

SOUTH AMERICA

Argentina

I. Summary

Argentina is a transshipment point for Andean-produced cocaine destined for Europe and for Colombian heroin destined for the United States. It is also a source country for precursor chemicals, owing to its advanced chemical production facilities. Seizures of cocaine in 2007 were on par with levels in 2006, but authorities reported an increase in the number of small labs that convert cocaine base to cocaine hydrochloride (HCl). Argentina is a party to the 1988 UN Drug Convention.

II. Status of Country

Argentina is a transit country for cocaine from Bolivia, Peru and Colombia destined for Europe and, to a lesser extent, for Colombian heroin en route to the United States. Marijuana is the most commonly smuggled and consumed drug in Argentina, followed by cocaine (HCl) and inhalants, respectively. U.S.-Argentine counternarcotics cooperation rests on robust law enforcement cooperation, which will be further enhanced when the judicial sector completes the transition from an inquisitorial legal system to an accusatory system. As one of South America's largest producers of precursor chemicals it is vulnerable to diversion of these chemicals into the illicit drug production market. The Government of Argentina (GOA) has introduced modifications to its chemical control regime to address this vulnerability.

III. Country Actions Against Drugs in 2007

Policy Initiatives. Argentina is in the process of transitioning from a written, inquisitorial judicial system to an oral, accusatory system. In 2007, confidence in the legal system remained low because of excessive delays between arrest and final judicial rulings and the lack of judicial transparency. The Justice Ministry prepared draft legislation to update the federal criminal code and the criminal procedure code to address shortcomings and inefficiencies in the investigation and prosecution of drug trafficking crimes. The legislation was not presented to Congress in 2007. The Ministry of Interior (MOI) and the Secretariat of Planning for the Prevention of Drug Addiction and Drug Trafficking (SEDRONAR) share the responsibility for directing Argentina's counternarcotics efforts. The Ministry of Interior oversees federal law enforcement agencies (e.g. operations) and SEDRONAR coordinates federal narcotics policy. The Minister of Interior instituted steps to improve inter-agency cooperation, including hosting coordination meetings, creating unified databases and standardizing protocols for conducting drug investigations. He also instructed the Directorate of Criminal Intelligence (DIC) to develop training and other tools to establish an undercover narcotics agent program. Two resolutions established an interagency training unit for the investigation of complex narco trafficking and organized crimes and created an operational exchange program between federal and provincial law enforcement agencies. Argentina passed legislation in 1996 to control chemical substances, and the law was modified in 2005 to introduce additional controls on, inter alia, precursor chemicals. These modifications resulted in some improvements, but the law still lacks implementing legislation to impose penalties commensurate with violations.

Accomplishments. Complete federal statistics on seizures continue to be difficult to obtain because two agencies, UFIDRO (Prosecutorial Support Unit for the Investigation of Complex Offenses and Organized Crime) and SEDRONAR maintain different databases. UFIDRO nominally falls under the control of the Attorney General's office (Procurador General), but its activities are financed by the MOI. UFIDRO began collecting seizure data from the federal law

enforcement agencies and Customs in 2006 while SEDRONAR, which historically compiled seizure statistics, now only receives seizure data from the provincial police forces. Statistics through October 2007 show that federal and provincial law enforcement agencies seized nearly 8 metric tons (MT) of cocaine in 2007, 45.6 MT of coca leaf, 74.6 MT of marijuana and 5 kg of heroin. While these figures represent only ten months of the year, figures for all of 2006 were similar or higher – 8 MT of cocaine, 49.5 MT of coca leaf, 93.5 MT of marijuana and 50.8 kg of heroin.

Law Enforcement Efforts. The ongoing transition from the an inquisitorial legal system to an accusatorial system has caused excessive delays between arrest and final rulings and, as a result, eroded public confidence. However, important reforms are underway, and a principal one will place responsibility for investigations with the prosecutors. Under the current system, judges have the primary responsibility for conducting investigations. Other proposed reforms will allow prosecutors and judges more leeway in determining which cases to prosecute and will strengthen the oral trial system. One of the objectives of these reforms is to shorten the preliminary investigative period (etapa instructoria). A primary impetus in pushing these reforms is to give law enforcement agencies and the judiciary branch updated legal tools to go after organized trafficking networks. On several occasions during 2007, the Interior Minister noted publicly that too much effort and too many resources were used to go after small-scale dealers and users when the primary should be on the large-scale traffickers. Presidential decrees placed controls on precursor and essential chemicals, requiring that all manufacturers, importers or exporters, transporters, and distributors of these chemicals be registered with SEDRONAR. In the first seven months of 2007, the National Precursor Chemical Registry registered 1,019 new companies, reregistered 3,084 companies and issued 302 export authorizations and 1,349 import authorizations.

Corruption. The GOA is publicly committed to fighting corruption and prosecuting those implicated in corruption investigations. It is not government policy nor are any senior GOA officials known to engage in, encourage, or facilitate the illicit production or distribution of narcotic or psychotropic drugs or other controlled substances or the laundering of proceeds from illegal drug transactions.

Agreements and Treaties. Argentina is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, the UN Convention against Transnational Organized Crime and its three Protocols, and the UN Convention against Corruption. The United States and Argentina are parties to an extradition treaty that entered into force on June 15, 2000, and a bilateral mutual legal assistance treaty that entered into force on December 13, 1990. Both of these agreements are actively used by the United States with the GOA. Argentina has bilateral narcotics cooperation agreements with many neighboring countries; Spain, the United Kingdom, Germany, Australia, France, Italy and the Netherlands provide limited training and equipment. In 1990, the U.S. Customs and Border Protection signed a Customs Mutual Assistance Agreement with the Government of Argentina. Argentina is also a party to the Inter-American Convention against Corruption, Inter-American Convention of Mutual Assistance in Criminal Matters, the Inter-American Convention against Trafficking in Illegal Firearms, and the Inter-American Convention against Terrorism.

Cultivation/Production. Argentine press reporting indicates that there has been an increase in the number of small kitchen labs converting cocaine base to HCl or producing cocaine base. Six HCl labs and two cocaine base labs were seized in the first half of 2007. Small amounts of marijuana are cultivated, mostly for domestic consumption.

Drug Flow/Transit. Historically, Colombian-produced heroin transiting Argentina is smuggled aboard commercial flights going directly to the U.S. or through Mexico and across the Southwest border. However, no seizures were recorded in the first six months of 2007. Colombian cocaine

HCl entering Argentina is generally destined for international cocaine markets in Europe and the U.S. Cocaine HCl seizures have risen significantly over the past two years. There is an indigenous population along the northern border with Bolivia that traditionally consumes coca leaf, however no maceration pits were found in 2007, and only one was found in 2006. Proceeds from drug smuggling ventures organized in Argentina are often brought back to the country by couriers in bulk cash shipments and then wired to the United States for investments or smuggled directly into the United States. Almost all of the marijuana consumed in Argentina originates in Paraguay, and is smuggled across the border into the provinces of Misiones and Corrientes where it is then transported overland to urban centers.

Demand Reduction Programs. The GOA, in collaboration with some private sector entities, sponsors a variety of print and broadcast information campaigns which have a nationwide reach. SEDRONAR coordinates the GOA's demand reduction efforts. Argentina inaugurated its first National Drug Plan in 2005, and initiated a number of demand reduction programs in 2006 that continued in 2007. They include a school-based program targeting 10-14 year-olds, a sports-based prevention program, a community prevention program and one focused on vulnerable populations. The latter has a specific focus on the use of a cheap cocaine-based drug, "paco," which is increasingly prevalent among poorer populations in the northeastern provinces and has caused devastating health effects on these marginalized sectors and caused an increase in criminal activity.

IV. U.S. Initiatives and Programs

Policy Initiatives. U.S. efforts in Argentina center on four core areas: reducing Argentina's role as a transit point for drug trafficking by disrupting and dismantling the major drug trafficking organizations in the region; promoting regional counternarcotics cooperation with Andean and Southern Cone nations; maximizing host nation drug enforcement capabilities; and fortifying bilateral cooperation with host nation law enforcement agencies.

Bilateral Cooperation. The cornerstone of the USG's law enforcement support, with INL funding and DEA expertise is the Northern Border Task Force (NBTF), a joint law enforcement group comprising federal and provincial elements operating in Argentina's northwestern provinces of Jujuy and Salta to interdict the drug flow from Colombia, Peru and Bolivia. In 2007, DEA and GOA law enforcement agencies created the Eastern Border Task Force (EBTF), modeled after the NBTF and focused on the illicit drug smuggling activities in the tri-border area with Paraguay and Brazil.

