



United States Department of Justice
Bureau of Prisons, National Center for
Classification and Assessment

Classification and Assessment
National Center for
Classification and Assessment

Classification and Assessment
National Center for
Classification and Assessment

126991

INTERNATIONAL NARCOTICS CONTROL STRATEGY REPORT

MID-YEAR UPDATE

AUGUST 10, 1990

126991

U.S. Department of Justice
National Institute of Justice

This document has been reproduced exactly as received from the person or organization originating it. Points of view or opinions stated in this document are those of the authors and do not necessarily represent the official position or policies of the National Institute of Justice.

Permission to reproduce this ~~copyrighted~~ material has been granted by
Public Domain/US Dept. of State
Bur. of Intern'l Narcotics Matters

to the National Criminal Justice Reference Service (NCJRS).

Further reproduction outside of the NCJRS system requires permission of the ~~copyright~~ owner.

TABLE OF CONTENTS

<u>EXECUTIVE SUMMARY</u>	1
<u>SOUTH AMERICA</u>	5
Argentina	7
Bolivia	8
Brazil	10
Colombia	12
Ecuador	14
Paraguay	15
Peru	17
Venezuela	19
<u>MEXICO AND CENTRAL AMERICA</u>	21
Belize	23
Costa Rica	24
Guatemala	26
Honduras	27
Mexico	28
Nicaragua	30
Panama	31
<u>THE CARIBBEAN</u>	35
The Bahamas	37
Cuba	38
Dominican Republic	39
Haiti	40
Jamaica	41
<u>SOUTHWEST ASIA</u>	43
Afghanistan	45
India	46
Iran	47
Nepal	48
Pakistan	49
<u>SOUTHEAST ASIA AND THE PACIFIC</u>	51
Australia	53
Burma	55
China	57
Hong Kong	58
Indonesia	60
Laos	61
Malaysia	63
New Zealand	64
Philippines	65
Singapore	66
Thailand	67

EUROPE AND THE MIDDLE EAST 69

Bulgaria	71
Cyprus	72
Egypt	73
Greece	75
Lebanon	76
Syria	77
Turkey	78

AFRICA 79

Ivory Coast	81
Kenya	82
Morocco	83
Nigeria	84
Senegal	86

MONEY LAUNDERING 87

EXECUTIVE SUMMARY

There have been a number of significant developments in international narcotics control since March 1990 which offer some reasons for optimism, particularly in the war against cocaine. The price of coca leaf has substantially decreased at the farmgate, while the price of cocaine has increased in some major US markets, with purity levels down as well. With new governments in two of the Andean nations--Colombia and Peru--the coming months will be critical if the hemispheric commitment to narcotics is to be sustained and tangible progress made in dismantling trafficking networks and reducing the cocaine supply.

The Andean Strategy, which provides additional economic, law enforcement and military assistance to Colombia, Bolivia and Peru during the next five years, is being translated from concept into reality. The first year of that program has focused on developing the essential elements of security needed to sustain local will. The next phase of our effort continues this support but concentrates far more effort on performance in economic development. Specific agreements are still being worked out with these governments. The outgoing Government of Peru declined to sign the bilateral agreement for \$35 million in US military support to assist the Peruvian Government's counter-narcotics efforts. President Fujimori has indicated a commitment to continuing the counter-narcotics effort, as well as a willingness to conclude agreements on military assistance as part of a comprehensive approach agreed to by the four nations at the Cartagena Summit in February.

There are indications that the year-long campaign of continuing pressure against Colombian traffickers, coupled with interdiction operations in Bolivia and Peru, have helped to depress, until recently, the price of coca. This price drop has resulted in a re-invigorated coca eradication program in Bolivia. Bolivia has fulfilled its eradication target of 5,000 hectares; high participation in the program was fueled by a six-month slide in coca leaf prices. Leaf prices have also dropped in Peru, but fewer legitimate alternatives are available to coca farmers in the Upper Huallaga Valley, complicating efforts to convince farmers to abandon coca. There is also evidence that wholesale cocaine prices have increased in a number of US cities. Given recent decreases in reported cocaine usage in the United States and reported reductions in emergency room incidents involving cocaine, these developments in the Andes provide reasons for encouragement.

The greatest enforcement successes undertaken by the Colombian security forces have resulted from their improving ability to execute complex multi-service operations. In May, the Colombian Army, assisted by the Air Force, conducted a series of raids at a transshipment site in Meta Department seizing 18 MT of cocaine base and HCl. This was the largest seizure ever in a single operation in Colombia. Such operations launched against fugitive kingpin Pablo Escobar, however, remain plagued by tactical and operational security problems.

Despite violent retaliation from narco-terrorists and resultant calls from some politicians to halt extraditions, the Colombian Government has continued to extradite major drug traffickers and money launderers to the United States, an action which Colombian traffickers fear most. As of late July, eleven persons had been extradited to the United States this year. There are indications that Colombia's new government will continue to extradite traffickers. We will continue to sustain Colombia's effort though follow-on economic, military and law enforcement assistance, and trade preferences as reflected by the recent expedited review of Colombia's request for GSP privileges for certain exports.

The US and Mexico continued to cooperate closely on cocaine interdiction. Largely due to the leadership of President Carlos Salinas de Gotari, the Mexican Government has maintained its strong commitment to battle drug trafficking, and we expect that cooperation between the US and Mexico will continue to improve during the coming year.

Despite economic problems, Mexico's funding for its counter-narcotics campaign remains high. Although opium and marijuana eradication fell behind last year's levels, seizures continue at high levels. Since January, the Attorney General's office reports seizing 24 MT of cocaine, 301 MT of dried marijuana, and 229 kgs of opiates compared to 14 MT of cocaine, 175 MT of marijuana and 253 kgs of opiates seized for the same period in 1989. The Mexican military also reported seizing almost 2 MT of cocaine and 71 MT of marijuana compared to 710 kgs of cocaine and 75 MT of marijuana in the first six months of 1989.

Discussions on improving Mexico's response to smuggling along its northern border, drawing upon an experimental interdiction program in Monterrey, promises to increase seizures still further. The US Government plans to provide significant technical and material support to this creative Mexican initiative, as well as expand intelligence sharing.

The OAS Ministerial Meeting on Narcotics, which Mexico hosted in April, took several steps towards stronger multilateral cooperation against trafficking in the hemisphere. Mexico worked closely with the US and other delegations to make the resulting "Declaration and Program of Action of Ixtapa" a strong, action-oriented document. The Ministers approved "Model Regulations" to control precursor and other chemicals consistent with US law but more stringent than the 1988 UN Convention. They also called for the establishment of an Experts Group to devise model legislation on money laundering and asset seizure.

The Economic Summit in Houston this July discussed the issue of precursor chemicals, and the Summit Seven nations agreed to establish a task force similar to the organization set up last year to recommend actions against money laundering. Because of recent successful US efforts to regulate illicit chemical shipments, traffickers are now turning to Europe as a source of chemicals.

The international heroin situation is not as encouraging as that of cocaine. Overproduction of opium has kept prices down in the US and Europe and the supply of heroin is abundant worldwide. But there were positive developments as well in the first half of 1990. In March, the Attorney General announced the indictment of Khun Sa, the Golden Triangle's most notorious heroin trafficker. The US has notified the governments of Burma and Thailand of our desire to see Khun Sa brought to justice in the US for his involvement in drug production and trafficking.

In June, Thai Prime Minister Chatchai visited the US for talks on a wide range of issues, including narcotics control. During meetings with the President, ONDCP Director Bennett and other high-level US officials, the Thai Government pledged to increase enforcement efforts against heroin smuggled through Thailand. The Prime Minister announced his strong support for the enactment of asset seizure and conspiracy legislation, which was introduced for the first time in Thailand's Parliament this spring. Despite the Prime Minister's backing, the legislation did not pass during the 1990 session of Parliament.

Building on the modest counter-narcotics cooperation with Laos begun in 1989, contacts with Lao officials in the law enforcement area expanded. Drug Enforcement Administration (DEA) and US Customs officials, as well as drug officials from other countries, have visited Vientiane for consultations with their Lao counterparts. Lao officials have attended recent conferences, such as the Pacific Rim drug meeting, and this June DEA held the first in-country drug enforcement school in Laos funded by the State Department Bureau of International Narcotics Matters (INM). This training was well received by Laos and marked the first time such an activity had been conducted in Laos since 1975.

An interagency working group, chaired by the Department of State, completed the first phase of a study leading to the formulation of a US Government world-wide heroin control strategy. The President's National Drug Strategy outlined this effort which will culminate in a better coordinated program for US agencies to meet the possible heroin threat posed by increased production, higher purities and lower prices.

During recent months, the narcotics issue has received increased, significant attention from developed countries. In April, the United Kingdom sponsored a conference on cocaine which brought together world experts to exchange information and strategies for success. Secretary of Health and Human Services Louis Sullivan led the US delegation to the conference.

As important donors to international counter-narcotics efforts, European nations, Canada and Japan will play increasingly important roles in narcotics control in Latin America and Asia. The President's National Drug Strategy sets forth a specific goal that the Department of State work to establish a consultative mechanism on narcotics among the developed nations. After lengthy consultations, the developed countries agreed to establish this mechanism. US Government officials met in Dublin on June 29 with representatives of the EC countries, the EC Commission, Japan, Australia, Sweden, and Canada to complete the effort. These representatives agreed to set up a two-tier structure consisting of regular policy and technical level consultations to assist the participating governments in developing strategic plans and programs and to assess progress in combatting illegal narcotics trafficking and abuse. The first meetings of the new mechanism will be held in Brussels in the fall of 1990.

SOUTH AMERICA

ARGENTINA

Argentine President Menem continues to give a high priority to his country's growing narcotics problem. Drug Secretary Alberto Lestelle is consolidating his authority over the various Argentine law enforcement agencies. However, they often lack even the most basic resources to accomplish their task.

The Argentine Foreign Ministry is urgently studying planned bilateral agreements with the United States, Great Britain, and Italy to control the transit of drug traffickers' profits in the international banking system. The Foreign Ministry is also studying the possibility of Drug Enforcement Administration (DEA) and FBI investigations of the financial assets of drug traffickers in Argentina and the United States.

US training in detection and intelligence resulted in a recent seizure of cocaine mixed with resin which had been used to fabricate briefcases. Also, narcotics have been found in wooden planks destined for export, as well as aboard ocean-going vessels.

Federal police authorities, including the provincial and federal police, border patrol, customs, and coast guard, have made good use of US-provided assistance, while making significant advances over the last six months. During this period, more than 600 kgs of cocaine were seized, compared to 193 kgs seized during the first six months of 1989. Law enforcement officials have also made numerous arrests and seizures of smaller amounts of narcotics, as well as coca leaves, precursor chemicals and marijuana.

BOLIVIA

The policy environment for cooperative narcotics control efforts with the Government of Bolivia (GOB) is increasingly favorable. The Bolivian Congress ratified the 1988 United Nations Convention Against Illicit Trafficking in Narcotic Drugs and Psychotropic Substances. Fueled by low coca leaf prices, the coca eradication program attained record rates, although prices were edging higher as the first half of the year ended. The operational efficiency of law enforcement forces is improving, as preparations continue for enlarged engagement of the armed forces in counter-narcotics activities.

In the first half of 1990, there was an increasing convergence between counter-narcotics policy approaches of the Paz Zamora administration and the United States Government (USG). The Andean Summit meeting brought public Bolivian commitment to a shared interest in counter-narcotics matters. The GOB moderated its official criticism of USG narcotics control policy. While convergence is not complete--official spokesmen continue to emphasize that Bolivia's primary concern is to develop economic alternatives to coca production -- Bolivian official statements now uniformly recognize that there must also be strong complementary programs of coca plant eradication and anti-drug law enforcement.

Both houses of the Bolivian Congress have approved ratification of the United Nations Convention against Illicit Trafficking in Narcotic Drugs and Psychotropic Substances. Deposit of Bolivia's instrument of ratification is anticipated shortly.

The coca control law of 1988 limited legal cultivation of coca to two general areas and established a program to encourage voluntary coca eradication in those areas through compensation and assistance to help growers convert to other forms of economic activity. The first half of 1990 witnessed a dramatic expansion of this program; by July the minimum legal eradication target of 5,000 hectares was fulfilled. Although the GOB did not have the funds to make timely compensation to farmers, high participation in the eradication program was fueled by a six-month slide in prices for dry coca leaf destined for illicit conversion to cocaine.

In April, prices dropped to a record low of \$10 per hundredweight. Sustained enforcement operations in Bolivia and Colombia played a role in driving down the demand for coca leaf. In what appears to be a seasonal phenomenon, coca prices began edging upward in July.

As of June 1, the Bolivian Air Force counter-narcotics task force assigned to the Special Force for the Fight Against Narcotics Trafficking (SFFANT) operated twelve USG-owned helicopters for more than 10,000 hours without accidents. The Navy counter-narcotics Riverine Task Force improved dramatically, spending the majority of its time in the first half of 1990 on operations away from its base. Among its significant successes was the destruction of the largest cocaine HCl production laboratory found in Bolivia recently. Virtually all officers and over 60 percent of the patrolmen assigned to the National Police Rural Mobile Patrol Force (UMOPAR) are now graduates of the USG-supported Chimore training center, which also provided paramilitary rural counter-narcotics training for personnel from several other Latin American countries. Corruption among counter-narcotics police remains a problem, but has not significantly impeded cooperation with the Drug Enforcement Administration (DEA). Enforcement actions with DEA to seize drugs and other contraband, seize or destroy assets, and arrest traffickers continued at rates equal to or exceeding those of previous years.

