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**United States Department of State
*Bureau of International Narcotics Matters***

International Narcotics Control Strategy Report

Executive Summary March 1991

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**U.S. Department of Justice
National Institute of Justice**

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This report has been prepared by the Department's Bureau of International Narcotics Matters (INM), in consultation with other bureaus in the Department, U.S. Embassies, the Drug Enforcement Administration, the Defense Department, the Central Intelligence Agency, the Office of National Drug Control Policy, as well as other offices and agencies of the U.S. Government. As required by law, the Department of State and the Departments of Justice, Defense, Treasury, and Health and Human Services, as well as the Agency for International Development, have had the opportunity to make comments and recommendations on this report.

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EXECUTIVE SUMMARY

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COMMON ABBREVIATIONS

| | |
|--------|---|
| CBRN | Caribbean Basin Radar Network |
| DEA | Drug Enforcement Administration |
| ESF | Economic Support Fund |
| FATF | Financial Action Task Force |
| FBI | Federal Bureau of Investigation |
| INCSR | International Narcotics Control Strategy Report |
| INM | Bureau of International Narcotics Matters |
| JICC | Joint Information Coordination Center |
| MLAT | Mutual Legal Assistance Treaty |
| NBRF | Northern Border Response Force |
| NDPB | National Drug Policy Board |
| NNICC | National Narcotics Intelligence Consumers Committee |
| OAS | Organization of American States |
| OPBAT | Operation Bahamas, Turks and Caicos |
| UNFDAC | United Nations Fund for Drug Abuse Control |
| USAID | Agency for International Development |
| USG | United States Government |
| ha | Hectare |
| hcl | Hydrochloride (cocaine) |
| kg | Kilogram |
| mt | Metric Ton |

EXECUTIVE SUMMARY

POLICY AND PROGRAM DEVELOPMENTS IN 1990

March 1, 1991

This was an encouraging year for international narcotics control efforts. While we are still a long way from ending the illegal drug trade, important developments highlight the year's balance sheet: for the first time in a decade--and for the first time since the International Narcotics Control Strategy Report (INCSR) was instituted--there was a halt in the rise of coca cultivation and opium production. Total coca cultivation, which had been increasing annually by as much as 10 to 20 percent, levelled off in 1990; in Bolivia and Colombia, it declined. Opium production, which had also been growing at an alarming rate, dropped by 10 percent in 1990. While weather played a part in this decline, law enforcement and crop control programs were the determining factors in all countries except Burma.

In addition to the positive changes in coca cultivation and opium production, several key countries greatly improved their counter-narcotics and law enforcement performance. Of particular note are the critical countries of Colombia, Bolivia, and Mexico, where governments expanded considerably their cooperative efforts with the United States Government (USG). The result was increased harassment and disruption of cocaine trafficking organizations and a parallel reduction in their ability to do business. In general, seizures of illegal drugs--particularly cocaine--and arrests of traffickers went up worldwide. There was greater international attention devoted to the key areas of money laundering and precursor chemical control. There also were important advances in global cooperation in the drug war, through the combined action of concerned governments and international organizations.

Despite these gains, much work remains to be done. Drug abuse in a number of countries continues to rise, providing new markets for the traffickers. Serious problems with corruption, ineffectiveness of law enforcement efforts, and lack of political will to attack the drug trade vigorously remain in a number of countries. The traffickers and their organizations continue to be strong, rich, and often able to adapt to changing circumstances. International efforts against illegal drugs cannot be allowed to waiver. Persistence, perseverance, and political will must continue to mark our international counter-narcotics efforts.

COCAINE

Cocaine, and its more lethal derivative crack, continue to pose the greatest drug threat to the United States. Despite encouraging reports that occasional cocaine use is down in several segments of American society, the ready availability of cocaine and crack requires the USG to persevere in its international efforts to sever the cocaine grower-to-user chain at every link, from the coca growers in the Andes to the crack dealers on the streets of American cities.

The hiatus in the spread of coca cultivation is an important step in the right direction. Much of the credit for reducing the size of coca crop cultivation must go to active law enforcement and crop control programs in the coca-producing countries. Without overlooking the cumulative effect of previous years' activity, the USG believes that a major contributing factor was the Andean governments' commitment at the February 1990 Cartagena Drug Summit to mount a regional attack on the drug trade.

In 1990, the Andean governments, bolstered by USG counter-narcotics assistance, presented the South American cocaine trade with its greatest challenge yet. The Governments of **Colombia** and **Bolivia** moved energetically against traffickers, refiners, and growers. The Colombian Government's war on the Medellin Cartel substantially raised the cartel's cost of doing business. The manhunt for Pablo Escobar Gaviria kept the cartel chief on the run, as Colombian forces destroyed and seized record quantities of cocaine, including a major trafficking hub where more than 20 metric tons of cocaine products were found. By year's end, Colombian authorities had seized and destroyed nearly 53 metric tons of refined coca products, a third more than in 1989.

Colombia's offensive against trafficking organizations paid dividends elsewhere by helping to depress the market for coca leaf from the other Andean producers. Parallel pressures by the Bolivian Government on traffickers further reduced the price of coca leaf, thereby encouraging Bolivian coca growers to participate in record numbers in the government's voluntary eradication program. Through voluntary eradication, the Bolivian Government eliminated slightly more than 8,000 hectares of coca, for the first time producing a net decrease in the Bolivian coca crop. Bolivian authorities also destroyed the "Meco" Dominguez organization, one of the country's most powerful trafficking syndicates.

Regrettably, insurgent violence, corruption, and a change of government in **Peru** did not permit the same level of success in that country. Nonetheless, there was progress as the world's largest coca crop for the first time did not expand. In addition, Peruvian authorities helped curb future growth by destroying the equivalent of 14,000 hectares of coca seedbeds.

Further north in the hemisphere, there were also signs of measurable, if limited, progress as governments took initiatives to improve interdiction performance and institute legal and judicial reforms. In **Mexico**, the Salinas government intensified its campaign against drug trafficking and drug corruption, as well as its cooperation with the USG. Mexican authorities jailed four of the six most-wanted traffickers in 1990, and dismissed scores of officials for drug-related corruption. Mexico also tightened up its interdiction procedures. Working with the USG, the Government of Mexico established a Northern Border Response Force (NBRF) to curtail the flow of cocaine and heroin. The NBRF seized approximately 29 metric tons of cocaine, more than half of the record 46.5 metric tons of the drug captured in Mexico in 1990. In addition, Mexican authorities eradicated record numbers of opium poppy and cannabis fields, contributing to net decreases in both crops for the first time.

The countries of **Central America** had to face an increasing flow of cocaine during the year, as trafficking organizations expanded and diversified their smuggling routes through the region. While the USG provided some assistance, several countries independently took initiatives in recognition of the threat which drug trafficking poses to their own national security. The Government of **Belize** strengthened the hands of its law enforcement authorities by enacting a comprehensive anti-drug law which permits asset seizure. The Governments of **Costa Rica** and **Honduras** proceeded with the installation of radars as part of the Caribbean Basin Radar Network (CBRN), while **Guatemala**, with USG assistance, continued its intensive aerial spraying program of illicit poppy fields, destroying a substantial portion of the crop.

In the **Caribbean**, countries which lie along transit routes took steps to counter the growth in trafficking activity. The CBRN station in the **Dominican Republic** became operational in July, as the government enhanced the capability of the Joint Information Coordination Center (JICC) and increased its naval interdiction patrols. **Jamaica** took unilateral action to strengthen security at its ports and airports. **The Bahamas** and most of the other Caribbean countries seized important quantities of cocaine, along with other tangible assets such as vehicles, planes, boats, and cash. An exception is **Suriname**, which appears to be growing as a significant transit point for cocaine bound for the United States and Europe.

OPIUM AND HEROIN

Although crack's status as the most immediately addictive drug known to man has focused attention on cocaine control, heroin lurks in the background as a serious menace to American society. Unlike crack and other stimulants which rapidly burn out their addicts, heroin is an extremely addictive drug which can be used over long periods of time. Since it also generates substantially greater profits per kilo than cocaine, heroin could become the focus of international trafficking organizations targetting the United States as cocaine use declines among the American population.

International opium and heroin control efforts have produced mixed results at best. Although total opium production dropped 10 percent in 1990, the opium surviving in Burma alone would be enough to supply much of the world's heroin demand. In **Southwest Asia**, where local demand for heroin is on the rise, government anti-narcotics efforts have been inconsistent.

For example, while the Government of **Pakistan** more strictly enforced the poppy cultivation ban in areas under its control, it was less effective in destroying major trafficking organizations and heroin laboratories. Similarly, while the Pakistan Frontier Corps in October broke a world record by seizing over two tons of heroin in the province of Baluchistan, the USG is unaware of any follow-up investigation of any suspected traffickers involved. The large volume of opium entering the region from **Afghanistan, Pakistan, and Burma** has strained enforcement capabilities in **India**, which also faces the smaller but serious problem of controlling illicit opium production and diversion from its licit crop.

In the Golden Triangle area of **Burma, Laos, and Thailand**, the good news that opium production had declined by nearly 10 percent was somewhat offset by the reality that most of the drop in Burma resulted from weather conditions rather than active government intervention. Efforts by the Government of **Thailand** to assign a higher national priority to narcotics control by establishing senior anti-narcotics positions were partially negated by very modest enforcement gains in breaking up trafficking organizations. Thai police arrested only one major trafficker--in contrast to seven the previous year--while a lower court cleared and released a major international trafficker charged with trafficking heroin to the United States.

Despite greater cooperation between the USG and Lao authorities, we would like to see the Government of Laos (GOL) take more active steps on law enforcement against narcotics traffickers. The GOL has said it will only eradicate opium when alternative crops are available, a slow process at best. Meanwhile, the USG continues to receive credible reports that some Lao military and local government officials actively encourage and facilitate opium trafficking, which remains a serious problem in the country. In **Burma**, government authorities take the disingenuous position of refusing to resume aerial eradication until rural development and crop substitution programs are in place. Credible reports indicate that the Government of Burma is tolerating drug trafficking by former insurgent groups in exchange for their political cooperation. Its anti-narcotics actions seem more designed to whitewash its record than produce results. It is clear that until the Government of Burma, in particular, takes more aggressive measures against drug trafficking, the supply of available heroin will grow.

NEXT STEPS

The successes of 1990 offer several bright spots in an otherwise dark landscape. Halting the spread of the coca crop, improving regional cooperation, and dramatically increasing the quantities of drugs seized are laudable accomplishments when seen against the backdrop of previous years. But they are only the first encouraging signs in a continuing struggle. After more than a decade of activity, the international narcotics-control effort is now beginning to make important headway against great odds. As the pioneer in confronting the global drug threat, the United States Government can justly claim major credit for progress. The principal force driving successful advances, however, is the realization on the part of governments in drug-affected countries that it is their own national security interests and not external pressure which have put them on an inevitable collision course with the drug trade.

The 1980s amply demonstrated that, left unchecked, the drug trade will grow exponentially. The earlier conventional wisdom that drug addiction was a disease striking only the developed countries of North America and Europe no longer applies. If anything, drug addiction has become a new scourge of the developing world, adding another dimension of misery to countries with grave economic and social problems. Thus, while use of certain drugs may be on the wane in the United States, addict populations are multiplying in areas as diverse as the Andean countries, Pakistan, India, and Iran.

Since no responsible government can ignore the potential consequences of weakened societies and correspondingly strengthened criminal organizations, more countries are likely to enter the struggle against drugs with each passing year.

Despite the improvement in the performance of individual governments during the year, there is no room for complacency. Any reverses which the cocaine trade suffered in 1990 will be ephemeral without a persistent, intensified offensive by all countries. The hemisphere's trafficking organizations are well entrenched and capable of absorbing considerable losses. Their power to intimidate and undermine governments remains formidable. Their resources range from the ability to mount campaigns of violence to the potential for purchasing influence and protection at nearly every level of government. Until the traffickers and their cartels are stripped of this power, the illegal drug trade will remain strong.

While the USG will continue to contribute counter-narcotics assistance, it is incumbent on the affected governments themselves to intensify their attacks on all facets of the drug trade. This means pursuing all the criminal cartels and trafficking organizations unstintingly. It means putting pressure on growers in every country to abandon coca production, as well as providing them with incentives and alternatives. It means that national self-interest, more than foreign assistance, must determine the level of effort of governments against growers, traffickers and insurgents linked to the drug trade. Anti-corruption campaigns must do more than weed out lower-level officials; they must identify, prosecute, and punish corruption when it taints cabinet-level officials, and senior military and law enforcement officers. Finally, an effective anti-drug effort means undertaking and implementing essential reforms in judicial systems to ensure that any gains in law enforcement are not undone by a weak judiciary.

