

**CANADA, MEXICO
AND
CENTRAL AMERICA**

Belize

I. Summary

Belize was removed from the list of major drug-transit countries in 1999, chiefly because of declining estimates of the amount of drugs transiting en route to the United States and Mexico (but also due to modest drug seizures over the previous four years). Current evidence, however, suggests that the quantities of drugs transiting Belize are once again on the increase, of particular concern being substantial increases in cocaine transits. Belize's topography and geographic proximity to Mexico and the Western Caribbean drug-transit routes make it a logical transshipment point for drugs. Intelligence in 2002 suggests that go-fast boat traffic through Belize's numerous cays and inland waterways was most likely on the increase, although few seizures were made. For these reasons, the situation in Belize requires further careful monitoring.

The Government of Belize (GOB) recognizes that transiting of drugs is a serious concern and, therefore, increased the size of the police Anti-drug Unit from 23 to 33 vetted members. The Government of Belize works with the United States on narcotics control and other international crime issues. The Belize Police Department (BPD) and the Belize Defense Force (BDF) participate closely with United States efforts on narcotics control initiatives and initiatives of their own design, including manual eradication of cannabis crops. Members of the BPD participated in training exercises within Belize, and received training both in the United States and in neighboring countries. Belize is a party to the 1988 UN Drug Convention.

II. Status of Country

Belize has a population of approximately 250,000 and a landmass of 8,866 square miles. Contiguous borders with Guatemala and Mexico, large tracts of unpopulated jungles and forested areas, a lengthy unprotected coastline, hundreds of small cays, and numerous navigable inland waterways, combined with Belize's rudimentary infrastructure, make Belize a potentially significant transshipment point for illicit drugs.

Although the GOB repeatedly asserted that the Belize Economic

Citizenship Program, under which Belizean citizenship and passports were sold, ended on January 15, 2002, a significant number of passports continued to turn up that were issued after that date. This suggests that sales continued well after the January 15 cutoff date. Further, careful and independent vetting of individuals applying for Belizean citizenship did not appear to take place. Signatures for approval on the applications for citizenship appear to have been forged, as well as many of the documents used to process the applicants information. The GOB amended its Constitution to end the program, launched a criminal investigation, and appointed a Commission of Inquiry to look into the scandal. However, the Belize Economic Citizenship program remains a real concern and an issue that could affect the security of the United States.

III. Country Actions Against Drugs in 2002

For the second year in a row, the size of the Anti-drug Unit was increased, and it now stands at 33 vetted members. An increased level of attention was paid to the police as evidenced by local television reporting on special police units. The media paid particular attention to the Police K9 Unit (narcotics detection trained) and to a Crime Scene Management course for 35 mid-level officers in Belize conducted by FBI agents.

The National Drug Abuse Control Council remains active in the community and participates in National Drug Awareness Week by assisting with school-sponsored activities.

The GOB participated in joint counternarcotics operations with the USG, including Operation Atlantico and Operation Allied Strength/Ocean Garden, a cooperative US-British-Belize counternarcotics maritime operation, and regular manual eradication missions. Throughout the year, the GOB also carried out its own independent counternarcotics operations and participated in regional counternarcotics initiatives.

Accomplishments. Although the number of police officers remains virtually on a par with the previous year, the GOB has made increasing the size of the force a goal. Currently there are 896 police officers. In addition, there are 36 Tourism Police, who do not have arrest authority. The Tourism Police are notable for reducing the number of petty crimes against tourists in Belize. The GOB has also slightly increased the number of new cadets admitted to the police force. In addition to the usual qualifications, secondary education and/or job experience are now qualities that are sought in new cadets.

Illicit Cultivation/Production. Through November, 45,772 cannabis plants were eradicated in Belize. Illicit cultivation of cannabis continues to occur but at reduced levels from the widespread cultivation of a decade ago, when Belize was ranked fourth in worldwide cannabis production. There is no available evidence that cannabis cultivated in Belize has a significant impact on the United States. Although it is much less prevalent than it was in years past, cannabis remains the most widely grown drug crop in Belize. Despite their limited resources, the BDF and the BPD routinely conduct manual cannabis eradication missions involving modest fields, some of which range in size from 500 to several thousand plants.

Because of environmental concerns, the GOB does not allow spray missions for the eradication of cannabis. However, it continues to cooperate with and encourage aerial reconnaissance operations. The BPD and BDF follow up these missions by manually eradicating cannabis fields and seedlings, which the GOB views as effective and more environmentally sound than spraying.

Typically, cannabis fields are located in remote regions, far from the homes of the cultivators, so even though thousands of plants were destroyed in various locations, few attendant arrests were made.

Precursor Chemical Control. In November 2001, Belize police found and shut down its first chemical laboratory and arrested several individuals. There are no legitimate industries in Belize that require the use of precursor chemicals, and the seizure of a lab of this sort causes some concern. Until recently cannabis was thought to be the only drug produced in Belize. Notwithstanding the fact that Belize had few signs of precursor chemical production, the GOB, in support of the 1988 UN Drug Convention, has an existing precursor chemical program.

Asset Seizure. GOB law permits the seizure of assets connected to drug trafficking; however, there is no real legislation in effect to turn profits or necessary items back to the agency which was involved in the seizure. To date, planes, boats, cash, vehicles, and weapons have been seized. Further negotiations to implement an International Asset Sharing Program in Belize await U.S. action.

Domestic Programs/Demand Reduction. GOB demand reduction efforts are coordinated by NDACC, which provides drug abuse education, information, counseling, rehabilitation and outreach. NDACC also operates a public commercial campaign, complete with radio advertisements and billboards, designed to dissuade youths from using drugs. The NDACC is also very active in annual school “say no to drugs” efforts.

Law Enforcement Efforts. Seizures of cocaine, including crack cocaine, total approximately 10 kilograms, a major decrease from last years 3,850 kilograms. Authorities also seized 330 kilograms of cannabis and 2 kilograms of cannabis seed. To date this year, there have been no seizures of heroin. The Police Anti-drug Unit is dedicated solely to handling narcotics cases and conducts operations throughout the year. To this end, nearly 2,000 arrests were made on drug related charges stemming from possession of cannabis, cocaine, crack cocaine, and heroin, or trafficking in them. Additionally, five go-fast boats were seized. In 2001, the Belize Police arrested Mexican drug lord Jorge Moreno, also known as Jorge Teller with 1,447 kilograms of cocaine. The United States requested Teller’s extradition, and Belize deported him to the United States.

Though building its capability, the GOB continues to dedicate resources effectively to pursuing major maritime interdiction efforts. Its efforts to eradicate cannabis appear to be successful. The GOB's most serious internal drug problem is rooted in drug-associated criminality. Obtaining convictions remains troublesome because the office of the Director of Public Prosecutions (DPP) is under-funded, under-equipped, and under-staffed, and its personnel need additional training and higher pay. Recent GOB efforts to make the DPP more effective include replacing police officers who serve as prosecutors with civilians who have professional legal training or education. This should result in a dramatic improvement in conviction rates, because police officers often are transferred to other departments and left the Office of Police Prosecution after having been fully trained.

Corruption. In April 2000, the GOB created an Office of the Ombudsman, which can independently investigate allegations of public official wrongdoing. The Office of the Ombudsman chaired the investigation into the illegal sale of Belizean citizenship under the Belize Economic Citizenship Program, which was officially ended on January 15, 2002. Within the police department, the Internal Affairs Investigator is charged with handling complaints against police officers.

Agreements and Treaties. Belize has been a party to the 1988 UN Convention since 1996. A stolen vehicles treaty between Belize and the United States entered into force on August 16, 2002. In September 1997, the GOB signed the National Crime Information Center Pilot Project Assessment Agreement, which allows for the sharing of information and data between the United States and Belize. In 1992, Belize signed a bilateral maritime counternarcotics agreement with the United States. An overflight protocol to the 1992 maritime agreement was signed in April 2000, a new extradition treaty in March 2000, and an MLAT in September 2000. All except the MLAT are in force, and the MLAT is before the President for expected to enter into force within the next few months.

Drug Flow/Transit. Maritime routes along Belize's lengthy coastline, remote border crossings, and navigable inland waterways are the suspected means for trafficking narcotics through Belize to Mexico, Guatemala, and the United States. Because of its geographical location between Colombia to the south and Mexico and the United States to the north, drug trafficking organizations continue to use Belizean waters as a transit route for cocaine bound for the United States. This constitutes the primary narcotics threat to the United States from Belize. Cargo guards protect shipments of cocaine. Often these guards carry automatic weapons and are considered extremely dangerous. This, coupled with the lack of visibility at night and the heavy vegetation including mangroves, makes duty patrolling the coastline by sea hazardous.

The primary means for smuggling drugs are go-fast boats transiting the reef system; traffickers can operate in relative safety due to numerous hiding locations and shallow water. The entire Belize coastline offers a multitude of opportunities for maritime traffickers. Often the drugs are off-loaded on the ocean side near the barrier reef to smaller vessels. These vessels freely transit inside Belize's national waters because of the lack of adequate host nation resources and interdiction capabilities, including equipment, vessels, personnel, and other items deemed necessary, as well as a lack of critical information, such as locations and times of delivery.

Once cocaine is delivered to Belize, in many instances it moves northward on the northern highway. This highway leads to the Corozal commercial free zone as well as the Santa Elena Belize/Mexico border crossing. Traffickers exploit the unguarded remote border crossings. Lax customs enforcement contributes to cross-border operations.

Intelligence suggests that the Colombian drug cartels have established partnerships with Mexican drug cartels, creating an increase in Mexican drug trafficking activities in Belize. It has also been confirmed that these Mexicans have been masterminding clandestine aircraft and sea vessel drug operations within Belize. The local Belizean drug traffickers merely provide resources while the Mexicans are fully in charge and responsible for the operations' success.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives and Bilateral Cooperation. U.S. strategy in Belize continues to focus on assisting the GOB to develop a sustainable infrastructure to combat its drug problems effectively. In 2001, USG support included counternarcotics and law enforcement assistance, which provided the host nation with equipment and training for the Belize police department's counternarcotics unit, and training for the Department of Immigration, the Customs and Excise Department, and the magistrate and supreme courts. The U.S. Coast Guard and the U.S. Southern Command, including JIATF-E and JTF-Bravo among others, responded to GOB requests for training and logistics support for counternarcotics activities.

The Road Ahead. With trafficking routes constantly in flux, the potential remains for Belize to become an ever-increasing transshipment point for cocaine. Cannabis cultivation continues to require monitoring and periodic eradication. After four years in power, the People's United Party continues to advocate combating drug trafficking and associated crime as a top priority. U.S. Embassy support will continue to focus on supporting police counternarcotics units and improving Belize's rule of law infrastructure.

Canada

I. Summary

The Government of Canada (GOC) is committed to reducing the harm and availability of illicit drugs within its borders. At the federal level last year, 11 departments and agencies spent approximately U.S. \$350 million to combat illicit drug use in Canada. Municipal and provincial/territorial governments are equally involved in addressing the use of illicit drugs. Health Canada has responsibility for overall coordination of the nation's drug strategy. On September 4, 2002, however, the Canadian Senate's Special Committee on Illegal Drugs released a report recommending the decriminalization of cannabis possession for personal use and the expunction of records for individuals with a prior conviction for possession, and the House of Commons Subcommittee followed suit in December. On December 9, Canada's Minister of Justice announced that the GOC is considering introducing legislation in 2003 that would enact this recommendation.

Excessive importation of precursor chemicals into Canada, coupled with diversion of pharmaceutical products manufactured from those chemicals, has become problematic in recent years. Canadian firms have increased imports of precursor chemicals, which they process into finished over-the-counter products, primarily pseudoephedrine tablets. Traffickers divert or smuggle significant quantities of those tablets to the U.S., where they are used to produce illicit synthetic drugs, primarily methamphetamine. Legislation scheduled to come into force in early 2003 is expected to help Canadian Authorities monitor and control chemical precursors and other substances produced or imported into Canada. The GOC is active internationally on the drug issue and a dynamic member of the United Nations Office of Drug Control and Crime (UNODC) and Organization of American States (OAS) Inter American Drug Abuse Control Commission (CICAD). Canada is a party to the 1988 UN Drug Convention.

II. Status of Country

Over the past several years, Canada has become an increasingly significant conduit for precursor chemicals. Imports of precursor chemicals have increased markedly; these materials are then processed into over-the-counter drug products used to produce illicit synthetic drugs in the U.S. While these substances have been strictly controlled in the U.S. since early 1989, they were not effectively regulated in Canada as of the end of 2002. This situation may change with the promulgation of regulations implementing a 1996 law that enabled regulation of precursor chemicals in Canada. Pseudoephedrine (PSE), a common cold remedy and the main component in the manufacture of methamphetamine, is legally imported into Canada from China, India, and Germany. Canadian imports of PSE were steady until 1997, but tripled between 1997 and 1998, and have increased steadily since. Much of the PSE imported into Canada ends up in the production of illicit drugs. U.S. law enforcement intercepted over 30 metric tons of PSE coming into the United States from Canada in 2001 and 2002, some 25 percent of Canada's PSE imports. Other precursor chemicals available in Canada and used in the production of synthetic drugs are sassafras oil, piperonal, and gamma butyrolactone (GBL). These precursors are used in the manufacture of Ecstasy, MDMA, MDA, and gamma hydroxybutyrate (GHB). A variety of other synthetic drugs are also produced in Canada, including MDA and GHB, and are trafficked into the United States.

While Canada did not have chemical regulations in place, responsible members of the Canadian chemical industry complied with the Royal Canadian Mounted Police's (RCMP) National Precursor Chemical Diversion Program, which calls for voluntary reports on chemicals believed to have been diverted for illegal use. However, as of the end of 2002, there were no mechanisms in place to ensure a full accounting of the whereabouts and uses of precursor chemicals and other substances of concern. To remedy this, the GOC developed regulations to implement aspects of the Controlled Drugs and Substances Act, passed by Parliament in 1996, which should strengthen Canada's ability to monitor and control precursors and other

substances used in the clandestine manufacture of synthetic drugs. These regulations came into force in January 2003.

Cannabis cultivation, much of which is destined for the United States, is also a concern. Hydroponic hothouse operations in Canada produce high THC level cannabis, but the RCMP reports that Vietnamese groups may have mastered organic methods that rival the more technical systems. Moreover, Canadian law enforcement officials have seized a few aeroponic installations, where the roots are suspended in midair and sprayed regularly with a fine mist of nutrient-enriched water. While there are no official production statistics, the RCMP estimates that 800 tons of cannabis are produced each year. Authorities destroy over one million plants annually.

Canada is also a significant drug consumer country. According to the RCMP, Asian-based organized crime dominates the trafficking of heroin from Southeast Asia to Canada. The RCMP estimates one to two tons of heroin are required annually to meet the demand of Canada's estimated 25,000 to 40,000 heroin users. Cocaine trafficking and distribution appears to involve a number of organized crime groups as well as individual carriers and sellers. The RCMP estimates that approximately 15 to 24 tons of cocaine enter Canada annually. The wide demand for cannabis in Canada, however, does not appear to be met by domestic production. Some 100 tons of hashish and 6 tons of liquid hashish find their way into Canada from a variety of sources, including the U.S., Mexico, Colombia, the Caribbean, the Middle East, and to a lesser degree, Thailand and Morocco. Outlaw motorcycle gangs and Colombian, Italian, and Asian-based criminal organizations cooperate with one another to varying degrees in the trafficking and distribution of illegal drugs.

The RCMP reports that ecstasy imports into Canada have been increasing over the past several years (over 1.8 million tablets seized in 2001 and over 2 million in 2002). Though small-scale production occurs in Canada, Israeli, Russian and Dutch-based traffickers bring the bulk of the ecstasy supply from Western Europe. The U.S. is the principal source of LSD sold in Canada. The RCMP estimates that the drug trade in Canada (not including cannabis) has the potential to generate proceeds for criminal groups in excess of U.S. \$3 billion at the wholesale level and U.S. \$13 billion at the street level. Though reliable statistics are not currently available, drug use among Canada's youth is believed to be on the increase.