Bolivian armed forces support of counter-narcotics activities had been limited to the helicopter and Riverine Task Force operations previously noted. In May, the GOB signed a third annex to the master counter-narcotics project agreement with the USG. This annex describes additional Bolivian armed forces counter-narcotics missions and USG military assistance to support them. Despite sharp criticism from the political opposition, President Paz has continued to move deliberately towards greater Bolivian armed forces engagement. The GOB position is that using foreign military assistance is the only prudent course in the face of a growing international armed criminal narcotics industry. (The level of potential violence was illustrated by the death in February of an UMOPAR officer at the hand of traffickers. The USG responded by expediting shipment of more modern weapons to replace old and inadequate UMOPAR armament.) Bolivian armed forces cooperation in planning implementation of USG military assistance programs continues, but a public presidential order enlarging the role of the Bolivian armed forces, in particular of the Bolivian Army, remains pending.

BRAZIL

President Fernando Collor, making good on a 1989 election promise, has personally launched a campaign against drug use by Brazilians. During the first half of 1990, the Government of Brazil (GOB) conducted a series of successful high-level operations against major cocaine traffickers. On June 12, in an effort to strengthen the GOB's drug policy apparatus, a new president and vice president of the Federal Drug Council (CONFEN) were appointed. The Justice Ministry recently sent to the Brazilian Senate an improved precursor chemical control bill which significantly broadens the list of chemicals controlled by law.

On April 28, President Collor personally launched a national anti-drug campaign, a principal component of which will be the strengthening of drug education programs in Brazilian schools. Justice Minister Bernardo Cabral recently reaffirmed Brazil's desire to improve its drug enforcement operations and international drug cooperation wherever "Brazil's national sovereignty" is not affected. In addition, Cabral has stated that police anti-drug resources will be increased.

On June 12, Dr. Ester Kosoviski was sworn in as President of Brazil's new Federal Drug Council (CONFEN), one of President Collor's last senior appointments. One of her principal tasks will be to draft a new comprehensive drug law for the Collor administration to present to the Brazilian Congress. Dr. Kosoviski also expects to become heavily involved in coordination between federal and state drug prevention agencies. Dr. Romeu Tuma, Director of the Federal Police in the previous Sarney administration, was reappointed to his position. Tuma's track record as a vigorous supporter of drug enforcement and international cooperation makes him a valuable resource for Collor's anti-drug effort.

The 1988 United Nations Convention Against Trafficking in Illicit Narcotic Drugs and Psychotropic Substances is pending ratification in the Brazilian Congress. The new comprehensive Brazilian drug bill which CONFEN is drafting is likely to improve existing drug statutes significantly. A revised precursor chemical control bill is now pending in Congress and, if passed, would increase the list of chemicals restricted by law, as well as give the Federal Police increased latitude in designating future substances which should be controlled to prevent illicit drug production.

During the first half of 1990, Brazil's principal drug enforcement agency, the Federal Police, completed nearly 700 federal drug investigations, resulting in the arrest or indictment of approximately 1,000 federal drug violators. Successful Federal Police operations led to the seizure of 880 kgs of cocaine, two cocaine laboratories and 9,640 liters of precursor chemicals. Following the April 1990 International Drug Enforcement Conference (IDEC) in Mexico, Brazilian authorities have continued planning efforts with neighboring countries to conduct various simultaneous drug enforcement operations during the remainder of the year.

COLOMBIA

The Government of Colombia (GOC) is actively pursuing its campaign against drug traffickers who continue to retaliate with bombings, assassinations and other acts of terror. Colombian authorities have continued to score victories in law enforcement and military interdiction efforts. The security forces carry on their all-out efforts to capture top Medellin cartel kingpin Pablo Escobar and his closest associates.

The re-invigorated anti-drug war waged by the GOC since August 1989 has continued through the first half of 1990. Colombia sponsored the February Summit bringing together the Presidents of the United States, Peru, Bolivia and Colombia. In recent weeks the Colombian Government has made significant progress in concluding Summit-related bilateral anti-narcotic agreements with the US Government (USG). An agreement on asset sharing was signed on July 24. The USG and the GOC are negotiating the final details of an accord to control shipments of essential chemicals between the two countries. The USG has also expedited the review of over 60 GSP petitions of interest to Colombia.

The election of Cesar Gaviria on May 27 as the next President of Colombia offers the best prospect for a continuation of Colombia's counter-narcotics offensive. Gaviria was the only candidate to support President Barco's firm policies. His interest in reforming the judicial system bodes well for strengthening the weakest institution among Colombia's anti-narcotics forces.

Some of the Colombian security forces' greatest successes have resulted from new capabilities to execute complex multi-service operations. In May, the Army, assisted by the Air Force, conducted a series of raids at a transshipment site in Meta Department, seizing 18 MT of cocaine base and HCl. This was the largest total seizure ever in a single operation in Colombia. The police have utilized the US-donated UH-1H helicopters to almost triple the number of air assault operations conducted each month. The Colombian Navy (including the Marines) is now making multi-hundred kilo seizures of cocaine along Colombia's vast river network and along the Atlantic coast.

A key goal of current operations is to bring Pablo Escobar to justice. He has had several narrow escapes from relentless army and police operations aimed at his capture. From April until July, the Army was charged with administering the cities of Envigado, Bello and Estrella -- suburbs of Medellin and strongholds of Escobar -- blanketing them with troops and raiding suspected hideouts. The National Police and Army deployed thousands of troops into

these towns and apparently succeeded in recently forcing Escobar to flee into the Magdalena Valley -- 110 miles east of Medellin. President Barco recently returned Envigado, Bello and Estrella to civilian rule. The security forces are confident that Escobar will eventually be caught.

The traffickers have continued their terrorist response. Their recent crimes include increased bombings (many of them random) in an effort to undermine public confidence in the crackdown and a bounty for killing police officers. Thus far in 1990, more than 400 police officers have been killed in Colombia. Of that total, more than 200 have been killed in Medellin, mostly as a result of the trafficker-backed assassination campaign.

Continued violence has led some politicians to call for an end to extradition and a negotiated settlement with the traffickers, but Gaviria's election suggests that many Colombians support the government's hard line against the most violent traffickers. There have been eleven extraditions from Colombia to the United States thus far in 1990.

The Colombian military and law enforcement agencies also have shown no sign of lessening this effort, despite the heavy casualties they have been suffering. Capturing the big traffickers continues to be a high priority for the forces, while interdiction operations are setting new records. Colombian forces seized 38 MT of cocaine base, paste and HCl in the first five months of 1990, surpassing the total for all of 1989, a record year.

ECUADOR

The Government of Ecuador (GOE) continues to pursue its commitment to implement a vigorous anti-narcotics program. Interdiction efforts have been stepped up and manual eradication operations continue. Narcotics control legislation is being considered by the Congress as are reforms to the bank secrecy statutes.

Efforts at road and riverine interdiction have increased since March. The GOE has requested additional training assistance from the Drug Enforcement Administration (DEA) and the US Coast Guard to enhance current operations in outlying areas. Manual eradication efforts in the mountainous region near Pacto in Pichincha province continue to be performed by the Ecuadorian National Police.

The Ecuadorian Congress completed the first of two debates of the draft anti-narcotics legislation during the week of June 17. The current draft does not contain extradition clauses, nor a softening of habeas corpus provisions, both of which would require constitutional amendments. The GOE's goal is to see the legislation passed by August 18, when a new opposition-led legislature will take office. The legislation would put Ecuador at the forefront of Andean efforts to tighten laws relating to narcotics trafficking.

On June 21, the Superintendent of Banks, Fernando Guerrero, presented to the Ecuadorian Congress a series of reforms to the general banking law, including modification of the bank secrecy statutes and the establishment of special regulations to monitor deposits entering the banking system from outside Ecuador and transfers from Ecuadorian banks to foreign locations. Guerrero stated that bank secrecy provisions will remain in the Ecuadorian banking law but that exceptions are needed for cases in which it is suspected that transactions are taking place "on the margin of the law."

Seventy kgs of cocaine were seized April 12 by the Ecuadorian Customs Police in Quito. Smaller seizures of cocaine smuggled northbound in suitcases, totalling over 30 kgs, have been made at the airports. This is indicative of increased small-scale smuggling through Ecuador.

PARAGUAY

The Paraguayan Government has taken major steps to reorganize its counter-narcotics structure. Although the quantity of cocaine seized has been small, Paraguayan authorities have launched operations to control pharmaceuticals and to deter cannabis cultivation. President Rodriguez has repeatedly underscored his commitment to fight narcotics trafficking. Cooperation with the US remains good, and the Paraguayans have increased coordination with their neighbors.

In January, the Paraguayan Government implemented a sweeping reorganization of its counter-narcotics structure. It appointed a highly respected West Point-trained general, Marcial Samaniego, to run all Paraguayan counter-narcotics activities, answering directly to the President. Many allegedly corrupt officials of the narcotics police (DINAR), including the head of the organization, were removed. General Samaniego has elaborated plans for a National Counter-narcotics Council (CONAB), which will bring together all relevant government agencies and ministries to pool resources and coordinate actions. The reorganized structure includes a 33-man joint police-military counter-narcotics strike force which the US is helping to train at the request of the Paraguayan Government.

As one of its first acts, the new counter-narcotics team mounted operations against pharmacies which dispense drugs illegally and worked with the Ministry of Health to tighten controls. After US-supported aerial eradication of cannabis ended in February, the Paraguayans followed up with ground operations focused on the eastern Departments of Amambay, Canindeyi and Alto Parana, where cultivation is extensive.

Although the pace of judicial actions against narcotics offenders remained generally slow, there were signs that the judiciary and the government were trying to resolve drug-related cases. A cocaine trafficker was sentenced to 7 years in prison, 2 marijuana growers were sentenced to 14 years, and a marijuana trafficker was given 2 years. Several other cases were moving towards conclusion. However, 95 percent of those arrested and detained still have not been sentenced.

The Paraguayan Government intensified efforts to coordinate national counter-narcotics strategies with neighboring countries. It continued its active participation in the International Drug Enforcement Conference (IDEC), helping to plan and carry out joint border operations with Brazil, Argentina and Bolivia in May and June. In June, Paraguay hosted a meeting with Bolivia and Argentina and signed the "Asuncion Agreement" committing the three to undertake joint actions on drug abuse prevention and enforcement.

Paraguayan health authorities moved ahead with development of a national drug abuse prevention program involving government ministries and non-governmental organizations. Increased public attention to problems of narcotics abuse in Paraguay served to underline to the Paraguayan Government and its domestic constituency the need to accelerate anti-narcotics efforts.

According to DINAR, 7,976 kgs of marijuana ready to be distributed were seized and 365 hectares of cannabis were destroyed during the first half of 1990. Of the 129 arrests made, according to DINAR, most were for marijuana-related offenses; three persons were detained in May for possession of small amounts of cocaine. DINAR has also reported that 32 kgs of cocaine were seized during the first half of the year. In addition, the government cooperated with the US Drug Enforcement Administration in seizing another larger shipment of cocaine.

PERU

Farmgate coca leaf prices in the Upper Huallaga Valley (UHV) have continued the downward trend that began when Colombia cracked down on narco-traffickers in August 1989. Interdiction operations have been expanded in the UHV. Eradication of coca, suspended in February 1989, was resumed in March 1990 with a new program aimed at coca seedbeds.

Farmgate prices now appear to have dropped below the break even point, estimated to be \$.60/kg of leaf. While this is an encouraging development, no shifts out of coca to other crops have occurred as of yet. Farmers base their production and investment decisions on the behavior of prices over time and expectations about market developments; both are highly uncertain at this stage. A sustained period of depressed coca leaf prices together with more favorable economic conditions are needed for farmers to move toward legal crops. Unfortunately, adverse macroeconomic, trade and agricultural sector policies continue to be the main underlying problem.

The narcotics control program expanded the range of interdiction operations, previously outside the reach of the Santa Lucia narcotics base, including an operation in the Dos de Mayo area of the northern Upper Huallaga Valley. Cargo aircraft of the State Department Bureau of International Narcotics Matters (INM) were used to transport fuel and supplies for use by the rotary wing interdiction force to a forward area, thus expanding the range of operations. Since that time other long-range operations have been deployed in the UHV.

Continuing construction on the Santa Lucia anti-narcotics base progressed rapidly. Just prior to the April 8 elections, terrorist elements destroyed many bridges in the UHV, temporarily halting overland supply of building materials and aviation fuel, and requiring the airlift of supplies until the bridges were replaced. Hangar maintenance facilities are nearly completed and will reduce dependence on Tingo Maria, where maintenance had been performed. A major construction effort is still underway to expand perimeter security for the new police barracks and facilities, install generators and an integrated fuel system, and build a well and sewage system.

Elements of the Sendero Luminoso insurgents attacked the Santa Lucia base the night before the first round of national elections in April. Peruvian National Police (PNP) personnel, with aviation support, defended the base successfully. No injuries were sustained by base personnel and little damage to facilities occurred. The defensive garrison has since been increased and patrolling is underway to discourage further attacks.