In summary, 1990 has shown that while the global drug trade may be a formidable foe, it is by no means invincible. It survives only by corrupting and isolating unwary countries. Over time, it cannot withstand a joint, concerted and protracted offensive by the countries on which it would otherwise depend for survival. If in 1991 and subsequent years the international community can continue to strengthen the commitment and cooperation shown in 1990, it will be possible to weaken the international drug trade to a point where it will no longer pose a serious threat to the world community.

* * *

METHODOLOGY

Methodology for Estimating Illegal Drug Production: How much do we know? This report contains tables showing a variety of illicit narcotics-related data. While these numbers represent the United States Government's (USG) best effort to sketch the dimensions of the international drug problem, the reader should be aware that the picture is not always as precise as we would like it to be. The numbers range from cultivation figures, hard data derived by proven means, to crop production and drug yield estimates, where many more variables come into play. Since much information is lacking where yields are concerned, the numbers are subject to revision as more data becomes known.

What we know with reasonable certainty: The most reliable information we have on illicit drugs is how many hectares are under cultivation. For more than a decade, the USG has estimated the extent of illicit cultivation in a dozen nations using proven methods similar to those used to estimate the size of licit crops at home and abroad. We can thus estimate the size of crops with reasonable accuracy.

What we know with less certainty: Where crop yields are concerned, the picture is less clear. How much of a finished product a given area will produce is difficult to estimate, since small changes in such factors as soil fertility, weather, farming techniques, and disease can produce widely varying results from year to year and place to place. In addition, most illicit drug crop areas are inaccessible to the USG, making scientific information difficult to obtain. Moreover, we must stress that even as we refine our methods of analysis, we are estimating *potential* crop available for harvest. These estimates do not allow for losses, which could represent anything from a tenth to a third (or more) of a crop in some areas for some harvests. Thus, the estimate of the potential crop is useful in providing comparative analysis from year to year, but the actual quantity of final product remains elusive.

USG confidence in coca yield estimates has risen in the past two years, based upon the results of field studies conducted in Latin America. This year, after completing preliminary research, the USG for the first time has begun to make its own estimate of dry coca leaf yields for Bolivia and Peru instead of relying only on reports from the governments of those countries. We may choose to use this method in future years. Therefore, while we have calculated the crop estimates this year using the methodology from previous years, for comparison purposes, we have also shown in the charts in this report what production figures look like using the new information on leaf yields. We will continue to refine our estimates of both leaf yield and wastage to move closer to an estimate of what actual production might be.

In addition, this year for the first time the USG has been able to distinguish between usable (i.e., smokable) marijuana yield and whole, dry plant yield in Mexico. This adjustment significantly reduces the overall yield of the Mexican cannabis crop.

Additional research and field studies may help refine these new estimates and make similar improvements possible in estimates of other drug crops. In all cases, multiplying average yields times available hectareage indicates the *potential*, not the actual crop available for harvest.

Harvest Estimates. Estimating the quantities of coca leaf, opium gum, and marijuana actually harvested and available for processing into finished narcotics remains a major challenge. *We currently cannot accurately estimate this amount for any illicit crop in any nation.* While farmers naturally have strong incentives to maximize their harvests of what is almost always their most profitable cash crop, the harvest depends upon the efficiency of farming practices and the wastage caused by poor practices or difficult weather conditions during and after harvest. A tenth to a third (or more) of a crop may be lost in some areas during harvests. Additional information and analysis may enable us to make adjustments for these factors in the future. Similar deductions for local consumption of unprocessed coca leaf and opium may be possible as well through the accumulation of additional information and research.

Processing Estimates. The wide variation in processing efficiencies achieved by traffickers complicates the task of estimating the quantity of cocaine or heroin which could be refined from a crop. These efficiencies vary because of differences in the origin and quality of the raw material used, the technical processing method employed, the size and sophistication of laboratories, and the skill and experience of local workers and chemists. The USG continues to estimate potential cocaine production as a range based on processing efficiencies that appear to be most common.

The actual amount of dry coca leaf or opium converted into a final product during any time period remains unknown, given the possible losses noted earlier. There are indications, however, that cocaine processing efficiencies improved during the 1980s, and that traffickers still have considerable room for improvement.

Figures will change as techniques and data quality improve. The reader may ask: are this year's figures definitive? The reply is, almost certainly, some are not. Additional research may result in future revisions to USG estimates of potential drug production. For the present, however, these statistics represent the state of the art. As the art improves, so will the precision of the estimates.

* * *

STATUS OF POTENTIAL WORLDWIDE PRODUCTION

In contrast to 1989, during which worldwide opium production rose dramatically, in 1990 there was an estimated 10 percent drop. Coca production is a more complex situation, since there were important refinements of methodology in 1990. Using our previous estimates of leaf yields, which treats all coca equally, harvestable leaf yield registered a decline equal to the drop in cultivated area; based on our new information and analysis on leaf yields, which distinguishes between the age of coca plants and uses data which differentiates between growing regions, coca leaf production would show an increase. We are studying the data in order to decide whether to adopt this methodology in future years. Since we will be carrying out more research in this area, the leaf yield figures this year are calculated under the existing method, with comparisons of the changes which a new methodology would reflect. Based on further data this year, we will revisit this issue in next year's INCSR.

We stress once again that, in weighing the figures below, the reader should bear in mind that they represent an estimate of potential production, the amount which the USG estimates could have been produced if, *and only if*, all the available crop were converted into finished drugs with common production efficiencies. Since no allowance is made for losses, actual production cannot be determined precisely; it could be higher or lower than our estimate. The figures are shown as a statistical range.

Potential Opium Production: Weather conditions in **Southeast Asia** caused an important drop in opium production. Except for Burma (where land devoted to opium poppies increased to 150,000 hectares in 1990, in contrast to 143,000 the year before), opium poppy cultivation was down in the Golden Triangle countries. Poppy fields under cultivation in Laos fell from 42,000 hectares in 1989 to 30,500 hectares in 1990. In Thailand, the 4,000 hectares found in 1989 dropped to 3,500 hectares in 1990.

Estimates indicate adverse weather produced a lower yield in Burma. Total production for Southeast Asia fell from 2,860 mt in 1989 to 2,565 mt in 1990. Estimated opium production in Burma dropped from 2,400 mt in 1989 to 2,250 mt in 1990. (Other reporting suggests that lower average yields may exist in Burma, which, if applied, would lower total production to some 1,200-1,800 mt.) Laotian production dropped from an estimated 380 mt in 1989 to an estimated 275 mt in 1990; in Thailand, estimated production declined to 40 mt from 50 mt the previous year.

In **Southwest Asia**, although estimates of total potential production fell in Afghanistan and rose in Pakistan, there was an estimated overall decrease of more than 16 percent in 1990. The only drop was in Afghanistan, where estimated hectarage devoted to opium poppy fell from 18,650 hectares in 1989 to 12,375 hectares in 1990. In Pakistan, where there was better weather, opium cultivation increased from an estimated 6,000 hectares in 1989 to 8,000 hectares in 1990. The USG calculates that Afghan opium gum production dropped from 585 mt in 1989 to 415 mt in 1990. This was mainly the result of a significant decrease in production in the northern area of Helmand Province -- from about 44 percent of Afghanistan's opium

output in 1988 to 6 percent in 1990. In Pakistan, however, better weather raised production to 165 mt of opium, up from 130 mt in 1989, although lower than 1988's more comparable figure of 205 mt. Afghanistan's 415 mt and Pakistan's 165 mt combine with Iran's 300 mt for a regional estimate of 880 mt of opium, down from 1989's Southwest Asian total of 1015 metric tons.

In the **Western Hemisphere**, opium production has shown the results of government initiatives. In Mexico, there has been a drop from an estimated 66 mt* of potential opium production in 1989 to 62 mt in 1990. In Guatemala, 1989's estimate of 12-13 mt** held steady despite new higher per hectare yields due to good weather in some growing areas. Without the highly effective eradication program, Guatemala's potential opium production could have tripled.

Coca Production: During 1990, the USG estimates that, for the first time in a decade, the overall hectarage of coca under cultivation stabilized and may have declined. Peru's crop in 1990 remained close to the 1989 level of approximately 121,000 hectares. Bolivia had approximately 50,300 hectares of coca under cultivation, a slight drop from the previous year's total of about 52,900 hectares. Colombia registered a larger decrease, from 42,400 hectares under cultivation in 1989 to approximately 40,100 hectares in 1990.

Coca eradication took place on the largest scale in Bolivia, where the government eliminated 8,000 hectares through its voluntary eradication program. Colombia eradicated approximately 900 hectares of coca. While eradication of mature plants was negligible in Peru, the government helped contain crop expansion by destroying seedbeds with a potential for producing over 14,000 hectares of coca.

Interdiction operations, particularly in Colombia, appear to have had an effect on lowering the price of coca leaf in certain regions of Bolivia and Peru, providing an incentive for Bolivian growers' participation in the voluntary eradication program. Because coca is cultivated in inaccessible areas of Brazil, its extent is unknown. Ecuador remains only a minor producer of coca.

Cocaine Yield Estimates. Last year, the INCSR reported that revisions in estimated processing efficiencies (by which coca leaves are harvested and processed into cocaine HCl) in the Andean region had led to a significant increase in the estimated amount of cocaine potentially available in that year. Additional information this year indicates that processing efficiency has indeed been improving. In 1990, taking into account estimates of local consumption and local seizures, the USG calculates that if **all** remaining coca leaf were converted into cocaine HCl, between 700 and 890 mt of cocaine could have been available from Colombia, Bolivia and Peru for worldwide export. This figure includes 400-430 mt from Peru, 235-395 mt from Bolivia and 65 mt from Colombia.

*Based on additional information provided by Mexican government authorities, the 66 mt figure has been adjusted from the 85 mt reported last year.

** Reported incorrectly last year as 14-15 mt.

The cocaine yield figure is offered with the same caveat as the crop harvest yield data: *it is a figure representing potential production.* It does not allow for losses or the many other variables which one would encounter in a "real world" conversion from plant to finished drug. The amount of cocaine HCl actually produced is probably considerably lower.

Marijuana Production: Cannabis cultivation has dropped in most of the major marijuana producing countries. Colombian marijuana production has declined dramatically. Within Colombia's traditional cannabis growing zones, where intensive eradication was carried out in previous years, virtually no measurable growth was detected in 1990.

In 1989, approximately 54,000 hectares of marijuana were estimated to be under cultivation in Mexico. Intensive Mexican eradication efforts reduced the total to approximately 35,000 hectares in 1990. In 1990, based on new yield information, the USG calculated that the total Mexican cannabis crop could potentially have yielded slightly less than 20,000 mt of marijuana. Applying the same yield factor to last year's data using revised eradication figures would give an adjusted total of approximately 30,000 mt, indicating a drop of one-third in potential Mexican marijuana production since 1989.

In **Jamaica**, government eradication programs, carried out with USG assistance, destroyed over 1,000 hectares of cannabis. The estimated potential yield for 1990 was approximately 825 mt, substantially more than 1989's estimate of 190 mt.

* * *

THE U.S. INTERNATIONAL DRUG CONTROL STRATEGY

The President's first National Drug Control Strategy, issued in September, 1989, established a ten-year national objective of reducing by 50 percent the quantities of cocaine, heroin, marijuana, and other dangerous drugs entering the United States. This document established the requirement for the regional strategies discussed below. The first strategy has been amplified by the second and third strategies, issued in 1990 and 1991.

The international section of the President's first strategy established an international strategy designed to disrupt and dismantle the multinational criminal organizations that support the production, processing, transportation, and distribution of drugs to the United States and to other nations. The chief emphasis of that strategy was to attack the international drug trade by focusing efforts aimed at the points of greatest value to the drug trafficking organizations and networks.

The second National Strategy of January 1990 stressed the following elements:

- o Increased economic, military and law enforcement assistance (based on counter-narcotics performance) to Colombia, Peru and Bolivia;
- o Expanded cooperation with Mexico in reducing drug production, controlling money laundering, interdicting drug trafficking and developing demand reduction programs;
- o Increased support for law enforcement programs in South American producer and transit countries, particularly Ecuador, Venezuela, and Brazil;
- o Continued cooperative law enforcement and intelligence programs with Central American and Caribbean nations;
- o Development and implementation of an international strategy focused on opium and heroin;
- o Broadened domestic and foreign efforts to counter international drug money laundering activities;
- o Expanded efforts to reduce the illegal manufacture and shipment of chemicals essential to illicit drug production; and
- o Promotion of international law enforcement cooperation through mutual legal assistance treaties and the pursuit of anti-drug initiatives in international fora.