The Drug Enforcement Administration (DEA) works closely with Argentine federal and provincial law enforcement agencies, prosecutors and judges, and SEDRONAR and UFIDRO to improve coordination, cooperation, training and exchanges. DEA and the Legal Attache's office (LEGATT) are particularly focused on working with prosecutors and judges on improving and updating investigation and prosecution techniques vis-a-vis narcotics trafficking and other complex crimes.

Argentine law enforcement agencies, with DEA support, continued to participate in Gran Chaco and Operation Seis Fronteras (Six Frontiers) with counterparts in Bolivia. Mission's Immigration and Customs Enforcement office (ICE) participated in "Operation Andes III," a joint program sponsored by INTERPOL and the World Customs Organization (WCO) to coordinate the interdiction of precursor chemicals in South America. Participants included national police and customs agencies from Argentina, Brazil, Bolivia, Chile, Colombia, Ecuador, French Guyana, Paraguay, Peru, Uruguay and Venezuela. U.S. Immigration and Customs Enforcement (ICE) provided advisory support for precursor shipment identification and investigative response.

The U.S. Coast Guard (USCG) provided a number of training opportunities to the Argentina Prefectura. Mobile training teams conducted two maritime law enforcement courses and one port physical security course in Argentina during 2007. The Prefectura also sent officers to the USCG's

crisis command and control, leadership and international maritime officer courses. Argentina also stationed an LNO (liaison officer) at JIATF-S to facilitate cooperation.

The Road Ahead. The GOA is seeking congressional approval of reforms to the criminal procedure code that would streamline and shorten the cases and caseload, greatly enhancing the government's ability to prosecute narcotics-related crimes, among others. The GOA is also seeking to tighten control of precursor chemicals, improve coordination among law enforcement agencies, integrate databases to enable more thorough investigations, and pursue greater transparency in the judicial system. The U.S. Mission will continue to make bilateral law enforcement cooperation the foundation of its efforts, using the Northern Border Task Force (NBTF) and the newly established Eastern Border Task Force (EBTF) as the centerpieces to augment GOA interdiction and enforcement capabilities. Mission elements will also work to establish and support a new working group involving the GOA's Customs and Coast Guard agencies to facilitate greater investigative cooperation on maritime security. The USG will lend support to ongoing operations at border areas, including Gran Chaco and Operation Six Frontiers. The Mission is supporting the U.S. Treasury's Office of Technical Assistance in developing for 2008 a technical support and training program for the Argentine Central Bank and government regulatory agencies (including the FIU), to strengthen Argentina's anti-money laundering and counterterrorism finance efforts. U.S. technical support will also continue to foster stronger precursor chemical control and compliance measures.

Bolivia

I. Summary

During 2007, Government of Bolivia (GOB) eradicated more than 6,000 hectares, surpassing its eradication goal of 5,000 hectares, although about 90 percent of eradication took place in the Cochabamba tropics (Chapare) region. In addition, U.S. Government (USG)-supported Bolivian counternarcotics units seized 17.8 metric tons (MT) of cocaine base and cocaine hydrochloride (HCl) and destroyed 10,602 cocaine labs and maceration pits. However, President Evo Morales continued to promote his policy of “zero cocaine but not zero coca” and pushed for industrialization of coca. His administration continues to pursue policies that will increase legal coca cultivation from 12,000 to 20,000 hectares—a change that would violate current Bolivian law and the 1988 UN Drug Convention, to which Bolivia is a party.

The GOB and European Union (EU) agreed to the terms of reference for the EU funded study to determine the actual licit demand for coca in Bolivia. The study is scheduled to be concluded in 2009. The GOB provided inadequate support to drug abuse prevention programs despite evidence of increased drug use in Bolivian society. Demand by farmers for alternative development products grew: last year, U.S. assistance contributed directly to 11,475 new hectares of alternative crops in the Chapare and Yungas, helping to expand sustainable legitimate employment and income opportunities.

II. Status of Country

Bolivia is the world’s third largest producer of cocaine, accounting for more than 115 metric tons, according to USG estimates, and is a significant transit zone for Peruvian cocaine. Bolivia also produces marijuana, primarily for domestic consumption. The majority of cocaine trafficked from or through Bolivia is destined for Brazil, Chile, Argentina, Paraguay and Europe. From 2003 to 2006, coca cultivation in Bolivia increased from 23,600 to 27,500 hectares, according to the United Nations Office on Drugs and Crime (UNODC), and as a result, Bolivia’s estimated potential cocaine production has increased from 100 MT in 2003 to 115 MT in 2006.

III. Country Actions Against Drugs in 2007

Policy Initiatives. Bolivia has produced coca leaf for traditional uses for centuries, and currently, Bolivian law permits up to 12,000 hectares of legal coca cultivation (primarily all in the Yungas) to supply this licit market. The GOB continues to pursue policies that would increase the legal limit to 20,000 hectares, which would violate Law 1008 and the 1988 UN Drug Convention. Worldwide licit demand for coca leaf used in commercial flavorings and pharmaceuticals is limited and only requires the amount of coca that can be grown on approximately 250 hectares (in Peru). The GOB is pursuing its version of coca reduction through voluntary eradication and social control policies, rather than forced eradication. According to UNODC estimates, in mid-2006 there were an estimated 27,500 hectares of coca in Bolivia. The GOB’s plan would allow 7,000 hectares of legal coca to be grown in the Chapare and 13,000 hectares in the Yungas for a total of 20,000 hectares nationwide. Since there are, according to UNODC, 19,200 hectares of coca in the Yungas, the GOB plan would yield a net reduction in this region. Historically, the majority of coca eradication occurred in the Chapare region. In order to reach the proposed goal of 13,000 hectares in the Yungas, the GOB would need to substantially increase eradication there. In the first nine months of 2007, 90 percent of eradication occurred in the Chapare, 5 percent in Yacapani, and 5 percent in the Yungas. With financial assistance from Venezuela, the GOB moved forward with its plan to industrialize coca for commercial products and began construction of two coca industrialization

plants, one in the Chapare and the other in the Yungas. The construction project in the Yungas is currently at a standstill.

In September 2007, the Vice-Minister of Social Defense and Controlled Substances proposed, through the Constituent Assembly, to modify the Bolivian constitution to allow for communication intercepts, improved money laundering legislation, and plea bargaining in criminal cases. All of these measures, if approved by the Bolivian Congress, would significantly improve the ability of law enforcement units to investigate and prosecute narcotics, money laundering, terrorism, and corruption cases in Bolivia. With the current political climate and the difficulties faced in the Constituent Assembly, the Bolivian Congress has not yet addressed the proposed legislation.

Accomplishments. The GOB surpassed its own coca eradication goal of 5,000 hectares for the year, having eradicated 6,269 hectares. Coca eradication increased in the Yungas, with 300 hectares were eradicated in Caranavi and La Asunta, and another 488 hectares in Yapacani.

Law Enforcement Efforts. In 2007, through 10,816 operations, the Bolivian Special Counter-Narcotics Police (FELCN) seized 1,705 MT of illicit coca leaf, 17.8 MT tons of cocaine base and HCl, 423 MT of marijuana, 1,435,419 liters of liquid precursors and 653 MT of solid precursor chemicals. It also destroyed 4,076 cocaine base labs, the majority being in the Chapare, and detained 4,268 suspects. All seizure and interdiction statistics increased in comparison to 2006. There is little evidence of corruption within the FELCN and allegations of corruption are quickly investigated by the Office of Professional Responsibility (OPR), a unit of the Bolivian National Police (BNP). The FELCN is structured to combat all aspects of drug trafficking to include interdiction of drugs, illicit coca, precursor chemicals, intelligence gathering, money laundering, and rural operations. They continue to improve their techniques and efforts in all of these areas. The FELCN focused on higher level violators, which has resulted in more priority target organizations being investigated with regional partner nations, such as Brazil. Unfortunately, the legal system is unable to efficiently process the majority of drug cases allowing many criminals to avoid prosecution.

Corruption. As a matter of policy, the Government of Bolivia does not encourage or facilitate the illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. The OPR and FELCN investigated approximately 1,574 allegations of insubordination and other forms of misconduct during fiscal year 2007, approximately 205 of these cases involved FELCN members. Of these 205 cases involving the FELCN, none of the respective investigations conducted resulted in findings of corruption. To date, 1,080 cases went before the Disciplinary Board for review and appropriate action. In addition to the support and development provided to the OPR, the United States Government (USG) also supports the Disciplinary Tribunals.

Agreements and Treaties. Bolivia is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention as amended by the 1972 Protocol, and the 1971 UN Convention on Psychotropic Substances. Bolivia is a party to the UN Convention against Transnational Crime, the UN Convention against Corruption, and the Inter-American Convention against Corruption. Nevertheless, Bolivia is lacking many of the laws and enforcement mechanisms needed to fully implement these agreements. Bolivia has signed, but has not yet ratified the Inter-American Convention on Extradition. Bolivia is not a party to the Inter-American Convention on Mutual Assistance in Criminal Matters.