Manual eradication of coca, suspended since February 1989, resumed in March 1990, but targeted coca seedbeds only. The Coca Reduction Agency for the Alto Huallaga (CORAH) has now eradicated 70,817 square meters of seedbeds, which translates into 4,670 hectares of mature coca plants. Close coordination among helicopter-borne eradication and security teams has assured efficient operations without any incidents of violence or confrontations with coca growers.

Interdiction operations carried out by the PNP from the Santa Lucia base in the UHV, underway since September 1989, continued with little interruption and resulted in the seizure of 11.6 MT of leaf, 10,752 kgs of coca paste, 1,252 kgs of cocaine base, 926 kgs of cocaine HCl and 210 arrests during the period January through May. A major seizure of 511 kgs of cocaine base occurred in June 1990. A total of 77 cocaine base processing facilities were located and destroyed by the PNP.

During the same period, Peru's Technical Police (TP) seized 973 kgs of coca paste and 445 kgs of HCl and made 608 arrests, while the Customs Police seized 74 kgs of paste and 153 kgs of HCl.

VENEZUELA

The Government of Venezuela (GOV) continued to cooperate with the US on bilateral anti-narcotics programs. Interdiction training increased as did marijuana eradication efforts, and cocaine seizures were up.

Progress has been made by the US Coast Guard port security training team in focusing Venezuelan law enforcement agencies on the interdiction of narcotics concealed in cargo containers. Quantifiable results are expected as this program develops. Recent reports indicate that narcotics are increasingly entering Venezuela by vehicles from Colombia, in addition to entry through the use of small aircraft.

The Guardia Nacional is now providing aviation support for marijuana eradication efforts, using two UH-1H helicopters on loan from the US, following the complete overhaul and repair of the aircraft. The Venezuelan Army, which in the past only provided security protection to Guardia Nacional eradication efforts, destroyed 30 hectares of cannabis since March. The Army's eradication of marijuana fields may indicate a shift in policy toward involving the military in anti-drug activity.

Pending before the Venezuelan Congress is a bill to reform the nation's anti-drug laws, bringing them into conformity with the Venezuelan constitution. The changes would increase sentences for drug-related crimes. The Guardia Nacional's anti-drug division has proposed that the bill incorporate measures to make money laundering illegal, as well as measures to regulate the importation, production and movement of precursor chemicals. The GOV signed a Kerry Agreement with the USG on July 27, 1990.

Through May, the Guardia Nacional seized 1,787 kgs of cocaine -- 74 percent of the 1989 total of 2,292 kgs. The Guardia Nacional, in cooperation with the US Drug Enforcement Administration and other law enforcement agencies, broke four international drug trafficking rings. These operations netted seizures of 1,040 kgs, 500 kgs (seized in Miami), 225 kgs and 211 kgs of cocaine, respectively. Traffickers were smuggling the drugs from Venezuela in either containers or air cargo.

MEXICO AND CENTRAL AMERICA

BELIZE

The cannabis eradication program, conducted with two US Government (USG) Thrush aircraft, significantly reduced cannabis production. The Serious Crime Squad (SCS) seized increased quantities of cocaine. The Belize Defense Force (BDF) Maritime Wing now maintains a patrol presence on the coast. The Government of Belize (GOB) introduced legislation on assets seizure and money laundering.

There was evidence of greater policy-level interest in narcotics control issues within the GOB, perhaps in response to the surge of crime in Belize city believed by many to be linked to the increased use of crack cocaine by young Belizeans. The previously moribund National Drug Advisory Council has begun to develop a policy for rehabilitation programs. Belize also signed a bilateral narcotics control agreement with Mexico. Belize's Congress is currently reviewing new legislation to permit asset seizures, and to deal with money laundering and other drug-related financial activities.

The marijuana eradication project conducted daily sorties using two Thrush spray aircraft of the State Department's Bureau of International Narcotics Matters (INM). This has significantly reduced cannabis cultivation, although the transshipment of Guatemalan marijuana remains a problem. Visits by INM UH-1H helicopters in March and June permitted ground operations by the BDF to locate and destroy several marijuana drying camps and storage areas as well as thousands of plants.

The SCS increased cocaine seizures, including 790 pounds from a wrecked aircraft in May. The BDF's Maritime Wing is now capable of maintaining a daily presence on the coast, using UK and INM-supplied patrol craft, and was instrumental in identifying a freighter subsequently found by the US Coast Guard to be carrying 400 kgs of cocaine. The SCS and the BDF Air and Maritime Wings all became fully operational during this period. Their activities have been supplemented by various US Coast Guard initiatives including visits and training exercises.

COSTA RICA

The new government of President Rafael Angel Calderon took office in May. The long-pending 1982 US-Costa Rica extradition treaty was ratified by the legislative assembly. The Government of Costa Rica (GOCR) has also agreed to sign a Memorandum of Understanding (MOU) to permit the installation of a radar as part of the Caribbean Basin Radar Network (CBRN) initiative.

Costa Rica's new government is committed to a tough anti-narcotics policy. President Calderon, in his inaugural address, specifically mentioned the need for worldwide cooperation to counter narcotics production, trafficking and abuse, and pledged Costa Rica's support for the war on drugs. He also stated his commitment to ratify the UN Convention Against Illicit Trafficking in Narcotic Drugs and Psychotropic Substances.

The change in government has brought with it a new team of players to Costa Rica's anti-narcotics battle. The new Ministers of Government, Public Security, Health and the Presidency have stated their commitment to strengthen Costa Rica's anti-narcotics efforts. The new legislative assembly has also demonstrated its intention to focus on narcotics trafficking and corruption by appointing a special narcotics committee to investigate allegations of narcotics corruption in the government and parastatal institutions.

The 1986-90 legislative assembly, before adjourning in April, approved the 1982 US-Costa Rica extradition treaty; the treaty will go into effect as soon as the instruments of ratification are exchanged. The 1990-94 assembly has given preliminary approval to the US-Costa Rica tax information exchange agreement; final approval is expected shortly.

The new government has decided that installation of a radar, part of the CBRN, does not require legislative approval, something the previous administration had requested. Construction on the radar installation should begin later this year.

Costa Rica's illicit narcotics production is limited to scattered marijuana cultivation. The Ministry of Public Security recently conducted overflights over approximately two-thirds of the country and identified an estimated 200 hectares of cultivated marijuana. The Ministry of Public Security anti-drug police began spraying operations June 14 with the assistance of two US Coast Guard helicopters and backpack sprayers provided with funding from the State Department Bureau of International Narcotics Matters (INM). During the first ten days of the operation, the Ministry reported that 1.5 million plants (approximately 150 hectares) were destroyed.

The trial of Ricardo Alem, who was arrested in June 1988 and charged with money laundering, began June 11. Witnesses in the case have included two US Customs officers and a former Drug Enforcement Administration (DEA) country attache.

In the first six months of the year, an estimated 800 kgs of cocaine have been seized. The largest seizure consisted of 500 kgs found in a warehouse in a judicial police operation supported by DEA. This seizure is further evidence that Costa Rica is a significant transit point for cocaine destined to the United States.

GUATEMALA

The Guatemalan Government presented major narcotics control legislation to congress in June. The United States Government (USG) continued to support aerial spraying operations against opium poppy. Transshipment of cocaine through Guatemala appeared to increase significantly.

The executive presented a major anti-drug bill to the congress in early June. Officials are optimistic it will approve the bill before the end of the legislative period. Election year politics, however, have diverted the attention of legislators. In May, a Guatemalan court released two government officials accused of attempting to smuggle cocaine onto a commercial aircraft bound for the US. The Guatemalan police and courts have yet to successfully investigate and prosecute a significant Guatemalan narcotics trafficker.

USAID and USIS released an anti-drug pamphlet for local use in March authorized by Guatemalan drug education organizations. The first survey of Guatemalan drug abuse was conducted in May and June with USG assistance. The initial results of the survey indicate crack cocaine has become the preferred drug of Guatemalan addicts. A member of the Council on Drug Addiction and Alcohol Abuse attended the OAS Conference on drug prevention in Quito in May, representing Guatemala for the first time in an international demand reduction forum.

Aerial spraying by aircraft of the State Department's Bureau of International Narcotics Matters (INM) is currently under way as Guatemala's second growing season ends. Guatemalan Treasury Police manually eradicated 24,000 poppy plants (2.4 hectares) in Huehuetenango and Alta de la Paz. During July, aerial reconnaissance was conducted in Huehuetenango and San Marcos Departments to determine the extent of opium poppy under cultivation. The preliminary results indicate that growers are moving cultivation into new areas to avoid aerial spraying.

Cocaine transshipment through Guatemala appears to have increased significantly; more than eight tons of cocaine have been intercepted through joint Guatemalan Government/US Drug Enforcement Administration actions during 1990, compared to four tons during all of 1989. The US Embassy estimates that at least four tons of cocaine are shipped through Guatemala monthly. Guatemalan authorities seized 635 kgs of cocaine and arrested 11 people May 8. The government also apprehended smaller cocaine traffickers in June and July as they transited Guatemala to the United States on commercial aircraft.

HONDURAS

Given the declared intention of the incoming government to prosecute the drug fight more vigorously, we expected to see more impetus given to our bilateral counter-narcotics program. Currently, the US Embassy has noted little increase in Government of Honduras (GOH) energy or resources devoted to anti-narcotics.

The first six months of 1990 have not been notably productive in terms of the joint US-Honduran anti-narcotics programs. Operationally, cooperation remains good between the Drug Enforcement Administration (DEA) and the lead unit on the Honduran side, the anti-narcotics intelligence department of the Joint Intelligence Directorate of the Armed Forces Joint Staff (C-2). The Hondurans also have had some recent successes, including seizures of moderate amounts of cocaine in transit through Honduras and several arrests beyond normal street busts.

In late January, Thrush aircraft of the State Department's Bureau of International Narcotics Matters (INM) conducted their fourth aerial reconnaissance; no evidence was found of illicit cannabis cultivation. Another series of joint interdiction operations took place in March. Hondurans gave their full participation and cooperation in both cases. On the other hand, the six INM-supplied narcotics detector dogs, in country since early this year, have still not been effectively used. Also, radio equipment for a radio net for the national police's drug squad has yet to be installed.

On the civilian side, while public declarations by the new leadership have been strongly supportive of a vigorous and comprehensive national narcotics program directed by civilians, there have been few measurable advances. A National Drug Council was established by the National Congress in April, but has not yet met. Plans to establish a special drug prosecutor's office inside the Attorney General's office have not progressed. There has been no new narcotics legislation introduced in the National Congress. However, the United Nations Convention Against Trafficking in Narcotic Drugs and Psychotropic Substances was ratified by Congress in late July.

It should be noted that, since coming into office, the new administration has been beset by formidable economic problems and there has been little time to devote to issues beyond the budget, currency stabilization, and unemployment. President Callejas has repeated his concerns over the insidious threat posed by drug money. The absence of follow-through on initiatives made by senior leaders is a chronic shortcoming in the GOH, however, and critical shortages of resources are the current reality.

MEXICO

During 1990, The Government of Mexico (GOM) continued to pursue a vigorous narcotics control policy. We expect the GOM to intensify its anti-narcotics campaign and to increase both its bilateral and international cooperation. Limited resources, however, will be a major constraint on the GOM effort.

The GOM repeatedly has demonstrated its commitment to narcotics control. It initiated the Northern Border Response Force (NBRF) to expand its interdiction capability. Despite limited resources, the GOM seized six aircraft and nine MT of cocaine and arrested numerous drug traffickers. At the same time, the Governments of Mexico and the United States are reviewing ways to improve Mexico's interdiction capabilities along its northern border, to include helicopters and intelligence support.

The United States Government (USG) agreed in principle to new rules governing Drug Enforcement Administration (DEA) operations in Mexico. The agreement provides for enhanced diplomatic status of DEA agents serving in the field. The USG also agreed in principle, on the basis of reciprocity, that the GOM can assign Federal Judicial Police agents to its embassy and consulates in the US.

The Attorney General's office (PGR) initiated a special nationwide pre-planting season anti-narcotics campaign June 11 with large numbers of reconnaissance flights, eradication of young illicit crops, and destruction of drug crop seedbeds before seedlings can be transplanted to prepared fields. Approximately 110 Federal Police assisted in the nationwide pre-planting season campaign by investigating ownership of suspect fields. This was the first GOM attempt to link illicit crop eradication with apprehension of suspected drug traffickers.

The Bell Helicopter Services, Inc. contract for aviation maintenance was extended for another year effective July 1, 1990. Construction of a major maintenance facility began in Guadalajara. The PGR started buying its own fuel and herbicides.

Mexico hosted the Organization of American States (OAS) Ministerial Drug Conference and the International Drug Enforcement Conference (IDEC) meeting in April.

The Department of State Bureau of International Narcotics Matters (INM) provided demand reduction training to 29 Mexican public and private sector professionals. These individuals will train 100 other Mexican professionals in late FY1990. The USG-financed Ciudad Juarez community drug demand reduction pilot project was replicated in Tijuana and Monterrey.

Continuing analysis of data from the 1988 Mexican national household drug abuse survey indicates 4.8 percent of the urban population between 12 and 65 years of age, or 1,713,000 individuals, had tried one or more of the surveyed drugs. Males 15 to 34 years of age were most likely to use drugs. Marijuana remained the most commonly abused drug. The survey did not reflect the total drug abuse picture, however, since it did not include the homeless, jailed individuals or patients in treatment facilities.

