

**CANADA, MEXICO AND  
CENTRAL AMERICA**



# Belize

## I. Summary

Belize is part of the drug trans-shipment corridor to the United States. The Government of Belize (GOB) collaborated with United States on joint counter narcotics operations and investigations in 2007 and on the apprehension and return of U.S. fugitives wanted in the United States. Belize is party to the 1988 UN Drug Convention.

## II. Status of Country

Belize's geography makes it part of the trans-shipment corridor for illicit drugs between Colombia and Mexico and the U.S. Its borders with Guatemala and Mexico, unpopulated jungles, navigable inland waterways, and unprotected coastline with hundreds of small keys and islands make it vulnerable to trafficking, while limited infrastructure and a small population hamper authorities' ability to counter the threat. The Belize Police Department (BPD), the Belize Defence Force (BDF), the International Airport Security Division, and the Belize National Coast Guard (BNCG) participate in counternarcotics efforts. Ineffective anti-money laundering legislation and weak enforcement of laws regulating offshore financial interests contributed to an increase in money laundering incidents. To date there have been no arrests and/or prosecutions in Belize for any money laundering offenses.

## III. Country Actions Against Drugs in 2007

**Policy Initiatives.** In 2007, the GOB submitted legislation requesting wider authority relative to intelligence collection and electronic intercepts as well a draft for a Chemical Precursors Control Act.

**Law Enforcement Efforts.** In 2007 the Belize Police Department (BPD), Belize Defense Force (BDF) and Belize National Coast Guard (BNCG) conducted several counternarcotics operations with USG assistance. The BPD and BDF continue joint border patrols in order to monitor illegal entry points into Belize that are also used as routes for smuggling cocaine and marijuana over land. The BDF formed a maritime unit that will be responsible for patrolling Belize' inland waterways and the BNCG continued patrolling the coastline and islands. The Belize National Forensic Science Services (NFSS) laboratory increased its technical capacity through training provided by the USG.

Seizures in 2007 include: 32.7 kilograms (kg) of cocaine, 486.2 kg of marijuana, 27,873 Marijuana plants and minor quantities of other drugs. Three thousand U.S. dollars was seized, and law enforcement made 1,167 arrests in drug cases. It is difficult to obtain convictions on drug crimes because the Public Prosecutions office lacks staff, resources and training.

**Corruption.** As a matter of policy, neither the GOB nor any senior official in the government encourages or facilitates the illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. However corruption exists, sometimes on a grand scale. In February 2007, Belize's former Ambassador to Central America, traveling on his fourteenth trip to Panama in four months (under a no longer valid diplomatic passport) was arrested and accused of bribing customs officials in Panama. Approximately \$1 million was found in his suitcase. To date there has been no official response from the GOB nor has final adjudication of the case been reported.

In June 2001, the GOB signed the OAS Inter-American Convention against Corruption. It also supported the revival of the Committee on Public Probity and Ethics to review implementation of

the convention. However Belize is not a party to the UN Convention against Corruption. No laws specifically cover narcotics-related public corruption. Although corruption in general is covered under the 1994 Prevention of Corruption in Public Life Act, the GOB takes limited legal and law enforcement measures to prevent and punish public corruption. The Act's Integrity Commission, which has powers to investigate corruption and impose civil penalties, has sanctioned no government officials despite many allegations. To date no government officials have been punished under the Act. There is no direct evidence of narcotics-related corruption within the government, but other kinds of corruption are suspected in several areas of the government and at all levels. In 2007 there were several high profile cases of conflict of interest or suspected or confirmed corruption in high levels of the government.

**Agreements and Treaties.** Belize has been a party to the 1988 UN Drug Convention since 1996. Belize is one of three countries that have ratified the Caribbean Regional Agreement on Maritime Counter Narcotics. In September 1997, the GOB signed the National Crime Information Center Pilot Project Assessment Agreement (data- and information-sharing). Bilateral agreements between the U.S. and Belize include a protocol to the Maritime Agreement that entered into force in April 2000, a bilateral Extradition Treaty that entered into force in March 2001, and the Inter-American Convention on Serving Criminal Sentences Abroad that entered into force in 2005. The U.S.—Belize Mutual Legal Assistance Treaty (MLAT) entered into force in 2003, but was not implemented by the GOB until 2005. While assistance in the capture and repatriation of U.S. fugitives is excellent (13 fugitives deported in 2007, response to other U.S. requests for assistance has been slow, and a 2005 U.S. request for clarification of the standard of review in the extradition treaty remains pending. Belize is a party to the UN Convention against Transnational Organized Crime and its Trafficking in Persons protocol. In 2005, Belize joined other Central American countries participating in the Cooperating Nations Information Exchange System (CNIES), which assists in locating, identifying, tracking and intercepting civil aircraft in Belize's airspace.

**Cultivation/Production.** A small amount of locally consumed marijuana is cultivated in small, scattered plots in Belize. There is no evidence of trafficking in precursor chemicals in Belize, nor are there industries in Belize requiring the import of precursor chemicals.

**Drug Flow/Transit and Distribution.** Cocaine is trans-shipped through Belize's territorial waters for onward shipment to the U.S. The primary means for smuggling drugs are "go-fast" boats transiting Belize's lengthy coastline and reef system, transshipment along navigable inland waterways and remote border crossings. BPD reports that in 2007 there is an increase of arrests/seizures of marijuana imported from Guatemala. Interdiction is hampered by the lack of adequate host nation resources and lax customs enforcement.

**Domestic Program/Demand Reduction.** The National Drug Abuse Control Council (NDACC) coordinates GOB's demand reduction efforts through education, counseling, rehabilitation, outreach, and a public commercial campaign. In 2007 the U.S. provided additional support for the United Nations Office against Drugs and Crime (UNODC) assessment of treatment, rehabilitation and social integration facilities for drug abusers in Belize. Through the Organization of American States' Inter-American Drug Abuse Control Commission (CICAD), the U.S. also supported school-based substance abuse prevention and life skills education.

#### **IV. U.S. Policy Initiatives and Programs**

**Bilateral Cooperation.** In 2007, the U.S. continued to assist the GOB in developing a sustainable infrastructure to combat drug trafficking and to work with them on investigations of drug trafficking. The USG provided support to the Belizean Forensic Laboratory to improve investigations and prosecution of crimes; programs for at-risk school youth and prison drug rehabilitation; and maritime security and law enforcement. The USG also provided maritime law

enforcement training to the BNCG, including courses in search and rescue, engineering and logistics, port security, small boat operations, and professional development training. Belize has a cadet attending the U.S. Coast Guard Academy as a member of the class of 2010. The USG continues to provide technical assistance for developing and implementing an appropriate legislative framework to provide the BNCG with clear authorities to interdict drugs.

**The Road Ahead.** The GOB needs to pass and implement pending legislation requesting wider authority relative to intelligence collection and electronic intercepts and a Chemical Precursors Control Act. Belize needs to adequately fund and train prosecutors in the Public Prosecutors office to reach convictions in narcotics cases.

The USG will assist the GOB to improve its maritime interdiction capabilities through training, the construction of a BNCG forward operating base in the offshore islands and donation of equipment and boats through Enduring Friendship.

# Canada

## I. Summary

Canada has an active strategy to combat illicit drug use, production and distribution, and in October 2007 launched a revised National Anti-Drug Strategy, which combines treatment and prevention with proposed tougher enforcement measures for producers and traffickers. Laws passed in the United States and Canada in recent years; including Canada's implementation of the Precursor Control Amendments to the Controlled Drugs and Substances Act in 2006 have had a significant impact on the availability of precursor chemicals in Canada. U.S.-Canadian law enforcement teams have worked closely together to disrupt drug smuggling operations, however, trafficking of marijuana and ecstasy (MDMA) continue at high levels. Canada is identified as a country of concern based on the extensive sourcing of MDMA and marijuana to the United States. Canada-United States counternarcotics co-operation is extensive and productive, but more effective Canadian action is necessary to meet ongoing enforcement objectives. Canada is party to the 1988 UN Drug Convention, and a member of the UN Commission on Narcotic Drugs.

## II. Status of Country

While Canada is primarily a drug consuming country, it is also a significant producer of high-quality marijuana and a source country for MDMA. Additionally it serves as a transit or diversion point for precursor chemicals and over-the-counter pharmaceuticals used to produce illicit synthetic drugs (notably MDMA). Commercial marijuana cultivation thrives in Canada in part because growers previously did not face strict legal punishment. The marijuana industry is becoming increasingly sophisticated, and MDMA production has reached unprecedented levels of capacity.

## III. Country Actions Against Drugs in 2007

**Policy Initiatives.** In October, 2007 the Canadian government announced a revised new National Anti-Drug Strategy, which provides an additional \$59 million over two years for treatment, a focused public awareness campaign targeted at youth, and enhanced enforcement. The new Strategy builds on and refocuses existing programs currently supported by \$358 million in annual funding. Of the new money, \$20 million is for hiring more police and prosecutors for counternarcotics teams involved in identifying and closing down grow operations and drug manufacturing sites, and enhancing the capabilities of the Canadian Border Services Agency (CBSA) to stop drugs at the border. It will also enhance the "proceeds of crime" program, which enables the seizure of funds and assets acquired through the sale of illicit drugs. Stronger enforcement is balanced with programs for drug addicts, which are discussed in the Domestic Program section of this report. The Canadian government has also introduced complementary legislation that proposes mandatory minimum prison sentences for individuals convicted of serious drug offences, including marijuana growers and producers and dealers of crystal methamphetamine and crack cocaine. The bill would set mandatory minimum terms ranging from six-months for growing one marijuana plant to two years for dealing cocaine, heroin, or methamphetamine to young people or for running a marijuana growing operation of at least 500 plants. The bill would double the maximum prison term for cannabis production from seven to fourteen years. In October 2007, the Government also introduced legislation to give police better tools to detect and investigate drug and alcohol impaired driving and to increase penalties for this offense.

**Law Enforcement Efforts.** In 2007, coordinated efforts between Canadian and United States law enforcement agencies resulted in significant interdictions of drugs arriving in Canada and the United States by air, passenger vehicle, truck, small aircraft, and ship, as well as seizures from

Canadian drug growing operations. Drugs seized include marijuana, cocaine, heroin, methamphetamine, hashish and MDMA. Some examples include a January operation where CBSA seized 100 kgs of cocaine from a tractor-trailer entering Canada from the United States; an April operation at Toronto Ontario's Pearson International Airport, where the CBSA and the RCMP seized 100 kgs of drugs worth more than \$9.2 million, one of the largest drug seizures ever at the facility; and in May, when the RCMP seized 75,000 doses of heroin worth approximately \$21.1 million at Pearson Airport and in Scarborough, a suburb of Toronto. Southeast Asia has been a more typical point of origin for smuggled heroin, raising suspicions among Canadian law enforcement officials that Colombian drug syndicates have formed an alliance with Asian crime groups to distribute heroin in Toronto.