Extradition. The GOB and the United States Government signed a bilateral extradition treaty in 1995, which entered into force in 1996. The treaty permits the extradition of nationals for most serious offenses, including drug trafficking. No extraditions were sought by the U.S. from Bolivia in 2007.

Cultivation/Production. According to UNODC estimates, as of mid-2006, countrywide cultivation appears to have increased, with total cultivation of 19,200 hectares for the Yungas, and cultivation in the Chapare estimated at 8,300 hectares. In 2007, the GOB continued eradication of coca cultivation in the Chapare (including the national parks), as well as in minor areas of new cultivation in the Department of Santa Cruz (Yapacani). GOB interdiction results, up 238 percent in 2007 from 2006, also suggest a rise in marijuana production, likely for internal consumption.

Drug Flow/Transit. The United States is not a primary destination for Bolivian cocaine. Cocaine transiting and produced within Bolivia is primarily destined for Brazil, Argentina, Chile, Paraguay, and Europe (especially Spain). Significant quantities of cocaine from Peru transits Bolivia enroute to Brazil, Chile, Argentina and Paraguay. Drug traffickers continue to seek new routes and methods to escape the pressure exerted by FELCN and continue to alter their methods. For instance, after Spain enacted a visa requirement for Bolivian citizens the number of human couriers who swallow drugs arrested went down while seizures of cocaine sent through the mail went up.

Alternative Development (AD). The U.S. Government's Integrated Alternative Development (IAD) program, implemented by the United States Agency for International Development (USAID), is a key element in advancing bilateral counternarcotics objectives. Support is provided to help diversify the economies of Bolivia's coca growing regions, reduce communities' dependency on coca, and to strategically support the Government of Bolivia's voluntary eradication program. Alternative Development assistance helps strengthen the competitiveness of Bolivia's agricultural products (e.g., coffee, bananas, pineapples, cocoa, and palm hearts) in national and world markets, improve basic social conditions (e.g., access to clean water), improve rural road infrastructure and access to markets, and expand justice services in the Yungas and Chapare coca growing regions.

Despite challenges in transitioning to a new policy environment, bilateral cooperation in IAD remains strong. In the early part of 2007, the U.S. Mission, in consultation with Government of Bolivia counterparts, adjusted its IAD program to more strategically support the GOB's net coca rationalization strategy and diversified development with declining budget resources. Relatively more resources will be devoted to the Yungas, an under-developed coca growing region where the Government plans to carry out more rationalization in the next several years. Assistance to the Chapare will continue to decline, but support will be provided to consolidate gains and establish sustainable market linkages for alternative development products.

There was a slow start in implementing alternative development projects in the first part of the year due to the need to clarify and adjust to changing Bolivian CN policies, but demand by farmers to cultivate alternative crops grew in 2007. USG assistance directly supported the cultivation of 11,475 new hectares of crops such as bananas, cocoa, and palm hearts. In the first 9 months of FY 2007, the annual value of USAID-promoted exports reached almost \$26 million. Assistance to farm communities and businesses helped generate 3,700 new jobs and new sales of AD products of \$16.5 million (a 45 percent increase over 2006). In FY 2007, 12,671 families benefited directly from U.S. assistance. Nearly 550 kilometers of roads were maintained or improved and 17 bridges constructed in the two regions where IAD programs are undertaken. In addition, USAID's support helped the Government register 92,318 hectares of land in the Chapare in preparation for its titling, thus strengthening land ownership rights and encouraging further farmer investments in alternative development products.

Domestic Programs (Demand Reduction). According to a 2007 UNODC report, drug consumption has increased in Bolivia in recent years. In 2007, the GOB undertook, with USG assistance, efforts to combat documented increases in drug consumption. This included an expansion of the Drug Abuse Resistance Education (D.A.R.E.) program and implementation of a Drug Demand Reduction Decentralization Project in 20 municipalities which worked to coordinate

demand reduction programs at a local level, and a project on accreditation of rehabilitation centers. The D.A.R.E program reached 28,000 students, short of its 40,000 student goal due to social problems and the transferring of DARE instructors during the school year. In cooperation with non-governmental organizations (NGOs), the USG supported the second phase of a master's degree program in drug abuse prevention and rehabilitation for 32 students; implemented a community based drug abuse prevention program reaching 30,000 people, and released a study on prevalence and characteristics of drug use in Bolivian jails. In 2007, most USG supported demand reduction efforts were coordinated with local municipalities and departmental governments. At the national level it has been much more difficult to achieve results, because some Bolivian officials deny the drug consumption problem inside of Bolivia while at the same time promoting the supposed benefits of coca leaf consumption

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. The USG supports programs that enhance the capabilities of the GOB to reduce coca cultivation; arrest and bring drug traffickers to justice; promote licit economic development to provide viable options to cultivating coca, disrupt the production of cocaine within Bolivia; interdict and destroy illicit drugs and precursor chemicals moving within and through the country via operational task forces; reduce and combat domestic abuse of cocaine and other illicit drugs; institutionalize a professional law enforcement system; and improve the awareness of the Bolivian population regarding the dangers of illicit drugs. The USG also trains BNP in modern investigative techniques to curb money laundering and terrorism financing.

The USG supports institution building and development of both the Bolivian National Police (BNP) forces and counternarcotics prosecutors under a dynamic law enforcement training and development program (LEDP). In the last year, fifty-six courses were provided to the BNP and the prosecutors, resulting in the training of 2,351 personnel. Individuals received training in the following areas; basic and advanced criminal investigative techniques, drug investigations, advanced interview techniques, trafficking in persons, human rights issues and integrity investigations under the GOB's Office of Professional Responsibility. Also, 16 BNP officers received basic and advanced polygraph examiner training in addition to receiving certification by the United States. These certified officers are the framework for the BNP polygraph unit and are responsible for administering polygraph examinations to all OPR Investigators and counternarcotics prosecutors. The USG plans to continue enhancing the knowledge of the prosecutors, and is implementing a nationwide prosecutors program in 2008 to increase the capability of the GOB to identify, investigate and prosecute violations of controlled substances, transnational crime, human rights issues, and corruption.

Bilateral Cooperation. Bolivian and U.S. officials meet regularly to coordinate policy, implement programs/operations, and resolve issues. The State Department's Bureau for International Narcotics and Law Enforcement Affairs (INL) principally supports and assists Bolivian interdiction and eradication forces. DEA provides direct operational advisory, liaison, intelligence and funding support to the FELCN's mission, and USAID is a significant supporter of GOB efforts on alternative development. DEA and the U.S. Embassy's Narcotics Affairs Section continue to implement CN programs and interact with their Bolivian counterparts despite President Morales' threats to discontinue USG-funded CN assistance.

Road Ahead. The GOB needs to expand eradication in the Yungas and enhance its efforts to interdict illegal drugs and precursors throughout Bolivia. The USG will also encourage the GOB to exert tighter control over the licit coca market and to increase cooperation with neighboring countries in counternarcotics efforts. In 2008, the USG will look to the GOB to continue eradication, of coca at the highest rate possible, and control new plantings in both the Chapare and the Yungas. The GOB should continue interdiction operations to seize cocaine products, implement

stronger precursor and essential chemical control measures, and destroy drug labs and maceration pits, particularly in the Chapare and the Yungas. Other efforts should include, but are not limited to, fully implementing GOB commitments under international conventions; ensuring that full and fair investigations are conducted into credible allegations of human rights abuses by military personnel, with prosecution when appropriate; full and fair investigation and prosecution of corrupt government officials; and passage and vigorous implementation of anti-corruption and anti-money laundering laws, and legislation authorizing wiretapping.