The third Strategy, issued in January 1991, aims to sustain the political commitment of illicit drug producing and transit countries to strengthen their laws, legal institutions and programs to bring to justice and, where appropriate, extradite drug traffickers and money launderers. It seeks to increase the effectiveness of law enforcement and security agencies of illicit drug source and transit countries to improve their ability to take effective action against trafficking organizations.

It is clear that the United States cannot assume the burden of combatting drugs by itself. A cornerstone of our international drug control strategy, therefore, is to work with and motivate other countries -- those that are involved in production, transit, or consumption, as well as those that have little or no drug problem as yet -- to engage their own resources and efforts to defeat the drug trade. Only through a broad, cooperative international effort can we achieve the objectives of reducing the foreign supply of drugs while working with other countries to dismantle their own illicit drug operations, reduce the demand for drugs, and combat the worldwide drug trade.

The Andean Strategy

The Andean Strategy is a multi-faceted approach to the complex problem of cocaine production and trafficking. The Strategy was the result of a comprehensive plan, completed in 1989, for the USG to work with Andean governments to disrupt and destroy the growing, processing, and transportation of coca and coca products within the source countries, in order to reduce the supply of cocaine entering our country. In September 1989, the President's National Drug Control Strategy directed that a five-year \$2.2 billion counter-narcotics effort begin in FY 1990 to augment law enforcement, military, and economic resources in Colombia, Bolivia, and Peru. After careful negotiations between the United States and each of the individual cooperating governments, implementation plans have been prepared to ensure effective use of the assistance.

After the first year of this five-year strategy, there have been notable achievements in many areas. New, democratically elected governments in each of the three Andean nations have repeatedly voiced their commitments to the counter-narcotics struggle. Together, the U.S. and the Andean countries have worked to use intelligence better to focus our efforts on higher-level targets, moving away from a primary focus on eradication programs and low-level interdiction efforts. The U.S. has supported the internal programs of the three countries to improve the operational capabilities of their law enforcement and military forces engaged in the drug war. These programs have increased seizures, arrests, confiscation of assets, and signs of disarray within the trafficking organizations.

The U.S. has also helped to improve counter-narcotics cooperation with the police and military in all three countries. We have assisted elements in the Bolivian Air Force and Navy to assume a more vigorous role, and the armed forces of Colombia have produced some of the most dramatic seizures in recent years. Peru remains a difficult case for narcotics cooperation, because of its downward-spiraling economy, but fresh discussions between the U.S. and the new Fujimori administration have the potential for a renewed counter-narcotics commitment. There are encouraging signs that U.S. air interdiction efforts have hampered the easy movement of drugs by air directly to the United States. Further implementation of the Strategy is expected to provide a comprehensive, integrated approach to pursuing the narcotics traffickers.

Potential Source and Transit Countries Strategy

The goals of the Administration's strategy to reduce the export of cocaine to the United States are as follows: (1) to stem the flow of drugs from the Andean source countries via the transit countries to the U.S., and (2) to assist institution building that is essential for the long term success of our policy in the potential source and transit countries.

The geographic scope of this strategy focuses on the non-Andean countries of South America, Central America and the Caribbean. All of the cocaine and a large portion of the heroin entering the U.S. is produced in Mexico and South and Central America, and smuggled into the U.S through our southern borders and the Caribbean. We expect the traffickers to adopt new methods to evade the increased pressure from the joint American-Bahamian-British Operation Bahamas and Turks and Caicos (OPBAT) in The Bahamas and intensified interdiction activities in Mexico. We will attempt to flexibly apply limited resources to block their efforts. However, we do not plan to significantly increase budget resources, except for Panama, a major transit point for cocaine, and Guatemala, a growing producer of opium and transit point for cocaine.

Nonetheless, the U.S. will expand intelligence collection in the eastern Pacific and the Caribbean; assist the potential source and transit countries to expand their intelligence collection and dissemination capabilities; assist countries to act on shared intelligence to interdict shipments and arrest traffickers; and direct bilateral and multilateral efforts against trafficking organizations, money laundering, and chemical diversion.

In addition, the United States will work with these countries to enhance their political will and institutional capability to counter drug activities through economic and military assistance, interdiction, and effective crop control methods. As in the Andes, we will insist that internationally accepted standards on human rights be respected.

The U.S. International Heroin Control Strategy

The current major obstacle to successful heroin efforts is the lack of U.S. access to some of the world's largest producers--Burma, Iran, and Afghanistan--and the unstable conditions within those countries. Recognizing these constraints, the U.S. Government will seek to motivate other governments to address their own drug problems and to employ their resources in reducing the supply of illegal drugs. We plan

- to promote heroin control programs in international and multilateral fora;
- to garner worldwide recognition of the drug issue in both its health and national security dimensions through our own bilateral initiatives as well as regional relationships;
- to strengthen supply reduction programs;

-- to strengthen the ability of cooperating opium-producing and heroin-refining countries to disrupt narcotics trafficking organizations through prosecution, punishment, and extradition of traffickers;

-- to disrupt drug money laundering activities;

-- to interdict the transit routes for heroin and precursor chemicals, and

-- to support demand reduction initiatives that have the effect of stimulating national drug control efforts.

During 1991, we expect to work with members of the Dublin Group of developing countries (as discussed below) to formulate cooperative programs and jointly to pressure those producer countries to which the U.S. has limited access.

MONEY LAUNDERING

The period 1989-90 saw an unprecedented level of global cooperation to curb and prevent narcotics money laundering. Even once rigidly controlled banking societies agreed to pierce the veil of traditional bank secrecy to deny drug traffickers access to financial havens. There were several important new international accords adopted in 1990 -- including the concurrence of opinion at the United Nations General Assembly's Special Session in February, the Financial Action Task Force (FATF) report adopted in April, the report of the Caribbean Drug Money Laundering Conference which met in June, the Council of Europe report adopted in September, the 1988 United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances which came into force on November 11, the initiation in November of the OAS project to draft model national legislation on money laundering and asset forfeiture, and the European Community policy directive which was being readied at year's end for final approval in early 1991. The support for these initiatives assured a substantial foundation upon which the major financial center countries could assemble more effective legal and regulatory barricades.

This multilateral activity was paralleled by the unilateral steps taken by many financial centers to amend their laws and practices to achieve the objectives of these accords. Rounding out the positive scenario, enforcement authorities could cite a highly credible roster of cooperative initiatives which resulted in major seizures of assets, facilitated in part by the responses to new international accords but also by the increasing number of bilateral agreements whose major purpose is to achieve cooperation on this issue.

Still, at year's end, the Financial Action Task Force estimated that the drug trade continued to yield upwards of \$300 billion in proceeds, slightly more than a third of that total from the U.S. There is evidence that drug money is on the move from some traditional banking havens, driven by new laws requiring disclosure of beneficial owners of accounts and other data recording requirements which effectively removed many

historic barriers to money laundering investigations. But, there are also indications that drug traffickers are now using banking systems in as many as 50 countries on every continent. A second tier of banking systems beyond the established financial centers is being penetrated; indeed, the evidence confirms the establishment of a drug service industry in the Caribbean. Moreover, the traffickers are making increasing and effective use of non-bank financial systems, from the "casas de cambio" along the US/Mexican border to the exchange houses in South America to the "hundi" or "hawalla" systems that connect Europe to Asia and the Middle East, conduits which at year's end still remained largely outside the reach of these conventions and protocols. Increasingly, however, the attention of policy makers and enforcement officials is focused on these non-bank financial institutions, as are the deliberations of groups like the Financial Action Task Force.

This new emphasis on using less traditional, usually smaller banking systems and non-banking financial systems exposes the vulnerability of governments everywhere. Few governments in South America, the Caribbean, Asia and Africa have adopted the laws and banking practices, or trained their enforcement agencies, to stop narcotics money laundering.

These systems were not created to launder drug money. Some are merely unsophisticated, or marginally developed, and easily penetrated. Many systems, however, were created to launder money fleeing the tax collector or to bypass strict currency controls, and are exploitable by traffickers. Many managers lack the resources and expertise to change.

The challenge is compounded by the understandable desire of financial center countries (and aspirants) to be competitive, and by the competing pressures to be responsive to the social need to stop drug trafficking and also be responsive to the legitimate needs of the business community and public, which mutually desire a certain confidentiality about their finances.

INTERREGIONAL AVIATION SUPPORT ACCOMPLISHMENTS IN 1990

The Department of State's Bureau of International Narcotics Matters (INM) Air Wing of 51 rotary- and fixed-wing aircraft continued to fly difficult interdiction and eradication missions in 1990 while maintaining a very high operational readiness rate. Air Wing aircraft accumulated over 16,000 flight hours dedicated to the following missions:

| | |
|------------------|-----|
| Interdiction: | 60% |
| Eradication: | 30% |
| General Support: | 10% |

Whether spraying opium poppy in Guatemala or transporting Drug Enforcement Administration (DEA) personnel to destroy drug labs in Peru,

INM aircraft met the challenge of providing the wherewithal to conduct a wide variety of anti-drug missions in foreign countries. Air Wing aircraft supported operations principally in Peru, Bolivia, and Guatemala, with other important support flown in Belize, Jamaica, and Ecuador. In Peru alone, transport aircraft moved more than three million pounds of cargo and some 20,000 people over the Andes and throughout the Peruvian jungle. Although only a small fraction of the Air Wing's overall mission, sustaining this vital air bridge reflected the enormous scope of its operations. The Air Wing continued to operate in an extremely hazardous environment. During the course of the year, DOD seconded military aviation personnel to the State Department to assist in the planning of field operations and to provide oversight of the aviation support services contractor, substantially enhancing the safety, efficiency, and effectiveness of Air Wing operations.

INTERNATIONAL ORGANIZATIONS

Numerous initiatives to improve international coordination against drug trafficking marked 1990. The highlights of these initiatives included the creation of a new consultative mechanism on drugs among developed countries, a UN General Assembly decision to restructure UN drug control programs, the coming into force of the 1988 United Nations (UN) Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, and an increased focus on working at the regional and subregional level.

At the urging of the United States, the 17-nation Dublin Group was formed to assist participating governments to develop and coordinate strategic plans and programs in combatting narcotics trafficking and abuse. In addition to the United States, the Group consists of the EC member states, the EC Commission, Japan, Australia, Sweden, and Canada. The Group met twice in 1990 to discuss activities at the global as well as regional level.

The United States also encouraged greater cooperation among developed nations at the July 1990 Economic Summit held in Houston. The Summit renewed for another year the Financial Action Task Force and mandated the creation of a similar task force to prevent the diversion of precursor and essential chemicals from international commerce to the illicit manufacture of drugs. Under the leadership of the Department of Justice, the United States, as host of the Economic Summit, has assumed the chairmanship of this effort, which is known as the Chemical Action Task Force (CATF).

In February, Secretary Baker represented the United States at the UN General Assembly's Special Session on Narcotics. The Special Session concluded with agreements which met a number of U.S. objectives, including the adoption of a Global Plan of Action for the UN drug control agencies and a political declaration. Moreover, the Special Session endorsed a refocusing of UN drug projects toward a subregional approach.

Also of notable importance was the entry into force of the 1988 UN Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances on November 11, 1990. The Convention calls on signatories to take specific law enforcement measures to improve their ability to identify, arrest, prosecute and convict drug traffickers across international boundaries. By the end of 1990, 31 separate states, Byelorussia, and the EEC had ratified the Convention. The 33 signatories are: The Bahamas, Bahrain, Bangladesh, Bolivia, Byelorussia, Canada, Chile, China, Cyprus, EEC, Ecuador, France, the former German Democratic Republic, Ghana, Grenada, Guinea, India, Italy, Jordan, Mexico, Nicaragua, Nigeria, Paraguay, Qatar, Senegal, Spain, Togo, Tunisia, USSR, Uganda, United Arab Emirates, and the United States. The United States also played an important role in restructuring the United Nations institutional capacity to respond to the drug problem.

Acting upon the recommendations of an expert study group, the General Assembly mandated in December 1990 a restructuring of the UN entities working on the drug issue. This restructuring will integrate into a single body the work done previously by the United Nations Fund for Drug Abuse Control (UNFDAC) and the secretariats of the Division of Narcotic Drugs (DND) and the International Narcotics Control Board (INCB).

Within the Western Hemisphere, the Organization of American States (OAS) at a Ministerial Conference in Ixtapa, Mexico, took concrete steps to strengthen hemispheric activities against drugs. The OAS has developed and endorsed model national legislation on precursor and essential chemical control, established an expert working group on seized assets related to the drug trade and endorsed the Cartagena Agreements. A program to help governments implement the model regulation on precursor and essential chemicals has been launched. OAS governments also adopted a Plan of Action for regional cooperation in drug abuse prevention education at a high-level meeting in Quito, Ecuador, during June.