III. Country Actions Against Drugs in 2002

Policy Initiatives. The GOC recognized that Canada needed to adopt a regulatory and administrative framework for better controlling precursor chemicals. As a result, Health Canada drafted regulations implementing long-dormant elements of the Controlled Drugs and Substances Act, enacted in 1996. Although U.S. chemical control experts believe that the regulations fall short in certain critical respects, they are at least an important first step, and Canadian regulatory and law enforcement authorities appear to be committed to making them work effectively. As a whole, the regulations should strengthen Canada's ability to monitor and control precursors and other substances used in the clandestine manufacture of synthetic drugs. These regulations came into force in January 2003. Law enforcement (RCMP and Customs) and regulatory officials have pledged to coordinate their respective responsibilities under the new legal regime.

Moreover, in late 2001, Canada enacted stronger organized crime legislation which simplifies the definition of a criminal organization and added three new criminal offenses to the criminal code (targeting nonmembers who participate in organized crime and enhancing Canadian law enforcement efforts to investigate and develop cases). Those convicted under the new legislation will have to serve at least half of their criminal sentence before applying for parole, up from only one third under the prior law. Intimidation of justice system participants -- witnesses, jurors, police, prosecutors, prison guards, judges, the media, and members of Parliament -- was made a criminal offense. This legislation should also better protect Canadian law enforcement officers involved in undercover operations by establishing an accountability process to protect them from criminal prosecution for offenses committed in the furtherance of a criminal investigation.

Though the production, distribution and use of narcotics is illegal and punishable by fines and/or incarceration in Canada, on September 4, 2002, the Canadian Senate Special Committee on Illegal Drugs released a report recommending the decriminalization of cannabis possession for personal use and the expunction of records for individuals with a prior conviction for possession. A House of Commons subcommittee issued similar recommendations, and on December 9, Canada's Minister of Justice announced that the GOC intends to introduce legislation early in 2003 that would consider enacting this recommendation. Canadian law provides for the legal use of cannabis for medical purposes.

Accomplishments. Canada serves as an elected member on the Commission on Narcotic Drugs (CND), of the UNODC, participates actively in the Dublin Group, and will be the next chair of OAS/CICAD where its progress in drug control is evaluated annually.

Canada actively participates in international activities aimed at illicit drugs. It currently chairs the Multilateral Evaluation Mechanism (MEM) working group of CICAD. It is an elected member of the CND, the governing body of UNODC. Canada collaborated with the Commission and member states to develop a "Declaration of the Guiding Principles of Drug Demand Reduction" as well as an action plan to implement the principles. The Government of Canada is a contributor to both the UNODC and CICAD, both in funding and technical support.

Law Enforcement Efforts. In September 2002, Canadian law enforcement arrested a major distributor and two others for supplying GBL and GHB through the Internet to customers in the United States and elsewhere. In connection with these arrests, as part of "Operation Webslinger," U.S. authorities were able to arrest 124 other individuals for their part in receiving over 4,000 chemical kit orders containing illegal substances. Additionally, two financial service institutions used by those arrested in their drug transactions were identified.

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

In 2001, seizures in Canada amounted to more than 1,200 kilos of cocaine and some 71 kilos of heroin. From January to October 2002, the RCMP, Canada Customs and Revenue Agency, and local municipal police forces seized some 455 kilos of cocaine, 3,830 kilos of hashish, and 2,782 of MDMA. In December, the RCMP arrested 15 individuals accused of importing some U.S. \$1.5 billion in illegal narcotics (hashish and cocaine) through the Port of Montreal.

Corruption. Canada holds its officials and law enforcement personnel to a very high standard of conduct and has strong anticorruption controls in place. Government personnel found to be engaged in malfeasance of any kind are removed and are subject to prosecution. As a matter of Government policy, Canada does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, nor the laundering of proceeds from illegal drug transactions. Investigations into accusations of wrongdoing and corruption by government officials are credible. Moreover, it is very unlikely that any Canadian government official engages in, encourages, or facilitates the illicit production or distribution of such drugs or substances, or the laundering of proceeds from illegal drug transaction.

Agreements and Treaties. Canada is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, the 1961 UN Single Convention on Narcotic Drugs, and its 1972 Protocol. The U.S. and Canada have numerous longstanding agreements on law enforcement cooperation, including extradition and mutual legal assistance treaties, a customs mutual assistance agreement, and an asset sharing agreement. The RCMP and U.S. law enforcement agencies provide reciprocal direct access to each other's criminal databases such as the Canadian Police Information Center (CPIC), a firearms identification database, and a unique automotive paint chip database. Canadian law

enforcement benefits from access to the El Paso Intelligence Center (EPIC), of which the RCMP is an associate member, and the USG's tactical drug intelligence center. Efforts are now underway to improve the timeliness and utility of information shared.

Canada ratified the UN Convention Against Transnational Organized Crime, the Protocol to Prevent, Suppress and Punish Trafficking in Persons, and the Protocol against the Smuggling of Migrants in May 2002. Canada is a signatory to all 12 United Nations Security Council Resolutions pertaining to terrorist financing. Canada has also ratified the Inter-American Convention on Mutual Assistance in Criminal Matters, and the Inter-American Convention Against the Illicit Manufacturing of and Trafficking in Firearms, Ammunition, Explosives and other Related Materials.

Cultivation/Production. Cannabis cultivation, because of its profitability and the relatively low risk involved, has become a thriving industry in Canada. The RCMP estimates that 800 tons of cannabis are produced annually. Indoor growing operations have generally replaced outdoor cultivation, allowing production to continue year round. As a result, growing operations are becoming larger and more sophisticated. For instance, Canadian law enforcement authorities estimate cannabis cultivation in British Columbia alone represents a U.S. \$1 billion a year growth industry with a sizable amount of the harvest being smuggled in to the U.S. It is estimated that cannabis production Canada-wide earns some U.S. \$4 billion annually.

Domestic Programs (Demand Reduction). Health Canada is the focal point for the nation's drug control policy. Based on Canadian government estimates, there are approximately one million drug users in Canada, including some 250,000 cocaine addicts, 125,000 people who inject drugs, and 25,000 to 40,000 heroin addicts. Canada emphasizes demand reduction in its drug control strategy and, along with NGOs, offers extensive drug abuse prevention programs. The focus on prevention is considered a more cost-effective intervention. Drug treatment courts in Vancouver and Toronto offer alternatives to jail for convicted drug abusers facing incarceration for nonviolent drug possession offenses. Though no national statistics are available, the British Columbia Coroner's Office reported 256 deaths in 2000 attributed to illicit drug overdoses.

IV. U.S. Policy Initiatives and Programs

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

To further enhance this cooperative relationship, the USG is committed to the following: supporting Canadian efforts to strengthen legislation and regulatory practices consistent with international standards and practices; maintaining and expanding two-way intelligence sharing to include the timeliness and relevance of information provided; expanding professional exchanges and cooperative training activities between our law enforcement agencies; maintaining joint cross border investigations and operations; and working with the GOC to increase the risks and penalties for criminals engaged in drug trafficking and other organized crimes.

The Road Ahead. The United States enjoys an excellent law enforcement partnership with Canada and looks forward to further coordination of efforts in the future. The Government of Canada has taken and is committed to take important steps to enhance the capabilities of Canadian law enforcement to confront the growing threat of international organized crime, drug trafficking, and money laundering. Yet the U.S.

is increasingly concerned about the presence of precursor chemicals in Canada and their diversion into the United States by narcotics traffickers. The U.S. hopes that the new chemical control regime will be implemented swiftly and seriously and that fluid means of cooperation will be developed between the regulatory authorities at Health Canada, who have primary responsibility under the law, and law enforcement entities who would investigate and prosecute chemical diversion and related crimes. To the extent weaknesses are perceived in the law and regulations, they should be addressed promptly. The U.S. is also concerned over possible plans to decriminalize cannabis possession; this will not only harm Canadian society, but have consequences for the United States as well.

Costa Rica

I. Summary

Costa Rica serves as a transshipment point for narcotics from South America to the United States and Europe. Although Costa Rica is not a major transit country for drugs coming to the United States, the situation in Costa Rica requires continued scrutiny. The bilateral Maritime Counterdrug Cooperation Agreement, which entered into force in late 1999, continues to improve the overall maritime security of Costa Rica and served as an impetus for the professional development of the Costa Rican Coast Guard. Costa Rican law enforcement officials continue to demonstrate growing professionalism and reliability as partners of the U.S. Government (USG) in combating counternarcotics offenses and ever-changing drug smuggling methods. The amount of illicit drugs seized in Costa Rica increased dramatically in 2002, almost doubling in the case of cocaine and trebling in the case of heroin. The Government of Costa Rica (GOCR) implemented a new drug control law in 2002 that criminalizes money laundering and creates a Counternarcotics Institute to coordinate the GOCR's efforts in the areas of intelligence, demand reduction, asset seizure, and precursor chemical licensing. Costa Rica is a party to the 1988 UN Drug Convention.

II. Status of Country

Costa Rica's location astride the Central American isthmus makes the country an attractive transshipment area for South American-produced cocaine and heroin destined primarily for the United States. Enhanced maritime interdiction activity and capabilities on northbound maritime trafficking routes prompted some smugglers to take routes further out to sea, especially in the Eastern Pacific. The last quarter of 2002, however, demonstrated another shift in trafficking patterns in response to interdiction efforts, with several suspect vessels pursued through Costa Rica's Pacific Exclusive Economic Zone. The amount of illicit narcotics seized in Costa Rica increased dramatically in 2002, almost doubling in the case of cocaine and trebling in the case of heroin. The GOCR runs a model airport interdiction program; however, Costa Rican counterparts have expressed concerns that Juan Santamaria International Airport is becoming a major hub for international drug couriers. Costa Rica has a stringent governmental licensing process for the importation and distribution of controlled precursor and essential chemicals and prescription drugs. Local consumption of illicit drugs including crack cocaine and "club drugs," along with the violent crimes associated with such drug use, are growing concerns to Costa Ricans. The GOCR is directing more resources to address the serious threats posed by narcotics trafficking but budgetary limitations continue to constrain the capabilities of law enforcement agencies.

III. Country Actions Against Drugs in 2002

Policy Initiatives. The Maritime Agreement, and the Coast Guard Professionalization Law have continued to catalyze the professional development of the Costa Rican Coast Guard. The Agreement, the first comprehensive six-part agreement in the region, has been instrumental in improving the overall maritime security of Costa Rica. The Costa Rican Coast Guard Academy established its permanent home in Golfito on the southwest Pacific Coast in 2002, and has thus far graduated 55 officials. Costa Rica co-sponsored with The Netherlands and the United Nations Development Program negotiations associated with the "Agreement Concerning Co-operation in Suppressing Illicit Maritime and Aeronautical Trafficking in Narcotics Drugs and Psychotropic Substances in the Caribbean Area" and the GOCR has agreed to serve as the agreement's depository once it is signed. The anticipated signing date of the regional agreement is mid March 2003, in San Jose, Costa Rica. The U.S. Embassy requested permission from the GOCR to transfer third-party detainees apprehended in international waters for trafficking drugs through Costa Rica for direct transport to the United States as an extension of the Maritime Agreement. The

Legislative Assembly passed legislation to strengthen the GOCR's law enforcement capabilities to combat drug trafficking and related crimes in December 2001. A major benefit under the new legislation is the creation of a Costa Rican Counternarcotics Institute that became operational in 2002. The Institute coordinates the GOCR's counternarcotics efforts in the areas of intelligence, demand reduction, asset seizure, and precursor chemical licensing. The law regulates and sanctions financial activities to combat money laundering, and goes beyond drug related offenses to include other serious crimes, including terrorism. The Institute produced the GOCR's first comprehensive national counternarcotics plan in 2002. However, it is not yet clear whether budget limitations will allow the Institute to realize its full potential.

Accomplishments. Relations between U.S. law enforcement agencies and GOCR counterparts, including the Judicial Investigative Police Narcotics Section, the Ministry of Public Security Drug Control Police, the Coast Guard, and the Air Surveillance Section, remain close and productive, resulting in continued information sharing and joint operations. In 2002, the Costa Rican Coast Guard, the U.S. Coast Guard and the U.S. Navy conducted two joint counternarcotics operations. The Costa Rican Coast Guard detained three Colombian-flagged vessels serving as refueling platforms for suspected go-fast vessels in 2002. In addition, the first seizure of 1260 kilos of cocaine and the detention of a go-fast vessel and five Colombian citizens was coordinated off the south Pacific Coast of Costa Rica. The 42-foot go-fast boat was chased by U.S. law enforcement vessels and aircraft for seven hours before running aground on the Pacific coast of Costa Rica. All five Colombian citizens were arrested by the Costa Rican Drug Control Police and are being prosecuted in Costa Rica. The Costa Rica Counternarcotics Institute oversees a Precursor Chemical and Prescription Drug Control Unit that operates an effective program to license the import and distribution of precursor and essential chemicals and prescription medicines. Legislation currently pending approval would improve the control of the re-sale of precursors within Costa Rica, as well as their re-exportation.

Law Enforcement Efforts. The primary counternarcotics agencies in Costa Rica are the Judicial Investigative Police, under the Supreme Court, and the Ministry of Public Security's Drug Control Police. The Judicial Investigative Police operate a small, but highly professional, Narcotics Section that specializes in investigating international drug trafficking. The Drug Control Police investigate both domestic and international drug smuggling and distribution, and are responsible for airport interdiction as well as land-based interdiction at the primary ports of entry. Both entities routinely conduct complex investigations of drug smuggling organizations, resulting in arrests and the confiscation of cocaine and other drugs, using the full range of investigative techniques permitted under the country's progressive counternarcotics statutes. Agents of the Drug Control Police have increased the threat to overland trafficking through the effective use of contraband detectors/density meters at both northern and southern borders, resulting in seizures of cocaine hidden within tractor-trailers. Given the threat posed by trafficking via commercial air cargo and container shipments, increased attention was given in 2002 to training counterparts in the Ministry of Finance's Fiscal Control Police and Customs Agency.

Corruption. The commitment to combat public corruption reaches to the highest levels of the GOCR. President Pacheco has worked aggressively to deter corruption among public officials. Vice President Saborio leads the National Council on Citizen Security and Participation that is charged with implementation of initiatives that encourage good governance and public sector transparency. The National Commission for the Improvement of Justice Administration is an umbrella organization responsible for promoting anticorruption awareness and transparency principles in the government and private sectors. Its work encompasses projects addressing judicial training and civic education, including instruction on fundamental rights for Costa Rica's indigenous population, human rights, and training programs in prisons.

U.S. law enforcement agencies consider the public security forces and judicial officials to be full partners in counternarcotics investigations and operations with little or no fear of compromise to on-going cases. To the best of the United States' knowledge, no senior official of the GOCR engages in, encourages, or

facilitates the illicit production or distribution of illegal drugs, or the laundering of proceeds from illegal drug transactions.

Agreements and Treaties. The Maritime Agreement continues to serve as the model maritime agreement for Central America and the Caribbean, and has promoted closer cooperation in the interdiction of maritime smuggling. Results under the Maritime Agreement in 2002 include conducting the combined maritime counternarcotics operations, facilitation of 42 U.S. law enforcement ship visits to Costa Rica in support of Eastern Pacific and Caribbean counternarcotics patrols, and response to six search and rescue cases. The United States and Costa Rica also signed a bilateral Memorandum of Understanding (MOU) on Maritime Cooperation and Assistance, in which the United States agreed to take steps toward securing equipment and technical and training assistance for the Costa Rican Coast Guard. The United States and Costa Rica have had an extradition treaty in force since 1991. Although Costa Rican law does not permit the extradition of its nationals, the treaty has been successful in obtaining the extradition of U.S. citizens and persons who hold citizenship in other countries. Costa Rica has ratified the Inter-American Convention Against Corruption and the Inter-American Convention Against the Illicit Manufacture of and Trafficking in Firearms. The U.S. and Costa Rica signed a stolen vehicles treaty in 1999. Costa Rica is a party to the 1988 UN Drug Convention, the 1961 Single Convention on Narcotic Drugs, as amended by its 1972 Protocol, and the 1971 Convention on Psychotropic Substances. Costa Rica and the United States are also parties to bilateral drug information and intelligence sharing agreements dating from 1975 and 1976. Costa Rica is a member of the Caribbean Financial Action Task Force and the Egmont Group. It is also a member of the Inter-American Drug Abuse Control Commission of the Organization of American States (OAS/CICAD). Costa Rica has signed the UN Convention against Transnational Organized Crime, the Protocol to Prevent, Suppress and Punish Trafficking in Persons, and the Protocol against the Smuggling of Migrants, and the Protocol against the Illicit Manufacturing of and Trafficking in Firearms on November 12, 2001.

