had "eliminated opium," a more apt description is that the country no longer produces significant quantities for commercial export. Despite great progress, Laos still has an addict population in excess of 8 thousand, and opium now is produced almost exclusively to meet domestic demand. On October 12, 2006, Prime Minister Bouasone Bouphavanh, in a televised address to the nation, called upon the GOL and the Lao people to undertake immediate and effective action against illicit drugs. He then outlined a new strategy to address the remaining vestiges of opium cultivation and the growing challenge of methamphetamine abuse. His approach appears realistic, and the new policy emphasizes taking action now rather than waiting for donor assistance.

The Prime Minister noted the success Laos had achieved against opium, but cautioned that renewed poppy cultivation remains a threat if the country does not assist former growers to find sustainable livelihoods. He also warned that, if Laos does not act quickly to counter growing methamphetamine abuse, it could become "a chronic problem...too difficult to solve." Minister Soubanh Srithirath, Chairman of the Lao National Commission for Drug Control and Supervision (LCDC), stated that Laos has reached a critical tipping point, and that the assistance of international donors is needed to insure that the balance moves in the right direction.

The Prime Minister announced that the GOL would move forward with its "Post Opium Scenario Strategy" as a counterdrug policy roadmap through 2020 and outlined ten key points for its implementation:

1) Local government agencies in former opium growing areas must monitor and assist poor villages to assure that poppy is not replanted and that sufficient help is provided to aid the villagers as they transition to licit economic activities;

2) The remaining opium addicts should be detoxified during 2006-2007;

3) Provincial authorities must act promptly to bring cannabis production under control;

4) The GOL must launch a public awareness campaign against methamphetamine utilizing TV, radio, print media, community meetings, and workshops;

5) Educators must take responsibility for identifying drug-related problems among their students, and integrate drug education into the curriculum;

6) LCDC should encourage all organizations--government, Party, and private--including businesses, to focus on preventing drug abuse, particularly among youth;

7) LCDC, in coordination with the Ministry of Justice (MOJ), should develop new drug legislation and detailed guidelines for the implementation of all drug-related statutes. In addition, LCDC must coordinate and support the activities of law enforcement agencies, and assure that information is collected, suspect records are maintained, and punishment is imposed in accordance with the law and relevant regulations;

8) In coordination with neighboring nations, the GOL must protect Laos' borders against drug smuggling;

9) The GOL must establish a trust fund, from both domestic and external sources, to support counterdrug activities; and

10) The GOL must increase effective collaboration and coordination among international organizations, donor nations, and neighboring countries to maximize the efficiency of counterdrug programs.

In August 2006, the GOL put forward a draft action plan for development assistance to 1000 former opium growing villages, the poorest in Laos. In response to this plan, members of the Mini-Dublin Group, the World Food Program (WFP), and other international donors met at a roundtable organized by LCDC and UNODC in Vientiane during October 2006. Representatives at the meeting agreed to work together and pledged significant support to the GOL's proposal. The WFP will play a critical role in this initiative, providing short-term emergency assistance in villages with food shortages. Other programs will focus on long-term integrated rural development to address the poverty that is at the root of the opium problem in Laos.

Law Enforcement Efforts. Laos' law enforcement resources remain inadequate to meet the full range of challenges posed by illicit drugs. Laos does not currently possess the means to assess accurately the production, transit, and distribution of ATS and its precursors. The increase in seizures of ATS that transited Laos to neighboring countries and the rapid growth in addiction and methamphetamine-related crime provide what little insight there is into the ATS problem in Laos.

Counter Narcotics Units (CNU), Laos' principle antitrafficking law enforcement assets; remain understaffed, insufficiently trained and poorly equipped to deal with the growing ATS challenge. USG, UNODC, and Chinese Government programs have mitigated training and equipment problems to some extent, but prosecutions are almost entirely of street-level pushers. As with many other developing countries, Laos has demonstrated a serious inability to investigate or develop cases against major traffickers without external assistance and has pursued kingpins only under significant international pressure.

Laos did not make significant progress interdicting illicit drug distribution in 2006. There is no national estimate for illegal drug sales, but secondary evidence, at least in terms of ATS -- such as escalating property crime, the emergence of urban youth gangs, and growing ATS addiction -- indicate that trafficking for internal use is growing. Individuals or small-scale merchants perform the majority of street-level ATS distribution rather than large organized criminal syndicates. There have been reports of some teachers distributing ATS.

Opium distribution is limited, as the majority of addicts are within a producing household or village. There is some opium distribution among villages; especially as remaining opium plots move into more remote and distant locations less accessible to law enforcement agencies. Despite the progress that Laos has made in reducing its addict population, it continues to suffer from one of the highest opium addiction rates in the world. Laos is drafting new statutes to provide a legal basis for asset seizure. Currently prosecutors have no legal means to pursue the assets of convicted traffickers. Extrajudicial asset seizures may occur in some cases. Laos acceded to the United Nations Convention against Transnational Organized Crime (TOC, “the Palermo Convention”) in 2003.

Corruption. Corruption in the Lao People’s Democratic Republic (PDR), long present in a range of forms, may be rising as the flow of illicit drugs and precursors grows. Civil servants receive very little pay, and those able to use their positions to advantage, particularly police and customs officials, can augment their salaries through corruption. This is especially true in areas distant from central government oversight. Lao law explicitly prohibits corruption, and some officials have been removed and/or prosecuted for corrupt acts. The GOL has made fighting corruption a priority. As a matter of government policy, Laos strongly opposes the illicit production or distribution of narcotics, psychotropic drugs, other controlled substances, and the laundering of money from illegal drug transactions.

Agreements and Treaties. The USG supports crop control, demand reduction, and law enforcement programs under three annual narcotics assistance Letters of Agreement (LOA) with the GOL. Laos is achieving or making an earnest effort to achieve the performance goals listed in

the crop control and demand reduction LOAs, but has achieved less with regard to the goals enumerated in the law enforcement LOA.

Laos has been a party to the UN Drug Convention since December 2004. While Laos moved forward in the control of opium cultivation, production, and addiction, it has yet to achieve all of the objectives of the 1988 UN Drug Convention.

Laos has legal assistance agreements with China, Thailand, Vietnam, Cambodia, Burma, and Indonesia. Membership in ASEAN and APEC has increased the number of bilateral and multilateral legal exchanges for Laos since 2000, and international donor supported training programs are developing the capacity of the Ministry of Justice (MOJ), police, customs, and immigration officials to cooperate with counterparts in other nations. Laos has extradition treaties with China, Thailand, Vietnam, and Cambodia. The GOL has assisted in the arrest and extradition of individuals to some of those nations but does not use formal extradition procedures in all cases. According to the DEA, there were no extraditions from Laos to the United States for narcotics-related offences in 2006. Laos is a party to the UN Convention against Transnational Organized Crime, and its three protocols.

Cultivation/Production. There is conflicting data about poppy cultivation in Laos from 2005 to 2006, and it remains uncertain if Laos can preserve the gains made so far. According to USG figures, the area under cultivation declined from 5600 ha in 2005 to 1700 ha in 2006. This represents a 70 percent reduction in cultivation in just one year. The greatest concentration remained in Phongsaly, the northernmost province in Laos, with lesser amounts in seven other northern provinces.

In strong contrast, the 2006 UNODC survey indicated an increase, from 1,800 ha in 2005 to approximately 2,500 in 2006, a 38 percent gain. Either way, Laos' overall progress in opium elimination over the past 18 years has been commendable. From a high of 42,130 ha when U.S. funded crop control programs began in 1989, the current USG estimate is a 96 percent reduction, and even this year's higher UNODC survey is a 91 percent reduction from the 26,800 ha the UN estimated in 1998. This is an outstanding accomplishment for the country. The current challenge is to ensure this momentum is sustained.

A decline in opium production paralleled that of opium cultivation. The 2006 USG survey projected production of approximately 8.5 metric tons of raw opium gum, a 70 percent decline from the 28 tons in the 2005 estimate. Again, in dramatic contrast, the UNODC survey showed a significant gain, from 14 tons in 2005 to 20 tons in 2006, a 39 percent increase. Still, USG estimates for production represent a 97 percent reduction from the estimated 380 tons produced in 1989. According to USG figures, yields ranged from 3 to 9.5 kg per hectare, with an average yield of 5 kg. The decline from previous years was primarily due to unusually dry weather in opium growing areas. The GOL has reported that because of continuing drought, yields for the 2006-2007 growing season may be as low as 2-3 kg per hectare. Even so, the danger remains that continued demand, coupled with difficult living conditions, will attract farmers to return to poppy cultivation.

Most of the opium produced in Laos is for domestic consumption in areas near its borders, where raw and cooked opium is smoked and eaten, and the percentage of the crop being refined into heroin is small. Sustained high farm gate prices in these areas of $500 per kg for raw opium reported by UNODC demonstrate that supply is decreasing more rapidly than demand. The GOL has even reported retail prices as high as $1000 per kg in some areas. Increasing prices may be discouraging some opium use even as it serves as a stimulus to production. According to the UNODC, the result of these higher prices was that overall opium production revenues increased by 49 percent from 2005 to 2006, up to an estimated $11 million.

USG-supported crop control programs do not employ herbicides or any other form of forced eradication. In the past, when crops were cut, the cultivators themselves or village officials conducted the eradication as a condition of a written agreement between villages and the GOL not to produce opium. However, in 2006 the GOL has said that it may employ forced eradication in some areas where alternative development is not available or has not so far solved the problem.

The USG did not receive any verifiable reports during 2006 of the production of ATS in Laos, but the paucity of law enforcement resources in remote regions makes Laos highly vulnerable to regional traffickers seeking new locations for clandestine labs. Provincial Counter Narcotics Units (CNU) generally number fewer than 20 officers and are responsible to patrol thousands of square kilometers of rugged terrain, a daunting task at best. There may be significant "contract" cannabis production, possibly financed by foreign traffickers in southern Laos, aimed at markets in Cambodia and Thailand. The continuing use of cannabis as a traditional food seasoning in some locations complicates attempts to eradicate the crop.

Drug Flow/Transit. Laos' highly porous borders, dominated by the Mekong River and remote mountainous regions, are notoriously difficult to control and readily facilitate the trafficking of illicit drugs, although there are no reliable estimates of the volume of this flow. According to UNODC, the growth in seizures of drugs, which transited Laos to neighboring countries, may be evidence of an increasing transit problem. The flow includes methamphetamine, heroin, and precursor chemicals bound for other nations in the region. Illicit transit to the U.S. includes very limited quantities of unrefined opium and local formulations of ATS.

The problem is likely to worsen as the transportation infrastructure in Laos improves, especially with the January 2007 opening of the Savannakhet-Mukdahan Bridge and the anticipated opening of the Kunming-Bangkok highway in 2008. The first will speed the passage from Da Nang in central Vietnam to northeast Thailand and its capitol, Bangkok, while the latter will provide a fast route from China to Thailand through Bokeo and Luang Nam Tha Provinces in the northwest. Laos is not a principal destination on either of these routes, but the volume of traffic passing through its territory will be unprecedented, potentially overwhelming Laos' limited law enforcement capacity for border control. Currently, there is no reliable data on the transport or financing of illicit drugs in Laos. Transit costs are low, and anecdotal evidence suggests that some traffickers formerly involved in opium may now be shifting to ATS because it is more mobile, a safer investment, the returns are faster, and the market is growing. There are reports that some former traffickers are moving into legitimate businesses as well as money laundering.

Domestic Programs. Laos made limited advances in 2006 in demand reduction. Most significant was the opening of new 100-bed addiction treatment facilities in Pakse and Savannakhet, the latter constructed entirely with U.S. funding. In addition, Brunei is constructing two smaller treatment facilities in Sayabouri, scheduled for completion in January 2007. Despite this augmentation in Laos' national treatment capacity, existing facilities still fall far short of need and are notably deficient in effective vocational training. Anecdotal evidence suggests that many addicts are turning to crime as a means of supporting their addiction. Without marketable job skills, former addicts become vulnerable to recidivism. The GOL continues to undertake significant nationwide drug awareness programs and media campaigns with U.S. support. The GOL has continued to build its opium treatment and counseling capacity, albeit with very limited resources.

Opium education and detoxification are integral parts of the overall opium elimination campaign and, despite resource constraints, appear appropriately sized if austere for the addict population. GOL figures indicated a general decline to approximately 8,000 opium addicts, though many may remain unreported, either because they reside in extremely remote areas or because they wish to conceal their addictions. Significant impediments to full treatment of all opium addicts include the ill health of many elderly users, the isolated location of some addict populations, and the lack of

sufficient rural health care infrastructure to displace the traditional medicinal use of opium, which often serves as the initial entree into addiction. Detoxification of opium addicts will likely become increasingly difficult as their numbers diminish, for those remaining are likely to be the most resistant to treatment. There are currently no verifiable statistics on post-detoxification recidivism. The GOL hopes to treat all opium addicts before the end of 2007, as ending opium addiction is critical to full elimination of cultivation.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. The U.S. has been Laos' strategic partner in the battle against illegal drugs. Since 1989, the USG has provided more than $42 million to support GOL crop control, demand reduction, and law enforcement programs. Crop control funds have supported opium awareness campaigns, opium detoxification clinics, and the Lao-American Projects (LAP) in Houaphan, Phongsaly and Luang Prahbang Provinces. Only the latter two are still active, and they serve as platforms for long-term integrated rural development that strikes at the primary cause for opium cultivation in Laos: poverty. The U.S.-Lao PDR Crop Control LOA specifically prohibits the use of USG funds to support involuntary resettlement.

Demand reduction funds provide support for enhancements to ATS treatment centers, including vocational training, and a variety of national drug awareness programs. Law enforcement funds support limited operational costs, training, and equipment for Counter Narcotics Units (CNUs) and the Customs Department. Historically, the USG has been a major supporter of UNODC programs in Laos, providing up to 70 percent of the funding for several complementary alternative development programs through targeted contributions that played a key role in reducing poppy cultivation. These programs covered a number of districts adjacent to or near the LAPs, where opium was a major threat. However, U.S. assistance to these programs ended in 2005, and their absence or diminished capacity will complicate efforts to prevent a resurgence of opium cultivation.

Bilateral Cooperation. Cooperation on opium crop control was excellent in 2006, and accounted for much of the outstanding progress achieved in eliminating poppy cultivation. The Programme Facilitation Unit (PFU), the GOL entity primarily responsible for alternative development and opium addict detoxification in Laos, demonstrated notable effectiveness in these areas during 2006.

GOL cooperation with the USG on demand reduction was outstanding in 2006. The opening of the new ATS treatment Center in Savannakhet, built with $600,000 of U.S. funds and the model for future facilities, stands as an example of what this cooperation can achieve. One area in which this relationship might be improved would be a greater commitment by municipal and provincial authorities to provide continuing support for treatment facilities after they are completed, especially for vocational training.

In contrast, while Lao law enforcement was generally cooperative with neighboring countries in 2006, the USG found that the overall level of bilateral cooperation had declined over previous years. The GOL failed to make use of the opportunities for cooperation afforded by the DEA, which continued to provide law enforcement assistance to Lao agencies but received little in return, for example, not a single drug sample in 2006, in contrast to 2005 when DEA received twelve. In addition, the GOL repeatedly failed to take advantage of fully-funded local and regional training opportunities offered by the USG.

Exceptions to this generally bleak picture were cooperation with select CNUs and the Customs Department, which remained strong and information provided to DEA on two cases involving attempts to smuggle opium into the U.S. The UNODC, through the PFU, enjoys a close working relationship on counter narcotics with the GOL. GOL officials consult frequently with the UNODC on narcotics control issues and strategy, and UNODC continues to support an array of crop control,

demand reduction, and law enforcement programs throughout the country. Laos participated in a bilateral counternarcotics conference with Thailand and a trilateral conference with Vietnam and Cambodia.

The Road Ahead. Laos' struggle against opium is in its later stages but is not over yet, as the GOL has stated publicly. To secure the victory over opium, robust alternative development must be sustained for the next 2 to 4 years. In many districts, villages have stopped cultivation or self-eradicated because of an implied promise of government support. UNODC reported that many villagers survived the loss of opium income by consuming their savings, generally in the form of livestock, and these savings are now depleted. Severe food shortages are occurring in some villages. If assistance is not soon forthcoming, former growers may revert to opium cultivation, and it will be much more difficult to persuade them to stop a second time.

Fortunately, at the October 2006 Mini-Dublin Group Roundtable in Vientiane, donors pledged to refocus millions of dollars in development aid on the poorest villages in Laos, which include almost all of those still producing opium. The World Food Program also stated that it would make every effort to provide emergency assistance to these same villages.

Laos does not have the law enforcement resources it needs to battle ATS, and it will have to rely on effective demand reduction to stem the tide of "yaa baa" sweeping the country for the foreseeable future. Existing programs to educate youth on the dangers of addiction must be enlarged. Treatment needs to be more available. More robust programs that train and equip law enforcement officers more effectively and improve the efficiency of the criminal justice system could help Laos to fight corruption, arrest major traffickers, better secure its borders, interdict the flow of illicit drugs transiting the nation, and cooperate more effectively with international partners. Without a substantial investment in law enforcement capacity, Laos will be unable to provide an effective deterrent to regional drug traffickers.

V. Statistical Tables

2006 GOL figures for seizures include only January-June.

- Heroin	8.122 kg
- Opium	0 kg
- ATS	1,433,467 tablets
- Total drug cases	135 cases

Opium cultivation in 2006

- Cultivation	2,500 ha
- Eradicated	1,518 ha
- Harvestable after eradication	982 ha
- Potential opium gum	7.856 tons
- Potential cannabis yield	<8 kg/ha

Drug crop cultivation	2006	2005	2004
- Cultivation(ha)	982	5,600	10,000

- Eradication (ha)	1,518	4,400	2,000
- Potential opium gum (metric tons)	7.856	28	49
Seizures			
- Heroin (kg)	8.122	22.76	55
- Opium (kg)	0	31.20	43
- Cannabis (kg)	209.5	1.6	1.806
- Methamphetamine (tablets)	1,433,467	1,870,305	3,020,000
Arrests	284	N/A	227
Drug cases	135	130	79

Malaysia

I. Summary

Malaysia is not a significant source country or transit point for U.S.-bound illegal drugs, though domestic abuse in Malaysia itself is on the rise and Malaysian labs are increasing methamphetamine production. The government has established a "drug-free by 2015" policy. Malaysia's competent counter narcotics officials and police officers have the full support of senior government officials. Cooperation with the U.S. on combating drug trafficking is good. The U.S. maintains active and successful programs for training Malaysian counter narcotics officials and police. Malaysia is a party to the 1988 UN Drug Convention.

II. Status of Country

While Malaysian officials have expressed concern about rising rates of drug addiction in their country, Malaysia is not a significant source country or transit point for U.S.-bound illegal drugs. Narcotics imported to Malaysia include heroin and marijuana from the nearby Golden Triangle area, and other drugs, such as amphetamine type stimulants (ATS), including crystal methamphetamine, Ecstasy and Ketamine from India. These imports either transit Malaysia bound for other markets such as Thailand, Singapore, China and Australia, or are consumed domestically. The drugs of choice for Malaysian users are heroin, 36.4 percent, morphine, 25.1 percent, marijuana, 22.8 percent and methamphetamines, 10.5 percent, according to government statistics.

The Malaysian government identified 19,369 drug addicts during the first ten months of 2006 through reporting from police, community organizations, and treatment centers, over 20 percent less than last year's total for the same period. Of these, 10,741 were repeat drug offenders. Seventy-nine percent were between 19 and 39 years of age and 68 percent had not completed secondary education.

III. Country Actions Against Drugs in 2006

Policy Initiatives. Malaysia continues a long-term effort launched in 2003 to reduce domestic drug use to negligible levels by 2015. Senior officials including the Prime Minister speak out strongly and frequently against drug abuse. The Prime Minister chairs the Cabinet Committee on Eradication of Drugs, composed of 20 government ministers. The National Anti-Drugs Agency (NADA) is the policy arm of Malaysia's counter narcotics strategy, coordinating demand reduction efforts with various cabinet ministries. Malaysian law stipulates a mandatory death penalty for major drug traffickers, with harsh mandatory sentences also applied for possession and use of smaller quantities. In practice however, many minor offenders are placed into treatment programs instead of prison.

Accomplishments. Malaysian authorities, with support from U.S. and Australian law enforcement, seized a major methamphetamine manufacturing facility. Malaysia and the United States signed a mutual legal assistance treaty (MLAT) in July 2006 that should enhance and facilitate law enforcement cooperation in the future.

Law Enforcement Efforts. Police arrested 37,631 people for drug-related offenses between January and October 2006, a 4.55 percent decrease from the same period in 2005. Enforcement officials seized substantially larger amounts of ATS and marijuana, but there was a modest decrease in the amount of heroin confiscated. There was also a decrease in the amount (-12.2 percent) and value -84.1 percent) of confiscated property derived from drug related cases.

Malaysian police and prosecutors are effective in arresting small-time drug offenders, and are examining ways to prosecute larger crime rings. Suspected traffickers continue to be detained under Malaysia's "special preventive measures," which allow for detention without trial of suspects who pose a threat to national security. Local officials report that customs officials are being provided with test kits that will allow them to identify and interdict some illicit precursor chemicals during importation.

Corruption. While Malaysian and foreign media organizations continued to highlight cases of government corruption in general, no senior officials were arrested for drug-related corruption in 2006.

Agreements and Treaties. Malaysia is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention as amended by its 1972 Protocol, and to the 1971 UN Convention Against Psychotropic Substances. Malaysia has an MLAT with Australia, and signed an MLAT with the U.S. In 2006, which has not yet entered into force because it is now before the Senate for ratification. Malaysia also has a multilateral MLAT with seven Southeast Asian nations. Malaysia is a party to the ASEAN MLAT. The U.S.-Malaysia Extradition Treaty has been in effect since 1997, though no extradition has yet occurred under that treaty. The United States submitted its first request for extradition for Wong Wok Wing in April 2006. Wong is wanted to stand trial in the Eastern District of New York for heroin trafficking. He was arrested in December 2006 and his committal hearing is scheduled to begin on February 12, 2007.

Cultivation/Production. While there is no notable cultivation of drugs in Malaysia, ATS production is believed to be on the rise.

Drug Flow/Transit. Drugs transiting Malaysia do not appear to make a significant impact on the U.S. market. However, Malaysia's proximity to the heroin production areas and methamphetamine labs of the Golden Triangle leads to smuggling across Malaysian borders, destined for Australia and other markets. Ecstasy from Amsterdam is flown into Kuala Lumpur International Airport (KLIA) for domestic use and distribution to Thailand, Singapore, and Australia. Ketamine comes from India and is exported to several countries in the region. There is evidence of increased transit of cocaine though police are only beginning to develop information on this trend. Production of ATS in Malaysia is on the rise, as evidenced by the elimination of another large methamphetamine lab in 2006 and the seizure of a substantial quantity of precursor chemicals awaiting use at that lab.

Domestic Programs (Demand Reduction). The NADA targets its demand reduction efforts toward youth, parents, students, teachers, and workers, with extensive efforts to engage schools, student leaders, parent-teacher associations, community leaders, religious institutions, and workplaces. Government statistics indicate that 4,645 persons were undergoing treatment at Malaysia's 29 public rehabilitation facilities as of October 2006; the second consecutive year there has been a substantial decrease.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. U.S. counternarcotics training continued in 2006 via the International Law Enforcement Academy (ILEA) in Bangkok and the "Baker-Mint" program sponsored by the U.S. Department of Defense Baker-Mint aims to raise the operational skill level of local counter narcotics law enforcement officers. In September 2006, U.S. officials from the Department of Justice, DEA, and FBI presented a training workshop for Malaysian prosecutors on conspiracy prosecutions in an effort to enhance Malaysia's utilization of existing laws as a deterrent to organized crime. In addition, USCG conducted basic and advanced boarding officer training for Malaysian maritime law enforcement officers.

Road Ahead. United States goals and objectives for the year 2007 are to improve coordination and communication with U.S. law enforcement authorities in counternarcotics efforts. United States

law enforcement agencies will utilize better coordination with Malaysian authorities to interdict drugs transiting Malaysia, and to follow regional and global leads. U.S.-funded counter narcotics training for Malaysian law enforcement officers will continue and U.S. agencies will continue working with Malaysian authorities to improve Malaysia's investigative and prosecutorial processes.

V. Statistical Tables (data for period from January to October 16.)

Total Arrest for Drug Related Offenses:

2005: 39,425

2006: 37,631 -4.55 percent

Drug Abusers (total and new) Arrested:

2005: Total = 25,243 New = 11,579

2006: Total = 19,369 -23.27% New = 8,628 -25.49%

Drug Abusers by Age (change from 2005):

<13:	0		
13-17:	264	1.18%	(- 2.58%)
18-24:	3,693	19.50%	(-19.31%)
25-39:	10,073	53.17%	(-25.56%)
>39:	4,916	25.94%	(-21.49%)

Drug Abusers by Highest Education Level Attained (change from 2005):

No school:	453	2.86%	(-17.18%)
Primary School:	3,014	19.03%	(-22.28%)
Some High School:	7,331	46.28%	(-25.73%)
HS graduate:	4,626	29.20%	(-23.88%)
A Level graduate:	133	0.84%	(-43.64%)
Diploma holder:	200	1.26%	(- 5.21%)
Degree holder:	37	0.23%	(- 5.13%)

Drug Abusers by Drug Type (change from 2005):

Heroin:	7,042	36.36%	(-35.60%)
Morphine/opium:	4,862	25.10%	(-23.20%)
Marijuana:	4,414	22.79%	(14.00%)
Methamphetamine:	2,040	10.53%	(-21.87%)
Amphetamine:	187	0.97%	(- 3.61%)
Ecstasy (MDMA):	130	0.67%	(-60.00%)
Psychotropic pills:	528	2.73%	(-16.98%)
Codeine:	157	0.81%	(-52.57%)

Confiscated Drugs (change from 2005):

Heroin No. 3 (kg):	193.34	(- 9.31%)
Heroin No. 4 (kg):	0	(1.74 kg in 2005)
Opium (kg):	0.29	(- 92.66%)
Marijuana (kg):	2,238.76	(124.22%)
Methamphetamine (kg):	38.47	(290.28%)
Yaba (pills):	226,964	(147.44%)
Ecstasy (pills):	1,257,804	(1,048.30%)
Psychotropic pills:	52,454	(-84.85%)
Eramine 5 (pills):	63,129	(-85.84%)
Codeine (liters):	10,443	(-19.61%)
Ketamine (kg):	188.34	(-98.80%)
Cocaine (kg):	2.13	(-58.24%)

Mongolia

I. Summary

Drug trafficking and abuse are not widespread in Mongolia, but continue to rise and draw the attention of the government. Mongolia's young, burgeoning urban population is especially vulnerable to the growing drug trade. The government continues to implement the National Program for fighting Narcotics and Drugs adopted in March 2000. The initial five-year plan was completed in 2005, but the government has not yet decided on any changes for the next period. The National Council headed by the Chief of Police coordinates implementation of this program. The program is aimed at preventing drug addiction, drug related crimes, creating a legal basis for fighting drugs, implementing counternarcotics policy, and raising public awareness of the drug abuse issue. Mongolia is a party to the 1988 UN Drug Convention.

II. Status of Country

Mongolia's long unprotected borders with Russia and China are vulnerable to all types of illegal trade, including drug trafficking. Police believe most smuggled drugs come from China, and are carried by Mongolian citizens. Illegal migrants, mostly traveling from China through Mongolia to Russia and Europe, also sometimes transport and traffic in drugs. Police express particular concern that, if drug use in Mongolia continues to rise, organized crime involvement in the trade will grow beyond the current low levels. The government has made the protection of Mongolia's borders a priority. U.S.-sponsored projects to promote cooperation among security forces and training have provided some assistance. A lack of resources and technical capacity, along with corruption in the police forces and other parts of government, hinder Mongolia's ability to patrol its borders, detect illegal smuggling, and investigate transnational criminal cases.

III. Country Actions Against Drugs in 2006

Policy Initiatives/Law Enforcement. The Mongolian Government and law-enforcement officials have increased their participation in international fora focused on crime and drug issues. Mongolia became a member of the Asia-Pacific Group (APG) on Money Laundering in 2004 and has committed to adhere to Financial Action Task Force (FATF) standards, while seeking participation and eventual membership in the FATF. The APG conducted an initial peer review of Mongolia late in 2006. Mongolia passed an anti-money laundering law in July, and began to work toward implementation.

Corruption. Mongolian internal corruption and related criminal activity appear unrelated to narcotics activities. An anticorruption law was passed in July and entered into force on November 1, but a new anticorruption agency had not yet begun operations by the end of the year. The weakness of the legal system and financial structures leaves Mongolia vulnerable to exploitation by drug traffickers and international criminal organizations, particularly those operating in China and Russia. The reopening of the North Korean Embassy in Ulaanbaatar in August 2004 also heightens concern that the North Korean government, through its Embassy in Ulaanbaatar, may again seek (as it did in the late-1990s) to finance North Korean diplomatic and other activities through narcotics trafficking, counterfeiting or other illicit activity.

Agreements and Treaties. Mongolia is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention as amended by its 1972 Protocol, and the 1971 UN

Convention on Psychotropic Substances. Mongolia also is a party to the UN Convention against Corruption. The government of Mongolia attempts to meet the goals and objectives of international initiatives on drugs. The United States and Mongolia have in force a customs mutual legal assistance agreement.

Drug Flow/Transit. Marijuana is the most widely used illegal drug. A small amount of marijuana is grown in Mongolia, and appears to be consumed locally. Reports indicate that the availability and use of marijuana, heroin, cocaine, amphetamines, and abused over-the-counter drugs have increased. However, no reliable surveys exist of drug usage, nor is there any official database of drug convictions. The Mongolian government is alert to precursor chemical production and the potential for diversion. The government has closed some facilities suspected of diverting chemicals.

Demand Reduction. Domestic, nongovernmental organizations work to fight drug addiction and the spread of narcotics abuse. International donors are working with the government to help Mongolia develop the capacity to address narcotics and related criminal activities before they become an additional burden on Mongolia's development.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. U.S. government assistance has included international visitor programs on transnational crime and counternarcotics, as well as some training by U.S. law enforcement agencies.

The Road Ahead. The United States will continue to cooperate closely with Mongolia to assist Mongolia with the implementation of its counternarcotics policies.

North Korea

I. Summary

For decades, North Koreans have been arrested for trafficking in narcotics and engaging in other criminal behavior and illicit activity, including passing counterfeit U.S. currency and trading in copyrighted products. There were no confirmed instances of drug trafficking involving North Korea or its nationals during 2006. Anecdotal evidence suggests that trafficking and drug abuse in the DPRK and along its border with China continues. There also continued to be press, industry and law enforcement reporting of DPRK links to counterfeit cigarette trafficking and counterfeit U.S. currency. In May 2006, Japanese authorities charged several individuals with a 2002 narcotics trafficking incident, based, in part, on evidence found on a sunken DPRK patrol boat. In August 2006, a defendant in a California criminal case told the court that he had promised to provide $2 million in counterfeit "supernotes" originating in the DPRK to undercover U.S. agents, and investigators seized that amount. The Department is of the view that it is likely, but not certain, that the North Korean government has sponsored criminal activities in the past, including narcotics production and trafficking, but notes that there is no evidence for several years that it continues to traffic in narcotics. The DPRK is not a party to the 1988 UN Drug Convention.

II. Status of Country

During 2006, there were numerous reports in the Japanese media of drug trafficking along the DPRK/Chinese border. According to these reports, Japanese criminal figures were traveling to the DPRK-PRC border area to purchase methamphetamine for smuggling back to Japan. The Department is unable to confirm the accuracy of these reports, and if true, the reports seem to involve small-scale trafficking by individuals, not large-scale organized trafficking managed by the state. Another indication that narcotics abuse and trafficking in the DPRK and along its border with China may be on the rise is a new decree published in the DPRK in March 2006, which warns citizens, state factories and groups in the DPRK to "…not sell, buy, or use drugs illegally." According to the decree, "Organizations, factories and groups should not illegally produce or export drugs." Punishment is severe, up to death, and the family members and shop mates of offenders face collective responsibility and punishment with the perpetrator. The DPRK also has an existing antinarcotics law. The appearance of this new decree, its draconian penalties, and the fact that it is signed by the DPRK's National Security Council suggest that drug use and trafficking within the DPRK itself has come to the attention of authorities, and is viewed as a problem requiring a serious response.

The "Pong-Su" incident in Australia in April 2003 renewed worldwide attention to the possibility of DPRK state-sponsorship of drug trafficking. The "Pong Su", a sea-going cargo vessel owned by a North Korean state enterprise, was seized after delivering a large quantity of pure heroin to accomplices on shore. The trial of the "Pong Su" captain and other senior officers, including a DPRK Korean Workers' Party Political Secretary, concluded in March 2006 with the captain and the others found not guilty by an Australian jury. Four other defendants associated with the incident pled guilty, and are serving long prison sentences in Australia. These defendants included three individuals who were apprehended in possession of heroin brought to Australia aboard the "Pong Su", and another individual who came to Australia aboard the "Pong Su", and was apprehended on the same beach where some of the heroin was found. The "Pong Su" itself was destroyed by Australian military aircraft, as property forfeited to Australia because of its involvement in narcotics trafficking.

In May 2006, Japanese prosecutors charged Woo Sii Yun, an ethnic Korean and long-term resident of Japan, and Katsuhiko Miyata, reputedly a Japanese gang member, with involvement in several

2002 methamphetamine drug smuggling incidents. The 2002 smuggling incidents involved several instances of DPRK vessels leaving hundreds of kg of methamphetamine drugs to float offshore for pick-up by criminals in Japan. The police were led to Yun by the discovery of his phone number stored in the memory of a cell phone found aboard a DPRK patrol boat that sunk after a gun battle with the Japanese Coast Guard in late 2001. Alerted to Yun's possible involvement in narcotics trafficking with DPRK accomplices, Japanese police investigated his financial records and found several large payments from criminal elements in Japan. Japanese officials suspect these payments were for drugs from North Korea. Japanese authorities also suspect the sunken DPRK patrol boat of involvement in earlier instances of methamphetamine trafficking to Japan. The charges against Yun connect the DPRK more closely to methamphetamine smuggling to Japan, as key lead information - Yun's phone number - was found aboard a North Korean patrol vessel.

Cigarette smuggling linked to the DPRK continued on a worldwide scale. For example, Greece uncovered four million cartons of contraband cigarettes through the fall of 2006, of which three million were aboard North Korean flagged vessels.

A California man pled guilty in a federal district court in California in August of 2006 to conspiring to smuggle counterfeit currency into the United States. He agreed to a statement read in court, which stated that during the investigation leading to his arrest, he had promised to provide an undercover agent $2 million in high-quality counterfeit U.S. $100 bills or "supernotes, manufactured in the DPRK. Investigators seized precisely that amount of counterfeit currency in the port of Los Angeles.

These examples of non-narcotics-related acts of criminality suggest that there is recent evidence of significant DPRK involvement in criminal behavior, even if no large-scale narcotics trafficking incidents have come to light. Department has no evidence to support a finding that drug trafficking has stopped. It is also certainly possible that DPRK entities previously involved in narcotics trafficking recently have adopted a lower profile or better operational security.

III. Country Actions Against Drugs in 2006

DPRK officials have ascribed past instances of misconduct by North Korean officials to the individuals involved, and stated that these individuals would be punished in the DPRK for their crimes. A 2004 edition of the North Korean Book of Law contains the DPRK's Narcotics Control Law, and the DPRK government in 2006 re-affirmed its intent to punish drug traffickers severely, including with the death penalty, by issuing a new special decree in March 2006, signed by the DPRK's National Security Council. There is no information available to the Department concerning enforcement of these laws or other legal actions taken against North Korean officials and citizens involved in drug trafficking in DPRK, or upon the return of North Korea citizens to the DPRK.

IV. U.S. Policy Initiatives and Programs

The United States has made it clear to the DPRK that it has concerns about the DPRK's involvement in a range of criminal and illicit activities, including narcotics trafficking, and that these activities must stop. The United States thoroughly investigates all allegations of criminal behavior impacting the United States by DPRK citizens and entities, prosecutes cases under U.S. jurisdiction to the fullest extent of the law, and urges other countries to do the same.

The Philippines

I. Summary

Philippine law enforcement authorities continued to focus efforts on disrupting major trafficking organizations and dismantling large clandestine drug labs. The Government of the Philippines (GRP) reports that arrests and seizures declined in 2006, attributable to its strategy of focusing on key traffickers and producers rather than a larger number of less important targets. The Philippine government continues to build the capacity of the Philippine Drug Enforcement Agency (PDEA), established by the GRP in 2002, and its first 55 agents are scheduled to graduate in early 2007 from the PDEA Academy. Based on evidence developed during police operations in which drugs were seized during 2006, the Philippines continues to be a producer of crystal methamphetamine. There is some evidence that terrorist organizations may use drug trafficking to fund their illicit activities. Philippine National Police (PNP) and Philippine Air Force officials express a desire to eradicate marijuana cultivation but lack fuel for helicopters necessary to access remote sites in the mountains of Luzon and Mindanao. The Philippines is a party to the 1988 UN Drug Convention.

II. Status of Country

Because of continued aggressive efforts to seize clandestine drug labs in Metro Manila, the supply of crystal methamphetamine, locally known as “shabu,” has decreased. The Philippine Dangerous Drug Board reports that the current price of “shabu” has more than doubled since 2005. However, drug agents directly involved in narcotics investigations believe that methamphetamine production has moved to the provinces. They report methamphetamine can still be obtained at near-2005 prices in many areas; and at prices even less than last year, in areas where labs are located, such as central Mindanao.

Most of the precursor chemicals for meth production are smuggled into the Philippines (or illegally diverted after legal importation), from the People's Republic of China (PRC) and Hong Kong. However, ephedrine is also smuggled from India. There are seven identified transnational drug syndicates in the country. At least five foreign major drug lords from the PRC and Taiwan are in each group. The Philippines is a transshipment point for further export of methamphetamine of foreign manufacture to Australia, Canada, Japan, Korea, and the U.S. (including Guam and Saipan). According to law enforcement officials, intelligence exists indicating that other transnational drug groups may be planning to establish methamphetamine producing laboratories in the country.

Dealers sell methamphetamine in crystal form for smoking (“shabu”). No production or distribution of methamphetamine in tablet form (“yaba”) has been reported in the Philippines. Producers typically make methamphetamine in clandestine labs through a hydrogenation process that uses palladium and hydrogen gas to refine the liquid chlorephedrine mixture into crystal form. However, an August 2006 clandestine lab seizure in Quezon Province, east of Metro Manila, showed that clandestine laboratory operators are also using another production variation using red phosphorous.

The Philippines produces, consumes, and exports marijuana. According to law enforcement sources, the shortage of shabu has increased the demand for marijuana, resulting in higher market prices. Marijuana grows naturally in mountainous areas inaccessible to vehicles. Philippine authorities continue to encounter difficulties eliminating production. Although Philippine National Police and Philippine Air Force officials express a desire to eradicate marijuana cultivation, they lack fuel for helicopters necessary to access remote sites in the mountains of Luzon and Mindanao. Generally, insurgent groups, such as the New People's Army (NPA), control and protect many

marijuana plantation sites in their areas of operations. Most of the marijuana produced in the Philippines is for local consumption, with the remainder smuggled to Australia, Japan, Malaysia, and Taiwan.

Methyl-dioxy-methamphetamine (MDMA), commonly known as Ecstasy, is slowly gaining popularity among affluent members of the Philippine society, mainly in exclusive bars and clubs. There appeared to be no significant change in availability in 2006 and enforcement efforts remained constant. Since 2001, a total of 10,275 Ecstasy tablets have been seized.

The Philippine Dangerous Drug Board classified Ketamine as a "dangerous drug" on October 1, 2005. Ketamine, legally imported for use as a veterinary anesthetic, is converted to the illicit crystal form from its legal liquid form in the Philippines and exported to other countries in the region. There is little or no market for Ketamine as a drug of abuse in the Philippines. Since 2003, five Ketamine processing facilities have been seized in Metro Manila. This year, Philippine authorities seized approximately 10 kg of Ketamine destined for Taiwan at Manila International Airport, validating reports of drug traffickers using the Philippines for Ketamine conversion. A total of 28 kg of Ketamine were seized in 2006.

III. Country Actions Against Drugs in 2006

Policy Initiatives. The administration of President Gloria Macapagal Arroyo continues to concentrate on the full and sustained implementation of counternarcotics legislation and the development of the Philippine Drug Enforcement Administration (PDEA) as the lead counternarcotics agency.

In 2002, President Arroyo created by executive order the Philippine National Police's (PNP) Anti-Illegal Drugs Special Operations Task Force (AIDSOTF). The AIDSOTF mission is to maintain law enforcement pressure on narcotics trafficking while PDEA becomes fully functional by 2007. In 2006, PDEA began training its first academy class, which will provide approximately 55 new newly-trained recruits as PDEA agents.

The GRP has developed and is implementing a counternarcotics master plan known as the National Anti-Drug Strategy (NADS). The NADS is executed by the National Anti-Drug Program of Action (NADPA) and contains provisions for counternarcotics law enforcement, drug treatment and prevention, and internal cooperation in counternarcotics, all of which are objectives of the 1988 UN Drug Convention. In 2006, cities, towns, and barangays (neighborhoods) continued to utilize antidrug law enforcement councils, as mandated by NADPA, to heighten community awareness.

Law Enforcement Efforts. Counternarcotics law enforcement remains a high priority of the GRP, but lack of resources continues to hinder operations. However, law enforcement efforts are relatively effective given the limited funding. PDEA officials believe ILEA and JIATF-West training for law enforcement and military personnel have helped make interdiction operations more efficient and effective. GRP law enforcement agencies continued to target major traffickers and clandestine drug labs in 2006, instead of going after a larger number of less important street pusher targets, as was the practice before 2005. Significant successes included the disruption by PNP's AIDSOTF of a flourishing drug market in a predominantly Muslim neighborhood in Pasig City (which operated within yards of the city hall and police station), and the seizure by the National Bureau of Investigation of a "shabu" laboratory being serviced by fishing vessels in the area of Dingalang, in Aurora Province.

Current Philippine laws regarding electronic surveillance and bank secrecy restrict Philippine enforcement agencies from using electronic surveillance and obtaining bank information on suspected drug lords. The 1965 Anti-Wiretapping Act prohibits the use of wiretapping as well as consensual monitoring of conversations and interrogations as evidence in court. Additionally, there are no provisions to seal court records to protect confidential sources and methods. Most drug busts

are the results of information from disgruntled insiders who voluntarily give leads to the Philippine authorities.

The most crippling operational weakness of PDEA is the lack of a functioning laboratory. Dismissals, arrests, and resignations have robbed the laboratory of experienced staff. In addition, lab equipment is outdated and inadequate. Lab chemists can only perform field tests, normally conducted by arresting officers at a crime scene in the U.S. The Japanese International Cooperation Agency has donated a sophisticated gas chromatograph mass spectrometer scanner to PDEA, but PDEA uses the device for training and research, rather than evidence analysis. In addition, the lack of a functioning lab means there is no adequate storage facility for evidence.

Pervasive problems in the law enforcement and criminal justice system such as corruption, low morale, inadequate salaries, and lack of cooperation between police and prosecutors also hamper narcotic prosecutions. The slow process of prosecuting narcotics cases not only demoralizes law enforcement personnel, but also permits drug dealers to continue their drug business while awaiting court dates. By the time a case gets to trial, witnesses often have disappeared or been persuaded through extortion or bribery to change their testimony. The Comprehensive Dangerous Drug Act prohibits plea-bargaining in exchange for testimony, once a suspect has been charged. There is therefore no incentive for a defendant to plead guilty and offer testimony against superiors in the drug trafficking organization. This makes pursuing conspiracy investigations to the upper levels of the conspiracy very difficult. A severe lack of experienced investigators in PDEA further inhibits investigations.

The Philippines has a long history of insurgent/terrorist involvement in drug trafficking activity. The communist New People's Army (NPA) has reportedly been involved in large-scale marijuana cultivation in the Cordilleras Region of Northern Luzon since the mid-1980's. The NPA has generated funding from the drug trade from a variety of means, including extortion of traffickers in the form of a “revolutionary” tax for providing security to marijuana plantation, and direct participation in marijuana cultivation, processing, and operations. Current information from PNP and AFP sources indicates that NPA involvement in the marijuana trade continues in North Luzon and Southern Mindanao.

The terrorist Abu Sayyaf Group (ASG) is linked to drug trafficking activity. PNP officials believe elements of the ASG are engaged in providing security for marijuana cultivation, protection for drug trafficking organization (DTO) operations, and local drug distribution operations, particularly in Jolo and Tawi-Tawi. Recent information from Philippine police and military officials suggests that the ASG continues to provide protection for major drug trafficking groups operating in the Sulu Archipelago as well as local drug trafficking activity, in exchange for cash payments that help fund their own operations.

In July 2005, the DEA Manila Country Office and Joint Inter-Agency Task Force-West (JIATF-W) developed a network of information fusion centers in the Philippines. The primary facility, the Maritime Drug Enforcement Coordination Center (MDECC) is located at PDEA Headquarters in Metro Manila. There are two satellite centers, called Maritime Information Coordination Centers (MICCs): one is located at the headquarters of the Naval Forces Western Mindanao, Zamboanga Del Sur (Southern Mindanao) and another at Poro Point, San Fernando, La Union (Northern Luzon). These centers gather information about maritime drug trafficking and other forms of smuggling, and provide actionable target information that law enforcement agencies can use to investigate and prosecute drug trafficking organizations. Officers from the Philippine Navy, Coast Guard, PNP-Maritime Group, and PDEA staff these facilities.

The Philippine authorities dismantled three clandestine methamphetamine mega-laboratories and one warehouse in 2006, compared to seven smaller laboratories in 2005. A mega-lab is defined as a

clandestine laboratory capable of producing 1,000 kg or more in one production cycle. GRP law enforcement officials cite three factors behind the existence of domestic labs:

a. The simplicity of the process in which ephedrine can be converted into methamphetamine on a near one-to-one conversion ratio;

b. The crackdown on drug production facilities in other methamphetamine-producing countries in the region;

c. The relative ease, increased profit, and lesser danger of importing precursor chemicals for methamphetamine production (ephedrine/pseudoephedrine), compared to importing the finished product.

PDEA reports that in 2006, authorities seized 1,436 kg of methamphetamine, which they valued at $143,518,183 (at $100 per gram), 27.89 kg of Ketamine, which they valued at $2,789,328 (at $100 per gram), and 11,675 kg of marijuana leaves, which they valued at $5,837,684 (at US$0.50 per gram). Philippine authorities claimed to have seized total narcotics worth approximately $158,092,142, arrested 8,616 people for drug related offenses, and filed 3,834 criminal cases for drug crimes in 2006. By comparison, 15,268 individuals were arrested in 2005, but most of these were lower level offenders. Data on convictions was not available. PRC- and Taiwan-based traffickers remain the most influential foreign groups operating in the Philippines. Philippine authorities had previously reduced transnational drug syndicates in the country from 181 to 156; in 2006, they disrupted the operations of two additional drug syndicates.

Corruption. Corruption among the police, judiciary, and elected officials continues to be a significant impediment to Philippine law enforcement efforts. The GRP has criminalized public corruption in narcotic law enforcement through its Dangerous Drug Act (DDA), which clearly prohibits GRP officials from laundering proceeds of illegal drug actions. Four PDEA employees were arrested in 2006 for the theft of seven kg of seized methamphetamine from PDEA headquarters. These personnel have been detained and charges have been filed against them. Ten PDEA and PNP AIDSOTF officers were arrested in October 2006 for conducting illegal (warrant-less) drug raids, and for kidnapping the subjects of those raids. Both the PNP and PDEA have begun internal policing (Internal Affairs Sections) for corruption. There are also indications that drug money may be funding illicit aspects of provincial and local political campaigns, such as vote buying, bribery of election officials, ballot theft, and voter intimidation.

As a matter of government policy, the Philippines does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drug or other controlled substances, or the laundering of proceeds from illegal drug transactions.

No known senior official of the GRP engages in, encourages, or facilitates the illicit production or distribution of narcotic or psychotropic drug or other controlled substances, or the laundering of proceeds from illegal drug transactions.

Agreements and Treaties. The Philippines is a party to the 1988 UN Drug Convention, as well as to the 1971 UN Convention on Psychotropic Substances, the 1961 UN Single Convention on Narcotic Drugs, and the 1972 Protocol Amending the Single Convention. The Philippines is a party to the UN Convention against Transnational Organized Crime and its protocols against trafficking in persons and migrants smuggling. The U.S. and the GRP continue to cooperate in law enforcement matters through a bilateral extradition treaty and mutual legal assistance treaty. The Philippines ratified the UN Convention Against Corruption in November 2006.

Cultivation/Production. There are at least 120 marijuana cultivation sites spread throughout the mountainous areas of nine regions of the Philippines. In 2006, Philippine law enforcement performed 36 marijuana eradication operations. Using manual techniques to eradicate marijuana,

government entities claim to have successfully uprooted and destroyed 564,562 plants and seedlings in 2006, compared to 9,677,852 plants and seedlings in 2005. They also confiscated 103 kg of seeds in 2006 compared to 264 kg of seeds in 2005.

Drug Flow/Transit. The Philippines is a narcotics source and transshipment country. Illegal drugs enter the country through seaports, economic zones, and airports. The Philippines has over 36,200 kilometers of coastlines and 7,000 islands. Vast stretches of the Philippine coast are virtually unpatrolled and sparsely inhabited. Traffickers use shipping containers, fishing boats, and cargo ships (which off-load to smaller boats) to transport multi-hundred kg quantities of methamphetamine and precursor chemicals. AFP and law enforcement marine interdiction efforts are hamstrung by deficits in equipment, training, and intelligence sharing. The Philippines is also a transshipment point for further export of crystal methamphetamine to Japan, Australia, Canada, Korea, and the U.S. (including Guam and Saipan). Commercial air carriers and express mail services remain the primary means of shipment to Guam and to the mainland U.S., with a typical shipment size of one to four kg. There has been no notable increase or decrease in transshipment activities in 2006.

Domestic Programs/Demand Reduction. The Comprehensive Dangerous Drug Act of 2002 includes provisions that mandate drug abuse education in schools, the establishment of provincial drug education centers, development of drug-free workplace programs, and other demand reduction classes. Abusers who voluntarily enroll in treatment and rehabilitation centers are exempt from prosecution for illegal drug use. Statistics from rehabilitation centers will be submitted later.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. The USG's main counternarcotics policy goals in the Philippines are to:

a. Work with local counterparts to provide an effective response to counter the burgeoning clandestine production of methamphetamine;

b. Cooperate with local authorities to prevent the Philippines from being used as a transit point by trafficking organizations affecting U.S.;

c. Promote the development of PDEA as the focus for effective counternarcotics enforcement effort in the Philippines;

d. Provide ILEA, JIATF-West, and other drug-related training for law enforcement and military personnel;

e. Develop an improved statutory framework for control of drug and precursor chemicals.

Bilateral Cooperation. The U.S. assists the Philippine counternarcotics efforts with training, intelligence gathering and fusion (i.e., coordination centers), and infrastructure development.

Road Ahead. The USG plans to continue work with the GRP to promote law-enforcement institution building and encourage anticorruption mechanism via JIATF-West presence as well as ongoing programs funded by the Department of State (narcotics and counterterrorism assistance, and USAID). Strengthening the bilateral counternarcotics relationship serves the national interest of both the U.S. and the Philippines.

Singapore

I. Summary

The Government of Singapore (GOS) enforces stringent counter narcotics policies through strict laws, vigorous law enforcement, and active prevention programs. Singapore is not a producer of precursor chemicals or narcotics, but as a major regional financial and transportation center, it is an attractive target for money launderers and drug transshipment. Corruption cases involving Singapore's counter narcotics and law enforcement agencies are rare, and their officers regularly attend U.S.-sponsored training programs as well as regional forums on drug control.

Narcotics trafficking and abuse are decreasing in Singapore. According to GOS statistics, the number of drug abusers arrested decreased by 17 percent to 793 in 2005, down from 955 in 2004. That was the lowest number recorded in 20 years. The number of new abusers arrested also decreased, by 25 percent to 453 in 2005. One notable exception, however, is the increase in synthetic drug abuse (to include methamphetamine, MDMA (Ecstasy), Erimin-5 and Nimetazepam). In 2005, 79 percent of the total offenders arrested were involved with synthetic drugs, as compared with 56 percent in 2004. Singapore is a party to the 1988 UN Drug Convention.

II. Status of Country

In 2006, there was no known production of illicit narcotics or precursor chemicals in Singapore. While Singapore itself is not a known transit point for drugs or precursor chemicals, it is the busiest transshipment port in the world. The sheer volume of cargo passing through makes it likely that some illicit shipments of drugs and chemicals pass through undetected. With few exceptions, Singapore does not screen containerized shipments unless they enter its customs territory.

III. Country Actions Against Drugs in 2006

Policy Initiatives. Singapore has continued to pursue a strategy of demand and supply reduction for drugs. Singapore has worked closely with numerous international groups dedicated to drug education, including the Partnership for a Drug-Free America. In addition to arresting drug traffickers, Singapore focuses on arresting and detaining drug abusers for treatment and rehabilitation, providing drug detoxification and rehabilitation, and offering vigorous drug education in its schools. Singaporeans and permanent residents are subject to random drug tests. The Misuse of Drugs Act (MDA) gives the Singapore Central Narcotics Bureau (CNB) the authority to commit all drug abusers to rehabilitation centers for mandatory treatment and rehabilitation. Since 1999, individuals testing positive for consumption of narcotics have been held accountable for narcotics consumed abroad as well as in Singapore.

In an effort to curb rising synthetic drug abuse, Singapore enacted stricter penalties in 2005 for first-time and repeat synthetic drug offenders, including up to 10 years imprisonment and caning. The penalties for trafficking in synthetic drugs are less severe than for trafficking of cocaine, heroin, and marijuana, for which offenders can be subject to the death penalty.

On August 14, 2006, the GOS classified Buprenorphine, the active ingredient in Subutex, as a Class A Controlled Drug under the First Schedule of the Misuse of Drugs Act. This means that, unless dispensed by a licensed physician or practitioner, the importation, distribution, possession and consumption of Subutex is a felony offense. Subutex is a heroin substitute clinically used in the detoxification/rehabilitation of heroin addicts.

Law Enforcement Efforts. Singapore narcotics officials consider declines in arrests and seizures as signs of successful law enforcement efforts. As noted above, arrests for drug-related offenses declined 17 percent from 955 in 2004 to 793 in 2005. These statistics include persons arrested for

trafficking offenses, possession, and consumption. Despite the overall downward trend, arrests for methamphetamine offenses increased 14 percent. Seventy-nine percent of drug arrests in 2005 involved synthetic drugs, including Nimetazepam (26 percent of total arrests); Ketamine (24 percent); Methamphetamine (18 percent); and MDMA or Ecstasy (11 percent). This is the first time that arrests for Nimetazepam exceeded those for Ketamine. Non-synthetic drug-related arrests included marijuana (13 percent), heroin (8 percent), and cocaine (0.4 percent).

In 2005, authorities executed 48 major operations, during which they dismantled 27 drug syndicates. A majority of these arrests were conducted during sweeps of synthetic drug distribution groups, which were infiltrated by undercover Singapore narcotics officers. Singapore narcotics officers frequently perform undercover work, purchasing small, personal use amounts of narcotics from distributors. These sweeps often produce additional arrests when subjects present at arrest scenes test positive for the presence of narcotics in their system.

Corruption. Neither the government nor any senior government officials engage in, encourage or facilitate the production or distribution of narcotics or other controlled substances, or the laundering of proceeds from illegal drug transactions. The CNB is charged with the enforcement of Singapore's counter narcotics laws. The CNB and other elements of the government are well-trained professional investigators.

Agreements and Treaties. Singapore is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention on Narcotic Drugs, the 1972 Protocol amending the Single Convention, and the 1971 UN Convention on Psychotropic Substances. Singapore and the United States continue to cooperate in extradition matters under the 1931 U.S.-UK Extradition Treaty. Singapore and the United States signed a Drug Designation Agreement (DDA) in November 2000, a mutual assistance agreement limited to drug cases. Singapore has signed mutual legal assistance agreements with Hong Kong and ASEAN. The United States and Singapore have held discussions on a possible bilateral MLAT, most recently in December 2005, although there have been no formal negotiations since 2004. Singapore has signed but has not yet ratified the UN Convention against Transnational Organized Crime and the UN Corruption Convention. In April 2006, Singapore amended domestic legislation to allow for mutual legal assistance cooperation with countries for which they do not have a bilateral treaty.

Cultivation/Production. There was no known cultivation or production of narcotics in Singapore in 2004 or 2005.

Drug Flow/Transit. Singapore is one of the busiest seaports in the world. Approximately 80 percent of the goods flowing through its port are in transit or are transshipped and do not enter Singapore's customs area. Due to the extraordinary volume of cargo shipped through the port, it is highly likely that some of it contains illicit materials. Singapore does not require shipping lines to submit data on the declared contents of transshipment or transit cargo unless there is a Singapore consignee to the transaction. The lack of such information makes enforcement a challenge. Customs authorities rely on intelligence to discover and interdict illegal shipments. GOS officials have been reluctant to impose tighter reporting or inspection requirements at the port from concern that inspections could interfere with the free flow of goods, thus jeopardizing Singapore's position as the region's primary transshipment port. However, Singapore has increased its scrutiny of goods. In January 2003, Singapore's new export control law went into effect. The GOS plans to expand its strategic goods control list in January 2008. While both the law and the control list seek to prevent the flow of WMD-related goods, they introduce additional monitoring of some transshipped cargo. In March 2003, Singapore became the first Asian port to commence U.S. Container Security Initiative (CSI) operations, under which U.S. Customs personnel prescreen U.S.-bound cargo. While this initiative also is aimed at preventing WMD from entering the United States, the increased scrutiny and information it generates could also aid drug interdiction efforts.

The Government of Singapore participates in the precursor chemical control programs, including Operation Purple, Operation Topaz, and Operation Prism. The CNB works closely with DEA to track the import of modest amounts of precursor chemicals for legitimate processing and use in Singapore. CNB's precursor unit monitors and investigates any suspected domestic diversion of precursors for illicit use. The CNB also monitors precursor chemicals that are transshipped through Singapore to other regional countries, although, as noted above, data on transshipment and transit cargo are limited. Singapore notifies the country of final destination before exporting transshipped precursor chemicals.

Domestic Programs (Demand Reduction). Singapore uses a combination of punishment and rehabilitation against first-time drug offenders. Many first-time offenders are given rehabilitation instead of jail time, although the rehabilitation regime is mandatory and rigorous. The government may detain addicts for rehabilitation for up to three years. In an effort to discourage drug use during travel abroad, CNB officers may require urinalysis tests for Singapore citizens and permanent residents returning from outside the country. Those who test positive are treated as if they had consumed the illegal drug in Singapore.

Adopting the theme, "Prevention: The Best Remedy," Singapore authorities organize sporting events, concerts, plays, and other activities to reach out to all segments of society on drug prevention. Drug treatment centers, halfway houses, and job placement programs exist to help addicts reintegrate into society. At the same time, the GOS has toughened anti recidivist laws. Three-time offenders face long mandatory sentences and caning. Depending on the quantity of drugs involved, convicted drug traffickers may be subject to the death penalty, regardless of nationality.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. Singapore and the United States continue to enjoy good law enforcement cooperation. In fiscal year 2005, approximately 25 GOS law enforcement officials (including 14 from the CNB) attended training courses at the International Law Enforcement Academy (ILEA) in Bangkok on a variety of transnational crime topics. In addition, CNB officers attended a Drug Unit Commanders course in Quantico, Virginia and an International Narcotics Enforcement Managers course in Honolulu, Hawaii. The GOS has cooperated extensively with the United States and other countries in drug money laundering cases, including some sharing of seized drug-related funds discovered in Singapore banks.

The Road Ahead. The United States will continue to work closely with Singapore authorities on all narcotics trafficking and related matters. Increased customs cooperation under CSI and other initiatives will help further strengthen law enforcement cooperation.

South Korea

I. Summary

Narcotics production or abuse is not a major problem in the Republic of Korea (ROK). However, reports continue to indicate that an undetermined quantity of narcotics is smuggled through South Korea enroute to the United States and other countries. South Korea has become a transshipment location for drug traffickers due to the country's reputation for not having a drug abuse problem. This combined with the fact that the South Korean port of Pusan is one of the region's largest ports makes South Korea an attractive location for illegal shipments coming from countries which are more likely to attract a contraband inspection upon arrival. In response, the South Korean government has taken significant steps to thwart the transshipment of drugs through its territory. The ROK is a party to the 1988 UN Drug Convention.

II. Status of Country

Drugs available in the ROK include methamphetamine, heroin, cocaine, marijuana, and club drugs such as LSD and Ecstasy. Methamphetamine remains the drug of choice, followed in popularity by marijuana. Heroin and cocaine are only sporadically seen in the ROK. Club drugs such as Ecstasy and LSD continue to be popular among college students. No clandestine labs have been found in the ROK since 2004 and it is believed that most of the LSD and Ecstasy used in South Korea comes from North America or Europe.

III. Country Actions Against Drugs 2006

Policy Initiatives. In 2006, the Korean Food and Drug Administration (KFDA) continued to implement stronger precursor chemical controls under amended legislation approved in 2005. The KFDA focused its efforts on educating companies and training its regulatory investigators on the enhanced regulations and procedures for monitoring the precursor chemical program.

Law Enforcement Efforts. The number of persons arrested in South Korea in the first nine months of 2006 for narcotics use was 768, for psychotropic substance use 4,501, and for marijuana use 640. ROK authorities seized 18.2 kg of methamphetamine. Ecstasy seizures continued to decline drastically, from 20,385 tablets in 2004, to 9,795 tablets in 2005, to 319 tablets in 2006. Marijuana seizures declined slightly, from approximately 10 kg in 2005 to 8.7 kg in 2006. (Figures provided are from the first nine months of the year. Total figures for 2006 are not available.) South Koreans do generally not use heroin and cocaine is used only sporadically, with no indication of its use increasing.

Corruption. There were no reports of corruption involving narcotics law enforcement in the ROK in 2006. As a matter of government policy, the ROK does not encourage or facilitate illicit production or distribution of narcotic or psychotropic or other controlled substances, or the laundering of proceeds from illegal drug transactions.

Agreements and Treaties. South Korea has extradition treaties with 23 countries and mutual legal assistance treaties in force with 18 countries, including the United States. South Korea is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, and the 1961 UN Single Convention, as amended by its 1972 Protocol. South Korea has signed, but has not yet ratified, the UN Convention on Transnational Organized Crime and the UN Convention against Corruption. Korean authorities exchange information with international counternarcotics agencies such as the United Nations Office on Drugs and Crime (UNODC) and the International Criminal Police Organization (INTERPOL), and have placed Korean National Police and/or Korea Customs Service attaches in Thailand, Japan, Hong Kong, China, and the United States.

Cultivation/Production. Legal marijuana and hemp growth is licensed by local Health Departments. The hemp is used to produce fiber for traditional hand-made ceremonial funeral clothing. Every year, each District Prosecutor's Office, in conjunction with local governments, conducts surveillance into suspected illicit marijuana growing areas during planting or harvesting time periods to limit possible illicit diversion. In the first nine months of 2006, local authorities seized 3,783 marijuana plants, up slightly from 3,464 in 2005. Opium poppy production is illegal in South Korea, although poppy continues to be grown in Kyonggi Province where farmers have traditionally used the harvested plants as a folk medicine to treat sick pigs and cows. Opium is not normally processed from these plants for human consumption. Korean authorities continue surveillance of opium poppy-growing areas and seized 29,162 poppy plants in the first nine months of 2006.

Drug Flow/Transit. Few narcotic drugs originate in South Korea, and none are known to be exported. However, the ROK does produce and export the precursor chemicals acetone, toluene, and sulfuric acid. Most Koreans who attempt to smuggle methamphetamine into South Korea travel from China, and on a few occasions, the smugglers have indicated that the methamphetamine originated in North Korea and was transshipped through China. A majority of the LSD and Ecstasy used in South Korea has been identified as coming from North America or Europe. People living in metropolitan areas are known to use marijuana originating in South Africa and Nigeria, whereas those living in rural areas appear to obtain their marijuana from locally produced crops. There have been instances in past years of transshipment through South Korea of some chemical precursors, including potassium permanganate and acetic anhydride from China to Mexico and Turkey, but there were no reports of such activities in 2006.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives and Programs. The U.S. Embassy's Drug Enforcement Administration (DEA) Seoul Country Office and U.S. Immigration and Customs Enforcement (ICE) officials work closely with ROK narcotics law enforcement authorities, and the DEA considers this working relationship to be excellent.

Bilateral Cooperation. The DEA Seoul Country Office has focused its 2006 efforts on international drug interdiction, seizures of funds and assets related to illicit narcotics trafficking, and the diversion of precursor chemicals in South Korea and in the Far East region. The DEA Seoul Country Office organized, coordinated, and hosted a one-week training seminar on International Asset Forfeiture and Money Laundering Investigations. This training was co-hosted by the Korean Supreme Prosecutors Office (KSPO) with 50 prosecutors, investigators, and analysts from the Korea Financial Intelligence Unit, KSPO, Korean Customs Service (KCS), Korean National Intelligence Service (KNIS), and the Korean National Police Agency (KNPA) in attendance. The DEA Seoul Country Office also held two, one-week training seminars on Chemical Control and Precursor Chemical Diversion, co-hosted respectively by the KCS and the KFDA. Approximately 100 agency directors, scientists, supervisors, section chiefs, analysts, senior investigators, and regulatory investigators attended.

The DEA in Seoul recently completed a modified controlled delivery of crystal methamphetamine originally intended for transshipment through South Korea from China to Guam. Working with the KSPO, KNIS, and KCS, the investigation resulted in the dismantling of an international crystal methamphetamine organization in South Korea and in the United States. The DEA Seoul Country Office continues to share intelligence regarding the importation of precursor chemicals into South Korea from the United States and other Asian countries with the KFDA, KCS, KSPO, and KNIS. DEA also works closely with the KSPO and KCS in their activities to monitor airport and drug transshipment methods and trends, including the use of international mail by drug traffickers.

The Road Ahead. ROK authorities have expressed concern that the popularity of South Korea as a transshipment nexus may lead to greater volume of drugs entering Korean markets. Korean authorities fear increased accessibility and lower prices could stimulate domestic drug use in the future. The DEA Seoul Country Office will continue its extensive training, mentoring, and operational cooperation with the ROK authorities.

Taiwan

I. Summary

There is no evidence to suggest that Taiwan is reverting to a transit/trans-shipment point for drugs bound for the U.S. However, domestic usage and seizures of psychotropic drugs like ketamine and MDMA increased in 2006. Taiwan Customs and counternarcotics agencies work closely with their DEA counterparts, guided by the Mutual Legal Assistance Agreement (MLAA) between the American Institute in Taiwan (AIT) and the Taipei Economic and Cultural Representative Office (TECRO) in the U.S. As part of the Drug Signature program, DEA received several samples of heroin, MDMA and methamphetamine in 2006, demonstrating Taiwan's commitment to fully implement a 2004 provision that permits samples of narcotics seized in Taiwan to be provided to other law enforcement agencies for testing and analysis. Although no controlled deliveries were conducted this year, other significant investigations resulting in narcotics seizures and drug intelligence collection were reported. Taiwan is not a member of the UN and therefore cannot be a party to the 1988 UN Drug Convention. Nevertheless, the Taiwan authorities have amended existing legislation, and passed new legislation consistent with the goals and objectives of this Convention.

II. Status of Taiwan

Taiwan's role as a major transit/transshipment point for narcotics has diminished due to law enforcement efforts and the availability of alternate routes within southern China. Taiwan authorities continue to strengthen antinarcotics efforts with enhanced airport interdiction, coast guard and customs inspections, surveillance and other investigative methods. Some drugs, however, continue to transit Taiwan enroute to Japan and the international market. The People's Republic of China (PRC), the Philippines, North Korea, Thailand and Burma remain the primary sources of drugs smuggled into Taiwan. In 2006, Taiwan law enforcement and customs agencies continued to seize drug shipments originating from Thailand and Burma as well as identifying heroin shipments seized in Thailand destined for the Taiwan market.

III. Actions Against Drugs In 2006

Policy Initiatives. Taiwan's Legislative Yuan (LY) again failed to enact any new counternarcotics legislation in 2006 due to protracted infighting between the two major political blocs in the LY. Legislation that would permit the use of confidential sources of information and enable undercover operations is no longer being considered, and a proposal aimed at establishing a unified drug enforcement agency modeled after the U.S. DEA remains stalled by the infighting. However, within the Executive Yuan (EY), an Anti-Drug Council was established to coordinate and approve an island-wide antidrug strategy. The council held its first meeting in June 2006 and developed an antidrug policy focusing on four major areas: drug enforcement; drug abuse rehabilitation; an antidrug awareness campaign; and international counternarcotics cooperation and chemical control. The EY Anti-Drug Council is tentatively scheduled to hold meetings at least twice a year to discuss and review progress on these four antidrug initiatives.

Law Enforcement Efforts. In the absence of a single drug enforcement agency, the Ministry of Justice continues to lead Taiwan's counternarcotics efforts with respect to manpower, budgetary and legislative responsibilities. The Ministry of Justice Investigation Bureau (MJIB), the National Police Administration Criminal Investigation Bureau (NPA/CIB), Foreign Affairs Police Bureau, Aviation Police Bureau, Coast Guard Administration and Customs, however, all contributed to counternarcotics efforts in 2006. MJIB and NPA/CIB continue to cooperate on joint investigations and openly share information with their DEA counterparts. In October 2006, a joint investigation

involving MJIB, the Taiwan Coast Guard and DEA culminated with the seizure of 240 kg of ketamine from a Taiwan fishing vessel. The timely exchange of intelligence allowed the Taiwan authorities to track the shipment of ketamine from India and seize it before it reached the port of Kaohsiung in southern Taiwan. From January through September 2006, Taiwan authorities seized 160.69 kg of methamphetamine, 258.45 kg of semi-processed amphetamine, 120.48 kg of heroin, 3.21 kg of MDMA, 159.42 kg of ketamine, and 3.36 kg of marijuana.

Corruption. There is no indication that the Taiwan authorities, as a matter of policy, either encourage or facilitate the illicit production or distribution of narcotics, psychotropic drugs or other controlled substances, nor launder proceeds from illegal drug transactions. No cases of official involvement in narcotics trafficking or the laundering of proceeds from illicit drug transactions were reported in 2006.

Agreements. In 1992, AIT and its counterpart, TECRO, signed a Memorandum of Understanding on Counternarcotics Cooperation in Criminal Prosecutions. The AIT and TECRO Customs Mutual Legal Assistance Agreement signed in 2001 entered into force in March 2002.

Drug Flow/Transit. Thailand, Burma, and North Korea remain the principal sources for heroin, but there is increasing evidence that heroin is also being smuggled into Taiwan from Cambodia and Vietnam. The PRC, Philippines, and Malaysia are seen as intermediary smuggling points for methamphetamine and psychotropic drugs, such as ketamine and MDMA, destined for Taiwan. India is also emerging as a primary source for diverted pharmaceutical-grade liquid ketamine, which is typically converted to a powdered form in the Philippines and Malaysia and then smuggled into Taiwan or other international markets. Fishing boats, cargo containers and couriers remain the primary means of smuggling these types of drugs into Taiwan, but there has also been a marked increase in the number of drug seizures at Taiwan's international airports. Most of the drugs smuggled into Taiwan appear to be for local consumption; the remainder is intended for further distribution to international markets, especially Japan. Figures issued by Taiwan's Department of Health indicate that heroin and methamphetamine use has remained relatively unchanged in 2006, but the use of psychotropic drugs like ketamine and MDMA has increased. Similarly, heroin and methamphetamine seizures decreased in 2006, while seizures of ketamine increased. Seizures of both domestically produced methamphetamine and methamphetamine that was imported from mainland China remained at the same levels in 2006.

Domestic Programs. The Ministry of Education and the Taiwan National Health Administration continue to forge partnerships with various civic and religious groups to raise awareness about the dangers of drug-use and educate the public about the availability of treatment programs. One of Taiwan's main antidrug strategies in 2006 focused on the establishment of Drug Abuse Prevention Centers in each city or county government as a means to raise awareness and coordinate the antidrug efforts at the local level.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. Working with the local authorities to prevent Taiwan from reverting to its earlier status as major transit / transshipment point for U.S.-bound narcotics remains the primary goal of U.S. counternarcotics policy. Counternarcotics training and institution building have proven to be the cornerstones of this policy. In September 2006, the DEA provided advanced narcotics in-service training to over one hundred officers from various Taiwan law enforcement and customs agencies. The training highlighted regional drug trends and provided new insights on money laundering investigations, intelligence collection techniques, and precursor chemical control matters. The DEA also sponsored two Coast Guard Administration agents and one NPA/CIB agent to attend drug intelligence training at the Justice Training Center in Quantico, Virginia in 2006. Taiwan law enforcement and customs agencies enjoy a close working relationship with the DEA and AIT's Regional Security Office. Agents from MJIB, NPA/CIB and the Coast Guard

Administration all participated in joint investigations and shared intelligence with their DEA counterparts in 2006, resulting in several significant drug seizures and arrests in Taiwan and throughout the EAP region.

Road Ahead. AIT and DEA anticipate building upon and enhancing what is already an excellent working relationship with Taiwan's counternarcotics agencies. Besides an advanced narcotics in-service seminar, the DEA has also provided clandestine lab safety training and precursor chemical training to Taiwan counterparts with the intent of creating an island-wide clandestine lab response capability. In the coming year, the DEA fully expects to conduct additional training in the areas of drug intelligence analysis, smuggling methods, tactical raid planning, as well as training for financial and money laundering investigations. This training will strengthen the investigative abilities of Taiwan's law enforcement agencies while, at the same time, promoting continued cooperation and information exchange in the counternarcotics effort. More intelligence exchange and jointly conducted investigations are anticipated in 2007. DEA will also continue to promote the Drug Signature Program to receive samples of drugs seized in Taiwan.

Thailand

I. Summary

Thailand remains one of the United States' foremost partners in combating drug trafficking and international crime. Thai-U.S. bilateral cooperation is exemplary, and joint investigations are routinely conducted between Thai counternarcotics entities and the U.S. Drug Enforcement Administration (DEA). Thai authorities cooperate with all major international narcotics control efforts. For its part, the United States contributes significantly to Thai counternarcotics efforts by providing funding, equipment, training, professional expertise, drug intelligence and personnel resources. This partnership between the two countries has over the decades led to remarkable degrees of cooperation that continue to evolve, broaden, and mature.

The United States government removed Thailand from the U.S. list of major drug producing countries in the late 1990s because of the country's success in limiting opium cultivation to its current low levels, and from the list of major drug transit countries in 2004 when it was apparent that local trafficking in and through Thailand had no significant impact on the United States. There is, effectively, no cultivation or production of heroin, methamphetamine or other drugs in Thailand today although Burma-based trafficking organizations still use Thailand as a transit nation and a market for sale of drugs produced in Burma. The primary drugs of concern today in Thailand are amphetamine type stimulants (ATS), which although less widespread than a few years ago are still readily available across the country. "Club drugs" such as Ecstasy and ketamine are of continuing concern, and mainly used by some affluent Thai and foreign visitors.

Narcotics traffickers transiting drugs through the Kingdom pose a continuing challenge to efficient Thai enforcement agencies. As the Thai agencies succeed with suppression in targeted areas, the smuggling routes change in response. Heroin continues to move across southern China destined for Thailand and beyond, while methamphetamine, and to a lesser degree, heroin moves from Burma into Laos via the Mekong River and Lao highways, and into Cambodia or Thailand. Some opium also enters Thailand from Laos, and marijuana is trafficked into/through Thailand from both Cambodia and Laos. This modification of smuggling routes over the past three years is a testament to the effectiveness of Thai authorities at investigating and interdicting cross-border drug shipments.

The September 19 bloodless military coup that removed Prime Minister Thaksin Shinawatra from power had little apparent effect on Thai efforts to combat illicit narcotics. U.S. counternarcotics assistance was suspended immediately after the coup in order to review the applicability of U.S. law. After an interagency review in Washington, a decision was made to resume most counternarcotics assistance after a short hiatus. However, the United States and other countries have criticized a system adopted by Thai law enforcement authorities since 2004 that pays officials personal reward payments for making seizures of drug and other money laundering proceeds. The United States has, in addition, suspended technical assistance to Thailand's AntiMoney-Laundering Office (AMLO), as well as forfeited asset sharing based on cooperation by the AMLO, until the reward system is suspended. Thailand is a party to the 1988 UN Drug Convention.

II. Status of Country

Use of low-dosage methamphetamine pills made of caffeine, filler, and methamphetamine known locally as "ya ba" or "crazy medicine," remains steady at last year's level, and fairly widespread in Thailand. In contrast, there is some indication of reduced levels of heroin trafficking.

The region's largest drug producer, the Burma-based United Wa State Army (UWSA), publicly pledged to eliminate opium poppy cultivation by the end of 2005, and in fact appeared to reduce poppy cultivation, although it was not eliminated by their self-proclaimed target date. Despite a substantial decrease in opium production, there appeared to be a push to move more heroin through Thailand and into Malaysia beginning in 2005, and to a lesser degree 2006. It appeared to some that Burma-based trafficking organizations were trying to make last-minute profits from the heroin trade while diversifying their production capacity to more profitable synthetic drugs that are not subject to the vagaries of cultivation.

The shift in drug production in the region has had an impact on drug abuse and transit patterns in Thailand. "Ya ba" methamphetamine tablets are quite widely used in Thailand and likely remain the most used illicit substance in the country. However, the consumption rates and volumes have declined since former Prime Minister Thaksin's controversial drug war of 2003. Prices today remain three times what they were prior to Thaksin's "drug war" and demand is down across much of the country. There are, however, some exceptions to this trend. DEA reporting in May 2006 suggested that in some provinces methamphetamine tablets were making a comeback and a poll carried out by Bangkok's Assumption University indicated that use, mostly by young people, of "ya baa" methamphetamine tablets in Bangkok and three adjoining provinces might have risen as much as 700 percent in the past three years. The poll suggested that the increase was due to a lull in police attention in the wake of the apparently successful "Drug War."

At the same time, there has been an increase in crystal methamphetamine "ice" seizures, though Thai officials believe most of the "ice" seized was destined for markets outside the country. "Ice" abuse in Thailand is still restricted primarily to entertainment districts in the larger cities. "Ice" is smoked in a fashion similar to crack cocaine and costs $50 to $107 per gram on the street or $6970 - $10,720 per kg, wholesale. The "ice" that transits Thailand for regional markets usually goes to established markets in Malaysia, Indonesia, Singapore, the Philippines, Taiwan and Japan.

Methamphetamine in its pill form is still the drug of choice in Thailand, although there is some demand for Ecstasy and a small market for cocaine. Ecstasy arrives in Thailand from a variety of sources including Cambodia, Malaysia, Burma, Europe and Canada. The cocaine market in Thailand, like that of Ecstasy, is still primarily restricted to some wealthy Thai and foreigners. A large percentage of the cocaine arriving in Thailand is actually in transit for other regional countries such as Japan, Korea and China. Although the cocaine market is still largely controlled by West African criminal organizations, South Americans (Peruvians, Bolivians and Colombians) have become much more engaged in Thailand and the region than ever before. There has also been a noticeable rise in money laundering efforts by Colombians and other South Americans in Thailand.

Marijuana is still a staple of use in Thailand. Sold and consumed quietly without much attention, a steady market remains across most of Thailand. It is still used by some as a flavoring ingredient in curries and noodle soup.

Drug users in Thailand, similar to those in other Asian countries, also look for alternatives to more commonly used drugs that might be less expensive or more easily available locally. In Thailand, two alternatives are routinely used to varying degrees. In southern Thailand, kratom leaves from a local plant are chewed much like coca leaves in the Andean region of South America to create a mild "high." Kratom enjoys regional popularity in the south, but is not widely used in other parts of Thailand. Another alternative more commonly used throughout the country is ketamine, which is used by veterinarians as an anesthesia. Ketamine has become widely used throughout Asia by those seeking an alternative "high" without the same criminal liabilities as other controlled substances. It is found in both liquid and powder forms, and most of the ketamine used in Thailand is produced in India. Besides being a tranquilizer, it has hallucinogenic side effects and is often used by those

engaged in the party scene because it is cheaper and considered less dangerous than Ecstasy. Ketamine causes distorted perceptions of sight and sound and makes the user feel disconnected and out of control. The coordination and senses of ketamine users are impaired for up to 24 hours while the hallucinogenic effects can last 90 minutes. Finally, although they are not always listed as a controlled substance, there is significant abuse of inhalants such as glue that impoverished users turn to, as it is readily available.

The degrees of availability of the drugs mentioned above are a reflection of the dynamic interplay of drug supply, interdiction efforts and demand factors. Thai government analysis concluded that as of June 2006 as many as 38 sites in northern Thailand were being used to store an assortment of drugs, awaiting orders or distribution. There were also unconfirmed Thai reports of nearly 80 million methamphetamine tablets, 450 kg of "ice" and nearly 2,000 kg of heroin available in storage that could readily be transported to international markets or distributed for internal Thai consumption as opportunities arise. Even if these estimates are unconfirmed, Thailand appears to remain an important regional transit country for illicit drugs.

III. Country Actions Against Drugs in 2006

Policy Initiatives. There were initiatives in alternative development, treatment and policing. Thailand is a recognized regional leader for its development and implementation of counterdrug programs including alternative crop development, treatment, demand reduction, interdiction and enforcement, and its commitment to cooperation with neighboring nations.

Thailand hosted three important events in 2006: the 27th ASEAN Senior Officials on Drug Matters, the 5th Asian Youth Congress, and the 16th International Federation of Non-Governmental Organizations (IFNGO) ASEAN NGO Workshop - the later two in cooperation with the U.S. Department of State and the U.S.-funded Colombo Plan. These meetings convened over a thousand participants from a dozen nations and helped strengthen regional cooperation, demand reduction strategies, and operational techniques. The ASEAN Senior Officials meeting highlighted alternative development — an area in which Thailand has demonstrated remarkable success over the years.

Two royally-supported development projects in north Thailand continued to develop and provide sustainable agricultural programs to highland populations that were once dependent on opium poppy cultivation as a source of income as well as a source of drugs for their own consumption. The royal projects and Mae Fa Luang Foundations have for several decades carried out programs of education, skills training, environmental conservation, cultural preservation, tourism and humanitarian activities in order to ensure that ethnic hill-tribe farmers continue to have viable alternatives to poppy cultivation as well as a steadily increasing standard of living. Coffee, fruits, vegetables, flowers, and handicrafts provide realistic and sustainable alternatives to drug trafficking.

Another royal initiative, The Mae Fa Luang Foundation has developed successful dynamic market-driven projects in the Golden Triangle area since 1988, and extended crop-substitution programs on a limited scale to Burma's Shan State with the cooperation of local leaders beginning two years ago, and claims to show positive results. The foundation also began to explore possible development models based on animal husbandry to a province in Afghanistan with the hope of countering opium growing there, as well. Similarly, the Royal Projects Foundation also began conducting its own crop-substitution project in Afghanistan financed by a modest U.S. Department of State grant. The program, still at the data research stage, is aimed at offering to local farmers viable alternatives to growing opium. Both projects have carried out thoughtful initial steps toward their goals, but are currently constrained in what they can accomplish by the terrorist violence in Afghanistan.

Thailand also leads the way in establishment of alternatives to incarceration for drug offenders. While traffickers are dealt with strictly, drug abusers and addicts are now by policy given alternative to incarceration by the courts. Thailand employs community and family-based outpatient treatment, boot camp rehabilitation and traditional drug treatment centers. Thai abuse-treatment professionals employ a realistic approach, recognizing that regional differences in education, religion, traditions and family mores argue against a "one size fits all" approach to drug education and rehabilitation.

The Royal Thai police and Ministry of Justice are engaged in a new initiative to upgrade and improve capacity and management of their respective forensic crime laboratories' with expertise and financial assistance from the U.S. Government. This effort is aimed at improving the accuracy of evidence collection and analysis. Better case preparation and presentation will facilitate the successful prosecution of drug cases as well as other complicated criminal cases.

Law Enforcement Efforts. Thailand's regional efforts at border interdiction and law enforcement coordination include improved policing of the Thai-Lao borders in the north and northeast regions of the country. Markedly improved cross-border operational communications along the Mekong River has developed within the past year, fostered in part by the inauguration of scheduled joint Lao-Thai river patrols using U.S. Government-purchased boats and other non-lethal equipment. Lao and Thai border law enforcement authorities now benefit from improved contacts and better communications tools, including cellular telephones and handheld radios that facilitate cross-border operational communications.

Drugs are commonly transported into northern Thailand via couriers and caravans utilizing the vast mountainous jungle trail networks, and are increasingly transshipped through Laos and Cambodia from where they are introduced into northeastern and eastern Thai towns. Once inside Thailand, the drugs are transported to Bangkok and other distribution areas by vehicle. Use of the mail system also continues to be a common means for moving drugs within and out of the country.

Thai law enforcement authorities have employed extensive training and modern equipment to respond to this threat. A wide assortment of counter narcotics tools, including confidential sources, undercover operations, controlled deliveries and court-authorized wiretaps, are available and are used in drug suppression and interdiction. Thai agencies also adjust their strategy and tactics to meet the changing threat from modern-day drug trafficking groups as the traffickers adapt and alter their own operations. When traffickers shifted their smuggling routes to Laos and Northeast Thailand, Thai authorities quickly moved enforcement capacity to those areas. A new USG-outfitted drug intelligence center in northeastern Thailand will further bolster counter narcotics coordinating and operational capabilities.

Several investigations during 2006 reflect the effectiveness of Thai authorities in conducting counter narcotics operations.

- In January, agents from the Department of Special Investigation, Office of the Narcotics Control Board (ONCB) and Anti-Money Laundering Office (AMLO) arrested five Thai businessmen in Songkhla province, seizing assets worth over $20,500,000. The group was allegedly involved in heroin, methamphetamine, and Ecstasy distribution and their assets were suspected to have been obtained with drug proceeds.
- In January, Thai immigration officers at Bangkok International Airport arrested a Ghanaian male with 2 kg of cocaine and 400 grams of marijuana after his arrival on an inbound flight.

- In April, police Narcotics Suppression Bureau (PNSB) agents, supported by a DEA-sponsored Sensitive Investigative Unit (SIU) in Bangkok arrested four individuals and seized 38 kg of crystal methamphetamine in the seaside resort town of Pattaya.
- In May, PNSB/SIU agents in Bangkok arrested two Thai nationals and seized 94,600 tablets of methamphetamine in Bangkok. Officers also seized the Thai equivalent of approximately $36,484 and a vehicle.
- In July, SIU, DEA and other Thai counterparts seized 330,000 methamphetamine tablets (33 kg) and arrested six Thai nationals during two separate controlled deliveries.
- In August, Thai authorities seized eight kg of cocaine from four Peruvian males and two Peruvian females at the Bangkok International airport. This pattern of cocaine smuggling increased during 2006.
- Also in August, an investigation by SIU and DEA units in northern Thailand culminated in the seizure of 14 kg of heroin and two vehicles in Hat Yai, south Thailand. Five persons were arrested, including four Malaysian nationals and one Thai national.

Corruption. As a matter of government policy, Thailand does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of drug proceeds, either by individuals or government agencies. Additionally, no senior official of the Thai government is known to engage in, encourage, or facilitate the illicit production or distribution of narcotic or psychotropic drugs or other controlled substances or the laundering of proceeds from drug transactions.

Corruption remains a problem in Thai society, nonetheless, and is frequently chronicled by press reports, high-profile court cases and anecdotal information although such reported incidents are rarely drug-related. Still, some drug-related corruption is likely, given the volume and value of drugs consumed in and moving through Thailand.

One example occurred in 2006: Thai provincial police arrested a Thai male with 1,800 tablets of methamphetamine, and subsequent investigation revealed the source of the drugs to be a provincial police officer. Police set up a sting operation, which led to the arrest of two Narcotics Suppression Bureau officers, who subsequently led officers to a stash of an additional 38,500 tablets. Also implicated in this case was a unit captain for whom an arrest warrant was issued. The captain is currently a fugitive, while the others remain in custody.

Of great concern to United States and other governments is a reward system adopted by the RTG Anti-Money Laundering Office (AMLO) in 2004. The system, under which law enforcement officers receive personal commissions as a portion of financial assets they seize that subsequently are forfeited in money laundering cases, is directly at odds with international standards. This reward system threatens the integrity of Thailand's anti-money laundering regime and undermines the rule of law by causing law enforcement priorities to be guided by personal rather than public interest. The system creates a conflict of interest by giving law enforcement officers a direct financial stake in the outcome of forfeiture cases. Since their inception, the United States and others nations have repeatedly called on the Thai government to rescind the reward program since its inception and the United States subsequently suspended technical assistance to the AMLO, as well as forfeited asset sharing based on cooperation by AMLO, until the system is eliminated.

Agreements and Treaties. Thailand is a party to the 1988 UN Drug Convention, is an active participant in the Colombo Plan, and a participant in the ASEAN and China Cooperative Operations in Response to Dangerous Drugs (ACCORD) Organization. Thailand signed the ASEAN Treaty on Mutual Legal Assistance. The Kingdom also maintains less formal agreements

such as the memorandum of intent with China that outlines an agreement to share information on seized drugs.

The United States and Thailand have an extradition treaty in force, and the Thai have always been among the top partners of the U.S. in this area. In the first three quarters of calendar year 2006, Thai authorities extradited two individuals on drug charges, plus others on non-drug charges. The United States and Thailand also have had a bi-lateral Mutual Legal Assistance Treaty in force since 1993.

Cultivation/Production. Thailand is not a significant cultivation or drug production nation, but is a net importer of drugs and also serves as a trans-shipment point.

Heroin: Thailand has for some time been a net importer of opium. The small quantities of opium that are actually produced cannot even support domestic needs in traditional opium smoking ethnic regions, much less sustain heroin production. Nevertheless, small pockets of local cultivation continue, usually by ethnic highlanders attempting to supplement their meager incomes or their own consumption needs. The Thai Office of Narcotics Control Board (ONCB) conducts year-round surveillance of upland areas of northern Thailand where new plantings are most likely to occur, usually on plots of half an acre or less. The office coordinates at least one opium eradication campaign per year that is carried out by Thai 3rd Army units that have become expert in this activity. These activities are carried out with some financial support from Embassy Bangkok's narcotics affairs section as well as with leads and intelligence developed by the DEA Bangkok Country Office.

Marijuana: Historically, marijuana has been cultivated in small fields across wide regions of northeast and south Thailand. It is still grown in rural north Thailand, largely for local consumption.

Methamphetamine: There have been no significant or unusual developments to report on methamphetamine tablet production in the region or importation into Thailand over the past year. However, the production of crystal methamphetamine or “ice” in the Shan State of Burma continues to be reported, from multiple sources.

Drug Flow/Transit. Thailand remains an important regional transit country for heroin and methamphetamine entering the international marketplace, including the United States, but in very modest quantities. Much of the heroin leaving Thailand is marketed in Taiwan, Australia or other countries. However, several crime organizations still ship small amounts of heroin to New York, New Jersey, Chicago (and other Midwestern locations), the Pacific Northwest, and California.

Burmese-based international drug trafficking organizations continue to produce hundreds of millions of kg of methamphetamine tablets (known locally as “ya ba”) each year. A substantial portion of these end up in Thailand, as “ya ba” probably remains the number one drug of choice in the Kingdom.

The increase in cocaine importation and trafficking in Thailand continued in 2006, and the DEA Bangkok field office is conducting multiple investigations into organizations that are smuggling cocaine from South America (mostly Brazil, Peru and Bolivia) for distribution in Thailand or transshipment to Taiwan, Japan and elsewhere in Asia. A recent trend is of South American males arriving in Thailand, Cambodia and Malaysia with quantities of cocaine secreted inside their bowels. These “swallowers” can ingest anywhere from 50 to 150 capsules, using prophylactic containers.

A typical seizure of this nature generally ranges from 0.5 to 1.75 kg of cocaine. There was an unexplained flurry of Peruvians arriving in 2006 after having swallowed cocaine-filled capsules.

Ecstasy trafficking continues to become somewhat more common in Thailand, though higher prices still restrict the market. Sources have expanded beyond Europe and Canada, but earlier reports of Ecstasy production in Burma have not yet been confirmed.

Thailand-based enterprises continue to market steroids and other pharmaceuticals on a worldwide scale, much of which end up in markets where such products are illegal including the U.S. and Europe. One Thai organization under investigation produces steroids in three countries, distributes to multiple companies around the world and launders much of its proceeds through Thailand.

Domestic Programs/Demand Reduction. Thailand carries out a comprehensive range of demand reduction programs that encompass combinations of educational programs for the public and treatment for users. In the past three years the Thai government has taken positive steps to substitute treatment programs for prison terms in instances where the drug user was clearly caught in possession of quantities of drugs for personal use and lacked any intent to distribute. In 2005, a demand reduction national task force was formed to promote greater emphasis on treatment versus incarceration for users, and to launch a "drug free workplace" project among other initiatives.

In a highly visible drug awareness and demand reduction program, the Thai royal family enthusiastically endorsed a nationwide program known as "To Be Number One," that aims to broadly educate Thai society on the dangers of drug use. HRH Princess Ubolratana Rajakanya is a highly respected figure in Thai society who serves as the spokesperson for this effort, using her position to elevate and highlight the importance of drug prevention. The program has developed an image of being both worthy of respect and "fun." This high profile education and awareness campaign is conducted in close cooperation with private organizations, NGO's and public institutions and uses radio, television and printed media to reach its audiences.

In 2006 the U.S. mission began funding a project in northern Thailand to determine the effectiveness of treatment programs by interviewing former methamphetamine users. The program is being conducted by a regional treatment hospital in Chiang Mai city and collaborates with university of Southern California researchers who receive their funded by the U.S. National Institute for Health. The results gleaned from this research should help the Thai and U.S. demand reduction community better understand how to develop future treatment programs.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. In September 2006 the U.S. and Thailand signed a Letter of Agreement (LOA) that provides $1.65 million in narcotics cooperation assistance, including $1.24 million for the continued operation of the International Law Enforcement Training Academy (ILEA) in Bangkok, which provides training to government officials and police officers from 20 regional countries. In addition to ILEA's regional training programs, ILEA also conducts a range of bilateral skills-building courses and seminars throughout the year that benefit Thai law enforcement and government agencies. These programs include training visits by U.S. law enforcement professionals and purchases of non-lethal equipment and other commodities to facilitate Thai government activities against illicit drug and organized crime.

Thailand is one of eleven countries worldwide in which the United States Drug Enforcement Administration (DEA) has established Sensitive Investigative Units (SIU). Thai SIU participants receive specialized training and undergo a rigorous vetting process in order to be selected for the program. This process assures a cadre of highly competent counterparts with whom DEA works closely to target major drug trafficking organizations. Five SIU teams currently operate in Thailand, all focused on the most important trafficking groups in the region. Information from SIU resources permitted the re-indictment of Burma-based trafficker in late 2004 along with members of his cohort. DEA considers the Thai SIU program to be very successful.

The Road Ahead. The United States will continue to work closely to support Thai government counternarcotics efforts to interdict illicit drugs moving towards the United States, as well as collaborate on a broad range of international crime control issues using material, legal and technical support approaches. The U.S. will continue supporting Thai/Lao maritime security by providing small river patrol boats and associated training/equipment. The U.S. will also pursue justice sector reform at the request of Thai counterpart agencies, and utilize seconded U.S. Department of Justice personnel as well as private sector organizations such as the American Bar Association to help achieve this goal. ILEA Bangkok will continue to aggressively promote regional law enforcement cooperation and the building of technical skills in order to enhance capacity to fight transnational crime and illicit drug trafficking.

The U.S. Government will continue to pressure Thailand to eliminate the reward systems in place at the Anti Money Laundering Office, and in fact the Royal Thai Government has indicated willingness to discard the program. The September 2006 coup d'etat in Bangkok slowed down progress toward this goal as senior government positions changed hands, but renewed contacts with Ministry of Justice officials by the U.S. Mission now indicate strongly that Thai authorities will rescind the program in early 2007. The U.S. is therefore hopeful that technical assistance to AMLO can be resumed soon.

V. Statistical Tables

Seizure data below was gathered from the Asia and Pacific Amphetamine-Type Information Centre, a Bangkok-based United Nations Office of drugs and crime project on data and trends with which the Thai government cooperates, and from the Office of the Narcotics

Control Board of the Royal Thai Government.

Methamphetamine tablets ("ya ba"):

2004 31.1 million tablets

2005 17.4 million tablets

2006 6.6 million tablets (as of July)

Crystal methamphetamine ("ice"):

2004 47.3 kg

2005 322.2 kg

2006 114.8 kg (as of October)

Ketamine:

2004 163.9 kg

2005 47.3 kg

2006 15.1 kg (as of July)

Opium seized, includes raw, cooked, and poppy plants:

2004 1,594.6 kg

2005 5,765.7 kg

2006 629.3 kg (as of July)

Heroin:

2004 820.2 kg

2005 951 kg

2006 38 kg (as of July)

Ecstasy:

2004 31.2 kg

2005 8.4 kg

2006 4.5 kg (as of July)

Cocaine:

2004 12.3 kg

2005 6.7 kg

2006 15.8 kg (as of July)

Vietnam

I. Summary

The Government of Vietnam (GVN) continued to make progress in its counternarcotics efforts during 2006. Specific actions included: sustained efforts of counternarcotics law enforcement authorities to pursue drug traffickers; increased attention to interagency coordination; continued cooperation with the United Nations Office on Drugs and Crime (UNODC); increased attention to both drug treatment and harm reduction; continued public awareness activities; and, additional bilateral cooperation on HIV/AIDS. The United States and Vietnam continued to implement training and assistance projects under the counternarcotics Letter of Agreement (LOA), and signed an amendment to the LOA in April to provide additional training assistance to the GVN. Operational cooperation with the U.S. Drug Enforcement Administration's (DEA) Hanoi Country Office (HCO) continued to lag behind expectations. In November 2006, DEA and the GVN's Ministry of Public Security (MPS) concluded a memorandum of understanding intended to facilitate operational cooperation between the two agencies on transnational counternarcotics matters. In 2005, Vietnam was removed from the list of major drug-producing countries because actual drug cultivation clearly fell below the 1,000-hectare threshold for Majors. Vietnam is a party to the 1988 UN Drug Convention.