In July, the Toronto Airport Drug Enforcement Unit broke up a cross-border smuggling ring at Pearson Airport in Ontario. Department of Homeland Security Immigration and Customs Enforcement (DHS/ICE) and the Drug Enforcement Administration (DEA) were partners in the investigation, which netted approximately 39 kgs of MDMA tablets destined for the United States, as well as 3 kgs of cocaine and 3.6 kgs of marijuana for local distribution. Also in July, cooperation between DEA, Chicago Police, and the Toronto Police Service led to the successful dismantling of a large narcotics smuggling organization that netted more than 454 kgs of marijuana with a wholesale value of over \$4 million, 38.6 kgs of cocaine, and \$350,000 in cash, and resulted in four arrests.

In addition, there have also been a number of cases of chemical trafficking. In April, the State of Maine's Drug Enforcement Agency arrested seven drug traffickers in Aroostock County for trafficking methamphetamine tablets produced in Canada.

The overall trend for 2007 law enforcement efforts was consistent with the previous two years of reasonably effective joint drug enforcement efforts against steady and diverse patterns of traffickers.

**Corruption.** Canada has strong anti-corruption controls in place and holds its officials and law enforcement personnel to a high standard of conduct. Civil servants found to be engaged in malfeasance of any kind are removed from office and are subject to prosecution. Investigations into accusations of wrongdoing and corruption by civil servants are thorough and credible. No senior government officials are known to engage in, encourage, or facilitate the illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. As a matter of government policy, Canada neither encourages nor facilitates illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions.

**Agreements and Treaties.** Canada is party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, and the 1961 UN Single Convention as amended by the 1972 Protocol. Canada is a party to the UN Corruption Convention and to the UN Convention Against Transnational Organized Crime and its protocols against migrant smuggling and trafficking in persons. Canada is also a party to the Inter-American Convention on Mutual Legal Assistance in Criminal Matters; the Inter-American Convention Against the Illicit Manufacturing of and Trafficking in Firearms, Ammunition, Explosives and Other Related Materials; and the Inter-American Convention Against Corruption. Canada actively cooperates with international partners. The U.S. and Canada exchange forfeited assets through a bilateral asset sharing agreement, and exchange information to prevent, investigate, and repress any offense against U.S. or Canadian customs laws through a Customs Mutual Assistance Agreement. Canada has in force 50 bilateral mutual legal assistance treaties and 66 extradition treaties. Judicial assistance and extradition matters between the U.S. and Canada are made through a mutual legal assistance treaty (MLAT), an extradition treaty and protocols.

**Cultivation/Production.** Although much of the marijuana produced in Canada is intended for domestic markets, and generates enormous profits for organized crime, cross-border smuggling remains a concern. Commercial marijuana cultivation thrives in Canada in part because growers previously did not face strict legal punishment. Ethnic Chinese and Vietnamese organized-crime organizations use technologically-advanced organic growing methods. Large-scale marijuana grow operations are primarily located in British Columbia, Ontario and Quebec. The Ontario Association of Chiefs of Police estimates that 85 percent of marijuana growing operations in Ontario are linked to organized crime. According to RCMP seizure data, 1,749,057 marijuana plants were seized in 2006. 2007 seizure data will not be available until August 2008. The RCMP reports the involvement of ethnic Chinese and Vietnamese organized-crime organizations in technologically-advanced organic grow methods that produce marijuana with elevated delta-9-tetrahydrocannabinol (THC) levels. The marijuana industry in Canada is becoming increasingly sophisticated, with organized crime groups relying on marijuana sales as a primary source of income and “reinvesting” the profits to finance other illicit activities. The RCMP reports that Canadian marijuana is trafficked to the United States and exchanged for currency, firearms, and cocaine. The strong presence of Indo-Canadian criminal groups in the Canadian trucking industry has resulted in reported cases of their involvement in such cross-border polydrug shipments.

The interest of organized crime in the methamphetamine trade has grown significantly since 2003. Canadian crime groups have exploited the addictive properties of methamphetamine as a means to market other synthetic substances, for example, adding methamphetamine as a secondary ingredient in MDMA tablets produced in domestic clandestine laboratories, thus reinforcing the need for effective enforcement. Canada has emerged as the primary source of supply of MDMA to both the domestic and United States markets, and to a lesser extent, to Asia. MDMA production has reached unprecedented levels of sophistication and capacity. British Columbia and Ontario continue to have the highest concentration of MDMA laboratories. Although the number of laboratories dismantled overall has declined slightly, the trend to super labs (defined as labs which produce over 5 kgs of finished product in one cycle) is clear. All of the MDMA laboratories dismantled in Canada in 2006 were super labs, some of them of factory-level capacity. Unlike in the United States, registration of pill presses is not required in Canada. However, Canada has noted the potential benefits of monitoring lab equipment in international fora, including a G-8 working group.

Laws and regulatory changes enacted in Canada and in the United States since 2003 have had a significant impact on the availability of precursor chemicals in Canada, effectively moving production of methamphetamine to Mexico, and South and Central America. However, methamphetamine production in super labs (5 kg or more per cycle) in Canada is increasing. Although the methamphetamine produced in Canada is primarily for domestic use, with some export to Asia, Canadian producers may export to the U.S. depending on regional supply and demand conditions.

**Drug Flow/Transit.** The 2007 Annual Report on Organized Crime in Canada prepared by Criminal Intelligence Service Canada indicates that there are approximately 950 organized crime groups in Canada, up from an estimated 800 in 2006, of which approximately 80 percent are involved in the illegal drug trade in some capacity. Of these, Asian crime groups, in particular Vietnamese and Indo-Canadian organizations, are the largest drug traffickers. Asian drug trafficking organizations based in Canada have experimented with new methods to evade law enforcement and expand their businesses, including the increasing use of eastern ports of entry along the Canadian border for marijuana smuggling and the establishment of indoor grow operations on the U.S. side of the border, especially in the Pacific Northwest and California.

**Domestic Programs.** Canada has embarked on a number of harm-reduction programs at the federal and local levels. In 2006, Health Canada had announced that no new government-sponsored

injection sites would be opened until additional research is completed on the single existing site in Vancouver. The Vancouver site has been in operation since 2003. On October 2, 2007, the Government of Canada extended the site's operating permit until June 30, 2008, to allow research to continue on how supervised injection sites affect prevention, treatment and crime. Several cities have also approved programs to distribute drug paraphernalia, including crack pipes, to chronic users. Delivery of demand reduction, education, treatment and rehabilitation is primarily the responsibility of the provincial and territorial governments and Health Canada provides funding for these services.

Canada's new Anti-Drug Strategy includes a new national awareness campaign targeted at youth and their parents with a strong message discouraging drug use. There is new funding for the modernization of current treatment services and for developing new treatment options and improving their availability and effectiveness, more money for the provinces and territories to expand treatment programs for addicted youth, and new funding for a National Youth Intervention Program to enable police to enroll young drug users more quickly into assessment and treatment programs instead of detention. In June, the Ontario government announced the province would allocate \$1.7 million to fight the production, trafficking, and use of crystal methamphetamine

#### **IV. U.S. Policy Initiatives and Programs**

**Bilateral Cooperation.** Through successful bi-national fora such as the Cross-Border Crime Forum (CBCF) and Project North Star, the United States and Canada have increased information sharing and joint training opportunities for federal law enforcement officials. Provincial and state governments also participate in the CBCF, as do police at the federal, state/provincial, and local levels. CBCF working groups meet throughout the year to develop joint strategies and initiatives including bi-national threat assessments and collaborative operations. U.S. and Canadian officials are also preparing the first-ever joint narcotics assessment under the auspices of the CBCF which will be released at the Spring Ministerial in 2008 as a baseline of cross-border narcotics issues and trends. Canada also regularly attends the annual National Methamphetamine Chemical Initiative (NMCI) meeting in the United States to facilitate communication and information-sharing.

Investigative cooperation continues to strengthen through the collaborative efforts of U.S. and Canadian border enforcement agencies. The implementation of the ICE-led Border Enforcement Security Task Force (BESTs) pilot program will greatly facilitate and enhance cross-border enforcement efforts at selected ports of entries along the border. BESTs will align with and serve a complimentary role to the existing Integrated Border Enforcement Teams (IBETs) by enabling comprehensive border enforcement, not only between the ports of entry (IBET), but at the ports of entry (BESTs) as well. Both programs are geared towards ensuring that criminals cannot exploit the international border to evade justice. IBETs currently operate in fifteen geographic regions along or near the U.S.-Canada border, working in an integrated land, air, and marine environment. DEA has also participated in numerous cross-border forums and seminars in 2007 at senior management levels. In May, DEA hosted the first Northern Border Drug Conference to discuss operational issues and best practices. In August, DEA hosted two RCMP Liaison Officers at its Regional Meeting and Money Laundering Conference in Costa Rica to promote the development of transnational money laundering cases. DHS/ICE continues to meet with RCMP officials, formally and informally, in furtherance of U.S. and Canadian efforts to identify, disrupt and prosecute money-laundering operations, particularly in the area of bulk currency smuggling. Canada also expanded cooperative efforts with the United States against illicit trafficking in the transit zone from South America to North America by deploying Maritime Patrol Assets in support of Joint Interagency Task Force South. U.S. Customs and Border Protection (CBP) and Canada Border Security Agency (CBSA) meet between two and four times a year as the Shared Border Accord Cooperating Committee to discuss programs and initiatives of mutual concern. Additionally, CBP

and CBSA work together through the Embassy Attachés and Country Team Managers at the Headquarters level to ensure cooperation and facilitation of mutual programs and initiatives.

In June, the Government of Canada published a proposed regulatory change to exempt foreign law enforcement and other officers from the requirement to obtain permits under the Export and Import Permits Act for their firearms and other “duty weapons” when entering and exiting Canada in the course of their duties. The Government expects to approve the regulation by the end of 2007, to be followed by negotiations with interested countries on implementation of the new rules. If successfully adopted, the change would reduce a significant regulatory impediment to cross-border law-enforcement cooperation.

**Road Ahead.** In 2008, the United States and Canada will continue to pursue joint operations against drug-trafficking organizations. The USG will look to Canada for cooperation in monitoring and tracking precursor chemical activity, interception of suspicious shipments, and addressing the rise in MDMA and methamphetamine production there. The U.S. and Canada will continue to look for ways to improve their regulatory and enforcement capacity, as well as to encourage industry compliance, to prevent diversion of precursor chemicals and lab equipment for criminal use. With much of the legal framework already in place, Canada should focus on improving the effectiveness of its inspectorate regime. Canada should also continue its efforts to identify, disrupt and prosecute money-laundering operations. U.S. and Canadian officials should explore ways to enhance cooperation in the wake of Canada’s new drug control strategy and emerging legislation, such as through the CBCF, which has proven to be an excellent vehicle for addressing these issues. For example, under the umbrella of the CBCF Border Enforcement Subgroup, the U.S. and Canada are close to an agreement on the Integrated Marine Security Operations (IMSO) program, also referred to as “Shiprider,” which would facilitate more effective maritime countermuggling efforts by cross-designating officers to operate from the vessels or aircraft of the other country; thereby, permitting a single vessel to patrol both Canadian and U.S. waters and pursue suspect vessels, closing a loophole in cross-border detection. The USG is expanding on USG-granted blanket diplomatic clearance for Canadian law enforcement officers to carry their weapons while transiting in out of U.S. waters on the Great Lakes aboard Canadian government vessels, and is seeking reciprocal treatment for U.S. federal maritime law enforcement officers to carry weapons while transiting in and out of Canadian waters. The U.S. further encourages Canada to take steps to improve its ability to expedite investigations and prosecutions. Strengthening judicial deterrents, such as increased penalties for drug use in Canada would be extremely useful in curbing the expansion of criminal organizations in Canada.