INTERNATIONAL TRAINING AND DEMAND REDUCTION

More than 3,300 persons from over 100 countries participated in the U.S. Government's international narcotics control training program in FY 90. This represents an increase over 1989 of 31 percent in personnel and number of countries trained. This training, organized and funded by INM, was carried out by the Drug Enforcement Administration, the United States Customs Service, and the United States Coast Guard. In addition to this training, INM also continued a joint effort with the British Foreign and Commonwealth Office in the area of narcotics detector dog training. INM-funded candidates were trained at the Lancashire Constabulary in the United Kingdom.

Demand reduction was an area of heightened attention by the United States and the international community in 1990. INM provided demand reduction training to over 500 private and public officials in 15 countries. Emphasis was placed on specialized courses such as epidemiology, public awareness, policy formulation, and prevention program concepts. In addition to this bilateral training, INM pursued joint training activities with the Colombo Plan in Southeast Asia and the OAS in Latin America.

In April, the London Ministerial Summit on Demand Reduction and Cocaine served to focus greater attention and resources on the demand problem. The United States, under the leadership of Health and Human Services Secretary Louis Sullivan, played a strong role at the London meeting. The United Nations completed the first phase of the U.S.-funded International Drug Abuse Assessment System (IDAAS) during the year. As this project moves from the developmental to the implementation phase, the U.S. will seek to involve other nations in the financing of this project.

The USG participated in the development of the OAS Plan of Action for prevention education, which was adopted in June and moved into its implementation phase at its first subregional meeting in Guatemala in December. As part of its narcotics public awareness program, the OAS also organized and broadcast the first multinational teleconference on public and private sector cooperation, linking the United States with 17 countries in the hemisphere. The Worldwide Federation of Therapeutic Communities hosted a major demand reduction conference in Athens during late September. Skill-building workshops in drug abuse treatment and prevention were provided to over 700 health care professionals from 50 countries. INM played a major role in assisting developing countries to attend this conference.

* * *

Worldwide Cultivation Totals

1990

1989

| Country | Hectares | | | Hectares | | |
|------------------------|----------------|--------------|----------------|----------------|--------------|----------------|
| | Cultivated | Eradicated | Net | Cultivated | Eradicated | Net |
| Opium | | | | | | |
| Afghanistan | 12,375 | 0 | 12,375 | 18,650 | 0 | 18,650 |
| Iran | na | na | na | na | na | na |
| Pakistan | 8,215 | 185 | 8,030 | 6,860 | 810 | 6,050 |
| Total SW Asia | 20,590 | 185 | 20,405 | 25,510 | 810 | 24,700 |
| Burma | 150,100 | 0 | 150,100 | 143,018 | 18 | 143,000 |
| Laos | 30,500 | 0 | 30,500 | 42,130 | 0 | 42,130 |
| Thailand | 4,155 | 720 | 3,435 | 4,795 | 720 | 4,075 |
| Total SE Asia | 184,755 | 720 | 184,035 | 189,943 | 738 | 189,205 |
| Lebanon | 3,200 | 0 | 3,200 | 4,500 | 0 | 4,500 |
| Guatemala | 1,930 | 1,085 | 845 | 1,495 | 275 | 1,220 |
| Mexico | 10,100 | 4,650 | 5,450 | 9,600 | 3,000 | 6,600 |
| Total | 15,230 | 5,735 | 9,495 | 15,595 | 3,275 | 12,320 |
| Total Opium | 220,575 | 6,640 | 213,935 | 231,048 | 4,823 | 226,225 |
| Coca | | | | | | |
| Bolivia | 58,400 | 8,100 | 50,300 | 55,400 | 2,500 | 52,900 |
| Colombia | 41,000 | 900 | 40,100 | 43,040 | 640 | 42,400 |
| Peru | 121,300 | 0 | 121,300 | 121,685 | 1,285 | 120,400 |
| Ecuador | 150 | 30 | 120 | 240 | 90 | 150 |
| Total Coca | 220,850 | 9,030 | 211,820 | 220,365 | 4,515 | 215,850 |
| Marijuana | | | | | | |
| Mexico | 41,800 | 6,750 | 35,050 | 57,900 | 4,000 | 53,900 |
| Colombia | 2,000 | 500 | 1,500 | 2,400 | 130 | 2,270 |
| Jamaica | 2,250 | 1,030 | 1,220 | 1,790 | 1,510 | 280 |
| Belize | 400 | 335 | 65 | 435 | 360 | 75 |
| Others | na | na | na | na | na | na |
| Total Marijuana | 46,450 | 8,615 | 37,835 | 62,525 | 6,000 | 56,525 |

Worldwide Net Production 1987 - 1991

(metric tons)

| Country | 1991 est. | 1990 | 1989 | 1988 | 1987 |
|--|----------------|----------------|----------------|----------------|----------------|
| Opium | | | | | |
| Afghanistan | 400 | 415 | 585 | 750 | 600 |
| Iran | 300 | 300 | 300 | 300 | 300 |
| Pakistan | 125 | 165 | 130 | 205 | 205 |
| Total SW Asia | 825 | 880 | 1,015 | 1,255 | 1,105 |
| Burma | 2,250 | 2,250 | 2,430 | 1,285 | 835 |
| Laos | 250 | 275 | 375 | 255 | 225 |
| Thailand | 39 | 40 | 50 | 28 | 24 |
| Total SE Asia | 2,539 | 2,565 | 2,855 | 1,568 | 1,084 |
| Lebanon | 40 | 32 | 45 | na | na |
| Guatemala | 10 | 13 | 12 | 8 | 3 |
| Mexico | 55 | 62 | 66 | 50 | 50 |
| Total | 65 | 75 | 78 | 58 | 53 |
| Total Opium | 3,429 | 3,520 | 3,948 | 2,881 | 2,242 |
| Coca Leaf | | | | | |
| Bolivia * | 56,500 | 64,400 | 68,300 | 58,500 | 46,500 |
| Colombia | 31,000 | 32,100 | 33,900 | 27,200 | 20,500 |
| Peru * | 138,300 | 138,300 | 137,300 | 125,900 | 124,000 |
| Ecuador | 100 | 120 | 150 | 240 | 300 |
| Total Coca Leaf | 225,900 | 234,920 | 239,650 | 211,840 | 191,300 |
| Coca Leaf | | | | | |
| Mature Cultivation Estimate - See Explanation in Executive Summary ** | | | | | |
| Bolivia | 79,100 | 81,000 | 77,600 | 78,400 | 79,200 |
| Colombia | 32,000 | 32,100 | 33,900 | 27,200 | 20,500 |
| Peru | 225,900 | 196,900 | 186,300 | 187,700 | 191,000 |
| Ecuador | 100 | 170 | 270 | 400 | 400 |
| Total Coca Leaf | 337,100 | 310,170 | 298,070 | 293,700 | 291,100 |
| Marijuana | | | | | |
| Mexico *** | 18,000 | 19,715 | 30,200 | 5,655 | 5,933 |
| Colombia | 1,500 | 1,500 | 2,800 | 7,775 | 5,600 |
| Jamaica | 600 | 825 | 190 | 405 | 460 |
| Belize | 50 | 60 | 65 | 120 | 200 |
| Others | 3,500 | 3,500 | 3,500 | 3,500 | 1,500 |
| Total Marijuana | 23,650 | 25,600 | 36,755 | 17,455 | 13,693 |
| Hashish | | | | | |
| Lebanon | 100 | 100 | 905 | 700 | 700 |
| Pakistan | 200 | 200 | 200 | 200 | 200 |
| Afghanistan | 300 | 300 | 300 | 300 | 300 |
| Morocco | 85 | 85 | 85 | 85 | 60 |
| Total Hashish | 685 | 685 | 1,490 | 1,285 | 1,260 |

FOOTNOTES FOR PRODUCTION CHARTS

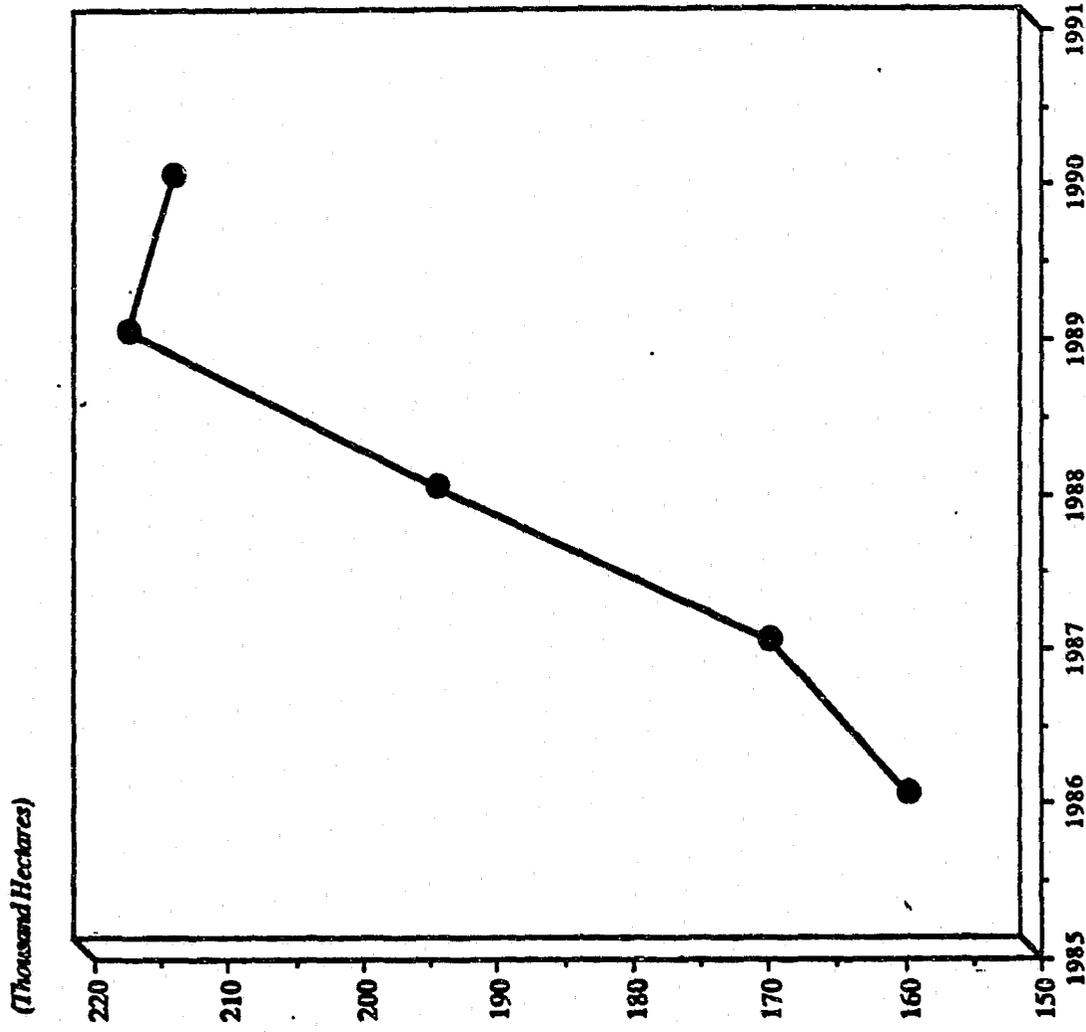
* The data for previous years in Bolivia and Peru have been adjusted to reflect a ratio of 1.14 mt of leaf per hectare in place of an early ratio of 1.03 mt of leaf per hectare.

** **New coca yield information.** After analyzing field studies conducted in Peru and Bolivia, we have concluded we may have been underestimating the *potential* yield of the coca crop in Bolivia and particularly in Peru. Last year we estimated the average yield for the entire coca crops in Bolivia and Peru as 1.6 and 1.14 metric tons per hectare, respectively, based on a small number of local sources. The latest analysis reveals that mature coca bushes--those that are two to fifteen years old and capable of producing full leaf harvests three or four times a year--have average yields of 2.7 metric tons per hectare in Bolivia's Chapare region and 2.3 metric tons per hectare in Peru's Upper Huallaga Valley. Mature plant yields elsewhere in these two nations appear to be 1.0 and 1.14 metric tons per hectare, respectively, close to our previous yield estimates for these other areas. New coca bushes--those planted in the last two years--have very low yields and are often not even harvested. Based on this analysis, we have now distinguished between new coca and mature coca in our cultivation estimates. We have calculated the potential dry coca leaf crop in Bolivia and Peru for each of the last five years by multiplying the average mature coca plant yield times the estimate of the hectareage of mature coca under cultivation. The previous yield estimate for the lowland coca variety grown in Colombia--800 kgs per hectare--is still believed to be accurate and is used to calculate that country's potential.