II. Status of Country

This year, the GVN claims that there are only about 170 ha of opium under cultivation nationwide and that official UNODC statistical tables no longer list Vietnam separately in drug production analyses. Cultivation in Vietnam probably accounts for only about one percent of the total cultivation in Southeast Asia, according to law enforcement estimates. DEA has no evidence of any Vietnamese-produced narcotics reaching the United States. There appear to be small amounts of cannabis grown in remote regions of southern Vietnam.

In the past, Vietnam has not been confirmed as a source or transit country for precursors. However, one precursor of concern to DEA that has historically been produced in large quantities in Vietnam is sassafras oil. This precursor to MDMA production is no longer produced in Vietnam, but it continues to be imported into Vietnam for re-export to third countries. The potential for diversion of sassafras oil into clandestine MDMA production remains an area of concern for DEA.

The GVN and UNODC are cooperating on a project titled "Interdiction and Seizure Capacity Building with Special Emphasis on ATS and Precursors." Implementation of that project continued successfully into 2006 with the deployment of counternarcotics interagency task forces in six "hotspot" provinces. In 2006, the GVN continued to view the Golden Triangle as the source for most of the heroin supplied to Vietnam.

GVN authorities are particularly concerned about rising ATS use among urban youth. During 2006, the GVN increased the pace of enforcement and awareness programs that they hope will avoid a youth synthetic drug epidemic. Resource constraints in all aspects of narcotics programs are pervasive, and GVN counternarcotics officials note that, as a developing country, Vietnam will face such resource constraints for the foreseeable future. Drug laws remain very tough in Vietnam. For possession or trafficking of 600 grams (something more than one pound) or more of heroin, or 20 kg (44 pounds) of opium gum or cannabis resin, the death penalty is mandatory. Foreign law enforcement sources do not believe that major trafficking groups have moved into Vietnam. Relatively small groups comprised of from 5 to 15 individuals (who are often related to each other) usually do most narcotics trafficking.

III. Country Actions Against Drugs in 2006

Policy Initiatives. The structure of the GVN's counternarcotics efforts is built around the National Committee on AIDS, Drugs and Prostitution Control (NCADP), which includes 18 GVN ministries and people's organizations as members. In addition, MPS, as NCADP's standing member, has a specialized unit to combat and suppress drug crimes. During 2006, many provinces and cities implemented their own drug awareness and prevention programs, as well as demand reduction and drug treatment. The GVN continues to view drug awareness and prevention as vital tools and significant objectives in its fight against drugs, as well as integral parts of its effort to comply fully with the 1988 UN Drug Convention. The GVN has continued to rely heavily on counternarcotics propaganda, culminating in the annual drug awareness month in June 2006. Officially sponsored activities cover every aspect of society, from schools to unions to civic organizations and government offices. In 2006, the GVN extended its ongoing effort to de-stigmatize drug addicts in order to increase their odds of successful treatment, and to help control the spread of HIV/AIDS.

Law Enforcement Efforts. According to GVN statistics, during the first six months of 2006, there were 5,362 drug cases involving 8,259 traffickers. Total seizures include 104.2 kg of heroin, 47.55 kg of opium, 549.2 kg of cannabis, 35,068 ATS tablets, 1,185 ampoules of addictive pharmaceuticals, and 5,188 kg of precursor chemicals. The number of cases and traffickers represents increases of 3.7 and 6.5 percent, respectively, compared with the same period of 2005. Law enforcement authorities nationwide raided and closed-down 507 locations related to illegal drug transactions. During the first six months of 2006, courts throughout the country tried 6,205 traffickers in 4,595 cases, and handed down 46 death sentences, 73 life sentences and numerous other lengthy sentences. During the five years since the Anti-Drug Law took effect in June 2001, the country's law enforcement forces have investigated 64,660 cases involving 102,660 traffickers, representing 34 and 18 percent increases, respectively, compared with the preceding five-year period. Also during this five-year period, law enforcement officials seized 1,005.23 kg of heroin, 1,584.45 kg of opium, 6,411.35 kg of cannabis, and 737,731 ATS tablets, and raided 3,000 locations related to narcotics trafficking.

Foreign law enforcement representatives in Vietnam acknowledge that real operational cooperation on counternarcotics cases is minimal due to legal prohibitions and policy restrictions that preclude Vietnam's drug enforcement authorities from sharing information and supporting bilateral investigations with foreign police agencies. Without changes in Vietnamese law to allow the establishment of a legal and procedural basis for Vietnam's cooperation with foreign law enforcement agencies, operational “cooperation” will remain limited and largely determined on a case-by-case basis. USG law enforcement agencies hold out some hope that the development of agency-to-agency agreements will slightly improve the cooperation climate. During 2006, cooperation between GVN law enforcement authorities and DEA's HCO continued to improve marginally, although DEA agents have not been officially permitted to work with GVN counternarcotics investigators. Cooperation was limited to receiving information and investigative requests from DEA, holding occasional meetings and providing limited responses to DEA's requests. Thus far, counternarcotics police have declined to share detailed information with DEA or cooperate operationally. During 2006, DEA did receive cooperation on one money laundering operation in which MPS assisted in the receipt of alleged drug money that was remitted to Vietnam through a money laundering organization in the United States. However, despite requests made by DEA, MPS provided no investigation information on the organizations or businesses that facilitated the illegal money remittance in Vietnam.

Corruption. As a matter of GVN policy, Vietnam does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. No information specifically links any senior GVN official with engaging in, encouraging or facilitating the illicit production or distribution of

drugs or substances, or the laundering of proceeds from illegal drug transactions. Nonetheless, a certain level of corruption, both among lower-level enforcement personnel and higher-level officials, is consonant with fairly large-scale movement of narcotics into and out of Vietnam. The GVN did demonstrate willingness in 2006 to prosecute officials, although the targets were relatively low-level. In late 2005, six Hanoi policemen were arrested for their alleged role in protecting a drug trafficking ring. The director of the police department issued a decision to expel the officers from the force. In February 2006, the chief police investigator in Hanoi's Hai Ba Trung District was arrested for allegedly taking a bribe in exchange for the release of a drug trafficker. The outcome of that case is pending. Vietnam has signed, but not yet ratified, the UN Convention against Corruption. High-ranking officials within Vietnam's Ministry of Transportation implicated General Cao Ngoc Oanh, Deputy Director, MPS General Department of Police and a primary point of contact for DEA and other foreign law enforcement agencies in Vietnam, in the ongoing corruption scandal involving the embezzlement of millions of dollars. While General Oanh has yet to be charged with criminal wrongdoing as the result of his involvement in the corruption scandal, in May 2006 his sponsorship for membership in the Communist Central Party Committee was cancelled, and his possible promotion to Vice Minister of Public Security has been derailed.

Agreements/Treaties. Vietnam 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. Vietnam has signed, but has not yet ratified, the UN Corruption Convention and the UN Convention against Transnational Organized Crime.

Cultivation/Production. Despite eradication efforts, the GVN reported small amounts of opium were re-planted in areas where last year's crop had been destroyed, especially Son La (26.9 ha), Dien Bien (7,905 m2), Yen Bai (137.2 ha), Lao Cai (0.2 ha) and Nghe An (5.4 ha). There were also minimal, scattered amounts re-planted in the southern provinces of Binh Thuan, Binh Phuoc, Dak Lak, Khanh Hoa, Tay Ninh and Kien Giang. Total poppy cultivation in 2006 showed a significant increase over the previous year, 170.8 ha versus 19 ha, most likely due to more accurate reporting in 2006. The total number of hectares under opium poppy cultivation remains sharply reduced from an estimated 12,900 ha in 1993, when the GVN began opium poppy eradication. There have been recent confirmed reports that ATS and heroin have been produced in Vietnam. GVN law enforcement forces have seized some ATS-related equipment (i.e., pill presses). As part of its efforts to comply fully with the 1988 UN Drug Convention, the GVN continued in 2006 to eradicate poppies when found and to implement crop substitution.

Drug Flow/Transit. While law enforcement sources and the UNODC believe that significant amounts of drugs are transiting Vietnam, DEA has not yet identified a case of heroin entering the United States directly from Vietnam. More commonly, drugs, especially heroin and opium, enter Vietnam from the Golden Triangle via Laos and Cambodia by land, sea and air, making their way to Hanoi or Ho Chi Minh City, either for local consumption or transshipment to other countries such as Australia, Japan, China, Taiwan and Malaysia. The ATS flow into the country during 2006 continued to be serious and not limited to border areas. ATS can now be found throughout the country, especially in places frequented by young people. ATS such as amphetamine, diazepam, Ecstasy, ketamine and especially "ice" methamphetamine (crystal methamphetamine) continue to worry the government. Such drugs are most popular in Hanoi, Ho Chi Minh City and other major cities. During 2006, numerous cases involving ATS trafficking and consumption were reported in the media.

Domestic Programs/Demand Reduction. According to MOLISA (Ministry of Labor and Social Affairs), the drug addiction recidivism rate after treatment is still high, between 70 and 80 percent. By the end of June, there were 159,305 officially registered drug users nationwide, with 84 provincial-level treatment centers providing treatment to between 55,000 and 60,000 drug addicts annually. The number of "unofficial" (i.e., not acknowledged officially) drug users is at least 1.5

times higher. Heroin accounts for 83 percent of drug use, followed by opium (13.9 percent), cannabis (one percent), ATS (1.5 percent) and other types of drugs (0.6 percent). MOLISA reports 80 percent of drug addicts are intravenous users.

Ministries distributed hundreds of thousands of antidrug leaflets and videos, and organized antidrug painting contests for children. The Ministry of Education and Training (MOET) carries out awareness activities in schools. Counternarcotics material is available in all schools and MOET sponsors various workshops and campaigns at all school levels. The UNODC assesses GVN drug awareness efforts favorably, but considers these efforts to have had minimal impact on the existing addict and HIV/AIDS population. Vietnam strives to integrate addiction treatment and vocational training to facilitate the rehabilitation of drug addicts. These efforts include tax and other economic incentives for businesses that hire recovered addicts. Despite these efforts, only a small percentage of recovered addicts find regular employment.

HIV/AIDS is a serious and growing problem in Vietnam. The epidemic is closely related to intravenous drug use and commercial sex work. At least 60 percent of known HIV cases are IDUs. A 2004 national sentinel surveillance indicated a 29 percent HIV prevalence among IDUs. However, in some provinces, the HIV prevalence is reported at higher than 70 percent among IDUs. The Vietnamese National Strategy for HIV Prevention and Control, launched in March 2004, presents a comprehensive response to the HIV, including condom promotion, clean needle and syringe programs, voluntary counseling and testing and HIV/AIDS treatment and care. The GVN reported a total of 112,880 HIV cases in the country. Out of that number, 19,261 are AIDS patients. The actual figure is believed to be three times higher. In June 2004, Vietnam was designated the 15th focus country under the President's Emergency Plan for AIDS Relief (PEPFAR). USG FY06 funding, about $34 million, is distributed through key PEPFAR agencies such as USAID, HHS/CDC, and the U.S. Department of Defense. Through PEPFAR, the USG supports the Vietnam National HIV/AIDS Strategy of Prevention, Care and Treatment for People Living with HIV/AIDS (PLWHA). The majority of USG support targets six current focus provinces (Hanoi, Hai Phong, Quang Ninh, Ho Chi Minh City, Can Tho and An Giang) where the epidemic is most severe; however, PEPFAR also supports HIV counseling and testing and community outreach for drug users and sex workers in nearly 40 provinces. In 2005 and 2006, USG-supported programs have trained nearly 30 substance abuse counselors who work in Hai Phong and Ho Chi Minh City (HCMC). In cooperation with the HCMC, the PEPFAR team is piloting a comprehensive program to assist former rehabilitation center residents prevent relapse, stabilize their lives and access appropriate care for HIV disease. As this program shows success, it will be expanded to assist drug users in provinces beyond HCMC.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. In April 2006, an amendment to the Vietnam-U.S. Narcotics Assistance LOA was signed to provide $500,000 in additional training assistance to Vietnam. In June, USG trainers presented counternarcotics training in Hanoi under the LOA, using prior year funding. In September, a GVN drug law enforcement delegation was sent to the U.S. for training under the amended LOA. This will be followed by additional training in Ho Chi Minh City in December. Between January and October 2006, using State Department la enforcement assistance, 51 Vietnamese law enforcement officers attended the International Law Enforcement Academy (ILEA) in Bangkok. The USG also contributed to counternarcotics efforts through the UNODC. An ongoing example of the USG's contribution through UNODC is the G55 project titled “Interdiction and Seizure Capacity Building with Special Emphasis on ATS and Precursors,” which established six Vietnamese interagency task forces at key border “hotspots” around the country.

The Road Ahead. The GVN is acutely aware of the threat of drugs and Vietnam's increasing domestic drug problem. However, there is continued suspicion of foreign law enforcement

assistance and/or intervention, especially from the United States, in the counternarcotics arena. During 2006, as in previous years, the GVN made progress with ongoing and new initiatives aimed at the law enforcement and social problems that stem from the illegal drug trade. Notwithstanding a lack of meaningful operational cooperation with DEA, the GVN continued to show a willingness to take unilateral action against drugs and drug trafficking. Vietnam still faces many internal problems that make fighting drugs a challenge. With the amendment to the counternarcotics LOA, the USG can look forward to continued cooperation in the area of assistance to Vietnamese law enforcement agencies. Operational cooperation, however, remains on hold pending the development of a legal framework in Vietnam to allow foreign law enforcement officers to carry out operations on Vietnamese soil, or the signing of a bilateral agreement between the United States and Vietnam that would create a mechanism for the joint investigation and development of drug cases. The November 2006 memorandum of understanding between DEA and the GVN's Ministry of Public Security (MPS) is a partial step in this direction, but is non-binding in character and directly addresses law enforcement cooperation only at the central government agency level, rather than the operational or investigative level.

EUROPE AND CENTRAL ASIA

Albania

I. Summary

Organized crime groups and drug traffickers use Albania as a transit country for heroin from Central Asia destined for Western Europe. Seizures of heroin by Albanian authorities increased significantly during 2006, due primarily to increased police targeting of the heroin trade. Cannabis also continues to be produced in Albania for markets in Europe. The Government of Albania (GoA), largely in response to international pressure and with international assistance, is confronting criminal elements more aggressively but is hampered by a lack of resources and endemic corruption. The government of Prime Minister Sali Berisha, which came to power in September 2005 on a platform to fight corruption, organized crime, and trafficking of persons, has made progress on these fronts. Despite this progress, however, Albania has a long road to travel. Albania is a party to the 1988 UN Drug Convention.

II. Status of Country

Although Albania is not a major transit country for drugs coming into the United States, it remains a country of concern to the U.S., as Albania's ports on the Adriatic and porous land borders, together with poorly financed and under-equipped border and customs controls, make Albania an attractive stop on the smuggling route for traffickers moving shipments into Western Europe. In addition, marijuana is produced domestically for markets in Europe, the largest being Italy and Greece.

III. Country Actions Against Drugs in 2006

Policy Initiatives. The government took several steps against corruption: it passed the Law on the Prevention of Conflicts of Interest and issued a schedule for the law's implementation. Civil society monitoring has also increased expectations that corruption will decrease throughout society. The Berisha government decided to outlaw the circulation of speedboats and several other varieties of water vessels on all of Albania's territorial waters for a period of three years. The moratorium on the motorboats is aimed at stopping the trafficking of humans and drugs. Albania works with its neighbors bilaterally and in regional initiatives to combat organized crime and trafficking, and it is a participant in the Stability Pact and the Southeastern Europe Cooperative Initiative (SECI). Albania signed the Stabilization and Association Agreement with the European Union in June 2006, which was ratified by the EU on 6 September 2006. The EU noted in their ratification that Albania "...is still facing serious challenges in tackling corruption and organized crime, achieving full implementation of adopted legislation, improving public administration and fighting trafficking in human beings and drugs."

Law Enforcement Efforts and Accomplishments. Albanian police continued to make progress in their counternarcotics operations through the increased use of technology and improved police techniques. Albanian authorities also targeted organized crime leaders that were involved in drug trafficking. Albanian authorities organized major police operations and drug seizure operations throughout the country, but primarily in Fier, Tirana, and the ports of Vlora and Durres. International cooperation also increased, including joint operations with Italian, Macedonian, Greek and Turkish authorities. Albanian authorities report that through 15 October 2006, police arrested 329 persons for drug trafficking, and an additional 24 are wanted. The police seized 104 kg of heroin, 5,517 kg marijuana, and 1.6 kg of cocaine. The police also destroyed 74,000 cannabis plants and 580 poppy plants, and confiscated one liter of hashish oil. The over two-fold increase in the amount of heroin seized compared to last year was attributed to the use of specific police

techniques to target the heroin trade due to its high profitability and organized crime connections. The decrease in the amount of destroyed plants from last year was attributed to the fact that eradication programs co-sponsored by the police and local governments in recent years had substantially reduced cultivation. In addition to drugs seized and destroyed, Albanian authorities seized five boats, 66 cars, four trucks, and a wide variety of weapons. Police also confiscated almost 250,000 Lek, 25,000 Euro and $30,000 during counter narcotic operations.

Corruption. Corruption remains a deeply entrenched problem in Albania. Low salaries, social acceptance of graft, and Albania's tightly knit social networks make it difficult to combat corruption among police, magistrates, and customs officials. The GoA does not, as a matter of policy, encourage or facilitate the illicit production or distribution of drugs or illegal substances, or the laundering of proceeds from illegal drug transactions. As part of the Berisha government's anticorruption pledge, in May 2006 Albania ratified the UN Convention Against Corruption. The Office of Internal Control brought about the arrests of several corrupt officers, and the police and judiciary are becoming more active in investigating government officials and law enforcement personnel for corruption. Investigations and arrests, however, sometimes depend on political affiliation. The office of the Prosecutor General reported that the number of criminal proceedings increased by 13% for the first six months of 2006 compared to the same time frame in 2005; a majority of the 13 percent increase in all cases dealt with corruption, illegal government activity and trafficking. Charges were brought up against 111 members of criminal organizations inside and outside Albania. Additionally, some 280 people were investigated for trafficking. The increased number of cases suggests that enforcement is overcoming a tendency to "look the other way" to curry favor with criminals. Although these numbers are a significant improvement over 2005, the government continues to lack the judicial independence for truly unbiased proceedings and many cases are never resolved. As an example, according to one report, of the 412 proceedings dealing with corruption and illegal activities of government and high-ranking officials, only one case was completed during this period.

Agreements and Treaties. Albania 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. An extradition treaty is in force between the United States and Albania. Albania is a party to the UN Convention Against Transnational Organized Crime and its protocols against migrant smuggling and trafficking in persons.

Cultivation and Production. With the exception of cannabis, Albania is not known as a significant producer of illicit drugs. According to authorities of the Ministry of Interior's Anti-Narcotics Unit, cannabis is currently the only drug grown and produced in Albania and is typically sold regionally. Metric-ton quantities of Albanian marijuana have been seized in Greece and Italy. Although eradication programs co-sponsored by the police and local governments have been credited with substantially reducing cultivation of cannabis, cultivation persists despite these efforts. No labs for the production of synthetic drugs were discovered in 2006. Albania is not a producer of significant quantities of precursor chemicals. The Law on the Control of Chemicals Used for the Illegal Manufacturing of Narcotic and Psychotropic Substances was passed in 2002 and regulates precursor chemicals. Police and customs officials are not trained to recognize likely diversion of dual-use precursor chemicals.

Drug Flow and Transit. Organized crime groups use Albania as a transit point for drug and other types of smuggling, due to the country's strategic location, weak law enforcement and unreformed judicial systems, and porous borders. Albania is a transit point for heroin from Central Asia, which is smuggled via the "Balkan Route" of Turkey-Bulgaria-Macedonia-Albania to Italy, Greece, and the rest of Western Europe. A limited, but growing, amount of cocaine is smuggled from South America to Albania, via the United States, Italy, Spain, or the Netherlands, for internal and external

distribution. Albania is still a transit country for heroin, but drug traffickers are experimenting with other routes.

Domestic Programs (Demand Reduction). The Ministry of Health believes that drug use is on the rise, though no reliable data exists on this subject. Some indications point to an addict population as large as 30,000 users, though the reliability of the data is uncertain. Local and national authorities collect little data and do not believe the problem is particularly widespread (owing both to the traditional cultural norms and low levels of discretionary income). Nevertheless, the GoA has taken steps to address the problem with its National Drug Demand Reduction Strategy. However, the woefully inadequate public health infrastructure is ill equipped to treat drug abuse, and public awareness of the problems associated with drug abuse remains low. The Toxicology Center of the Military Hospital, the only facility in Albania equipped to handle overdose cases, reported that it has treated more than 9,000 patients since 1995. Around 69 percent of those treated were intravenous drug users.

IV. U.S. Policy Initiatives and Programs

Bilateral and Multilateral Cooperation. The GoA continues to welcome assistance from the United States and Western Europe. The U.S. is intensifying its activities in the areas of law enforcement and legal reform through technical assistance, equipment donations, and training. One of the problems seen in training, however, is that deep politization of all levels of government has resulted in the absence of a strong civil service class and thus many trainees are subject to removal during times of political transition. This was seen again as the Berisha Government took power, and many of those training in law enforcement and counter narcotics were removed from their positions.

The DEA and the FBI conduct drug training and covert investigations training. The U.S. Department of Justice ICITAP and OPDAT programs continued their support to the Office of Internal Control at the Ministry of the Interior, the Serious Crimes Court and Serious Crimes Prosecution Office, all with the goal of professionalizing the administration of justice, combating corruption, and strengthening the GoA's ability to prosecute cases involving organized crime and illicit trafficking. OPDAT conducted six regional training programs to provide instruction to all prosecutors on new criminal laws and procedures enacted in 2004 and plans to extend similar training to judges in the upcoming years. OPDAT and the Department of the Treasury are working with the Albanian Ministries of Finance, Justice, and Interior to form an Economic Crime and Corruption Joint Investigative Unit to improve the investigation and prosecution of economic crime and corruption. To help combat the financial criminality attendant to drug trafficking, ICITAP, OPDAT and Treasury, along with several other law enforcement entities, presented a five-day seminar on Financial Crime, Terror Financing and Money Laundering to members of the Ministry of Finance and the National Intelligence Service. The Witness Protection Sector (witness protection division within the Office of Organized Crime) continues to work with the U.S. and other members of the international community to strengthen the existing witness protection legislation. The Witness Protection Sector has helped to secure a number of witnesses, and witness families, in trafficking and drug related homicide cases. Two high-ranking members of the Albanian Witness Protection Program traveled to Washington DC in July to attend the 1st International Symposium on Witness Protection. USG continues to provide assistance for integrated border management, a key part of improving the security of Albania's borders, providing specialized equipment, and the installation of the Total Information Management System (TIMS) at border crossing points. Other U.S., EU, and international programs include support for customs reform, judicial training and reform, improving cooperation between police and prosecutors, and anticorruption programs.

Albanian law enforcement authorities have provided the Italian police with intelligence that has led to the arrest of drug dealers and organized crime members, as well as the confiscation of heroin in

Italy. Cooperation also continues with Italian law enforcement officials to carry out narcotics raids inside Albania.

The Road Ahead. The Berisha government has made a commitment to make the fight against organized crime and trafficking one of its highest priorities. Additionally, the police are taking an increasingly active role in counter narcotics operations. Albania's desire to enter into both the European Union and NATO continues to push the GoA to implement and enforce reforms, but the fractional nature of Albanian politics and the slow but continuing development of Albanian civil society has hampered progress. The U.S., together with the EU and other international partners, will continue to push the GoA to make progress on fighting illegal drug trafficking, to use law enforcement assistance effectively, and to support legal reform.

Armenia

I. Summary

Armenia is not a major drug-producing country and domestic abuse of drugs is relatively small. While there has been a significant percentage increase in the number of drug related cases and interdictions since last year, the original base of cases was so small that the overall number of such incidents remains small. The Government of Armenia (GOAM) recognizes Armenia's potential as a transit route for international drug trafficking. In an attempt to improve its interdiction ability, the GOAM, together with Georgia and Azerbaijan, is engaged in an ongoing European Union-funded and UN-implemented Southern Caucasus Anti-Drug (SCAD) Program, launched in 2001. This program provides legislative assistance to promote use of European standards for drug prosecutions, collection of drug-related statistics, and rehabilitation services to addicts as well as drug-awareness education. Armenia is a party to the 1988 UN Drug Convention.

II. Status of Country

Sitting at the crossroads between Europe and Asia, Armenia has the potential to become a transit point for international drug trafficking. Its role in drug trafficking could be exacerbated by lenient criminal penalties, at least compared to other countries in the region. At present, limited transport traffic between Armenia and its neighboring states makes the country a secondary traffic route for drugs. (Armenia currently has closed borders with Turkey and Azerbaijan.) Armenian Police Service's Department to Combat Illegal Drug Trafficking has accumulated a significant database on drug trafficking sources, including routes and the people engaged in trafficking. Scarce financial and human resources, however, limit the Police Service's effectiveness. Drug abuse does not constitute a serious problem in Armenia, and the local market for narcotics, according to the police, is not large. The most widely abused drugs are opium and cannabis. Heroin and cocaine first appeared in the Armenian drug market in 1996. Since then, there has been a small upward trend in heroin sales, demonstrated by an increase in heroin seizures from 0.53 grams in the first six months of 2005 to 738.77 grams in the first six months of 2006, while cocaine seizures have remained flat. Despite some increase, the seizure amounts remain small and the overall market demand for heroin and cocaine remains fairly small. The Armenian Chief of Police heads an Interdepartmental Committee on Combating Drug Use and Drug Trafficking.

III. Country Actions Against Drugs in 2006

Policy Initiatives. There have been no new policy initiatives since the passage on May 10, 2003, of the Law of the Republic of Armenia on Narcotic Drugs and Psychotropic Substances and a 2004 amendment to the criminal code, which criminalized the illicit trafficking of drug manufacturing precursors (e.g. substances involved in the creation of heroin) and drug manufacturing equipment. According to police sources, Armenian law enforcement agencies have requested legislative changes to expand probable cause in search and seizures and lengthen criminal penalties for engaging in the drug trade.

Accomplishments. Preventive measures to identify and eradicate both wild and illicitly cultivated cannabis and poppy continued in 2006. Eradication efforts took place in October and November of 2006 in order to coincide with the hemp and poppy growing season. Armenian Police participate in "Channel," a joint operation that in 2006 involved Russia, Ukraine, Kazakhstan, Belarus, Kyrgyzstan, Tajikistan, Uzbekistan, Finland, China, Azerbaijan, Georgia, and Armenia. During this exercise, the Armenian authorities give special scrutiny to all vehicles crossing the border and all containers arriving at the airport for a one-month period. All Armenian law enforcement agencies

(Police, National Security Service, Customs, Border Guards, Internal Forces, Ministry of Defense, and Prosecutor's Office) participate in this activity. The GOAM hopes to carry out "Channel" operations two times in 2006.

Law Enforcement Efforts. In the first six months of 2006, the Armenian Police identified 477 violations of the criminal code dealing with illegal drug abuse and/or drug trafficking, compared to 208 such cases during a similar period in 2005, an increase of 129 percent. The GOAM claims that 254 individuals were involved in the 477 abuse and/or trafficking of illegal drugs violations, compared to only 147 individuals involved in the 208 cases in 2005, an increase of 72 percent. During the first six months of 2006, 7.31 kg of illegal drugs were seized, compared to 1.62 kg for the first six months of 2005, an increase of 351 percent. (Opium comprised about 45 percent of these seizures, cannabis accounted for 33 percent, and heroin 10 percent.) Police sources attribute these percentage increases to improved interdiction efforts, backed by recent legislative changes. (For example, in 2004 the National Assembly amended the criminal code to make trafficking in small amounts of illicit narcotics a crime. Previously, only larger seizures could result in prosecution.) But the possibility that the local demand for illicit drugs is growing cannot be completely discounted. Armenia has experienced double-digit economic growth for several years. Increased discretionary income among the population, particularly in Yerevan, could be raising the demand for illicit drugs. However, the overall numbers indicate the local market is still relatively small. The Armenian Interagency Unit of Drug Profiling (IUDP), which collects information on passengers at Zvartnots International Airport, has been operational since February 2005. Funded solely by SCAD, the IUDP also shares data with law enforcement agencies and attempts to identify drug traffickers.

Corruption. Corruption remains a problem in Armenia. Although the GOAM has taken steps to develop an anticorruption program, the political will and the available resources have not been adequate. Since April 2004, there has been an Anti-Corruption unit, overseen by the Prosecutor General and consisting of eight prosecutors, in the Office of the Armenian Prosecutor General. The government does not encourage or facilitate the illicit production or distribution of narcotic drugs and psychotropic substances. Nor does it encourage or facilitate the laundering of proceeds from the sale of illegal drugs. No government officials have been reported to have engaged in these activities. Armenia has signed, but has not yet ratified, the UN Convention against Corruption.

Agreements and Treaties. Armenia is 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. Armenia is also a party to the UN Convention against Transnational Organized Crime and its protocols on migrant smuggling and trafficking in women and children.

Cultivation and Production. Hemp and opium poppy grow wild in Armenia. Hemp grows mostly in the Ararat Valley, the south-western part of Armenia; poppy grows in the northern part of Armenia, particularly in the Lake Sevan basin and some mountainous areas.

Drug Flow/Transit. The principal transit countries through which drugs pass before they arrive in Armenia include Iran (opiates, heroin), and Georgia (opiates, cannabis, hashish). Armenia's borders with Turkey and Azerbaijan remain closed due to the Nagorno-Karabakh conflict, but small amounts of opiates and heroin are smuggled to Armenia from Turkey via Georgia. When all of Armenia's borders open once again, the police predict drug transit will increase significantly.

Demand Reduction. The majority of Armenian addicts are believed to be using hashish, followed by heroin. Armenia has adopted a policy of focusing on prevention of drug abuse through awareness campaigns and treatment of drug abusers. These awareness campaigns are being implemented and manuals are being published under the framework of the South Caucasus Anti-Drug (SCAD) Program. The Drug Detoxification Center, funded by the Armenian Ministry of Health and SCAD, provides drug treatment and counseling.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. The USG continues to work with the Government of Armenia to increase the capacity of Armenian law enforcement. Joint activities include the development of an independent forensic laboratory, the improvement of the law enforcement training infrastructure and the establishment of a computer network that will enable Armenian law enforcement offices to access common databases. In 2006, the Department of State, though its Export Control and Related Border Security Assistance (EXBS) program, continued to assist the Armenian government. EXBS training and assistance efforts, while aimed at the nonproliferation of weapons of mass destruction and their delivery systems, directly enhance Armenia's ability to control its borders and to interdict all contraband, including narcotics.

The Road Ahead. The USG will continue aiding Armenia in its counternarcotics efforts through capacity building of Armenian law enforcement and will continue to engage the government on operational drug trafficking issues.

Austria

I. Summary

Austria is a transit country for drug trafficking into Western Europe due to its position along the Balkan and other major trans-European routes. Foreign criminal groups from Turkey, the Western Balkans, Eastern Europe, West Africa (Nigeria), and Latin America dominate organized narcotics trafficking in Austria. Trafficking by Austrian citizens remains insignificant. Austria is not a drug-producing country. However Austrian authorities reported a slight increase in indoor cannabis cultivation for personal use; the amounts are low by international comparison.

Drug use in Austria increased slightly, but remains below the European Union average. Austrian health experts and government authorities do not consider it to be a severe problem. Studies indicate that the average age of Austrian drug users is decreasing. According to health and law enforcement officials, abuse of drug substitution medication (e.g. morphine, methadone, and buprenorphine) is increasing. Authorities estimate that there are between 15,000 to 20,000 drug users, or fewer than two addicts per 1,000 inhabitants. The lifetime prevalence of drug abuse by Austrian citizens, primarily of cannabis, also remained stable in 2006 at 20 to 25 percent.

International cooperation, particularly with U.S. law enforcement authorities, continued to be excellent during 2006 and resulted in several significant domestic and multinational seizures. From January through July 2006, Austria held the Presidency of the European Union and made the fight against organized crime a central theme. The Austrian Presidency hosted President Bush, U.S. Attorney General Alberto Gonzales, and other senior U.S. law enforcement officials for talks on fighting international organized crime and corruption. In May 2006, Austria convened a workshop of international experts to discuss policing along the Balkan drug route. In July, Austria, as President of the European Union, hosted biannual U.S.-EU discussions on drugs. Austria also continued efforts to intensify international police cooperation within the "Salzburg Forum," a meeting of regional interior ministers, and within the European Union's Central Asian Border Security Initiative (CABS). Austria is a party to the 1988 UN Drug Convention.

II. Status of Country

The drug situation in Austria did not change significantly during 2006. As of October 2006, the number of drug-related deaths—which typically fluctuates between 100 and 150 deaths per year—totaled 191.

The number of drug deaths from mixed intoxication continues to rise. The most recent statistics show a 2.68 percent increase in the number of charges Austrian law enforcement authorities have filed for violation of the Austrian Narcotics Act, with a total of 25,892 offenses. This figure includes 25,041 criminal offenses involving narcotic drugs and 848 for psychotropic drugs, and three other offenses. The number of individuals charged under the Austrian Narcotics Act also rose 1.38 percent to 21,335 persons. The Austrian Ministry of Interior investigated 164 cases involving precursor chemicals in 2005, an increase of 36 cases compared to the same period in 2004.

Experts estimate that the number of conventional illicit drug users remained stable in 2006 at 15,000 to 20,000, or roughly 0.25 percent of the population. The number of users of MDMA (Ecstasy) remained largely stable in 2006. Usage of amphetamines rose during the same period as these substances became increasingly available in non-urban areas. According to a recent study, commissioned by the Health Ministry, approximately one fifth of respondents admitted to consumption of an illegal substance. The respondents most often cited use of cannabis, with Ecstasy and amphetamines in second and third place. Among young adults (ages 19-29), about 25 percent admitted "some experience" with cannabis at least once in their lifetime. According to the

study, 2-4 percent of this age group had already used cocaine, amphetamines, and Ecstasy, while three percent had experience with synthetic drugs. Austria, as a member of the European Monitoring Center for Drugs and Drug Addition, undertook a study in 2006, which confirmed that problem drug use is increasing among 15 to 24 year-olds.

III. Country Actions Against Drugs in 2006

Domestic Policy Initiatives. Austria continues its "no tolerance" policy against drug traffickers, who face a minimum sentence of ten years to a maximum sentence of life in prison when convicted. It also continues its policy of "therapy before punishment" for non-dealing drug offenders. In mid-2006, Austria began drafting a series of amendments to introduce a more rigid system of fines for drug-related offenses in line with an EU framework decision to harmonize counter narcotics policies across the European Union. Following an EU Council decision on synthetic drugs in 2006, Austria also passed legislation to bring its laws into conformity with UN agreements on psychotropic substances.

A 2005 amendment expanded police powers to mount surveillance cameras in high-crime public areas. The amended law provides for the establishment of a "protection zone" around schools, pre-schools, and retirement communities, and entitles police to ban persons suspected of drug dealing within a protection zone from that area for up to 30 days. Austrian authorities say the new law has been effective in these areas. Critics argue that the law only shifted the drug scene to non-surveilled areas. In 2005, following intense public debate, the government improved quality controls and took a more restrictive approach in substitution treatment with retarding morphine therapy. A November 2006 decree by the Austrian Health Ministry is designed to further tighten controls on dispensing substitution medications and to improve training for general practitioners and pharmacists, who prescribe and dispense this treatment.

Regional and International Cooperation. During the first half of 2006, Austria held the Presidency of the European Union and hosted several high-profile events. In May, Austria hosted over 60 heads of state for the EU-Latin America Summit and led discussions on finding joint strategies to fight drug trafficking. Fighting organized crime in the Balkans and increasing regional police cooperation were also major themes of the EU Presidency. In May, over 50 nations and international organizations, including the U.S., met in Vienna to sign the "Vienna Declaration on Security Partnership," which included a convention on police cooperation. In June, Austria convened a three-day workshop of experts from Europe, the Western Balkans, Russia, the United Nations Office of Drugs and Crime (UNODC), and the U.S., including DEA's Regional Director for Europe and Africa. The participants discussed strategies for fighting drug trafficking from Afghanistan and for policing along the Balkan route. In October 2006, Austria hosted a long-running meeting of drug trafficking experts from the EU, Central and Eastern Europe, and the U.S. to discuss measures to increase law enforcement cooperation.

Law Enforcement Efforts. Comprehensive seizure statistics for 2006 are not yet available. Statistics for 2005 show a marked increase in the quantity of cocaine and heroin seized and a slight decrease in confiscations of Ecstasy pills and LSD dose units, or "hits." Police made nearly the same number of confiscations of amphetamines and methamphetamines in 2005, but the cumulative quantities of both drugs seized was less than the previous year. According to government figures, Austrian authorities seized 820 kg of cannabis products (-26.39 percent decrease over 2004), 282 kg of heroin (+20.79 percent), 13 kg of raw opium, 245 kg of cocaine (+224.50 percent), 114,103 Ecstasy tablets (-6.98 percent), and 2,108 LDS dose units (-5.36 percent). Police seized 9 kg of amphetamines (-65.3 percent) and 0.7 kg of methamphetamines (-62.9 percent) and 27,104 pieces (+28.3 percent) of pharmaceutical, psychotropic substances.

As part of an international investigation in January 2005, police in Austria made a record seizure of 143 kg of cocaine, which originated in Peru and traveled via the U.S., France, and Germany before

transiting Austria. The seizure resulted in five arrests and disrupted a European drug trafficking ring. The authorities recorded two other large seizures of cocaine, one of 30 kg and another of 24 kg. Austrian police made three major heroin busts at customs checkpoints and weigh stations in the country in 2005: 70 kg in February, 97 kg in July, and 68 kg in August. Austrian authorities seized 30,571 Ecstasy pills in January, 15,000 in March, and 10,050 in December, which the police determined all originated from the Netherlands. In 2005, the Austrian Ministry of Interior investigated 164 criminal cases involving precursor chemicals, an increase of 36 cases over 2004, and seized 100 grams of Category I precursors.

In 2006, average retail or "street prices" of illicit drugs remained basically unchanged from 2005, and were as follows: cannabis resin/hashish for approximately $9.50 per gram; herbal cannabis/marijuana for $4.50 per gram; cocaine for $82-114 per gram; brown heroin for $57-89 per gram; white heroin for $101-115 per gram; amphetamines for $9.50 per gram or $19-32 per tablet; Ecstasy (MDMA) for $13-19 per tablet, and LSD for $38-44 per dose unit or "hit."

Corruption. Austria has several laws in place, which contain provisions on corruption. In 1999, Austria became a party to the OECD antibribery convention and also abolished the tax deductibility of bribes and gray market payments. A 2006 report on corruption by the OECD confirms this and recommends that Austria further clarify its definition of foreign bribery offenses to ease investigations by tax authorities. There are no corruption cases pending that involve bribery of foreign public officials. The government has not yet prosecuted any cases, which would test the degree of the current law's enforcement. The U.S. government is not aware of the involvement of any high-level Austrian government officials in drug-related corruption. Austria is a party to the UN Corruption Convention.

Agreements and Treaties. An extradition treaty and a mutual legal assistance treaty are in force between Austria and the U.S. Austria is a party to the 1988 UN Drug Convention, the 1961 Single Convention on narcotic drugs and its 1972 protocol, and the 1971 UN Convention on Psychotropic Substances. Vienna is the seat of the UNODC. Austria is also a "major donor" to the UNODC, with an annual pledge of approximately $440,000. Austria is a party to the UN Convention Against Transnational Organized Crime and its protocol on trafficking in persons.

Cultivation. Production of illicit drugs in Austria was marginal in 2005 and 2006. Experts noted a minor rise in the private, indoor growth of cannabis, but the amounts are low by international comparison.

Drug Flow/Transit. Austria is not a source country for illicit drugs and illicit trafficking by Austrian nationals is negligible. Foreign criminal groups primarily from Turkey, the Western Balkans, Eastern Europe, West Africa (Nigeria), and Latin America (Colombia) carry out organized drug trafficking in Austria. Based on 2005 seizures, counternarcotics officials note that traffickers continued to rely on conventional means of transportation, such as trucking, for drug smuggling. Drug traffickers are increasingly using Central and East European airports, including those in Austria.

Domestic Programs/Demand Reduction. Austrian authorities and the public view drug addiction as a disease rather than a crime. This is reflected in liberal drug abuse legislation and in court decisions. Austrian society remains committed to measures to prevent the social marginalization of drug addicts. Federal guidelines ensure minimum quality standards for drug treatment facilities. The use of heroin for therapeutic purposes is generally not allowed. Demand reduction puts emphasis on primary prevention, drug treatment, counseling, and so-called "harm reduction" measures, such as needle exchange programs. According to health officials, ongoing challenges in demand reduction are the need for psychological care for drug victims and greater attention to older victims and to immigrants.

Primary prevention starts at the pre-school level and continues through secondary school, apprenticeship institutions, and out-of-school youth programs. The government and local authorities routinely sponsor educational campaigns both within and outside of educational fora. Overall, youths in danger of addiction are primary targets of new treatment and care policies. Austria has syringe exchange programs in place for HIV prevention. HIV prevalence rates among drug-related deaths decreased to 6 percent in 2005, compared to 8 percent in 2004, while hepatitis prevalence rates increased. Policies to work toward greater diversification in substitution treatment for drug addiction (using, for example, methadone, prolonged-action morphine, and buprenorphine) continued. Although no official data is available, both drug policy and treatment experts in Austria note an increase in the abuse of substitution medications and an increase in the availability of these medications on the local black market. Public debate continues in Austria on methods to further tighten controls on this medication and to provide training to general practitioners and pharmacists, who prescribe or dispense this medication. Austrian health officials are also looking for new measures to increase secondary prevention awareness, especially concerning re-integration of recovering addicts into the labor market.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. Cooperation between Austrian and U.S. authorities continued to be excellent in 2006. Although Austria has no specific bilateral narcotics agreement in place with the U.S., several bilateral efforts exemplified this cooperation. These include continuing joint DEA and BKA (Criminal Intelligence Service) training at the International Law Enforcement Academy; the drafting of a criminal asset sharing agreement between the U.S. and Austria; and continuing DEA support of BKA investigative efforts across Europe and in the Western Balkans to combat the flow of Afghan heroin. Austrian Interior Ministry officials continued to consult the FBI, DEA, and Department of Homeland Security to gain know-how on updating criminal investigation structures and techniques and to share investigative information. In June 2006, an FBI Special Agent supervisor shared his experiences on fighting drug trafficking along the Balkan route with Austrian and EU law enforcement officials during a workshop in Vienna. The U.S. Embassy also sponsors speaking tours of U.S. counternarcotics and drug treatment experts in Austria.

The Road Ahead. The U.S. will continue to support Austrian efforts, both bilaterally and within the UN and the OSCE, to create more effective tools for law enforcement. This includes working closely with Austrian authorities against drug trafficking rings in Austria and collaborating with Austria to improve border controls and security efforts in the Western Balkans and Central Asia. The U.S. will continue to facilitate workshops or other meetings between U.S. and Austrian police, drug policy and treatment experts, and senior government officials. The U.S. will work closely with Austria to implement U.S.-EU initiatives and to deepen the level of law enforcement cooperation gained during the Austria EU Presidency in the fight against drug trafficking and other organized crime. Promoting a better understanding of U.S. drug policy among Austrian officials and the public remains a top priority.

Azerbaijan

I. Summary

Azerbaijan is located along a drug transit route running from Afghanistan and Central Asia to Western Europe, and from Iran to Russia and Western Europe. Domestic consumption and cultivation of narcotics are low, but levels of use are increasing. The United States has funded counternarcotics assistance to Azerbaijan through the FREEDOM Support Act since 2002. Azerbaijan receives border control assistance through the Department of State's export control and related border security assistance (EXBS) program. Azerbaijan is a party to the 1988 UN Drug Convention.

II. Status of Country

Azerbaijan's main narcotics problem is the transit of drugs through its territory. Azerbaijan emerged as a narcotics transit route in the 1990s because of the disruption of the "Balkan Route" due to the wars among the countries of the former Yugoslavia. According to the Government of Azerbaijan (GOAJ), the majority of narcotics transiting Azerbaijan originates in Afghanistan and follows one of four primary routes: Afghanistan-Iran-Azerbaijan-Georgia-western Europe; Afghanistan-Iran-Azerbaijan-Armenia-Georgia-Western Europe; Afghanistan-Iran-Azerbaijan-Russia; or Afghanistan-Central Asia-the Caspian Sea-Azerbaijan-Georgia-western Europe. Azerbaijan shares a 380 mile (611 km) frontier with Iran, and its border control forces are insufficiently trained and equipped to patrol it effectively. Iranian and other traffickers are exploiting this situation. The most widely abused drugs in Azerbaijan are opiates, especially heroin, licit medicines, hemp, and hashish. Domestic consumption continues to grow with the official GOAJ estimate of drug addicts reaching 18,000 persons. Unofficial figures are estimated at approximately 180,000 to 200,000, the majority of which are heroin addicts Students are thought to be a large share of total drug abusers at 30-35 percent. The majority of heroin users are concentrated in major cities and in the Ankara District (64.6 percent), which borders Iran. Drug use among young women has been rising.

III. Country Actions Against Drugs in 2006

Policy Initiatives. The GOAJ refined its strategy to combat drug transit and usage in Azerbaijan. The GOAJ bolstered its ability to collect and analyze drug-related intelligence, resulting in more productive investigations against narcotics traffickers. The GOAJ also continues to work within the framework of GUAM (an international cooperation group consisting of: Georgia-Ukraine-Azerbaijan-Moldova) to share counternarcotics information and expertise. GUAM countries use the Virtual Law Enforcement Center (VLEC) in Baku, which was established with USG assistance, to coordinate their activities. The center provides an encrypted information system that allows member states' law-enforcement agencies to share information and coordinate their efforts against terrorism, narcotics trafficking, small arms, and trafficking in persons. The extent to which information is shared among GUAM member states through the VLEC appears limited.

Law Enforcement Efforts. According to Ministry of Internal Affairs (MIA) information as of September 2006, the MIA conducted 1,670 drug investigations, of which 565 involved the sale of narcotics. During this period, the MIA seized 16 kg of hashish; 59 kg of opium; and 20 kg of heroin. The MIA reports there are approximately 18,000 registered narcotic users in Azerbaijan. According to Ministry of National Security information (MNS) as of September 2006, the MNS seized 206 kg of narcotics, including 7 kg of heroin; 19 kg of opium; 20 kg of marijuana and 160 kg of hashish.

Corruption. Corruption remains a significant problem. Several Azerbaijani prosecutors have attended U.S. DOJ-sponsored training courses on investigating trans-border crimes, implementing the Azerbaijani criminal code, and developing courtroom skills such as preparing courtroom evidence and cross examining witnesses. These broad-based skills may aid in the prosecution of drug-related cases and limit the scope of corruption. As a matter of government policy, however, Azerbaijan does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. Similarly, no senior government official is alleged to have participated in such activities.

Agreements and Treaties. Azerbaijan is a party to the 1988 UN Drug Convention, to the 1971 UN Convention Against Psychotropic Substances, and to the 1961 UN Single Convention as amended by its 1972 Protocol. Azerbaijan also is a party to the UN Convention against Corruption, and to the UN Convention Against Transnational Organized Crime and its protocols against trafficking in persons, migrant smuggling and illegal manufacturing and trafficking in firearms.

Cultivation and Production. Azerbaijan's problem with narcotics largely stems from being a transit state, rather than a significant drug cultivation site. Cannabis and poppy are cultivated illegally, mostly in southern Azerbaijan, but not in large quantities.

Drug Flow/Transit. Opium and poppy straw originating in Afghanistan transit to Azerbaijan from Iran, or from Central Asia across the Caspian Sea. Drugs are also smuggled through Azerbaijan to Georgia and Russia, then on to Central and Western Europe. Azerbaijan cooperates with Black Sea and Caspian Sea littoral states in tracking and interdicting narcotics shipments, especially morphine base and heroin. Caspian Sea cooperation includes efforts to interdict narcotics transported across the Caspian Sea by ferry. Law enforcement officials report that they have received good cooperation from Russia.

Domestic Programs. In the summer of 2006, the GOAJ produced a series of public service announcements about the dangers of drug usage. The advertisements were aimed at a younger audience and were displayed in downtown Baku.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. In 2006, the Department of State, though its Export Control and Related Border Security Assistance (EXBS) program, continued to assist the Azerbaijan State Border Service (SBS) and the State Customs Committee (SCC). EXBS training and assistance efforts, while aimed at the nonproliferation of weapons of mass destruction and their delivery systems, directly enhance Azerbaijan's ability to control its borders and to interdict all contraband, including narcotics. During 2006, EXBS sponsored numerous border control courses for the Border Guard and SCC officers. These courses provided participants with real-time, hands-on inspections and border control tactics at sea and in the field. Other courses improved the Border Guard's control of Azerbaijan's southern border, as well as the ability of SCC officers to detect contraband.

The U.S. donation of tool trucks equipped with generators, search tools, and related equipment improved the Customs Contraband Teams' detection capabilities. The U.S. Border Patrol did an in-depth assessment of Border Guard operations in a problematic section of the Iranian border. Study recommendations will be used to prioritize the future direction of U.S. assistance. The U.S.'s contribution of fencing and construction materials to rebuild watchtowers significantly enhanced the Border Guard's ability to hamper illegal penetrations of Azerbaijan's southern border. EUCOM supported a study of the Border Guard Air Wing's ability to detect border penetrations at night. As a result of the study, EUCOM will upgrade one aircraft's avionics. During 2006, the Department of Defense and EXBS helped equip a maritime base near Azerbaijan's southern border in Astara. The base will host two patrol boats and two fast response boats to be delivered in early 2007. The

facility will also be used for extended patrols by larger vessels from Baku. In May, EXBS replaced the shore-based short-range radar in Astara with a more reliable and capable model. The efforts in Astara have dramatically improved the Azerbaijani Coast Guard's ability to monitor and patrol the southern waters and maritime boundary of Azerbaijan.

In June 2006, the Department of Justice International Criminal Investigative Training Assistance Program (DOJ/ICITAP) provided a two-week training course for site surveillance, entry and arrest techniques. The program developed Azerbaijani police officers' skills in high-risk entries and tactical team concepts to aid in arresting narcotics offenders. The Department of State's Bureau of International Narcotics and Law Enforcement Affairs (INL) and Drug Enforcement Administration (DEA) are planning training courses for the Ministry of Health, MIA, and Ministry of Justice (MOJ) in using gas chromatography/mass spectrometry to analyze narcotic substances. The three ministries will receive a gas chromatography/mass spectrometry unit as an analysis tool after the training.

The Road Ahead. The U.S. and Azerbaijan will continue to cooperate in law enforcement assistance programs in Azerbaijan. Such programs will include: helping the GOAJ modernize its criminal records system; training and exchanges for Azerbaijan's law enforcement officials and police officers; and forensic lab development, in addition to counternarcotics/drug enforcement programs. Cooperation between DEA and the GOAJ continues, and the DEA plans to help Azerbaijan increase its counternarcotics capabilities.

Belarus

I. Summary

Belarus continues to grow in importance as a drug-transit country. Local drug use and drug-related crime rates continue to increase. Belarus does not mass-produce drugs for export, though it may be a source of precursor chemicals. With the help of other nations and organizations, Belarus is improving its efforts to combat drug abuse and trafficking, but corruption, and lack of organization, funding and equipment continue to hinder progress. Belarus receives counternarcotics assistance from the joint UNDP-European Union program BUMAD (Belarus, Ukraine, Moldova Anti-Drug Program), which seeks to reduce trafficking of drugs into the European Union. The program, which just concluded phase two of its three-part project, seeks to develop systems of prevention and monitoring, improve the legal framework, and provide training and equipment. BUMAD is the most significant counternarcotics program in Belarus at this time. Belarus is a party to the 1988 UN Drug Convention.

II. Status of Country

Drugs increasingly transit Belarus on their way to points east, west and north due to Belarus' porous borders and good railway and road system. This traffic is facilitated by Belarus' customs union with Russia and the resultant lack of border controls between Belarus and Russia. The formation of the Eurasian Economic Community (Belarus, Russia, Kazakhstan, Kyrgyzstan Republic, Tajikistan, and Uzbekistan) has the potential to create a broader border-free area, which would further facilitate all types of trafficking. There is no evidence of large-scale drug production in Belarus. The potential exists for Belarus to have a problem with illicit synthetic drug production because of its ample pharmaceutical facilities and the current lack of oversight controls. The completely government-owned chemical industry is allowed to police itself. According to law enforcement officials in neighboring countries, Belarus is a source of precursor chemicals.

III. Country Actions Against Drugs in 2006

Policy Initiatives. Belarus' counternarcotics strategy initiative (the State Program of Complex Measures Against Drug and Psychotropic Substances Abuse and Their Illicit Trafficking for 2001-2005) expired last year. Administered by the Ministry of the Interior, the program included ambitious plans for prevention and rehabilitation strategies but was never fully implemented and will not be renewed. This year, the Belarusian government incorporated drug abuse prevention and rehabilitation into its overall national 2006-2010 Anti-Crime Program, under which the Committee for State Security (BKGB), the State Customs Committee, and the Ministries of the Interior, Health, and Foreign Affairs will conduct their own programs. While inter-agency rivalry inhibits cooperation, Belarus has made some strides over the past year in restructuring government agencies to enhance information gathering on narcotics transit and distribution. For example, in February, the Ministry of Health established a BUMAD-supported National Observatory on Drugs in order to link 19 government agencies to assist in the collection and analysis of statistics on illicit drug abuse in an effort to combat drug trafficking on a regional level. The Collective Security Treaty Organization (CSTO) launched its international anticrime operation “Channel 2005,” a cooperative effort coordinated by an office of the Commonwealth of Independent State (CIS) that resulted in the seizure of more than 80 kg of narcotics in Belarus in October 2005. In April, the CIS Council of Border Troops Commanders established a common database for coordinating border security. In June 2006, during the CSTO Heads of State summit in Minsk, Belarus and the other CSTO members signed commitments for future joint antidrug activities.

Accomplishments. While Belarus does not face large-scale illicit drug production or cultivation problems, drug use and transit issues must be addressed before Belarus will be in full compliance with the 1988 UN Drug Convention. In 2004, BUMAD presented the Belarusian government with a series of recommendations to bring the country's laws into full compliance with drug-related UN conventions. However, a 2006 BUMAD-commissioned study concluded that the Belarusian government had yet to implement most of those recommendations.

Law Enforcement Efforts. From January 1 to October 1, 2006, 2,118 people committed 3,720 drug-related crimes. Meanwhile, authorities seized 569 kg of drugs, a decrease from 720 kg during the same time period in 2005. However, experts, including government officials, agree that this official figure fails to reflect the real quantity of drugs transiting or used in Belarus and note that the low street prices of amphetamines and heroin, which fell from $100 to $40 per gram over the past year, attests to the overall increase in supply. Moreover, in a report presented to the BUMAD in September, the State Border Troops' Committee conceded that official seizure figures do not reflect the reality of the problem and that most drugs transit Belarus undetected from western Russia, which has a virtual open border with Belarus as part of the countries' customs union. Government officials publicly admit that enforcement efforts suffer from lack of communication and coordination and from inter-agency rivalries. According to BUMAD, this unprecedented and candid self-examination by Belarusian law enforcement translated into more interest in international cooperation in 2006. For example, the Belarusian police academy instituted a new BUMAD-supported curriculum with two new courses focusing on drug enforcement. Moreover, state Security Services reversed policy by allowing law enforcement agencies to use a BUMAD-sponsored software program to enhance information sharing between its law-enforcement agencies and with other BUMAD recipients who had previously adopted the program. Finally, Belarus hosted BUMAD's annual regional seminar on improving cooperation between Belarusian and foreign law enforcement agencies.

Despite these recent efforts, total drug seizures have declined significantly since last year. Drugs seized from January 1 to October 1 (in kg) are as follows: Poppy Straw and Marijuana (720); Raw Opium (74.8); Heroin (0.2); Amphetamine/Methamphetamine (4.3); Acetylated Opium (liquid heroin) (5.8); Hashish (9.1); Cocaine (0.5); LSD and other hallucinogens (1.2); Methadone (0.4). Belarus continues to have problems with abuse of the extract from poppy straw, which is very popular in Ukraine, Russia, and Belarus. Poppy straw was again the drug seized in greatest quantity in 2006. However, there is no evidence of large-scale production of poppies for export. Heroin seizures have dropped sharply from 26.7 kg last year to 0.2 kg in 2006. Credible sources report that use of synthetic drugs has increased by 136 times since 2000 and is gradually replacing demand for poppy straw and marijuana. Belarusian authorities believe that most synthetic drugs enter Belarus from Western Europe via the country's borders with Poland, Lithuania, and Latvia. In 2006, authorities seized 0.4 kg of methadone, down from 1.1 kg confiscated during the previous year.

Corruption. On July 20, President Lukashenko signed an anticorruption law to comply with the Council of Europe's 1999 Criminal Law Convention on Corruption, which Belarus ratified in 2004. Belarus also ratified the Council of Europe's 1999 Civil Law Convention on Corruption in December 2005 and is considering a series of corresponding amendments on corruption. Nevertheless, corruption remains a serious problem among border and customs officials and makes interdiction of narcotics difficult. In October, a retiring Customs Division head in the western Brest region publicly confessed that Belarusian law is still too weak to deter widespread bribery at Belarusian border checkpoints. As a matter of government policy, however, Belarus does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions.

Agreements and Treaties. Belarus 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. Belarus is a party to the UN Convention Against Corruption, and the UN Convention against Transnational Organized Crime and its protocols against migrant smuggling, trafficking in persons and manufacturing and trafficking in illegal firearms. The international donor community has had repeated difficulties in getting assistance programs registered by the government. In September 2005, a presidential edict greatly restricted all foreign technical assistance, making it extremely difficult to introduce and utilize international aid in Belarus. There have also been attempts by the Belarusian government to tax foreign aid, despite international agreements. These problems have slowed the implementation of international assistance programs. For example, authorities delayed registration of the second part of BUMAD and consequently postponed the launch of BUMAD-sponsored programs for legal assistance, border control, drug intelligence, community policing, drug observatories, and NGO networking. During BUMAD's 2006 regional seminar in Minsk, Belarusian Foreign Minister Sergey Martynov acknowledged the need for more outside aid and advocated the removal of Belarus' legal obstacles to international counternarcotics cooperation. By September 2006, BUMAD reported that its second phase was nearly complete and that the authorities seemed much more responsive to foreign law-enforcement assistance programs.

Cultivation/Production. There is no confirmed widespread illicit drug cultivation or production in Belarus. Conviction for growing narcotic plants for the purpose of selling can result in a prison sentence of as much as 15 years. However, some cultivation and production have been detected. In June, authorities seized nearly 110 kg of hemp plants. In July, during a six-day joint over flight and seizure operation, border troops, BKB officers, and local police discovered 34 hectares of poppy and cannabis fields and destroyed more than 9.5 tons of narcotic plants. Earlier in the year, credible sources reported that authorities raided a small laboratory that illegally produced amphetamines and cultivated new types of Dutch marijuana.

Drug Flow/Transit. Most serious illicit drugs, especially heroin, enter Belarus from Russia. Drugs also enter Belarus from Ukraine (semi-refined opium); the Baltic states, the Netherlands, Poland (amphetamines); Afghanistan, Caucasian republics, Pakistan, Russia, Tajikistan, Turkmenistan, Ukraine (heroin); Caucasian republics, Ukraine (marijuana); Russia (methadone); Ukraine (poppy straw). Amphetamines and precursors transit Belarus to Poland and Russia. Marijuana, poppy straw, Rohypnol, and heroin transit to Russia and Western Europe.

In 2005, more than 22 million persons and 7 million vehicles crossed Belarusian borders. During that time, customs authorities seized 70 kg of illicit narcotics. In April 2006, customs officials reported that the total number of goods transiting through Belarus between January and April 2006 had risen more than 18 percent from the same period of the previous year. According to official sources, customs officers currently inspect only five percent of all inbound freight. Furthermore, Belarusian border guards often lack the training, and in many cases the equipment, to conduct effective searches. In an effort to address these problems, the BUMAD program continues several programs to improve Belarus' border checkpoints and training of law enforcement personnel.

Domestic Programs (Demand Reduction). Belarusian authorities are beginning to recognize the growing demand problem in Belarus, particularly among young people who have ready access to narcotics at dance clubs, university dormitories and educational facilities. In October, Belarus' Drug Control and Trafficking Department Chief Oleg Pekarskiy estimated the true number of drug addicts in the country to be nearly ten times the official number of 9,500, or about 127 registered drug users per 100,000 persons. According to official statistics, the number of drug-related offenses have doubled since 2000 and 70 percent of known drug addicts are between the ages of 14 and 25. In April, the Regional Juvenile Delinquency Prevention Commission based in the western city of Brest reported that the number of recorded juvenile drug-related offenses during the first three months of 2006 rose six percent over the same period in 2005.

Drug use is criminalized and highly stigmatized by government and in society. Drug addicts, especially those who are unregistered, are dissuaded from seeking treatment by fear of consequences at work, school, and in society if their addiction becomes known. Meanwhile, Belarus' counternarcotics education remains inchoate, though such programs occur at the local level with varying degrees of success. Police officers who work with juvenile crime run drug prevention programs in schools, but lack sufficient training, resources, and nationwide coordination of curriculum. In February 2005, BUMAD and the GOB launched a Minsk-based counternarcotics youth information campaign, "You and Me against Drugs," which included pamphlet distribution, lectures at organized sporting events and the production of an informational counternarcotics video with famous Belarusian athletes. However, the program ended in June 2005 and a similar follow up program is not scheduled to begin until summer 2007. Last year, BUMAD had also sponsored a Belarusian chapter of NGO Mothers Against Drugs (MAD), which won the 2005 UN Civil Society Award for its work in developing and implementing drug prevention programs among Belarusian youth, including counseling services, HIV awareness programs, and self-help groups for addicts and their family members. However, the government subsequently withdrew its registration, and all MAD offices closed in 2006.

The government generally treats drug addicts in psychiatric hospitals, either as a result of court remand or self-enrollment, or in prisons. Moreover, the emphasis of most treatment programs is detoxification and stabilization. For example, in February, the Ministry of Health began methadone substitution program for HIV positive drug users in the southeastern Gomel region. Several NGOs run rehabilitation centers, which attempt to provide long-term care, including psychological assistance and job training. However, financial limitations constrain the breadth of these programs. Several BUMAD-supported drug counseling centers were forced to close when the government withdrew its support.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. The USG has not provided narcotics/justice sector assistance to the GOB since February 1997.

The Road Ahead. The USG will continue to encourage Belarusian authorities to enforce their counternarcotics laws.

Belgium

I. Summary

Belgium remains an important transit point for a variety of illegal drugs, most significantly Ecstasy, cocaine, and heroin. Belgium is the second significant supplier of Ecstasy to the United States (much of which is shipped via Canada), and plays a significant role in the transshipment of cocaine from South America to Europe. Usage and trafficking of cocaine in Belgium appear to be on the rise, while Ecstasy and amphetamine seizures have decreased, indicating a decline in the overall usage and trafficking of these drugs. Belgium is also a transit point for a variety of chemical precursors used to make illegal drugs. Within the past year, Belgium has become an important transshipment point for illegal ephedrine, used as a chemical precursor to methamphetamine, destined for the United States via Mexico.

Traffickers use Belgium's busy seaports, train stations, and the two international airports to move drugs to their primary markets in the United Kingdom, the Netherlands, and elsewhere in Western Europe as well as to the United States. Belgian authorities take a proactive approach in interdicting drug shipments and cooperate with the U.S. and other foreign countries to help uncover distribution rings at home and abroad. Belgian authorities also continue to fight the production of illicit drugs within their borders, using methods like canine and aerial surveillance to uncover traffickers and drug laboratories. Belgium is a party to the 1988 UN Drug Convention.

II. Status of Country

Belgium produces synthetic drugs, as well as cannabis, and remains a key transit point for illicit drugs bound for the United Kingdom, the Netherlands, and other points in Western Europe, as well as the United States and Canada. By most accounts, its position as an important transit point for cocaine is largely due to a shared border with the Netherlands. In virtually all cases of significant cocaine shipping, the end destination for the cocaine is the Netherlands, where Colombian groups continue to dominate drug trafficking. This border shared by Belgium and the Netherlands has also contributed to the surge in both size and number of clandestine amphetamine and Ecstasy laboratories in Belgium since 2000. Airline passenger couriers and containerized cargo remain the principal means of transporting small quantities of Ecstasy to the United States. Stricter controls have limited the sending of pills via both express and regular mail from Belgium. In the past, Israeli groups controlled most of the Ecstasy production and shipping to the United States. More recently however in Belgium, Israeli organized crime groups have been disrupted by enforcement measures and their influence has diminished. Belgian officials believe that sea freight is likely used for transporting larger amounts of Ecstasy from Belgium via third countries to the United States and Canada. However, Belgian authorities continue to make a concerted effort to stem the tide of Ecstasy headed for the United States. Turkish groups continue to control most of the heroin trafficked in Belgium. This heroin is principally shipped through Belgium and the Netherlands to the United Kingdom. Increased seizures of cocaine may be an indication of a growing demand in Belgium. Hashish and cannabis remain the most widely distributed and used illicit drugs in Belgium. Although the bulk of the cannabis consumed in Belgium is produced in Morocco, cultivation in Belgium continues to increase.

In 2006, Belgium has experienced a dramatic rise of illegal ephedrine shipping. The ephedrine market is mainly controlled by Mexicans who purchase both legal (i.e., cold medicine, dietary supplements) and illegal ephedrine, and ship it to Mexico, where it is used to produce methamphetamine for distribution in the United States. Since most forms of ephedrine are strictly regulated in the United States, Belgium and other Western European countries have become major

providers of these methamphetamine precursors. Furthermore, Belgium is also an important transshipment point for other chemical precursors, mainly coming from China to Europe. Precursor chemicals that transit Belgium include: acetic anhydride (AA), used in the production of heroin; piperonymethylketon (PMK) and benzylmethylketon (BMK), chemical precursors used in the production of Ecstasy; and potassium permanganate used in cocaine production.

III. Country Actions Against Drugs in 2006

Policy Initiatives. Belgium's National Security Plan for 2004-2007 cites synthetic drugs and heroin as the top large-scale drug trafficking problems. Of particular concern to Belgium is the importation and transshipment of cocaine and the exportation of synthetic drugs. The National Security Plan calls for attention to be concentrated on shutting down clandestine laboratories for synthetic drugs, on breaking up criminal organizations active in the distribution of synthetic drugs and heroin, and on halting the rise of drug tourism in Belgium, which has become an increasingly common phenomenon in the nation's larger cities. The Federal Prosecutor's Office, established in 2002, works to centralize and facilitate mutual legal assistance requests on drug trafficking investigations and prosecutions. Federal authorities have also noted an extreme rise in the establishment of cannabis plantations in the past year. With the number of cannabis seizures increasing each year, new efforts will be set forth to shut down plantations.

Law Enforcement Efforts. Belgian law enforcement authorities actively investigate individuals and organizations involved in illegal narcotics trafficking. In keeping with Belgium's drug control strategy, efforts are focused on combating synthetic drugs, heroin and cocaine, and more recently, cannabis. Belgian authorities continued to cooperate closely and effectively with DEA officials stationed in Brussels. At Brussels' Zaventem International Airport, non-uniformed personnel trained by the Belgian Federal Police to help detect drug couriers have become increasingly proficient. Belgian authorities have continued a proactive approach to searches and inspections of U.S.-bound flights at the airport with limited results. Belgian police attribute this to the additional DHS-mandated security controls on these flights. Additionally, the National Security Plan for 2004-2007 has outlined plans to use canine and aerial apprehension strategies on the local and federal levels to help fight illicit drug production and shipment in Belgium. The Canine Support Service (DSCH) has trained four dog teams to search for drugs, used mostly in airports and train stations, while the Aerial Support Service (DSAS) has made a concerted effort to increase the number of hours in the sky in an attempt to detect drug laboratories across the nation. In both proactive and reactive drug searches, the DSCH has exhibited positive results in the past year: 963 residences, 1,482 vehicles, and 2,335 persons that were searched tested positive for some illicit drug.

In the past year, Belgian authorities have discovered two clandestine laboratories, one producing Ecstasy and one producing both Ecstasy and amphetamines. As in past years, both production sites were located along the northern border with the Netherlands. These seizures bring the number of synthetic drug laboratories seized since 1999 to 56. In 2006 Belgian authorities seized approximately 2,928.92 kg of cocaine, 277.55 kg of heroin, 431,056 methylenedioxymethamphetamine (MDMA/Ecstasy) pills, 118.81 kg of amphetamines, 4,530.63 kg of cannabis/marijuana, 8,000.52 kg of hashish, and 1,923.99 kg of khat (cathinone/cathine).

Corruption. The Belgian government does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. Money laundering has been illegal in Belgium since 1993. The country's Financial Intelligence Unit (FIU) (CTIF-CFI) is active in efforts to investigate money laundering. No senior official of the Belgian government engages in, encourages or facilitates the illicit production or distribution of such drugs or substances, or the laundering of proceeds from

illegal drug transactions. Corruption is not judged a problem within the narcotics units of the law enforcement agencies. Legal measures exist to combat and punish corruption.

Agreements and Treaties. Belgium 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. Belgium also is a party to the UN Convention against Corruption, the UN Convention against Transnational Organized Crime and its protocols against migrant smuggling, trafficking in persons, and illegal manufacturing and trafficking in firearms. The United States and Belgium have an extradition treaty and an MLAT. During FY-2005, eight MLAT requests for narcotics case information sharing were submitted between Belgium and the United States. As part of a joint U.S.-EU venture, in 2004 the U.S. and Belgium signed bilateral instruments implementing the 2003 U.S.-EU Extradition Agreement. Under a bilateral agreement with the United States as part of the U.S. Container Security Initiative (CSI), U.S. Customs officials are stationed at the Port of Antwerp to serve as observers and advisors to Belgian Customs inspectors on U.S.-bound sea freight shipments.

Cultivation/Production. Belgium's role as a transit point for major drug shipments, particularly Ecstasy and cocaine, is more significant than its own production of illegal drugs. Nevertheless, Belgian authorities believe domestic Ecstasy and cannabis production is on the rise. Only the Netherlands exports more Ecstasy for use in the United States than does Belgium. Cultivation of marijuana is increasingly done using elaborate, large-scale operations in Belgium. Within the past year, 188 cannabis plantations, all in Flanders, were shut down, leading to the arrest of over 20 people and the seizure of 101,464 cannabis plants. The police action plan for 2004-2007 includes the fight against illegal commerce of cannabis due to the large-scale plantations discovered in the country. The production of amphetamines does not appear to have abated. Dutch traffickers are involved in Belgium's production of Amphetamine-Type Stimulants (ATS). As Dutch law enforcement pressure mounts on producers of Ecstasy and other ATS in the Netherlands, some Dutch producers either look to Belgian producers to meet their supply needs or to establish their own facilities in Belgium.

Drug Flow/Transit. Belgium remains an important transit point for drug traffickers because of its port facilities (Antwerp is Europe's second-busiest port), two international airports, highway and rail links to cities throughout Europe, and proximity to the Netherlands, where drug trafficking is a major problem. It has been estimated that about 25 percent of drugs from South America moving through Europe eventually transit Belgium, especially cocaine. These drugs are ultimately shipped to the United Kingdom, the Netherlands, and to other points in Western Europe, to Canada and to the United States. Israeli drug traffickers continue to control most of the export of Ecstasy from Belgium and the Netherlands, as evidenced by the arrest in 2006 of 16 Israelis possessing a total of 350,000 tablets of Ecstasy. The Ecstasy is sent in bulk from Belgium to Chinese or Vietnamese gangs in Canada. Most Ecstasy production continues to be controlled by Dutch chemists on either side of the border between Belgium and the Netherlands. A growing trend involves Chinese traffickers shipping Ecstasy precursor chemicals from China to Belgium and the Netherlands. These groups are believed to have largely displaced traditional Ecstasy sources. The port of Antwerp continues to be the preferred destination for cocaine imported to Europe; although the oft-quoted estimate is 16 tons entering the port each year, this figure is probably too low; the actual number is believed to be considerably higher. The flow of cocaine to Belgium is controlled by Colombian organizations with representatives residing in the region. Antwerp port employees are also documented as being involved in the receipt and off-load facilitation of cocaine upon arrival at the port. In addition, over 100 seizures of cocaine were documented at Brussels' Zaventem Airport from January to August 2006. Most of the cocaine had originated in South America and transited through either West Africa or South America. The majority of the carriers were of Albanian,

Moroccan, or Dutch descent. The other predominant cocaine trafficking groups in Belgium are Colombian, Surinamese, Chilean, Ecuadorian, and Israeli. The Port of Antwerp is also an important transit point for cannabis and hashish. Authorities have noted that the principal shipping method of marijuana has been through DHL parcels destined for the United Kingdom via Belgium. The Netherlands remains a major supplier of both marijuana and hashish to Belgian traffickers. Belgium remains a transit country for heroin destined for the British market. Seizures of the past three years and intelligence indicate that Belgium has also become a secondary distribution and packing center for heroin coming along the Balkan Route. Turkish groups continue to dominate the trafficking of heroin in Belgium and are also known to have become increasingly involved in the distribution of Ecstasy and cocaine. The Belgian Federal Police have identified trucks from Turkey as the single largest transportation mechanism for westbound heroin entering Belgium. These trucks are usually destined for Portugal. Turkish criminal organizations involved in heroin trafficking seem to have diversified their activities by starting to export Ecstasy from Belgium. Trucks with Ecstasy are sent to Turkey and return to Belgium with heroin.

Domestic Programs. Belgium has an active drug education program administered by the regional governments (Flanders, Wallonia, and Brussels) that targets the country's youth. These programs include education campaigns, drug hotlines, HIV and hepatitis prevention programs, detoxification programs, and a pilot program for “drug-free” prison sections. The Belgian system contrasts with the U.S.'s approach in that Belgium directs its programs at individuals who influence young people versus young people themselves. In general, Belgian society views teachers, coaches, clergy, and other adults as better suited to deliver the counternarcotics message to the target audience because they already are known and respected by young people.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. The United States and Belgium regularly share drug-related information. Counternarcotics officials in the Belgian Federal Police, Federal Prosecutor's Office, and Ministry of Justice are fully engaged with their U.S. counterparts. With the rise in the trafficking of ephedrine in Belgium, the U.S. plans to focus on identifying and prosecuting both suppliers and shippers of illegal ephedrine before the drug reaches the U.S.

The Road Ahead. The United States looks forward to continued close cooperation with Belgium in combating illicit drug trafficking and drug-related crime, with a growing emphasis on systematic consultation and collaboration on operational efforts. The U.S. also welcomes Belgium's active participation in multilateral counternarcotics fora such as UNODC in order to help decrease drug trafficking and production both in Belgium and throughout Europe.

Bosnia and Herzegovina

I. Summary

Narcotics control capabilities in Bosnia and Herzegovina remain in a formative period and have not kept pace with developments in other areas of law enforcement. Bosnia is still considered primarily a transit country for drug trafficking due to its strategic location along the historic Balkan smuggling routes, weak state institutions, lack of personnel in counternarcotics units, and poor cooperation among the responsible authorities. Although the political will to improve narcotics control performance exists among the Bosnian government, faced with ongoing post-war reconstruction issues, it has to date focused limited law enforcement resources on war crimes, terrorism and trafficking in persons and has not developed comprehensive antinarcotics intelligence and enforcement capabilities. Despite increasing law enforcement cooperation, gradual improvements in the oversight of the financial sector, and substantial legal reform, local authorities are politically divided and enforcement efforts are poorly coordinated. Narcotics trade remains an integral part of the activities of foreign and domestic organized crime figures that operate with the tacit acceptance (and sometimes active collusion) of some corrupt public officials. Border controls have improved, but flaws in the regulatory structure and justice system, lack of coordination among police agencies, and a lack of attention by Bosnia's political leadership mean that measures against narcotics trafficking and related crimes are often substandard.

In 2006, Bosnia did not create a state-level body to coordinate the fight against drugs or develop the national counternarcotics strategy mandated by legislation passed in late 2005. In 2006, the Bosnia government, in cooperation with the European Union Police Mission, conducted a public information campaign to raise awareness about the dangers and effects of drugs. Bosnia is attempting to forge ties with regional and international law enforcement agencies. Bosnia is party to the 1988 UN Drug Convention.

II. Status of Country

Bosnia is not a significant narcotics producer, consumer, or producer of precursor chemicals. Bosnia does occupy a strategic position along the historic Balkan smuggling route between drug production and processing centers in Southwest Asia and markets in Western Europe. Bosnian authorities at the state, entity, cantonal, and municipal levels have been unable to stem the transit of illegal migrants, black market commodities, and narcotics since the conclusion of the 1995 Dayton Peace Accords. Traffickers have capitalized in particular on an ineffective justice system, public sector corruption, and the lack of specialized equipment and training. Bosnia is increasingly becoming a storehouse for drugs, mainly marijuana and heroin. Traffickers “warehouse” drugs in Bosnia, until they can be shipped out to destinations further along the Balkan Route. One of the main routes for drug trafficking starts in Albania, continues through Montenegro, passes through Bosnia to Croatia and Slovenia and then on to Central Europe. Cocaine for domestic consumption arrives mainly from the Netherlands through the postal system. Information on domestic consumption is not systematically gathered, but authorities estimate Bosnia has 100,000 drug addicts. Anecdotal evidence and law enforcement officials indicate that demand is steadily increasing. No national drug information system focal point exists, and the collection, processing, and dissemination of drug-related data is neither regulated nor vetted by a state-level regulatory body.

III. Country Actions Against Drugs in 2006

Policy Initiatives. On November 8, 2005, the Bosnia House of Representatives passed legislation designed to address the problem of narcotics trafficking and abuse. However, the state-level

counternarcotics coordination body and national counternarcotics strategy mandated by the legislation were not in place as of October 2006 due to staffing and resource constraints. It is hoped that the work of the counternarcotics coordination body will get under way upon the formation of a new government in the wake of October 2006 national elections. Bosnia is a state with limited financial resources, but, with USG and EU assistance, it is attempting to build state-level law enforcement institutions to combat narcotics trafficking and organized crime and to achieve compliance with relevant UN conventions. The full deployment of the State Border Service (SBS) and the establishment of the State Investigative and Protection Agency (SIPA) have improved counternarcotics efforts. Telephone hotlines, local press coverage, and public relations efforts have focused public attention on smuggling and black-marketeering.

Law Enforcement Efforts. Counternarcotics efforts have improved but remain inadequate given suspected trafficking levels. Cooperation among law enforcement agencies and prosecutors is primarily informal and ad hoc, and serious legal and bureaucratic obstacles to the effective prosecution of criminals remain. Through June 2006 (latest available statistics), law enforcement agencies in Bosnia-Herzegovina (including the State Investigation and Protection Agency, the State Border Service, Federation Ministry of Interior, Republika Srpska (RS) Ministry of Interior and Brcko District Police) have filed 750 criminal reports against 916 persons for drug related offenses. The aforementioned law enforcement agencies also report having seized almost four kg (kg) of heroin, 650 grams of cocaine, 1.9 kg of amphetamines, 11.6 kg of marijuana, 4,327 cannabis plants, 1,825 cannabis seeds, 4,761 Ecstasy tablets, 242 grams of “speed”, 117 grams of hashish, and 70 LSD stamps. These official statistics only reflect illegal drugs seized between January-June 2006 and do not reflect several significant September drug interdictions that reportedly recovered over 90kg of marijuana. The State Border Service, founded in 2000, is now fully operational with 2,199 officers and is responsible for controlling the country's four international airports, as well as Bosnia's 55 international border crossings covering 1,551 kilometers. The SBS is considered one of the better border services in Southeast Europe and is one of the few truly multi-ethnic institutions in Bosnia. However, there are still a large number of illegal crossing points, including dirt paths and river fords, that the SBS is unable to control. Moreover, many official checkpoints and many crossings remain understaffed. The SIPA, once fully operational, will be a conduit for information and evidence between local and international law enforcement agencies, and will have a leading role in counternarcotics efforts. As of November 2006, SIPA had hired 911 of its proposed 1,700 staff.

Cultivation/Production. Bosnia is not a major narcotics cultivator. Officials believe that domestic cultivation is limited to small-scale marijuana crops grown in southern and western Bosnia. Bosnia is also not a major synthetics narcotics producer and refinement and production are negligible.

Corruption. Bosnia does not have laws that specifically target narcotics-related public sector corruption and has not pursued charges against public officials on narcotics-related offenses. Organized crime, working with a few corrupt government officials, uses the narcotics trade to generate personal revenue. There is no evidence linking senior government officials to the illicit narcotics trade. As a matter of government policy, Bosnia does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. Bosnia is a party to the UN Convention Against Corruption.

Agreements and Treaties. Bosnia is a party to the 1988 UN Drug Convention and is developing bilateral law enforcement ties with neighboring states to combat narcotics trafficking. A 1902 extradition treaty between the U.S. and The Kingdom of Serbia applies to Bosnia as a successor state. Bosnia is a party to the UN Convention against Transnational Crime and its protocols against migrant smuggling and trafficking in persons

Drug Flow/Transit. While most drugs entering Bosnia are being trafficked to destinations in third countries, indigenous organized crime groups are involved in local distribution to the estimated 100,000 drug users in the country. Major heroin and marijuana shipments are believed to transit Bosnia by several well-established overland routes, often in commercial vehicles. Local officials believe that Western Europe is the primary destination for this traffic. Officials believe that the market for designer drugs, especially Ecstasy, in urban areas is rising rapidly. Law enforcement authorities posit that elements from each ethnic group and all major crime "families" are involved in the narcotics trade, often collaborating across ethnic lines. Sale of narcotics is also considered a significant source of revenue used by organized crime groups to finance both legitimate and illegitimate activities. There is mounting evidence of links and conflict among, Bosnian criminal elements and organized crime operations in Russia, Albania, Serbia and Montenegro, Croatia, Austria, Germany, and Italy.

Domestic Programs. In Bosnia there are only two methadone therapy centers with a combined capacity to handle about 160 patients. The limited capacity of the country's psychiatric clinics, also charged with treating drug addicts, is problematic, as the number of addicts and drug-related deaths in the country is rising steadily. It is estimated that between 70 to 80 per cent of drug addicts who undergo basic medical treatment are recidivists. The Bosnian government currently pays for the basic medical treatment of drug addicts, but there are no known government programs for reintegrating former addicts into society. During 2006, the police of Bosnia and Herzegovina in conjunction with the European Union Police Mission implemented an antidrug campaign "Choose Life, not Drugs". This public awareness Campaign, targeting drug prevention messages to youth, provided promotional materials to students and delivered antidrug abuse messages from former drug addicts to help youth choose a drug-free lifestyle. In September, the campaign kicked off a "School without Drugs" program to be carried out in 65 elementary and 37 secondary schools in the Sarajevo region. The "Viktorija" Association raised funds and helped 25 drug addicts complete a rehabilitation and reintegration program. The PROI Association helped 10 former drug addicts reintegrate into society. An antidrug public awareness campaign in Mostar utilized the wall of a centrally located prison for antidrug messages painted by youth volunteers.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. USG policy objectives in Bosnia include reforming the criminal justice system, strengthening state-level law enforcement and judicial institutions, improving the rule of law, de-politicizing the police, improving local governance, and introducing free-market economic initiatives. The USG will continue to work closely with Bosnian authorities and the international community to combat narcotics trafficking and money laundering.

Bilateral Cooperation. The USG's bilateral law enforcement assistance program continues to emphasize task force training and other measures against organized crime, including narcotics trafficking. The Department of Justice's International Criminal Investigative Training Assistance Program (ICITAP) and U.S. Customs programs provided specific counternarcotics training to entity Interior Ministries and the SBS. The Overseas Prosecutorial Development Assistance Training (OPDAT) provides training to judges and prosecutors on organized crime-related matters. The Drug Enforcement Agency (DEA) Regional Office in Rome maintains liaison with its counterparts in Bosnian state and entity level law enforcement organizations. The DEA has also sponsored specific narcotics interdiction training in Bosnia.

The Road Ahead. Strengthening the rule of law, combating organized crime and terrorism, and reforming the judiciary and police in Bosnia remain top USG priorities. The USG will continue to focus its bilateral programs on related subjects such as public sector corruption and border controls. The USG will assist Bosnia with the full implementation of the planned national counternarcotics strategy and continue to support police reform. The international community is also working to

increase local capacity and to encourage interagency cooperation by mentoring and advising the local law enforcement community.

Bulgaria

I. Summary

Bulgaria is a major transit country, as well as a producer of illicit narcotics. Strategically situated on Balkan transit routes, Bulgaria is vulnerable to illegal flows of drugs, people, contraband, and money. Heroin moves through Bulgaria from Southwest Asia, while chemicals used for making heroin move through Bulgaria from the former Yugoslavia to Turkey and beyond. It is thought that much of the heroin distributed in Europe is transported through Bulgaria. Marijuana and cocaine are also transported through Bulgaria. The Government of Bulgaria (GOB) has continued to make progress in improving its law enforcement capabilities and customs services; it maintained the rate of seizures and closed down one illegal drug-producing laboratory. While major legal and structural reforms have been enacted, effective implementation remains a challenge. The Bulgarian government has proven cooperative, working with many U.S. agencies, and has reached out to neighboring states to cooperate in interdicting the illegal flow of drugs and persons. Nevertheless, Bulgarian law enforcement agencies, investigators, prosecutors and judges require further assistance to develop the capacity to investigate, prosecute and adjudicate illicit narcotics trafficking and other serious crimes effectively. Bulgaria is a party to the 1988 UN Drug Convention.

II. Status of Country

In the past year, Bulgaria has continued to move from primarily a drug transit country to an important producer of narcotics. According to NGOs and government sources, Bulgaria is increasingly a center of synthetic drug production, and synthetic drugs have overtaken heroin as the most widely used drugs in Bulgaria. Amphetamines are produced in Bulgaria for the domestic market as well as for export to Turkey and the Middle East. The Government of Bulgaria has emphasized its commitment to combat serious crime including drug trafficking. Despite some progress towards this goal, there were no convictions of major figures involved in drug trafficking, or other serious related crimes, including organized criminal activity, corruption or money laundering during 2006. Among the problems hampering counternarcotics efforts are poor inter-agency cooperation, lack of financing, inadequate equipment to facilitate narcotics searches, widespread corruption, and an often ineffective judicial system.

III. Country Actions Against Drugs in 2006

Policy Initiatives. The Bulgarian government has continued to implement the National Strategy for Drug Control adopted by the Council of Ministers in 2003. In 2004, amendments to the Criminal Code abolished a provision that had decriminalized possession of one-time doses of illegal drugs for personal use. The effect of this policy has been to extend harsh penalties for drug possession to users as well as producers and distributors. NGOs, government bodies, and European institutions have disputed the effectiveness of this legislation, with some studies claiming that drug use has actually increased since its adoption. Additional measures started in 2002 and continuing through 2006 included engaging NGOs in counternarcotics partnerships and the establishment of 16 provincial prevention and education centers throughout the country. Unfortunately, national programs for drug treatment and prevention, including the National Center for Addictions, have been consistently under-funded.

Accomplishments. The National Drugs Intelligence Unit, founded in October 2004, has improved coordination between law enforcement agencies by gathering and analyzing information relating to illegal drugs production and distribution. To date, the center has compiled data on over 900 suspected drug traffickers.

Law Enforcement Efforts. From January to November 2006, Bulgarian law enforcement agencies closed one illegal drug-producing laboratory and seized 8450 kg of drugs, including 460 kg of heroin, 7,460 kg of marijuana, 80 kg of cocaine, 348 kg of synthetic drugs and 50 vials and 93,576 tablets of other psychotropic substances. Also seized were 9.5 kg of dry and 0.5 liters of fluid precursor chemicals. Bulgarian services report that the 74 percent drop in seizures of synthetic drugs is due to the relocation of illegal laboratories to Eastern Turkey.

Corruption. Despite some progress, corruption in various forms in the government remains a serious problem. The European Commission's monitoring report commended the government's efforts but noted the need to do more to erase high-level corruption, in particular more indictments, trials, and convictions of the guilty. Despite this, there was no evidence that senior government officials engaged in, encouraged or facilitated the production, processing, shipment or distribution of illegal narcotics, or laundered the proceeds of illegal drug transactions. Bulgaria is a party to the UN Convention against Corruption.

Agreements and Treaties. Bulgaria is a party to the 1988 UN Drug Convention, the 1961 Single Convention as amended by its 1972 Protocol, the 1971 Convention on Psychotropic Substances and the 1990 Convention on Laundering, Search, Seizure and Confiscation of Proceeds from Crime. Bulgaria is a party to the UN Convention against Transnational Organized Crime and its protocols against trafficking in persons, migrant smuggling and illegal manufacturing and trafficking in firearms. The 1924 U.S.-Bulgarian Extradition Treaty and a 1934 supplementary treaty are in force.

Cultivation and Production. The only illicit drug crop known to be cultivated in Bulgaria is cannabis. While the extent of cultivation is not known, there has been a drastic increase in the seizures of marijuana. Experts ascribe this to ready availability of uncultivated land and Bulgaria's receptive climate. Cannabis is not trafficked significantly beyond Bulgaria's own borders. There has been a steady increase in the indigenous manufacture of synthetic stimulant products such as captagon (fenethylline).

Drug Flow/Transit. Synthetic drugs, heroin, and cocaine are the main drugs transported through Bulgaria. Heroin from the Golden Crescent and Southwest Asia has traditionally been trafficked to Western Europe on the Balkan route from Turkey through Bulgaria to consumers in Western Europe. However, Bulgarian authorities say the trend of heroin traffic moving by the more circuitous routes through the Caucasus and Russia to the north and through the Mediterranean to the south is strengthening. Other trafficking routes crossing Bulgaria pass through Serbia and Montenegro and the Republic of Macedonia. In addition to heroin and synthetic drugs, smaller amounts of marijuana and increasing amounts of cocaine also transit through Bulgaria. Precursor chemicals for the production of heroin pass from the Western Balkans through Bulgaria to Turkey and the Middle East. Synthetic drugs produced in Bulgaria are also trafficked through Turkey to markets in Southwest Asia. Principal methods of transport for heroin and synthetics include buses, vans, and cars, with smaller amounts sent by air. Cocaine is primarily trafficked into Bulgaria by air in small quantities and by maritime vessel in larger quantities.

Domestic Programs/Demand Reduction. Demand reduction has received government attention for several years. The Ministry of Education requires that schools nationwide teach health promotion modules on substance abuse. The Bulgarian National Center for Addictions (NCA) provides training seminars on drug abuse for schoolteachers nationwide. The NCA operates prevention and education centers in each of Bulgaria's 28 administrative districts. Three universities provide professional training in drug prevention. For drug treatment, there are 35 outpatient units, including 5 specialized methadone clinics, which provide treatment to 1000 patients. Twelve inpatient facilities nationwide offer 209 beds for more intensive addiction-related treatment. Specialized professional training in drug treatment and demand reduction has been

provided through programs sponsored by UNODC, EU/PHARE and the Council of Europe's Pompidou Group.

IV. U.S. Policy Initiatives and Strategies

Bilateral Cooperation. DEA operations for Bulgaria are managed from the U.S. Consulate General in Istanbul. The United States also supports various programs through the State Department, USAID, the Department of Justice (DOJ) and the Treasury Department to support the counternarcotics efforts of the Bulgarian legal system. These initiatives address a lack of adequate equipment (e.g., in the Customs Service), the need for improved administration of justice at all levels and insufficient cooperation among Bulgarian agencies. A DOJ resident legal advisor works with the Bulgarian government on law enforcement issues, including trafficking in drugs and persons. An American Bar Association/Central and East European Law Initiative criminal law liaison attorney advises Bulgarian prosecutors and investigators on cyber-crime and other issues. A Treasury Department representative supports Bulgarian efforts to investigate and prosecute financial crimes, including money laundering. USAID provides assistance to strengthen Bulgaria's constitutional legal framework, enhance the capacity of magistrates and promote anticorruption efforts.

The Road Ahead. The U.S. and Bulgaria will continue to cooperate effectively to improve Bulgaria's capacity to enforce narcotics laws. The U.S. encourages the Bulgarian government over the next year to maintain sufficient rates of narcotics seizures, while implementing steps to reduce domestic drug production. It also encourages the Bulgarian government to increase interagency cooperation and take steps to prosecute cases of high-level corruption.

Croatia

I. Summary

Croatia is not a producer of narcotics. However, narcotics smuggling, particularly heroin, through the Balkans route to Western Europe remains a serious concern to Croatian authorities. Croatian law enforcement bodies cooperate actively with their U.S. and regional counterparts to combat narcotics smuggling. Croatia is a party to the 1988 UN Drug Convention.

II. Status of Country

Croatia shares borders with Slovenia, Serbia, Montenegro, Hungary, and Bosnia and Herzegovina, and has a 1,000 km long coastline (4,000 km adding in its 1,001 islands), which presents an attractive target to contraband smugglers seeking to move narcotics into the large European market. The steady increase of narcotics smuggling from the east continued in 2006. Croatian police estimate that 70 to 80 percent of heroin destined for European markets is smuggled through the notorious "Balkan Route."

III. Country Actions Against Drugs in 2006

Policy Initiatives. In December 2005, Croatia adopted a National Strategy for Narcotics Abuse Prevention for 2006-2012,developed with assistance from the European Monitoring Center for Drugs and Drug Addiction (EMCDDA). The Strategy aims to bring demand and supply reduction efforts in line with EU policies and creates a National Information Unit for Drugs to standardize monitoring and the assessment of drug abuse data in order to facilitate data sharing with the EU's EMCDDA programs. In February 2006, the Government of Croatia (GOC) adopted the Action Plan on Drug Abuse Control for 2006-2009. Its goal is to achieve equal availability of programs throughout the country targeting primarily children, youth and families. By the end of 2005, the GOC completed establishment of the network of addiction prevention centers, which are now available in all of Croatia's 22 counties. In June 2006, Parliament adopted changes to the Criminal Code, which increased sentences for possession and dealing of illicit drugs. Croatia also instituted changes to the criminal code, increasing penalties for several other narcotics-related offenses. The minimum penalty for narcotics production and dealing was increased from one to three years. The minimum penalty for selling narcotics by organized groups was increased from three to five years. The minimum penalty for incitement or facilitating the use of illegal narcotics was increased to one year. In addition, punishment for possession of related equipment or precursor chemicals was increased from three months to a mandatory sentence of no less than one year. Other changes to the criminal code permit the police to use such tactics as controlled deliveries, a method that was used frequently this year with international cooperation. Another amendment to the criminal code eases measures to confiscate assets of organized crime groups by placing the burden of providing evidence about the origins of assets on the defendant rather than the prosecutor, and allowing confiscation of assets acquired during the period of incriminating activity. Croatia continues to cooperate well with other European states to improve the control and management of its porous borders. Authorities describe cooperation on narcotics enforcement issues with neighboring states as excellent.

Law Enforcement Efforts. The Interior Ministry, Justice Ministry and Customs Directorate have primary responsibility for law enforcement issues, while the Ministry of Health has primary responsibility for the strategy to reduce and treat drug abuse. The Interior Ministry's Anti-Narcotics Division is responsible for coordinating the work of counternarcotics units in police departments throughout the country. The Interior Ministry maintains cooperative relationships with Interpol and neighboring states, and cooperates through the South-Eastern Cooperation Initiative (SECI).

Croatian police and Customs authorities continued to coordinate counternarcotics efforts on targeted border-crossing points, although with 189 legal border crossing points, there is insufficient staffing and coordination. Heroin (25 kg in 2005 vs. 80 kg in the first nine months of 2006) and hashish (6 kg in 2005 vs. 12 kg in the first nine months of 2006) seizures increased this year. Border police attributed the rise in heroin seizures to a single large seizure. Marijuana (428 kg in 2005 vs. 144 kg in the first nine months of 2006) and cocaine seizures (17.6 kg in 2005 vs. 5 kg in 2006) declined, as have amphetamine and Ecstasy seizures. Police reported 4.7 percent more arrests this year in connection with narcotics charges than in 2005. Authorities have increased efforts to detect drug money laundering.

Corruption. As a matter of government policy, Croatia does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. Similarly, no senior government official is alleged to have participated in such activities. In 2006, police increased efforts to fight corruption internally, resulting in the removal of 630 law enforcement officers. Croatia is a party to the UN Corruption Convention.

Agreements and Treaties. Croatia is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention as amended by the 1972 Protocol, and the 1972 UN Convention Against Psychotropic Substances. Croatia is also a party to the UN Convention against Transnational Organized Crime and its protocols against trafficking in persons, migrant smuggling, and illegal manufacturing and trafficking in firearms. Extradition between Croatia and the United States is governed by the 1902 Extradition Treaty between the U.S. and the Kingdom of Serbia, which applies to Croatia as a successor state. Croatia has signed bilateral agreements with 29 countries permitting cooperation on combating terrorism, organized crime, smuggling and narcotics abuse.

Cultivation/Production. Small-scale cannabis production for domestic use is the only narcotics production within Croatia. In 2006, authorities, giving some sense of the minor scale of this cultivation, seized 2,960 cannabis plants. Poppy seeds are cultivated on a small scale for culinary use. Because of Croatia's small drug market and its relatively porous border, Croatian police report that nearly all illegal drugs are imported into Croatia. However, authorities believe that given the existence of Ecstasy labs in Bosnia and Herzegovina, it is inevitable that small-scale labs will be discovered in Croatia.

