

**CANADA, MEXICO
AND
CENTRAL AMERICA**

Belize

I. Summary

The Government of Belize (GOB) recognizes that the transit of drugs is a serious concern and works closely with the United States on narcotics control and international crime issues. In 1999 Belize was removed from the list of major drug-transit countries, but it remains a country of concern to the United States. In 2001 several large shipments of cocaine were seized in Belize territorial waters and mainland Belize. Belize is a party to the 1988 UN Drug Convention.

II. Status of Country

Belize has a population of approximately 250,000 and a landmass of 8,866 square miles with borders contiguous with Guatemala and Mexico. The topography consists of large tracts of unpopulated jungles and forested areas, a lengthy unprotected coastline, hundreds of small caves, and numerous navigable inland waterways. These factors, combined with Belize's rudimentary infrastructure, make Belize a natural transshipment point for illicit drugs. On January 15, 2002, Belize formally ended its economic citizenship program. This program had raised serious concerns in the past, because it allowed some international criminals and fugitives from justice to receive Belize citizenship.

III. Country Actions Against Drugs in 2001

Policy Initiatives. In November the Commissioner of Police proposed that the Anti-Drug Unit be increased from 12 members to 23 members. Since its inception in 2000, the United States has provided assistance to this vetted unit, and the U.S. Department of Justice and the DEA vetted the initial members of the unit. Additional members of the unit have yet to be vetted by DOJ/DEA personnel. During 2001, the GOB increased the size of its police force, which participated in regional counternarcotics operations, attended training exercises in Belize, and received training in the United States.

In October the National Drug Abuse Control Council (NDACC), which the GOB created in 2000, published the first National Teachers Guide to Drug Awareness and Education. The guide was produced in cooperation with the EU, and is to be used by teachers as well as students.

Accomplishments. In 2001 the GOB increased the size of the police force from 835 to 910 officers. Tourism police, who do not have arrest authority, number 44. The new extradition treaty between Belize and the United States entered into force on March 27, 2001.

The GOB fully participated in joint counternarcotics operations with the USG, such as "Central Skies" and "Operation Ocean Garden," a cooperative U.S.-U.K.-Belize counternarcotics maritime operation. The United States assisted the GOB in the regular manual eradication missions carried out by the Belize Police Department (BPD) and the Belize Defense Force (BDF). Throughout the year, the GOB also carried out its own independent counternarcotics operations, in addition to participating in regional counternarcotics initiatives. Although the GOB's capability is limited, it is working to improve. The government continues to dedicate resources to major maritime interdiction efforts.

Law Enforcement Efforts. Seizures of cocaine, including crack cocaine, substantially increased from 13 kilograms in 2000 to 3,850 kilograms in 2001. Authorities also seized 245 kilograms of cannabis, 8 kilograms of cannabis seed, and 3 kilograms of heroin. The Anti-Drug Unit is dedicated solely to handling narcotics cases and conducts operations throughout the year. In 2001, 2,000 arrests were made on drug-related charges stemming from possession of or trafficking in marijuana, cocaine, crack cocaine, and heroin. Additionally one MDMA (ecstasy) laboratory, 12 "go-fast" boats, and one aircraft were seized.

Finally, the Belize police arrested a known Mexican drug lord Jorge Moreno, aka Jorge Teller, with over 1,000 pounds of cocaine. He is now awaiting trial.

Cultivation/Production. In 2001 (January through November), 110,000 marijuana plants were eradicated in Belize. The GOB continues to cooperate and encourage aerial reconnaissance operations, after which the BPD and BDF manually eradicate marijuana fields and seedlings. (Due to environmental concerns, the GOB does not allow spray missions for the eradication of marijuana.) Illicit cultivation of marijuana continues, however, and marijuana remains the most widely grown drug crop in Belize. Typically, marijuana fields are located in remote regions, far from the homes of the cultivators. As a result, although thousands of plants were destroyed, few attendant arrests were made.

Drug Flow/Transit. The major narcotics threat in Belize is cocaine transshipment through Belize waters for onward shipment to the United States. The Belize coastline offers a multitude of opportunities for maritime traffickers. Often the drugs will be off-loaded on the ocean side near the barrier reef to smaller, “go-fast” boats and other vessels. These vessels then transit Belize’s territorial waters with relative safety due to numerous hiding locations and shallow water. One of the major impediments to dealing effectively with these shipments is the lack of adequate resources and interdiction capabilities (specifically equipment, vessels, and personnel), and critical information such as locations and times of delivery.

Alternatively, once cocaine is delivered to Belize, it customarily moves northward on the northern highway. This highway leads to the Corozal commercial “free zone” as well as the Santa Elena border crossing of Belize and Mexico. The exploitation of numerous unguarded remote border crossings and lax customs enforcement contribute to cross-border operations.

Intelligence suggests that the Colombian drug cartels have established partnerships with the Mexican drug cartels, creating an increase in Mexican drug trafficking activities in Belize. It has been confirmed that the Mexican cartels have used clandestine aircraft and sea vessels in their drug operations within Belize, and as such, Belizean drug traffickers merely provide resources. The Mexican cartels are fully in charge and responsible for any operation’s success.

Money Laundering. Money laundering is a potential threat to Belize because of its growing offshore financial sector. (For additional information see the Money Laundering Section of the INCSR.)

Asset Seizure. Belize law permits the seizure of assets connected to drug trafficking, and planes, boats, cash, vehicles, and weapons have been seized. Further negotiations to implement an international asset-sharing program in Belize await U.S. action.

Precursor Chemical Control. In November, the Belize police seized their first chemical laboratory and arrested several individuals. There is almost no industry in Belize that requires the use of precursor chemicals, so the seizure of a lab of this sort is cause for concern. In the past Belize had no signs of precursor chemical production. Nevertheless, in support of the 1988 UN Drug Convention the GOB now has an existing precursor chemical control program.

Domestic Programs (Demand Reduction). NDACC coordinates the GOB’s demand reduction efforts, providing drug abuse education, information, counseling, rehabilitation, and outreach. NDACC also operates a public commercial campaign, with radio advertisements and billboards, designed to dissuade youths from using drugs.

Corruption. In April 1999, the GOB created an Office of the Ombudsman, which is authorized to independently investigate allegations of wrongdoing by public officials, the police, and/or the military. Once the allegation has been substantiated, the Ombudsman may then bring charges against the accused regardless of their position or rank. The police have a separate internal affairs investigator charged with handling complaints against police officers. In 2001, several police officers were charged with corruption in a criminal investigation and released from their duties. Additionally, the Deputy Police Commissioner was relieved of duties for corruption.

Agreements and Treaties. Belize has been a party to the 1988 UN Convention since 1996. It is also a party to the 1961 UN Single Convention, as amended by the 1972 Protocol, and the 1971 UN Convention on Psychotropic Substances, to which it acceded on December 18, 2001. In March 1997, Belize ratified a stolen vehicle treaty with the United States. In September 1997, the GOB signed the National Crime Information Center Pilot Project Assessment Agreement, which allows for the sharing of information and data between the United States and Belize. In 1992, Belize set the standard for maritime counternarcotics cooperation in the region by signing the first maritime counternarcotics agreement with the United States. Belize and the United States signed an over-flight protocol to the 1992 maritime agreement in April 2000 and signed a new extradition treaty in March 2000. The extradition treaty entered into force on March 27, 2001. The United States and Belize signed a new mutual legal assistance treaty in September 2000, which Belize has ratified. However, Belize will need to make significant changes to its domestic law to make the treaty effective once it enters into force. The United States and Belize also entered into an agreement on mutual cooperation on reducing demand, preventing illicit use, and combating illicit production and traffic of drugs in 1989.

IV. U.S. Policy Initiatives and Programs

U.S. counternarcotics policy toward Belize continues to focus on assisting the GOB to develop a sustainable infrastructure to effectively combat drug problems. In 2001, U.S. support included counternarcotics and law enforcement assistance, which provided Belize with equipment and training for the BPD's counternarcotics unit, training for the Department of Immigration and the Customs and Excise Department, and training for both the magistrate and supreme courts. The U.S. Coast Guard and the U.S. Southern Command, including JITF-E and JTF-Bravo among others, responded to GOB requests for training and logistics support for counternarcotics activities.

The Road Ahead. With trafficking routes constantly in flux, it appears that Belize has again become a significant transshipment point for cocaine and other illicit drugs. Marijuana cultivation continues to require monitoring and periodic eradication. Drug-associated criminality is increasing, and obtaining convictions is difficult, as the Office of the Public Prosecutor remains under-trained, under-paid, and poorly equipped.

After three years in power the People's United Party continues to advocate combating drug trafficking and associated crime as a top priority. U.S. support should continue to focus on supporting police counternarcotics units and improving Belize's legal and judicial infrastructure.

Canada

I. Summary

All levels of Canada's government are involved in efforts to reduce the harm and availability of illicit drugs. At the federal level, 11 departments and agencies spend approximately \$500 million (Canadian) to combat illicit drug use in Canada. Municipal and provincial/territorial governments are equally involved in addressing illicit drugs.

Canada's drug control strategy focuses on reducing the harm that drug consumption does to society through reducing demand and supply. Canadian law enforcement authorities focus much of their drug control efforts against organized crime, and in 2001 they carried out significant operations against outlaw motorcycle gangs who control much of the distribution of drugs in Canada. Canada strengthened regulations against money laundering in 2001 as part of its efforts to fight organized crime and to participate internationally in combating the financing of terrorism. Canada cooperates closely with the U.S. and internationally on drug control efforts. Canada is a party to the 1988 UN Drug Convention.

II. Status of Country

Canada is primarily a consumer country of illicit drugs, but it is increasingly becoming a producer and transit country for precursor chemicals and over-the-counter drugs used to produce illicit synthetic drugs. While illicit drug production, distribution, and use are illegal, an exception is made for the medical use of marijuana; regulations went into effect in July 2001 to permit terminally or chronically ill Canadians to apply for a legal exemption to smoke marijuana. Over 600 people have been granted approval to date.

Hydroponic hothouse operations in Canada produce high THC level marijuana. Though much of the marijuana produced in Canada supplies domestic demand, some of it supplies the U.S. demand for high quality marijuana. Other drugs, primarily heroin, cocaine, and MDMA (ecstasy) are trafficked through Canada, as international drug traffickers take advantage of Canada's proximity to the United States, less stringent criminal penalties as compared to the U.S., and the constant flow of goods across the U.S.-Canada border.

Precursor drugs and chemicals that can be used in the production of synthetic drugs, strictly controlled in the U.S., are not regulated in Canada. Consequently, Canada increasingly supplies precursor material for synthetic drugs produced in the U.S. Pseudoephedrine (PSE), a common cold remedy and the main component in the manufacture of methamphetamine, is legally imported into Canada in powder form from China, India, and Germany. Canadian imports of PSE were steady before 1997, but tripled between 1997 and 1998, and have increased steadily since. Much of the PSE imported into Canada appears to have been intended for the production of illicit drugs. U.S. law enforcement intercepted over 30 metric tons of PSE originating in Canada in 2001. These seizures represented 25 percent of the total amount of PSE legally imported into Canada that year. Other precursor chemicals available in Canada and used in the production of synthetic drugs are sassafras oil, piperonal, and GBL. These precursors are used in the manufacture of MDMA, MDA, and GHB, respectively. However, the Canadian chemical industry has cooperated with the Royal Canadian Mounted Police's (RCMP) recently-established National Precursor Chemical Diversion Program by providing voluntary reports of diverted chemicals. Although the RCMP created this reporting program in 1995, the Canadian government did not officially approve funding until 2000. In addition, Health Canada is preparing legislation to monitor and control precursors and other substances used in the clandestine manufacture of synthetic drugs. This legislation should assist Canadian law enforcement's efforts in the investigation of chemical diversion cases.

Cocaine, heroin, hashish, and a variety of synthetic drugs enter Canada in sea containers, through international airports, and by land. Canadian law enforcement has focused its efforts over the past several

years against organized crime. Organized crime groups direct and profit from an array of criminal activity, including but not limited to the traffic of illegal drugs into and through Canada. According to the RCMP, Asian-based organized crime groups dominate in the traffic of heroin from Southeast Asia to Canada. The RCMP estimates that one to two tons of heroin are required annually to meet the demand of Canada's estimated 25,000 to 40,000 heroin users. Cocaine traffic and distribution involves a number of organized crime groups. The RCMP estimates that approximately 15 to 24 tons of cocaine enter Canada each year. Outlaw motorcycle gangs, Colombian, Italian, and Asian-based criminal organizations, to varying degrees, cooperate with one another in the traffic and distribution of illegal drugs. Large-scale marijuana cultivation operations involve Asian organized crime and outlaw motorcycle gangs. Ecstasy imports have been increasing in the past several years. Small-scale production occurs in Canada, but Israeli, Russian, and Dutch-based traffickers import the bulk of the supply from Western Europe. The RCMP believes methamphetamine use and production are on the rise in Canada. A variety of other synthetic drugs are produced in Canada, including MDA and GHB, similar in effect to ecstasy. The U.S. is the principal source of LSD sold in Canada.

III. Country Actions Against Drugs in 2001

Policy Initiatives. The GOC recognized that Canada needed to adopt a flexible regulatory and administrative framework for controlling precursor chemicals. Health Canada is drafting precursor chemical control regulations, and expects their implementation at the end of 2002.

Accomplishments. Canadian law enforcement made substantial inroads against organized crime in 2001. On March 28, 2001, in one of the largest one-day police operations of its kind in Canada, nearly 2,000 officers carried out simultaneous raids in 77 municipalities in Quebec against the Hells Angels for cocaine trafficking activities. Arrests were made of 138 leaders, members, and associates of the Hells Angels. Outlaw motorcycle groups in Quebec controlled the distribution of at least 2,400 kilos of cocaine in 2000. Documents seized showed that the group sold 115 kilos of hashish and 452 kilos of cocaine in one 30-day period late in 2000, generating \$18.1 million (U.S.). The goal of the operation, the culmination of four joint task force operations, was to destabilize the structure of the Hells Angels organization. Arrests also took place in Ontario, Manitoba, and British Columbia. The operation coordinated the efforts of police forces at regional, national, and international levels. Canada received cooperation from Jamaica and Mexico in arresting and deporting two suspects.

On November 14, 2001, after a one-year joint task force operation, Canadian police raided 24 locations in eastern Canada, arresting 19 suspects in a major drug ring supplying hashish from Spain to Canada through the port of Halifax. Seized were 48 kilograms of hashish, over a kilo of cocaine, cash, vehicles, firearms, two ships, and seven properties.

In 2001, record amounts of PSE were seized in the U.S. en route from Canada to methamphetamine labs in the U.S. The RCMP and Canadian Customs cooperated with U.S. law enforcement in these seizures. In April 2001, nearly 43 million tablets were seized at the Detroit/Windsor border crossing. This amount of PSE could have produced 2,300 kilos of methamphetamine.

On January 10, 2002, U.S. law enforcement, together with the RCMP, announced the arrests in the U.S. of 121 individuals involved in the illegal trafficking of PSE from Canada into the U.S. This continuing investigation, Operation Mountain Express, began in 2000, and as of January 2002, resulted in the seizure of over 30 tons of PSE, 181 lbs. of methamphetamine, \$16 million U.S. in cash, over 300 arrests, and the closure of 9 methamphetamine labs.

Law Enforcement Efforts. In 2001, Canadian law enforcement carried out a number of successful large joint force operations against organized crime. Recently enacted organized crime legislation supports law enforcement efforts against organized crime. The new legislation simplifies the definition of a criminal organization and adds three new criminal offenses to the criminal code, targeting non-members who participate in organized crime. Those convicted of organized crime will have to serve at least half of their

criminal sentence before applying for parole. Previously, only one-third of a sentence had to be served before an application for parole could be made. The new criminal provisions make intimidation against justice system participants a crime. Justice system participants include: witnesses, jurors, police, prosecutors, prison guards, judges, members of the media, and members of Parliament. The new legislation protects law enforcement officers involved in undercover operations by establishing an accountability process protecting them from criminal prosecution for offenses committed in the furtherance of a criminal investigation. A 1999 Supreme Court of Canada decision found no immunity from criminal liability for criminal activities committed by law enforcement officers in the course of an investigation.

Corruption. Canada holds its officials and law enforcement personnel to very high standards of conduct and has strong anticorruption controls in place. Government personnel found to be engaged in malfeasance of any kind are removed and subject to prosecution.