The success of the BEST program along the Southwest Border has made it ideal for replication along the Northern Border. In an effort to expand the BEST concept to the Northern Border, two locations have been identified for BEST Taskforces: Blaine, Washington, and Buffalo, New York, where current IBET locations have been established.

The U.S. supports Canada’s initiatives to increase the availability of science-based treatment programs to reduce drug use, as opposed to measures, which facilitate drug abuse in the hopes of reducing some of its harmful consequences. In order to support cooperative efforts, the United States has formally accepted Canada’s proposal for a new annual bilateral drug policy forum. This idea, first suggested by Canadian officials during a bilateral meeting at the 2007 Commission on Narcotics Drugs in Vienna, will help facilitate cooperation through the regular exchange of information, experiences and best practices.

# Costa Rica

## I. Summary

Costa Rica is an increasingly important transit point for narcotics destined for the United States and Europe. Drug seizures quadrupled during the second year of the Arias administration. Local consumption of illicit narcotics, particularly crack and cocaine, is growing at an alarming rate, along with the dramatic rise in drug related violent crimes. In 2007, the Costa Rican Counter Narcotics Institute (ICD) notably improved its coordination efforts in the areas of intelligence, demand reduction, asset seizure, and precursor chemical licensing. Costa Rica is a party to the 1988 UN Drug Convention.

## II. Status of Country

Costa Rica's position on the isthmus linking Colombia with the United States, its long Atlantic and Pacific coastlines, and its jurisdiction over the Cocos Islands make it vulnerable to drug transshipment for South American cocaine and heroin destined primarily for the United States. The Government of Costa Rica (GOCR) closely and effectively cooperates with the USG in combating narcotics trafficked by land, sea, and air. Costa Rica also has a stringent governmental licensing process for the importation and distribution of controlled precursor chemicals.

## III. Country Actions Against Drugs in 2007

**Policy Initiatives.** The Ministry of Public Security named a new Coast Guard Commander in 2007. The new leadership has aggressively addressed the serious deficiencies that have plagued the readiness of the Costa Rican Coast Guard (SNGC) through surveys prioritizing the most pressing needs, improving discipline and pride in service, repair primary interception vessels, moving assets to intercept Pacific based traffickers and addressing electronic communications problems.

**Accomplishments.** Close bilateral cooperation and improved intra-GOCR coordination yielded impressive counternarcotics successes in 2007. Costa Rican authorities seized a record 27 metric tons (MT) of cocaine, of which 13 MT were seized on land or air and 14 MT seized in joint maritime interdiction operations with U.S. law enforcement. The GOCR also seized 119,687 doses of crack cocaine, 17.6 kilograms (kg) of heroin, eradicated over 2.3 million marijuana plants and seized 4.5 tons of processed marijuana. Additionally, Costa Rican authorities seized 19,003 Ecstasy tablets (six times more than in 2006), 3.8 million pseudoephedrine tablets, and confiscated over \$7.7 million in U.S. and local currency (more than twice as much as 2006), as well as 7.4 million Euros. The 22,727 drug-related arrests made in 2007 are more than four times the amount made two years ago under the previous administration.

While no methamphetamine laboratories were detected in 2007, the GOCR has been active in trying to verify the identity of chemical precursor importers to ensure legitimacy. In at least one case, they cancelled a shipment of chemical precursors due to the non-existence of the importing company.

**Law Enforcement Efforts.** Costa Rican counternarcotics efforts are carried out by both the judicial branch (Judicial Investigative Police-OIJ) and the executive (Ministry of Public Security's Drug Control Police—PCD). The interagency Mobile Enforcement Team (MET) that include canine units, drug control police, customs police, and specialized vehicles, coordinated 24 cross-border operations with authorities in Nicaragua and Panama in 2007, meeting its goal of two deployments per month. The GOCR added nearly 1000 new police officers to its force in 2007, and plans to increase the police force by 3,000 additional officers over the next three years (for a total

of 4000 new officers since the policy was announced in 2006). Terrorist financing and reformed money laundering legislation are under consideration in the Assembly, and are expected to pass in early 2008.

**Corruption.** As a matter of policy, no senior GOCR official or the GOCR, encourages or facilitates the illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. A strict law against illicit enrichment was enacted in 2006 in response to unprecedented corruption scandals involving three ex-presidents. Although the ex-presidents' cases from 2004 have still not yet gone to trial, Costa Rica authorities appear to remain committed to combat public corruption. The GOCR aggressively investigates allegations of official corruption or abuse.

**Agreements and Treaties.** Costa Rica is a party to the 1988 UN Drug Convention, the 1961 Single Convention as amended by its 1972 Protocol, and the 1971 Convention on Psychotropic Substances. Costa Rica is also a party to the UN Convention against Transnational Organized Crime and its three protocols, the UN Convention against Corruption, the Inter-American Convention against Corruption, the Inter-American Convention on Extradition, the Inter-American Convention on Mutual Assistance in Criminal Matters, the Inter-American Convention against Terrorism, and the Inter-American Convention against Trafficking in Illegal Firearms. The 1998 bilateral Maritime Counter drug Cooperation Agreement, and its Ship-Rider program resulted in record seizures at sea during 2007. The 1991 United States-Costa Rican extradition treaty was again actively used in 2007. Costa Rica ratified a bilateral stolen vehicles treaty in 2002. . 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, but must pass a terrorist financing law before May 2008 to remain in the Egmont Group. It is a member of the Inter-American Drug Abuse Control Commission of the Organization of American States (OAS/CICAD). Costa Rica signed the Caribbean regional maritime counter narcotics agreement in April 2003, and is currently taking the final internal steps necessary to bring the agreement into force.

**Cultivation/Production.** Costa Rica produces low quality marijuana but no other illicit drug crops or synthetic drugs.

**Drug Flow/Transit.** In 2007, smaller land-based shipments of 50-500 kg of cocaine continued, along with a 400 percent increase of larger shipments (500-1000 kg). Trafficking of narcotics by maritime routes remained steady with nearly 14 MT (the same amount as last year) of cocaine seized at sea during joint GOCR-USG operations. Traffickers continue to use Costa Rican-flagged fishing boats to smuggle multi-ton shipments of drugs and to provide fuel for other go-fast boats, with an increasing emphasis on the Pacific routes. Traffickers also have increased smuggling of drugs through the postal system. Costa Rican authorities captured more than 125 kilos of cocaine that had been put in the mail, almost tripling the amount detected in 2006.

**Domestic Programs/Demand Reduction.** The Prevention Unit of the Instituto Costarricense Sobre Drogas (ICD) oversees drug prevention efforts and educational programs throughout the country. The ICD and the Ministry of Education continued to distribute updated demand-reduction materials to all school children in 2007. The MET team visited local schools during deployments, using its canines and specialized vehicles as effective emissaries for demand-reduction messages. In 2007, PCD publicized its special phone-in number (176) in their demand-reduction materials, to encourage citizens to report drug-related activity in their neighborhoods while remaining safely anonymous. As of November 2007, almost 8,000 calls had been received. The PCD considers the 176 phone-in program to be an excellent source of information that is analyzed and often leads to arrests.

#### **IV. U.S. Policy Initiatives and Programs**

**Bilateral Cooperation.** While land-based interdiction, especially border checkpoints, remains important to U.S. strategy, U.S. assistance has focused resources on interdicting maritime-based narcotics shipments. The U.S. supported the SNGC's reorganization and efforts to improve interdiction by providing technical assistance and equipment. The U.S. is also supporting reforms in police training.

**The Road Ahead.** In the year ahead, Costa Rica intends to attack maritime trafficking both through its own direct efforts and through continued collaboration with the USG. The GOCCR also plans to deploy its MET interdiction team twice a month to address land-based interdiction, especially at border inspection points. The projected increase in number and improved training of police will enable the GOCCR to more successfully fight crime, including trafficking.

# El Salvador

## I. Summary

El Salvador is a transit country for cocaine and heroin smuggled from South America by land and sea to the United States via Mexico. In 2007, the National Police (PNC) seized 261 kilograms (kg) of marijuana and over 4 metric tons (MT) of cocaine. While El Salvador is not a major financial center, in 2007 the government seized \$1,437,448 worth of assets stemming from drug-related crime. El Salvador is party to the 1988 UN Drug Convention.

## II. Status of Country

El Salvador's territorial waters include eastern Pacific smuggling routes for cocaine and heroin; the country also serves as a transit point for narcotics moving over land towards Mexico and the United States. El Salvador hosts a Cooperative Security Location crucial to regional detection and interception efforts. Transnational street gangs are not major narcotics trafficking organizations, per se, but are involved in street level drug sales. Neither production/transit of precursor chemicals nor illicit trading in bulk ephedrine and pseudoephedrine are significant problems. However investigations by El Salvador authorities suggest that some diversion of these substances has been attempted.

## III. Country Actions Against Drugs in 2007

**Policy Initiatives.** In 2007 the government of El Salvador (GOES) targeted maritime trafficking along its coastline and overland transit routes, as well as narcotics-related money laundering operations. The Financial Investigative Unit (FIU) of the Attorney General's office monitored suspicious financial activity and investigated suspected instances of money laundering and associated financial crime resulting in the seizure of assets valued at \$1.4 million.

The GOES also fielded a special organized crime unit featuring embedded prosecutors and police investigators, and also undertook cooperative police and judicial actions to increase cooperation between prosecutors and the police.

The Anti-Narcotics Division (DAN) of the National Civilian Police (PNC) focused on overland transportation, commercial air, package delivery services, and maritime transportation in the Gulf of Fonseca resulting in seizure of 4 MT of cocaine. DAN, while competent and proactive, is, nonetheless, hampered by funding shortfalls and legal impediments against wiretapping.

The new Transnational Anti-gang Unit (TAG) was inaugurated in 2007, and received USG equipment and Federal law enforcement technical assistance. It will focus on street-level narcotics distribution and related violence and will investigate gang activity and orchestrate bilateral law enforcement activities.

**Law Enforcement Efforts.** In 2007, GOES law enforcement focused on targets of mutual interest to both the United States and El Salvador. Salvadoran police investigators and prosecutors shared law enforcement intelligence and coordinated operations with USG counterparts resulting in successful operations. For instance, Salvadoran customs and law enforcement entities stationed at El Amatillo border crossing with Honduras used the USG-supported Containerized Freight Tracking System (CFTS) to inspect commercial and passenger vehicles, inspecting 10,714 commercial freight trucks, 13,601 passenger buses, and 11,705 passenger vehicles. These inspections yielded 1.9 kg of seized cocaine, as well as the arrests of 40 individuals for trafficking offenses, but, according to the PNC, the most important impact was the deterrent effect. Overall in

2007, the National Civilian Police (PNC) seized a total of 261 kg of marijuana and 4 MT of cocaine.