Drug Flow/Transit. Croatia lies along part of the "Balkan heroin smuggling Route." Authorities believe that much of the heroin from Asian sources transverses this route to reach European markets. Although Croatia is not considered a primary gateway, police seizure data indicate smugglers continue to attempt to use Croatia as a transit point for non-opiate drugs, including cocaine and cannabis-based drugs. A general increase in narcotics abuse and smuggling has been attributed to liberalization of border traffic and increased tourism and maritime activities. Police noted that cocaine seizures primarily occurred at Croatia's seaports. Cannabis-based drugs have increasingly been identified at road border crossings. Ecstasy and other synthetics are smuggled into Croatia from the Netherlands and Belgium.

Domestic Programs/Demand Reduction. The Office for Combating Drug Abuse, develops the National Strategy for Narcotics Abuse Prevention, and is the focal point for agency coordination activities to reduce demand for narcotics. According to the Office, Istria County continued to have the highest rate of treated addicts, followed by the Zadar and Varazdin County. The high rates in Istria did not necessarily reflect high drug abuse rates, but rather an efficient system of their inclusion in treatment due to good cooperation between drug abuse prevention centers and general practitioners. In 2005, 6,688 persons underwent drug addiction treatment--a 15.6 percent increase from the previous year. The majority of those treated were opiate addicts. The number of the first-time seekers of addiction treatment, which had been sliding since 2001, rose by 9.3 percent in 2005

and the number of new opiate addicts increased 7.2 percent compared to 2004. Government sources ascribe the increase to a wider and more efficient network of addiction prevention/treatment centers opening up treatment options for those abusing drugs. Approximately 72 percent of all addicts were addicted to heroin.

The GOC stated that the number of addicts infected with hepatitis C and HIV, stood at 47 percent and 0.5 percent respectively, and has not changed significantly in 2005. The number of deaths caused by overdose was slightly lower in 2005 (104 drug-related deaths in 2005 compared to 108 in 2004).

The Ministry of Education requires drug education in primary and secondary schools. Other ministries and government organizations also run outreach programs to reach specific populations, including pregnant women. The state-run medical system offers treatment for addicts, but slots are insufficient to accommodate all needing treatment. Methadone is used in the treatment of 67 percent of patients. The Ministry of Health operates in-patient detoxification programs, as well as 14 regional outpatient methadone clinics. In January 2006, Croatian authorities adopted guidelines to change the official health protocol on disbursement of heptanon and other heroin addiction replacement therapy drugs. This initiative was taken to counter the growing abuse of heptanon in Croatia: seizures of illegal heptanon doubled in 2005 compared to 2004 and 20 persons died from overdose. Under the guidelines only licensed psychiatrists are allowed to prescribe substitute treatment, which must occur under the supervision of a medical doctor. The Ministry of Heath is currently forming guidelines for buprenophine usage. The GOC spent 49.8 million kuna ($8.6 million) on all drug abuse related programs in 2005, which is eight percent less than in the previous year. It has created a network of county-level expert advisory groups that work with local governments to counter narcotics abuse and serve as incubators for policy initiatives. In Varazdin, the advisory group continued a random drug testing program for high school students.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. The primary objectives of U.S. initiatives in Croatia have been focused on improving the ability of Croatian law enforcement agencies to work bilaterally and regionally to combat organized crime and narcotics trafficking. Having achieved these two basic objectives, U.S. assistance for police reform efforts under the ICITAP (DoJ) program was refocused on combating organized crime and corruption in 2006. In October 2006, Croatian police formed the first joint police-prosecutor task force to target a criminal organization allegedly involved in drug trafficking and other illegal activities. In addition, Croatian police have been regular participants in training programs at the U.S.-funded International Law Enforcement Academy in Budapest as well as follow-on training in Roswell, New Mexico. Under the Export Control and Border Security (EXBS) program, police and customs officers have been trained this year on border security, tracking training, and commodity identification, all of which will assist in preventing drug trafficking through Croatia.

Road Ahead. For 2007, U.S. expert training teams will join in-country U.S. trainers to help Croatian police develop skills in surveillance, management development, port security and port vulnerability assessments. Resident advisors will continue to assist the Ministry of Interior in improving police and prosecutor cooperation in complex narcotics and organized crime cases. Additional training and detection equipment donations planned for 2007 under the EXBS program will have spin-off benefits for Croatia's fight against narcotics trafficking, particularly in the areas of interagency cooperation and border management.

Cyprus

I. Summary

Cyprus has been divided since the Turkish military intervention of 1974, following an unsuccessful coup d'etat directed from Greece. Since then, the southern part of the country has been under the control of the Republic of Cyprus. The northern part is run by a Turkish Cypriot administration that in 1983 proclaimed itself the "Turkish Republic of Northern Cyprus (TRNC)," recognized only by Turkey. The U.S. Government recognizes only the Republic of Cyprus and does not recognize the "TRNC." This report refers to the Government-controlled area unless otherwise specified.

Although Cypriots do not produce or consume significant amounts of narcotics, an increase in local drug use continues to be a concern. The government traditionally has had a low tolerance toward any use of narcotics by Cypriots and continues to employ a public affairs campaign to remind Cypriots that narcotics use carries heavy costs, and users risk stiff criminal penalties. The geographic location of Cyprus and its government's decision to opt for free ports at its two main seaports continue to make it an ideal transit country for legitimate trade in most goods, including chemicals, between the Middle East and Europe. Drug traffickers use Cyprus as a trans-shipment point due to its strategic location but to a limited extent due to its relatively sophisticated business and communications infrastructure. Cyprus monitors the import and export of dual-use precursor chemicals for local markets. Cyprus customs authorities have implemented changes to their inspection procedures, including computerized profiling and expanded use of technical screening devices to deter those who would attempt to use Cyprus free ports for narcotics smuggling. Cyprus is a party to the 1988 UN Drug Convention.

II. Status of Country

Cypriots themselves do not produce or consume significant quantities of drugs. The island's strategic location in the eastern Mediterranean creates an unavoidable liability for Cyprus, as Cyprus is a convenient stopover for narcotics traffickers moving from Southwest Asia to Europe. Precursor chemicals are believed to transit Cyprus in limited quantities, although there is no hard evidence to confirm this. Cyprus offers relatively highly developed business and tourism facilities, a modern telecommunications system, and the ninth-largest merchant shipping fleet in the world.

This year, Cyprus has seen an increase of bank accounts as well as accountants being involved in the laundering of money derived from online Internet pharmaceutical sales, not only from the U.S., but from European countries as well. In 2006, approximately $2.3 million worth of illegal narcotics proceeds was frozen in several bank accounts. Drug-related crime, still low by international standards, has been steadily rising since the 1980's. According to the Justice Ministry, drug-related arrests and convictions in Cyprus have doubled since 1998. Cypriot law carries a maximum prison term of two years for drug users less than 25 years of age with no prior police record. In late 2005, the Courts began to refer most first-time offenders to rehabilitation centers rather than requiring incarceration. This has continued through 2006. Sentences for drug traffickers range from four years to life, depending on the substances involved and the offender's criminal record.

In an effort to reduce recidivism, as well as to act as a deterrent for would-be offenders, Cypriot courts have begun sentencing distributors to near maximum prison terms as allowed by law. For example, in the second half of 2004, the Cypriot Courts began sentencing individuals charged with

distributing heroin and Ecstasy (MDMA) with much harsher sentences, ranging from 8 to 15 years. Cypriot law allows for the confiscation of drug-related assets as well as the freezing of profits, and a special investigation of a suspect's financial records.

Cyprus' small population of soft-core drug users continues to grow. Cannabis is the most commonly used drug, followed by heroin, cocaine, and MDMA (Ecstasy), which are available in major towns. There were nine reported drug-related deaths in 2006, five of which were the result of overdose, and four of which involved traffic accidents where traces of narcotics were found in the deceased's' system. The use of cannabis and Ecstasy by young Cypriots and tourists continues to increase. Cypriot authorities have no tolerance toward any use of narcotics by Cypriots and use a pro-active public relations strategy to remind Cypriots that narcotics use carries heavy penalties. The media reports extensively whenever narcotics arrests are made. The Government of Cyprus has no working relations with enforcement authorities in the area administered by Turkish Cypriots. The U.S. Embassy in Nicosia, particularly the DEA, within the Embassy, nevertheless works with the Turkish Cypriot community on international narcotics-related issues. Turkish Cypriots have their own law enforcement organization responsible for the investigation of all narcotics-related matters. They have shown a willingness to pursue narcotics traffickers and to provide assistance when asked by foreign law enforcement authorities.

III. Country Actions Against Drugs in 2006

Policy Initiatives. In May 2004, Cyprus became a member of the European Union (EU). Prior to its accession into the EU, Cyprus implemented all the necessary requirements to comply with EU regulations, such as establishing the Anti-Drug Council. The Council is responsible for national drug strategies and programs, and is chaired by the Health Minister and is composed of heads of key agencies that are appointed by the Council of Ministers for a three-year period. As the national coordinating mechanism on drug issues in the country, the Council's mandate includes the planning, coordination and evaluation of all actions and programs and interventions aimed at the primary, secondary and tertiary levels of drug prevention. The Council acts as a liaison between the Republic of Cyprus and other foreign organizations concerning drug-related issues, as well as having the responsibility for promoting legislative or any other measures in an attempt to effectively counter the use and dissemination of drugs. Moreover, the Cyprus Anti-Drug Council is the responsible body for the strategic development and implementation of the National Drugs Strategy and the National Action Plan on Drugs aligned with the EU Drugs Strategy.

Also in connection with EU entry, Cypriot authorities established the Cyprus Police European Union and International Police Co-operation Directorate, which replaces a similar operational unit established in 2002. The Division is responsible for cooperating with foreign liaison officers appointed to Cyprus, including the DEA, Nicosia Country Office (NCO), as well as Cypriot liaison officers appointed abroad. The Cyprus Police, Drug Law Enforcement Unit, (DLEU) is the lead Police agency in Cyprus charged with combating drug trafficking in Cyprus. The DLEU hosts weekly meetings attended by foreign liaison officers from the United States (DEA), Greece, United Kingdom, Russia and France assigned to Cyprus and regional liaison officers not assigned in Cyprus from Australia, Canada, Germany, and Italy with reporting responsibilities for Cyprus. In 2006, DLEU's budget increased slightly which contributed to the continuation of training its members in combating drug trafficking. Also, this year has seen the appointment of a new DLEU commander, who brought a wealth of experience into the unit. It is expected that narcotic-related seizures and arrests will increase due to the new commander's innovative methods of drug investigations. In late October 2006, the DEA Office of International Training conducted an Asset

Forfeiture Training conference in Nicosia, which was attended by more that forty law enforcement personnel.

Law Enforcement Efforts. Cyprus aggressively pursues drug seizures, arrests, and prosecutions for drug violations. Cyprus focuses on major traffickers when cases subject to their jurisdiction permit them to, and readily supports the international community in efforts against the narcotics trade. Cypriot police are generally effective in their law enforcement efforts, although their techniques and capacity remain restricted by a shortage of financial resources. Through the first eleven months of 2006, the Cyprus Police Drug Enforcement Unit opened 557 cases and made 632 arrests. Of those arrested, 421 were Greek Cypriot while 211 were foreign nationals. They also seized approximately 18 kg of cannabis, 304 cannabis plants, 1 kg of cannabis resin (hashish), 6.484 kg of cocaine, 8,229 tablets and 55 grams of MDMA (Ecstasy), 125 tablets and 8.5 grams of amphetamines, 1.75 kg of opium, and 819 grams of heroin, 39 tablets of DHC, 36 tablets of methadone and 201 grams of psilocybin. Seizures of inbound parcels, containing illegal narcotics, through the government-controlled postal system have increased significantly since 2005. In 2005, five parcels containing narcotics were seized; in 2006, nineteen parcels were seized. The vast majority of the seized parcels originated in England.

Area administered by Turkish Cypriots: The Narcotics and Trafficking Prevention Bureau functions directly under the General Police Headquarters. From January 1 to October 18, 2006 the Turkish Cypriot authorities arrested 246 individuals for narcotics offenses and seized 17.639 kg of hashish, 15.476 kg of heroin, 2 grams of cocaine, 1.498 kg of opium and 1,604.5 tablets of Ecstasy. The Turkish Cypriot authorities also reported an increase of inbound drug related parcels, but did not provide any statistics.

Corruption. As a matter of policy, Cyprus does not encourage or facilitate the illicit production or distribution of drugs or substances, or the laundering of proceeds from illegal drug transactions.

Agreements and Treaties. Cyprus is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention as amended by the 1972 Protocol and the 1972 UN Convention Against Psychotropic Substances. Cyprus is also party to the UN Convention against Transnational Organized Crime and its three protocols, and has signed but has not yet ratified the UN Corruption Convention. An extradition treaty between the United States and Cyprus entered into force in September 1999. A mutual legal assistance treaty (MLAT) between the United States and Cyprus entered into force on September 18, 2002. Cyprus also became a member of the EU in May 2004.

Cultivation/Production. Cannabis is the only illicit substance cultivated in Cyprus, and it is grown only in small quantities for local consumption. The Cypriot authorities vigorously pursue illegal cultivation. The Police seized 332 cannabis plants in the first 11 months of 2005 compared to just 97 in 2004.

Area administered by Turkish Cypriots: The import/export, sale, distribution, possession or cultivation of narcotics is viewed as a serious offense and sentences of up to 15 to 20 years are not unusual. There have been no reports of large-scale cultivation of narcotics, although some individuals have planted cannabis for their own personal use.

Drug Flow/Transit. Although no longer considered a significant transit point for drugs, there were several cases of narcotics smuggling in the past year. Cypriot law enforcement authorities continued to cooperate with the DEA office in Nicosia on several international investigations initiated during 2006. Tourism to Cyprus is sometimes accompanied by the import of narcotics,

principally Ecstasy and cannabis. Cyprus police believe that to a large extent their efforts in combating drug trafficking have converted Cyprus from a drug transit point to a "broker point," in which dealers meet potential buyers and negotiate the purchase and transport of future shipments. In the past, Cypriot authorities believed that there was no significant retail sale of narcotics occurring in Cyprus; however, with new statistics on arrests and seizures of narcotics, this theory has changed. Last year, arrests of Cypriots for possession of narcotics with intent to distribute were significantly higher than the number of arrests of non-Cypriots on similar charges. There is no production of precursor chemicals in Cyprus, nor is there any indication of illicit diversion. Dual-use precursor chemicals manufactured in Europe do transit Cyprus to third countries. The Cyprus Customs Service no longer has the responsibility of receiving manifests of transit goods through Cyprus. This responsibility now rests with the Cyprus Ports Authority. Goods entering the Cypriot free ports of Limassol and Larnaca can be legally re-exported using different transit documents, as long as there is no change in the description of the goods transported.

Area administered by Turkish Cypriots: The majority of hashish comes from Turkey, whereas heroin transits from Pakistan and Iran via Turkey. Ecstasy and cocaine come from Turkey and England. The preferred method of smuggling illegal narcotics is through concealed compartments of vehicles.

Domestic Programs /Demand Reduction. Cyprus actively promotes demand-reduction programs through the school system and through social organizations. Drug abuse remains relatively rare in Cyprus. Marijuana is the most commonly encountered drug, followed by heroin, cocaine, and Ecstasy, all of which are available in most major towns. Users consist primarily of young people and tourists. Recent increases in drug use have prompted the Government to promote demand-reduction programs actively through the school system and social organizations, with occasional participation from the DEA office in Nicosia. Drug treatment is available.

Area administered by Turkish Cypriots: The Turkish Cypriot community has introduced several demand reduction programs, including regular seminars for school counselors and teachers.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. The U.S. Embassy in Cyprus, through the regional DEA office, works closely with the Cypriot police force to coordinate international narcotics investigations and evaluate local narcotics trends. Utilizing its own regional presence, DEA assists the new coordination unit in establishing strong working relationships with its counterparts in the region. DEA also works directly with Cypriot customs, in particular, on development and implementation of programs to ensure closer inspection and interdiction of transit containers. In late October 2006, the DEA Office of International Training conducted an Asset Forfeiture Training conference in Nicosia.

Czech Republic

I. Summary

Illegal narcotics are imported to, manufactured in, and consumed in the Czech Republic. Locally produced pervitine is also exported to neighboring countries. Marijuana, grown locally and imported from Holland, is used more than any other drug. Consumption of recreational drugs, such as marijuana and Ecstasy, continues to grow particularly among youth. The Czech government has taken little action, even though the EU reported last year that Czech marijuana usage is the highest in Europe. Usage and addiction rates of heroin and pervitine are high but seem to have stabilized, while cocaine use remains low but is growing. The Czech Republic is a producer of ergometrine and ergotamine used for the production of LSD. The Czech Republic is a party to the 1988 UN Drug Convention.

II. Status of Country

Several factors make the Czech Republic an attractive country for groups in the drug trade. These factors include: its central location, the closure of most of the traditional customs posts along the nation's borders as part of EU accession in 2004, low detection rates for laundered drug money, low risk of asset confiscation, and relatively short sentences for drug-related crimes. The country is also a popular destination country. The maximum sentence for any drug-related crime is 15 years imprisonment, but often convicted drug traffickers only receive light or suspended sentences. The Czech National Focal Point for Drugs and Drug Addiction is the main body responsible for collecting, analyzing and interpreting data on drug use. A four-year governmental action plan "The National Drug Policy Strategy for 2005-2009" is evaluated internally every year and appropriate measures are taken when viewed necessary.

According to a pan-European (EU) study from 2005, the rate of marijuana use in the Czech Republic is the highest in Europe, with 22.1 percent of young adults having used the drug within the previous twelve months. Czechs were also the most likely to have ever used marijuana in their lifetimes. Consumption of Ecstasy and pervitine was among the highest in the EU.

The Czech statistical office estimates Czechs spend 6.5 billion crowns ($297 million) and consume about 15 tons of drugs annually. Czechs consume 10 metric tons of marijuana, 1.2 million Ecstasy tablets, over 250,000 LSD tabs, 3.5 metric tons of pervitine and 2.2 metric tons of heroin annually as well.

III. Country Actions Against Drugs in 2006

Policy Initiatives. Drug policy remains a contentious issue in Czech domestic politics. The US-DEU political party, one of five members of the former government, oriented its election campaign towards young people and promised to promote the legalization of marijuana. US-DEU did poorly in the June 2006 national elections and won no seats in Parliament. The stalemate following the deadlocked June elections has led to the failure of the government to address drug-related issues, including legalization proposals.

The Criminal Code passed in 2005 draws a sharp distinction between the use of "soft" drugs, such as marijuana and Ecstasy, and "hard" drugs, such as heroin and pervitine. Although a measure that would have decriminalized marijuana failed in Parliament earlier in 2005, the Criminal Code fully envisions a markedly more liberal approach to soft drugs in order to focus resources against drugs considered more damaging. The current National Drug Strategy focuses on enforcement operations against organized criminal enterprises and efforts to reduce addiction and their associated health risks. One of the top priorities of the government in 2005 and 2006 was the establishment of a

system of certification for drug prevention programs. The government also focused efforts on improving laws on asset forfeiture and seizure of illicit proceeds, as well as on controlling pills containing chemical precursors.

The National Drug Headquarters is the main organization within the country responsible for major drug investigations. The drug units of the Czech Customs Service are also responsible for tracking drugs and can use the same operational tools as the police. Since 2005, they are also responsible for monitoring the Czech Republic's modest licit poppy crop, a function previously performed by the Ministry of Agriculture.

In 2005, the Czech Customs Service established mobile groups that control suspicious trucks on highways in the country. Given the Czechs accession into the EU and a loosening of the borders this is of growing importance. Czech Customs is also responsible for the control of highway tickets and the trafficking of illegal cigarettes. As a result of these other tasks, drug trafficking is not their highest priority.

The NDH cooperates regularly with the Custom Services based on a cooperation agreement signed between the Ministries of Interior and Finance. In 2006, the Customs Service placed a liaison officer at the Police Presidium to strengthen and streamline cooperation. The fight against drug smuggling was made more difficult by the Czech Republic's entry into the EU and the resultant more open borders. In November 2005, the Customs Service received on-line access to all police information systems. Discussions continue as to whether the NDH and the customs drug unit should be joined under one institution due to overlapping responsibilities. The National Drug Headquarters cooperates regularly with the Czech Financial Police.

Accomplishments/Law Enforcement. In 2005, the National Drug Headquarters, together with the Customs Service, seized 36.3 kg of heroin; 19,010 Ecstasy pills; 5.3 kg of methamphetamine, 103 kg of marijuana, 1,780 cannabis plants, 4.6 kg of hashish, and 10 kg of cocaine. They also found 261 methamphetamine laboratories.

During the first nine months of 2006, the National Police, together with the Customs Service, seized 15.3 kg of heroin; 12,416 Ecstasy pills; 4.6 kg of methamphetamine, 61 kg of marijuana, 1,550 cannabis plants, only 0.4 kg of hashish, and 1.4 kg of cocaine. In the same period of time, 278 methamphetamine and 11 marijuana laboratories were found which is an increase compared to statistics for all of 2005.

The National Drug Headquarters also scored some significant successes in 2006:

In January, after several years of intensive international cooperation with Venezuela, the Netherlands, Slovakia and Netherlands Antilles, the Czech police arrested two Czechs and one Slovak who ran a large drug smuggling ring importing cocaine from South America to Europe. During the investigation, the Dutch police, in cooperation with NDH arrested several Czech and German drug mules carrying nearly 200 kg of cocaine. It is not clear whether the cocaine's end destination was the Czech Republic. The seized cocaine had a street value of 110 billion crowns ($5.2 billion).

In May, the police arrested three Israelis who ran an Ecstasy drug trafficking ring in the Czech Republic. The group built its distribution network in Prague's center, selling Ecstasy primarily in clubs and discos and was successful in a monopolizing the Ecstasy trade in downtown Prague. During the bust, police found over 4,200 Ecstasy pills, with an estimated street value of one million crowns ($50,000) as well as other drugs.

During the summer, six Czechs were arrested for large-scale production and distribution of pervitine. These individuals worked with conspirators from the Former Republic of Yugoslavia in obtaining the necessary ephedrine to make pervitine and organized distribution within the Czech

Republic and also exported the highest quality pervitine, called "crystal," to Germany. The price of one dose of crystal in Germany is about 2,000 crowns ($90). Czech police continue to investigate the case.

According to police statistics for the first half of 2006, 1,261 people were investigated for drug related crimes. Police investigated 1,230 suspects for unauthorized production and possession of narcotics and psychotropic substances and "poisons". Police investigated 104 individuals for drug possession for personal use, and 31 others were investigated for spreading addiction.

According to the statistics provided by the Ministry of Justice for the same period of time, the state prosecuted 1,438 suspects and indicted 1,270 others for drug related crimes; 116 were indicted for drug possession for personal use and 50 were indicted for spreading addiction. Courts convicted 747 individuals for drug related offenses, including 29 convictions for drug possession for personal use and 7 for spreading addiction.

Statistics for first six months of 2006 show that most convicted criminals (54 percent) received conditional sentences for drug related crimes and only one-third of convicted criminals were actually sentenced to serve time in prison. Only 15 percent of this latter group received sentences higher than 5 years in prison. Compared to 2005, this is a slight improvement since at that time only 13 percent of prison sentences were higher than five years. The majority of those sentenced to serve time in prison (71 percent) received sentences ranging from one to five years. The practice of adding on penalties such as fines, asset forfeiture or public service was similar to previous years.

Corruption. As a matter of government policy, the Czech government does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. A current provision in Czech law permits possession of a small amount of certain drugs, but fails to define a "small amount". This leaves the determination to the individual police officer thus opening up possibilities for corruption and malfeasance. To avoid any possible confusion and to eliminate possibilities for corruption, the Police President and Supreme Public Prosecutor issued internal regulations designed to clarify elements of the drug law that some feared allowed policemen too much discretion in whether to pursue drug cases. In 2004 and 2005 a few police officers were arrested for drug-related crimes including four cases of production and distribution of drugs and one case of trafficking. In August, one policeman was convicted of selling drugs in Northern Bohemia. He only received a one-year suspended sentence, but the prosecutor has appealed the verdict to the higher court in an attempt to stiffen the penalty. The Czech Republic signed the UN Convention against Corruption in 2005 but has not yet ratified it.

Agreements and Treaties. The Czech Republic is a party to the 1988 UN Drug Convention and the World Customs Organization's Convention on Mutual Administrative Assistance for the Prevention Investigation and Repression of Customs Offenses. A 1925 extradition treaty, as supplemented in 1935, remains in force between the United States and the Czech Republic. The U.S. and Czech representatives signed supplements to the U.S. — EU extradition treaty in May 2006.

Drug Flow/Transit. Whereas in past years heroin trafficking in the country was solely under the control of ethnic Albanian groups that import their product from Turkey, according to the Czech counternarcotics squad this is no longer the case. Due to several major successes against these groups in the past, they are now experiencing financial insolvency and are having difficulties importing large amounts of heroin. However, Turks living in the Czech Republic have better relations with suppliers in Turkey and have more cash available for large heroin purchases from Turkey. Heroin is transported in the Czech Republic primarily using modified vehicles. Abuse of cocaine is not as widespread as other drugs, but abuse is increasing also thanks to the growing purchasing power of Czech citizens. Cocaine is frequently imported by Nigerians or Czechs

through Western Europe from Brazil or Venezuela. Mail parcels, Czech couriers or "swallowers" are the most common ways of import.

Pervitine is a synthetic methamphetamine—type stimulant primarily produced in homes and laboratories. Its production is growing thanks to growing local demand and growing export possibilities to Germany, Austria and Slovakia. Besides Czech citizens, who are still the main producers of the drug, Vietnamese and Albanians residing in the Czech Republic and Germans are also major pervitine traffickers. The Vietnamese control mainly the border areas, selling drugs in market places where they collect orders from German customers and use Czech and German couriers to satisfy demand in the region. Pervitine is produced from imported ephedrine from the Balkans or from locally available flu pills.

Imported Ecstasy tablets remain a favorite drug of the "dance scene." Ecstasy is trafficked primarily from the Netherlands and Belgium. Ecstasy tablets are smuggled into the country by local couriers, mainly hired in localities with high unemployment rates like Northern Bohemia and Northern Moravia. These couriers travel into the country on trains, buses or planes within the EU. There is also some trafficking organized by Nigerians. A trend toward larger-scale growth of cannabis plants in hydrophonic laboratories continued in 2006, along with a similar growth in the potency of the drug produced (up to 20 percent THC). Consumption of cannabis is mainly covered by local production, but is also imported from the Netherlands in small amounts and to a lesser extent from Spain or India. Most smugglers are Czechs or Dutch citizens, but local Vietnamese have also become involved in marijuana trafficking.

Salvia Divinorum is a legal drug that is more common among young experimenters. A plant of salvia is relatively easy to buy on Internet for about 500 crowns ($25). Toluene, a solvent, is commonly inhaled by poor young segments of the population, primarily in the north of the country.

Domestic Programs/Demand Reduction. The main components of Czech demand reduction plans include primary prevention along with treatment and re-socialization of abusers. This strategy entails a variety of programs that include school-based prevention education, drug treatment and needle exchange programs and partnerships with local NGOs. Within the context of the National Strategy, the government has established benchmarks for success. Some of these include stabilizing or reducing the number of "problem" ("hard") drug users, reversing the trend in the Czech Republic toward rising recreational and experimental drug use, and ensuring the availability of treatment centers and social services.

In May, the government released a study on drug addiction treatment programs that stressed the importance of services provided by telephone and the Internet. As a result, the Czech government produced an online "Map of Help" including contact information for all drug treatment programs in the Czech Republic.

To provide high-level treatment services to clients all over the country, the National Strategy set standards that are required from all drug treatment providers. In connection with this effort, the government began a certification process in 2005 for treatment facilities. All providers of secondary and tertiary prevention programs that applied for governmental funding in 2006 were required to have received prior government certification. Certification of primary prevention programs under the administration of the Ministry of Education was delayed although all such providers must obtain certification prior to the end of 2008.

Since January, mandatory drug testing of individuals suspected of traffic violations is now required by law, but is facing problems due to a lack of resources. Traffic police do not have enough test kits and the law allows police only to test the driver's saliva as opposed to sweat, which is more commonly used in many other European countries.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. The U.S. covers Czech Republic drug issues through the DEA office in Warsaw, which maintains a cooperative relationship with Czech counterparts.

The Road Ahead. The U.S. and the Czech Republic will continue their active cooperation as the Czech Republic implements its National Drug Policy Strategy document for 2005-2009.

Denmark

I. Summary

Denmark's strategic geographic location and status as one of Northern Europe's primary transportation points make it an attractive drug transit country. The Danes cooperate closely with their Scandinavian neighbors, the European Union (EU), and the U.S. government (USG) to prevent against the transit of illicit drugs. Denmark plays an increasingly important role in helping the Baltic States combat narcotics trafficking. Danish authorities assume that their open border agreements and high volume of international trade will inevitably allow some drug shipments to transit Denmark undetected. Nonetheless, regional cooperation has contributed to substantial heroin and increased cocaine seizures throughout the Scandinavian/northern Baltic region. Denmark is a party to the 1988 UN Drug Convention.

II. Status of Country

Drug traffickers use Denmark's excellent transportation network to bring illicit drugs to Denmark for domestic use and for transshipment to other Nordic countries. Evidence suggests that drugs from the Balkans, Russia, the Baltic countries and central Europe pass through Denmark en route to other EU states and the U.S., although the amount flowing to the U.S. is relatively small. Police authorities do not believe that entities based or operating in Denmark play a significant role in the production of drugs or in the trading and transit of precursor chemicals.

III. Country Actions Against Drugs in 2006

Policy Initiatives. Although seldom used, undercover operations are permitted in Denmark with a court order when investigating crimes punishable by terms of more than six years in prison. Informants are used more for intelligence purposes than to secure actual evidence through sting-type operations in criminal investigations. Danish legislation passed in late 2002 requires persons carrying cash or instruments exceeding 15,000 Euros (approximately $17,850) to report the relevant amount to customs upon entry to or exit from Denmark. This law has led to Danish customs proactively intercepting illegal money.

Law Enforcement Efforts. Over the past two years, there has been a significant increase in cocaine seizures. Cocaine investigations are the current top priority of counternarcotics police efforts in Denmark. The Danish National Police commissioner issued a statement that the increase in cocaine seizures can be attributed to "police efforts to fight organized crime and with the systematic police investigations aimed at criminal groups and networks which are involved in drug crime." The police commissioner vowed to continue "goal-oriented and systematic efforts to fight organized crime in close cooperation with the European police unit at Europol and foreign police authorities." Police also targeted members of the Hell's Angels and Banditos biker gangs by increased enforcement of tax laws. Authorities brought 31 cases of tax evasion against members of the biker gangs resulting in fines up to DKK 4,000,000 ($727,272). Biker gangs are major factors in the drug trade. Heroin availability in Denmark has fluctuated based on the heroin production levels in Afghanistan. Serbian and Albanian nationals control heroin trafficking. Final crime statistics for 2006 are not yet available, but the latest 2005 figures show an increase in drug seizures for all major drugs, including heroin, cocaine, hashish, and amphetamines.

Corruption. As a matter of government policy, Denmark does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. Similarly, no senior government official is alleged to have participated in such activities.

Agreements and Treaties. Denmark is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, and the 1961 UN Single Convention as amended by its 1972 Protocol. Denmark also is a party to the UN Convention against Transnational Organized Crime and its protocol against trafficking in women and children, and is a signatory to the UN Convention against Corruption. The USG has a customs mutual assistance agreement, and an extradition treaty with Denmark. Denmark is also a Major Donor to the UN Office on Drugs and Crime (UNODC), with an annual pledge of nearly $2,000,000.

Cultivation/Production. There is no substantial narcotics cultivation or production in Denmark. Only small MDMA (Ecstasy) production labs are known to exist in the country and these are vigorously pursued, shut down, and their operators prosecuted.

Drug Flow/Transit. Denmark is a transit country for drugs on their way to neighboring European nations and, in small quantities, to the U.S. The ability of the Danish authorities to interdict this flow is slightly constrained by EU open border policies. The Danish Police report that the continuous smuggling of cannabis to Denmark is typically carried out by car or truck from the Netherlands and Spain. Amphetamines are typically smuggled from the Netherlands via Germany to Denmark and there distributed by members of the Hell's Angels and Banditos biker gangs.

Domestic Programs. Denmark's Ministry of Health estimates that in 2003 (most recent data available) there were approximately 25,500 drug addicts in the country, including 900 to 1,200 seriously addicted individuals. Seventy-five percent of heroin addicts at that time were on methadone maintenance. The 2003 governmental action plan against drug abuse, built upon existing programs, offers a multi-faceted approach to combating drug addiction. Its components consist of prevention, medical treatment, social assistance, police and judicial actions (particularly against organized crime), efforts to combat drug abuse in the prison system, and international counternarcotics cooperation.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. U.S. goals in Denmark are to cooperate with the Danish authorities on drug-related issues, to assist with joint investigations, and to coordinate USG counternarcotics activities with the eight countries of the Nordic-Baltic region. The USG enjoys excellent cooperation with its Danish counterparts on drug-related issues. In October 2005, the Embassy's defense attaché and DEA organized a briefing by the United States Coast Guard (USCG) and DEA in Washington, D.C. for senior Danish officials. This briefing addressed the Danish government's interest in using the Danish Navy, which possesses limited police powers, to support counternarcotics missions in Danish waters, as well as the Caribbean basin to combat the increasing quantities of cocaine being shipped from South American to Europe and the United States.

The Road Ahead. Danish enforcement efforts will be strengthened by new legislation that authorizes police to use informants and conduct undercover operations. The 2004 accession of the Baltic States to the EU signals the impending weakening of international barriers to travel and commerce of all sorts. The introduction of visa-free travel from the new EU member states has increased the opportunity for smuggling. The Danes will seek to expand their cooperative efforts to successfully meet the new smuggling threat. At the same time, the USG will continue its cooperation with Danish authorities and work to deepen joint efforts against drug trafficking.

Estonia

I. Summary

The closures of illegal synthetic drug labs, seizures of drug precursors, and detection of local and international drug chains indicate drug production and transit activity in Estonia, but also reflect the increasing efficiency of counternarcotics efforts by Estonian law enforcement agencies. The drug situation in Estonia does not differ dramatically from that in other European countries except for the high HIV-infection rates among intravenous drug users. Estonia is a party to the 1988 UN Drug Convention.

II. Status of Country

Estonia's most popular illegal narcotics include trimethylphentanyl, or "White Persian," Ecstasy, amphetamine, and cannabis. The closure of illegal synthetic drug labs, along with seizures of production equipment and precursors, indicate that synthetic drugs are produced in Estonia. While some drugs are consumed locally, production is also exported to neighboring countries, as evidenced by the frequent arrests of drug traffickers at the border. Seizures of large quantities of narcotic substances by Estonian law enforcement agencies indicate that Estonia is involved in drug transit in the region.

According to Government and NGO estimates, there are about 14,000 intravenous drug users (IDUs) in Estonia (about one percent of the total Estonian population). Due to its large IDU population, Estonia has the highest per capita HIV-infection growth rate in Europe. As of October 2006, a total of 5,567 cases of HIV had been registered nationwide, 504 of which were registered in 2005 (a slight decline compared to recent years). To date, AIDS has been diagnosed in a total of 112 people, 12 of whom were diagnosed in 2006. Male IDUs account for the largest share of newly registered HIV cases; however, the number of HIV-positive young women and pregnant women has increased, indicating that the epidemic is spreading into the general population.

III. Country Actions Against Drugs in 2006

Policy Initiatives. In 2006, Estonia continued to upgrade its antinarcotics legal framework. On July 17, 2006, the Amendment Law on the Narcotic Drugs and Psychotropic Substances Act (ALNDPSA), adopted by Parliament came into force. The ALNDPSA harmonizes Estonia's legislation with European Union (EU) narcotics regulations and brings domestic law into compliance with the United Nations (UN) Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances. The ALNDPSA specifies that, starting from January 1, 2006, the Estonian Drug Monitoring Center has the right to collect data on illegal drugs and drug users and to establish a national drug treatment registry.

Also in 2006, Estonia continued to implement its national 2006-2015 anti-HIV/AIDS strategy. The national anti-HIV/AIDS strategy was adopted on December 1, 2005. Its aims are to bring about a steady downward trend in the spread of HIV as well as to improve the quality of life of people living with the disease. The strategy pays special attention to programs for various at-risk groups, including IDUs. As part of its anti-HIV/AIDS strategy the Government of Estonia (GOE) formed a high-level committee to coordinate all HIV and drug abuse prevention activities. The committee is comprised of representatives from the Ministries of Social Affairs, Education and Research, Defense, Internal Affairs, Justice, and Finance, as well as the UN Global Fund to Fight HIV/AIDS, TB, and Malaria (UN Global Fund), local governments, the World Health Organization, organizations for people living with HIV/AIDS, and members of the original working groups that drafted the GOE's anti-HIV/AIDS strategy. The committee reports directly to the GOE on a biannual basis.

Law Enforcement Efforts. Combating narcotics is a major priority for Estonian law enforcement agencies. Good cooperation on counternarcotics activities is maintained between police, customs officials, and the border guard. Currently 92 police officers are working solely on drug issues. In 2006, the police registered 701 drug-related criminal cases and successfully carried out several counternarcotics operations. In March, the Central Criminal Police discovered an amphetamine lab in a rural community outside the capital. Amphetamine, precursors, and lab equipment were seized. The street value of the confiscated items was $8,400. In May, police seized 450 grams of fentanyl, or "White Chinese," estimated at 15,000 doses with at total value of $84,000. As a result of several operations in June and August, Estonian police eliminated a drug conspiracy group, detained five people, and seized over 20 kg of the psychotropic substance gammahydroxybutyrate (GHB), lab

equipment, and 15 kg of the precursor gammabutyrolactone (GBL), sufficient to produce 45 kg of GHB.

Combating the illicit narcotics trade is also a high priority for the Estonian Tax and Customs Board (ETCB). The ETCB has 27 officers solely dedicated to the fight against drug trafficking, including 17 dog teams assigned to regional Customs Control Departments. All customs, investigation, and information officers have received special training in narcotics control, and all customs border points are equipped with rapid drug tests. In 2006, ETCB installed new equipment with the capability to X-ray truck cargo at the border. The ETCB has further entered into memoranda of understanding with major courier companies in an effort to involve them in drug trade prevention. From the period of January-October 2006, the ETCB seized a total of 210.2 kg of hashish (11 cases), 11.8 kg of cannabis (three cases), 4.5 kg of heroin (single seizure), 1.2 kg of amphetamines (three cases), and confiscated lab equipment for synthetic drug production.

Corruption. The GOE does not encourage or facilitate illicit production or distribution of narcotics or psychotropic drugs or the laundering of proceeds from illegal drug transactions. There are no reports of any senior official of the GOE engaging in, encouraging, or facilitating the illicit production or distribution of narcotic substances.

Agreements and Treaties. Estonia 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. A 1924 extradition treaty, supplemented in 1934, remains in force between the United States and Estonia, and the countries entered into a treaty on mutual legal assistance in criminal matters in 2000. On October 18, 2006 the Estonian Parliament ratified a new Estonian-U.S. extradition agreement and a revised agreement on mutual legal assistance in criminal matters. These new agreements, still pending official enactment in the United States, are in compliance with agreements previously signed between the EU and the United States as well as a 2002 decision of the EU Council concerning arrest warrants and transfer procedure. Estonia is a party to the UN Convention against Transnational Organized Crime and its three protocols. Estonia's domestic drug legislation is consistent with international laws regulating the combat against illicit drugs.

Cultivation/Production. Estonia's cold climate precludes it from becoming a major drug cultivator; however, in northeastern Estonia small amounts of poppies are grown for local consumption. During the past ten years police have closed 27 drug labs and seized products and precursors from different regions of Estonia, demonstrating Estonia's involvement in synthetic narcotics production. Most of the known labs are small and very mobile, making them difficult to detect and close. In addition to production for domestic consumption, Estonia supplies drugs to neighboring countries, including the Nordic countries and northwestern Russia.

Drug Flow/Transit. The geographical position of Estonia makes it attractive to drug smugglers. Frequent arrests of drug traffickers and seizures of narcotic substances at the borders indicate Estonia's involvement in the international drug trade, but also demonstrate the high performance level of Estonian law enforcement agencies. In summer 2006, in cooperation with foreign partners, Estonian police disrupted an international drug conspiracy. Police arrested three people within Estonian borders and seized 17,000 tablets of Ecstasy and more than 60,000 tablets of chlorophenylpiperazine in transit from the Netherlands to Russia. The estimated street value of the seized substances was about $670,000.

Domestic Programs/Demand Reduction. In 2006, Estonia continued to implement its 2004-2012 National Strategy on the Prevention of Drug Dependency. Combating the drug trade and reining in domestic consumption continue to be high priorities for all Estonian law enforcement agencies and for several government ministries. Emphasis on the prevention of drug addiction and HIV/AIDS prevention continued in 2006 with the continued implementation of the 2005 Government

Coalition Agreement. There are approximately 60 governmental, non-governmental, and private entities in Estonia working with IDUs to provide services to decrease demand and reduce harm. There are currently seven voluntary HIV testing and counseling centers in Estonia funded by the GOE, local governments, and the UN Global Fund. A needle exchange program is operational in 27 cites and includes a number of mobile needle exchange stations. In Tallinn and northeastern Estonia (the center of the HIV epidemic) methadone treatment is provided at six centers. Drug rehabilitation services are available in eight facilities nationwide, three of which are church-sponsored.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. In 2006, the U.S. Department of Defense (DOD) initiated a major project with the Estonian Defense Forces (EDF) entitled "DOD HIV/AIDS Prevention Program" to raise awareness of military personnel and to assist in the creation of a sustainable EDF HIV/AIDS prevention system. In addition, the GOE continues to implement projects financed by the State Department on the prevention of HIV transmission from mother to child in the Russian border area. The implementation of HIV-related stigma reduction programs continued in 2006, including a State Department- sponsored visit by a stigma expert from the United States. The State Department further financed the printing of brochures for people living with HIV.

In 2006, the Export Control and Border Security program (EXBS) provided training for customs agents, border guards, security police, and criminal central police. While principally designed for antiproliferation and WMD detection, many of the techniques in the training are directly applicable to narcotics searches and seizures.

The Road Ahead. The U.S. will continue to cooperate with Estonia and will continue to build on the training completed during 2006: International Railroad Interdiction Training in El Paso, TX (April 3-7); International Seaport Interdiction Training in Charleston, SC (September 18-22); International Railroad Interdiction Training in Narva, Estonia (September 25-29); and International Airport Interdiction Training in New York City, NY (scheduled for December 2006).

Finland

I. Summary

Finland is not a significant narcotics producing or trafficking country. However, drug use and drug-related crime has increased over the past decade. Finland's constitution places a strong emphasis on the protection of civil liberties, and this sometimes has a negative effect on law enforcement's ability to investigate and prosecute drug-related crime. Electronic surveillance techniques such as wiretapping are generally prohibited in all but the most serious investigations. Finnish political culture tends to favor demand reduction and rehabilitation efforts over strategies aimed at reducing supply. Police believe increased drug use may be attributable to the wider availability of narcotics in post-cold war Europe, increased experimentation by Finnish youth, cultural de-stigmatization of narcotics use, and insufficient law enforcement resources.

While there is some overland narcotics trafficking across the Russian border, police believe existing border controls are mostly effective in preventing this route from becoming a major trafficking conduit into Finland and Western Europe. Estonian organized crime syndicates are believed responsible for much of the drug trafficking into Finland. Finland's accession to the Schengen Treaty has complicated law enforcement efforts to combat narcotics trafficking. Asian crime syndicates have begun to use new air routes between Helsinki and Asian cities like Bangkok and Beijing to facilitate trafficking-in-persons, and there is some concern that these routes could be used for narcotics trafficking as well. Finland is a major donor to the UNODC and is active in counternarcotics efforts within the EU. Finland is a party to the 1988 UN Drug Convention.

II. Status of Country

Narcotics production, cultivation, and the production of precursor chemicals in Finland are relatively modest in scope. Most drugs that are consumed in Finland are produced elsewhere, and Finland is not a source country for the export of narcotics abroad. Estonia, Russia, and Spain are Finland's principal sources for illicit drugs. Finnish law criminalizes the distribution, sale, and transport of narcotics; the GoF cooperates with other countries and international law enforcement organizations regarding extradition and precursor chemical control. Domestic drug abuse and rehabilitation programs are excellent, although access to rehabilitation programs for prison inmates was criticized in 2005 as being insufficient due to resource constraints. As of 2006, a government committee was looking into recommendations to improve this situation.

The overall incidence of drug use in Finland remains low (relative to many other western countries); however, drug use has increased over the past decade. Cocaine is rare, but amphetamines, methamphetamine, synthetic “club” drugs, and heroin and heroin-substitutes can be found. Finland has historically had one of Europe's lowest cannabis-use rates, but cannabis seizures have increased since 2004; police attribute this to new smuggling routes from southern Spain, a popular tourist destination for Finns and home to a growing Finnish expatriate community in Malaga. Ecstasy, GHB, Ketamine (“Vitamin K”) and other MDMA-type drugs are concentrated among young people and associated with the “club culture” in Helsinki and other larger cities such as Turku, Tampere, and Oulu. Social Welfare authorities believe the introduction of GHB and other “date rape” drugs into Finland has led to an increase in drug-related sexual assaults. Finnish law enforcement authorities admit that resource constraints and restrictions on electronic surveillance and undercover police work complicate efforts to penetrate the Ecstasy trade. Changing social and cultural attitudes toward drug use also contribute to this phenomenon.

Heroin use began to increase in Finland in the late 90's, but seizures have declined since 2004. Subutex (buprenorphine) and other heroin-substitutes seem to have supplanted actual heroin use to some extent. France remains the major source for Subutex. According to police, French doctors can prescribe up to three weeks supply of Subutex. Finnish couriers travel frequently to France to obtain their supply, which is then resold illegally with a high mark-up. Possession of Subutex is legal in Finland with a doctor's prescription, but Finnish physicians do not readily write prescriptions for Subutex unless patients are actually in a supervised withdrawal program. The actual extent of Subutex use is unknown.

According to Finnish law enforcement, there are approximately two dozen organized crime syndicates operating in Finland; most are based in Estonia or Russia. Since Estonia's entry into the EU, Estonian travelers to Finland are no longer subject to routine inspection at ports-of-entry, making it more difficult to intercept narcotics. The police report that a drug dealer in Helsinki can phone a supplier in Tallinn, and within three hours a courier will have arrived in Helsinki via ferry with a shipment of drugs. Although Estonian syndicates control the operations, many of the domestic street-level dealers are Finns. In the past, the Estonian rings primarily smuggled Belgian or Dutch-made Ecstasy into Finland, but beginning in 2003, larger quantities of Estonian-produced Ecstasy began hitting the Finnish market, although the quality (and market value) is lower. Ecstasy is primarily sold in dance clubs in larger cities and is reportedly readily available in many of the most popular clubs. There is also demand for Ecstasy on university campuses. Ecstasy use tends to be concentrated among students and young adults. Estonian smugglers also organize the shipment of Moroccan cannabis from Southern Spain to Finland. The police report that cooperation with Estonian law enforcement is excellent, and both countries maintain permanent liaison officers in the other.

Russian organized crime syndicates remain active inside Finland. Russian traffickers based out of St. Petersburg are the primary suppliers of heroin, although Estonians are now active in this area as well. The police are increasingly concerned about Asian crime groups using new air routes from Helsinki to major Asian cities like Bangkok as a narcotics smuggling route. Asian syndicates are already using these routes for human smuggling and trafficking-in-persons. Finland's Frontier Guard stationed a permanent liaison officer in Beijing in 2006 to better monitor this phenomenon, and has liaison officers in St. Petersburg, Moscow, and several other cities.

III. Country Actions Against Drugs In 2006

Policy Initiatives. Finland's comprehensive policy statement on illegal drugs was issued in 1998; the statement articulated a zero-tolerance policy regarding narcotics. However, a 2001 law created a system of fines for simple possession offenses rather than jail time. The fine system enjoys widespread popular support, and is chiefly used to punish youth found in possession of small quantities of marijuana, hashish, or Ecstasy. Some Finnish authorities have expressed concern about the “mixed message” that the fine system sends to Finns about drug use and would prefer stiffer penalties. There is limited political and public support for demand reduction through stronger punitive measures, however.

Accomplishments. The GoF's strategy in 2006 focused on regional and multilateral cooperation aimed at stemming the flow of drugs before they reach Finland's borders and on using the country's position as EU President from July-December to facilitate EU cooperation on antinarcotics efforts. Finland spearheaded efforts at the EU Justice and Home Affairs Ministerial Meeting in September to make it easier for the EU to use qualified majority voting procedures to facilitate law enforcement cooperation and information sharing. Finland participated in several multilateral conferences and seminars on combating narcotics globally and in the Nordic-Baltic region. A Finnish delegation met with Chinese counterparts to discuss narcotics smuggling from Asia to Europe. During Finland's EU Presidency, Interior Minister Rajamaki frequently cited antinarcotics

cooperation as one of the EU's and Finland's key goals; in November, Rajamaki visited the U.S. for the U.S.-EU Justice and Home Affairs Ministerial Meeting and discussed, inter alia, trans-Atlantic narcotics eradication efforts.

Law Enforcement Efforts. The police report that arrests and seizures in 2006 are projected to remain stable (statistics are not yet available). Law enforcement focuses limited police resources on major narcotics cases and significant traffickers. The Frontier Guard stationed a permanent liaison officer in Asia (Beijing) for the first time to better monitor and combat narcotics trafficking. Finland in 2006 continued its impressive record of multilateral cooperation. Finnish police maintain liaison officers in ten European cities (six in Russia). The Prosecutor-General's Office maintains liaison officers in St. Petersburg, Tallinn, and Moscow. In addition, Finland and the other Nordic countries pool their resources and share information gathered by Nordic liaison officers stationed in 34 posts around the world.

Corruption. As a matter of government policy, Finland does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. Finnish officials do not engage in, facilitate, or encourage the illicit production or distribution of such drugs or substances, or the laundering of proceeds from illegal drug transactions. Official corruption is not a problem in Finland. There have been no arrests or prosecutions of public officials charged with corruption or related offenses linked to narcotics in Finnish history.

Agreements And Treaties. Finland is a party to the 1988 UN Drug Convention, and its legislation is consistent with all the Convention's goals. Finnish judicial authorities are empowered to seize the assets, real and financial, of criminals. Finland is also a party to the 1961 UN Single Convention on Narcotic Drugs as amended by the 1972 Protocol, and the 1971 Convention on Psychotropic Substances. Finland has extradition treaties with many countries, including the U.S. Finland ratified the EU extradition treaty in 1999 and the EU Arrest Warrant in 2005, and signed the bilateral instrument of the EU-U.S. Extradition Treaty in 2004. Finland is a party to the UN Convention Against Transnational Crime and its protocols against trafficking in persons and migrant smuggling.

Finland has also concluded a Customs Mutual Assistance Agreement with the United States. Finland is a member of the Dublin Group of countries coordinating policies on drug issues and is also a “major donor” to the UNODC, with an average annual pledge of nearly $2,000,000.

Cultivation/Production. There were no reported seizures of indigenously cultivated opiates, no recorded diversions of precursor chemicals, and no detection of illicit methamphetamine, cocaine, or LSD laboratories in Finland in 2006. Finland's climate makes cultivation of cannabis and opiates almost impossible. Local cannabis cultivation is believed to be limited to small numbers of plants in individual homes using artificial lighting for personal use. The distribution of the 22 key precursor chemicals used for cocaine, amphetamine, and heroin production is tightly controlled.

Drug Flow/Transit. Hashish and Ecstasy are the drugs most often seized by the police. Finland is not a transit country for narcotics. Most drugs trafficked into Finland originate in or pass through Estonia. Finnish authorities report that their land border with Russia is well guarded on both sides to ensure that it does not become a major transit route.

Domestic Programs (Demand Reduction). The GoF emphasizes rehabilitation and education over punitive measures to curb demand for illegal drugs. The central government gives substantial autonomy to local governments to address demand reduction using general revenue grants. Finnish schools in 2006 continued to educate students about the dangers of drugs. Finland's national public health service offered rehabilitation services to users and addicts. Such programs typically use a

holistic approach that emphasizes social and economic reintegration into society and is not solely focused on eliminating the subject's use and abuse of illegal drugs.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. The U.S. has historically worked with Finland and the other Nordic countries through multilateral organizations to combat narcotics trafficking in the Nordic-Baltic region. This involves assistance to and cooperation with the Baltic countries and Russia. FBI Agents twice visited Finland in 2006 to participate in antitrafficking-in-persons training programs; human trafficking into Finland is believed in some cases to be associated with narcotics smuggling. Finnish law enforcement maintains a close relationship with American counterparts; cooperation is excellent.

The Road Ahead. The U.S. anticipates continued close cooperation with Finland in bilateral and multilateral settings such as the UNODC, in the fight against narcotics. The only limitations to such cooperation will likely be the smaller resource base that Finnish law enforcement authorities have at their disposal.

France

I. Summary

France continues to be a major transshipment point for drugs moving through Europe. Given France's shared borders with trafficking conduits such as Spain, Italy, and Belgium, France is a natural distribution point for drugs moving toward North America from Europe and the Middle East. France's colonial legacy in the Caribbean, its proximity to North Africa, and its participation in the Schengen open border system, contribute to its desirability as a transit point for drugs, including drugs originating in South America. France's own large domestic market of predominantly cannabis users is attractive to traffickers as well. Specifically, in descending order, cannabis originating in Morocco (and to a lesser extent, Algeria), cocaine from South America, heroin originating in southwest Asia, and Ecstasy (MDMA) originating in the Netherlands and Belgium, all find their way to France. Seizures of amphetamines and methamphetamine in France remain relatively inconsequential. Increasingly, traffickers are also using the Channel tunnel linking France to Great Britain as a conduit for drugs from Continental Europe to the UK and Ireland. Although the total number of drug seizures reported in 2005 (latest published figures) declined by 2.19 percent from 2004 levels (to 83,932), the gross total of the quantity of seizures of cocaine (HCL), Heroin, and Khat all increased, whereas cannabis products, MDMA, and cocaine base ("crack" form) all decreased. Drug trafficking and possession arrests decreased in 2005 by 0.78 percent to 120,305, a significant decline from the 24 percent increase seen in 2003 and the 13 percent increase seen in 2004. France is a party to the 1988 UN Drug Convention.

II. Status of Country

Cannabis users are the largest group of drug users in France, according to official French statistics. By contrast, users of the next most popular drugs, heroin and cocaine, account for approximately 4 percent and 2 percent of users respectively. France's drug control agency, the Mission Interministerielle de la Lutte Contre la Drogue et la Toxicomanie (MILDT, or the Interministerial Mission for the Fight Against Drugs and Drug Addiction), is the focal point for French national drug control policy. Created in 1990, MILDT (which received its current name in 1996) coordinates the 19 ministerial departments that have direct roles in establishing, implementing, and enforcing France's domestic and international drug control strategy. The MILDT is a policy organ that does not have input into enforcement matters or its own budget. The French also participate in regional cooperation programs initiated and sponsored by the European Union. Deaths by drug overdose have declined since 1995. In 2005 there were 57 deaths due to overdose, compared to 69 deaths in 2004. Possession of drugs for personal use and possession of drugs for distribution both constitute crimes under French law and both are enforced. Penalties for drug trafficking can be severe and can include up to a sentence of life imprisonment. French counter narcotics agencies are effective, technically capable and make heavy use of electronic surveillance capabilities. In France, the counterpart to DEA is the Office Central pour la Repression du Trafic Illicite des Stupifiants (OCRTIS), also referred to as the Central Narcotics Office (CNO). Two aspects of French law make narcotics enforcement difficult compared to U.S. law: French law prohibits reductions in prison sentence or dismissal of charges for cooperation (plea bargaining) and French law limits undercover operations to those approved by a judge or government prosecutor. French authorities report that France-based drug rings appear to be less and less tied to one product, and are also increasingly involved in other criminal activities such as money laundering and clandestine gambling.

III. Country Actions Against Drugs in 2006

Policy Initiatives. In late 2004, France launched a five-year action plan called "Programme drogue et toxicomanie" (Drug and Addiction Program) to reduce significant drug use among the population and lessen the social and health damage caused by the use and trafficking of narcotics. In 2005, as part of that plan, the French Government launched a 38 million euro national information campaign as well as a program to boost France's medical treatment for cannabis and heroin users/addicts. The plan also provided funding (up to 1.2 million euros) for France's contributions to EU and UN counternarcotics programs in four priority areas: Central and Eastern Europe, Africa, Central Asia, and Latin America/Caribbean. While France's bilateral counter narcotics programs focus on the Caribbean basin, special technical bilateral assistance has also been provided to Afghanistan through France's Development Agency (AFD). Ten million euros went to training Afghan counternarcotics police and to fund a crop substitution program that will boost cotton cultivation in the provinces of Konduz and Balkh.

Law Enforcement Efforts. In 2006, French authorities made several important seizures of narcotics. On February 3, 2006, French Customs officials seized 305 kg of heroin after searching a tractor trailer as it was preparing to transit from France, near the Belgian border, to the United Kingdom. The tractor trailer contained a shipment of auto parts fabricated in Turkey and had transited multiple east and west European countries prior to its seizure in France. On May 8, 2006, following receipt of information concerning a cocaine transaction to be conducted in Paris, French Customs and the Paris Narcotics Squad conducted surveillance resulting in the seizure of over 275 kg of cocaine and the arrest of three British nationals, one Dutch national, and one French national. On June 19, 2006, French Customs stopped a passenger vehicle entering France from Belgium and seized 19.6 kg of MDMA in the possession of a Dutch national. The MDMA was reportedly being transported to Spain. On August 26, 2006, as a result of a joint Spanish/French/US investigation, Spanish naval assets intercepted a sailing vessel near the Canary Islands and located over 3,000 kg of cocaine. The organization involved in this shipment consisted primarily of French nationals residing in southern Spain. French authorities routinely seize quantities of heroin and cocaine ranging between one and five kg, which are entering or transiting France via its two international airports in Paris. Occasionally, these seizures involve larger quantities of heroin or cocaine located in luggage.

Corruption. As a matter of government policy, the Government of France is firmly committed to the fight against drug trafficking domestically and internationally. The government does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. Similarly, no senior government official is alleged to have participated in such activities.

Agreements and Treaties. France is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, and the 1961 UN Single Convention as amended by its 1972 Protocol. The USG and the French government have bilateral narcotics-related agreements in place, including a 1971 agreement on coordinating action against illegal trafficking. France and the U.S. have an extradition treaty and an MLAT, which provides for assistance in the prevention, investigation, and prosecution of crime, including drug offenses. The U.S. also has a Customs Mutual Assistance Agreement (CMAA) with France. France is a party to the UN Convention against Corruption and the UN Convention against Transnational Organized Crime and its protocols against migrant smuggling and trafficking in persons.

Cultivation/Production. French authorities believe the cultivation and production of illicit drugs is not a problem in France. France cultivates opium poppies under strict legal controls for medical use, and produces amphetamines as pharmaceuticals. It reports its production of both products to the International Narcotics Control Board (INCB) and cooperates with the DEA to monitor and control those products. According to authorities, there are no significant Ecstasy laboratories in France, although there may be some small kitchen labs.

Drug Flow/Transit. France is a transshipment point for illicit drugs to other European countries. France is a transit point for Moroccan cannabis (hashish) and South American cocaine destined for European markets. Most of the heroin consumed in, or transiting, France originates in southwest Asia (Afghanistan) and enters France via the Balkans after passing through Iran and Turkey. New routes for transporting heroin from southwest Asia to Europe are developing through Central Asia and Russia and through Belgium and the Netherlands. West African drug traffickers (mostly Nigerian) are also using France as a transshipment point for heroin and cocaine. These traffickers move heroin from both Southwest Asia and Southeast Asia (primarily Burma) to the United States through West Africa and France, with a back-haul of cocaine from South America to France through the United States and West Africa. Law enforcement officials believe these West African and South American traffickers are stockpiling heroin and cocaine in Africa before shipping it to final destinations. There is no evidence that significant amounts of heroin or cocaine enter the United States from France. Most of the South American cocaine entering France comes through Spain and Portugal. However, officials are seeing an increase in cocaine coming directly to France from the French Caribbean, giving impetus to the creation of the Martinique Task Force -- a joint effort with Spain, Colombia, and the UK. Most of the Ecstasy in or transiting France is produced in the Netherlands or Belgium.

Domestic Programs/Demand Reduction. MILDT is responsible for coordinating France's demand reduction programs. Drug education efforts target government officials, counselors, teachers, and medical personnel, with the objective of giving these opinion leaders the information they need to assist those endangered by drug abuse in the community. The government is continuing its experimental methadone treatment program, and clinics were treating an estimated 100,000 opiate addicts at the beginning of 2006. At last report, there were currently 85,000 persons taking Subutex as a treatment for opiate addiction in France, and 25,000 on methadone. Although the public debate concerning decriminalizing cannabis use continues, the French government is opposed to any change in the 1970 drug law, which criminalizes usage of a defined list of illicit substances, including cannabis. That said, cannabis use by young people is widely tolerated in practice.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives/Bilateral Cooperation. U.S. and GOF counternarcotics law enforcement cooperation remains excellent, with an established practice of information sharing. Since October 2001, the DEA's Paris Country Office and OCRTIS have been working together on operations that have resulted in the seizure and/or dismantling of 29 operational, or soon-to-be-operational clandestine MDMA (Ecstasy) laboratories, the arrests of more than 51 individuals worldwide, and 19 lab seizures in the United States, two in France, three in Germany, two in Australia, and one each in Ireland, New Zealand and Spain. French Naval vessels operating in the eastern Caribbean Sea cooperate with Joint Interagency Task Force South (JIATF-S) by conducting counternarcotics patrols. They have seized several drug-laden vessels. During the spring of 2005, French Naval Forces conducted a large counternarcotics operation concurrent with JIATF-S involving several warships northeast of the Leeward Islands in the southern North Atlantic Ocean. They have cooperated in the dismantling of a major hashish smuggling/drug money laundering/credit card fraud group operating in the U.S., France and Morocco. In 2006, France provisionally arrested at U.S. request two fugitives in drug related matters; their extraditions are pending.

The Road Ahead. The United States will continue its cooperation with France on all counternarcotics fronts, including through multilateral efforts such as the Dublin Group of countries coordinating narcotics assistance and UNODC.

Georgia

I. Summary

Georgia has the potential to be a transit country for narcotics flowing from Afghanistan to Western Europe. In 2006, however, there were no western-bound, significant seizures of narcotics. Subutex, a licit pharmaceutical produced in the UK, continues to flow from the west into Georgia, and beyond. Breakaway territories not controlled by the Government of Georgia (GOG)--South Ossetia and Abkhazia--also provide additional routes for drug flow and other contraband. There is little or no exchange of information on trafficking between the de facto governments of these territories and the GOG. Anecdotal evidence indicates a sizable domestic drug problem in Georgia. In response, the GOG is belatedly developing an Anti-Drug Strategy. The GOG also is continuing efforts to increase border security with the United States Government, European Union (EU) and other donors' assistance Statistics on seizures, arrests, and prosecutions for narcotics-related crime are not up to Western standards. A national register of drug abusers has recommenced after falling into disuse. State-supported treatment is largely non-existent.

II. Status of Country

Georgia's geography and transit status between Europe and Asia make it a potential narcotics trafficking route. Asian-cultivated narcotics destined for Europe may enter Georgia from Azerbaijan via the Caspian and exit through the northern Abkhaz or southern Ajaran land and water borders. Thinly staffed ports of entry and confusing and restrictive search regulations make TIR (long-haul trucks carrying nominally inspected goods under Customs Seal) trucks the main means for westward-bound narcotics trafficking in the region. Judging from Ministry of Internal Affairs (MOIA) statistics, there does not appear to have been any significant seizure of drugs moving west in 2006.

Conversely, licit drugs, namely Subutex, are trafficked from Europe in small quantities via "used-car trade routes," where vehicles acquired in Western Europe are driven through Greece and Turkey destined for Georgia. Subutex, used as an intravenous drug, is increasingly the drug of choice since it is cheaper then heroin, provides a longer high, and promises high mark-ups for dealers. There have been public reports of major seizures of Subutex trying to enter the country for domestic consumption. Anecdotal evidence, discussions with law enforcement, and an abundance of discarded needles fouling streets all point to a sizable drug problem.

III. Country Actions Against Drugs in 2006

The "Advisory Council on Drug Policy," which includes the Ministry of Health, MOIA, NGOs, doctors, and jurists, developed an "Anti-Drug Strategy", which was presented to the cabinet at the end of August. The strategy aims for a "holistic, consistent, and balanced antidrug policy", i.e. a mix of fighting supply and reducing demand. Action plans are being worked out for implementation and funding in 2007. In conjunction with this effort, the Prosecutor General and the MOIA are working out an "antidrug legal package." Already, an amendment has been presented in Parliament increasing penalties for drug abuse, and intensifying monitoring of drug users. Some observers, however, have criticized GOG antidrug efforts to date as poorly-coordinated, under-funded, and directionless.

Law Enforcement Efforts. The Special Operations Department of the MOIA is the lead agency for fighting drug trafficking. The Georgian Border Police also play a role, though far smaller. The Border Police reported four seizures of narcotics at border points in 2006. Most arrests for cultivation are believed to be small plots intended for personal use.

In the first nine months of 2006, drug related cases increased by 31 percent over 2005. It is unclear whether the jump is due to increased drug use or more aggressive policing in line with President Saakashvili's "zero tolerance policy" for criminal acts. According to MOIA statistics:

Activities	2005	2006 (Jan-Sept)
Drug-related cases	2,074	2,038
Felonies	1,427	1,357
Contraband	34	27
Dealings	138	90
Cultivation	109	95
Heroin seizure	2.59 kg	4.79 kg
Marijuana seizure	23.3 kg	11.14 kg
Opium seizure	4.75 kg	0
Cocaine	1.59 kg	0
Subutex	4,302 pills	4,539 pills
Methadone	4,717grams	0

Corruption. As a matter of policy, the GOG neither encourages nor facilitates illicit drug production, distribution, or the laundering of drug profits. No senior officials are known to be engaged in such activities. Rather, the GOG declared war against corruption after the 2003 Rose Revolution and remains publicly committed to this effort. Statistics from the World Bank and other organizations indicate that there has been a dramatic decrease in corruption across the government. The GOG is continuing civil service, tax and law enforcement reforms aimed at deterring and prosecuting corruption. Despite these efforts, however, corruption still exists.

Agreements and Treaties. Georgia is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substance and the 1961 UN Single Convention as amended by the 1972 Protocol. In September 2006 Georgia ratified the UN Convention against Transnational Organized Crime and its protocols on trafficking in persons and migrant smuggling. In addition, the GOG has signed antinarcotics agreements with the Commonwealth of Independent States, Black sea basin countries, the GUUAM Group (Georgia-Ukraine-Uzbekistan-Azerbaijan-Moldova), Iran, and Austria.

Cultivation and Production. Estimates by the GOG on the extent of narcotics cultivation within the country are unreliable and do not include the breakaway regions outside the central government's control (South Ossetia and Abkhazia). A small amount of low-grade cannabis is grown for domestic use, but there are no other known narcotics crops or synthetic drug production in Georgia. Although Georgia has the technical potential to produce precursor chemicals, it has no known capacity for presently producing in significant quantities. In fact, many factories that could produce precursors closed after the collapse of the Soviet Union.

Drug Flow/Transit. The GOG has no reliable statistics on the volume of drugs transiting through Georgia. MOIA figures appear to indicate the absence of significant seizures in 2004, 2005, and the

first nine months of 2006. This, for some, is proof that Georgia is indeed not a transit country; others point to inadequate policing and/or possible corruption. For their part, antinarcotics police complain of a lack of equipment and "sniffer" dogs to properly examine vehicles at borders. Even those who argue that drugs do transit Georgia to Western markets believe that Georgia is a secondary route.

Demand Reduction. There are no widely accepted figures for drug dependency in Georgia, and more generally, statistics are poorly kept. Some sources put the number of drug users between 240,000 and 350,000. Such calculations are, however, at best, a guess. They result from multiplying known users by a coefficient to account for the covert, hidden nature of the problem and poor record keeping.

The GOG has just restarted a national register on drug abusers, which at the end of 2004 numbered 24,000. The register had fallen into disuse after mandatory drug testing was moved from the Ministry of Health to the Ministry of Justice. There were 1488 new registered drug abusers between May-December 2005, with another 4380 registered from January 2006 through mid-October 2006. New figures for 2005 and 2006 are, however, for Tbilisi only. All figures include both hard-core addicts as well as other users.

According to the UNODC Southern Caucasus Anti-Drug Program (SCAD), the GOG has slashed demand reduction funding in the past ten years ten times, allotting just 50,000 GEL ($28,730) in 2006. A handful of private clinics provide treatment, which is in great demand. In December 2005, the first ever substitution therapy program, which is financed by the Global Fund for AIDS, was launched in Georgia. Numbers treated, however, are small.

IV. U.S. Policy Initiatives and Programs

Bilateral Programs. In 2006, the USG continued timely and direct assistance on procuracy reform, anticorruption efforts, money laundering, writing a new criminal procedure code, upgrading the forensics lab, building a police academy and introducing a new curriculum, fighting human trafficking, and equipping the patrol police with modern communication equipment.

The Road Ahead. Recent efforts to hammer out a national drug strategy should be welcomed in light of the rise of Subutex. Most likely, that strategy will be a balance between interdiction and demand reduction. If implemented quickly and funded-properly, that strategy may spare Georgia the full blight of HIV/AIDS, which is a growing, but still relatively minor problem.

Germany

I. Summary

Although not a major drug producing country, Germany is a consumer and transit country for narcotics. The government actively combats drug-related crimes and focuses on prevention programs and assistance to drug addicts. In 2006, Germany continued to implement its Action Plan on Drugs and Addiction, which it launched in 2003, with a specific focus on prevention. Cannabis is the most commonly consumed illicit drug in Germany. Organized crime continued to be heavily engaged in narcotics trafficking. The Federal Office of Criminal Investigation (BKA) publishes an annual narcotics report on illicit drug-related crimes, including data on seizures, drug flows, and consumption. The most recent complete German figures available for narcotics cover calendar year 2005. That year saw drug-related crimes (276,740) drop for the first time since 1996. Germany is a party to the 1988 UN Drug Convention.

II. Status of Country

Germany is not a significant drug cultivation or production country. However, Germany's location at the center of Europe and its well-developed infrastructure make it a major transit hub. Ecstasy moves from the Netherlands to and through Germany to Eastern and Southern Europe. Heroin is trafficked to Germany from Turkey, Austria, and Italy. Cocaine moves through Germany from South America and the Netherlands. Organized crime continues to be heavily engaged in narcotics trafficking. Germany is a major manufacturer of pharmaceuticals, making it a potential source for precursor chemicals used in the production of illicit narcotics, although current precursor chemical control in Germany is excellent.

III. Country Actions Against Drugs in 2006

Policy Initiatives. Germany continues to implement the Federal Health Ministry's "Action Plan on Drugs and Addiction" adopted by the cabinet in 2003. The action plan establishes a comprehensive multi-year strategy to combat narcotics. The key pillars are (1) prevention, (2) therapy and counseling, (3) survival aid as an immediate remedy for drug-addicts, and (4) interdiction and supply reduction. Germany also abides by the EU Drugs Action Plan 2005-2008. The National Inter-agency Drug and Addiction Council that had been established in 2004 to coordinate and review the implementation of the government's "Action Plan on Drugs and Addiction" passed a new working program in March 2006. The program recommends, inter alia, a continued focus on demand reduction in the consumption of cannabis.

Law Enforcement Efforts. Counternarcotics law enforcement remains a high priority for the BKA and the Federal Office of Customs Investigation (ZKA). German law enforcement agencies scored numerous successes in seizing illicit narcotics and arresting suspected drug dealers. According to the most recent publicized analyses, the number of narcotics related seizures increased in 2005. However, the seized amounts decreased overall. Seizures of Ecstasy decreased in 2005, while seizures of amphetamine, heroin and cocaine increased. The number of seizures of cannabis rose in 2005, while the amount of seized cannabis fell. In 2006, the BKA seized significant amounts of hashish transported from the Pakistan/Afghanistan border region. The ZKA conducted 7,683 criminal narcotics related investigations in 2005. The Frankfurt/Main Airport Customs Office alone seized 846 kg of illicit drugs in 2005 at Europe's second busiest passenger airport and a major freight hub -- roughly the same amount as in 2004.

Corruption. As a matter of government policy, Germany does not encourage or facilitate the illicit production or distribution of drugs or substances, or the laundering of proceeds from illegal drug transactions. No cases of official corruption have come to the USG's attention.

Agreements and Treaties. A 1978 extradition treaty and a 1986 supplemental extradition treaty are in force between the U.S. and Germany. The U.S. and Germany signed a Mutual Legal Assistance Treaty in Criminal Matters (MLAT) on October 14, 2003, which the German Parliament is expected to ratify in early 2007. The U.S. Senate gave its advice and consent to ratification of the treaty on July 27, 2006. Additionally, the U.S. and Germany signed bilateral instruments to implement the U.S.-EU Extradition and Mutual Legal Assistance Agreements on April 18, 2006. These bilateral instruments were submitted for review together with the MLAT for approval by the German Parliament in order to implement all international obligations simultaneously. There is a Customs Mutual Legal Assistance Agreement (CMAA) between the U.S. and Germany. In addition, Germany is party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, and the 1961 UN Single Convention as amended by the 1972 Protocol. Germany ratified the UN Convention against Transnational Organized Crime on June 14, 2006. Germany has signed but has not yet ratified the UN Corruption Convention.

Cultivation and Production. Germany is not a significant producer of hashish or marijuana. The BKA statistics reported seizure of eight synthetic drug labs in Germany in 2005.

Drug Flow/Transit. Germany's central location in Europe and its well-developed infrastructure make it a major transit hub. Traffickers smuggle cocaine from South America to and through Germany to other European countries. Heroin transits from Eastern Europe to Western Europe, especially to the Netherlands. Cannabis is trafficked to Germany mainly from the Netherlands. Frankfurt Airport is still a major trans-shipment point for Ecstasy destined to the U.S. and for other drugs coming into Europe.

Domestic Programs/Demand Reduction. The Federal Ministry of Health continues to be the lead agency in developing, coordinating, and implementing Germany's drug policies and programs. The National Drug Commissioner at the Federal Ministry of Health coordinates Germany's national drug policy. Drug consumption is treated as a health and social issue. Policies stress prevention through education. The Ministry funds numerous research and prevention programs. Addiction therapy programs focus on drug-free treatment, psychological counseling, and substitution therapy. Initial results of a heroin-based treatment pilot project to treat seriously ill, long-term opiate addicts published in 2006 found heroin-based treatment for this group had advantages over a substitution therapy approach. In 2006, there were 25 medically controlled "drug consumption rooms" in Germany supplementing therapy programs to offer survival aid. German federal law requires that personnel at these sites provide medical counseling and other professional help and ensure that no crimes are committed. Drug-related deaths have been decreasing for several years. In 2005, they dropped by four percent compared to 2004, making 2005 the year with the lowest number of drug-related deaths since 1989. The number of first-time users of illicit drugs fell five percent in 2005 compared to 2004. First-time use of Ecstasy, heroin, and cocaine decreased in 2005, while the first-time use of crack increased.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. German law enforcement agencies work closely and effectively with their U.S. counterparts in narcotics-related cases. Close cooperation to curb drug trafficking continues among DEA, FBI, the U.S. Customs Service and their German counterparts, including the BKA, the State Offices for Criminal Investigation (LKAs), and the ZKA. German agencies routinely cooperate very closely with their U.S. counterparts in joint investigations U.S.-German cooperation to stop diversion of chemical precursors for cocaine production continues to be close (e.g., Operations "Purple" and "Topaz"). A DEA Diversion Investigator is assigned to the BKA

headquarters in Wiesbaden to facilitate cooperation and joint investigations. The DEA Frankfurt Country Office facilitates information exchanges and operational support between German and U.S. drug enforcement agencies. The BKA and DEA also participate in a tablet exchange program to compare samples of Ecstasy pills. Germany is also a "major donor" to the UN Office on Drugs and Crime (UNODC), with an annual pledge of approximately $2,300,000.

The Road Ahead. The U.S. will continue its close cooperation with Germany on all bilateral and international counternarcotics fronts, including the Dublin Group, a group of countries that coordinates the provision of counternarcotics assistance and the United Nations Office on Drugs and Crime (UNODC).

Greece

I. Summary

Greece is a "gateway" country in the transit of illicit drugs. Although not a major transit country for drugs headed for the United States, Greece is part of the traditional "Balkan Route" for drugs flowing from drug producing countries in the east to drug consuming countries in Western Europe. Greek authorities report that drug abuse and addiction continue to climb in Greece as the age for first-time drug use drops. Drug trafficking remains a significant issue for Greece in its battle against organized crime. Investigations initiated by the DEA and its Hellenic counterparts suggest that a dramatic rise has occurred in the number and size of drug trafficking organizations operating in Greece. The DEA and Hellenic Authorities conducted numerous counternarcotics investigations during the year, which resulted in significant arrests, narcotics seizures, and the dismantling of major drug trafficking organizations. A longstanding investigation of judiciary corruption, culminated in November 2006, in the dismissal, suspension, indictment and/or prosecution of several judges. Greece is a party to the 1988 UN Drug Convention.

II. Status of Country

With an extensive coastline border, numerous islands, and land borders with other countries through which drugs are transported, Greece's geography has established it as a favored drug transshipment country on the route to Western Europe. Greece is also home to the world's largest merchant marine fleet. It is estimated that Greek firms own one out of every six cargo vessels and control 20-25 percent of cargo shipments worldwide. The utilization of cargo vessels is the cheapest, fastest and most secure method to transport multi-ton quantities of cocaine from South America to distribution centers in Europe and the United States. Greece is not a significant source country for illicit drug production, although marijuana cultivation operations have increased slightly. The marijuana that is produced in Greece is usually destined for the domestic market.

III. Country Actions Against Drugs in 2006

Policy Initiatives. Greece participates in the Southeast European Cooperative Initiative's (SECI) anticrime initiative, in the work of the regional Anti-Crime Center in Bucharest and in its specialized task force on counternarcotics. Enhanced cooperation among SECI member states has the potential to significantly disrupt the ability of drug trafficking organizations to operate in the region.

Law Enforcement Efforts. Several notable joint U.S./Hellenic counternarcotics investigations occurred during 2006 with significant arrests and seizures. Since July 2005, DEA, Australian authorities and Hellenic National Police Agents conducted negotiations with three high-ranking members of a large-scale, international poly-drug trafficking organization with ties to South America, Europe, Australia and the United States. The investigation culminated in May 2006 when the members of the organization delivered 100,000 MDMA tablets. All of the MDMA was seized, along with $1,333,000 in drug-related assets and proceeds, and four individuals were arrested. This was one of the largest single seizures of MDMA in Greece. Prior to the arrests, the DEA, in coordination with Hellenic and Australian Authorities, targeted several Greek bank accounts belonging to the targets of the investigation for seizure. Pursuant to Hellenic laws, a financial investigation was initiated after the arrests, which resulted in the seizure of the aforementioned bank accounts and drug-related assets.

In a separate investigation, DEA, authorities of Greece and the Republic of Macedonia seized over 10 kg of cocaine and arrested six individuals of a large-scale international cocaine trafficking

organization operating in the Balkan region since 2003. This investigation involved unprecedented cooperation between Hellenic and Macedonian Authorities. Additionally, Hellenic and Macedonian Prosecutors were able to coordinate different facets of the investigation to improve the chances of a successful prosecution in both countries. As a result of the prosecutorial coordination, immediately after the cocaine seizure in Macedonia, Hellenic Prosecutors authorized the arrest of targets in Greece. This investigation established a new level of cooperation, as well as new precedents, for bilateral investigations between Greece and Macedonia.

Narcotics seizures increased considerably in 2006. The Hellenic National Police reported that in the first six months of 2006, 52.3 kg of processed hashish and 5,067 kg of unprocessed hashish, 67.6kg of heroin, 98.3 kg of unprocessed opium, 3,269 methadone tablets, 1,137 opiate tablets, 100,763 Ecstasy pills, and 14 kg of cocaine were seized by authorities. Additionally, some 6,809 individuals were arrested in connection with the above seizures. Police and customs authorities report a decline in drug trafficking on the Greece-Turkey border, attributed to more stringent enforcement, including vehicle X-rays on the Turkish side of the border. Nigerian drug organizations smuggle heroin and cocaine through the Athens airport, and increasingly through the Aegean islands from Turkey. A small portion of these drugs is smuggled into the United States. Greece continued cooperation with bordering countries' police authorities to better combat narcotics smuggling. Greek, Albanian, and Bulgarian police chiefs meet regularly twice a year to coordinate counternarcotics efforts.

Corruption. As a matter of government policy, Greece neither encourages nor facilitates illicit production or distribution of narcotics, psychotropic drugs, or other controlled substances or the laundering of the illegal proceeds. However, officers and representatives of Greece's law enforcement agencies are generally under-trained, underpaid, under-appreciated, and overworked. Although this atmosphere has the potential to breed corruption, the level of corruption in the law enforcement agencies is relatively low with regard narcotics-related activities.

As part of an ongoing investigation of judicial corruption, by November 2006, 13 justices had been dismissed, 14 temporarily suspended from duty, two have been detained and are being prosecuted for money laundering and receiving bribes, 33 were indicted, and disciplinary action has been initiated against 49 other justices for charges related to corruption or early prison release of defendants, including accused drug traffickers.

Agreements and Treaties. Greece is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, and the 1961 UN Single Convention as amended by its 1972 Protocol. An agreement between Greece and the United States to exchange information on narcotics trafficking has been in force since 1928. A mutual legal assistance treaty and an extradition treaty between the U.S. and Greece are in force. The United States and Greece also have concluded a customs mutual assistance agreement (CMAA). The CMAA allows for the exchange of information, intelligence, and documents to assist in the prevention and investigation of customs offenses, including the identification and screening of containers that pose a terrorism risk. Greece has signed, but has not yet ratified, the UN Convention against Transnational Organized Crime and the UN Convention against Corruption.

Cultivation/Production. Cannabis, cultivated in small amounts for local consumption, is the only illicit drug produced in Greece.

Drug Flow/Transit. Greece is part of the “Balkan Route” and as such is a transshipment country for heroin refined in Turkey, hashish from the Middle East, and heroin and marijuana from Southwest Asia. Metric ton quantities of marijuana and smaller quantities of other drugs are smuggled across the borders from Albania, Bulgaria, and the Republic of Macedonia. Hashish is off-loaded in remote areas of the country and transported to Western Europe by boat or overland. Larger shipments are smuggled into Greece in shipping containers, on bonded Trans-International

Route trucks, in automobiles, on trains, and in buses. A small portion of these drugs is smuggled into the United States, including Turkish-refined heroin that is traded for Latin American cocaine, but there is no evidence that significant amounts of narcotics are entering the United States from Greece.

Domestic Programs (Demand Reduction). Drug addiction continues to climb in Greece. According to the National Documentation Center for Narcotics and Addiction run by the Mental Health Research Institute of the Medical School of the University of Athens, 8.6 percent of the Greek population between 12 and 64 years of age report that they have used an illegal substance one or more times in their life. The most commonly used substances are chemical solvents, and marijuana and heroin. There has been a surge in cocaine, Ecstasy and methadone pills, which reflects developments in the growing European synthetic drug market. Some years ago, the GOG estimated that there were between 20,000 and 30,000 addicts in Greece of whom about 19,000 were addicted to heroin, with the addict population growing. While there has been no formal survey since then, the general view is that the addict population in 2006 is considerably larger. The Organization Against Narcotics (OKANA) is the state agency that coordinates all national treatment policy in Greece. It has the capacity to treat 3,923 persons in 40 therapeutic rehabilitation centers, of which 25 offer “drug free” programs, eight offer methadone substitution programs, and 8 offer buprenophine substitution programs. OKANA's plans to extend its program to other regions and to open it to more addicts has gone forward more slowly because of strong local reactions against the establishment of such treatment centers.

IV. U.S. Policy Initiatives and Programs

The Road Ahead. The DEA will continue to organize regional and international conferences, seminars, and workshops with the goal of building regional cooperation and coordination in the effort against narcotics trafficking.

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Hungary

I. Summary

Hungary continues to be a primary narcotics transit country between southwest Asia and Western Europe due to its unique combination of geographic location, a modern transportation system, and the unsettled political and social climate in the neighboring countries of the former Yugoslavia. Since the collapse of communism in Europe, Hungary has become a significant consumer of narcotics as well. Drug abuse, particularly among persons under 40 years of age, rose dramatically during the nineties and continues to increase. The illicit drugs of choice in Hungary are heroin, marijuana, amphetamines, and Ecstasy (MDMA). In addition, the abuse of opium-poppy straw, barbiturates and prescription drugs containing benzodiazepine is growing. In the lead-up to its accession to the European Union in May 2004, Hungary adopted and amended much of its narcotics-related legislation to ensure harmonization with relevant EU narcotics law. Since 2004, the Ministry of Social Affairs and Labor has held primacy over all matters related to narcotics issues. Hungary continues to expand the collection and reporting efforts of its National Narcotics Data Collection Center. The center was established in February 2004 to report valid, comparable and reliable data on drug abuse trends to the European Monitoring Center for Drugs and Drug Addiction. Hungary is a party to the 1988 UN Drug Convention.

II. Status of Country

Throughout 2006, Hungary continued to be a major transit route for illegal narcotic smuggling from Southwest Asia and the Balkans into Western Europe. Traditional routes in the Balkans that had been disrupted due to instability in the former Republic of Yugoslavia are again being utilized to transport narcotics. Hungarian Ministry of Interior and Border Guard officials reported narcotics smuggling to be especially active across the Ukrainian, Romanian and Serbian Borders. Foreign organized crime, particularly from Albania, Turkey, and Nigeria, controls the transit and sale of narcotics in Hungary. Concurrently, Hungarian drug suppliers and criminal networks are getting stronger as well and involve an increasing number of immigrants and ethnic minorities in the transport, sale, and distribution of narcotics. Officials report the increasing seriousness of Hungary's domestic drug problem, particularly among teens and those in their twenties, who have benefited from the country's strong, if unequal, economic performance.

III. Country Actions Against Drugs in 2006

Policy Initiatives. A National Narcotics Data Collection Center (NDCC), established in 2004 in the national epidemiological center of the national public health network, is charged with the compilation of an annual report of data for the European Monitoring Center for Drugs and Drug Addiction. The National Drug Prevention Institute (NDPI) was set up in 2000 to provide technical and financial support for drug action teams in cities with populations over 20,000. The NDPI encourages the creation of local fora composed of officials of local government institutions, law enforcement agencies, schools and non-governmental organizations to create local drug strategies customized for local needs. As of November 2006, there were 96 counternarcotics fora throughout Hungary. . The GOH has employed programs for combating drug use at schools since 1992, however, given the shortage of police trainers and funding, there continue to be problems with increasing drug dealing at schools. Research findings from the NDCC as well as the Ministry of Social Affairs and Labor indicate that the rate of experimentation and use of narcotics is steadily increasing. One in five youth have tried marijuana; one-third of these are under the age of fourteen. The drugs of choice are marijuana, Ecstasy, and to a lesser extent LSD.

Accomplishments. Preliminary reporting and data indicate that seizures of Ecstasy and cocaine continued to increase between 2005 and 2006. Accession to the European Union (EU) provided Hungarian border guards and national police forces with greater access to modern electronic detection equipment provided by the European Union to certain high threat border posts. This equipment was initially installed in 2003 and has continued to result in improved border interdiction of all types of contraband. Hungary is working to meet Schengen Standards for border control. Expanded investigative authorities and cooperation between the Hungarian border guards and the Hungarian national police, coupled with investigative agreements with neighboring countries have also played a significant role in increasing Hungary's ability to interdict shipments of narcotics. Despite these successes, Hungary continues to be a significant transshipment point for Narcotics destined for, and sent from, Western Europe.

Law Enforcement Efforts. In an effort to build upon successes against narcotics-related crime throughout 2005, 2006 saw a continuation of the close cooperation between the Hungarian Border Guards and the Hungarian National Police. The Hungarian Ministry of Finance and the national headquarters of the customs and finance guard supported antinarcotics and antismuggling activities as well. These groups jointly planned and staged actions related to crime and border security that were specifically designed to prevent drug trafficking and a wide range of illicit transit and smuggling activities. The Interior Ministry merged this year with the Ministry of Justice; U.S. Embassy Budapest will monitor this new agency's performance on narcotics-related issues, particularly through arrest and prosecution statistics. Subsequent to the accession of Hungary to the European Union, the Hungarian Ministry of Interior had prepared a unified drug interdiction strategy for the Hungarian National Police and Border Guards for the Period 2005-2012 in line with the requirements of the EU drug strategy. The stated goals of this strategy are to guarantee the security of society, combat the illegal production and smuggling of drugs and precursors facilitate joint actions with the EU member countries, as well as combat production, trading and consumption of synthetic drugs. According to the Ministry of Social Affairs and Labor, the number of criminal drug cases has continued to increase dramatically. Much of the increase is attributed to the transition from penalty-based court and social systems to treatment-based court and social systems, which are alleged to have eliminated negative individual consequences for drug use. The cooperation between the Hungarian National Police (HNP) and the U.S. Drug Enforcement Administration (DEA) Office in Vienna, Austria has slowly improved. Hungarian authorities twice asked for DEA assistance this past year with investigations that resulted in the seizure of 30 kg of cocaine and the arrest of seven persons.

Corruption. The USG is not aware of systemic corruption in Hungary that facilitates narcotics trafficking. The Hungarian Government enforces its laws against corruption aggressively, and takes administrative steps (e.g., the regular re-posting of border guards) to reduce the temptation for corruption whenever it can. A challenge to accurately assessing the scope and success of Hungarian efforts to combat corruption is the GOH treatment of corruption-related information and prosecutions as classified national security information. Hungary is a party to the UN Corruption Convention.

Agreements and Treaties. Hungary is party to the 1961 United Nations (UN) Single Convention, as amended by the 1972 Protocol, the 1971 UN Convention on Psychotropic Substances, and the 1988 UN Drug Convention. A mutual legal assistance and an extradition treaty between the U.S. and Hungarian governments were signed in 2005. This agreement has paved the way for closer cooperation between U.S. and Hungarian law enforcement agencies. In addition, in December 2006 the Hungarian National Assembly ratified the UN Convention against Transnational Organized Crime and its protocols against trafficking in persons and migrant smuggling.

Cultivation/Production. GOH authorities report that marijuana is cultivated in western Hungary, Ecstasy, and LSD may also be manufactured locally; however, to date no production laboratories have been discovered. All other illegal narcotics are smuggled into Hungary.

Drug Flow/Transit. Hungarian authorities for the Ministry of Interior and Border Guards report smuggling and distribution of narcotics throughout Hungary. In particular, long-term resident Albanians, Turks and Nigerians are involved in trafficking. Budapest's Ferihegy International Airport continues to be an important stop for cocaine transit from South America to Europe. Synthetic drugs such as Ecstasy are transported into Hungary, frequently via car, from the Netherlands and other Western European countries.

Domestic Programs. Hungarian ministry officials report the domestic drug problem is significantly higher among youth between the ages of 12-25. As a result, drug prevention programs are taught to teachers as part of the normal educational training and schools in Hungary include several drug prevention and health promotion programs within the educational system. The life skills program is the largest of the antidrug programs and was developed in the early nineties with USIA assistance. Through 2005, the fifteen year program has trained nearly 12,000 teachers and educators. Community-based prevention efforts are primarily focused on the teen/twenties age group and provide information about the dangers of substance abuse while emphasizing active and productive lifestyles as a way of limiting exposure to drugs. Within Hungary there are approximately 230 healthcare institutions that care for drug patients. The Ministry of Health continues to establish and fund drug outpatient clinics in regions where such institutes are not yet available. An amendment to Hungarian counternarcotics legislation, which went into effect in March 2003, was designed to shift the focus of criminal investigations from consumers to dealers. Before this amendment was enacted, Hungarian civil rights leaders claimed that the Hungarian narcotics law, among the toughest on users in Europe, subjected even casual users to stiff criminal penalties, while addicts were often exempted from prosecution. The 2003 Amendment allowed police, prosecutors, and judges to place drug users in a 6-month government-funded treatment or counseling program instead of prison. Drug addicts are encouraged to attend treatment centers while casual users are directed to the prevention and education programs. The Amendment also provided judges with more alternatives and flexibility when sentencing drug users. Due to the continued increase in the rate of drug use as well as drug-related crime in Hungary, the GOH has become dissatisfied with the results of the treatment-focused deterrence system and is currently considering a return to the punishment-based deterrence system. As a result, the constitutional court has begun to scale back treatment programs and focus again on prison sentences. However, the State Secretary for Drug Affairs has reconfirmed the GOH commitment to maintaining alternative treatment programs. In 2006, the GOH continued to provide access to needle exchange dispensers in Budapest to guarantee inexpensive, sterile needles for drug users.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. The primary USG focus in support of the GOH counternarcotics efforts is through training and cooperative education at the International Law Enforcement Academy (ILEA). In addition, the U.S. DEA maintains a regional office in Vienna, Austria that is accredited to Hungary to work with local and national Hungarian authorities. Health professionals in Budapest continue to benefit from training received in 2003 from doctors from the University of California, San Diego, who provided instruction to 200 drug treatment professionals in Budapest. The Hungarian Ministry of Health reports the 200 trainees continue to provide advice and assistance to hospitals and clinics throughout Hungary to acquaint the medical professionals with American experiences in the field of diagnosis and treatment of drug addict offenders within the criminal justice system.

The Road Ahead. The USG continues to support and encourage Hungarian legislative efforts to stiffen criminal penalties for drug offenses, and will continue to support the GOH law Enforcement efforts through training programs and seminars at the ILEA as well as through specialized in-country programs. The DEA office in Vienna continues its cooperative efforts with the Hungarian National Police to streamline the flow of actionable investigative information.

Iceland

I. Summary

Icelandic authorities do not have to confront significant levels of drug production or transit. Their focus is thus on stopping importation and punishing distribution and sale, with a lesser emphasis on prosecuting for possession and use. Along with the government, secular and faith-based charities organize abuse prevention projects and run respected detoxification and treatment centers. Iceland is a party to the 1988 UN Drug Convention.

II. Status of Country

Illegal drugs and precursor chemicals are not produced in significant quantities in Iceland. The harsh climate and lack of arable soil make the outdoor cultivation of drug crops almost impossible. Icelandic authorities believe that the production of drugs, to the extent it exists, is limited to marijuana plants - now grown in quantities adequate to satisfy virtually all domestic demand -- and the occasional small-time amphetamine laboratory. Most illegal drugs in Iceland are smuggled in through the mail, inside commercial containers, or by airline and ferry passengers. The chief illicit drugs entering Iceland, mainly from Denmark, are cannabis and amphetamines, with the latter becoming increasingly common during recent years as part of a trend of stimulant drug use that also involved heightened levels of cocaine in circulation. According to authorities there were 92 cases of importation of drugs and precursors in 2006 (latest available National Commissioner of Police figures through December 27). Icelandic officials raised concerns during the year that drugs smuggling into Iceland could be tied to eastern European and Baltic organized crime groups, and said publicly that investigation and interdiction efforts were being redirected accordingly. Results of the third European School Survey Project on Alcohol and Other Drugs, conducted in 2003, showed that controlled substance use among Icelandic adolescents has decreased significantly in recent years, and that students currently completing secondary school have used drugs less during their school years than did earlier cohorts. Appraisals of Reykjavik in 2004 and 2005 by the Icelandic Center for Social Research and Analysis -- a non-profit research center that specializes in youth research and studies for policymakers -- supported these findings.

III. Country Actions Against Drugs in 2006

Policy Initiatives. The Public Health Institute of Iceland, established in 2003, is responsible for alcohol and drug abuse prevention programs on behalf of the government. Programs are funded though an alcohol tax, with allocations overseen by he independent national Alcohol and Drug Abuse Prevention Council (ADAPC). The institute collects data; disseminates information on use of intoxicants; supports health improvement projects; and funds and advises local governments and non-governmental organizations working primarily in prevention. During the year it made grants worth roughly $60,000 to a total of 50 groups and projects across the country. The institute is part of the Nordic Council for Alcohol and Drug Research, which promotes and encourages a joint Nordic research effort on drug and alcohol abuse.

In July, the government launched a collaborative effort by parties involved in preventive measures to draw up a comprehensive policy on drug prevention in Iceland with the aim of coordinating measures on drug prevention.

Authorities have documented a substantial upward trend in narcotics violations over the past several years (from 1671 in 2004, to 1816 in 2005, and 2034 as of December 27, 2006). While one explanation may be escalating drug use, another is a 2002 National Commissioner of Police decision to increase enforcement against possession. Police nationwide have intensified

surveillance in public places and initiated searches of suspicious individuals, while also improving interdiction training for border police and customs officials. In April the Icelandic Supreme Court confirmed the sentence of a Lithuanian man who, along with another Lithuanian, was sentenced to three years in prison for smuggling 4 kg of methamphetamines on a passenger ferry arriving in Seydisfjordur (east Iceland). In June Reykjavik District Court sentenced a man to four years in prison for smuggling 3.7 kg of amphetamines through Keflavik International Airport (KEF). In July the Reykjavik District Court sentenced two Lithuanian nationals to two and a half years in prison for smuggling and receiving 1.7 liters of liquid amphetamines through KEF, and in October the Icelandic Supreme Court increased the sentence of one of them to four years. In the same month another Lithuanian man was sentenced to two and a half years in prison for smuggling 2 liters of liquid amphetamines through KEF. In September the Reykjavik District Court sentenced three men under the age of twenty to three, two, and one and a half years in prison for smuggling 400 grams of cocaine through KEF. In November Reykjavik District Court sentenced two Lithuanians to seven years in prison for smuggling 12 kg of amphetamines in a car aboard the ferry that stops in Seydisfjordur. In December Reykjavik District Court sentenced four men to prison for attempting to smuggle 15 kg of amphetamines and 10 kg of hashish hidden in the gas tank of a vehicle. The court sentenced one man to eight and a half years, two others received six years, and the fourth man was sentenced to four years in prison. In the same month Reykjavik District Court sentenced a Lithuanian national to three and a half years in prison for smuggling 4.5 kg of amphetamines to Iceland stowed away in a car aboard the ferry that runs between Iceland, Norway, Denmark, and the Faroe Islands.