Agreements and Treaties. Canada 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. The U.S. and Canada have numerous long-standing agreements on law enforcement cooperation, including extradition and mutual legal assistance treaties, a customs mutual assistance agreement, and an asset-sharing agreement. Recent agreements between the RCMP and U.S. law enforcement agencies provide reciprocal direct access to each other's criminal databases such as the Canadian Police Information Center (CPIC), a firearms identification database, and a unique automotive paint chip database. Canadian law enforcement benefits from access to the El Paso Intelligence Center (EPIC), the USG's tactical drug intelligence center.

Canada actively participates in international activities aimed at illicit drugs. Canada chairs the Multilateral Evaluation Mechanism (MEM) working group of the Inter-American Drug Abuse Control Commission of the Organization of American States (CICAD). It is an elected member of the Commission of Narcotic Drugs, the governing body of the UN International Drug Control Program. Canada collaborated with the Commission and member states to develop a "Declaration of the Guiding Principles of Drug Demand Reduction" as well as an action plan to implement the principles. The Government of Canada is a major contributor to both the UNDCP and CICAD, both in funding and technical support. Canada has signed but not ratified the UN Convention against Transnational Organized Crime, the Protocol to Prevent, Suppress and Punish Trafficking in Persons, and the Protocol against the Smuggling of Migrants.

Cultivation/Production. Marijuana and marijuana-derived drugs such as hashish and hash oil are the most widely abused drugs in Canada. Marijuana cultivation, because of its profitability and the relatively low risk involved, has become a thriving industry in Canada. The RCMP estimates that 800 tons of marijuana are produced annually in Canada. Over one million plants were seized in raids by law enforcement in 2001. Indoor growing operations have generally replaced outdoor cultivation, allowing production to occur year round, increasing the quality and tetrahydrocannabinol (THC) levels of the marijuana grown, and affording better protection for drug growers from law enforcement. The growing operations are becoming larger and more sophisticated as a number of different organized crime groups get involved in producing marijuana. According to Canadian authorities, marijuana cultivation in British Columbia is a sophisticated, one billion-dollar-a-year growth industry with a sizeable amount of the harvest being smuggled into the U.S. The wide demand for marijuana in Canada is not met by domestic production alone, and marijuana and marijuana-derived drugs are imported from a variety of sources, including the U.S., Mexico, Colombia, the Caribbean, the Middle East, and to a lesser degree Thailand and Morocco.

Domestic Programs (Demand Reduction). Based on Canadian government estimates, there are approximately 1,000,000 drug users in Canada, including some 250,000 cocaine addicts, 125,000 people who inject drugs, and 25,000 to 40,000 heroin addicts. Canada emphasizes demand reduction in its drug control strategy and, along with NGOs, offers extensive drug abuse prevention programs. The focus on prevention is considered a more cost-effective intervention. Drug treatment courts in Vancouver and

Toronto offer alternatives to jail for convicted drug abusers facing incarceration for non-violent drug possession offenses.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. Canadian and U.S. law enforcement have an extensive cooperative relationship, perhaps the closest and most productive of our international partnerships. The two countries collaborate closely at both the federal and state/local levels, and this extends as well into the multilateral arena. The principal bilateral cooperative forum is the annual Cross-Border Crime Forum, which engages policymakers in a joint effort to guide that relationship and to enhance coordination. Its working groups continue to identify areas and priorities, such as intelligence sharing, where we can better advance our common goals. Operation North Star is an ongoing mechanism for operational coordination. The two governments have a broad array of agreements in place to facilitate legal cooperation, such as the extradition and mutual legal assistance treaties, and an information-sharing agreement between the U.S. DEA and the RCMP. Canada is by far the United States' principal extradition partner.

To further enhance this unparalleled relationship, the USG is committed to:

- - supporting Canadian efforts to strengthen legislation and regulatory practices consistent with international standards and practices;
- - maintaining and expanding two-way intelligence sharing;
- - maintaining and expanding professional exchanges and cooperative training activities between our law enforcement agencies; and
- - maintaining joint cross-border investigations and operations.

The Road Ahead. The United States enjoys an excellent law enforcement partnership with Canada and looks forward to further coordination of efforts in the future. The GOC has taken and has committed to take important steps to enhance the capabilities of Canadian law enforcement to confront the growing threat of international organized crime, drug trafficking, and money laundering in Canada. Inter-governmental coordination of Canada's approach to drug control, as recommended by Canada's Auditor General, would strengthen and focus Canada's drug control efforts.

Costa Rica

I. Summary

Costa Rica serves as a transshipment point for narcotics from South America to the United States and Europe. Although Costa Rica is not a major transit country for drugs coming to the United States, it remains a country of concern to the United States. The bilateral Maritime Counterdrug Cooperation Agreement, which entered into force in late 1999, has improved the overall maritime security of Costa Rica and served as an impetus for the professional development of the Costa Rican Coast Guard. Costa Rican law enforcement officials continue to demonstrate growing professionalism and reliability as USG partners in combating counternarcotics offenses and ever-changing drug smuggling methods. In December 2001, President Rodriguez signed into law the long-awaited narcotics control legislation that criminalizes money laundering and creates a Counternarcotics Institute to coordinate the GOCR's efforts in the areas of intelligence, demand reduction, asset seizure, and precursor chemical licensing. (See the Money Laundering section of this report for additional details.) Costa Rica is a party to the 1988 UN Drug Convention.

II. Status of Country

Costa Rica's location astride the Central American isthmus makes the country an attractive transshipment area South American-produced cocaine and heroin destined primarily for the United States. Enhanced maritime interdiction activity and capabilities on north-bound maritime trafficking routes prompted some smugglers to take routes further out to sea, especially in the Eastern Pacific. The number of land seizures rose in 2001, in part because of smaller quantities of illicit narcotics being carried by both people and vehicles. Costa Rica has a stringent governmental licensing process for the importation and distribution of controlled precursor and essential chemicals and prescription drugs. Local consumption of illicit narcotics including crack cocaine and "club drugs," along with the violent crimes associated with such drug use, are growing concerns to Costa Ricans. The Government of Costa Rica (GOCR) is directing more resources to address the serious threats posed by narcotics trafficking but budgetary limitations continue to constrain the capabilities of law enforcement agencies.

III. Country Actions Against Drugs in 2001

Policy Initiatives. The 1999 bilateral Maritime Counterdrug Cooperation Agreement and the Coast Guard Professionalization Law passed in 2000 have continued to catalyze the professional development of the Costa Rican Coast Guard. The Agreement, the first comprehensive six-part agreement in the region, has been instrumental in improving the overall maritime security of Costa Rica. The Costa Rican Coast Guard Academy has graduated its first class and will be moving to its permanent home in Golfito on the southwest Pacific Coast in 2002. Costa Rica assumed a leadership role in the region by co-sponsoring with The Netherlands the first session of the "Diplomatic Conference on the Negotiations of an Agreement Concerning Co-operation in Suppressing Illicit Maritime and Aeronautical Trafficking in Narcotics Drugs and Psychotropic Substances in the Caribbean Area" in November 2001. Additionally, with the assistance of U.S. Southern Command, the Costa Rican Coast Guard hosted the Commander of the Nicaraguan Navy and two senior officers for an orientation and exchange visit.

The Legislative Assembly passed legislation proposed in 2000 to strengthen the GOCR's law enforcement capabilities to combat narcotics and related crimes in December 2001. A major benefit under the new legislation is the creation of a Costa Rican Counternarcotics Institute which will coordinate the GOCR's counternarcotics efforts in the areas of intelligence, demand reduction, asset seizure, and precursor chemical licensing. The law regulates and sanctions financial activities to combat money laundering, and

goes beyond narcotics-related offenses to include other serious crimes, including terrorism. The GOOCR does not produce a national drug control strategy. However, the creation of the Institute could facilitate the development of a comprehensive national counternarcotics plan.

Accomplishments. The Ministry of Public Security co-hosted with the United States a regional legislative reform conference in San Jose November 7-9, 2001. The conference served as a forum for the discussion of existing and model legislation covering wiretapping, conspiracy, controlled deliveries, undercover operations, and money laundering. Costa Rican law permits the use of controlled deliveries, undercover operations, and wiretapping in counternarcotics investigations.

Relations between U.S. law enforcement agencies and GOOCR counterparts, including the Judicial Investigative Police Narcotics Section, the Ministry of Public Security Drug Control Police, the Coast Guard, and the Air Surveillance Section, remain close and productive, resulting in continued information sharing and joint operations. Five joint counternarcotics operations were held in 2001, in which the Costa Rican Coast Guard, the Ministry of Public Security Air Surveillance Section, the Drug Control Police, the U.S. Navy, the U.S. Coast Guard, and the DEA participated. The five operations resulted in 63 days of combined operations during which there were 104 joint at-sea boardings including the disruption of a go-fast refueling operation by the boarding of a suspect mother ship off the Pacific coast. Participation of the Air Surveillance Section in these joint operations allowed for the first time the coordinated multi-asset air and sea counterdrug patrols by GOOCR personnel in Costa Rican territorial waters.

The Ministry of Public Health's Precursor Chemical and Prescription Drug Control Unit operates an effective program to license the import and distribution of precursor and essential chemicals and prescription medicines. Legislation currently pending approval would improve the control of the re-sale of precursors within Costa Rica, as well as their re-exportation.

Law Enforcement Efforts. The primary counternarcotics agencies in Costa Rica are the Judicial Investigative Police, under the Supreme Court, and the Ministry of Public Security's Drug Control Police. The Judicial Investigative Police operate a small, but highly professional, Narcotics Section that specializes in investigating international narcotics trafficking. The Drug Control Police investigate both domestic and international drug smuggling and distribution, and is responsible for airport interdiction as well as land-based interdiction at the primary ports of entry. Both entities routinely conduct complex investigations of drug smuggling organizations, resulting in arrests and the confiscation of cocaine and other drugs, using the full range of investigative techniques permitted under the country's progressive counternarcotics statutes. Agents of the Drug Control Police have increased the threat to overland trafficking through the effective use of contraband detectors/density meters at both northern and southern borders, resulting in seizures of cocaine hidden within tractor-trailers.

The growing professionalism and reliability of GOOCR law enforcement and judicial counterparts was highlighted in an operation that raided a San Jose night spot, resulting in the seizure of 535 dosage units of the synthetic drug MDMA ("ecstasy"). The operation targeted the largest synthetic drug distribution ring in Costa Rica and it was only the second time that Costa Rican authorities had seized ecstasy. This raid highlights the availability and popularity of ecstasy and other club drugs among young adults in San Jose.

By November of 2001, Costa Rican law enforcement authorities had seized 1.53 metric tons of cocaine, 2.8 metric tons of cannabis, and 18.4 kilograms of heroin.

Corruption. The commitment to combat public corruption reaches to the highest levels of the GOOCR. President Rodriguez has worked to deter corruption among public officials. The National Commission for the Improvement of Justice Administration is an umbrella organization responsible for promoting anticorruption awareness and transparency principles in the government and private sectors. Its work encompasses projects addressing judicial training and civic education, including instruction on fundamental rights for Costa Rica's indigenous population, human rights, and training programs in prisons.

U.S. law enforcement agencies consider the public security forces and judicial officials to be full partners in counternarcotics investigations and operations with little or no fear of compromise to on-going cases. To the best of the United States' knowledge, no senior official of the GOCCR engages in, encourages, or facilitates the illicit production or distribution of such drugs or substances, or the laundering of proceeds from illegal drug transactions.

Agreements and Treaties. The six-part bilateral Maritime Counterdrug Cooperation Agreement continues to serve as the model maritime agreement for Central America and the Caribbean. The agreement has promoted closer cooperation in the interdiction of maritime smuggling. Results of the agreement in 2001 include conducting five combined maritime counterdrug operations, facilitation of 31 U.S. law enforcement ship visits to Costa Rica in support of Eastern Pacific and Caribbean counterdrug patrols, and response to seven search and rescue cases. The United States and Costa Rica also signed a bilateral Memorandum of Understanding (MOU) on Maritime Cooperation and Assistance along with the Maritime Agreement in which the United States agreed to take steps toward securing equipment and technical and training assistance for the Costa Rican Coast Guard.

The United States and Costa Rica have had an extradition treaty in force since 1991. The treaty is actively used for the extradition of U.S. citizens although Costa Rican law does not permit the extradition of nationals. Costa Rica has ratified the Inter-American Convention Against Corruption. The United States and Costa Rica concluded a bilateral stolen vehicles treaty in 1999. Costa Rica is a party to the 1988 UN Drug Convention, the 1961 Single Convention on Narcotic Drugs, as amended by its 1972 Protocol, and the 1971 Convention on Psychotropic Substances. Costa Rica and the United States are also parties to bilateral drug information and intelligence sharing agreements dating from 1975 and 1976. Costa Rica is a member of the Caribbean Financial Action Task Force and the Egmont Group. It is also a member of the Inter-American Drug Abuse Control Commission of the Organization of American States (OAS/CICAD). Costa Rica has signed the UN Convention against Transnational Organized Crime, the Protocol to Prevent, Suppress and Punish Trafficking in Persons, and the Protocol against the Smuggling of Migrants, and the Protocol against the Illicit Manufacturing of and Trafficking in Fire arms on March 16, 2001.

Cultivation/Production. Marijuana cultivation is relatively small-scale and generally found in remote mountainous areas near the Panamanian border, in the Caribbean region near Limon and Talamanca, and the Valle del General on the southern Pacific coast. Such cultivation is sometimes intermixed with legitimate crops. Joint eradication operations are periodically carried out under the auspices of "Operation Central Skies," utilizing U.S. Army air assets. Over five million marijuana plants have been destroyed to date during these operations. The quantity of plants eradicated suggests that marijuana is not being exported from Costa Rica. Costa Rica does not produce other illicit drug crops.

Drug Flow/Transit. Overland shipments transiting Costa Rica are more likely to be transported in smaller quantities regardless of vehicle size as opposed to the large loads transported solely in tractor-trailers that drug traffickers used before 1999. GOCCR officials have made numerous seizures at the international airport in San Jose, typically from departing passengers. Along with traditional body carrying methods, some novel modes of concealment have been uncovered by counternarcotics law enforcement personnel. The recent trend of increased trafficking of narcotics by maritime routes has continued, with indications that enhanced patrols by the Costa Rica Coast Guard and regular joint U.S.-Costa Rican operations have caused maritime traffickers to move their northbound routes farther out into the Eastern Pacific. Costa Rican internal drug use is mostly limited to marijuana, cocaine, and crack, but ecstasy is increasing in popularity among young adults. LSD has also been detected.

Domestic Programs (Demand Reduction). Costa Ricans have become increasingly concerned over local consumption, especially of crack cocaine. Abuse appears highest in the Central Valley (including the major cities of San Jose, Alajuela, Cartago, and Heredia), the port cities of Limon and Puntarenas, the north near Barra del Colorado, and along the southern border. The National Drug Prevention Council (CENADRO) oversees drug prevention efforts and educational programs throughout the country,

primarily through well-developed educational programs for use in public and private schools and community centers. CENADRO and the Ministry of Education expanded coverage of specific demand reduction materials by inaugurating educational materials for middle school-level students in 2001. Materials for high school students are printed and will be distributed in early 2002. With that distribution, all public school children will be exposed to demand reduction instruction from primary school through graduation. CENADRO also serves as the custodian for assets seized from narcotics traffickers. The Costa Rican Drug Abuse Resistance Education (DARE) Foundation, modeled after its U.S. counterpart, conducts drug awareness programs at over 500 public and private schools. It celebrated its ten-year anniversary in 2001 and is considered one of the top international DARE programs.

IV. U.S. Policy Initiatives and Programs

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

The single formal border crossing between Costa Rica and Nicaragua at Penas Blancas provides a unique opportunity for law enforcement officials to reduce northbound overland cocaine trafficking through Central America via the Pan-American Highway. There are no secondary crossing points or alternative routes on the Costa Rican-Nicaraguan border to bypass this main checkpoint, except for routes that require use of a four-wheel drive vehicle. The U.S. Embassy is working with GOCR law enforcement authorities to establish an enhanced port-of-entry/exit facility for greater border control. This facility will have the potential for future expansion to allow for southbound inspections seeking traffic in illegal arms, currency, precursor chemicals and stolen equipment. Groundbreaking for this facility is scheduled for April 2002. In early 2001, this initiative will be complemented by a Mobile Enforcement Team possessing specialized vehicles and equipment, which officers trained by the U.S. Customs Service will staff.