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

Drug Flow/Transit. Overland shipments transiting Costa Rica are more likely to be transported in smaller quantities regardless of vehicle size as opposed to the large loads transported solely in tractor-trailers that drug traffickers used before 1999. GOCR officials have made numerous seizures at the international airport in San Jose, typically from departing passengers. Along with traditional body carrying methods, counternarcotics law enforcement personnel have uncovered some novel modes of concealment. The recent trend of increased trafficking of narcotics by maritime routes has continued, with indications that maritime traffickers solicit Costa Rican-flagged fishing vessels to serve as refueling vessels for northbound go-fast boats in the Costa Rican exclusive economic zone. Costa Rican internal drug use is mostly limited to cannabis, cocaine, and crack, but Ecstasy (MDMA) is increasing in popularity among young adults. LSD has also been detected.

Domestic Programs (Demand Reduction). Costa Ricans have become increasingly concerned over local consumption, especially of crack cocaine. Abuse appears highest in the Central Valley (including the major cities of San Jose, Alajuela, Cartago, and Heredia), the port cities of Limon and Puntarenas, the north near Barra del Colorado, and along the southern border. The Prevention Unit of the Costa Rica Counternarcotics Institute oversees drug prevention efforts and educational programs throughout the country, primarily through well-developed educational programs for use in public and private schools and community centers. The Institute and the Ministry of Education expanded their 2001 distribution of specific demand reduction materials for middle schools students by inaugurating educational materials for high school students in early 2002. All public school children are now exposed to demand reduction

instruction from primary school through graduation. The Costa Rican Drug Abuse Resistance Education (DARE) Foundation, modeled after its U.S. counterpart, conducts drug awareness programs at over 500 public and private schools.

IV. U.S. Policy Initiatives and Programs

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

The single formal border crossing between Costa Rica and Nicaragua at Penas Blancas provides a unique opportunity for law enforcement officials to reduce northbound overland cocaine trafficking through Central America via the Pan- American Highway. There are no secondary crossing points or alternative routes on the Costa Rican-Nicaraguan border to bypass this main checkpoint, except for routes that require use of a four-wheel drive vehicle. The U.S. Embassy is working with GOCR law enforcement authorities to establish an enhanced port-of-entry/exit facility for greater border control. This facility will have the potential for future expansion to allow for southbound inspections seeking traffic in illegal arms, currency, precursor chemicals and stolen equipment. This facility is expected to be completed in July 2003. A Mobile Enforcement Team possessing specialized vehicles and equipment will enhance the inspection station; the U.S. Customs Service will train its officers.

Bilateral Cooperation. The Department of State has expanded assistance to the Costa Rican Coast Guard consistent with the MOU on Maritime Assistance and the Maritime Agreement. This assistance is designed to enhance Costa Rican and U.S. maritime security through the development of a professional Coast Guard. In 2002, the United States delivered two new 24-foot rigid hull inflatable fast boats; provided numerous U.S. Coast Guard training programs; provided over U.S. \$100,000 in maintenance and spare parts for the three U.S. donated 82-foot patrol boats; started construction on a Coast Guard Station in Quepos on the Pacific coast; and continued funding support for a U.S. Coast Guard Advisor, a 12-month U.S. Coast Guard long-term training team deployment to support the newly established Costa Rican Coast Guard Academy, and a contract maritime engineering advisor position. The United States also provided increased information sharing on suspect vessel and air traffic movements near Costa Rica.

The U.S. Embassy hosted a series of four seminars on the law of maritime interdiction and boarding procedures that brought together Costa Rican Coast Guard officers, prosecutors and judges. The Embassy used the same inter-agency approach to provide training on law enforcement techniques related to land seizures to five police organizations. Increased emphasis on operations that combine the forces of various law enforcement entities is anticipated in the next year.

The United States acquired upgraded computers, peripheral equipment, and software for the Ministry of Public Security's Drug Control Police, Air Surveillance Section, and Migration Section; the Judicial Investigative Police Narcotics Section; the Public Prosecutor's Economic Crimes Section and Sex Crimes Section; and the Costa Rica Counternarcotics Institute's Financial Analysis Unit, Intelligence Unit and Precursor Chemicals Unit.

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

El Salvador

I. Summary

El Salvador is a transit country for narcotics bound for the United States, mainly cocaine and heroin. To date, evidence does not suggest that the drugs that transit El Salvador have a significant effect on the United States, but the situation in El Salvador merits continued scrutiny. El Salvador is only capable of producing limited amounts of cannabis for domestic consumption due to climate and soil conditions, thus the focus of counternarcotics efforts is on trafficking and its associated criminal activities. El Salvador in 2002 approved a counternarcotics master plan, and the Anti-Narcotics Division (DAN) of the National Civilian Police (PNC) seized more than double the amount of cocaine than was seized in the previous seven years combined. Strong leadership, new personnel, and better intelligence have led to the DAN's much-improved performance. U.S. aircraft flying out of the Forward Operating Location (FOL) also played an important role in the seizure of more than 30 tons of cocaine. El Salvador is a party to the 1988 UN Drug Convention.

II. Status of The Country

Located in the isthmus between the principal drug consuming and principal drug producing nations, Salvadoran territory is a logical transit point for drugs. Climate and soil conditions are unfavorable for coca cultivation, and there is limited cannabis production for mainly domestic consumption. Precursor chemical production, trading, and transit are a minor problem at present.

III. Country Actions Against Drugs in 2002

Policy Initiatives. The 2002-2008 National Anti-Drug plan, the counternarcotics master plan of the Salvadoran Government (GOES), was approved on January 22, 2002. The GOES also established an office to coordinate data collection on illegal drugs, maintain statistics, facilitate research in supply and demand reduction, and disseminate information about the nation's counternarcotics efforts.

Accomplishments. Significant milestones in the 2002-2008 National Anti-Drug Plan were achieved in demand reduction and drug supply. For demand reduction, the milestones were: development of municipal plans for drug prevention, holding youth workshops on drug use prevention, establishing minimum standards for the treatment and rehabilitation of drug addicts, and inaugurating publicity campaigns against drugs. For drug supply, the milestones were: the donation of computers and software by the United Nations Drug Control Program (UNODC) for the installation of a national system for drugs and precursors; and participation in the International Seminar for Drug-Trafficking Control in Ports. El Salvador's work with the UNDOC included participation in the "Fight Against Organized Crime and Corruption: Palermo Convention" seminar; organization of the first-ever International Anti-Drug Day in El Salvador; training on the management of the national database system; and financing for two drug use-prevention projects.

During 2002, El Salvador took significant steps in furtherance of the objectives of the 1988 UN Drug Convention.

The year's most notable seizure was the nearly 2 tons of cocaine recovered from a go-fast boat off the southwest coast on July 1, as the result of an operation coordinated with the U.S. Coast Guard through Grupo Cuscatlan, the GOES inter-agency counternarcotics group. In total, U.S. aircraft flying out of the FOL played a significant role in the seizure of more than 30 tons of cocaine. Having gained several months' experience inspecting 100 percent of the incoming truck containers, the Salvadoran Customs

Service progressed to inspecting selected only selected containers in order both to speed up processing of innocent cargo while targeting suspicious shipments for more rigorous inspection.

Law Enforcement Efforts. Law enforcement efforts in 2002 were adequate, given resource constraints and legal shortcomings, and in some areas represented a great improvement over past years. In 2002, the DAN seized 2,066.5 kilograms of cocaine, more than double the seizures of the previous seven years combined and several orders of magnitude greater than the 18 kilograms seized in 2001. About 13.2 kilograms of heroin were seized in 2002 versus 10.5 kilograms in 2001. There were 1,223 drug arrests in 2002, a 70 percent drop from 2001's 4,003, as the DAN changed its focus from arresting small drug dealers and users to investigations of major traffickers. One important seizure was the confiscation of 7 kilograms of heroin and the detention of two Guatemalan nationals on February 22 at the Comalapa International Airport. Another important catch was U.S. \$730,000 in undeclared U.S. currency found taped to the body of a would-be airline passenger. In 2001, the DAN performed relatively poorly because of leadership turnover, corruption, and lack of resources. In 2002, the leadership turnover stopped and new officers replaced those of uncertain reliability. These factors combined with stronger leadership, a successful operations plan, and better intelligence, resulted in a much-improved DAN in 2002. Having a senior police official as head of the DAN, and swiftly filling DAN vacancies, shows the priority the GOES gives to counternarcotics law enforcement. However, like the rest of the PNC, the DAN suffers from a lack of resources. Its effectiveness is also hampered by the lack of both a modern conspiracy law and a law allowing judge-approved wiretaps. A bill to reform the conspiracy law is stalled in a legislative committee. And, it is unclear when a bill to amend the constitution to allow wiretaps will be formally submitted and approved by two successive Assemblies.

The Salvadoran Navy's ability to patrol the Pacific coast was significantly enhanced by the transfer of ex-U.S. Coast Guard vessels and boarding equipment in 2001. However, the Salvadoran Navy has been unable to take full advantage of these new acquisitions in 2002 because of a lack of funds for fuel and maintenance.

The PNC is understaffed by about 10 percent, fielding 16,702 officers of its authorized 18,500. Moreover, the PNC's budget is the same as it was in 1997, although hundreds of officers have joined the PNC since then. As a result, police are short of essential equipment, particularly communications and vehicles. In 2003, the PNC's U.S. \$134.6 million budget will be cut by U.S. \$5 million or about 3 percent. This was the result of government-wide budget cuts.

Corruption. With USG assistance, the GOES drafted a code of government ethics and proposed creation of an Office of Government Ethics to control, identify and prosecute corruption among public officials. GOES officials are currently working on a bill to be submitted to the Assembly in early 2003 that would establish the Office within the Court of Accounts (the Salvadoran equivalent of the Inspector General's Office). The PNC's Internal Affairs Unit and the Anti-Corruption Unit of the Attorney General's Office (FGR) detain and prosecute police officers for corruption and abuse of authority. The USG provided specialized training in anti-corruption to police, prosecutors, and judges. The GOES is making significant efforts to prevent and combat corruption among senior public officials and reduce it at all levels of government, and to keep the country from becoming a safehaven for drug-traffickers, money launderers, and other criminals. The penal code punishes corruption, although narcotics-related corruption is not specifically mentioned.

As a matter of policy, the GOES does not encourage or facilitate illicit production or distribution of narcotics or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. To our knowledge, no senior official engages in, encourages, or facilitates the illicit production or distribution of such drugs or substances, or the laundering of proceeds from illegal drug transactions. The GOES has not misused INL-provided aircraft or other equipment.

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

GOES recognizes the crime of illicit enrichment, it does not have a law similar to the U.S. Foreign Corrupt Practices Act. However, Salvadorans can be prosecuted for crimes committed outside Salvadoran territory and thus for bribing foreign officials abroad. The 1998 anti-money laundering law also covers the proceeds of corruption.

Agreements and Treaties. The current extradition treaty between the United States and El Salvador does not provide for the extradition of each other's nationals and does not expressly cover narcotics offenses. Negotiations for a new treaty have been productive, but several outstanding issues remain under review.

There is no bilateral mutual legal assistance treaty (MLAT) between El Salvador and the United States. However, El Salvador signed the Inter-American Convention on Mutual Assistance in Criminal Matters in 2002. Once it ratifies that treaty, legal cooperation between the two countries, including that in narcotics cases, will become easier.

There is no bilateral precursor chemical agreement between El Salvador and the United States. Formal negotiations on a comprehensive maritime counternarcotics cooperation agreement are expected to begin in early 2003.

Annually, the two governments sign letters of agreement under which the USG provides counternarcotics assistance to the GOES.

El Salvador is a party to the 1988 UN Drug Convention. It has signed but not yet ratified the UN Convention against Transnational Organized Crime and its protocols. It is a party to the 1971 UN Convention on Psychotropic Substances and the 1961 UN Single Convention on Narcotic Drugs as amended by the 1972 Protocol. El Salvador is a signatory to the Central American Convention for the Prevention of Money Laundering Related to Drug-Trafficking and Similar Crimes. There is a collective Mutual Legal Assistance Agreement between all Central American countries.

Cultivation/Production. Climate and soil conditions do not favor the cultivation of cocoa plants. Small quantities of cannabis are produced and consumed domestically.

Drug Flow/Transit. Cocaine from Colombia typically transits El Salvador via the Pan-American Highway. Heroin from Colombia usually goes through Panama, then via courier on a commercial passenger flight to El Salvador to another commercial flight to Honduras and then by bus to Guatemala. The Pan-American and Littoral Highways are the land routes preferred by traffickers.

Go-fast boat activity has increased along the Pacific coast. P-3 aircraft flying out of the FOL have detected various go-fast boats, and the PNC found two abandoned go-fast boats along the coast. The number of suspicious aircraft detected transiting Salvadoran airspace increased.

Domestic Programs (Demand Reduction). The Salvadoran Anti-Drug Foundation (FUNDASALVA) sponsors counternarcotics radio and television campaigns as well as counternarcotics education, drug treatment, and drug rehabilitation programs. The PNC draws on the U.S. Drug Abuse Resistance Education (DARE) program for its counternarcotics presentations at schools. The Ministry of Education uses the U.S. Military Information Support Training (MIST) program to inform elementary school children of the dangers of drugs.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. The United States aims to assist in the professional development of GOES law enforcement agencies, increase their ability to combat money laundering and public corruption, and ensure a transparent criminal justice system.

Bilateral Cooperation. The United States provided U.S. \$1.7 million to assist Salvadoran law enforcement, including: U.S. \$818,000 for police communications equipment; U.S. \$495,000 for 76 police motorcycles and 16 cars; U.S. \$90,000 in operational support for Grupo Cuscatlan; U.S. \$90,000 to help

establish a high-profile crimes unit (GEAN) within the DAN; U.S. \$87,000 to buy six vehicles for the FGR's anti-corruption unit; and U.S. \$76,000 to purchase four vehicles for the PNC's Office of the Inspector General. The USG also funded a variety of training courses on money laundering and anti-corruption costing approximately U.S. \$37,000.

Road Ahead. The U.S. government will continue to provide operational support to Salvadoran law enforcement institutions, anti-money-laundering training, and essential investigative tools. In partnership with the GOES, the USG plans to construct a vehicle inspection facility, construct a new headquarters for the DAN, and build new kennels for the DAN's drug-sniffing dogs. To reduce drug consumption and crime, the United States will also fund a laser tattoo-removal machine. Over 40 percent of homicides are gang related, and there is a direct linkage between El Salvador gangs and their U.S. counterparts. A tattoo removal machine will help reduce recidivism amongst gang members, thereby reducing crime and increasing rehabilitation. In addition, the USG will sponsor a comprehensive national study of drug use.

Guatemala

I. Summary

Guatemala remains a major drug-transit country for South American cocaine and heroin en route to the United States and Europe. Large shipments regularly move through Guatemala by air, road, and sea with very little law enforcement intervention. Guatemala has failed demonstrably to meet its counternarcotics obligations in 2002. This last year was very difficult for the Guatemalan entities involved in counternarcotics efforts, notwithstanding regular U.S. technical assistance and training. Cocaine seizures decreased by more than 40 percent and were far below historic averages. The traditional problems of widespread corruption, acute lack of resources, poor leadership, and frequent personnel turnover in law enforcement and other Government of Guatemala (GOG) agencies continue to negatively affect the GOG's ability to deal with narcotics trafficking and organized crime. The National Civilian Police's Anti-Narcotics Operations Department (DOAN) stole more than double the amount of cocaine than was legally seized during the year. DOAN personnel also held the small village of Chocon hostage, while torturing and killing two village residents, in an effort to steal 2000 kilos of cocaine.

These scandals and others led first to the firing or transfer of more than 75 percent of the DOAN personnel, and ultimately to the elimination of the unit in October 2002. The newly created narcotics police (SAIA) has had some small successes and has been very responsive to U.S. training and technical assistance. The USG will work with the GOG on the professionalization of the SAIA in order to enhance interdiction and eradication operations. Particular emphasis will be on leadership, investigations, and human rights issues. There are also similar efforts to improve the performance of the narcotics prosecutors and judges. Many of these programs are regional in nature. The GOG recognizes that there is a growing domestic consumption problem and supports a very active demand reduction program.