The net effect of this new analysis is to increase the estimated potential dry coca leaf harvest in the Andean region by about one third in each of the last five years. Because of the magnitude of this change, we have chosen to present the two side-by-side estimates of the potential dry coca leaf harvest in the Andes--one based on the previous yield estimates and the other based on the new estimates explained above. This approach should allow readers to evaluate the impact of changes in the Andes using either the old time series or the new one. The new approach using mature coca plant yield estimates highlights an important fact about coca cultivation and production in the Andes that was not clear before. Changes in dry coca leaf production will always lag behind changes in the area of coca under cultivation by two years.

*** Estimates before 1989 were not based on comprehensive analysis of marijuana and therefore will not appear consistent with those for 1989 and 1990.

Andean Ridge: Net Coca Cultivation, 1986-90



Unclassified

COUNTRY SUMMARIES

Afghanistan remains the world's second largest producer of opium despite a reduction from 585 metric tons in 1989 to 415 metric tons in 1990. Narcotics trafficking by Baluchi and Pashtun tribesmen continues to increase along the Iran-Afghanistan and the Afghanistan-Pakistan borders, where traditional contraband routes are used to transport narcotics across national borders to Europe and the US. The Kabul regime and the Resistance both remain preoccupied by a continuing conflict.

Reputed narcotics control initiatives of the Kabul regime are likely to remain limited and ineffective, given the regime's lack of control over large areas of the country. While some Resistance commanders are involved in narcotics trafficking, many oppose continued opium production and seek international assistance to develop alternative crop programs. The USG hopes to pursue poppy elimination in areas controlled by such commanders, although the continuation of the conflict and the absence of a functioning central government will minimize success.

Argentina is a transit country for cocaine from Bolivia and Colombia, although insufficient data limits accurate estimates. Cocaine HCl labs in Argentina appear to be increasing in number, and diversion of essential (precursor) chemicals legally produced in Argentina to cocaine production in Bolivia, Colombia, and Argentina itself remains a problem. The Government of Argentina (GOA) has placed a high priority on antinarcotics efforts, although economic restraints have hampered government initiatives. The USG and GOA signed a Mutual Legal Assistance Treaty and bilateral customs agreement in 1990. These agreements will help speed antinarcotics investigations and the prosecution of narcotics offenders.

The Bahamas. The USG has enjoyed excellent cooperation with The Bahamas. Expanded USG-Bahamian Government interdiction efforts, as well as unilateral Bahamian measures, forced some traffickers to adopt alternative routes and/or more sophisticated measures to smuggle cocaine. These efforts have acted as a deterrent to drug traffickers through The Bahamas, as cocaine seizures fell from 8.8 metric tons in 1989 to 3.5 metric tons in 1990. The Governments of the United States, The Bahamas, and the United Kingdom signed an agreement opening the way for joint narcotics law enforcement in the Turks and Caicos, extending joint interdiction coverage substantially.

Belize is now only a marginal producer of marijuana because of intensive aerial eradication efforts over the past few years. It remains, however, a vulnerable transit point for cocaine moving north along the Central American isthmus. The Government of Belize has passed a complete revision of the anti-drug laws providing for asset seizure and forfeiture, stiffer penalties for tracking and improved judicial mechanisms to improve the chances for successful prosecutions. The new law also provides for controls on money laundering activities.

Bolivia is the world's second largest producer of coca leaf and may also be the second largest producer of refined cocaine. During 1990, the Government of Bolivia (GOB) continued to cooperate in implementing the long-term U.S. counter-narcotics objective of reducing, and ultimately eliminating, the production of refined cocaine products for export to the U.S. or other markets, or for domestic use. The eradication campaign reached a record of slightly more than 8,000 hectares, effecting for the first time a net reduction in the amount of coca cultivation in Bolivia. The successful eradication program combined with expanding law enforcement operations suppressed the selling price of coca leaf, creating an environment conducive to alternative development programs. Pervasive corruption continues to impede progress in counter-narcotics programs.

Brazil. Economic problems, limited resources, and difficulty in patrolling the vast frontiers that border major coca and cocaine producing countries make narcotics-related industries difficult to contain. Transit of cocaine through Brazil remains the country's major drug problem. The Federal Police have targeted suspected Colombians, Bolivians, and Peruvians for investigation. Although coca cultivation decreased in 1990, the number of cocaine HCl labs appears to be increasing. Control of precursor chemicals legally produced in Brazil has improved. The USG, however, believes that significant amounts have illegally reached labs in Bolivia and Colombia. The Government of Brazil has made an effort to improve coordination between state police agencies and the Federal Police.

Burma is the world's major opium-producing country. The 1989-90 crop exceeded 2,200 metric tons of opium, down slightly from the previous year but nearly twice as large as that of two years earlier. Despite some highly publicized burnings of narcotics and refinery equipment, the Government of Burma has yet to demonstrate a comprehensive, sustained interest in narcotics law enforcement. The high levels of production are due to the abandonment of eradication efforts and increased cultivation since 1988 as well as the control of poppy cultivation areas by various ethnic insurgent and trafficking groups. The military regime in Rangoon reached accommodation with some insurgent groups, calling for a gradual reduction in production and trafficking in return for peace and long-term rural development projects, but at the same time it allowed some groups to continue production and trafficking of heroin. The USG denied certification on narcotics cooperation to Burma in 1990.

The Peoples Republic of China is not a major producer of opiates, but there is a significant and growing volume of heroin passing through southern China to world markets. The use of heroin in southwestern border regions is of growing concern to authorities as is the growth of AIDS among the user population. Chinese delegations visited Burma and Thailand in 1990 to discuss joint narcotics control efforts. Chinese cooperation with U.S. law enforcement officials is increasing but remains hampered by the asylum request of a Chinese witness in the "Goldfish" case in U.S. courts.

Colombia. The Government of Colombia's (GOC) vigorous campaign against narcotics trafficking organizations resulted in impressive results in 1990. Colombian security forces, spearheaded by the National Police, seized over 50 metric tons of cocaine, destroyed over 300 processing labs, and made 7,000 arrests. Colombian police have also eradicated virtually all cannabis cultivation in traditional growing areas. More important, the GOC severely damaged the leadership structure of the Medellin Cartel by keeping its leader, Pablo Escobar, constantly on the run, and arresting or killing his key lieutenants. The GOC also extradited 14 drug suspects to the U.S. in 1990. Colombian National Police paid a high price for their role in the drug campaign, with 420 deaths at the hands of traffickers.

Despite GOC successes, Colombian traffickers continue to move large quantities of cocaine out of Colombia. Progress against the trafficking networks hinges on revamping Colombia's judicial system, which is highly susceptible to threats and corruption. By providing training and equipment, the USG is helping the GOC strengthen its judiciary. USG assistance will also be critical in enhancing the ability of Colombian security forces to interdict narcotics and destroy narcotics trafficking infrastructure throughout the country.

Costa Rica has shown no evidence of coca or opium poppy cultivation. Its cannabis cultivation seems primarily limited to domestic consumption. Costa Rica, however, does serve as a transshipment point for cocaine. Money laundering does not appear to take place on a large scale, however one prominent money launderer was arrested. The difficulty of wiretaps and extraditions from Costa Rica, given recent rulings by its supreme court, are cause for concern, as is the lack of helicopters to transport anti-narcotics officers to remote locations.

Cuba stands amid some of the primary illicit drug routes into the United States. Traffickers transit Cuban airspace and territorial waters to avoid USG law enforcement authorities operating in the Caribbean. The Government of Cuba (GOC) continued to state its intention to deny Cuban air space and territory to traffickers. There is evidence that these efforts, begun in mid-1989, have had a deterrent effect on trafficking. There is no evidence that Cuba produced any significant quantities of illicit drugs or laundered drug money in 1990.

After the celebrated Ochoa trial in mid-1989, which revealed that senior military and security officers were involved in the drug trade, trafficking activities appeared to cease for several months. Trafficking activity resumed in late 1989 and continued throughout 1990, although at a much lower level than in the first half of 1989. The GOC gave greater publicity to the capture and trial of suspected traffickers in 1990 than in past years. In the first half of the year, the GOC arrested and publicly tried 20 foreigners captured transporting one metric ton of cocaine and more than 12 metric tons of marijuana. Much of the press attention may have been intended to mend the GOC's image in the wake of the Ochoa trial.

The GOC was more responsive to USG requests for information in 1990 than in previous years, although the operational value of the law enforcement information provided by the GOC has been limited.

Cyprus is not a significant producer or consumer of narcotics, but plays a key role in the drug trade in the Middle East because of its proximity to Lebanon. In addition to being a business and tourist center in the eastern Mediterranean, traffickers use it as a brokerage center.

Dominican Republic. The Government of the Dominican Republic (GODR) registered progress in drug interdiction during 1990. Cocaine seizures increased 160 percent over those of 1989, marijuana seizures were up 260 percent and currency seizures grew by 200 percent. The GODR completed work on the Bani CBRN station, which became operational in July 1990.

Ecuador is a transit country for drugs destined for the United States and Europe. Chemicals used for drug production pass through Ecuador en route to Colombia and drug products return through Ecuador en route to the U.S. and Europe. The Ecuadorian National Police's anti-drug arm, Interpol, conducts regular coca and cannabis reconnaissance and eradication operations along the border and in the Pacto area of Pichincha Province in Central Ecuador. A two-week deployment of two INM Turbo-Thrush reconnaissance planes in late November did not reveal any new cultivations. They did detect, however, possible small labs and suspicious airstrips. A major development was the enactment of a comprehensive new drug law, designed in part to bring Ecuador into compliance with the 1988 UN Drug Convention, which Ecuador ratified in March 1990. Ecuador is also a money-laundering center and a source of illegal weapons and explosives for Colombian guerrillas.

Egypt is an important transit point for couriers bringing Southeast and Southwest Asian opium and heroin destined primarily for Western Europe and the United States, as well as a significant consumer of hashish and heroin. Increased seizures of hashish entering Egypt from Lebanon and Syria, as well as growing numbers of heroin addicts, have caused the Government of Egypt to intensify its national drug awareness campaign with UNFDAC and USG assistance.

El Salvador is a producer of limited amounts of marijuana. A sizable seizure of cocaine in 1990 and recent intelligence reports indicate that El Salvador's importance to trafficking groups is growing. Methods of transshipment are flights through the commercial airports and clandestine airstrips, cargo trucks and sea vessels. There is no evidence of significant money-laundering activity.

Guatemala has an estimated 845 hectares of opium poppy under cultivation. This reduction from last year's crop of 1,223 hectares indicates that aerial eradication efforts by INM aircraft have been effective, but replantings and suspected plots in steep and narrow valleys prevent total destruction. Guatemala is an increasingly important transshipment point for an estimated one metric ton per week of Colombian cocaine bound for the U.S. The USG is encouraged by the new Government's expressed commitment to combat narcotics trafficking and corruption.

Haiti. Although political turbulence in Haiti during 1990 hampered narcotics control effectiveness, there was cooperation with the USG. The Government of Haiti (GOH) signed a bilateral narcotics control agreement with the USG to strengthen the Haitian National Narcotics Bureau and the Center for Information and Coordination. Whether the GOH will be able to increase its effectiveness in narcotics trafficking interdiction and deterrence depends on the country's political stability.

Honduras is not a significant producer of illicit drugs. However, it is a transshipment point for cocaine going to the U.S., and to a lesser extent, Europe. Construction of a radar site which incorporates Honduras into CBRN is due for completion in mid-1991.

Hong Kong remains a major transit point for drug trafficking. Local traffickers use the territory to arrange transactions and launder drug proceeds. The U.S. and Hong Kong Governments reached agreement under the terms of the Hong Kong Drug Trafficking Ordinance pursuant to which Hong Kong may honor USG orders for the forfeiture of the proceeds of convicted drug traffickers. Hong Kong continues to cooperate with the USG on extradition requests.

India is an increasingly important transit country for heroin trafficking across Indo-Pakistani and Indo-Burmese borders en route to Europe and the US. There are also reports of opium production in remote areas. Counter-narcotics efforts in India have suffered from a lack of adequate resources, effective policy coordination and vigorous implementation. The one official enforcement agency, the Narcotics Control Bureau (NCB), has been unable to obtain needed funds and staff because of changes in government. DEA and the NCB continue to cooperate well in law enforcement activities.