**Corruption.** The GOES does not as a matter of policy encourage or facilitate illicit production or distribution of narcotics, psychotropic drugs, or other controlled substances, nor does it launder proceeds from illegal drug transactions. No senior Salvadoran government officials are known to engage in, encourage, or facilitate the illicit production or distribution of drugs, nor the laundering of proceeds from illicit drug transactions. Salvadoran law severely penalizes abuse of an official position in relation to the commission of a drug offense, including accepting or receiving money or other benefits in exchange for an act of commission or omission relating to official duties. The PNC's Internal Affairs Unit and the Attorney General's Office investigate and prosecute GOES officials for corruption and abuse of authority. El Salvador is a party to the Inter-American Convention against Corruption, and to the UN Convention against Corruption.

**Agreements and Treaties.** El Salvador is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances; the 1961 UN Single Convention as amended by the 1972 Protocol; the Central American convention for the Prevention of Money Laundering Related to Drug-Trafficking and Similar Crimes; the UN Convention against Transnational Organized Crime and its three protocols, and the UN Convention against Corruption. El Salvador is also a party to the Inter American Convention against Corruption, the Inter American Convention on Extradition, and Inter American Convention on Mutual Assistance in Criminal Matters. The 1911 extradition treaty between the United States and El Salvador does not provide a workable extradition regime for most crimes, and the constitutional prohibition of life imprisonment is an obstacle to negotiating a new bilateral extradition treaty. However narcotics offenses are extraditable crimes by virtue of El Salvador's ratification of the 1988 UN Drug Convention.

**Cultivation/Production.** Local growers cultivate small quantities of marijuana in the mountainous regions along the border with Guatemala and Honduras for domestic consumption.

**Drug Flow/Transit.** Heroin and cocaine smuggled through the Eastern Pacific transit routes along El Salvador's coastline. Traffickers using go-fast boats and commercial vessels smuggle narcotics through adjacent international and Salvadoran waters. Land transit of cocaine and heroin from Colombia is typically through El Salvador on the Pan-American Highway. Most drugs transiting over land are carried in the luggage of commercial bus passengers and in hidden compartments inside commercial tractor-trailers traveling north to Guatemala.

**Domestic Programs (Demand Reduction).** Several government agencies implement GOES demand reduction programs. The Ministry of Education provides lifestyle and drug prevention courses in public schools, and also sponsors after-school activities. The PNC operates a D.A.R.E. (Drug Abuse Resistance Education) program modeled on the U.S. program. The Ministries of Governance and Transportation have units that advocate drug-free lifestyles. The Public Security Council (Consejo Nacional de Seguridad Publica) promotes gang member demobilization, and actively sponsors substance abuse prevention outreach towards El Salvador's gang population. A USG-supported Salvadoran NGO works with the GOES to provide substance abuse awareness, counseling, rehabilitation, and reinsertion services to the public, including programs directed towards gang members. In 2007 this NGO provided demand reduction outreach to 3,450 individuals, as well as addiction treatment to 367 patients. EL Salvador also has numerous local faith-based demand reduction programs, as well as counseling programs administered by recovering addicts.

#### IV. U.S. Policy Initiatives and Programs

**Policy Initiatives.** The primary focus of U.S. assistance is increasing the operational capacity of Salvadoran law enforcement agencies to interdict illicit narcotics shipments, and to combat

narcotics-related money laundering, financial crime, and public corruption. Promoting transparency, efficiency, and institutional respect for human and civil rights within Salvadoran law enforcement organizations and the criminal justice system are also at the forefront of the U.S. assistance agenda. U.S. efforts to combat transnational gangs also help to mitigate the corrosive impact of street-level drug sales, narcotics consumption, and related violence.

**Bilateral Cooperation.** The USG works closely with the PNC Anti-narcotics Division (DAN). The U.S. provided funding for operational support to the joint DEA and PNC DAN high profile crimes unit (GEAN), as well as training and logistical assistance to various DAN entities. The two countries also work to target narcotics-related money laundering through the PNC financial crime unit and the federal prosecutor's Financial Investigation Unit (FIU). The U.S. is working to establish stronger ties to federal banking regulators and the local banking association regarding issues relating to drug trafficking and money laundering. The United States also funded training and travel related to airport security, money laundering, maritime boarding operations, law enforcement and professional development, crisis management, and anti-gang measures. Other regional and in-country USG assets include the International Law Enforcement Academy (ILEA) and appropriate U.S. military and Coast Guard personnel training, assistance, and logistical support for Salvadoran counterparts. A Regional Gangs Advisor for El Salvador, Honduras and Guatemala was hired in late 2007 and will begin work in January 2008.

**Road Ahead.** To enhance the GOES ability to prosecute and convict criminals, the United States will continue to provide training and support to Salvadoran law enforcement institutions to enhance operational and investigative capacity and increase prosecutorial capacity. Automated fingerprint analysis and computerized database sharing will significantly increase GOES ability to solve crimes and convict criminals. Additional information sharing among the police, prosecutors, financial regulators, and the banking industry will also facilitate more effective trafficking, money laundering, and financial crime investigations. Establishment of a civil asset forfeiture regime as well as passage of a wiretap statute would also strengthen GOES ability to investigate and prosecute criminal activity.

# Guatemala

## I. Summary

Guatemala is a major transshipment point for South American cocaine and heroin destined for the United States via Mexico. While not a major producing country, poppy cultivation has increased in recent years. Guatemalan law enforcement also struggles against the significant influence of narcotics trafficking organizations in some regions of the country.

The Government of Guatemala's (GOG) attempts to address drug trafficking have been hampered by narcotics-related corruption, a major concern for the U.S. However in 2007, the GOG took significant steps to counter the influence of organized crime, such as firing corrupt police and establishing the International Commission Against Impunity in Guatemala (CICIG). Guatemala is a party to the 1988 UN drug convention.

## II. Status of Country

Guatemala is a major transshipment point for South American cocaine and heroin destined for the United States via Mexico, increasingly by maritime routes. Poppy cultivation, while still low, has increased in recent years, and is monitored and eradicated.

GOG agencies, military, and police have limited ability to control the narcotics problem. Corruption, lack of adequate financing, distrust of the government, and weak institutions create an environment that narco-trafficking cartels exploit to their advantage. A new administration took office in January.

## III. Country Actions Against Drugs in 2007

**Policy Initiatives.** The Guatemalan government strengthened the rule of law through ratification of the CICIG, establishing an autonomous forensics lab, putting the Organized Crime bill into effect, drafting a comprehensive extradition law, and appointing special judges to issue warrants in sensitive cases. The CICIG will address human rights abuses and also investigate the participation of government entities in crime when it becomes operational.

The Guatemalan Congress passed a law in 2007, creating the Autonomous Forensic Laboratory Institute (INACIF). This will enhance the ability of the police, prosecutors and the courts to use forensic evidence in criminal prosecutions. Until the creation of this lab, the Guatemalan judiciary relied almost solely on witness testimony.

A new extradition law was proposed in 2007 that would solidify a currently disjointed set of extradition laws into a single statute and streamline the process for extraditing criminals, including Guatemalan nationals, to the United States. It is on the agenda for consideration by the congress in 2008. Regulations for implementing last year's Organized Crime bill are now in place.

In September 2007, the Guatemalan Supreme Court approved the appointment of twelve itinerant judges with nation-wide jurisdiction to issue sensitive search warrants in narcotics and money laundering cases. This will provide the timely issuance of search warrants and reduce the threat of leaks of information and corruption that had previously undermined narcotics investigations.

**Law Enforcement Efforts.** Land interdiction, while improved in 2007, is not yet satisfactory. Seizures in 2007 total 730 kg of cocaine. Some lag is due to a purge of the narcotics police in late 2005, and the need to re-staff, vet and train new officers. The police in general are suspected of corruption at many levels. The GOG has attempted to correct this by purging the police of corrupt officers. 1,215 police officers were removed from the police in 2007, primarily for corruption. In

late 2007, the GOG changed the leadership of their counter narcotics effort (the Chief of the Service of Anti Drug Intelligence, SAIA).

The Division of Ports Inspection (DIPA), the police branch responsible for protecting Guatemala's borders and ports, continues to improve its interdiction in the airports, but there have been less satisfactory results at borders and ports. DIPA leadership was also recently changed due to the lack of results.

Guatemala assigned various military units to the northern Peten area. While there is no empirical evidence to show a reduced rate in trafficking, the presence of these units may have disrupted narco-trafficking operations.

GOG cooperation has been excellent with regard to maritime counternarcotics operations. The government has responded rapidly to grant permission for U.S. interventions in Guatemalan-flagged or crewed vessels or Guatemalan waters. As of November 2007 U.S. forces, with Guatemalan and other Central American countries' cooperation, seized nearly 160 tons of cocaine. Both land and maritime interdictions are expected to improve when the combined information sharing system (CRADIC) is fully functioning in 2008.

**Corruption.** As a matter of policy, the Government of Guatemala and its most senior officials do not encourage or facilitate the production, processing, or shipment of narcotic and psychotropic drugs or other controlled substances, and do not discourage the investigation or prosecution of such acts. However in practice, there is corruption of some police, judges and other public officials, especially at the local level. This has been fostered and exploited by narcotics traffickers. During 2007, the Ministry of Government fired hundreds of police officers, including many from the antinarcotics and port security units, to weed out corrupt officials. Despite the serious GOG steps to address narcotics-related corruption, the severity of the problem continues to hamper law enforcement actions against organized crime. In February, three visiting Central American parliamentarians and their driver were murdered, and the murder was tracked to Guatemalan police officers. The police officers were arrested and, subsequently, were themselves murdered while being held in prison before trial. This is a strong indication of infiltration by organized crime in the criminal justice system.

**Agreements and Treaties.** Guatemala is a party to the 1961 UN Single Convention and its 1972 Protocol; the 1971 UN Convention on Psychotropic Substances; the 1988 UN Drug Convention; the Central American Commission for the Eradication of Production, Traffic, Consumption and Illicit Use of Psychotropic Drugs and Substances; and the Central American Treaty on Joint Legal Assistance for Penal Issues. Guatemala is a party to the UN Convention against Transnational Organized Crime and its three protocols. A maritime counternarcotics agreement with the U.S. is not yet in force. Guatemala also is a party to the Inter-American Convention Against Corruption, and the Inter-American Convention on Mutual Assistance in Criminal Matters. In addition, Guatemala ratified the Inter-American Mutual Legal Assistance Convention, and is a party to the Inter-American Drug Abuse Control Commission (an entity of the OAS).

The extradition treaty between the GOG and the USG dates from 1903. A supplemental extradition treaty adding narcotics offenses to the list of extraditable offenses was adopted in 1940. All U.S. requests for extradition in drug cases are consolidated in specialized courts located in Guatemala City. In 2007, the GOG extradited three Guatemalan citizens to the U.S. for narcotics offenses.

**Cultivation and Production.** Guatemala is fighting against a return to past levels of opium poppy cultivation. There is no systematic estimate, but observation flights suggest that cultivation has increased to between 600 and 800 hectares. GOG authorities, with USG support, destroyed 449 hectares of opium poppy in four large-scale eradication missions involving police and military

units in 2007. It was estimated that 300 hectares remain to be destroyed. A limited amount of poor quality cannabis is grown for the local market.