The GOG has been working positively on using the money laundering legislation passed in 2001, but there have been no convictions to date. The GOG remains on the FATF list of non-cooperating jurisdictions with regard to money laundering. Negotiations began on a comprehensive six-part maritime counternarcotics agreement. Guatemala is a party to the 1988 UN Drug Convention and the Inter-American Anti-Corruption Convention.

II. Status of Country

Guatemala is the preferred country in Central America for the storage and consolidation for onward shipment of cocaine to the United States. USG estimates indicate that up to 400 metric tons of cocaine are shipped through the Central American corridor to Mexico and the United States annually, with up to half of that total passing through Guatemala. Guatemalan law enforcement agencies interdicted 2.4 metric tons of cocaine in 2002. This was a significant decrease from the previous year's 4.1 metric tons, which was already below historical averages. The DOAN stole more than twice the amount of cocaine that was reported as seized and were involved in a number of other major scandals before being disbanded. Narcotics traffickers continue to pay for transportation services with drugs, thereby fomenting domestic consumption and crime.

Widespread corruption, high turnover of law enforcement personnel, poor leadership, and a lack of resources continue to plague the police. Since the current administration took office, in early 2000, there have been four Ministers of Government, seven Directors of the National Civilian Police (PNC), and 11 different directors of the DOAN or SAIA. This constant turnover has made long-range planning for operations and investigations nearly impossible and the formation of working relationships very difficult. With almost no air assets, the Guatemalan police have problems adequately supporting their eradication and drug interdiction efforts. They continue to have trouble providing even basic equipment and

provisions to SAIA agents in the field. Corruption is endemic in all sectors and levels of the government and continued to hinder counternarcotics operations significantly during 2002.

The SAIA, which replaced the DOAN, has the potential to become an honest and credible threat to narcotics trafficking. All new recruits undergo a background investigation, polygraph exam, and a urinalysis test. During the last two months of 2002, USG agencies began to work more closely with the SAIA and there were some successful operations, especially at the international airport. Further significant training and support from the USG will be needed to train and equip the SAIA adequately. It will also be necessary for the GOG to protect the SAIA from the tremendous corruption that led to the disbanding of the DOAN. In addition, the SAIA will have to find a way to function with very limited resources, since the PNC is having trouble even paying salaries and utilities for the 20,000-strong national police force.

The Public Ministry's narcotics prosecutors units receive USG training and assistance, and continue to try cases and achieve convictions of minor narcotics offenders. These units were also largely disbanded and reconstituted during 2002. While inexperienced, the new prosecutors seem competent and knowledgeable. As in previous years, success in prosecuting major narcotics traffickers has been limited. Corruption, intimidation, and lack of resources in the judiciary, as well as an absence of formal criminal conspiracy laws in Guatemala, are the additional reasons for the lack of success in prosecuting and convicting major traffickers. Guatemala is beginning to work positively on using the money laundering legislation passed in 2001. However, there have been no convictions to date. If used appropriately, the money laundering legislation could prove to be an avenue for eventually bringing some of the more important narcotics traffickers to justice, since it contains limited conspiracy provisions.

Guatemala grows minimal quantities of opium poppy and cannabis. Apart from crack cocaine and cannabis for local consumption, narcotics are generally not processed in Guatemala. Diversion of precursor and essential chemicals is considered to be a problem, however. In 1999, the GOG passed chemical control legislation identifying 46 chemicals that need to be monitored. However, it has still not passed the implementing regulations that would make the legislation useful for enforcement and prosecution purposes. Even if regulations are finally passed, the GOG lacks the personnel and resources to control the specified chemicals.

The GOG has an aggressive demand reduction program aimed at a growing substance abuse problem. Guatemala's National Drug Coordinating Agency, SECCATID, has continued to work closely with the USG and international organizations, including the UN and the OAS, in seminars and surveys providing education to decrease consumption and raise public awareness about consumption and narcotics trafficking.

III. Country Actions Against Drugs in 2002

Policy Initiatives. In 2002, Guatemala signed three Letters of Agreement (LOAs) with the USG on counternarcotics and demand reduction. However, the disbanding of the narcotics police and the reconstitution of the prosecutors units on grounds of corruption and inefficiency made full implementation of the LOAs difficult. Neither Guatemala's Congress nor its Executive made any significant effort to improve the situation via legislation, increased budgets, or more high-level attention and leadership. The Regional Counternarcotics Training Center continued to function well, and the GOG formally transferred the title of the property to the police. This will allow for greater infrastructure improvements in the coming years. No progress was made on implementing the legal and regulatory changes necessary for Guatemala to comply with the terms of the Inter-American Convention Against Corruption that was signed in 2001, although Guatemala did become a member of the Caribbean Financial Action Task Force (CFATF) in 2002.

Accomplishments. In 2002 there were few significant seizures and total seizures declined more than 40 percent compared to 2001. In June of 2002, DOAN reported a seizure of 500 kilograms of cocaine that were being transported in a go-fast boat. However, further investigation indicated that the DOAN had

actually kept about 1500 kilos of the 2000-kilo shipment. In November, the SAIA, working with USG law enforcement, seized 834 kilos of cocaine that was hidden in a secret compartment of tanker truck carrying syrup. In the last two months of 2002, USG law enforcement began working closely with the SAIA on detecting illicit funds flowing south through the Guatemalan international airport. Almost 2.5 million dollars were seized or identified in those two months. While a very positive development, it remains to be seen if the GOG can convict any of these couriers or what will be the final outcome of the currency.

The USG-funded canine program was one of the few bright spots in 2002, with at least eight seizures attributed to it. The Police- Prosecutor Task Force that was created at the end of 2001 has had some successes. They have brought to light a number of corruption scandals that involve close friends and associates of high-ranking GOG officials. Complete investigation and conviction on these cases may be impossible due to pressure from very high levels. However, the fact that the Task Force was even able to open investigations in these sorts of cases is a first in recent years. The Task Force did arrest a narcotics prosecutor who was accused of taking payments to undermine a narcotics trafficking case. The Task Force has also dismantled a number of fake documents rings and arrested mid-level national and municipal officials involved in corruption.

The GOG used USG funding and technical assistance to provide training in the application of the narcotics activity and money laundering law. Guatemala again participated in a joint U.S.- GOG counternarcotics operation in early 2002. This operation did not produce much in the way of seizures, but did result in the eradication of large quantities of cannabis. This joint operation in 2002 provided the narcotics police with advanced training in counternarcotics operations, planning, and logistics.

The Port Security Program (PSP), a self-financed effort that fosters cooperation among the GOG, the USG, and private shipping companies to try to improve counternarcotics efforts was regularly stymied by port corruption. PSP is funded by a fee levied on shipping companies and provides monetary and technical assistance to the SAIA agents who operate in the ports. The USG provides technical assistance, logistical support, and training for this program that, in past years, yielded a number of large seizures. The PSP did make progress on improving the overall security at the ports in order to comply with new U.S. legislation.

Illicit Cultivation and Production. Guatemala has significant cannabis cultivation and minimal opium cultivation. The GOG continues to have an active manual eradication program for cannabis and opium. However, the complete lack of air assets for reconnaissance and transportation of personnel make manual eradication a very difficult endeavor in a country with mountainous terrain and limited infrastructure. Eradication of cannabis plants continues to be robust, however, with more than 380,000 plants being eradicated in 2002. Over 280,000 cannabis plants were eradicated during a joint USG-GOG Central Skies counternarcotics exercise. There is very little indication that Guatemala has any large labs or processing sites for other illegal narcotics, even though there is some evidence to suggest that larger loads of such narcotics transiting Guatemala are regularly broken down into smaller loads for onward shipment.

Sale, Transport, and Financing. The Pan-American Highway is a major conduit for drugs traveling north to Mexico and, eventually, the U.S. The trend continued of “mules” transiting Guatemala and being subsequently caught in U.S. airports with cocaine and heroin. The use of go-fast boats continues to rise, and there also seems to be an increase in the use of small aircraft. Commercial containers, both on land and through seaports, continue to offer the best opportunity for smuggling larger quantities of drugs through Guatemala, and are the area where the GOG has had the least success in interdiction efforts, primarily due to the corruption that is endemic to all three major ports. Colombian and Mexican narcotics traffickers continue to operate in Guatemala, even though almost all of the transportation is actually done by Guatemalan transport groups, that operate throughout Central America. As much as 10 percent of some cocaine shipments passing through Guatemala is left behind as payment for services rendered. Most of this is sold in Guatemala as crack.

Money Laundering. Guatemala did join CFATF in 2002, but remained on the Financial Action Task Force's (FATF) list of non-cooperative countries. (For additional information see separate Money Laundering Section).

Asset Seizures. The GOG passed reforms to drug enforcement legislation in 1998 to allow the police to use seized assets. The Supreme Court has resisted this, stating that only courts have the right to retain these assets. However, the Court has made no real effort to use the assets, with many cars, boats, and planes rusting away.

Law Enforcement and Transit Cooperation. Guatemalan law enforcement representatives do work with USG personnel and organizations to curtail the flow of drugs through Guatemala in instances where the USG can provide intelligence, funding and technical assistance. However, the corruption scandals that plagued the narcotics police last year made the cooperative effort much more difficult than in past years. In fact, informants regularly refuse to talk with USG agencies, as they are accustomed to the Guatemalan police paying them in drugs, instead of money. The DEA and several other USG law enforcement agencies continue to have collaborative relationships with Guatemalan law enforcement authorities. Guatemala does exchange limited information and maintain links with Joint Intelligence Coordination Centers (JICC) throughout Central America and with the El Paso Intelligence Center (EPIC). Guatemala actively participated in the Central Skies joint counternarcotics operations that included the DEA, the U.S. Coast Guard, and the U.S. Army.

Demand Reduction. The GOG continues to support counternarcotics education and rehabilitation programs. SECCATID implemented a variety of projects as part of a comprehensive and aggressive demand reduction strategy. The principal project was the first-ever nationwide comprehensive drug consumption survey. The data have been collected and analysis has begun. The data will provide the GOG with a scientific and concrete baseline to use in focusing and evaluating projects. Through the National Program of Preventive Education, SECCATID trained 693 more instructors this year throughout the country using the "train the trainer" concept with the participation of the Ministries of Health and Education. SECCATID provided training and education to 2214 parents as agents of preventive education. More than 1800 Guatemalan students received drug awareness seminars along with 653 teachers. SECCATID also provided training to more than 1600 NGO reps, private company reps, soldiers, prison guards, and social security employees. The DARE program also provided extensive training to over 5700 students and teachers.

In 2002, SECCATID developed and distributed counternarcotics educational materials, including 151,368 pamphlets, 56,422 bookmarks, 14,419 posters, 60,000 school agendas, 2,102 mouse pads, 6,665 booklets, 7,755 notebooks, and 1,497 teacher's manuals.

Law Enforcement Efforts. The PNC and the SAIA are often very cooperative on a case-by-case basis when there is significant USG involvement, funding, and interest. However, they have demonstrably failed in the day-to-day job of interdicting narcotics and then investigating the traffickers on their own, due to corruption, poor leadership, and insufficient funding. Very large shipments of cocaine and heroin regularly pass through Guatemala without any law enforcement intervention. There was some improvement in the last two months of the year, and it is hoped that this momentum will continue. After significant USG and public pressure, the GOG announced at the end of the year that it was opening investigations against five retired military officers who are allegedly involved in narcotics trafficking. These five include retired General Francisco Ortega Menaldo, believed by many to be the leading figure of organized crime in Guatemala. The GOG's support to the Regional Counternarcotics Training Center, run by the Guatemalans with USG advice and financing, and the canine program, continue to be two bright spots.

Corruption. Corruption has increased significantly in recent years and it is the number one obstacle to increasing the effectiveness of all USG programs in Guatemala. Transparency International's August rankings listed Guatemala as the 21st most corrupt of 102 countries ranked. There are frequent allegations of police, prosecutors, and judges being corrupt. Hardly a week went by without another corruption scandal involving government officials. High levels of impunity and intimidation only exacerbate the

corruption. Few high-level figures are ever charged or formally investigated for corruption and even fewer go to trial. GOG efforts to fight corruption have been generally ineffective, and have contributed to disillusionment with the government's commitment to solving this problem. Efforts to pass legislation on corruption and transparency have failed, primarily due to disagreements between the ruling FRG party and the opposition parties. The President's effort in late 2001 to bring in the World Bank to help develop a "National Anti-corruption Plan" finally got off the ground in December. However, the committee of notables that is going to implement and monitor the process has been widely questioned.

The USG has been very aggressive in trying to convince the GOG to deal with corruption. This was one of the primary topics of hearings held by the House International Relations Committee (HIRC) in October 2002. Through our Embassy, the USG has sponsored numerous seminars and training sessions on corruption and its caustic effect on all aspects of society. In spite of this, GOG efforts to fight corruption have remained generally ineffective.

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 has also signed bilateral counternarcotics agreements, including information exchanges, with Mexico (1989), Venezuela (1991), Argentina (1991), Colombia (1992), Ecuador (1992), Peru (1994), and Spain (1999). Guatemala has failed demonstrably in 2002 to meet its obligations under relevant international counternarcotics agreements and, additionally, has failed to codify provisions on extradition. Guatemala has ratified the UN Convention Against Organized Crime, as well as the Inter-American Convention Against Corruption, but has done little to pass laws or regulations to comply with these conventions.

The extradition treaty between the GOG and the USG dates from 1903. A supplementary extradition treaty adding narcotics offenses to the list of extraditable offenses was adopted in 1940. Extraditions in recent years have required a significant expenditure of effort and time and none of the pending requests was resolved in 2002. Instead of formal extraditions, the GOG is often able to expel U.S. fugitives on the basis of violations of Guatemalan immigration laws. However, extradition of Guatemalan citizens remains very difficult. The USG does not have a mutual legal assistance treaty (MLAT) with Guatemala. The GOG signed in December 2002, but has yet to ratify, the OAS multilateral MLAT, to which the United States is a party.

IV. U.S. Policy Initiatives and Programs

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

The Road Ahead. A stagnant economy and rampant corruption will make it very difficult for Guatemala to make serious inroads against narcotics trafficking in 2003. As the current government prepares for national elections in late 2003, the limited resources available to the police, prosecutors, and judiciary may be concentrated on violent crime, a major issue in previous elections. In addition, although the SAIA and the Narcotics Prosecutors are now fully staffed, both groups are inexperienced and untrained to

effectively battle the entrenched narcotics trafficking organizations. These factors make USG training and assistance even more important.

The Government of Guatemala, with the assistance of CICAD is developing a comprehensive national drug strategy that should assist in making maximum use of its resources. Following significant high-level USG and public pressure at the end of 2002, the GOG began to pay attention to counternarcotics issues. The Embassy, in concert with Washington, will continue to urge progress on a return to pre-2002 drug seizure levels, more aggressive prosecution of major narcotics cases and the complete destruction of seized drugs not needed for evidence. In addition, the U.S. will work with the GOG to conclude negotiations on a bilateral maritime agreement – as well as encouraging the GOG to develop new legislation needed for increased successful counternarcotics enforcement, particularly in areas of search warrants, investigative authority, and the use of seized assets. The upcoming Central American Free Trade Agreement negotiations will enhance this effort by focusing regional attention on GOG performance regarding international agreements and obligations. The GOG will also need to address domestic cocaine abuse, primarily crack, which is expected to grow as traffickers increasingly trade a percentage of cocaine shipments for transportation and security services. The GOG should also pass legislation on terrorist financing, and continue to implement much needed reforms to assist in anti-money laundering efforts - specifically coordination with law enforcement to successfully investigate and prosecute money launderers.