Bilateral Cooperation. The Department of State has allocated \$1.9 million appropriated under Title III, Chapter 2, of the Emergency Supplemental Act, 2000, as enacted in the Military Construction Appropriations Act (P.L. 106-246) for expanded assistance to the Costa Rican Coast Guard consistent with the MOU on Maritime Assistance and the Maritime Agreement. This assistance is designed to enhance Costa Rican and U.S. maritime security through the development of a professional Coast Guard. In 2001, the U.S. delivered two U.S. Coast Guard 82-foot patrol boats and four new 24-foot rigid hull inflatable fast boats, provided numerous U.S. Coast Guard training programs, signed a work order with the U.S. Army Corps of Engineers for the construction of a Coast Guard Station in Quepos on the Pacific coast, supported a U.S. Coast Guard long-term training team deployment, and established a maritime engineer position.

The U.S. Embassy sponsored two Costa Rica-specific advanced money-laundering seminars for public and private institutions and officials as well as an advanced training seminar on precursor chemicals. The U.S. Southern Command, the Joint Interagency Task Force-East, and the U.S. Embassy sponsored the

first regional Central American Counterdrug Cooperation Conference in San Jose, which took place on September 10-13, 2001. The conference promoted counternarcotics cooperation with and among the Central American countries.

The United States acquired upgraded computers, peripheral equipment, and software for the U.S. Embassy for the Ministry of Public Security's Drug Control Police, Air Surveillance Section, and National Police Academy; the Judicial Investigative Police Narcotics Section; the Public Prosecutor's Economic Crimes Section; the Joint Intelligence Coordination Center; and the Ministry of Public Health's Precursor Chemicals Unit.

The Road Ahead. The U.S.-sponsored, \$2.2 million Costa Rican Coast Guard Development Plan continues to be the main focus of U.S. counternarcotics assistance. The current plan is scheduled to be completed in July 2003. Subject to the availability of funds, the United States will continue to provide technical expertise, training, and funding to professionalize Costa Rica's maritime service and enhance its capabilities to conduct U.S. Coast Guard-style maritime law enforcement, marine protection, and search and rescue operations within its littoral waters in support of the bilateral Maritime Counterdrug Cooperation Agreement. The United States seeks to build upon the on-going successful maritime experience by turning more attention and resources to land interdiction strategies, including expanded coverage of airports and sea port facilities. The centerpiece of this expanded focus will be the construction of the Penas Blancas Inspection Station. In conjunction with the Inspection Station, GOCR counternarcotics agencies' interdiction capabilities will be enhanced through the in-country presence of a USG technical advisor from the U.S. Customs Service, anticipated in 2002. The United States will cooperate with the GOCR in its efforts to professionalize its public security forces and implement and expand controls against money laundering.

El Salvador

I. Summary

As a matter of policy, the GOES does not encourage or facilitate the illicit production or distribution of narcotics or other controlled substances; however, El Salvador remains a transit country for narcotics bound for the United States, specifically cocaine, crack cocaine, marijuana, and heroin. To date, evidence does not suggest that the drugs that transit El Salvador have a significant effect on the United States, but El Salvador remains a country of concern. El Salvador is only capable of producing limited amounts of cannabis for domestic consumption due to climate and soil conditions, thus the focus of counternarcotics efforts is on trafficking and its associated criminal activities. The performance of the Anti-Narcotics Division (DAN) of the National Civilian Police (PNC) was poor in 2001, but changes recently were implemented within the chain of command and the structure of units to strengthen performance, reduce corruption, and increase the overall capabilities of the division. In addition, PNC Director Mauricio Sandoval has declared that counternarcotics enforcement will be the priority for 2002. El Salvador is a party to the 1988 UN Drug Convention.

II. Status of Country

El Salvador lies along the Pacific coastline of Central America, bordering Honduras to the north, and Guatemala to the West. Recovering from a long and bitter civil war that ended in 1992, the country has been devastated in recent years by earthquakes. A long and open coastline, accompanied by numerous river routes and unmarked roads built by guerrilla units in the civil war, create an environment in which the quantities of narcotics seized do not reflect the level of actual trafficking. Main traffic routes are the Pan-American and Littoral highways, as well as Salvadoran territorial waters in the Pacific Ocean.

III. Country Actions Against Drugs in 2001

Policy Initiatives. The GOES has a National Anti-Narcotics Plan (PNAD) in draft that still needs final revisions and the President's approval, however legislative reforms have been approved. As a result, undercover operations are now authorized by law and the names of undercover agents may be kept undisclosed in court proceedings. The Attorney General's Office also may now request seized assets for the DAN to use during legal proceedings.

Accomplishments. The GOES participated with the United States and with other Central American countries in regional operations and exercises such as "Operation RUEDAS" for land-bridge interdiction and "Operation ALAS" for airport interdiction. U.S. aircraft flying out of the Forward Operating Location (FOL) in El Salvador played a significant role in the seizure of more than 20 tons of cocaine. The DAN and the Financial Investigations Unit (FIU) have seized more than U.S. \$500,000 in cash en route to Panama. The DAN's Precursor Chemical Control Unit also reported the seizure of various precursor chemicals. The Salvadoran Customs Directorate implemented "Plan 100" and began inspecting 100 percent of all containerized traffic coming into the country. The construction of a vehicle inspection facility at the El Salvador-Honduras border in early January 2002 will enhance this effort. In early 2002 GOES Customs and PNC personnel will also form integrated teams to increase border security.

Under guidance from the DEA and INL, the GOES has created a Specialized Anti-Drug Investigative Group (GEAN) within the DAN which will work closely with DEA to conduct complex criminal investigations targeting the highest level of drug violators operating in El Salvador and throughout the region. The members of this unit have been polygraphed and trained by the DEA.

Law Enforcement Efforts. The DAN seized 18 kilograms of cocaine in 2001, which represents a significant decrease from the 422 kilograms seized in 2000 and the 23.8 kilograms seized in 1999. On the other hand, the 10.5 kilograms of heroin seized in 2001 represent an important increase compared to the 6.9 kilograms seized in 2000. It should be noted, however, that the DAN suffered in 2001 from leadership turnover, corruption, and lack of resources—highlighted by the replacement of two chiefs and the reassignment of 52 DAN agents after they failed a polygraph test. The new DAN chief has developed an operations plan to increase seizures, but the division as a whole still lacks equipment, training, personnel, and logistical resources.

Other law enforcement efforts have been active and successful. The Grupo Cuscatlan, an inter-agency cooperative body established in 2000 that incorporates civilian law enforcement and military elements, has contributed to various seizures of cocaine by the Guatemalan authorities by sharing information and escorting suspicious aircraft to Guatemalan territory. Coordination between the GOES and the Government of Guatemala led to the seizure of more than 150 kilograms of cocaine. The U.S. Navy and Coast Guard P-3 aircraft flying out of the FOL in Comalapa also helped seize more than 20 metric tons of cocaine on the high seas.

Corruption. With USG assistance, the GOES has established an Internal Affairs Unit within the PNC and an Anti-Corruption Unit in the Office of the Attorney General. Further, the GOES is in the process of setting up an Office of Government Ethics to control, identify, and prosecute public corruption. The USG provided specialized training to prosecutors and investigators of the Internal Affairs and Anti-Corruption units as well as to judges.

Agreements and Treaties. El Salvador is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, and the 1961 UN Single Convention on Narcotic Drugs, as amended by the 1972 Protocol. There is no bilateral mutual legal assistance agreement between the GOES and the USG, and most of the cooperation between the GOES and the USG, and formal cooperation between the governments has generally been through diplomatic channels. However, the USG and GOES have signed yearly agreements on narcotics control, under which the U.S. provides assistance to El Salvador. The U.S. and El Salvador also are negotiating a new extradition and stolen vehicle treaties, as well as beginning discussions on a future maritime treaty. The extradition treaty will replace the current extradition treaty dating from 1911. On December 19, 2001, the Salvadoran Ministers of Foreign Affairs and Governance met with the U.S. Attorney General to discuss law enforcement cooperation, including prisoner transfer and criminal deportee arrangements.

El Salvador is a party to a collective mutual legal assistance agreement among all Central American countries and Panama. El Salvador has signed the UN Convention against Transnational Crime.

Cultivation/Production. El Salvador produces limited amounts of cannabis for domestic consumption, but unfavorable climate and soil conditions do not allow the cultivation of coca plants. The level of precursor chemical production is unknown, but seizure levels demonstrate this is a minor consideration. As a result, the GOES focuses its counternarcotics efforts on drug trafficking and associated criminal activity.

Drug Flow/Transit. The Pan-American and Littoral Highways seem to be the land routes preferred by the traffickers; however, “go-fast” boat activity has increased along the Pacific coast. In 2001, P-3 aircraft flying out of the FOL have detected various “go-fast” boats, and the DAN found two abandoned “go-fast” boats along the coast. The amount of drugs that transit Salvadoran airspace is unknown, but the number of suspicious aircraft detected has increased.

Domestic Programs (Demand Reduction). The Salvadoran Anti-Drug Commission (COSA) has drafted a National Anti-Drug Plan (PNAD) which includes a demand reduction component. Under the PNAD, the GOES will implement various demand reduction programs including radio and television campaigns. In addition, the GOES will initiate a study into the origins of youth behavioral problems as they affect the likelihood of drug use, and efficacy of current drug prevention programs. FUNDASALVA,

an NGO dedicated to the prevention and treatment of substance abuse, is also developing a national study of drug consumption and use.

Salvadoran police officers draw on the U.S. Drug Abuse Resistance Education (DARE) program for their counternarcotics presentations at schools, while the Ministry of Education uses the Military Information Support Training (MIST) program to warn children of the dangers of drugs through posters, billboards, pamphlets, cartoons, and ads.

IV. U.S. Policy Initiatives and Programs

U.S. Policy Initiatives. The U.S. strategy in El Salvador is to assist in the professional development of the GOES' law enforcement agencies, and ensure a transparent criminal justice system. To this end, the United States seeks to enhance Salvadoran maritime and air interdiction capabilities by providing equipment such as U.S. Coast Guard cutters, boarding equipment, and small boats to enhance the Salvadoran Navy's ability to patrol the Pacific Coast, as well as training for air-traffic controllers. Finally, equipment and training is being provided to the Attorney General's Office to assist in dealing with corruption, as well as the successful prosecution of criminal offenders. The USG also plans to assist in the proposed studies on drug abuse, as well as conduct an evaluation of current demand reduction programs and promote drug prevention initiatives.

The Road Ahead. The USG will be working closely with the GOES and NGOs to gain final approval of the PNAD. While the actions of law enforcement and government agencies in weeding out corruption is encouraging and the level of dedication to facing and dealing with the counternarcotics issue is more than evident, trafficking is nonetheless expected to grow. As trafficking increases, so will drug-related crimes.

Guatemala

I. Summary

Guatemala remains a major drug-transit country for South American cocaine en route to the United States and Europe. Cocaine transits Guatemala by air, road, and sea. In 2001, various U.S. agencies worked closely with the Government of Guatemala (GOG) to increase the capabilities of GOG law enforcement authorities to counter the constant flow of drugs transiting the country. The GOG noted an increase in cocaine and heroin seizures in 2001. However, the chronic problems of widespread corruption, acute lack of resources, and frequent personnel turnover in law enforcement and other GOG agencies continued to undermine the GOG's ability to address narco-trafficking and organized crime. The USG worked with the GOG to professionalize the National Civilian Police's Anti-Narcotics Operations Department (DOAN), the main counternarcotics force. The GOG, with U.S. assistance, provided training to promote effective integrated law enforcement, as well as counter-narcotics training programs to continue to improve the quality of the DOAN and to enhance drug control operations. There are also similar efforts to improve the training for narcotics prosecutors, judges, and customs officials. The GOG has recognized its growing consumption problem and is supporting an active demand reduction program. The GOG enacted comprehensive money laundering legislation and worked with the USG to develop the implementing regulations. (See the separate Money Laundering section of this report.) Guatemala is a party to the 1988 UN Drug Convention.

II. Status of Country

Guatemala is the preferred country in Central America for shipment of cocaine to the United States. Guatemalan law enforcement agencies interdicted 4.1 metric tons of cocaine in 2001; an increase over confiscations in 2000. Narco-traffickers continue to pay for transportation services with drugs, causing domestic consumption of drugs and related crime.

Notwithstanding the increase in seizures, widespread corruption, high turnover of law enforcement personnel, and a lack of resources plagued counternarcotics efforts in 2001. Since the Portillo administration took office in January 2000, there have been three Ministers of Government, three directors of the National Civilian Police (PNC), and six different directors of the DOAN. This constant upheaval made long-range planning for operations and investigations nearly impossible and working relationships very difficult. With almost no air assets, the Guatemalan police have problems adequately supporting their eradication and drug interdiction efforts. They often have trouble providing even basic equipment and provisions to DOAN agents in the field. This is exacerbated by their continual expansion into more areas of the country. Corruption is endemic in all sectors and levels of the government and continued to significantly hinder counternarcotics operations during 2001.

The DOAN, which receives significant training and support from the USG, is considered to be one of the best-trained and armed units in the PNC. Along with other GOG entities, it regularly cooperates with U.S. law enforcement agencies in combating narco-trafficking. However, corruption and a shortage of resources have had and adverse affect. The Minister of Government (the third in two years) has said he will clean up the corruption in the DOAN and the rest of his ministry.

The Public Ministry's special narcotics prosecutor's offices, which receive USG training and assistance, achieved convictions for minor narcotics offenders in 2001. Unfortunately, successful prosecution of major narco-traffickers has been limited. Corruption, intimidation, and lack of resources in the judiciary, as well as the absence of formal criminal conspiracy laws in Guatemala, are some of the primary reasons for the lack of success in prosecuting and convicting major traffickers.

Guatemala grows minimal quantities of opium poppy and marijuana. Apart from crack and marijuana for local consumption, narcotics are generally not processed in Guatemala.

Diversion of precursor chemicals is considered to be a problem in Guatemala. While the GOG has legislation identifying 46 precursor chemicals, it has still not passed the implementing regulations that would make the legislation useful for enforcement and prosecution purposes. At present, however, even if regulations are issued the GOG lacks the personnel and resources to successfully control precursor chemicals.

The GOG has an aggressive demand reduction program aimed at a growing substance abuse problem. As part of its five-year master plan adopted in 1998, Guatemala's National Drug Coordinating Agency, SECCATID, has continued to work closely with the USG and international organizations, including the UN and the OAS, in providing seminars, surveys, and education designed to decrease consumption and raise public awareness about the plague of consumption and narcotrafficking.

III. Country Actions against Drugs in 2001

Policy Initiatives. In 2001, Guatemala signed four Letters of Agreement (LOAs) with the United States, under which the United States is providing assistance for counter-narcotics and demand reduction. The GOG increased DOAN staffing by almost five percent and has continued to recruit a limited number of agents for new posts in some of the more remote areas of the country. All DOAN recruits are now screened via a polygraph unit that was created with USG funding. The GOG has used U.S. assistance to convert the Regional Canine Training Center into a Regional Counternarcotics Training Center. This center places special emphasis on regional training and initiatives. In the last year, over 400 students from ten countries participated in training provided by local and international instructors. Another major accomplishment was the activation of a direct link to an unclassified U.S. counternarcotics information aerial tracking service. This service has already led to a number of seizures and it is hoped that this U.S.-funded initiative will allow the DOAN to plan and execute more effective operations.

For the second consecutive year, the Congress passed legislation that allowed joint U.S.-Guatemalan military anti-narcotics operations. A joint operation in 2001 provided the DOAN with extensive and high quality training and the GOG executed the largest counternarcotics operation in its history, in which over 220 police and 50 prosecutors participated. This operation disrupted one of the country's largest narcotrafficking operations. The GOG also formally ratified the Inter-American Convention Against Corruption in 2001.

The Minister of Government and the Attorney General recently signed an agreement to form a multi-agency task force to include prosecutors, police, and customs officials, that will work on high-level corruption cases. The agreement also addresses police-prosecutor cooperation, which is a systemic problem in the Guatemalan justice system.

The Guatemalan Supreme Court continued to develop special courts that are staffed with highly qualified personnel to handle sensitive cases, mostly drug related, that regular courts cannot. The Supreme Court recently signed an LOA with the United States, under which the United States will provide assistance to improve these courts as well as the use of seized assets and the destruction of seized drugs.

Accomplishments. Cocaine seizures increased by 193 percent and heroin seizures by 73 percent in 2001. Notable cocaine seizures include: 455 kilograms of cocaine from small aircraft in January; 937 kilograms of cocaine from a barn in Escuintla in February; and 400 kilograms concealed in refrigerators in a container at the port of Santo Tomas de Castilla in May.

The Port Security Program (PSP) opened operations in Puerto Quetzal in 2001, giving it a presence in all three major ports. The PSP is a self-financed program funded by fees levied on shipping companies that fosters cooperation between the GOG, the USG, and private shipping companies operating in Guatemala. It provides monetary and technical assistance to the DOAN agents who operate in the ports. The USG

provides technical, logistical, and training for this program, which has yielded a number of large drug seizures in past years.

