

# **SOUTH AMERICA**



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# 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 Tropic 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 hectareage 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

<b>BOLIVIA STATISTICS (1996-2006)</b>											
	2006*	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
<b>Coca</b>											
Net Cultivation <sup>1</sup> (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 <sup>3</sup> (mt) ***	37,000	36,000	37,000	33,000	35,000	32,000	-	-	-	-	-
HCl: Potential (mt)	115	115	115	100	110	100	-	-	-	-	-

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HCl: Potential (mt) ***	115	115	115	100	110	100	-	-	-	-	-
<b>Seizures</b>											
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 <sup>4</sup> (ltrs)	-	-	-	-	-	20,240	15,920	30,120	44,560	1,149	2,275
<b>Arrests/Detentions</b>	4,503	4,376	4,138	3,902	3,229	2,948	3,414	3,503	407	3,428	3,324
<b>Labs Destroyed</b>											
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 1996-2000 with future years.											
<sup>1</sup> 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.											
<sup>2</sup> As of 06/01/2001.											
<sup>3</sup> Most coca processors have eliminated the coca paste step in production.											
<sup>4</sup> 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 Iguacu, 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 Eptaciolandia. 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 Carabiniro 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 aerielly 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

<i>Colombia Statistics 1997–2006</i>	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>Coca</b>										
Estimated Year End Cultivation (ha)	Estimate	144000	114,100	113,850	144,450	169,800	136,200	122,500	101,800	79,500
Estimated Potential Pure HCl	not yet									
Production (mt)	available	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							
<b>Opium</b>										
Estimated Year End Cultivation (ha)	Estimate	No USG	2,100	4,400	4,900	6,540	5,010	5,000	4,050	6,600
Estimated Potential Pure Heroin	not yet	estimate								
Production (mt)	available	for 2005	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							
<b>Seizures (metric tons)*</b>										
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
<b>Drug Laboratories Destroyed*</b>										
Cocaine HCl	205									
Cocaine paste/base	1,952									
Heroin	9									
Total labs destroyed	2,166	1964								
<b>Drug Related Arrests*</b>										
	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

<b>Tables for CY:</b>	2006	2005	2004
<b>Drug seizures (MT):</b>			
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
 <b>Drug laboratories:</b>	 3	 0	 0
 <b>EC-flag vessels interdicted:</b>	 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 Arnaldo 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 Arnaldo 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 Aristides 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

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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

	<u>2006</u>	<u>2005</u>
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. Peruvian 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

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

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-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
<b>Aircraft Items</b>	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 transshipped 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

<i>Venezuela Statistics 1997–2006</i>	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>Seizures (metric tons)</b>										
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
<b>Arrests/ Detentions</b>	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 downward based on an independent, case-by-case verification of seizures.										
**The GOV's reported number of 443 kgs w as revised downward based on an independent, case-by-case verification of seizures.										
***The GOV's reported number of 58.43 mt included seizures made by third countries outside of Venezuela. Actual GOV seizures were likely within the indicated range.										
****The GOV's reported number of 38.92 mt included seizures made by third countries outside of Venezuela. Actual GOV seizures were likely within the indicated range.										