*Guatemala Statistics**(1993–2002)*

	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Opium										
Potential Harvest (ha)	0	0	0	0	10	7	0	39	50	438
Eradication (ha)	1	1	1	1	5	3	12	86	150	426
Cultivation (ha)	1	1	1	1	15	10	12	125	200	864
Potential Yield (mt)	unk	0.00	0.00	0.00	0.20	0.10	0.00	0.40	0.50	4
Cannabis										
Potential Harvest (ha)	unk	unk	unk	0	82	100	41	50	100	unk
Eradication (ha)	38	43	32	52	58	50	213	250	100	200
Cultivation (ha)	38	43	32	52	140	150	254	300	200	unk
Potential Yield (mt)	unk	1	1	0	10	12	5	6	12	
Seizures										
Cocaine (mt)	2.8	4.1	1.4	10.1	9.2	4.3	4.0	1.0	2.0	7.6
Cannabis (mt)	2.3	0.52	0.03	0.65	0.42	0.34	16.40	0.50	1.76	2.1
Heroin (kg)	18.00	16.00	9.30	52.00	3.65	16.20	7.80	0.00	0.00	0.00
Opium (kg)	0.0	0.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0
Arrests	5,917	479	842	472	928	188	189			

Honduras

I. Summary

The trans-shipment of cocaine through Honduras using air, land and maritime routes continued without significant disruption in 2002. Overall seizures in Honduras dropped to their lowest level in more than three years and were the fewest of any country in Central America. Corruption remains a problem within Honduran law enforcement, judicial, and military organizations and is the primary impediment to successful law enforcement cooperation. On a positive note, the Honduran Congress finally approved a new money laundering law in March that will facilitate U.S. and Honduran law enforcement and counterterrorism efforts. The National Council for the Fight Against Drug Trafficking renewed its commitment to lead the country's counternarcotics efforts. A new, more politically independent Supreme Court was installed in January with the change of government. It has already demonstrated its willingness to tackle the problems of judicial corruption. It is working assiduously to improve the administration of justice in the country. Available funds to implement a government-approved counternarcotics master plan remain limited. The Ministry of Public Security and the Honduran military took a more active role in counternarcotics operations; however, their actions did not effectively reduce the amount of drugs transiting Honduras. The United States continues to provide funding, training and technical support to improve Honduran law enforcement capabilities. Ensuring the detention, prosecution and incarceration of major offenders, however, remains a challenge. Honduras is a party to the 1988 UN Drug Convention.

II. Status of Country

Honduras is not a significant producer of drugs. But it is a transshipment point for cocaine, via air, land and maritime routes. There are direct air and maritime links to U.S. cities and the Pan American Highway crosses southern Honduras. The Honduran police and Honduran Navy do not have sufficient maritime assets to attack drug trafficking along its north coast. There was a significant drop in drug interdiction this year, with the total amount of cocaine seized dropping from 182 kilograms to 76 kilograms. Despite the recent passage of a new broader law, money laundering in Honduras remains a serious threat, although the country is not yet a major money laundering center.

III. Country Actions Against Drugs in 2002

Policy Initiatives. In February, the new President, Ricardo Maduro, launched a "zero tolerance" campaign to combat crime in Honduras. His policy launched a combined police-military effort to patrol throughout the country, but primarily in urban areas, where widespread violent gang activity had reached alarming levels. The President directed more than 3,000 soldiers to work directly in support of law enforcement activities.

In response to violations of its airspace, the new Government approved the creation of a joint inter-agency incident response group; however, implementation of this new capability stalled. In late 2002, Armida Villeda de Lopez Contreras, the presidentially designated chair of the National Council for the Fight Against Drug Trafficking, launched an effort to improve coordination between the police, armed forces, prosecutors, and judiciary.

The Criminal Procedures Code took effect on February 20, 2002. The new code changes Honduras' criminal legal system from an inquisitorial system to an accusatorial one. The judicial system (law enforcement, prosecutors, judges, public defenders) required, but did not fully receive, additional budgetary resources for its successful implementation. Nonetheless, Honduras carried out far more trials (84) under the new code than have other Central American countries during comparable transition periods.

Accomplishments. As of December 1, 2002, 76 kilograms of cocaine and 708 rocks of crack and 341 kilograms of cannabis had been seized and there had been 722 narcotics-related arrests. Some progress was made in establishing a small maritime law enforcement facility in Gracias a Dios Department. The Honduran Frontier Police had success detecting cocaine transshipments through frontier posts, drawing on increased U.S. government-provided counternarcotics training. Law enforcement agencies seized U.S. \$460,000 in a mid-December seizure and search of the M/V Capt. Ryan.

Law Enforcement Efforts. Counternarcotics efforts are a priority for government agencies, but evidence continues to mount of infiltration of law enforcement agencies by narcotics traffickers and other criminals, as well as bribery. The DEA equivalent investigative force (the DLCN) continued to operate ineffectively despite new leadership. Furthermore, the new DLCN Director resigned his post in late October, and no successor had been named by the end of 2002. The Minister of Public Security supported creation of new counternarcotics police units, authorized an expanded role for the Frontier Police in the counternarcotics effort, and joined an inter-agency effort to create a new joint police-military counternarcotics command.

Corruption. While the government does not encourage or facilitate drug trafficking, corruption within the government and judiciary is a significant impediment to effective law enforcement actions. The Minister of Public Security named a new Police Chief and Internal Affairs Director in February and continued efforts to purge the police of corrupt elements. However, the Government has still not conducted any effective investigations into criminal penetration of law enforcement units and the judiciary. The Internal Affairs Director and Minister of Public Security became embroiled in a highly publicized dispute over the involvement of police officers in extrajudicial killings, which inhibited efforts to investigate corruption within the police. Nationally elected officials enjoy legal immunity for all acts while in office, creating a perverse incentive for people involved in illicit activity to run for office and complicating enforcement efforts against suspected illegal narcotics activity. The widespread issuance of Honduran diplomatic and official passports also aids drug trafficking. A member of the 1997-2001 Honduran Congress was arrested with 6 kilograms of heroin while attempting to cross the Panama-Costa Rica border using a valid Honduran diplomatic passport.

Agreements and Treaties. An U.S.-Honduras maritime counternarcotics agreement entered into force in 2001; under its auspices a trilateral counternarcotics maritime operation, which included Nicaragua, was conducted in April 2002. The agreement allows U.S. vessels to operate in Honduran waters in support of Honduran law enforcement efforts; in addition, the agreement provides for information exchange and the coordination of joint counternarcotics activities. The Honduran government is an active member of the Inter-American Drug Abuse Control Commission (CICAD). Honduras also hosts the Regional Center for (Counternarcotics) Development and Judicial Cooperation in Central America, headed by a Nicaraguan. Honduras has counternarcotics agreements with the United States, Belize, Colombia, Jamaica, Mexico, Venezuela and Spain.

Cultivation/Production. Cannabis remains the only illegal drug known to be cultivated in Honduras. There were no additional seizures of synthetic drugs during 2002, despite the seizure of Ecstasy for the first time in Honduras in December 2001. Aerial herbicides are not used in the Government's eradication efforts.

Drug Flow/Transit. The volume of drugs transiting Honduras continues to increase but does not have a significant impact on the United States. There has been a noticeable increase in the number of suspect air flights transiting Honduran airspace en route to Guatemala and southern Mexico. Overland routes using commercial and private vehicles continue to be used to smuggle cocaine. Illegal go-fast boat landings in Department of Gracias a Dios also are used to deliver cocaine for trans-shipment via small boat to La Ceiba, where it is transported onward for embarkation on commercial vessels, or trucked toward Guatemala. The vast majority of drugs entering/transiting Honduras - probably over 90 percent - are destined for the United States, although it is now a common practice for traffickers to pay local "contractors" in drugs. Gang members are increasingly used to "push" these in-kind payments to

Hondurans in urban areas and along the north coast. Drug smuggling using ships departing Honduran ports on the Caribbean is common. Despite efforts to establish a port security program, the government's autonomous Port Authority has not made any significant progress to address this problem.

Domestic Programs/Demand Reduction. The Maduro Administration has launched a pilot program directed at Honduran youth to fight drug abuse. The National Council is making demand reduction a major part of Honduran counternarcotics efforts. It reflects the government's appreciation that drug trafficking through Honduras is a national security threat and major public policy problem inside the country.

Drug use is a growing phenomenon among youth culture in Honduras; 49 percent of Hondurans are under 18. Drug abuse by gang members is a growing issue of public concern. It is viewed by some as only one of many public health and social problems linked to unemployment, poverty and economic underdevelopment. Cannabis is the most widely abused illegal drug in Honduras, followed by cannabis, inhalants, and - to a much lesser degree - cocaine. Crack cocaine and designer drug use is increasing.

The National Council's pilot program links the efforts of the government's demand reduction entity "IHADFA" - the Institute for the Prevention of Alcoholism and Drug Addiction - with an umbrella group ("CIHSA") of NGOs working in demand reduction and drug rehabilitation. The new program combines programs operated by the Ministries of Public Health and Education, IHADFA and CIHSA, to launch a community-wide effort to inform youth about the dangers of drugs and to address root causes of drug experimentation. The U.S. Embassy is working with the National Council to support this new approach.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. U.S. counternarcotics initiatives aim to strengthen Honduran law enforcement entities, with a special focus on enhancing GOH maritime interdiction along the north coast. The new government has worked hard to support implementation of bilateral counternarcotics projects and expressed interest in expanding program cooperation, though its resources are extremely limited. In addition, the June amendment to the 2000 Letter of Agreement directed monies for the establishment of a machine readable passport project, completion of the construction of a container freight tracking system, and a repatriation shelter for illegal aliens from third countries.

Bilateral Cooperation. The United States added almost U.S. \$1.5 million to its bilateral counternarcotics program during 2002. The U.S. Government (USG) funded construction of additional office space for a new transnational crime analytical unit and provided necessary computer equipment to CEINCO, the joint intelligence coordination center. U.S. Customs provided refresher training and an assessment of the DLCN canine program. Construction of a counternarcotics and customs checkpoint on the Pan-American Highway was completed in November 2002. The new facility will be manned by the Frontier Police, which received intensive training for the U.S. INS Border Tactical Police. The refurbishment of two 36-foot and two 24-foot USG-donated boats for counternarcotics purposes was completed and the boats were deployed along the Caribbean (north) coast. The United States doubled its support for Honduran demand reduction programs.

The Road Ahead. The Honduran government of President Maduro has demonstrated a strong interest in attacking drug trafficking through its national territory and is organizing itself to more effectively respond to this challenge. We expect to see an increased level of maritime interdiction operations by the government during the next year. The National Council for the Fight Against Drug Trafficking has taken a revitalized leadership role within the government. We expect to work closely with the council to address better implementation of the national counternarcotics master plan. The council is more effectively coordinating the various efforts of the police, Attorney General's Office, judiciary, and armed forces. Corruption, threats and violence continue to pose a major challenge to effective law enforcement.

Mexico

I. Summary

The United States and Mexico achieved unparalleled levels of cooperation with Mexican counterparts in fighting drug trafficking and other transnational crimes in 2002. President Fox and members of his Cabinet unveiled an ambitious National Drug Control Plan in early November that called upon Mexican society and institutions to wage a frontal assault against all aspects of the drug problem, including production, trafficking, and consumption. Mexican authorities continued to achieve impressive results in arresting leaders of major drug trafficking organizations, undermining their capabilities to operate both in Mexico and the United States. Mexico's interdiction efforts focused on maritime and air drug movement on both coasts as traffickers responded with smaller load sizes and changes in land movements. The Mexican Attorney General's Office (PGR) and Mexican military services continued to strengthen their institutions and root out corruption within their ranks. The PGR's Federal Investigative Agency (AFI) and the National Drug Planning Center (CENDRO) have developed first-rate cadres of investigators to collect and analyze information on drug trafficking and other organized crimes. The PGR and the Mexican Army waged aggressive eradication campaigns against cannabis and opium poppy; opium gum production was reduced substantially over 2001. The GOM extradited a record number of fugitives to the U.S. in 2002; however, many U.S. requests, including for major drug fugitives, were denied, raising concerns about future cooperation.. Mexico is a Party to the 1988 UN Convention.

II. Status of Country

The United States and Mexico have achieved unprecedented levels of cooperation in fighting drug trafficking and other transnational crimes during the Fox Administration. The PGR and the military services targeted the leadership of all major drug trafficking organizations, with the goal of disrupting their production, transport, and sale of drugs. In 2002, Mexican police and military officials arrested and jailed leaders of major drug trafficking organizations. The Government of Mexico (GOM) continued aggressive eradication campaigns, with the PGR performing aerial spraying of drug fields and the Army deploying up to 20,000 soldiers per day to the field for manual destruction of marijuana and poppy crops. PGR officials plan to implement soon a major reorganization that will enable PGR personnel to work more effectively against organized criminal groups. Many opportunities exist for further improving cooperation, particularly in interdiction and capacity building, during the remaining four years of the Fox Administration.

Even with these successes, Mexico remains the major transit country for cocaine entering the United States. Approximately 65 percent of cocaine reaching the United States passes through Mexico and waters off the Pacific and Gulf coasts. The eastern Pacific, in particular, remains a preferred transit route for the smuggling of cocaine from South America to the United States. While Mexico produces less than five percent of the world's opium poppy, geographical proximity to the United States allows cultivators and processors to supply a disproportionately large share of the U.S. heroin market. Marijuana grown in Mexico provides a significant supplement to that grown by domestic cultivators in the United States. Additionally, Mexican traffickers figure prominently in the distribution of drugs, particularly cocaine, heroin, methamphetamine, and marijuana in U.S. markets.

III. Country Actions Against Drugs in 2002

Policy Initiatives. In early November, President Vicente Fox unveiled a comprehensive, six-year National Drug Control Program that called upon Mexican society and institutions to engage in a frontal assault against drugs. The strategy focuses on the need to address all aspects of the drug problem,

including production, consumption, smuggling, and related crimes, such as money laundering and diversion of precursor chemicals. As one of its action items, the Fox Administration plans to present legal reforms to allow state and local authorities to arrest and prosecute those involved in retail sales of drugs, thereby enlisting the aid of police at all governmental levels. The National Drug Control Plan assigns specific responsibilities to 14 Cabinet Secretaries, the Attorney General, and the Attorney General of the Federal District (Mexico City).

President Fox and Attorney General Rafael Macedo de la Concha promoted efforts to root out corruption, instill integrity among law enforcement personnel, and build the capacity of GOM institutions to fight drug trafficking, terrorism, and other forms of organized crime. Both AFI and CENDRO, with USG assistance, undertook comprehensive upgrades of equipment and key training for personnel. Under a reorganization plan approved by the Mexican Congress in mid-December, the PGR will consolidate all offices involved in fighting organized crime under a single Deputy Attorney General. The PGR will also create an office responsible for ensuring respect for human rights of defendants and another to oversee training and governmental innovation. In December, the PGR received from the Swiss-based International Service Organization its ISO-9000 certification for enhancing the efficiency of 81 internal procedures, the first recognition of this type for any Mexican federal entity.

Institutional Development. Mexican officials promoted institutional development of law enforcement entities at federal, state, and local levels. They worked energetically to restructure federal law enforcement agencies and change the attitudes of citizens regarding the quality and professionalism of Mexican police personnel. Rigorous training programs, important acquisitions of equipment, renovation and construction of new offices, and improvement of benefits, including salaries and job security, contributed to ongoing professionalization of law enforcement personnel. Much work remains, but the GOM has made important progress.

The Mexican Government has invested considerable human, financial, and material resources into counternarcotics and anti-crime efforts. In 2002, PGR leaders increased salaries for their employees and established a system of bonuses for pilots who fly missions using night vision goggles. In instituting the salary increases, PGR managers raised the pay of junior personnel first, then that of mid-level managers, followed by that of senior officials. Such action boosted morale and strengthened PGR efforts to deter use of corrupt practices to supplement meager salaries. AFI has established a career path for all investigative agents, characterized by job stability, upward mobility, incremental salary increases, and promotions based on time-in-grade and performance. The PGR also embarked on a program of major infrastructure improvements at offices throughout Mexico. Both CENDRO and AFI now possess first-class computer networks for use in collecting, storing, and analyzing crime-related intelligence.

AFI celebrated its first anniversary in November 2002. During its first year of operations, AFI personnel figured prominently in investigations resulting in the arrests of drug traffickers, violent kidnappers, and corrupt officials. In the process, AFI has become the centerpiece of Fox Administration efforts to transform Mexican law enforcement entities into honest, effective institutions. AFI leaders have focused on developing young, professional, and well-trained investigators.

In the past year, CENDRO officials assumed a broader mandate to gather and analyze strategic intelligence on organized criminal organizations throughout Mexico. CENDRO personnel will gather information on eleven categories of organized crime, including terrorism, drug trafficking, money laundering, vehicle thefts, arms trafficking, currency counterfeiting, trafficking of minors, assaults, migrant smuggling, kidnappings, and trafficking in human organs.

During 2002, over 6,200 law enforcement personnel attended over 120 U.S.-sponsored training courses that cost the U.S. more than one million dollars. The National Public Security System (SNSP), which coordinated training for state police at five regional academies, played a key role in coordinating these courses, covering such diverse skills as Narcotics Investigations, Instructor Development, Ethics and Corruption, and Kidnapping and Hostage Negotiations. New courses in 2003 will include counterterrorism and extradition-related training.