India is also the world's leading producer of licit opium for pharmaceutical use. Despite announced GOI intentions to increase controls and monitoring, diversion of licit opium and unlicensed cultivation in licit growing areas continue to occur. GOI policy is to eradicate illicit production. The GOI considers licit diversion to be less of a problem than heroin smuggled from neighboring countries.

Indonesia produces some marijuana, little of which enters the U.S. market. Indonesia may be a transit point for illicit drugs bound for Australia and Europe. In a large-scale eradication operation, the police cut down 24 hectares of cultivated marijuana, destroying nearly two million plants and arresting 13 persons.

Iran. Little reliable data on narcotics cultivation, consumption, and trafficking in Iran has been available since the breaking of US-Iranian diplomatic relations. Iran long has been a significant conduit for opiate smuggling from Afghanistan and Pakistan to Europe. Despite large seizures of drug shipments and severe punishment meted out to domestic abusers and traffickers, the flow of drugs into Turkey and on to Western markets continues. Iran has held discussions on narcotics control with the USSR and with Pakistan in an effort to curb the flow of drugs across Iran's eastern border.

The **Ivory Coast** is a transit point for Middle Eastern and Southwest Asian heroin arriving via other African countries. In addition, cocaine from South America and African marijuana pass through Abidjan on their way to markets in Europe and the United States. Improved security at Abidjan's International Airport has forced traffickers to favor land and sea routes to smuggle narcotics into the country.

Jamaica's Government (GOJ) continued its successful marijuana eradication and interdiction programs. Operation Buccaneer, Jamaica's annual marijuana control campaign, met its 1990 goal by eradicating over 1,000 hectares of cannabis. The GOJ made two major cocaine seizures during the year; in August, 874 pounds were seized and in September, 652 pounds were seized. These efforts were the product of close cooperation between GOJ and USG authorities. The GOJ's Joint Information Coordination Center (JICC) became partially operational in March. The center will provide information on incoming and outgoing private aircraft, vessels, and selected categories of individuals.

Kenya is a transit point for West African couriers smuggling Golden Crescent and Golden Triangle heroin to Europe and the United States. Methaqualone from India also transits Kenya destined for markets in South Africa. New, direct air routes linking Rio de Janeiro and Mombasa raise concerns of increased trafficking in cocaine. Legislation providing for asset seizure and forfeiture, and increased sentences for drug traffickers has been drafted, but Parliament has yet to consider it.

Laos improved its cooperation with the U.S. on drug control matters during 1990. Some of the estimated 27 percent decrease in opium poppy cultivation can be attributed to increased central government persuasion and programs, as well as continued implementation of large alternative crop projects, including one funded by the USG. Lao officials participated in USG training during the year. Enforcement measures, previously unknown, were taken as the government reported seizures of opium, arrests, and the destruction of heroin refinery components and chemicals. The USG continues to receive reports that some local civilian and military officials, using the Mountainous Area Development Company and other parastatal companies, remain involved in drug trafficking.

Lebanon is a major opium and hashish producer, as well as a heroin processor and transshipment point for cocaine from South America. USG officials estimate that during 1990 bad weather caused a drastic decline in Lebanese hashish and opium production. Syrian armed forces control a large portion of the country, including the prime narcotics cultivation region of the Bekaa Valley. Lebanon had no means of taking actions against narcotics production and trafficking during the year because of continuing political upheaval.

Malaysia is an important processing and trafficking center for opium grown in other countries. Much of the product is consumed locally but significant amounts go abroad. Malaysia continued its strong enforcement efforts in 1990, seizing about 30 kgs of U.S. bound heroin as well as the same high level of raw opium as in the previous year. Malaysia has an active demand reduction program.

Mexico. President Salinas has repeatedly expressed concern over the threat posed by narcotics to Mexico's national security and to the health of its people and acknowledges his country's international responsibility to fight drug trafficking. The Government of Mexico (GOM) has responded with intensified eradication and interdiction activities, tough anti-corruption measures within the government, and reform of the criminal justice system. Salinas has also issued strong directives ensuring the protection of human and civil rights.

Mexico has made a major effort to interdict cocaine entering its borders en route to the U.S., seizing a record 46.5 metric tons of cocaine and 408 metric tons of marijuana in 1990. That flow of cocaine through Mexico was, at least temporarily, disrupted by major seizures in the fall, and it appears that traffickers have shifted operations further south. Mexico is also the largest foreign source of marijuana and one of the largest sources of heroin sold in the U.S. The GOM eradicated 4,650 hectares of opium poppy and 6,750 hectares of cannabis, contributing to a net reduction in both crops. The GOM's 1990 eradication campaign showed qualitative improvements; reorganization and introduction of new procedures and technology promises even more impressive results in 1991.

The most important accomplishment in 1990 was the creation of the Mexican Northern Border Response Force (NBRF), a rapid response team tasked with interdicting aircraft delivering cocaine to accomplices in remote areas of Mexico. The NBRF has been extremely successful in its early stages, seizing 29 metric tons of cocaine, numerous aircraft and traffickers. The USG supports the NBRF by sharing real-time tactical information on suspected trafficker aircraft; the USG also leased transport helicopters to the GOM to enhance the NBRF's effectiveness.

Despite problems--particularly the persistent question of corruption which the GOM is addressing--the USG and the GOM have been able to accomplish a great deal in the past two years. The USG anticipates that cooperation will continue to expand.

Morocco, a traditional cultivator, processor and trafficker of cannabis for African and European markets, faces diversification by cannabis smuggling networks into heroin and cocaine. UNFDAC is sponsoring a successful crop substitution/economic development project in the major growing area in the Rif Mountains.

Nepal. Nepal is a potential transit point for hashish and heroin trafficking because of its proximity to major opium producing areas. Its active encouragement of foreign tourism and easy entry formalities encourage traffickers seeking new routes. The government, police and customs authorities have demonstrated a willingness to cooperate with the USG and other governments.

Nicaragua's newly elected democratic government is aware of the country's potential for narcotics trafficking and has expressed its intention to deal with the problem. Much concern focuses on the extensive, remote Atlantic coast which could function as a springboard for drug shipments to the U.S. Not surprisingly, given its recent history, there are no accurate statistics on drug trafficking or use within the country.

Nigeria is a major heroin trafficking and narcotics transshipment point. There are numerous known trafficking organizations in operation in the country. Drugs are trafficked primarily to Europe and the United States. The Federal Military Government of Nigeria (FMG) intensified its cooperative efforts with the USG with the formation of a Task Force aimed at reducing Nigeria's involvement in narcotics trafficking and more vigorously investigating and prosecuting drug traffickers. The FMG has instituted more stringent visa and passport controls, while broadening money laundering investigations. Improved airport security and narcotic detection measures have been installed and two new drug offenses have been enacted into law.

Pakistan. The Government of Pakistan's (GOP) counter-narcotics efforts in 1990 were disappointing. Pakistan's performance was adversely affected by a national election and a change in government. The new GOP established a cabinet-level Ministry for Narcotics Control, but took no significant action against heroin laboratories in the Northwest Frontier Province and did not convict any major traffickers. Opium production increased in 1990 by 25 percent from 130 metric tons for Crop Year 1989-90, but government measures helped keep it below 1988 pre-drought levels of 205 metric tons. The GOP continued its enforcement of the poppy cultivation ban in areas of rural development projects. Seizure levels dropped in 1990 from 8.5 metric tons to 3.8 for the first nine months. The Elite Units, anti-narcotics investigative units, agreed to nearly two years ago, remain unactivated, but the new government has enunciated a policy of giving higher priority to counter-narcotics activities.

Panama. In the year after the military action which removed Manuel Noriega, Panama joined the international effort to fight illegal drugs. The Endara government has taken important steps against money laundering, made record drug seizures, and entered into important narcotics control agreements with the USG. It has also begun to restructure, restaff, and professionalize its narcotics control agencies. The record of bilateral cooperation with the U.S. is good, but lack of resources and the need to rebuild institutions hamper Panama's efforts. The government's failure to conclude a mutual legal assistance agreement is troubling, as are delays in concluding a Shiprider agreement. Money laundering continues to be Panama's most serious narcotics control problem. There have been charges of corruption or involvement in illicit narcotics against Panamanian officials. While some of these allegations seem to be politically motivated, possible corruption continues to be a concern. On balance, however, Panama's record of anti-narcotics cooperation is positive.

Paraguay is a major transit route for cocaine from Andean producers to Brazil and Argentina, for onward distribution to Europe and, to a lesser extent, to the U.S. Unpatrolled land borders facilitate this movement. Likewise, an unregulated banking system appears to be attracting narcotics money laundering. However, in 1990, the Government of Paraguay (GOP) made strides in counter-narcotics efforts. It removed corrupt officers from the National Narcotics Police (DINAR) and more

than doubled DINAR's budget. It also created a joint police-military narcotics task force that has executed several successful operations. Both DINAR and the task force were placed under the command of a general who reports directly to the president. The GOP also appointed a new director of mental health charged with coordinating a national drug prevention strategy.

Peru. While the Upper Huallaga Valley (UHV) continued as a military emergency zone, the Peruvian military was unable to keep key areas free from insurgent control. Serious corruption problems stemming from the influence of local narcotics traffickers impeded efforts to carry out counter-narcotics missions by units of the Peruvian narcotics police. There were also continuing problems involving military, police coordination and law enforcement operations. Although police seizure and lab destruction statistics improved in comparison to 1988 and 1989 statistics, evidence continued to mount that the Shining Path insurgents had consolidated their grip on the UHV coca trade.

President Fujimori has proposed a new, comprehensive narcotics strategy for 1990. The strategy would bring narcotics-related military and law enforcement, demand reduction, and alternative development under one governmental office. Neither the strategy nor the office are yet in place, but there were some signs late in the year that the Peruvian military had started supporting police counter-narcotics efforts in the UHV. The USG continues to work closely with the Peruvian Government to gain agreement on and implement a comprehensive approach to the narcotics problem.

The Philippines is a marijuana producer and consumer and faces a drug abuse problem as well. The country plays a transit role in heroin trafficking from Asia to the U.S. and Australia. During the first nine months of 1990, Philippine law enforcement agencies seized 250 kgs of methamphetamines, nearly 30 kgs of heroin, and 678 kg of marijuana, resulting in the arrest of over 1,500 persons. While Philippines government policy emphasizes the importance of narcotics enforcement, budgetary and structural constraints, as well as corruption, inhibit effective implementation.

Senegal is a transit point for heroin destined for Europe. West African traffickers, primarily Nigerians, use Dakar-Yoff International Airport as a principal transit point. During 1990, the USG provided equipment to Senegal for counter-narcotics use.

Singapore does not produce or process narcotics. Traffickers use the country as a staging area and transit zone for their shipments. The primary methods of shipment include air and sea cargo, air baggage, and couriers. Singapore cooperates with the international community on drug control efforts. However, there is widespread concern that Singapore has the potential to become a money-laundering center. In March, the government announced it would introduce legislation to allow it to freeze and confiscate drug trafficker assets. This has not yet been done nor has a money-laundering bill been submitted. A USG investigation resulted in the first-ever extradition from Singapore of an American citizen wanted in the U.S. on drug charges.

Syria is a transit point for illicit narcotics as well as a refiner of heroin. Much of Syria's drug trafficking activity stems from Lebanon's Bekaa Valley, where Syria maintains a military presence but fails to enforce anti-narcotics controls. Credible reports indicate that some Syrian officers are directly involved in drug trafficking. Bilateral talks between the United States and Syrian Governments, initiated in 1988, continued in 1990. Because Syria has taken few steps to control drug production and trafficking, it was denied Presidential certification in 1990.

Thailand is a key trafficking conduit for drugs produced in neighboring countries. Burmese opium production has substantially increased the flow of narcotics through Thailand. Heroin and opium seizures and arrests of major traffickers did not keep pace with this increase partly because of ties between Thai military and government officials and ethnic groups which traffic narcotics from Burma. Within the Thai police, a Narcotics Suppression Bureau was established to consolidate and improve the Thai counter-narcotics institutional structure but no additional funding was provided. Moreover, enforcement is hampered by the lack of an asset seizure and conspiracy law. USG-funded projects supported crop control, crop substitution, and demand reduction programs in Thailand as well as law enforcement. (Although a military coup d'etat occurred on February 23, 1991, this event does not affect this report, which covers 1990.)

Turkey's location makes it a significant drug trafficking and transit country. It is also a processing center for heroin. Turkey is also one of the world's major suppliers of licit opium products. Using the concentrate of poppy straw method of production, it has been highly successful in controlling any leakage from its licit crop. Turkish enforcement agencies actively cooperate with U.S. and other international agencies to bring drug trafficking under control.