**Drug Flow/Transit.** Air transport plays a role in transshipment through Guatemala, especially through the Peten to the Mexican border. However, it is estimated that more than 80 percent of South American cocaine derivatives that pass through the country come through maritime routes. Maritime drug transit to Guatemala continues to rely heavily on mother ships working in concert with fishing vessels positioned beyond the 12 mile territorial waters limit. Smaller fishing vessels also smuggle the loads into the many ports and estuaries along Guatemala's Pacific coast, where it is broken down into smaller loads for transit to Mexico en route to the U.S. DEA information suggests that Guatemalan opium gum is shipped into Mexico, and then processed into heroin for onward shipment to markets in the United States and Europe.

**Domestic Programs/Demand Reduction.** In 2007, Guatemala's Demand Reduction Agency, SECCATID, integrated anti-addiction components of the National Program of Preventive Education (PRONEPI) into all parts of the national K-12 curriculum. In August, NAS and SECCATID held a regional conference on the establishment and support of social networks to implement demand reduction programs. The outcome was a proposal to use the internet for continued best-practice sharing, activity coordination, and as a functional directory of Guatemalan demand reduction organizations.

In cooperation with the INL Demand Reduction program, the GOG's Model Precinct Program in Villa Nueva began a Police Athletic League as an adjunct to its community policing strategy. The League targets at-risk youth and provides, in addition to a safe and healthy environment, information on and links to the broader network of prevention, treatment, and social support available within Guatemala.

#### IV. U.S. Policy Initiatives and Programs

**Policy Initiatives.** U.S. policy is to strengthen the law enforcement and judicial sectors' capacity to combat organized crime and drug trafficking through four programs. The Narcotics and Law Enforcement Project supports the GOG's counternarcotics institutions and focuses on enhancing the investigative and operational capacity of the Guatemalan law enforcement through training, technical assistance and equipment, including anti-corruption measures.

**Bilateral Cooperation.** The Narcotics Prosecutor Assistance Project enhances the capacity of the Public Ministry's special prosecutors unit to win convictions against narcotics, money laundering and corruption crimes through improved case development and processing, as well as improving the GOG's capacity to effectively and transparently prosecute criminals while respecting internationally recognized human rights.

The Demand Reduction and Public Awareness Project supports the Executive Secretariat for the Commission Against Addiction and Drug Trafficking's (SECCATID) efforts to address the threat that growing drug abuse poses through equipment and technical assistance.

The Law Enforcement Development Project develops PNC's capability to implement effective community-level policing for effective and efficient investigations and patrolling, increase effectiveness of the Internal Inspection Unit and the Office of Professional Responsibility, and supports its implementation of an effective intelligence/analysis unit (CRADIC).

**The Road Ahead.** The U.S. has urged the GOG to take urgent steps to impede the flow of cocaine through its territory and to increase the capacity of the Public Ministry's special prosecutors unit to win convictions in narcotics, money laundering and corruption crimes. The U.S. will support GOG efforts to implement effective procedures to use and share seized assets and enhance controls over precursor chemicals, and will provide training in building complex cases against organized crime

and gangs and provide assistance to the Internal Inspection/Office of Professional Responsibility and internal audits and investigations to help decrease corruption.

Anti-narcotics forces will have two new tools in 2008. These include an Automated Fingerprint Identification System that will more effectively solve cases, identify gang members, and provide appropriate information to neighboring countries regarding the identification of transnational criminals. The USG will also provide four Huey II helicopters, training for pilots and maintenance crews, Quick Reaction Force (QRF) and logistical support training to provide the GOG with the capacity to launch missions in support of counternarcotics operations.

# Honduras

## I. Summary

The Government of Honduras (GOH) cooperates with the United States in investigating and interdicting narcotics trafficking, and, in 2007, combined operations resulted in an increase of maritime vessels searched and joint prosecutions. However, Honduras's lack of financial resources, institutional and leadership challenges and corruption weaken efforts to adequately address transshipment of cocaine and heroin from South America to the United States and Europe. Honduras is a party to the 1988 United Nations Drug Convention.

## II. Status of Country

Honduras is affected by drug trafficking in a number of different ways. It is increasingly a transshipment point for cocaine and heroin destined for the United States. For example, flight tracking shows an increase in transit, as narcotics traffickers shift some of their operations from Guatemala to Honduras. Honduran fishing boats are being utilized for smuggling cocaine or for logistical support of drug laden boats heading north. However, the GOH's ability to catch and convict traffickers is limited by a number of factors, including sparsely populated and isolated jungle regions, limited resources, corruption, and poor control of the north coast and eastern border. It is also affected by violent gangs, which are involved in retail street-level drug distribution. Finally, reports indicate small amounts of marijuana grown in the center of the country, and a more recent challenge of increased diversion of pseudoephedrine.

## III. Country Actions Against Drugs in 2007

**Policy Initiatives.** The Honduran Congress continues to debate reforms to the Organic Police Law, first introduced in 2006 that would strengthen the police units and Internal Affairs. These reforms would allow for mandatory polygraph exams and drug tests on all police officers, permit the removal of police with links to gangs and organized crime, and give the authority to terminate police officials who have committed crimes. These reforms are expected to be considered in 2008. An amendment to the Transparency Law, which will allow public scrutiny of government actions, was passed in May 2007. Implementation is pending approval of by-laws.

As part of a plan to improve the National Police, the force added 2,000 police officers, decentralized some police commands, and plans to conduct polygraph tests on all applicants to the police academy once the new changes to the Organic Law are passed. The Ministry of Security increased the use of motorcycle patrols to respond to citizen calls for assistance and crime scenes more efficiently and reduce fuel use.

**Law Enforcement Efforts.** During 2007, the National Police of Honduras seized nearly 6 metric tons (MT) of cocaine, 3.5 kilograms (kg) of crack cocaine rocks, 1.7 MT of marijuana, and 1 kg of heroin. With USG assistance, the GOH continued to expand maritime interdiction, particularly on the north coast. In one such operation, the Honduran Navy and the U.S. Coast Guard (USCG) seized 2 MT of cocaine from a Honduran flagged vessel in April. GOH authorities arrested 789 persons for drug-related offenses and seized over \$1 million in cash and over \$10 million in assets as a result of joint operations. Honduras continued to participate in the USG interagency counternarcotics "Operation All Inclusive."

The USG and Honduras increased their collaboration in the fight against traffickers. The GOH Organized Crime Prosecutor collaborated with the U.S. Attorney's Offices in U.S. investigations of Honduran traffickers, increasing joint prosecutions that focused on higher level traffickers.

However, prosecutions in Honduras are still hampered by judicial corruption, inefficiency, overwhelming caseloads and funding constraints.

**Corruption.** As a matter of policy, the GOH does not facilitate the production, processing, or shipment of narcotic and psychotropic drugs or other controlled substances. While legal measures are in place to prevent and punish public officials, enforcement is sporadic and convictions are rare. However, public corruption is a problem in Honduras, including police and the judiciary. The GOH reports that drug trafficking and other organized crime activities are directed from the prisons and by current and former government and military officials.

**Agreements and Treaties.** Honduras has counternarcotics agreements with the United States, Belize, Colombia, Jamaica, Mexico, Venezuela, and Spain. Honduras is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, and the 1961 UN Single Convention as amended by its 1972 Protocol. The major public maritime ports are in compliance with International Ship and Port Facility Security codes and the country is an active member of the Inter-American Drug Abuse Control Commission (CICAD). Honduras is a party to the Inter-American Convention against Corruption, the UN Convention against Corruption, the Inter-American Convention against Corruption, the UN Convention against Transnational Organized Crime, and the Inter American Convention on Mutual Assistance in Criminal Matters. A U.S.-Honduras maritime counternarcotics agreement entered into force in 2001 and a bilateral extradition treaty is in force between the United States and Honduras. Honduras signed the multilateral Caribbean Maritime Counter Drug Agreement in 2003, but has not yet ratified it. A Declaration of Principle was signed between the United States and Honduras on December 15, 2005 as part of the Container Security Initiative (CSI) for the inspection of sea-going cargo destined to the United States and other countries.

**Cultivation and Production.** Marijuana is cultivated in Honduras in small isolated plots, especially the mountainous regions of the Departments of Copan, Yoro, Santa Barbara, Colon, Olancho, and Francisco Morazan. There are reports of clandestine laboratories that produce methamphetamine in Honduras. The GOH has evidence showing an increase in the diversion of pseudoephedrine.

**Drug Flow and Transit.** South American cocaine destined for the United States and, to a lesser extent, to Europe transits Honduras by land, sea, and air. Remote and isolated areas, particularly on the north coast, are a natural safe haven for traffickers, who refuel maritime assets and effect boat-to-boat transfers. Aircraft are also used to smuggle cocaine. Heroin is believed to be transported through Honduras to the United States in small quantities. There is an increase in the diversion of precursor chemicals used to manufacture methamphetamines.

**Domestic Programs.** The government's Honduran Institute for the Prevention of Alcoholism and Drug Addiction (IHADFA) works in the areas of research, prevention, treatment and rehabilitation. Numerous church groups and NGOs have drug prevention and rehabilitation projects. Increased drug use and street level trafficking by gang members, who target young children, is a growing concern.

#### IV. U.S. Policy Initiatives and Programs

**Bilateral Cooperation.** The U.S. supports the Special Vetted Unit that targets major traffickers operating in Honduras; Frontier Police interdiction; canine units; and a consolidated information center. It also supports anti-corruption programs within the Ministry of Public Security by providing funding and logistical support to the National Police Internal Affairs Office. The U.S. also supports the Container Security Initiative ports program and Honduran participation in a regional port-security training course. In 2007 the GOH established a new military base and two task forces on the north coast that will strengthen government presence in what is a major

transshipment area. Through the “Beyond the Horizons” project, the USG will upgrade the facilities at the new Naval Base in Barra de Caratasca and at Joint Task Force Policarpo Paz Garcia in Puerto Lempira.

**The Road Ahead.** The GOH plans to improve police operations with a focus on police academy reforms, improved communications and anti-corruption measures, including the pending Organic Police Law. The Ministry of Security will also focus on improving the prison system with U.S. assistance and dismantling criminal organizations working from within the penitentiaries. Trafficking will be addressed with a focus on capturing the high level criminals that arrange for drug trafficking and increased inspections through the Container Security Initiative (CSI), Secure Freight Initiative (SFI) and the new Mega-ports Initiative.

# Mexico

## I. Summary

In 2007, Mexico made unprecedented efforts and achieved unprecedented results in attacking the corrosive effects of drug trafficking and consumption during the first complete year of the Calderon Administration. In the first weeks of his administration, President Calderon launched aggressive operations across Mexico to reassert control over areas that had fallen under the virtual dominion of drug cartels. Mexican authorities extradited a record 83 fugitives to the United States, including the leader of the Gulf Cartel. Among the many important successes registered by law enforcement authorities was the seizure of over \$200 million in cash from a methamphetamine precursor operator, and the seizure of over 48 metric tons (MT) of cocaine (more than twice the amount seized during 2006). Although the Government of Mexico (GOM) continued to eradicate opium poppy and marijuana, total cultivation rose. The GOM greatly reduced the amount of imports of methamphetamine precursors in 2007, and implemented new regulations that will eliminate imports in 2008. Mexico will eliminate the commercial sale of final products containing methamphetamine precursors in 2009. In October, the Presidents of Mexico and the United States announced the Merida Initiative, a historic plan to achieve deeper and stronger law enforcement cooperation. Mexico is party to the 1988 UN Drug Convention.