Law Enforcement Efforts. In 2006, KEF authorities made 49 seizures compared to a total of 33 in 2005. Nationwide drug seizure highlights include:

-- In January, Vestmannaeyjar police arrested a man and confiscated 1.3 kg of hashish.

-- In January, Reykjavik police arrested a couple on charges of possessing between 200 and 300 cannabis plants and about 1 kg of hashish and 1 kg of amphetamines.

-- In February, KEF police and customs arrested a couple with 3.5 kg of amphetamines hidden in a secret compartment of a suitcase.

-- In February, Reykjavik Police found 3 kg of amphetamines buried in the ground near Reykjavik. The owner of the substance has not been found.

-- In April, KEF police arrested a man in his forties with 700 grams of cocaine in his baggage.

-- In April, Reykjavik police seized 15 kg of amphetamines and 10 kg of hashish from the fuel tank of a car that had been imported to Iceland. The police arrested four men connected with the case who had been under surveillance for two weeks. Police had discovered the narcotics during customs inspection and waited for the men to pick up the car. This is one of the largest quantities of narcotics ever seized at one time in Iceland.

-- In April, Borgarnes police confiscated 228 cannabis plants at a farm.

-- In July, customs officials in Seydisfjordur seized 12.5 kg of amphetamines aboard the car ferry that runs between Iceland, Norway, Denmark, and the Faroe Islands. This was the largest-ever drug seizure connected to the ferry.

-- In July, Icelandic customs officials stopped a couple arriving at KEF and confiscated 1 kg of cocaine that they had hidden inside the bottom of their shoes.

-- In August, police arrested a Lithuanian man for smuggling 7 kg of amphetamines, hidden in various places inside his vehicle. The man arrived with the car ferry that stops in Seydisfjordur.

-- In September, customs officials confiscated 11 kg of amphetamines aboard the car ferry making

a stop in Seydisfjordur from two Lithuanian men who had hidden the substance in their car.

-- In October, Hafnarfjordur police confiscated 170 cannabis plants and a few kg of cut-down marijuana.

-- In October, KEF police arrested three men who had hidden approximately 500 grams of cocaine in their shoes.

-- In October, Reykjavik Police arrested two men after 14 kg were found in a mail delivery from Denmark.

-- In November, Reykjavik Police arrested three men after finding 800 Ecstasy tablets in a mail delivery from the Netherlands.

-- In November, KEF Police arrested an Icelandic man, arriving from Copenhagen, after seizing 3 kg of cocaine from his luggage. This is the largest amount of cocaine confiscated in Iceland at one time. The amount of amphetamines authorities had seized by year's end was 46.5 kg, or drastically higher than the total amount seized in 2005. During the year, police seized at least 2,089 Ecstasy pills, up from around 1,500 seized in 2005; and confiscated approximately 1,203 cannabis plants (latest available National Commissioner of Police figures). In 2006, KEF authorities seized a total of 1.4 kg of hashish, 8.4 kg of cocaine, and 4.2 kg of amphetamines.

The National Police Commissioner and the Keflavik Airport Police Commissioner have expressed concern about attempts at infiltration by Eastern European gangs and criminals from the Baltic States. In the past, police have cooperated with Nordic officials to prevent the entry of biker gang members suspected of attempting to expand their criminal operations to Iceland; there were no new biker gang incidents this year. A Norwegian Customs expert in training drug-sniffing dogs conducted courses in July for Icelandic police and customs officials who manage such dogs. Authorities affirm that the animals' success rate in finding narcotics has significantly improved since the adoption of Norwegian methods. Customs and police deployed drug-sniffing dogs to popular outdoor festivals on a holiday weekend in early August to deal with drug distribution among attending youths. The total number of seizures was at least 111, the highest ever for this weekend.

Corruption. There were no reports of narcotics-related public corruption in Iceland. The country does not, as a matter of government policy, encourage or facilitate the illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. No senior official of the government is known to engage in, encourage, or facilitate the illicit production or distribution of such drugs or substances, or to be involved in the laundering of proceeds from illegal drug transactions. In August, a guard at Iceland's main prison was arrested after attempting to smuggle hashish and amphetamines into the prison for sale to inmates. The guard, a temporary summer hire, admitted that this was the eighth time he had smuggled drugs into the prison. The guard was fired and charges are expected in the matter by year's end. An investigation has not revealed any further complicity by prison guards or officials thus far.

Agreements and Treaties. Iceland is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, and the 1961 UN Single Convention on Narcotic Drugs and its 1972 Protocol. Iceland has signed, but has not yet ratified, the UN Convention against Transnational Organized Crime. An extradition treaty is in force between the U.S. and Iceland.

Drug Flow/Transit. Authorities consider Iceland a destination country for narcotics smuggling rather than a transit point. There have been no major seizures of transit shipments during the year and only rare seizures of such shipments in previous years.

Domestic Programs (Demand Reduction). Heroin abuse is virtually unknown in Iceland. Cannabis is the prevalent drug among persons under 20, while older addicts are partial to injecting morphine. Ecstasy, cocaine (but not crack cocaine), and particularly amphetamines are popular on the capital region's weekend club scene. Most alcohol and drug abuse treatment is taken on by SAA, the National Center of Addiction Medicine. (Individuals with less acute problems may turn to Samhjalp or Byrgid, two Christian charities that use faith-based approaches to treating addiction.) Founded in 1977 by a group of recovered addicts who wished to replicate the rehabilitation services they had received at the Freeport Hospital in New York, SAA now receives roughly two thirds of its annual budget from the government. It makes detoxification and inpatient treatments available free to Icelandic citizens. While there can be waiting lists for long-term addicts, especially men, there is no wait for teenagers. SAA's main treatment center estimate for the number of admitted patients in 2006 is around 2,500. Some 300 drug addicts (often those with complicating psychiatric illnesses) annually go to the National-University Hospital.

The Directorate of Customs continued with its national drug education program, developed in 1999 and formalized in an agreement with the national (Lutheran) church in 2003, in which an officer accompanied by a narcotics sniffing dog informs students participating in confirmation classes about the harmful effects of drugs and Iceland's fight against drug smuggling. Parents are invited to the meetings in order to encourage a joint parent-child effort against drug abuse. Customs officials also use the meetings to distribute an educational multimedia CD dealing with drug awareness.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. DEA will continue to try to accommodate Icelandic requests for U.S.-sponsored training.

The Road Ahead. The DEA office in Copenhagen and the Regional Security Office in Reykjavik have developed good contacts in Icelandic law enforcement circles for the purpose of cooperating on narcotics investigations and interdiction of shipments. In the past year the Embassy's Regional Security Office has worked closely with the Icelandic Border Police on implementing advanced screening techniques, scrutinizing identity documents, and developing intelligence on traffickers. The USG's goal is to maintain the good bilateral law enforcement relationship that up to now has facilitated the exchange of intelligence and cooperation on, e.g., controlled deliveries. The U.S. G. will continue efforts to strengthen exchange and training programs in the context of its on going effort to strengthen law enforcement, homeland security, and counterterrorism ties with Iceland.

Ireland

I. Summary

The Republic of Ireland is not a transshipment point for narcotics to the United States, nor is it a hub for drug trafficking outside Europe. According to Government of Ireland (GOI) officials, overall drug use in Ireland continues to remain steady, with the exception of cocaine use, which continued its upward trend. Seizures have also increased as domestic traffickers attempt to import drugs in larger quantities. The GOI's National Drug Strategy aims to reduce drug consumption significantly through a concerted focus on supply reduction, prevention, treatment, and research. In 2004, the GOI signed the European Arrests Warrant Act 2003, by which Irish police (Garda) can work with foreign police to detain suspects in Irish narcotics cases. Also in 2004, Ireland enacted the Criminal Justice Act, enabling Irish authorities to investigate international criminality in close cooperation with EU Member States. Ireland is a party to the 1988 UN Drug Convention.

II. Status of Country

Ireland is not a transit point for drugs to the United States, but it is occasionally used as a transit point for narcotics trafficking to other parts of Europe, including across its land border to Northern Ireland. Ireland is not a significant source of illicit narcotics, though, in a single raid in 2004, officials found a quantity of precursors intended to manufacture around 500 million Euros worth of Ecstasy and amphetamines.

III. Country Actions Against Drugs in 2006

Policy Initiatives. The GOI continued to implement the National Drug Strategy for 2001-2008. Its goal is to "to significantly reduce the harm caused to individuals and society by the misuse of drugs through a concerted focus on supply reduction, prevention, treatment and research." Since the 2003 launch of a National Awareness Campaign on Drugs, substance abuse programs have become part of every school curriculum in the country. The campaigns feature television and radio advertising, and lectures by police, supported by an information brochure and website, all designed to promote greater awareness of and communication about drug issues. Regional Drug Task Forces (RDTF), set up to examine narcotics issues in local areas, were operational throughout the country. The GOI established a review procedure to measure each government departments' effectiveness in implementing the National Drug Strategy. The GOI released the results and recommendations of this review in June 2005. It found that 49 of the 100 actions set out in the strategy published in 2001 are completed or near completion. Progress has been made in 45 of them, and six need considerably more progress. The six actions requiring more progress were: the extension of community policing fora; review of the effectiveness of the prison strategy with respect to drugs; development of drop-in centers, respite facilities and half way houses; setting up of a pilot community pharmacy, needle and syringe exchange program; narcotics training for various professionals; and discussion of the national drugs strategy at meetings of the parliament committees. The review made rehabilitation of drug users a fifth pillar of the strategy, and recommended greater availability of needle exchanges and increased resources for community policing. A Working Group was set up to develop a strategy for the provision of integrated drug rehabilitation services. The GOI announced a National Drug-Related Deaths Index in September 2005, which should provide an accurate estimate of people who die directly from drugs or of people who die as a result of the consequences of drug use.

The Minister for Health and Children announced in January that the possession or sale of mushrooms containing the psychoactive drug psilocin or an ester of psilocin - so-called magic mushrooms - is a criminal offence under the Misuse of Drugs Act 1977. Previously, it had been legal to sell the psychoactive mushrooms as long as they had not been dried or processed. In May 2006, the Minister for Justice, Equality and Law Reform announced the expansion of Operation Anvil, an anticrime initiative targeting armed Dublin gangs and covering their drug trafficking activities, a major source of their illicit funds. Some of the Euro 21 million for overtime hours committed to Operation Anvil in Dublin can now be made available to the Assistant Commissioners in the regions. Members of specialist units such as the National Surveillance Unit (NSU) and National Bureau of Criminal Investigation (NBCI), which investigate all serious crime, will be assigned from Dublin to work alongside local detectives. Other units such as the Criminal Assets Bureau (CAB), Garda National Drugs Unit (GNDU), the Garda Bureau of Fraud Investigation (GBFI), Emergency Response Unit (ERU) and the Special Detective Unit (SDU) can also be used when needed. In April, the Minister for Justice, Equality and Law reform said that the Government's top policing priority for 2006 was to continue to target organized crime and the trafficking and distribution of all illicit drugs at local, national and international levels.

Accomplishments. Prosecutions increased in 2005. In the Dublin metropolitan region 3,545 people were prosecuted for drug offences, as compared to 2,296 in 2004. In Cork, 1,166 were prosecuted, as compared to 867 in 2004. The Irish Police continued to cooperate closely with other national police forces. In October 2006, one such case resulted in the Dutch arrest of four Irish citizens suspected of organizing shipments of heroin and cocaine out of Rotterdam, intended for distribution to other European countries, including Ireland. Also in October, three Irish citizens were among five people arrested in the Netherlands and Belgium after an Irish-registered private jet was impounded in Belgium, as it was about to leave for Ireland with heroin worth Euro 10 million. The arrests took place after the GNDU provided intelligence to the authorities in both countries.

Law Enforcement Efforts. Although official statistics are not yet available for 2006, the Irish Police confirmed that drug-related arrests remained roughly constant over the previous three years. There are normally 7,000-8,000 arrests annually, including the approximately 450 arrests made by the GNDU each year. The GNDU's arrests tend to include most of the large seizures, but local police also have had success. For example, in 2006 the local police in Limerick seized various narcotics totaling over Euro five million, including a July seizure of heroin and cocaine with an estimated market value of over Euro one million. Each year, 60-65 percent of arrests for drug-related offenses nationwide tend to be for simple possession; 20-25 percent of arrests are for possession with the intention to sell' and the remainder of arrests are related to obstructing drug arrests or forging prescriptions. A breakdown of the type and quantity of drugs seized by police in 2005 follows:

Garda Seizures of main drugs 2005

Type of Drug	Quantity	Estimated Street Value
Cannabis	150,401 grams	€300,802
Cannabis Resin	6,259,750 grams	€43,818,250
Heroin (Diamorphine)	32,283 grams	€6,456,600
Ecstasy	327,179 tablets 3,444 grams	€3,306,230
Amphetamine	10,515 grams 19,452 tablets	€449,505
Cocaine	229,388 grams	€16,057,160
	Total	**€70,388,547**

Source: Garda Annual Report 2005

In February 2006, a man who was caught selling heroin worth almost Euro 500,000 to undercover police in August 2005, was jailed for seven years by the Limerick circuit court. Figures released in March showed that Customs officials at Dublin airport seized almost 500 kg of narcotics, worth Euro 4.8 million in 2005, including 40 kg of cocaine valued at Euro 3.5 million. Also in February, police arrested three men in connection with the seizure of 25 kg of cocaine, with a value of Euro 3.5 million, when a van was stopped in Dublin's north inner city in a joint police-Customs operation. In March, four men were arrested in connection with the seizure of cocaine with an estimated value of Euro 1.5 million in the Coolock area of Dublin. In the same month, two men were arrested after police seized 400 kg of cannabis worth Euro 2.8 million in north Dublin. In May, a man caught with a kg of cocaine valued at Euro 64,000 in August 2005 was given a 12-year sentence at Dublin Circuit Criminal Court. In August, three men were arrested in connection with the seizure of cannabis resin with an estimated street value of Euro 2.5 million in Dublin. During the first eight months of 2006, police seized over 40 kg of heroin - with a street value in excess of Euro 8 million - compared with just 32 kg seized in all of 2005. In October, police recovered 54 kg of heroin, with a street value of Euro 10.8million, (the largest seizure by value ever in Ireland) and 40 kg of herbal cannabis, worth Euro 80,000, in the Clondalkin area of Dublin. The seizure was made by members of the Dublin Metropolitan Region South Central Divisional Task Force, assisted by support units from Operation Anvil. A machine gun, a small quantity of ammunition and some cash were also found during the raid.

Corruption. As a matter of government policy, the GOI does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. Senior officials of the government do not 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. An MLAT between the United States and Ireland was signed in January 2001 but has not yet entered into force. An extradition treaty between Ireland and the United States is in force. Ireland is a party to the 1998 UN Drug Convention, the 1961 UN Single Convention on Narcotic Drugs, as amended by the 1972 Protocol, and the 1971 UN Convention on Psychotropic Substances. Ireland has signed, but has not yet ratified, the UN Convention against Transnational Organized Crime and the UN Convention against Corruption.

Cultivation/Production. Only small amounts of cannabis are cultivated in Ireland. There is no evidence that synthetic drugs were produced domestically this year.

Drug Flow/Transit. Among drug abusers in Ireland, cocaine, cannabis, amphetamines, Ecstasy (MDMA), and heroin are the drugs of choice. A Council of Europe report on organized crime, published in January 2005, reported that Ireland had the highest rate of Ecstasy and amphetamine use in Europe and the second highest rate of cocaine abuse. The UN Office on Drugs and Crime (UNODC) World Drug Report 2006, published in June, placed Ireland in joint fifth place (out of 32 European countries) for cocaine use and in joint tenth place for Ecstasy use. Cocaine, available in Ireland, comes primarily from Colombia and other countries in Latin America and the Caribbean. Heroin, cocaine, Ecstasy, and cannabis are often hidden in cars in either Spain or the Netherlands and then driven into Ireland, by gang members posing as tourists, for distribution around the country. This distribution network is controlled by 6 to 12 Irish criminal gangs based in Spain and the Netherlands. Herbal cannabis is primarily imported from South Africa.

Domestic Programs/Demand Reduction. There are 7,390 treatment sites for opiate addiction, exceeding the GOI's National Drug Strategy target of 6,500 treatment sites. The Strategy also mandates that each area Health Board have in place a number of treatment and rehabilitation options. In January 2005, the ten health boards were replaced by a single entity, the Health Service Executive (HSE), which manages Ireland's public health sector. Since September 2005, health care is now provided through four HSE regions and 32 local health offices. For heroin addicts, there are 65 methadone treatment locations. The treatment centers treat 8,000 of Ireland's approximately 14,000 heroin addicts, 12,000 of which live in Dublin. In 2004, the GOI undertook an evaluation of drug treatment centers' to determine whether they were effective in reducing drug use. Four pilot projects to tackle cocaine use were announced in January 2005, following a number of reports indicating that abuse of the drug has increased substantially in recent years. The four projects are aimed at different types of drug users in Dublin's inner city and Tallaght and will differ in their approaches to dealing with cocaine abuse. The projects will include diversionary therapies aimed at mainly intravenous users, group drug counseling, individual drug counseling, and cognitive behavior therapy.

IV. U.S. Policy Initiatives and Programs

U.S. Policy Initiatives. In 2006, the United States continued legal and policy cooperation with the GOI, and benefited from Irish cooperation with U.S. law enforcement agencies such as the DEA. Information sharing between U.S. and Irish officials continued to strengthen law enforcement ties between the countries.

The Road Ahead. U.S. support for Ireland's counternarcotics program, along with U.S. and Irish cooperative efforts, continues to work to prevent Ireland from becoming a transit point for narcotics trafficking to the United States.

Italy

I. Summary

The Government of Italy (GOI) is firmly committed to the fight against drug trafficking domestically and internationally. The Prodi government continues Italy's strong counternarcotics stand with capable Italian law enforcement agencies. Italy is a consumer country and a major transit point for heroin transiting from the Middle East and southwest Asia through the Balkans and for cocaine originating from South America en route to western/central Europe. Italian and Italy-based foreign organized crime groups are heavily involved in international drug trafficking. GOI cooperation with U.S. law enforcement agencies continues to be exemplary. Italy is a party to the 1988 UN Drug Convention.

II. Status of Country

Italy is mainly a narcotics transit and consumption country. Law enforcement officials focus their efforts on heroin, cocaine, and hashish. Although Italy produces some precursor chemicals, they are well controlled in accordance with international norms, and not known to have been diverted to any significant extent. Law enforcement agencies with a counternarcotics mandate are effective.

III. Country Actions Against Drugs in 2006

Policy Initiatives. Italy continues to combat narcotics aggressively and effectively. In March 2006, Italy adopted a tougher new drug law that eliminates distinctions between hard and soft drugs, increases penalties for those convicted of trafficking, and establishes administrative penalties for lesser offenses. All forms of possession and trafficking are illegal but punishment depends on the severity of the infraction. Stiff penalties for those convicted of trafficking or possessing drugs include jail sentences from 6 to 20 years and fines of over $330,000. The law provides alternatives to jail time for minor infractions, including drug therapy, community service hours, and house arrest. Some center-left political parties vowed to overturn the legislation if elected to office in May 2006, but the new Prodi government--a center-left coalition of nine parties--has not yet followed through on those statements. At the multilateral level, Italy has contributed an average of $12 million to the UN Office for Drug Control and Crime Prevention (UNODC), over the last several years, making it one of the largest donors to the UNODC budget. Italy also supported U.S. key objectives at the UN commission on narcotic drugs.

Law Enforcement Efforts. During 2006, Italian authorities arrested 24,918 people on narcotics-related offenses and seized 1317.2 kg of heroin; 4538.8 kg of cocaine; 5437.5 kg of marijuana; 93785 marijuana plants; 19097 kg of hashish; 62,483 MDMA tablets and 1131 doses of LSD. The majority of those arrested are non-Italian nationals and the primary nationalities were Moroccan, Tunisian, Albanian, Algerian, Nigerian, Spanish, Senegalese and Colombian.

In January 2006, an Italian Guardia di Finanza (GdF) investigation led to the seizure of 96.7 kg of heroin in Trieste, Italy. The heroin shipment was concealed within a cargo truck, which had arrived via ferry from Turkey and was destined for Germany. In April 2006, another GdF operation led to the seizure of 127 kg of cocaine from a merchant vessel in Salerno, Italy. In July 2006, an Italian National Police investigation resulted in the seizure of 424 kg of cocaine from a brick oven being transported via truck to Naples, Italy. The investigation indicated Colombian, Mexican and Italian nationals were involved in this trafficking operation. In June 2006, a GdF investigation in northern Italy led to the seizure of 52 kg of heroin concealed within compressed air tanks being transported by a cargo truck.

The fight against drugs is a major priority of the National Police, Carabinieri, and GdF counternarcotics units. The Central Directorate coordinates the counternarcotics units of the three national police services for Drug Control Prevention (DCSA). Working with the liaison offices of the U.S. and western European countries, DCSA has 21 drug liaison officers in 20 countries that focus on major traffickers and their organizations. DCSA recently stationed liaison officers in Tehran, Iran and Tashkent, Uzbekistan.

Investigations of international narcotics organizations often overlap with the investigations of Italy's traditional organized crime groups (e.g. the Sicilian Mafia, the Calabrian N,drangheta, the Naples-based Camorra and the Puglia-based Sacra Corona Unita). During a two-year investigation leading to a major drug bust in early 2005, Italian officials confirmed working links on drug trafficking between a number of these organized crime groups.

Additional narcotics trafficking groups are Nigerian, Albanian, and other Balkan organized crime groups responsible for smuggling heroin into Italy, while Colombian, Dominican and other South American trafficking groups are involved in the importation of cocaine. Italian law enforcement officials employ the same narcotics investigation techniques used by other western countries. Adequate financial resources, money laundering laws, and asset seizure/forfeiture laws help ensure the effectiveness of these efforts.

Corruption. As a matter of government policy, Italy does not encourage or facilitate the illicit distribution of narcotics or the laundering of proceeds from illegal drug transactions. No senior official of the government of Italy engages in, encourages, or facilitates the illicit production or distribution of such drugs or substances, or the laundering of proceeds from illegal drug transactions. Corruption exists in Italy although it rarely rises to the national level and it does not compromise investigations. When a corrupt law enforcement officer is discovered, authorities take appropriate action. Penalties range from 6 months to 5 years in prison, depending on the charge.

Agreements and Treaties. Italy is a party to the 1961 UN Single Convention as amended by its 1972 Protocol, as well as the 1971 UN Convention on Psychotropic Substances, and the 1988 UN Drug Convention. Italy ratified the UN Convention against Transnational Organized Crime. Italy has signed but has not yet ratified the UN Corruption Convention. In August 2006, Italy ratified the UN Convention Against Transnational Organized Crime and its three protocols. Italy has bilateral extradition and mutual legal assistance treaties with the U.S. In May 2006, the U.S. and Italy signed bilateral instruments on extradition and mutual legal assistance to implement the U.S.-EU Agreements on Extradition and Mutual Legal Assistance signed in 2003.

Cultivation/Production. There is no known large-scale cultivation of narcotic plants in Italy, although small-scale marijuana production in remote areas does exist, but this production is mainly for domestic consumption. No heroin laboratories or processing sites have been discovered in Italy since 1992. However, opium poppy grows naturally in the southern part of Italy, including Sicily. It is not commercially viable due to the low alkaloid content. No MDMA-Ecstasy laboratories have been found in Italy.

Drug Flow/Transit Italy is a consumer country and a major transit point for heroin coming from southwest Asia through the Balkans enroute to western and central Europe. A large percentage of all heroin seized in Italy comes via Albania. Albanian heroin traffickers work with Italian criminal organizations as transporters and suppliers of drugs. Heroin is smuggled into Italy via automobiles, ferryboats and commercial cargo. Albania is also a source country for marijuana and hashish destined for Italy.

Almost all cocaine found in Italy originates with Colombian and other South American criminal groups and is managed in Italy mainly by Calabrian-based organized crime groups. Multi-hundred kg shipments enter Italy via seaports concealed in commercial cargo. Although the traditional

Atlantic trafficking route is still in use, stepped-up international scrutiny and cooperation are forcing traffickers to use alternative avenues. Italian officials have detected traffickers using transit ports in Nigeria, Togo, and Ghana where drugs are off-loaded to smaller fishing vessels that ultimately reach Spain and other Mediterranean destinations. Cocaine shipments off-loaded in Spain and the Netherlands are eventually transported to Italy and other European countries by means of land vehicles. Smaller amounts of cocaine consisting of grams to multi-kg (usually concealed in luggage) enter Italy via express parcels or airline couriers traveling from South America.

Ecstasy found in Italy primarily originates in the Netherlands and is usually smuggled into the country by means of couriers utilizing commercial airlines, trains or land vehicles. Italy is also used as a transit point for couriers smuggling Ecstasy destined for the United States. A method used by trafficking groups in the past has been to provide thousands of Ecstasy tablets to couriers in Amsterdam concealed in luggage. The couriers then travel by train or airline to Italy, the journey made somewhat less risky by the EU's open borders. Once in Italy, the couriers are provided an originating airline ticket from Italy to the U.S. that is intended to disguise the couriers' recent travel from a source country, thereby reducing the chance of scrutiny by law enforcement authorities in the U.S.

Hashish comes predominantly from Morocco through Spain, entering the Iberian Peninsula (and the rest of Europe) via sea access points using fast boats. As with cocaine, larger hashish shipments are smuggled into Spain and eventually transported to Italy by vehicle. Hashish also is smuggled into Italy on fishing and pleasure boats from Lebanon.

Domestic Programs/Demand Reduction. The GOI promotes drug prevention programs using abstinence messages and treatment aimed at the full rehabilitation of drug addicts. The Italian Ministry of Health funds 535 public health offices operated at the regional level; the Ministry of Interior supports 766 residential, 217 semi-residential, and 229 portable facilities. Private nonprofit NGOs fund another 1,430 treatment communities that offer drug rehabilitation. Of the 500,000 estimated drug addicts in Italy, 159,000 receive services at public agencies and approximately 15,000 are served by smaller private centers. Others either are not receiving treatment or arrange for treatment privately. The Prodi government continues to promote more responsible use of methadone at the public treatment facilities. For 2005, the Italian Government budgeted $141 million for counternarcotics programs run by the health, education, and labor ministries. Seventy-five percent of this amount is dedicated to the different regions and the remaining 25 percent is for national programs.

IV. U.S. Policy Initiatives and Programs.

Bilateral Cooperation. The U.S. and Italy continue to enjoy exemplary counternarcotics cooperation. The DEA Administrator visited Italy in April 2004 to discuss counternarcotics issues with both Italian law enforcement and ministry level officials. During 2006, DEA continued the Drug Sample Program with the GOI, which consists of the analysis of seized narcotics to determine purity, cutting agents and source countries. From January-October 2006, DEA received approximately 82 samples of heroin, cocaine and Ecstasy. DEA has expanded this program to the countries of Slovenia, Croatia and Albania. The sample collection from these countries and others in the Balkan region is essential in determining production methods and trafficking trends that ultimately impact Italy. DEA independently conducted drug awareness programs at international schools in Rome and Milan. DEA also provided training to Italian counterparts in the areas of asset forfeiture and drug law enforcement operations.

The Road Ahead. The USG will continue to work closely with Italian officials to break up trafficking networks into and through Italy as well as to enhance both countries, abilities to apply effective demand reduction policies. Italy also maintains a liaison office in Albania made up of

Carabinieri, Finance Police, and National Police to assist Albanians interdicting narcotics originating there and destined for either Italy or other parts of Europe. The USG will also continue to work with Italy in multilateral settings such as the Dublin Group of countries coordinating counternarcotics assistance and UNODC policies.

Kazakhstan

I. Summary

Kazakhstan is a major transit country for narcotics originating from Afghanistan and bound for Europe. In 2006, Kazakhstan significantly increased counterdrug operations. President Nazarbayev declared a national effort against drug use and drug trafficking. The government encouraged law enforcement agencies, NGOs, political parties and media to join together to combat drugs. The number of people who committed drug related crimes this year increased 13.4 percent. President Nazarbayev announced two ambitious programs on combating corruption and drug trafficking. Strengthening the borders, especially in the south, is a priority for Kazakhstan as well. Officially the number of young drug addicts under 17 years old increased 9.3 percent in comparison with the same period last year. Seventy percent of the drug addicts in the country consume heroin. The Government of Kazakhstan (GOK) is devoting more attention and resources to interagency cooperation in the fight against drug supply and demand. Law enforcement services acknowledge that without the assistance and pressure of society in general, NGOs, and the mass media, they will not be able to effectively combat drug distribution. Kazakhstan is a party to the 1988 UN Drug Convention.

II. Status of Country

With a record amount of opium produced in Afghanistan in 2006, increasing amounts of opiates may transit Kazakhstan en route to Russia and Europe. While sources differ, the UN reports that about 11 percent of the drugs transiting the country remain in Kazakhstan. Importation of synthetic drugs such as Ecstasy (MDMA) and LSD from Russia and Europe is increasing. However, more recent estimates provided by the Deputy Head of the Division on Combating International Drug Trafficking of the Committee for National Security showed that of the 100-120 tons of drugs expected to transit Kazakhstan in 2006 about 15-20 tons will stay in the country. In addition, there is an existing marijuana growing area in the Chu valley on the Kazakhstani-Kyrgyzstani border.

According to the local press, the Deputy Head of the Division on Combating International Drug Trafficking of the Committee for National Security announced that criminal activity related to the production of Afghani opiates presents the most serious problem for Kazakhstan. He stated that the problem of drug trafficking became much more acute when Russian border guards left the border of Tajikistan with Afghanistan at the end of 2005. Another newspaper, Komsomolskya Pravda, reported that in Kazakhstan one kg of high quality "999" type heroin costs around $18,000, while in Europe the price would increase to $60,000 and in the U.S. to $120,000.

III. Country Actions Against Drugs in 2006

Policy Initiatives. In November 2005 President Nazarbayev signed the Decree on Approval of the Strategy on Combating Drug Addiction and Drug Trafficking in the Republic of Kazakhstan for 2006-2014. The aim of the strategy is to counter drug addiction and drug trafficking in Central Asia. In an effort to ensure the gradual development of the process of combating drug addiction and drug trafficking, the strategy was divided into three stages: 2006-2008, 2009-2011, and 2012-2014. The goal of the first stage is to stop the increase in drug consumption and the illegal drug trade. The second stage focuses on stopping the growth of addiction to psychoactive substances

among the Kazakhstani population. The third stage aims to further develop a complete and effective system of state and public counteraction to drug addiction and the drug trade.

In addition to the strategy above, in September 2006 President Nazarbayev stated to the Security Council that the commitment of the capital city to combat narcotics should set an example for the rest of Kazakhstan. With the public backing of President Nazarbayev, the Akimat (City Hall) of Astana in consultation with the Ministry of Internal Affairs (MVD) developed a program entitled "Astana - Drug Free City for 2006-2008." It covers three main themes: demand reduction, treatment of drug addiction, and combating drug trafficking. On September 29 the government decided to allot one billion tenge ($8 million) to implement the program. In remarks to the Security Council, the President authorized the Committee for National Security (KNB) and MVD to join forces to combat drug use and drug trade. Nazarbayev advocated publicizing the counternarcotics push on television in order to get the message out to the population that drug use is unacceptable. Notwithstanding that the program "Astana - Drug Free City" was designed for the capital, law enforcement agencies have begun to apply it to the whole country. The MVD Minister, Baurzhan Mukhamedzhanov, mentioned that in the near future similar projects will be developed in other cities with serious drug problems.

The "Kazakhstan Today" newspaper reported that owners of night clubs in Almaty and Astana met with the leaders of the MVD to discuss measures to counteract the spread of drugs in night clubs and prevent drug addiction among their clients. As a result of the meeting the parties came to the unanimous decision to join forces with government law enforcement and security services to combat drug distribution and ensure the security of night clubs. In addition, the businessmen proposed that MVD officers train the security guards working in night clubs in basic knowledge and skills of drug detection. In July and again in October the KNB publicly burned seized Afghan heroin. In July, 43 kg were burned and in October 67 kg of heroin and 217 kg of opium.

In 2006, the MVD Minister suggested toughening punishment for drug-related crimes. In an interview in "Kazakhstanskaya Pravda" in September, he said that the MVD prepared draft legislative amendments to the Criminal Code stipulating tougher punishment for drug-related crimes, including the death penalty. The Procurator General's Office suggested establishing an interagency information center for the exchange of legal information to be used by law enforcement bodies and special services of CIS member countries. Deputy Procurator General Georgy Kim stated at a CIS conference of the heads of law enforcement information services that the Center should be not just a data base, but a unified analytical complex, where information about transnational crime received from customs, border guards, law enforcement, prisons and other agencies would be accumulated and analyzed. He said that Kazakhstan was ready to provide the Center with available software and the necessary legal basis, and would assist in the development of data security measures for shared information.

In 2006, Kazakhstan devoted more attention to drug demand reduction programs in addition to law enforcement efforts. The Ministry of Information and Culture, Ministry of Tourism and Sport, Ministry of Education and Science, MVD, Ministry of Health and NGOs all have begun efforts to reduce demand for illegal narcotics in Kazakhstani society. One of the aims is to involve youth as much as possible in other activities such as sports and social events. In one case, a member of the Mazhilis (Parliament), Tanirbergen Berdongarov, explained that after the launch of "Astana-Drug Free City, Zhas Otan", the youth wing of the "Otan" political party joined in the effort to reduce drug demand. Recently the Committee on Combating Drugs of the MVD organized a media forum and proposed to the assembled journalists that they actively cooperate in combating drug addiction. MVD representatives pointed out to the journalists the necessity of increasing social advertisements in mass media directed against drug addiction.

Accomplishments. Kazakhstan continues to comply with UN conventions on combating illicit narcotics cultivation and production within its borders. Foreign Ministers of the member states of the Memorandum on Understanding and Cooperation on Control over Illegal Production, Circulation, Abuse of Narcotics, Psychotropic Substances and Precursors decided to locate the Central Asia Regional Information Coordination Center (CARICC) in Almaty, Kazakhstan. The Center will be the focal point for communication, analysis and exchange of operations information on transnational crime and will assist in organization and support on coordination of joint operations to combat narcotics. According to official information from the Ministry of Foreign Affairs, 50 specialists will work in CARICC. The President of Uzbekistan Islam Karimov proposed the idea of CARICC during the visit of then UN Secretary General, Kofi Annan, to the Republic of Uzbekistan in October 2002.

Law Enforcement Efforts. The GOK continues to actively combat narcotics. During the KNB's 2006 "Operation Trap," a lengthy joint operation between Kazakhstani agencies, Russian special services, and Tajik law enforcement bodies, KNB officers stopped the activity of a criminal drug group, which controlled a significant portion of drug trafficking transiting through Central Asia. Experts of the KNB successfully identified the money laundering mechanisms for drug trafficking proceeds. Isatai Sabetov, Deputy Head of KNB Division on Combating International Drug Trafficking, stated that in order to launder the proceeds of drug sales, the criminal group created several businesses in Kazakhstan, Europe and offshore zones. In one of these businesses alone, KNB officers discovered and seized $1.6 million.

In October 2006, Almaty KNB officers intercepted an international drug ring of five people at the final stage of a controlled delivery operation. The criminals transported drugs through the territory of Tajikistan and Uzbekistan inside a truck carrying grapes. The consignment of narcotics was destined for the European Union. Also in October, the Almaty city KNB Department burned 67 kg of heroin and 217 kg of opium in front of TV cameras. According to Kazakh authorities, the packages of heroin were stamped with a sign "999" showing that it was produced in Afghanistan and was of the highest quality. The drugs were seized in a June 2005 special operation.

In the first 10 months of 2006, the KNB detected and eliminated 20 international drug distribution and transit networks and eight criminal rings, instituted criminal proceedings against 135 people, and claimed to have seized over 800 kg of opium and heroin.

As a result of a special operation from September 21 to October 1, MVD officers detected 577 incidents of drug use, seized over two tons of drug substances (including four kg of heroin), and discovered 154 drug sales. Law enforcement agencies seized 22,549 kg of drugs in the first nine months of 2006, compared with 21,635 kg last year. The MVD seized the largest amount of drugs with 19,753 kg; the KNB - 2,598 kg; and the Customs Control Committee of the Ministry of Finance - 198 kg.

Head of the Committee on Combating Narcotics Anatoliy Vyborov announced that as a result of the work of law enforcement agencies, 7,900 drug-related crimes were prepared for prosecution in the country; this is 5.6 percent higher than the same period last year.

According to the "Liter" newspaper, the increased seizure rates show that law enforcement agencies and security services were more efficient in 2006. This is attributed to increased collaboration with neighboring countries in Central Asia and the regular exchange of information with them. "Liter" newspaper also reported that Russian special services are the most effective in collaborating on regional antinarcotics work because they have maintained contacts in Afghanistan since Soviet times. Law-enforcement agencies seized 3,665 liters of liquid precursors in the first nine months of 2006, versus 89 liters for the same period last year.

Corruption. Corruption in Kazakhstan is a factor hampering the country's war on drugs. On December 28, 2005, the President of the Republic of Kazakhstan signed the decree "On the State Program of Combating Corruption for 2006-2010." All state agencies were mandated to take measures to combat corruption internally. From January to September 2006, the Agency on Combating Economic Crimes and Corruption registered 1,225 corruption crimes - an increase of 20.2 percent over the same time last year. Criminal cases were brought against 378 people, among them 44 employees of the MVD. According to the "Express-K" newspaper, a senior officer of the Department of Internal Affairs (DVD) of Zhambulskaya oblast (southern Kazakhstan) was sentenced to 10 years in prison. The officer, a police major, dealt drugs; he used his position to charge drug addicts a price three times higher than the street rate. One drug addict who had to pay 4,000 tenge ($32) for 1.5 grams of heroin reported the Major to the KNB.

Agreements and Treaties. The U.S. and Kazakhstan signed the fourth Supplementary Protocol to the Memorandum of Understanding on Narcotics Control and Law Enforcement in August 28, 2006. This amendment increased funds available for narcotics law enforcement programs in Kazakhstan. Kazakhstan is party to the 1988 UN Drug Convention and has signed the Central Asian Counternarcotics Memorandum of Understanding with UNODC. The Kazakhstan national antinarcotics law, passed in 1998, specifically gives provisions of international antinarcotics agreements precedence over national law (Article 3.2). Kazakhstan, the Kyrgyz Republic, Tajikistan, and Uzbekistan signed an agreement in September 1999 on cooperation in combating transnational crime, including narcotics trafficking. The five Central Asian countries, as well as Azerbaijan, Georgia, Iran, Pakistan, and Turkey, are members of the Economic Coordination Mechanism supported by the UNODC.

Cultivation/Production. On October 3, officers of Astana Department of the KNB discovered an area for the cultivation of a high quality Afghan strain of marijuana in the village of Romanovka, 30 kilometers from Astana. The owners of the land had set up an entire process to produce and package the drugs. KNB officers seized 100 kg of marijuana and 77 grams of heroin in the operation.

KNB officers in Zhambulskaya oblast discovered a workshop for the production of drugs in the cellar of a secondary school in the Chu region. A physical education teacher from the school had established the workshop to produce and package drugs for a drug ring. A search of the teacher's home revealed 90 kg of dried hemp and a 9 kg sack of hashish.

Drug Flow/Transit. The main flow of drugs, including heroin and opium, enters Kazakhstan from the Central Asian region (Afghanistan, Tajikistan, Uzbekistan, Kyrgyzstan, and Turkmenistan). Drug couriers are mainly residents of Central Asian countries. The main reason for this is poverty and high unemployment rates. Couriers rely on vehicles and trains to smuggle the majority of the narcotics into Kazakhstan. In 2006, drug smugglers responded to the increased counterdrug operations by law enforcement and security agencies by devising new methods and new routes. Increased operations on the south-central border forced the smugglers to look for other routes to the east and west to avoid interception.

According to the KNB, during the last year officers detained several passengers on an Almaty - Beijing flight at the Almaty airport when they tried to smuggle 10 kg of heroin. The couriers were two Russian citizens, one citizen of Kazakhstan, and one citizen of Azerbaijan. Six months later, special service officers arrested the leader of the group. When arrested, he had over 3,000 tablets of Ecstasy in his possession.

Local newspapers report that Almaty, the former capital in the south of Kazakhstan, stopped being a terminal point for transiting drugs from Afghanistan to Europe. Today criminals transport drugs directly through Karaganda (located in the center of Kazakhstan) in the north of the country. Drugs

are transported to Almaty only for local market there, since the local demand for drugs has not decreased.

Couriers developed or borrowed new methods to avoid detection. Some couriers cover packed drugs with parts of wolf in order to escape detection by drug dogs. According to Kazakhstanskaya Pravda, on another case, "Aul" post customs and border guard officers found over 230 grams of heroin in a propane tank, while inspecting a car.

Train passengers also resort to novel approaches. A common method for concealing illegal narcotics is to hide them in big suitcases or bags with false bottoms. One unusual method is to put heroin in walnut shells and then glue them back together.

Domestic Programs. According to official statistical data for the first nine months of 2006, there are 54,705 people using drugs and psychotropic substances in Kazakhstan. This represents a 4.9 percent increase from last year (52,137 registered last year). The figure includes 4,890 women, 4,652 minors (including 1,331 children under 14), 29,629 young people aged 18-30 years old, and 20,424 who are 30 and older. Several Kazakh government ministries and local government bodies conduct sport events, cultural events, and competitions to keep young people away from drugs. The Government of Kazakhstan has promised to build more sport clubs for young people. The government now requires that NGOs go though professional training to be able to effectively conduct demand reduction programs.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. The overall USG goal is to develop a long-term cooperative relationship between law enforcement bodies in the United States and Kazakhstan. This relationship will enhance the professional skills of officers and improve the organization and management of GOK law enforcement services, thereby improving the results in the fight against illegal narcotics and terrorism.

The Road Ahead. The USG conducted a Counter Narcotics Bilateral Strategy meeting with Kazakhstan in December 2006 to improve collaborative efforts to combat narcotics. The meeting discussed best practices the U.S. has learned from its efforts to combat illegal narcotics including interdiction, demand reduction, and rehabilitation. To allow for the more effective search of trucks and trains, the USG also provides technical assistance and training to GOK law enforcement and security services, including search equipment for border posts, interior checkpoints, and patrolling the green border. The USG is working with law enforcement and security service training academies to improve curriculum and training methods, and will continue to work closely with Kazakh enforcement personnel to enhance cooperation on narcotics interdiction.

Kyrgyz Republic

I. Summary

The Kyrgyz Republic has minimal internal production of illicit narcotics or precursor chemicals, but it is a major transit country for drugs originating in Afghanistan and destined for markets in Russia, Western Europe, and the United States. The Government of the Kyrgyz Republic (GOKG), though it has only limited resources, attempts to combat drug trafficking and prosecute offenders. The GOKG has been supportive of international and regional efforts to limit drug trafficking and has made a significant effort to address its own domestic drug abuse problems. The GOKG recognizes that the drug trade is a serious threat to its own stability and is continuing efforts to focus on issues such as money laundering, drug-related street crime, and corruption within its own government.

Drug abuse continues to be a serious issue in the Kyrgyz Republic. As of January 1, 2006, 7290 people were officially registered in the Republican Drug Treatment Centre, which is 5.8 percent more than last year. According to non-official data, the number is much higher. Moreover, according to UNODC estimates, 70 percent of drug users use drugs through injections, which leads to other serious problems such as HIV/AIDS. According to official data, there are 1,019 people in the Kyrgyz Republic registered with HIV/AIDS. The Ministry of Health reports that almost 90 percent of them acquired this disease through injecting drugs. The Drug Control Agency (DCA) has proposed legislation that would make first time offenders eligible for treatment instead of incarceration. The legislation was introduced to the Kyrgyz Parliament in the beginning of 2006, but was sent back for further review and amendments. It is expected to be considered by the Parliament again in early 2007.

While the GOKG has been a supporter of counternarcotics programs, it is still struggling to deliver a clear and consistent counternarcotics strategy to either the Kyrgyz people or the international community. There have been some positive indications that perhaps the tide is beginning to turn. Since August 2005, the new DCA director has reorganized the Agency, and purged lazy and corrupt employees. The number of drug seizures has shown a significant increase in the third quarter of 2006.

The drug trafficking problem is especially acute in the south of the country, particularly in Osh City and its surrounding regions, where drug trafficking has become an ever-increasing source of income and employment. The opening of the Southern DCA Branch in Osh took place on 6 July 2006. There is hope that the DCA will become a lead agency in the Kyrgyz Republic in minimizing drug trafficking and gaining the public's confidence. The Issyk-Kul region has favorable conditions for growing hemp. Also, one of the major drug trafficking routes passes through this area. Thus, there is a need to establish an Eastern DCA Division in the beginning of 2007 in Issyk-Kul. The Kyrgyz Republic is a party to the 1988 UN Drug Convention.

II. Status of Country

The Kyrgyz Republic shares a common border with China, Kazakhstan, Uzbekistan, and Tajikistan. Mountainous terrain, poor road conditions, and an inhospitable climate for much of the year make detection and apprehension of drug traffickers more difficult. Border stations located on mountain passes on the Chinese and Tajik borders are snow covered and uninhabited for up to four months of the year. These isolated passes are some of the most heavily used routes for drug traffickers. Government outpost and interdiction forces rarely have electricity, running water or modern amenities to support their counternarcotics efforts. The Kyrgyz Republic is one of the poorest successor states of the former Soviet Union, relying on a crumbling infrastructure and

suffering from a lack of natural resources or significant industry. Unlike some of its Central Asian neighbors, the Kyrgyz Republic does not have a productive oil industry or significant energy reserves. The south and southwest regions--the Osh and Batken districts--are primary trafficking routes used for drug shipments from Afghanistan. The city of Osh, in particular, is the main crossroads for road and air traffic and a primary transfer point for narcotics into Uzbekistan and Kazakhstan and on to markets in Russia, Western Europe and the United States. The Kyrgyz Republic is not a major producer of narcotics; however, cannabis, ephedra, and poppy grow wild in many areas.

III. Country Actions Against Drugs in 2006

Law Enforcement Efforts. The Drug Control Agency (DCA) was established in 2003 with the assistance of the U.S. Government and UNODC. It has become the lead agency in coordinating all drug enforcement activities in the Kyrgyz Republic. The DCA estimates that there were 3,494 kg of illicit narcotics seized on the territory of the Kyrgyz Republic during the first 9 months of 2006, 7.5 percent less than during the first 9 months of 2005. It also reports that 1,922 drug crimes were detected in the first nine months of 2006 (1.6 percent less than during the same period in 2005). Investigations were completed on 1,871 of those crimes. Meanwhile, the results of the DCA itself have significantly increased compared to last year. Since the beginning of 2006 (and more significantly since May 2006) the DCA has seized 1,075 kg of narcotics and psychotropic substances (396.5 percent more than in 2005), in particular: 112 kg of heroin (27 kg in 2005), 224 kg of opium (143 in 2005), and 680 kg of marijuana (35 kg in 2005). The DCA closely cooperates with relevant competent bodies of Russia, Kazakhstan, Tajikistan, and Uzbekistan. Since the beginning of 2006 the DCA conducted 5 joint "controlled delivery" operations aimed at disrupting organized trafficking operations by drug gangs and 5 other joint operations with Russian and Lithuanian police. As a result, 182 kg of drugs and psychotropic substances and 100,000 Ecstasy pills were seized.

Since the beginning of 2006, the DCA suppressed the activities of eight large-scale drug gangs. DCA and Ministry of Interior of Kazakhstan worked out a joint plan to suppress drug contraband activities on the Kyrgyz-Kazakh border. The exchange of operational information among law enforcement bodies of the Kyrgyz Republic (Ministry of Interior, National Security Service, Customs, and Border Guard) was enforced in order to increase effectiveness in the field of combating drugs; joint operations are being conducted at railroad stations, airports, and major highways. The DCA believes that drugs are being delivered to the southern part of the country by well-organized criminal groups and, in some cases, law enforcement representatives are involved in this process. In this regard, the Procurator's Office, National Security Service, and Border Guards worked out a joint strategy to check and inspect all law enforcement representatives arriving at border zones. Several joint operations have been conducted since the beginning of 2006. The "Mak (poppy)-2006" joint operation resulted in the detection of 466 drug crimes and the seizure of 1,084 kg of narcotics. The "Kanal (channel)-2006" joint operation was conducted together with the forces of the DCA, Ministry of Interior, National Security Service, and Border Guard and resulted in the detection of 40 drug-related crimes the seizure of 40 kg of illicit narcotics, and the seizure of 2 hand grenades and 9 guns. The "Marzbon-2006," a joint border operation, resulted in the seizure of 90 kg of narcotics, including 75 kg of opium and 3 kg of heroin.

Corruption. The GOKG recognizes that corruption remains a serious problem and is a deterrent to effective law enforcement efforts. An October 21, 2005 presidential decree established an Anti-Corruption Agency. The Goal of the Agency is to minimize the level of corruption in the country by means of developing, monitoring, and realizing measures aimed against corruption. However, since its inception the unit has been largely ineffective.

The DCA recently arrested two counternarcotics police officers, two customs officers and a national security officer for drug trafficking. The Kyrgyz DCA now has a relatively good reputation. DCA staff goes through a very thorough vetting procedure and receives substantial salary supplements from the UN/US counter narcotics project.

Since August 2005 more than 40 enforcement officers of the GOKG have been fired due to lack of productivity or corruption. Polygraph testing is being used extensively to ensure integrity and a corruption-free environment among the DCA employees. Corruption cases were identified using the polygraph. As a result, internal investigations were conducted, and offenders were dismissed. The GOKG is a party to the UN Corruption Convention.

Agreements and Treaties. The Kyrgyz Republic is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention on Narcotic Drugs, as amended by the 1972 Protocol, and the 1971 UN Convention on Psychotropic Substances. The Kyrgyz Republic is also a party to the UN Convention Against Transnational Organized Crime and its protocols against trafficking in persons and migrant smuggling. It is also a party to the Central-Asian Counter Narcotics Protocol, a regional cooperation agreement encouraged by the UN. Kazakhstan, the Kyrgyz Republic, Tajikistan, and Uzbekistan signed an agreement in September 1999 on cooperation in combating transnational crime, including narcotics trafficking. The five Central Asian countries, as well as Azerbaijan, Georgia, Iran, Pakistan, and Turkey, are members of the Economic Coordination Mechanism supported by the UNODC.

Cultivation/Production. While there is no significant commercial production of drugs in the Kyrgyz Republic, cannabis and ephedra grow wild over wide areas, especially in the Chui valley region, and around Lake Issyk-Kul. In the past, the Kyrgyz Republic was a major producer of licit opium, and was the Soviet Union's main source of ephedra plant for decades. However, with the explosion of opium production in Afghanistan, it has become less risky and easier to import drugs from Afghanistan via Tajikistan than to produce them locally. The GOKG nevertheless carries out yearly eradication campaigns against illicit crops. Despite sporadic cases of, it has little impact on the general drug situation in the Kyrgyz Republic.

Drug Flow/Transit. The overall drug situation in the country continued to gradually deteriorate in 2006. With a record amount of opium produced in Afghanistan in 2006, increasing amounts of opiates may transit Kyrgyzstan. Metric ton quantities of Afghan opiates are being trafficked through the so-called “Northern route” which includes the Central Asian States of the Former Soviet Union. Local analysts estimate that ton quantities of heroin pass through the Kyrgyz Republic. The principal market for Afghan opiates is Russia and to a lesser extent Western Europe, but seizures have also occurred in the United States and elsewhere.

Due to a very limited and largely primitive transportation system, traffickers mostly utilize lengthy overland routes leading through Afghanistan's neighboring countries. A large part of the drugs smuggled through Central Asia in 2006 entered the region through Tajikistan. Together with Uzbekistan, Kyrgyz Republic represents the main conduit for onward smuggling of opiates. Following a pattern observed across the Central Asian region in 2006, the share of opiates seized in Kyrgyz Republic increased significantly. While the amount of opium seized increased by 154 percent, the amount of heroin increased by only 56 percent. In particular, the southern border provinces of Osh and Batken again experienced a high flow of drugs in 2006. Over a number of years, there has been a well-established trafficking route from the Gorno-Badakhshan Autonomous Province in Tajikistan along the Pamir highway and the town of Murghab into Osh province. In the last few years, trafficking activities have increased on the long and mountainous border between the Tajik Garm region and Batken in the Kyrgyz Republic. Onward smuggling through the Kyrgyz Republic takes drugs mainly to the Uzbekistan section of the Ferghana valley, and across the

Northern border into Kazakhstan. In trafficking drugs into the Kyrgyz Republic and onward, traffickers can hope for high profits. In August 2006, depending on purity, a kg of heroin was worth U.S. $6,000-$9,000 in the Southern Batken and Osh provinces bordering Tajikistan, but U.S. $12,000-$15,000 in Bishkek and the Northern provinces. The large increase of opium production in the Badakhshan province of Afghanistan in 2005 and, particularly so, in 2006, is of special relevance to Central Asian region, as transport and trafficking routes out of Badakhshan are basically through the Central Asian countries in the North, including Tajikistan and the Kyrgyz Republic.

Domestic Programs/Demand Reduction. According to UNODC data, there are 7,290 officially registered drug users in the Kyrgyz Republic now. A total of 1,019 people with HIV/AIDS are registered by the medical system in the Kyrgyz Republic. Out of that number 774 are intravenous drug users. Existing economic problems and budget constraints do not allow the GOKR to effectively address the growing drug abuse and HIV/AIDS problem. Insufficient allocation of budget funds is hampering prevention and treatment programs and the training of professional staff. Although for the past couple of years funding for international financial and technical assistance programs to address HIV/AIDS problems in Central Asia have been considerably increased, very little attention is paid to the conceptual and strategic development of a modern drug treatment service provision system capable of contributing towards effectively halting drug abuse and consequently the HIV/AIDS pandemic.

State institutions in partnership with civil sector organizations conduct the programs for drug users in the Kyrgyz Republic. As of 2005 there are eleven needle exchange programs in the localities most affected by drug abuse (Bishkek, Osh, Tokmok, Jalalabat, Karasuu). One of the needle exchange programs is implemented in the penal system, which is a unique program for a post soviet country. The programs cover about seven thousand IDUs, which constitute about 13 percent of estimated number of drug users.

USAID has a Drug Demand Reduction Program (DDRP) in the Fergana Valley (Osh and Jalal-Abad) implemented by the Open Society Institute Assistance Foundation. DDRP strives to improve the regulatory environment within the prison system by working towards the institutionalization of the DDR and health promotion training that targets inmates, medical and non-medical prison staff. This year, AFEW/DDRP has been promoting efforts to institutionalize training by prison authorities through development of training modules to target medical staff, non-medical staff and inmates.

In 2006, a series of national working group meetings on drug demand reduction and health promotion in prisons were held in the Kyrgyz Republic. As a result, Deputy Minister of Justice of the Kyrgyz Republic approved a 12-hour education course entitled “Health Promotion in the Penal System of the Ministry of Justice of Kyrgyz Republic”. By the order of the Head of the Prison system, this program was included into the educational program of the Penal System Training Center. To date, 15 staff members passed this training course. UNODC also implements the following drug programs in the Kyrgyz Republic:

Diversification of HIV prevention and drug treatment services for injecting and other drug users in Central Asia, a four-year project (ends in 2007) that improves and further develops the range of HIV prevention and drug treatment services for injecting drug users in selected localities in Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan;

Drug Demand Reduction and HIV/AIDS Prevention and Care Policy Advice to the Central Asian Governments, a two-year program (that ended in 2006). It aimed at a strengthening of policy development, implementation, coordination, and monitoring and evaluation capacities of the Central Asian governments in drug demand reduction and HIV/AIDS prevention and care.

Drug Abuse and HIV/AIDS Prevention through mass media, NGO and civil society, a three year project (ends in 2007) that is aimed at mobilizing the efforts of governments, the media, and civil society organizations in order to produce an expanded and concerted response to drug abuse in the Central Asian region.

IV. U.S. Policy Initiatives and Programs

Road Ahead. The DCA currently has displayed momentum toward becoming a solid and respected law enforcement organization in the field of drug enforcement in the Kyrgyz Republic. Another initiative, which is currently being negotiated, is the presence of a TDY DEA Agent embedded at the DCA. The most significant initiative in terms of funding is the development of Mobile Interdiction Teams for the DCA. This $1 million project will give the DCA the capability to strike quickly anywhere in the Kyrgyz Republic and identify drug traffickers as they are transporting narcotics. Other initiatives include assuring immediate dismissal of employees who fail the polygraph, a review of all internal investigations, and tracking of all seizures and court cases as a result of those seizures.

Latvia

I. Summary

Drug use in Latvia is characterized by continued prevalence of synthetics, though cannabis is also popular. Heroin and cocaine can also be found. Recreational drug use has shifted to synthetic stimulants due to their low cost, as well as national information campaigns highlighting the dangers of intravenous drug use. Heroin use, which had once been Latvia's most serious narcotics problem, then flagged somewhat, is now showing marginal signs of renewed popularity. Latvia is party to the 1988 UN Drug Convention.

II. Status of Country

Latvia itself is not a significant producer of precursor chemicals, but Customs officials believe that a significant quantity of diverted "pre-precursors" originate in neighboring countries, such as Russia, Belarus, Lithuania, and Estonia and transit Latvia en route to other countries. Heroin is usually sold at "retail" only to people known to the seller and is generally not available in public places, though selling tactics and methods constantly change. Amphetamines are distributed in venues that attract youth, such as nightclubs, discotheques, gambling centers and raves. Organized crime groups also engage in both wholesale and retail trade in narcotics. Recreational drug use has increased, albeit relatively insignificantly, with Latvia's growing affluence and increased accessibility of drugs.

III. Country Actions Against Drugs in 2006

Policy Initiatives. Latvia is in the second year of its State Program for the Restriction and Control of Addiction and the Spread of Narcotic and Psychotropic Substances (SPRCASNPS), which was approved by the Cabinet of Ministers for the years 2005 to 2008. This national strategy lists as its priorities: reducing the spread of drug abuse, especially among young people; increasing the possibilities for rehabilitation and re-socializing for drug addicts; reducing crime related to drug abuse and distribution, as well as drug trafficking; eliminating and preventing the harm caused to the general development of the Latvian state by drug addiction and drug related crime.

Law Enforcement Efforts. In 2006 the amount of seized amphetamine, methamphetamine, heroin and cocaine increased compared to 2005 figures. Poppy straw, marijuana, hashish, ephedrine, Ecstasy and LSD seizures dropped last year. Amphetamine seizures, which jumped from 3.7 kg in 2005 to 11.1 kg in 2006, were accomplished chiefly by four large seizures: 1.97 kg on February 7, 1.98 kg on May 24, 0.97 kg on June 1, and 3.28 kg on June 27. All four seizures occurred in Riga. Heroin seizures increased from 42.3 grams in 2005 to 157.4 grams in 2006. Methamphetamine seizures also more than doubled, from 3.4 kg in 2005 to 8.2 kg in 2006. Ecstasy seizures dropped from 21,937 tablets in 2005 to 4,640 tablets in 2006. Marijuana seizures dropped to 6.3 kg in 2006, down from 25.9 kg in the previous year. Ephedrine seizures dropped from 18.46 grams in 2005 to 0.88 grams in 2006. Hashish seized dropped to 358.4 grams in 2006, from 1,553.8 grams the year before. Additionally, at the end of October 2006, the GOL reported a seizure of 42.2 grams of "China White" or 3-methylfentanyl. The Latvian government acknowledges that Latvian law enforcement needs to show better results for its counternarcotics efforts, despite resource and funding difficulties. The 2005-2008 national strategy takes this into account and indicates the government's intent to increase funding, personnel, and education for law enforcement.

Corruption. Latvia's Anti Corruption Bureau (KNAB) was established in 2003 to help combat and prevent public corruption and has grown in its effectiveness and scope. According to the KNAB Director, his bureau has not found any senior-level Latvian officials to be involved in, encouraging,

or facilitating narcotic crimes or the laundering of proceeds from illegal drug transactions. The USG also has no evidence of drug-related corruption at senior levels of the Latvian government. As a matter of government policy, Latvia does not encourage or facilitate the illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions.

Agreements and Treaties. Latvia is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, and the 1961 UN Single Convention as amended by its 1972 Protocol. A 1923 extradition and a 1934 supplementary extradition treaty currently are in force between the U.S. and Latvia. On December 7, 2005, Latvia and the United States signed a new extradition treaty and Mutual Legal Assistance protocol, which will require ratification. Latvia is a party to the UN Convention against Corruption, and to the UN Convention against Transnational Organized Crime and its protocols against trafficking in persons, migrant smuggling and illegal manufacturing and trafficking in firearms.

Drug Flow/Transit. Narcotic substances are frequently smuggled into Latvia from neighboring countries, principally by ground transport. Seaports are used mainly to transship drugs destined for sale elsewhere. Latvia is not a primary transit route for drugs destined for the United States. Most drugs transiting Latvia are destined for the Nordic countries or Western Europe. Heroin is primarily trafficked via Russia from Central Asia.

Domestic Programs/Demand Reduction. The current national strategy addresses demand reduction, education, and drug treatment programs. Since its passage by the Cabinet of Ministers, the following objectives have been achieved: establishment of a co-ordination mechanism for institutions involved in combating drug addiction (involving eight ministries); establishment of a system for monitoring court directed treatment for addicted offenders; holding educational events for teachers and parents, as well as updated educational materials and informative booklets; inclusion of information on drug addiction in school curriculums; establishment of a pilot program for teaching prevention of drug addiction, alcohol abuse and smoking; pilot programs on drug addiction for local governments; education programs for members of the armed forces; mechanisms for information exchange amongst relevant institutions; and an increase in the number of employees in the regional offices of the Organized Crime Enforcement Department under the State Police. In addition to the State Narcotics Center, Latvia has established four regional narcotics addiction treatment centers in Jelgava, Daugavpils, Liepaja, and Straupe. There are rehabilitation centers in Riga and Rindzele, and youth rehabilitation centers in Jaunpiebalga and Straupe. Data from 2005 showed that Latvia had 27,648 patients in alcoholic addiction programs and 2,441 patients being treated for narcotic or psychotropic drug addiction.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. The United States offers assistance on liaison programs in Latvia that focus on investigating and prosecuting drug offenses, corruption, and organized crime.

The Road Ahead. The United States will continue to pursue and deepen cooperation with Latvia, especially in the areas of law enforcement and prosecution. The United States will expand efforts to coordinate with the EU and other donors to ensure complementary and cooperative assistance and policies with the government of Latvia. The United States will also encourage Latvia to work with regional partners to advance the mutual fight against narcotics trafficking.

Lithuania

I. Summary

Lithuania's illegal drug trade grew slightly in 2006, even as the government increased funding for drug prevention and control programs, and undertook greater cooperation with international partners in law enforcement work. Lithuania remains a source country for synthetic drugs, especially amphetamines, as well as a transit route for heroin and other illicit drugs. Lithuania is a party to the 1988 UN Drug Convention.

II. Status of Country

Cannabis and synthetic narcotics are the most popular illicit drugs in Lithuania, according to the country's Criminal Police Bureau. In 2006, police intercepted several shipments of locally produced amphetamines to Scandinavian countries, and closed down an illicit synthetic drugs laboratory, the 17th amphetamine lab discovered in Lithuania during the past decade. Police also intercepted heroin smuggled through Lithuania, cocaine imports from Venezuela that had transited Western Europe, and several caches of Ecstasy tablets.

The number of people seeking initial treatment for drug addiction has decreased according to the most recent data, falling from 12.3 cases per 100,000 inhabitants in 2004 to 10.2 cases per 100,000 inhabitants in 2005. Nearly 73 percent of registered drug addicts are younger than 30 years old, and 88 percent are men. Approximately seventy-one percent of the registered 1,173 people living with HIV contracted the disease through intravenous drug use. The Narcotics Control Department's (NCD) survey of drug use in Lithuania showed that 8.2 percent of Lithuania's residents had used drugs at least once in their lifetime, with those 15-34 years old significantly more likely than those 35-64 years old to have tried drugs.

III. Country Actions Against Drugs in 2006

Policy Initiatives. Lithuania's Ministry of Interior, Police, and other law enforcement institutions worked to implement the National Program on Drug Control and Prevention of Drug Addiction for 2004-2008, adopted in 2005. Parliament has passed several new measures aimed at monitoring, treating, and preventing drug addiction.

Accomplishments. Lithuania worked effectively with international partners to break up drug smuggling operations in 2006, making important seizures in cooperation with Norwegian, Swedish, Estonian, Latvian, Russian, and Polish law enforcement partners. Lithuania increased funding to the National Drug Prevention and Control Program from LTL 12.1 million ($4.21 million) in 2005 to 14.6 million ($5.41 million) in 2006. The national police department strengthened prevention and control measures at schools and implemented nationwide educational programs to prevent drug use among youth.

Law Enforcement Efforts. Lithuanian law enforcement officials recorded 1,393 drug-related crimes as of November 2006, a slight decrease from the 1,436 during the same period in 2005. As of November 2006, police and customs had seized 15 kg of poppy straw, 31 liters of poppy straw extract, 140 kg of hashish, 26,050 Ecstasy tablets, 12 kg of methamphetamines, and 25 kg of amphetamines. Lithuanian authorities confiscated 111 kg of synthetic drugs working in cooperation with other countries' law enforcement agencies. They also impounded small quantities (less than five kg each) of heroin, cocaine, marihuana, LSD, hallucinogenic mushrooms, various psychotropic drugs, and precursors.

Using European Union funds allocated for the strengthening of Lithuania's external borders, the Lithuanian State Border Guard Service bought 14 “sniffer” dogs to strengthen border enforcement in 2006.

In 2006, the police shut down one laboratory producing high-quality amphetamines and confiscated 7.89 kg of methamphetamine bases from the laboratory site.

As of November 2006, the Lithuanian court system heard 781 drug-related cases and convicted 827 persons. Sentences for trafficking or distribution of drugs range from five to eight years.

Corruption. Narcotics-linked corruption does not appear to be a major problem in Lithuania. Lithuania does not, as a matter of policy, encourage or facilitate illicit production of drugs or the laundering of proceeds from the illegal drugs trade. Lithuania has established a broad legal and institutional anticorruption framework, but low-level corruption and bribery continues to be the basis of frequent political scandals, and press reports have highlighted corruption in law enforcement structures during 2006. There were no reports involving Lithuanian government officials in drug production or sale or in the laundering of drug proceeds.

Cultivation/Production. Laboratories in Lithuania produce amphetamines for both local use and export, according to the Lithuania Ministry of Interior. Law enforcement agencies regularly find and destroy small plots of cannabis and opium poppies used to produce opium straw extract for local consumption. In 2006, police, in cooperation with customs agents, eradicated 4733 square meters (about one-half of a hectare) of poppies and 233 square meters of cannabis (less than 3 percent of a hectare).

Drug Flow/Transit. According to Lithuanian law enforcement agencies, domestically produced synthetic drugs have been intercepted en route to Sweden and Norway and also passing through Germany, Poland and Denmark. Customs agents have stopped drugs entering Lithuania from all sides; cocaine, Ecstasy, and other synthetic drugs arriving mostly from or via Western Europe; and heroin arriving from Central Asia via Russia and Belarus. Domestically grown poppy straw serves nearby markets in Lithuania, in Russia's Kaliningrad region, and in Latvia.

Domestic Programs (Demand Reduction). Lithuania operates five national drug dependence centers and ten regional public health centers, and several programs aim to reduce drug consumption through education programs and public outreach, especially in schools. The Prisons Department operates a rehabilitation center for incarcerated drug addicts, and spent around LTL 1 million ($350,000) in 2005 to purchase equipment and fund activities to prevent drug trafficking, train officials, and educate inmates.

In 2006, Lithuania's Narcotics Control Department (NCD) implemented targeted drug prevention programs involving parents, teachers, and communities in prevention activities and efforts to keep high-risk youth occupied with better things. In cooperation with the Nordic Council of Ministers, NCD initiated an education project targeted at reducing the use of narcotics in bars and clubs. The NCD has also provided narcotics control and prevention training for members of municipal drug control commissions.

Treaties and Agreements. Lithuania is a party to the 1988 UN Drug Convention, the 1971 UN Convention against Psychotropic Substances, and the 1961 UN Single Convention as amended by the 1972 Protocol. Lithuania also is a party to the UN Convention against Transnational Organized Crime and its protocols against trafficking in persons, migrant smuggling, and illegal manufacturing and trafficking in firearms. An extradition treaty and mutual legal assistance treaty are in force between the U.S. and Lithuania. Lithuania ratified the UN Convention against Corruption in 2006.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. Law enforcement cooperation continues to be an area of great success, a result of several years of legal reform and law enforcement training. The United States has successfully cooperated with the Lithuanian authorities in numerous investigations involving fraud, narcotics trafficking, money laundering, and other crimes.

The Road Ahead. The United States will continue cooperating with Lithuanian institutions to support drug prevention activities and fight against narcotics trafficking.

Macedonia

I. Summary

Macedonia is neither a major producer nor a major regional transit point for illicit drugs. The government made some progress in combating drug trafficking in 2006 -- illicit drug seizures in Macedonia increased during 2006 -- although domestic use of illicit drugs also rose. The quantity of drugs seized in 2006 increased on average in some categories (heroin, opium, and marijuana), while decreasing in others (cocaine and other psychotropic substances). The government approved the Inter-ministerial Counternarcotics Commission's "Counternarcotics Strategy and Action Plan" on December 16. Macedonian law enforcement authorities cooperated closely with regional counterparts, including the UN Mission in Kosovo (UNMIK), in counternarcotics operations. Such operations occasionally were hindered by ineffective interagency coordination and planning, as well as by inadequate criminal intelligence, although there were some modest improvements in interagency coordination compared to the previous year. Macedonia is a party to the 1988 UN Drug Convention.

II. Status of Country

Macedonia lies along one of several overland routes used to deliver Southwest Asian heroin (through Turkey and Bulgaria) to Western Europe. Hashish and marijuana produced in Albania travels along the same route to Turkey, where it is exchanged for heroin that is then transported to Western European markets.

Small amounts of marijuana are grown in Macedonia, mainly for personal use. According to government sources, there were no reports of the production of precursor chemicals in Macedonia. Cocaine was not transported to or through Macedonia in significant quantities (although a major seizure of nearly 500 kg of cocaine in January 2007 suggested official figures might have been under-reported). According to MOI sources, trafficking in synthetic drugs appeared to increase in 2006, but seizures were not higher than in 2005. Macedonia produced some poppy straw and poppy straw concentrate, but in quantities insufficient for its pharmaceuticals industry. As a result, some poppy was imported, under license, from Serbia and Australia.

III. Country Actions Against Drugs in 2006

Policy Initiatives. The 2005 draft national strategy and action plan for demand reduction and combating drug trafficking, prepared by the GOM's Inter-ministerial Counter-Narcotics Commission, did not include any provision for adequate funding for its implementation. The government approved the strategy on December 16, and was preparing by year's end an action plan for implementing it.

As of the end of 2006, there has not been a parliamentary vote on draft laws, previously submitted by the GOM, to further strengthen control of narcotic drugs, psychotropic substances, and medical and chemical precursors.

As of October 2006, a draft National Strategy and Action Plan for Prevention, Treatment and Harm Reduction related to drug abuse for 2006-2012, which had been prepared by a working group established and chaired by the Minister of Health, had not been finalized.

Accomplishments. The Witness Protection Law was adopted in May 2005, strengthening the legal framework for combating organized crime and drug trafficking. In November 2006, the Macedonian parliament passed legislation, which will enhance the ability of prosecutors to use wiretaps as evidence in criminal proceedings.

The Ministry of Interior's (MOI) Organized Crime Unit includes a sector for combating illegal drug trafficking and a criminal intelligence cell. However, inadequate MOI intelligence regarding narcotics trafficking hampered counternarcotics efforts.

The Customs Administration continued to strengthen its intelligence units and mobile teams, and police officials claimed cooperation with their Customs colleagues had improved compared to past years. Wide-ranging personnel changes in Customs after the new government took office in August, however, called into question the training and competence of the new Customs cadres.

Law Enforcement Efforts. According to MOI statistics, in 2006 criminal charges were brought against 328 persons, including two juveniles and two police officers, involved in 249 cases of illicit drug trafficking. Police seizures of heroin and, marijuana in 2006 were on average higher than in the previous year. Seizures of other drugs, such as cocaine, hashish, and other psychotropic substances were significantly lower. However, MOI sources believe trafficking in some synthetic drugs, such as Ecstasy, actually rose in 2006, as evidenced in lower prices for such narcotics, reflecting an increased supply on the market.

The MOI reported the following quantities of drugs and psychotropic substances seized:

--heroin, 150 kg (two and a half times more than in 2005);

--marijuana, 309 kg (50 per cent higher than in 2005);

--cannabis, 142 plants (a major decrease from the 3,000 plants seized and destroyed the previous year);

--hashish, 16 grams (about 5 percent of the amount seized in 2005);

--raw opium, 3 kg (a significant increase compared to the 7.8 grams of opium seized in 2005); and

--Ecstasy, 1,377 pills (about half the amount seized in 2005).

In mid-September, a Macedonian court convicted four defendants on drug smuggling charges. All four defendants, (three Macedonian citizens and one Greek citizen) received prison sentences ranging from five to eight years. The convictions resulted from a successful inter-agency, cross-border counterdrug operation involving the Macedonian MOI, Ministry of Justice, and the Special Organized Crime Prosecutor's Unit, working with Greek authorities and U.S. DEA agents.

Corruption. Corruption is pervasive in Macedonia. Low salaries and high unemployment help to foster graft among law enforcement officials. The judiciary remains weak and is frequently accused of corruption. The new government removed the Chief Public Prosecutor, accusing him of having failed to effectively prosecute a range of crimes, including high-level corruption cases. As a matter of policy and practice, however, the government of the Republic of Macedonia does not encourage or facilitate the illicit production or distribution of drugs, or the laundering of proceeds from illegal drug transactions. Macedonia has signed, but has not yet ratified, the UN Convention against Corruption.

Agreements and Treaties. Macedonia is a party to the 1988 UN Drug Convention, the 1961 Single Convention as amended by the 1972 Protocol, and the 1971 Convention on Psychotropic Substances. A 1902 Extradition Treaty between the United States and Serbia, which applies to Macedonia as a successor state, governs extradition between Macedonia and the United States. Macedonia is a party to the UN Convention against Transnational Organized Crime and its protocols against trafficking in persons and migrant smuggling.

Cultivation/Production. Macedonia is not a major cultivator or producer of illicit narcotics. There are no reports of local illicit production or refining of heroin or illegal synthetic drugs. Only one pharmaceutical company in the country was authorized to cultivate and process poppy. Authorized poppy production is reported to the Ministry of Health, which shares that information regularly

with the Vienna-based International Narcotics Control Board. Marijuana cultivation in southeast Macedonia continued to present a challenge to authorities, although MOI sources reported only small quantities of the drug were cultivated, mostly for personal consumption.

Drug Flow/Transit. Macedonia is on the southern variant of the Balkan Route used to ship southwest Asian heroin to the western European consumer market. The quantity of synthetic narcotics trafficked to Macedonia in 2006 appeared to increase, largely due to the low cost of such drugs. Most synthetic drugs aimed at the Macedonian market originated in Bulgaria and Serbia, and arrived in small amounts by vehicle. At border crossings with Bulgaria and with Kosovo and Serbia, Customs officials and police seized significant quantities of both outbound and inbound heroin.

Domestic Programs/Demand Reduction. Official Macedonian statistics regarding drug abuse and addiction are unreliable, but the government estimated there were between 7,000-8,000 drug users in the country. The most frequently used drug was marijuana, followed by heroin and Ecstasy. There were an estimated 1,000 cocaine users in the country in 2006, according to official sources. Treatment and rehabilitation activities are carried out in the one state-run outpatient medical clinic for drug users that dispenses methadone to registered heroin addicts. There are also seven specialized local centers for methadone substitution treatment, including one in the largest prison in the country (with over 60 percent of the prisoner population). Nevertheless, Macedonian health officials acknowledge that rehabilitation centers currently are overcrowded. The Ministry of Health announced in June a cooperative project, funded by the EU, to "combat drug-related criminal activity" through the opening of three new addiction treatment centers. In-patient treatment in specialized facilities consisted of detoxification, accompanied by medicinal/vitamin therapy, as well as limited family therapy, counseling and social work. Follow-up services after detoxification, or social reintegration programs for treated drug abusers were inadequate. Educators and NGOs continued to support programs to increase public awareness of the harmful consequences of drug abuse, targeting drug use among youth in particular.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. During 2006, DEA officers worked with the Macedonian police to support coordination of regional counternarcotics efforts. As reported above, DEA officers supported a successful cross-border Macedonian-Greek counterdrug operation that resulted in the conviction and sentencing of four drug smugglers in September.

MOI police, the financial police, Customs officers, prosecutors, and judges continued to receive USG-funded training in antiorganized crime operations and techniques. USG representatives continued to provide training, technical advice, and other assistance to Macedonian Customs and MOI Border Police units.

The Road Ahead. Macedonia's porous borders and the influence of regional narcotics trafficking groups suggest the country will continue to provide an important route for the transit of illegal drugs, which is likely to boost drug use domestically. DEA officials continue to expect increased use by traffickers of Macedonia as a "warehousing" base during transshipments. Some Macedonian authorities argue, however, that the accession of both Bulgaria and Romania to the EU in 2007 could decrease the flow of illicit narcotics through Macedonia, as Asian suppliers find it easier to reach Western European markets through those two countries.

The United States government, through law enforcement training programs, will continue to strengthen the ability of the police, prosecutors and judges to monitor, arrest, prosecute, and sanction narcotics traffickers. In cooperation with EU and other international community partners, the U.S. will press for implementation and funding of the national counternarcotics strategy, and for a permanent secretariat for the National Commission.

With the passage of wiretapping legislation in November, USG law enforcement training agencies in Macedonia can now focus on working with GOM counterparts to implement the law in order to strengthen the hand of prosecutors in counterdrug cases. The USG will continue to work with the GOM and our international partners to strengthen the criminal intelligence system, and to improve the government's ability to provide reliable statistics on drug use, as well as on arrests, prosecutions and convictions of traffickers.

Malta

I. Summary

The Republic of Malta does not play a significant role in the shipment, processing or production of narcotics and psychotropic drugs and other controlled substances. Surveys indicate that illicit drug use is confined to a small segment of the population. The Maltese Government dedicated significant time and effort over the past several years updating Malta's laws and criminal codes in preparation for joining the European Union in 2004. As a result, Malta's criminal code is in alignment with the goals and objectives of the 1988 United Nations Drug Convention. The Malta Police Drug Unit and the National Drug Intelligence Unit (NDIU) continue to improve their capabilities. Success is perhaps best illustrated by the upward trend in seizures of heroin, cocaine, Ecstasy, and cannabis resin over the last five years. This trend is the result of improved coordination and communications among all agencies involved in controlling drugs.

II. Status of Country

Malta, an island nation of some 400,000 people located between Sicily and North Africa, is a minor player in global production, processing, and transshipment of narcotics and other controlled substances. There is no evidence to indicate that Malta's role in the worldwide drug trade will change significantly in the near future. However, with daily flights, numerous ship calls, a large commercial port, numerous illegal immigrants, membership in the European Union, and frequent international travel by a large percentage of Maltese, Malta is not an isolated country. The drug problem is generally limited to the sale and use of consumer quantities of illegal drugs. There has been a recent increase in the proliferation of recreational drugs such as Ecstasy and also increased use and trafficking of illicit drugs by persons under eighteen. Cultivation activity is limited to less than a few hundred cannabis plants per year.

Malta is not a precursor or essential chemical source country. Malta does not produce or possess significant amounts of precursor or essential chemicals nor does it have chemical manufacturing or trading industries that conduct considerable trade with drug producing regions. There are a number of generic pharmaceutical firms operating in Malta but no evidence of diversion from the production side. There are stringent legislative controls of the pharmaceutical sector and the Maltese Health Department conducts inspections and review of company records.

III. Country Actions Against Drugs in 2006

Since the drug problem in Malta is not widespread, enforcement agencies are able to focus a large percentage of their resources on preventing the smuggling of drugs into Malta. Police and Customs personnel have had significant success through the profiling and targeting of suspected passengers transiting the airport. The Police and the Armed Forces work together to monitor, intercept, and interrupt sea borne smuggling of illegal drugs. Maltese Custom officials have worked to become more adept at detecting and preventing the movement of drugs through the Malta Freeport. Port authorities have shown the ability to respond quickly when notified by foreign law enforcement of intelligence related to transshipment attempts.

Accomplishments and Policy Initiatives. In 2004, the Government of Malta and the United States successfully negotiated a Maritime Counter-Narcotics Cooperation Agreement, but it has not yet been ratified. This treaty concerns “cooperation to suppress illicit traffic in narcotic drugs and psychotropic substances by sea” and is intended to assist the interdiction of the flow of drugs through Mediterranean shipping lanes. The text of the treaty is final and has been signed, but has not yet been implemented. In 2006, Malta and the U.S. finalized agreement on the Proliferation

Security Initiative (PSI) Ship Boarding Agreement. The Ship Boarding Agreement and the Counter Narcotics Cooperation Agreement will require legislation to amend Malta's civil code.

Law Enforcement Efforts. Maltese law provides the necessary provisions for asset forfeiture of those accused of drug related crimes. In 2006, the Malta Police Force Drug Squad seized several vehicles, boats, and cash property.

2006 Drug Seizures:

The statistics below are for January 1 - November 30, 2006.

A)	Coca leaf	n/a
B)	Cocaine	4 kg 258.95 g
C)	Opium poppy straw	n/a
D)	Opium gum	n/a
E)	Heroin	1 kg 883.675 g
F)	Cannabis:	
-	Resin	44 kg 931.01 g
-	Grass	2 kg 862.74 g
-	Seeds	n/a
-	Plants	39 plants
G)	Other	

Police statistics also reveal the seizure of:

- 16,559 tabs of Ecstasy
- 50,533 tabs of Ecstasy
- 70.5 tabs of BZP
- 11 kg 812.3 g of Khat
- 84 tabs DHC
- 2 tabs Valium
- 0.5 g of Amphetamines

2006 Arrests:

Arrests	- 499
Nationals	- n/a
Foreign	- n/a
Arraignments for possession	- 392
Arraignments for trafficking	- 101
Sentences awarded	- 243
Raids/Searches	- 369

Corruption. There is no indication of any widespread corruption of public officials associated with illegal drug activities or evidence that a serious corruption problem exists within the ranks of enforcement agencies. Maltese law contains the necessary provisions to deal effectively with official corruption. In 2002 the country's Chief Justice and two fellow judges were arraigned on corruption charges for taking bribes from inmates convicted on drug charges. Investigative agencies used wiretapping authority to identify the judges involved and gather evidence that they were planning to accept bribes in exchange for reducing the sentences of several individuals appealing the terms of their drug convictions. The final outcome in this case is pending appeals filed on behalf of the defendants.

Agreements and Treaties. As part of its accession to the European Union, Malta signed the Council of Europe's Criminal Law Convention on Corruption. The European Union promulgated the convention in order to improve judicial cooperation in criminal matters among the member states and to require all member states to implement "a common criminal policy aimed at the protection of society against corruption." Malta has also signed the UN Corruption Convention, but has not yet ratified it. Malta is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention on Narcotic Drugs, as amended by the 1972 Protocol, and the 1971 UN Convention on Psychotropic Substances. In November 2005, Malta and the United States concluded bilateral negotiations and agreed to a new extradition treaty. The extradition treaty is before the U.S. Senate for advice and consent to ratification; Maltese actions to bring it into force have been completed.

Drug Flow Transit. There is no indication that Malta is a major trafficking location. The Malta Freeport container port is a continuing source of concern due to the volume of containers that passes through its vast container terminal. The USG has provided equipment and training as part of non-proliferation and border security initiatives that also have enhanced Malta's ability to monitor illicit trafficking through the Freeport. This should improve detection and act as a deterrent to narcotics traffickers seeking to use container-shipping activity at the Freeport as a platform for drug movements through the country.

Malta serves as a transfer point for travelers between North Africa and Europe. There are cases of heroin being smuggled into Malta hand-carried by visitors from North African countries (Libya, in particular).

Traditionally, Malta's drug problems involved the importation and distribution of small quantities of illegal drugs for individual use. In 2006, two Mexicans were apprehended at the airport transporting cocaine on two separate days. These apprehensions represented a new trend in that previously cocaine had not been transported directly from South America, but filtered through Europe.

Home to the world's eighth largest ship registry, Malta can be anticipated to be involved in interdiction operations.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. U.S. law enforcement and security agencies and their Maltese counterparts continue to cooperate closely on drug-related crime investigations. Maltese officials remain interested in securing USG sponsored training for personnel involved in narcotics control.

U.S. Customs has provided several training courses in Malta over the last two years. Under the Export Control and Border Security assistance program managed by the U.S. Embassy at Valletta, the U.S. continues to work closely with port officials to improve their ability to monitor and detect illegal shipments. In 2005, a Coast Guard Attaché was assigned to Embassy Valletta to improve coordination and training with the Maltese Maritime Enforcement Squadron. Training focuses on maritime search and seizure techniques as well as on the proper utilization and operation of a state-

of the-art patrol boat. The Embassy's Regional Security Officer (RSO) works closely with the DEA Country Attaché and the FBI Legal Attaché based in Rome to foster cooperative efforts to strengthen law enforcement.

The Road Ahead. The joint effort to provide training, support and assistance to GOM law enforcement agencies has clearly improved the Maltese enforcement ability to profile individuals, possibly involved with trafficking and/or in possession of dangerous drugs. The number of arrests and seizures for drug related offenses has steadily increased, indicating that Maltese authorities want to battle the drug problem within their own country and benefit from close USG cooperation. Close USG-Maltese cooperation, so clearly beneficial to both sides, will continue.

Moldova

I. Summary

The Moldovan Ministry of Interior (MOI) is responsible for counterdrug law enforcement activity. The Anti-Drugs Unit has 78 officers nationwide. The number of criminal proceedings in 2006 also indicates a noticeable increase in cases sent to trial. Drug usage within Moldova remained a concern; the number of officially registered addicts increased by over six percent, despite the fact that widespread poverty makes Moldova a relatively unattractive market for narcotics sales. Moldova is not a significant producer of narcotics or precursor chemicals, and the true extent of money laundering here is difficult to determine. During 2006, the USG donated several field drug-test test kits to the MOI and financed basic law enforcement training programs (via the Department of State's Bureau of International Narcotics and Law Enforcement Affairs, "INL") that included narcotics enforcement modules. Additional support in the form of skills training and equipment donations is pending proposed project approval. The USG supported visits of Moldovan police officers, prosecutors, judges and legislators abroad on various capacity-development programs. These programs focused on enhancing techniques related to combating corruption, money laundering, illicit drug trafficking and organized crime. Moldova is a party to the 1988 UN Drug Convention.

II. Status of Country

Moldova is an agriculturally rich nation with a climate favorable for cultivating marijuana and poppy. Annual domestic production of marijuana is estimated at several hundred kg. Authorities regularly seize and destroy illicitly cultivated hemp plants and poppy plants. The market for domestically produced narcotics remains small, largely confined to local production areas or neighboring countries. The importation of synthetic drugs continues to grow. A significant problem for Moldova is smuggling of narcotic or psychotropic substances. Investigations performed in 2006 revealed increased cases involving narcotic substances of synthetic origin, such as: methamphetamine, amphetamine, Ecstasy (MDMA) and LSD. These investigations identified 29 networks involved in substance distribution. According to the MOI, domestic drug traffickers remain closely connected to organized crime in neighboring countries. These groups are not only involved in narcotics trafficking, but also trafficking in persons (TIP). Moldova is not a regional producer of any precursor chemicals. During the first ten months of 2006, the MOI discovered 13 cases of medical personal prescribing narcotic or psychotropic substances in violation of the law or appropriate procedure.

III. Country Actions Against Drugs in 2006

Policy initiatives. In February 2005, the GOM approved the Measures to Combat Drug Addiction and Narco-Business for the years 2005-2006. These measures include 70 activities that are structured into the following major groups:

- establishing the normative framework;
- organizational and legal issues;
- preventing drug use;
- treatment, psychosocial rehabilitation, and social and family reintegration of drug addicts; and
- ensuring control over the distribution of narcotic and psychotropic substances and their precursors.

Pursuant to its mission of curbing the increasing threat of trans-border crime, in April 2006 the MOI established the Department of Operative Service in order to ensure effective cooperation among existing law enforcement authorities in combating trans-border crimes. The Anti-Drugs Unit comprises 78 officers nationwide. All of the personnel are dedicated exclusively to antinarcotics activity. Moldova also continues to pursue, with U.S. support, anticorruption, antitrafficking, and border control initiatives that supplement counterdrug efforts.

Law Enforcement Efforts. Moldovan authorities initiated 1,691 drug related cases in the first nine months of 2006, as compared to 1,686 cases during the same timeframe in 2005. During 2006, 332 kg of poppy straw and 22 liters of liquid opium were seized, compared with 588 kg of poppy straw and 9 liters of opium seized for the same period in 2005. Heroin seizures decreased considerably in 2006. Twelve grams were seized during the first nine months of 2006. Concerns remain that Moldova, which is primarily a transit country, could become a user country. Twenty-eight cases were identified in which drugs were transferred to detainees serving in prisons. Moldova will need to invest significant resources in education, border enhancement, and further law enforcement initiatives if it hopes to stem the growth of its user population. However, given Moldova's poverty and the scarcity of government resources, significant additional government investment is unlikely.

Corruption. Corruption, at all levels, is a major systemic problem within Moldova but there has been some improvement. The Center for Combating Economic Crimes and Corruption (CCECC) is the law enforcement agency responsible for investigating corruption allegations, including those related to narcotics. The CCECC has been accused of political bias in targeting its investigations, although not specifically with regard to narcotics cases. The Government of Moldova, as a matter of policy, does not encourage or facilitate the production or distribution of drugs or launder proceeds from illegal drug transactions.

Agreements and Treaties. Moldova is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, and the 1961 UN Single Convention. Moldova is a party to the UN Convention against Transnational Organized Crime and its protocols on trafficking in persons and migrant smuggling. Moldova participates actively in arrangements among former Soviet states and others of its neighbors, to cooperate to confront narcotics trafficking and other organized trans-border crimes.

Cultivation/Production. Each year, during July-August, the MOI launches a special law enforcement operation called "POPPY." This operation targets illicit poppy and marijuana fields for eradication. In the first nine months of 2006, 447 hemp fields were discovered and destroyed and 964 poppy fields suffered a similar fate.

Drug Flow/Transit. Seizures of illicit narcotics this year continue to indicate that Moldova remains primarily a transshipment country for narcotics. Information provided by the MOI indicates that two of the predominant heroin routes are from Ukraine through Moldova to Western Europe and from Turkey through Romania/Moldova into the CIS.

Domestic Programs/Demand Reduction. As of November 2006, the number of officially registered addicts in the Republic of Moldova was 8,750. This number represents an increase compared with the same period of 2005 (8,247). In 2006, the MOI organized 17 lectures at educational institutions on the topic of "Drug Addiction - Ways of Prevention." At the same time, three seminars were organized at the MOI Police Academy on the topic: "The Use of Operative Investigative Techniques in Combating Drug Trafficking." There were also concerts for young people to communicate the message: "Dangers of Drug Addiction." In addition, four television shows were broadcast on the national television station regarding similar topics. The MOI also publicized, through high profile media releases, 156 cases involving the apprehension and arrest of

drug traffickers. Treatment is an option for only the wealthiest of drug addicts. The Moldovan government and NGOs continued to provide limited information about narcotics and conducted education campaigns, but were unable to meet the demand for treatment of those already addicted.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. Ongoing USG training and equipment initiatives are designed to improve the abilities of police to investigate and infiltrate organized crime and narcotics syndicates. The U.S. also offers assistance, including customs and border improvement programs aimed at strengthening Moldovan border control. While not specifically related to narcotics-these programs are focused on detecting WMD- they clearly have a "spin-off effect" of reducing the general illegal flow of goods through Moldova, including narcotics. State Department assistance also supported travel abroad by Moldovan police investigators. Customs officials and border guards attended basic law enforcement training courses at the International Law Enforcement Academy (ILEA) in Budapest. The course included sessions on combating organized crime, drug trafficking, human trafficking, money laundering and corruption. State Department assistance also organized an ILEA Roswell Advanced Management training course for ILEA graduates from Moldova focused on the same issues. In addition, the USG also donated six field drug-test kits to the MOI during 2006.

The Road Ahead. The U.S. and Moldova will continue to work together within the framework of several different U.S. assistance programs to improve the capacity of Moldovan law enforcement to target illicit movement of goods and persons through Moldovan territory.

Montenegro

I. Summary

Organized crime groups use Montenegro as a transit country for cannabis from Albania and Kosovo, and smaller amounts of other narcotics from the Middle East and Latin America, destined for the western Balkans and Western Europe. A small domestic market for illegal drugs exists. The Government of Montenegro is implementing a comprehensive action plan against illegal drugs, and is seeking close law enforcement relationships with other states in the region. Montenegro became an independent state on June 3, 2006, and is in the process of becoming a signatory to relevant international conventions and agreements, including the 1988 UN Drug Convention.

II. Status of Country

The Government of Montenegro estimates that only a small percentage of the illegal drugs entering the country are for the domestic market. Protection of its borders is a national priority, and the United States and other international donors support those efforts; in particular, U.S. donations of ocean and lake patrol craft have been effective in interrupting water-borne smuggling. However, if left unchecked, the use of Montenegrin territory by drug smugglers could undermine political stability and economic growth, and contribute to crime in neighboring states.

III. Country Actions Against Drugs in 2006

Policy Initiatives. Changes passed by the Parliament in 2006 to the domestic criminal surveillance law will allow the use of improved methods and additional technical means in investigating crimes, including drug trafficking. The adoption in 2004 of the new Criminal Code and Criminal Procedure Code included antinarcotics provisions meeting objectives in the 1988 UN Drug Convention, and included Montenegro's first Law on Witness Protection, creating a specialized police unit for this purpose as well. In 2006, Montenegro continued discussion with neighboring states on regional cooperation in witness protection.

Law Enforcement Efforts. Training of police officers in techniques for combating organized crime and financial crimes remains central to coursework at the national police training center, re-established as a professional Police Academy on October 25, 2006. Montenegro has retained a separate counternarcotics service in the police force, and is looking to coordinate its efforts with the police surveillance unit, border police, the customs service, and the domestic intelligence service. Montenegrin authorities report that through the end of September 2006, police arrested 320 persons on felony drug charges in 280 cases, with an additional 42 persons charged with misdemeanor drug charges in 38 cases. The police seized 936.7 kg of cannabis, 3.3 kg of heroin, 8 grams of hashish, 69 grams of cocaine, 332 tablets of Ecstasy, and 4.8 kg of precursor chemicals. Two seizures of marijuana crops were made in 2006: one of 400 seedlings, the second of 670 seedlings.

Corruption. Corruption and the perception of corruption are common in Montenegro, and affect both law enforcement and the judiciary. The Government attempts to identify, prosecute and punish instances of official corruption, but does not specify whether the acts underlying specific disciplinary actions and prosecutions are narcotics-related or not. Laws that criminalize any and all corrupt activities by government employees address narcotics-related corruption. The Government has criminalized the production and distribution of narcotic and psychotropic drugs as well as the laundering of proceeds from illegal drug transactions, and enforces these laws as a matter of policy. As a matter of government policy, the GOM does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of

proceeds from illegal drug transactions. Montenegro is a party to the UN Convention against Corruption.

Agreements and Treaties. Montenegro became an independent state on June 3, 2006, and has succeeded to a number of multilateral treaties to which the State Union of Serbia and Montenegro was a party or signatory, including the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, and the 1961 UN Single Convention, as amended by the 1972 Protocol. Montenegro is also party to the UN Convention against Transnational Organized Crime and its protocols against migrant smuggling and trafficking in persons. Montenegro has signed memorandums of understanding (MOUs) with neighboring states to facilitate cooperation in the fight against all forms of crime. As of October 2006, Montenegro has such MOUs with Albania, Austria, Bulgaria, Croatia, Macedonia, Romania, Serbia, and Slovenia, as well as with the UN Mission in Kosovo (UNMIK). Montenegro signed an international agreement on Witness Protection Relocation and Cooperation with Serbia and Bosnia and Herzegovina in July 2006.

Drug Flow/Transit. Organized crime groups use Montenegro as a transit point for drug smuggling, due to the country's central location, topography - both coastal and mountainous - and its past reputation as a facilitator of smuggling. Cannabis is smuggled from producers in Albania and Kosovo, en route to the Western Balkans and Western Europe; heroin from Southwest Asia transits Albania and Kosovo, crossing Montenegro before being transported further into Western Europe. A joint action by Montenegro, Serbia, and Italy at the end of 2004 into the first half of 2005 seized 200 kg of cocaine from Latin America before it could be smuggled into Western Europe.

Domestic Programs (Demand Reduction). The Government plans to re-convene its expert group to update its 2003-2006 action plan to combat drug use among children and youth. The group includes participants from the Interior Ministry, Ministry of Health, Ministry of Culture, Education Ministry, Justice Ministry, Labor and Social Welfare Ministry, Customs service, local governments, and NGOs. The Government has recognized the potential problem of drug use -- especially synthetic drugs -- among foreign tourists, and the effect upon Montenegro's tourism sector, which is a central pillar of the economy.