V. Statistical Table

Bolivia Statistics (1997-2007)

	2007	2006*	2005	2004	2003	2002	2001	2000	1999	1998	1997
Coca											
Net Cultivation ¹ (ha)	-	25,800	26,500	24,600	23,200	24,400	19,900	19,600	21,800	38,000	45,800
Eradication (ha) **	6,269	5,070	6,073	8,437	10,000	11,839	9,435	7,953	16,999	11,621	7,026
Leaf: Potential Harvest ² (mt) ***	-	37,000	36,000	37,000	33,000	35,000	32,000	-	-	-	-
HCl: Potential (mt) ***	-	115	115	115	100	110	100	-	-	-	-
Seizures**											
Coca Leaf (mt)	1,705	1,344	887.4	395.0	152.0	101.8	66.0	51.9	56.0	93.7	50.6
Coca Paste (mt)	-	-	-	-	-	-	-	-	-	-	0.008
Cocaine Base (mt)	14.9	12.7	10.2	8.2	6.4	4.7	4.0	4.5	5.5	6.2	6.6
Cocaine HCl (mt)	2.9	1.3	1.3	0.5	6.5	0.4	0.5	0.7	1.4	3.1	3.8
Combined HCl & Base (mt)	17.8	14	11.5	8.7	12.9	5.1	4.5	5.3	6.9	9.3	10.4
Agua Rica ³ (ltrs)	-	-	-	-	-	-	20,240	15,920	30,120	44,560	1,149
Arrests/Detention s	4,268	4,503	4,376	4,138	3,902	3,229	2,948	3,414	3,503	407	3,428
Labs Destroyed											
Cocaine HCl	7	3	3	4	2	2	1	2	1	1	1
Base	4,076	4,070	2,619	2,254	1,769	1,285	877	620	893	1,205	1,022
* The USG was unable to provide an estimate for the net coca cultivation in time for this report. UNODC Coca Cultivation Survey, June 2007 is used in the chart for 2006 net coca cultivation estimate. Prior years in the chart are based on CNC estimates. UNODC estimates are used in the text.											
**As of 09/30/07											
***Due to recent revision of the USG's cocaine production estimates for Bolivia, one cannot accurately compare 1996-2000 with future years.											
¹ The reported leaf-to-HCl conversion ratio is estimated to be 370 kilograms of leaf to one kilograms of cocaine HCl in the Chapare. In the Yungas, the reported ratio is 315:1.											
² Most coca processors have eliminated the coca paste step in production.											
³ Agua Rica (AR) is a suspension of cocaine base in a weak acid solution. AR seizures first occurred in late 1991. According to DEA, 37 liters of AR equal one kilograms of cocaine base.											

Brazil

I. Summary

Brazil is a major transit country for illicit drugs. The Brazilian domestic drug market consumes mostly Bolivian cocaine, which is also shipped to Europe and, to a lesser extent, the United States. Brazil has improved cooperation with its neighbors in an effort to control its expansive border areas, particularly in the remote and porous tri-border region with Paraguay and Argentina. In 2007, the Government of Brazil (GOB) made advances in its drug enforcement and prevention programs, including numerous seizures of illicit narcotics and weapons and the arrest of a major Colombian drug trafficker.

The Brazilian Federal Police (DPF), which is under the Ministry of Justice, placed a higher priority in 2007 on enhancing its interdiction capabilities at major sea and airports and along the Bolivian border where seizures of low-purity cocaine increased. Brazil is a party to the 1988 UN Drug Trafficking Convention.

II. Status of Country

Brazil is a major transit country for cocaine base and cocaine hydrochloride (HCl) moving from Andean source countries to Europe and the Middle East as well as for smaller amounts of heroin. It also has a sizeable domestic demand for these and other drugs which feed the increasingly critical urban crime wave in Brazil's two largest cities, Sao Paulo and Rio de Janeiro. Marijuana and low-quality cocaine are preferred, and they fuel the powerful and heavily armed organized drugs gangs that are involved in narcotics-related arms trafficking.

III. Country Actions Against Drugs in 2007

Policy Initiatives. The National Anti-Drug Policy directs the GOB's counternarcotics strategy, which was last updated in late 2005. The GOB anti-money laundering legislation, drafted in 2005, still had not been presented to Congress by the end of 2007. However, the GOB established systems for identifying, tracing, freezing, seizing, and forfeiting narcotics-related assets in 2007. The Brazilian Government's interagency Financial Crimes Investigations Unit (COAF) and the Ministry of Justice manage these systems jointly. The police and the customs and revenue services possess the powers and resources to trace and seize assets, but the GOB still has not implemented a computerized registry of all seized assets to improve tracking and disbursal. The judicial system has the authority to forfeit seized assets, and Brazilian law permits the sharing of forfeited assets with other countries.

Brazil is the fifth largest country in the world and borders all the countries of South America except Chile and Ecuador. Narcotics traffickers exploit Brazil's heavily transited and porous border crossings where Brazilian law enforcement agencies only have a minimal presence. To combat trans-border trafficking organizations, Brazil cooperates with neighboring countries through joint intelligence centers (JIC) in strategic border towns. Analysis Services for Police Data and Intelligence Centers (SADIP Centers), formerly known as regional Intelligence Centers, are strategically-located facilities for representatives of federal police from South American countries to collect, analyze and disseminate drug intelligence with one another to interdict drugs that move through the tri-border region, particularly at Iguazu Falls, Assis and Tabatinga. The physical structures of the centers are in place and Assis became fully operational in 2007. Brazil signed a memorandum of understanding in March 2007 to expand the regional Officer Exchange Program,

which now includes Argentina, Bolivia, Chile, Peru, and Paraguay. This cooperative exchange allows police officers in these countries to share real-time intelligence and improve their professional working relationships.

Accomplishments. In 2007, Brazil made numerous seizures of illicit narcotics and weapons and arrested a major drug trafficker. The Brazilian Federal Police (DPF) seized 13.1 metric tons (MT) of cocaine HCl, 916 kg of cocaine base, 488 kg of crack, 153.1 MT of marijuana, and 16 kg of heroin. In one notable example, U.S.-Brazilian cooperation helped bring about the capture in Sao Paulo of Juan Carlos Ramirez-Abadia, a notorious Colombian drug cartel leader whose multi-billion dollar drug and money laundering ring stretches from the United States to Europe. Several million dollars' worth of assets were seized in the raid. In 2007, the GOB also broke up Mexican and Colombian groups involved in sending heroin to the United States and began targeting groups that sell prescription drugs illegally via the Internet.

Only the Brazilian Federal Police (DPF), not local police forces, report seizures. The DPF estimates they record approximately 75 percent of seizures; thus statistics are incomplete. The DPF indicted 4,069 people on drug-related charges in 2007. Facilitated by existing law, many assets, particularly motor vehicles, are seized during narcotics raids and put into immediate use by the Federal Police under a March 1999 Executive Decree. Other assets are auctioned and proceeds distributed, based on court decisions. Federal Police records show that the GOB seized one airplane, 11,923 motor vehicles, 237 motorcycles, 8 boats, 379 firearms, and 1,865 cell phones in 2007.

Law Enforcement Efforts. In September 2007, the Brazilian Federal Police's (DPF) new leadership resulted in several senior executive personnel changes that appear to favor increased law enforcement cooperation with the United States and other international partners. However, the DPF's 11,000-member force is woefully understaffed and lacks resources to meet the challenges before it. Poor coordination and cooperation between the DPF and state police forces further complicate efforts to target and dismantle major trafficking operations inside the country.

The DPF continued to play a major role in an operation to disrupt the illegal flow of precursor chemicals in the region. Additionally, the GOB continued to support an operation with Brazilian and Paraguayan counternarcotics interdiction forces in the Paraguayan-Brazilian border area and another operation which successfully targeted a Colombian drug trafficking operation tied to the Revolutionary Armed Forces of Colombia (FARC). In February 2007, after a six-month investigation, Brazilian State Police dismantled an ecstasy lab—believed to be the first in Brazil—in the state of Goias, and seized approximately 30,000 tablets estimated to be worth \$450,000. The successes of these and other GOB-led law enforcement operations were supported by Sensitive Investigative Units (SIU) located in the major cities and which receive funding and technical assistance through the U.S.-GOB bilateral narcotics assistance agreement.

Corruption. As a matter of government policy, the Government of Brazil does not condone, encourage, or facilitate production, shipment, or distribution of illicit drugs or the laundering of drug money. However, official corruption is a problem and is a high priority for Brazilian law enforcement. The DPF has carried out a number of high-profile investigations of public officials and state police involved in money laundering and/or narcotics trafficking. In September 2007, the DPF arrested 52 Military Police officers from a single battalion in Rio de Janeiro after a 7-month investigation into their involvement in a police corruption ring in which they were on the payroll of drug traffickers.

Agreements and Treaties. Brazil is a party to the 1988 UN Drug Trafficking Convention, the 1971 Convention on Psychotropic Substances, the UN Convention against Transnational Organized Crime and its three protocols, and the UN Convention against Corruption. Brazil is also a party to the Inter-American Convention against Corruption, the Inter-American Convention on Mutual

Assistance in Criminal Matters, the Inter-American Convention against Terrorism, and the Inter-American Convention against Trafficking in Illegal Firearms. Bilateral agreements based on the 1988 Convention form the basis for counternarcotics cooperation between the United States and Brazil. The United States and Brazil are parties to a bilateral Mutual Legal Assistance treaty that entered into force in 2001 and is actively used. In 2002, U.S. Customs and Border Protection signed a Customs Mutual Assistance Agreement with the GOB that provides a mechanism for the exchange of information to prevent, investigate and redress any offense against the customs laws of the United States or Brazil. Brazil also has a number of narcotics control agreements with its South American neighbors, several European countries and South Africa. These agreements have given rise to further cooperation, such as the ongoing "Operation Seis Fronteras" (Six Borders) which, has strengthened relations between the various law enforcement agencies. Brazil cooperates bilaterally with other countries and participates in the UN Drug Control Program (UNDCP) and the Organization of American States/Anti-Drug Abuse Control Commission (OAS/CICAD).