## II. Status of Country

Mexico is a major transit and source country for illicit drugs reaching the United States. Roughly 90 percent of all cocaine consumed in the United States transits Mexico, and the country is a major source of heroin, methamphetamines and marijuana, as well as a primary placement point for narcotics-derived criminal proceeds from the U.S. into the international financial system.

The trafficking of drugs, precursors, arms, persons and contraband has had serious repercussions for Mexican society. Upon taking office, President Calderon initiated operational surges across the country, targeting drug trafficking and the related violence. He employed the Mexican military in these efforts, re-establishing federal control over areas that had been under the influence of drug trafficking organizations (DTOs). The cartels resisted the law enforcement offensive, and turf battles broke out among drug lords, leading to increased violence. Reliable sources estimate that there were between 2,300 and 2,600 drug-related killings in 2007 (as compared to 2,000 in 2006). In addition, DTOs targeted high-level GOM law enforcement officials by DTOs. For example, Jose Nemesio Lugo, Deputy Director of the PGR's National Center for Analysis, Planning and Intelligence against Organized Crime (CENAPI), was killed May 14, and Omar Ramirez, the police commander of a special investigative unit, was killed September 12. While Mexican DTOs continue to control domestic drug production and trafficking, as well as the laundering of drug proceeds, it is clear that other nationalities (such as Colombians and Venezuelans) play an important role in drug trafficking in Mexico, as facilitators, transporters and sources of supply for cocaine and heroin.

## III. Country Actions Against Drugs in 2007

**Policy Initiatives.** Since entering office in December 2006, President Calderon has demonstrated an unprecedented commitment to improving public security by launching aggressive counternarcotics operations in 11 states, and significantly boosting investment in the nation's security forces, promising to make Mexico's security institutions more effective. Moreover, the GOM's law enforcement agencies (LEAs) have strengthened their cooperation with U.S. Government (USG) LEAs. In October 2007, the GOM and USG announced the Merida Initiative,

which – if approved by the U.S. Congress – would provide an unprecedented level of USG support to Mexico’s fight against the common threat of transnational criminal activity. The GOM’s initiatives include:

-- Professionalization of the Federal Police: Genaro Garcia Luna (Secretary for Public Security—SSP) began to restructure the federal police into an entity that is more effective and trustworthy. In June, he replaced 284 Federal Preventative Police (PFP) and Federal Investigative Agency (AFI) commanders, including all 34 regional PFP coordinators. SSP will soon have the means to vet its entire force, as well as many units drawn from state and municipal police, to stem corruption.

-- Creation of “Platforma Mexico”: The SSP also launched the multi-year, billion-dollar initiative that will establish real-time interconnectivity among all levels of police and prosecutors and support a national crime database.

-- Legal Reforms: Calderon has submitted a package of legal and Constitutional reforms to Mexico’s Congress to unify the federal police into one force, and allow it to investigate proactively, increase the discretion of prosecutors to improve prosecutions and modify the code of criminal procedures to establish enhanced due process protections and more transparent processes, including a greater reliance on oral trials.

-- Regional Security Plan: The GOM has also worked with the governments in Central America and Colombia to craft a comprehensive regional security strategy that would improve interdiction throughout the region.

Mexico also worked multilaterally to promote efficient and effective counternarcotics and anti-corruption policies. During 2007, Mexico chaired the Working Group on Precursor Chemical and Pharmaceutical Control within the Inter-American Drug Abuse Control Commission of the Organization of American States (OAS/CICAD), providing leadership in regional efforts to control precursor diversion.

**Accomplishments.** Significant Mexican counternarcotics enforcement actions in 2007 included sophisticated organized crime investigations, marijuana and poppy eradication, strong bilateral cooperation on drug interdiction and arrests of several major drug traffickers, in Mexico and the U.S. including: Zhenli Ye Gon, a major methamphetamine trafficker; Carlos de la Cruz and Alfredo Beltran, Gulf Cartel chieftains; and, Sandra Avila, known as the “Queen of the Pacific.”

**Law Enforcement Efforts.** Mexican law enforcement interdicted over 48 MT of cocaine; 2,174 MT of marijuana; 292 kgs of opium gum; 298 kgs of heroin; and, 899 kgs of methamphetamine in 2007. The record interdiction of illicit drugs in 2007 was complemented by the seizure of 6,310 illegal firearms and the arrest of 19,384 persons on drug-related charges, including 19,120 Mexicans and 264 foreigners. According to the Mexican Attorney General’s Office (PGR), 26 drug processing laboratories were dismantled in Mexico during 2007; DEA reports that nine of these were classified as methamphetamine “super labs” (i.e., having a production capacity of 10 pounds or more per processing cycle).

**Corruption.** As a matter of policy, the GOM does not encourage nor facilitate the illicit production or distribution of narcotic or psychotropic drugs or any other controlled substances, nor the laundering of money derived from illicit drug transactions. During 2007, the Calderon Administration strictly targeted corruption within the federal government. Each year, the underlying causes of corruption diminish, as better pay and benefits are provided, better selection criteria are employed for new employees, and more modern investigative techniques are applied. In 2007, the Secretariat of Public Administration (SFP, which investigates corruption across the federal government) reported that 6,253 inquiries and investigations into possible malfeasance or misconduct by 4,877 federal employees resulted in the dismissal of 410 federal employees, the dismissal of an additional 1,023 employees with re-employment restrictions, the suspension of

1,664 employees, 2,173 reprimands and the issuance of 9 letters of warning. In addition, 974 economic sanctions were imposed which resulted in more than \$273 million in fines and reimbursements into the Treasury.

**Agreements and Treaties.** Mexico is party to the 1961 UN Single, as amended by the 1972 Protocol, the 1971 UN Convention on Psychotropic Substances, and the 1988 UN Drug Convention. Mexico also subscribes to regional counternarcotics commitments, including the 1996 Anti-Drug Strategy in the Hemisphere and the 1990 Declaration of Ixtapa. Mexico is a party to the UN Convention Against Corruption and the UN Convention Against Transnational Organized Crime and its three protocols. Mexico is also a party to the Inter-American Convention Against Corruption.

The current U.S.-Mexico bilateral extradition treaty has been in force since 1980. The 2001 Protocol to this Treaty allows for the temporary surrender for trial of fugitives serving a sentence in one country but wanted on criminal charges in the other. The United States and Mexico cooperate in judicial assistance matters under a bilateral mutual legal assistance treaty. In addition, Mexico is a party to the Inter-American Convention on Mutual Assistance in Criminal Matters.

**Extradition and Mutual Legal Assistance.** In 2007, Mexican authorities extradited 83 fugitives to the United States, twenty more than in 2006. For the first time, Mexico extradited several high-level traffickers (including Osiel Cardenas Guillen, the leader of the Gulf cartel) whose extradition had been delayed due to judicial appeals or pending Mexican charges. Some 30 of those extradited in 2007 were wanted in the United States for narcotics trafficking and related money laundering offenses; 64 were Mexican citizens. Recent decisions of the Mexican Supreme Court of Justice have facilitated extraditions, but the process is lengthy and complex.

In addition to the record number of extraditions, USG and Mexican LEAs regularly coordinate to deport or otherwise expel numerous fugitives to the United States. During 2007, Mexican authorities—in cooperation with the U.S. Marshals Service and the Federal Bureau of Investigation—deported 163 non-Mexican fugitives (mostly U.S. nationals) to the United States to stand trial or serve sentences. Many of these fugitives were wanted on U.S. drug charges.

**Cultivation and Production.** In 2007, the Mexican military assumed sole responsibility for eradicating two illicit crops—marijuana and opium poppy—cultivated within Mexico. The majority of the marijuana produced in Mexico enters the U.S. market. GOM data indicated that overall eradication of marijuana (21,357 ha) declined in 2007 from 2006 levels. The GOM also reported eradicating 11,046 ha of opium poppy in 2007, another decrease from 2006 levels. The decline in the rates of eradication is at least in part due to the realignment of responsibilities for aerial eradication. The PGR ceased its eradication flights in December 2006, and the subsequent rate of aerial eradication by the military has been slow.

**Drug Flow and Transit.** Cocaine arriving in Mexico by land, sea and air routes is often transferred overland to the U.S. land border in commercial trucks with hidden compartments, or concealed within legitimate cargo. For example, Mexican authorities seized two cocaine shipments in October—an 11.7 ton shipment on October 5 in Tampico, and a record-breaking 23.5 ton shipment on October 30 in Manzanillo, both shipments were concealed in shipping containers. Traffickers also began using small jet aircraft for transporting narcotics, such as the use of leased Gulfstream long-range business jets, as modes of transport. Four such aircraft were involved in smuggling cocaine into Mexico from Venezuela and Colombia, one of which crashed near Cancun on September 24, resulting in the seizure of 3.3 MT of cocaine at the crash site. Shipment of cocaine to Europe is increasing.

Although cocaine trafficking through Mexican territory is clearly controlled by major Mexican DTOs, trafficking in heroin is dispersed and fragmented. Heroin production is controlled by opium

farmers, heroin processors, small-scale trafficking groups operating independently or with mutually supportive businesses. In many instances, farmers sell their opium harvest to a trafficker with access to heroin processors and distribution networks. Of the 298 kgs of heroin seized in 2007 by Mexican officials, close to nine-tenths were confiscated in Sonora, Chihuahua and the Federal District. Outbound smuggling of heroin mostly occurs through international airports via couriers or in cargo.

Despite efforts by the Mexican Government to restrict the licit entry of its precursors, the manufacture and trafficking of methamphetamine continued to be significant in 2007. Methamphetamine seizures increased to 899 kgs nationwide compared to 621 kgs in 2006, and production and trafficking were dispersed throughout the country. Special law enforcement operations targeting precursors were particularly effective. Several seizures of a half-ton or more of precursors took place at the Mexico City airport, and other important seizures were registered in Cancun, Guadalajara and Manzanillo.

**Domestic Programs.** Domestic drug use is rising in Mexico. The two populations most at risk are teenagers and senior citizens. Teenagers most commonly use marijuana, followed by cocaine, methamphetamine and such inhalants as aerosol-propelled paints and glue. Senior citizens tend to abuse prescription drugs. National surveys of drug use trends undertaken by Mexico's Secretary of Health have documented the decline in the age of initiation to 8-/10-year-olds. Drug abuse is most prevalent along the border with the United States and in Mexico's major cities. The state of Baja California has a particularly severe problem, centered in Tijuana. Methamphetamine abuse is on the rise, especially along the U.S. border. Federal health officials coordinate prevention, treatment and rehabilitation programs through a variety of avenues, including state and municipal governments, ancillary federal entities and non-governmental organizations.

#### IV. U.S. Policy Initiatives and Programs

**Bilateral Cooperation.** Bilateral counternarcotics cooperation continues to grow in scope and quality. U.S. Government (USG) law enforcement personnel share sensitive tactical information with their Mexican counterparts in real time, resulting in greater numbers of successful interdiction operations. In 2007, coordinated efforts with the Mexican Navy led to the GOM seizing over 2.7 MT of cocaine from maritime vessels. Occasionally, USG assets on the high seas chased suspected smugglers into Mexican waters, where Mexican navy assets continued the pursuit. In addition, the time required to obtain GOM approval for USG requests to board Mexican-flagged commercial vessels in international waters has been reduced to one to two hours, compared to a response time of six to eight hours in the past.