IV. U.S. Policy Initiatives

Bilateral Cooperation. The Government of Montenegro works closely with the United States and EU countries in reforming and improving its law enforcement and judicial capacity. The United States has provided extensive technical assistance, equipment donations, and training, to the police, customs service, and judiciary. Several U.S. Departments have programs that directly and indirectly support counternarcotics activities in Montenegro, including the Department of Justice (ICITAP and OPDAT programs funded by the State Department), Department of Homeland Security (Montenegro Border Security Program, and U.S. Coast Guard), Department of Defense (Defense Threat Reduction Agency), Department of the Treasury, and Department of State (Export Control and Border Security/EXBS, and SEED foreign assistance funding of Justice, Treasury, and DHS programs).

The Road Ahead. Current U.S assistance programs, which are aimed at professionalizing the police and customs service, improving the ability of Montenegro to control its borders at land and at sea, improving prosecution of corruption and organized crime, including money laundering and illicit trafficking, and increasing the ability of the judiciary to effectively address serious crime are expected to continue. SEED-funded speakers have also helped publicize antidrug campaigns carried out by local NGOs, and will also continue into the future, as the U.S. seeks opportunities to cooperate closely with Montenegro in joint efforts against narcotics smuggling.

Netherlands

I. Summary

With its extensive transportation infrastructure and the busiest maritime port in Europe, the Netherlands continues to be a major distribution point for illicit drugs to and from Europe. A significant percentage of the cocaine consumed in Europe enters through the Netherlands, and the country remains an important producer of Ecstasy (MDMA), although production seems to be declining substantially. The Netherlands' successful five-year strategy (2002-2006) against production, trade and consumption of synthetic drugs will be reviewed at the end of 2006, and a new long-term plan will be published in early 2007. According to the Dutch National Police, three large seizures caused the number of Ecstasy tablets seized in the U.S. that could be linked to the Netherlands to rise to 0.85 million in 2005 from 0.2 million in 2004. 2005 seizures are still down from the 1.1 million seized in 2003 and 2.5 million in 2002. Operational cooperation between U.S. and Dutch law enforcement agencies is excellent, despite some differences in approach and tactics. ONDCP Director Walters praised the Dutch during his April 2006 visit to The Hague for their efforts to curb Ecstasy trade and expressed eagerness to continue progress on the bilateral agreement to exchange scientific and demand reduction information that he and Dutch Health Minister Hoogervorst signed in July 2005. The Netherlands actively participates in DEA's El Paso Intelligence Center (EPIC). One hundred percent controls at Schiphol airport on inbound flights from the Caribbean and some South American countries have resulted in a dramatic decline in the number of drug couriers. Dutch popular attitudes toward soft drugs remain tolerant to the point of indifference. The Government of the Netherlands (GONL) and the public view domestic drug use as a public health issue first and a law enforcement issue second. The Netherlands is a party to the 1988 UN Drug Convention.

II. Status of Country

The central geographical position of the Netherlands, with its modern transportation and communications infrastructure, one of the world's busiest container ports in Rotterdam and one of Europe's busiest airports, makes the country an attractive operational area for international drug traffickers and money launderers. Production of Ecstasy and marijuana is significant, although a sizeable amount of Ecstasy production has shifted outside the country. There also is production of amphetamines and other synthetic drugs. The Netherlands also has a large (legal) chemical sector, making it an opportune location for criminals to obtain or produce precursor chemicals used to manufacture illicit drugs.

III. Country Actions Against Drugs in 2006

Policy Initiatives. Major Dutch Government policy initiatives in 2006 include:

Cannabis. In June 2006, then-Justice Minister Donner and Interior Minister Remkes announced measures to step up the fight against illegal cannabis cultivation through enhanced cooperation among police, prosecutors, energy companies, housing corporations, insurance companies, and tax and welfare services. The National Prosecution's 2006-2010 plan, published in October 2006, lists prosecuting illegal cannabis cultivation as a major priority area. The investigations will focus on fighting the criminal organizations behind the cannabis plantations.

In June 2006, the Dutch Parliament backed away from a proposal to permit the regulated large-scale production of cannabis to supply marijuana "coffeeshops." Then-Justice Minister Donner,

who strongly opposed the proposal, had threatened to resign if Parliament had passed a resolution authorizing a trial program for commercial cultivation of cannabis in Maastricht.

In June 2006, Maastricht mayor Leers suspended his plan to move 7 of the 15 coffeeshops currently in the city center to the city outskirts and closer to the Belgian border. Instead, he and neighboring towns will look for a regional solution to the drug problems caused by drug "tourists." In 2006, Maastricht began a trial project to offer local residents special access passes to coffeeshops. The Netherlands allows sale of cannabis in coffeeshops under vigorous controls and conditions. The objective of the Maastricht trial is to cut down on drug tourism from neighboring countries. If successful, the experiment will be expanded, but it already faces legal challenges aimed at determining whether or not such limitations comply with EU law.

In May 2006, Health Minister Hoogervorst informed Parliament that the government will continue to treat Dutch- grown cannabis with high THC content as a "soft" drug. Research by the National Institute for Health and Environment (RIVM) showed that, although high-THC cannabis use induced elevated heart rates, lower blood pressure and sleepiness, the symptoms were not sufficiently serious to require regulation comparable to that for "hard" drugs. According to RIVM's report, the average THC content of cannabis available in the Netherlands dropped to 17.5 percent in early 2006, from 17.7 percent in 2005.

In March 2006, the Justice Minister sent Parliament an amendment to the Opium Act making it easier for local governments to close down premises where drugs are sold illegally. Under the bill, mayors would no longer have to prove such premises are causing a serious public nuisance, which, in practice, can be very difficult. This authority already applies to public places, such as coffeeshops. The proposed amendment has cleared committee but its final consideration by the Dutch Parliament has been delayed by an election and coalition discussions.

Bilateral law enforcement cooperation treaties with Germany and Belgium/Luxembourg became effective in 2006. Measures have been taken to reduce drug trafficking in border regions. Cross-border surveillance has been intensified and license numbers of drug tourists are being exchanged.

Dutch legislation implementing the EU framework decision on illegal drug trafficking of November 2004 became effective on July 1, 2006. The law, among other things, raises the maximum sentence for large-scale cannabis cultivation and illegal cannabis trafficking from 4 to 6 years imprisonment. A June 2006 study estimated the total number of coffeeshops in the Netherlands at 729 in 2005, down from 737 in 2004. Only 24 percent of the 483 Dutch municipalities allow coffeeshops within their cities - 72 percent do not allow any at all. Half of all coffeeshops are located in the five largest cities. On average, coffeeshops are checked by the authorities four times per year, and the criteria for operating such shops usually are well observed. In July 2006, Rotterdam closed 10 out of the 31 "grow" shops (which sell, among other things, equipment for hemp cultivation) in the Rotterdam region, because they reportedly sold cannabis cuttings and full-grown cannabis plants.

Cocaine Trafficking. As a result of the Schiphol drug policy, which has implemented stricter controls and intensified cooperation with the Netherlands Antilles and Suriname, the number of drug couriers attempting to enter the Netherlands from the Caribbean and South America has been greatly reduced. From January to August 2006, 777 couriers were arrested at the airport, down from 1204 couriers in the same period of 2005. Because of the 100 percent drug controls at Schiphol, Dutch drug couriers increasingly appear to divert to the Dominican Republic as a transit point for Colombian cocaine. In November 2006, Justice Minister Hirsch Ballin sent Parliament an assessment of the Schiphol drug policy, including a long-term plan. According to the Justice Ministry, despite the good results, intensive law enforcement efforts remain necessary to be able to control the problem. DEA and the Dutch Royal Military Constabulary are currently working on

possible solutions to a data-sharing problem on individuals apprehended in the Netherlands and charged as narcotics couriers.

In late January 2006, a Rotterdam Customs drug-sniffing dog found 1780 kg of cocaine hidden in an industrial boiler, which had arrived from Curacao by vessel. The drugs had a street value of more than 70 million Euros. In March, Rotterdam Customs found 500 kg of cocaine in a sea container, probably shipped from Trinidad.

Ecstasy. The Government's successful five-year strategy (2002- 2006) against production, trade and consumption of synthetic drugs will be reviewed at the end of 2006, and a new long-term plan will be published in early 2007. According to the Justice Ministry, the UNODC's 2006 World Drug Report shows that the Netherlands has successfully moved away from being the world's leading Ecstasy producing country. The Dutch Justice Ministry noted a shift in production to Belgium and East European countries, including Poland. Canada is now a lead supplier to the U.S.

On December 29, 2005, the Dutch police seized 1800 liters of PMK (precursor for Ecstasy) and 85,000 MDMA tablets, and arrested one subject. The investigation involved close cooperation between the Dutch Crime Squad, Royal Canadian Mounted Police (RCMP) and DEA. In May 2006, the National Crime Squad arrested three people (two Swiss and one Antillean) in Amsterdam suspected of large-scale Ecstasy smuggling to the U.S. The arrests were requested by the U.S. Department of Justice after a DEA operation.

Heroin. On May 10, 2006 the National Crime Squad made routine traffic stop in Rotterdam seizing 200 kg of heroin and arresting five persons. This investigation was coordinated by DEA and Dutch and Turkish officials. In May 2006, cooperation between Dutch and German law enforcement agencies resulted in the seizure of almost 300 kg of Turkish heroin, of which 204 kg were captured in the Netherlands.

Law Enforcement Efforts. The Health Ministry coordinates drug policy, while the Ministry of Justice is responsible for law enforcement. Matters relating to local government and the police are the responsibility of the Ministry of Interior. At the municipal level, policy is coordinated in tripartite consultations among the mayor, the chief public prosecutor and the police. The Dutch Opium Act punishes possession, commercial distribution, production, import, and export of all illicit drugs. Drug use, however, is not an offense. The Act distinguishes between “hard” drugs that have “unacceptable” risks (e.g., heroin, cocaine, Ecstasy), and “soft” drugs (cannabis products). Trafficking in “hard drugs” is prosecuted vigorously and dealers are subject to a prison sentence of up to 12 years. When trafficking takes place on an organized scale, the sentence is increased by one-third (up to 16 years). Sales of small amounts of cannabis products (under five grams) are “tolerated” (i.e., not prosecuted, even though cannabis is technically illegal) in “coffeeshops” operating under regulated conditions (no minors on premises, no alcohol sales, no hard drug sales, no advertising, and not creating a “public nuisance”).

The Dutch National Police (KLPD) and the National Prosecutors office continue to give high priority to combating the illegal drug trade. The National Crime Squad (Nationale Recherche - NR), a branch of the KLPD, became operational in January 2004; two of the NR's primary missions are investigating of smuggling and cross border trade in cocaine and heroin, and investigating the production and trade of synthetic drugs. As a result of the 2005 bilateral “Agreed Steps” law enforcement negotiations, DEA has obtained access to the NR office in The Hague, which focuses on cocaine investigations, and, since October 2006, to the NR office in Helmond, which focuses on synthetic drugs and precursor chemicals. Co-location with these units has greatly enhanced effective cooperation, in particular police-to- police intelligence sharing, and has helped to link Dutch drug investigations to major ongoing DEA international operations.

The National Crime Squad (NR) has proven very effective in drug investigations, which has prompted closer cooperation with the DEA. After a meeting with the U.S. Ambassador to the Netherlands and DEA in September 2006, the KLPD National Police Force agreed to join the International Drug Enforcement Conference (IDEC) as a member country, which will help ongoing efforts to increase communication and cooperation in large and complex narcotics investigations. In addition to working directly with the Chinese on joint precursor chemical investigations, the Netherlands is an active participant in the INCB Project PRISM (a multilateral synthetic precursor chemical control effort).

In May 2006, the Dutch participated in DEA's International Drug Enforcement Conference (IDEC) in Montreal, Canada, as observers. This conference, involving approximately 50 nations, meets to share drug intelligence, identify joint targets and assist in coordinating international drug trafficking investigations. The Netherlands will become a full member of this conference during the May 2007 IDEC conference in Madrid, Spain. In July 2005, the KLPD assigned a liaison officer to Beijing, China to facilitate joint cooperation on precursor chemical investigations.

All foreign law enforcement assistance requests continue to be sent to the DIN (International Network Service), a division of the NR. The DIN has assigned two liaison officers to assist DEA and other U.S. law enforcement agencies. Since the reorganization into the NR, the DIN has allowed DEA and other liaison officers to contact two of the five NR offices directly with requests. In addition, DEA has been allowed to contact regional police offices on a case-by- case basis. This policy has permitted better coordination during ongoing enforcement actions. Under Dutch law enforcement policy, prosecutors still control most aspects of an investigation. Dutch police officers must get prosecutor concurrence to share police-to-police information directly with foreign liaison officers. This can hamper the quick sharing of information. However, the quick sharing of police-to-police information is improving as a result of the increased access for DEA agents with NR units.

The 100 percent controls on inbound flights from the Caribbean and some South American countries continue at Schiphol Airport. Currently, all drug couriers at Schiphol are prosecuted, regardless of the quantity of drugs they are carrying. The manpower required to conduct these 100 percent controls remains a major monetary expense and logistical challenge for the authorities at Schiphol. The program decreases the resources targeted for outbound flight checks. The number of outbound drug couriers going to the United States arrested at Schiphol remains low and has dropped since 2004. The absolute number of couriers coming from the Caribbean and South America to the Netherlands has also dropped since 2004. Current policy to check vigorously all inbound flights at some cost to checks on outbound flights is continually evaluated by the Ministries of Justice, Defense, and Interior.

In August 2006, Health Minister Hoogervorst allocated 20 million euros to the UNODC for fighting infectious diseases among drug users in Eastern Europe and Russia over the next four years. The Netherlands is a leading member of the Dublin Group of countries coordinating drug-related assistance.

Drug Seizures	2004	2005
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Heroin kg	1,244	902
Cocaine kg	12,387	14,603
Ecstasy (tablets)	5,600,193	1,854,487
Ecstasy (powder and paste) kg	303	430

Synthetic drug production sites	29	19
Amphetamine kg	577	1,576
Amphetamine (tablets)	10,355	980
LSD (doses)	52,000	25,000
LSD (tablets)	-	-
Methadone (tablets)	13,866	13
Cannabis resin kg	16,101	5,484
Marijuana kg	7,491	2,014
"Nederwiet" kg	2,163	2,223
Hemp plants	1,127,174	1,672,103
Dismantled hemp plantations	2,261	2,500

(Source: KLPD National Police Force)

Corruption. The Dutch Government does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. No senior official of the Dutch Government engages in, encourages or facilitates the illicit production or distribution of such drugs or substances, or the laundering of proceeds from illegal drug transactions. Press reports of low-level law enforcement corruption appear from time to time but the problem is not believed to be widespread or systemic.

Agreements and Treaties. The Netherlands is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, the 1961 Single Convention on Narcotic Drugs as amended by the 1972 Protocol. The Netherlands is a member of the UN Commission on Narcotics Drugs and the major donors group of the UNODC. The Netherlands is a signatory to the UN Convention Against Corruption, and is a party to the UN Convention Against Transnational Organized Crime and its protocols on trafficking in persons and migrant smuggling. The U.S. and the Netherlands have fully operational extradition and mutual legal assistance agreements (MLAT). The Netherlands was one of the first countries to sign the Caribbean regional maritime counternarcotics agreement when it opened for signature in April 2003, but has not yet taken the necessary domestic legal steps to bring it into force.

Cultivation and Production. Although commercial (indoor) cultivation of hemp is banned, about 80 percent of the Dutch cannabis market is Dutch-grown marijuana ("Nederwiet"). The Prosecution's Department's 2006-2010 plan of October 2006, which lists the department's priorities for the next four years, singled out cannabis cultivation as a major focus area. According to this report, some 2,500 cannabis plantations were dismantled in 2005, up from 2,261 in 2004. Because such operations take up significant police resources, and because dismantled production sites often simply relocate, the prosecutor's office wants to give priority to tackling the criminal organizations behind the plantations, for instance through asset seizures. Although the Dutch government has given top priority to the investigation and prosecution of large-scale commercial cultivation of Nederwiet, tolerated coffeeshops appear to create the demand for such cultivation. On June 2006, Dutch Parliament backed away from a proposal to permit the regulated large-scale production of cannabis to supply marijuana "coffeeshops." Then-Justice Minister Donner, who strongly

opposed the proposal, had threatened to resign if Parliament had passed a resolution authorizing a trial program for commercial cultivation of cannabis in Maastricht.

The Netherlands remains one of the largest producers of synthetic drugs, although the National Crime Squad (NR) has noted a production shift to Belgium and Eastern Europe. According to the NR, there also appears to be a shift from Ecstasy to amphetamine production. The NR seized an enormous 42,181 liters of chemical precursors in 2005 compared to 11,120 liters in 2004. The total number of Ecstasy tablets with an alleged Dutch connection confiscated by U.S. authorities rose to 0.85 million in 2005 from 0.2 million in 2004, but is still down from 1.1 million in 2003. The NR attributed the rise in 2005 to three major MDMA seizures. The number of Ecstasy tablets seized in the Netherlands totaled 1.85 million in 2005, down from 5.6 million in 2004.

According to the 2005 NR report, 2005 drug seizures around the world that could be related to the Netherlands involved more than 13 million MDMA tablets and 23 kg of MDMA powder (compared to 10 million tablets and more than 1,000kg of MDMA powder in 2004). MDMA (powder and paste) seizures in the Netherlands in 2005 rose to 430kg from 303kg in 2004. The number of dismantled production sites in the Netherlands for synthetic drugs dropped to 19 in 2005 from 29 in 2004. Of the 19 production sites, 8 were for amphetamine and 3 for Ecstasy production, 5 were meant for Ecstasy tablet making, 1 for LSD, 1 for GHB, and 1 for meta-chlorophenylpiperazine (m-CPP).

Drug Flow/Transit. The Netherlands remains an important point of entry for drugs to Europe, especially cocaine. The Dutch government has stepped up border controls to combat the flow of drugs, including the successful Schiphol Action Plan. Cocaine seizures in the Netherlands rose to 14,603kg in 2005 from 12,387kg in 2004. Of the 2005 seizures, some 4,494kg were seized at Schiphol, of which 3,518kg from passengers and 976kg in air cargo. Because of stronger controls at Schiphol, traffickers have diverted to other European airports or alternative routes. The government has expanded the number of container scanners in the port of Rotterdam and at Schiphol airport. Controls of highways and international trains connecting the Netherlands to neighboring countries have also been intensified.

Demand Reduction. The Netherlands has a wide variety of demand and harm-reduction programs, reaching about 80 percent of the country's 26,000-30,000 opiate addicts. The number of opiate addicts is low compared to other EU countries (2.6 per 1,000 inhabitants); the number has stabilized over the past few years. The average age of opiate addicts has risen to 40 and the number of overdose deaths related to opiates has stabilized at between 30 and 50 per year. According to the Dutch their use of needle supply and exchange programs have kept the incidence of HIV infection among intravenous drug users relatively low. Of the addicts known to the addiction care organizations, 75 percent regularly use methadone.

According to the 2005 National Drug Monitor, the out- patient treatment centers registered some 30,745 drug users seeking treatment for their addiction in 2004, compared to 29,173 in 2003. The number of cannabis addicts seeking treatment rose to 5,500 in 2004 from 4,485 in 2003, but the number of opiate addicts seeking treatment dropped from 15,195 in 2003 to 13,929 in 2004. Statistics from drug treatment services show a sharp increase in the number of people seeking help for cocaine addiction, from 2,500 in 1994 to 10,000 in 2004. About 61 percent of addicts seeking help for cocaine problems are crack cocaine users.

The Trimbos Institute is expected to publish updated drug prevalence statistics in early 2007. Below are the latest available statistics of drug use among students ages 12-18. (Percent of respondents reporting use at least once in their life-time and use in the last month)

Life-time use	Last-month use

Year	1999	2003	1999	2003
Cannabis	20.0	19.0	9.0	9.0
Cocaine	2.8	2.2	1.2	0.8
Heroin	0.8	1.1	0.4	0.5
Amphetamine	2.8	2.2	1.1	0.8
Ecstasy	3.9	2.9	1.4	1.2

(Source: National Drug Monitor 2005, Trimbos Institute

Drug prevention programs are organized through a network of local, regional and national institutions. Programs target schools in order to discourage drug use, and use national mass media campaigns to reach the broader public. The Netherlands requires school instruction on the dangers of alcohol and drugs as part of the health education curriculum. The "healthy living" project developed by the Netherlands Institute of Mental Health and Addiction (the Trimbos Institute) continues to run in about 75 percent of Dutch secondary schools. The three-year cannabis information campaign launched in 2004 by the Health Ministry and the Trimbos Institute warning young people in the 12-18 age group about the health risks of cannabis use also continues. The 24-hour national Drug Info Line of the Trimbos Institute has become very popular.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. U.S. and Dutch law enforcement agencies maintained excellent operational cooperation, with principal attention given to countering the Netherlands' role as a key source country for MDMA/Ecstasy entering the U.S. The U.S. Embassy in The Hague has made the fight against the Ecstasy threat one of its highest priorities. Dutch law enforcement has dramatically improved its acceptance of controlled delivery operations with the DEA, but there remains room for improvement in accepting reasonable U.S. proposals for controlled deliveries. Dutch authorities continue to resist use of undercover criminal informants in investigations of drug traffickers. They are also reluctant to admit the involvement of large, international drug organizations in the local drug trade and do not use their asset forfeiture rules often. Bilateral law enforcement cooperation continues to expand under the "Agreed Steps" list of action to fight drug trafficking. We have also noted improved and expedited handling of extradition requests. The U.S. is also working with the Netherlands to assist Aruba and the Netherlands Antilles in countering narcotics trafficking. The 10-year agreement between the U.S. and the Kingdom for the establishment of Forward Operating Locations (for U.S. enforcement personnel) on Aruba and Curacao became effective in October 2001. Since 1999, the Dutch Organization for Health Research and Development (ZonMw) has been working with NIDA on joint addiction research projects. The Netherlands Ministry of Health, Welfare and Sport has provided the Trimbos Institute for the years 2006-2007 with financial means to set up a continuing dialogue with U.S. counterparts with the aim of bringing scientists and professionals in the field of drugs and drug addiction together to create a better understanding of the respective problems the Netherlands and the United States face in tackling drug use.

Since 1994, U.S. Coast Guard Law Enforcement Detachments (LEDETs) have embarked Royal Netherlands Navy (RNLN) vessels in the Caribbean Sea to conduct counterdrug operations under an informal arrangement. In 2001, the USG presented text of a proposed LEDET MOU to the GON. The draft MOU would provide the legal framework for future LEDET operations from

RNLN, and perhaps Antilles Coast Guard, platforms. Meanwhile, we continue to operate under the well-settled practices developed since 1994.

The Road Ahead. U.S.-Dutch bilateral law enforcement cooperation is expected to intensify in 2007, particularly through DEA's access to the two NR drug units in The Hague (cocaine) and Helmond (Ecstasy). The bilateral "Agreed Steps" process will continue to promote closer cooperation in international investigations, including Ecstasy and money laundering cases. The bilateral exchange on Drug Demand Reduction will also continue in 2007 as well as the collaboration between ZON and NIDA on drug addition research projects. We expect the follow-up to the Dutch government's successful Ecstasy Action Plan, which expired at the end of 2006, to further improve Dutch counter narcotics efforts.

Norway

I. Summary

Norway's illicit drug production remained very low in 2006. As in the past, Norway continued to tightly control domestic sales and exports and imports of precursor chemicals. The volume of drugs seized increased along with the number of drug seizures. Of the 2006 seizures, cannabis accounted for 45 percent followed by amphetamines (nearly 20 percent) and benzodiazepines (16 percent). Other drugs accounted for 19 percent of seizures. The police continued to step up efforts to track and intercept drugs in transit. Norway is a party to the 1988 UN Drug Convention.

II. Status of Country

Norwegian illicit drug production remained very low in 2006 mainly due to Norway's tight regulations governing domestic sales, exports and imports of precursor chemicals, and Norway's unfavorable climate for naturally-based drug cultivation. However, Norway remained a popular market and transit country for drugs produced in Central/Eastern Europe and elsewhere. Looking ahead, Norway is unlikely to become a significant source for diverted dual-use precursor chemicals because of the country's prohibitive regulatory framework and strong law enforcement.

II. Country Actions Against Drugs in 2006

Policy Initiatives. The Ministry of Health and Care Services continued its Narcotics and Alcohol Abuse Treatment and Prevention Reform program in 2006. Its activities were documented in its annual survey "Status Report on the Drug & Alcohol Situation in Norway". The report states that the national government, represented by the regional health enterprises, has the responsibility for treatment and prevention of narcotics and alcohol abuse. The principal aim of state centralization is to provide improved and uniform health and counseling services for drug and alcohol abusers countrywide. In 2006, the Ministry of Health and Care Services continued to encourage the use of Oslo's drug injection room for drug addicts; more rooms are reportedly slated to follow. The rationale for the injection rooms is to remove the drug addicts from the streets and to provide addicts with sterilized injection needles in a controlled environment.

The national government unveiled Norway's 2006-2008 Counter-Narcotics Action Plan in late 2005. In the plan, the Health and Care Services Ministry underscores that the Norwegian Government's counternarcotics policy remains comprehensive and coordinated. The Ministry calls for continued international cooperation to combat drug abuse and stressed that increased rehabilitation of drug offenders was a priority in Norway. Meanwhile, the joint Narcotics Action Committee (established in 2003) continued its work on government narcotics policy. According to the committee's mandate, it will evaluate preventative strategies and propose drug rehabilitation and treatment measures. The committee is also mandated to study the premises behind current narcotics policy and propose long-range policy changes.

The Norwegian Police Directorate, a part of the Justice Ministry, continued to implement Norway's 2003-2008 Counter-Narcotics Action Plan, with the police carrying out an increasing number of countrywide and border drug raids. The Police Directorate has a helicopter that is used in narcotics investigations, specifically in tracking narcotics criminals. The Police Directorate's 2003-2008 Action Plan carries forward plans and initiatives to meet the objectives of the 1988 UN Drug Convention. The Plan focuses on reducing domestic drug abuse, identifying and curbing illicit drug distribution, and curbing drug abuse among drivers of motor vehicles. The Norwegian Police Directorate has announced that that the list of narcotics drugs is going to be revised in 2007. The Police Directorate supports the Verdal Initiative (Verdal is a small community in northern

Norway), where the local community has introduced measures to curb narcotics use. The Verdal Initiative is based on community cooperation to combat illicit drug use and is a model for other parts of Norway. This initiative involves voluntary nighttime patrols by citizens to report on those in the local community that openly use narcotics, and more visible police patrols in the streets to serve as deterrence. In addition, the Police Directorate supported various local antidrug and rehabilitation actions in 2006. Norway's Customs and Excise Directorate (CED) continued its counternarcotics efforts. The CED has now been equipped with mobile X-Ray scanners that can detect drugs, illegal firearms, and alcohol in vehicles passing major border crossings. The CED continued implementing its own counternarcotics plan aimed at curbing drug imports, and seizing illicit drug money and chemicals used in narcotics production. The CED coordinates its efforts closely with the police and the Coast Guard.

Law Enforcement Efforts. According to statistics compiled by the Norwegian police crime unit (KRIPOS), the number of drug seizures in 2006 rose by 10.5 percent to an estimated 26,238 cases (up from 23,754 cases in 2005). The narcotics police also note increases in the volume of some drugs seized (e.g., cocaine) as the police continued to focus attention on bulk drug suppliers rather than individual abusers. Of the seizures made in 2006, cannabis accounted for 45 percent, amphetamines 20 percent, benzodiazepines 16 percent, and other drugs accounted for 19 percent of total seizures. In 2005 (the most recent year in which figures were available), the number of persons charged with narcotics offenses rose 7 percent to approximately 37,500 - compared with 35,000 in 2004. In order to discourage the use of narcotics substances, Norwegian law enforcement authorities have continued to make coordinated raids at border crossings against smuggling rings and to impose heavy fines relating to narcotics offenses. In a move to improve law enforcement, the Ministry of Justice gave permission in 2005 to use bugging devices to investigate narcotics offenders.

Corruption. Norway does not encourage or facilitate illicit production or distribution of narcotics or psychotropic drugs or other controlled substances or the laundering of proceeds from illegal drug transactions. Senior government officials do not engage in, encourage, or facilitate illicit production or distribution of such drugs or substances, or the laundering of proceeds from illegal drug transactions. According to Norway's penal code, corruption of Norwegian and foreign officials is a criminal offense.

Agreements and Treaties. Norway is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, and the 1961 UN Single Convention as amended by the 1972 Protocol. Norway is also a party to the UN Convention against Transnational Organized Crime and its protocols against trafficking in persons, migrant smuggling and illegal manufacturing and trafficking in firearms. In June 2006 Norway ratified the UN Corruption Convention. Norway has an extradition treaty and customs agreement with the U.S.

Cultivation/Production. In 2006, sporadic, and very small amounts of illicit crop cultivation were discovered. Very small quantities of Norwegian-grown cannabis concealed as potted or cultivated plants in private premises were detected. While there is concern that narcotics dealers may establish mobile laboratories to convert chemicals into drugs, the police did not uncover significant synthetic drug production in 2006.

Drug Flow/Transit. According to the police crime unit KRIPOS, the 2006 inflow of illicit drugs remained significant in volume terms with cannabis, heroin, benzodiazepines, Ecstasy, amphetamines topping the list. Most illicit drugs enter Norway by road from other European countries and other countries in Eastern Europe and Asia. As in the past, some drugs have been seized in commercial vessels arriving from Europe and Central/South America.

Domestic Programs (Demand Reduction). Government ministries and local authorities continue to initiate and strengthen counter narcotics abuse programs. According to the Ministries of Health and Care Services, the reduced number of drug-related deaths suggests that these programs have been successful. While the maximum penalty for a narcotics crime such as trafficking in Norway is 21 years imprisonment, penalties for carrying small amounts of narcotics are mild.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. DEA officials consult with Norwegian counterparts whenever a Norwegian case has a U.S. nexus.

The Road Ahead. Norway and the U.S. will continue to cooperate on narcotics related issues both bilaterally and in international fora, especially the EU.

Poland

I. Summary

Poland has traditionally been a transit country for drug trafficking. However, improving economic conditions and increased ease of travel to Western Europe have increased its significance as a consumer market and a producer of amphetamines. Illicit drug production and trafficking are closely tied to organized crime. Poland is a party to the 1988 UN Drug Convention.

II. Status of Country

Traditionally Poland has been a transit country for drug trafficking. Improved economic conditions and increased ease of travel to Western Europe have increased Poland's significance as a consumer market and a producer of amphetamines. Illicit drug production and trafficking are closely tied to organized crime, and while Polish law enforcement agencies have been successful in breaking up organized crime syndicates involved in drug trafficking, criminal activities continue to become more sophisticated and global in nature. Poland finalized a National Program for Counteracting Drug Addiction in July 2002, and in 2004 allocated a budget for its implementation. Cooperation between USG officials and Polish law enforcement has been consistent and outstanding, and Poland's EU accession has accelerated the process of GOP diligence on narcotics policy.

III. Country Actions Against Drugs in 2006

Policy Initiatives. The total 2006 budget for state institutions is estimated at over $38 million. The complete information on the costs of the antidrug program, called the "National Plan," which will include both national and local government funding, will be available in mid-2007. By comparison, in 2005 the total costs of implementing the National Plan amounted to over $90 million, which was an increase of approximately 30percent. In addition, the National Bureau for Combating Drug Addiction has a 2006 budget of $3.4 million, up slightly from $3.2 million in 2005.

Law Enforcement Efforts. Polish National Police cooperated with DEA in numerous narcotics investigations targeting drug trafficking organizations that import controlled substances into Poland, as well as those that export controlled substances to the United States. The National Bureau for Drug Addiction is well-known for its openness and cooperation in discussing drug-related issues. To fight international crime, the use of informants, telephone taps, and controlled deliveries are now all permitted by Polish law, and a witness protection program is in place. Poland continues to strengthen its relationship with Interpol in international policing efforts. Additionally, it works closely with the European Police Office (Europol) and has signed a border crossing agreement to monitor its eastern border. Police law enforcement officers go to Brussels for training.

On October 27, customs officers from Bialystok made the largest drug bust of the year at the Lithuanian border. They inspected a Lithuanian truck and found 570 liters of BMK - a precursor for the production of amphetamines. This amount of BMK could have produced 500 kg of amphetamines, with a market value of $8.3 million (25 million PLN). Each customs officer received a bonus of $3,300 (10,000 PLN).

The Paprocki case was another notable drug bust. The investigation involved cooperation between DEA's Warsaw and Tampa, FL District Offices and Polish police's Warsaw and Gdansk offices. Cooperation on this case led to the seizure in Poland of large quantities of MDMA (Ecstasy), amphetamines, and $112,000 in counterfeit U.S. currency, as well as leading to the dismantling of the amphetamine laboratory.

Drug Seizures:

	2004	2005	Jan-Jun 2006
Heroin (kg)	65.6	41.1	53.16
Cannabis (plants)	15,440	34,916	5,899
Marijuana (kg)	207.5	201.4	103.9
Amphetamines (kg)	236.5	308.6	214.6
Hashish (kg)	41	18.5	9.5
Cocaine (kg)	21.7	12.8	10.99
Ecstasy (tablets)	269,377	487,268	77,321
LSD (strips)	34,28	2,157	620
BMK (liters)	4,970	716	411

Corruption. A comprehensive inter-ministerial anticorruption plan contains strict timelines for legislative action and for the implementation of strict and transparent anticorruption procedures within each individual ministry. Instances of small-scale corruption (bribery, smuggling, etc.) are prevalent at all levels within the Customs Service and among police. The number of cases investigated and successfully prosecuted relative to the number of reported incidents, however, remains low. The U.S. Government has worked closely with the Polish National Police to improve police training on ethics and corruption, and has presented several training courses on the subject under a Law Enforcement Assistance Agreement.

Agreements and Treaties. Poland has fulfilled requirements to harmonize its laws with the EU's Drug Policy. Poland is a party to the UN Convention against Transnational Organized Crime and its protocols against migrant smuggling, trafficking in persons, and illegal manufacturing and trafficking in firearms. In September 2006, Poland ratified the UN Corruption Convention. Poland is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, and the 1961 UN Single Convention, as amended by the 1972 Protocol. An extradition treaty and MLAT are in force between the U.S. and Poland. In May 2004, Poland became a full member of the Dublin Group of countries coordinating narcotics assistance.

Drug Flow/Transit. While synthetic drugs are manufactured in Poland (the precursors are usually imported from other countries), heroin, hashish, cocaine, and Ecstasy frequently transit the country, as does opium in all forms originating from Afghanistan. Poland produces a large amount of high quality amphetamines in clandestine laboratories located throughout the country. Polish organized crime syndicates then distribute the amphetamines throughout the European community, especially in Russia, Germany, and the Scandinavian countries. Destinations for these drugs are primarily Western Europe and the United States. There are also North-South routes transiting or leading to Poland. Polish police believe that most of the drugs transiting Poland are headed to Germany and the United Kingdom. Sea-based shipping routes are also utilized; some of the largest seizures in Poland have taken place at the Baltic port of Gdansk. Police, however, report that they lack a basis to estimate with any precision the amount of illegal drugs transiting through Poland.

Domestic Programs (Demand Reduction). Demand reduction objectives of the National Plan include reducing the spread of drug use, limiting the spread of HIV infections connected with drug use, and improving the quality and effectiveness of treatment. The Plan also seeks to improve training and coordination between various Polish law enforcement authorities, including the CBS and the border guards. The CBS has made the controlling and monitoring of precursors their top

priority. The Law on Counteracting Drug Addiction also requires the Ministry of Education to provide a drug prevention curriculum for schools and to provide support for demand reduction projects based on a community approach. The Ministry of Education requires all schools to incorporate a drug prevention curriculum in their programs, however, schools are able to modify and tailor their drug prevention curriculum to meet individual school needs. To assist teachers with this task, the Ministry has a Center for Psychological and Didactic Assistance, which offers professional training and programs to develop drug prevention curriculum.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. Training under the State Department-funded narcotics assistance program from 2002 through 2005 was highly successful, but this program has expired and will not be renewed. Operational cooperation through joint investigations will continue and should be enhanced by the new DEA office (see below).

Bilateral Cooperation. In August, DEA opened its office in the U.S. Embassy in Warsaw. In past years, Poland was handled from Berlin, Germany. DEA maintains close contact and holds numerous operational liaison meetings with Polish law enforcement officials. The highly successful 2002 Letter of Agreement between Poland the United States under the International Criminal Investigative Training and Assistance Program (ICITAP) expired in 2005 and has not been renewed. In 2006 DEA sent a member of the Polish National Police to the United States for training.

The Road Ahead. Poland's accession to EU membership on May 1, 2004 played a key role in sharpening the GOP's attention to narcotics policy. The EU is by far the largest donor to Poland's counter narcotics activities, facilitating even closer collaboration between Poland and its neighbors to the East and the West. GOP priorities for 2007 will continue to include better educational campaigns addressed to specific target groups (including media campaigns, and a 'peer campaign' for children and students) and continuing the pilot program for the assessment of the quality of medical, rehabilitation, and health harm reduction treatments provided by various institutions. Authorities will also continue to focus on the creation of a strategy for counteracting drug addiction at the local (township) level.

Portugal

I. Summary

Portugal is a significant gateway into Europe for drug shipments from South America and North Africa. Overall drug seizures in Portugal in 2006, as compared to 2005, significantly increased. For example, seizures of cocaine increased from 7.2 metric tons in the first six months of 2005 to 30.4 metric tons during the same period in 2006. In the first half of 2006 seizures of hashish and heroin diminished by 78 and 48 percent respectively. U.S.-Portugal cooperation on drugs has included visits to Portugal by U.S. officials and experts, and training of law enforcement personnel. Portugal is party to the 1988 UN Drug Convention.

II. Status of Country

Drug smugglers use Portugal as a gateway to Europe, their task made easier by open borders between the Schengen Agreement countries and by Portugal's long coastline. South America was the primary source for cocaine arriving in Portugal, largely from Brazil and Venezuela, both of which have large resident Portuguese populations. Other primary source countries were Morocco and Spain, especially for hashish. Cocaine and heroin enter Portugal by commercial aircraft, truck containers, and maritime vessels. The Netherlands, Spain and Belgium are the primary sources of Ecstasy in Portugal. Drug abuse within the Portuguese prison system continues to be a major concern for authorities.

III. Country Actions Against Drugs in 2006

Policy Initiatives. Portugal decriminalized drug use for casual consumers and addicts on July 1, 2001. The law makes the "consumption, acquisition, and possession of drugs for personal use" a simple administrative offense. In March 2002, Portugal created the Maritime Authority System and the National Maritime Authority. This authority, in coordination with other law enforcement agencies, combats drug trafficking in coastal waters and within Portugal's Exclusive Economic Zone (EEZ). On October 11, 2006, Portugal passed a law approving the creation of a two-year program targeted at preventing drug use among at-risk populations in Portugal. The government approved a 2,600,000 Euro budget targeting families with a history of substance abuse; youth with a record of delinquency and school absenteeism; and individuals with relatives working in bars, nightclubs or other locations of known drug consumption.

Law Enforcement Efforts. Portugal has seven separate law enforcement agencies that deal with narcotics: the Judicial Police (PJ), the Public Security Police (PSP), the Republican National Guard (GNR), Customs (DGAIEC), the Immigration Service (SEF), the Directorate General of Prison Services (DGSP), and the Maritime Police (PM). The PJ is a unit of the Ministry of Justice with overall responsibility for coordination of criminal investigations. According to a 2006 semi-annual report prepared by the PJ, the Portuguese law enforcement forces arrested 2,087 individuals for drug-related offenses in the first six months of 2006 as "traffickers/consumers." Most were Portuguese citizens, followed by a number of nationalities, such as Cape Verdeans (198), Angolans (52), Spanish (40), Brazilians (31), Bissau-Guineans (29), and Venezuelans (27). The 2006 PJ semi-annual report indicates a significant increase in the cocaine seized in the first half of 2006 compared to the first half of 2005. Seizures of cocaine increased four-fold. In the first six months of 2006, the PJ seized over 30.4 metric tons of cocaine, up from 7.2 metric tons in the same period in 2005. Hashish seizures decreased by about 78 percent, Ecstasy seizures decreased by 12 percent and heroin seizures declined by 48 percent. The 2006 PJ report indicates the following monetary seizures related to narcotics: 5.9 million Euros in cash, 49.7 thousand Euros in assets and the equivalent of over one million Euros in foreign currency. In February 2006, "Operation Portuguese

Soul" located and halted 8.2 metric tons of cocaine in transit towards Europe. In August 2006, Operation "Tornado" seized six metric tons of cocaine and six million Euros en route to Europe.

Corruption. As a matter of government policy, Portugal does not encourage or facilitate the illicit production or distribution of drugs or substances, or the laundering of proceeds from illegal drug transactions. No senior Portuguese officials are known to be involved in, or encourage, such activities.

Agreements and Treaties. Portugal 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. Portugal is a party to the UN Convention against Transnational Organized Crime and its protocols against trafficking in persons and migrant smuggling. Portugal has signed, but has not yet ratified, the UN Convention against Corruption. A Customs Mutual Assistance Agreement (CMAA) has been in force between Portugal and the U.S. since 1994. Portugal and the U.S. are parties to an extradition treaty dating from 1908. Although this treaty does not cover financial crimes, drug trafficking or organized crime, certain drug trafficking offenses, are deemed extraditable in accordance with the terms of the 1988 UN Drug Convention. On July 14, 2005, the U.S. and Portugal signed agreements on extradition and mutual legal assistance pursuant to the U.S.-EU Agreements on these subjects. When these enter into force they will modernize the criminal law relationship between the U.S. and Portugal.

Drug Flow/Transit. Portugal's long, rugged coastline and its proximity to North Africa offer an advantage to traffickers who smuggle illicit drugs into Portugal. In some cases, traffickers are reported to use high-speed boats in their attempts to smuggle drugs into the country and some traffickers use the Azores islands as a transshipment point. The U.S. has not been identified as a significant destination for drugs transiting through Portugal.

Domestic Programs. Responsibility for coordinating Portugal's drug programs was moved to the Ministry of Health in 2002. The Government also established the Institute for Drugs and Drug Addiction (IDT) by merging the Portuguese Institute for Drugs and Drug Addiction (IPDT) with the Portuguese Service for the Treatment of Drug Addiction (SPTT). The IDT gathers statistics, disseminates information on narcotics issues and manages government treatment programs for narcotic addictions. It also sponsors several programs aimed at drug prevention and treatment, the most important of which is the Municipal Plan for Primary Prevention. Its objective is to create, with community input, locality-specific prevention programs in thirty-six municipal districts. IDT runs a hotline and manages several public awareness campaigns. Regional commissions are charged with reducing demand for drugs, collecting fines and arranging for the treatment of drug abusers. A national needle exchange program was credited with significantly reducing the spread of HIV/AIDS and hepatitis, although HIV infections resulting from injections are still a major concern in the Portuguese prison system.

Portugal is implementing its National Drugs Strategy: 2005-2012, with an intermediary impact assessment scheduled for 2008. It builds on the EU's Drugs Strategy 2000-2004 and Action Plan on Drugs 2000-2004 and focuses on reducing drug use, drug dependence and drug-related health and social risks. The system will include prevention programs in schools and within families, early intervention, treatment, harm reduction, rehabilitation, and social reintegration measures. Drug demand reduction measures take into account the health-related and social problems caused by the use of illegal psychoactive substances and of poly-drug use in association with legal psychoactive substances such as tobacco, alcohol and medicines. The program aims at strengthening cooperation among all security forces within Portugal as well as within the 25 EU member states. The program also will intensify law enforcement cooperation with important source countries for drugs found in Portugal, including countries in Africa and South America.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. DEA-Madrid cooperates closely with the Portuguese authorities on U.S.-nexus drug cases. The Portuguese Customs Bureau cooperates with the U.S. under the terms of the 1994 CMAA.

The Road Ahead. Portugal was selected to host an interagency counternarcotics information sharing initiative, Maritime Analysis and Operation Center (MAOC) beginning in 2007. The MAOC aims to locate possible narcotics shipment vessels and to coordinate Western Europe's law enforcement response. The MAOC will implement some of the methods used by the U.S. Joint Interagency Task Force- East in Key West, Florida.

Romania

I. Summary

Romania serves as a transit country for narcotics, as it lies along the well-established Northern Balkan route that is used to move heroin and opium from Southwest Asia to Central and Western Europe. Romania also sits astride a developing route for the transit of synthetic drugs from Western and Northern Europe to the East. While Romania is not a major source of production or cultivator of narcotics, it has begun to be a source of amphetamines and is used as a transit point for South American cocaine destined for Western Europe. In 2006, Romania made several major drug seizures. Romania worked to implement its 2005-2008 National Anti-Drug Strategy and is a party to the 1988 UN Drug Convention.

II. Status of Country

Romania is a transit country for narcotics, mainly heroin and opium, moving from Southwest Asia, through Turkey and Bulgaria and onward toward Central and Western Europe. Romania finds itself along a developing route for the transit of synthetic drugs from Western and Northern Europe to the East. A large amount of precursor chemicals transits Romania from West European countries toward Turkey. Romania is increasingly becoming a storage location for illicit drugs prior to shipment to other European countries. Heroin and marijuana are the primary drugs consumed in Romania. However, the use of synthetic drugs such as MDMA (Ecstasy) has increased among segments of the country's youth as economic conditions improve. Officials also predict an increase in domestic heroin consumption.

III. Country Actions Against Drugs In 2006

Policy Initiatives. Romania continues to build an integrated system of prevention and treatment services at the national and local level, with 47 Anti-Drug Prevention and Counseling Centers throughout the country. The General Directorate for Countering Organized Crime and Anti-Drug (DGCCOA) operates at both the central and territorial level, with 15 brigades assigned to the local Appeal Courts and 41 county offices for combating narcotics and organized crime. Joint teams of police and social workers carry out educational and preventative programs against drug consumption. Romania plays an active role in the Bucharest-based Southeast European Cooperative Initiative (SECI) Center's Anti-Drug Task Force.

Law Enforcement Efforts. In the first six months of 2006, Romanian authorities seized 162 kg of illegal drugs, including 23 kg of heroin, 10 kg of cocaine, 94 kg of mescaline, 26 kg of cannabis and 11,133 amphetamine pills. During the first six months of 2006, 1218 individuals were investigated for drugs and precursors trafficking, possession and consumption. This was an increase of 11.6 percent compared with the same period in 2005. Three-hundred and fifteen individuals were indicted and 228 were held under preventive arrest. The Romanian Courts convicted 349 individuals (most of these were indicted in 2005 and before) for narcotics-related offenses, of which 329 were sent to prison and 20 were given a fine.

Corruption. As a matter of government policy, the Romanian government does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. The USG does not believe that senior officials within Romania engage in, encourage, or facilitate the illicit production or distribution of such drugs or substances. However, corruption remains a serious problem within the Romanian government, including within the judiciary and law enforcement branches. The Code of Ethics for police officers provides strict rules for the professional conduct of law enforcement. It

specifically addresses corruption, use of force, torture, and illegal behavior. Unlawful or abusive acts may trigger criminal or disciplinary sanctions. In conjunction with the Code of Ethics, the government created a permanent commission within the Ministry of the Administration and Interior to monitor compliance with the code. Also, the newly created Anti-corruption unit within the Ministry of the Administration and Interior conducted several internal undercover operations targeting corruption among police officers.

Agreements and Treaties. Romania is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention on Narcotic Drugs, and the 1971 UN Convention on Psychotropic Substances. The United States and Romania are negotiating a new extradition treaty, which will fully modernize the extradition relationship between the two countries, which is currently governed by a treaty that entered into force in 1925 and a supplementary treaty that entered into force in 1937. Amendments to the Romanian constitution that make it possible for Romania to extradite its own citizens are the proximate reason for renegotiation of the treaty. The U.S.-Romania Mutual Legal Assistance Treaty entered into force in 2001, and the United States and Romania are negotiating a protocol to the treaty to satisfy certain obligations related to Romania's recent accession to the European Union. Romania is party to the UN Corruption Convention, and the UN Convention Against Transnational Organized crime and its three protocols.

Cultivation/Production. For the first time, in 2006, cultivated green cactus (San Pedro), containing high levels of mescaline, was discovered for sale in Baia Mare.

Drug Flow/Transit. Illicit narcotics from Afghanistan enter Romania both from the north and east, and as well as its southern border with Bulgaria. Land transportation methods include both cargo and passenger vehicles. However, drugs, primarily heroin, are also brought into the country via the Black Sea port of Constanta on commercial maritime ships and cross the border with Moldova, as well as via the country's international airports. Once in Romania, the drugs move either northwest through Hungary, or west through Serbia. Police estimate that 80 percent of the drugs entering Romania continue on to Western Europe. Romania also is becoming an increasingly important route for the transit of synthetic drugs from Western and Northern Europe to the East.

Domestic Programs. While consumption of narcotics in Romania has historically been low, this appears to be slowly changing; the Romanian government has become increasingly concerned about domestic drug consumption. Approximately, 800 drug prevention programs were initiated during the first half of 2006, including programs against drug consumption in the families, in schools or in the community. These were conducted in cooperation with local authorities, NGOs, religious organizations and private companies. Detoxification programs are offered through some hospitals, but treatment is limited. These programs are hampered by a lack of resources and poorly trained staff.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. In 2006, the United States provided $1,724,000 in assistance to further develop Romania's activities against cyber-crime, narcotics trafficking, as well as to reform the criminal justice system, combat emerging crimes and counter official corruption. The 2006 agreement covers two projects that continue to help Romania's prosecutorial and judicial institutions to effectively prosecute corruption, trafficking in persons (TIP), organized crime, terrorism and other crimes ($825,000). They also develop law enforcement capabilities to effectively combat computer crime cases and narcotics violations at both the national and local levels and to support the Romanian National Police in its effort to decentralize decision-making authority ($849,000). Romania also benefited in 2006 from approximately $900,000 in U.S. assistance to the Bucharest-based Southeast European Cooperative Initiative (SECI) Center for Combating Trans-border Crime, which more broadly supports the twelve participating states in the Balkan region and focuses on trans-border crime, with one task force directed specifically towards

combating the narcotics trade. The United States is a permanent observer country at the SECI Center, with a DEA Liaison Officer who assists in coordinating narcotics information sharing, maintains liaison with participating law enforcement agencies, and coordinates with the DGCCOA on case-related issues. A Resident Legal Advisor (Senior Prosecutor) from the U.S. Department of Justice is assigned to the SECI Center, providing guidance on drug trafficking investigations.

The Road Ahead. Romania has put a serious emphasis on its counternarcotics efforts and cooperation with the USG. The USG believes that cooperation will continue, as the Romanian government has become increasingly concerned about domestic drug consumption. The United States will continue supporting Romania's efforts to strengthen its judicial and law enforcement institutions.

Russia

I. Summary

In 2006, the Government of Russia (GOR) focused its efforts on prevention, legislation, and combating money laundering in response to the threat of narcotics trafficking along the "Northern Route" from Afghanistan through Central Asia into Russia. Afghan opiates transported along the Northern Route supply Russia's internal demand, as well as transit through Russia to the rest of Europe. In addition, heroin use contributed to a significant increase in the number of persons infected with HIV/AIDS and/or Hepatitis C, directly attributable to intravenous drug use. The Director General of the Federal Drug Control Service (FSKN) emphasized the need for international cooperation to combat drug traffickers that operate without regard to borders. The FSKN continued to work on plans to open liaison offices in ten countries, including Afghanistan. Trafficking in opiates from Afghanistan (primarily opium and processed heroin) and a new synthetic opiate injectable drug comprised of a mixture of heroin and 3-methylfentanyl (Beliy Kitai - White China) and their abuse were major problems facing Russian law enforcement and public health agencies. However, the FSKN reported that the sharp post-Soviet increases in the number of drug users has begun to stabilize. More than 90 percent of Afghan drugs arrive in Russia via Central Asia. The GOR has recognized the extent of the drug trafficking problem and is taking steps to address both the law enforcement and public health issues. Health education programs in schools are beginning to incorporate messages concerning the harmful effects of drug use and the links between injecting drugs and HIV/AIDS. Russia is a party to the 1988 UN Drug Convention.

II. Status of Country

Trafficking. Russia is both a transshipment point and a market for heroin, opium and other dangerous illegal substances such as "White China". Since the beginning of 2006, the FSKN has reported a sharp increase in seizures of 3-methylfentanyl by Russian law enforcement. In the first six months of 2006, FSKN recorded 321 seizures of 3-methylfentanyl, five times more than during the same period in 2005. The majority of these seizures were made in the Northwest and Western parts of Russia. Opiates transiting Russia originate almost exclusively in Afghanistan and are typically destined for the rest of Europe. The Russian border with Kazakhstan is roughly twice the length of the U.S.-Mexican border and poorly patrolled. Considering the resource constraints facing local law enforcement agencies, Russian authorities are unlikely to stop a significant proportion of the heroin entering their country. In February 2006, the FSKN reported that over 100,000 persons died in Russia of drug addiction compared to 30,000 homicide victims and 35,000 deaths due to road accidents- almost 5 percent of all crimes in Russia - are related to drugs. Per the Director, while there are 500,000 people officially registered as drug addicts in Russia, the actual numbers are 5-6 million, and possibly more. The annual revenue from illicit drug trafficking in Russia was estimated to be $15 billion. According to the FSKN, seizures have pushed up the price of almost every kind of drug across Russia. The average price for a gram of heroin (retail) in 2006 was $ 51.54. The average price in 2005 was $40, in 2004, $30 and in 2003, $20. Per gram prices (retail) for heroin were as low as $19 (in Perm Oblast) and as high as $132 (in Murmansk Oblast). The wholesale price for a kilo of heroin in 2006 was about $26,500 kg prices ranged from about $11,300 dollars to about $75,200.

Synthetic drugs produced in Russia usually take the form of amphetamine type stimulants and heroin analogues like methadone and mandrax. Clandestine amphetamine labs are occasionally reported in Russia, typically located in the northwest region of the country close to St. Petersburg or right across the border in the Baltic States. The St. Petersburg area had long been considered the primary gateway for foreign-produced MDMA (Ecstasy) smuggled into Russia. However, the

Russian Federal Customs Service (FTS) reported that roughly half of the MDMA it seized in 2005 entered the country from Belarus and is typically manufactured in Poland. In 2006, the Deputy Director of FSKN, confirmed that a significant portion of synthetic drugs are smuggled to Russia from Europe, most often through the Baltic States, as well as through Ukraine and Belarus. The FSKN reported in September 2006 that 680 million doses of synthetic drugs had been seized in Russia since January. Synthetic opiates have shown up in Orenburg Oblast, a region where the USG has projects focused on HIV/AIDS prevention and drug demand reduction. The abuse of these synthetic opiates has directly resulted in an increase in death due to drug overdoses.

Although the MDMA tablets produced in Russia are of poor quality, the low prices (as little as $ 5.00 per tablet) are attractive to Russian youth compared to the $ 20.00 typically charged per tablet for MDMA tablets from the Netherlands. Methamphetamine is extremely rare in Russia. Cocaine trafficking is not widespread in Russia. Cocaine prices in Russia remain very high, though the drug is easily obtained. Disposable incomes in Russia have risen steadily over the past few years, while cocaine prices have remained static, making the drug more affordable to a growing pool of potential users. Cocaine is frequently brought into Russia through the port of St. Petersburg. Sailors aboard fruit carriers and other vessels operating between Russia and Latin America provide a convenient pool of potential couriers. Cocaine also enters Russia in cargo containers. Couriers traveling on commercial flights bring cocaine into Russia, often traveling through third countries in Europe as well as through the U.S. FSKN officials have identified a disturbing new trend in narcotics trafficking - the use of the Internet to sell illegal drugs. According to the FSKN, Russia is home to hundred of websites which market illegal drugs both in Russia and abroad. The FSKN has reported that it is attempting to develop technology to interrupt web-based drug trafficking.

Addict/User Population. The FSKN reports that there are 1.5 million drug users with 400,000 officially registered drug addicts in Russia's treatment centers. New models of cognitive therapy are being implemented in treatment centers in St. Petersburg, but substitution therapy has not been fully explored and remains politically sensitive. The Ministry of Health (MOH) estimates that up to six million Russians take drugs on a regular basis. The FSKN Deputy Director confirmed that around six million Russians take drugs, thus agreeing with the MOH estimate, adding that only one in twenty drug addicts are officially diagnosed. These figures are significantly higher than FSKN statistics cited in 2004 and suggest a new willingness by the GOR to acknowledge and combat drug use in Russia. In 2004, Cherkesov claimed that there were only 390,000 officially registered drug addicts in Russia and four to five million Russians who use drugs regularly, and in 2006, claimed that the rise in the number of drug addicts had been halted.) While the number of registered cases of drug use has stabilized, the number of drug overdoses in many regions is increasing due to the introduction of dangerous new substances such as White China. The lack of drug maintenance therapy to treat drug users contributes to the small number of registered cases of IDUs (Intravenous Drug Users) in treatment centers.

According to the MOH, as of August 2006, there were over 350,000 officially registered HIV/AIDS cases in Russia. However, unofficial estimates, including those by the United Nations AIDS program, put the figure much higher, with some suggesting that there are over one million HIV- positive Russians. Intravenous drug use continues to be the most common method of transmission of HIV/AIDS and Hepatitis C in Russia. There are estimates that nearly 70 percent of new HIV cases can be attributed to intravenous drug use and 90 percent of injecting drug users are Hepatitis C positive. With FY06 HIV/AIDS funding, the National Institute of Health has just begun work with Russian research facilities in St. Petersburg to explore alternative drug treatment regimens acceptable to the GOR. Naltrexone and Bupanorfin are two drugs currently registered in Russia, which may prove to be useful alternative drug treatment measures. A sign of progress is that the MOH has recently requested a special report prepared on medication assisted drug therapy. A group of key MOH health and social welfare officials and NGOs have recently returned from a

study tour to the U.S. financed by USAID to observe effective social programs for high risk families and communities affected by drug use. This has resulted in a new committee in the MOH, which plans to put into action lessons learned from Baltimore, Providence, and New York City. In November 2006, the USG in collaboration with the MOH and the FSKN will sponsor a major technical workshop in St. Petersburg to improve access and quality of drug treatment and rehabilitation services for IDUs.

Trafficking Organizations. At the wholesale level, the trade in Afghan opiates within Russia is dominated by Central Asians. Tajiks, Uzbeks, and others with family, clan, and business ties to Central Asia transport Afghan heroin across the southern border with Kazakhstan (Russia shares a 7,000 km border with Kazakhstan) and into European Russia and western Siberia. The FSKN claims that 90 percent of drug kingpins in Russia are from Central Asia. Retail distribution of heroin and other drugs is carried out by a variety of criminal groups. Again, these organizations are typically organized along ethnic lines with Central Asian, Caucasian, Russian/Slavic, and Roma groups all active in drug trafficking.

III. Country Actions Against Drugs In 2006

Policy Initiatives. The FSKN was established in 2003 as the State Committee for the Control of Traffic in Narcotic and Psychotropic Substances (GKPN). Russian President Putin restructured the agency in 2004, which is now known as the Federal Drug Control Service (FSKN). The FSKN has 35,000 employees, with branch offices in every region of Russia. Since its creation the FSKN has stressed the importance of attacking money laundering and other financial aspects of the drug trade. The money laundering division of the FSKN cooperates closely with the Ministry of the Interior (MVD), the Federal Security Service (FSB), and the Federal Customs Service (FTS), but its main partner is the Federal Service for Financial Monitoring (FSFM). The FSKN has also continued its efforts to implement effective monitoring of the chemical industry. Prior to the creation of FSKN, precursor chemicals and pharmaceuticals were governed by a patchwork of regulations enforced by different agencies. Production, transportation, distribution, and import/export of controlled substances now require licensing from FSKN. The GOR has signed many bilateral agreements on counternarcotics cooperation. In 2005, during a visit of the FSKN Director to the U.S., the FSKN signed a Memorandum of Understanding with the U.S. Drug Enforcement Administration to enhance bilateral cooperation to combat illegal drugs and their precursor chemicals. Multilaterally, Russia and the other member nations of the Shanghai Cooperation Organization (SCO) have attempted to use the SCO as a vehicle to combat narcotics trafficking in Afghanistan and Central Asia. In 2006, Russia hosted the Paris II-Moscow I Ministerial Conference on Drug Routes from Afghanistan. This conference, organized by the MFA and UNODC, was a follow-on conference to a similar meeting in Paris in 2003 and addressed ways to combat Afghan drug trafficking, including the illicit traffic in precursors for the production of heroin. Representatives of more than 50 countries and 23 international organizations attended the conference.

Accomplishments. Russia now has a legislative and financial monitoring structure that facilitates the tracking, seizure, and forfeiture of all criminal proceeds. Russian legislation provides for investigative techniques such as search, seizure and the compulsion of documents production. Legislation passed in 2004 entitled "On Protection of Victims, Witnesses and Other Participants in Criminal Proceedings" extends legal protection to all parties involved in a criminal trial. Prosecutors or investigators may recommend that a judge implement witness protection measures if they learn of a threat to the life or property of a participant in a trial. Steps taken to protect a program participant could include personal and property protection, change of appearance, change of identity, relocation, and transfer to a new job. In 2005, the GOR issued implementing regulations and provided money from the Federal budget for implementation of the legislation.

One of the key obstacles in Russia's struggle with drug trafficking is a lack of experience with prosecuting narcotic-related cases. The FSKN Director has commented publicly that the courts must give stiffer sentences to drug traffickers. It is rare that criminals who have committed serious drug crimes in Russia are given the maximum 20-year sentence. However, Russia's legislators and politicians continue to address this problem, demanding stiffer sentences for narcotic-related crimes and establishing a legal framework that is beginning to work effectively against drug dealers. On February 7, 2006, the GOR approved amendments to the Criminal Code that reduce the minimum punishable amounts of illegal drugs subject to prosecution. This amendment was a reversal of a legislative change adopted in November 2003, which had reduced the sentence for possession of drugs for personal use from a maximum of three years in jail to a fine. The amendments introduced the sizes of "large" and "especially large" amounts of drugs to be used in determining sentences for drug-related crimes and eliminated the category of average dose. The amendments classified as large/especially large amounts exceeding the following amounts in grams of: poppy straw (20/500), hashish (2/25), heroin (0.5/2.5), marijuana (6/100), opium (1/25), and methadone (0.5/2.5).

Law Enforcement Efforts. On March 27, 2006, President Putin issued Decree No. 263 On Official Representatives of the Federal Drug Control Service of the Russian Federation to Foreign States authorizing FSKN to station 50 officers (representatives and their deputies) in foreign states to facilitate information sharing and joint investigations. The officers will be based in Russian diplomatic missions but will not be part of embassy staff in order to give them more flexibility in dealing with their counterparts. The FSKN had earlier already established a drug liaison office in Dushanbe, Tajikistan and is now on track to open an office in Kabul in 2007. Seizure statistics: The following figures reflect total drug seizures for 2005 and the first half of 2006 by all law enforcement agencies in Russia: (all figures are in kg/source: FSKN)

Substance	2005	First Half of 2006
Hashish	2,101	1,065
Marijuana	30,618	13,942
Poppy Straw	3,209	833
Opium	1,523	417
Heroin	4,676	2,538
Cocaine	109	32
Controlled substances (Pharmaceuticals, etc.)	95,174	8,602
Other	1,335	815

Corruption. Controlling corruption has been a stated priority for the Putin administration. However implementing this policy is a constant challenge. Inadequate budgets, low salaries, and lack of technical resources hamper performance, sap morale, and encourage corruption. Evidence indicates the scope and scale of official corruption have grown markedly in the past several years. Officials from the FSKN report that corruption is a problem within their agency. In an effort to decrease corruption, the FSKN Director endorsed a Code of Honor in 2005 for FSKN personnel. The Code is a brief list of rules of conduct that guide the activities of every FSKN employee. FSKN officials report that over 100 law enforcement officers were arrested in 2005 for drug trafficking. Figures for 2006 are not yet available. In May 2006, five FSKN officers were accused of extortion and detained in Moscow. The case is currently under investigation. There were no reported cases of high-level narcotics related corruption. As a matter of government policy, the

GOR does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. No GOR senior officials were 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. Russia is party to the 1988 UN Drug Convention, the 1961 Single Convention on Psychotropic Substances and its 1972 Protocol, and the 1971 UN Convention on Psychotropic Substances. The U.S.-Russia Mutual Legal Assistance Treaty (MLAT), entered into force on January 31, 2002.Russia is a party to the 1994 Agreement on Coordination and Cooperation of Customs Authorities in Combating Illicit Distribution of Narcotics and Psychotropic Substances signed by Belarus, Ukraine, Armenia, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan. Russia is a party to the UN Corruption Convention and the UN Convention against Transnational Organized Crime and its protocols against trafficking in persons and migrant smuggling.

Cultivation/Production. There are no official statistics on the extent of opium cultivation in Russia, and the USG has no evidence to suggest that more than 1,000 hectares of opium are cultivated. In Russia, there are small, illicit opium poppy fields ranging in size from one to two hectares. Typically the opium fields are small backyard plots or are located in the countryside concealed by other crops. In Siberia, in the Central Asian border region, and in the Omsk-Novosibirsk-Tomsk area, opium poppies are widely cultivated. Cannabis grows wild throughout Russia and is also cultivated in quantities ranging from a few plants to plots of several hectares. Every year, Russian authorities carry out the "Operation Poppy" eradication effort, aimed at illicit cannabis and poppy cultivation. In 2006, Operation Poppy identified numerous illicit plantations of cannabis, primarily in Primorskiy Kray and Altay Kray and about 40 metric tons of narcotic plants were destroyed. Primary cannabis cultivation areas are Primorye, Altay, as well as Amur Oblast and the Republic of Tuva.

Drug Flow/Transit. Opiates (and hashish to a lesser degree) from Afghanistan are carried across the Central Asian states and into Russia. The FSKN estimates that 60 metric tons of heroin are annually smuggled into Russia from Afghanistan via Central Asian countries on the "Northern Route." Contraband is typically carried in vehicles along the region's highway system that connects it to the populated areas of southwestern Russia and western Siberia. The Russian cities of Yekaterinburg, Samara, Omsk, and Novorossisk have emerged as hubs of trafficking activity. Couriers also frequently use the region's passenger trains. Incidents involving internal body carry or "swallowers" are common. Cocaine destined both for Russia and transit to Western Europe enters the country through the port of St. Petersburg. Synthetic drugs manufactured in Russia and elsewhere in Europe flow in both directions across Russia's western borders. Again, much of this smuggling activity appears to be concentrated in the northwest area around St. Petersburg.

Each year, law enforcement agencies of Russia and several of its neighbors participate in Operation Kanal. Kanal is an interdiction blitz during which extra personnel are stationed at railroad stations, airports, border crossings, and other checkpoints. During Kanal 2005, 881 individuals were detained and 1,396 kg of illegal drugs were seized in Russia. Kanal 2006 is being implemented in three phases: the first phase took place in May 2006 and focused on the interdiction of precursor chemicals. The second phase is currently underway and is focusing on synthetic drugs. The third phase had not yet been scheduled at the time this report was drafted. For the first time, DEA agents have been invited to observe. FSKN officials continue to report a significant increase in drug trafficking into Russia following the withdrawal of Russian border guards from the Afghan/Tajik border in 2005. Russian forces had been stationed in Tajikistan after the dissolution of the Soviet Union, but departed after the expiration of the agreement governing their presence.

Domestic Programs/Demand Reduction. Russian authorities are attempting to implement a comprehensive counternarcotics strategy that would combine education, health and law enforcement. FSKN is tasked with demand reduction among its other responsibilities and has recently begun a large-scale public awareness campaign. Russian law enforcement authorities also have come to support the idea that demand reduction should complement law enforcement efforts to reduce supply. With support from the USAID Healthy Russia 2020 project, demand reduction messages are being incorporated into a Ministry of Education sanctioned health education curriculum for high school students and training materials for teachers. This program has been tested in Ivanovo (the eighth poorest oblast in Russia) and has been expanded to Irkutsk and Orenburg, two oblasts on the key drug trafficking routes. The problem of drug use among homeless teens has reportedly reached extraordinary levels in St. Petersburg. The Doctors of the World Program, which works with street children, reported that about 70 percent of children age 11 and younger (on a small sample of 30) were injecting homemade substances and 30 percent of these young people were HIV positive. While the knowledge of HIV risks is high even among drug users, the messages have not yet translated into behavioral changes and injecting practices. In 2006, the FSKN and National Health League launched a preventive program called Health Wave - Take Care of Yourself aimed at children's health and prevention of drug addiction in four cities (Samara, Saratov, Volgograd and Astrakhan).

IV. U.S. Policy Initiatives and Programs

Policy Objectives. The principal U.S. counternarcotics programmatic goal in Russia is to help strengthen Russia's law enforcement capacity, both to meet the challenges of international drug trafficking into and across Russia, and to help improve cooperation of Russian law enforcement authorities with U.S. law enforcement agencies.

Bilateral Accomplishments. In 2002, the U.S. Department of State, Bureau of International Narcotics and Law Enforcement Affairs (INL) negotiated a Letter of Agreement (LOA) with the GOR allowing direct assistance to the GOR in the area of counternarcotics and law enforcement assistance. DEA provided INL-funded counternarcotics training to over 100 trainees in 2006, drawn from the FSKN, the MVD, and the Federal Customs Service. In 2007, DEA will again offer INL-funded counternarcotics training to Russian law enforcement. In FY 2006, the DEA Office of International Training and the Moscow Country Office, with funds provided by INL, worked together to organize numerous additional narcotics law enforcement training events. In FY 2007, DEA is planning to hold a one-week Forensic Chemist Seminar, funded by INL. This seminar will focus on advanced signature (i.e., seized opiate origin) analysis techniques, including the analysis of Southwest Asian heroin, and to explore joint experience in conducting signature analysis. Progress continued on the Southern Border Project, an effort that will eventually lead to the establishment of three mobile drug interdiction task forces based in Orenburg, Chelyabinsk, and Omsk, all near the Russian- Kazakh border. The U.S. also provided technical assistance in support of institutional change in the areas of criminal justice reform, mutual legal assistance, anticorruption and money laundering.

The Road Ahead. The GOR places high priority on counternarcotics efforts and has indicated a desire to deepen and strengthen its cooperation with the United States and other countries, particularly in light of its 2006 chairmanship of the G-8 and chairmanship of the Council of Europe. The USG will continue to encourage and assist Russia to implement its comprehensive, long-term national strategy against drug trafficking and use with multidisciplinary sustainable law enforcement assistance projects that combine equipment, technical assistance and expert advisors.

Serbia

I. Summary

Organized crime groups use Serbia, a center point on the Balkan smuggling route, as a transit point for the transfer of heroin, cocaine, marijuana and other synthetic drugs. A small portion of smuggled narcotics remains in Serbia for domestic consumption. Serbia is developing and enacting new laws and law enforcement initiatives, including the National Strategy for the Fight Against Drugs, but a weak legal infrastructure and endemic corruption will make the fight against narcotics and drug smuggling a long process. As legal successor to the state union of Serbia and Montenegro and the Former Yugoslavia, Serbia is party to the 1988 UN Drug Convention.

II. Status of Country

Serbia is primarily used as a transit country for the movement of narcotics, but the ability of organized crime groups to exploit the porous borders and weak infrastructure threatens political stability and economic development of this developing country. The Ministry of Interior notes that the Sandzak portion of Serbia, with its capital of Novi Pazar, is most problematic because of its geographical position near the Montenegrin and Kosovo border on the smuggling route and the storage of large quantities of drugs in the region. The Serbian government estimates that a small portion of narcotics trafficking through Serbia remains in country for domestic consumption. Heroin appears to be the most prevalent.

III. Country Actions Against Drugs in 2006

Policy Initiatives. Articles 246 and 247 of the General Crime law regulate countermeasures against drug crimes in Serbia, both for production, trafficking and usage of narcotics. A newly implemented law on Chemical Substance and Production for synthetic drugs, based on European standards, requires the Ministry of Health to monitor the substances acquired and used by foreign and domestic companies operating in Serbia. The law also allows the Ministry of Interior to get approval from the Ministry of Health to investigate certain companies or individuals in possession of chemical substances. A new law on criminal procedures has also been completed that stipulates that narcotics seized should be destroyed, except for a small sample to be used in court, instead of stored in often less than secure warehouses by the Ministry of Interior or the Ministry of Justice. Serbia is continuing to establish and promote relations with neighboring countries, including Bulgaria, Romania, Croatia, Hungary, and Bosnia and Herzegovina to combat the transport of narcotics across their common borders.

Law Enforcement Efforts. The Drug Unit in the Ministry of Interior is the central unit that polices narcotics smuggling and usage of heroin, cocaine, marijuana, and synthetic drugs throughout the entire territory of Serbia. The Drug unit is responsible for coordinating cooperation and information exchanges with smaller police units located throughout Serbia as well as with Customs officials, the Ministry of Justice and Interpol. The Drug Unit is currently trying to create one database with all narcotics-related crimes, arrests and seizures, but a shortage of financial and technological assistance is hampering its implementation. Officers in the Ministry of Interior participate in workshops organized by the OSCE and other international organizations and intend on continuing training exercises with regional neighbors, including Bulgaria and Romania. The Ministry hopes to have these officers who are trained in combating narcotic-related crimes train their fellow officers in the police force and drug unit. The Drug Unit reports that through nine months of 2006 they have seized around 6.5 kg of cocaine, 150 kg of heroin, 5 kg of hashish and 989 grams of Marijuana. This data excludes any information from local police branches. The unit estimates that by the end of 2006, they will probably seize around 1/2 ton of heroin and more

marijuana. The Customs Administration of Serbia reports that in the first nine months of 2006, they have seized 228 kg of heroin, 36 kg of ephedrine, 18 kg of Ecstasy, and fractional quantities of cocaine, HCL, hashish and marijuana.

Corruption. Corruption is endemic in Serbia and is prevalent throughout the legal infrastructure of the country. The Serbian government does attempt to prosecute instances of corruption, but because it is so accepted by society, is often hard to identify. There are no reports that senior government officials engage in, encourage, or facilitate the production and distribution of narcotic and psychotropic drugs and there is also no evidence that Serbia, as a matter of government policy, encourages or facilitates illicit production or distribution of narcotic or psychotropic drugs or actively launder proceeds from illegal drug transactions. Serbia is a party to the UN Convention against Corruption.

Agreements and Treaties. Serbia became the legal successor state to the state union of Serbia and Montenegro on June 3, 2006. All international treaties and agreements continue in force, including the 1988 UN Drug Convention, the 1961 UN Single Convention as amended by the 1972 Protocol, the 1971 UN Convention on Psychotropic Substances, and the UN Convention against Transnational Organized Crime and its protocols against trafficking in persons and migrant smuggling.. Serbia currently has a bilateral agreement with Romania for the training of Serbian officers, and has cooperation agreements with Slovenia, Croatia and Bosnia and Herzegovina on border control issues meant to stop cross-border narcotics transfers. The 1902 extradition treaty between the United States and the Kingdom of Serbia remains in force between the U.S. and Serbia.

Drug Flow/Transit. Serbia is located in the center of the smuggling and transit route along the Balkan road. Heroin is smuggled from Turkey and moves through Bulgaria into Serbia and then onward into Western Europe. Small amounts of heroin stay in the country, but Serbia mostly serves as a transit point. Cocaine usually comes from South America into Serbia via Spain, Italy and Greece, while synthetic drugs typically originate in the Netherlands and are generally used for trading for other narcotics, including heroin.

Domestic Programs (Demand Reduction). Experts from the Belgrade Institute on Drug Abuse estimate that currently there are 60,000-80,000 drug users in Serbia. A task force of government ministries, including the Ministry of Health, the Ministry of Interior the Ministry of Justice and the Ministry of Education and Sport is developing a National Strategy for the Fight Against Drugs, which incorporates antinarcotics programs used by neighboring countries, and adheres to EU-regulated standards.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. The Serbian Government works closely with the United States and EU countries in reforming and improving its law enforcement and judicial capacity. The United States has provided extensive technical assistance, equipment donations and training to the police, customs services, and judiciary. Several USG agencies have programs that directly or indirectly support counternarcotics activities in Serbia, including the Department of Justice (ICITAP), Department of Homeland Security, Department of Defense, Department of the Treasury, and Department of State. The Department of State and Justice have also been instrumental in supporting the new Organized Crime Court and the new Special Court for Organized Crime and War Crimes. The programs are aimed at professionalizing the police and customs services, improving the ability of Serbia to prosecute corruption and organized crime, including money laundering and illicit trafficking, and increasing the ability of the judiciary to effectively address serious crime.

The Road Ahead. The United States will continue to work with Serbia to improve the administration of justice and narcotics law enforcement. During the next year the U.S. hopes to see further progress in Serbian justice sector development and efforts to combat organized crime and narcotics. This includes increased seizures of narcotics, attempts to prosecute corruption at senior levels, and efforts to reduce domestic narcotics demand.

Slovakia

I. Summary

Slovakia lies near the western end of the historic Balkan drug transit route, which runs from southwest Asia to Turkey and on to other western European countries. Since 1989 Slovakia has seen a steep increase in narcotics transshipments and domestic production and consumption. Slovakia is a party to the 1988 UN Drug Convention.

II. Status of Country

Interest in synthetic drugs, especially pervitin and Ecstasy, has driven an increase in local illicit drug processing and production. Synthetic drugs are normally produced in mobile laboratories, which can be packed and moved quickly and inconspicuously. Local cannabis production is also on the increase, especially hydroponically grown cannabis with sharply increased THC content. Police believe that consumer interest in hydroponically grown cannabis, attributable to experience with higher-THC varieties imported from Western Europe, has driven growth in this sector. Police report that the market for heroin and cocaine has become saturated, and that prices for these drugs are therefore decreasing even as consumer demand continues to rise. For all drugs, there has been a steady decrease in regional differentiation of consumption. With respect to cannabis, pervitin, heroin and Ecstasy, use of which was once confined to larger urban areas, consumption is now spread over the whole territory of the Slovak Republic.

III. Country Actions Against Drugs

Policy Initiatives. In 2005 the National Program for the Fight against Drugs 2004-2008, was developed into Action Plans for specific ministries and regional authorities in accordance with the Action Plan of the EU for the Fight Against Drugs. At the same time, a Methodological Instruction of the Slovak Republic Government Office was issued setting out the activities of regional authorities in the field of narcotics, and unifying the procedure for establishing regional coordination commissions for narcotics issues. A new Penal Code and Code on Criminal Procedure became effective on January 1, 2006. The most important change contained in the new Penal Code concerns criminal liability for the possession of drugs for personal consumption. Specifically, Sections 171 and 135 of the new Penal Code set out maximum sentences of three years incarceration for possession of no more than three times a single dose of any narcotic substance, and up to five years for possession of up to ten times a single dose. Possession of more than ten times a single dose is considered possession for other than personal consumption. There were no other substantial changes in the legislative, institutional or executive framework of narcotics control in Slovakia in 2006.

Law Enforcement Efforts. The National Anti-Narcotics Unit of the Police Presidium was reorganized in January 2005. The unit, which formerly consisted of 150 officers and support staff working in 12 regional bureaus, now employs just 30 people to cover the Bratislava (capital) region. The remainder of the unit, and responsibility for antinarcotics programs outside the capital, was transferred to the Office for the Fight Against Organized Crime, which includes three distinct offices for Western, Central and Eastern Slovakia. The division of the National Anti-Narcotics Unit's resources has affected the ability of the police to coordinate actions and share resources across regions, although the Police Presidium says the strengthening of the Office for the Fight Against Organized Crime has had broadly positive effect. The National Anti-Narcotics Unit includes three distinct sections: the Street-sales Section, the Section for Major Cases (including all trans-national cases) and the Joint Police-Customs Section. In 2005, 1,638 drug-related criminal cases were brought to court in Slovakia. In 2005, the Police seized: 3,707.59 g of heroin, 34.82 kg

of marijuana (herbs), 1,031.65 kg of marijuana (wet), 360.01 g of cocaine, and 1,695 tablets of MDMA.

Corruption. As the post-socialist economy has opened up, and Slovakia received more investment from abroad, the incidence of corruption has been reduced. Nevertheless, corruption remains a serious concern in both the public and private sectors. As a matter of government policy, however, the Government of Slovakia does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions.

Agreements and Treaties. Slovakia is a party to the 1988 UN Drug Convention; the 1961 UN Single Convention on Narcotic Drugs, as amended by the 1972 Protocol; the 1971 UN Convention on Psychotropic Substances; and the UN Convention against Transnational Organized Crime and its three protocols. Slovakia ratified the 2003 UN Corruption Convention on June 1, 2006.

Cultivation/Production. Marijuana is the most commonly cultivated illicit drug in Slovakia due to strong demand and a climate, which permits cultivation. Hydroponic (laboratory) cultivation of marijuana has become more popular lately in response to consumer demand for a product with artificially high THC content. Police are concerned by a growing number of small semi-portable drug laboratories, which are used to produce pervitin and other synthetic drugs. Slovakia's domestic market for synthetic drugs is served exclusively by domestic production. In recent years, the average purity increased in marijuana (THC 7.8percent) as well as in pervitin (58.3percent) and heroin (12.5percent). In Ecstasy tablets, a decrease in purity was observed in 2005. In 2005, for the first time, Ecstasy tablets were discovered containing chlorophenyl piperazine, a stimulant that is not currently included in the list of narcotic and psychotropic substances.

Drug flow/Transit. Since 1989, Slovakia has seen an increase in transshipment of drugs across its territory to markets in Western Europe. Foreign criminal groups with local contacts, especially Albanian groups, are thought to be responsible for most transshipments. Drugs, including heroin from Central Asia and, to a lesser extent cocaine from South America and hashish from Morocco, pass through Slovakia on the final leg of the so-called Balkan drug transit route. Ethnic Albanian groups dominate the heroin trade, though Roma groups are thought to share in street-level sales. Due to the high price of imported drugs, it is believed that only relatively small quantities of transit drugs remain in Slovakia for domestic consumption. In 2005 sales of heroin to Slovak consumers stagnated. This is thought to be a consequence of cheaper and more readily available synthetic drugs from local suppliers. Police fear that many young people have become accustomed to traveling to the Netherlands for higher quality and more readily accessible Ecstasy and cannabis products.

Domestic Programs (Demand Reduction). The National Program for the Fight against Drugs (NPFD) 2004-2008 is primarily directed at activities aimed at reducing drug demand. The National Strategy also defines key ministries for the implementation of prevention, including the Ministry of Education, Ministry of Health and Ministry of Labor, Social Affairs and Family. Drug-use prevention is an integral part of the education process at schools. Positions for Drug Prevention Coordinators have been created at many schools, and Pedagogical and Psychological Counseling Centers have been established in each district. In addition, most districts have Educational and Psychological Prevention Centers that focus on the prevention of socially pathological phenomena, conduct training courses for peer activists, teacher training, and provide methodological assistance to school psychologists and educational counselors. According to the 2003 Mini-Dublin group report, Slovakia is among the highest spenders on preventative activities in relation to per capita GNP.

The number of drug users in treatment in Slovakia remained relatively stable in 2006. In 2005, 2,078 drug users were treated in total, including patients treated in general medical facilities.

Conversely, approximately 550 more clients sought non-medical assistance from social work field organizations in 2005 than in the year before. These were mostly users of injected drugs and/or users of heroin and pervitin. A study conducted by the National Monitoring Center for Drugs estimates the number of problem drug users, defined as users of injected drugs, long-term regular opiate and/or pervitin users, at 4.8 per 1000 inhabitants. Experience with pervitin use is relatively limited although comparisons with previous surveys do show an upward trend. The lifetime prevalence of pervitin use in Slovakia's population increased from 0.6percent (2002) to 1.5percent (2004) and, in youth, from 3.4percent (2004) to 4.5percent (2005). Conversely, for the first time ever, a moderate decrease in pervitin users in treatment was recorded in 2005 (489 patients), although their number in proportion to total persons treated did not change compared to 2004. Marijuana usage continued to increase in 2005. From 2000 to 2004, lifetime prevalence of marijuana use in Slovakia's population (15-64 years) increased from 11.7percent to 15.6percent. Cocaine is used only rarely in Slovakia and is believed to be used recreationally by a smaller group of people. In 2005, 11 cocaine users were reported in treatment.

Availability of treatment in Slovakia is relatively good. In 2005, treatment was provided by 6 specialized treatment centers for drug dependency, 54 departments of psychiatric hospitals and facilities, and by offices of psychiatrists specialized in drug addiction treatment. Social reintegration and residential care for clients having received medical treatment were provided by 20 social reintegration centers with the total capacity of approximately 300 beds. The National Monitoring Centre for Drugs is concerned by insufficient coverage of needle and syringe exchange programs. In 2005, such services were provided by 6 organizations in 8 cities. Yet fewer than 20percent of the estimated injecting drug users are in contact with low-threshold agencies, and some areas (city of Zilina, southern Slovakia) are not covered at all. A substitution treatment register still does not exist in Slovakia. Until 2005, a methadone maintenance program was available in only the capital, Bratislava, where it has existed since 1997. In 2005, another methadone maintenance treatment program was launched in Banska Bystrica. Subutex is often used for substitution treatment, particularly outside of Bratislava.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. The Regional DEA Office in Vienna, Austria shares information with the Slovak Police Presidium on operational issues of mutual interest, and has offered training for Slovak counterparts in the past. DEA reports, however, that cooperation and communication has been difficult and often seems to be hampered by excessive bureaucracy.

The Road Ahead. The U.S. will continue to work with the Government of Slovakia to fight drug transit through Slovakia and to assist with drug treatment in Slovakia itself.

Slovenia

I. Summary

Slovenia is neither a major drug producer nor a major transit country for illicit narcotics. The Government of Slovenia (GOS) is aware that Slovenia's geographic position makes it an attractive potential transit country for drug smugglers, and it continues to pursue active counternarcotics policies. Slovenia's EU membership in May 2004 and its goal of attaining full Schengen membership as soon as possible resulted in a continued intensive focus on border controls in 2006. Slovenia is a party to the 1988 UN Drug Convention.

II. Status of Country

Heroin from Afghanistan, which transits Turkey, continues to be smuggled via the "Balkan Route" through Slovenia to Western Europe. Heroin was the leading confiscated drug in 2006. Slovenia's main cargo port, Koper, located on the North Adriatic, is a potential transit point for South American cocaine and North African cannabis destined for Western Europe. Drug abuse is not yet a major problem in Slovenia, although authorities keep a wary eye on heroin abuse, due to the availability of the drug.

III. Country Actions Against Drugs in 2006

Policy Initiatives/Accomplishments. Slovenia continues to benefit from a two-year regional project sponsored by the European Union concluded in June 2004. This project strengthened cooperation of law enforcement structures and other agencies such as Customs of EU candidate countries in the areas of tracking, risk assessment, and shipment controls, among others.

Law Enforcement Efforts. Law enforcement agencies seized 2,523 tablets of Ecstasy in the first 11 months of 2006 compared with 1,166 in 2005. In 2006 authorities seized slightly less than 134 kg of heroin, compared to slightly less than 24 kg of heroin seized in 2005. In addition, police netted little more than 45 kg of marijuana in 2006, compared to 22.8 kg of marijuana in 2005. Police also seized 1,516 cannabis plants in 2006, compared to 2,183 cannabis plants seized in the first 11 months of 2005. Through mid-October police seized over 4 kg of cocaine, compared to 2005, when police seized just over 2 kg. Police also seized 3.2 kg of amphetamines and 184 individual tablets of amphetamines.

Corruption. As a matter of government policy, the GOM does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. There is no indication that senior officials have encouraged or facilitated the production or distribution of illicit drugs. Police and border control officials are adequately paid, and corruption among them is uncommon

Agreements and Treaties. Slovenia is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention on Narcotic Drugs, as amended by the 1972 Protocol, and the 1971 UN Convention on Psychotropic Substances. The 1902 extradition treaty between the United States and the Kingdom of Serbia remains in force between the United States and Slovenia as a successor state. Slovenia is a party to the UN Convention against Transnational Organized Crime and its three protocols.

Drug Flow/Transit. Slovenia is on the "Balkan Route" for drugs moving from Afghanistan, through Turkey, a traditional refining center for heroin, and then onward to Western Europe. Some heroin is thought to transit on so-called "TIR" trucks, long-haul trucks inspected for contraband at

their place of embarkation, and then sealed by customs authorities before their voyage to a final destination.

Domestic Programs. Slovenians enjoy national health care provided by the government. These programs include drug treatment.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. Slovenian law enforcement authorities have been willing and capable partners in several ongoing U.S. investigations.

The Road Ahead. Based on the high quality of past cooperation, the USG expects to continue joint U.S.-Slovenian law enforcement investigation cooperation into 2007.

Spain

I. Summary

For the second year in a row, Spanish National Police, the Guardia Civil and Customs Services seized near-record amounts of cocaine and heroin, and carried out increased enforcement operations throughout Spain to arrest distributors of synthetic drugs, such as LSD and Ecstasy (MDMA). Spain continues to be the largest consumer of cocaine in the European Union with 6,000 youth between the ages of 14 and 18 reportedly using the drug on a daily basis and over 50 percent of new patients admitted to rehabilitation centers being cocaine addicts. Spain also ranks at the top of EU nations in its consumption of designer drugs and hashish. Spain continues to work on ways to reduce demand and in early October launched a comprehensive anti-drug publicity campaign with graphic placards prominently displayed in metro stations throughout the country. Law enforcement officials increased funding and manpower to combat the trafficking of Ecstasy and, partly as a result of this, have seen an increase in the number of Ecstasy tablets seized. Spain has also seen an upward trend in the amount of heroin seized this year. The Spanish government ranks drug trafficking as one of its most important law enforcement concerns, and continues to maintain excellent relations with U.S. counterparts. Spain is a party to the 1988 UN Drug Convention.

II. Status Of Country

Spain remains the principal entry and transshipment zone for the large quantities of South American cocaine and Moroccan cannabis destined for European consumer markets, and is also a major transit location for drug proceeds returning to South and Central America. Colombia appears to be the largest supplier of cocaine from Latin America, although intelligence available suggests an increase in shipments of illicit cocaine from Bolivia, which is transshipped through Brazil and Argentina by vessel or plane to the Iberian Peninsula. Spain also faces a sustained flow of hashish from its southern neighbors, Morocco and Algeria, which makes maritime smuggling across the Mediterranean Sea a large-scale business. Spanish police continue to seize large amounts of Moroccan hashish, some of which is brought into Spain by illegal immigrants. The majority of heroin that arrives in Spain is transported via the Balkan route from Turkey. The Spanish National Police has identified established Turkish trafficking organizations that distribute the heroin once it is smuggled into Spain. Illicit refining and manufacturing of drugs in Spain is minimal, although small-scale laboratories of synthetic drugs such as LSD are discovered and confiscated each year. MDMA labs are rare and unnecessary in Spain as there are other existing production sites throughout Europe. However, traffickers of Ecstasy and other synthetic drug traffickers use Spain as a transit point to the U.S. in an effort to foil U.S. Customs and Border Protection inspectors who are increasingly wary of packages from countries known to manufacture synthetic drugs, such as the Netherlands or Belgium. Spain has a pharmaceutical industry that produces precursor chemicals; however, most precursors used in Spain to manufacture illegal drugs are imported. There is effective control of precursor shipments within Spain from the point of origin to destination through a program administered under the National Drug Plan (Spanish acronym PNSD).

Iii. Country Actions Against Drugs in 2006

Policy Initiatives. Spain's policy on drugs is directed by the PNSD, which covers the years 2000 to 2008. The strategy, approved in 1999, expanded the scope of law enforcement activities and permitted the sale of seized assets in advance of a conviction and allowed law enforcement authorities to use informants. The strategy also outlined a system to reintegrate individuals who have overcome drug addictions back into Spanish society. The strategy also targets money

laundering and illicit commerce in chemical precursors and calls for closer counternarcotics cooperation with other European and Latin American countries. In October, the Ministry of Health released a report claiming that almost 30,000 Spanish citizens between the ages of 14 and 18 consume cannabis on a daily basis while 6,000 youth in the same age group use cocaine every day. This report spurred the Spanish government to launch a comprehensive anti-marijuana and anti-cocaine publicity campaign with graphic placards prominently displayed in metro stations throughout the country. Spain is a UNODC Major Donor and a member of the Dublin Group, a group of countries that coordinate the provision of counternarcotics assistance.

Law Enforcement Efforts. Spanish officials at the Ministry of Interior report that drug enforcement agencies seized 47 MT of cocaine in 2006. Many of the more significant seizures and arrests in 2006 were a direct result of cooperation between the U.S. DEA Madrid Country Office and Spanish authorities. For example, working with DEA, Spanish Customs, Civil Guard (GC), and Portuguese police intercepted 600 kg of cocaine in the town of Las Rozas that was being transported in a rental truck. The GC intercepted 115 kg of cocaine this summer, which was on board a vessel that departed under a Spanish flag from Tenerife, Canary Islands. Spanish authorities seized 6,948 kg of cocaine during the months of July, August, and September alone, according to Spanish Ministry of Interior and DEA information.

Hashish trafficking continues to increase, as does the use of the drug in Spain. Hashish trafficking is controlled by Moroccan, British, and Portuguese smugglers and, to some extent, nationals of Gibraltar and the Netherlands. GC investigations have uncovered strong ties between the Galician mafia in the northwest corner of Spain and Moroccan hashish traffickers. Hashish continues to be smuggled into Spain via commercial fishing boats, cargo containers, Fast Zodiac boats, and commercial trucks. Spanish authorities recorded the largest hashish seizure of the year in August when the GC intercepted 9,000 kg of the drug and detained 12 individuals in the port of Almerimar-El Ejido in southern Spain. It is believed that the hashish originated in North Africa and was transported by a large vessel on the high seas. Spanish law enforcement officials have detected a worrying rise in the amount of heroin trafficked through the country this year. Heroin smuggled into Spain originates principally in Turkey, and is usually smuggled into Spain by commercial truck or private vehicle through the Balkan Route or from Germany or Holland. The GC reported a total seizure of 454 kg of heroin for 2006.

Seizures:	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**
Heroin (kg)	631	275	242	271	174	454
Cocaine(mt)	34	18	49	33	48	47
Hashish (mt)	514	564	727	794	670	451
MDMA (pills x 1000)	860	1,400	772	797	573	408

Corruption. The National Central Drug Unit coordinates counternarcotics operations among various government agencies, including the Spanish Civil Guard, National Police, and Customs Service. Their cooperation appears to function well. Spain does not encourage or facilitate illicit

production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. There is no evidence of corruption of senior officials or their involvement in the drug trade, but there have been isolated cases involving corrupt law enforcement officials who were caught facilitating drug trafficking.

Agreements and Treaties. Spain 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. Spain is also a party to the UN Convention against Transnational Organized Crime and its protocols against trafficking in persons and migrant smuggling. Spain ratified the UN Corruption Convention in June 2006. A 1970 extradition treaty and its three supplements govern extradition between the U.S. and Spain. The U.S.-Spain Mutual Legal Assistance Treaty has been in force since 1993, and the two countries have also signed a Customs Mutual Assistance Agreement. On December 17, 2004, Spain and the United States signed bilateral instruments on extradition and mutual legal assistance pursuant to the U.S.-EU Agreements on these subjects, but they have not yet entered into force.

Cultivation/Production. Coca leaf is not cultivated in Spain. However, there is concern that clandestine laboratories are being established for the conversion of cocaine base to cocaine hydrochloride in Spain and some West African countries. Some cannabis is grown but the seizures and investigations by Spanish authorities indicate the production is minimal. Opium poppy is cultivated licitly under strictly regulated conditions for research. The DEA is in the process of considering an amendment to its regulations to update the list of nontraditional countries authorized to export narcotic raw materials (NRM) to the United States. This change would replace Yugoslavia with Spain and would, once it takes affect, allow Spain to join the other "non-traditional" NRM exporters, Australia, France, Hungary, and Poland, as the only countries which are allowed to supply approximately 20 percent of the NRM required annually by the U.S. Traditional exporters India and Turkey get preferred access to 80 percent of the NRM market. Spain is not a significant production zone for synthetic drugs.

Drug Flow/Transit. Spain is the major gateway to Europe for cocaine coming from Columbia, Bolivia, Peru, and Ecuador. Traffickers exploit Spain's close historic and linguistic ties with Latin America and its long southern coastline to transport drugs for consumption in Spain or distribution in other parts of Europe. Spanish police report that the country's two largest airports, Madrid's Barajas and Barcelona's El Prat, are the entry point for much of the cocaine trafficked into and through Spain, and there continues to be a substantial number of body cavity smugglers arriving by air. Spanish officials note that for the month of June, at Madrid-Barajas the monthly record for seizures of both heroin and cocaine was topped, with 2.53 kg of heroin and 172 kg of cocaine seized. Spain's international airports in Madrid and Barcelona are also a transit point for passengers who intend to traffic Ecstasy and other synthetic drugs, mainly produced in Europe, to the United States. These couriers, however, are typically captured before they leave Spain or when they arrive in the U.S. Spain remains a major transit point to Europe for hashish from Morocco, and Spain's North African enclaves of Ceuta and Mellila are principal points of departure. Spanish law enforcement has disrupted many drug shipments through its use of the Integrated External Surveillance System (Spanish acronym SIVE), deployed on its southern coast. The Spanish Civil Guard initiated the SIVE system to control the growing flow of illegal maritime drug trafficking especially around the coasts of Cadiz and Malaga.

Domestic Programs/Demand Reduction. The national drug strategy identifies prevention as its principal priority. In that regard, PNSD continued its publicity efforts targeting Spanish youth. PNSD closely coordinates its demand reduction programs with the Spanish National Police, Civil Guard, Ministry of Health, and Ministry of Public Administration. Spain's autonomous communities provide treatment programs for drug addicts, including methadone programs and needle exchanges. Prison rehabilitation programs also distribute methadone. The government has

also provided over 4 million € to assist private, non-governmental organizations that carry out drug prevention and rehabilitation programs.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. The United States continues to improve the current excellent bilateral and multilateral cooperation in law enforcement and demand reduction programs it has with Spain. A series of visits to Madrid in late 2006 by high-level U.S. government officials reinforced to the Spanish the U.S. commitment to the counternarcotics fight.