The rapid response Anti-Smuggling Unit (ASU) has been operating for a year and has made eight drug seizures. The ASU randomly visits the ports, land border entry points, and highway checkpoints in an effort to increase seizures by using the element of surprise and selectivity. The Commercial Freight Tracking System (CFTS) border inspection station opened this year and is staffed by 15 members of DOAN, along with two drug detection canines. This inspection station is the first of five that are being constructed in different Central American countries and is dedicated to inspecting commercial freight along one of the principal highways in the region. The U.S.-funded canine program in Guatemala has continued to succeed, with at least ten seizures attributed to it in the last year. The GOG used U.S. funding and technical assistance to provide training to over 1,000 judges, justices of the peace, prosecutors, and police on the way the narcotics activity laws function.

Illicit Cultivation/Production. Guatemala has significant cannabis cultivation in the northern state of Peten and minimal opium cultivation primarily in the western highlands. The GOG continued to manually eradicate cannabis and opium poppy. However, the lack of air assets for reconnaissance and transportation of personnel make eradication a very difficult endeavor in a country with mountainous terrain and limited infrastructure. Even so, eradication of cannabis plants increased by 25 percent, while eradication of opium poppy remained constant. There is very little indication that Guatemala has large cocaine laboratories or processing sites for other illegal narcotics.

Drug Flow/Transit. The Pan American Highway is a major conduit for drugs traveling north to Mexico and eventually the United States. The DEA also reports that a number of "mules" who transited Guatemala were subsequently caught in U.S. airports with cocaine and heroin in or on their bodies. Last year's trend of a decrease in detected air transshipment of cocaine and an increase in shipments via boats continues. The use of commercial containers, both land and maritime, offered the best opportunity for smuggling larger quantities of drugs through Guatemala. It is also the area where the GOG's interdiction efforts have been least successful, primarily due to the corruption that is endemic to all three major ports. Colombian narco-traffickers and to a lesser extent Mexican narco-traffickers continue to operate in Guatemala, even though Guatemala transport groups do almost all of the work. Up to ten percent of the cocaine shipped through Guatemala is left behind as payment for services rendered.

Law Enforcement and Transit Cooperation. Guatemalan law enforcement officials work enthusiastically with U.S. law enforcement authorities to curtail the flow of drugs through Guatemala, especially in instances where the USG can provide funding and technical assistance. The DEA and several other U.S. law enforcement agencies have active collaborative relationships with Guatemalan law enforcement authorities. Guatemala continues to exchange information and maintain links with Joint Intelligence Coordination Centers (JICC) throughout Central America and with the El Paso Intelligence Center (EPIC). Guatemala actively participated in the Mayan Jaguar joint counter-drug operations that included the DEA, the U.S. Coast Guard, and the U.S. Army.

Domestic Programs (Demand Reduction). The GOG continues to support anti-drug education and rehabilitation programs. In 2001, SECCATID implemented a variety of projects as part of their comprehensive and aggressive demand reduction strategy. Through the National Program of Preventive Education, SECCATID trained 533 more instructors this year throughout the country using the "train the trainer" concept. SECCATID held almost 300 training and educational events in 2001 in which almost 300,000 people participated. The vast majority of the participants were students under the age of 18, although parents, educators, GOG employees, and community leaders also benefited from SECCATID's efforts.

In 2001 SECCATID developed and distributed anti-drug educational materials, including thousands of pamphlets, bookmarks, posters, and booklets with anti-drug messages. The GOG agreed to provide SECCATID with television and radio programming to air anti-drug messages and the USG provided the financing to produce videos and cassettes used in radio and TV demand reduction campaigns.

SECCATID conducted a countrywide drug awareness drawing and writing contest on prevention issues among children of all ages. This contest allowed students to express their views on the drug problem and strengthened prevention strategies in the country. The USG and GOG are jointly publishing a notebook of winning essays and drawings. In addition, a local NGO, "Casa Alianza," selected five posters from the winners and printed 40,000 of them for a demand reduction campaign.

The GOG has agreed to work with the USG on performing a comprehensive and scientific survey of drug use in Guatemala. This sort of survey will allow the GOG to monitor and adjust its activities in the coming years. SECCATID signed an agreement with the GOG Ministry of Defense and the GOG Social Security Institute to implement jointly anti-drug programs in rural areas.

Law Enforcement Efforts. Drug seizures are up significantly and the DEA reports that the DOAN is very cooperative on individual basis. However, DOAN's day-to-day job of interdicting narcotics and then investigating the groups behind it on their own is deficient and could be improved substantially if there were less corruption and impunity and more leadership and funding for the police. Very large shipments of cocaine and heroin regularly pass through Guatemala without any law enforcement intervention. There have even been increasing reports that DOAN agents are sometimes involved in stealing entire shipments or significant portions of shipments for resale. The GOG must address this type of corruption and leadership problem to reduce narco-trafficking significantly in Guatemala.

On the positive side, the police have managed to expand the DOAN by about five per cent in the last year and continue to receive world-class training from the USG and the international community. The GOG has fully staffed the Commercial Freight Tracking Station that recently opened on the Guatemala-Salvadoran border. The DOAN is also receptive to working with other nations in the Central American region and does so with fair success on a working level. This is best seen in the Regional Counter-narcotics Training Center run by the Guatemalans with USG advice and financing. The center provides training in all aspects of law enforcement related to narco-trafficking, including courses on investigations, small unit tactics, information analysis, and human rights.

Corruption. Guatemala ratified the Inter-American Convention Against Corruption in 2001. Corruption is the primary impediment to increasing the effectiveness of the counter-narcotics efforts in Guatemala. No one is immune from the corruption and there are regular allegations of police, prosecutors, and judges being corrupt. High levels of impunity and intimidation coupled with corruption significantly reduce risks to narco-traffickers. However, a high-level judge who in 2000 released five narcotraffickers was arrested this year, and her case is winding through the judicial system. Guatemala has been wracked by a series of high-level corruption scandals that have allegedly involved the highest levels of the government. The GOG's efforts to fight corruption have been generally ineffective and have contributed to disillusionment with the government's commitment to solving this problem.

The Anti-Corruption Prosecutor's Office in the Public Ministry (MP) has had some success in cases dealing with fairly low-level officials such as the conviction of the mayor from the small southwestern city of Chiquimulilla, who was convicted of stealing city funds. However, the office has not been very effective in cases dealing with senior government officials, due to the political pressure and intimidation these individuals bring to bear on their cases.

The USG facilitated the formation of a diverse group of 11 influential individuals from all sectors to attend Transparency International's Anti-Corruption Seminar in Prague. In general, the group returned from the seminar better informed and willing to work on the issue of corruption, which is seen by many Guatemalans as the root cause of most of their problems. While immediate results are not expected, the fact that senior government officials including the vice president attended along with influential members of the private sector provides hope that anticorruption efforts will continue to receive attention in the coming years.

Agreements and Treaties. Guatemala is a party to the 1961 UN Single Convention on Narcotic Drugs, the 1972 Protocol amending the Single Convention, the 1971 UN Convention on Psychotropic

Substances, and the 1988 UN Drug Convention. It is also a party to the Central American Commission for the Eradication of Production, Traffic, Consumption and Illicit Use of Psychotropic Drugs and Substances and the Central American Treaty on Joint Legal Assistance for Penal Issues. Guatemala has also signed bilateral counter-narcotics agreements, including information exchanges, with Mexico (1989), Venezuela (1991), Argentina (1991), Colombia (1992), Ecuador (1992), Peru (1994), and Spain (1999). Most GOG law enforcement efforts have been fully consistent with the goals and objectives of the 1988 UN Drug Convention. The extradition treaty between the GOG and the USG dates from 1903; a supplementary extradition treaty adding narcotics offenses to the list of extraditable offenses was adopted in 1940. Extraditions in recent years have required a significant expenditure of effort and time on the part of both the USG and the GOG. Instead of formal extraditions, the GOG is able to expel U.S. fugitives on the basis of violations of Guatemalan immigration laws. Intermittent negotiations on a bilateral Maritime Counterdrug Agreement occurred between 1997 and 1999, but there has been no significant progress since then. In 2001, Guatemala ratified the UN Convention against Transnational Organized Crime, as well as the Inter-American Convention Against Corruption.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. The U.S. strategy in Guatemala continues to focus on strengthening the GOG law enforcement and judicial sector through training and the provision of equipment and infrastructure, especially for units directly involved in combating narcotics trafficking and other international crimes that directly affect the United States. Special emphasis has been directed toward management skills, leadership, human rights, investigative techniques, and case management issues. The U.S. strategy also is aimed at reducing the level of corruption in Guatemala by implementing training, education, and public awareness programs. Specifically, U.S. efforts will focus on interdiction, corruption, money laundering, high impact courts, task force development, and negotiating a maritime agreement. The United States will also energetically continue to assist the GOG in improving the successful Regional Counternarcotics Training Center and the Anti-Smuggling Unit.

The Road Ahead. The deteriorating economy and the increasing levels of corruption will make it very difficult for Guatemala to make serious inroads against narco-trafficking in 2002. Violent crime is on the increase, and what limited resources the police, prosecutors, and judiciary have will probably be concentrated in that area as the current government begins to look forward to the elections in two years. This makes USG training and assistance even more important than previous years. The current confrontation in the Guatemalan Congress caused by the lack of desire to compromise by both the ruling and opposition parties makes passage of new counternarcotics legislation more difficult. The GOG plans to increase public education and demand reduction efforts, bringing in more private and public funding and expanding regional cooperation. Cocaine abuse, primarily crack, is expected to continue to grow as traffickers trade a percentage of cocaine shipments for transportation and security services. Domestic cocaine consumption will increase drug-related domestic crime, adding to the burden on the police.

The recently enacted money laundering legislation could prove to be an avenue for eventually bringing some of the larger narco-traffickers to justice, since it contains limited conspiracy provisions for the first time.

*Guatemala Statistics**(1993–2001)*

	2001	2000	1999	1998	1997	1996	1995	1994	1993
Opium									
Potential Harvest (ha)	0	0	0	10	7	0	39	50	438
Eradication (ha)	1	1	1	5	3	12	86	150	426
Cultivation (ha)	1	1	1	15	10	12	125	200	864
Potential Yield (mt)	0.00	0.00	0.00	0.20	0.10	0.00	0.40	0.50	4
Cannabis									
Potential Harvest (ha)	unk	unk	0	82	100	41	50	100	unk
Eradication (ha)	43	32	52	58	50	213	250	100	200
Cultivation (ha)	43	32	52	140	150	254	300	200	unk
Potential Yield (mt)	1	1	0	10	12	5	6	12	
Seizures									
Cocaine (mt)	4.1	1.4	10.1	9.2	4.3	4.0	1.0	2.0	7.6
Cannabis (mt)	0.52	0.03	0.65	0.42	0.34	16.40	0.50	1.76	2.1
Heroin (kg)	16.00	9.30	52.00	3.65	16.20	7.80	0.00	0.00	0.00
Opium (kg)	0.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0
Arrests	479	842	472	928	188	189			

Honduras

I. Summary

The transshipment of cocaine through Honduras using air, land, and maritime routes continued in 2001. Although there is no clear evidence that drugs entering the United States from Honduras are in an amount sufficient to have a significant effect on the United States, the entire region of Central America, of which Honduras is a part, remains a region of concern to the United States. Overall the Ministry of Security and Honduran military took a more active role in counternarcotics operations in 2001, but available funds to implement a Government of Honduras (GOH)-approved counternarcotics master plan were limited. To assist, the United States continued to provide funding, training, and technical support to the GOH's counternarcotics agencies to improve their law enforcement capabilities. In addition, the Honduran Congress passed legislation to implement a Constitutional Judicial Reform Amendment that is designed to improve the judicial sector and thus could increase the prosecution and conviction of criminals. Honduras is a party to the 1988 UN Drug Convention.

II. Status of Country

Honduras produces a limited amount of marijuana, but the most popular illicit drugs used in Honduras are marijuana, inhalants, and to a much lesser degree, cocaine. Crack cocaine use is increasing along the north coast, in the Bay Islands, and in urban centers, and the first seizure of MDMA (ecstasy) occurred in December 2001.

Illicit drugs transit Honduras via air, land, and maritime routes. There are direct air and maritime links to U.S. cities and the Pan-American Highway crosses southern Honduras on the way to Mexico and the United States. The Honduran police and Navy have limited maritime assets to counter narcotics trafficking.

III. Country Actions Against Drugs in 2001

Policy Initiatives. The Government approved a Counter-Narcotics Master Plan, but the implementing regulations have yet to be approved. In late 2001, the National Congress enacted implementing legislation for a judicial reform constitutional amendment that, when finalized, is expected to reduce the arbitrary administration of justice. These reforms have the potential to decrease opportunities for criminals to manipulate the judicial system.

Accomplishments. As of December 1, 2001, 182 kilograms of cocaine, 714 rocks of crack, and 2,854.08 pounds of marijuana had been seized, and there had been 896 narcotics-related arrests. Progress was made in establishing a small maritime law enforcement facility in the Gracias a Dios Department, and the new Honduran Frontier Police detected cocaine transshipments through frontier posts. Law enforcement agencies also arrested three major drug trafficking organizations: the Rodriguez group, the Valle brothers, and Carlos Montes.

Law Enforcement Efforts. Counternarcotics efforts remain a high priority for government agencies, but evidence continues to mount of the corruption of these same agencies by narcotics traffickers and other criminals. During the year, the Attorney General removed the head of the Director for Counter-Narcotics (DLCN) investigative force on allegations of corruption. In response to a similar allegation, the Security Minister disbanded the Honduran Police Anti-Narcotics Force (GOAN), dismissing over 100 officers and transferring the function of the unit to the Frontier Police. It should be noted that no investigations have begun or charges filed in either of these cases.

Corruption. Corruption remains a major problem in all aspects of national life, and it is one of the most serious impediments to more effective counternarcotics efforts. The GOH has not conducted any effective investigations into criminal penetration of law enforcement and judicial units, although dismissals based on allegations of corruption have occurred. It is difficult to address corruption among public officials because all nationally elected officials enjoy legal immunity for all acts while in office. This creates a perverse incentive for people involved in illicit activity to run for office, and complicates enforcement efforts against suspected illegal narcotics activity.

Agreements and Treaties. Honduras is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention on Narcotic Drugs, and the 1972 Protocol amending the Single Convention. It has signed but not ratified the UN Convention against Transnational Organized Crime. The United States and Honduras signed a stolen vehicles treaty in November 2001, and a maritime counternarcotics agreement between the United States and Honduras entered into force on January 30, 2001. The agreement includes provisions for embarking law enforcement personnel on each other's vessels and advance authority to board Honduran flagged vessels suspected of narcotics trafficking, pursue suspect vessels into Honduran territorial seas to investigate suspicious activity, overflight of Honduran territorial seas for counterdrug surveillance, and authority to order suspect aircraft to land in Honduras. In addition, it provides for the exchange of information and coordination of joint counternarcotics activities. A 1909 extradition treaty between the United States and Honduras is in force, but the 1972 Honduran constitution prohibits extradition of Honduran nationals. The United States and Honduras also have an agreement in force on mutual cooperation to combat the production of and illicit trafficking in drugs. The GOH is an active member of the Inter-American Drug Abuse Control Commission (CICAD), and Honduras hosts the Regional Center for Counternarcotics Development and Judicial Cooperation in Central America (CEINCO). Honduras has counternarcotics agreements with the United States, Belize, Colombia, Jamaica, Mexico, Venezuela, and Spain.

Cultivation/Production. Marijuana remains the only illegal drug known to be cultivated in Honduras, but in December 2001 DEA agents assisted local authorities in the seizure of ecstasy tablets in Honduras. Aerial herbicides are not used for the eradication of illicit drug crops.

Drug Flow/Transit. The volume of drugs transiting Honduras continues to increase. The use of sea vessels departing Honduran ports on the Caribbean has encouraged the Port Authority to work with private companies and the USG to develop a port security program. Overland routes using commercial and private vehicles continue to be used to smuggle cocaine. Illegal landings in Gracias a Dios Department also are used to deliver cocaine for transshipment via small boat to La Ceiba, where it is transported onward for embarkation on commercial vessels by sea, or via trucks toward Guatemala.

Precursor Chemicals. The GOH continues to try to limit the illicit introduction of precursor chemicals into the country, but comprehensive regulations to control the sale of chemicals necessary for the processing of illegal narcotics have never been developed.