Mexican law enforcement officials arrested nine important (class one) drug violators, including former INTERPOL Director Miguel Aldana Ibarra, former Federal Police Commander Chao Lopez, Francisco Wesson Munoz, Rigoberto Campos Salcido, Alfredo Medina Espinoza, Cesar Solomon Monzon, Ramon Valenzuela Garcia, US drug fugitive Gerardo Remy Sr. and Rodolfo Gallardo Robert. The GOM also extradited Daniel James Fowlie to the US, a trafficker who had fought extradition for three years.

The GOM implemented a new law covering the legality of asset seizures, resulting in over \$1 billion of narcotics-related asset forfeitures under the Salinas administration. GOM and USG officials scheduled money laundering courses for investigators from the Mexican Treasury and Central Bank for late FY 1990. A law governing financial intermediaries, passed in December 1989, has resulted in increased money laundering investigations and stiffer jail sentences.

The PGR reported that it eradicated 1,742 hectares of opium poppy and 500 hectares of cannabis in the first six months of 1990. The Mexican National Defense Secretary claimed separately that the military manually eradicated 3,131 hectares of opium poppy and 1,196 hectares of cannabis during the same period.

The PGR reported it seized 23,765 kgs of cocaine, 304 MT of dried marijuana, 229 kgs of opiates, 1,680 land vehicles, 35 airplanes, 2 boats and 1,864 weapons from January 1 to July 10, 1990. During the same period, Mexican law enforcement officials arrested 7,058 persons, of whom 4,235 were detained on drug-related charges. The Mexican National Defense Secretary separately reported that the military seized 1,976 kgs of cocaine, 71 MT of marijuana, 17 kgs of opium gum, 1 kg of heroin, 272 land vehicles, 6 airplanes and 3,281 firearms, apprehended 723 individuals on drug-related charges and destroyed 500 clandestine airstrips during the first six months of 1990.

NICARAGUA

From its first weeks in office, the new Government of Nicaragua (GON) has made clear its interest in cooperating with the US, with its neighbors in the Central American region and with INTERPOL to halt narcotics trafficking activities in and through Nicaragua. The Chamorro government has been willing to share information developed from narcotics law enforcement investigations with the US on a regular basis.

After a hiatus of many years in which few major drug seizures were made or at least announced, the Chamorro government, in its first six weeks in office, made two significant seizures: a truck carrying 160 kgs of cocaine and a private Colombian aircraft carrying over 320 kgs of cocaine. Although it has no extradition treaty with Nicaragua, Colombia has requested extradition of the two Colombian nationals alleged to have been flying the seized aircraft. Thus far, the Nicaraguans appear determined to prosecute the two Colombians to the full extent of Nicaraguan law. The extradition treaty between the US and Nicaragua remains in force.

There is a growing recognition among Nicaraguan officials that Nicaragua could become a "trampoline" for drug movement north. In addition to concern about air and overland routing, residents of the Atlantic coast and Managua officials have voiced concern over the use of Nicaragua's eastern waters and islands as transshipment points or even possibly processing centers.

Chamorro government officials have expressed dissatisfaction with Nicaragua's laws to control narcotics-related crimes. Most of these laws remained unused during Sandinista rule and much of the body of law related to narcotics now dates to 1974. As a first step, the GON sent representatives to a UN-sponsored seminar in San Jose in July dealing with the development of modern drug enforcement laws.

The Nicaraguan military and police remain Sandinista in command, composition and even name, raising questions about their loyalty. Such doubts could impede cooperation within the Government and between the GON and other governments. Nevertheless, the Attorney General heads a government-wide commission specifically aimed at dealing with narcotics problems. The Minister of Interior and his immediate staff also have shown an active interest in expanding Nicaragua's ability to combat drug crime.

There is little evidence that Nicaragua currently has a serious abuse problem. However, GON officials are concerned about potential drug abuse problems should Nicaragua become a trafficking route.

PANAMA

While the Government of Panama (GOP) has made progress in narcotics control, many problems remain. In addition to a severe lack of resources, Panamanian anti-narcotics institutions lack depth of leadership and organization, trained personnel and plans of action; lack of interagency cooperation also hinders effectiveness. Panama must build a national anti-drug capability from the ground up. While United States Government (USG) funding sources can help, Panamanian authorities must ensure that sufficient national resources are dedicated to drug control efforts and resolve internal government organizational difficulties. Agreements must be translated into further action and financial commitment. These steps will contribute to effective enforcement of Panamanian law to impede drug trafficking in Panamanian territory.

The new GOP has made significant strides in joining the international effort against illegal narcotics trafficking. Among the most important actions, the Government: 1) signed an umbrella agreement with the USG in January on anti-narcotics cooperation in accordance with the Chiles Amendment, 2) formed a cabinet-level anti-narcotics committee to coordinate national drug control policy, 3) signed a bilateral narcotics control program agreement on April 17 through which Panamanian narcotics enforcement organizations will receive in FY 1990 nearly \$500,000 in State Department Bureau of International Narcotics Matters (INM) funding to improve counter-narcotics operations, 4) signed a cooperative agreement with the US in May to control the movement of essential chemicals and 5) signed a maritime accord confirming procedures for obtaining Panamanian approval for the boarding by US officials of Panamanian flag vessels suspected of carrying illegal narcotics. The latter agreement has special significance since Panama is the world's leader in the registry of merchant ships. Negotiations are still underway to conclude the mutual legal assistance and shiprider agreements with the US which are integral to the overall bilateral effort against drugs. Panamanian ratification of the UN Convention Against the Illicit Trafficking in Narcotic Drugs and Psychotropic Substances is also still pending.

The Panamanian Attorney General's office has established a procedure for providing to US law enforcement authorities records associated with over 370 bank accounts frozen by Panamanian authorities last December. Panamanian Cabinet Decree 41, issued in February, required the National Banking Commission to issue regulations requiring banks to verify customers' identities and obtain statements about transactions in currency and certain negotiable instruments of more than \$10,000.

In addition, the Commission was given strong enforcement powers. The resulting banking regulations went into effect May 15. In June, Panamanian courts issued an arrest warrant for Guillermo Salazar, a Colombian charged with laundering millions of dollars for the Medellin cartel. Since Salazar had already been extradited by Colombia to the US to face trial, this action was perhaps symbolic in nature, but nevertheless sent a signal that Panama intends to clamp down on money laundering.

Seizures in Panama since January have confirmed US and Panamanian suspicions that -- although the former corrupt regime has been removed -- the illegal drug activities continue. Money laundering is particularly prevalent in the Colon Free Zone. The investigation in conjunction with the Panamanian seizure in May of nearly 300 kgs of cocaine revealed that a common smuggling method by drug criminals appears to involve the shipment by sea of drugs from Colombia, which are then secreted in vehicles destined for Guatemala, from where they are flown to the US via Mexico. Likewise, a variety of reports -- including commentary by officials in the media -- indicate that there may be at least one cocaine processing lab in the dense jungles of the southern Darien Province.

The Panamanian Special Anti-Narcotics Force, part of the Technical Judicial Police, has shown its enthusiasm for the task at hand and is cooperating closely with US law enforcement agencies. The unit presently consists of approximately 40 officers but the GOP plans to expand it to 100 officers. The unit faces serious problems, however, including lack of training and insufficient equipment, vehicles, fuel, and communications equipment. Only one in three officers has been provided with a sidearm. Training and equipment provided by INM in FY 1990 will help, but the GOP must also dedicate enough resources to make this important unit effective. Despite lack of equipment and training, however, drug investigations by the anti-narcotics police have achieved noteworthy results. In the first half of this year, over 550 kgs of illegal drugs, principally cocaine, were seized and there were nearly 350 narcotics-related arrests.

The newly-created Narcotics Assistance Unit at the US Embassy will provide \$500,000 in assistance this fiscal year, primarily for equipment and training. US Customs has already provided interdiction training to 30 Panamanian inspectors. Cocaine seizures at Tocumen Airport in the four weeks following the course approached 100 kgs; an additional 198 kgs were seized on July 17. The US Coast Guard provided the boarding officer course (which includes narcotics search and identification procedures) to 28 Panamanian maritime service personnel.

There are no recent surveys on drug abuse in Panama but local experts, including the police, believe that the problem is becoming severe, especially among lower income groups. The Cruz Blanca (White Cross), the leading private sector demand reduction and treatment organization, reports numerous requests for drug education and addict treatment from rural areas outside of Panama City. An associated problem, reported frequently in the media, is increasing violence and street crime attributable to local drug gang warfare.

THE CARIBBEAN

THE BAHAMAS

The first six months of 1990 were marked by a reduction in trafficking and the negotiation of a tri-lateral agreement which will bring Turks and Caicos Islands police into the joint US-Bahamian anti-drug program. The signing of the agreement in July assured the extension of Operation Bahamas-Turks and Caicos (OPBAT) into the key southern sector of the archipelago.

In April, the governments of the United States, The Bahamas, and the Turks and Caicos Islands/UK negotiated an agreement under which the Turks and Caicos (TCI) Police would join in anti-drug operations in the South Bahamas-TCI area. The effect of the agreement will be to greatly expand the scope of OPBAT, closing a key southern trafficking corridor into the archipelago, while at the same time including TCI and British law enforcement personnel in the drug war. A Memorandum of Understanding covering the tri-lateral operations was signed on July 12 at Grand Turk. The completion of the base at Inagua, where the tripartite forces will be located, should be accomplished in September.

In addition to the expansion of OPBAT through the tripartite agreement, The Bahamas signed a Mutual Legal Assistance Treaty with the United States in late July. The Bahamas previously signed an extradition treaty with the United States in March which awaits ratification by the US Senate.

There is evidence that could suggest a noticeable drop in drug trafficking in The Bahamas in the past six months. Seizures are down 69.5 percent from the first six months of 1989: 1,420 kgs of cocaine in 1990 versus 4,669 kgs of cocaine for the same period in 1989. There is also a reported drop in suspect aircraft sightings.

CUBA

The Government of Cuba has taken some steps in the past six months to improve narcotics interdiction. Cuban authorities reportedly were responsible for at least one major anti-cocaine operation that lasted for three months. The operation resulted in the seizure of over 500 kgs of cocaine and twelve arrests. In addition, there are reports the Government of Cuba recently made a major marijuana arrest, seizing over a ton of the drug.

Cuban authorities have instituted a stricter inspection regime for vessels transiting Cuban waters. In the last six months, reports of US and other foreign vessels that were boarded and searched by Cuban authorities have increased significantly. There have been several occasions, however, in which the searches and interrogations were apparently misdirected and inordinately prolonged, contravening international laws of the sea -- specifically, the right of innocent passage.

Cuba has spoken out against drug trafficking and recently signed its first bilateral anti-narcotics accord with Mexico.

The US and Cuba continue to exchange information for interdiction and other investigative purposes via telex line. The Cuban Government recently has been more responsive to these messages. The Cuban Government has not, however, responded to our requests for information in several US federal cases involving Cuban defendants.

DOMINICAN REPUBLIC

In March, President Balaguer took advantage of National Police Day to exhort police officers to increase their efforts to fight crime and drug trafficking. That same month, the Bishop of La Vega, one of the more influential provinces, publicly endorsed a proposal that candidates for congressional and municipal office take a drug test. Although the proposal did not materialize, it is a further indication of the Church's continued, significant role in the fight against illicit narcotics.

The Dominican Senate approved a bill in March modifying and strengthening the 1988 drug law. The bill is currently in the lower legislative house for action.

The Dominican National Drug Control Directorate (DNCD), working with the Drug Enforcement Administration (DEA), culminated a two-month investigation into a Colombian drug smuggling operation that resulted in the arrest of eight individuals and the seizure of 350 kgs of cocaine. The DNCD also participated in the International Drug Enforcement Conference (IDEC) held in Mexico City April 24-27.

HAITI

The new Government of Haiti (GOH) has continued the counter-narcotics policies of its predecessor. It is strengthening the Center for Information and Coordination (CIC), and joined the International Drug Enforcement Conference (IDEC).

Cooperation between the US and Haiti continued under existing counter-narcotics agreements. Transportation and communication equipment was provided to the National Narcotics Bureau and Center for Information and Coordination (CIC) in early 1990 to enhance interdiction and intelligence capabilities.

In a shuffle of military officers under the new government, the head of the National Narcotics Bureau, Col. Jean-Claude Duperval, was named chief of the Port-au-Prince police; he was replaced at the Narcotics Bureau by Col. Eddy Louis.

On May 31, a governmental decree was issued strengthening the powers of the CIC, giving it responsibility for coordinating a national counter-narcotics plan, monitoring relations with international organizations, and establishing a nationwide structure to accomplish its mission. Also in May, Haiti became a member of IDEC.

The new government has continued to cooperate with US law enforcement agencies. US Coast Guard vessels and aircraft are authorized to pursue smugglers into Haitian waters and cooperation between the Drug Enforcement Administration (DEA) and the National Narcotics Bureau is close.

Haiti continued to be a significant transshipment point for cocaine destined for the United States. Approximately 800 kgs of cocaine was seized on January 4 aboard a small aircraft which landed at Jacmel. Three Colombians and three US citizens were arrested. Haitian authorities deported all six to the United States for prosecution.

JAMAICA

The Government of Jamaica (GOJ) continued its strong anti-narcotics efforts in the first six months of 1990. The GOJ's Joint Information Command Center (JICC) was officially opened in March. The Department of State Bureau of International Narcotics Matters (INM) provided computer equipment and training; the GOJ provided office space and staffing. The Jamaican anti-narcotics effort continued to receive high-level support, marked by visits and anti-narcotics consultations in Washington by the Prime Minister and the Minister of National Security.