Extradition. The Brazilian constitution prohibits the extradition of natural-born Brazilian citizens, but it does allow for the extradition of naturalized Brazilian citizens for any crime committed prior to naturalization. The constitution also allows for the extradition of naturalized Brazilian citizens specifically for narcotics-related crimes committed after naturalization. However, to date none has been carried out under this provision because the Brazilian Congress has failed to pass implementing legislation. Brazil cooperates with other countries in the extradition of non-Brazilian nationals accused of narcotics-related crimes. There is an extant bilateral extradition treaty between the U.S. and Brazil which entered into force in 1964. Although several requests were made to Brazil in 2007 and are in progress, no extraditions to the United States took place in 2007.

Illicit Cultivation/Production. Brazil produces some cannabis in the northeast region of the country, primarily for domestic consumption.

Drug Flow/Transit. Brazil is a major drug transit country for cocaine from Bolivia that is almost exclusively destined for the domestic Brazilian market. Higher quality Colombian cocaine is shipped to Europe and, to a lesser extent, the U.S. Marijuana from Paraguay is largely consumed domestically in Brazil. Cocaine continues to be smuggled into Brazil via its many rivers and along its vast and poorly-monitored border. Cocaine is shipped out of Brazil primarily from ports in the northeast. Organized groups based in Sao Paulo and Rio de Janeiro, which arrange through contacts at the border for the transport of contraband by international couriers (mules) aboard trans-Atlantic flights, are increasingly sending their shipments to Africa. The drugs are purchased from criminal organizations that operate outside of Brazil. Organized groups and gangs within Brazil employ domestic networks operating in major urban areas of the country to sell narcotics and use the profits to purchase weapons and increase their control over the slums (favelas) of Rio de Janeiro and Sao Paulo. Brazil introduced a lethal-force air interdiction program in 2004 but to date has not shot down any aircraft. Although the air interdiction program has helped reduce the number of long flights over Brazilian territory, traffickers still make the short flight over Brazil en route to Venezuela and Suriname.

Brazil is a growing consumer market for amphetamines and ecstasy and other synthetic drugs. In conjunction with Operation Topaz, the DPF agreed to work with the USG to perform a study on their use within Brazil and the exportation of acetic anhydride from Brazil. The Federal Police makes records relating to chemical transactions available to USG law enforcement officials when requested.

Demand Reduction. The National Anti-Drug Secretariat (SENAD) has responsibility for demand reduction and treatment programs. SENAD also supports drug councils that are located in each of the state capitals and which coordinate treatment and demand reduction programs. USG-supported programs include a nationwide toll-free number for drug-abuse counseling, a nationwide DARE

program (Brazil has the largest DARE program outside of the United States), and a national household survey of drug use among teens. In early 2007, SENAD released the results of the 2005-2006 national household drug consumption survey, partially funded by the USG, which indicated that since the last survey was done in 2001, marijuana consumption had increased from 6.9 percent to 8.8 percent and cocaine consumption had increased from 2.3 percent to 2.9 percent.

IV. U.S. Policy Initiatives

Policy Initiatives. U.S. counternarcotics policy in Brazil continues to focus on identifying and dismantling international narcotics trafficking organizations, reducing money laundering, and increasing awareness of the dangers of drug abuse and drug trafficking and related issues, such as organized crime and arms trafficking. Key goals include assisting Brazil's development of a strong legal structure for narcotics and money laundering control and enhancing law enforcement cooperation.

Bilateral Cooperation. U.S.-Brazilian bilateral programs continue to give emphasis to establishing intelligence-driven operations such as the joint intelligence centers (JIC) located in Tabatinga and on the Bolivian border and training courses in airport interdiction and container security.

In 2007, the USG provided support for the GOB's participation in "Operation Alianza" (Brazil, Paraguay) that involved marijuana eradication/interdiction, and "Operation Seis Fronteras." The USG continued to provide training to combat money laundering, enhance airport interdiction and community policing efforts, strengthen container security activities and port state control of vessels, support counternarcotics SWAT operations and maritime law enforcement actions, improve crisis command and control coordination and expand demand reduction programs. Support to and cooperation with Sensitive Investigative Units (SIU) remains a priority of USG-GOB bilateral cooperation. Several Brazilian law enforcement officers attended training programs in the United States, including money laundering prevention seminars and courses sponsored at the Federal Bureau of Investigation (FBI) training academy. Seminars and courses for state police representatives also assisted the Brazilian authorities with security preparations for the 2007 Pan American Games. The GOB and USG agreed to expand the Container Security Initiative in Santos to secure more containerized cargo going to the United States. In the latter part of 2007, a Resident Legal Advisor (RLA) position was filled in December to provide technical assistance to the GOB on drug-fueled urban crime problems (particularly gangs).

The Road Ahead. Despite continued increasing cooperation with its neighbors, Brazil's expansive territory and borders make effective border control and enforcement in the vast Amazonian region a serious challenge. Seizure and arrest statistics show 2007 to have been a productive year for Brazilian Federal Police in their fight against drug trafficking organizations. To build on this success, the GOB should give priority to augmenting Brazilian law enforcement presence at key border sites, and cooperation and coordination between the DPF and State police forces must be fostered. In early 2007, the USG conducted a comprehensive review of USG counternarcotics and law enforcement assistance to Brazil to ensure the priorities of both countries are being properly addressed. The GOB and USG subsequently agreed to implement programs designed to control the movement of drugs, illegal currency, and other narcotics-related contraband through Brazil's seaports and major airports. We foresee positive results in 2008 if Brazil continues its active cooperation in SIU-generated bilateral and regional operations, prioritizes the implementation of a strategy for combating money laundering and fosters closer working relationships among federal, state and local law enforcement institutions.

Chile

I. Summary

Chile's long difficult-to-monitor borders with Peru, Bolivia and Argentina make it an appealing transit country for cocaine shipments destined for the U.S. and Europe. Chile has a domestic cocaine and marijuana consumption problem, and use of the amphetamine-type drug ecstasy is increasingly popular. Chile is also a source of precursor chemicals for use in cocaine processing in Peru and Bolivia. Chile is a party to the 1988 UN Drug Convention.

II. Status of Country

Chile is a transshipment country for cocaine from the Andean region enroute to the U.S. and Europe. Cocaine hydrochloride (HCl) consumption has increased domestically, although abuse of cocaine base is more prevalent. Chile ranks second in cocaine consumption and first in marijuana consumption among South American countries, according to the United Nation's 2007 World Drug Report. Some marijuana is cultivated in Chile, but most is imported from Paraguay for use by Chilean teenagers and young adults from the upper and upper-middle classes.

III. Country Actions Against Drugs in 2007

Policy Initiatives. In 2007, Chile's National Drug Control Commission (CONACE) undertook an evaluation of its 2003-2008 National Drug Prevention and Control Strategy to determine its effectiveness thus far and next steps towards drafting the post 2008 strategy. The GOC has also continued its informal drug court pilot program, similar to U.S. drug courts, in Valparaiso and Santiago.

In June 2007, Chile inaugurated a juvenile criminal justice system to address the issue of minors with drug addictions who commit crimes. Under the new system, CONACE must provide 900 slots in rehabilitation centers for young offenders (post-conviction or as part of "conditional suspension") to receive treatment while, or instead of, serving their sentence.

Feedback in 2007 regarding Chile's newly instituted adversarial judicial system, which is based on oral trials, suggests that there is greater public trust in the new system, and faster resolution of cases. Challenges of training judges, prosecutors and law enforcement officials on evidence collection and analysis, law enforcement techniques such as undercover operations, courtroom presentation methods, and court administration procedures remained.

Accomplishments. In 2007, Chilean authorities seized approximately 3.4 metric tons (MT) of cocaine HCL; 5.4 MT of cocaine pasta base; 5.6 MT of marijuana; 134,297 individual marijuana plants; 8.16 kg of heroin; 118,647 units of illegal pharmaceutical drugs; 3,794 units of ecstasy; and 64 dosage units of LSD – an increase in all categories over 2006 levels. The largest, single cocaine seizure in 2007 was 454 kilograms.