Road Ahead. With drug traffickers targeting Spain in a major way and its government reaching out to us for assistance, the U.S. will continue to coordinate closely with Spanish counternarcotics officials. Spain will continue to be a key player in the international fight against drug trafficking and is gearing up to host DEA's 25th-annual International Drug Enforcement Conference (IDEC) in May 2007, the first time it will be held outside of the Western Hemisphere.

Sweden

I. Summary

Sweden is not a significant illicit drugs producing, trafficking or transit country. The fight against illegal drugs is an important government priority and enjoys strong public support. The Parliament approved a new narcotics action plan in April of 2006. A United Nations Office on Drugs and Crime (UNODC) Report released in September characterized Sweden's drug control policies as highly successful, noting drug use in Sweden is one-third of the European average. The report noted, however, that the proportion of heavy drug users, as a subset of overall users, remains high. In 2006, the number of seizures of illegal drugs was the same as last year, while overall quantities seized increased slightly by 4 percent. Amphetamine and cannabis remain the most popular illegal drugs even though there was a small decrease in seized substances during the year. Authorities recorded a large increase in the size of cocaine seizures, mainly in the Stockholm area. The use of Ecstasy decreased, continuing the downward trend of the last few years. There was a slight decrease in the use of drugs among teenagers. Sweden is a party to the 1988 UN Drug Convention.

II. Status of Country

Relative to other European countries Sweden (both government and society) is highly intolerant of illegal drugs. Sweden places strong focus on prevention and education. According to government statistics, 12 percent of the adult population (15-75 years old) has tried drugs. Among adults, the number of drug users is twice as high among men as women. Sweden has approximately 26,000 serious drug addicts (i.e. regular intravenous use and/or daily need for narcotics). This figure represents a decrease of 7 percent from last year. Some 25 percent of the serious drug users are women. Police and government officials state that the annual number of deaths related to drugs is difficult to estimate, but place the figure at approximately 300. Authorities attribute a slight drop in the death rate to the increased use of subutex, a medicine used for maintenance of heroin addicts during detoxification and treatment.

A government-sponsored organization for alcohol and narcotics information named “CAN” reports that the overall number of young people who have used drugs has decreased. The percentage of high-school students (aged 15-16 years old) who claim to have tried drugs fell from 21 to 19 percent among boys, and from 22 to 19 percent among girls. High-school aged boys who claim to have tried drugs stayed the same at 7 percent; the corresponding statistic for high-school aged girls fell from 7 to 5 percent. Approximately 60 percent of those who try drugs for the first time use cannabis. Amphetamine and Ecstasy were the second and third most commonly used drugs. There are large regional differences in drug use. The use of narcotics (and in particular regular use) occurs mainly in urban areas; use in rural areas is very low. Police continued cooperation with Interpol to develop methods to prevent teenagers from buying drugs on the Internet.

CAN detected the following new drugs during the year: “blue fusion,” neurontin/gabapentin, nitrazepam and ketogan.

Police attributed an observed increase in the use of cocaine to a significant drop in its price. Previously considered a “luxury” drug, and mainly used in fashionable bars and restaurants, cocaine today is more common. A few years ago one gram of cocaine cost approximately the equivalent of $80; today the street price is $40. Police believe new competition for drug sales in Sweden exerts significant downward pressure on prices. Police report that long-established South American networks have recently experienced competition from West African ones.

The Doping Call Center -- a national telephone hot-line -- reported an upward trend in young women's abuse of anabolic steroids since 2004.

III. Country Actions Against Drugs in 2006

Policy Initiatives and Accomplishments. In April, Parliament approved a National Action Plan on Narcotic Drugs, which runs through 2010. Demand reduction and restriction of supply figures prominently in the plan. The plan includes provisions to increase treatment for detainees with drug problems. The Ministry of Social Affairs has primary responsibility for drug-related issues in the government. The government established a working group (SAMNARK) comprised of officials from four different ministries to improve cooperative efforts related to the Action Plan.

In September, the government established an investigative commission to review current narcotics legislation and to make recommendations on how to strengthen it. The commission will also consider proposals for harsher penalties for doping-related crimes. The government also appointed a national coordinator for drugs, Bjorn Fries. The coordinator will map the extent of drug use in Sweden and to suggest measures to combat it.

Continued cooperation with countries in the Baltic region -- where significant drug trafficking routes exist -- constitutes an ongoing and important element in Sweden's counternarcotics efforts. Sweden participates in an on-going project sponsored by the Nordic countries to combat West African criminal networks smuggling heroin, cocaine and marijuana. Authorities report the most dominant West African smuggling networks originate in Nigeria and Gambia.

The government allotted $4.1 million to the Mobilization Against Drugs (MOB) task force for antidrug education in schools, the development of new drug-treatment methods, the promotion of drug-free bars and restaurants, and the enhancement of antidrug efforts in prisons. In 2006 MOB conducted information campaigns and seminars throughout the country designed to raise awareness. It also aided the establishment and maintenance of national and international NGO networks. MOB earmarked $200,000 for antidrug programs in Sweden's northern counties. MOB also started a program to educate leading politicians in municipalities countrywide on drug prevention measures.

At the end of 2004, the government allocated $80 million for a special three-year nationwide fight against drugs. It earmarked approximately $12 million of this program for treatment of drug abusers in prisons.

Fighting drugs remains a high priority area for Sweden's official development assistance. The Swedish International Development Authority (SIDA) allocated about $1.2 million for 2006 for multilateral and bilateral UN normative instrument projects against drugs and tobacco. Sweden works with its EU partners to implement the EU strategy plan for narcotics that was approved in late 2005.

In 2004 Sweden joined the Container Security Initiative (CSI), a U.S. Government-sponsored program designed to safeguard global maritime trade through identification and examination of high-risk and/or suspect containers. CSI enhances security for the global trading system, deterring terrorism and hindering illicit traffic of all kinds. Two U.S. Customs Officials are currently based in Gothenburg in support of this program.

Law Enforcement Efforts. During the year authorities detected no major drug processing labs. In March, Customs officials detained two people attempting to smuggle 10 kg of heroin via vehicle into the south of Sweden. The two men were part of a large network smuggling extensive amounts of drugs to the Nordic countries, mainly to Norway. Overall, authorities arrested eight individuals related to this case. In October, the Gothenburg District court sentenced one of those arrested to 14 years in prison-- a relatively severe sentence by Swedish penal standards. Among the remaining 7,

two were prosecuted and are awaiting sentence, and five are awaiting prosecution. Two additional suspects are wanted by the police.

Police reported 49,263 narcotics-related crimes for the January-September 2006 period. This represents a 25 percent increase compared to the corresponding period of 2005. Approximately 30 percent of the arrests under the Narcotics Act led to convictions, which on an average resulted in six months in jail. The majority of the crimes involved consumption and possession.

Media reported a slight decline over the last ten years in arrests of drug dealers, and a concomitant slight increase in the arrest of drug users. Police say this phenomenon results from increased delegation of antidrug responsibilities from national-level to local authorities.

Corruption. There were no known cases of public corruption in connection with narcotics in Sweden during the year. Swedish law covers all forms of public corruption and stipulates maximum penalties of six years imprisonment for gross misconduct or taking bribes. The Narcotics Act contains severe penalties for the use and/or production of illegal narcotic substances.

Agreements and Treaties. Sweden has bilateral customs agreements with the United States, the United Kingdom, Germany, Spain, Norway, Hungary, Latvia, Slovakia, the Czech Republic, Iceland, Russia, Lithuania, France, Finland, Estonia, Poland, Denmark and the Netherlands. Through the EU, Sweden also has agreements with other nations concerning mutual assistance in customs' issues and antidrug efforts.

Sweden is a party to the 1988 UN Drug Convention and is meeting the Convention's goals and objectives. Sweden is a party to the 1961 Single Convention, as amended by the 1972 Protocol, and to the 1971 Convention on Psychotropic Substances. Sweden is a party to the UN Convention against Transnational Organized Crime and its protocols against trafficking in persons and migrant smuggling. Swedish drug liaison officers were posted in Tallinn, St. Petersburg, Moscow, Warsaw, Belgrade, Bangkok, Berlin, Riga, and Vilnius. There are three Swedish policemen at Interpol in Lyon and one at Europol in The Hague.

The Swedish Police have a cooperation agreement with the Russian Narcotics Control Authorities. The agreement facilitates antinarcotics efforts in the region through information sharing and bilateral efforts in police enforcement actions.

Cultivation/Production. No major illicit drug cultivation/production was detected during the year. Some legal cultivation of cannabis for use in fibers occurs in Sweden, as allowed for under EU regulations on the cultivation of flax and hemp for fiber.

Drug Flow/Transit. Drugs mainly enter the country concealed in commercial goods, by air, by ferry, and by truck over the Oresund Bridge linking Sweden to Denmark. Statistics show that 70 percent of all seizures are made in the southern region of Sweden. Despite increased smuggling through the Baltic countries and Poland, 75 percent of illicit drugs are smuggled through other EU countries. Most of the seized amphetamine; however, originates from Poland, the Netherlands, and Baltic countries. Seized Ecstasy comes mainly from the Netherlands; cannabis from Morocco and southern Europe; and khat from Eastern Africa via Amsterdam and London. Cocaine often comes through Spain and the Baltic region. The route for heroin is more difficult to establish, but according to police information, a west-African network has established a route to Sweden. This has lead the countries in Scandinavia to make a joint effort to attempt to combat these networks.

In 2006 law enforcement officials did not encounter any drugs intended for the U.S. market.

Domestic Programs and Demand Reduction. The National Institute of Public Health and municipal governments are responsible for providing compulsory drug education in schools. Several NGO's are devoted to drug abuse prevention and public information programs.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. Swedish cooperation with United States Government law enforcement authorities continues to be excellent.

The Road Ahead. The U.S. will pursue enhanced cooperation with Sweden and the EU.

Switzerland

I. Summary

Switzerland plays a role as both a consumer market and transit route for illicit narcotics, but it is not a significant producer of most illicit drugs, with the exception of hemp/marijuana. Nevertheless, in 2005 (NB: Throughout this report, the latest official statistics available are for 2005) total drug-related arrests reached 49,450 cases. In 2004, drug crimes had reached 50,000 cases for the first time ever. Cocaine and Ecstasy seizures nevertheless increased by 44 percent (2004: +91 percent) and 75 percent (2004: +480 percent) respectively. The Swiss public continues its strong support for the government's four-pillar counternarcotics policy of preventive education, treatment, harm reduction, and law enforcement. The politics of drug liberalization at the federal level have changed recently, putting the brakes on the cannabis legalization movement. A new drug bill aimed at decriminalizing cannabis use for Swiss adults, concentrating enforcement efforts against other drugs, and making permanent a pilot heroin maintenance program for drug addicts was rejected by parliament in June 2004. One month later, the public lobby "For The Protection of Youth Against Drug Criminality" initiated a new ballot initiative demanding the decriminalization of cannabis, including the possession, consumption, and purchase for personal use. Supporters include well-known legislators from the whole political spectrum, physicians, scientists, prevention professionals, business leaders, as well as law enforcement and hemp industry representatives. The group collected 70,000 signatures over four months and is expected to obtain the remaining 30,000 signatures needed to pass the initiative soon. The initiative was formally registered at the Federal Chancellery on January 13, 2006. A zero tolerance law against driving while on drugs (cannabis, heroin, cocaine, Ecstasy) entered into effect on January 1, 2005.Switzerland is a party to the 1988 UN Drug Convention.

II. Status of Country

In a country of approximately seven and a half million people, about half a million are thought to use cannabis at least occasionally. Roughly 30,000 people are addicted to heroin and/or cocaine, and more than 7.2 percent of the population uses a narcotic substance regularly. While the use of Ecstasy has reportedly increased by 23 percent, the use of other drugs remained stable compared to last year. Nevertheless, cannabis, cocaine, and heroin remain popular among drug addicts. Swiss statistics show that cocaine consumption among youngsters aged 15-16 is on the rise. Police are also concerned about the continuing trend by casual users to mix cannabis and other drugs. An international survey recently found that Swiss teenagers smoke more cannabis than their peers in more than 30 other European countries, with one in three Swiss 15-year-olds smoking pot at least once within the past year. There are an estimated total of 250,000 people who regularly smoke cannabis-nearly twice as many as a decade ago. Drug consumer arrests remained stable with a slight drop for marijuana smokers. Drug trafficking-related arrests also dropped by 21 percent, but deaths due to drug consumption (overdoses) increased by 16 percent. The Swiss Federal Police published a report on narcotics activities in 2005. It is on:

www.fedpol.admin.ch/etc/medialib/data/kriminalitaet/statistik/betaeubungsmittel.Par.0007.File.tmp/Stup%2005.pdf

III. Country Actions Against Drugs in 2006

Policy Initiatives. Since January 1, 2002, jurisdiction for all cases involving organized crime, money laundering, and international drug trafficking shifted from the cantons to the Attorney General's office in Bern. According to the federal prosecutor's office, the number of investigative

magistrates will be increased to 25 by the close of 2006. Beginning January 1, 2002, it became illegal to advertise products that contain narcotic or other psychotropic substances without government certification. Violators who put human lives at risk face fines up to $158,079 (SFr 200,000) or imprisonment. Heroin maintenance prescription programs originally intended to end in December 2004 have been extended until 2009. The Swiss Federal Office for Public Health believes that its heroin prescription program has a direct impact on drug-related crime: around 70 percent of addicts earned money from illegal activities at the time they entered the program, compared with 10 percent after 18 months in the program. The heroin prescription program has many detractors. Following the release of the "Zurich drugs and addiction policy report," made public on August 12, 2004, Zurich authorities admitted that they had been so busy tackling the open heroin scene that other areas of addiction had been overlooked. After concentrating on the heroin problem for the past ten years, the city said it wanted to be more active in other areas, such as encouraging the reintegration of drug addicts. While heroin consumption is on the decline, the use of cocaine and Ecstasy is on the increase. A pilot project for the distribution of cocaine under prescription is underway, but it is not being supported for the time being by the Federal Health Office in Bern. However, the Swiss government is backing other pilot projects in Bern and Basel aimed at distributing Ritalin, a substitute for narcotic drugs. Over the last five years, the city of Zurich has also offered the possibility for youngsters to test their drugs outside nightclubs. In September, Zurich decided to open an office on a regular daily basis, sponsored by the Federal Office of Public Health and the city budget, which offers drug testing services.

Law Enforcement Efforts. To give a sense of drug abuse developments in Switzerland, some important drug-related enforcement operations are described below:

--In February, the Aargau Police arrested 94 people for their involvement with a drug network. Fifty-five of them were recognized as drug dealers. The police also seized several hundreds grams of cocaine, and several kg of marijuana. Later, police authorities also discovered two indoor cannabis plantations and several thousand Swiss Francs in cash.

--In the first three months of the year, the Police noticed a sharp increase in cocaine smuggling and consumption. Eight cocaine rings were dismantled during the same period, with seizures reaching 3.8 kg of cocaine, almost the quantity for the entire year of 2004.

--The Vaud antidrug taskforce code-named STRADA increased the number of drug related arrests five fold.

--In May, the Aargau police broke a marijuana network and seized 240 kg of marijuana. Most of the thirteen drug dealers arrested were Turks. Four of them also face money laundering charges involving Sfr.4.7 million. All the suspects, who live in Basle, have been released on bail.

--In June, The Neuchatel police announced it had dismantled the largest Thai methamphetamine pill drug ring operating in Switzerland ever. After years of investigations, the police arrested 150 drug smugglers in the Neuchatel area, including high profile drug importers located in Basle, Aargau, Bern, Zurich and St-Gallen. Investigative authorities believe that one to two million pills have been sold since 2001, with a value of Sfr.20 million.

--In June, the Geneva police managed to break a heroin drug ring and arrested eight Albanians. The police also seized 1.5 kg of brown heroin, 75 kg of cutting ingredients, one gun, several cell phones, and Sfr 11,000.

--In August, the Zurich police dismantled a cannabis home delivery service and seized 210 kg of marijuana and hashish. Of the nineteen persons also under arrest, only two were foreigners. The police also confiscated several weapons, electroshock devices, some cash and a luxury car.

--In September, cantonal and federal police authorities managed to break an important drug trafficking ring operating in the Lausanne area. Many individuals from mostly West Africa were arrested for building a sophisticated drug network, which ultimately used nearby France as a base to collect the drug revenues and use African tourists to bring the funds back to the drug dealers' families in Africa. So far, French and Swiss police have seized Sfr 700,000 and twenty cell phones.

--Geneva police authorities also complain that a large number of drug dealers or traffickers have applied for asylum while simultaneously destroying their identity papers to avoid repatriation to their home country. Dealers from Algeria, Guinea and Serbia are the most problematic in this regard. Cocaine arrives, in general, in Switzerland from South America, via Amsterdam. The Swiss market is controlled by traffickers originating in West Africa (Benin, Sierra Leone, Guinea-Bissau, and Guinea-Conakry).

--During 2005, Swiss border guards reported that the amount of drugs seized at the border was significant: with cocaine seizures at 167 kg and 57 kg of heroin. Most of the drug seizures took place at airports. The total number of drug related arrests at the border increased from 2,681 in 2004 to 3,192 in 2005.

Across Switzerland five to ten percent of police time is spent fighting drugs. In 2005, a new undercover law went into effect. Under this law long-term undercover operations (i.e., operatives require full cover/legend like fictitious papers; UC Officer infiltrates criminal organization/network and has several meetings with offenders, etc.) can only be authorized at the federal prosecutor's level. Previously, this authority rested at all jurisdictional levels (federal, cantonal and local)

Foreigners and asylum seekers play a significant role in the Swiss drug scene, especially in distribution. Those arrested in the past originated mainly from the Balkans (Albania, Former Republic of Yugoslavia, and Bosnia) Africa (Sierra Leone, Guinea), the Dominican Republic, and Europe (France, Germany, Italy and Portugal). Organizations from the former Yugoslavia/Albania/Balkan area control the heroin market, which enters Switzerland through the Balkan route. Whereas cocaine trafficking is primarily controlled by Dominican and West African trafficking organizations. Cocaine normally enters the country via courier. Cocaine trafficking routes tend to be from South America into West Africa or South Africa and then into Europe, or from South Africa through the Caribbean into Europe. According to the Swiss Federal Police, there are three types of criminal organizations in the country: the West African networks involved in the cocaine traffic; Albanian bands dealing in heroin and prostitution; and the money laundering networks working from the former Soviet republics. Noticing that many resident aliens suspected (but not convicted) of drug dealing travel from canton to canton, several cantonal authorities increasingly ban convicted drug dealers, resident in another canton, from visiting their cantons. They also prohibit convicted drug dealers from visiting certain areas, like railway stations and schools. If picked up by police, these dealers (mainly refugees from Eastern Europe and sub-Saharan Africa) are fined and "deported" to their canton of residency. If picked up again, they are jailed. Deportation of foreign drug dealers to their home country is difficult because they often hide their true country of origin from the police. When looking at cross-border cocaine smuggling, the Swiss federal police believe that many criminals involved use the train to connect the Swiss drug market with Holland or Spain. Their nationalities range from Swiss, Italians, Lebanese, West-African, South-East Europe, South American, and from the Dominican Republic. The "mules" generally originate from Africa, Brazil, the Dominican Republic and Europe.

Corruption. As a matter of government policy, the GOS does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. Similarly, no senior government official is alleged to have participated in such activities.

Agreements and Treaties. Switzerland and the United States cooperate in law enforcement matters through bilateral extradition and mutual legal assistance treaties. Switzerland is a party to the 1961 UN Single Convention as amended by the 1972 Protocol, and the 1971 UN Convention on Psychotropic Substances. In September 2005, Switzerland ratified the 1988 UN Drug Convention. Switzerland has signed, but has not yet ratified the UN Corruption Convention . In October 2006 Sweden ratified the UN Convention Against Transnational Organized Crime and its protocols against trafficking in persons and migrant smuggling. On June 22, 2004, Swiss and German authorities signed a bilateral police agreement aimed at increasing bilateral cooperation at border checkpoints. The main goal of the agreement is to deal more effectively with drug and weapons smuggling. Document specialists from both countries also assist border guards to use improved techniques to detect forged travel documents. The Swiss-German border crossing at Basel/Larach is one of the busiest in Europe, with 70 million people crossing over per year. In September 2005, a joint police operation led to the arrest of a Yugoslav drug ring that was established in Switzerland and the neighboring German region of Baden Wurttemberg.

Cultivation and Production. Switzerland is not a significant producer of illicit drugs, with the exception of illicit production of high THC-content cannabis/hemp, which is the most widely abused drug in Switzerland, particularly among young people. Police estimate the illicit hemp planted area at 350 hectares, with a value of approximately $674 million. Approximately 200 hemp shops operate throughout Switzerland, selling a variety of cannabis products, including tea, oil, foods, and beverages, cosmetics, textiles and so-called sachets. Ostensibly sold to freshen-up closets and drawers, the sachets contain a quality of marijuana suitable for smoking. Following a series of police raids on hemp shops, a federal court ruled in March 2000 that selling hemp products with a THC level above 0.3 percent was a violation of the narcotics law regardless of how the shop had labeled the hemp. Government subsidies are available to farmers growing industrial hemp. Police have also expressed concern over the increase in domestic production of Ecstasy and other synthetic drugs. Cannabis consumption has also increased during the last couple of years, especially among young people. A minority develops problematic consumption patterns, which can have a negative effect on the consumer's psychological, physiological and/or social development.

Drug Flow/Transit. Switzerland is both a transit country for drugs destined for other European countries and a destination for narcotics deliveries.

Domestic Programs. Switzerland focuses heavily on prevention and early intervention to prevent casual users from developing a drug addiction. Youth programs to discourage drug use cost $6 million annually according to the Swiss Federal Office of Public Health. Swiss authorities increased the allotment of heroin to 246 kg to use for maintenance of severe drug addicts as part of its maintenance programs in 2004, compared to 230 in 2003 (the 2005 data are not yet available). Three-quarters of those enrolled in the program were male. The number of slots available in "heroin treatment centers" also increased by eight to a total of 1389. These centers are currently at 92 percent of capacity. Medical treatment costs approximately $16,137 (SFr 20,840) per year per person, or $44 per day (SFr57). Twenty percent of the costs were paid for by the cantons, while 80 percent was paid by the individual's health insurance. Average time in heroin treatment is 2.83 years. Of the 182 persons who terminated the heroin prescription program, 42.3 percent opted for the methadone-assisted programs, or an abstinence therapy. In early 2005, Switzerland took part in an international pilot study, the implementation of the Multidimensional Family Therapy (MDFT) for adolescents with a cannabis problem. MDFT was developed at Miami University and has been used successfully in many instances in the U.S.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation/Policy Initiatives. On March 15, 2004, Switzerland and the U.S. joined forces to curb the rise in illegal sales of prescription drugs over the Internet. The two countries

called for international action in a resolution presented at the annual session of the UN Commission on Narcotic Drugs in Vienna. The joint resolution stated that every country should introduce and enforce laws against the sale of narcotics and psychotropic drugs over the Internet.

The Road Ahead. The United States and Switzerland will continue to build on their strong bilateral cooperation in the fight against narcotics trafficking and money laundering. In particular, the United States urges Switzerland to use experiences gained in fighting terrorist money laundering to become more proactive in seizing and forfeiting funds from narcotics money laundering. The United States also will monitor Switzerland's proposed revisions of its narcotics law.

Tajikistan

I. Summary

Tajikistan produces few narcotics, but it is a major transit country for heroin and opium from Afghanistan to the West. A significant amount of opium/heroin is trafficked, primarily using land-based routes, through Tajikistan, onward via the Northern Route - Central Asia - Russia -West and East Europe. There is also evidence of Afghan opiates entering Tajikistan bound for China via Murghab in the eastern part of the country. There is no evidence yet of a significant amount of Afghan heroin transiting Tajikistan to the U.S. Tajikistan's medical infrastructure is inadequate to address the population's growing need for addiction treatment and rehabilitation. The Tajik Government remains committed to fighting narcotics, but it is ill equipped to handle the myriad social problems that stem from narcotics trade and abuse. Tajikistan continues to implement counternarcotics activities and coordinates well with all major donors. However, corruption within the Tajik government continues to complicate counternarcotics efforts, and so far no anticorruption efforts supported by the Government of Tajikistan have had a large impact. Tajikistan is a party to the 1988 UN Drug Convention, as well as the UN Convention against Corruption.

II. Status of Country

Geography and economics continue to make Tajikistan an attractive transit route for illegal narcotics. The Pyanj River, which forms most of Tajikistan's border with opium-producing Afghanistan, is thinly guarded, and difficult to patrol. Traffickers can easily cross the border at numerous points without inspection. Tajikistan's economic opportunities are limited by a lack of domestic infrastructure and complicated by the fact that its major export routes transit neighboring Uzbekistan. In the past, Uzbekistan closed its border to combat a “perceived instability” from its neighbor, although borders have remained open for at least two years. Criminal networks that came to prominence during the 1992-97 civil war, continued instability in Afghanistan, and the Government's lack of revenue to adequately support law enforcement efforts hinder the Tajik Government's efforts to strengthen rule of law and combat illegal narcotics flows.

With the average monthly income in the country at around $30, high unemployment, poor job prospects, and massive economic migration to Russia, the temptation to become involved in narcotics-related transactions remains high for many segments of society. In-country cultivation of narcotics crops is minimal. However, the Government of Tajikistan has recently indicated that it is investigating the possible existence of small mobile processing labs to refine Afghan opiates near the southern border area.

While a large portion of Afghan narcotics transit Tajikistan, the picture is still unclear with regard to precursor chemicals moving into Afghanistan. The small amount of licit precursor chemical imports, closely monitored by the Tajik Government, is destined generally for five in-country industrial sites that use such chemicals. The Government of Tajikistan does not have the capability to monitor or intercept precursor chemicals illegally transiting Tajikistan to Afghanistan. Part of the reason for the lack of seizures and information is that the Tajik government has a customs inspection agreement with Uzbekistan and Kyrgyzstan that prohibits inspection of sealed through trucks bound for a non-Tajikistan destination (TIR), many of which carry goods such as licit and illicit precursor chemicals. There were no illegal precursor seizures in 2006. Tajik drug control officers argue that it makes little sense to traffic precursors through Tajikistan because huge amounts of precursors are needed to produce drugs and trafficking would require a developed communication system with Afghanistan, which Tajikistan does not have. This argument ignores the strong monetary incentives, which the drug traffic creates.

III. Country Actions against Drugs in 2006

Policy Initiatives. In coordination with other Tajik government agencies, the Presidential Office's Drug Control Agency (DCA) continued to implement a number of U.S.-funded programs to strengthen Tajikistan's drug control capacity, including: new facility construction; renovation of existing headquarters and regional facilities; purchase of vehicles and police support equipment; creation of new analytical centers, a national K-9 facility with trained dogs and handlers; forensics laboratory improvements; national law enforcement communications network, training academy improvements, and salary supplemental programs. The new DCA mobile response and deployment teams have considerably improved DCA's operational capacity. As a result of the final withdrawal of Russian border troops from the Tajik-Afghan border in June 2005, Tajik forces are now solely responsible for patrolling and maintaining the border and the Tajik State Committee for Border Protection (SCBP) continues to adjust to its growing needs, including participating in a new U.S.-funded initiative to provide salary supplements to border guards on the Tajik-Afghan border which will begin in 2007. The Ministry of Interior (MOI) has also begun to pursue renovation of its forensics lab and overhaul of the national police academy. The MOI held its first ever antidrug sports event for young athletes in September 2006 and plans to expand such public outreach events to improve the relations of the police with Tajik youth.

Accomplishments. Although the SCBP are poorly equipped and trained, enforcement operations have increased substantially since the Russian troops' withdrawal, as have arrests and seizures of narcotics and related counternarcotics operations, thanks in large part to new initiatives and programs. From May 23 - 29, 2006 the Drug Control Agency, Ministry of Interior, Ministry of State Revenue and Tax Collection and the State Committee for Border Protection participated in the first stage of the "Channel 2006 Operation" conducted among Collective Security Treaty Organization (CSTO) member states - Russia, Kazakhstan, Kyrgyzstan, Tajikistan, Belarus and Armenia. The operation resulted in the seizure of 243.2 kg of drugs, including 129.9 kg of heroin, disclosure of 105 drug related crimes, seizure of 12 firearms, and detention of 11 suspects. The second stage of this rapid response operation occurred October 9-15, 2006 during which Tajik agencies were able to work cooperatively and seize 441 kg of narcotic substances, including 125.4 kg of heroin as well as more firearms and ammunition. This multi-agency participation confirms the growing professionalism of Tajikistan's law enforcement agencies and their ability to coordinate a "common front" approach on combating drug trafficking.

Despite all obstacles, cooperation between Tajik law enforcement and Afghan counterparts is slowly developing: in March, a successful joint operation conducted between Tajik and Afghan special forces resulted in the seizure of 91 kg of heroin and 44 kg of marijuana. In July, the presidents of Tajikistan and Afghanistan signed a joint communiqué, which calls for the creation of a regional counternarcotics center.

Law Enforcement Efforts. During the first 9 months of 2006, the DCA, SCBP and MOI reported the following seizures: DCA - 405.482 kg of heroin; 926.213 kg of opium; 234.774 kg of cannabis. SCBP - 117.853 kg of heroin; 189.458 kg of opium; 356.740 kg of cannabis. MOI - 1,071.19 kg of heroin; 1,461.304 of opium; 472.585 kg of cannabis. Total drug seizures by all law enforcement agencies in 2006 (January to November 2006), was 3,747.705 kg, as opposed to 3,416.355 kg during the same reporting period in 2005. Overall, the DCA is progressing at a notable rate with some arrests of traffickers and major seizures. The SCBP is still hampered by considerable corruption at the lower levels and its Soviet top-down management style. On the whole, law enforcement and security ministries contributing to management of border smuggling and organized crime have demonstrated greater capacity and willingness to be proactive in comparison to previous years. Much needs to be done in training and capacity building to reinforce this positive trend by Tajik forces. Tajikistan seizes roughly 80 percent of all drugs captured in Central Asia and stands third worldwide in seizures of opiates (heroin and raw opium). Although drug seizures are

significant, the lack of a conspiracy law severely limits law enforcement's ability to target upper echelon drug traffickers. So far, no major narcotics trafficker has been apprehended and brought to trial - a move that will require the backing of the President in order to happen.

Corruption. As a matter of policy, the Tajik Government does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances and has continued to seek international support in augmenting its efforts to combat narcotics trafficking. However, some senior officials in the SCBP, MOI, DCA, and the Ministries of Security (MOS) and Justice (MOJ) live in modest houses and apartments and drive modest vehicles, while others in the same customs, law enforcement and security agencies have expensive new homes, cars and other investments. Due to this apparent disparity there is a good deal of public speculation about the involvement of government officials in narcotics trafficking, money laundering and corruption. Speculation focuses on prominent public figures involved in Tajikistan's 1992-97 Civil War. It is impossible to determine authoritatively just how pervasive drug-related corruption and other forms of corruption are within government circles. However, there is certainly a striking difference in the life styles of low salaried government officials and the extravagant lifestyles many senior officials appear to maintain, although their nominal government salaries could hardly support such lifestyles. Even when arrests are made for narcotics trafficking, the resulting cases are not always brought to a satisfactory conclusion. There have been some arrests of Border Guard and Customs officers in the last year by the DCA; however, these are low level officers, and investigations rarely proceed beyond indictment of the courier and foot soldiers involved. Tajikistan signed the UN Convention Against Corruption in accordance with the President's Executive Order No. 1601 of September 10, 2005, and fully ratified it in September 2006.

Agreements and Treaties. Tajikistan is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention on Narcotic Drugs as amended by the 1972 Protocol, and the 1972 UN Convention on Psychotropic Substances. Tajikistan is also a party to the UN Convention against Transnational Organized Crime and its protocols against migrant smuggling and trafficking in persons. Kazakhstan, the Kyrgyz Republic, Tajikistan, and Uzbekistan signed an agreement in September 1999 on cooperation in combating transnational crime, including narcotics trafficking. The five Central Asian countries, as well as Azerbaijan, Georgia, Iran, Pakistan, and Turkey, are members of the Economic Coordination Mechanism supported by the UNODC.

Cultivation/Production. Opium poppies and cannabis are cultivated in very limited amounts, mostly in the northern Aini and Panjakent districts. Law enforcement efforts limited opium cultivation, but cultivation has also been limited because it has been far cheaper and safer to grow opium poppies in neighboring Afghanistan. In the course of the continuous “Poppy Operation,” about 460,000 illicit drug plants - mostly wild hemp, have been eradicated. This eradication program has been implemented for the past several years. All law enforcement structures participate under the lead of the Drug Control Agency, which, in 11 joint operations, destroyed 356,653 plants in 2006.

The Government of Tajikistan suspects that drug processing may occur on the Tajik side of the Afghan border and has begun investigations in the southern part of the country to obtain definitive evidence. There is significant evidence that close family and clan ties between Tajiks and Afghans in the border region have aided, and continue to aid, traffickers in moving their product across Tajikistan. However the U.S. currently has no evidence of major drug processing taking place within Tajikistan.

Drug Flow/Transit. The Tajik government estimates that a significant share of narcotics produced in Afghanistan is smuggled across the border into Tajikistan's southern Shurobod, Moskovskiy, Ishkashim and Pyanj districts. There is some evidence that some portion of Afghan opiates transiting eastern Tajikistan is entering western China, but due to the remoteness of the region,

there is little data on the scale of the trafficking through this route. The government may be seriously overestimating the percentage of Afghanistan's drug production that transits Tajikistan. Although most observers believe the largest single share of Afghan drugs passes through Iran the total volume of drugs transiting Tajikistan is certainly high and growing. One UN estimate put the amount of heroin from Afghanistan going through Tajikistan at roughly 80 to 120 tons a year. Hashish from Afghanistan also transits Tajikistan en route to Russian and European markets.

Domestic Programs (Demand Reduction). The DCA continued to expand and develop its initiatives aimed at increasing drug awareness, primarily among school children. The Tajik Government also encouraged the involvement of domestic and international nongovernmental organizations (NGOs) in this effort. USAID-funded, Population Services International (PSI) is running four "Youth Power Centers" in Dushanbe (1), Khudjand (2), and Khorog (1) aimed at prevention of drug use among youth and other at-risk groups. Each center supports up to 1000 young people aged 15 to 25. The Tajik government spent $11,000 through the "Decrease of Demand for Drugs in Tajikistan and Uzbekistan Program" for the creation of a Rehabilitation Center for drug users in Badakhshan, and another $5,000 for the construction of a sports complex in Khorog. From September 20 - 26, 2006, the U.S. Embassy and Tajik Ministry of Interior co-sponsored the sport event held under the slogan: "Youth Against Drugs" aimed at advertising a healthy lifestyle among Tajik youth. Despite such efforts, the number of young addicts continues to grow, and over 60 percent of Tajikistan's drug addicts are in the 18-30 age group.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. The U.S. Embassy in Tajikistan has a growing Narcotics and Law Enforcement Section, with a full-time narcotics and transnational crime assistance officer and a Senior Law Enforcement Advisor to coordinate law enforcement and counternarcotics assistance. The section expects the addition of a Resident Legal Advisor as well. The DEA plans to establish an office in Dushanbe with a permanent Country Attaché, two special agents, and support staff in 2007 and has maintained temporary personnel in country since February 2006. Overall, U.S. security assistance to Tajikistan continues to expand with additional resources coming from the Department of Defense (DOD) and other sources. The Office of Defense Cooperation is implementing installation of a major communications system that will link all border posts and border guard Headquarters. Eventually, this system can be expanded to link all law enforcement/security agencies in Tajikistan and feed into regional efforts such as the UN-supported Central Asian Regional Information and Coordination Centre (CARICC) meant to improve information flow and operational intelligence across Central Asian borders to better combat the increase of transnational organized crime networks in the region. DOD and INL also fund renovations of border outposts, provide training and substantial operational and investigative equipment to various security-related government agencies.

The Embassy's Border and Law Enforcement Working Group (BLEWG) provides a coordination mechanism for all USG assistance on counternarcotics and border assistance. The Embassy played a large role in creating a donor working group, the Border Security International Working Group, (BIG) that meets monthly to coordinate multilateral assistance with IOM, the UN, the OSCE, EU and other major donors to better meet Tajikistan's greatest security assistance needs and avoid duplication of assistance. The USG provided training for a number of Tajik law enforcement officials through the International Law Enforcement Academy in Budapest.

The Road Ahead. The United States remains committed to working with the Tajik Government to increase its law enforcement and counternarcotics capabilities. The United States will continue to focus on building basic capacity of the major law enforcement agencies in particular, the Ministry of Interior and the Tajik border guards and to expand mid-level management and leadership training to these entities. A permanent DEA presence, more sophisticated training and mentoring of

the DCA, and a greater emphasis on building cases against major trafficking organizations is a key goal for the future of the DCA program. With INL funding, DEA plans to implement drug investigation seminars in 2007. The U.S. will also begin its first project in the rule of law area to strengthen Tajikistan's ability to investigate and prosecute major drug traffickers and organized crime syndicates as well as improve and reform judicial sector training and Tajikistan's corrections facilities. The United States will continue to coordinate closely with European countries, and expand coordination efforts with Russia, Japan and China to maximize available resources for narcotics and border control-related projects.

Turkey

I. Summary

Turkey is a major transit route for Southwest Asian opiates to Europe and serves as a staging area for major narcotics traffickers and brokers. Turkish law enforcement organizations focus their efforts on stemming the traffic of drugs and intercepting precursor chemicals. The Turkish National Police (TNP), under Interior Ministry control, is responsible for security in large urban areas. The Jandarma, paramilitary forces under joint Interior Ministry and military control, is responsible for policing rural areas. The Jandarma is also responsible for specific border sectors where smuggling is common; however, the military has overall responsibility for border control. Turkish law enforcement forces cooperate closely with European and U.S. agencies. While most of the heroin trafficked via Turkey is marketed in Western Europe, some heroin and opium also is smuggled from Turkey to the U.S., but not in quantities sufficient to have a significant impact on the U.S. There is no appreciable cultivation of illicit narcotics in Turkey other than marijuana grown primarily for domestic consumption. There is no known diversion from Turkey's licit opium poppy cultivation and pharmaceutical morphine production program. Turkey is a party to the 1988 UN Drug Convention.

II. Status of Country

Turkey is a major transshipment point. Turkey is also a base of operations for international narcotics traffickers and associates trafficking in opium, morphine base, heroin, precursor chemicals and other drugs. Opium, morphine base, and heroin are smuggled from Afghanistan to Iran. Both morphine base and heroin are then smuggled from Iran to Turkey and ultimately to Western Europe. A small amount of opium and heroin is trafficked to the U.S. via Turkey. Turkish law enforcement forces are strongly committed to disrupting narcotics trafficking. The Turkish National Police (TNP) remains Turkey's most proactive counter narcotics force, with the Jandarma and Customs continuing to play a significant role. Turkish authorities continue to seize large amounts of heroin and precursor chemicals. It is estimated that multi-ton amounts of heroin are smuggled through Turkey each month.

Turkey is one of the two traditional licit opium-growing countries recognized by the USG and the International Narcotics Control Board (TNCB). Opium for pharmaceuticals is cultivated and refined in Turkey under strict domestic controls and in accordance with all international treaty obligations. There is no appreciable illicit drug cultivation in Turkey other than cannabis grown primarily for domestic consumption. Turkish law enforcement authorities continue to seize synthetic drugs that have been manufactured in Northern and Eastern European countries. The majority of the synthetic drug seizures have occurred as the drugs were being shipped through Turkey to other countries in the Middle East.

III. Country Actions Against Drugs In 2006

Policy Initiatives. The Government of Turkey devotes significant financial and human resources to counter narcotics activities. Turkey continues to play a key role in Operation Containment (a DEA regional program to reduce the flow of Afghan heroin to Western Europe), as well as in other regional efforts. The Turkish International Academy against Drugs and Organized Crime (TADOC), established under the Turkish National Police (TNP), continues to be a key agency leading the fight against drug abuse in Turkey. In 2004, TNP increased the number of drug training and prevention units it previously established in various provinces to cover most parts of Turkey. These units conducted intensive training programs for parents, teachers and students in these provinces, making a major contribution to the GOT's drug prevention efforts.

Accomplishments. TADOC organized 89 training programs for local and regional law enforcement officers in 2006. A total of 384 foreign officers were trained at TADOC this year, including officers from the Balkans, Tajikistan, Afghanistan, Jordan, United Arab Emirates, Montenegro, Kosovo, Azerbaijan, Macedonia, Malta, Germany, Gambia, Morocco, Egypt, Lebanon, Sudan, Guinea, and Pakistan. These training programs focused on drug law enforcement, intelligence analysis, illegal immigration and human smuggling, interview techniques, surveillance techniques, and antiterrorism training for judges and prosecutors. Additionally, TADOC conducted training in several foreign countries, including Montenegro, Romania, Macedonia, Syria, and Yemen.

TADOC, with the assistance of DEA, also provided precursor chemical interdiction training to approximately 67 law enforcement representatives from Uzbekistan, Kazakhstan, Tajikistan and Kyrgyzstan as part of a UNODC/INCB sponsored initiative, code named Operation Transshipment.

Law Enforcement Efforts. In December 2005, the Turkish National Police discovered an Ecstasy and captagon laboratory in Adana, Turkey. Turkish National Police officers seized 300,000 Ecstasy tablets and 1,080,000 captagon tablets from the laboratory. Full year drug seizure statistics for Turkey are as follows:

Heroin	10,283 kg
Morphine Base	529 kg
Cannabis	23,884 kg
Opium	440 kg
AA	6,317 liters
Captagon	19,971,625 tablets
Ecstasy	2,492,200 tablets

Corruption. As a matter of government policy, Turkey does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. Similarly, no senior level government official is alleged to have participated in such activities. Turkey ratified the UN Corruption Convention in November 2006.

Agreements and Treaties. Turkey is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, and the 1961 UN Single Convention, as amended by the 1972 Protocol. Turkey is also a party to the UN Convention against Transnational Organized Crime and its protocols on migrant smuggling, trafficking in persons, and illegal manufacturing and trafficking in firearms. The U.S. and Turkey cooperate in law enforcement matters under a 1981 treaty on extradition and mutual assistance in legal matters.

Cultivation/Production. Illicit drug cultivation, primarily cannabis, is minor and has no impact on the United States. The Turkish Grain Board strictly controls licit opium poppy cultivation quite successfully, with no apparent diversion into the illicit market.

Drug Flow/Transit. Turkey remains a major route and staging area for the flow of heroin to Europe. Turkish-based traffickers and brokers operate in conjunction with narcotics smugglers, laboratory operators, and money launderers in and outside Turkey, who finance and control the

smuggling of opiates to and from Turkey. Afghanistan is the source of most of the opiates reaching Turkey. Morphine base and heroin are smuggled overland from Afghanistan, sometimes through Pakistan, to Iran and then to Turkey. Opiates and hashish are also smuggled to Turkey overland from Afghanistan via Turkmenistan, Azerbaijan, and Georgia. Some criminal elements in Turkey reportedly have interests in heroin laboratories operating in Iran near the Iranian-Turkish border. Turkish-based traffickers control much of the heroin marketed to Western Europe.

Turkish authorities reported an increase in synthetic drug seizures throughout Turkey beginning in 2005. Turkish law enforcement has seen an increase in synthetic drug production, primarily amphetamines (captagon).

Demand Reduction. While drug abuse remains modest in scale in Turkey compared to other countries, the number of addicts reportedly is increasing. Although the Turkish Government is increasingly aware of the need to combat drug abuse, the agencies responsible for drug awareness and treatment remain under-funded. Seven Alcohol and Substance Abuse Treatment and Education Clinics (AMATEM), which serve as regional and drug treatment centers, have been established. Due to lack of funds, only one of the centers focuses on drug prevention as well as treatment. The most recent clinic was opened in Ankara in 2004 and will serve as the countrywide coordinating center for drug and alcohol treatment and education. The Health Ministry has not conducted a drug abuse survey since 1995 due to lack of resources. The Ministry of Health is reportedly considering conducting a survey in 2007.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. Since fiscal year 1999, the U.S. Government has extended $500,000 annually in assistance. In January or February 2007, the U.S. Government anticipates spending approximately $57,000 in previously-obligated funds on bringing DEA trainers to Turkey to conduct a course for counternarcotics commanders, with Turkish and Afghan law enforcement officers. Trainees will likely consist of between 15 Afghan law enforcement personnel and 5 Turkish police officials. The goal of this project is to enhance the investigative abilities of both Turkish and Afghan investigators, to increase their willingness to cooperate internationally on joint cases, and to build relationships between the two countries' law enforcement agencies.

Bilateral Cooperation. DEA reports excellent cooperation with Turkish officials. Turkish counternarcotics forces are both professional and technically sophisticated.

The Road Ahead. U.S. policy remains to strengthen Turkey's ability to combat narcotics trafficking, money-laundering and financial crimes.

Turkmenistan

I. Summary

Turkmenistan remains a transshipment route for traffickers seeking to smuggle contraband to Turkish, Russian and European markets from neighboring drug-producing countries, primarily Afghanistan and Iran. Turkmenistan is not a major producer or source country for illegal drugs or precursor chemicals. Turkmenistan shares a rugged and remote 744-kilometer border with Afghanistan as well as a 992-kilometer boundary with Iran. Most of its illegal drug seizures occur along Turkmenistan's borders with Afghanistan and Iran.

Counternarcotics efforts are carried out by the Ministry of National Security (MNB), the Ministry of Internal Affairs (MVD), the State Customs Service (SCS), the State Border Guards Service (SBS), the State Agency for the Registration of Foreigners, and the Prosecutor General's Office. The State Counternarcotics Coordination Commission (SCCC) at the Cabinet of Ministers is an inter-departmental body responsible for coordinating the activities of concerned government departments. It has responsibility for overseeing implementation of the government's new "National Program on Fighting Illegal Drug Trafficking and Assistance to Drug and Psychotropic Substance Addicts for 2006-2010." According to Government of Turkmenistan statistics, law enforcement officers seized a total of 1,551 kg of illegal narcotics in the first six months of 2006. The 2006 seizure statistic is three times greater than the 548 kg reported for the same period in 2005. The Government of Turkmenistan (GOT) continues to publicly commit itself to counternarcotics efforts and has increased cooperation with international organizations and diplomatic missions present in Turkmenistan; however, its law enforcement agencies are hampered by a widespread lack of resources, training and equipment. Mounting evidence, together with increased contacts with government officials and non-governmental organizations, strongly suggests that domestic drug abuse is steadily increasing, although concrete statistics are not publicly available. Turkmenistan remains vulnerable to financial fraud and money laundering schemes due to its dual exchange rate. Turkmenistan is a party to the 1988 UN Drug Convention.

II. Status of Country

Turkmenistan remains a key transit country for the smuggling of narcotics and precursor chemicals. The flow of opiates from Afghanistan, such as heroin, opium and other opium-based drugs destined for markets in Turkey, Russia and Europe, enter Turkmenistan from Afghanistan, Iran, Pakistan, Tajikistan and Uzbekistan. The bulk of the GOT's law enforcement resources and manpower are directed toward stopping the flow of drugs from Afghanistan and Iran. Common methods of transporting illegal narcotics include concealment in cargo or passenger vehicles, deliveries by pedestrian carriers or animal transport, and in some cases by concealment in the body cavities or stomach of humans and animals. Turkmenistan's law enforcement efforts at the Turkmenistan-Uzbekistan border are focused more on interdicting smuggled commercial goods than on narcotics, thus providing an attractive transshipment route. Commercial truck traffic from Iran continues to be heavy, and Caspian Sea ferry traffic from Turkmenistan to Azerbaijan and Russia continues to be a viable smuggling route. On Dec. 21, 2006, Turkmenistan's leader, Sapurmurat Niyazor, aka "Father of the Turkmen" passed away. Counternarcotics policies are expected to continue without significant changes under his successor.

III. Country Actions Against Drugs in 2006

Policy Initiatives. In April, the GOT adopted a multi-year national plan for counternarcotics activities, the "National Program on Fighting Illegal Drug Trafficking and Assistance to Drug and Psychotropic Substance Addicts for 2006-2010" (2006-2010 National Drug Program). This

program supersedes the 2001-2005 National Drug Program, and includes: increased regional cooperation to prevent drug and precursor trafficking, prevention of drug-related crimes committed by minors, enhanced technology-based border security, enhanced training for law enforcement agencies to combat organized crime, increased counterterrorism efforts, and training on drug trafficking and money laundering. The national program also addresses drug demand issues. The plan has a research and treatment of drug addiction and HIV/AIDS component and includes a national survey on the spread of drug use and HIV/AIDS within target populations. The plan calls for the creation of drug abuse "hot lines." The government specifically includes in the 2006-2010 National Drug Program continued cooperation with USG programs and cites continued cooperation with international organizations and diplomatic missions. In August 2004, the GOT introduced a new draft criminal procedure code in an effort to transform the Soviet era criminal justice sector; the parliament has not yet adopted the new code.

Law Enforcement Efforts. The GOT continues to give priority to counternarcotics law enforcement. Law enforcement agencies with counternarcotics enforcement authority received equipment and training from the USG and international organizations. In 2006, members of diplomatic missions and international organizations were invited to witness two inter-agency drug destruction events. The government is enhancing border security efforts and opened a new border crossing station near the capital Ashgabat (on the Iranian border) in July 2006. The new station is fully equipped with modern instruments including a line scan x-ray to identify narcotic substances, explosives and weapons. The USG built one new border crossing checkpoint facility on the Iranian border and will complete construction of a second facility on the border with Afghanistan in mid-2007, and the EU is planning on building a new checkpoint on the border with Uzbekistan. In May, President Niyazov publicly increased pressure on law enforcement officials by admonishing them to interdict drug smugglers in order to safeguard Turkmenistan's youth. The State Customs Service solicited support from international and diplomatic missions to develop and improve a customs training facility. The U.S. and U.K. governments co-sponsor a customs-hosted inter-agency English language course to equip law enforcement officers with language skills requisite for participation in international conferences and training. Turkmenistan's border forces are moderately effective in detecting and interdicting narcotics. The government reported that 1,551 kg of illegal narcotics were seized on Turkmenistan's borders during the first six months of 2006. In March, the local press reported that a special task force seized 830 kg of opium and 203 kg of hashish from illegal border crossers near the Sarahs border unit on the Turkmenistan-Iranian border. In May, the State Border Service, together with the Ministry of National Security, seized 34 kg of opium and 2 kg of heroin along the southern border. In October, law enforcement officers seized 50 kg of opium and 3 kg of hashish and detained two suspected traffickers while killing a third person attempting to smuggle illegal drugs across the Iranian border into Turkmenistan. All three suspected criminals are Iranian. Obtaining detailed information about individual drug cases remains challenging. The "Adalat" (Justice) weekly newspaper is the only local paper that occasionally publishes information on law enforcement agencies' activities related to illicit drug trade activities.

Corruption. The GOT does not encourage or facilitate illicit production or distribution of narcotic and psychotropic drugs or other controlled substances as a matter of government policy. However, law enforcement officials' low salaries, combined with their broad general powers, foster an environment in which corruption occurs. A palpable general distrust of the police by the public, fueled by evidence of police officers soliciting bribes, suggests a problematic level of corruption in law enforcement. Payments to lower level officials at border crossing points to facilitate passage of smuggled goods frequently occur. Reports persist that senior Turkmenistan officials are directly linked to the drug trade. In March 2007, the former Prosecutor General was accused of taking bribes and abusing the powers of her office by allowing her relatives to participate in the drug

trade. In contrast to 2005, there were no arrests of law enforcement officials for complicity in the drug trade.

Agreements and Treaties. Turkmenistan is a party to the 1998 UN Drug Convention, the 1961 UN Single Convention and its 1972 protocol, and the 1971 UN Convention on Psychotropic Substances. Turkmenistan and the United States signed a letter of agreement for provision of USG counternarcotics assistance in September 2001. In July 2006, the presidents of Turkmenistan and Iran signed a joint communiqué confirming their countries' readiness to fight illegal drug trafficking, terrorism and the proliferation of weapons of mass destruction. Turkmenistan also is a party to the UN Convention against Corruption, the UN Convention against Transnational Organized Crime, and its protocols against migrant smuggling, trafficking in persons, and Illegal Manufacturing and Trafficking in Firearms.

Cultivation/Production. Turkmenistan is not a significant producer of illegal drugs, although small-scale opium and marijuana cultivation is thought to occur in remote mountain and desert areas. Each spring, the GOT conducts limited aerial inspections of outlying areas in search of illegal poppy cultivation. Upon discovery, law enforcement officials eradicate opium crops. According to the State Counternarcotics Coordination Committee, the Government of Turkmenistan holds Operation "Mak" ("Poppy") twice a year to locate and destroy poppy fields.

Drug Flow/Transit. Turkmenistan remains a primary transit corridor for smuggling organizations seeking to transport opium and heroin to markets in Turkey, Russia and the whole of Europe, and for the shipment of precursor chemicals to Afghanistan. There are land, air and sea routes through Turkmenistan's territory. Officially released 2006 data shows an increased amount of seized narcotics, but lack of earlier data and comparable statistics from a non-government organization makes analysis incomplete and the reliability of statistics questionable. The government's efforts to improve border crossing stations during 2006 could lead to higher seizure rates or the opening of new trafficking routes if traffickers adapt. Turkmenistan's two major border control agencies, the SCS and the SBS, have received increased attention and funding for their drug enforcement duties. Systemic deficits in necessary equipment, training, resources, and facilities will take time to improve. Border crossing points with rudimentary inspection facilities for screening vehicle traffic and without reliable communications systems have been identified by the Government of Turkmenistan and are being improved. However, Turkmenistan is likely to continue to serve as a major transit route for illegal drugs and precursors.

Domestic Programs/Demand Reduction. The president's opening statement read at the Turkmenistan-UNODC Regional Counternarcotics Conference in 2005 was the first high-level admission that drug use was a concern for the government. Since then, government officials have openly made reference to what anecdotal evidence suggests is a chronic domestic problem. Currently, the Ministry of Health operates seven drug treatment clinics: one in the capital Ashgabat, one in Serdar city, and one in each of the five provincial administrative centers. Narcotics addicts can receive treatment at these clinics without revealing their identity and all clinic visits are kept confidential. Drug addiction is a prosecutable crime with jail sentences for convicted persons, although judicial officials usually sentence addicts to treatment. Although not yet implemented, there are internationally funded prevention programs under consideration by the government. Within the framework of the 2006-2010 National Drug Program, President Niyazov signed a resolution in June 2006 approving a list of drug addiction preventive measures to provide necessary aid to drug addicts.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. The U.S.-Turkmenistan bilateral relationship on law enforcement issues, most specifically counternarcotics programs, continues to improve. The GOT supported USG initiatives to enhance law enforcement institutions and training programs, and has expanded the

relationship to include the construction of infrastructure along the border. In 2006, the U.S. Department of Defense funded the construction of a new border crossing checkpoint station on the Iranian Border (Altyn Asyr), and is currently constructing an additional station on the border with Afghanistan (Imamnazar). Through INL, EXBS and DOD programs, the USG is providing necessary equipment and quality training to make the GOT a more effective partner in counternarcotics issues. INL has an on-going relationship with the Government of Turkmenistan through a MVD forensic lab project, the funding of two UNODC projects on the border with Afghanistan, the funding of English language programs for law enforcement officers working to combat narcotics trafficking, and training port security officials to locate contraband. The USG has also funded counternarcotics training for law enforcement officers working with canines. In March, the first Amendment to the INL LOA's was signed providing additional funding to begin a regional counternarcotics training program for MVD officers, a criminal justice sector reform project, a maritime security project and an English language training course for law enforcement officers. The EXBS program continues to directly benefit counternarcotics objectives by providing search and seizure training and enhancing physical border security.

Road Ahead. Staying engaged with all Turkmenistan's counternarcotics agencies is necessary to encourage a successful effort against narcotics trafficking. Bilateral cooperation is expected to continue, and the USG will expand counternarcotics law enforcement agency training at the working level. As both Turkmenistan and U.S. officials identify areas for improved counternarcotics efforts, the USG will provide an appropriate, integrated and coordinated response. The USG also will encourage the GOT to institute long-term demand reduction efforts and will foster supply reduction through interdiction training, law enforcement institution building, the promotion of regional cooperation, and an exchange of drug-related intelligence.

Ukraine

I. Summary

The transit of narcotics and the use of illegal narcotics are challenges for the Government of Ukraine (GOU), although official statistics showed a slight decrease in 2006 in the number of drug related crimes. Combating the trafficking of narcotics remains a national priority, but limited budget resources hamper Ukraine's ability to meet this threat. Coordination between law enforcement agencies responsible for counternarcotics occurs but continues to be stilted due to regulatory and jurisdictional constraints. Ukraine's antidrug legislation is well developed and the GOU is committed to keeping it current with the evolving threats. Ukraine has more than 80 intergovernmental and interagency agreements, both bilateral and multilateral, many of which include specific provisions on combating illegal drug traffic and crime. Ukraine is a party to the 1988 UN Drug Convention, and it follows the provisions of the Convention in its counternarcotics legislation.

II. Status of Country

Ukraine is not a major drug producing country; however, it is located astride several important drug trafficking routes into Western Europe, and thus is an important transit country. Ukraine's numerous ports on the Black and Azov seas, its extensive river transportation routes, its porous northern and eastern borders, and its inadequately financed and under-equipped Border and Customs Agencies make Ukraine an attractive route for drug traffickers into the bordering European Union's profitable illegal drug market. Narcotics originating in East, Central and Southwest Asia (Afghanistan) move through Russia, the Caucasus and Turkey, pass through Ukraine and on to Western Europe. Some drug traffic routes that go through Ukraine even originate in Latin America and Africa. Ukraine's domestic market is increasingly fed by drugs trafficked from both Asia and Central and Eastern Europe (Poland, Romania, and the Baltic Republics). Domestic use of narcotics continued to grow, and the number of registered drug addicts in 2006 increased by 10 percent over 2005 to 156,509. Domestic drug abuse continues to be focused on drugs made from narcotic plants (hemp and poppy) but the use of synthetic drugs and psychotropic substances, especially amphetamines, has been rising over the past few years.

III. Country Actions Against Drugs in 2006

Policy Initiatives. Ukraine has well-developed antidrug legislation that is consistent with international standards. In 2006, the GOU continued to implement a comprehensive antidrug policy entitled "The Program Implementing the State Policy in Combating Illegal Circulation of Narcotics, Psychotropic Substances and Precursors for 2003-2010." The Program acknowledged the growing scale of drug abuse in Ukraine and the lack of adequate education and public awareness campaigns, community prevention efforts, and treatment and rehabilitation facilities.

The Program consists of two stages, the first of which occurred in 2003-2005, and the second of which will take place in 2006-2010. Stage one included: improvement of legislation; monitoring and prevention of drug abuse and drug trafficking; interagency cooperation; creation of a modern interagency data bank; an increase in law enforcement capacity; scientific research; and setting up an interagency lab to research new drugs and discover new trends in drug trafficking. Stage two foresees integration into the European information space and exchange of information on drug trafficking; strengthening of drug abuse prevention centers; introduction of new treatment practices; an increase in public awareness and education, especially in schools; further strengthening of law enforcement capacity; and full achievement of international standards. To implement the plan for the second stage, these priorities were further split into 63 specific tasks and

assigned to the responsible agencies. The Program also provides estimates of future funding needed to support its implementation. The total estimate is over 300 million Ukrainian hryvnias ($55 million). However, the GOU has not been able to ensure full allocation of these resources in previous years. For example, due to the lack of funds, the GOU has not provided funding for the Interagency Research Laboratory for Narcotics, Psychotropic Substances and Precursors proposed by the Ministry of Interior. As a result, Ukraine has no common database on illegal narcotics and the level of information sharing between Ukrainian government agencies is quite low.

The GOU has taken additional steps to update its antidrug laws, in particular strengthening control over the distribution of narcotic plants with the aim of preventing the "leakage" of this medical material onto the illegal market. The GOU has introduced amendments to make the non-prescribed use of strong and poisonous medications, like tramadol, illegal. In the last two years, the GOU drafted a framework law on the government policy for alcohol and narcotic drugs. The draft legislation was submitted to the parliament for review and adoption. The Narcotics Control Committee established in 2003 in the Ministry of Health continues to monitor the production and use of controlled substances by licensed companies and organizations. The rate of criminal offences in this sector, however, is insignificant.

The Ukrainian Government participates in several regional organizations, including the Organization of Black Sea Economic Cooperation, GUAM (Georgia, Ukraine, Azerbaijan, and Moldova), and the South East Europe Cooperative Initiative (SECI), which allows Ukraine to coordinate, among other things, its antidrug law enforcement activities with the organizations' member states. In the framework of GUAM, a virtual law enforcement center has been established in each member-state, including Ukraine, to share law enforcement information electronically, including information related to drug trafficking cases.

Accomplishments. In 2006, Ukraine continued to implement the BUMAD (Belarus, Ukraine, Moldova AntiDrug) Program sponsored by the European Union and designed to decrease drug traffic in these three EU border countries. As part of the BUMAD Program, Ukraine is strengthening its potential to collect process and disseminate information on drug trafficking at both the national and the regional level. The BUMAD Program funded the establishment of a National Drug Observatory at the Ministry of Health to help collect, analyze and disseminate data on drugs at the national level, and share and improve comparability of this data at the regional level through the harmonization of key epidemiological and drug supply indicators. The Observatory opened in December 2006. It will establish a permanent monitoring system for drug and drug abuse (non-confidential information) and will adhere to EU standards in the collection and compilation of the data.

Law Enforcement Efforts. In Ukraine, responsibility for counternarcotics enforcement is shared by the Ministry of Interior (MOI), with its domestic law enforcement function, and the Security Service of Ukraine (SBU), which deals with trans-border aspects of drug trafficking. The State Border Guard Service (SBGS) and the State Customs Service (SCS) carry out certain drug enforcement functions in their respective fields, mainly drug interdiction along the border and at ports of entry. According to official statistics for January-September 2006, the MOI conducted 51,413 narcotic investigations and the SBU 273. The bulk of the narcotics seized included marijuana (17.8 metric tons by MOI and 64.4 kg by SBU) and poppy straw (6. metric tons 6 by MOI and 20.7 kg by SBU). Hard drugs accounted for only a small percentage of the total volume of seized drugs: cocaine (1.2 kg by MOI and 8.2 kg by SBU), heroin (2.3 kg by MOI and 313 g by SBU), hashish (9.5 kg by MOI and 6.6 kg by SBU), amphetamine (15.9 kg by MOI) and various psychotropic substances (1.5 kg and 1700 pills by SBU), and opium (34.5 kg by MOI and 19.5 g by SBU). The annual consumption of hard drugs in Ukraine is estimated to be one ton of heroin, ten tons of amphetamine and its substitutes, and 300 tons of opium containing substances. In 2006, the law enforcement authorities uncovered and eliminated 200 illegal drug labs (197 by MOI and 3

by SBU) and 69 organized criminal groups (39 by MOI, 30 - including a transnational ring - by SBU).

The MOI continued to strengthen its Drug Enforcement Department by increasing the number of its agents assigned to investigate large criminal groups that operate in Ukraine. The MOI and SBU continued to build cooperative relationships with international counterpart agencies located in Western Europe and Eurasia. The SBU also established good working relations with the U.S. Drug Enforcement Administration (DEA) and conducted a joint operation with them in 2006, and participated in the automatic pre-export control information system (PEN) introduced by the International Narcotics Control Board (INCB) in 2006. This system was widely used in international operations, in particular Project Prism. Project Prism is an international effort to prevent diversion to illicit uses of the main precursor chemicals for amphetamine type stimulants.

Corruption. The GOU openly acknowledges that corruption remains a major problem in society; the existence of a bribe-tolerant mentality, and the lack of law enforcement capabilities to investigate and prosecute corruption suggest this will remain a problem for the foreseeable future. As a matter of government policy, however, the GOU does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions.

Agreements and Treaties. Ukraine is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention on Narcotic Drugs as amended by the 1972 Protocol, and to the 1971 UN Convention on Psychotropic Substances. The U.S.-Ukraine Mutual Legal Assistance Treaty came into force in February 2001. Ukraine has also signed specific counternarcotics project agreements with the UN Office of Drugs and Crime (UNODC). Ukraine is a party to the UN Convention against Transnational Organized Crime and its protocols against migrant smuggling and trafficking in persons. Ukraine has signed but has not yet ratified the UN Corruption Convention. The U.S. and Ukraine signed a Memorandum of Understanding on Law Enforcement Assistance in December 2002. This memo provided for State Department-funded assistance to Ukraine to improve its effort against narcotic drugs, and has been amended regularly since to add finding and projects as the Ukraine and U.S. agreed on areas for program emphasis.

Cultivation/Production. Opium poppy is grown in western, southwestern, and northern Ukraine, while hemp cultivation is concentrated in the eastern and southern parts of the country. Small quantities of poppy and hemp are grown legally by licensed farms, which are closely controlled. The Cabinet of Ministers approved such cultivation in late 1997. Despite the prohibition on the cultivation of drug plants (poppy straw and hemp), many cases of illegal cultivation in small quantities by private households are regularly discovered.

Drug Flow/Transit. Ukraine continues to experience an increase in drug trafficking. Heroin is trafficked from Central Asia (primarily Afghanistan) and comes into Ukraine mostly through Russia, the Caucasus and Turkey. Shipments are usually destined for Western Europe, and arrive by road, rail, or sea, which is perceived as less risky than air or mail shipment. Lately, experts note an increase in heroin traffic from Turkey into Ukraine by sea and further by land across Ukraine's western border into Western Europe. Experts believe that traditional Balkan drug traffic routes have become saturated and criminals are looking for new traffic channels. Drug traffic from Asia is increasingly controlled by well-organized international criminal groups of Afghan, Pakistani, and Tajikistani origin that use citizens of the former Soviet republics as drug couriers. There is a steady increase in the use of minors and poor, aged or disabled individuals for moving large amounts of narcotics. As for local drug consumption, poppy straw and hemp continue to be the most popular illegal drug for Ukrainians. They are produced and consumed locally with the surplus exported to Russia. Conversely, these drugs are also trafficked into Ukraine from Russia. Poppy straw and hemp trafficked to or from Russia account for 49 percent of the drugs seized in Ukraine, with

traffic to and from Moldova accounting for 24 percent, and traffic to and from Belarus 22.4 percent.

Relative to 2005, the Border Guards reported that the number of drug-related offenses in 2006 increased on the Polish and Moldovan borders, but decreased somewhat on the Hungarian and Romanian borders. The trafficking of synthetic drugs and psychotropic substances from Poland and hard medical prescription drugs from Romania and Moldova is growing. Criminal groups of mixed origin (Ukrainians, Polish, Belarusans and Russians) that formed back in the 1990s and traditionally stayed away from drug trafficking are increasingly taking up this lucrative niche. The price of these drugs is lower than that of heroin and cocaine and therefore the drugs are attractive to young addicts. The spread of synthetic drug labs in Ukraine is exacerbating the problem. Labs shut down in Ukraine in 2006 were producing phentanyl, trimethylphentanyl, PCP (phencyclidine), amphetamine and MDMA. The Security Service seized 7 kg of an especially dangerous psychotropic drug hallucinogen, psilocin, which had been trafficked to Ukraine from the Netherlands disguised as chocolate. Other smuggling routes include cocaine from Latin America and hashish from Northern and Western Africa through Ukraine primarily en route to Europe. However, the quantity of these drugs is relatively small.

Domestic Programs/Demand Reduction. The estimate of the number of drug addicts in Ukraine in 2006 varied widely, from 156,509 officially registered drug addicts to 300,000 in official estimates and up to one million by non-government experts. Drug-related deaths over the last few years have averaged 1,000 per year, according to Ukrainian health authorities. Marijuana and hashish is growing in popularity with young people, but opium straw extract remains the drug of choice for Ukrainian addicts. Young people are using synthetic drugs more frequently, such as ephedrine, Ecstasy (MDMA), LSD, amphetamines and methamphetimines. Hard drugs, such as cocaine and heroin, are still too expensive for most Ukrainian drug users. Despite major efforts against drug trafficking, the GOU estimates that narcotics intercepted in Ukraine while en route to other destinations account for less than 30 percent of the total volume transiting Ukraine. The GOU's capability to effectively combat narcotics trafficking and the illegal use of drugs continues to be hampered by inadequate law enforcement budgets. Ukrainian officials, however, are working to reduce the demand for illegal drugs by introducing preventive measures at all levels of the education system, since most Ukrainian drug abusers are under the age of 30. Drug information centers have been opened in the cities and regions with the highest levels of drug abuse. NGOs operating with funding assistance from international organizations are running a number of rehabilitation programs throughout the country. Ukrainian medical and law enforcement authorities conducted a series of conferences and seminars in 2006 to discuss, raise awareness of, and reduce drug abuse in Ukraine. An awareness campaign called “Life Without Narcotics” was unrolled at a series of public events sponsored jointly by the GOU and NGOs in an effort to reach vulnerable groups.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. U.S. objectives are to assist Ukrainian authorities to develop effective counternarcotics programs in interdiction (particularly of drugs transiting the country), investigation, and demand reduction, as well as to assist Ukraine in countering money laundering. Officers from the DEA have conducted a number of training courses funded by the Department of State in the areas of drug interdiction at seaports and advance drug investigation techniques. DEA has established a good working relationship with both the MOI and SBU, and the training programs have helped.

The Road Ahead. Trafficking of narcotics from Asia and cocaine from Latin America to European destinations through Ukraine is on the upswing as drug traffickers look for new ways to circumvent Western European customs and border controls. Synthetic drugs trafficked from countries of

Eastern Europe or produced locally is also a growing concern. Demand reduction and treatment of drug abusers remains a challenge requiring close attention. However, the largest challenge remains the limited budget resources to fund law enforcement efforts to investigate and interdict sophisticated, international trafficking rings that see Ukraine as a transit point to lucrative Western European markets.

United Kingdom

I. Summary

The United Kingdom (UK) is a consumer country of illicit drugs. Like other developed nations, the UK faces a serious domestic drug problem. The UK is in the ninth year of a 10-year drug strategy launched in 1998 to address both the supply and demand aspects of illegal drug use. The UK strictly enforces national precursor chemical legislation in compliance with EU regulations. Crime syndicates from around the world try to exploit the underground narcotics market and use the UK as a major transshipping route. Legislation introduced in October 2001 to improve the UK's asset forfeiture capabilities took effect in January 2003 and is effectively being implemented. In part to improve counter drug efforts, a national law enforcement agency under a centralized command and control, the Serious Organized Crime Agency (SOCA) was created on April 3, 2006. The UK is party to the 1988 UN Drug Convention.

II. Status of Country

Home Office figures for England and Wales compiled as part of the 2005/06 British Crime Survey (BCS) indicate that there have been few changes in drug use between the 2004/05 and 2005/06. Cannabis remains the most-used illicit drug in the UK, predominantly in the 16-24 age group; cocaine is the next most commonly used drug, closely followed by Ecstasy and amphetamines. Virtually all parts of the UK, including many rural areas, confront the problem of drug addiction to at least some degree. Official estimates of cocaine and crack users in the 16-59 age group have dropped, but are still well over 700,000. Current estimates of opiate users increased marginally from 41,000 in 2004/05 to 47,000 in 2005/06. SOCA, a newly-created national law enforcement agency, reports that Britain faces a significant threat from national and international organized crime. Historically, drugs have been linked to about 80 percent of all organized crime in London, and about 60 percent of crime overall.

III. Country Actions Against Drugs in 2006

Policy Initiatives/Accomplishments. UK counternarcotics policies have a strong social component, reflecting the widely accepted view that drug problems do not occur in isolation, but are often linked to other social problems. In 2006, the British government continued its 10-year strategy program, launched in 1998, which emphasizes that all sectors of society should work together to combat drugs. Trends in responding to drug abuse with government programs reflect wider UK government reforms in the welfare state, education, employment, health, immigration, criminal justice, and economic sectors. The UK's counternarcotics strategy focuses on Class A drugs and has four emphases: to help young drug abusers resist drug misuse; to protect communities from drug-related, antisocial and criminal behavior; to enable people with drug problems to recover and live healthy, crime-free lives; and to limit access to narcotics on the streets. Key performance targets were set in each of these four areas and updated in the November 2002 drug strategy. The most controversial aspect of the updated strategy was the decision to downgrade cannabis to a Class C drug. The final legislation implementing this downgrade was enacted in July 2003 and took effect on January 29, 2004. Class C categorization reduced the maximum sentence for possession of cannabis from five to two years in prison. There is now a presumption against arrest for adults for possession, though not for young people. Maximum penalties for supplying and dealing remain at 14 years. Notwithstanding this amendment, the UK government has emphasized that it continues to regard cannabis as a harmful substance and has no intention of either decriminalizing or legalizing its production, supply or possession. There are currently no plans to change the penalties for Class C offenses. In April 2005, the Home Secretary

asked for a review of the cannabis reclassification decision in light of studies into links between the regular use of cannabis and mental illness. The Advisory Council on the Misuse of Drugs (ACMD) issued its new report in December 2005, but did not make a firm recommendation. The Home Secretary is reviewing the report and still has the option of reclassifying the drug. Police chiefs have reportedly urged that, if cannabis is upgraded to Class B, that fixed penalties be established to streamline enforcement. Despite an aggressive government education campaign aimed at cannabis users, some police authorities report a lack of understanding on the part of offenders that the drug remains illegal and that they can be detained or prosecuted for possession or dealing. At a May 2006 meeting the ACMD examined new evidence regarding the reclassification of methamphetamine from a Class B to a Class A drug. In light of the new evidence presented, the ACMD wrote an open letter to the Home Secretary recommending the higher classification. The Home Secretary has accepted this recommendation and reclassification is likely to come into effect at the beginning of 2007. Reclassification would put methamphetamine into the same category as cocaine and opiates. The change would also lengthen penalties for possession and distribution.

Direct annual government expenditures under the updated overall drug strategy increased five percent between 2005/06 and 2006/07, from $2.78 billion (GBP 1.483 billion) to $2.94 billion (GBP 1.567 billion). The most recent program specific data (from 2004) shows drug treatment expenditures are targeted to increase 12 percent over the same period, expenditures on programs for young people will rise 5 percent, and funding for reducing supply will hold steady at $673 million (GBP 380 million). The largest increase will come in spending on community programs (24 percent).

In part to improve counterdrug efforts, the UK created SOCA, a national law enforcement agency under a centralized command and control on April 3, 2006. SOCA is the amalgamation of police officers, analysts and investigators from the National Crime Squad, (NCS), National Criminal Intelligence Service, (NCIS), HM Revenue and Customs (HMRC), High Tech Crime Unit, (HTCU), UK Immigration, and local police officers all that have chosen to serve under the SOCA banner. The NCS, NCIS and HTCU no longer exist, while HMRC continues with tax/revenue related tasks and issues.

New legislation, the Drugs Act of 2005, has further strengthened police powers in drug enforcement. The new law allows for drug tests on arrest, rather than on charge, and requires persons with a positive test to undergo further assessment. It also amended the Anti-Social Behavior Act of 2003 to allow authorities to enter a suspected crack house to issue a closure notice. Under provisions of the Act, “magic mushrooms” were upgraded to Class A in July 2005. Prior to this change in the law, only prepared (such as dried or stewed) magic mushrooms were rated as Class A drugs. The most controversial provisions of the new law will set thresholds for possession that allow police to charge persons found with more than a specified amount of a given drug with dealing, rather than the lesser charge of possession. The prescribed amounts have yet to be set. Laws that took effect in 2000 required courts to weigh a positive Class A test result when deciding bail, which may be denied or restricted if an offender refuses a test or refuses treatment after a positive test. The testing requirement also is applied to offenders serving community sentences and those on parole. Under the Criminal Justice Interventions Program created in January 2003, now called the Drug Interventions Program (DIP), the UK government targeted this testing regime to the 30 areas most affected by drug-related crime; 36 additional areas were added in April 2004, and the DIP program now operates with an annual budget of $292 million (GBP 165 million). In 2005, a new “Community Order” replaced Drug Testing and Treatment Orders (DTTO) for adults. The new orders allow authorities to choose from a larger menu of options and more closely tailor the consequences to the seriousness of the offense. Standard DTTOs will continue for 16-17 year olds until April 2007 and for offenses committed prior to April 2005.

In December 2005, the UK inaugurated a pilot program of drug courts. Magistrates in one court in Leeds and one in West London have received special training and have begun to track convicted drug offenders and personalize treatment. The long-term plan is to establish the courts nationwide. Scotland has been running a pilot drug court in Glasgow since 2003. Since 1999, the Home Office has had an initiative to reduce smuggling of drugs into prisons and a prison service drug rehabilitation program. Counseling, assessment, referral, advice, and treatment (CARAT) services are available in every prison in England and Wales. The program is linked to another initiative called "Prospects" that offers support to those leaving prison by providing stable living situations and assistance with life skills. The UK government runs 77 different types of drug rehabilitation program in prisons, including a high-intensity short duration program and expanded the number of programs available to 117 in March 2006. Under the UK's devolved government system, Scotland and Northern Ireland have separately articulated policies and independent judicial systems. However, they have published and implemented similar counternarcotics strategies linked to the goals and policies outlined by the central UK government. Similarly, the Overseas Territories of the UK in the Caribbean and elsewhere are operated along similar lines.

The UK is a member of the Dublin Group, a group of countries that coordinate the provision of counternarcotics assistance and is a UNODC Major Donor.

Law Enforcement Efforts. The UK gives a high priority to counternarcotics enforcement and the United States enjoys good law enforcement cooperation with the UK. The UK honors U.S. asset seizure requests and was one of the first countries to enforce U.S. civil forfeiture judgments. The "Proceeds of Crime Act," which took effect in 2003, has significantly improved the government's ability to track down and recover criminal assets. The total value of assets recovered by all agencies under the Act (and earlier legislation) in England, Wales, and Northern Ireland was $96.6 million (GBP 54.5 million) in 2003/04 and $149.6 million (GBP 84.4 million) in 2004/05. According to the Home Office, there were 107,360 drug seizures by police and HM Revenue and Customs in England and Wales in 2004 - down two per cent on the previous year (109,410). (Note that, as of 2004, Home Office statistics only include seizure data for England and Wales and 2004 represents the most recent detailed statistics.) Seventy-one percent of seizures in 2004 involved class C drugs, 98 percent of which were cannabis. Twenty-seven percent of all seizures involved Class A drugs. Seizures of cocaine and heroin rose by 14 and six percent to 7,895 and 11,074 respectively. Heroin was the most commonly seized Class A drug followed by cocaine. There were 105,570 drug offences recorded in England and Wales in 2004 (the latest full year data available), a 21 percent decline from the 133,970 offences recorded in 2003. Class A offences rose by two percent to 36,350. Heroin offenders were the largest group of known Class A drug offenders, accounting for 13 percent of all known offenders in 2004. The vast majority of persons convicted or cautioned for drug offenses were charged with possession. About 85 percent of persons dealt with in the courts for drug offenses were male. Possession offenses tend to be committed by younger people (53 percent committed by those under the age of 25) while 61 percent of the producing/exporting/importing offenses were committed by persons over age 30 and 60 percent of dealing offenses were committed by persons over age 25.

Corruption. As a matter of government policy, the UK does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions.

Agreements and Treaties. The U.S. and the UK have a Mutual Legal Assistance Treaty (MLAT), and a narcotics agreement, which the UK has extended to some of its dependencies. On September 30, 2006, the U.S. Senate ratified a new extradition treaty with the UK The exchange of instruments of ratification will occur when the Parliament takes final action on domestic implementing legislation. The U.S. and the UK also have a judicial narcotics agreement and an MLAT relating to the Cayman Islands, which extends to Anguilla, the British Virgin Islands,

Montserrat, and the Turks, and Caicos Islands. The UK is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention on Narcotic Drugs as amended by the 1972 Protocol, and the 1971 UN Convention on Psychotropic Substances. The U.S.-UK Customs Mutual Assistance Agreement (CMAA) dates from 1989. On February 9, 2006, the UK ratified the UN Corruption Convention and the UN Convention against Transnational Organized crime and its protocols against trafficking in persons and migrant smuggling. In 2005, the UK signed an updated U.S. Coast Guard Law Enforcement Detachment (LEDET) Memorandum of Understanding with the USG. This includes the airborne use of force (AUF) capability on Royal Navy and auxiliary vessels attempting to stop noncompliant drug smuggling go-fast vessels, as well as expanding the authorization to carry LEDETS in waters beyond the Caribbean and Bermuda areas of operations, subject to the consent of both parties. In 2006, USCG LEDETs deployed on British ships seized over 10,000 pounds of cocaine.

Cultivation/Production. Cannabis is cultivated in limited quantities for personal use, and occasionally sold commercially. Most illicit amphetamines and MDMA (Ecstasy) are imported from continental Europe, but some are manufactured in the UK in limited amounts. Authorities destroy crops and clandestine facilities as they are detected. U.S. authorities have been concerned about a growing incidence of production of a "date rape" precursor drug, GBL. While the UK government made the "date rape" drug GHB illegal in 2003, GBL remains uncontrolled. DEA has asked the UK to control GBL and the UK is active in EU-wide discussions on control of this substance. Methamphetamine is growing in notoriety and use within the UK. Several small clandestine methamphetamine laboratories have been seized in the UK with law enforcement starting to embrace awareness training and strategic planning.

Drug Flow/Transit. Steady supplies of heroin and cocaine enter the UK. Some 90 percent of heroin in the UK (amounting to around 30 tons a year) comes from Afghanistan. UK-based Turkish criminal groups handle a significant amount of the heroin eventually imported into the UK, although Turkish criminals in the Netherlands and Belgium also channel heroin to the UK. Pakistani traffickers also play a significant part; most of the heroin they import, normally in small amounts by air couriers traveling directly from Pakistan, is destined for British cities with large South Asian populations. Caribbean criminals (primarily West Indians or British nationals of West Indian decent) are involved in the supply and distribution of heroin as well as cocaine. Most heroin probably enters the UK through ports in the southeast, although some enters through major UK airports with links to Turkey, Northern Cyprus, and Pakistan. Hashish comes to the UK primarily from Morocco. Cocaine imports are estimated at 25-40 tons a year and emanate chiefly from Colombia, although there is also cultivation in Bolivia and Peru. Supplies of both cocaine and crack cocaine reach the UK market in a variety of ways. Around 75 percent of cocaine is thought to be carried across the Channel from consignments shipped from Colombia to continental Europe and then brought to the UK concealed in trucks or private cars, or by human couriers or "mules." Traffickers based in South America, Mexico, Spain, and the UK organize this smuggling. Other information also suggests that cocaine is smuggled into the UK via West Africa. The Caribbean, chiefly Jamaica, is a major transshipment point to the UK from Colombia. Cocaine comes in both by airfreight and by couriers, normally women, who attempt to conceal internally (i.e., through swallowing in protective bags) up to 0.5 kg at a time. A synthetic drug supply originates from Western and Central Europe; amphetamines, Ecstasy, and LSD have been traced to sources in the Netherlands and Poland, although some originates in the UK. In a newly identified transit trend, khat (the plant's fresh leaves and tops are chewed or, less frequently, dried and consumed as tea, in order to achieve a state of euphoria and stimulation) is being imported to the UK from East African nations. Khat is not controlled in the UK, but is a Class 1 controlled substance in the U.S. In the UK, 2006 estimates put the khat importation levels at approximately 120 tons per month. Several areas in the U.S. are increasingly seeing khat, and DEA has identified several links between U.S. khat seizures and the UK.

Domestic Programs/Demand Reduction. The UK government's demand reduction efforts focus on school and other community-based programs to educate young people and to prevent them from ever starting on drugs. In 2003, the government launched a $5.7 million (GBP 3 million) multimedia campaign called "FRANK", its official national drug awareness campaign. FRANK offers help and advice to anyone who may be affected by drugs. The latest available information cites over 739,000 calls to the FRANK help line and 5.7 million hits on its website. The UK now has drug education programs in all schools, supported by a certificate program for teachers. In 2005, the Department for Education and Skills linked FRANK to its "Every Child Matters" education programs to assure regularly reviews for effectiveness. A similar information and support program called "Know the Score" operates in Scotland. "Positive Futures," a sports-based program started in 2000 to specifically target socially vulnerable young people, has served over 80,000 young people since its inception with 108 projects established in regions throughout the country. In January 2006, the program was handed over to a national charity, Crime Concern. The contract will run through March 2008. The charity hopes to use the heightened interest in sports generated by London's successful 2012 Olympics campaign to promote its agenda. The UK has rapidly expanded treatment services and has met the target of doubling the number of drug users in treatment two years ahead of the target date; current figures show that over 180,000 people are now receiving treatment. The so-called "pooled treatment budget" administered by the Home Office and the Department of Health is targeted to increase from $448 million (GBP 253 million) nationally in 2004/05 to $847 million (GBP 478 million) by 2007/08. Also, a strategic capital bidding program from 2007/08 was announced on June, 21 2006. A total of GBP 54.9 million has been made available with a view to improving and expanding in-patient drug treatment and residential rehabilitation for drug abusers, while improving commissioning for these services. Additional services are provided through the National Health Service. National Health Service statistics show a 50 percent increase in trained drug treatment professionals (currently 10,106 with a target of 11,000) and a drop in waiting times for treatment from 6-12 weeks to 2.4 weeks since 2002. Waiting times in areas more heavily affected by drugs is lower at 1.8 weeks. According to the latest available figures, the number of deaths related to drug poisoning in England and Wales rose to 2,598 in 2004. This is an increase of 6 per cent compared with 2003. This figure is still lower than in 2000 - the year with the highest recorded number of deaths at 2,967. Among young people under the age of 20, drug-related deaths were static between 2003 and 2004.

IV. U.S. Policy Initiatives and Programs

The Road Ahead. The United States looks forward to continued close cooperation with the UK on all counternarcotics front.

Uzbekistan

I. Summary

Uzbekistan is primarily a transit country for opiates originating in Afghanistan. Well-established trade routes facilitate the transit of these narcotics to Russia and Europe. There is a growing market for a variety of narcotics and consequently a growing problem with drug addiction and the spread of HIV/AIDS. The Government of Uzbekistan (GOU) has taken some steps to combat the narcotics trade, but still relies heavily on multilateral and bilateral financial and technical resources. Law enforcement officers seized approximately 1,019 kg of illegal narcotics in the first six months of 2006. Uzbekistan is a party to the 1988 UN Drug Convention.

II. Status of Country

While there is no significant drug production in Uzbekistan, several transshipment routes for opium, heroin, and hashish originate in Afghanistan and cross Uzbekistan for destinations in Russia and Europe. Drug seizures in 2005 fell approximately 30 percent from 2004. However, seizures for the first half of 2006 are more than double those from the same time period in 2005, according to official statistics. The GOU attributes the rise in seizures to an increase in narcotics production in Afghanistan and more effective counternarcotics operations by Uzbek law enforcement agencies. Precursor chemicals have in the past traveled the same routes in reverse on their way to laboratories in Afghanistan and Pakistan. Export of precursor chemicals, including acetic anhydride, has been controlled since 2000. There have been no reported seizures of precursor chemicals in Uzbekistan since 2001. According to official statistics, as of November 2006, only six export permits have been issued, none to Afghanistan, for chemicals that can be used in the manufacture of narcotics. Effective government eradication programs have eliminated nearly all the illicit production of opium poppies in Uzbekistan.

III. Country Actions Against Drugs in 2006

Policy Initiatives. The United States and Uzbekistan continued counternarcotics cooperation in 2006 under the 2001 US-Uzbekistan Narcotics Control and Law Enforcement Agreement and its amendments. These types of agreements provide for U.S. assistance in the counternarcotics area, and are typically amended in the years following their first negotiation to increase assistance levels to fund ongoing programs, or to agree to begin new assistance programs. To date, the agreement has established a framework to support projects designed to enhance the capability of Uzbek law enforcement agencies in their efforts to fight narcotics trafficking and organized crime. No new amendments have been signed since 2004. However, implementation of various counternarcotics programs, including the provision of technical assistance in investigating and prosecuting narcotics trafficking cases and in the enhancement of border security continue under previous amendments to the 2001 agreement. The Uzbek criminal justice system is largely inherited from the Soviet Union, and continues to suffer from a lack of modernization and reform, mainly judicial and procedural reform, and standards remain below international norms. The Executive Branch and Prosecutor General's Office are powerful entities, and the judiciary is not independent. The outcomes of court cases are usually predetermined, and conviction rates approach 100 percent. Prosecutions often rely on coerced confessions by the defendants, and conviction is typical even in the absence of evidence. Corruption at all levels of the criminal justice system is rampant.

Accomplishments. Uzbekistan continues to work toward the goals of the 1988 UN Drug Convention on combating illicit cultivation and production within its borders. The annual “Black Poppy” eradication campaign has been very successful and has virtually eliminated illicit poppy cultivation. As of November 2006, the operation has eradicated less than 10 hectares of drug

production crops - reflecting success in past years in virtually eliminating illicit drug cultivation in Uzbekistan. Efforts to achieve other convention goals are hampered by the lack of effective laws, programs, money, appropriate international agreements, and coordination among law enforcement agencies. The UNODC is continuing its efforts to implement projects focusing on improvements in law enforcement, precursor chemical control, and border security.

Law Enforcement Efforts. Preliminary statistics provided by the GOU show that in the first half of 2006, Uzbek law enforcement seized a total of 1019 kg of illicit drugs. Opium accounted for 50 percent of the total, heroin 32 percent, and cannabis 13 percent. Three agencies with separate jurisdictions have counternarcotics responsibilities: the Ministry of Internal Affairs (MVD), the National Security Service (NSS), and the State Customs Committee. The MVD concentrates on domestic crime, the NSS (which now includes the Border Guards) handles international organized crime (in addition to its intelligence role), and Customs works at the border (interdiction/seizures at the border are also carried out by the Border Guards during their normal course of duties). Despite this apparently clear delineation of responsibilities, a lack of operational coordination diminishes the effectiveness of counternarcotics efforts.

The National Center for Drug Control was designed to minimize mistrust, rivalry and duplication of effort among the agencies, but the Center continues to have difficulty accomplishing this goal. In 2006, training and equipment were provided to the State Customs Committee under U.S.-Uzbekistan counternarcotics Letter of Agreement (LOA). LOAs define agreement on a number of planned counternarcotics projects to be funded by the U.S. The LOAs set out what each government will do to realize the projects' goals. In addition, the U.S. DEA continues to support a Special Investigation Unit within the MVD, which became operational in 2003. According to National Center reports, most smuggling incidents involve one to two individuals, likely backed by a larger, organized group. Resource constraints have limited the GOU's ability to investigate these cases. In general, information that has been gathered suggests smuggling rings are relatively small operations. These rings tend to be located on the border between Uzbekistan and Tajikistan, where poor border controls allow group members to cross between the countries with relative ease. There are indications that smuggling activities are growing along the Turkmen-Uzbek border. Lack of training and equipment continues to hamper all Uzbek agencies. Basic necessities, even replacements for aging Soviet era equipment, remain in short supply or seem administratively impossible. Uzbekistan has relied heavily on international assistance from UNODC, the U.S., the UK, and other countries to supplement their own thinly-funded programs. In 2006 UNODC continued its cooperation with the GOU. However, since 2005, the GOU has increasingly stepped back from cooperating with the United States and some European Union-member countries. As a result, international counternarcotics assistance to Uzbekistan has become significantly more difficult.

Corruption. As a matter of policy the GOU does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances. However, corruption is endemic at all levels of government, and the paying of bribes is an accepted practice. There are anecdotal accounts of drug traffickers bribing customs and border officials to ignore narcotics shipments. It is likely that some government officials are involved with narcotics trafficking organizations. Uzbekistan is not a party to the UN Convention Against Corruption.

Agreements and Treaties. Uzbekistan is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, and the 1961 UN Single Convention as amended by its 1972 Europe and Central Asia Protocol. Uzbekistan is also a party to the UN Convention against Transnational Organized Crime. Uzbekistan signed the Central Asian Counternarcotics Memorandum of Understanding with the UNODC, and in 2006 formally agreed to the establishment of a Central Asian Regional Information and Coordination Center (CARICC) in Almaty, Kazakhstan to coordinate information sharing and joint counternarcotics efforts in Central

Asia. Kazakhstan, the Kyrgyz Republic, Tajikistan, and Uzbekistan signed an agreement in September 1999 on cooperation in combating transnational crime, including narcotics trafficking. The five Central Asian countries, as well as Azerbaijan, Georgia, Iran, Pakistan, and Turkey, are members of the Economic Coordination Mechanism supported by the UNODC. The GOU has also signed agreements on increased counternarcotics cooperation in 2006 in the context of its membership in the Shanghai Cooperation Organization. However, to date, these agreements appear to have resulted in only limited tangible results.

Cultivation/Production. As noted above, "Operation Black Poppy" has all but eliminated illicit opium poppy cultivation in Uzbekistan.

Drug Flow/Transit. Several major transnational trade routes facilitate the transportation of opiates and cannabis from Afghanistan through Uzbekistan to Russia and Europe. The border crossing point at Termez remains a point of concern as, in the past, narcotics have been discovered in trucks returning to Uzbekistan after delivering humanitarian aid into Afghanistan, as well as on trains coming from Tajikistan. However, a UNODC-implemented border security project at the road and rail crossing has resulted in improved control over the border crossing with Afghanistan, and humanitarian aid and other cargo crossing the border from Uzbekistan to Afghanistan has dropped considerably since 2004. Uzbek officials report no significant drug seizures along the Afghan border in 2006. The National Center and UNODC report that trafficking also continues along traditional smuggling routes and by conventional methods, mainly from Afghanistan into Surkhandarya Province and from Afghanistan via Tajikistan and the Kyrgyz Republic into Uzbekistan. The primary regions in Uzbekistan for the transit of drugs are Tashkent, Termez, the Ferghana Valley, Samarkand and Syrdarya.

Domestic Programs/Demand Reduction. According to the National Drug Control Center, as of the end of 2005 there were approximately 19,574 registered drug addicts in Uzbekistan. Sixty-two percent of these were heroin users and 48 percent were injecting drug users. According to the National Center, approximately 1,700 new addicts have been registered in 2006. The number of registered addicts is believed to reflect only 10-15 percent of the actual drug addicts in Uzbekistan. Over the last few years, there has been an alarming growth in the number of persons who are HIV positive. Over 2,000 new HIV cases were registered in 2005, according to official GOU statistics. Approximately half of the 15,000-100,000 people infected with HIV are between the ages of 25 and 34. Hospitals with drug dependency recovery programs are inadequate to meet the increasing need. The Ministry of Health and National Drug Control Center have recognized the need to focus increased attention on the drug problem, but do not have sufficient funds to do so adequately. Drug awareness programs are administered through NGOs, schools and the mahalla (neighborhood) support system.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. U.S.-Uzbek bilateral counternarcotics assistance focuses on the prevention of illicit drug activities in and through Uzbekistan, and the need to increase the capacity of Uzbek law enforcement agencies to combat these activities. This assistance is most often provided in the form of technical assistance, training, and limited equipment donations. Since early 2005, the GOU has significantly slowed the pace of bilateral cooperation with the United States. The government continues to accept some operational training conducted in Uzbekistan and equipment donations. However, it generally will not participate in activities held outside the country, or projects which it considers to be "non-operational," (i.e., efforts to engage on legal and judicial reforms, promote increased adherence to international standards and norms, or to fight official corruption).

In spite of the GOU's continuing hesitance to engage in U.S.-sponsored training and programs in a variety of areas, including counternarcotics, some agencies participated in U.S.-sponsored training in 2006. The DEA continues to fully fund, train and equip the Special Investigative Unit (SIU) in

the MVD, which continues to conduct a number of undercover and international operations. Department of State-funded assistance programs provided additional specialized inspection equipment and drug test kits, along with associated training, at Customs posts throughout Uzbekistan, as well as at Tashkent International Airport. These programs are also providing infrastructure improvement assistance at some of the country's most remote border posts to promote better living conditions and increased control of the border. USAID's Drug Demand Reduction Project (DDRP) continues to work at key points along drug trafficking routes to prevent at-risk young people from becoming injecting drug users. DDRP cooperates with local organizations to deliver key messages on drug abuse prevention and offering alternative activities though innovative "Youth Power" centers. These programs serve as models for Uzbekistan's national HIV control strategy, since the HIV epidemic is fueled primarily by injection drug use. Department of Defense counternarcotics activities fell dramatically during FY 2006. Central Command withdrew counternarcotics funding for fiscal years 2006 and 2007, primarily because of the Government of Uzbekistan's lack of interest in participating in DOD-sponsored counternarcotics activities. The GOU participated in only one DOD-sponsored counternarcotics event in FY 2006, despite invitations to several other events sponsored by DOD or the Marshall Center, some of which included offers to fully fund Uzbek participation.

The Road Ahead. The U.S. remains committed to supporting appropriate Uzbek agencies to improve narcotics detection and drug interdiction capabilities. However, ultimately the effectiveness of U.S. assistance programs depends on the willingness of the Government of Uzbekistan to participate in these efforts.

AFRICA AND THE MIDDLE EAST

Angola

I. Summary

Although some cannabis is cultivated and consumed locally, Angola neither produces nor consumes significant quantities of drugs. Angola continues to be a transit point for drug trafficking, particularly cocaine brought in from Brazil or South Africa and destined for Europe. Angola is a member of the Southern African Development Community (SADC) Counternarcotics Protocol in 2003. Angola is a party to the 1988 UN Drug Convention.

II. Status of Country

Angola is not a major center of drug production, money laundering, or production of precursor chemicals, and is not likely to become one. It is however, a transit point for drug trafficking. Narcotics, mostly cocaine, enter from Brazil and are then transported to Europe and South Africa. Police continued to seize cocaine and cannabis in 2006. Increased intelligence sharing and the scanning of incoming containers improved the effectiveness of drug interdiction.

II. Country Actions Against Drugs in 2006

Law Enforcement Efforts. Angola cooperates with South Africa, Brazil, and Portugal in fighting the flow of cocaine through Angola to various destinations. South Africa has provided intelligence, training, and equipment to the Angolan police. Angola also cooperates on a regional basis via the SADC.

Corruption. Although cases of public corruption connected to narcotics trafficking are rare, in June 2005, three officials of the National Department for Criminal Investigation were charged with trafficking in cocaine. As a matter of government policy, Angola does not encourage illicit production or distribution of drugs or associated money laundering.