Prime Minister Michael Manley visited Washington for a highly successful series of meetings in early May. The Prime Minister met with President Bush, Vice President Quayle, State Department officials, and members of Congress. During his talks with United States Government (USG) officials, Manley reiterated his prior proposal for the establishment in Jamaica of a regional law enforcement training academy. Such a center would provide training in drug enforcement to Caribbean participants and would serve to improve the compatibility of anti-drug legislation in participating countries. The GOJ is working on a more detailed proposal.

The deployment of the new ports security corps, a civilian organization designed to replace private security forces at Jamaica's airports and seaports, continued apace. The first class of 116 graduated from the GOJ's training program for the new force in June. A total of 356 port security corps employees are now deployed at Norman Manley Airport and Kingston's Port Bustamante. Another 105 port security corps personnel are working at Montego Bay's Donald Sangster Airport and at the Montego Bay Freeport.

In June, 25 Jamaican enforcement officers from the Contraband Enforcement Team (CET), Jamaica Constabulary Force and port security corps graduated from a US Customs-sponsored course in narcotics enforcement. As part of the ongoing program of training, a US Customs officer spent two weeks with the CET as an advisor.

Although the US-Jamaican extradition treaty was initialed by both governments in 1983, the GOJ has not yet passed enabling legislation. Such a bill was brought before Parliament in April, but was pulled back pending further consultations between the government and the opposition.

The Jamaican Ministry of National Security is now drafting assets forfeiture legislation. The Ministry is being advised by Professor Robert Blakey of the Notre Dame Law School, author of the US RICO statutes. The Jamaican constitution's prohibition against seizing property without due compensation may represent a problem in the implementation of asset forfeiture.

Between January and June of this year, 1,251 acres of cannabis were eradicated and 18,439 pounds of marijuana seized, according to figures provided by the Jamaica Constabulary Force narcotics squad. Twenty-five pounds of cocaine, 38 pounds of hash oil and 238 pieces of crack cocaine were seized in the same period. A total of 118 Jamaicans and 84 foreigners were arrested for drug offenses. The 1990-91 INM-supported cannabis eradication effort, Buccaneer VI, is scheduled to begin in late September or early October of 1990. As was the case last year, the GOJ will request that two INM helicopters return to Jamaica to support Buccaneer VI eradication activities.

SOUTHWEST ASIA

AFGHANISTAN

Continued unstable political and military conditions have made it extremely difficult to initiate and implement poppy production control efforts in Afghanistan. We are encouraged, however, by the recognition by some commanders that, over the long term, their cooperation on narcotics control can help avoid the development of serious narcotics problems in the country and bring benefits to the areas they control through increased development assistance.

Despite decreased opium production in 1989, apparently due in large part to poor weather, Afghanistan remains the second leading opium producer in the world after Burma. Continuing unstable political conditions and a devastated rural economy increases opium poppy cultivation. The return of millions of refugees when a political settlement is achieved could, over the short term, increase incentives to produce opium.

The Afghan Interim Government (AIG) has become increasingly fragmented and ineffective in dealing with narcotics production and trafficking inside Afghanistan. Some commanders, however, have expressed an interest in eliminating opium poppy cultivation in areas under their control in return for crop substitution assistance. The US Government (USG) is currently working through USAID to provide assistance to areas where poppy cultivation has been eliminated. The \$12.5 million Narcotics Awareness and Control Project (NACP) will be focused on independent rehabilitation/development activities as well as education programs for Afghans in refugee camps and inside the country. The USG remains sensitive to the difficulties of implementing such programs, given the strong suspicion that the people who control areas of narcotics production may be involved in the trade. Projects being considered under the NACP are carefully reviewed to assure they benefit only communities, not individuals.

Of particular significance over the past few months were developments related to poppy production in the Helmand Valley, traditionally one of Afghanistan's prime poppy producing areas. Late last year, Mullah Nasim, the commander controlling the Northern Helmand, approached US Embassy officials in Pakistan and promised to ban opium poppy cultivation in his area of control in return for economic assistance. It appears that the opium crop in his area was significantly reduced and replaced by grain and other food crops. Unfortunately, before further discussions could be held about development assistance for areas under his control, he was assassinated. With his death, hopes for an effective narcotics control program in the Northern Helmand received a serious setback.

INDIA

Indian officials are increasingly concerned about the flow of drugs across the Burmese border, and are seeking to add enforcement personnel in the region. There also is increasing evidence of illicit opium cultivation and heroin production within India. A bilateral narcotics control agreement between the US and India was signed in April during the visit of the State Department's Assistant Secretary for International Narcotics Matters. During this visit, US Government (USG) concerns were raised about diversion from the licit opium crop and enhanced cooperation in law enforcement was discussed. Indian officials provided information on their efforts to monitor licit opium growth and reduce the licit opium stockpile.

The Government of India (GOI) has indicated its intention to increase Narcotics Control Bureau (NCB) staff along the Burmese border by 145, but up to this time it has not reached that level of staffing. This has contributed to the generally inadequate number patrolling the Indo/Burmese border and the increasing quantities of heroin entering India from Burma. Effective information exchange and liaison between India and Pakistan continue to be limited by political tensions which have increased in recent months. We have pressed both countries to find ways to cooperate in stemming the flow of heroin from Southwest Asia.

The GOI is making a serious attempt to curtail trafficking in India by Nigerian nationals. The GOI is particularly vigilant at the international airports in Bombay and New Delhi, and several substantial seizures have been made. The USG continues to receive reports that a significant amount of India's illicit opium crop is diverted to the black market due to corruption and lax controls. While the USG estimates that between ten and thirty percent of the licit crop is currently diverted, Indian officials do not agree with this estimate; they believe diversion is much less. We believe that most of the diverted opium finds its way into the Indian market.

IRAN

The narcotics production and trafficking situation in Iran remains basically unchanged since the March 1990 INCSR, despite reports of increasing efforts to intensify interdiction efforts along the border with Pakistan and Afghanistan. Such efforts are being spurred by the existence of as many as three million drug addicts in Iran (one of every eighteen residents). These interdiction efforts, however, do not appear to be having any impact on the transshipment of heroin through Iran to the West. Strict drug laws enacted in 1989, including capital punishment for some related offenses, continue to be applied. Over 1,300 people have been executed for drug crimes according to the Iranian press. The harsh campaign, however, does not appear to be having an effect on drug use or trafficking, aside from driving drug prices up.

NEPAL

Recent developments in Nepal have focussed less on direct narcotics matters than on important domestic political changes and bilateral relations with India. Taken together, they amount to a new context for the formulation of official narcotics control policies, for the implementation of interdiction measures, for the potential flow of narcotics in and out of the country, and, perhaps, for domestic consumption.

The collapse of the Panhayat (council) system was accompanied by considerable turmoil, including demonstrations, confrontations with the police and curfews. All law enforcement agencies were fully preoccupied with the challenge of maintaining law and order. As a result, attention to narcotics issues, never very great, is even less at present.

On the other hand, the sharp decline in foreign visitors traveling to Kathmandu because of unsettled conditions probably reduced heroin shipments passing into and through the country; there have been no seizures reported since March at Kathmandu airport. Although customs officers have not been immune to the political turbulence, their effectiveness has not been as badly impaired as that of the police. Gold seizures, for example, continue to be high.

In June, Nepal and India resolved the trade and transit dispute that began in March 1989. India pledged to restore previous trade relationships and to open all of the border crossing points that had been previously closed. As normal commercial contacts are renewed, the potential for overland shipments of heroin from India into Nepal for onward shipment to Europe will exist. The shipments were believed to have declined during the period of tension although no hard data was available.

The unsettled conditions in Kathmandu also forced the postponement of the US Customs counter-narcotics training exercise that had been scheduled for April, as well as other narcotics-related initiatives that were planned as a follow-on to the Customs presence. It is hoped that the training course will be conducted in September-October. But the interim government's commitment to hold elections in a new democratic framework no later than April 1991 will undoubtedly result in continued priority to domestic political issues, with law enforcement directed primarily to assuring peaceful conditions for campaigning and for the election process. It may be some time before significant attention will be given by the Nepalese Government to narcotics interdiction and related issues. The US Government will continue to press for better efforts against the transit of drugs through Nepal.

PAKISTAN

The military confrontation between India and Pakistan over Kashmir and ethnic conflicts in the province of Sindh absorbed much of the Pakistan Government's attention in recent months, but progress was being made in narcotics control. The work to establish the Elite Anti-narcotics Enforcement Unit, joint US - Government of Pakistan (GOP) investigations, extraditions and poppy eradication demonstrated Pakistan's commitment to counter-narcotics efforts. The continued operation of heroin labs operating in the tribal territories of the Northwest Frontier Province (NWFP) remains a major problem which the GOP recently promised to address more forcefully.

The GOP was relatively vigorous in working to convince farmers not to plant opium in areas where the poppy cultivation ban is in effect. Under pressure from local administrators, poppy cultivated in these areas was subject to destruction, and aerial spraying of poppy fields in recalcitrant areas took place in March. More favorable weather and lower prices for alternative crops may result in the 1990 opium crop being larger than that in 1989. Rural development programs in Bajaur, Mohmand and Dir are proceeding reasonably well, and the total area covered by the cultivation ban is expanding gradually.

Two alleged major traffickers have been in GOP custody for some time while investigations continue. There are indications that these investigations are at least being pursued in a deliberate, professional manner by the intelligence branch of Pakistani Customs in coordination with the US Drug Enforcement Administration (DEA). The GOP is collaborating with DEA in a new strategy of investigating major narcotic traffickers operating out of Pakistan to develop more comprehensive evidence of their world-wide activities, thus enhancing chances for successful prosecution and extradition.

Formation of the Elite Anti-narcotics Enforcement Unit within the Narcotics Control Division (NCD), which was the subject of a 1989 agreement signed in Washington, has not been completed. Positions for 50 officers have been established, and the key establishment of a senior director's position has been completed and will be filled by a respected senior police official. Two teams may be in place within the next several months.

Upwards of 100 heroin laboratories continue to operate unchallenged in the tribal agencies near Peshawar. During the past six months, one major lab operator in Khyber Agency was arrested and sentenced to a long prison term. Several lab operators in Khyber and Mohmand Agencies have been persuaded to close down, but without serious punishment. The Paramilitary Frontier Corps is allowed to interdict smuggling along the Afghan border only with the permission of the political agents in the tribal areas, who have generally not focused on narcotics trafficking activity. The GOP recently promised more forceful actions against laboratories.

The cabinet has approved in principle a law which would increase opportunities for asset forfeiture upon conviction for narcotics felonies. The Law Ministry has it for formal drafting. The existing asset forfeiture law is highly restrictive and has never been applied. During this period, the GOP signed the UN Convention Against Illicit Trafficking in Narcotic Drugs and Psychotropic Substances which it is expected the cabinet will ratify. The GOP continues to choose not to employ telephone intercepts as a means of gathering either intelligence or evidence in drug enforcement. Two recent studies conducted by senior foreign police consultants concluded that this policy constitutes a serious flaw in Pakistan's drug enforcement.

Seizures by GOP and provincial police agencies continued to grow in both numbers and size. In the past six months there have been several seizures of heroin of 100 kgs or more in various parts of Pakistan. More than 35 MT of hashish were found on an abandoned ship at sea. A recent punitive sweep by the Frontier Corps through a valley of Bajaur Agency in the wake of tribal protests not connected with narcotics yielded more than 1,400 kgs of raw opium and 40 kgs of heroin.

SOUTHEAST ASIA AND THE PACIFIC

AUSTRALIA

Australia continues to be a consumer of illicit narcotics from Asia as well as a producer of marijuana. There is increasing evidence that Australia is being used both as a transshipment point and a staging area for heroin and marijuana being smuggled to the US from Southeast Asia.

Australia's licit production of drugs is at present confined to opium poppy cultivation in the island state of Tasmania. During this reporting period, there were approximately 14,000 acres under cultivation by 560 growers. It is anticipated that these numbers will increase during the next growing season. The police poppy task force reported theft/losses of 42,000 poppy caps during the 1989/90 growing season. Approximately 90 percent of the caps were recovered, resulting in 27 arrests and 232 related criminal charges filed.

Australian production of marijuana during the past year is estimated to be in the range of 1 to 1.5 million pounds. The domestic production is consumed locally with no evidence of export. A significant increase in marijuana cultivation has been noted in Queensland which has a tropical climate conducive to year-round growing. In an effort to combat this problem, the Queensland Police Department has begun exploring the use of satellite imagery to locate marijuana plantations. This method has thus far produced promising results in eradication efforts.

In March, US Embassy and Drug Enforcement Administration (DEA) officials attended the 1990 New Zealand Customs Pacific Rim drug enforcement conference. Representatives from twenty-two nations, including the USSR, were in attendance. The major theme of the conference focused on international cooperation in the area of narcotics interdiction as well as advancements in information technology that can better equip customs departments in their interdiction and enforcement efforts.

US officials continue to work closely with the Australian Bureau of Criminal Intelligence (ABCI) and the New South Wales Police Department (NSWPD) to establish legislative controls for certain precursor and essential chemicals. In January, DEA attended a working group meeting involving the ABCI, NSWPD, Australian Federal Police (AFP), Commonwealth Department of Health and the NSW Department of Forensic Sciences. This group is reviewing possible legislative initiatives concerning the control of precursor and essential chemicals in Australia. US officials hope that new legislation will be modeled after the 1988 US Chemical Diversion Trafficking Act.