Law Enforcement Efforts. The Carabineros de Chile and the Policia de Investigaciones (PICH) are widely considered competent and professional law enforcement organizations. In 2007, they cooperated to undertake proactive enforcement initiatives to address domestic distribution sources of cocaine, marijuana, and ecstasy, including purchasing fixed-wing aircraft to combat drug trafficking along the northern border.

The Arica-based narcotics task force, comprised of members of the PICH, Chile's Customs Service, DIRECTEMAR (Coast Guard branch of Chilean Navy) and the Gendarmaria de Chile (Bureau of Prisons) became fully operational in 2007 and is helping develop and share intelligence

on drug trafficking groups attempting to transship cocaine from Bolivia and Peru via Chile's northern maritime ports.

Corruption. As a matter of policy, no senior GOC official or the GOC, encourages or facilitates the illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. Narcotics-related corruption among police officers and other government officials is not considered a major problem in Chile, and no current Chilean senior officials have been accused of engaging in such activities. In cases where police are discovered to be involved in drug trafficking or protecting traffickers, simultaneous termination and initiation of an investigation are immediate. In its 2007 Annual Corruption Perception Index Survey, Chile was ranked the least corrupt country in Latin America by Transparency International and ranked behind only Canada and the United States as the third least corrupt country in the Americas.

Agreements and Treaties. Chile is a party to the 1961 UN Single Convention as amended by the 1972 Protocol, the 1971 UN Convention on Psychotropic Substances and the 1988 UN Drug Convention. Chile is also a party to the UN Convention against Transnational Organized Crime and its protocols against trafficking in person and migrant smuggling, and the UN Convention Against Corruption. The 1900 U.S.-Chile Extradition Treaty is currently in force. (Note: This was signed in 1900 and entered into force in 1902.) In October 2007, a USG and Chilean delegation met to negotiate a new treaty and will continue to develop a final text for 2008. While the U.S. and Chile do not have a bilateral mutual legal assistance treaty (MLAT), both countries are parties to the Organization of American States' 1992 Inter-American Convention on Mutual Assistance in Criminal Matters, which facilitates mutual legal assistance.

Cultivation/Production. Chile produces a small amount of marijuana that is consumed domestically. Local authorities detected a rise in locally cultivated (indoor/outdoor) marijuana in 2007, and have seized increased quantities in Valparaiso and the central regions.

Drug Flow/Transit. Narcotics transit Chile overland from Peru, Bolivia and Argentina, and are sent to the U.S. and Europe via maritime routes. Cocaine traffickers have begun to move Peruvian cocaine to Bolivia and then into Chile to avoid the Peru/Chile border. Recent seizures provide evidence that Colombian drug trafficking organizations are also utilizing overland transportation routes to ship their cocaine through Chile. Though much of Bolivia's cocaine is shipped to Brazil, a smaller amount is smuggled into Chile. The treaty signed after the War of the Pacific hampers efforts to intercept illegal narcotics by allowing cargo originating in Peru and Bolivia to pass through Chile and out of the ports in Arica, Iquique, and Antofagasta without Chilean inspection.

Domestic Programs/Demand Reduction. Recognizing the need to increase drug prevention programs in private schools and universities, beginning in July 2007, the GOC included coverage for drug and alcohol rehabilitation programs for youth in the National Healthcare System. Additionally, CONACE runs a variety of community, family and youth programs, including prevention-oriented artistic programs, sports programs, youth employment programs, and programs using the internet, such as an "on-line brigade" against the use of drugs.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. U.S. support to Chile in 2007 focused on four priority areas: 1) training for prosecutors, police, judges, and public defenders in their roles in the new criminal justice system; 2) enhanced police investigation capabilities; 3) police intelligence-gathering capability; and; 4) combating money laundering.

Bilateral Cooperation. USG initiatives in 2007 included: an International Visitor Program for a Chilean drug prosecutor and a Chilean drug police official; money laundering training for 25 police

officers, prosecutors, Chile's Financial Intelligence Unit, and other agencies; a seminar for 15 police officers on the use of computers to detect and investigate drug trafficking; and technical assistance in community policing and identifying patterns behind crimes; and maritime law enforcement and port security training to DIRECTEMAR.

DEA offices in Santiago; La Paz, Santa Cruz, and Cochabamba, Bolivia; Lima; Buenos Aires; and Asuncion continued to support an Officer Exchange Program among their respective host nation counterparts in 2007. Additionally, in October, DEA conducted training for PICH anti-narcotics investigators, CONACE, and prosecutors. The training was designed to promote awareness of current issues in drug abuse, narcotics trafficking and money laundering in the region. DEA agents in Chile and Bolivia also conducted a one-week Police Tactics course in Arica in October 2007.

The Road Ahead. In 2008, the USG plans to continue support for Chilean efforts to combat narcotics-related problems and will continue to emphasize the importance of interagency cooperation to better confront drug trafficking in Chile, including support to the Northern Border Task Force. The GOC plans to continue building the capacity of its law enforcement units and criminal justice system to prosecute transnational crimes. The GOC also plans to carry out its new security strategy, which will promote greater law enforcement agency collaboration and cooperation. The USG plans to support these efforts with training for police and prosecutors on undercover operations, surveillance, and continued tactical training. Additionally, there are long-term plans to conduct additional training in money laundering for police, prosecutors and judges.

Colombia

I. Summary

The Government of the Republic of Colombia (GOC) is committed to fighting the production and trafficking of illicit drugs, yet Colombia remains a major drug producing country. In 2007, the GOC continued its aggressive interdiction and eradication programs, seizing over 126 metric tons (MT) of cocaine and cocaine base, and maintained its strong record of extraditing persons charged with crimes in the U.S. Almost 220,000 hectares of illicit coca crops were eradicated, over 153,000 hectares by the Colombian National Police (CNP) Anti-Narcotics Directorate (DIRAN), and over 66,000 hectares by manual eradication efforts. Colombia is a party to the 1988 UN Drug Convention.

II. Status of Country

Colombia is the principal supplier of cocaine to the world, with the majority going to the U.S, but a growing percentage now destined for Europe and Brazil. Almost 90 percent of the cocaine entering the U.S. comes from Colombia's coca fields, and the country remains the primary source of heroin used east of the Mississippi River. Colombia is a leading market for precursor chemicals, and the focus of significant money laundering activity. Narcotraffickers exploit Colombia's geography and well-developed infrastructure, including ports on the Pacific and Atlantic coasts, multiple international airports, a growing highway system, and extensive rivers for their operations. While illegal drugs are still primarily exported, domestic consumption is on the rise in Colombia. Multiple demand reduction programs exist in large municipalities, but a sufficiently coordinated national demand reduction strategy remains lacking.

The U.S. has designated three illegal armed groups as Foreign Terrorist Organizations (FTOs) in Colombia. The Revolutionary Armed Forces of Colombia (FARC) and, to a lesser extent, the National Liberation Army (ELN) exercise considerable influence over areas with high concentrations of coca and opium poppy cultivation, and their involvement in narcotics is a major source of violence and terrorism. A third FTO, the United Self-Defense Forces of Colombia (AUC), has largely demobilized and no longer exists as a coherent organization. Nevertheless, a significant number of former mid-level AUC commanders continue their involvement in the drug trade, with the Organization of American States (OAS) warning in late 2007 that new criminal groups were emerging in areas of former AUC influence.

III. Country Actions Against Drugs in 2007

Policy Initiatives. The GOC has taken action to improve criminal justice proceedings in order to increase its capability to prosecute criminals, including drug traffickers. Colombia's transition to an accusatorial system of criminal justice was completed on January 1, 2008, when 11 cities of the Caribbean, Pacific and eastern plains joined the rest of the nation in using new procedures for oral trials. Although many cases already initiated must be adjudicated under the old system, the new system has allowed criminal cases to be resolved in months instead of years, and conviction rates have risen from less than three percent to over sixty percent under the new system.

Colombia's manual eradication program expanded by over 50 percent in 2007, resulting in the eradication of more than 66,000 hectares of illicit coca crops. The Colombian National Police (CNP) and Colombian Army (COLAR) both manually eradicated illicit crops and their role in providing security grew as operations expanded. Fatalities during manual eradication decreased 60 percent from 2006, to 16 security force personnel and civilian eradicators.

The Colombian Anti-Narcotics Police (DIRAN) continued supporting a special judicial police unit, established in 2006, that gathers evidence for asset forfeiture proceedings against property owners who use their land for the cultivation or processing of illegal crops. In 2007, this unit developed and investigated cases for the Prosecutor General's Office. This asset seizure initiative is a crucial step towards more effective deterrence of cultivation and replanting after eradication.