Law Enforcement Efforts. Mexico's counternarcotics enforcement actions included organized crime investigations, arrests of major drug traffickers, robust marijuana and poppy eradication, and increased bilateral interdiction cooperation. Mexican officials revitalized the Sensitive Investigative Unit (SIU) program and moved the units to AFI, the PGR's operations-oriented arm. In late 2002, AFI created a special anti-money laundering unit that may help to advance the GOM's anti-money laundering regime. Only a relatively small number of money laundering investigations have been opened, prosecuted, and proceeded to conviction. The GOM could achieve more progress in such cases by improving communications among entities responsible for fighting money laundering. Financial Analysis Units yielded valuable results in several drug-trafficking investigations. The SIU program continues to hold the potential to be an effective mechanism for sharing the most sensitive intelligence data with Mexican law enforcement personnel without compromise. Following up on successes in 2001, SIUs have played important roles in successful investigations under Operation "Lion's Grip." The PGR, other law enforcement entities, and the military services successfully targeted all seven major drug-trafficking organizations in Mexico. Among the most prominent actions included the capture by military units of AFO kingpin Benjamin Arellano Felix in Puebla, just one month after his brother, also a kingpin, was killed in a shoot-out.

Arrests. Mexican law enforcement agencies and military personnel continued to achieve impressive results in dismantling the leadership of major drug trafficking organizations in Mexico. According to GOM statistics, during 2002, the GOM arrested 6,652 drug traffickers, including 6,534 Mexicans and 118 non-Mexicans. The most notable arrests included:

In January, authorities arrested Arturo Guzman Loera, the brother of Joaquin "El Chapo" Guzman (who escaped from a Mexican prison in January 2001) and ten members of Guzman's organization. Officials continue to seek the re-capture of Joaquin Guzman.

In March, Mexican military units arrested Benjamin Arellano Felix in Puebla, along with Manuel Martinez Gonzalez, the brother of hit man Fabian Martinez Gonzalez, significantly reducing the capabilities of the Arellano Felix Organization (AFO). A younger brother, Francisco Arellano Felix, and a sister remained fugitives. In March, authorities arrested Miguel "El Tarzan" Herrera Barraza, a lieutenant and chief of operations and logistics in the AFO. Herrera formerly served as a member of the state and municipal police forces.

In April, authorities arrested 43 corrupt police officers who had provided protection to the AFO, including 21 state judicial police agents and 22 municipal police officers. As a result of debriefings of these individuals, police also arrested Marco Antonio Tomayo Sotello and Javier Baca, charging them with organized crime offenses, and AFO hit man Jorge Ronquillo, charging him with murder. However, most of the 43 have been released and the cases against them dismissed.

In May, the Mexican military arrested Jesus Albino Quintero Meraz, a top lieutenant in the Gulf Cartel. He had also worked for the now-incarcerated Quintana Roo Governor Mario Villanueva.

In August, police officials arrested leaders of the "Ma Baker" drug distribution ring, which had distributed considerable amounts of cocaine and marijuana in Mexico City and its eastern neighborhoods. Those arrested included gang leader Delia Patricia Buendia Gutierrez; two daughters, Marcela Gabriela Bustos Buendia and Nadia Isabel Bustos; and the daughters' husbands, Esteban Galindo Buenrostro and Fernando Gutierrez, as well as other key lieutenants.

In October, members of the Federal Investigative Agency arrested long-time Colombian fugitive Jorge Mario "El Negro" Rios Laverda, whose arrest U.S. authorities had sought because of his involvement in drug offenses.

In December, members of the Federal Investigative Agency arrested Cesar Jimenez Reyes. Jimenez Reyes, the commander in charge of the Tijuana, Mexico office of the Attorney General's special drug unit, was implicated in the murder of three PGR officials in Tijuana in 2001.

Seizures. During 2002, Mexican authorities seized over 12.5 MT of cocaine, 1,494 MT of marijuana, 254 kilograms of heroin, 299 kilograms of opium gum, and 386 kilograms of methamphetamines. They also confiscated 1,815 vehicles, 116 boats, and 34 aircraft, and destroyed ten clandestine laboratories. Mexican authorities broke up a major ketamine trafficking organization headed by Jose Francisco Molina Alvarado, owner of Tokkyo Laboratories, and Jorge Ernesto Chevreuil Bravo. The group manufactured and distributed ketamine to U.S. and other consumers via the internet.

Illicit Cultivation and Eradication. Cultivators continued to employ small, widely dispersed plots in remote, inaccessible regions of the western Sierra Madre mountains to grow marijuana and opium poppy crops in Mexico. Growers used the dispersion and remoteness of the fields to attempt to undermine the effectiveness of aerial and manual eradication programs. The Mexican Army deployed up to 20,000 soldiers in the field at any one time to eradicate drug crops manually, while the PGR employed helicopters to spray herbicides on such crops.

Preliminary results of an opium yield survey begun in 2000 suggest that cultivators achieved higher yields per hectare than previously estimated. Farmers in the northern growing areas of Sinaloa, Durango, and Chihuahua used techniques comparable those employed in commercial agriculture, producing an average of 19.5 kilograms of opium gum per hectare. Farmers in southern growing regions of Guerrero, Oaxaca, Michoacan, and Nayarit employed techniques associated with subsistence farming, producing an average of 12.8 kilograms of opium gum per hectare.

Mexico does not produce an estimate of area under drug cultivation. U.S. experts estimate that approximately 13,500 hectares were cultivated with opium poppy during 2002 (down from 14,600 in 2001). Given the favorable climate and terrain, two to three harvests were possible in the primary growing regions. They estimated that some 19,400 hectares of cannabis were cultivated (up from 18,400 in 2001).

Data available from the Government of Mexico indicate that authorities eradicated 19,626 hectares of opium poppy, up from 19,116 hectares in 2001. U.S. experts estimated that this resulted in an overall reduction in poppy cultivation area by 10,800 hectares (up from 10,200 in 2001). The remaining area, some 2,700 hectares (down from 4,400 in 2001) produced an estimated 47 metric tons of opium gum, sufficient to produce some 5.6 MT of pure heroin or 11 MT of black tar. This constitutes a substantial reduction from the 2001 estimate of 71 MT of opium gum (sufficient to produce 8.5 MT of pure or 16 MT of black tar heroin). Mexican authorities also eradicated 30,777 hectares of marijuana (up from 28,699 hectares in 2001). U.S. experts estimate that the impact of this eradication effort effectively eliminated some 15,000 hectares (up from 14,300 in 2001) from cannabis production.

Extradition. During 2002, the GOM extradited 25 fugitives to the United States. This number is up from 17 during 2001, although a significant number of fugitives extradited in 2002 waived the extradition process. Of these, 17 faced narcotics and related charges, including drug trafficker Jorge Mario Rios Laverde; two of five suspects arrested in December 2001 during Operation "Landslide;" and marijuana trafficker Armando Lozoya. The Foreign Relations Secretariat (SRE) also ordered the extradition of Agustin Vasquez Mendoza, wanted for the 1994 murder of DEA Special Agent Richard Fass, and drug kingpin Miguel Angel Caro Quintero, but the Mexican courts must first resolve pending charges against them in Mexico. Currently, two other defendants await departure after waiving their appeal of extradition decisions. Mexico arrested 36 major fugitives wanted on drug charges in the U.S.; Benjamin Arellano Felix was the most prominent of these.

Since the October 2001 ruling by the Mexican Supreme Court that a person facing life imprisonment could not be extradited because a sentence violated the Mexican Constitution, the decisions of Mexican courts and the SRE have continued to evolve in response to the creative attempts of defendants to avoid extradition using the October 2001 decision. Where possible, the USG has worked to frame assurances regarding life imprisonment in terms that indicate clearly that sentences would not require defendants to spend their "natural life" in prison. However, the issue of assurances remains the thorniest one of several difficult issues in extradition cases. Recently, the SRE asserted that decisions on the adequacy of assurances rested with the SRE and not with the courts — a position sustained by certain appellate court

decisions. Earlier, the issue of the timing of provision of assurances caused denials of some extradition requests. The SRE has decided that the USG must provide assurances with the formal extradition package, an issue pending decision before the Mexican Supreme Court. Both SRE and the courts continued to deny extradition requests because of perceived inadequacies in life sentence assurances and sometimes unexplained technicalities. Problems and resulting denials of extradition requests remained over differences in the types of evidence required to establish probable cause. Nonetheless, planned bilateral meetings of prosecutors should help resolve this problem.

SRE denied extraditions in three high-profile cases. In November, the SRE denied the extradition of alleged drug trafficker Thomas Gonzalez Hincks. Even though the USG had provided categorical assurances, an appellate court recommended denial due to the alleged inadequacy of assurances and the defendant's Mexican nationality. The SRE asserted executive discretion in denying the extradition because of nationality. The SRE also denied the extradition of Ana Monti Almaraz, wanted for murder in Texas and for narcotics offenses in Texas and New Mexico. The court ruled against extradition because of inadequacy of life assurances in just one of the three jurisdictions. Although the SRE makes the final decision in extradition cases, SRE officials did not follow up with a request for separate decisions, but they agreed to discuss such legal issues in future cases with U.S. counterparts before completing their opinions. The SRE also denied the extradition of U.S. citizen Adan Medrano Rodriguez, a high-ranking member of the Osiel Cardenas Organization, because of allegedly insufficient evidence to establish probable cause for one or more charges. However, the PGR plans to prosecute Medrano in Mexico for the attempted kidnapping of an informant, assault, and drug offenses, using evidence supplied by the United States. However, the GOM's domestic prosecution of high-level trafficking cases under Article 4, based on U.S. evidence, have been largely unsuccessful to date.

Demand Reduction. Internal drug consumption continues to spiral upward in Mexico. According to recent surveys by Mexico's Secretary of Health and the National Council Against Addictions (CONADIC), internal drug abuse has expanded dramatically during the past ten years with a 300 percent increase in consumption since 1998. The increase is seen with regard to all drugs; cocaine use now rivals that of marijuana among young users. Further, the age of initiation of drug use has declined, with children as young as ten years of age beginning to abuse drugs. Illegal drug consumption is highest among the regions along the U.S.-Mexico border and in many major urban areas in Mexico's central region, including Mexico City. This corresponds to reports of increased drug availability in these areas. During the unveiling of the National Drug Control Plan in early November, President Fox and other senior officials publicly expressed concern over these consumption trends.

CONADIC is coordinating countrywide prevention, treatment, and rehabilitation programs through the use of state organizations and important ancillary federal government elements such as the Mexico's Social Service and Child Welfare Agency and major national private foundations. Of special concern is the increased drug availability and drug consumption near schools. The GOM has initiated an intensive national media campaign to raise awareness of the dangers of drug use and to exhort parents to monitor their children's activities more. The Mexican Attorney General is participating in these citizen outreach and demand reduction programs. The Mexican military services are also now participating in demand reduction programs.

Corruption. Mexican leaders worked energetically to detect and punish corruption among law enforcement officials and military personnel. President Fox, Attorney General Macedo, and other Cabinet members repeatedly warned that authorities would detect and punish corrupt public servants. In October, Army leaders disbanded a battalion that protected drug crops in Sinaloa and charged over 40 soldiers with offenses involving drug trafficking, dereliction of duty, and illicit association. In an unprecedented action in October, a Military Courts Martial convicted two Army Generals, Arturo Acosta Chaparro and Francisco Quiroz Hermosillo, on drug trafficking charges and sentenced them to 15 and 16 years in prison, respectively.

Another excellent example of the GOM's attempts to stem corruption is the October 2002 arrest of 25 mid-level personnel from the PGR, Federal Preventative Police, the military, and other law enforcement entities on accusations of disclosing privileged information to narcotics traffickers such as Ismael "El Mayo" Zambada, Vicente Carrillo Fuentes, Joaquin "El Chapo" Guzman, and Colombian Juan Diego Espinoza Ramirez. This case is now awaiting trial.

The Fox Administration has implemented long-standing anti-corruption laws with renewed vigor. A transparency law granting greater access by citizens to official documents will become effective in 2003 and should deter corrupt activities. The Secretary of the Comptroller and Administrative Development (SECODAM) instituted a requirement for senior officials to declare their assets annually. SECODAM officials created an Internet web site to allow citizens to file complaints directly via electronic means. SECODAM leaders initiated over 30 anti-corruption projects, affecting 148 federal agencies. As a result of investigations, SECODAM took actions against over 4,400 employees and imposed economic sanctions in nearly 850 cases, amounting cumulatively to fines of over U.S. \$20 million.

The PGR's Center for Confidence Control (CCC) conducted suitability reviews on over 10,000 people, including investigators, prosecutors, and other professionals, using a battery of tests, including polygraph, medical, psychological, and background examinations. The PGR vetted newly hired employees as well as those transferring from one major position to another. The PGR bolstered its Human Rights and Internal Affairs Sections by adding manpower, procuring modern equipment, and providing training courses such as Ethics in Government, Anti-Corruption Investigations and Prosecution, and Management and Supervision. By the end of 2002, the PGR forced all personnel from the former Federal Judicial Police into retirement, including through use of severance packages.

U.S. Government donations of computer equipment and software to CENDRO and AFI have allowed PGR personnel to store vast amounts of crime-related data, including the contents of original affidavits filed by federal prosecutors in criminal cases. Storage of data from original documents should deter corrupt prosecutors from altering documents outside accepted procedures. Simultaneous targeting of multiple drug trafficking organizations limited the ability of corrupt officials to target one or more groups while diverting scrutiny away from others.

The GOM does not, as a matter of government policy, encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. Additionally, the GOM does not in any way condone or encourage the involvement of senior government officials in the illicit production or distribution of such drugs or substances, or the laundering of proceeds from illegal drug transactions.

Agreements and Treaties. Mexico is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention on Drugs as amended by the 1972 Protocol, and the 1971 UN Convention on Psychotropic Substances. Mexico also subscribes to regional counternarcotics commitments, including the 1996 Anti-Drug Strategy in the Hemisphere and 1990 Declaration of Ixtapa, which committed signatories to take strong action against drug trafficking, including controlling money laundering and preventing chemical diversion. To date, Mexico has signed bilateral counternarcotics accords with 32 nations. Mexico signed the United Nations Convention Against Transnational Organized Crime and two of its associated Protocols: the Protocol to Prevent, Suppress, and Punish Trafficking in Persons, especially Women and Children, and the Protocol Against Smuggling of Migrants by Land, Sea and Air (UN website doesn't confirm ratification). The Mexican Government has signed, but not yet ratified, the Protocol against the Illicit Manufacturing of and Trafficking in Firearms.

The U.S.-Mexico Extradition Treaty entered into force in 1980. A U.S.-Mexico Protocol to the Extradition Treaty, which became effective in May 2001, permits the temporary surrender for trial of fugitives serving a sentence in one country but wanted on criminal charges in the other; however, Mexican authorities have reported legal difficulties in enforcing the Protocol. The U.S. and Mexico also have a mutual legal assistance treaty. The two governments are also reviewing the "Brownsville-Merida" law enforcement accord to improve cooperation in conducting money laundering investigations.

The GOM is a party to the Inter-American Convention Against Corruption. In October, with support from the Embassy's Public Affairs Section, the SRE, together with the Secretary of the Comptroller and Administrative Development, hosted a public meeting to assess the country's compliance with the Convention's measures and invited comments from public institutions.

Mexican officials have participated actively in the Inter-American Drug Abuse Control Commission (CICAD) of the Organization of American States. Mexican Attorney General Rafael Macedo de la Concha assumed the Presidency of CICAD in December 2002 and hosted a successful conference at which delegates approved Multilateral Evaluation Mechanism Reports for each country.

Bilateral Cooperation. While bilateral law enforcement cooperation often depends on close interpersonal relations among key officials, significant progress has been made in establishing bilateral frameworks for promoting continued cooperation well into the future. The U.S. and Mexico continued to participate in several bilateral counternarcotics and law enforcement fora. The most senior on-going bilateral entity involves the Legal Affairs Working Group of the Binational Commission (BNC), chaired by the Attorneys General of both countries. The Senior Law Enforcement Plenary (SLEP) continues to meet at least twice yearly to monitor and guide bilateral actions at the practical and operational level. The SLEP comprised several working groups, including those dealing with major drug trafficking organizations, money laundering, demand reduction, arms trafficking, extradition, interdiction, training, and precursor chemicals.