One cocaine seizure occurred which may have a significant bearing on cocaine trafficking into Australia. The seizure involved the importation of 28 kgs of cocaine secreted in a fiberglass automobile body which was arranged by a Colombian national and several Australians. The cocaine was transshipped from Miami and arrived in Australia via a circuitous route. This seizure is the largest recorded by Australian authorities and may indicate a significant change in cocaine trafficking trends.

BURMA

Burma still ranks as the world's leading opium producer, although early reports on the crop for 1989-90 show a possible decline in production. Rains during February and March may have resulted in below average yields for some producing areas. However, a final estimate of the 1990 opium crop is not yet available. Trafficking in drugs continued, along with a significant increase in heroin refining activities. Little enforcement effort on the part of Burmese authorities has been noted, although the Burmese regime has made public statements and held public drug-burning ceremonies. The United States Government (USG) announced its indictment of major drug trafficker Chiang Chi-fu (aka Khun Sa) earlier this year.

As a result of high market demand, prices of raw opium have increased in some areas. Major opium purchasers such as the Wa, the Kokang, and the Shan United Army (SUA) are currently paying record high prices for raw opium.

Burma's two largest heroin-producing and trafficking organizations, the Wa and the SUA, have been fighting since the beginning of the year for control of narcotics trafficking routes along Burma's border with Northern Thailand. There have been heavy losses on both sides. As a result of the fighting, the SUA was not able to buy as much opium in the central Shan State as in past years and has had greater difficulty obtaining raw opium in the southern Shan State. Fighting between the two groups continues, albeit at a reduced level in the monsoon season.

Aiding the Wa effort against the SUA, the Burmese military regime, according to credible information, has provided the Wa with military assistance, including weapons, transportation, and safe passage and protection of Wa troops. The Burmese have also assisted Wa communities by building schools, roads, bridges and hospitals, while granting limited autonomy in areas of Wa control.

As a result of its 1989 peace agreements with the Kokang Chinese and the Wa, the Burmese Government now has access to the large poppy growing areas in the Wa and Kokang areas of the Shan State. Although aware of the extent of narcotics activities there, the regime has made no effort to resume poppy eradication, which it suspended in 1988 (even though it has enough supplies and equipment on hand). The regime's interest in fighting narcotics has declined since the 1989 breakup of the Burmese Communist Party, which obtained most of its funds from the narcotics trade. Regime officials now state that a resumption of eradication would alienate the Wa and Kokang minorities. Instead, the government claims to be pursuing long-term development projects to enable poppy growers

to have an economic alternative. The six largest opium refineries in the country also continue to operate in the Wa territory and their processing rates have doubled in recent months. The US Government (USG) has continued to have law enforcement liaison with Burmese enforcement officials.

Reacting to strong international criticism, Burma's military regime has attempted to improve its narcotics interdiction and enforcement image. In February and in April, the government staged public ceremonies at which confiscated heroin and other narcotics substances were burned. For the second of these, the government invited a handful of selected representatives of the international press, including an American network television crew, to witness and report the activities. The government controlled press now routinely gives heavy coverage to Burmese official attendance at international meetings, including at the February United Nations General Assembly Special Session on Narcotics. The Burmese press also appears to be giving greater coverage in the past six months to seizures by Burmese authorities, but the amounts involved were small.

In the elections of May 27, the opposition party to the Burmese regime won an overwhelming victory. It remains to be seen when and if the military will loosen its control and allow a freely-elected assembly to form a new government. The USG continues to follow this situation and hopes that narcotics control assistance may be resumed when a new government comes to power.

CHINA

The People's Republic of China (PRC) is faced with a growing narcotics smuggling and abuse problem. Increasing amounts of illicit opiates produced in the Golden Triangle region are smuggled through China destined for western markets. This traffic has promoted concern among international enforcement officials. There has been an increase in heroin abuse in southern China's Yunan province bordering Burma and Laos.

On June 26, the Ministries of Public Health, Foreign Affairs, Customs Administration and Public Security held a seminar on drug abuse and trafficking in cooperation with the World Health Organization's Beijing office and the UN Development Planning agency. The Vice Minister of Public Security stressed to the 150 attendees that China's drug problem has become much more serious. He emphasized that the struggle against narcotics trafficking must be international in scope and long term in nature.

The "goldfish" heroin smuggling case, which marked the first US-China cooperative investigation involving a controlled delivery of heroin bound for California in 1988, ended in a mistrial after a Chinese prisoner made available by the PRC police to testify at the trial in San Francisco applied for asylum in the United States. PRC police escorts and witnesses present at the trial protested the decision to hear the witness's asylum petition, refused to cooperate further with the US court, and returned to China.

On February 7, the Ministry of Public Health announced that 146 heroin users in a remote county in China's Yunan province had tested positive for AIDS. Most appeared to have contracted the disease from injecting heroin with shared needles. In April, PRC police made the largest seizure of heroin in the last 40 years in China. Ten Hong Kong, Macao and Burma residents and 412 PRC citizens were arrested. Over 221 kgs of heroin were seized.

Significantly larger seizures of heroin and opium in the last quarter of 1989 threw off earlier estimates of total seizures reported in the 1990 INCSR. According to the Minister of Public Security, a total of 289 kgs of opium and 559 kgs of heroin were seized in the PRC in 1989, representing a 12.5 percent and 200 percent increase over 1988 seizure totals. PRC police handled 547 drug trafficking cases in 1989 and arrested 749 people for narcotics trafficking.

HONG KONG

Hong Kong has continued its active drug enforcement efforts and cooperation with the United States on narcotics control this year. Significant shifts in drug abuse patterns have occurred in Hong Kong, as the route for heroin smuggling through southern China has become more active for drug traffickers. Hong Kong officials have opened negotiations with the United States to enable the Hong Kong Government to freeze and seize local drug assets and proceeds on the basis of investigations or convictions occurring in the United States.

Important seizures in December 1989 and January of this year confirmed that secreting drugs in cargo shipments remained a popular method for traffickers. In operations involving couriers, Hong Kong law enforcement authorities detected expanded activity by rings relying on Nigerian, Dutch and Nepalese nationals. Increased activity by traffickers using routes from the Golden Triangle through southern China and onward to Hong Kong has been reported by Hong Kong officials.

In February, a representative of the Royal Hong Kong Police Narcotics Bureau addressed the National District Attorney Conference in Hawaii on the subject of triad involvement in narcotics trafficking. That same month a local USIS worldnet interview with a senior Drug Enforcement Administration (DEA) official drew much favorable interest and wide-spread publicity.

Hong Kong's Customs and Excise Department took on the responsibility of acting as the Regional Liaison Office for the International Customs Cooperation Council. The Action Committee Against Narcotics (ACAN) conducted two anti-drug abuse publicity campaigns at the grassroots level, one in February and the other in April. These were followed by an announced decision to augment existing demand reduction programs.

The Hong Kong Government made further strides in the enforcement of the drug trafficking (recovery of proceeds) ordinance, which came into effect last September. According to media reports in early June, the Financial Investigation Group of the Narcotics Bureau has succeeded in freezing an estimated \$55.8 million world-wide in property and money, including an estimated \$30.8 million in Hong Kong. Negotiators from Hong Kong and the US began discussions in June in Washington on giving the United States "designated country" status under terms of the ordinance, thereby enabling the freezing and seizure of local drug assets and proceeds in Hong Kong on the basis of investigations or convictions occurring in the United States.

During the latter part of 1989 and the first part of 1990, local authorities involved in drug enforcement and anti-drug abuse efforts noted a marked shift in local heroin addiction patterns. Growing evidence indicated increasing use of Heroin No. 4, whereas in the past, Heroin No. 3 was almost exclusively the drug of choice. According to some estimates, more than half of Hong Kong's heroin addict population now uses No. 4 Heroin. Recently published statistics in the government's central registry of drug abuse indicate that some 60 percent of all reported heroin addicts in the first half of 1989 used the injection method. Retail prices for Heroin No. 4 and No. 3 fluctuated during the early months of 1990; at the end of May, No. 4 sold for \$64.14 per gram, while No. 3 sold for \$6.04 per gram at an all-time low purity level of 2.82 percent.

Anti-drug abuse spokesmen expressed concern over an increase in 1989, by some 12 percent over the previous year, in the number of cases involving young (under age 21) drug abusers. Abuse of psychotropic substances also continued on an upward trend.

INDONESIA

Indonesia is not a major drug producing, processing or trafficking country. There has been one significant enforcement effort in 1990, a 45-day police operation in northern Sumatra which resulted in 13 arrests and the eradication of 24 hectares of marijuana.

Police Chief General Sanoesi and other police officials concerned with narcotics control visited the United States May 4-13 to discuss cooperation with United States Government officials. He met with the Director of the FBI, the Acting Administrator of the Drug Enforcement Administration (DEA), as well as officials in the Department of State, the United States Customs Service and other US Government agencies. Two Indonesian Police officials participated in a DEA training seminar in Singapore in February. USAID funded participation by Indonesian health officials in a regional seminar on preventive drug education in April.

In a press interview in May, General Sanoesi said that Indonesia now has approximately 100,000 drug abusers, based on police statistics of persons detained for any period for narcotics abuse. This represents approximately 0.05 percent of the population, a figure which has been stable over the past several years.

Over the first four months of 1990, police arrested 125 Indonesians and two foreigners on drug charges. The police seized 105 kgs of marijuana leaves, 200 kgs of marijuana seeds (most of it discovered in imported bags of dried beans and seeds), and small amounts of controlled tranquilizers.

During Operation NILA 90, a 45-day operation in April and May, police eradicated 24 hectares of cultivated marijuana in Aceh province, destroying an estimated 1.9 million plants. Thirteen persons were arrested during this operation.

LAOS

The Government of Laos (GOL) continued to make limited progress during the first half of 1990 on drug control programs. The government hosted the first Drug Enforcement Administration (DEA) in-country training school, established a drug coordinating group, hosted a visit by the State Department's Assistant Secretary for International Narcotics Matters (INM), and continued to work on the US-Lao bilateral crop control project. The GOL reported two minor drug enforcement actions so far this year.

Since Presidential certification in March, the Lao have confirmed publicly that the GOL is committed to taking action against narcotics trafficking. In certifying Laos, the US Government (USG) recognized the steps Laos had taken to begin counter-narcotics efforts and to improve cooperation with the United States. The USG made clear that Laos must take effective law enforcement action against traffickers and corrupt officials and reduce the size of its opium crop.

The National Narcotics Committee (NNC) was formally established in April 1990 and is in its start-up phase. While it may take time for the NNC to make an impact, it offers a locus for coordinating GOL anti-narcotics activities. The Committee is chaired by the Lao Vice Minister of Foreign Affairs who reports directly to the Council of Ministers; the NNC Vice Chairman is a representative from the Ministry of Defense (MOD). The inclusion of a Defense official is significant because some elements of the MOD are known to be involved in the flow of narcotics out of Laos. The Ministries of Interior, Economy (Customs), Health, Education, and Agriculture, as well as the Council of Ministers, are also represented on the Committee.

The GOL participated in a DEA in-country basic law enforcement training program, attended by some sixty students in June. Twenty of the participants came from outlying provinces, particularly the northern provinces where heroin trafficking takes place. Given the lack of resources in Laos, GOL arrangements for the attendance of provincial officials indicated the Government's wish to maximize the course's impact. The USG sponsored participation of two GOL Customs officials in the Conference of Pacific Basin Customs Services in Hawaii in April, as well as provided training for two Lao officials in Singapore. A small number of Lao Customs officials are receiving training in other Western countries.

A high-level visit to Laos in March by the INM Assistant Secretary reinforced USG concerns about narcotics in Laos. The Assistant Secretary pressed the Government to take effective action on enforcement and crop reduction. In addition to the Department of State and DEA, U.S. Customs Service officials visited Laos to discuss further cooperation.

The United States has cited the involvement in the drug trade of Lao officials, particularly in the Defense Ministry's Mountainous Area Development Company (MADC). The Lao have admitted the possibility of some corruption but have defended the MADC for its reported efforts to help improve the lives of the hill tribes. While the MADC has some legitimate business, it is, according to regular and reliable USG information, also heavily involved in the production, processing and sale of both heroin and marijuana. The Lao Government's unwillingness or inability to take effective action against major traffickers--especially those who may also be Government officials--continues to be a cause for serious concern on the part of the USG.

The Lao Government is still trying to implement new laws and set up a revised judicial system based on the enactment of the penal code last year. Laos lacks the resources and trained personnel to enforce its laws properly, including those against narcotics trafficking.

The Lao have continued to move ahead quickly with the USG-funded Houaphanh Province crop substitution project. GOL policy has been that viable crop alternatives must be in place before farmers are forced to abandon opium cultivation. Laos has requested crop substitution assistance from the US and other donors; a large International Fund for Agricultural Development (IFAD) project proposal is being altered to include a major UNFDAC crop substitution element.

Initial estimates of the opium harvest for 1989-90 are not yet available. USG personnel who visited the Houaphanh project area during the harvest period found that the harvest in that area was poor due to bad weather. Other areas of northern Laos, however, appear to have had good weather.