The Colombian Congress also passed legislation in 2007 to improve the effectiveness of the National Directorate of Dangerous Drugs (DNE), which is responsible for administering seized and forfeited criminal assets, mainly narcotics-related. The new legislation allows the DNE to sell seized property prior to forfeiture, thereby eliminating high storage and maintenance costs associated with certain types of property, suspend tax payments on non-performing seized properties, and use more of the forfeited funds to pay operational costs. This legislation is complemented by regulations adopted in October 2007 by the Prosecutor General that place greater emphasis on seizing assets that will yield a positive net value upon final forfeiture. The Office of the Prosecutor General handles the legal process for the seizure and forfeiture of narcotraffickers' assets and works in coordination with the DNE.

These legislative changes, together with a 2004 law that allows for criminal assets to be prosecuted separately from the defendant, have resulted in significant increases in the amount, variety, and value of criminal property subject to seizure and forfeiture in Colombia. By some estimates, the value of assets seized just in 2007 may exceed \$1 billion. While the management of these seizures has grown in complexity, the recent legislative and regulatory changes are expected to improve the GOC's ability to properly handle criminal assets and to benefit from their forfeiture.

Law Enforcement Efforts. In 2007, the GOC seized 130.7 MT of cocaine and 350,000 gallons of precursor chemicals while destroying 240 cocaine hydrochloride (HCL) labs and 2,875 coca base labs. CNP's Mobile Rural Police Squadrons (Carabineros), the unit charged with expanding and maintaining police presence in areas of conflict and throughout Colombia's national territory, captured 76 narcotics traffickers, 190 FARC and ELN guerrillas, 73 former AUC members, and 1,116 criminal group members in 2007. The GOC reorganized the 68 Carabiniro squadrons during the year from 150 to 120 man units to facilitate rapid deployment and increase government presence around the country.

DIRAN's Jungle Commandos (Junglas), or airmobile units, remained the CNP's main interdiction force, largely responsible for the high number of HCL and coca base labs destroyed in 2007. DIRAN also displayed its strong commitment to working with international partners in 2007 by sending a two man assessment team to the Ecuadorian Antinarcotics Police Training Center to help develop instructional programs while aiding U.S. efforts in Afghanistan by deploying two guest instructors to work with the Afghan Narcotics Interdiction Unit (NIU) in Kabul.

The CNP's Heroin Task Force concluded numerous priority target heroin investigations resulting in 182 arrests in Colombia, 48 as a result of petitions for extradition to the U.S. Based on evidence gathered, it was determined that these heroin trafficking organizations were responsible for shipping and distributing at least 3 MT of heroin per year to the U.S.

Port Security. With USG support, the GOC and private seaport operators improved port security, leading to increased drug seizures in Colombia's ports. In 2007, more than 19 MT of cocaine, 6 kilos of heroin, almost 3 MT of marijuana, and more than 5 MT of chemical precursors were seized by DIRAN in the ports while 46 persons were arrested for narcotics trafficking. At Colombia's international airports, DIRAN units confiscated 16 kilos of heroin, 300 kilos of cocaine, almost 300 kilos of marijuana, and made over 30 drug-related arrests.

High-Value Targets (HVTs). The GOC achieved significant success against the FARC leadership in 2007. Over a dozen mid-to-high level FARC commanders were killed or apprehended, including

FARC 37th Front leader Gustavo Rueda Díaz, alias ‘Martin Caballero,’ 42nd Front leader Ernesto Orjuela Tovar, alias ‘Giovanni Rodriguez,’ and 16th Front leader, Tomas Molina Caracas, alias ‘Negro Acacio.’ Molina Caracas was considered a Consolidated Priority Organization Target (CPOT) by the USG and was one of 50 FARC commanders indicted in the U.S. in March 2006 for allegedly running the country’s largest cocaine smuggling organization.

The CNP worked with U.S. agencies throughout the year to pursue AUC leaders who refused to completely demobilize. In 2007, the CNP arrested AUC leader Hebert Veloza Garcia, alias ‘HH,’ who was under indictment in the U.S. and is now pending extradition. Former AUC Catatumbo Block leader Salvatore Mancuso Gomez, alias ‘Triple Cero,’ and three others were arrested for money laundering by CNP officers despite having already demobilized under the Justice and Peace Law. In August 2007, based on a CNP and Drug Enforcement Administration (DEA) investigation, President Uribe set into motion the eventual expulsion from the Justice and Peace Process of former AUC leader Carlos Mario Jimenez Naranjo, alias ‘Macaco.’ The investigation led to Colombian authorities seizing properties linked to Jimenez and former AUC compatriot Vincente Castano, alias ‘El Profe,’ estimated to be worth more than \$75 million. The CNP also executed approximately 58 seizure warrants throughout Colombia on businesses owned or controlled by known AUC money launderer Giorgio Sale valued at \$36 million dollars.

Several notorious drug cartel leaders were apprehended, including FBI Top Ten Fugitive Diego Leon Montoya Sanchez, alias ‘Don Diego,’ of the Norte de Valle cartel by a Colombian Army elite unit in September 2007. The arrest of Montoya Sanchez followed the January 2007 capture of his younger brother, Eugenio Montoya Sanchez. The CNP provided assistance to Brazilian and U.S. authorities in the arrest of Norte de Valle kingpin Juan Carlos Ramirez Abadia, alias ‘El Chupeta,’ outside Sao Paulo, Brazil in July 2007. The arrest was preceded by the seizure of \$90 million in cash and gold bars in five houses in Cali, Colombia, and the freezing of over \$700 million in luxury assets and real property. In June 2007 the GOC arrested Guatemalan national trafficker and fugitive Otto Herrera Garcia.

Extradition and Mutual Legal Assistance. While there is no bilateral Mutual Legal Assistance Treaty (MLAT) in force between the USG and Colombia, the two countries cooperate extensively via multilateral agreements and conventions, including the OAS Convention on Mutual Legal Assistance and the 1988 UN Drug Convention.

The GOC extradited a record 164 defendants in 2007, including Luis Gomez-Bustamante, alias ‘Rasguno,’ Aldemar Rendon Ramirez, Hernan Prada-Cortes, Juan Manuel Bernal-Palacios, and CPOT Ricardo Mauricio Bernal-Palacios. In addition, the GOC extradited AUC leader Hector Rodriguez. Overall, since December 1987, when Colombia revised its domestic law to permit the extradition of Colombian nationals, 647 individuals have been extradited to the United States, 581 since President Uribe assumed office in 2002.

Also in 2007, the Colombian Office of the Prosecutor General, along with other GOC agencies assisted the USG in several high profile prosecutions and trials. Two previously extradited FARC leaders were convicted in separate trials in United States courts, Juvenal Ovidio Ricardo Palmera-Pineda, alias ‘Simon Trinidad,’ a senior FARC commander, and Anayibe Rojas-Valderrama, alias ‘Sonia,’ a FARC 14th Front Finance Officer. Other previously extradited criminal organization leaders were convicted in U.S. courts, including Joaquin Mario Valencia-Trujillo, convicted in the Middle District of Florida and sentenced to a 40 year prison term, and Manuel Felipe Salazar-Espinosa, alias ‘Hoover,’ convicted in the Southern District of New York.

Demobilization. To facilitate the dismantlement of the FTOs and help reintegrate former guerillas into civilian life, Colombia developed two programs for demobilization: collective and individual. Under the 2005 Justice and Peace law, the High Commissioner for Peace oversees peace negotiations with armed groups and the subsequent collective demobilization program, which

while available to all FTOs has to date been applied only to the AUC. The Ministry of Defense manages the individual demobilization or deserter program that applies to the FTOs and any other illegal armed group in Colombia. Between 2002 and 2007, the GOC estimates that more than 45,000 persons have demobilized—14,000 under individual desertion program and over 31,000 under the collective program. In 2007, a record 2,826 guerrilla fighters deserted from the FARC, representing a desertion rate 50 percent above 2006 levels.

Beginning in October 2007, the GOC decided not to accept additional AUC members into either demobilization program. Following this decision, any AUC members who turn themselves in will now be investigated and prosecuted under normal Colombian law and can no longer benefit from the Justice and Peace law.

Corruption. As a matter of policy, the GOC does not encourage or facilitate the illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. According to Transparency International and the World Bank, Colombia has made significant improvements in fighting corruption.

Concerns remain over the corrupt influences of criminal organizations. On August 31, the CNP arrested 50 alleged members of the emerging narco-trafficking gang “Los 40,” including 18 active duty police, two members of the Colombian Directorate of Administrative Security (DAS), a Colombian marine, and a member of the Prosecutor General’s investigative unit (CTI). The breakup of “Los 40” followed revelations of infiltrations of the Colombian Army by drug cartels and the FARC, which were subsequently discovered and broken up. From June through August, the GOC arrested about a dozen public forces members and suspended more than 20 pending further investigation of possible involvement with the Norte de Valle drug cartel.