Domestic Programs (Demand Reduction). The GOH demand reduction entity "IHADFA"—the Institute for the Prevention of Alcoholism and Drug Addiction—is responsible for conducting prevention programs throughout the country. IHADFA also oversees programs operated by the Ministries of Public Health and Education, as well as by NGOs. The United States cooperates with the organization by funding educational and community-based programs for children at risk and "maras" (youth gangs). These programs include workshops and training seminars for parents, teachers, and community leaders, and the development of alternative activities for at-risk populations.

IV. U.S. Policy Initiatives and Programs

U.S. Policy Initiatives. U.S. counternarcotics initiatives focused on enhancing GOH maritime interdiction capabilities and implementing bilateral counternarcotics and anticorruption projects. The U.S. and Honduras have signed a series of letters of agreement, under which the USG is providing

anticorruption assistance to key Honduran government agencies. Funds were disbursed to support acquisition of computers and conduct training. In addition, the Inter-American Bar Foundation launched an Anti-Corruption Pilot Program with the Attorney General's Office.

Bilateral Cooperation. The GOH and the United States progressed notably in bilateral cooperation on law enforcement initiatives in 2001. The canine program was expanded, and five more dogs were delivered in September 2001. Two vehicles were delivered to the joint intelligence coordination center, and a contract for constructing a counternarcotics and customs checkpoint on the Pan-American Highway was signed, with construction set to begin in early 2002. The United States supported DLCN efforts to deploy two 36-foot boats donated by the United States for counternarcotics purposes, and the United States will provide financial support to the DLCN, Ministry of Security, and the GOH Navy to establish a small maritime facility in Gracias a Dios Department. Representatives from the DLCN, the GOAN, and the Public Ministry's Organized Crime Unit also attended the USG Advanced Narcotics Investigators Course in Guatemala.

The Road Ahead. The Honduran government remains committed to the battle against the use or transport of illegal drugs. The Security Ministry and Attorney General's Office maintain a strong commitment to bilateral counternarcotics cooperation, and the Honduran military renewed its effort to increase its roles in counternarcotics operations. While the government has approved a counternarcotics master plan, funding is limited and U.S. assistance to accomplish key goals will remain crucial. Corruption, threats, and violence continue to pose a major challenge to effective law enforcement, but there has been progress in several key areas.

Mexico

I. Summary

Mexico faces a myriad of drug-related problems that include the production and transshipment of illicit drugs, money laundering, consumption and illicit firearms trafficking. Mexico continues to be a substantial source for illicit drugs in the U.S. drug markets, with Mexican-based trafficking organizations largely responsible for the distribution of illicit drugs and the growing sales of methamphetamine.

The Government of Mexico's (GOM) longstanding commitment to combat drug trafficking and related crimes resulted in tangible successes against the Arellano Felix Organization (AFO), the Carrillo Fuentes Organization (CFO), and the Gulf Cartel—widely considered the top three drug groups in the country. The GOM waged a public campaign to combat chronic corruption through the revitalized Secretariat of the Comptroller and Administrative Development (SECODAM), and sustained an aggressive eradication program while increasing the amount of drugs seized over 2000 figures. The Mexican military continued to play a pivotal role in nearly all facets of Mexico's counternarcotics effort.

Bilateral U.S.-Mexico law enforcement cooperation has improved under the Fox Administration, through information sharing and a willingness to explore new approaches, and this cooperation continued in 2001. However bilateral extradition problems were both solved and exacerbated when the Mexican Supreme Court's January 2001 decision affirming the GOM's authority to extradite Mexican nationals was counter-balanced later in the year with another Supreme Court decision that requires formal assurances that a prospective extraditee will not face a life sentence in the requesting country. The U.S. has protested this latter decision as contrary to the U.S.-Mexico extradition treaty. Mexico is a party to the 1988 United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances.

II. Status of Country

Mexico remains a major supplier of heroin, methamphetamine, and marijuana, and the transit point for more than one half of the cocaine sold in the U.S. Cocaine and other drugs are smuggled by every conceivable commercial and non-commercial conveyance: air and containerized maritime cargo; fishing vessels; flights to clandestine landing points; human couriers, (including undocumented migrants and children), and airdrops to go-fast boats off the Mexican coasts. While the Pacific coast of Mexico continued to be the favored route for maritime trafficking because of its lack of natural choke points, the events of September 11 caused the relocation of U.S. interdiction assets, leaving the area more open for drug smugglers. Other routes were favored as well, as an increase in non-commercial vessel movement to Mexico's Yucatan Peninsula through the western Caribbean, especially in the use of go-fast vessels was seen in 2001. With regard to air transport, although there were only three confirmed landings of trafficker aircraft whose flights originated outside of Mexico in 2001, internal air movement continued to overwhelm limited air interdiction and land response assets. Approximately 1,000 internal flights believed to be moving drugs, primarily marijuana, from South/Central Mexico to staging areas near the U.S. border were detected in 2001. The traffickers continued to use Guatemala and Belize as gateways to smuggle drugs overland through Mexico's southern border.

The Government of Mexico (GOM) is an active party to international efforts to control the importation and use of illegal drug precursors, however it has not yet overcome inter-institutional jurisdictional conflicts that have impeded aggressive pursuit of precursor chemical investigations.

Mexico-based transnational criminal organizations continue to assume distributorship control in the U.S. of methamphetamine and its precursor chemicals. Mexico is also a transit point for the movement of potassium permanganate, used in the purification process for cocaine.

Mexico's eradication program is one of the oldest and largest in the world. According to the GOM, the Mexican Attorney General's Office (PGR) and the military persisted in their successful aerial and manual eradication programs. Most drug crop cultivation occurs in small fields located in remote areas to evade detection and eradication. Since lands used for illicit cultivation are subject to seizure, many growers use public or communal lands to avoid tracing ownership. Also, crop field surveys taken during the past year indicate the continued expanded cultivation of a more robust marijuana plant throughout Mexico: growing to a height of two meters and with more flowering area, the plant has higher levels of THC and due to its resin-coated foliage is more resistant to herbicides. Further, although Mexico produces only about two percent of the world's opium, nearly the entire illicit crop is converted into heroin and shipped to the U.S. USG estimates of opium poppy production in Mexico during the past decade show potential yields of four to six metric tons of heroin annually.

The industrial-scale drug trade has transformed narcotrafficking into one of Mexico's deadliest businesses. Drug-related violence in Mexico moved beyond the traditional rivalries between trafficking organizations. These organizations have demonstrated blatant disregard for human life as the executions of law enforcement personnel, government officials, and innocent bystanders have increased. In February 2001, 12 people, including two minors, were killed by a group of armed men in Limoncito de Alaya, Sinaloa, a known center for cocaine trafficking and marijuana cultivation. In November, two federal judges and the wife of another judge were shot to death in an ambush. One of the judges had recently denied an appeal motion filed by a narcotics trafficker. In December, unknown assailants tortured and murdered a judge in an area of Chiapas that had been the site of 36 drug-related murders. .

In recent years international money launderers have turned increasingly to Mexico for initial placement of drug proceeds into the global financial system. Although measures enacted by Mexico since 1996 provide the legal framework for more effective control of money laundering, there is still much to be accomplished. (See Money Laundering chapter.)

III. Country Actions Against Drugs in 2001

Policy Initiatives. President Fox acted upon his campaign promise to improve public security, end impunity, and stop public corruption by creating two new cabinet-level entities that support Mexico's counternarcotics efforts: 1) a Counselor for National Security who coordinates national security policy and 2) the Secretariat of Public Security which incorporates the National Public Safety System and the Federal Preventive Police (PFP). Fox also revitalized the SECODAM which investigates public corruption. The GOM has invested massive human, financial and material resources in its broad counternarcotics/anticrime effort.

Pursuing the Fox Administration's plan to strengthen federal law enforcement agencies and to combat corruption, the PGR began an organizational restructuring to which they added a policy focus. In November, the PGR finalized a strategic plan outlining the development of the institution. The strategic plan includes the establishment of six specific on-going priorities: making the PGR an efficient institution, combating impunity, combating corruption, combating narcotrafficking and organized crime head-on, promoting the protection of human rights, and assisting victims of crime. These six priorities are meant to achieve expeditious enforcement of justice by agencies and personnel devoted to the law and respect for human rights.

Institutional Development. Institutional weaknesses within national law enforcement organizations remain a serious obstacle to the efficiency and credibility of Mexican police forces. However in 2001, the Fox Administration placed a renewed focus on addressing these weaknesses and initiated a re-organization of key federal law enforcement agencies.

An integral part of improving Mexico's capacity to intercept illegal drugs has been the reorganization of the PGR. In early 2001, the administration focused on reforming the Federal Judicial Police (PJF). With dynamic leadership, increased resources, and intensive planning, a new Federal Investigative Agency (AFI)

was formally inaugurated in October to serve as the investigative arm of the PGR. The 3,500 person AFI incorporates the former PJF and personnel from other components of the PGR. To fulfill its mandate, AFI plans to increase its manpower to 8,000 agents and analysts by the year 2006. AFI management has actively pursued the resources and training to make it an effective and credible law enforcement body able to fight sophisticated drug and organized crime syndicates. The organization's plan contemplates the creation of a career ladder for federal agents that links training, years of service, and ascending levels of responsibility as prerequisites for advancement.

Another important change is the transformation of the PGR's Center for Drug Control Planning (CENDRO) into an independent intelligence analysis organization under the Office of the Attorney General. CENDRO's responsibilities are expanding beyond drug control to incorporate organized criminal activities including arms trafficking, terrorism, trafficking in children, stolen cars, money laundering, and kidnappings. CENDRO and AFI are in the process of upgrading their computer systems with USG assistance. The common thread in these projects is the provision of connectivity between different units and much improved analytic capability. In November, the U.S. and CENDRO completed a three-year project to provide a radio network for sensitive investigative units.

The National Public Safety System (SNSP), which coordinates training for Federal Preventive Police (PFP) as well as various state and local law enforcement entities, moved forward in its goal of creating regional police academies. These five regional academies have significantly enhanced training opportunities for Mexican federal and state police. In 2001, several thousand Mexican law enforcement personnel participated in U.S.-sponsored training courses.

In December, the Secretariat of National Defense (SDN) and the U.S. Department of State agreed on a training initiative to augment SDN counternarcotics surveillance missions to coincide with the 2002 delivery of four C-26 aircraft that the SDN was in the process of upgrading.

Law Enforcement Efforts. Mexico's counternarcotics enforcement actions included organized crime investigations, the arrest of important traffickers, sustained marijuana and poppy eradication, money laundering investigations, chemical diversion, and increased bilateral cooperation in air, land, and maritime drug interdiction. Operations "Landslide" and "Marquis" were bilaterally coordinated law enforcement actions that resulted in the arrest of traffickers and money launderers. The significance of these and other operations in 2001 was an unprecedented ability to share the most sensitive law enforcement intelligence without compromise. The joint U.S.-Mexico effort to create specially vetted PGR counternarcotics units insulated from corruption took on new life in 2001. These carefully vetted units hold the promise of improving the PGR's capability to investigate important drug trafficking cases and to eliminate the existence and toleration of corruption within the law enforcement sector.

Arrests. An intense Mexican law enforcement offensive throughout 2001 resulted in the arrest of 8,527 persons on drug-related charges, of which 8,365 were Mexican nationals. The GOM intensified its effort in locating and arresting narcotics traffickers from major cartels after the January escape of narcotics kingpin Joaquin "El Chapo" Guzman Loera from Puente Grande maximum-security prison in Guadalajara. For example:

- In May 2001, the ex-governor of Quintana Roo, Mario Villanueva Madrid was arrested after a two-year manhunt. Villanueva reputedly used his governorship to facilitate the transshipment of drugs and to launder drug money. He is in prison awaiting prosecution.
- In June, Alcides Ramon Magana (aka El Metro), was arrested in Tabasco by the military. He operated a cell for the Carrillo Fuentes organization (AFO) transshipping tons of cocaine into Mexico, allegedly under the protection of Villanueva Madrid.
- In March, an AFO cell headed by Rigoberto Llanez Guerrero (aka El Primo), a cousin of incarcerated AFO trafficker Ismael Higuera Guerrero, was dismantled by the military

in Mexico City. In addition to Llanez, AFO lieutenants Bernardo Araujo (aka El Jabali), Ariel Llanez Guerrero, and Alfredo Nahim Salman Aguilar were arrested.

- In April, military units arrested Gilberto Garcia Mena of the Gulf Cartel; 20 metric tons of marijuana were seized and 3 military officers, including a brigadier general, were arrested for complicity.
- In May, Adan Amezcua was arrested on money laundering charges. He joins his two older brothers, Luis and Jose de Jesus Amezcua, who remain in custody on narcotics-related charges. The Amezcua organization is notorious for trafficking and operating clandestine methamphetamine laboratories throughout Mexico.
- In August, Mexican military authorities apprehended Colombian drug trafficker Herbert Alberto Cruz Ruiz (aka Gino Brunetti). Cruz had links to the AFO and served as a key supplier of cocaine to the United States.
- In September, Arturo Guzman Loera (aka El Pollo), the brother of escaped trafficker Joaquin Guzman Loera, was arrested by the AFI in Mexico City. Arturo's arrest followed the capture of Ricardo Bonilla Arizmendi and Francisco Javier Cambero (aka El Chito), who helped Joaquin Guzman escape in January.
- In December, elements of the PGR's Organized Crime Unit and AFI captured Miguel Caro Quintero. Caro Quintero was designated a significant trafficker in June 2000 under the Foreign Narcotics Kingpin Act. He is wanted in both the U.S. and Mexico.

Seizures. Mexican law enforcement and military entities reported the following seizures of controlled substances in 2001: 29.3 metric tons of cocaine, 2007 metric tons of marijuana, 243 kilograms of heroin, 485 kilograms of opium gum, 396 kilograms of methamphetamine, and 18 clandestine laboratories.

Illicit Cultivation and Eradication. Illicit cultivation patterns are characterized by the use of small fields in remote locations on public lands. The cultivation area is widely dispersed across a large potential growing area in the western Sierra Madre mountains of Mexico. The GOM does not produce estimates of illegal drug crop cultivation; the USG estimates that Mexico's 2001 net opium poppy crop cultivation was approximately 4,400 hectares—about average for the past five years (except for the sharp drop recorded in 2000 due to serious drought conditions). This level of cultivation could have yielded some 71 metric tons of opium gum. At current conversion rates, these levels yield some 7 metric tons of heroin in 2001, less than two percent of world production. Cultivation was divided fairly evenly between northern growing areas (primarily Sinaloa and Chihuahua states) and the south (largely Guerrero state). On marijuana, approximately 4,100 hectares were cultivated (mostly in northern Mexico) with an estimated net production of 7,400 metric tons of cannabis, up slightly from 7,000 metric tons in 2000.

The U.S. and Mexico continued a joint study to refine the estimated yield of Mexican opium poppy plants. Preliminary results suggest a higher opium yield per hectare in Mexico than previously estimated. In the southern states of Guerrero, Oaxaca, Michoacan, and Nayarit, the yield is some 11 kilograms of opium gum per hectare, while in the northern growing areas of Sinaloa, Durango, and Chihuahua, the yield is estimated at approximately 21 kilograms per hectare. A bilateral team is evaluating the implications of these revised estimates which, when applied to the estimated net harvest area in past years, raise opium gum production in Mexico 30 to 50 percent per year. One of the findings of the study suggests that opium poppy cultivation techniques in the northern growing area are comparable to commercial agricultural practices, while in the south, the cultivation practices are comparable to subsistence farming.

In 2001, the military and the PGR continued their successful manual and aerial eradication and eradicated 18,784 hectares of opium poppy and 28,831 hectares of marijuana. The USG estimates that the overall impact of these efforts successfully eliminated from production some 10,299 hectares of opium poppy and 14,790 hectares of marijuana estimates

Extradition. In 2001, the GOM extradited 17 fugitives to the U.S., 11 for drug offenses. Among those extradited were: Arturo “Kiti” Paez Martinez, a designated kingpin; Isaias Hernandez Garza and Juan Hernandez Ibarra, heroin traffickers; Francisco Camarena Macias, a drug trafficker who transported cocaine through “narco-tunnels” in Douglas, Arizona; Christopher David King, and Miguel Angel Martinez Martinez.

In January 2001, the Mexican Supreme Court affirmed the Mexican executive branch’s absolute discretion to extradite Mexican nationals pursuant to Article 9 of the existing U.S.-Mexico extradition treaty. This decision resolved a contradiction between the Mexican Penal Code and the Extradition Treaty over whether Mexican citizens must be tried in Mexico for crimes committed abroad or may be extradited for trial in the country whose laws have been violated by their criminal activities.