Venezuela is a transit country for drugs destined for the U.S. and other western markets and/or chemicals diverted to Colombia for use in cocaine processing. Although Venezuela is not a major producer of illicit drugs, coca cultivation may be spreading along the Sierra de Perija on the Venezuelan/Colombia border. There are, however, no reliable estimates of the extent of coca cultivation. This year, for the first time, the Venezuelan army participated with the police in a joint cannabis eradication project. The Guardia Nacional increased drug seizures through intensified interdiction activities. Venezuela is a potential major money laundering center.

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PLANS FOR THE FUTURE

INM's 1991/1992 Agenda

The advances of 1990 have demonstrated that progress in the drug war is possible when there is a concerted international effort to attack the drug trade at every stage. The halt to the expansion of the coca crop is an important example of the type of advances possible under a strategy which combines interdiction as close as possible to the source of production with crop control efforts, economic and development assistance, and public awareness campaigns. But if this halt to the spread of coca is to be sustained all countries must increase their efforts.

The key to success is political will. The year also demonstrated that real gains are only possible when affected governments themselves, working individually and in regional groups, treat drug trafficking as a national security threat requiring an important commitment of national resources. The challenge in the year ahead will be for the principal narcotics producing and transit countries, assisted by the USG, to sustain the political will and determination which made possible the gains of 1990.

In 1991, the USG will continue to use its resources to advance the international effort against drug production and trafficking. In addition to strengthening bilateral programs with the major drug producing and trafficking countries in both hemispheres, the USG will intensify its efforts to engage the European nations, Canada, Japan and Australia more actively in the drug war. We will also call upon international organizations to assume a more important role in encouraging member countries to press forward with regional cocaine and heroin control strategies.

During the next year, INM, in coordination with other USG agencies, will carry out the President's National Drug Strategy in the following ways:

LATIN AMERICA AND THE CARIBBEAN

The Andes. Drawing on the cooperative spirit of the Cartagena Drug Summit, the USG will continue to work with the Andean countries to consolidate 1990's gains in reducing cocaine production and trafficking, controlling the flow of essential (precursor) chemicals to the drug-producing countries, and working to develop feasible alternatives to coca production. Within the framework of the Andean Strategy, the USG will work with Andean countries to depress coca leaf prices further in order to enhance the appeal of alternative development efforts. Depending on the political will and the counter-narcotics efforts of the governments concerned, the USG hopes to use the full range of law enforcement, military, intelligence, and economic assistance to attack narcotics supply in a comprehensive manner. The Administration also is vigorously pressing for Congressional approval for new Andean trade preference legislation, which would provide duty-free access to the US market for a broad range of Andean trade products. We have also budgeted a special regional ESF account for use in the three core Andean countries to reward successful counter-narcotics performance.

Colombia. The USG will continue to work closely with the Colombian Ministry of Defense and the Department of Administrative Security to enhance the Colombian Government's capabilities to interdict drugs and disrupt the narcotics trafficking infrastructure by arrest, seizure, and prosecution. The USG is helping to equip, train, and support Colombian National Police interdiction units, Colombian Army strike units, and Marine Infantry platoons over the next three years, as well as to assure sufficient air support for these units in their counter-narcotics operations.

In accordance with the declaration issued at the Cartagena Drug Summit, the USG will assist the Government of Colombia (GOC) through a cash transfer for revitalization efforts, and to provide support for high-priority programs related to economic reform, trade expansion, regional economic growth and human resources development and drug awareness. Working with the Colombian Ministry of Justice, the USG will continue to assist the GOC in its efforts to streamline the legal process, increase the competence of judges and prosecutors and undercut the effectiveness of trafficking intimidation and corruption. There are plans to expand USG support for judicial protection programs, and to supply technical support packages to help judges keep pace with their caseload. In a broader sense, the USG is helping Colombia in its move from an inquisitorial system of justice that places the entire burden of investigation on potentially vulnerable judges to a faster, safer and more effective prosecutorial system in which the police have greater flexibility to initiate and conduct investigations.

Bolivia. The goal of the Government of Bolivia (GOB)'s anti-narcotics program is to reduce and ultimately eliminate all illegal coca cultivation. The key to a successful counter-narcotics program in Bolivia is a political commitment will complemented by an institutional ability to carry out the necessary enforcement, eradication, development, and educational programs.

Since sustained, effective law enforcement is absolutely essential to create conditions in which coca eradication and alternative development programs can succeed, the USG will work to improve the capabilities of prosecutors and specialized narcotics courts. The objective of these programs is to expand seizures of contraband and drug-derived assets, and, most importantly, to increase arrests and convictions of significant cocaine traffickers.

During 1990, the GOB emphasized essential (precursor) chemical control. It enlarged the number of chemicals or categories of chemicals under control and established a licensing and regulatory office to implement its law. During 1991, USG programs will continue to help fortify the institutional capability of the GOB to implement essential (precursor) chemical controls.

Bolivia's Coca and Controlled Substances Law establishes targets of voluntary eradication of 5,000 to 8,000 hectares of legally-grown coca each year. The figure for 1991 will be 7,000 hectares. USAID will condition Economic Support Fund balance of payments assistance to Bolivia for 1991 on the GOB's implementation of energetic and effective law enforcement and compulsory eradication of illegal coca.

Peru. The USG narcotics control support strategy for FY 1991 hinges on the negotiation with the Government of Peru (GOP) of a broad counter-narcotics umbrella agreement which includes annexes on military, law enforcement and alternative development cooperation. Such support would allow for additional law enforcement and military narcotics missions, expanded anti-narcotics presence in the field, and greater use of forward operational bases to expand the scope of interdiction operations. Proposed alternative development funding, trade benefits and structural readjustment associated with this agreement are long-term activities which will be closely linked to law enforcement and military efforts against narcotics trafficking interests. But more important than agreements are results that can be attained if the GOP demonstrates the political will to enforce police-military cooperative efforts against narcotics traffickers and narco-insurgents in the Upper Huallaga Valley.

Specific USG-GOP narcotics cooperation objectives include destroying clandestine lab infrastructure, denying airstrips to traffickers, denying traffickers essential (precursor) (essential) chemicals through the control of roads and rivers, and dismantling major trafficking organizations. The program will focus on supporting enhanced GOP intelligence gathering capabilities, use of Peruvian mobile strike teams and control of municipal airports by the police and military to seize aircraft engaged in illicit traffic. In FY 1991, expectations are that the Peruvian military will support the counter-narcotics operations of the police by restoring a law enforcement environment to areas currently under narco-guerrilla control. The USG believes that the Peruvian police will continue to be the lead agency in the counter-narcotics fight, even if the Peruvian military participates in the counter-narcotics program.

Successful law enforcement and military actions against narcotics trafficking interests can lower prices for coca leaf, increase the costs of narcotics trafficking, cut campesino ties to traffickers and provide a secure environment for legitimate economic activities. These actions will make licit agricultural activities more attractive to farmers involved in coca production, and set the stage for a comprehensive alternative development program in the UHV and other areas.

A third U.S. Special Forces training team will begin training Peruvian police in jungle operations in 1991. The aim is to create a cadre of Peruvian trainers who will provide continuous instruction to the police, thereby reducing the USG presence. Plans also call for continued Peruvian National Police participation in training programs provided by U.S. Customs, DEA, and U.S. Coast Guard for investigative, enforcement, and maritime instruction.

USAID's Special Project for the Alto Huallaga (PEAH) for calendar year 1991 will focus on ways to benefit farmers directly through the provision of support from PEAH and other GOP institutions channeled through existing farmers associations. The project will also reactivate agricultural credit.

USG assistance is contingent on completion of the necessary agreements and an improvement in law enforcement activities and the security situation in the Upper Huallaga Valley.

Cocaine Transit Countries. The USG will continue to work with the major transit countries to cut the flow of cocaine to the United States. As the volume of cocaine moving north across national borders increases, the transit countries themselves have felt the effects in rising levels of violence, addiction and narcotics-related corruption. Most of the affected countries have shown a willingness to work closely with the United States and other nations to the degree that their concerns about national sovereignty and their own resources permit. At the same time, many transit countries remain vulnerable to trafficking as a result of permissive drug laws and lax financial regulation dating from a less threatening era. Many of these countries also have law enforcement and judicial systems inadequate to the increased threat. Several produce drugs, have their own powerful domestic drug trafficking groups, and are used as transshipment areas by multinational drug organizations.

Mexico. Because of thousands of miles of open border and a well-organized smuggling infrastructure, Mexico remains a major target for trafficking organizations moving drugs into the U.S. market. The USG will continue to assist the Mexican Government in carrying out expanded Mexican plans to disrupt narcotics trafficking organizations. Efforts to strengthen the Government of Mexico (GOM)'s anti-narcotics capability will focus on GOM plans to reduce the drug harvest through eradicating crops and to interdict shipments destined for the U.S. As the Mexican aviation fleet is central to both of these operations, most of the INM FY 1991 budget of \$18.3 million will support aviation maintenance operations and programs to improve logistic support capabilities.

The USG plans to work closely with the GOM to strengthen the Northern Border Response Force (NBRF) interdiction program. The USG will provide assistance for pilot training and aircraft support and maintenance. When fully operational, the NBRF will consist of seven semi-mobile response units located strategically throughout Mexico which can be moved to respond to changes in trafficking patterns. The GOM plans to improve and maintain logistical support bases for both the NBRF interdiction and aerial eradication operations. We envision further USG assistance for these efforts.

The USG has proposed a comprehensive aerial survey of drug-growing regions in Mexico. A GOM aircraft, adapted to perform aerial surveys, will employ a wide-angle camera provided by the USG.

USG law enforcement agencies will cooperate with the GOM in its plan to disrupt narcotics trafficking through various training programs and information exchange. The USG and GOM will start negotiations in early 1991 to expand USG law enforcement access to information on large U.S. currency transactions and foreign currency equivalents. The USG will continue to assist and encourage Mexico to strengthen its asset forfeiture program and money laundering investigations.

USAID will support community-based narcotics awareness programs in seven Mexican cities, as well as efforts to expand other projects. USIS will use its public diplomacy program to promote more effective narcotics control programs in Mexico and a better understanding of U.S. domestic efforts to attack drug production and use.

ASIA AND AFRICA

During FY 1991, we will continue to cooperate with Asian governments to reduce opium production, and heroin manufacturing and trafficking, while urging these governments to address the problems of narcotics-related corruption. With the recently completed heroin strategy as a basis, the USG will work with the opium producing countries to develop implementation plans for the various elements of the heroin strategy. A number of opportunities, particularly in the areas of training and public awareness, are likely in Asian and African countries during FY 1991.

Thailand. Despite uncertainties caused by the February 1991 coup d'etat, the USG will encourage the Thai government to step up its efforts to reduce the flow of heroin. As the USG has little influence within Burma, it is particularly important to intensify anti-heroin campaigns in neighboring countries that provide the major transit routes for Burmese-origin heroin destined for international markets. While better use of resources will help in controlling heroin production, real progress will only take place as the governments of the region take effective measures to counter corruption and to take stronger law enforcement measures against trafficking.

Laos. Although the Lao Government has improved its cooperation with the USG, much remains to be done to enhance enforcement and curb corruption. The USG will work with the Government of Laos in 1991 to improve the efficacy of enforcement programs. It will also encourage the Lao Government to address more seriously the persistent issue of corruption within the parastatal Mountainous Area Development Corporation. Cooperation on crop control and alternative development programs will depend on progress made in the areas of enforcement and corruption.

Pakistan. The USG will work with the Government of Pakistan (GOP) to promote the expansion of the opium cultivation ban in the Northwest Frontier Province on the Afghan Border. INM-funded development projects in the districts of Bajaur and Mohmand will continue to focus on road-building projects designed to extend government authority to presently "politically inaccessible" regions, such as the poppy-cultivating Salarzai and Utman Khel areas. INM is considering a similarly focused project in Khyber Agency, the sole remaining major poppy growing district where no development projects have been undertaken. GOP actions to enforce the poppy ban in newly accessible areas will determine future INM projects and funding.

The UNFDAC-funded Dir Project now channels assistance specifically to the poppy growing valleys of upper Dir with the same goal of extending government authority. USAID is helping with small projects under its tribal areas development project and is prepared to rebuild a major road through the tribal area, including Khyber Agency.

The USG will assist the GOP with legislation to enable them to prosecute major traffickers more vigorously. USG assistance is almost exclusively directed at those GOP law enforcement agencies which demonstrate narcotics enforcement effectiveness, capability and interest. A particularly important sign of Pakistan's commitment to fight drug trafficking will be its willingness to take action against the numerous heroin laboratories operating in remote northern areas. As in other major drug producing countries, the USG will encourage the GOP to deal more effectively with corruption at all levels of the system.