The USG provided training to thousands of Mexican LEA personnel in 2007. For example, basic instruction was provided to Mexican Customs personnel on the maintenance and use of donated Non-Intrusive Inspection Equipment (NIIE) used to inspect vehicles for drugs, explosives, weapons, bulk cash and other contraband. DHS/CBP personnel then complemented this with training in targeting, to help them achieve a correct balance between interdiction and trade facilitation. DHS/CBP also loaned NIIE to Mexican Customs to use during surge operations along the northern border. This equipment complemented three mobile NIIE units that were provided to the GOM by the USG in 2005.

In 2007, the USG provided Clandestine Laboratory (CLAN-LAB) training for Mexican LEA personnel to bolster local capabilities against synthetic drugs, particularly methamphetamine. Over 1,900 Mexican LEA personnel have now received training in precursor detection/investigative techniques and in how to conduct raids on the hazardous and heavily polluting methamphetamine labs. The USG also provided Mexican LEA personnel with "First Responder" safety equipment.

The USG's Law Enforcement Professionalization and Training Project provided 275 training courses to 6,269 Mexican LEA personnel. This included the training of 388 information technology engineers who received 73 specialized and advanced courses in computer software applications. In 2007, the USG began a multi-year effort to help the SSP reform its entire structure. This included training SSP recruits at its Police Academy in San Luis Potosi, an effort that will continue until SSP's goal of bringing on 8,000 new investigative personnel is met. USG LEAs have provided a variety of specialized training to the newly formed Federal Police, in such areas as CyberCrime and Explosives-Incendiary Devices. The USG has also provided training to new SSP polygraph operators. Meanwhile, specialized training projects for other LEA personnel continued throughout Mexico, at both federal and state levels. The USG, in conjunction with UNODC, also initiated a training program with the GOM on the National Drug Control System (NDCS), a computer network that assists with managing drug control measures and facilitating licit commerce. Thirteen other Latin American countries already use NDCS.

The U.S. Coast Guard (USCG) provided several training courses to the Mexican Navy in 2007. These included seven maritime law enforcement courses, focused on maritime boarding tactics and procedures, for over 250 Mexican Navy personnel.

The DHS-ICE led Border Enforcement Security Taskforces (BEST) program, originally established to combat cross-border violence along the Southwest Border, improved bilateral cooperation since Mexican law enforcement personnel were co-located with U.S. counterparts, which furthered information sharing and joint investigations. Bilateral coordination was also enhanced through an ICE Mexican Liaison Officer (MLO) program to establish an official ICE point of contact for DHS/CBP (Customs and Border Protection), the Mexico Senior Representatives, state and local law enforcement agencies as well as Mexican federal and local law enforcement agencies along the border.

Border security was enhanced through an ATF canine program that trains Mexican LEAs on explosives and weapons detection. Canine/handler teams that come from this training are being deployed in border areas and airports. The ATF activities complement training that is provided by other USG agencies to train teams in the detection of concealed narcotics and currency.

In 2007, the GOM and the USG inaugurated Secure Electronic Network for Traveler's Rapid Inspection (SENTRI) access lanes constructed with USG funding at Matamoros/Brownsville and at Reynosa/Hidalgo. This fulfilled the USG commitment to build six SENTRI projects along Mexico's northern border. SENTRI combines increased border security with the facilitation of the cross-border movement of the pre-cleared travelers enrolled in the program.

The U.S. and Mexican Governments have cooperated on initiatives that have enhanced the ability of LEAs to take down DTO members. Mexico was an important contributor to "Operation All Inclusive", a regional initiative in which DEA coordinated with counterpart LEAs to disrupt trafficking, netting significant seizures of cocaine, heroin and methamphetamine, as well as laundered money linked to drug transactions. The ensuing disruption to trafficking has been credited with helping to decrease the supply, dilute the purity and increase the price of cocaine and methamphetamine in the United States.

**The Road Ahead.** The Calderon Administration's courage, initiative and success have exceeded all expectations. President Calderon has addressed some of the most basic institutional issues that have traditionally confounded Mexico's success against the cartels, using the military to reestablish authority and counter the cartels' firepower, moving to establish integrity within the ranks of the police, and pursuing concrete actions that promise to give law enforcement officials and judicial authorities the resources and the legal underpinning needed to succeed. Finally, in an unprecedented gesture, he has agreed with the U.S. to pursue much-enhanced bilateral cooperation through the Merida Initiative.

In addition to the Merida Initiative, efforts to improve information sharing and collection, improvements in data and communications networks, and police modernization through training and professionalization will help regain space ceded to the cartels over the years. Other initiatives including pursuing demand reduction, more efficient and transparent administration of justice and various other efforts aimed at curbing corruption will help to create public support for these joint initiatives.

## V. Statistical Tables

<b>MEXICO STATISTICS (1997-2007)</b>											
	<b>2007*</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>
<b>Opium</b>											
Harvestable / Net Cultivation (ha)	-	5,100	3,300	3,500	4,800	2,700	4,400	1,900	3,600	5,500	4,000
Eradication (ha)	11,046	1,6889	21,609	15,925	20,034	19,157	19,115	15,300	15,469	17,449	17,732
Potential Opium Gum (MT)	-	110	71	73	101	58	71	21	43	60	46
Potential Heroin (MT)	-	13	8	9	12	5	7	2	4	6	5
<b>Cannabis</b>											
Harvestable / Net Cultivation (ha)	-	8,600	5,600	5,800	7,500	7,900	4,100	3,900	3,700	4,600	4,800
Eradication (ha)	21,357	31,161	30,842	30,851	36,585	30,775	28,699	33,000	33,583	23,928	23,576
Net Cannabis Production (MT)	-	15,500	10,100	10,440	13,500	7,900	7,400	7,000	6,700	8,300	8,600
<b>Seizures</b>											
Cocaine HCl (MT)	48	21	30	27	21	12	30	18	33	22	34
Cannabis (MT)	2,174	1,849	1,786	2,208	2,248	1,633	1,839	1,619	1,459	1,062	1,038
Opium Gum (kg)	292	75	275	464	198	310	516	270	800	150	340
Heroin (kg)	298	351	459	302	306	282	269	268	258	120	115
Methamphetamine (kg)	899	621	979	951	751	457	400	555	358	96	39
<b>Arrests/Detentions Total</b>	19,384	11,579	19,222	18,943	8,985	7,055	9,973	-	10,464	10,289	10,742
Nationals	19,120	11,493	19,076	18,763	8,822	6,930	9,784	-	10,261	10,034	10,572
Foreigners	264	86	146	180	163	125	189	-	203	255	170
<b>Labs Destroyed</b>	26	10	39	23	22	13	28	-	-	7	8

The PGR National Center for Analysis, Planning and Intelligence against Organized Crime (CENAPI) provided statistics on eradication, seizures and arrests. Data is as of October 25, 2007. Updates will be provided when received.

# Nicaragua

## I. Summary

Nicaragua is a sea and land trans-shipment route for South American cocaine and heroin trafficked to the United States. The Government of Nicaragua (GON) is making a determined effort to fight both domestic drug abuse and the international narcotics trade, despite an ineffectual, corrupt, and politicized judicial system. Nicaragua is a party to the 1988 UN Drug Convention.

## II. Status of Country

Drug trafficking organizations take advantage of Nicaragua's geographic location along a key trafficking route to transport drugs by land, air, and sea to the United States. The Managua International Airport is also a trans-shipment point for drugs and smuggled currency. Law enforcement and military authorities have collaborated to seize notable amounts of drugs, despite limited material and technical resources. For example, as of November, they have seized 9.7 metric tons (MT) of cocaine and over \$6 million in the calendar year.

## III. Country Actions Against Drugs in 2007

**Policy Initiatives.** In 2007, the National Assembly addressed some of the legal weaknesses in Nicaragua's efforts against money laundering and terrorism financing by proposing a new Penal Code, still being debated in the National Assembly. The new Code contains language establishing money laundering as a crime independent of drug trafficking, stiffer penalties, and terrorism financing as a crime. The Penal Code is expected to be fully approved and enacted in 2008. After a U.S.-sponsored press event highlighted Nicaragua's lack of a Financial Investigative Unit (FIU), the National Assembly resurrected a 2004 bill creating an independent FIU. As of December, however, the bill had still not been passed in the Assembly's Economic Committee.

In March 2007, the GON created a Vetted Unit within the Nicaraguan National Police (NNP). The unit, comprised of 18 NNP agents of diverse law enforcement backgrounds, training and experiences, is charged with conducting investigations of international drug trafficking and money laundering organizations operating in Nicaragua. It is expected to work closely with newly formed anti-corruption groups in the Attorney General's office, as well as with other anti-corruption units in the region.

**Law Enforcement Efforts.** During 2007, Nicaragua authorities were very successful in their enforcement operations, seizing over 13 MT of cocaine, 153 kg. of heroin, and arresting 192 individuals for international drug trafficking, including Nicaraguan, Colombian, Mexican, Guatemalan, and Honduran nationals. Nicaragua authorities seized a total of \$6,326,740 in currency being smuggled south (\$2,907,545 of it at the Peñas Blancas checkpoint on the Costa Rica-Nicaragua border), as well as \$965,010 seized at Managua International Airport.

The NNP also disrupted the operations of a Mexican drug trafficking organization in Nicaragua, which had been operating there since 2004. According to the NNP, the Sinaloa Cartel, had established air, land and maritime transportation cells and had been operating with impunity. With the seizure of over 5 tons of cocaine and the arrest of 25 members of the organization, the NNP was successful in disrupting the organization's maritime and air transportation cells.

**Corruption.** As a matter of policy, the GON does not encourage or facilitate the illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of

proceeds from illegal drug transactions. However corruption is a pervasive and continuing problem in law enforcement and the judiciary.

In previous years, judges often let drug suspects go free after a short detention. Due to the rampant corruption in the Nicaraguan judiciary, the United States no longer provides foreign assistance to the Nicaraguan Supreme Court.

**Agreements and Treaties.** Nicaragua is a party to the 1961 UN Single Convention as amended by the 1972 Protocol, the 1971 UN Convention on Psychotropic Substances, and the 1988 UN Drug Convention. A U.S.-Nicaragua extradition treaty has been in effect since 1907. Nicaragua does not extradite its nationals, but will domestically prosecute nationals for crimes committed outside Nicaragua. Nicaragua's commitment to domestic prosecutions, however, has been inconsistent. Nicaragua is a member of the Caribbean Financial Action Task Force (CFATF), which plans to investigate the country's failure to comply with the requirements outlined in its most recent country report. The United States and Nicaragua signed a bilateral counternarcotics maritime agreement that entered into force in November 2001. Nicaragua is a party to the UN Convention against Transnational Organized Crime and its protocol on trafficking in persons and is a member of the Inter-American Drug Abuse Control Commission (CICAD) of the Organization of American States (OAS). Nicaragua is a party to the UN Convention against Corruption, the Inter-American Convention on Mutual Assistance in Criminal Matters, and the Inter-American Convention against Corruption and in 2001 signed the consensus agreement on establishing a mechanism to evaluate compliance with the Convention. Nicaragua also ratified the Inter-American Mutual Legal Assistance Convention in 2002, an agreement that facilitates sharing of legal information between countries. Nicaragua signed the Caribbean regional maritime counternarcotics agreement in 2003, but has not yet taken any action to bring it into force.