In May, the Protocol to the bilateral extradition treaty entered into force; this facilitates the prosecution of criminals wanted in both countries by providing for the temporary extradition of fugitives prosecuted in one country to stand trial in the other country without waiting for the sentence to be carried out. This delay frequently frustrated efforts to bring defendants to trial in the U.S.

In October 2001, the extradition relationship suffered a significant setback when the Mexican Supreme Court ruled life imprisonment unconstitutional and, therefore, an exclusive bar to extradition for any fugitive facing a potential life sentence outside Mexico. Since the U.S. is generally not able to provide formal assurances to any country that a prospective extraditee will not face a life sentence (nor does it believe the U.S.-Mexico treaty requires such assurances), this decision has the potential to frustrate the extradition to the U.S. of the most serious criminals. In addition, the USG is concerned about an increase in extraditions delayed or denied over what appears to be overly technical legalistic analysis by the Secretariat of Foreign Relations (SRE) for the courts. The inability to address “harmless error,” such as mistakes in transcription, typifies the kind of scrutiny U.S. requests experienced.

Demand Reduction. Mexico faces an increased internal drug abuse threat related to drug trafficking. According to a GOM report highlighted during the Fourth Annual U.S.-Mexico Binational Demand Reduction Conference, the consumption of cocaine increased over 500 percent in Mexico between 1991 and 2000. Additionally, the use of heroin, crack, and methamphetamine also rose significantly: The Mexican study found that cocaine replaced marijuana as the drug of choice among young consumers. The GOM has given special attention to the northern border where the incidence of drug abuse is as much as three times the national average. Demand reduction projects in the border cities of Tijuana and Ciudad Juarez have sought alliances with similar efforts in adjacent U.S. cities.

The Secretariat of Health, through its National Council Against Addictions (CONADIC), is coordinating countrywide prevention, treatment, and rehabilitation programs. CONADIC, working with an NGO, has 72 local offices across Mexico that conduct outreach programs engaging at-risk youth in after-school prevention programs. President Fox personally underscored his support for demand reduction at CONADIC’s national congress, citing the GOM’s three-tier emphasis on health, education, and law enforcement led by the Secretariats of Health and Education and the PGR.

Corruption. Pervasive corruption in Mexican law enforcement institutions continued as the greatest challenge facing the GOM in its efforts to fight drug trafficking and organized crime. A lack of police operational funds, and equipment and training combined with low salaries and limited career trajectories, have stymied efforts to reduce police corruption. Nevertheless, the GOM initiated several important changes aimed at eliminating the climate of corruption in the law enforcement sector. These include the eventual provision of adequate salaries and benefits and an emphasis on professionalization. The success of these efforts will require a sustained commitment at the highest levels to secure the budgetary resources necessary to implement and foster change.

The Secretariat of the Comptroller and Administrative Development (SECODAM) vigorously pursued allegations of official corruption in 2001. SECODAM has oversight over audits of federal agencies and focuses primarily on white-collar corruption, management training, and internal controls. It has the

authority to levy administrative sanctions against corrupt officials. In December, SECODAM unveiled a five-year plan to address public corruption. The plan has five strategic objectives: 1) prevent and reduce corrupt practices and impunity, 2) control and detect corruption, 3) punish corruption and impunity, 4) provide transparency and achieve citizen participation, and 5) responsibly administer public resources.

Notable efforts by Mexico to punish drug-related corruption include: the January arrest of prison officials who aided the escape of narcotics kingpin Joaquin “El Chapo” Guzman Loera from a high security prison; the arrests of state and local police in Mexicali in February when the Mexicali municipal police directly intervened to frustrate a PGR/military attempt to arrest AFO lieutenant Gilberto Higuera Guerrero; the April arrests of a brigadier general and two staff officers for their involvement with the Gulf Cartel.

In addition, the GOM has established several programs to deal with corruption. The National Public Safety System maintains a national police registry to prevent police officials dismissed for corruption from being hired by another law enforcement entity. The PGR expanded its vetting process in 2001 to track employees throughout their careers. In 2001, the PGR conducted suitability reviews of approximately 14,000 employees including federal prosecutors, police agents, forensic experts, and pilots assigned to counternarcotics duties. Of these, over 1,100 employees were dismissed for irregularities discovered during reviews that included polygraphs, toxicological tests for drug use, and questionable financial holdings. Employees removed after failing the screening, or who are found to be corrupt or incompetent, have no right to reinstatement.

Agreements and Treaties. Mexico is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention on Drugs as amended by the 1972 Protocol, and the 1971 UN Convention on Psychotropic Substances. It also subscribes to regional counternarcotics commitments, including the 1996 Anti-Drug Strategy in the Hemisphere and 1990 Declaration of Ixtapa, which commit signatories to take strong action against drug trafficking, including controlling money laundering and preventing chemical diversion. Mexico has bilateral narcotics accords with 32 countries. Mexico has signed, but not yet ratified, the UN Convention against Transnational Organized Crime, the Protocol to Prevent, Suppress and Punish Trafficking in Persons, the Protocol against the Smuggling of Migrants, and the Protocol against the Illicit Manufacturing of and Trafficking in Firearms.

The U.S.-Mexico extradition treaty has been in force since 1980. A U.S. Mexico protocol to the extradition treaty permitting the temporary surrender for trial of fugitives who are serving a sentence in one country but also are wanted on criminal charges in the other entered into force in May 2001.

Mexico assumed the Vice Chair of the Inter-American Drug Abuse Control Commission (CICAD) in November 2001. In July 2001, Mexico and Colombia created a “High Level Group on Mexican-Colombian Justice and Security”, composed of the representatives from both countries’ ministries of Foreign Affairs, Defense, Navy and Attorneys General, among others. The two governments confirmed their commitment to fight organized crime and narcotics trafficking through information exchange, training, and mutual legal assistance.

Bilateral Cooperation. The U.S. and Mexico cooperate in a range of bilateral counternarcotics and law enforcement fora. Senior bilateral entities include the Legal Working Group of the Binational Commission (BNC) chaired by the Attorneys General of both countries. The Senior Law Enforcement Plenary Group also continues to meet twice yearly to monitor and guide bilateral actions at the practical and operational level. The High-Level Contact Group on Drug Control (HLCG), headed by the Office of National Drug Control Policy (ONDCP), the U.S. Attorney General, the Mexican Foreign Secretary, and the Mexican Attorney General was abandoned by mutual consent with the inaugurations of the two new Presidential administrations. The five working groups of the HLCG (money laundering, demand reduction, arms trafficking, interdiction, and precursor chemicals) continue to meet under the auspices of the BNC or the Law Enforcement Plenary. In 2001, both sides agreed to add two new working groups, cybercrime / intellectual property rights and migrant smuggling, to reflect the expansion of the law enforcement relationship between the two countries.

At the working level, the climate of cooperation within the bilateral law enforcement community has improved dramatically. For the first time in recent memory, both sides are sharing sensitive information on counternarcotics cases.

The Bilateral Group for Analysis and Information Exchange on Interdiction is notable for its success in seeking practical and mutually advantageous solutions to support interdiction efforts. In 2001, the group established and implemented a bilateral air-to-air communications plan to facilitate real time communications between air assets of both countries. Other achievements include joint post seizure exploitation and analysis involving maritime seizures that have yielded valuable information on the origin of drugs seized.

This exceptional cooperation has opened numerous training opportunities. The number of Mexican law enforcement officials receiving U.S.-sponsored law enforcement training tripled in 2001 in response to unprecedented demand from Mexican law enforcement agencies. Courses ranged from Basic Law Enforcement and Advanced Narcotics Training to Clandestine Lab Destruction, and VIP Protection. Ion scanner and night vision goggle training proved especially productive in the GOM's drug interdiction efforts.

The Mexican military played a key role in Mexico's counternarcotics efforts, both in interdiction and eradication. Both the Mexican Navy and Army have supported an expanded role in bilateral intelligence sharing, and the Mexican Army has increased its contact with the U.S. military via reciprocal visits. A visit in August 2001 to the U.S. by the Secretary of National Defense was followed by a visit to Mexico by the U.S. Chairman of the Joint Chiefs of Staff.

Air and Maritime Interdiction. According to GOM reports, twelve major maritime interdictions resulted in significant seizures of cocaine, primarily in international waters. These numbers include the seizure of the F/V Macel in late December 2001, which was transporting more than nine metric tons of cocaine.

The majority of the maritime seizures were along the west coast of Mexico, indicating a continuation of previous maritime shipping trends. A Colombian go-fast vessel attempted to smuggle over 1,000 kilograms of cocaine in September. In October GOM authorities discovered a shipping container carrying nearly 500 kilograms of cocaine in the Port of Manzanillo. A seizure of over nine tons from the F/V Macel occurred in December. In all of these maritime incidents, Mexico used ion scan technology to detect concealed cocaine and to provide probable cause for intrusive vessel and cargo space inspection.

A total of 1,028 suspect air targets were detected along the U.S.-Mexico border from January 1 through November 20. Of these, 554 were detected in Sonora, while 332 were detected in the Baja California area. This trend may indicate that smugglers may now prefer to transport their contraband via air to the proximity of the border. During the recent October-November period, U.S. Customs and Mexican air operations in these areas experienced a 300 percent increase in detection events. All targets detected in the northwest of Mexico were flights originating in Mexico, with the overwhelming majority of seizures being marijuana.

IV. U.S. Policy Initiatives and Programs

The USG seeks to work collaboratively with Mexico to investigate, apprehend, successfully prosecute and, when appropriate, extradite the leaders of the transnational criminal organizations, as well as to disrupt and dismantle cartel operations, to combat money laundering, arms trafficking, and precursor chemicals diversion, and to reduce the demand for drugs. U.S. counternarcotics programs are intended to support Mexico's national drug strategy and reform initiatives, and the U.S. will continue to work with CONADIC and NGOs to assist Mexico in addressing increased drug consumption.

The dramatically improved climate of cooperation between Mexican and U.S. law enforcement and military personnel presents an opportunity to bolster counternarcotics policies and programs that can multiply these efforts. U.S. programs strengthen Mexico's institutional capability to act against the

production and trafficking of illicit drugs and related crimes. These programs include support for the GOM's efforts to improve training for its personnel, to modernize the justice sector, and to promote anticorruption reforms. Critical to success are the identification and prosecution of corrupt law enforcement, military, political, and business leaders who protect traffickers.

The Road Ahead. The bilateral law enforcement relationship now encompasses the full range of law enforcement and national security issues. Growing recognition of the common criminal threat to our societies bodes well for further progress in developing complementary programs and policies, and as a result of the events of September 11, increased border vigilance is a priority for both countries. Coordinated drug control programs will contribute to that effort. The main objectives of U.S.-Mexico bilateral counternarcotics cooperation in 2002 include:

- Reduce the demand for illicit drugs in both countries by intensifying counternarcotics information and educational efforts;
- Target criminal organizations and those who facilitate their operations; work toward successful prosecutions;
- Improve bilateral coordination of chemical diversion investigations;
- Support Mexico's short-, medium-, and long-term institutional development strategy and related anticorruption initiatives;
- Continue training and technical cooperation programs with a special emphasis on the enhancement of investigative and prosecutorial skills; promote judicial modernization;
- Make effective use of extradition procedures and ensure that fugitives are brought to justice expeditiously and with due legal process;
- Enforce existing laws more effectively to detect and punish money laundering; enhance bilateral and multilateral exchanges;

The effectiveness of both national and bilateral efforts against drug crimes will depend largely on demonstrable progress in disrupting and dismantling transnational narcotics trafficking organizations. This includes apprehending, prosecuting and convicting major drug traffickers, and exposing and prosecuting individuals and businesses involved in providing critical support networks such as money laundering and front companies, security, transportation, and warehousing. Successful law enforcement efforts will be rendered meaningless without strong judicial action. In addition to striving toward the broad strategic objectives, U.S.-Mexico law enforcement cooperation needs to focus on resolving specific obstacles:

- While we made measurable progress in 2001 in reducing the production and flow of illicit drugs through Mexico and into the U.S., cooperation needs to be institutionalized if we are to sustain these efforts. Continuation of programs to exchange information and experiences in specialized areas will contribute to further progress.
- The production and transshipment of methamphetamine and other synthetic drugs is a major concern to the U.S. and a growing problem in Mexico. Mexico should become more aggressive in chemical diversion control, particularly initiation and pursuit of chemical diversion investigations.
- Mexico's renewed emphasis on rooting out official corruption is a positive development, but these anticorruption initiatives need to be institutionalized and sustained. Sustained public support for and insistence upon these reforms is essential to long-term success.
- Vetted unit initiatives offer an opportunity to initiate and to advance investigations against major drug traffickers. Bilateral coordination, confidence building, and

information sharing will continue to benefit from a strengthened vetting process that fosters the twin goals of confidence and competence.

- Security for both Mexican and U.S. law enforcement personnel is of paramount importance. Close collaboration between the U.S. and Mexico, such as existed during the Agustin Vasquez Mendoza case, sends a strong signal to drug traffickers that threats against U.S. or Mexican agents will not be tolerated.
- Although new money laundering legislation was passed in 1996, Mexico has had only a handful of successful money laundering prosecutions and convictions. The establishment of a mechanism to obtain investigative information from Mexican financial institutions as well as closer collaboration between financial investigative units within the Mexican government could improve the prosecution of money laundering cases.
- Even though the GOM has increased its support to law enforcement institutions, better equipment, more and better-trained personnel, and improved salaries and benefits are needed.
- Continued improvement in cooperation on pre-seizure and post-seizure analysis will enhance investigations against major trafficking organizations. The recent addition of document exploitation capabilities and analytical training for Mexican law enforcement will be a key to success.
- The Mexican Supreme Court's decision to deny extradition in possible life sentence cases presents a serious obstacle towards bringing fugitives to justice. Likewise, abuse of the "amparo" (injunction process) continues to hinder both criminal prosecutions and extradition cases, fueling the perception of Mexico as a safe haven for fugitives.

Mexico Statistics

(1993–2001)

	2001	2000	1999	1998	1997	1996	1995	1994	1993
Opium¹									
Potential Harvest (ha)	4,400	1,900	3,600	5,500	4,000	5,100	5,050	5,795	3,960
USG Estimated Impact (ha)	7,400	7,600	7,900	9,500	8,000	7,900	8,450	6,620	7,820
Eradication (ha)	15,350	15,300	15,469	17,449	17,732	14,671	15,389	11,036	13,015
Cultivation (ha)	11,800	9,500	11,500	15,000	12,000	13,000	13,500	12,415	11,780
Potential Yield (mt)	71	25	43	60	46	54	53	60	49
Cannabis									
Potential Harvest (ha)	4,100	3,900	3,700	4,600	4,800	6,500	6,900	10,550	11,220
USG Estimated Impact (ha)	7,400	13,000	19,400	9,500	10,500	12,200	11,750	8,495	9,970
Eradication (ha)	33,300	33,000	33,583	23,928	23,576	22,961	21,573	14,227	16,645
Cultivation (ha)	11,500	16,900	23,100	14,100	15,300	18,700	18,650	19,045	21,190
Potential Yield (mt)	7,400	7,000	6,700	8,300	8,600	11,700	12,400	5,908	6,283
Seizures									
Opium (mt)	0.48	0.27	0.80	0.15	0.34	0.22	0.22	0.15	0.13
Heroin (mt)	0.24	0.268	0.258	0.120	0.115	0.363	0.203	0.297	0.062
Cocaine (mt)	29.3	18.3	33.5	22.6	34.9	23.6	22.2	22.1	46.2
Cannabis (mt)	2,007	1,619	1,459	1,062	1,038	1,015	780	528	495
Methamphetamine (mt)	0.396	0.555	0.358	0.096	0.039	0.172	0.496	0.265	—
Arrests									
Nationals			10,261	10,034	10,572	11,038	9,728	6,860	17,551
Foreigners			203	255	170	207	173	146	75
<i>Total Arrests</i>			<i>10,464</i>	<i>10,289</i>	<i>10,742</i>	<i>11,245</i>	<i>9,901</i>	<i>7,006</i>	<i>17,626</i>
Labs Destroyed	18			7	8	19	19	9	5

¹ Opium poppy gum yield survey numbers changed in 2001 as a result of a scientific Mexico/U.S. binational survey, whose results will be published in 2002. The figures are preliminary and further work is being undertaken in 2002 to confirm these new yield figures. For comparison purposes, opium gum yield totals from 1997-2000 have been revised using the preliminary figures from the 2001 study.