GLOBAL SUPPORT

Inter-regional Aviation Support

INM Air Wing. INM aircraft will conduct anti-narcotics missions in Peru and Bolivia as well as eradicate opium poppy in Guatemala. The USG anticipates intensified training of foreign nationals to fly INM aircraft on operational missions, with a consequent phasing-down of USG contractor personnel. We also anticipate completing the staffing at the main operating base in Florida as well as in various country locations. Seconded military officers will provide the Department with the requisite expertise to manage Air Wing assets more effectively.

International Organizations. The coming year will mark a number of changes in how the United States works with international organizations on the drug issue. On March 1, 1991, the existing United Nations drug bodies will be transformed into the integrated UN International Drug Control Program to be directed by a newly-created Under Secretary General responsible exclusively for the drug issue. The USG will work closely with the new program and with other governments to make the restructuring exercise a success. It will target its annual contribution to the United Nations Fund for Drug Abuse Control (UNFDAC) toward projects that are in line with the U.S. National Drug Control Strategy but that also support the new orientation of UN programs away from country-specific projects to subregional efforts, as called for in the 1990 UN Global Plan of Action. An example of this new approach will be a joint UNFDAC and OAS project to train Western Hemisphere governments in stopping the diversion from legitimate commerce of essential (precursor) chemicals used in the illicit manufacture of drugs. In Southeast and Southwest Asia, the USG will continue to support demand reduction projects under the Colombo Plan.

International Training and Demand Reduction. In 1991, we will continue with the law enforcement training program which is funded and managed by INM, but carried out by the Drug Enforcement Administration, the U.S. Customs Service, and the U.S. Coast Guard. The courses in greatest demand continue to be those devoted to basic law enforcement techniques, with the need for this type of training being especially high in Africa, Eastern Europe, and Asia, areas which traditionally have not been covered by international narcotics programs. In 1991, a number of specialized courses will also be given on financial investigations, use of contraband enforcement teams, intelligence techniques, port safety and security, clandestine laboratories, judicial seminars, mid-management and forensic chemistry.

During 1991, the Department will expand demand reduction training and technical assistance to 31 countries. Increased emphasis will be placed on developing prevention and treatment infrastructure in Latin America and Southeast Asia. The program will continue to provide assistance in specialized areas such as public awareness, epidemiology, policy development, and strategic planning. Moreover, the International Visitors Program, which funds travel of government officials to conferences and workshops worldwide, will now primarily emphasize workshops that are training oriented. Also to avoid duplication of effort, INM will maintain a database on international demand reduction activities undertaken by agencies of the United States Government, other nations, and by major international and regional organizations.

To strengthen regional ties among cooperating countries, the demand reduction program will be implemented, where appropriate, through regional organizations in the Americas (Pan-American Health Organization and the OAS) and Southeast and Southwest Asia (Colombo Plan).

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**FY 1992
INTERNATIONAL NARCOTICS CONTROL PROGRAM
FISCAL SUMMARY
(\$ in thousands)**

| <u>Country Program</u> | <u>FY 1990 Enacted</u> | <u>FY 1991 Estimate</u> | <u>FY 1992 Request</u> |
|---|----------------------------|-----------------------------|----------------------------|
| Latin America | | | |
| Bahamas | \$ 1,520 <u>2/</u> | \$ 1,200 | \$ 1,200 |
| Bolivia | 15,700 <u>1/</u> | 15,700 | 15,700 |
| Brazil | 1,900 | 2,500 | 3,500 |
| Colombia | 20,000 <u>1/</u> | 20,000 | 20,000 |
| Ecuador | 1,400 | 1,500 | 3,000 |
| Jamaica | 1,000 | 1,400 | 1,500 |
| Mexico | 15,000 | 18,300 | 26,000 |
| Peru | 10,000 | 19,000 | 0 <u>3/</u> |
| Venezuela | 1,000 | 1,000 | 2,000 |
| Latin America Regional | <u>4,480</u> | <u>6,000</u> | <u>27,000</u> <u>3/</u> |
| Subtotal | 72,000 | 86,600 | 99,900 |
| East Asia | | | |
| Laos | 575 | 500 <u>5/</u> | 2,000 |
| Thailand | <u>3,500</u> | <u>4,000</u> | <u>5,000</u> |
| Subtotal | 4,075 | 4,500 | 7,000 |
| Southwest Asia | | | |
| Pakistan | 5,000 | 7,500 | 7,500 |
| Turkey | 400 | 350 | 400 |
| Asia/Africa/Europe Regional | <u>325</u> | <u>800</u> | <u>2,000</u> |
| Subtotal | 5,725 | 8,650 | 9,900 |
| Interregional Aviation Support | 32,700 | 33,450 | 37,800 |
| Total Country Programs | 114,500 | 133,200 | 154,600 |
| International Organizations | 3,100 | 4,800 | 4,600 |
| Interregional Training/Demand Reduction/Public Awareness | 6,200 | 7,000 | 7,000 |
| Program Development And Support | 5,740 | 5,000 | 5,300 |
| TOTAL INC PROGRAM | \$129,540 | \$150,000 <u>4/</u> | \$171,500 |

1/ Includes \$16.5 million 610 transfer from Security Assistance to INM to support the Andean Strategy (Bolivia \$6.5 million, Colombia \$10 million).

2/ Reflected in the L.A. Regional budget for FY 1990.

3/ Funds for assistance to Peru are not included as a separate country program in the FY 1992 budget request. Instead, \$19 million designated for Peru (\$17.9 million program activities, \$1.1 million PD&S) have been included in the Latin American regional account and may be programmed for Peru on condition of a satisfactory counternarcotics program.

4/ Does not reflect reduction of \$2.85 million pursuant to PL 101-508.

5/ Reprogramming to increase FY 1991 funding for programs in Laos is under consideration.

**INTERNATIONAL NARCOTICS CONTROL PROGRAM
BY FUNCTIONAL ACTIVITY**
(dollars in thousands)

| | FY 1990 Enacted | % of Total | FY 1991 Total (est.) | % of Total | FY 1992 Request | % of Total |
|---|--------------------|---------------|----------------------------|---------------|--------------------|---------------|
| Enforcement Assistance And Interdiction | \$ 81,558 | 63 | \$ 95,395 | 64 | \$111,410 | 65 |
| Crop Control/Eradication | 21,083 | 16 | 22,330 | 15 | 24,420 | 14 |
| Income Replacement/ Development Assistance | 4,700 | 4 | 5,600 | 4 | 7,050 | 4 |
| International Organizations | 3,100 | 2 | 4,800 | 3 | 4,600 | 3 |
| International Drug Demand Reduction | 2,480 | 2 | 3,840 | 3 | 4,465 | 3 |
| Training* | 4,700 | 4 | 5,000 | 3 | 5,300 | 3 |
| Program Development And Support | 11,919 | 9 | 13,035 | 9 | 14,255 | 8 |
| Total Program | \$129,540 | 100 | \$150,000 | 100 | \$171,500 | 100 |

*Includes centrally funded training only.

LEGISLATIVE BASIS FOR THE INCSR

The Department of State's International Narcotics Control Strategy Report (INCSR) has been prepared in accordance with the provisions of Section 481 of the Foreign Assistance Act of 1961, as amended (22 U.S.C. 2291).

The 1991 INCSR is the fifth annual report prepared pursuant to Section 481(e) of the Foreign Assistance Act of 1961, as amended (the "FAA"). The INCSR provides the factual basis for the President's certifications pursuant to Section 481(h) which requires that certain kinds of assistance be withheld at the start of each fiscal year from major illicit drug producing and major drug transit countries, pending certification by the President the following March 1. The law requires the President to certify every major illicit drug producing country or major drug transit country that cooperated fully with the United States in the previous year, or took adequate steps on its own, with respect to illicit drug production, trafficking and money laundering. Alternatively, the President may certify countries that would not qualify under these terms on grounds that the national interests of the United States require the contingency provision of foreign aid to such countries. Or, the President may deny certification, causing statutory sanctions to be imposed.

As in the past, this year's INCSR, provides the factual basis for the President's 1991 certifications. It contains information in accordance with Section 481(e) of the FAA and the following legislative requirements:

- Public Law 99-570 [Anti-drug Abuse Act of 1986]: Section 2013(a), as amended by Section 4404 of the Anti-drug Abuse Act of 1988, P.L.100-690 (country chapters); Section 2015 (b)(3) (country chapters);
- Public Law 100-690 [Anti-drug Abuse Act of 1988]: Section 4202(b) (country chapters); Section 4309 (Laos country chapter); Section 4401 (country chapters); Section 4402 (country chapters); Section 4601 ("Other Assistance" chapter of INCSR).

Statement on Certification

Section 481(h)(2)(A) of the FAA requires that the President certify whether major drug producing and drug transit countries have "cooperated fully" with the United States, or taken adequate steps on their own, with regard to preventing illicit drug production, drug trafficking, drug-related money laundering and drug-related corruption.

The statute provides, alternatively, that the President may waive the need for certification, on grounds of vital national interest, countries which would not otherwise qualify for certification.

In weighing recommendations on certification to the President, the Department has looked to the law, before and after amendment by the 1986 and 1988 Acts, for guidance in determining the meaning of "cooperated fully" and "taken adequate steps." Particular adherence was given to the requirements of Section 481 (h)(2)(B), the "Chiles Amendment" which requires bilateral or multilateral cooperation agreements as an absolute condition of certification that a country has "cooperated fully."

The requirement in Sec. 481(h)(3) of the FAA requires that the President, in making certifications, shall give foremost consideration to whether the actions of the government have resulted in the maximum reductions in illicit drug production which were determined to be achievable.

The President must also consider, among other things, whether the government has taken the legal and law enforcement measures (A) to enforce, to the maximum extent possible, the elimination of illicit cultivation and the suppression of illicit manufacture and trafficking in narcotic drugs and psychotropic substances -- as evidenced by seizures of such substances and of illicit laboratories, and arrest and prosecution of violators, and (B) to eliminate to the maximum extent possible the laundering in that country of drug-related profits or drug-related monies -- as evidenced by enactment of money laundering laws, willingness to enter into Mutual Legal Assistance Treaties (MLATs), and other cooperation on money laundering.

In considering country performances in 1990, the President is also directed by statute to consider programs and actions planned for 1991 and beyond. This two-year appraisal is especially important when remedial actions are necessary.

Use of terms such as "maximum achievable reductions" introduce a concept of variability. Moreover, there is precedence for determining that full cooperation can be a variable term. Earlier amendments to Section 481 have since 1971 made reference to "adequate" cooperation. Section 481(f) requires consultation with the Congress on country determinations and specifies that such consultation shall inter alia include consideration of (1) the nature of the illicit drug production problem, and (2) the climatic, geographic, political, economic and social factors that affect illicit drug production. Thus, 481(f) introduced in 1983 the concept of "cooperation" and "maximum achievable reductions" being variable, a function of numerous factors including relative capability to achieve narcotics objectives.

In developing the recommendations to the President, the Department of State has, therefore, considered each government's relative capability to achieve maximum reductions in production as a foremost priority, and also to develop and enact the legal and law enforcement measures which this statute contemplates. The Department also considered the question of governmental attitude, that is, whether the government concerned exhibited the necessary determination to fight drug production and trafficking, as well as the nature of cooperation in joint programs with the

U.S. This relative capability was viewed as a function of each country's differing political, economic, social, geographic, climatic and resource situations. In this context, full cooperation in crop control and other enforcement can have quite different outcomes.

There are shadings to the recommendations on certifications. Some governments found that their programs could not keep pace with traffickers' efforts to expand cultivation, but adopted new programs or strategies, with new resources, to increase their potential reductions. Other governments, including several with well-established programs, could and should have done more in one or the other criterion category. A number of governments must do more to curb narcotics-related corruption before it countermands their control efforts. Virtually every government can and must do more to arrest and prosecute major traffickers and destabilize networks. Extradition is a significant international tool to counter the trafficking networks.

Ramifications of Certification

The statute makes it clear that there is a definite relationship between provision of foreign assistance and positive performance and effort on narcotics control. The law requires that half of certain kinds of economic and military assistance be withheld, at the start of each fiscal year, pending certification by the President. If the President fails to certify a major illicit drug producing or drug transit country, or if Congress disapproves the certification, the law mandates that the fifty percent of assistance withheld may not be provided and other assistance may not be obligated for that country. Moreover, the United States must oppose new or extended loans to such countries by the multilateral development banks, and, at Presidential discretion, could impose a variety of trade sanctions.