In March, a Lao border patrol reportedly seized a heroin refining laboratory and some opiate derivatives. No arrests were made, however, although the equipment, chemicals, and opiates were publicly destroyed. In June, Lao authorities claimed that they seized 150 kgs of marijuana and arrested six people in connection with the seizure. They were fined and then released. In addition, there have been unconfirmed reports that other law enforcement actions have been attempted, but the results are not known.

MALAYSIA

There were three important developments in the Malaysian drug situation in the first half of 1990: a tightening of the preventive detention laws for suspected drug offenders; increased international attention to the country's mandatory death penalty for convicted traffickers; and a decrease in drug seizures. There were also several useful bilateral U.S. - Malaysian exchanges in the area of counter-narcotics cooperation.

In late 1989 and early 1990, the Malaysian courts ordered the release from preventive detention of more than 55 suspected drug traffickers due to procedural errors in their detention orders. In response, the Government of Malaysia (GOM) enacted legislation in March severely restricting judicial review of drug-related preventive detentions. (Similar restrictions on judicial review of security-related detentions already existed.) In the first quarter of 1990, 31 suspected traffickers were detained without trial under this provision of the Dangerous Drugs Act.

Malaysia's drug laws are among the toughest in the world, with a mandatory death penalty for convicted drug traffickers. These laws received increased international attention in the first half of 1990 after the execution of eight Hong Kong nationals and an Indonesian, despite appeals for clemency by their governments. US press attention to Malaysia's drug laws also picked up since the arrest of an American citizen. He has been charged under Malaysia's trafficking provision and, if convicted, would be subject to the mandatory death penalty.

Since January, the United States Government (USG) has provided the GOM with assistance in the area of prevention and education. The USG purchased equipment for drug prevention camps, donated 6,000 drug education booklets (translated into Bahasa Malaysia) and sent several GOM education officials to USAID-sponsored seminars in Bangkok. In addition, USIA sent the chief of New York City's special narcotics prosecutor's office to Malaysia for very useful discussions with GOM law enforcement officials on the implementation of asset seizure legislation. Malaysia's national police chief visited the US in May and had briefings at the El Paso Intelligence Center and Blue Lightning Center in Miami.

Seizures of heroin and opium reached record levels in 1988 and 1989. In the first three months of 1990, however, seizures of hard drugs showed a marked decline: opium seizures totaled 50 kgs (down from 727 kgs in all of 1989) and heroin 20.6 kgs (down from 381 kgs in all of 1989). The decrease in seizures reflects a change in strategy by Malaysian authorities who previously targeted small and middle-level traffickers (accounting for a higher volume of seizures) but are now focusing more effort on major trafficking organizations. Malaysia's drug enforcement authorities closed two heroin conversion labs this year.

NEW ZEALAND

The Government of New Zealand (GON) continued to cooperate with the United States and other countries on drug control during this reporting period. New Zealand hosted a Pacific Rim drug conference and has offered to complement US efforts in Latin America by providing a technical expert in crop control and development.

A March 1990 Pacific Rim conference on narcotics sponsored by New Zealand Customs was well attended and received considerable publicity concerning not only progress made but also in the frank acknowledgment of serious New Zealand narcotics problems in domestic production and consumption as well as in importation and transshipment. Since the conference, there has been a greater volume of media reporting on seizures and successful interdiction efforts, the result of increased government emphasis on public awareness of enforcement activities.

Minister Mike Moore initiated an effort to increase New Zealand participation in international counter-narcotics activities. This initiative has resulted in plans to place a New Zealand crop substitution expert in Bolivia to work closely with USAID. In addition, several working groups have been created within the Government to formulate a comprehensive national narcotics control plan.

PHILIPPINES

The Government of the Philippines (GOP) stepped up narcotics enforcement actions during the first half of the year and called for a better coordinated effort to combat drug trafficking and abuse. Marijuana production and methamphetamine abuse, as well as the transshipment of heroin, continue to be of concern.

President Corazon Aquino is expected to announce her support for strict narcotics legislation and name her daughter to head "Junior Drug Watch," a campaign to discourage youth from using illegal drugs. The group is associated with the "Citizens Drug Watch Foundation" organized to monitor and report cases of drug abuse and trafficking to the authorities. Earlier in the year, the Bureau of Immigration announced the organization of its own anti-narcotics unit composed of ten immigration agents.

Narcotics law enforcement should be facilitated by a new computer system now being put into place at Manila's International Airport. The system, donated by the Australian Government, will record information on people entering and exiting the Philippines. Authorities have informed the US Drug Enforcement Administration (DEA) that they are willing to cooperate in narcotics enforcement by providing copies of the data tapes for US analysis. Further expansion of this system may prove a useful area for future US Government assistance.

GOP drug enforcement agencies conducted 408 raids and seizures in the first quarter of 1990. Enforcement activities during that period resulted in the arrests of 564 persons for various drug offenses, and the confiscation of 128 kgs of marijuana and 2.7 kgs of methamphetamine. The most notable single seizure to date in 1990 occurred in March, when Philippine authorities found more than 20 kgs of heroin in baggage at Manila's International Airport. This investigation has resulted in indictments and arrests in the US. Also in March, the National Bureau of Investigation brought in prominent narcotics trafficker Jose "Pepe" Oyson for questioning; Oyson reportedly tried to escape and was killed.

SINGAPORE

The Government of Singapore (GOS) continues vigorous enforcement of its death penalty against trafficking. It has announced its intention to re-introduce asset seizure legislation. Law enforcement cooperation between the GOS and foreign counterparts continues to be good.

When the Singapore Parliament was reconvened in June 1990, Minister of Home Affairs S. Jayakumar announced the GOS would introduce legislation providing for asset seizure in drug trafficking cases.

Cooperation between the US Drug Enforcement Administration (DEA) and Singapore's Central Narcotics Board (CNB) continues to be excellent. Personnel shifts are expected in the CNB, but the CNB director remains unchanged. It remains to be seen what, if any, effects the shifts will have. A total of 2,684 persons were arrested for drug offenses between October 1989 and March 1990. Singaporean and Malaysian nationals account for the vast majority of those arrested.

Two convicted Malaysian drug traffickers were hanged in May, bringing to 28 the number of persons executed for drug offenses since the December 1975 enactment of capital punishment for such cases.

Between October 1989 and March 1990, 15.5 kgs of cannabis, 2.8 kgs of Heroin No. 3, 1.04 kgs of prepared opium, and small amounts of morphine and raw opium were among illicit drugs seized.

THAILAND

During the first months of 1990, the United States Government (USG) has worked with the Royal Thai Government (RTG) to improve lagging law enforcement efforts. The USG has also emphasized that corruption in Thailand poses a major obstacle in our joint program to stop the large flow of heroin from Southeast Asia.

The RTG has also taken actions to improve oversight and coordination of RTG anti-narcotics programs and operations. The designation of a minister attached to the Prime Minister's office as an overall narcotics coordinator and the creation of an interagency committee for operational coordination on drug efforts are positive new initiatives. However, the exact duties of the narcotics control coordinator are not yet clear, and the resignation of Deputy Prime Minister Chavalit who was to head the coordinating committee leaves this group's future in some doubt.

The RTG introduced the assets seizure and conspiracy legislation as a priority measure in the early stages of the current parliamentary session which began in May. The bill was debated and passed through its first reading on June 6. In accordance with Thai legislative procedure, it was then reviewed by committee. Despite the Prime Minister's backing, however, final action on the legislation was not completed prior to the end of the 1990 parliamentary session in July.

Enabling legislation for the Mutual Legal Assistance Treaty has been drafted and approved by both the juridical council and the cabinet. It has not yet been considered by the parliament and is not likely to be passed during the current session. Treaty ratification cannot be completed until passage of the enabling legislation.

Although constrained by lack of assets seizure and conspiracy statutes, anti-narcotics law enforcement action continued in early 1990. Through the end of May, approximately 750 kgs of high-grade heroin had been seized as a result of Thai investigations with the US Drug Enforcement Administration (DEA). In addition, a number of important narcotics violators were arrested. These included Ng Sa Yeung, brother-in-law and close associate of drug warlord Chiang Chi-fu (aka Khun Sa), who was arrested in Hong Kong in May on charges of smuggling 21 kgs of heroin into the United States. This arrest resulted from evidence developed through a joint investigation by DEA and Thai narcotics authorities. In a case against a Thai police general indicted in the US, Bangkok dropped the charges by citing the lack of evidence.

In June, Thai Prime Minister Chatchai visited the United States and held high-level discussions which focused on the drug problem as well as other issues of mutual interest. US concerns over the need for more action on the part of Thai authorities, especially to control the corrupting effects of the narcotics trade and other links across the border between Thailand and Burma, were discussed with Thai officials. The Prime Minister agreed that more actions need to be taken on the law enforcement front and pledged his support for the enactment of required legislation.

Initial data from the Thai 1989/90 opium survey indicate that 4,100-4,200 hectares of opium were planted in Thailand during the last crop season. This represented a 13 percent decrease from the 1988/1989 crop. Eradication efforts removed about 17 percent of the gross production of 45.9 MT of opium, resulting in a net estimated production of 38 MT. Final statistics for 1989 also reveal that over 500 MT of fresh marijuana were destroyed in the field.

EUROPE AND THE MIDDLE EAST

BULGARIA

Conscious of its importance as a major transit point for heroin to Western Europe and anxious to dispel suspicions of past government involvement in trafficking, Bulgaria is actively promoting its narcotics interdiction effort. It has established a National Interpol Bureau, sponsored two international anti-narcotics conferences, stepped up narcotics seizures and cooperated with the US Government (USG) on a number of initiatives.

Bulgaria established in early 1990 a National Interpol Bureau under the direction of the Ministry of the Interior, which will share responsibility with the Customs Administration in the anti-narcotics effort. In March, it opened a Customs Inspectors Training Center in Sofia, which will provide instruction to border inspectors in state-of-the-art detection equipment.

The Bulgarian Customs Administration has been receptive to USG-sponsored initiatives. Bulgarian Customs has agreed to experiment with a canine enforcement team along the Turkish border. Visiting Drug Enforcement Administration (DEA) liaison officers met with officials from the Customs Administration, the Interior Ministry, and the State Pharmaceutical Union who indicated an interest in increased cooperation with the USG. Six Bulgarian border inspectors attended a US Customs-sponsored training course in Belgrade in April.

Cooperation with international organizations and other governments also increased. A customs protocol on illicit drug trafficking was signed with the UK in February. Bulgaria sent a representative from its Interpol Bureau to the April Lyon conference on narcotics smuggling. In March, Bulgarian Interior Minister Semerdzhiev attended the Rome conference on "Balkan Route" trafficking.

Bulgaria recently sponsored two conferences on narcotics trafficking. In May, Bulgarian Customs hosted an anti-smuggling conference in Varna, to which US representatives were invited. In June, Bulgaria hosted an international conference of police specialists, which featured a visit from INTERPOL Secretary General Raymond Kendall. Representatives of ten countries attended.

Bulgarian Customs recently made a number of highly publicized seizures of narcotics, including 29 kgs of heroin at Kapitan Andreevo on March 3, 13 kgs of hashish at the Sofia airport on March 16, and 12 kgs of heroin at the Yugoslav border on June 5. In May, 815 kgs of narcotics seized over the last 2-3 years, with an estimated street value of \$300 million, were destroyed publicly.

CYPRUS

The Government of Cyprus (GOC), continuing its strong stance against drug trafficking, has intensified its efforts to cooperate at the international level.

In January, when opening a two-week training seminar for health and education officials conducted by US experts, President Vassiliou announced his decision to form a National Committee on Drug Abuse and Prevention. He chaired the National Committee's first meeting in April.

In February and March, the Cyprus Central Bank conducted a special survey of large cash transactions at the sixteen offshore banks to avoid possible money laundering.

Meeting in Cyprus March 30-April 6, the International Parliamentary Union (IPU) passed a resolution calling upon member states to combat drug trafficking.

The Cyprus Parliament approved the UN Convention Against Illicit Trafficking in Narcotic Drugs and Psychotropic Substances on March 14 and Cyprus deposited its instrument of ratification May 25. The administration proposed in the parliament draft bills raising penalties for drug trafficking and use, providing for rehabilitation programs, authorizing access to private information upon judicial warrant, and providing for confiscation of profits from drug trafficking.

The government approved plans to acquire and install coastal radar stations to monitor sea and air traffic, especially of small craft. On May 3, during the visit of the Soviet Interior Minister, a protocol was signed for anti-crime cooperation and the exchange of policemen for training. The permanent assignment of a Greek anti-drug liaison officer in March brought the number of foreign anti-narcotics agents in Nicosia to ten, representing Australia, the US, France, Germany, Greece, the UK and Scandinavian countries.

EGYPT

The following are significant activities and events associated with the Government of Egypt's (GOE) anti-narcotics efforts during the first half of 1990.

The Egyptian Anti-Narcotics General Administration (ANGA) opened a new headquarters building in January that included much needed new laboratory and other equipment as well as improved facilities for training, lectures, and conferences.

Egypt played host to this year's UN-sponsored African Heads of National Law Enforcement Agencies (HONLEA) Conference, which was attended by representatives from over thirty African states.

Egyptian authorities have reported that recent months have witnessed an increased use of Cairo as a transit point for heroin couriers traveling from Thailand to Nigeria, which in turn serves as a jumping off point for Europe and the US. Fifteen Nigerian couriers, including ten women, were arrested at Cairo Airport this past spring in a single operation. Previously active, the Bangkok-Cairo-Lagos route has been largely dormant in recent years.