The Bilateral Interdiction Working Group (BIWG), established in June 2000, remained a productive forum for discussing the practical aspects of interdiction efforts. In 2002, the group acted as the catalyst for the creation and testing of a ship-to-ship communications plan. BIWG working groups also developed lists of suspect maritime vessels and prepared an analysis of drug trafficking flows and assets needed to enhance drug interdiction.

The Mexican Federal Judicial Council expressed support for convening workshops to exchange information and experiences among court clerks, judges, and prosecutors on mutual legal assistance issues, including extraditions. Such workshops should begin in 2003. Additionally, hundreds of Mexican officials and investigators have attended training courses, both in Mexico and the United States, which serve as excellent venues for the exchange of information on each country's justice systems.

Mexican officials used document exploitation software (RAID) provided by the U.S. National Drug Intelligence Center (NDIC) together with computer hardware and software donated by the U.S. Embassy's Narcotics Affairs Section (NAS) to improve their analytical capabilities. Cooperation on this project continued with NDIC technicians providing follow-on advice and NAS providing additional hardware. The software has enabled PGR officials to progress in their investigations of unsolved crimes.

Joint post-seizure analysis has improved in selected drug cases. For example, after the seizure of 9.3 metric tons of cocaine from the F/V Macel in late December 2001, Mexican authorities shared information regarding the seizure, including the intended destination, crew list, telephone numbers from the on-board computer, and photographs of equipment. The Mexican Navy allowed DEA personnel to take random evidence samples from cocaine packets, and invited also DEA to attend the destruction of the drugs.

On the judicial side, the GOM made available three protected witnesses who, according to U.S. prosecutors, provided critical testimony before U.S. grand juries on criminal activities of the Arellano Felix Organization.

Military to Military Relations. Cooperation between the Mexican Navy and the U.S. Coast Guard (USCG) improved dramatically in 2002. The Mexican Navy agreed to temporary placement of liaison officers on USCG vessels twice during the year. President Fox approved the assignment of permanent Mexican liaison officers at the Joint Interagency Task Forces in Riverside, California, and Key West, Florida. Additionally, in August 2002, the USCG and Mexican Navy demonstrated for each other their respective drug interdiction methods for stopping go-fast vessels. These cooperative efforts produced results during seizures in October and November 2002.

The Mexican military has aggressively sought out training and assistance to improve its counternarcotics capabilities. Over 200 Mexican military members underwent training during fiscal year 2002 using U.S. Defense Department counternarcotics funding. The Mexican military services have requested additional types of training and have shown greater interest in use of U.S. Mobile Training Teams to provide training for large groups at lower costs. Reciprocal visits between the Secretary of National Defense and the Chairman of the U.S. Joint Chiefs of Staff occurred, further strengthening the relationship. Officers from the Mexican Navy, together with two federal prosecutors, participated in two NAS-sponsored Space Accountability Training courses (for locating cached drugs or contraband) given by USCG officers at the port of Manzanillo. Mexican Navy officials expressed keen interest in using the comprehensive search methodology and created three regions to facilitate implementation of the procedures. These investigative techniques, along with ion-scanning technology, should greatly enhance post-seizure analysis and prosecutions.

Under a 2001 agreement between the Secretariat of National Defense and the U.S. Department of State, 48 military personnel attended technical training at Lackland Air Force Base to learn to use and maintain FLIR and radar systems installed on GOM C-26 aircraft. The program continued with the same personnel receiving in-flight training in Mexico. Installation of additional equipment will resume in early 2003.

Air and Maritime Interdiction. Mexico's interdiction efforts focused on maritime and air drug movement on both coasts as traffickers responded with smaller load sizes. According to Mexican Government reports, nine major maritime interdictions resulted in important seizures of cocaine, primarily in international waters. Most maritime seizures occurred along the west coast of Mexico, a continuation of recent maritime smuggling trends. In January, authorities detained traffickers who attempted to use a Mexican "panga" (launch) to smuggle over 2,337 kilograms of marijuana. In September, authorities discovered another group of traffickers attempting to smuggle 1,595 kilograms of marijuana in a go-fast boat near the port of Madero. Additionally, the Mexican Navy recovered three tons of cocaine found floating in the Gulf of Tehuantepec, Oaxaca, believed to have been from an air drop or a capsized small vessel. In October, the Mexican navy retrieved 1,639 kilograms of cocaine dumped overboard by the crew of a go-fast boat off the Yucatan coast. In February, the Mexican Navy, together with the USCG, worked to apprehend the F/V Atun X (Mexican registry), suspected of smuggling a multi-ton shipment of cocaine in the eastern Pacific. When the USCG informed the captain of the Atun X that the GOM had given permission for to the USCG to board, the 160-foot vessel was deliberately scuttled, along with the helicopter on deck. All 23 crew members were rescued and turned over to Mexican authorities for prosecution.

Through November 20, detection and monitoring assets had identified 669 suspicious aircraft flying along the U.S.-Mexico border. Of these, 375 detections occurred over Sonora, while another 171 detections occurred over Baja California. These numbers reflected a decrease in detections from those of the previous year, in part because of the non-availability of one of the detection assets. Seizures associated with these detections, however, have increased, reflecting better response time. Suspicious flights detected in northwestern Mexico generally involved short-duration flights originating in Mexico, with the overwhelming majority of seizures involving marijuana.

IV. U.S. Policy Initiatives and Programs

The Road Ahead. Many opportunities exist to enhance the already close cooperation that the United States and Mexico enjoy in fighting drug trafficking and other transnational crimes. Creative and wise investment of additional resources in counternarcotics programs in Mexico will pay considerable dividends in stemming the production of drugs in Mexico and the flow of drugs through Mexico to the United States.

Mexico should consolidate gains already made through strengthening the capacity of various federal law enforcement institutions, particularly AFI and CENDRO within the PGR, and similar institution building should be expanded to other GOM law enforcement entities. Closer coordination with the PGR training

institutes will avoid duplication of efforts and enable USG training assistance to complement training that already exists within Mexico.

The PGR's Air Wing contains an aging fleet of helicopters that have reached their maximum operational usefulness without compromising the safety of air crews. Policy makers have reached a critical crossroads at which they must decide on options for upgrading or replacing these helicopters.

Additionally, the PGR requires additional aircraft to enhance their "end-game" capabilities to seize drugs and arrest drug traffickers associated with suspicious aircraft that land at remote airfields, particularly near the U.S.-Mexico border and in the Yucatan Peninsula. Options include better interagency coordination, forward placement of quick response forces consisting of law enforcement personnel and helicopters, and procurement of new aircraft. Neither the Mexican military services nor the PGR have sufficient air assets to conduct interdiction, eradication, and reconnaissance missions over the broad expanse of Mexican territory. The GOM will need additional fixed-wing aircraft to pursue suspicious aircraft and conduct reconnaissance missions, as well as additional helicopters of various types to perform patrols along the border, coordinate "end-game" activities, and transport quick response forces to difficult-to-reach locations.

Continued meetings and consultations of prosecutors from both countries will help to expand mutual understanding of the requirements of each other's extradition, money laundering, asset forfeiture, and other financial crimes requirements. Better coordination among federal entities involved in investigations of money laundering and diversion of precursor and essential chemicals will help promote successful prosecutions of criminals involved in these activities and serve as deterrents to future use of Mexican territory for such crimes.

Mexico Statistics

(1993–2002)

	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Opium¹										
Potential Harvest (ha)	2,700	4,400	1,900	3,600	5,500	4,000	5,100	5,050	5,795	3,960
USG Estimated Impact (ha)		7,400	7,600	7,900	9,500	8,000	7,900	8,450	6,620	7,820
Eradication (ha)		15,350	15,300	15,469	17,449	17,732	14,671	15,389	11,036	13,015
Cultivation (ha)		11,800	9,500	11,500	15,000	12,000	13,000	13,500	12,415	11,780
Potential Yield (mt)	47	71	25	43	60	46	54	53	60	49
Cannabis										
Potential Harvest (ha)	7,900	4,100	3,900	3,700	4,600	4,800	6,500	6,900	10,550	11,220
USG Estimated Impact (ha)		7,400	13,000	19,400	9,500	10,500	12,200	11,750	8,495	9,970
Eradication (ha)		33,300	33,000	33,583	23,928	23,576	22,961	21,573	14,227	16,645
Cultivation (ha)		11,500	16,900	23,100	14,100	15,300	18,700	18,650	19,045	21,190
Potential Yield (mt)	7,900	7,400	7,000	6,700	8,300	8,600	11,700	12,400	5,908	6,283
Seizures										
Opium (mt)	0.299	0.48	0.27	0.80	0.15	0.34	0.22	0.22	0.15	0.13
Heroin (mt)	0.254	0.24	0.268	0.258	0.120	0.115	0.363	0.203	0.297	0.062
Cocaine (mt)	12.5	29.3	18.3	33.5	22.6	34.9	23.6	22.2	22.1	46.2
Cannabis (mt)	1.494	2,007	1,619	1,459	1,062	1,038	1,015	780	528	495
Methamphetamine (mt)	0.386	0.396	0.555	0.358	0.096	0.039	0.172	0.496	0.265	—
Arrests										
Nationals				10,261	10,034	10,572	11,038	9,728	6,860	17,551
Foreigners				203	255	170	207	173	146	75
<i>Total Arrests</i>				<i>10,464</i>	<i>10,289</i>	<i>10,742</i>	<i>11,245</i>	<i>9,901</i>	<i>7,006</i>	<i>17,626</i>
Labs Destroyed	10	18			7	8	19	19	9	5

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

Nicaragua

I. Summary

Nicaragua is not a major drug producing country. However, Nicaragua is a transit zone for narcotics trafficked from South America to the United States and Europe. The isolation of the country's Atlantic coast, its weak banking system, its endemic poverty and its well-armed population, a result from years of civil war during the 1980s, make Nicaragua a rich target for drug traffickers. Consequently, the U.S. Government (USG) is working to help Nicaragua's fight against illegal drug trafficking. Narcotics consumption in Nicaragua is a problem, particularly along the Atlantic coast. The Nicaraguan Government is making a determined effort to fight both the domestic use of illegal drugs and the international narcotics trade. Even so, the Nicaraguan National Police (NNP) and the Nicaraguan Armed Forces require U.S. help in order to make significant gains against well-financed and well-armed drug traffickers.

In 2001, Nicaragua approved a six-part bilateral maritime counternarcotics agreement with the United States. On the basis of this agreement, Nicaraguan and U.S. law enforcement authorities engaged in several joint maritime counternarcotics operations in 2002. The United States also continued to assist the NNP's counternarcotics efforts during the year. In 2002, working with the Drug Enforcement Administration (DEA) office in Managua, the NNP seized significant amounts of cocaine and record setting amounts of heroin. Nicaragua is a party to the 1988 UN Drug Convention.

II. Status of Country

Colombian drug traffickers move illegal narcotics through Nicaragua by land, sea, and air. According to DEA Managua, recent advances in maritime interdiction by the Governments of Panama and Costa Rica have pushed drug traffickers northward in their search for refueling areas. Nicaragua is also in danger of becoming a target for money laundering due to a weak and largely unregulated banking sector. Recently, DEA and the NNP have noted increased movements of illegal drugs by air. In October 2002, the NNP intercepted an airplane filled with illegal drugs on its way north.

The NNP is a relatively capable law enforcement organization. In 2002, the DEA office in Managua and the NNP conducted joint investigations that resulted in the capture of 2,100 kilograms of cocaine and almost 50 kilograms of heroin. Despite these achievements, resource constraints and an inefficient and corrupt legal system continue to impede fully effective police operations. Consumption of illegal drugs (especially crack cocaine) remains a serious problem, particularly along the Atlantic coast. Although the NNP is responsible for law enforcement, the Army, which includes a naval unit, is increasingly playing an important support role in counternarcotics efforts.

III. Country Actions Against Drugs in 2002

Policy Initiatives. The Government of Nicaragua (GON) continues efforts to revamp the country's legal system. In December 2002, the new Criminal Procedures Code went into effect. The Code permits oral arguments in court cases, a change that should allow fairer and more efficient processing of legal cases. The National Assembly is also due to pass reforms to the major statute that covers illegal drugs. This law includes important provisions related to money laundering. The reformed statute clearly establishes money laundering as an autonomous crime.

Accomplishments. Nicaraguan authorities continued to destroy domestically grown cannabis plants in increased numbers during 2002. They also carried out major seizures of transshipped cocaine and heroin (see below). In the course of the year, several joint maritime operations were carried out between the

Nicaraguan military, the Nicaraguan police and U.S. law enforcement vessels under the auspices of the U.S.-Nicaraguan bilateral maritime counternarcotics agreement that went into force in 2001. These were the first operations of their kind in Nicaragua. In recent months, NNP officials have also made efforts to attack local drug distribution centers, gathering intelligence on their locations and starting raids against them in late November.

Law Enforcement Efforts. During 2002, the NNP arrested over 900 persons on drug-related charges, including 22 foreigners. During the same period, Nicaraguan authorities seized 2,100 kilograms of cocaine; 49.7 kilograms of heroin; 132,218 cannabis plants; 11,650 crack stones and 19,860 tablets of Ecstasy. These seizures represented significant increases over the previous year. The most important increases took place in seizures of heroin and Ecstasy, reflecting greater trafficker interest in these drugs. Despite this admirable record, resource limits continue to plague the NNP. The Narcotics Unit has only 116 officers, including administrative support, to cover all of Nicaragua.

Corruption. The GON has implemented a number of initiatives that were launched in 2001 to address corruption within the police. The NNP regularly rotates officers to prevent conflicts of interest from developing at the local level. The NNP also issues numbered badges in order to make it easier for the public to identify abusive police officials. Finally, the Narcotics Unit answers only to the top two ranking officials in the NNP, a measure that maintains the integrity of confidential information. However, low salaries make it hard to eliminate corruption. A new Nicaraguan Police Officer earns about U.S. \$120 a month. Judges' official salaries run about U.S. \$500 month. Corrupt judges often let drug suspects go free after a short detention, a practice that puts drug traffickers back on the streets and that undercuts police morale.

Starting in 2000, with funding provided by the U.S. Department of State's Bureau for International Narcotics and Law Enforcement Affairs (INL) and using expertise provided by the U.S. Department of Justice's International Criminal Investigative Training Assistance Program (ICITAP) in Guatemala, the NNP developed an Anti-Corruption Unit (UAC) to investigate cases of abuse of government power. The unit has contributed to cases that have resulted in a number of arrests for corruption and misuse of government funds.

Agreements and Treaties. Nicaragua is a party to the 1961 UN Single Convention on Narcotic Drugs, the 1971 UN Convention on Psychotropic Substances, and the 1988 UN Drug Convention. A U.S.-Nicaragua extradition treaty has been in effect since 1907, but the Nicaraguan constitution prohibits extradition of Nicaraguan nationals. Nicaragua is also a member of Caribbean Financial Action Task Force (CFATF). The United States and Nicaragua signed a bilateral counternarcotics maritime agreement in November 2001. Nicaragua has signed the UN Convention against Transnational Organized Crime. Nicaragua is a member of the Inter-American Drug Abuse Control Commission (CICAD) of the Organization of American States (OAS). Nicaragua is a party to the Inter-American Convention Against Corruption and in 2001 signed the consensus agreement on establishing a mechanism to evaluate compliance with the Convention. Nicaragua has volunteered to be one of the countries evaluated in the first compliance reviews in early 2003. Nicaragua also ratified the OAS Mutual Legal Assistance Convention in 2002, an agreement that facilitates the sharing of legal information between countries.

Cultivation/Production. With the exception of cannabis, illegal drugs are not cultivated in Nicaragua. The cannabis grown in Nicaragua is dedicated to local consumption.

Drug Flow/Transit. Nicaragua's location in the isthmus of Central America, the deep poverty of a large proportion of the population, the lack of government presence in large sections of the country and the paucity of government monies that can be dedicated to law enforcement make the country an attractive transit zone for drug traffickers. Nicaragua's isolated Atlantic coast constitutes the most vulnerable part of the country. This region's many islands and inlets provide way stations for drug smugglers moving between Colombia and points further north. Many Atlantic coast residents, the majority of whom are ethnically and culturally distinct from the rest of Nicaragua, support the traffickers by refueling their vessels, storing drugs, and serving as lookouts for law enforcement authorities. In some communities drug

smuggling has become the principal economic activity, creating concern that an incipient “narco-culture” is emerging. Drugs also move north along the Pan-American Highway and in “go-fast” boats that run along the Pacific Coast.