Agreement and Treaties. Angola is a party to the 1988 UN Drug Convention, the 1971 UN Convention Against Psychotropic Substances, and the 1961 UN Single Convention as amended by the 1972 Protocol. Angola ratified the UN Corruption Convention on August 29, 2006 and has signed, but has not yet ratified the UN Convention against Transnational Organized Crime.

Domestic Programs/Demand Reduction. In 2004, Angola enacted legislation mandating treatment for those convicted of narcotics abuse. Drug rehabilitation centers have been established in Luanda, Lubango, and Benguela, but government resource constraints limit what the government can offer in modern drug treatment.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. In 2006, 24 Angolan police officers participated in State Department-sponsored regional training courses, which included segments on counternarcotics.

The Road Ahead. The U.S. will continue to assist Angola through training of law enforcement officials at ILEA Gaborone and in ILEA Roswell.

Benin

I. Summary

Benin is a low volume narcotics producer and remains a transit point for illegal narcotics. During 2006, no new counternarcotics laws or initiatives were introduced in Benin. Benin's drug enforcement police squad, the Central Office for Repression of Illicit Drug Trafficking (known by the French acronym OCERTID) operates with limited resources. The rate of illegal drug seizures, compared to the likely volume of drugs transiting Benin, was low in Benin during 2006, as were quantities seized. Benin is a party to the 1988 UN Drug Convention, and Benin's antinarcotics legislation adopted into law in 1997 is based on the UNODC model.

II. Status of Country

Benin produces illegal narcotics - but in very modest quantities for local consumption. Marijuana is the only drug produced in significant quantities. There is no production of chemical drugs such as methamphetamines. Marijuana is cultivated along the western and eastern borders with Nigeria and Togo. Marijuana is also cultivated in the central area of the country. During 2006, there were no new efforts by the government to eradicate in these areas. Benin's porous borders and lack of port security allow for the easy transshipment of narcotics by regional traffickers. All forms of narcotics are known to transit through Benin. The extent of the transit is uncertain, but seems to be growing, based on seizures.

III. Country Actions Against Drugs in 2006

Policy Initiatives. In March 2006, Benin elected a new president in a generally fair democratic election. Within the severe limits imposed by the poverty of the country, the existing level of activity against narcotics continued, and a few new initiatives were proposed.

Law Enforcement Efforts. The total reported drug seizures in Benin during 2006 were: cannabis: 2.2 MT; cocaine: 28.2 kg,; and heroin: 25.2 kg. Total arrest and prosecution statistics are not available. Law enforcement resources continue to target small-scale couriers, users, and criminals involved in other forms of crime that are captured with various quantities of illegal drugs. Legislation adopted in 1997 (which increased sentences for traffickers, criminalized drug-related money laundering, and permitted the seizure of drug-related assets) remains in effect, but with limited implementation. Benin has no legal mechanism in place to seize narcotics-related assets. OCERTID has had a team assigned to the port of Cotonou since November 2005, but this team continues to be hampered by a lack of training in the area of seaport security and container search procedures. In general, Benin suffers from a lack of follow-up and focus on implementation in its counternarcotics efforts. The United States Millennium Challenge Compact, which was signed in February 2006 and entered into force in October, will help address these weaknesses over the next five years. The Compact includes the development and implementation of a port master plan that incorporates institutional security improvements in the areas of access, customs services, and cargo screening.

Corruption. There is no information that a senior Beninese government official or government entity engages in, encourages, or facilitates the illicit production or distribution of narcotic or psychotropic drugs. There is no legislation or legal framework in Benin to prevent or punish narcotics-related corruption, and Benin did not take any new steps to prevent narcotics-related corruption in 2006. However, in May 2006, upon his election to the Presidency, Boni Yayi signed a

good governance charter with 22 of his ministers publicly, laying out clear code of conduct ground rules for all his ministers.

Agreements and Treaties. Benin 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. Benin is a party to the UN Convention against Corruption, and to the UN Convention against Transnational Crime and its protocols against trafficking in persons, migrant smuggling and illegal manufacturing and trafficking in firearms.

Domestic Programs. Benin's drug enforcement coordination office called CILAS (Interdepartmental Committee to Fight Against Drugs and Narcotics Abuse) encompasses representatives from the Ministries of Health, Family, Social Protection, Finance, Economy, Environment, and Youth. CILAS is responsible for implementing Benin's domestic drug policy, but no results on the effectiveness of its programs are available.

IV. U.S. Policy Initiatives and Programs

The Road Ahead. With the inauguration of the new Beninese Presidential administration in early 2006 and its new initiatives, which include efforts to address corruption, the GOB could improve its efforts in implementation of prior and new counternarcotics initiatives in response to increased drug-trafficking through the country. Efforts by the U.S. Government, such as improving port and border security through the Millennium Challenge Corporation agreement, will greatly enhance the GOB’s capacity to address drug-trafficking.

Egypt

I. Summary

The Arab Republic of Egypt is not a major producer, supplier, or consumer of narcotics or precursor chemicals. Heroin and cannabis are transported through Egypt, but presumed levels have not risen in four years. The Anti-Narcotics General Administration (ANGA) is the main counternarcotics organization in Egypt. It is competent and progressive, and cooperates fully with the Drug Enforcement Administration (DEA) office in Cairo. In 2004, a joint DEA-ANGA investigation uncovered a significant MDMA (Ecstasy) laboratory in Alexandria, resulting in the arrest of four individuals, indictment of three U.S. citizens, and a secondary ongoing investigation that has already identified more than two million dollars of drug related proceeds. In 2006, DEA conducted several major international joint investigations with ANGA. Egypt is party to the 1988 UN Drug Convention.

II. Status of Country

Egypt is not a significant producer or consumer of narcotics or precursor chemicals, despite the fact that opium poppy and cannabis plants are grown in Egypt. The substances that are most commonly abused are cannabis, which is known in Egypt as "bango," and legitimate pharmaceuticals. Narcotics do pass through Egypt. Egypt's long and mostly uninhabited borders, combined with the high level of shipping passing through the Suez Canal Zone, have made Egypt prone to the transshipment of Asian heroin. Other types of narcotics periodically pass through Cairo International Airport. The narcotics are primarily destined for Western Europe, with only small amounts headed to the United States. Transshipment has diminished considerably in recent years due to the elevation of security in Egypt and the region as a whole.

The ANGA is the oldest counternarcotics unit in the Arab world. It has jurisdiction over all criminal matters pertaining to narcotics and maintains offices in all major Egyptian cities and ports of entry. Despite limited resources, ANGA has continually demonstrated improvements in its capabilities.

III. Country Actions Against Drugs in 2006

Policy Initiatives. The Government of Egypt (GOE) continues to aggressively pursue a comprehensive drug control strategy that was developed in 1998. ANGA, as the primary Egyptian drug enforcement agency, coordinates with the Egyptian Ministry of Interior, the Coast Guard, the Customs Service, and select military units on all aspects of drug law enforcement. Government and private sector demand reduction efforts exist, but are hampered by financial constraints and logistical challenges.

Accomplishments/Law Enforcement Efforts. Internal security and combating terrorism are the major foci of Egyptian law enforcement efforts. Despite these priorities, ANGA is able to operate an effective program against narcotics trafficking. Egypt is a transit country for narcotics. ANGA investigates and targets significant drug traffickers, intercepts narcotics shipments, and detects and eradicates illegal crops. Large-scale seizures and arrests are rare, primarily because Egypt does not have a significant narcotics market or narcotics abuse culture. ANGA operates its own drug awareness campaign in addition to other government and private sector demand reduction programs. ANGA's Eradication Unit conducts monthly operations against cannabis and opium

crops in the Sinai. Reversing a trend over the past several years, the amount of narcotics seized during 2005 was lower than that of the previous year.

According to the GOE, drug seizures in 2005 included cannabis (78.0 MT), hashish (1.5 MT), and smaller amounts of heroin, opium, psychotropic drugs, and cocaine. Significant amounts of prescription and "designer" drugs such as Ecstasy (10,683 tablets), amphetamines, and codeine were also seized. During the course of 2005, Egyptian law enforcement officials eradicated 380 hectares of cannabis and 106 hectares of opium poppy plants. Late in 2004, a joint DEA-ANGA investigation uncovered an MDMA laboratory located in a small apartment building in Alexandria, Egypt. ANGA raided the laboratory, arresting four individuals and seizing chemicals, paste, and equipment. Additionally, a secondary ANGA financial investigation conducted in 2005 with assistance from the DEA country office has identified over two million dollars in drug proceeds located in Egypt. Since 2003, production of illicit pharmaceuticals and counterfeit narcotics are on the rise in Egypt, which may represent a new trend toward shifting synthetic drug labs to the region due to the region's relatively lax regulation of commercial chemical products. With the passage of the first anti-money laundering law in 2002, which criminalized the laundering of proceeds derived from trafficking in narcotics and numerous other crimes, seizures of currency in drug-related cases have amounted to over 4,560,000 Egyptian Pounds ($800,000). In October 2005, ANGA seized two metric tons of marijuana that originated in the northern Sinai.

Corruption. As a matter of government policy, the Government of Egypt does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal transactions. The GOE has strict laws and harsh penalties for government officials convicted of involvement in narcotics trafficking or related activities. However, low-level local police officials involved in narcotics-related activity or corruption have been identified and arrested.

Agreements and Treaties. Egypt and the United States cooperate in law enforcement matters under an MLAT and an extradition treaty. Egypt is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, and the 1961 UN Single Convention as amended by the 1972 Protocol.. Egypt is a party to the UN Convention against Transnational Organized Crime and its protocols on migrant smuggling and trafficking in persons. Egypt also is a party to the UN Corruption Convention . The 1988 UN Drug Convention, coupled with an 1874 extradition agreement with the former Ottoman Empire, provides the United States and Egypt with a basis to seek extradition of narcotics traffickers.

Cultivation and Production. Cannabis is grown year round in the northern and southern Sinai and in Upper Egypt, while opium poppy is grown in the southern Sinai only from November through March. Rugged terrain means that plots of illegal crops are small and irregularly shaped. ANGA combats this production by using aerial observation and confidential informants to identify illegal plots. Once the crops are located, ANGA conducts daylight eradication operations that consist of cutting and burning the plants. ANGA has yet to implement a planned herbicide eradication program. No heroin processing laboratories have been discovered in Egypt in the last 14 years and no evidence is available indicating that opiates or cannabis grown in Egypt reach the United States in sufficient quantities to have a significant impact. In an ongoing investigation that started in 2004, a joint DEA-ANGA operation uncovered the first ever MDMA laboratory in Egypt and eliminated it before it reached significant production.

Domestic Programs /Demand Reduction. In 2005, the National Council for Combating and Treating Addiction continued to be the GOE's focal point for domestic demand reduction programs. The Council is an inter-ministerial group chaired by the Prime Minister and has the

participation of ten ministries. The group espouses a three-pronged strategy to counter the demand for narcotics: awareness, treatment (including detoxification and social/psychological treatment), and rehabilitation. The group's efforts over the past year included a range of activities, for example, a media advertising campaign with participation from First Lady Suzanne Mubarak, annual seminars at Al-Azhar University on "Islam and Narcotics," and the establishment of a drug treatment hotline and website. Additionally, the Council sponsors four rehabilitation centers, primarily focused on the Cairo metropolitan area. These centers annually receive thousands of requests from addicts for help.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives/Bilateral Cooperation. The U.S. counternarcotics policy in Egypt is to engage the GOE in a bilateral program to reduce narcotics transshipments and decrease opium poppy and cannabis cultivation. The policy includes the following specific objectives: increase training to ANGA and other government offices responsible for narcotics enforcement; assist with the identification of illegal crop eradication targets; improve narcotics interdiction methodology; and improve intelligence collection and analysis. In 2005, the DEA country office initiated Operation Sphinx, a joint DEA-ANGA operation to collect actionable intelligence for enforcement/interdiction action in the Suez Canal and the Gulf of Aqaba. The operation targets sources of information in the maritime industry throughout the region.

The Road Ahead. In fiscal year 2007, the U.S. Government plans to increase its joint operations with ANGA, moving beyond a previously predominant focus on monitoring the narcotics problem. This will involve the DEA country office continuing to work closely with ANGA on joint investigations, as well as improving interdiction and eradication techniques and developing additional sources of information on trafficking and production.

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Ethiopia

I. Summary

Ethiopia does not play a major role in the production, trafficking or consumption of illicit narcotics or precursor chemicals associated with the drug trade. Although Ethiopia is strategically located along a major narcotics transit route between Southwest/Southeast Asian heroin production and European markets, the amount of drugs transiting Ethiopia remains small. Small amounts of heroin transit Ethiopia for markets in West Africa, Europe and the United States, primarily due to Ethiopia's good airline connections between those markets and Southwest/Southeast Asia. Nigerian traffickers use Ethiopia as a transit point on a limited basis. In addition, cannabis is grown throughout Ethiopia, but most is consumed in rural areas of Ethiopia itself. Khat, a chewable leaf with a mild narcotic effect, is legal in Ethiopia. Ethiopia now produces more khat than coffee for export. Seizures are up, and illegal exports from Ethiopia, through Europe to the U.S., are rising. Khat chewing is part of the culture of several countries bordering the Red Sea. The Illicit Drug Control Service (IDCS), formerly the Ethiopian Counternarcotics Unit (ECNU), has a small staff, limited training and equipment, and would like to partner with the international community to improve its capabilities. The IDCS maintains an interdiction team at the international airport in the capital. Ethiopia is a party to the 1988 UN Drug Convention.

II. Status of Country

Ethiopia is not now, and is not likely to become, a significant producer, trafficker or consumer of narcotic drugs or diverted precursor chemicals. Cannabis is produced in rural areas throughout Ethiopia. Only a small portion is being produced for export, primarily to neighboring countries; the majority is consumed at home, but absolute quantities in both cases are moderate. According to the IDCS, cannabis is primarily grown and used by the Rastafarian population, and that the highest volume was grown in and outside of the town of Shashemene, approximately 250 kilometers south of Addis Ababa. IDCS also believed that cannabis was likely sold side by side with khat. No seizures of opium have been reported since 2001, when opium poppy was seized at two locations where it was apparently being grown as an experimental crop.

III. Country Actions Against Drugs in 2006

The use of heroin and other hard drugs remains quite low, due primarily to the limited availability of such drugs, their high street price, when available, and low incomes of most Ethiopians. To the extent such hard drugs are available; it is in large part due to the spillover effect from drug couriers transiting through Bole International Airport in Addis Ababa. Bole is a major air hub for flight connections between Southeast and Southwest Asia and Africa, and according to Ethiopian authorities, much of the heroin entering and/or transiting Ethiopia comes from Asia, although absolute quantities in both cases are low. Some of the flights require up to a two-day layover in Addis Ababa, permitting a limited opportunity for the introduction of these drugs into the local market.

Law Enforcement Efforts. The IDCS has a small staff and inadequate budget, which limit its capabilities. There is currently no training offered for officers in IDCS, and IDCS had no permanent programs. After changing its leadership in 2002, IDCS has been more proactive at the federal level, but is still hampered by financial constraints. IDCS is comprised of approximately 40 individuals, including federal police officers and administrative personnel. Its efforts include an

airport interdiction team comprised of 11 staff, a four-person surveillance team, and an educational unit with six staffers. At the airport, the interdiction team uses its one drug sniffer dog to examine, with a degree of randomness, cargo and luggage. The IDCS formerly had two dogs from the U.S., which have died. The current sniffer dog was a donation from Sudan; however, the dog could only detect cannabis. The IDCS routinely screens passengers, luggage and cargo on flights arriving from "high risk" origins, such as Dubai, Bangkok, Mumbai, New Delhi, Bombay, Karachi, and Islamabad. The interdiction unit continues to improve its ability to identify male Nigerian/Tanzanian drug "mules," which typically swallow drugs to smuggle them. However, the airport interdiction unit relies heavily on tips from other countries to identify the drug mules. The Ethiopian government reports that the overall volume of drugs interdicted has been low, as most seizures involve airline passengers carrying small quantities in luggage or on their person.

Corruption. There is no evidence of government corruption related to illicit drugs. The Anti-Corruption Commission, created in 2001, was given substantial police powers to investigate corruption, and for a short while attracted considerable attention when it arrested and charged several high-level government officials with corruption (unrelated to drugs) in 2001 and 2002. Since then, the Commission seems to have become bogged down bureaucratically and is no longer a formidable organization. There have been no charges of drug-related corruption against government officials.

Agreements and Treaties. Ethiopia 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 against Psychotropic Substances. Ethiopia has signed, but has not yet ratified, the UN Convention against Transnational Organized Crime and the UN Convention against Corruption.

Cultivation/Production. Cannabis is produced in rural areas throughout Ethiopia, of which a small portion is for export, primarily to neighboring countries; the majority is consumed at home, but quantities in both cases are moderate. Khat is grown all over Ethiopia to accommodate traditional users in Ethiopia itself and increasingly for export.

Drug Flow/Transit. The amount of drugs transiting Ethiopia remains small. Heroin transits Ethiopia for markets in West Africa, Europe and the United States, primarily due to Ethiopia's good airline connections between those markets and Southwest/Southeast Asia. Nigerian traffickers use Ethiopia as a transit point on a limited basis.

Domestic Programs. The only domestic program to combat narcotics in Ethiopia is the IDCS, which has both an enforcement and limited drug education role. The ICDS' education unit aims to increase public awareness by partnering with antidrug clubs in high schools. Further, the education unit educates domestic police on how to detect and control drugs in all areas of Ethiopia.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. The United States is working to raise the profile of crime-related issues and encourage criminalization of money laundering. At present, the U.S. is not providing assistance to the IDCS.

The Road Ahead. Ethiopia is likely to remain a minor trafficking center for Africa because of its airport and the flight arrangements described above. The GOE's goal is to partner with the international community to improve its detection capabilities.

Ghana

I. Summary

Ghana has taken steps to combat illicit trafficking of narcotic drugs and psychotropic substances and has mounted major efforts against drug abuse. It has active enforcement, treatment, and rehabilitation programs; however, corruption and a lack of resources remain problems. A national narcotics scandal in 2006 involving allegations of official complicity in narcotics trafficking complicated Ghana's efforts to combat the drug trade, but served to focus public attention on the growing problem. Ghana-U.S. law enforcement coordination strengthened in 2006, particularly at the policy level, but operational cooperation was strained by the narcotics scandal. Interagency coordination among Ghana's law enforcement remained a challenge. Ghana is a party to the 1988 UN Drug Convention.

II. Status of Country

Ghana has become a major transshipment point for illegal drugs, particularly cocaine from South America, as well as heroin from Southeast and Southwest Asia. Europe remains the major destination, but drugs also flow to South Africa and to North America. Accra's Kotoka International Airport (KIA) is increasingly a focus for traffickers. Ports at Tema, Sekondi, and Takoradi are also used, and border posts at Aflao (Togo) and Elubo and Sampa (Cote d'Ivoire) see significant drug trafficking activity. In 2006, South American cocaine trafficking rings increased their foothold in Ghana, establishing well-developed distribution networks run by Nigerian and Ghanaian criminals. Ghana's interest in attracting investment provides good cover for foreign drug barons to enter the country under the guise of doing legitimate business. However, South American traffickers reduced their need to visit Ghana in person by increasing reliance on local partners, thus further insulating themselves from possible arrest by local authorities.

The year was marked by a series of cocaine scandals, including allegations of police complicity in cocaine trafficking. In May five kg of cocaine went missing from a police evidence locker. An ensuing investigation, which received extensive domestic media attention, quickly expanded to other cases. In the most prominent case, security agencies interdicted a ship, the MV Benjamin, thought to have been carrying as much as two tons of cocaine, of which authorities only seized thirty kg. The scandal intensified when a secret recording surfaced that caught an Assistant Commissioner of Police and known narcotics traffickers on tape discussing why they had not been alerted to the two ton cocaine shipment. In a separate case, a woman alleged that a different senior police official requested a $200,000 bribe to drop a case against her boyfriend, a foreign cocaine trafficker. The ruling party and the opposition political parties used the scandal to accuse each other of allowing the country to become a transshipment point for cocaine and heroin bound for other countries. As a result of these scandals, a handful of law enforcement officials lost their jobs and the government renewed its focus on how to combat the narcotics trade.

Trafficking has also fueled increasing domestic drug consumption. Cannabis use is increasing in Ghana, as is local cultivation of cannabis. Law enforcement officials have repeatedly raised concerns that narcotics rings are growing in size, strength, organization and capacity for violence. The government has mounted significant public education programs, as well as cannabis crop substitution programs. Diversion of precursor chemicals is not a major problem.

III. Country Actions Against Drugs in 2006

Policy Initiatives. The Narcotics Control Board (NCB) coordinates government counternarcotics efforts. These activities include enforcement and control, education, prevention, treatment, rehabilitation, and social reintegration. The two top officials at the NCB were suspended at the outset of the 2006 narcotics scandal. The top official was ultimately replaced, but the NCB remained without an operations chief at year's end. The Ministry of Interior set up a fact-finding committee to investigate the loss of the two tons of cocaine apparently not seized by enforcement personnel, and related issues. Following the release of the committee's report in September, the UNDP funded a series of experts' meetings to develop a new national drug policy and make recommendations on improving the country's counternarcotics efforts. The series of meetings was ongoing at year's end.

Each year since 1999, the NCB has proposed to amend the 1990 narcotics law to fund NCB operations using a portion of seized proceeds, but the Attorney General's office has not acted on this proposal. In 2006, the Attorney General succeeded in amending the narcotics law to allow stricter application of the bail bond system (i.e., no general granting of bail when flight is a real possibility; higher sureties to assure that defendants appear for trial). The NCB also called for amendment, without success, of PNDC Law 236 (1990) to enable it to confiscate property and assets purchased by identified drug dealers using illegal proceeds. The government began drafting a Proceeds of Crime bill and a Money Laundering bill in 2006, and final drafts were reportedly near completion by year's end. The government reportedly plans to present the bills to parliament for consideration in early 2007.

Law Enforcement Efforts. In 2006, Ghanaian law enforcement agencies continued to conduct joint police/NCB operations against narcotics cultivators, traffickers, and abusers. NCB agents, who are not armed, rely upon the police's Criminal Investigative Division's (CID) narcotics unit in situations requiring armed force. The Ghana Police Service has assigned several investigators to narcotics cases, holds suspects in its cells and prepares such cases for docket. The NCB continued to work with DHL, UPS, and Federal Express to intercept packages containing narcotics. The NCB reported that total drug seizures of cocaine, heroin, and cannabis from January to September 2006 decreased by 17 percent compared to the same period in 2005, likely reflecting a temporary decrease in trafficking activity following the 2006 narcotics scandal. Projected fourth quarter data (based on data for the earlier part of the year) suggests that the number of cocaine arrests in 2006 dropped to roughly half that of 2005, while heroin and cannabis arrests both showed modest declines. The NCB said narcotics rings find trafficking cocaine to Europe easier and more profitable than obtaining heroin from the Far East and trafficking it to the U.S.

Convictions in drug cases involving 100 grams or more increased in 2006. During the year, courts delivered 33 drug-related convictions in such cases, including 4 for arrests made in 2006 and 29 for arrests made in 2005. In addition to a number of Ghanaians, courts sentenced citizens of Nigeria, Cote d'Ivoire, Togo, Guinea, Belgium, and Germany in cases involving cocaine and heroin trafficking. Despite these positive trends, at year's end courts still had 96 cases pending that involved 100 grams or more. Of these, 52 were for 2006 arrests and 44 were for older cases. The NCB reported that the price of cannabis increased sharply in 2006, possibly as a result of eradication efforts. The price of a small parcel of cannabis (the size of a loaf of bread) in 2006 was approximately cedis 100,000-150,000 ($10.86 - $16.29), while a wrapper or joint sold for cedis 2,000-5,000 ($0.22 - $0.54), from two to five times the price in 2005. The NCB and other law enforcement agencies continued their successful cooperation with U.S. law enforcement agencies in 2006 until the eruption of the narcotics scandal, which forced U.S. agencies to reduce

cooperation until the NCB could reconstitute itself. There were no narcotics-related extraditions to or from the United States in 2006.

Corruption. Ghana does not, as a matter of government policy, encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions, nor is any senior official known to engage in, encourage, or facilitate narcotics production or trafficking. Despite the regular arrests of suspected narcotics traffickers, Ghana has an extremely low rate of conviction, which law enforcement officials indicate is likely due primarily to corruption within the judicial system. The backlog of cases pending trial and the limited resources facing the judiciary remain problems in controlling drug trafficking in Ghana. In October 2005, a supervisor of KIA's cargo handling company was arrested attempting to smuggle cocaine using an airport tractor and his access to an airplane. Media outlets alleged that this occurred with either the approval or the involvement of ruling party officials.

NCB officials complain that courts often release suspected smugglers, including foreign nationals, on bail that is often set at only a tiny fraction of the value of the drugs found in a suspect's possession. The court requirement of a surety in addition to bail is often either dropped, or court registrars will fraudulently use the identical property as surety for multiple cases. Government officials hope that with the change to the bail bond system in 2006, this will cease to be a problem.

In September 2004, the NCB was held in contempt of court for withholding the passports of suspects charged with drug trafficking who had been released on bail. The NCB retained the passports while they waited for the Attorney General to file a request not to permit bail, which was ultimately never filed. The NCB eventually had to turn over the passports on a court order. At least one of the suspects in this case, a Ghanaian citizen possessing a Dutch passport, has since traveled in and out of Ghana while on bail. In August 2005, the Attorney General's office filed an appeal to protest a retiring judge's acquittal of two of these suspected traffickers. In 2004 and 2005, there were no cases of alleged evidence tampering. In April 2005, the Ghana Police arrested two policemen who allegedly facilitated a suspected Nigerian drug trafficker's escape from custody. In May 2005, the Ghana Police Criminal Investigations Division took into custody two suspected traffickers and four policemen who allegedly demanded a $60,000 bribe to release the traffickers when they first encountered them with narcotics. In June 2005, all six were granted bail.

Corruption among law enforcement officials remained a serious problem in 2006. In January, two officers from the Bureau of National Investigations were suspended for having inappropriate contact with Nigerian drug traffickers. An Assistant Commissioner of Police and five other officers were arrested for their alleged direct involvement in the trafficking of the cocaine, which went missing from the MV Benjamin. Though no charges of corruption were brought, the two top officials at the Narcotics Control Board were suspended for dereliction of duty in allowing five kg of seized cocaine to go missing from a police evidence locker. In a related development, a state prosecutor was asked to proceed on leave because he charged drug barons with a lesser crime than the charge sought by the Attorney General, allowing the criminals to be granted bail (they were re-arrested the next day and the prosecutor was dismissed). One of those re-arrested allegedly was later allowed by jail personnel to continue using his mobile phone from his jail cell and was reportedly escorted out of the jail some evenings by officers to attend social engagements. It was not until the story broke in a local newspaper that government officials allegedly insisted the trafficker be moved to a more secure facility.

Agreements and Treaties. Ghana is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, and the 1961 UN Single Convention, as amended by the

1972 Protocol. U.S.-Ghana extradition relations are governed by the 1931 U.S.-U.K. Extradition Treaty. In 2003, Ghana signed a bilateral Customs Mutual Assistance Agreement with the United States. In July 2006, Ghana ratified both the UN Convention against Corruption and the African Union Convention on Preventing and Combating Corruption. Ghana has not signed the UN Convention against Transnational Organized Crime.

Cultivation and Production. Cannabis (also known as Indian hemp) is widely cultivated in rural farmlands. The Volta, Brong-Ahafo, Eastern, Western, and Ashanti regions are principal growing areas. Most cannabis is consumed locally; some is trafficked to neighboring and European countries. Cannabis is usually harvested in September and October, and law enforcement teams increase their surveillance and investigation efforts at these times. Due to the shakeup relating to the narcotics scandal, NCB did not investigate cannabis production and distribution, or destroy cultivated cannabis farms and plants in 2006 as they had in years past. In October 2005, a joint operation between the NCB and police destroyed three acres of cannabis in Akatsi and took two Ghanaians and two Jamaicans into custody. In February 2003, the NCB implemented a pilot program designed to reduce the area under cultivation. Under the terms of this project, 140 marijuana cultivators volunteered to give up marijuana in exchange for government assistance with planting and processing new food crops and immunity from prosecution. The NCB expanded the program from 120 farmers in 2004 to 325 in 2005, but did not have funds to expand the program in 2006. NCB reports, however, that by 2006 cultivation in targeted areas had gone down. To provide alternative income to farmers growing cannabis, the Ministry of Women and Children's Affairs donated two cassava-processing plants to a community in Essam, Eastern Region in 2005.

Drug Flow/Transit. Cocaine and heroin are the main drugs that transit Ghana. Cocaine is sourced mainly from South America and destined for Europe, while heroin comes mainly from Southeast and Southwest Asia on its way to Europe and North America. Cannabis is shipped primarily to Europe, specifically to the United Kingdom. Law enforcement officials report that traffickers are increasingly exploiting Ghana's relatively unguarded and porous maritime border, offloading large shipments at sea onto small fishing vessels which carry the drugs to shore undetected. Narcotics are often repackaged in Ghana for reshipment, hidden in shipping containers or secreted in air cargo. Large shipments are also often broken up into small amounts to be hidden on individuals traveling by passenger aircraft. The most common individual concealment methods utilize false bottom suitcases or body cavity concealment. Arrests in 2006 revealed a variety of creative concealment methods, including bricks of cocaine hidden inside women's ornate hair-dos, cans of soup and containers of yoghurt with hidden narcotics, and bricks of marijuana hidden in hollowed-out wooden handicrafts bound for Europe.

Officials at UK airports found that the total tonnage of trafficked narcotics seized from passengers on flights originating in Ghana eclipsed those from Nigeria in 2006. In partial response to this trend, the British Government launched a program deploying experienced U.K. customs officers and state of the art ion scan detection equipment to Kotoka International Airport. The program, which will last one or two years, will also involve training Ghanaian customs officers on how to use the equipment, as well as profiling, targeting, intelligence-gathering and other security techniques.

There is no hard evidence that drugs transiting Ghana contribute significantly to the supply of drugs to the U.S. market. However, there are indications that direct shipments to the United States--particularly of heroin--are on the rise, fueled by an increase in shipments of heroin to Ghana from Pakistan and Afghanistan in 2006. In November 2004, two alleged leaders of a drug smuggling ring from Ghana were indicted in Columbus, Ohio for shipping heroin for distribution across

central Ohio, indicating a direct flow of illicit narcotics from Ghana into the U.S. Midwest. The November 2005 arrest of a Ghanaian parliamentarian indicated a similar flow of heroin to the New York area, and in 2006 a significant number of Ghanaians were arrested in the United States for trafficking heroin. In the past, direct flights from Accra played an important role in the transshipment of heroin to the U.S. by West African trafficking organizations. In July 2004, the Federal Aviation Administration banned Ghana's only direct flights to the United States for safety reasons. However, this did not appear to reduce the trafficking of drugs between the two countries. Instead, drug traffickers rerouted the flow through Europe, according to the NCB. Direct air links were re-established in 2005, with a second airline adding non-stop service between Ghana and the United States in December 2006, in addition to multiple carriers providing connecting flights to the United States via Europe, which may result in increased attempts at smuggling by direct air links.

In 2006, the U.S. Embassy uncovered widespread visa fraud associated directly with drug trafficking organizations, further raising fears of highly organized smuggling rings attempting to carry drugs into the United States from Ghana by air. The NCB reported that in response to increased vigilance against West African drug mules arriving at foreign airports, a new trend appears to be use of Caucasians as carriers of narcotics to arouse less suspicion by customs and immigration officials at European and U.S. airports. Despite concerns with increased use of air travel for drug transshipment, however, the primary problem remains Ghana's long, relatively unpatrolled coastline.

Domestic Programs. The NCB works with schools, professional training institutions, churches, local governments, and the general public to reduce local drug consumption. The Ministries of Health and Education further coordinate their efforts through their representatives on the Board. Board Members and staff frequently host public lectures, participate in radio discussion programs, and encourage newspaper articles on the dangers of drug abuse and trafficking. Although treatment programs have lagged behind preventative education and enforcement due to lack of funding, there are three government psychiatric hospitals receiving drug patients, and three private facilities in Accra, run by local NGOs, also assisting drug abusers. The NCB's national drug education efforts continued in schools and churches, heightening citizens' awareness of the fight against narcotics and traffickers. In 2006, the NCB continued broadcasting TV programs to explain narcotics' effects on the human body, individual users and society, which are being broadcast on state television in local languages. In partial response to the narcotics scandal, the NCB also began efforts to sensitize coastal fishermen on the dangers of getting involved in the drug trade and on the need to cooperate with law enforcement officials. The Regional Minister for the Central Region (where many fishing ports are located) met with local fishermen to discuss the problems of drug trafficking.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. The USG's counternarcotics and anticrime goals in Ghana are to strengthen Ghanaian law enforcement capacity generally, to improve interdiction capacities, to enhance the NCB's office and field operation functions, and to reduce Ghana's role as a transit point for narcotics. In 2002, the United States provided the Government of Ghana counternarcotics assistance in the form of surveillance and detection equipment, worth $64,000, including two narcotics detection devices (“Itemisers”) installed at Kotoka International Airport in December 2003. Similar equipment funded in FY 2000 and FY 2001 is effectively maintained and has facilitated a number of drug arrests and seizures. Ghana is still benefiting from police training funded in FY 2002, which helped suppress corruption and strengthen the capacity of the police to interdict illegal drugs. A four-week, interagency counternarcotics training course, funded by the

U.S. in FY 2002 and undertaken in November 2004, focused on drug interdiction at Ghana's air and seaports.

In August 2005, the U.S. government signed an agreement to provide Ghana's law enforcement agencies with an additional $200,000 to fight narcotics trafficking. Under this funding, DEA provided a two-week basic narcotics investigations skills course for NCB and other GOG counternarcotics staff in November 2006. At the end of the training, the U.S. Embassy donated 25 sets of new Smith & Wesson handcuffs, provided by the Department of Justice, to the NCB. Future assistance using these funds will focus on advanced narcotics investigation skills and financial crimes investigations. The USG is also working with the Customs, Excise and Preventive Service (CEPS), urging the agency to establish an internal affairs unit that would strengthen internal anticorruption efforts along Ghana's borders.

The Road Ahead. Ghana made progress in late 2006 addressing its legislative and enforcement deficiencies, brought into the public eye by the narcotics scandal, but there is a long road ahead. The NCB's plan to hire forty additional agents will be a good start. Tougher confiscation provisions, with a portion of such resources dedicated to fighting narcotics trafficking, would strengthen Ghana's counternarcotics regime. Better oversight of financial transactions is particularly important given the potential for any narcotics financial networks to be used by terrorist organizations or for internal corruption. Upgraded measures to combat corruption are also essential. Sea interdiction and surveillance capabilities need to be enhanced. These initiatives will require significant re-allocation of resources, and it remains to be seen whether Ghanaian officials have the political will to see them through.

Iran

I. Summary

The Islamic Republic of Iran is a major transit route for opiates smuggled from Afghanistan and through Pakistan to the Persian Gulf, Turkey, Russia, and Europe. The largest single share of opiates leaving Afghanistan (perhaps 60 percent) passes through Iran to consumers in Iran itself, Russia and Europe. There is no evidence that narcotics transiting Iran reach the United States in an amount sufficient to have a significant effect. There are some indications that opium poppy cultivation is making a comeback in Iran, after a long period during which poppy cultivation was negligible. There are an estimated 3 million opiate abusers in Iran, with 60 percent reported as addicted to various opiates and 40 percent reported as casual users. With record levels of opium production right next door in Afghanistan, the latest opiate seizure statistics from Iran continue to suggest Iran is experiencing an epidemic of drug abuse, especially among its youth.

There is overwhelming evidence of Iran's strong commitment to keep drugs leaving Afghanistan from reaching its citizens. As Iran strives to achieve this goal, it also prevents drugs from reaching markets in the West. Iran claims that more than 3500 Iranian law enforcement personnel have died in clashes with heavily armed drug traffickers over the last two decades, and Iran reports that another 56 died in 2005. Iran spends a significant amount on counter drug-related activities, including interdiction efforts and treatment/prevention education. Estimates range from $250-$300 million to as much as $800 million each year, depending on whether treatment and other social costs are included. Iran claims to have invested upwards of $1 billion in its elaborate series of earthworks, forts and deep trenches to channel potential drug smugglers to areas where they can be confronted and defeated by Iranian security forces. Nevertheless, traffickers from Afghanistan and Pakistan continue to cause major disruption along Iran's eastern border. Iranian security forces have had excellent seizure results for the last several years by concentrating their interdiction efforts in the eastern provinces.

Iran is a party to the 1988 UN Drug Convention, but its laws do not bring it completely into compliance with the Convention. The UNODC is working with Iran to modify its laws, train the judiciary, and improve the court system.

II. Status of Country

Iran is a transit country and a major consumer country of opiates and hashish. Entering from Afghanistan and Pakistan into eastern Iran, heroin, opium, and morphine are smuggled overland, usually to Turkey. Drugs are also smuggled by sea across the Persian Gulf. Although China is estimated to have the largest population of those who consume opiates, Iran is itself a major opiate consuming country, with the highest share of population abusing opiates in the world. The UNODC estimates that 2.8 percent of the Iranian population between the ages of 15 to 64 used opiates in 1999 (latest complete survey data available). A 2005 Quick Assessment drug use survey conducted by Iranian authorities, confirmed the accuracy of the earlier 1999 survey on drug abuse. Many Iranian practitioners, especially in the treatment community, argue that the share of opiate abusers now is even higher than 2.8 percent of the population.

Nevertheless, 2.8 percent is very high. It is almost five times the rate of opiate abuse in the U.S. (.6 percent). A continuing sharp increase in the share of unrefined opium in total opiate seizures made

by Iranian enforcement in the first nine months of 2006 suggests that drug traffickers in Afghanistan have consciously decided to serve the growing opium market in Iran, while also continuing to ship refined or semi-refined opiates (heroin and morphine base) for ultimate consumption in Europe. This choice by traffickers and the record opium crops in Afghanistan over the last few years are contributing to what can only be termed an epidemic of opiate abuse in Iran.

III. Country Actions Against Drugs in 2006

Policy Initiatives. Narcotics-related assistance projects emerging from last year's "Paris Pact" organized visit to Iran began to be implemented this year. Among these projects were interdiction projects focused on exit routes along the Iranian/Turkish border, and others designed to develop additional capacity for intelligence-led investigations of trafficking organizations. Projects focused on improved drug treatment and drug education, and to encourage more effective courts and decrease corruption also advanced towards implementation during 2006. Iran continues to spend at least 50 percent of its own budgeted counterdrug expenditures on demand reduction activities. This appears to be response to the growing social and health impact of more dangerous drug abuse in certain populations (e.g., heroin vice opium), and more intravenous heroin abuse, with certain addict populations (especially addicts in Iran's prisons) sharing needles. Sharing needles is known to contribute to the spread of HIV/AIDS. On the other hand, police forces engaged in narcotics suppression activities have begun to complain publicly that their budgets are inadequate for their interdiction responsibilities.

Law Enforcement Efforts. The head of Iran's Drug Control Headquarters received an important visit from UNODC Executive Director, Antonio Maria Costa in late 2006. Costa praised Iran's enforcement efforts and thanked Iran for preventing important quantities of opiates and other dangerous drugs from reaching markets in the West.

Iran pursues an aggressive border interdiction effort. A senior Iranian official told the UNODC that Iran had invested as much as $1 billion in a system of mud walls, moats, concrete dams, sentry points, and observation towers, as well as a road along its entire eastern border with Pakistan and Afghanistan. According to an official GOI Internet site, Iran has installed 212 border posts, 205 observation posts, 22 concrete barriers, and 290 km of canals (depth-4 m, width-5 m), 659 km of soil embankments, a 78 km barbed wire fence, and 2,645 km of asphalt and gravel roads. It also has relocated numerous border villages to newly constructed sites, so that their inhabitants are less subject to harassment by narcotics traffickers. Prior indications are, however, that Iran invested in this extensive barrier-type construction and fortification system on its eastern border region many years ago, well before the burgeoning drug problem started in the mid-1990's, as security protection against a general lawlessness along its eastern border.

Some villagers organized into self-defense forces (Basij) have received training from the Iranian government, and on occasion even launch offensive operations against traffickers, bandits and ethnic insurgents. Security forces also periodically clash with Baluch tribesmen who are seeking more autonomy from the central governments in Iran and Pakistan in a long simmering conflict. These tribesmen are also an important element in narcotics trafficking and have traditionally smuggled goods across regional borders. As a result, all three elements of lawlessness-narcotics trafficking, ethnic insurgency and smuggling occur simultaneously complicating the situation along Iran's eastern border.

Thirty thousand law enforcement personnel are regularly deployed along Iran's border with Afghanistan and Pakistan. Interdiction efforts by the police and the Revolutionary Guards have resulted in numerous drug seizures. Iranian officials seized 365.7 metric tons of opiates (opium

equivalent) during just the first nine months of 2006. Opiate seizures were running at roughly 30 percent more than the same period of 2005. Opiate seizures in projected out for all of 2006 were on track to be almost 107 metric tons more than 2005, and set a new record for Iran's seizures of opiates. Seizures at rates like those claimed in Iran surely strike a blow at narcotics criminals and their financiers. Iran and Pakistan alternate as the countries with the highest volume of opiate seizures in the world.

Iranian opiate seizures in the first nine months of 2006 continued the same interesting trends highlighted in last year's INCSR chapter:

- Unrefined (raw) opium seizures continued to increase sharply; projected out for the year, they were on track to increase by almost 29 percent. This is somewhat less of an increase than that registered for seizures of refined opiates (morphine base and heroin). They are on a track to rise in excess of 33 percent ;
- The share of raw opium in total opiate seizures exceeded 63.4 percent, a level not seen in almost twenty years. Given the weight and bulk advantage of shipping opiates as either a fully or partially refined product (1/10th the weight and bulk), it would seem that trafficking groups in Pakistan and Afghanistan have made a conscious decision to serve the large and growing market for opium in Iran;
- Heroin seizures were roughly 20 percent of all opiates seized (opium equivalent), sharply up from last year's roughly 15 percent share;
- The morphine base share of seized opiates fell to just 16.8 percent of the total. Refineries in Afghanistan seem to be turning out more heroin, as opposed to base.

NB. To compute shares of opiates seized in Iran accurately, we convert morphine base and heroin into opium equivalents by multiplying by a factor of ten.

One possible explanation for these seizure trends is a return of Iranian addicts to abuse of traditional raw opium, after a period when disruptions in supply from Afghanistan forced a temporary switch to heroin. A large share of heroin and almost all of the morphine base transiting Iran is headed for markets in Europe (heroin) or for further refining in Turkey (morphine base).

Hashish seizures in Iran in the first nine months of 2006 were 48.4 metric tons. If hashish seizures are projected out for the whole of 2006 (60.4 metric tons), they would be down almost 11 percent from seizures of 67.3metric tons during all of 2005.

Iran also reports a category of drug seizures which it labels simply "other". This category of seizures, which probably represents seizures of synthetic drugs, and perhaps destruction of opium poppies in place, has exploded in the last two years. In 2003, "other" seizures were reported at 1647 kg. Then in 2004 and 2005, seizures jumped to 12.4 metric tons and 13.5 MT, respectively. Seizures in this "other" category seem to have fallen sharply in the first nine months of 2006, and were running at only a 7.3 METRIC TONS annual rate. It is indicative of the overall drug problem in Iran that large quantities of synthetic drugs like Ecstasy and methamphetamine are seized there.

Drug offenses are under the jurisdiction of the Revolutionary Courts. Punishment for narcotics offenses is severe, with death sentences possible for possession of more than 30 grams of heroin or five kg of opium. Those convicted of lesser offenses may be punished with imprisonment, fines, or lashings, although it is believed that lashings have been used less frequently in recent years. Offenders under the age of 18 are afforded some leniency. More than 60 percent of the inmates in Iranian prisons are incarcerated for drug offenses, ranging from use to trafficking. Narcotics-related

arrests in Iran during the first nine months of 2006 were running at an annual rate of almost 400,000, which is a typical level for the last several years. Twice as many drug abusers were detained as drug traffickers. Iran has executed more than 10,000 narcotics traffickers in the last two decades.

Corruption. Corruption plays an important role in narcotics trafficking in Iran. Corruption cases reached the courts in Iran, and were also featured in media reports. The election campaign in 2005 highlighted incidents of corruption, and to some extent the results can be read as a populist reaction to perceptions of corruption in leadership circles. Although there is no specific indication that senior government officials aid or abet narcotics traffickers, comparison of the situation in Iran with that in other narcotics-transit countries suggests that in addition to corruption among lower/mid-level law enforcement, there is also probably involvement of higher level officials as financiers and protectors of narcotics traffickers. Nevertheless, punishment of corruption can be harsh, and the evidence is compelling that it is Iran's official policy to keep drugs from its people. A high-profile effort is currently under way in Iran to highlight corruption and discourage its spread, but some question its seriousness since some at the top appear to escape punishment. Iran has signed, but has not ratified, the UN Convention against Corruption.

Agreements and Treaties. Iran is a party to the 1988 UN Drug Convention; however, its legislation does not bring it completely into compliance with the Convention, particularly in the areas of money laundering and controlled deliveries. The UNODC is working with Iran through the NOROUZ Program to modify its laws, train the judiciary, and improve the court system. UNODC has also begun to implement new assistance projects for Iran's courts and prosecutors after the recent Paris Pact review of Iran's counternarcotics efforts. The new assistance, which is projected to cost in excess of $7.5 million, focuses on modernization of the courts, especially increased use of computerization in courts, transparency, and corruption reduction. Iran is also a party to the 1971 UN Convention on Psychotropic Substances, and the 1961 UN Single Convention as amended by the 1972 Protocol. Iran has signed, but has not yet ratified, the UN Convention on Transnational Organized Crime. Iran has shown an increasing desire to cooperate with the international community on counternarcotics matters. Iran is an active participant in the Paris Pact, a group of countries that actively seeks to coordinate efforts to counter opiate smuggling in Southwest Asia, and as noted above, Iran hosted an expert round table and review of its counternarcotics efforts by this group in 2005.

Cultivation/Production. A 1998 U.S. survey of opium poppy cultivation in Iran and a detailed U.S. multi-agency assessment concluded that the amount of poppy being grown in Iran was negligible. The survey studied more than 1.25 million acres in Iran's traditional poppy-growing areas, and found no poppy crops growing there, although the survey could not rule out the possibility of some cultivation in remote areas. A follow-up survey in 1999 reached the same conclusion. Iran is now generally viewed as a transit country for drugs produced elsewhere, but there are reports of opium refining near the Turkish/Iranian border. Recently, there have been more indications in Iran's press of opium poppy cultivation in remote areas. The Iranian Press reported government interdiction force operations targeted against opium poppy cultivation in isolated, mountainous regions of western Iran, northwest of Shiraz. These articles appeared in the spring and summer of 2006. The area planted to poppy does not seem to be large-news articles mention on the order of 100 acres. They quote Iranian government officials who link the cultivation to the poverty of communities living in these isolated regions. Most refining of the opiates moving through Iran is done elsewhere, either in Afghanistan or in Turkey.

Drug Flow/Transit. Shipments of opiates enter Iran overland from Pakistan and Afghanistan by camel, donkey, or truck caravans, often organized and protected by heavily armed ethnic Baluch tribesmen from either side of the frontier. Once inside Iran, large shipments are either concealed within ordinary commercial truck cargoes or broken down into smaller sub-shipments. The Iranian town of Zahedan is reportedly a center for the opiate trade as it first enters Iran, and then moves westward. Foreign embassy observers report that Iranian interdiction efforts have disrupted smuggling convoys sufficiently to force smugglers to change tactics and emphasize concealment more than they have in the past. The use of human "mules" is on the rise. Individuals and small groups also attempt to cross the border with two to ten kg of drugs, in many cases either ingested for concealment or hidden in backpacks or hand luggage. Trafficking through Iran's airports also appears to be on the rise. Still, many traffickers move drugs in armed convoys, and are ready for a fight if challenged.

A large share of the opiates smuggled into Iran from Afghanistan is smuggled to neighboring countries for further processing and transportation to Europe. Turkey is the main processing destination for these opiates, most of which are bound for consumption in Russia and Europe. Essentially all of the morphine base, which represented almost 17 percent of all opiates seized in the first nine months of 2006, in Iran, is likely moving towards Turkey, as is some share of the much diminished 20 percent, or so, of opiates moving as heroin. Significant quantities of raw opium are consumed in Iran itself, but some quantities also move on to the west to be refined and consumed as heroin in Europe and elsewhere. There is a northern smuggling route through Iran's Khorasan Province, to Turkmenistan, to Tehran, and then on to Turkey. The mountains and desert, which are sparsely populated along this route, make it hard to police. Traffickers are frequently well armed and dangerous.

The southern route also passes through sparsely settled desert terrain on its way to Tehran en route to Turkey; some opiates moving along the southern route detour to Bandar Abbas and move by sea to the Persian Gulf states. Bandar Abbas also appears to be an entry point for precursor chemicals moving to refineries in Afghanistan. Iran does not specifically control precursor chemicals used for producing illicit drugs, but has made a number of important seizures, mostly at Bandar Abbas, of acetic anhydride, used in the refining of heroin. All precursor chemicals seized were consigned to Afghanistan. Widespread smuggling traditionally used to provide necessities and to escape high taxation facilitates trafficking through Iran. There are also reports that enforcement authorities accept bribes to pass shipments, and fail to enforce laws that prohibit street sales of narcotics inside of Iran.

Azerbaijan and Armenia provide alternative routes to Russia and Europe that bypass Turkish interdiction efforts. Additionally, despite the risk of severe punishment, marine transport is used through the Persian Gulf to the nations of the Arabian Peninsula, taking advantage of modern transportation and communication facilities and a laissez-faire commercial attitude in that area. Hashish moves extensively along this route, as well. Oman and Dubai appear to be important destinations, but some Iranian hashish even finds its way to Iraq. Iranian enforcement officials have estimated that as much as 60 percent of the opium produced in Afghanistan in past years entered Iran, with as much as 700-800 metric tons of opium consumed in Iran itself by its ca. 3 million users.

Domestic Programs/Demand Reduction. Smoked opium is the traditional drug of abuse in Iran, but opium is also drunk, dissolved in tea. Opium and its residue are also injected, dissolved in water, by a small number of addicts. Iranians have clearly been using more heroin during the past several years. Heroin has not replaced opium, the traditional drug of choice in Iran, but for a few

years around 2001/02, lower street prices for heroin, and temporary shortages of opium (after the Taliban successfully prohibited opium production in Afghanistan in 2000/01), plus higher prices for opium, encouraged some addicts to switch from opium to heroin. That aberration now seems past, and large seizures of opium suggest that opium is now readily available in Iran. Some heroin is smoked or sniffed, but a growing share is injected. There are also many reports that young people in Iran have turned aggressively to drug abuse as an escape from what they perceive as difficult economic and social conditions. Significant seizures (as much as 6 METRIC TONS in 2004) of synthetic drugs have also been reported, again suggesting that young people are driving drug abuse in Iran to even higher levels. There have also been regular reports of a concentrated or "crack" heroin, which is reportedly more pure than other heroin available in Iran. Where the standard rule-of-thumb holds that 8.5 to 10 units of opium are necessary to make one unit of heroin, crack heroin reportedly requires 15-20 units of opium input. Because of its intensity, crack heroin is associated with increased emergency room visits, and overdose deaths. Typical of comments appearing in the Iranian press is one recent report, quoting the head of Tehran's Specialist Treatment Addiction Center saying that "crack heroin" use in Tehran had doubled in the last year. Seventy-five percent of all drug addicts reporting to the Center are users of crack/crystal heroin. Due to its highly addictive properties and very high purity/intensity, many addicts had died after injecting crystal heroin, according to the Director.

Ninety-three percent of Iranian opiate addicts are male, with a mean age of 33.6 years, and 1.4 percent (about 21,000) are HIV positive. The scale of the drug abuse problem in Iran forces it into the public arena. Under the UNODC's NOROUZ narcotics assistance project, the GOI spent more than $68 million dollars in the first year of project implementation for demand reduction and community awareness. The Prevention Department of Iran's Social Welfare Association runs 12 treatment and rehabilitation centers, as well as 39 out-patient treatment programs in all major cities. A total of 88 out-patient treatment centers spread throughout Iran are now operational. Some 30,000 people are treated per year, and some programs have three-month waiting lists. Narcotics Anonymous and other self-help programs can be found in almost all districts, as well, and several NGOs, which focus on drug, demand reduction. There are now methadone treatment and HIV prevention programs in Iran, in response to growing HIV infection, especially in the prison population.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. In the absence of direct diplomatic relations with Iran, the United States has no counternarcotics initiatives in Iran. The U.S. Government continues to encourage regional cooperation against narcotics trafficking. Iran and the United States have expressed similar viewpoints on illicit drugs and the regional impact of the Afghan drug trade. In the context of multilateral settings such as the UN's Paris Pact group, the United States and Iran have worked together productively. Iran nominated the United States to be coordinator of an earlier UN-sponsored coordination effort on narcotics called the "Six Plus Two" counternarcotics initiative. The U.S., for its part, has approved licenses, which allow U.S. NGOs to work on drug issues in Iran.

The Road Ahead. The GOI has demonstrated sustained national political will and taken strong measures against illicit narcotics, including cooperation with the international community. Iran's actions support the global effort against international drug trafficking, and have won the praise of such knowledgeable observers of the international effort against narcotics as UNODC Director, Antonio Maria Costa. Iran stands to be one of the major benefactors of any long-term reduction in drug production/trafficking from Afghanistan, as it is one of the biggest victims of the recent

increase in opium/heroin production there now. The United States anticipates that Iran will continue to pursue policies and actions in support of efforts to combat drug production and trafficking.

Israel

I. Summary

Israel is not a significant producer or trafficking point for drugs. The Israeli National Police (INP), however, report that in 2006 the Israeli drug market continued to be characterized by a high demand in nearly all sectors of society, and a high availability of marijuana, hashish, Ecstasy, cocaine, heroin and LSD. The intense security presence and surveillance along Israel's borders generally make it difficult for smugglers to bring drugs into the country. Consequently, Israel is not a significant transit country for drugs, although Israeli citizens have been part of international drug trafficking networks in source, transit and distribution countries. In 2006, the INP seized less than half as much marijuana and Ecstasy as in 2005, and less than one third as much of each drug as in 2004. Hashish, heroin and cocaine seizures in 2006 remained consistent with seizures from the previous three years. Widespread use of Ecstasy by Israeli youths is a continuing concern for authorities. Israel is a party to the 1988 UN Drug Convention.

II. Status of Country

Israel is not a major producer of narcotics or precursor chemicals. The INP report that during the year 2006, the Israeli drug market was characterized by a high demand in nearly all sectors of society and a high availability of drugs, including marijuana, Ecstasy, cocaine, heroin, hashish and LSD. The INP estimates the annual scope of the Israeli market to be 100 metric tons of marijuana, 20 metric tons of hashish, 20 million tablets of Ecstasy, four metric tons of heroin, six metric tons of cocaine, and hundreds of thousand of LSD blotters. Officials are also concerned about the widespread use of Ecstasy and marijuana among Israeli youth, and say that juvenile usage mirrors trends in other Western countries.

III. Country Actions Against Drugs in 2006

Policy Initiatives. In 2006, the INP continued its general policy of interdiction at Israel's borders and ports of entry. The INP concentrated specifically on the Jordanian and Egyptian borders, where the majority of heroin, cocaine and marijuana enter Israel.

Law Enforcement Efforts. In 2006, most of Israel's narcotics seizures occurred along its sparsely populated border with Egypt. Eighty-six percent (4,335 kg) of all marijuana, 59 per cent (531 kg) of all hashish, and 43 percent (30 kg) of all heroin seized this year were intercepted near the desert border. Although nearly all the seizures of drugs coming from Jordan occurred at the Arava/Negev border-crossing terminal, the Israeli military seized 17 kg of heroin from Palestinians attempting to bring the drugs across the Dead Sea in one-man boats. According to the INP, the Jordanian police also seized 45 kg of cocaine destined for the Israeli market on the Jordanian side of the Dead Sea from members of the same Palestinian crime ring. Within Israel, the INP shut down a major domestic smuggling operation that shipped liquid cocaine from South America to Israel in wine bottles under the guise of a legitimate wine-importing business. In other operations, the INP seized 41,000 Ecstasy tablets from a single distributor in Qiryat Gat. Finally, the INP reported an increase in the number of domestic marijuana hydroponic cultivating stations seized to ten.

Corruption. As a matter of government policy, Israel does not encourage or facilitate the illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. In 2006, a number of public officials were

under investigation for corruption-related offenses. Israel has signed, but not ratified, the UN Convention against Corruption. Israel does not have specific legislation for public corruption related to narcotics, but narcotics-related corruption would be covered under its generic anticorruption legislation.

Agreements and Treaties. Israel 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 its 1972 Protocol. A customs mutual assistance agreement and a mutual legal assistance treaty are also in force between Israel and the U.S. Israel ratified the UN Convention against Transnational Organized Crime in December 2006. Israel is one of 36 parties to the COE European Treaty on Extradition and has separate extradition treaties with several other countries, including the U.S. On January 10, 2007, a new Protocol to the Convention on Extradition between the United States and Israel entered into force. Significantly updating the 1962 convention, the Protocol replaces the outdated list of extraditable offenses with a modern dual criminality approach and provides for the temporary surrender for trial in the Requesting State of fugitives serving a prison sentence in the Requested State. In combination with Israeli extradition law, the Protocol also provides a much-improved framework for dealing with fugitives who claim Israeli citizenship and permits the United States to include hearsay evidence in our extradition documents.

Cultivation/Production. Although the vast majority of drugs consumed in Israel are produced in other countries, the INP reported three significant patterns of production activity during 2006. The nomadic Bedouin tribes that inhabit the Negev desert bordering Jordan and Egypt have long been involved in international smuggling operations -- particularly facilitating the movement of heroin from Jordan to Egypt. However, this year the INP reported that the Bedouin have begun to add a substance, known locally as “nabat,” in order to substantially increase the volume of the heroin before transporting it to Egypt for sale.

Next, a new domestically produced drug appeared on the streets of Israel in 2006. Marketed under the name “Orange,” (even so far as using the logo of the telecommunications company of the same name), or “Sweet Dreams,” the blue and white pills produced a similar effect to Ecstasy and were easily obtainable for about $12 per pill at kiosks in the commercial districts of most major Israeli cities. The active ingredient in the drug is dimethyl cathinone, which is produced by extracting the cathinone from the “khat” plant. The plant itself is legal in Israel, and is widely cultivated within Israel's Yemenite and Ethiopian immigrant communities. However, it is against Israeli law to extract the cathinone from khat and use it to fabricate any other substances. Police moved against the kiosks openly selling the drug once it became clear that the drug was being produced illegally.

The INP also reported an increase in domestic cultivation of marijuana. Over ten marijuana hydroponics’ greenhouses/incubators were discovered in otherwise uninhabited rental homes in the more affluent central region of Israel, and the homes had been converted for the purpose of full-time marijuana cultivation. The INP reported that the seized incubators demonstrated more sophistication than in previous years, including electronic switch timers for lamps and instruction manuals for increasing the THC content of the marijuana.

Drug Flow/Transit. Due to Israel's unique political situation, the intense security presence and surveillance along Israel's borders generally make it difficult for smugglers to bring drugs into the country. Thus, Israel is not a significant transit country for drugs, although Israeli citizens have been part of international drug trafficking networks in source, transit and distribution countries. In 2006, the Second Lebanese War of July/August, and its aftermath, had an unintended effect on drug smuggling into Israel. The increased military presence along Israel's northern border with Lebanon and Syria caused would-be smugglers to modify the routes by which they attempted to

bring drugs into Israel. As security was tightened in the north, more drugs began infiltrating Israel across the relatively peaceful borders with Jordan and Egypt, where Israel has fewer security resources deployed.

In 2006, Israel continued to be more of a transit country than a distribution country for heroin, with heroin primarily flowing from Jordan through Israel en route to the Egyptian market. The Negev Bedouin tribes, using their knowledge of the desert terrain and their familial connections with Jordanian and Egyptian Bedouin, continued to facilitate most of the heroin trafficking across Israel. The Israeli Bedouin trade the heroin in Egypt for cash, Moroccan hashish and marijuana, for which there is a large Israeli market. 60 per cent of the hashish and 86 per cent of the marijuana seized by INP in 2006 was interdicted at the Egyptian border. This year also saw an increase in the amount of cocaine being smuggled across the Jordanian border. While most of the drugs were discovered at the Arava/Negev border-crossing terminal, a Palestinian group also attempted to bring both cocaine and heroin from Jordan across the Dead Sea in one-man boats.

The greatest change in the flow of cocaine into Israel during 2006 was the introduction of liquid cocaine from South America. Cocaine in solid form brought $70 - $100 per gram in Israel, and approximately $70,000 per kg. The Netherlands remained the primary source of Ecstasy for the Israeli market, where it is sold for $12 - $20 per pill.

Domestic Programs/Demand Reduction. The Israel Anti-Drug Authority (IADA) is the primary agency responsible for designing and implementing domestic programs to reduce the demand for drugs. In 2006, IADA again addressed the phenomenon of young Israelis developing substance abuse problems while vacationing in India and Southeast Asia. It is commonplace for 20 to 21 year-old Israelis to spend between six months and a year backpacking across Asia or South America after completing compulsory military service. Thousands of young Israelis flock to tourist "colonies" in the Goa region of India for the beaches, the inexpensive cost of living, and the easily accessible and inexpensive drugs -- mostly marijuana and hashish. This year, IADA publicly warned Israeli backpackers of dangers associated with drug activity in India.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. DEA and Israeli officials characterize cooperation between the DEA and INP as outstanding. All DEA investigations related to Israel are coordinated through the DEA Nicosia Country Office.

Road Ahead. The DEA regional office in Nicosia, Cyprus looks forward to continued cooperation and coordination with its counterparts in the Israeli law enforcement community. The INP is seeking to strengthen relationships between law enforcement agencies in other countries, and has established an office of International Relations within the IADA to pursue this objective. Israel began its final year of a four-year membership term on the Commission on Narcotic Drugs (CND) in January 2007.

V. Statistical Tables

Drug Seizures*

Cocaine (kg)

2006 - 42

2005 - 169**

2004 - 32.4

Heroin (kg)

2006 - 70.3

2005 - 140

2004 - 68.5

Marijuana (kg)

2006 - 5,032

2005 - 10,000

2004 - 16,020

Hashish (kg)

2006 - 898

2005 - 1,022

2004 - 913

LSD (blotters)

2006 - 11,476

2005 - 2,880

2004 - 75,741

MDMA (Ecstasy) (tablets)

2006 - 112,985

2005 - 266,996

2004 - 313,802

Opium (kg)

2006 - 0.1

2005 - 8.4

2004 - 0.05

Cathinone (kg)

2006 - 8.7
2005 - 7.2
2004 - N/A

*2006 data represents seizures from January through October.
Source of data: Israel National Police, Research Department.

**Of the 160kg of cocaine seized in 2005, 120kg were seized aboard one merchant ship in the port of Haifa. The INP determined that this cocaine was destined for Europe, and not the Israeli market.

Jordan

I. Summary

Due to its geographical location between drug producing countries to the north and east, and drug consuming countries to the south and west, Jordan is a transit country for illicit drugs. Jordanians do not consume significant quantities of illicit drugs, and according to the PSD (Public Security Directorate) there are no known production operations in the Kingdom. The PSD believes that the amount of drugs transiting through Jordan continues to grow. According to statistics for the first 11 months of 2006, however, total drug seizures for the year will be slightly below those for 2005. There was a dramatic decrease in the number of persons charged in drug-related cases. There was also a large decrease in the authorities' estimates of the number of drug abusers in Jordan. The PSD attributes these decreases to Jordan's enhanced rehabilitation programs, increased border interdiction operations, better intelligence gathering, and stronger cooperation between Jordan and neighboring countries. The drugs of choice among users arrested for drug possession in Jordan continue to be cannabis and heroin, and people arrested for drug related crimes fall predominantly between the ages of 18 and 35 years old. Additionally, drug movement coming from Iraq has increased again this year. Jordan is a party to the 1988 UN Drug Convention.

II. Status of Country

There are currently no indications that Jordan will move from a predominantly drug transit country to a drug producing country. Statistics produced by the PSD's Anti-Narcotics Department confirm this assessment. Jordan's vast desert borders make it vulnerable to illicit drug smuggling operations. Jordanian authorities do not believe that internal drug distribution is significant.

III. Country Actions Against Drugs in 2006

Policy Initiatives. Due to usage of cannabis and heroin among people predominantly between the ages of 18 and 35, Jordan continues its drug awareness campaign focused at educating people of the dangers of drug use. Authorities continue to provide educational presentations in schools and universities throughout the country. The PSD Anti-Narcotics Department (AND) has created a program they call "Friends of the AND". This program sends volunteer civilians into the schools, universities, and other community centers to speak out against drug usage. Jordan has also reached out to all of the country's religious institutions requesting their assistance in combating drug abuse. Jordan publishes a number of brochures and other materials, including antinarcotics cartoons designed for younger children that are aimed at educating Jordan's youth about the dangers of using narcotics. Jordanian authorities also plan to make antidrug abuse movies directed at Jordanian youths next year. This year, the PSD published the first edition of its antinarcotics magazine, and launched a website in English and Arabic for drug abuse awareness and prevention (http://www.ant-inarcotics.psd.gov.jo/English). Jordan has agreed to provide advanced training to Palestinian anti-narcotics officers in association with the UNODC, and hopes that this will help promote even more cooperation.

Law Enforcement Efforts. Jordan's PSD maintains an active antinarcotics bureau, and maintains excellent relations with the U.S. DEA- Country Office based in Nicosia, Cyprus. In 2004, GOJ authorities began utilizing x-ray equipment on larger vehicles at its major border crossings between Syria and Iraq. This equipment has proven to be effective and has netted numerous drug seizures in 2005 and increased seizures in 2006 at the border crossings where the equipment has been utilized.

Seizures of captagon tablets are about the same as last year, but PSD claims not to have observed any wide-spread use of the drug in Jordan. The PSD reports that 85 percent of all seized illicit drugs coming into Jordan are bound for export to other countries in the region. Jordan's general drug traffic trends continue to include cannabis entering from Lebanon and more now from Iraq, heroin from Turkey entering through Syria on its way to Israel, and captagon tablets from Bulgaria and Turkey entering through Syria on the way to the Gulf. The majority of Jordan's drug seizures take place at the Jaber border crossing point between Jordan and Syria, although seizures from Iraq (Karama/Trebil border crossing) have risen significantly again compared to last year. For the last three years, the PSD has continued to observe an increase in trafficking of hashish and opium from Afghanistan through Iraq into Jordan.

Jordanian Drug Seizures

CY	**2003**	**2004**	**2005**	**2006** (Jan-Nov.)
Cannabis	4,133	1,931	1,485	739
Heroin	105	186	174	130
Cocaine	9	33	0.5	5
Opium	1	22	36	20
Captagon	2,528,618	9,774,002	11,158,083	8,805,824
Total Drug Cases	1,277	1,691	2,041	1,700
Number of Arrests	2,119	2,514	4,792	2,724
Number of Abusers	1,723	2,158	4,027	2,179

Corruption. Jordanian officials report no narcotics-related corruption or investigations into corruption for the reporting period. There is currently no evidence to suggest that senior level officials are involved in narcotics trafficking. As a matter of government policy, Jordan does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. Jordan is a party to the UN Convention against Corruption.

Agreements and Treaties. Jordan is party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, and the 1961 UN Single Convention as amended by the 1972 Protocol. Jordan has signed, but has not yet ratified, the UN Convention against Transnational Organized Crime. Jordan continues to remain committed to existing bilateral agreements providing for counternarcotics cooperation with Syria, Lebanon, Iraq, Saudi Arabia, Turkey, Egypt, Pakistan, Israel, Iran, and Hungary. The U.S. considers the extradition treaty between the U.S. and Jordan to be in force. A 1997 Jordanian court ruling held that the treaty had not been properly approved by the Jordanian Parliament. The extradition treaty has not been submitted to Parliament for approval.

Cultivation and Production. There are no known production operations. Existing laws prohibit the cultivation and production of narcotics in Jordan and are effectively enforced.

Drug Flow/Transit. Jordan remains primarily a narcotics transit country. Jordan's main challenge in stemming the flow of illicit drugs through the country remains its vast and open desert borders. While law enforcement contacts confirm continued cooperation with Jordan's neighbors, the desolate border regions and the various tribes, with centuries-old traditions of smuggling as a principle source of income, make interdiction outside of the ports of entry difficult. None of the narcotics transiting Jordan are believed to be destined for the United States.

Domestic Programs/Demand Reduction. Jordan increased the scope of its programs on drug abuse awareness, education, and rehabilitation in 2006. Education programs target high school and college-aged kids. Jordan's antinarcotics cartoon program aimed at younger children designed to dissuade youngsters from trying drugs has continued to flourish. Cultural and religious norms help to control drug use. In conjunction with the UNODC, this year Jordan has again strengthened its treatment and rehabilitation services for drug abusers in the country. The national treatment and rehabilitation strategy and coordination mechanism has proven effective, and Jordan looks to continued successes in this strategy. The PSD reports that it has treated over 150 patients at its drug rehabilitation center. The PSD has plans to construct a new, larger rehabilitation facility that will accommodate more patients. PSD also noted that another highlight of the center's success is the number of patients the Government of Lebanon has sent to Jordan for rehabilitation. The PSD notes that this is another indicator of the strong levels of cooperation between the Governments of Lebanon and Jordan in their antinarcotics efforts. The Jordanian Drug Information Network (JorDIN) was officially established in 2005 with help from the UNODC. Jordan continues to develop the network that will serve as an information sharing device for all of Jordan's treatment providers and the GOJ authorities that deal with antinarcotics programs. The network hopes to provide accurate statistics of Jordan's drug abusers and success levels of treatment.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. The DEA and the interagency Export Control and Related Border Security (EXBS) Program anticipate to providing Jordan with some additional equipment to help Jordan's Border security operations. There are several miles of Jordan's borders that are patrolled only by the PSD's Anti-Narcotics Department. The equipment would include sensitive technologies such as night vision devices, portable thermal imaging units, and all-terrain vehicles. Some of these technologies will require licensing agreements, but would be extremely beneficial to Jordan's antinarcotics programs. Other ongoing GOJ and USG efforts to strengthen border security measures following the Iraq-based terrorist attacks in Amman and Aqaba in 2005 have served to enhance Jordan's detection capabilities and to disrupt the flow of illegal drugs transiting through Jordan.

The Road Ahead. U.S. Officials expect continued strong cooperation with Jordanian officials in counternarcotics related issues.

Kenya

I. Summary

Kenya is a significant transit country for cocaine and heroin bound for Europe, and, increasingly, the United States. The seizure of more than one ton of cocaine in December 2004 raises concerns that international drug trafficking rings have made inroads in Kenya and may benefit from a climate of official corruption that allows them to operate with near impunity. Heroin and hashish transiting Kenya, mostly from Southwest Asia bound for Europe and the U.S., have markedly increased in quality in recent years. There is a growing domestic heroin and cocaine market and use of cannabis or marijuana is becoming more widespread, particularly on the coast and in Nairobi. Although government officials profess strong support for antinarcotics efforts, the overall program suffers from a lack of resources and corruption at various levels. Kenya is a party to the 1988 UN Drug Convention.

II. Status of Country

Kenya is a significant transit country for cocaine and heroin and a minor producer of cannabis. It is believed that Kenya is becoming an increasingly significant transit country for multi-ton shipments of cocaine from South America destined for European and African consumers; however, cocaine seizures have only modestly increased over 2005. Kenya's sea and air transportation infrastructure, and the network of commercial and family ties that link some Kenyans to Southwest Asia, make Kenya a significant transit country for Southwest Asian heroin and hashish. Although it is impossible to quantify exactly, officials believe that the United States is at least as significant as Europe as a destination for heroin transiting Kenya. Cannabis is produced in commercial quantities primarily for the domestic market (including use by some elements among the large number of tourists vacationing in Kenya). While it is believed that small quantities of cannabis may be bound for export, there is no evidence of its impact on the United States. Kenya does not produce significant quantities of precursor chemicals.

III. Country Actions Against Drugs in 2006

Policy Initiatives. Counternarcotics agencies, notably the Anti-Narcotics Unit (ANU) within the Kenyan Police Service, continue to depend on the 1994 Narcotic Drugs and Psychotropic Substances Act for enforcement authorities and interdiction guidelines. Revisions to the Narcotics Act on the seizure, analysis, and disposal of narcotic drugs and psychotropic substances drafted by the government of Kenya and the United Nations Office for Drugs and Crime (UNODC) in 2005 were implemented in March 2006. The National Agency for the Campaign Against Drug Abuse (NACADA), the quasi-governmental organization charged with combating drug abuse in Kenya, has recently undergone significant reform to its governing structures and mechanisms, including the appointment of a new director and the creation of a board of directors. These changes are widely viewed as improvements that will lead to enhanced efficacy in the pursuit of its mandate. NACADA is leading recent inter-agency efforts to develop a National Drug Control Strategy for Kenya.

In September 2006, the 16th meeting of the Heads of National Drug Law Enforcement Agencies (HONLEA) in Africa was held in Nairobi. The HONLEA meeting brought together heads of law enforcement agencies from across Africa with representatives of international drug law

enforcement agencies and UNODC experts. The heads shared information on illicit trafficking of cocaine in Africa, cannabis cultivation, and effective control of precursor chemicals. Although these countries meet annually to discuss relevant issues, it is unknown how effectively and enthusiastically they cooperate on a day-to-day basis.

Kenya has no crop substitution or alternative development initiatives for progressive elimination of the cultivation of narcotics. The ANU remains the focus of Kenyan antinarcotics efforts.

As a result of UNODC and bilateral training programs, the ANU and the Kenyan Customs Service now have a cadre of officers proficient in profiling and searching suspected drug couriers and containers at airports and seaports. Airport profiling has yielded good results in arrests for couriers but not major traffickers. Seaport profiling has proven difficult. Despite the official estimate that a significant portion of the narcotics trafficked through Kenya originates on international sea vessels, ANU maritime interdiction capabilities remain virtually nonexistent. Personnel turnover at the ports is high and Kenya currently has limited maritime interdiction capability.

Corruption continues to thwart the success of long-term port security training. Lack of resources, a problem throughout the Kenyan police force, significantly reduces the ANU's operational effectiveness.

Law Enforcement Efforts. Seizures of heroin and cannabis (and its derivatives) continued to decline from 2005 levels, while seizures of cocaine increased over 2005. Kenya seized almost 17 kg of heroin in 2006, a 14 kg decrease from the quantities seized in 2005 (all statistics on drug seizures in this section reflect the period from January to September 2006 as provided by the ANU), and arrested 76 people on heroin-related charges. The ANU concentrates its antiheroin operations at Kenya's two main international airports. There was a sharp decrease in cannabis seizures for 2006. Kenyan authorities seized 5,144 kg of cannabis and its derivatives in 2006 and arrested 2,584 suspects, down from 50,844 kg seized in 2005. The ANU was unable to provide information on cannabis crop cultivation and eradication efforts in 2006 in time for inclusion in this report. The ANU continued to operate roadblocks for domestic drug trafficking interdiction and is pursuing a variety of policy initiatives for more effective coordination with other government agencies. Weak laws, an ineffective and inefficient criminal justice system and widespread corruption are the main impediments to an effective counternarcotics strategy for Kenya.

Seizures of cocaine and arrests for cocaine trafficking increased. Kenya seized 23 kg of cocaine in 2006 and made 6 arrests, compared to 10 kg seized in 2005. Despite the high profile December 2004 record seizure of 1.1 tons of cocaine, Kenya has to date only achieved one successful prosecution related to the case. All but one of the seven defendants accused of trafficking the one-ton plus cocaine shipment seized in Malindi in 2004 were acquitted due to lack of evidence. One defendant, brother to another suspect held by Dutch authorities in connection to the case, was found guilty of drug trafficking in June and sentenced to thirty years imprisonment and fined approximately $274,000,000. He is the only suspect to be convicted in connection with the seized drugs. It is generally agreed that “smaller fish” were arrested in connection with the case, while the principal culprits responsible for trafficking the cocaine to Kenya remain at large. With the assistance of U.S., U.K., and UNODC experts, Kenya finally tested and destroyed the one-ton cocaine seizure in March 2006. Tests results allayed concerns that the integrity of the one-ton cocaine seizure had been compromised.

Corruption. Official corruption remains a significant barrier to effective narcotics enforcement at both the prosecutorial and law enforcement level. Despite Kenya's strict narcotics laws that encompass most forms of narcotics-related corruption, reports continue to link public officials with

narcotics trafficking. The December 2004 cocaine seizure has heightened public concern that international drug trafficking rings enjoy protection by high-level officials for their activities in Kenya. The failure to achieve significant success in the disruption of drug traffickers' networks through arrest and prosecution of those responsible for trafficking the one-ton of cocaine raises questions about the ability or willingness of legal and law enforcement authorities to combat drug trafficking. As in previous years, airport and airline collusion and outright involvement with narcotics traffickers continued to occur in the year covered by this report.

Agreements and Treaties. Kenya is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention and its 1972 Protocol, and the 1971 UN Convention on Psychotropic Substances. The 1931 U.S.-U.K. Extradition Treaty remains in force between the United States and Kenya through a 1965 exchange of notes. Kenya is a party to the UN Corruption Convention and to the UN Convention Against Transnational Organized Crime and its three protocols.

Cultivation and Production. A significant number of Kenyan farmers illegally grow cannabis on a commercial basis for the domestic market. Fairly large-scale cannabis cultivation occurs in the Lake Victoria basin, in the central highlands around Mt. Kenya, and along the coast. Officials continue to conduct aerial surveys to identify significant cannabis-producing areas in cooperation with the Kenya Wildlife Service. However, according to ANU officials, farmers are increasingly savvy about how to shield their crops from aerial detection and difficult terrain hampers eradication efforts. The ANU was unable to provide statistics on the success of their crop eradication efforts in time for inclusion in this report.

Drug Flow/Transit. Kenya is strategically located along a major transit route between Southwest Asian producers of heroin and markets in Europe and North America. Heroin normally transits Kenya by air, carried by individual couriers. A string of cocaine and heroin seizures at Jomo Kenyatta International Airport (JKIA) in spring 2006 (most from flights originating in West Africa) highlights the continuing drug trafficking problem in Kenya. While the arrests of drug "mules" may alert trafficking syndicates that enhanced profiling measures and counternarcotics efforts make JKIA an increasingly inconvenient entry/exit point for drugs, the arrests have achieved little in the way of assisting authorities to identify the individuals behind the drug trafficking networks. ANU officials continued to intercept couriers transiting land routes from Uganda and Tanzania, where it is believed the drugs arrive via air routes. The increased use of land routes demonstrates, in the minds of ANU officials, that traffickers have noted the increase in security and narcotics checks at JKIA. Postal and commercial courier services are also used for narcotics shipments through Kenya. There is evidence that poor policing along the East African coast makes this region attractive to maritime smugglers. Officials have never identified any clandestine airstrips in Kenya used for drug deliveries and believe that no such airstrips exist.

Domestic Programs/Demand Reduction. The NACADA continues to combat drug abuse, although the quasi-governmental organization's budget remains negligible. Recognizing the dearth of reliable statistics on drug abuse in Kenyan, NACADA is developing plans to conduct a comprehensive survey of the problem in 2007. Kenya continues to make progress in efforts to institute programs for demand reduction. Illegal cannabis and legal khat are the domestic drugs of choice. Heroin abuse is generally limited to members of the economic elite and a slightly broader range of users on the coast. Academics and rehabilitation clinic staff argue that heroin use in Nairobi and along the coast has grown exponentially in the past few years. Cocaine use is also expanding in urban centers. Solvent abuse is widespread (and highly visible) among street children in Nairobi and other urban centers. Demand reduction efforts have largely been limited to publicity campaigns sponsored by private donors and a UNODC project to bring antidrug education into the

schools. NACADA continues to pursue demand reduction efforts via national public education programs on drug abuse. In 2006, NACADA provided e-training on drug awareness to school teachers throughout Kenya. Churches, mosques, and non-governmental organizations provide limited rehabilitation and treatment programs for heroin addicts and solvent-addicted street children. With the support of USAID, the Ministry of Health has developed two rehabilitation and drug abuse treatment facilities in Nairobi and Mombasa.

IV. U.S. Policy Initiatives and Programs

U.S. Policy Initiatives. The principal U.S. antinarcotics objective in Kenya is to interdict the flow of narcotics to the United States. A related objective is to limit the corrosive effects of narcotics-related corruption in law enforcement, the judiciary, and political institutions, which has created an environment of impunity for well-connected traffickers. The U.S. seeks to accomplish this objective through law enforcement cooperation, the encouragement of a strong Kenyan government commitment to narcotics interdiction, and strengthening Kenyan antinarcotics and overall judicial capabilities.

Bilateral Cooperation and Accomplishments. There was a modest expansion of USG bilateral cooperation with Kenya and surrounding countries on antinarcotics matters in 2006. The recent donation by ATA to the government of Kenya (GOK) of four boats (coupled with training) will enable GOK multi-agency shallow water patrols along Kenya's coastline, which should significantly improve the capacity of the GOK to patrol and secure Kenya's coastal waters and assist drug interdiction efforts on the coast. ATA is also assisting with building Kenya's capacity to patrol points of entry to and in the Port of Mombasa by providing training, refurbishing existing patrol boats, and providing two small new boats. USAID provides support to projects to develop addiction treatment services to heroin addicts in Nairobi and on the Kenyan coast. Additionally, a DOD-funded drug abuse awareness campaign raised public awareness of the growing rates of drug addiction in the coastal region.

The Road Ahead. The USG will continue to take advantage of its good relations with Kenyan law enforcement on enhancing its operational capacity, and information sharing. USG will actively seek ways to maximize antinarcotics efforts both in Kenya and throughout East Africa. Perhaps most significantly, the USG will work with local, regional, and international partners to better understand and combat the flow of international narcotics through Kenya. The USG will also continue to expand our public awareness outreach to assist demand reduction efforts in Kenya.

Lebanon

I. Summary

Lebanon is not a major illicit drug producing or drug-transit country; however, a history of opium cultivation and a central location make Lebanon a country that could revert to a more important role in illicit drug trafficking. Lebanon was once the world's leading cannabis resin (hashish) supplier, but continual eradication efforts have had a significant impact on that illicit industry. Serious actions by the Lebanese government have helped to prevent cannabis cultivation and to eradicate illicit crops before harvest in the Bekaa Valley. It appears that similar crop destruction operations will continue to be routine operations; however, illicit crop cultivation is likely to continue as an option for local farmers due to an increasingly difficult economic climate and a lack of investment in alternative crops.

There is no significant illicit drug refining in Lebanon, and any known production, trading, or transit of precursor chemicals. Drug trafficking across the Lebanese-Syrian border has diminished substantially as a result of cross-border efforts to deter drug smuggling activity, and the withdrawal of the Syrian Army from Lebanon. While the Syrian Army occupied Lebanon, there were regular reports that certain officers facilitated drug trafficking in the Bekka Valley. The Lebanese government continued its ongoing drug education efforts through public service messages and awareness campaigns. Lebanon is a party to the 1988 UN Drug Convention.

II. Status of Country

At least five types of drugs are available in Lebanon: hashish, heroin, cocaine, methamphetamine, and other synthetics, such as MDMA (Ecstasy). Hashish and heroin are reported to be rare, due to the destruction of local crops, but small quantities of cocaine arrive in Lebanon to meet local demand, and the Lebanese government has increased its interest in fighting synthetic drugs, as the problem has grown in scope. Lebanon is not a major transit country for illicit drugs, and although a few major drug networks exist, most trafficking is done by less sophisticated dealers. Opium and cannabis derivatives are trafficked in small amounts in the region, but there is no evidence that the illicit narcotics that transit Lebanon reach the U.S. in significant amounts. Traffickers smuggle South American cocaine into Lebanon primarily via sea and air routes from Europe, Jordan, and Syria, or directly to Lebanon in operations that are often financed by Lebanese nationals living in South America who work with resident Lebanese traffickers. Synthetics are smuggled into Lebanon primarily for sale to high-income recreational users.

The slow economic growth in rural Lebanon and the lack of investment in alternative crops continues to make cultivation of illicit crops attractive to local farmers in the Bekaa Valley in eastern Lebanon. However, due to ongoing efforts by the government to eradicate illicit crops, a return to wide scale illicit cultivation is unlikely at the present time. The government also continues a counternarcotics public information campaign to discourage new planting.

There is no significant illicit drug refining in Lebanon. Such activity has essentially disappeared due to the attention paid to suppression by the Lebanese government. Nonetheless, small amounts of precursor chemicals shipped from Lebanon to Turkey via Syria, have been diverted recently for illicit use. Legislation passed in 1998 authorized seizure of assets if a drug trafficking nexus is established in court proceedings.

III. Country Actions Against Drugs in 2006

Policy Initiatives. The Ministry of Interior again made counternarcotics a top priority. The government also continued its vigorous campaign to discourage drug use by expanding public awareness through media campaigns, written advertising and activities on university campuses.

Accomplishments. Lebanese law enforcement officers cooperated with law enforcement officials bilaterally and through Interpol on drug law enforcement. Lebanese law enforcement officers also maintain excellent relations with the U.S. Drug Enforcement Administration, Nicosia Country Office based in Cyprus. Several European and Persian Gulf countries have illicit drug enforcement offices in Beirut with which local law enforcement authorities cooperate. UNODC has provided the Government of Lebanon with a $362,000 grant for "the development and implementation of a national action plan on drug demand reduction in Lebanon" from 2004-2006.

Law Enforcement Efforts. UNODC reported authorities seized over 900 kg of cannabis herb and resin, and significantly lesser quantities of other illicit drugs in the first nine months of 2006.

Corruption. Corruption remains a problem in Lebanon throughout the government and even up to senior levels. The U.S. is unaware that government corruption is connected with drug production or trafficking, or that corrupt government officials protect drug traffickers. As a matter of government policy, the GOM does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. While low-level corruption in the counternarcotics forces is possible, there is no evidence of wide-scale corruption within the Judiciary Police or the Internal Security Forces (ISF), which appear to be genuinely dedicated to combating drugs. Lebanon is not a party to the UN Convention against Corruption.

Agreements and Treaties. Lebanon is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, and the 1961 UN Single Convention, as amended by the 1972 Protocol. Lebanon also is a party to the UN Convention against Transnational Organized Crime and its protocols against migrant smuggling and trafficking in persons.

Cultivation and Production. The threat of eradication appears to be impacting farmers' decisions not to cultivate illicit crops. Knowing that the crops will be destroyed, and given the poor economic climate, farmers are loath to invest in crops that they believe will be destroyed. As a result, Lebanon is not believed to be a significant drug producing country, although the danger of some illicit cultivation is always present as promised alternative livelihoods for farmers engaged in illicit cultivation in the past have not been developed as promised.

Drug Flow/Transit. Narcotics trafficking through traditional smuggling routes has been curtailed by joint Lebanese-Syrian operations along their common border. Likewise, illicit drug trafficking along the Israel-Lebanon frontier has been insignificant since the Israeli withdrawal from Lebanon in May 2000 and the subsequent fighting with Hezbollah in Southern Lebanon. The primary route for smuggling hashish from Lebanon is overland to Arab countries such as Saudi Arabia, Egypt, Kuwait, the United Arab Emirates, and via sea routes to Europe. According to the ISF, large exports of hashish from Lebanon to Europe are more and more difficult for smugglers due to increased airport control and off shore patrols. The ISF has asserted that Lebanese hashish is not smuggled into the United States, which is consistent with U.S. information.

Domestic Programs (Demand Reduction). Lebanese leaders understand that they need to address the problem of illicit drug use in Lebanon. In 2002, the government launched a public awareness campaign to discourage drug use, which continues today, and textbooks approved for use in all public schools contain a chapter on narcotics to increase public awareness. Lebanon's current drug law requires that a National Council on Drugs (NCD) be established. The NCD's services and activities will include substance abuse prevention, awareness, treatment, and assistance to substance abusers and their families, in addition to developing and implementing a national action plan to counter drug abuse. Since 2001, the government has been engaged in the establishment of this council; however, the NCD has not yet been formed.

There are several detoxification programs, but the only entity in Lebanon that offers a comprehensive drug rehabilitation program is Oum al-Nour (ON), a Beirut-based NGO. The Government of Lebanon, through the Ministry of Social Affairs and the Ministry of Public Health, provides budgetary support to ON. ON estimates that the age of the average drug addict in Lebanon has been decreasing since the end of the country's civil war in 1990, with pre-college and college-age youth now being the most vulnerable. ON's client base under 24 years of age has increased more than ten-fold since 1990. ON statistics, based on their patient base, indicate that the most commonly abused illicit substance is heroin, but use of "designer" drugs such as MDMA (Ecstasy) and methamphetamine is on the rise. ON operates three drug treatment centers in Lebanon, two for men and one for women. The centers, which have a maximum capacity of 70 patients, offer a year-long residential program for hard-core addicts and sometimes operate above capacity. The program strives for recovery for the residents' physical, psychiatric, spiritual, and social well-being without the use of drug maintenance. A new ward, which was funded by USAID and can accommodate up to 15 patients, was built in one of the men's centers and became operational in 2005. ON offers no outpatient drug withdrawal programs. ON also engages in drug prevention activities such as promoting drug awareness among the population through advertisements and education programs, as well as distributing educational materials on college campuses. The organization also has a center for statistical studies and a research office.

Another drug rehabilitation center for men operates in Zahleh in the Bekaa Valley in coordination with the Ministry of Health and Saint Charles Hospital. The center has the capacity to accommodate up to 16 patients, and the team of psychiatrists, clinical psychologists and social workers also does clinical training with drug addicts at the hospital. A new walk-in outpatient therapeutic facility for addiction that offers prevention, awareness, and psychological treatment to drug users and their families called Skoun (which means "internal tranquility" or "silence" in Arabic) opened recently in downtown Beirut. Other associations that fight drugs are: Jeunesse Anti Drogue (JAD), which is primarily committed to drug awareness, but also provides medical treatment and psychological rehabilitation on an outpatient basis; Jeunesse Contre la Drogue (JCD), which raises awareness of substance abuse and AIDS, and helps users get proper treatment and rehabilitation; and Association Justice et Misericorde (AJEM), which was established to assist prisoners. One recurrent problem is the lack of coordination between concerned ministries and sometimes between the various NGOs that work on substance abuse.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. In meetings with Lebanese officials, U.S. officials continued to stress the need for diligence in preventing any return to the production and transportation of narcotics in Lebanon, and the need for a comprehensive development program for the Bekaa Valley that would provide

impoverished residents with alternate sources of income. The USG has also stressed the importance of anticorruption efforts.

Bilateral Cooperation. USAID continued its four-component program to aid and empower key Lebanese stakeholders - local government, media, and civil society - in their efforts to fight corruption. On the supply side, USAID assisted U.S. and local NGOs working with villages to promote the substitution of illicit crops with legitimate, economically viable ones. The Sustainable Forage Development Program, ongoing since 2002, has proven the feasibility of forage cultivation as an alternative to illicit cropping, producing an average annual net income of $900 per hectare. USAID also helped increase the treatment capacity of one of Oum el Nour's rehabilitation centers (see above on Domestic Programs). In 2003, the State Department's INL Bureau funded a narcotics demand reduction program administered by a Beirut-based NGO, the Justice and Mercy Association (AJEM). This ongoing project was designed to create a drug treatment facility in Roumieh prison to provide treatment and social rehabilitation for drug-addicted prisoners incarcerated there. INL also funded a second project aimed at expanding treatment capacity at Oum el Nour centers.

The Road Ahead. The success of measures to combat narcotics trafficking and illicit cultivation depends largely on the will of the Government of Lebanon. Since the withdrawal of Syrian forces, the Lebanese government has renewed access to areas inside Lebanon where historically cultivation has been centered. However, Lebanon has not developed a successful socio-economic strategy to properly address the problem of crop substitution. The United States will continue to press the Government of Lebanon to maintain its commitment to combating narcotics production and transit and implementing anticorruption policies.

Morocco

I. Summary

Morocco achieved significant reductions in cannabis production and cultivation, although it remains one of the world's major producers and exporters of cannabis. According to the Agency for the Promotion of Economic and Social Development of the Northern Prefectures and Provinces of the Kingdom of Morocco (APDN), Morocco produced an estimated 53,400 metric tons (MT) of cannabis in 2005, representing a significant decrease from 2004 when it produced 98,000 MT. According to the combined study on cannabis conducted by the United Nations Office on Drugs and Crime (UNODC) and the APDN, Morocco's gross cannabis production in 2005 provided for potential cannabis resin (hashish) production of 1,067 MT. According to the UNODC report, in 2005, Morocco succeeded in decreasing its land dedicated to cannabis cultivation to 72,500 hectares, down from 120,500 hectares in 2004, a decrease of 40 percent, due in part to an aggressive Government of Morocco (GOM) eradication campaign. The UNODC study also states that approximately 800,000 Moroccans (2.5 percent of the country's estimated 2004 population) were involved in cannabis cultivation. Morocco's efforts to combat cannabis cultivation are made more difficult by limited short-term alternatives for those involved in its production. Available information continues to indicate that Moroccan cannabis does not significantly impact the United States. Morocco is a party to the 1988 UN Drug Convention.

In 2006, the GOM in addition to its efforts against production, acted against drug-related corruption. In September, a GOM investigation into the network of a major drug baron arrested in the north resulted in the arrest of more than a dozen high-ranking government, judicial, military, and law enforcement officials linked to narcotics-related corruption.

II. Status of Country

Morocco consistently ranks among the world's largest producers and exporters of cannabis, and its cultivation and sale provide the economic base for much of the mountainous northern region of Morocco. Only very small amounts of narcotics produced in or transiting through Morocco reach the United States. According to a 2005 UNODC report, the illicit trade in Moroccan cannabis resin generates approximately $13 billion a year in total revenues, but Morocco retains only a small share (approximately $325 million) of total revenue from the cannabis trade. Independent estimates indicate that the returns from cannabis cultivation range from $16,400-$29,800 per hectare (little of which goes to the growers themselves), compared with an average of $1,000 per hectare for one possible alternative--corn. EU law enforcement officials report that Moroccan cannabis is typically processed into cannabis resin or oil and exported predominately to Europe, as well as Algeria, and Tunisia. To date, Morocco has no enterprises that use dual-use precursor chemicals, and is thus neither a source nor transit point for them. While there continues to be a small but growing domestic market for harder drugs like heroin and cocaine, cannabis remains the most widely used illicit drug in Morocco. There is no substantial evidence of widespread trafficking in heroin or cocaine, but press reports suggest Latin American cocaine traffickers may have started using well-established cannabis smuggling routes to move cocaine into Europe.

III. Country Actions Against Drugs in 2006

Policy Initiatives. The GOM's partnership with UNODC in conducting cannabis surveys the past three years (2003-2005) reflects Morocco's growing desire to compile accurate data on narcotics

production and address its narcotics problem. In 2004, Morocco launched an awareness campaign for cannabis growers alerting them to the adverse effects of cannabis cultivation for the land and informing them of alternatives to use the land more productively.

Throughout the 1980's, the GOM worked in conjunction with the UN to devise a response to the unique geographic, cultural and economic circumstances that confront the many people involved in the cultivation of cannabis in northern Morocco. Joint projects to encourage cultivation of alternative agricultural products included providing goats for dairy farming, apple trees, and small bee-keeping initiatives. This effort also included paved roads, modern irrigation networks, and health and veterinary clinics. In the 1990's, the GOM continued to focus on development alternatives in Morocco's northern provinces through the work of APDN and the Tangier Mediterranean Special Agency (TMSA). In June 2003, TMSA oversaw the groundbreaking of the centerpiece of its northern development program, the Tanger-MED port, which is set to become Morocco's primary maritime gateway to the world. To study the viability of medicinal plant substitution, the GOM selected Taounate, a cannabis producing province, as the site for the construction of the National Institute of Medicinal and Aromatic Plants (INPMA).

Law Enforcement Efforts. According to government statistics, Morocco in 2005 seized 116 tons of cannabis, down from the previous year's total of 318 MT. Seizures, however, were up for cocaine, heroin, and psychoactive drugs during the same period.

Since 1995, the GOM reports it has deployed up to 10,000 police personnel into the North and Rif mountains to interdict drug shipments and to maintain antinarcotics checkpoints, rotating personnel approximately every six months. Moroccan forces also staff observation posts along the Mediterranean coast, and the Moroccan Navy carries out routine sea patrols and responds to information developed by the observation posts. These efforts, however, have not changed the underlying reality of extensive cannabis cultivation and trafficking in northern Morocco. Morocco and France agreed in 2004 to reinforce bilateral counternarcotics cooperation by deploying liaison officers to Tangiers and Paris. According to both Moroccan and French police sources, controlled deliveries of drugs have proven to be a very successful interdiction technique as a result of that joint initiative.

The GOM in 2005 destroyed more than 7,000 ha of cannabis, primarily in Larache and Taounate Provinces. As part of its 2006 eradication campaign, which targeted more than 15,000 ha, the GOM claims to have completely eliminated cannabis production in Larache province. Morocco has laws providing a maximum allowable prison sentence for drug offenses of 30 years, as well as fines for narcotics violations ranging from $20,000-$80,000. Ten to fifteen years' imprisonment remains the typical sentence for major drug traffickers convicted in Morocco. In 2004 (latest figures available), Morocco claims to have arrested 22,526 Moroccan nationals and 356 foreigners in connection with drug-related offenses.

Corruption. As a matter of government policy, the GOM does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. In September, a GOM investigation into the network of a major drug baron resulted in the arrest of more than a dozen high-ranking government, judicial, military, and law enforcement officials linked to narcotics-related corruption, including a senior security official and former chief of police in Tangiers. This investigation, as part of a larger government effort to combat corruption, led to further high-level shake ups in the law enforcement community, as well as the detention of other alleged drug traffickers. Although this investigation continues, the trials of some of the arrested individuals are moving forward. Morocco has signed, but has not yet ratified, the UN Convention against Corruption.