Following the enactment of a tougher drug law in 1989, Egyptian courts have begun handing out harsher penalties to violators. In May, the courts ordered the death penalty for twelve people convicted of smuggling hashish, and government prosecutors have requested the death penalty for an additional fifteen people charged with heroin smuggling.

The United States Government's International Narcotics Control training program provided two weeks of in-country basic and intermediate training by the Drug Enforcement Administration (DEA) for 25 ANGA officers, including training in financial investigations and money laundering.

PRIDE-Egypt, a private, voluntary drug education and prevention organization and the only one of its kind in the country, held its first national conference and membership drive in March, attracting over 200 participants. The organization has attracted attention from other states in the region and from the UN Fund for Drug Abuse Control (UNFDAC) as a possible model for developing countries. The Egyptian chapter of Narcotics Anonymous (NA), a US-based organization, recently released an Arabic translation of the NA's handbook, which had been revised to reflect the problems of prevention and rehabilitation within Egypt and Middle Eastern societies.

As in the past, seizure rates tend to fluctuate widely over the year. At mid-year, cannabis seizures are running well below last year's level, at four metric tons. Opium seizures have totalled 40 kgs and heroin seizures have reached 13 kgs thus far. There have been only trace amounts of cocaine seized, which tends to confirm the view of Egyptian drug authorities that cocaine use remains at a very low level.

GREECE

The new Greek Government has made narcotics control a major priority. Drug seizures have increased over the past six months, and Greece continues to be a conduit for Southwest Asian heroin going to Western Europe.

The April 8 elections resulted in the formation of a conservative government under Prime Minister Constantine Mitsotakis who quickly moved to establish the combatting of narcotics as one his chief priorities. A committee was formed, under the chairmanship of Justice Minister Kanellopolos, to revise the flawed 1987 narcotics law. This process is expected to be completed this fall. Non-governmental organizations, political party youth groups, and municipalities have taken an increasingly active interest in narcotics.

Seizures have increased, reflecting both greater police alertness and, perhaps, an increase in transit traffic. Although better political support has improved police morale, equipment and operational capabilities are lacking. In addition to the seizures listed below, an eight-ton hashish seizure made by the US Coast Guard off the east coast of the US originated with Greek traffickers.

Police seizure statistics for the first six months of 1990 are as follows: heroin 54 kgs; marijuana 13 MT; hashish 74 kgs; cocaine 8.6 kgs. Narcotics cases investigated by the police totaled 1,872 with 1,482 arrests.

LEBANON

The drug production and trafficking situation in Lebanon has remained basically unchanged since the March 1990 INCSR submission. Hashish and opium production in the Bekaa Valley is expected to continue to increase as a result of the continuing chaotic political situation. The US Government will continue to make every effort to expand contacts with Lebanese drug authorities to the maximum extent possible and to press Syria, which controls the Bekaa Valley, to take measures against the growth, production and trafficking in illegal drugs.

SYRIA

There have been no significant changes in the pace or direction of the Government of the Syrian Arab Republic's (SARG) anti-narcotics efforts since the 1990 INCSR report. Information exchanges have continued between the Drug Enforcement Administration (DEA) and Syrian officials. The US Government (USG) has furnished additional data on drug trafficking in Lebanon involving Syrians. We are not aware, however, of any major SARG arrests stemming from this information. Syrian enforcement officials continue to participate actively in DEA-sponsored meetings in Nicosia, and also participated in this year's drug enforcement seminar in Abu Dhabi.

The Lebanese drug trade, however, continues to flourish in the Syrian-occupied Bekaa Valley. The SARG has not undertaken any significant anti-drug action in the Bekaa Valley in 1990. The USG continues to receive reports that senior Syrian military officials are directly or indirectly profiting from the Bekaa heroin and hashish trade.

TURKEY

The Government of Turkey (GOT) has successfully eliminated illicit poppy cultivation. All licit cultivation is strictly controlled through government licensing and surveillance. Poppy cultivation declined drastically in 1989 as a result of the worst drought in forty years. As a result, Turkish authorities are having difficulty meeting demand from US pharmaceutical companies for concentrated poppy straw. They continue to experiment with the processing of opium gum purchased from India.

The Turkish Government views drug trafficking as a very serious problem. Most illicit drugs enter the country in the east through the porous border and are transported across the country en route to Europe in numerous bonded (TIR) trucks, which are not subject to GOT inspection. The sea route is less commonly used.

Turkey will be an important transit point as long as production remains high in the countries of the Golden Crescent. Turkish trafficking organizations continue to play a key role in the heroin trade, acting as brokers between the growing areas in Southwest Asia and the West European markets. Political instability on Turkey's borders exacerbates the situation. The authorities are keeping up their strong interdiction efforts, but they are up against a very tough problem.

The most significant change during the first six months of the year has been the growing number of arrests and seizures. Thus far this year seizures of hashish have reached 7,000 kgs, compared to 2,600 kgs for the same period last year. This increase was the result of a large seizure (six and one-half tons) by the Turkish Coast Guard near Antalya. As a result of increased anti-narcotics efforts by the Government of Israel, the US Drug Enforcement Administration believes that Lebanese drug traffickers are routing drug smuggling vessels along Turkey's coastline.

AFRICA

IVORY COAST

During the first six months of 1990, the Ivorian Government's preoccupation with unprecedented social unrest has placed narcotics interdiction, at least temporarily, on a back burner. Problems with corruption and in-fighting between customs and the police also continue to interfere seriously with controlling the flow of narcotics at the airport.

KENYA

The information in the 1990 INCSR remains generally valid. Local officials have noted that Kenya is increasingly a transit point for Southeast Asian narcotics, in contrast with past years when most seized drugs originated in Southwest Asia. Most traffickers are of West African origin and often hold Ghanaian passports.

Asset forfeiture legislation is at an advanced stage in the drafting process in the attorney general's office.

Kenyan police recently seized 12.3 kgs of Southeast Asian white heroin at Jomo Kenyatta International Airport, more than twice the size of the largest previous seizure.

MOROCCO

The 1990 INCSR remains generally valid. In the first half of 1990, the most significant change has been an increased frankness among Government of Morocco (GOM) officials, journalists and private citizens about Morocco's status as one of the world's major cannabis producers/exporters and its potential for transshipment of cocaine and heroin and for money laundering.

During the April 16 meeting between the Inter-ministerial Narcotics Committee and the US Congressional Delegation of the House Select Committee on Narcotics headed by Congressman Rangel, GOM officials provided new and more credible seizure and arrest statistics than had previously been provided. Moroccan officials continue to stress their preference for crop substitution and economic development programs over police enforcement, but accept the necessity for a two-pronged attack on narcotics production.

Morocco sent a delegation to the London Narcotics Summit (April 9). USIS sponsored a Moroccan professor to participate in the PRIDE conference in Atlanta for the fourth consecutive year. And in May, twenty-one Customs officers and two Gendarmerie Royale officers were trained by a US Customs team in anti-narcotics techniques.

While none of this represents a major shift in Morocco's policies, it does indicate a more open atmosphere on the topic of narcotics which may lead to better bilateral cooperation and greater enforcement.

NIGERIA

Nigeria continues to be a major narcotics transshipment point for East Asian heroin bound for North America and Western Europe. Traffic in South American narcotics, mostly cocaine, is of secondary but growing importance. Rising domestic consumption has elevated public concern and debate about Nigeria's role in international narcotics trafficking. The Federal Military Government (FMG), by, inter alia, establishing the National Drug Law Enforcement Agency (NDLEA) and signing an anti-illicit narcotics Memorandum of Understanding (MOU) with the US Government (USG), showed increased resolve to combat drug trafficking.

Nigeria continued to be an important heroin trafficking center during the first half of 1990. Large numbers of Nigerian couriers still move heroin from Pakistan, Thailand and India for ultimate delivery to the US and Western Europe. Additionally, Nigerians are involved in the shipment of cocaine out of South America. Consequently, Nigerian couriers are arrested worldwide on a significant scale. Approximately sixty Nigerians have been arrested in Thailand this year. Large numbers are incarcerated in other West African countries, Egypt, and the UK. At certain times during the reporting period, five to ten Nigerians per week, usually carrying less than one kilo of heroin each, have been arrested at New York's Kennedy International Airport.

On March 21, the USG and Nigeria signed a MOU calling for the creation of the US/Nigeria Joint Narcotics Task Force, which began operations in June. At present, Nigeria Airways and US Customs are negotiating an Air Carrier Initiative Agreement aimed at impeding drug smuggling by enhancing the airline's security measures. The FMG also has entered into drug enforcement agreements with India and Thailand and is negotiating one with the UK.

While the FMG is committed to fighting drug trafficking, certain high-ranking FMG officials have protested the frequency and manner of searches of Nigerian air passengers at major airports in the U.S. and Western Europe. These officials threaten "retaliation" against citizens of the countries believed to be conducting demeaning searches. Nonetheless, NDLEA proposed a policy in early June requiring NDLEA clearance for all Nigerians prior to obtaining visas for Thailand, India and Pakistan. The FMG is also encouraging the return of Nigerians arrested abroad for prosecution in Nigeria, notwithstanding prior conviction or prison terms in the other country. It also decided against capital punishment for drug offenses for the present.

Public awareness about narcotics has improved in 1990 and public opinion generally supports FMG efforts. More and more Nigerians are worried that trafficking leads to domestic consumption, which in turn produces crime. The National Seminar on Drug Law Enforcement was held May 7-9. The Seminar, conceived by a private organization, attracted academicians, senior state and federal officials and leaders of important civic groups. The major themes addressed were capital punishment for drug offenses, increased domestic consumption and the threat which drug traffickers pose to political and economic stability.

Domestic narcotics abuse is still rising. In Lagos, an increasing portion of psychiatric hospital patients are thought to be drug users. Areas in Lagos and Kano where drugs are openly sold have received extensive coverage by news media. Heroin, which according to one expert sells at some of the world's lowest prices, is becoming popular among the urban poor. Cocaine use remains centered in the upper classes, particularly university students and young adults who have spent time abroad. Marijuana use is found on all social levels but does not appear to be increasing significantly over 1989 levels.

SENEGAL

The 1990 INCSR for Senegal remains valid.

Senegal participated in the United Nations General Assembly Special Session on Narcotics in New York, February 20-23. Senegal's delegation included Djaraj Fabra Paye, Director of Judiciary Policy, who is in charge of the national anti-narcotics effort.

Senegal's Dakar-Yoff International Airport continues to be an important transit point for illicit drug trafficking between Asia and Europe and the Americas. Three kgs of heroin were seized at the airport in three separate incidents during the first quarter of 1990.

Recently available comprehensive statistics for 1989 show that 1,487 individuals were arrested for drug trafficking and 899 for illicit drug use. There were 823 seizures of cannabis totaling three and a half tons, 19 seizures of heroin (14 kgs), and 8 seizures of cocaine (4 kgs). In addition, 12,000 capsules of barbiturates and amphetamines were seized.

MONEY LAUNDERING

MONEY LAUNDERING

There has been substantial progress in bilateral and multilateral initiatives to curb narcotics-related money laundering. Many of these activities have involved cooperation between the US Government (USG) and financial center countries.

The USG and G-7 partners were among the 15 members of the Economic Summit Financial Action Task Force (FATF). This group of more than 100 experts completed its report in April, offering 40 recommendations for national and international action. The report was endorsed by the Houston Economic Summit, with an agreement to re-convene the task force for a second year, again with France in the chair. We hope to see the task force expanded to include the other nine members of OECD and other financial center countries in the consensus and to explore in more depth a number of issues including asset sharing.

The cooperation by major partners on money laundering investigations has been critical. We were very pleased to share \$1 million in seized assets with Canada and \$1 million with Switzerland resulting from this cooperation.

We have been particularly pleased by the help and cooperation of the UK, France, Switzerland and Luxembourg in the Noriega investigation. Luxembourg, Austria, Switzerland and the UK have been particularly helpful in our efforts to trace and seize Colombian trafficker Rodriguez Gacha's assets.

The US, Canada, UK, France and the Netherlands cooperated with Caribbean countries in the June 8-10 Caribbean money laundering conference, hosted by Aruba. The conference approved a critical assessment of the money laundering problem in the region, and agreed to propose to their governments not only the 40 FATF recommendations but also 21 action recommendations drafted by a conference working group which are tailored to Caribbean situations. We think it is important that these recommendations address not only narcotics money laundering, but also the need for banking infrastructures and regulations and the pervasive issue of narcotics-related corruption.

We look forward to collaboration with our colleagues in the Western Hemisphere on implementing the agreement at the Ixtapa meeting of the OAS, where the Inter-American Commission Against Drug Abuse (CICAD) was tasked with convening Western Hemisphere experts to draft model regulations on money laundering and asset seizure. Given the success of CICAD efforts on the precursor chemicals deliberations, we have high hopes for this new initiative.

Treasury has the lead in the Administration effort to reach agreements with major financial center countries on the recording and sharing of financial transaction data. The Administration has identified 21 countries which are now being approached for initial rounds of negotiations.

The Declaration on Narcotics adopted at the Special Session of the United Nations also urged greater cooperation on narcotics money laundering.

The European Community (EC) has under consideration draft guidelines on money laundering controls for consideration by its 12 member nations. European governments in and outside the EC are adopting anti-money laundering legislation, in part a response to the UN Convention Against Illicit Trafficking in Narcotic Drugs and Psychotropic Substances; some of this legislation is quite innovative.