Domestic Programs (Demand Reduction). Drug consumption in Nicaragua continues to be a problem. Atlantic coast leaders in particular have become concerned about increasing levels of crack cocaine use in that region of the country. The Atlantic coast is the poorest part of Nicaragua and suffers from chronic 60-70 percent unemployment. Narcotics traffickers pay for help from locals by distributing drugs, additionally drug shippers threatened by interdiction in the Caribbean Sea toss their cargoes overboard. These packages wash ashore in communities where residents divide up the drugs among village members to sell. Both these trends reinforce local use.

The GON has responded to its growing domestic drug problem. The Ministries of Education and Health, the NNP, and the Nicaraguan Fund for Children and Family (FONIF) have all undertaken limited demand reduction campaigns. In February 2001, funding from the United States government established the D.A.R.E. Program in Nicaragua and approximately forty NNP officers received training as D.A.R.E. instructors. The following year, a second class of forty NNP Officers went through D.A.R.E. training. During 2001, over 3,200 Nicaraguan schoolchildren were awarded certificates of participation in the D.A.R.E. Program. During 2002, five thousand more students have received D.A.R.E. training.

III. U.S. Policy Initiatives and Programs

Bilateral Cooperation. Nicaragua and the United States are allies in counternarcotics activities. During 2002, the United States continued to provide significant counternarcotics and law enforcement assistance to the National Police through the DEA, INL, and ICITAP. The Nicaraguan military has also proven to be an effective and reliable partner in the counternarcotics field and has committed ground, air, and naval forces to support law enforcement operations. Nicaragua is cooperating with the United States on attempts to cut off terrorist financing. The USG shares information on suspect persons or organizations whose assets should be frozen with the Superintendent of Banks as well as the Ministry of Finance and the Foreign Ministry. Nicaragua is a party to the 2002 International Convention on the Suppression of the Financing of Terrorism.

The Road Ahead. Nicaragua’s leaders recognize the threat that the illegal drugs pose to Nicaraguan society and sovereignty. The Nicaraguan Military and the Nicaraguan Police are committed to the counternarcotics effort. Even so, Nicaragua does not possess the resources to combat narcotics trafficking and requires continual assistance from the U.S. Nicaragua also requires urgent internal reforms, particularly the professionalization of justice sector personnel and the application of stronger statutes to combat such crimes as corruption and money laundering, if the country is to become a successful partner for the United States in fighting the narcotics trade.

Panama

I. Summary

The Government of Panama (GOP) has continued to demonstrate its willingness to cooperate with the U.S. Government (USG) and the international community in combating drug trafficking, money laundering, and other transnational crimes. In 2002, the GOP seized significant quantities of illicit drugs. The GOP expanded the capacity of its law enforcement agencies to combat international narcotics-related crimes with the augmentation of resources to the Panama National Police (PNP) Narcotics Division; the creation of a Public Ministry, Technical Judicial Police (PTJ) Vetted Unit; and the addition of personnel for Drug Interdiction Task Force at Tocumen International Airport and for the PTJ Financial Investigative Unit. Panama continues to lack an effective precursor chemical control regime; however, the GOP is drafting legislation to produce such a regime. Panama is a party to the 1988 UN drug convention.

II. Status of Country

Panama's proximity to the world's largest cocaine producer and South America's heroin producers, containerized seaports, Pan-American Highway, international hub airport and numerous uncontrolled airfields, vast coastline, and limited control of its borders, continue to make Panama a major drug-transit country. Domestic drug abuse continued to be a significant problem in 2002. Juvenile drug abuse is a serious and growing problem, with Ecstasy (MDMA) consumption markedly expanding among urban youth. Panama is not a significant producer of drugs or precursor chemicals. Cannabis is produced in small quantities for local consumption, and small-scale coca cultivation also exists in Panama's remote Darien Province that borders Colombia.

III. Country Actions Against Drugs in 2002

Policy Initiatives. In 2002, the Panamanian National Commission for the Study and Prevention of Drug-Related Crimes (CONAPRED), an inter-institutional GOP entity functioning under the direction of the Attorney General's office, published its second five-year National Drug Control Strategy. The report proposes 81 projects to combat all aspects of drug supply and demand.

Accomplishments. During 2002, the Drug Prosecutor's office convened a conference on Ecstasy for domestic law-enforcement entities and held the second national seminar for counternarcotics authorities. Panama also played host in 2002 to the Third Regional Seminar on Port and Container Security.

Law Enforcement Efforts. USG law enforcement agencies enjoy cooperative relationships with their GOP counterpart agencies across the full spectrum of narcotics-related criminal matters. DEA-monitored statistics through December 2002 indicate seizures of 6.08 metric tons of cocaine, 6.4 metric tons of cannabis, 0.245 metric tons of heroin, 934 tablets of Ecstasy, and 250 arrests for international drug-related offenses, as well as approximately U.S. \$2.3 million in currency seizures. An aggressive GOP law enforcement posture has compelled trafficking groups to employ more sophisticated methods and greater operational security, and to vary their smuggling routes to elude detection. Consequently, as in recent years, most of the large seizures in 2002 resulted from intelligence-driven operations and cooperation among Panama's public forces and with USG counterparts. Indicative of the GOP's success is the fact that for the third straight year heroin seizures have nearly doubled.

This cooperation was furthered by the creation in December 2001 of a Public Ministry/PTJ Vetted Unit with authority to conduct special and sensitive investigations relative to major drug and money laundering organizations. The Vetted Unit became fully operational in August 2002. It complements three other institution-building, counternarcotics projects sponsored by the U.S. Embassy's Narcotics Affairs Section

(NAS) and the DEA - the PNP Mobile Inspection Unit and Paso Canoas Interdiction Enhancements, the International Airport Drug Task Force, and the Canine Unit. All of these projects have produced numerous seizures and arrests. The PNP/PTJ Drug Task Force has accounted for 69 drug courier arrests this year. PTJ/PNP team members under an IDEC initiative have provided training to Guatemala, Nicaragua, Costa Rica, Argentina Peru, Bolivia and Uruguay.

The Public Ministry's Drug Prosecutor's office (DPO) remains a respected entity for combating narcotics-related crimes and a principal coordinator of Panama's Public Forces' counternarcotics investigative resources. DPO cooperation with U.S. law enforcement agencies is excellent and extensive. The PNP's Directorate of Information and Intelligence (DIIP) and its Anti-Drug Sub-Directorate (DAD) are extremely effective drug investigative units. The PNP/DAD was responsible for the majority of illicit drug seizures in 2002. The PNP responded aggressively to new trafficking patterns in 2002, interdicting drug and arms shipments along the coast and in the interior of Panama.

The National Maritime Service (SMN) has vigorously employed assets to interdict illicit narcotics. During 2002, the SMN conducted eighteen boardings or interdiction operations in response to USG requests, on one occasion deploying a third of its entire flotilla to interdict a suspect go-fast boat in the Gulf of Chiriqui. The SMN also regularly provides critical assistance to USG drug-interdiction operations. This includes verifying ship registry data for U.S. Coast Guard (USCG) or U.S. Navy boardings, and transferring detainees and drug evidence from USG ships to Panama for air transport to the United States for prosecution.

The National Air Section (SAN) continued to provide excellent support for counternarcotics operations despite limited air assets and management problems. The SAN continued to respond rapidly to U.S. law enforcement requests to over-fly and photograph suspect areas and to identify suspect aircraft in flight or on the ground. The SAN provides logistical support in the transfer of detainees and drug evidence through Panama to U.S. jurisdiction. The SAN and PNP continued to cooperate in the surveillance of areas of potential coca and cannabis growth. During 2002, the SAN launched several reconnaissance flights to support SMN counternarcotics interdiction efforts. Both the SMN and SAN responded to reports of air drops of cocaine from general aviation aircraft to the Caribbean and Pacific coasts of Panama, several times resulting in small to multi-hundred kilogram seizures.

Cultivation and Production. Joint DEA-SAN aerial reconnaissance efforts in 2002 indicate small-scale coca cultivation, accompanied by cocaine laboratories, has resumed in the portion of the Darien Province bordering Colombia. GOP resource constraints, triple-canopy jungle, and the presence of armed Colombian insurgents in the region have prevented crop eradication. Limited cannabis cultivation, principally for domestic consumption, exists in Panama, particularly in the Perla Islands. The SMN, SAN, and PNP cooperate routinely and effectively to eradicate these crops.

Precursor Chemicals. Panama is not a significant producer or consumer of chemicals used in processing illegal drugs, but a large volume of chemicals transits the Colon Free Zone for other countries. The GOP regulatory/enforcement infrastructure to control the use and shipment of precursor chemicals remains inadequate. During 2002, the National Commission for the Study and Prevention of Drug-related Crimes (CONAPRED)-led a task force to draft legislation to create an effective regulatory system and enforcement regime. The legislation also clearly defines criminal conduct pertaining to chemical diversion and imposes adequate penalties. Early legislative assembly action on the measure is hoped for. During 2002, DEA conducted a comprehensive course on chemical diversion for officials of GOP agencies that either regulate or monitor controlled chemicals in Panama. DEA also collaborated with GOP law enforcement agencies to conduct inspections and audits of businesses dealing in precursor chemicals.

Drug Flow/Transit. Panama is a key center for the transit and distribution of South American cocaine, heroin, and Ecstasy. Fishing vessels, cargo ships, small aircraft, and go-fast boats transit Panamanian waters and airspace, continuing to other Central American countries and the United States or dropping their cargo in Panama. Shipments deposited in Panama are repackaged and moved northward on the Pan-American Highway or shipped in sea-freight containers. General aviation aircraft planes enter Panamanian

airspace, and transport drugs and money. Couriers transiting Panama by commercial air flights continued to move cocaine, as well as increasing amounts of heroin, to the United States and Europe during 2002.

Domestic Programs (Demand Reduction). CONAPRED's new five-year counternarcotics strategy identifies 29 demand reduction, drug education, and drug treatment projects to be funded between 2002 and 2007 at a cost of U.S. \$6.5 million. The Ministry of Education and CONAPRED, supported by U.S. funding, promoted demand reduction through training for teachers, information programs, and school curricula. CONAPRED and the Embassy's NAS also supported the Ministry of Education's National Drug Information Center (CENAID) in 2002. The PNP Juvenile Police, with Embassy NAS funding, implemented the DARE Program in Panama City public schools in 2002.

Corruption. As a matter of government policy and practice, Panama does not encourage or facilitate the illicit production or distribution of drugs or the laundering of proceeds from illegal drug transactions. Panamanian public perceptions of governmental corruption increased markedly during 2002, with a November poll showing that 90 percent of those surveyed believe corruption exists in the legislative assembly and the political parties. Since January 2002, when two major corruption scandals broke within the legislature - one over ratification of two supreme court justices and the other over bribes in the concession law for a CFZ multimodal center - fighting corruption has gained societal momentum among nongovernmental organizations, the private sector, and the Catholic Church.

Agreements and Treaties. Panama is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention on Narcotic Drugs, as amended by the 1972 Protocol, and the 1971 UN Convention on Psychotropic Substances. A mutual legal assistance treaty and an extradition treaty are in force between the United States and Panama, although the Panamanian constitution does not permit extradition of Panamanian nationals. A Customs Mutual Assistance Agreement and a stolen vehicles treaty are also in force. In February 2002, a comprehensive maritime interdiction agreement between the USG and GOP entered into force. Panama has bilateral agreements on drug trafficking with the United Kingdom, Colombia, Mexico, Cuba, and Peru.

IV. U.S. Policy Initiatives and Programs

The United States provided crucial equipment, training, and information to enhance the performance of GOP counternarcotics, public force, and law enforcement institutions in 2002. These U.S.-supported programs are aimed at improving Panama's ability to intercept, investigate, and prosecute illegal drug trafficking and other transnational crimes; strengthening Panama's judicial system; assisting Panama to implement domestic demand reduction programs; encouraging the enactment and implementation of effective laws governing precursor chemicals and corruption; improving Panama's border security; and ensuring strict enforcement of existing Panamanian laws. Panama does not have an anti-alien smuggling law, nor has the USG approached the GOP on this issue.

The USG, through USAID, continues to assist the GOP in developing an Administration of Justice (AOJ) program to strengthen law enforcement and judicial institutions and procedures. This program addresses objectives including reduction of pre-trial detention. The AOJ program also works to promote civil society involvement in the reform process.

During 2002, the USCG worked closely with the SMN, enhancing its effectiveness as a maritime interdiction force. In 2002, the SMN received the 180-foot buoy tender "Sweetgum," which the United States provided under a 2000 Memorandum of Understanding (MOU). The United States, through the Embassy's NAS, continued to procure repair parts for the trail boats transferred by the USG and to fund additional training in fleet maintenance and boarding operations. In the summer of 2002, the USCG assisted the GOP in hosting a round-up of Latin American patrol boat fleets to further regional cooperation in interdiction and related operations. The United States traditionally has had an excellent relationship with Panamanian Customs, and has provided Panamanian Customs with training, operational

tools, and a canine program that has become a linchpin of the Tocumen International Airport Drug Interdiction Law Enforcement Team.

During 2002, the USG, through the NAS, donated nine trucks to the PNP, which will enhance its logistic and support capabilities for units in the Darien province. Funds from the 2002 Andean Counterdrug Initiative (ACI) supported the establishment of the PTJ Counternarcotics Vetted Unit. Other USG projects funded in 2002 included continued support of a rental motorpool in the PTJ counternarcotics units in Panama City and Colon; purchasing radar equipment for the SMN; improving Panama's National Commission for Criminal Statistical Analysis (CONADEC) analytical ability; assistance and training in counterfeit document detection; renting facilities for the inter-institutional agency for precursor chemical control (CCQ); and equipping forensic laboratories in Panama City and the interior. The USG continued to support the Ministry of Education's teacher training programs in demand reduction, development of Panama's Joint Intelligence Coordination Center, and joint counternarcotics operations among Panamanian authorities and the DEA, U.S. Customs, and the USCG.

Bilateral Cooperation. The Moscoso Administration continued its close cooperation by sustaining joint counternarcotics efforts with the DEA and by strengthening national law enforcement institutions. The new maritime interdiction agreement has facilitated enhanced cooperation in maritime interdiction efforts. Joint operations also were resumed successfully in 2002.

The GOP has remained one of the United States' principal partners in counternarcotics missions. Under the authority of Panama's Attorney General and Ministry of Government and Justice, during 2002 there were nine instances in which drugs and 74 prisoners seized on the high seas were transferred through Panama's territory for prosecution in the United States. Also during 2002, the SMN conducted eighteen boardings or interdiction operations in response to USG requests. The GOP has cooperated with U.S. requests to board and search Panamanian-flagged vessels suspected of drug smuggling in international waters. In 2002, the PTJ, Panamanian Customs, and the PNP, with support from the U.S. Customs Service and the DEA, executed interdiction operations against alien smuggling and drug trafficking along the Costa Rican border.

The Road Ahead. The GOP continues to demonstrate its commitment to build strong law enforcement institutions and deter the flow of narcotics northward. The maritime interdiction agreement and the creation of procedures for the travel of uniformed and civilian members of the Department of Defense to Panama for security training, assistance, and operations will allow the USG and GOP to expand their already robust law enforcement cooperation during 2002. The GOP wishes to cooperate with the USG on the issue of port security, this will enable Panama to better control its huge container traffic to detect and deter illicit drug and precursor chemicals smuggled through Panama's ports. This effort also continues to enjoy significant private sector support.

Panama's law enforcement efforts would be enhanced through additional coordination among its law enforcement agencies, and improvement of the role and capabilities of the PTJ as an investigative agency. GOP resources will continue to be inadequate to patrol fully the land borders, the Panamanian coastline, and the adjacent sea lanes, rendering all vulnerable to illicit traffic. The United States will continue to work with the GOP to help strengthen Panama's ability to deter trafficking in drugs through training and equipment. The United States will also continue to work with the GOP to help strengthen Panama's law enforcement and public forces institutional capacity and will provide assistance to Panama to support criminal justice reform, as well as anti-crime and anti-corruption efforts. The United States will continue to work with the Ministries of Health and Education and NGOs to expand Panama's demand reduction programs.