**Cultivation/Production.** Marijuana is cultivated in Nicaragua for domestic consumption. Exact cultivation figures are unknown.

**Drug Flow/Transit.** Nicaragua has a high volume of maritime smuggling on both its Pacific and Caribbean coasts, with increasing traffic on the Pacific coast in 2007. While the majority of the country's limited maritime interdiction assets are concentrated on the Caribbean coast, go-fast vessels are transiting the Pacific side of the entire Central American coast with multi-ton shipments of cocaine. During this calendar year, Nicaraguan authorities seized more than 1.5 metric tons of cocaine on the Atlantic side and nearly 4 MT on the Pacific. It is believed that the majority of large seizures made on land were successfully smuggled via maritime conveyances. Contraband shipments are generally smuggled north via the Pan-American Highway in hidden compartments and smuggled currency is transported south through Central America.

U.S. and Nicaraguan intelligence information suggests that the Managua International Airport is being utilized as a halfway staging area in the smuggling of contraband. Heroin and cocaine are transported into Nicaragua and are further transshipped from Nicaragua to the United States and Europe via the international airport. Currency is also being smuggled into Nicaragua via the International Airport. In 2007, the NNP seized over \$965,000 from a Mexican registered privately owned aircraft at the airport. Clandestine airstrips in remote areas of the country are frequently used by trafficking organizations. Nicaragua does not possess the capacity to detect or interdict suspect aircraft.

**Domestic Programs (Demand Reduction).** The D.A.R.E. (Drug Abuse Resistance Education) Program, established in Nicaragua in 2001, has now been translated into the Miskito language and is being implemented on the Atlantic coast. In 2007, the United States worked with the NNP's Department of Juvenile Affairs to launch a pilot effort for the Second Step (Segundo Paso) demand reduction/at-risk youth program which is designed for younger children. Drug consumption in Nicaragua remains a growing problem, particularly on the Atlantic coast, where the increase in

narcotics trans-shipment during recent years has generated a rise in local drug abuse. The Ministries of Education and Health, the NNP, and the Nicaraguan Fund for Children and Family (FONIF) have all undertaken limited demand reduction campaigns.

#### **IV. U.S. Policy Initiatives and Programs.**

**Bilateral Cooperation.** The U.S. continues to encourage Nicaragua in interdiction, as well as encouraging more fundamental challenges to corruption and money laundering. During 2007, the United States provided counternarcotics assistance to the NNP and start-up funding to the new National Police Vetted Unit, a unit that investigates international drug trafficking, corruption and money laundering. The USG continued support to the Nicaraguan Navy with refurbishment of three large naval boats and several smaller patrol boats for maritime interdiction on both the Atlantic and Pacific coasts. The USG also provided maritime law enforcement, small boat operations, maintenance and logistics, engineering and leadership training to the Nicaraguan Navy in 2007.

**The Road Ahead.** The USG hopes to continue its fruitful working relationship with the Nicaraguan military and law enforcement institutions. Nicaragua still needs anti-corruption reform, including professionalization and de-politicization of the judiciary and the Prosecutor General's office, and the passage and implementation of stronger statutes to combat corruption and money laundering.

# Panama

## I. Summary

Panama is a major drug transit country. Its geographic location, developed maritime and transportation infrastructure facilitate trans-shipment of illegal drugs from Colombia to the United States and Europe. While the Torrijos Administration has been dynamic in its cooperation with the U.S. on security and law enforcement issues it has been less vigorous in its cooperation with regional neighbors. Panama seized 60 metric tons of cocaine in 2007 – the highest amount in recent years. Panama is a party to the 1988 United Nations Drug Convention.

## II. Status of Country

Panama is a major trans-shipment point for narcotics destined for the U.S. and other global markets. Traffickers exploit Panama's well-developed transportation infrastructure, such as containerized seaports, the Pan-American Highway, a rapidly growing international hub airport (Tocumen), numerous uncontrolled airfields, and relatively unguarded coastlines on both the Atlantic and Pacific. Smuggling of weapons and drugs continued in 2007, particularly between the isolated Darien region and Colombia. The Government of Panama (GOP) has staffed the U.S.-funded Guabala checkpoint (inaugurated in 2006) on the Pan-American Highway, but resources and high-level management have been lacking. The flow of illicit drugs has contributed to increasing domestic drug abuse, according to Panamanian authorities. Panama is not a significant producer of drugs or precursor chemicals. However, limited amounts of cannabis are cultivated for local consumption.

## III. Country Actions Against Drugs in 2007

**Policy Initiatives.** The Torrijos Administration is publicly committed to counternarcotics and anticrime cooperation with the U.S. As a member state of the Central American Integration System (SICA), Panama participated actively in the U.S.-SICA security dialogue. A number of legislative initiatives have not been passed. These include a proposal to change the criminal justice system from a written (inquisitorial) to an oral (accusatorial) system. A 2006 proposal to merge the current National Air Service (SAN) and National Maritime Service (SMN) into a coast guard (based on the U.S. model) was also not introduced in the National Assembly. The GOP took limited steps to create a stand-alone border control service separate from the National Police (PNP). Also, the GOP took legislative action and disbanded the Technical Judicial Police (PTJ) and transferred most of its personnel to the National Police (PNP), with day-to-day control of major criminal investigations under the direction of prosecutors.

**Accomplishments.** In 2007, the GOP seized a record 60 metric tons (MT) of cocaine in collaboration with the U.S. Coast Guard. This included the largest on-record maritime seizure of cocaine, which was over 16 metric tons in March 2007. Several sensitive vetted units continue to operate with impressive results. The former head of the SMN was arrested and jailed on charges of corruption and illegal enrichment. In another high profile case, Colombian trafficker Jose Nelson Urrego Cardenas was arrested and his numerous properties confiscated.

**Law Enforcement Efforts.** In 2007, in addition to the 60 metric tons (MT) of cocaine, GOP authorities seized 96 kg of heroin, nearly 3.9 MT of marijuana, and made 207 arrests for international drug-related offenses. Several USG-supported GOP vetted units expanded operations in 2007. The joint Department of Homeland Security (DHS)-Department of Energy (DOE) Container Security Initiative (CSI) was launched in Panama in October. The primary mission of the CSI is to enhance global container security from the threat posed by high-risk shipments.

**Corruption.** As a matter of policy, no senior GOP official or the GOP encourages or facilitates the illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. The National Anti-Corruption Commission, made strides in 2007 to address government corruption, including auditing government accounts and launching major investigations. A USG-funded “Culture of Lawfulness” program has trained officials from the Ministry of Education (MEDUCA), Private Schools Association, and the PNP on the importance of transparency, with courses taught in schools (early high school level) and in the PNP Academy.

**Agreements and Treaties.** Panama is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention on Narcotics Drugs, as amended by the 1972 Protocol, and the 1971 UN Convention on Psychotropic Substances. A mutual legal assistance treaty and an extradition treaty are in force between the U.S. and Panama, although the Constitution does not permit extradition of Panamanian nationals. A Customs Mutual Assistance Agreement with Panama was signed on March 15, 1999. A stolen vehicles treaty is also in force. In 2002, the USG and GOP concluded a comprehensive maritime interdiction agreement. Panama has bilateral agreements on drug trafficking with the United Kingdom, Colombia, Mexico, Cuba, and Peru. In 2007, Panama signed the Global Initiative to Combat Nuclear Terrorism. Panama is a party to the UN Convention Against Transnational Organized Crime and its three protocols, and is a signatory to the UN Convention Against Corruption. Panama is a member of the OAS and is a party to the Inter-American Convention on Mutual Assistance in Criminal Matters and the Inter-American Convention Against Corruption. Panama is a member state of SICA and an active participant in the U.S.-SICA security dialogue.

**Cultivation and Production.** Cannabis cultivation in Panama is limited, and is mostly for domestic consumption.

**Drug Flow/Transit.** Drugs transit Panama via fishing vessels, cargo ships, small aircraft, and go-fast boats. Hundreds of abandoned or unmonitored legal airstrips are used by traffickers for refueling, pickups, and deliveries. Couriers transiting Panama by commercial air flights also moved cocaine and heroin to the U.S. and Europe during 2007. Limited manufacturing of synthetic drugs occurs in Panama for local consumption. The majority of synthetic drugs distributed in Panama are smuggled into the country via commercial aircraft (using couriers) originating from Europe.

**Domestic Programs/Demand Reduction.** In 2007, the GOP implemented the final part of its five-year counternarcotics strategy that included 29 demand reduction, drug education, and drug treatment projects, at a total cost of \$6.5 million to fund the projects during the five-year period. MEDUCA and CONAPRED, with USG support, promoted counternarcotics training for teachers, information programs, and supported the Ministry’s National Drug Information Center (CENAID). The projects produced positive results such as the training of 250,000 students in drug prevention by the Ministry of Education.

#### IV. U.S. Policy Initiatives and Programs

**Policy Initiatives.** USG-supported programs focus on improving Panama’s ability to interdict, investigate, and prosecute illegal drug trafficking and other transnational crimes; strengthening Panama’s judicial system; assisting Panama to implement domestic demand reduction programs; encouraging the enactment and implementation of effective laws governing precursor chemicals and corruption; improving Panama’s border security; and ensuring strict enforcement of existing laws. INL, DHS, and USCG provided resources for modernization and upkeep of SMN and PNP vessels and bases, conducted maritime law enforcement training courses, and assisted the SAN with training personnel and maintaining key aircraft for interdiction efforts. In 2007, the USG provided training and operational tools to the multi-agency Tocumen Airport Drug Interdiction

Law Enforcement Team, including, DHS/CBP-provided training for personnel at Tocumen Airport and the Guabala checkpoint on the Pan-American Highway. INL supported a major law enforcement modernization initiative to professionalize PNP mid- and senior-level officers. The program focused on proven community policing tactics, expansion of existing crime analysis technology, and promotion of managerial change to allow greater autonomy and accountability. Work was completed on the initial phase of the National Crime Tracking and Mapping System (INCRIDEFA), which will enable the PNP to track criminal incidents in real time. INL also provided computers, office and other equipment, to the Attorney General's Anti-Corruption Prosecutor's Office.

**Bilateral Cooperation.** In 2007, the GOP continued to participate in joint counternarcotics operations with DEA and USCG, and worked to strengthen national law enforcement institutions with assistance from NAS. The maritime interdiction agreement has facilitated enhanced cooperation in interdiction efforts, with Panama playing a vital role in facilitating the transfer of prisoners and evidence to the U.S., enabling USG assets to remain on patrol in theater. In 2007, the Coast Guard's seizure of over 32 metric tons of cocaine was directly related to cooperative efforts executed under provisions of the counternarcotics bilateral agreement between Panama and the United States.

**The Road Ahead.** The USG will continue to encourage the Government of Panama to devote sufficient resources to its security forces to patrol land borders along Colombia and Costa Rica, its coastline, and the adjacent sea-lanes, and to increase the number of arrests and prosecutions of major violators, especially in the areas of corruption and money laundering. The USG will provide expertise and resources to assist the development of a new GOP Coast Guard, and a border control unit.