Agreements and Treaties. Morocco is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances and the 1961 UN Single Convention on Narcotic Drugs, as amended by the 1972 Protocol. Morocco is a party to the UN Convention against Transnational Organized Crime. Morocco and the United States cooperate in law enforcement matters under an MLAT.

Cultivation/Production. The center of cannabis production continues to be the province of Chefchaouen, where 56 percent of Morocco's cannabis is cultivated. Production, however, has expanded north in the last two decades to the outskirts of Tangiers and east toward Al Hoceima. According to a special UNODC report, small farmers in the northern Rif region grow mostly cannabis, where an estimated 27 percent of arable land is dedicated to its cultivation. Production also occurs on a smaller scale in the Souss valley in the south. The 2005 UNODC survey found that 75 percent of villages and 96,000 farms in the Rif region cultivate cannabis, representing 6.5 percent of all farms in Morocco.

The GOM has stated its commitment to the total eradication of cannabis production, but given the economic and historical dependence on cannabis in the northern region, eradication is only feasible if accompanied by a well-designed development strategy involving reform of local government and a highly subsidized crop substitution program. Moroccan drug officials have indicated that crop substitution programs thus far appear to have made little headway in providing economic alternatives to cannabis production. An UNODC report warned that this agricultural monoculture represents an extreme danger to the ecosystem due to the extensive use of fertilizers. Moreover, forest removal continues to be the method of choice to make room for cannabis cultivation.

Drug Flow/Transit. The primary ports of export for Moroccan cannabis are Oued Lalou, Martil and Bou Ahmed on the Mediterranean coast. Most large shipments of illicit cannabis bound for Spain travel via fishing vessels or private yachts. Smaller “zodiac” speedboats, which can make roundtrips to Spain in one hour, are also reportedly being used to transport drugs. Drug shipments of up to two tons have been seized on these boats. Smugglers also continue to transport cannabis via truck and car through the Spanish enclaves of Ceuta and Melilla, and the Moroccan port of Tangiers, crossing the Straits of Gibraltar by ferry. According to the UNODC, Spain still accounts for the world's largest portion of cannabis resin seizures (54 percent of global seizures in 2004). The Moroccan press reported that some 800 tons of Moroccan cannabis resin were seized in Spain in 2004. Given its proximity to Morocco, Spain is a key transfer point for Europe-bound Moroccan cannabis resin. Due to the Schengen zone, once contraband reaches Spain it can normally pass to most of Western Europe, without fear of regular inspections.

Domestic Programs. The GOM is concerned about signs of an increase in domestic heroin and cocaine use, but does not aggressively promote reduction in domestic demand for these drugs or for cannabis. It has established a program to train the staffs of psychiatric hospitals in the treatment of drug addiction. In partnership with UNODC, the Ministry of Health is exploring the relationship between drug use and HIV/AIDS infection in Morocco. Moroccan civil society and some schools are active in promoting antidrug use campaigns.

IV. U.S. Policy Initiatives and Programs

U.S. Policy Initiatives. U.S. policy goals in Morocco are to enhance Morocco's counternarcotics capability through training in law enforcement techniques and to promote the GOM's adherence to its obligations under relevant bilateral and international agreements. U.S.-supported efforts to strengthen antimony-laundering laws and efforts against terrorist financing may also contribute to the GOM’s ability to monitor the flow of money from the cannabis trade.

Bilateral Cooperation. According to Moroccan narcotics officials, USG-provided border security equipment, particularly new scanners in main ports, improved the effectiveness of security measures at entry points, which directly contributed to increased drug seizures in 2004. Morocco and the U.S. have also begun to expand cooperation on drug investigations of mutual interest. The U.S. DEA, which covers Morocco from its Paris office, has enhanced its engagement with the Moroccan National Police, including discussing ways to increase training visits to the U.S. by Moroccan narcotics officials and by U.S. officials to Morocco. In September 2005, the U.S. Coast Guard sent a Mobile Training Team to provide training in maritime law enforcement boarding procedures.

Road Ahead. The United States will continue to monitor the narcotics situation in Morocco, cooperate with the GOM in its counternarcotics efforts, and, together with the EU, provide law enforcement training, intelligence, and other support where possible.

Mozambique

I. Summary

Mozambique is a transit country for illegal drugs such as hashish, herbal cannabis, cocaine, and heroin consumed primarily in Europe, for mandrax (methaqualone) consumed primarily in South Africa." Some illicit drug shipments passing through Mozambique may also find their way to the United States and Canada. Drug production mostly is limited to herbal cannabis cultivation and a few mandrax laboratories. Evidence suggests significant use of herbal cannabis and limited consumption of "club drugs" (Ecstasy/MDMA), prescription medicines, and heroin by the country's urban population. While the Mozambican government recognizes drug use and drug trafficking as serious issues, the country's porous borders, very poorly policed seacoast, and inadequately trained and equipped law enforcement agencies compound these problems. The United States, the UN Office on Drugs and Crime (UNODC), and other donors have established cooperation programs to improve training of drug control officials and provide better interdiction and laboratory equipment. Despite these efforts, drug trafficking interdiction performance has improved only slightly in the past year. Corruption in the police and judiciary continues to hamper counternarcotics efforts, as has the elimination of visa requirements in 2005 for South African and Mozambican citizens traveling between those two countries. Mozambique is a party to the 1988 UN Drug Convention.

II. Status of Country

Mozambique is not a significant producer of illegal drugs. Herbal cannabis for local consumption is produced throughout the country, particularly in Tete, Sofala, and Cabo Delgado provinces. Limited amounts are trafficked to neighboring countries, primarily South Africa. There are indications that small quantities of a low quality Ecstasy are manufactured in southern Africa, with Mozambique as a possible producer. During the year, Mozambican authorities continued to raid mandrax facilities and seize production equipment. Mozambique's role as a drug-transit country and a favored point of disembarkation in Africa continues to grow, mostly because of general negligence with respect to airport and border security control mechanisms. Southwest Asian producers ship cannabis resin (hashish) and synthetic drugs through Mozambique to Europe and South Africa. Limited quantities of these shipments may also reach the United States and Canada. Heroin and other opiate derivatives shipped through Mozambique usually originate in Southeast Asia and typically transit India, Pakistan, the United Arab Emirates, and later Tanzania, before arriving by small ship or, occasionally, overland to Mozambique. Many traffickers are of Tanzanian or Pakistani origin. Increasing amounts of cocaine from Colombia and Brazil are sent with couriers on international flights from Brazil to Mozambique, sometimes via Lisbon, before being transported overland to South Africa. In the past, drug traffickers recruited young women in Maputo to work as couriers to and from Brazil, but because of growing suspicion concerning female passengers on these flights, traffickers are now also using men. Mozambique is not a producer of precursor chemicals.

Mozambique has seen growing abuse of heroin among all levels of urban populations. The abuse of mandrax, which is usually smoked in combination with cannabis, continues to be a matter of concern for countries in southern Africa. Shipments of mandrax continue to enter South Africa from India and China, sometimes after passing through Mozambique. The 2005 agreement between

South Africa and Mozambique to drop visa requirements has complicated interdiction and enforcement efforts, as information on individuals crossing borders has become even more limited.

III. Country Actions Against Drugs in 2006

Policy Initiatives. Mozambique's accomplishments in meeting its goals under the 1998 UN Drug Convention remain limited. Government resources devoted to the counternarcotics effort are meager, and only limited donor funds are available. The Mozambican government carries out drug education programs in local schools in cooperation with bilateral and multilateral donors as part of its demand reduction efforts.

Law Enforcement Efforts. Mozambique's antidrug brigade operates in Maputo and reports to the Chief of the Criminal Investigation Police in the Ministry of Interior. The brigade has few resources at its disposal. In 2003 UNODC donated vehicles, night vision binoculars, and drug detection equipment to the brigade, but most of this equipment is in need of repair. The brigade has not received training for several years. With assistance from UNODC, 24 customs officials at the ports of Beira and Nacala received training in 2006. Since July 2005, a 57-person specialized police unit designed to strengthen efforts to fight organized crime, including narcotics trafficking, has operated at airports in provincial capitals. In September 2006, Mozambican and Brazilian authorities signed a memorandum of understanding on principles, in preparation for an eventual extradition agreement for those convicted of trafficking drugs between the two countries. Mozambican authorities seized 4,500 kg of marijuana in Mozambique in 2005. As interdiction efforts improve at the Maputo airport, traffickers have used alternate airports, including those of Beira, Nampula, Quelimane and Vilankulos. Publicized seizures in 2006 include:

- The May seizure of one ton of hashish hidden in juice containers in a shipment arriving at Maputo port from Jamaica
- The May arrest of two Kenyan nationals at Maputo airport in possession of 100 capsules of cocaine.
- The June seizure of 99 capsules of cocaine carried by a Peruvian women arriving at Maputo airport from Brazil.
- The September arrest of a South African citizen arriving from Lisbon (whose flight originated in Suriname) with at least 70 capsules of cocaine in his stomach.
- The October destruction of 33 kg of cocaine, most of which had been seized at Maputo airport from drug traffickers arriving from Brazil via Lisbon.

Maputo police arrested 23 people (13 women and 10 men) in connection with cocaine trafficking in the first nine months of 2006. Some of the arrested received sentences of between 6 and 16 years. On several occasions during the year, Mozambican authorities highlighted a general lack of resources for destroying seized drugs, particularly hashish, cannabis, and cocaine.

Corruption. Corruption is pervasive in Mozambique. However Mozambique has continued efforts to prosecute police and customs officials charged with drug trafficking offenses. The trial of four officers charged with selling the proceeds of a large Pakistani shipment of hashish seized in 2000 began in February. On December 30, a court in Inhambane Province sentenced the four police officers to prison terms ranging from 16 to 19 years and ordered the confiscation of goods acquired

with money resulting from the sales. As official policy, Mozambique seeks to enforce its laws against narcotics trafficking, but as noted above, confronts difficulties in doing so effectively.

Agreements and Treaties. Mozambique is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention on Narcotic Drugs, as amended by the 1972 Protocol, and the 1971 UN Convention on Psychotropic Substances. On September 20, 2006, Mozambique deposited at the UN its instrument of ratification on the UN Convention against Transnational Organized Crime. Mozambique has signed, but not yet ratified the UN Convention Against Corruption.

Cultivation/Production. Cannabis is cultivated primarily in Tete, Sofala, and Cabo Delgado provinces. Intercropping is the most common method of production. The Mozambican government has no reliable estimates of crop size. Authorities have made efforts in 2006 to eradicate cannabis crops through controlled burns.

Drug Flow/Transit. Assessments of drugs transiting Mozambique are based upon limited seizure data and the observations of local and UNODC officials. Mozambique increasingly serves as a transit country for hashish, cannabis resin, heroin, and mandrax originating in Southwest Asia, owing to its long, unpatrolled coastline, lack of resources for interdiction and sea, air, and land borders, and growing transportation links with neighboring countries. Drugs destined for the South African and European markets arrive in Mozambique by small ship, mostly in the coastal areas in northern Cabo Delgado province, but also in Nampula, Sofala, and Inhambane provinces.

The Maputo corridor border crossing at Ressano Garcia/Lebombo is an important transit point to South Africa. Hashish and heroin are also shipped on to Europe, and some hashish may reach Canada and the United States, but not in significant quantities. Arrests in Brazil, Mozambique, and South Africa indicate drug couriers trafficked cocaine from Colombia and Brazil to Mozambique, often through Lisbon, for onward shipment to South Africa. In addition, Nigerian and Tanzanian cocaine traffickers have targeted Mozambique as a gateway to the South African and European markets.

Domestic Program/Demand Reduction. The primary substances of abuse are alcohol, nicotine, and herbal cannabis. The Mozambican Office for the Prevention and Fight Against Drugs (GCPCD) reported in 2006 that there was also significant use of heroin, cocaine, and psychotropic "club drugs," such as Ecstasy and mandrax, across Mozambique's urban population. GCPCD coordinates a drug prevention and education program for use in schools and with high risk families; the program includes plays and lectures in schools, churches, and other places where youths gather. It has also provided the material to a number of local NGOs for use in their drug education programs. GCPCD has received some support from bilateral donors for community policing and demand reduction. Drug abuse and treatment options remain limited; according to the GCPCD, the main hospitals in Maputo and Beira, respectively, provide drug treatment assistance in partnership with a local NGO.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. The United States continues to sponsor Mozambican law enforcement officials and prosecutors to attend regional training programs at the International Law Enforcement Academy (ILEA) for Africa in Botswana. Law enforcement officials have also received training at ILEA in New Mexico. The United States has supported the police sciences academy near Maputo, through training and technical assistance in the areas of drug identification and investigation, as well as other areas of criminal sciences. The assistance included construction of a forensic laboratory. Technical assistance programs at the police academy focus on methods to foster better

relations between the community and the police. Among other topics, courses provided by technical specialists include courses on drug interdiction. In 2006 the United States delivered 50 special purpose bicycles and trained bicycle patrol police for a pilot community policing program. USAID provides training support to the Attorney General's Central Office for the Combat of Corruption (GCCC), formerly the anticorruption unit.

The Road Ahead. U.S. assistance in support of the GCCC will continue in 2007, with plans to place a short-term regional legal advisor at the unit for a period of six months through the Department of Justice Overseas Prosecutorial Development Assistance and Training program. Additionally, plans are underway to improve Mozambique's border security capabilities. A Department of Homeland Security border assessment team visited Mozambique in October. This assessment visit is expected to be followed by the provision of mainly communication equipment, along with technical training, to boost Mozambican border control capabilities. Also, the U.S. military has provided shallow draft vessels for limited coastal security work. The GOM needs to continue its focus on the corrosive effects of corruption to assure continuing progress in its narcotics control efforts.

Namibia

I. Summary.

While occasionally used as a drug transit point, Namibia is not a major drug producer or exporter. Statistics for seizures of illegal drugs in 2006 showed a marked decrease compared to previous years' figures, with approximately $220,000 worth of drugs (mostly marijuana and Mandrax (methaqualone), along with smaller amounts of cocaine and Ecstasy) seized between April 2005 and March 2006. Drug abuse remains an issue of concern, especially among economically disadvantaged groups. Narcotics enforcement is the responsibility of the Namibian Police's Drug Law Enforcement Unit (DLEU), which lacks the manpower, resources and equipment required to fully address the domestic drug trade and transshipment issues. Namibia is not yet a party to the 1988 UN Drug Convention.

II. Status of Country.

Namibia is not a significant producer of drugs or precursor chemicals. No drug production facilities were discovered in Namibia in 2006.

III. Country Actions Against Drugs in 2006

Policy Initiatives. Namibia has requested United Nations (UNODC) assistance in completing a National Drug Master Plan, which is still being formulated. While Namibia has not said precisely when it will become a party to the 1988 UN Drug Convention, many Convention requirements are already reflected in Namibian law, which states that illicit cultivation, production, distribution, sale, transport and financing of narcotics are all criminal offenses. Namibia's Parliament passed two bills designed to combat organized crime, trafficking, and terrorism in 2004, but the required implementing regulations for this legislation have yet to be drafted. The Combating of the Abuse of Drugs Bill was recently tabled in Parliament. If passed, it will ban the consumption, trafficking, sale and possession of dangerous, undesirable and dependence-inducing substances. Namibia is also a signatory to the International Convention for the Suppression of the Financing of Terrorism. Three additional initiatives are still pending parliamentary action. Once fully implemented, the new legislation will allow for asset forfeiture and other narcotics-related prosecution tools.

Law Enforcement Efforts. Namibia fully participates in regional law enforcement cooperation efforts against narcotics trafficking, especially through the Southern African Development Community (SADC) and the Southern African Regional Police Chiefs' Cooperative Organization (SARPCCO). The Minister of Safety and Security and working level officials meet regularly with counterparts from neighboring countries, during which efforts to combat cross border contraband shipments (including narcotics trafficking) are discussed. In late 2006, Namibian Police arrested a man in Namibia after he and his wife allegedly attempted to smuggle cocaine in their stomachs via a flight from Brazil. The wife died of an overdose in the attempt.

Corruption. As a matter of government policy, the Government of Namibia does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. Similarly, no senior government official is alleged to have participated in such activities.

Agreements and Treaties. Namibia is not a party to the 1988 UN Drug Convention; however, it is a party to the 1961 UN Single Convention as amended by the 1972 Protocol, and the 1971 UN

Convention on Psychotropic Substances. Namibia also is a party to the UN Convention Against Transnational Organized Crime and its protocols on migrant smuggling and trafficking in women and children, and to the UN Convention against Corruption.

Drug Flow/Transit. Namibia's excellent port facilities and road network, combined with weak border enforcement, make it a likely transshipment point for drugs en route to the larger and more lucrative South African market. DLEU (Drug Law Enforcement Unit) personnel believe much of the transshipment takes place via shipping containers either offloaded at the port of Walvis Bay or entering overland from Angola and transported via truck to Botswana, Zambia and South Africa. Personnel constraints, inadequate screening equipment, a lack of training and varying levels of motivation among working-level customs and immigration officers at Namibia's land border posts all prevent adequate container inspection and interception of contraband. Inconsistently applied immigration controls also make Namibia an attractive transit point for Africans en route to or from Latin America for illicit purposes

The current maritime security posture does not allow the Namibian police, naval, and port authorities to monitor maritime activities outside the 5 km outer anchorage area of Namibia's major ports in Walvis Bay and Luderitz. It has been reported that drug traffickers have been able to exploit this weakness by using small crafts to meet larger vessels outside these controlled areas. The Namibian Navy is chartered with the responsibility to assist the police and customs officials with better patrolling of Namibia's Exclusive Economic Zones (EEZs) and expects to have a mission capable fleet starting mid-2008.

Domestic Programs/Demand Reduction. Drug treatment programs are available from private clinics, and to a lesser extent from public facilities. The vast majority of treatment cases in Namibia are for alcohol abuse, with the remainder divided evenly between cannabis and Mandrax (methaqualone). There is also increasing evidence of the problem of cocaine use in Namibia.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. The USG continues to offer Namibia opportunities for fully-funded law enforcement training programs at the International Law Enforcement Academy (ILEA) in Gaborone, Botswana. Most of these training programs contain counternarcotics elements, and some narcotics-specific training is also offered. Representatives of several law enforcement agencies (Customs and Border Protection, Immigration and Customs Enforcement, Prison Service) and prosecutors have participated in ILEA training. The Namibian Police took part in USG-funded training for the first time in 2006. The Police have repeatedly stated their willingness to cooperate with the USG on any future narcotics-related investigations, and both the DLEU and the Namibian Police Special Branch were extremely cooperative in a September 2004 alien smuggling investigation.

The Road Ahead. The USG will coordinate with the newly formed Anti-Corruption Commission to allow them to take advantage of training opportunities at ILEA Botswana and elsewhere, and will assist the Government of Namibia in any narcotics investigation with a U.S. nexus.

Nigeria

I. Summary

While Nigeria is not an important producer of narcotic drugs, it remains a major transit route for illicit trafficking of narcotics. Available evidence shows that narcotics transiting Nigerian ports and borders reach the United States and Europe in amounts sufficient to generate serious concern. In addition to being a transit hub for narcotics moving abroad, Nigeria also produces marijuana/cannabis, which is trafficked to neighboring West African countries and to Europe. Domestic markets for opiates, cocaine and synthetics are small, but growing. Use and demand for marijuana is significant and growing in many cities throughout Nigeria.

Despite the improved performance of the National Drug Law Enforcement Agency (NDLEA) following the November 2005 appointment of Chairman Ahmadu Giade, government efforts to stop the transshipment of illicit drugs through Nigeria to other countries remain inadequate. At U.S. Government urging Giade established "Special" Commands at Kano and Port Harcourt airports and the Ministry of Aviation renovated and upgraded NDLEA facilities at Nnamdi Azikiwe International Airport, Abuja. After six years with one arrest at Kano Airport, the new command made 8 arrests in the first 6 months of 2006 and achieved 6 convictions. The NDLEA demonstrated significant progress in drug interdiction, especially at the airports, and Giade reinstituted the Joint Task Force to work with the U.S. and other drug liaison officers, which his predecessor had disbanded. The National Drug Law Enforcement Agency (NDLEA) lacks adequate resources to handle even its most basic priorities. Staffing and support are uneven throughout the country. The agency currently lacks major equipment important to implement its mandate, such as functioning x-ray machines at the international airports and motors for the Lagos seaport unit's boats. In addition, most commands have insufficient motor vehicles and communications equipment. Many lack weapons and restraints such as handcuffs and/or flex-ties. The U.S. Government donated narcotics-detecting ion scanners located at three airports. However, when U.S.-donated consumable supplies for the machines were expended, the NDLEA did not purchase additional materials to allow for continued use of the ion scanners. The ion scanners have been idle for about two years. The Lagos airport command does continue to maintain and use the U.S. Government-donated x-ray machine, however, the machine is cumbersome to operate and only marginally effective. There is no indication that NDLEA utilizes narcotics sniffing dogs donated by the government of South Africa. Despite erratic performance, there have been some successes in drug interdiction, mostly at the airports. There have been credible allegations of drug-related corruption at NDLEA and several senior officials were suspended in 2006 pending investigation by the Economic and Financial Crimes Commission (EFCC). Nigeria is party to the 1988 UN Drug Convention.

II. Status of Country

Nigeria is not a producer of heroin or cocaine, but it is a major drug-transit hub. Heroin transits Nigeria on its way to neighboring countries and the United States. Cocaine transits Nigeria on its way to Southern Africa and Europe. Trafficking of heroin and cocaine into the country is on the increase, organized by Nigerian criminal elements, which play a major role in the worldwide cocaine trade.

The NDLEA is the lead agency charged with drug interdiction, but other agencies, including the Customs Department, Immigration Department, and the Nigeria Police Force (NPF), are also involved in narcotics law enforcement. Heroin and cocaine dominate seizures at the Murtala

Mohamed International Airport in Lagos, and other ports of entry to Nigeria. All arrests at Kano airport have involved cocaine destined for the Netherlands. Sale and local consumption of marijuana is on the increase. The rise in marijuana use domestically in Nigeria is evinced by the increased quantities seized, the number and size of illicit plots discovered and destroyed, and numbers of arrests made.

III. Country Actions Against Drugs in 2006

Policy Initiatives. In addition to establishing the special commands at Kano and Port Harcourt airports, Chairman Giade effected a wholesale reassignment of senior NDLEA officers throughout the country. He also reinstituted the Joint Task Force to work with the U.S. and other drug liaison officers which his predecessor had disbanded. The NDLEA has also proposed a new salary structure for the agency to improve performance and staff morale, but has provided no details.

Law Enforcement Efforts. In 2006, the NDLEA demonstrated significant progress in drug interdiction although it did not develop new policies aimed at eradicating illicit narcotics trafficking. In 2006 the NDLEA and DEA conducted several international operations. One such operation resulted in the seizure of 51 kg of heroin, which was shipped from Pakistan through Dubai, and then to Nigeria. The NDLEA also conducted international operations with UK officials in 2006. For the first time in five years the NDLEA, with DEA assistance, targeted and arrested two major drug kingpins who are presently being tried for drug trafficking and related money laundering offenses. The two kingpins are allegedly responsible for substantial quantities of heroin and cocaine transiting Nigeria to the U.S. and Europe. One of the kingpins is believed to be responsible for at least three drug-related murders on Lagos Island.

Corruption. Corruption is entrenched in Nigerian society, and remains a significant barrier to effective narcotics enforcement. To combat corruption in Nigerian society, the Nigerian Government established the Independent Corrupt Practices and Other Related Offences Commission (ICPC), through the Corrupt Practices and other Related Offences Act of 2000. The Act prohibits corrupt practices and other related offences, and also provides for punishment for those offenses. Under Section 6, the Commission is empowered to receive and investigate reports of corruption, and where justifiable, prosecute the offenders. It is empowered to educate the public on and against bribery, corruption and other related offences. To date, the Commission has not dealt with any cases related to narcotics trafficking, but has vigorously pursued its mandate to prosecute corruption in other areas of government, despite vigorous attempts by legislators, state governors and some elements in the central government to curtail and frustrate its efforts. In 2002, the Nigerian Government established the Economic and Financial Crimes Commission (EFCC). The EFCC has not prosecuted any narcotics-related cases. Similarly, no narcotics-related cases have been prosecuted under the Money Laundering Act of 2004.

Although the NDLEA has excellent relations with the EFCC, relationships with the Independent and Corrupt Practices Commission, Nigerian Customs Department, Nigeria Immigration Department and the Nigeria Police Force have not been optimal; there is little cooperation among the agencies. There appears little appreciation for the interdisciplinary requirements of Nigeria's counternarcotics efforts at the highest levels of the Nigerian government and this failure to cooperate weakens those efforts at all levels.

To date, no senior government official has been arrested in connection with drug trafficking. There is no evidence of senior government officials facilitating the production, processing, or shipment of narcotics and psychotropic drugs, or other controlled substances. However, there are allegations of government officials using their positions to discourage the investigation of major traffickers and

the prosecution of drug-related cases. Moreover, the quantity of drugs moving through Nigeria, under the control of Nigerian criminal elements, and the absence of any vigorous enforcement efforts against the more senior levels of those involved suggests a certain level of corruption might be paid to protect those senior level traffickers. The NDLEA lacks adequate in-house mechanisms, such as an internal affairs section, to investigate corruption within the agency. As a result, Chairman Giade refers narcotics-related corruption cases to the EFCC for investigation in an effort to show transparency. Major trafficking networks in Nigeria are known to replenish their cache of drugs using elaborate schemes to launder money and legitimize their profits. There are also suspicions of relationships between criminal elements that run advance fee fraud schemes, the so-called "419 Fraud", and the organized criminal gangs that arrange for large-scale movements of cocaine and heroin, but there have been no cases, which have proved this thesis.

Agreements and Treaties. Nigeria is 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. Nigeria is a party to the UN Convention against Transnational Organized Crime and its protocols against migrant smuggling and trafficking in persons. Nigeria also is a party to the UN Convention against Corruption. The 1931 U.S.-UK Extradition treaty, which was made applicable to Nigeria in 1935, provides the legal basis for U.S. extradition requests. A U.S.-Nigeria Mutual Legal Assistance Treaty (MLAT) entered into force in 2003.

Cultivation/Production. Marijuana/Cannabis is grown all over Nigeria, but mainly in central and northern states. It is also grown in large quantities in Ondo, Delta and Edo states in Southern Nigeria. Cultivation is generally on small fields in remote areas. Its market is concentrated in West Africa and Europe; none is known to have found its way to the United States. However, domestic use is becoming more widespread. The NDLEA has destroyed marijuana fields, but has no regular, organized eradication program in place. There are no reliable figures to determine crop size and yields.

Drug Flow/Transit. Nigeria remains a major transit hub for heroin from Asia and cocaine from South America. Interdictions are mainly at the Murtala Mohamed International Airport in Lagos, which has a U.S. Government – provided digital X-ray machine. The NDLEA also has sniffer dogs provided by the South African government, but they are seldom used. Port Harcourt Airport, normally operating more than eight international flights per week, is being utilized as a new smuggling route. Seaports are believed to be a significant point for drugs to enter and exit Nigeria, but, except in Lagos, the NDLEA is not present at seaports to enforce narcotics laws, and customs efforts have yielded zero seizures and arrests during the year.

Low-level drug couriers can make as much as $5,000 per trip, depending on the quantity of drugs transported. Most couriers come from poor backgrounds, earning as little as $500 a year in normally available employment opportunities in Nigeria and neighboring countries. The amounts that can be earned as drug couriers therefore are attractive to many people. Sentences and jail terms for drug trafficking are relatively light, and do not act as a strong disincentive. There are credible reports that many convicted for narcotics offenses never return after their trials to serve time in jail, but simply disappear back into the community. Repeat drug offenders are numerous.

Domestic Programs/Demand Reduction. Drug abuse continues to rise in Nigeria. Drugs are abundant, cheap, and readily available on the local market in Nigeria's large cities. Marijuana, locally referred to as Indian hemp, is the predominant drug. Local cultivation and use are growing problems. Drug treatment is generally not available.

IV. U.S. Policy Initiatives and Programs

In 2006, the 2002 Letter of Agreement signed between the U.S. and Nigerian Governments for narcotics-related grant assistance was amended for the seventh time. The amendment provided financial assistance in the amount of $550,000 to the NDLEA, EFCC, ICPC and NPF. Subsequently, an additional $1,500,000 has been provided for counternarcotics. Personnel from all four agencies and Customs and Immigration also benefited from training at the ILEA in Botswana and/or the United States.

Bilateral Accomplishments. The controlled delivery operations and arrests mentioned above are significant accomplishments. In addition, in 2006 the NDLEA and DEA attended the annual International Drug Enforcement Conference (IDEC) in Canada. During the IDEC the NDLEA and DEA Lagos identified a Nigeria and U.S.-based major international heroin trafficking organization for dismantling.

The NDLEA Training Academy, established in 1993 and now located in Jos, sponsors 4, 6 and 9-month training sessions for up 140 cadets. On occasion, the NDLEA Academy has hosted UN-sponsored training for other countries at the Academy. The U.S. Government has also provided assistance to the academy in the past, including two State Department counternarcotics assistance (INL)-funded training courses conducted by DEA: a one week airport interdiction seminar (20 students) and a two week regional basic interdiction course (30 students) in 2006.

There have been problems with some U.S. assistance equipment donated to Nigeria: 60 VHF radios and 2 Base stations donated through an INL assistance program to the National Police in August 2001 and unaccounted for in 2005 end-use monitoring remained missing in 2006. Ion scanners donated to the NDLEA and located at the Lagos, Abuja, and Kano airports were not used in 2006 due to the lack of consumables, although they reportedly remain in excellent working condition. The INL-provided x-ray machine at the Lagos airport remains in use but is only marginally effective as it was designed for medical application, not airport use. In addition, hand held radios were provided to the Kano airport command and two vehicles were restored to service. INL also provided evidence safes to NDLEA headquarters and Kano airport. INL, in close consultation with the U.S. Embassy in Abuja, is considering remedies to many of the equipment problems set out above.

The Road Ahead. The new leadership at NDLEA is making strides to combat institutionalized corruption that hinders effective counternarcotics enforcement. However, until the corruption situation at NDLEA, and in other enforcement agencies is seriously addressed by the Government of Nigeria, narcotics trafficking will continue to increase. The failure of the GON to support and adequately fund counternarcotics efforts has been a major disappointment. It remains crucial that the NDLEA make progress against high-level narcotics traffickers, lest the trafficking situation in Nigeria and all of West Africa drift completely out of control. Unless Chairman Giade gets and appropriately uses the resources, cooperation and support he needs, 2007 is likely to be more disappointing than 2006.

Saudi Arabia

I. Summary

Saudi Arabia has no appreciable drug production and is not a significant transit country. Saudi Arabia's conservative cultural and religious norms discourage drug abuse. The Saudi Government places a high priority on combating narcotics abuse and trafficking. Since 1988, the Government has imposed the death penalty for drug smuggling. Drug abuse and trafficking do not pose major social or law enforcement problems; however, Saudi officials acknowledge that illegal drug consumption and trafficking are on the rise. This rise has caused increased arrests and governmental suppression efforts over the past year. Saudi and U.S. counternarcotics officials maintain good relations. Saudi Arabia is a party to the 1988 UN Drug Convention.

II. Status of Country

Saudi Arabia has no significant drug production, and in keeping with its conservative religious values and 1988 UN Drug Convention obligations, it places a high priority on fighting narcotics abuse and trafficking. Narcotics-related crimes are punished harshly, and narcotics trafficking is a capital offense enforced against Saudis and foreigners alike. During 2006, approximately 20 executions for narcotics-related offenses were reported in the Saudi media. Saudi Arabia maintains a network of overseas drug enforcement liaison offices and state-of-the-art detection and training programs to combat trafficking. While Saudi officials are determined in their counter narcotics efforts, drug trafficking and abuse is a growing problem. Since the Saudi government provides no statistics on drug consumption, interdiction, or trafficking, it is difficult to substantiate this assessment with hard data. Newspaper reports indicated that there are approximately 150,000 drug addicts and users in the Kingdom. However, anecdotal evidence suggests that Saudi Arabia's relatively affluent population, large numbers of idle youth and high profit margins on smuggled narcotics make the country an attractive target for drug traffickers and dealers.

The Saudi Government undertakes widespread counternarcotics educational campaigns in the media, health institutes, and schools. The government also blocks internet sites that it deems to promote drug abuse. Government efforts to treat drug abuse are aimed solely at Saudi nationals, who are remanded to one of the nation's four drug treatment centers in Riyadh, Jeddah, Dammam and Qassim. Al-Amal hospital in Riyadh has an in-patient rehabilitation center for women. Additionally, media reports and Saudi officials noted that the Ministry of Health planned to open an in-patient rehabilitation center for female addicts in the Jeddah branch of Al-Amal hospital at the end of 2006. As of early 2007, the center had not yet been opened. The hospital currently treats female drug abusers as outpatients. The women's branch at the General Presidency for Fighting Narcotics, which was established in 1988 with only one female employee, currently it has 40 female staff members. Expatriate substance abusers are jailed and summarily deported. Health officials confirm anecdotal reports of an increase in drug abuse, but note that most addictions are not severe due to the scarcity of available narcotics and their diluted form. Saudi narcotics officials said that Captagon, heroin, hashish and Khat are the most heavily-consumed substances, but Saudi officials report that cocaine and amphetamines are also in demand. Paint/glue inhalation and abuse of prescription drugs are also reported.

III. Country Actions Against Drugs in 2006

Policy Initiatives. The lead agency in Saudi Arabia's drug interdiction efforts is the Ministry of Interior, which has over 40 overseas offices in countries representing a trafficking threat. In addition, the Saudi Government continues to play a leading role in efforts to enhance intelligence sharing among the six nations of the Gulf Cooperation Council.

Accomplishments/Law Enforcement Efforts. Saudi and U.S. DEA officials exchange information on narcotics cases. Drug seizures, arrests, prosecutions and consumption trends are becoming more a matter of public record. Contrary to previous years, illegal narcotics seizures by Saudi officials appear frequently in local newspapers.

Corruption. As a matter of government policy, the Government of Saudi Arabia does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal transactions. There is no evidence of involvement by Saudi Government officials in the production, processing or shipment of narcotic and psychotropic drugs and other controlled substances. However, newspapers reported in August 2006 that one Saudi officer and two border guard policemen were beheaded for drug distribution and smuggling. Anecdotal evidence suggests that drugs are widely used in Saudi prisons in which certain officers are involved in selling and distribution. Saudi Arabia has signed, but not ratified, the UN Convention against Corruption.

Agreements and Treaties. Saudi Arabia is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, and the 1961 UN Single Convention as amended by its 1972 Protocol. Saudi Arabia is also party to the UN Convention against Transnational Organized Crime.

Cultivation/Production. Cultivation and production of narcotics in Saudi Arabia is negligible. However, one incident reported in the media indicated that the National Guard in Madina raided a house after cannabis was discovered in the yard.

Drug Flow/Transit. Saudi Arabia is not a major transshipment point. Officials say that stricter control measures practiced by the country have led to more seizures. Captagon and heroin are smuggled into the Kingdom from the northern border with Jordan. Hashish is smuggled into the Kingdom from its south-eastern borders with the United Arab Emirates, and Khat is smuggled into the Kingdom from its southern borders with Yemen.

Domestic Programs/Demand Reduction. In addition to widespread media campaigns against substance abuse, the Saudi Government sponsors drug eradication programs directed at school-age children, health care providers, and mothers. The Ministry of Civil service will begin requiring applicants for civil service positions to take a drug test as of January 2007. Executions of convicted traffickers (public beheadings, which are widely publicized) are believed by Saudi officials to serve as a deterrent to narcotics trafficking and abuse. The country's influential religious establishment actively preaches against narcotics use, and Government treatment facilities provide free counseling to Saudi addicts.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. Saudi officials actively seek and participate in U.S.-sponsored training programs and are receptive to enhanced official contacts with DEA. Saudi Arabia is part of the International Counternarcotics Office in Cairo that works closely with the U.S. counternarcotics agencies.

Road Ahead. The U.S. will continue to explore opportunities for additional bilateral training and cooperation with Saudi counternarcotics and demand reduction officials.

Senegal

I. Summary

Counternarcotics elements of the Senegalese government remain concerned about the production and trafficking of cannabis, and to a lesser degree, hashish. Increasingly, quantities of cocaine are being seized; heroin seizures are rare. Senegal's 2005 money laundering statute and the establishment of a financial intelligence unit has had a limited impact. Senegalese authorities have been under pressure from European nations to curtail illegal immigration to the EU and bilateral assistance to combat immigration may also have some positive effect on counternarcotics enforcement. Education and strict enforcement of drug laws remain cornerstones of Senegal's counternarcotics goals. Senegal is a party to the 1988 UN Drug Convention.

II. Status of Country

While trafficking of all types of drugs, including heroin, cocaine and psychotropic depressants, exists in Senegal, cannabis production and trafficking continued to survive most enforcement efforts. Southern Senegal's Casamance region is at the center of the cannabis trade. It is generally acknowledged that a significant portion of cultivated land in Casamance is devoted to illicit cannabis cultivation. Police are reluctant to undertake greater enforcement efforts against cannabis cultivation in the Casamance for fear of hampering the ongoing efforts to establish peace.

Senegal also serves as a transit country for traffickers due to its location, infrastructure and porous borders. During 2006, authorities interdicted a container of more than eight tons of hashish en route from Pakistan to Europe. Additionally, there is evidence that cocaine originating from South America is increasingly transiting Senegal en route to Europe. Senegalese, European and UN Office of Drugs and Crime (UNODC) efforts to tighten security at the maritime port are still in the development phase. In general, drug enforcement efforts remain under-funded and undermanned, allowing the illegal cannabis trade and trafficking to continue unabated.

III. Country Actions Against Drugs In 2006

Policy Initiatives. Senegal developed a national plan of action against drug abuse and the trafficking of drugs in 1997. Multidisciplinary in its approach, Senegal's national plan includes programs to control the cultivation, production and traffic of drugs; inform the population of the dangers of drug use; and reintroduce former drug addicts into society. Full implementation of this plan remains stalled due to funding constraints. Periodic efforts to improve coordination among enforcement forces have been hampered because of insufficient funding. The Senegalese National Assembly in recent years passed a uniform common law and issued a decree against money laundering.

Accomplishments. The amount of hard drugs seized by police in Senegal is small by international standards. Due to weak enforcement efforts and inadequate record keeping, it is difficult to assess accurately the real drug problem in the country. Police lack the training and equipment to detect drug smuggling. Historically, Senegal has undertaken few cannabis eradication efforts. As previously mentioned, police forces are constrained in their efforts to eradicate cannabis cultivation in the southern part of the country because of a long-term insurgency. Meetings have been organized with island populations in the south in accordance with the UNODC to promote substitution of cannabis cultivation with that of other crops.

Law Enforcement Efforts. Although no significant changes were made to law enforcement strategies, "L'Office central de repression du traffic-illicite de stupefiants" (OCRTIS) seized more that eight metric tons of hashish destined for Europe from Pakistan in a single seizure in mid-2006. Dakar's position on the west coast of Africa makes it an enticing transit point for drug dealers. The Port of Dakar and the Leopold Sedar Senghor International Airport are the two primary points of entry/exit of drugs in Senegal. An increasing amount of narcotics, often cocaine, is being brought to Senegal by vehicle and boat from Guinea Bissau.

Given limitations on funding and training of staff there is only limited ability to guard Senegal's points of entry from the transit of drugs. The international airport has drug enforcement agents present, but they lack the training and equipment to systematically detect illegal drugs. The airport authority's efforts to attain Federal Aviation Administration (FAA) Category One certification have resulted in the tightening of security procedures and more thorough passenger luggage screening. UNODC is developing a multi-agency program (Customs, Gendarmes and Ministry of Interior Police) for screening and controlling container shipments. Although the USG sponsored the establishment of a Financial Intelligence Unit, with an in-country U.S. Treasury Department advisor, the unit has not been directed against narcotics traffickers. European efforts to combat illegal immigration, however, particularly to Spain, which has provided maritime patrol capabilities, appears to have the added benefit of inhibiting the trafficking of narcotics.

Corruption. In 2004, the Senegalese Government created the National Commission against Non-Transparency, Corruption and Misappropriation of Funds, an autonomous investigative panel. The Commission has been slow to start up, and its effectiveness has, as a result, yet to be demonstrated. The GOS does not, as a matter of government policy, encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. No senior GOS officials 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. Senegal has several bilateral agreements with neighboring countries to combat narcotics trafficking, and has signed mutual legal assistance agreements with the United Kingdom and France. Senegal is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, and the 1961 UN Single Convention, as amended by the 1972 Protocol. Senegal is a party to the UN Corruption Convention and to the UN Convention against Transnational Organized Crime and its three protocols.

Cultivation/Production. Although cannabis cultivation in Senegal is not a large problem in relation to global rates of cultivation, it could become a serious internal drug problem for Senegal. Efforts to eradicate cannabis cultivation in the Casamance region have improved slightly as military forces increased their presence and activities during the year, but they remain marginal.

Drug Flow/Transit. According to the Chief of OCRTIS, the trend in the amount of illicit drugs transiting through Senegal continues to increase. Senegal is a transit point for Asian heroin being smuggled to the United States.

Domestic Programs. The GOS does not have a comprehensive policy for systematic destruction of domestic cannabis or prevention of transshipment of harder drugs. Enforcement efforts are sporadic and uncoordinated. NGOs, such as the Observatoire Geostrategique des Drogues et de la Deviance (OGDD), have taken the lead in public education efforts. OGDD continued a program that began in 2001. The first phase involved a campaign of information targeted at cannabis cultivators, arguing that the land had greater potential if it were used for purposes other than drugs, that drugs were bad

for the environment and health, and that drugs were degrading the economy. Village committees have been established to convey the above information to sensitize people to the problems associated with drug use. The focus of the second phase of the program is to encourage farmers to substitute alternative crops for drugs on their land. Due to funding constraints, however, implementation of this part of the program has been impeded.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. USG goals and objectives in Senegal are to strengthen law enforcement capabilities in counternarcotics efforts. In 2002, the USG started a program to train counternarcotics agents in drug investigation and interdiction methods under the State Department's Bureau of International Narcotics and Law Enforcement Affairs (INL). The program provided $220,000 for several law enforcement programs that will aid the police in all aspects of narcotics investigations and prosecutions. Additionally, the USG is in the sixth year of continued training to the technicians at the National Drug Laboratory that was founded with basic drug analysis equipment and training provided by INL.

The Road Ahead. The USG will continue to work closely with the Senegalese government to improve the capacity of its narcotics law enforcement officers to investigate and prosecute narcotics crimes.

South Africa

I. Summary

South Africa is committed to fighting domestic and international drug trafficking, production, and abuse. The country is an important transit area for cocaine (from South America) and heroin (from the Far East) primarily destined for Southern African and European markets. South Africa is a large producer of cannabis (the world's fourth largest according to the South African Institute for Strategic Studies), most of which is consumed in the Southern African region, but at least some of which finds its way to Europe (UK). It also may be the world's largest consumer of mandrax, a variant of methaqualone, an amphetamine-type stimulant. Mandrax is the preferred drug of abuse in South Africa; it is smuggled, primarily from India but also from China and other sources. Mandrax is the single most important money-earner for indigenous South African organized crime. According to the Organized Crime Threat Analysis prepared by the South African Police Service (SAPS) for the period March 2005 to March 2006, 273 organized crime groups operate in South Africa. Unlike previous SAPS reports, the latest did not list the number of criminal groups involved in drug trafficking. (Note: Last year's report stated that 132 of these crime groups are involved in drug trafficking.) Most of the organized crime syndicates in South Africa are foreign-led—primarily Nigerian, followed by Pakistani and Indian syndicates. Chinese Triads are also present. The Prevention of Organized Crime Act (POCA, 1988), particularly its asset forfeiture section, has become a useful tool for law enforcement. South Africa is a party to the 1988 UN Drug Convention.

II. Status of Country

South Africa's transition to democracy and its integration into the world economy were accompanied by the increased use of its territory for the transshipment of contraband of all kinds, including narcotics. An overloaded criminal justice system, straining hard just to deal with "street crime," makes South Africa a tempting target for international organized crime groups of all types. South Africa has the most developed transportation, communications and banking systems in Sub-Saharan Africa. The country's modern telecommunications systems (particularly cellular telephones), its direct air links with South America, Asia and Europe, and its permeable land borders provide opportunities for regional and international trafficking in all forms. The sanctions busting practices so prevalent in the apartheid era have continued under a different guise: instead of the embargoed items, drugs and other illicit items are now smuggled into and out of South Africa. Narcotics trade has become very profitable for organized crime syndicates who have become heavily involved in stealing vehicles and trading them across South Africa's land borders for narcotics. According to the latest SAPS report, theft of motor vehicles and motorcycles rose by 2.9 percent; stolen/hijacked vehicles seized at border posts rose from 1,065 to 1,520, an increase of almost 43 percent.

South Africa is both an importer and an exporter of drugs (marijuana produced on its own territory). Despite the progress it has made coping with organized crime, South Africa is the origin, transit point or terminus of many major drug smuggling routes. Cannabis, for instance, is cultivated in South Africa, imported from neighboring countries (Swaziland, Lesotho, Mozambique, Zimbabwe), exported to neighboring countries (e.g. Namibia) and Europe (mainly Holland, UK)

and consumed in South Africa. LSD is imported from Holland. Methamphetamine is manufactured in South Africa for local consumption, and there has been an explosion in usage, especially in Cape Town. Both heroin and cocaine are imported into South Africa (from Asia and Latin America, respectively), and also exported to Europe, Australia and even the U.S. and Canada. Cocaine from Bolivia and Peru goes through Colombia to Brazil and Argentina, then to South Africa via Portugal or Angola or directly to Johannesburg. To stop some of this trafficking, South Africa needs increased international cooperation and assistance in the effective use of international controlled deliveries and training.

South Africa ranks among the world's largest producers of cannabis, and unlike previous years, this year local law enforcement officials have detected shipments destined for Canada and possibly the United States. In terms of use of narcotics, heroin is a particularly dangerous new trend among South Africans, who traditionally only used "dagga" (the local name for marijuana). The Medical Research Council has reported that heroin abuse is increasing in Gauteng, Mpumalanga and the Western Cape. According to press reports, heroin is reportedly the most popular drug in Pretoria.

South Africa is becoming a larger producer of synthetic drugs, mainly mandrax, with precursor chemicals smuggled in and labs established domestically. As in previous years, a number of clandestine narcotics laboratories were dismantled from March 2005 to March 2006, with the SAPS reporting 52 detected and dismantled during this period. Police reported that because of this crackdown, labs were increasingly established on farms, making it more difficult for the police to find and destroy them.

The "South African Community Epidemiology Network on Drug Use" (SACENDU) reported that although alcohol remains the dominant substance of abuse in South Africa, cannabis and mandrax alone or in combination continue to be significant drugs of abuse. "Club drugs" and methamphetamine abuse has not emerged as a problem except in Cape Town where the increase in treatment demand for methamphetamine is dramatic. Methamphetamine has emerged as the main substance of abuse among the young in Cape Town, with two-thirds of drug abusers having it as a primary or secondary substance of abuse. A recent study of SACENDU data from January 2002 to December 2005 showed a sharp increase in the proportion of patients reporting methamphetamine as a primary or secondary substance of abuse over time. The majority of patients who reported methamphetamine as their primary drug of abuse during 2004 and 2005 were male (72 percent-76 percent), Colored (NB.: a South African classification indicating South Asian and mixed race persons) (81 percent-92 percent), students or unemployed (69 percent-78 percent), and attending a treatment center for the first time (85 percent-88 percent). The mean age of these patients was 19.7 years in the first half of 2004 and 21.0 years in the second half of 2005. The study also showed that while the mean age of methamphetamine patients has increased slightly over time, the age structure of methamphetamine patients in treatment has remained fairly similar with over 70 percent of patients falling between 15 and 24 years of age. However, since the first half of 2004 the proportion of patients under 20 having methamphetamine as a primary or secondary substance of abuse has been substantially greater than for older patients. The study noted that the increase in treatment admissions for methamphetamine-related problems in Cape Town represented the fastest increase in admissions for a particular drug ever noted in the country, and that of particular concern is the large number of adolescent users. A March 29 press report claims that this increased use of methamphetamine is "strongly linked to gang culture on the Cape Flats."

III. Country Actions Against Drugs in 2006

Policy Initiatives. Combating the use of, production of, and trafficking in illicit narcotics is an important component of the anticrime agenda of the South African Government (SAG). As a practical matter, however, the SAG tends to target its limited anticrime resources on serious, violent and domestic crime. South Africa has one of the world's highest rates of murder and rape. The porous borders are crossed daily by criminals trafficking in all sorts of contraband, including illicit drugs, stolen cars, illegal firearms, diamonds, precious metals, and human beings. The Cabinet interagency "Justice Cluster" works to help coordinate the law enforcement and criminal justice system's response to those challenges. The Narcotics Bureau was integrated into the police organized crime units in 2003. There is also a Central Drug Authority. Other SAG agencies involved in counter narcotics efforts include--in varying degrees--the Home Affairs Department, the National Prosecuting Authority and its Directorate of Special Operations (DSO) (popularly known as "The Scorpions"), the Customs Service, and the Border Police (a part of SAPS). The U.S. helped in the training of the DSO. The Border Police have 55 land border posts, 10 air-border posts and 9 sea-border posts. Intelligence organizations and the port and airport authorities also have a role in identifying and suppressing drug trafficking. The SAPS 2005/2006 Annual Report noted that an analysis of threats from organized crime groups over the past decade identified drug threats as accounting for the largest proportion of the known threats. The report noted that drug smuggling as an organized crime activity usually ties in with other aspects of organized crime, such as diamond smuggling, gold smuggling, abalone pirating and vehicle hijacking.

Law Enforcement Efforts. SAPs reported that between March 2005 and March 2006 the following quantities of drugs were seized:

Cannabis (excluding plants): 290,117 kg, 108 gram (street value in Rands: 377,152,240), as against 252,643 kg, 345 gram during 2004/2005. In addition, 170.5 hectares of cannabis fields were sprayed in the Eastern Cape, estimated at 1,123, 651 plants. One U.S. dollar equals about seven South African Rands.

Methaqualone:	327, 272 dosage units or in grams: 45, 953
Cocaine:	294, 894 grams
Heroin:	17, 307 grams
LSD:	658 dosage units
Amphetamine-type stimulants (ATS):	192,036 dosage units or in grams: 957,864.

The number of detected drug-related crimes, according to the annual SAPS Report, grew in 2006 to 204 per 100,000 of population (from 180.3 in the previous year, or, a 13.2 percent increase over 2005.) The number of arrests at the border for this period was 383, as against 401 in 2004/2005. The value of drugs seized at the country's borders also dropped form Rand 37,921, 326 as against Rand 675,280,027 in the previous period. The total number of reported drug cases during

2005/2006 were 95,675 (as against 83,995 the previous year); the total number of drug cases reported to court were 90,208 (includes cases carried over from the previous year). There was no information on the conviction rate for 2005/2006.

Additional enforcement successes were reported in the press. For instance: On February 2, South Africa press reported that Russian police dismantled a South African drug smuggling network, arrested 14 people and seized 75 kg of ephedrine. On April 18, crime intelligence police officers seized a box (marked as spare parts) containing more than 110 kg of cocaine at Johannesburg International Airport. On April 19, the police found another quantity of cocaine, originating from South America, of 20 kg concealed in the wooden handles of women's bags. A 36-year-old Nigerian man was arrested. In April, the Deputy Foreign Minister of South Africa informed Parliament that more than 150 South Africans were in foreign jails for drug-trafficking. The Minister explained that the South African Government stopped negotiating with foreign governments regarding the possibility of South Africans serving their jail sentences in South Africa for fear that such an agreement would "send the wrong signal" and encourage other South Africans to get involved in carrying drugs. South Africans are serving sentences mainly in Thailand and Latin American countries.

Corruption. Accusations of police corruption are frequent; although the experience of enforcement officers working from the U.S. Embassy is that many of the failures and lapses by the police can be attributed to a lack of training and poor morale. Credible evidence of narcotics-related corruption among South African law enforcement officials has not been brought to light. Some suspect that the reported quantities of seized drugs are lower than actual seizures, and that the difference finds its way back out on the street. Some amount of corruption among border control officials does appear to contribute to the permeability of South Africa's borders. .

Agreements and Treaties. South Africa is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, and the 1961 UN Single Convention as amended by the 1972 Protocol. South Africa is a party to the UN Convention Against Corruption, and is also a party to the UN Convention against Transnational Organized Crime and its protocols against trafficking in persons, migrant smuggling and illegal manufacturing and trafficking in firearms. The U.S. and South Africa have bilateral extradition and mutual legal assistance agreements in force, as well as a Letter of Agreement on Anticrime and Counternarcotics Assistance. The Letter of Agreement provides for U.S. training and commodity assistance to several South African law enforcement agencies. In 2000, the U.S. and South Africa signed a Customs Mutual Assistance Agreement.

Cultivation/Production. Cannabis or "dagga" grows wild in Southern Africa and is a traditional crop in many rural areas of South Africa, particularly the Eastern Cape and Kwa-Zulu Natal provinces. It also grows wild and is cultivated in neighboring Swaziland and Lesotho. It is possible to have three cannabis crops a year on the same piece of land in South Africa. Most South African cannabis is consumed domestically or in the region. Increasing amounts are, however, being seized in continental Europe and the UK. Some top-end estimates are that 20,000 to 30,000 hectares of arable land are used to grow cannabis, although most observers estimate the area dedicated to illicit cannabis to be about 1,500-2,000 hectares. Although the police force, with some success, sprays cannabis in South Africa, Swaziland, and Lesotho, illicit street prices never seem to rise - an indication of uninterrupted supply.

Mandrax, amphetamine, and methamphetamine are also produced in South Africa for domestic consumption. Among South Africans, "dagga" and mandrax are the traditional drugs of choice; in more recent years, there has been rising interest in domestically produced ATS and imported heroin.

Drug flow/Transit. Significant amounts of cocaine reach South Africa from South America. Cocaine is constantly available on the local illicit market. Cocaine is mainly brought in by Nigerian syndicates, or people who work for them. South Africa, once a country of transshipment, has become a country with its own market. The consumption of cocaine, both powder and crystalline ("crack"), is on the increase. Heroin is smuggled into South Africa from Southeast and Southwest Asia, with some moving on to the U.S. and Europe. Thus, South Africa is also a country of transshipment of heroin. According to a UN study, however, most heroin trafficked into South Africa is intended for domestic consumption. Consumption of heroin among South African youth has increased with the advent of smokable heroin. South Africans do not like injectable drugs, although there are cases of people injecting heroin. An additional risk in terms of intravenous drug abuse is HIV/AIDS, a major health issue in South Africa. South Africans also import "dagga" from Swaziland and Lesotho, considering it to be of higher quality than the domestic version. Abuse of methaqualone (Mandrax) and other ATS tablets is on the rise too, especially among urban youth. Even Ecstasy finds its way into townships. Diverted precursor chemicals, some produced locally and some imported into South Africa, are also a growing problem. Many drug liaison officers, as well as South African Police Service officers, believe that South Africa is becoming a place for traffickers to warehouse their stocks of various drugs before sending them on to other countries. They believe that criminals view South Africa as a "weak enforcement" option for such warehousing operations. Nigerian, Pakistani, Indian, Colombian, Venezuelan, and Chinese syndicates are all taking advantage of South Africa that, in addition to "weak enforcement," has excellent financial, transportation, and communications facilities. SAPS reports that between January and October 2006, the chemical monitoring program to prevent the diversion of chemicals for the manufacture of illicit drugs checked 230 import notifications of precursors to South Africa. Approximately 896 export notifications of precursors were forwarded to relevant foreign authorities. The significant increase in exports is partially due to the SAPS' increased reporting and South Africa's lead role in the production of pharmaceuticals in Africa. Traffickers of Nigerian origin may be the most organized of organized crime groups operating in South Africa. Using South Africa as their base for world-wide operations, they are involved in virtually every aspect of drug trafficking.

Domestic Programs. South Africa has had a long history of mandrax and "dagga" (cannabis) abuse; drug counselors have noted large increases in the number of patients seeking treatment for crack and heroin addiction in the past two to five years. SAG treatment facilities and non-government drug rehabilitation agencies have seen their budgets for treatment cut the last four to five years. There are many people seeking treatment who are unable to register with any program, and those who manage to enter a rehabilitation program find that available services are constrained by lack of resources. Education of the public at large about the dangers of drug addiction remains a high priority for the government. SAPS is continuing its visible crime deterrence policy by organizing visits and counternarcotics lectures in schools with assistance from the Department of Education and NGOs. The objective is to curb the influence of illegal drugs among children. The National Awareness Program, sponsored by the United Nations Office for Drug Control and Crime (UNODC), the Department of Safety and Security and the Central Drug Authority, and originally

launched in Cape Town in 2003, continues to present facts on drugs and their dangers to young people, students and others, under the slogan "Ke Moja" ("No Thanks, I'm Fine!").

Certain successes have been achieved within the correctional system as well, mainly through the efforts of NGOs. In South African prisons, up to 70 percent of inmates are drug users (with an even higher percentage among those awaiting trial), according to NGO contacts. Among the main rehabilitation program organizers are KHULISA, the Center for Socio-Legal Studies, Creative Education with Youth at Risk, the President's Award for Youth Empowerment, and the National Institute for Crime Prevention and the Reintegration of Offenders (NICRO). These NGOs are partly funded by State Department narcotics assistance. "Peer" counselors, trained by KHULISA within the prison system, continue to organize counternarcotics lectures and seminars for inmates. Some of the government-employed prison officials have also received basic training in this area.

V. U.S. Policy Initiatives and Programs

Policy Initiatives. U.S. law enforcement officers from the DEA, FBI, DHS (Customs/Immigration), the Secret Service and the State Department successfully cooperate with their South African counterparts. The U.S. also urges the SAG to strengthen its legislation and its law enforcement system and thus become able to prosecute more sophisticated organized criminal activities, including drug trafficking. The Scorpions, with U.S. training, have targeted organized crime and high-profile crime of all sorts. Some training has also been provided to the national police, the metropolitan police forces of Johannesburg and Tshwane (Pretoria), the Special Investigating Unit, the Department of Home Affairs, the Customs and Revenue Service, and others.

The Road Ahead. Bilateral links between the United States and South African law enforcement communities are in the interest of both countries and even closer cooperation is needed. Assistance from the U.S. and other donors is essential to help develop the law enforcement system in South Africa.

Swaziland

I. Summary

Swaziland is a transit country for drug trafficking within the Southern Africa region and also produces high-quality marijuana (known locally as dagga). Swaziland is a party to the 1988 UN Drug Convention.

II. Status of Country

Marijuana is the main illegal drug cultivated in Swaziland. The Royal Swaziland Police Service (RSPS) does its best to eradicate marijuana crops and combat trafficking, but is limited by resources. Most of Swaziland's illegal drug crop is consumed in the country. The majority of the resources of the Government of the Kingdom of Swaziland (GKOS) are earmarked for employee salaries and to fight HIV/AIDS; Swaziland's HIV prevalence rate according to the latest (2006) figures is 39.2 percent, one of the highest prevalence rates for HIV/AIDS in the world.

III. Country Actions Against Drugs in 2006

The RSPS has a Drug Enforcement division responsible for investigating illegal drug activities and eradicating marijuana fields. RSPS Officers not associated with the Anti-Drug Unit receive little training in identifying, seizing or assessing illegal drugs.

Policy Initiatives. Weak legislation and limited resources have prevented the GKOS from making more progress in combating the trafficking of illegal drugs. For example, under Swaziland's outdated criminal code (enacted in the year 1899), Ecstasy is not an illegal substance. Police can seize Ecstasy, but cannot arrest for possession. Furthermore, because prosecution for listed narcotic drug offenses is limited to possession, organizers and conspirators cannot be prosecuted unless they also possess drugs.

Law Enforcement Efforts: From January through September 2006, RSPS Drug Units seized 2689 kg of marijuana. Approximately one- third of the seizures were associated with arrests for other non-drug related crimes. During the same time period, RSPS Drug Units destroyed 437.5 hectares of marijuana using a manually sprayed chemical. Nearly all of the eradication efforts were conducted in areas around Piggs Peak and Nhlangano. Due to the mountainous terrain and the remote location, it is extremely difficult to locate marijuana fields without informants. The RSPS does not have airplanes. On two separate occasions, RSPS officers seized small amounts of heroin at Mozambican border crossings. The RSPS did not report any seizures of cocaine or Ecstasy during 2006.

Corruption: The GKOS does not, as a matter of government policy, encourage or facilitate illicit production or distribution of narcotics or psychotropic drugs or other controlled substances or the laundering of proceeds from illegal drug transactions. There is no evidence that senior officials of the GKOS 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. Swaziland is a party to the 1988 UN Drug Convention and the 1971 UN Convention on Psychotropic Substances. Swaziland has also signed, but has not yet ratified, the UN Convention against Transnational Organized Crime. Swaziland is covered under the 1931 Multilateral Convention on Extradition.

Cultivation/production. Swaziland marijuana is grown mostly in mountainous areas. Remote mountainous areas and fertile soil in Swaziland are ideal for cultivating marijuana. Unlike most areas that have specific harvest seasons, Swaziland does not. The Swaziland climate allows marijuana cultivators to rotate the crops so that there is continually a crop that can be harvested. Marijuana is grown heavily around the Nkomaza River, the Mozne River, and the Mkaomevo River. Swaziland produces high-quality marijuana, some of which is grown for export. The highest quality marijuana is grown in the Piggs Peak area, in the northern part of the kingdom. Marijuana grown in the South West portion of the kingdom is viewed as lower quality. RSPS has reported eradication efforts primarily in the northwest section of the country. As for production of "designer drugs", there is no indication that these are manufactured in Swaziland, as no labs have been identified or arrests made, and, in any case, the market for them would be quite small.

Drug Flow/Transit. Due to the porousness of Swaziland's borders, it is assumed that drugs transit to Swaziland from neighboring South Africa and Mozambique. Swaziland is ill equipped to monitor or inspect people or vehicles entering or exiting the country.

Domestic Programs/Demand Reduction. Marijuana use is widespread. Methaqualone is commonly smoked with marijuana, known as white pipe, which represents a serious addiction problem. Cocaine and heroin are too expensive for most of the population in the area.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. Swazi enforcement officers attend courses at the ILEA in Botswana regularly, and consult periodically with DEA staff, visiting from South Africa.

Road Ahead. USG-sponsored training at the International Law Enforcement Academy (ILEA) helps professionalize the RSPS, making it a better law enforcement entity. Training opportunities will continue to be available in the future and should help institutionalize enforcement efforts in Swaziland.

Syria

I. Summary

In 2006, the government of the Syrian Arab Republic (SARG) continued to devote resources to combating the drug trade. Although drug seizures increased, domestic usage was negligible. Syria remains a transit country, with a more pronounced increase of illegal narcotics passing through the country than in years past. Since July 2006 and the onset of the Israeli-Hezbollah conflict in Lebanon, drug traffickers began rerouting narcotics through Syria, increasing the total number of illegal narcotics being transited through the country. Jordan and the Gulf States remain the primary destinations for drugs transiting from Lebanon and Turkey. Syria continues to have a working antinarcotics relationship with Saudi Arabia and Jordan, but counternarcotics cooperation with Lebanon has diminished since Syrian forces withdrew from Lebanon in 2005. Syria's domestic drug abuse problem remains small, due largely to cultural and religious norms that stigmatize substance abuse. Syria is a party to the 1988 UN Drug Convention.

II. Status of Country

Most narcotics that enter Syria go to other countries in the region and to Europe. Syria is a transit country for hashish, cocaine, and heroin, particularly from Turkey, but also from Lebanon. With the closure of the Rafiq Hariri International Airport in Beirut during the Hezbollah - Israel conflict in July and August 2006, drug traffickers were forced to seek alternate routes, and because of its proximity to Lebanon, the amount of drugs flowing through Syria increased. Cooperation between Lebanon and Syria on drug trafficking began to decrease with the withdrawal of Syrian troops from Lebanon in 2005, and the recent conflict in Lebanon worsened this downward trend. Syria is also a transit country for Captagon (fenethylline), a synthetic amphetamine-type stimulant. Captagon originates in Eastern Europe, primarily Romania and Bulgaria. It is trafficked to Syria of, and then onwards to the Persian Gulf countries, including Saudi Arabia, where it is consumed. The production of hashish and opium remained virtually the same as in 2005, according to law enforcement sources.

III. Country Actions Against Drugs in 2006

Policy Initiatives. In 2002, Syria upgraded its Counternarcotics Unit from a branch to a directorate of the Interior Ministry. The government also opened regional counternarcotics offices in Aleppo province, covering the Turkish border, and in Homs province, to monitor the Lebanese border, with eventual plans to open offices in the remaining provinces. A new police facility for the Syrian Anti-Narcotics Department was opened in Damascus during the early part of 2006. With the opening of the new facility came the arrival of new and updated equipment that will be used to enhance Syria's drug investigation capabilities. This facility also houses the country's newest drug lab. In 2005, Syrian officials implemented its 2002 draft decree of providing financial incentives of up to several million Syrian pounds ($1 = 51.60 Syrian Pounds) to anyone providing information about drug trafficking and/or cultivation in Syria. In 2006, hashish and opium seizures decreased slightly, while the seizures of heroin and cocaine increased slightly. The seizures of Captagon tablets have again increased drastically, according to Syrian officials.

Law Enforcement Efforts. Syrian officials characterized cooperation on drug issues with neighboring Saudi Arabia and Jordan as excellent, but say that counternarcotics cooperation with

Lebanese and Iraqi officials has diminished. Syria has strict sentencing guidelines and offers the death penalty for distribution-type drug offenses. Syria has legislation that has provided for seizure of assets financed by profits from the drug trade. Turkey is providing some technical assistance to Syria, primarily training courses, as part of their joint efforts to combat trafficking of narcotics, according to Turkish officials based in Damascus. In 2006, the Syrian government confiscated 144 kg of hashish, more than 5 million Captagon tablets, and 1.64 kg of heroin.

Corruption. The Syrian government has an Investigations Administration (Internal Affairs Division) responsible for weeding out corrupt officers in the counternarcotics unit and the national police force. The Investigations Administration is independent of both the counternarcotics unit and the national police and reports directly to the Minister of the Interior. According to Syrian authorities, there were no arrests or prosecutions of officers in the counternarcotics unit for corruption in 2006. The Syrian government on did not provide information whether any investigations into corruption were conducted, and the SARG has been reluctant to discuss this issue further. Generally speaking, corruption is a daily fact of life in Syria, however, cultural and religious norms about narcotics somewhat dampens the prevalence of drug-related corruption within the police. Syria has signed, but not ratified, the UN Convention against Corruption. As a matter of government policy, the Government of Syria does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal transactions.

Agreements and Treaties. Syria is a party to the 1988 UN Drug Convention, the 1961 Single Convention on Narcotic Drugs and its 1972 Protocol, and the 1971 Convention on Psychotropic Substances. Syria has signed, but not yet ratified, the UN Convention against Transnational Organized Crime. Syria and the United States do not have a counternarcotics agreement, nor is there an extradition treaty between the two countries.

Cultivation/Production. The SARG counternarcotics system has reduced cultivation and production in Syria. Never very high, cultivation and production are currently at negligible levels in Syria. During one 2006 investigation, the Syrian Anti-Narcotics Department seized one manual compressor that was being utilized to manufacture Captagon tablets in a city east of Homs.

Drug flow/transit. Drug interdiction remains the focus of the Syrian counternarcotics effort. Syrian officials estimate that in 2006, the overall flow of illegal narcotics transiting Syria and destined for other countries had increased. As mentioned above, this is assumed to be significantly due to Syria being used as an alternate route for drug trafficking during the conflict in Lebanon in July and August 2006. Transshipment of narcotics from Turkey continues to represent the major challenge to Syria's counternarcotics efforts, as the porous Turkish/Syrian border provides easy entry points for drug smuggling into Syria. Narcotics coming from Iraq are transported into Syria either directly or via Jordan. The SARG's reported seizure statistics suggest that SARG counternarcotics efforts have been more effective, or more likely, the overall flow of narcotics has increased. Main shipment routes include the transit of hashish and cocaine through Syria to Europe and other countries in the region; opium transiting from Pakistan and Afghanistan through Syria to Turkey; and Captagon pills transiting from Turkey through Syria to Saudi Arabia. There were also reports of a moderate increase in drug transiting from Iraq.

Domestic Programs. Due to the social stigma attached to drug use and to stiff penalties under Syria's strict antitrafficking law, the incidence of drug abuse in Syria remains low. The Syrian government's counternarcotics strategy, which is coordinated by the Ministry of the Interior, uses the media to educate the public on the dangers of drug use. Drug awareness is also part of the national curriculum for schoolchildren. The ministry also conducts awareness campaigns through

university student unions and trade unions. The SARG has increased the coverage in the government-owned press of its efforts to combat narcotics in 2006.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. In discussions with Syrian officials, DEA officials continue to stress the need for diligence in preventing narcotics and precursor chemicals from transiting Syrian territory and the necessity of terminating any involvement, active or passive, of individual Syrian officials in the drug trade.

Bilateral Cooperation. DEA officials based in Nicosia maintain an ongoing dialogue with Syrian authorities in the Counternarcotics Directorate.

The Road Ahead. The United States will continue to encourage the Syrian government to maintain its commitment to combating drug transit and production in the region; to strengthen anti-money-laundering legislation; and to continue to encourage Syria to improve its counternarcotics cooperation with neighboring countries.

Tanzania

I. Summary

Tanzania is located along trafficking routes linking Latin America, the Middle East and Asia as well South Africa, Europe and, to a lesser extent, the United States. Drugs like hashish, cocaine, heroin, mandrax, and opium have found their way into and through Tanzania's porous borders. In addition, the domestic production of cannabis is a significant problem, with cultivation in many regions of Tanzania. As a result, drug abuse, particularly involving cannabis and, to a lesser extent, cocaine and heroin, is gradually increasing, especially among younger people and in tourist areas. Tanzanian institutions have minimal capacity to combat drug trafficking; corruption reduces that capacity still further. Tanzania is a party to the 1988 UN Drug Convention.

II. Status of Country

Recent economic liberalization has brought increased affluence to the expatriate community and some urban Tanzanians. This affluence has driven demand for new drugs like cocaine, heroin, mandrax and opium, which have found their way through Tanzania's porous borders. Domestic production of cannabis is growing. Drug abuse among the youth is also increasing, particularly abuse of the more affordable substances like cannabis. Hard drugs, like cocaine and heroin, are used in small quantities, primarily within affluent urban areas; however, domestic use of these drugs appears to be on the rise. The growth of the tourism industry, particularly in Zanzibar, has created a larger demand for narcotics there. Tanzania is located along trafficking routes with numerous possible illegal points of entry in its eight land borders and 600 kilometer coastline.

Drugs enter Tanzania by air, sea, roads and rail. Major points of entry include airports in Dar es Salaam, Zanzibar and Kilimanjaro, and seaports at Dar es Salaam and Zanzibar, as well as smaller ports like Tanga, Mtwara and Bagamoyo It is widely believed that traffickers conduct a significant amount of narcotics smuggling off-shore in small “dhow” boats that never stop in ports. Anecdotal evidence suggests surveillance at the airports has improved, which may have the effect of driving trafficking to minor sea ports and unofficial entry points. During the year, there were reports of “mules” or “swallowers” carrying hard drugs into and out of Tanzania. The Anti-Narcotics Unit of the Ministry of Public Safety and Security reportedly apprehended 8 “swallowers” in 2005 and 16 in 2006. An increasing trend is the use of Tanzanian land borders to enter neighboring countries, especially Kenya and Malawi, to catch international and regional flights.

III. Country Actions Against Drugs in 2006

Policy Initiatives. In 2005, the Drug Control Commission (DCC) finalized a set of amendments strengthening existing narcotics legislation and submitted the amendments to the Prime Minister's Office. The amendments have been passed to the President's Cabinet for approval and are expected to be read in Parliament in February 2007. According to both the DCC and the Anti-Narcotics Unit (ANU), which provided recommendations for the amendments, the revised legislation will increase the penalty for drug traffickers from monetary fines to include at least some jail time. The amendments also are aimed at expanding the mandate of the DCC to include enforcement. In 2003, the House of Representatives of semi-autonomous Zanzibar passed its own Prevention of Illicit Traffic and Drugs Act, which put Zanzibar narcotics law and sentencing in line with that on the mainland. Amendments to Zanzibar's narcotics legislation are expected to be tabled in the House of Representatives only after the Union Parliament passes the revised narcotics legislation for the

mainland. While Zanzibar does have its own ANU, according to Zanzibar's constitution, the Unit operates under the authority of the Mainland's Ministry of Public Safety and Security.

Accomplishments. Tanzania's judiciary convicted four individuals on drug-related crimes in 2005. Two persons were convicted in a case involving the smuggling of cannabis resin (hashish) in logs shipped from Zambia to Tanzania and two other individuals were convicted in a case involving a clandestine laboratory identified in 2001 producing mandrax in Dar es Salaam. All of these convictions led to jail sentences and fines for the four guilty defendants.

Law Enforcement Efforts. Tanzania has a counternarcotics police force of about 150, located in three branches: Dar es Salaam, Zanzibar, and Moshi. However, because of the still-limited training and operational capabilities of its counternarcotics officers, Tanzania's efforts are primarily focused on street pushers and individual "mule-carriers" or "swallowers." To date, Tanzania's law enforcement efforts have not yet proved successful in limiting narcotics trafficking by moving "up the chain" to kingpins. Although the number of smugglers apprehended has increased, Tanzanian law enforcement has not yet been able to translate small seizures into the prosecution of top leaders of organized rings.

While law enforcement officials have increased their efforts to combat narcotics trafficking, law enforcement has only sporadic seizures were made during 2005. According to the data from the police force's Anti-Narcotics Unit, the following seizures of hard drugs were made in 2005: almost 10 kg of heroin; 78.8kg of Cannabis Resin; 1.4kg of Morphine; and 361.5 grams of cocaine. In 2004, Tanzanian law enforcement engaged in widespread cannabis eradication efforts, seizing or destroying 964,000 kg of cannabis. Due to budget constraints in 2005, however, the police did not engage in widespread eradication efforts, seizing only 150,450 kg in small cases within urban areas. In 2005, law enforcement also seized 2kg of Khat.

Senior Tanzanian counternarcotics officials acknowledge that their officers are under-trained and under-resourced to effectively monitor Tanzania's eight land borders and long coast line. For example, the harbor antinarcotics unit lacks modern patrol boats and relies on modified traditional wooden dhows to interdict smugglers. As a result of the lack of training and resources, Tanzanian officers and police staff are not able to effectively implement profiling techniques and seize large amounts of narcotics. Narcotics interdiction seizures generally result from tip-offs from police informants. Moreover, low salaries for law enforcement personnel encourage corrupt behavior. On the positive side, formal cooperation between counternarcotics police in Kenya, Uganda, Rwanda and Tanzania is well established, with bi-annual meetings to discuss regional narcotics issues. This cooperation has resulted in significant increases in effectiveness in each nation's narcotics control efforts. Tanzania also cooperates formally with countries from the Southern African Development Community, including Zambia and South Africa. In 2005, 40 Tanzanian officers from Immigration, Customs and Police received counternarcotics training with 40 officers from Zambia.

Corruption. Neither the government nor senior officials encourage or facilitate the production or distribution of illicit drugs; however, pervasive corruption continued to be a serious problem in the Tanzanian Police Force. It is widely believed that corrupt police officials at airports facilitate the transshipment of narcotics through Tanzania. There is no specific provision of the anticorruption laws regarding narcotics related cases, and few corruption cases are prosecuted. In June 2006, two police officers were prosecuted following the disappearance of approximately 80 kg of cocaine and heroin from police custody. The case is still pending in court. Many believe that corruption in the courts leads to light sentencing of convicted narcotics offenders. Prosecutors complain that many "swallowers" arrested at ports of entry will plead "not guilty" at first until there has been time to pay off the magistrate. Once confident of the magistrate's help, the suspect changes his plea to

guilty, and the magistrate sentences with fines only and no jail time. This option would close if new legislation passes as proposed.

Agreements and Treaties. Tanzania is a party to the 1988 UN Drug Convention. The 1931 U.S.-U.K. Extradition Treaty is applicable to Tanzania. The U.S. has one non-drug related request for extradition pending in Tanzania.

Cultivation and Production. Traditional cultivation of cannabis takes place in remote parts of the country, mainly for domestic use. It is estimated that an acre of land can produce up to $1000 worth of cannabis crop as opposed to $100 worth of maize. The Ministry of Public Safety and Security identified the following eight regions as the primary production areas for cannabis: Iringa, Tabora, Shinyanga, Mara, Arusha, Mwanza, Mbeya and Tanga. No figures on total production exist, but police and government officials report that production continues and has spread to different regions in response to eradication efforts. Given the availability of raw materials, and the simplicity of the process, it is possible that some hashish is also produced domestically. In 2001, police seized equipment used to manufacture mandrax from clandestine laboratories in Dar es Salaam, suggesting efforts to establish domestic production. Most other illegal drugs in Tanzania are probably produced elsewhere.

Drug Flow/Transit. Due to its location and porous borders, seaports and airports, Tanzania has become a significant transit country for narcotics moving in sub-Saharan Africa. Traffickers from landlocked countries of Southern Africa, including Zambia and Malawi, use Tanzania for transit. Control at the ports, especially on Zanzibar, is difficult as sophisticated methods of forging documents, and concealment are combined with poor controls and untrained and corrupt officials. According to the Anti-Narcotics Unit, heroin entering Tanzania from Iran and Pakistan is being smuggled to the U.S., China and Australia in small quantities by traffickers from Nigeria, Tanzania (with a significant number of traffickers from Zanzibar) and other countries in East Africa. Cocaine enters Tanzania from Brazil, Colombia, Peru, Venezuela, and Curacao in transit to South Africa, Europe, Australia and North America. Cannabis Resin, a drug that is not known to be consumed in Tanzania, enters Tanzania mainly by sea from Pakistan and Afghanistan and is often concealed with local goods such as tea and coffee and smuggled to Europe, North America and the Seychelles. The port of Dar es Salaam is also a major point of entry for mandrax from India, Nepal and Kenya headed toward South Africa. Tanzanians continue to be recruited for trafficking. In 2005, 19 Tanzanians were arrested abroad (mostly in East Africa and Pakistan) for smuggling drugs. Of these 19 cases, 18 were smuggling heroin while one was smuggling cocaine. From January to September 2006, 13 Tanzanians were arrested abroad, 11 trafficking heroin and two trafficking cocaine. In Tanzania, police forces apprehended 14 “swallowers,” in 2005, eight of whom had swallowed heroin; six of whom had swallowed cocaine. Recently, Tanzanian smugglers have been arrested coming into Tanzania through the land borders with Kenya and Malawi, after having arrived at international airports from Brazil, Iran, Pakistan and the United Arab Emirates. They are thought to have planned to “unload” the drugs so another mule could smuggle them to Europe or the U.S. This trend suggests a growing local trafficking organization.

Domestic Programs/Demand Reduction. Police reports confirm that cocaine and heroin is available locally and the tourist industry has brought Ecstasy (MDMA) to Zanzibar. The documented number of drug addicts seeking rehabilitation increased from 541 in 2000 to 1,306 in 2005 on the mainland, from 21 in 2000 to 69 in 2005 on Zanzibar. The spillover from trafficking and increased tourism have contributed to this increase in domestic demand. The abuse of marijuana is widespread. Khat is also widely used. The Tanzanian government has taken proactive measures to reduce demand and increase awareness about drug use and drug trafficking. The DCC,

under the Prime Minister's Office, manages a small demand reduction program. In 2005, the DCC trained over 200 nurses, counselors and teachers and organized five awareness campaigns in different urban centers. Without rehabilitation hospitals and sufficient capacity in regular hospitals, addicts are typically placed in psychiatric wards or mental hospitals. In 2006, the DCC completed an assessment of the capacity of urban hospitals to receive and treat drug addicts and found capacity lacking. The police also have a public sensitization program on the dangers of drug trafficking but lack funding for significant outreach.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. U.S. policy initiatives and programs for addressing narcotics problems in Tanzania focus on training workshops and seminars for law enforcement officials. For example, in June 2006, DHS ICE officials conducted financial crimes and bulk cash smuggling training in Dar es Salaam. The training course offered was entitled: “Detecting and Investigating the Smuggling of Currency by Cash Couriers” and it was presented to officials from the Tanzanian prosecutor’s office, Customs and Immigration Services, and local police. State Department law enforcement assistance includes funding the establishment of a forensics lab and training in its use. At the Tanzanian Government's request these facilities will include narcotics analysis capabilities. The State Department's counterterrorism bureau is funding the “PISCES” program to improve interdiction capabilities at major border crossings. While the program targets terrorist activities, it has implications for narcotics and other smuggling as well.

The Road Ahead. U.S.-Tanzanian cooperation is expected to continue, with a focus on improving Tanzania's capacity to enforce its counternarcotics laws.

Togo

I. Summary

Togo is not a significant producer of drugs and its role in the transport of drugs is primarily regional. During 2006, however, the drug trade (particularly of hard drugs) continued to increase. Nigerian traffickers dominate the Togolese drug trade. Lome remains a spoke in the Nigerian hub of narcotics trafficking and money laundering. Togo's ability to address the transnational flow of drugs is undercut by its fragile democratic transition and its long, porous borders. Togo is a party to the 1988 UN Drug Convention.

II. Status of Country

Drug abuse by Togolese citizens is relatively rare, and there are few crimes resulting from drug abuse. There are three agencies responsible for drug law enforcement -- the police, the gendarmerie, and customs. The only locally produced drug is cannabis. Approximately two metric tons of cannabis are seized in Togo each year. Heroin and cocaine, while not produced in Togo, are also available. Heroin is smuggled from Afghanistan, while cocaine is transported from South America. Lome serves as a transit point for drugs on their way to Benin, Nigeria, Burkina Faso, northern Ghana, and Niger. Togolese are not significant consumers. Most smugglers are long-term Lebanese residents or Nigerians. Togolese typically purchase small amounts of drugs and then resell them to expatriates living in Lome. Togo's long and relatively porous borders permit narcotics traffickers easy access/egress. This has made Togo a transit point for narcotics such as cocaine and heroin. Many narcotics trafficking arrests in Togo have involved Nigerian nationals traveling from Asia to other West African destinations. The prevalence of widespread official corruption facilitates drug trafficking.

III. Country Actions Against Drugs in 2006

Policy Initiatives. The Central Office Against Drugs and Money Laundering is responsible for investigating and arresting all persons involved in drug-related crimes. The office has approximately twenty gendarmes and ten police personnel to conduct investigations and enforcement operations. Security agencies report all drug-related matters to the Director of the Central Office. The Director of the Central Office, in turn, is directly responsible to the Minister of Interior. The National Anti-Drug Committee has been incorporated into the Central Office. An Idea Bank has been created among Togo, Benin, and Ghana to facilitate counternarcotics operations in the sub-region. While Ghana and Togo regularly contribute to the bank, Benin has yet to play an active role.

Law Enforcement Efforts. The number of arrests decreased in 2006. Only occasional spot checks are made of passengers at the airport. The new cargo screening ability at the Port of Lome will, however, aid the interdiction of drugs arriving by sea. Arrests have been most numerous at the land border crossings and in Lome. Arrests are sometimes made after a tip, but are most often made in the course of other routine law enforcement activities, such as traffic security or customs checks. The greatest obstacles that the Government of Togo (GOT) faces in apprehending drug distributors are the government's lack of computer technology, lack of communication and coordination, and mutual distrust among the three agencies responsible for drug law enforcement. While all agencies are required to report narcotics related crimes to the Central Office, in practice there is no effective reporting, record keeping, or cross-agency communication process.

Corruption. The Anti-Corruption Commission made no drug-related arrests of government officials. Togo's chief narcotics officer was held under house arrest for several months under suspicion that he had diverted a quantity of captured drugs being held as evidence for resale. He was released in September, but has not yet resumed his duties. Reports continue to abound that unnamed officials in various GOT agencies can be bribed to allow illicit narcotics to transit to or through Togo. At least some of these reports are sourced to prominent expatriated former officials, who were well positioned to know when they still were in Togo. If these reports are true, they would help explain the growing transit of drugs through Togo.

Agreements and Treaties. Togo is a party to the 1988 UN Drug Convention, the 1971 UN Convention Against Psychotropic Substances, and to the 1961 UN Single Convention, as amended by its 1972 Protocol. Togo is a party to the UN Corruption Convention, and is also a party to the UN Convention against Transnational Organized Crime.

Cultivation/Production. The only drug cultivated in quantity in Togo is cannabis. Cultivation is primarily for local demand, although some cross border distribution by small-scale dealers is suspected.

Drug Flow/Transit. There are sizable expatriate Nigerian and Lebanese populations involved in Togo's drug trade, and they arrange for drug transshipments from many places in the world, through Africa, and onward to final markets. Many observers of drug trafficking in West Africa believe that hard drugs like cocaine and heroin are "warehoused" in the region, before being sent to final consumption markets.

Domestic Programs (Demand Reduction). The National Anti-Drug Committee (CNAD) opened a youth counseling center that shows films and sponsors counternarcotics discussion groups. The programs have been well attended by NGO's, religious groups, and school groups composed of parents, teachers, and students. Programs designed for high school students focused heavily on prevention/non-use. The CNAD also sponsored programs for security forces that stressed the link between drug use and HIV/AIDS.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. The primary goal of the U.S. is to help the GOT combat the international trafficking of drugs. The U.S. seeks to help the government improve its ability to interdict illicit narcotics entering Togo and to prosecute those traffickers who are caught.

The Road Ahead. U.S. cooperation with Togolese counternarcotics officials will continue. USG-funded narcotics assistance will be used for Togolese counternarcotics infrastructure improvements. With the assistance of the regional Drug Enforcement Agency representative based in Lagos, the Embassy will continue to look for ways to provide counternarcotics trafficking training to Togolese law enforcement personnel. Togo's emerging willingness to confront the issue of illicit drugs is hampered by the country's fragile democratic transition and the weak state of GOT finances.

Uganda

I. Summary

Uganda is not a major hub for narcotics trafficking. Government of Uganda (GOU) authorities have detected and confiscated heroin and cannabis transiting the Entebbe Airport and also along the border with Kenya. The only drug known to be produced in Uganda is cannabis, which is primarily grown in the Districts of Busia, Bugiri, Kabarole, and Rakai. Because of financial pressures and the continuing impact of war and disorder, the GOU Anti-Narcotics Unit (ANU) has experienced a decrease in total personnel from 126 to 80, with the number at the airport reduced from 15 to 7. The GOU is a party to the 1988 UN Drug Convention.

II. Status of Country

Drug production and trafficking within Uganda is not significant in comparison to other countries. Uganda offers more potential as a transit route (Entebbe Airport and porous borders). Drug production in Uganda is limited to growing of cannabis. Local authorities believe cannabis production will increase due to increased demand from Kenya and lack of more profitable crops.

III. Country Actions Against Drugs in 2006

Policy Initiatives. New comprehensive national drug legislation, pending enactment by Parliament, would lay the foundation for the establishment of a national coordinating body for drug control, treatment and rehabilitation of abusers, foster regional and international cooperation, and establish stiffer punishment for traffickers and authority for confiscation and forfeiture of assets.

Law Enforcement Efforts. The ANU reported that in 2006 there were eight heroin cases, leading to 6 arrests and convictions and 2.08 kg seized. There were 489 cannabis cases, leading to 499 involved individuals being arrested, 12,000 kg seized and the destruction of 402,674 cannabis plants. There were no cocaine-related cases.

There were no major traffickers among those arrested. The overwhelming majority of those arrested were drug couriers. The GOU is striving to combat illicit drugs, but there are few resources to support the campaign. Specifically, the ANU has experienced a decrease in total personnel from 126 to 80, with the number at the airport reduced from 15 to 7. The ANU has only 2 trained drug sniffing dogs whose ability to detect drugs has decreased due to lack of in-service refresher training. There is no x-ray machine available at the airport to assist the ANU in detecting drugs that might have been swallowed. The ANU has no reliable drug test kits to determine if suspected drugs are in fact prohibited substances. Uganda and United Arab Emirates cooperated regarding a controlled delivery of a heroin shipment.

Corruption. GOU addresses public corruption generally through the offices of the Ethics and Integrity Ministry. The Ugandan Police Criminal Investigative Division will also handle these types of cases from time to time. As a matter of government policy, the GOU does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions.

Agreements and Treaties. GOU is a party to the 1988 UN Drug Convention, the 1971 UN Convention Against Psychotropic Substances, and the 1961 UN Single Convention as amended by its 1972 Protocol. The GOU is a party to the UN Convention Against Transnational Organized

Crime and its protocol against illegal manufacturing and trafficking in firearms. The GOU also is a party to the UN Convention Against Corruption.

Demand Reduction. GOU has sensitized the public regarding dangers of drug abuse and trafficking. GOU has attempted to provide treatment and rehabilitation to users. GOU's interactions with the UNODC have been limited to information exchange, arrangements for training, and conference participation.

Cultivation/Production. There is domestic cannabis cultivation in Eastern Uganda, particularly in the Districts of Busia, Bugiri, Kabarole and Rakai. ANU Police operations against cannabis cultivation were initiated and results achieved, especially near the border with Kenya. Ultimately, 402,674 cannabis plants were destroyed. Instructions were sent to all regional and district police commanders to arrange operations for destruction of cannabis in their areas.

Drug Flow/Transit. The most common drug transited through Uganda is heroin. Most couriers travel by air via Entebbe airport smuggling drugs from Pakistan, Afghanistan, Iran, and India. There has been a relatively slight increase in number of traffickers/mules, especially those headed for Europe. Ugandan cannabis is trafficked to Kenya. Finally, the manufacturing and distribution of synthetic drugs is not a common practice in Uganda.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. The U.S. has assisted Uganda's counternarcotics efforts with basic skills training at the Police Academy. The U.S. also is assisting Uganda to develop a forensics capability by establishing a crime/forensics laboratory, and supports a community policing project.

The Road Ahead. The U.S. Government continues to engage with the GOU on a variety of law-enforcement issues with the objective of improving Uganda's capacity to enforce its laws and investigate crime.

United Arab Emirates

I. Summary

Although not a narcotics-producing country, the United Arab Emirates (UAE) is believed to be a transshipment point for traffickers moving illegal drugs from major drug production and transit countries, including Afghanistan and Pakistan. Frequent reports of seizures of illegal drugs in the UAE over the past few years underscore this conclusion. Most seizures have been of hashish. There are several factors that render the UAE a way station, including its proximity to major drug cultivation regions in Southwest Asia and a long (700 kilometer) coastline. High volumes of shipping render UAE ports vulnerable to exploitation by narcotics traffickers. There are numerous reports that drugs leave Iran and Pakistan by dhow and move to the UAE, among other destinations, in the Persian Gulf. In February 2005, the UAE signed an MOU with Iran on cooperation against the trafficking of narcotics and psychotropic drugs and their precursor chemicals In September 2005, the U.S. DEA established a country office in the UAE to enhance cooperation with UAE law enforcement authorities. The UAE is a party to the 1988 UN Drug Convention.

II. Status of Country

A major regional financial center and hub for commercial shipping and trade, the UAE is a transshipment point for illegal narcotics from the drug-cultivating regions of Southwest Asia, to Europe, to Africa, and less significantly, to the United States, as well as a key location for narcotics money laundering by international drug traffickers in the Gulf region. Western Europe is the principal market for these drugs, and Africa is becoming an increasingly prominent secondary market. Factors that contribute to the role of the UAE as a transshipment point are the emergence of Dubai and Sharjah as regional centers in the transportation of passengers and cargo, a porous land border with Oman easily accessible commercial banking system, and the fact that a number of ports in the UAE are de facto "free ports"—where transshipped cargo is not usually subjected to the same inspection as other goods that enter the country.

III. Country Actions Against Drugs in 2006

Policy Initiatives. The UAE continued to advance its national drug strategy based on intensifying security at the country's air and sea ports and patrols along the coastline, reducing demand for illegal drugs through educational campaigns, enforcing harsh penalties for trafficking, and rehabilitating drug addicts. The UAE's Federal Supreme Court ruled in 2003 that authorities needed proof that drug use occurred in the UAE before they could prosecute users. A positive blood test is considered evidence of consumption, but not evidence of where the consumption took place. In September of 2005, the UN established a sub-office on Drugs and Crime in the UAE. The UAE government funded the estimated $3 million cost of the office and contributed an additional $50,000 to the UN counternarcotics program. The sub-office is responsible for coordinating national counternarcotics strategies and integrating them into the UN's comprehensive global program.

Law Enforcement Efforts. In 2005, UAE counternarcotics forces reported 862 drug cases and a total of 529 arrests. This marked a decrease from 2004, when officials arrested 1,419 people in 901 cases. The largest number of arrestees were Emirati nationals (217) followed by Iranians and Pakistanis. In 2005, UAE officials seized 6 kg of opium, 185 kg of heroin, and 242 kg of hashish.

In the first four months of 2006, UAE officials seized 94 kg of hashish, 46 kg of heroin, 9 kg of opium and 85,040 narcotic tablets. Punishment for drug offences in the UAE is severe. A 1995 law stipulates capital punishment as the penalty for drug trafficking. No executions for drug trafficking, however, have taken place, and sentences usually are commuted to life imprisonment. UAE authorities continue to take seriously their responsibility to interdict drug smuggling and distribution. In May 2005, Dubai police announced that they had seized 200 kg of hashish from two "Asians" who were attempting to sell it. This has been the largest seizure of hashish in Dubai to date. UAE authorities continue to cooperate with other counties to stop trafficking. This cooperation has resulted in several arrests. In one case, Dubai police, cooperating with Jordanian authorities, blocked an attempt to smuggle 2.7 million doses of "Captagon," which was being smuggled in 2 buses traveling from Eastern Europe to Dubai. In November 2006, the Dubai Criminal Court sentenced two Pakistanis and one African to life imprisonment for smuggling heroin into the UAE with the intent of trafficking. One of the Pakistani drug smugglers was caught at the Dubai International Airport with 40 capsules of heroin each weighing 9 grams, which he had swallowed.

Corruption. The government of the UAE as a matter of policy does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances or the laundering of proceeds from drug transactions. Senior officials are not known to engage in or facilitate illicit production of these drugs or the laundering of proceeds from drug transactions. There is no evidence that corruption—including narcotics related corruption—of public officials is a systemic problem.

Agreements and Treaties. The UAE is party to the 1988 UN Drug Convention, the 1961 UN Single Convention as amended by the 1972 Protocol and the 1988 UN Convention on Psychotropic Substances. The UAE has signed, but has not yet ratified, the UN Convention against Transnational Organized Crime. The UAE is a party to the UN Convention against Corruption.

Cultivation/Production. There is no evidence of any major drug cultivation and/or production in the UAE. Published records show that there were two cases of "planting" drugs in the Emirate of Ras Al-Khaima in 2004, with a total of three people arrested.

Drug Flow/Transit. High volumes of shipping and investment development opportunities render the UAE vulnerable to exploitation by narcotics traffickers and narcotics money laundering. The UAE—Dubai, in particular—is a major regional transportation, financial, and shipping hub. Narcotics smuggling from South and Southwest Asia continues to Europe and Africa and to a significantly lesser degree to the United States via the UAE. Hashish, heroin, and opium shipments originate in Afghanistan, Pakistan, and Iran and are smuggled in cargo containers, via small vessels and powerboats, and/or sent overland via Oman. According to published figures, Iranians and Pakistanis made up the largest number of non-UAE nationals arrested in drug cases in 2005. Recognizing the need for increased monitoring at its commercial ports, airports, and borders, the UAE is making an effort to tighten inspections of cargo containers as well as passengers transiting the UAE. In December 2004, the Emirate of Dubai signed the Container Security Initiative (CSI) with the U.S. CSI inspectors arrived in Dubai in 2005 and are now inspecting containers destined for the U.S. Customs officials randomly search containers and follow-up leads on suspicious cargo.

Domestic Programs/Demand Reduction. A 2003 report noted that the majority of UAE drug users take their first doses abroad, primarily because of peer pressure. Statistics reveal that 75 percent of drug users in the UAE prefer hashish, 13 percent use heroin, while six percent use morphine. The report illustrates a clear relationship between drug abuse and level of education—75 percent of arrested drug users in 2002 were high school graduates, but only two percent were

university graduates. While the data is a few years old, trends reported are still reflective of current societal patterns. The focus of the UAE's domestic program is to reduce demand through public awareness campaigns directed at young people. The UAE has also established rehabilitation centers. In June 2005, the UAE issued a postage stamp to highlight the hazards of drugs as part of its awareness campaign. It also held a high-profile "Drug Awareness Week" with exhibits prominently set up in all of the local shopping malls. UAE officials believe that adherence to Muslim religious morals and severe prison sentences imposed on individuals convicted of drug offenses effectively deter narcotics abuse. An affluent country, the UAE has established an extensive treatment and rehabilitation program for its citizens. There is a rehab center in Abu Dhabi, two in Dubai, and one each in Ajman and Sharjah for those identified as addicts. In accordance with federal law, UAE nationals who are addicted can present themselves to the police or a rehabilitation center and be exempted from criminal prosecution. Those nationals who do not turn themselves in to local authorities are referred to the legal system for prosecution. Third-country nationals or "guest workers" who make up approximately 80 percent of the population generally receive prison sentences upon conviction of narcotics offenses and are deported upon completing their sentences. Most UAE nationals arrested on drug charges are placed in one of the UAE's drug treatment programs. They undergo a two-year drug rehabilitation program, which includes family counseling/therapy.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. The DEA Administrator visited the UAE in July 2005 to enhance counternarcotics cooperation with the UAE. During her visit, she proposed, and the UAE accepted, establishing a DEA presence in the UAE to work closely with UAE authorities. The first DEA office was established in September 2005 in Dubai.