Nicaragua

I. Summary

Although Nicaragua is not a major drug producing country, it is an important transit zone for narcotics trafficked from South America to the United States and Europe. The available evidence does not suggest that the illicit narcotics entering the United States from Nicaragua are in an amount sufficient to have a significant effect on the United States, but Nicaragua remains a country of concern to the United States. For this reason the U.S. government remains committed to helping Nicaragua in the country's fight against drug trafficking. Drug consumption in Nicaragua remains a problem, particularly along the Atlantic coast. The Nicaraguan government is making a determined effort to fight the narcotics trade. Nonetheless, the Nicaraguan National Police (NNP) and the Armed Forces will need support to continue to make gains against drug trafficking.

Nicaragua continues to work on important legal reforms that will enhance its ability to counter narcotics. In November 2001, Nicaragua made a major stride forward with the final approval of a six-part bilateral maritime counternarcotics agreement with the United States. This agreement will allow U.S. and Nicaraguan maritime and air forces to work together in joint counternarcotics operations and presents opportunities for expanded cooperation. The United States continued to provide assistance to the NNP's counternarcotics efforts during 2001. Working with the NNP Drug Unit, the DEA office in Managua set a record for the most drug seizures in Central America for 2001. During 2001, the DEA office in Managua achieved the all-time world record for cocaine seized at sea as well as the largest land seizure of cocaine in Central American history. Nicaragua's weak and under-regulated banking sector remains a potential target for money laundering. Nicaragua is a party to the 1988 UN Drug Convention.

II. Status of Country

Colombian drug traffickers move illegal narcotics through Nicaragua by way of land and sea routes. These activities have intensified in the wake of recent advances in maritime interdiction by the Governments of Panama and Costa Rica. According to the DEA office in Managua, traffickers have been forced to move northward in Nicaragua in their search for refueling areas and way stations for fast boats. Nicaragua is in danger of becoming a target for money laundering due to a weak and largely unregulated banking sector. (For details, see Money Laundering chapter).

The NNP continues to be a capable law enforcement organization. During 2001, the DEA office in Managua and the NNP conducted joint investigations that resulted in the capture of over 24 tons of cocaine, setting DEA records for Central America and for seizures at sea. (Because some of these seizures did not take place in Nicaragua, they are not entirely reflected in the statistics of cocaine captured by the NNP during 2001 in Section V of this report.) Despite these achievements, resource constraints and an inefficient and corrupt legal system continue to impede fully effective police operations. Consumption of illegal drugs (especially crack cocaine) remains a serious problem, particularly along the Atlantic coast. Although the NNP are principally responsible for law enforcement, the army, which includes a naval unit, is increasingly playing an important support role in counternarcotics efforts.

III. Country Action Against Drugs in 2001

Policy Initiatives. During 2001, the GON continued efforts to revamp the country's legal system. The National Assembly passed a new Criminal Procedures Code that permits oral arguments in court cases, whereas only written ones had been used previously. The legislature is now reforming the Penal Code to update and rationalize the system of punishments for given crimes. The National Assembly is also working on ways to strengthen the provisions against money laundering in the country's main drug law. A

proposed new Criminal Code is now working its way through the legislature. In December 2001, the National Assembly appointed a new Public Prosecutor.

Accomplishments. Nicaraguan officials and the general public have become increasingly aware of the dangers posed by drug trafficking in recent years. They have focused on policy and structural changes to address the problem. In a major step forward for counternarcotics cooperation, in November 2001 the GON formally approved a bilateral maritime counternarcotics agreement with the United States, one similar to those previously concluded in other Central American countries. This agreement will allow the United States and Nicaragua to carry out joint counternarcotics operations on the high seas and in the air.

Law Enforcement Efforts. Over the course of the year, the NNP arrested over 800 persons on drug-related charges, including nine foreigners. During 2001, Nicaraguan authorities seized 2,711 kilograms of cocaine and eight kilograms of heroin. In addition, the authorities captured 116,003 marijuana plants and 7,710 crack stones. These seizures represented significant increases over 2000, when authorities seized 960 kilograms of cocaine, two kilograms of heroin, 83,070 marijuana plants, and 5,203 crack stones. Despite these accomplishments, the police remain hobbled in their efforts to fight narcotics trafficking by a severe lack of resources. The NNP Narcotics Unit has only 116 officers, including administrative support, to cover the entire country.

Corruption. The NNP have undertaken several measures to combat and control corruption in their ranks. In the last two years, they have begun regularly rotating officers to prevent conflicts of interest from developing at the local level. However, the practice of rotation has not incorporated captains and lieutenants, a potential area of vulnerability. The NNP have issued numbered badges to their officers, a practice that makes it easier for the public to identify an abusive officer. Also, the NNP Narcotics Unit answers only to the top two ranking officials in the NNP, a practice that helps maintain the integrity of confidential information.

Corruption among police officers is difficult to overcome because they receive the lowest salaries of all police officers in Central America; an entry-level police officer makes less than \$80 a month. In 2002, plans to increase police salaries by 35 percent, if achieved (despite fiscal austerity requirements) could help address this problem. In addition, corrupt judges often let detained drug suspects go free after a short detention, a practice that puts traffickers back on the streets and that weakens police morale.

The GON began to develop a National Anti-Corruption Plan in 1998. The Committee on National Integrity, which designed the plan, was headed by then-Vice President (now President-elect) Enrique Bolanos. On December 20, 2001, the Committee issued a Basic Manual of Public Service that lays out norms of conduct of public officials and defines abuses of power and position. A new civil service law is also pending in the National Assembly. Furthermore, with funding provided by the Department of State's Bureau for International Narcotics and Law Enforcement Affairs and expertise from the U.S. Embassy in Guatemala, the NNP has developed an Anti-Corruption Unit (UAC) to investigate cases of abuse of government power. The unit is now working on a variety of investigations.

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

Cultivation/Production. With the exception of marijuana, illegal drugs are not cultivated in Nicaragua. The marijuana grown in Nicaragua is dedicated to local consumption. During 2001, the NNP continued manual marijuana eradication efforts.

Drug Flow/Transit. Nicaragua's location, the endemic poverty of a large proportion of the population, and the lack of resources available to law enforcement make the country an attractive transit zone for drug traffickers. The most vulnerable area of the country is the sparsely populated Atlantic coast. The many islands and tiny inlets of the Atlantic littoral provide ideal way stations and rest areas for drug smugglers moving between Colombia and points further north. Some Atlantic coast residents support the traffickers by refueling their vessels and by storing drugs. In some communities, drug smuggling has become the principal economic activity, creating concern that a militant "narco-culture" could emerge that could be difficult to counter if left unchecked. Drugs also move north along the Pan-American Highway and in "go-fast" boats that run along the Pacific coast.

Domestic Programs (Demand Reduction). Drug consumption in Nicaragua continues to be a problem, particularly crack cocaine use on the Atlantic coast. The Atlantic coast is the poorest region of Nicaragua and suffers from 60-70 percent unemployment. Drug traffickers often pay for cooperation from local citizens in kind, a practice that only multiplies the number of addicts in the local population. In addition, drug shippers threatened by interdiction in the Caribbean Sea will frequently toss their wares overboard. These packages wash ashore in impoverished communities where economically desperate residents often divide up the drugs among village members to sell. Both these trends reinforce local use.

The GON has responded to its growing domestic drug problem. The Ministries of Education and Health, the NNP, and the Nicaraguan Fund for Children and Family (FONIF) have all undertaken limited demand reduction campaigns. In February 2001, the USG established the D.A.R.E. Program in Nicaragua and approximately 40 NNP officers received training as D.A.R.E. instructors. By December 2001, over 3,200 Nicaraguan schoolchildren had been awarded certificates of participation in the D.A.R.E. Program. In the fall of 2001, the U.S. Embassy in Managua also sponsored a soccer tournament for over 500 ex-gang members in Managua dedicated to counternarcotics and counter-violence themes. The D.A.R.E. Program is scheduled to return to Managua in February 2002.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. Nicaragua and the United States now enjoy a strong counternarcotics relationship. The police have made significant progress in recent years in professionalizing their force. Since the Nicaraguan Police established formal relations with the DEA in 1997, cooperation between the two agencies has been ongoing and effective. During 2000, the U.S. continued to provide significant counternarcotics and law enforcement assistance to the National Police, both through the DEA, State/INL, and the Department of Justice's International Criminal Investigative Training Assistance Program (ICITAP). The USG provided over 30 seminars to the Nicaraguan National Police.

In response to the vast and long-term complications created by Hurricane Mitch, the USG provided Nicaragua with additional funding to fight corruption and alien smuggling and to build the country's capabilities to carry out the interdiction of drugs shipped by land. These efforts continue.

The Road Ahead. Nicaragua's leaders recognize the threat that the drug trade poses to Nicaraguan society and to Nicaraguan sovereignty. They and the police forces are committed to the counternarcotics effort. Nevertheless, Nicaragua faces significant challenges in countering the international drug trade, notably the lack of the necessary resources. They need to continue the internal reforms and professionalization of justice sector personnel. Nicaragua has increased its cooperation with neighboring states, via the Central American Permanent Commission against drugs (CCP) and the Inter-American Drug Abuse Control Commission (CICAD), which will help to reinforce national efforts.

The United States and other donors have undertaken programs to strengthen the technical capabilities of the Nicaraguan police and the accountability of the judicial system, which will also aid Nicaragua in its

efforts to create a viable and stable democratic system. Nicaragua and the U.S. are now working to conclude a bilateral maritime agreement, which would permit joint operations in maritime interdiction efforts off the coasts of Nicaragua. The U.S. is also supporting Nicaragua's efforts to tighten regulation over the country's financial system in an effort to counter money laundering.

Panama

I. Summary

The Government of Panama (GOP) has continued to demonstrate its willingness to cooperate with the U.S. Government (USG) and the international community in combating drug trafficking, money laundering, and other transnational crimes. In 2001, the GOP seized significant amounts of illicit drugs, particularly heroin and MDMA (“ecstasy”), even though drug traffickers varied their smuggling routes and methods to avoid detection. Panama continued to implement the anti-money laundering legislation and executive decrees passed in 2000 and to increase cooperation in regulating and interdicting precursor chemicals. Panama is a party to the 1988 UN Drug Convention.

Panama’s location as a country bordering Colombia and a land bridge to the rest of Central America, as well its advanced infrastructure and well-developed financial services sector, make the country a strategic transshipment point for illicit drugs smuggled from South America to the United States and other international markets. Panama is vulnerable to a wide range of transnational crimes, including drug trafficking, money laundering, illicit arms sales, stolen vehicle trafficking, and alien smuggling. Panama’s police and investigative resources are capable yet limited, and its judicial and penal systems are underdeveloped. Panama’s geography and infrastructure provide organized crime groups virtually limitless options to transport illicit narcotics. In 2001, Panama’s international banking center, the Colon Free Zone (CFZ), and its U.S. dollar-based economy continue to attract money launderers in spite of the Moscoso administration’s upgrading of its money laundering laws and regulations and efforts to enhance information sharing with other nations.

II. Status of Country

Panama’s proximity to the world’s largest cocaine producer, its vast maritime industry, containerized seaports, the Pan-American Highway, international hub airport, numerous uncontrolled airfields, vast coastline, and limited control of its borders has continued to make Panama a major drug-transit country. Domestic drug abuse continued to be a problem for Panama in 2001 with the emergence of ecstasy as an increasingly abused recreational drug. Panama is not a significant producer of drugs or precursor chemicals, although coca and marijuana are cultivated in small amounts. Panama’s large and sophisticated banking and trading center, and its dollar-based economy make it an attractive site for money laundering, especially through the Colombian Black Market Peso Exchange (BMPE) mechanism. The Moscoso administration took steps to enhance Panama’s measures to combat money laundering in 2001 (see Money Laundering Section). Panama is a member of the Egmont Group (an alliance of 30 nations with centralized financial intelligence units) and the Caribbean Financial Action Task Force (CFATF).

III. Country Actions Against Drugs in 2001

Policy Initiatives. The National Commission for the Study and Prevention of Drug-related Crimes (Commission Nacional Para El Estudio Y la Prevencion de Los Delitos Relacionados con Droga, or CONAPRED), Panama’s national drug policy office, established the Chemical Control Commission (CCQ), an interagency precursor chemical control agency, in 2000. In 2001, with the assistance of the U.S. Embassy’s Narcotics Affairs Section (NAS), the CCQ moved into its new quarters, integrating representatives from the three principal GOP entities regulating chemical control: the Ministry of Health, the Judicial Technical Police (PTJ) (Panama’s equivalent to the U.S. FBI), and Panamanian Customs. CONAPRED also brought together a wide range of government and private sector experts to draft Panama’s 2002 to 2007 national drug strategy. With assistance from the USG, the Ministry of Government and Justice’s National Criminal Statistics Analysis Agency (CONADEC) significantly

upgraded its data input and analysis ability and established three new offices, including an office in oft-neglected Darien Province.

Accomplishments. Through CONAPRED and under the authority of the Attorney General, Panama continued to implement the National Drug Strategy 1996-2001, its national counternarcotics plan. This program coordinates GOP and NGO efforts and emphasizes prevention, treatment, rehabilitation, supply control, and interdiction. In 2001, CONAPRED worked closely with the NGO Cruz Blanca, the Ministry of Education, and the Embassy's NAS to conclude a major epidemiological study of factors that put youth at risk for drug abuse. In August 2001, Panama's Banking Association, with strong support from Panama's Banking Superintendency and Financial Analysis Unit (FAU), hosted the Fifth Hemispheric Congress on the Prevention of Money Laundering. Panama's Public Ministry hosted both the hemispheric Heads of National Law Enforcement Agencies (HONLEA) conference and the Central American International Drug Chiefs Conference in 2001.

Law Enforcement Efforts. DEA-monitored illicit drug cases and statistics through December 2001 show seizures of 4,118 kilograms of cocaine, 513.5 kilograms of marijuana, 514 kilograms of heroin, 22,169 tablets of ecstasy, and 217 arrests for international drug-related offenses, as well as 2.5 million in currency seizures. Trafficking groups have employed more sophisticated methods and a higher degree of operational security to elude detection in Panama. As a result, most of the large seizures in 2000 and 2001 resulted from intelligence-driven investigatory efforts, rather than random interdiction, and demonstrated both the increasing operational capabilities and the spirit of cooperation among Panama's law enforcement agencies.

Heroin and ecstasy seizures for 2001 are at the highest recorded levels. The increase in heroin seizures is largely a result of the demand for Colombian heroin, coupled with a highly effective drug interdiction program at Panama's international airports. Seizures of heroin, in multi-kilogram quantities, and heroin repackaging facilities underscore Panama's key role in the transfer of heroin from Colombia into the United States. The exponential leap in ecstasy seizures indicates that Panama is emerging as an important transit center for ecstasy.

The Public Ministry's Drug Prosecutor's Office (DPO) remains a respected entity for combating narcotics-related crimes and a principal coordinator of Panama's public forces' counternarcotics investigative resources. The DPO's cooperative efforts with U.S. law enforcement agencies are excellent and extensive. Panama's National Police (PNP) Directorate of Information and Intelligence (DIIP) and its Anti-Drug Sub-Directorate (DAD) are extremely effective drug investigative units. The PNP/DAD was responsible for the majority of the illicit drug seizures made in 2001. The PNP assumed an increasingly important role in organizing and executing operations on the national and regional level.

The PTJ's counternarcotics division's bilateral cooperation with the United States has continued to be excellent and expanded to include establishment of an elite vetted unit. In 2001, Panama's Tocumen International Airport drug interdiction unit, composed of representatives from the PNP, PTJ, and Panamanian Customs, accounted for record seizures of heroin, significant seizures of currency and cocaine, and arrests of international drug couriers.

The National Maritime Service (SMN) had some moderate success in interdicting illicit narcotics. The SMN worked with the National Air Service (SAN), the PNP, the PTJ, the DPO, and its U.S. counterparts. The presence of U.S. Coast Guard (USCG) training personnel assigned to live and work with the SMN has promoted an invaluable professional exchange that aided the SMN in a broad spectrum of law enforcement and shipboard-related skills.

The SAN continued to provide excellent support for counternarcotics operations despite limited air assets, continuing problems with maintenance and spare parts procurement, the strain of a heavy commitment to support the Darien Province border police, and internal management problems. The SAN's efforts contributed to the eradication of 35,000 marijuana plants in 2001. The SAN continued to respond rapidly to U.S. law enforcement requests to overfly and photograph suspect areas and to identify

suspect aircraft in flight or on the ground. The SAN provided crucial logistical support that enabled the USCG, assisted by the SMN and the PNP, to transfer detainees and drug evidence through Panama to U.S. jurisdiction. The SAN and the PNP also continued to cooperate in the surveillance of areas of potential coca and marijuana growth.

Precursor Chemicals. Panama is not a major producer or significant consumer of chemicals used in processing illegal drugs, but a large volume of chemicals transits the CFZ for other countries. In 2001, Panama further developed its regulatory/enforcement infrastructure to control the use and shipment of precursor chemicals with the assistance of the United States and the Inter-American Drug Abuse Control Commission (CICAD). The GOP also established an interagency precursor chemical control board that is responsible for the coordination of chemical control between four GOP entities and the private sector. In September 2001, under the direction of the Public Ministry's CONAPRED, the GOP inaugurated the new offices provided by the USG for the multi-agency CCQ. The unit is staffed by members of the PTJ, Panamanian Customs, and the Ministry of Health.

Asset Forfeiture. Panama's legal system authorizes asset forfeiture, including a system for identifying and forfeiting narcotics-related assets. Through seizure actions the PTJ, the PNP, and other GOP law enforcement agencies have acquired numerous vehicles. Panama has not specifically enacted legislation authorizing it to share seized narcotics assets with other governments, but the GOP has shared assets with other countries individually. Building on negotiations between the U.S. Department of Justice and the Office of Panama's Attorney General, the USG developed a draft asset-sharing agreement that was provided to the GOP in 2000. This agreement would permit asset sharing in the multi-million dollar Gonzalo Rodriguez Gacha case, should that case result in forfeiture to Panama, as well as other major cases. The United States continues to await a response from the GOP to our follow-up inquiries about the draft agreement.

Money Laundering. Money laundering cooperation with the Moscoso government has notably improved. The GOP has actively implemented its anti-money laundering laws, as strengthened in 2000, criminalizing the laundering of proceeds from a series of serious crimes, including illegal arms trafficking, trafficking in persons, kidnapping for profit, extortion, criminal fraud, corruption of public servants, and theft and sales of stolen cars. The GOP's Financial Analysis Unit (FAU) concluded an informal information-sharing arrangement with U.S. FINCEN, under which the two financial intelligence units (FIUs) have shared information through letters of exchange on a case-by-case basis. The FAU has signed or is in the process of negotiating memoranda of understanding (MOUs) with several other countries. For example, MOUs have been signed with Belgium, Colombia, and France. Negotiations of MOUs are pending with countries such as Mexico and Costa Rica.

Application of this strengthened legislation, coupled with the increase in resources to the FAU and the enhanced efforts toward international cooperation were instrumental in the Financial Action Task Force's (FATF) June 2001 decision to remove Panama from the list of countries that were not cooperating in the international fight against money laundering.

Corruption. As a matter of government policy and practice, Panama does not encourage or facilitate the illicit production or distribution of drugs or the laundering of proceeds from illegal drug transactions. No senior official of the GOP engages in, encourages, or facilitates the illicit production or distribution of such drugs or substances, or the laundering of proceeds from illegal drug transactions. Corruption, facilitated by weak and uneven enforcement, is the major impediment to law enforcement efforts. These enforcement factors inherently foster individual corruption and make it challenging to develop long-term criminal investigations against top-echelon drug and money laundering violators. On July 23, 2001, the GOP hoped to remedy the situation when it passed a new law that modifies Panama's judicial and penal codes by increasing penalties for corrupt practices and, in some cases, more than doubling previous penalties. President Moscoso signed a new Law backed by Transparency International at the end of January 2002 which provides free access to government records, similar to the USG's Freedom of

Information Act. The legislation also establishes the qualifications, as well as the chain of command, for an Anti-Corruption Czar.

Nevertheless, much remains to be done. The GOP has still not filled the Anti-Corruption Czar position, which falls under the Ministry of Economy and Finance and has been vacant for over a year. President Moscoso offered the position to several highly qualified candidates during the year, but all declined. Many believe that for the Anti-Corruption Czar to be truly effective, the position should be at the cabinet level and have the authority to investigate independently from the direction of a specific ministry. This would require re-structuring the current position.

Agreements and Treaties. Panama is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention on Narcotic Drugs, the 1972 Protocol amending the 1961 UN Single Convention, and the 1971 UN Convention on Psychotropic Substances. A mutual legal assistance treaty (MLAT) and an extradition treaty are in force between the United States and Panama, although the Panamanian constitution does not permit the extradition of Panamanian nationals. In 1999, the USG concluded a customs mutual assistance agreement with the GOP.

In September 2001, Panama and the United States exchanged instruments of ratification for the bilateral stolen vehicles treaty signed in June 2000. Comprehensive implementing legislation must still be introduced into the Legislative Assembly. In 1991, the USG and the GOP signed a maritime operations agreement, which included provisions for shipriders and USCG support and assistance to the SMN. In October 2001, a supplementary arrangement to the 1991 agreement, a bilateral six-part maritime agreement between the USG and GOP was initialed. The agreement was signed and entered into force on February 5, 2002. This supplementary agreement will solidify the excellent level of bilateral maritime and air interdiction cooperation.

The GOP participates in CICAD, CFATF, the Black Market Peso Exchange Working Group, and the Basle Committee's Offshore Group of Bank Supervisors. In 1997 Panama joined the Egmont Group, becoming the group's first Latin American participant. As noted above, the GOP's Financial Analysis Unit (FAU) concluded an information-sharing arrangement with U.S. FINCEN, and the FAU has signed or is in the process of negotiating memoranda of understanding with several other countries.

Panama has bilateral agreements on drug trafficking with the United Kingdom, Colombia, Mexico, Cuba, and Peru. In addition to the United States Panama has MLATs with the UK, Colombia, Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua. Panama signed the UN Convention against Transnational Organized Crime, the Protocol to Prevent, Suppress and Punish Trafficking in Persons, and the Protocol against the Smuggling of Migrants in December 2000. Panama signed the Protocol against the Illicit Manufacturing of and Trafficking in Firearms on October 5, 2001. The GOP is a party to the Inter-American Convention Against Corruption and in 2001 signed the consensus agreement on establishing a mechanism to evaluate compliance with the Convention.

Cultivation/Production. Aerial reconnaissance by the SAN in 2000 and 2001 indicates the presence of suspected small coca fields in one of the areas where coca plants previously were eradicated. Efforts are underway to confirm the existence of reported coca cultivation and cocaine laboratories in Darien Province. There are limited amounts of marijuana cultivated to supply the local market and a small amount of marijuana grown in Perlas Islands is exported. Both the SAN and PNP investigate areas of potential cultivation and have eradicated marijuana when it is found. In 2001, a combined SMN, SAN, and PNP element eradicated 35,000 marijuana plants on Isla del Rey and Isla Pedro Gonzalez.

Drug Flow/Transit. Panama is a key center for the transit and distribution of South American cocaine and increasingly, precursor chemicals, heroin, and ecstasy. Fishing vessels, cargo ships, small aircraft, and go-fast boats transit Panamanian waters and airspace, continuing on to other Central American countries or dropping off their cargo in Panama. Shipments dropped off in Panama are repackaged and moved northward on the Pan-American Highway or shipped in sea freight containers. Small, low-flying planes were reported entering Panamanian airspace and dropping drug loads in remote and sparsely populated

areas. Couriers transiting Panama by commercial air flights continued to move increasing amounts of cocaine and heroin to the United States and Europe.

Domestic Programs (Demand Reduction). In 2001, Panama continued to implement CONAPRED's counternarcotics plan and to design its next five-year counternarcotics strategy. The Ministry of Education and CONAPRED, supported by U.S. funding, promoted demand reduction through training for teachers, information programs, counternarcotics abuse training for youth, and school curriculum programs. CONAPRED and the Embassy's NAS also supported the Ministry of Education's National Drug Information Center (CENAID) in 2001. These efforts were integrated with the Ministry of Health's treatment and rehabilitation programs and those of the Catholic Church, local NGOs, and the University of Panama. Hogares Crea (a local NGO) expanded the long-term rural rehabilitation center established in 2000.

Working with the Embassy's NAS, the Ministry of Education, and the NGO Cruz Blanca, CONAPRED administered a comprehensive epidemiological survey to 5,000 children in Panama City, Colon, David, and Bocas del Toro to identify factors that put youth at risk for drug abuse and links between those factors and violence, family break-up, and other social problems. The preliminary survey results demonstrate that risk factors can be identified and that children with significant risk factors are likely also to have serious drug abuse and other social problems. The GOP will continue to analyze the results in detail in 2002 to determine how the data can be used to improve drug abuse prevention education and drug abuse rehabilitation programs.

IV. U.S. Policy Initiatives and Programs

The U.S. provided crucial equipment, training, and information to enhance the performance of GOP counternarcotics and law enforcement institutions in 2001. These U.S.-supported programs are aimed at: improving Panama's abilities to investigate and prosecute illegal drug trafficking and other transnational crimes; strengthening Panama's judicial system; assisting Panama to implement its drug abuse prevention program; encouraging the enactment of more effective laws and regulations covering counternarcotics, money laundering, alien smuggling, stolen vehicle trafficking, and corruption; improving Panama's border security; and ensuring strict enforcement of existing Panamanian laws.

The USG, through USAID, is assisting the GOP to develop an Administration of Justice (AOJ) program to strengthen law enforcement and judicial institutions and procedures. This program addresses reduction of pre-trial detention, and the use of alternative dispute resolution for commercial disputes. The AOJ program also works to promote civil society involvement in the reform process.

During 2001, the USCG worked closely with the SMN, enhancing its effectiveness as a maritime interdiction force. The SMN received its fourth and fifth (final) 82-foot patrol boats, which the United States provided under a 2000 Memorandum of Understanding (MOU). That MOU also provided for the transfer of vans for Panamanian Customs. In 2001, the USCG established and completed four three-week 82-foot patrol boat courses, two of which had international students from Colombia and Costa Rica. The United States traditionally has had an excellent relationship with Panamanian Customs, and the United States has provided Panamanian Customs with training, operational tools, and a canine program that has become a linchpin of the Tocumen International Airport drug interdiction law enforcement team. Transfer of the USCG 180-foot buoy tender "Sweetgum" to the SMN will take place February 15, 2002.

The Office of Defense Cooperation received \$590,000 in Foreign Military Financing in 1999, which is being used to help the SMN establish an Atlantic base, procure much-needed repair parts for boats transferred by the USG, and provide training. The United States, through the Embassy's NAS, continued to procure repair parts for the patrol boats transferred by the USG and to fund additional training.

Other USG projects in 2001 included: establishing a rental motorpool in the PTJ's counternarcotics units in Panama City and Colon to increase their mobility and interdiction capacity; improving CONADEC's analytical ability and expanding CONADEC's provincial reporting program; providing training and

equipment to deter money laundering, alien smuggling, and vehicle theft; and upgrading the analytical capacity of the FAU. The USG continued to support the Ministry of Education's teacher training for demand reduction programs, development of Panama's Joint Intelligence Coordination Center, and joint counternarcotics operations among Panamanian authorities and the DEA, Customs, INS, and the USCG. The four narcotics detection dogs donated to the Customs unit at Tocumen International Airport are housed in a new kennel; the canine program has already resulted in an increase in narcotics seizures.

U.S. law enforcement agencies working from the U.S. Embassy in Panama City, the Embassy's NAS, and the UK's Customs Service have developed a port security project proposal to involve the Maritime Chamber of Commerce, the GOP's law enforcement agencies, and the GOP's Maritime Authority with Panama's private sector ports in a multi-stage program. The project proposal was enthusiastically received and a seven-person delegation from Panama attended a regional training program in Ecuador to evaluate successful methods developed elsewhere. Drawing on these experiences, the participants will work together with U.S. and UK officials during 2002 to develop a series of agreements to launch the project in Panama's two leading ports.

Bilateral Cooperation. The Moscoso administration continued its close cooperation by sustaining joint counternarcotics efforts with the DEA and by strengthening national law enforcement institutions. In 2001, the USG and GOP concluded a comprehensive, six-part bilateral maritime agreement with significant additions to permit the transfer of seized drugs and prisoners to the United States through Panamanian territory. The agreement was signed and entered into force on February 5, 2002.

GOP actions over the past year have established significant precedents. The transfer of prisoners and contraband drug evidence through Panama, described below, has provided invaluable support and cost savings to the USG. . Further advancing bilateral cooperation, the GOP and USG concluded an arrangement to permit the temporary deployment of uniformed and civilian members of the U.S. armed forces to Panama for security training, assistance, and operations. This will permit the continuation in 2002 of joint operations (Operaciones Conjuntos), which were canceled in 2000/2001 until the temporary deployment arrangement was concluded.

The SMN provided four crewmembers in March 2001 for the Caribbean Support Tender (CST), a USCG cutter with a multinational crew that provides training and assistance in ship maintenance and repairs to Caribbean and Central American coast guards. Heightening the significance of this CST training, the SMN members will then be assigned to the USCG cutter "Sweetgum," when it is transferred to the SMN in 2002. An additional four new SMN crew members will report to the CST in January 2002. From August 6-12, 2001, the CST visited Panama and provided training and maintenance support to the SMN. The CST focused all of its efforts on the five USG-donated SMN 82-foot "Point" class patrol boats. Projects completed include the installation of a loud hailer system, a full assessment of the on-board electronics, and inspection and servicing of all damage control and fire-fighting equipment. Ship-board emergency drills also were conducted and participants were taught tune-up procedures for the ship's service generators and improved maintenance techniques.

The GOP has remained one of the United States' principal partners in counternarcotics missions. Under the authority of the Attorney General and Ministry of Government and Justice, there have been seven instances in which drugs and prisoners seized on the high seas were transferred through Panama's territory for prosecution in the United States. The GOP has been extremely cooperative and forward leaning, with the transfer of both drugs and prisoners to the United States through their territory. The GOP has cooperated with U.S. requests to board and search Panamanian-flagged vessels suspected of drug smuggling in international waters. In 2001, the PTJ, Customs, the National Directorate of Immigration, and the PNP, with support from the INS, U.S. Customs, and the DEA, executed three major joint interdiction operations against alien smuggling and drug trafficking along the Costa Rican border.

The GOP continued to investigate important high-level drug traffickers and money launderers. Some examples of major cases as of December 2001 include:

- Cesar Ramirez-Lopez, 424 kilograms of cocaine, 10 arrests;
- Mario Rojas-Bedolla, 222 kilograms of cocaine, 17,200 MDMA pills, 8 arrests;
- Juan Garcia-Gritan, 10 kilograms heroin, 5 arrests;
- Tomas Ceballo-De Cruz, 800 kilograms cocaine, 3 arrests;
- Jaime Newbold-Suero, 760 kilograms cocaine, 12 arrests.
- Jorge Ricardo Manilla, 202 kilograms cocaine, seizure of one Sabre jet Aircraft, dismantling of a general aviation organization smuggling cocaine between Panama and Mexico

In April, the 2001 Annual IDEC conference elected PNP Director General Carlos Bares as the Regional IDEC President for Mexico and Central America. In 2001, the Central American countries jointly participated in simultaneous counternarcotics operations under the IDEC umbrella. Operations in 2001 consisted of commercial international airport interdiction, Pan-American Highway interdiction, maritime operations on the Atlantic and Pacific coasts, and a targeted approach to heroin trafficking.

The Road Ahead. The GOP continues to demonstrate its commitment to build strong law enforcement institutions, fight money laundering, and deter the flow of narcotics northward. The United States and Panama will continue to cooperate in these areas and to strengthen joint counternarcotics efforts. The maritime agreement and an arrangement to establish the framework for the travel of uniformed and civilian members of the U.S. Armed Forces to Panama for security training, assistance, and operations will enable the USG and the GOP to expand their law enforcement cooperation significantly. The development of a port security project will enable Panama to take the lead in controlling its huge container traffic in order to detect and deter illicit drug and precursor chemical smuggling through Panama's ports.

Panama's law enforcement efforts would be enhanced through additional coordination between its law enforcement agencies and with U.S. counterparts. The United States will continue to work with the GOP to help strengthen Panama's law enforcement institutional capacity, particularly in training, interdiction, investigation, and prosecution. The United States will provide assistance to Panama to support criminal justice reform, as well as anticrime and anticorruption efforts. U.S. assistance will complement Panama's counternarcotics and anticrime efforts, including assistance in the areas of detecting and deterring alien smuggling and stolen vehicle trafficking. The U.S. will continue to assist the GOP in its efforts to increase its own ability to investigate and prosecute successfully money laundering cases in Panama through training and commodity assistance to the FAU. The United States will continue to work with the Ministries of Health and Education and NGOs to expand Panama's demand reduction program. Because of Panama's budgetary limits, we believe the GOP should develop new sources of funds to combat drug trafficking and abuse, such as those available through effective money laundering prosecutions, asset forfeiture, and user/license fees where appropriate. We will work with the GOP to explore how such possible funding sources can be exploited fully.