Separately, several members of the GOC were found to have supported right-wing paramilitary groups. Called the “parapolitical” scandal, one congressman and two governors have been sentenced while two former mayors remain fugitives. Aggressive investigations on the part of the GOC have led to additional cases against 53 Congressmen, 19 mayors, and 10 governors. Both the USG supported Supreme Court investigative unit and a special unit of 11 investigators from the Prosecutor General’s office are continuing their investigations.

Colombia is party to both the Inter-American Convention Against Corruption and the UN Convention against Corruption.

Agreements and Treaties. The GOC is a party to the 1988 UN Drug Convention, the OAS Convention on Mutual Legal Assistance, the UN Convention against Transnational Organized Crime, and the Protocol on Trafficking in Persons. Colombia signed bilateral counternarcotics agreements with the governments of Spain and Russia in 2006. These agreements primarily focus on information sharing, but could include training and technical assistance. The GOC’s 2003 National Security Strategy (Plan de Seguridad Democrática) meets the strategic requirements of the UN Drug Convention, and the GOC is generally in line with its other requirements.

The GOC and the USG continue to successfully use the Maritime Ship Boarding Agreement signed in 1997. This highly successful arrangement provides faster approval to board Colombian-flagged ships in international waters and has improved counternarcotics cooperation between the Colombian Navy and the U.S. Coast Guard (USCG). In 2007, the USCG removed almost 16 MT of cocaine from Colombian flagged fishing vessels under this agreement, including the seizure of a ship smuggling almost 8 MT of liquid cocaine. The 1999 Customs Mutual Assistance Agreement provides a basis for the exchange of information to prevent, investigate, and repress any offense against the customs laws of the U.S. or Colombia. In 2004, Colombia and the U.S. signed a revised agreement establishing the Bilateral Narcotics Control Program, which provides the framework for specific counternarcotics project agreements with the various Colombian implementing agencies.

This agreement has been amended annually and is the vehicle for the bulk of U.S. counternarcotics assistance.

Cultivation/Production. In 2006, the USG increased the survey area of its Colombia coca estimate by 19 percent over the 2005 survey area (2007 survey estimates will not be available until mid-2008). This resulted in the identification of an additional 13,200 hectares of coca, representing a 9 percent increase in the U.S. cultivation estimate from 144,000 to 157,200 hectares. Illicit cultivation continues to be a problem in Colombia's national parks, indigenous reserves, and along the border with Ecuador and Venezuela, where aerial eradication is not employed. Aerial spraying is currently not undertaken within 10 kilometers of international borders. Even though manual eradication does occur in these areas, it is time-consuming and dangerous, due to often rugged and remote terrain and the strategic importance of the border and certain parklands to the FARC. Colombia's potential pure cocaine production was estimated at 610 MT for 2006.

For 2006, Colombian opium poppy cultivation was estimated at 2,400 hectares, remaining near the lowest levels since surveys began in 1996, though up slightly over the 2004 estimate of 2,100 hectares (the USG did not make an estimate for 2005). The GOC eradicated 375 hectares of opium poppy, down from 1,929 hectares eradicated in 2006. Since 2001, when cultivation peaked, sustained eradication efforts have left no plantation sized opium poppy cultivations in Colombia. The Colombian potential pure heroin production for 2006 was estimated at 4.6 MT, reflecting the slightly higher cultivation figure. While the majority of heroin in the U.S. east of the Mississippi still originates in Colombia, seizures continue to show a decline in wholesale purity, from 84.5 percent in 2001 to 62 percent in 2006, according to the DEA Heroin Signature Program.

While Colombian drug trafficking organizations profit from the illicit trafficking of ephedrine, a key ingredient in decongestant medication, there is little evidence that the traffickers are using the substance as a chemical precursor in large scale methamphetamine production. Ephedrine seizures in Colombia increased significantly in 2007 to about 2 million tablets, although this was likely related to increased law enforcement focus instead of greater availability. High profit margins, established drug trafficking routes, and high methamphetamine demand in the United States remain areas of concern. There have been minor seizures of ecstasy in Colombia, but no indication of significant production or export.

Environmental Safeguards. Biannual verification missions, in which soil and water samples are taken before and after spray of herbicide for analysis, continue to show that aerial eradication causes no significant damage to the environment or human health. Residues in these samples have never reached a level outside the established norms. The aerial spray program follows strict environmental safeguards, monitored permanently by several GOC agencies, and adheres to all GOC laws and regulations, including the Colombian Environmental Management Plan. The OAS, which published a study in 2005 positively assessing the chemicals and methodologies used in the aerial spray program, is currently conducting further investigations to be completed in early 2008 regarding spray drift and other relevant issues.

As of October 2007, the GOC had received 7,388 complaints alleging damage to legal crops by spray planes since the tracking of complaints began in 2001. The GOC has concluded the investigation of 6,472 complaints, with 1,598 processed in 2007. Fifty-eight complaints have been found to be valid since 2001, and the USG paid \$325,000 in compensation to farmers. The GOC investigates all claims of human health damage alleged to have been caused by aerial spraying. Since spraying began, the Colombian National Institute of Health has not verified a single case of adverse human health effects linked to aerial spraying.

Drug Flow/Transit. From the Colombian source zone in the mainly southern reaches of the country, shipments of cocaine and heroin are transported by road, river, and small civilian aircraft to the transit zone north and west of the Andes Mountains. Estimates indicate that up to 40 percent

of the cocaine leaving Colombia goes through the complex river network in the south-central region to the south-western coastal shore, mainly in shallow draft boats. There, the narcotics are readied for bulk maritime shipment in go-fast boats and, increasingly, commercial fishing vessels. Small aircraft from clandestine airstrips in eastern and southeastern Colombia are also used to transit drugs to neighboring countries, where it is either consumed there or transferred to airplanes or maritime vessels for onward shipment.

Heroin shipments also originate from the south-western coast, mainly around the Pacific port of Buenaventura, and are commonly transported in containerized cargo concealed in furniture, machine parts, and other items. Less frequently the shipments are combined with cocaine on go-fast boats shipped from the north coast. Heroin is also often concealed in the lining of clothing or luggage, although human carriers (called mules) still swallow heroin wrapped in latex.

An often permissive and corrupt environment has prompted traffickers to increasingly use Venezuela to stage shipments of illicit drugs to Mexico, the Caribbean, the U.S., Europe, and Africa. The Air Bridge Denial program in particular has forced traffickers using small aircraft to shift routes, with more air smuggling now involving short-hop flights to and from Venezuela, resulting in a marked increase in suspect and known illegal flights from Venezuela to Caribbean transshipment points, particularly Haiti and the Dominican Republic. The number of suspected non-commercial flights in Venezuela carrying mostly Colombian cocaine has increased from 61 in 2002 to an estimated 185 flights in 2007.

Demand Reduction. The GOC has been developing a national demand reduction strategy since 2004, but it has not yet been presented to the GOC's National Council on Dangerous Drugs. With USG, UNODC and OAS support, the Ministry of Social Protection and the National Directorate of Dangerous Drugs (DNE) are now preparing to conduct a comprehensive national drug use survey in early 2008. Numerous private entities and nongovernmental organizations (NGOs) work in the area of drug prevention throughout Colombia, and DIRAN has an active Drug Abuse Resistance Education (DARE) program.

The USG continues to support several Colombian and international NGO programs targeted at keeping children drug-free by focusing on school-based drug prevention programs. In 2007, the USG sponsored two drug demand reduction seminars and participated in several drug prevention events, including an event on Best Practices for the Prevention of Drug Usage, organized by the NGO "Mentor Colombia," and a seminar on Evidence-Based Prevention organized by several NGOs.

IV. U.S. Policy Initiatives and Programs

The USG and GOC continue to work on strategies to maximize the use of eradication resources. Working closely with President Uribe's "Program against Illicit Crops," the CNP, COLAR, and the USG have developed coordinated strategies and plans for aerial and manual eradication. In 2008, combined eradication operations are planned for all major coca-growing areas. COLAR's CounterDrug (CD) Brigade has also been more actively involved in supporting operations to protect spray aircraft. By sharing targeting information and coordinating movements, aerial and manual missions aim to break the cycle of replanting, which to date has allowed grower-processors to continue production during periods when no eradication was taking place in the area.

The USG continued to support the Air Bridge Denial (ABD) program, which has completed its fourth year of operations. The ABD program is responsible for the significant decrease in illegal flights over Colombia, from 637 suspected and known illegal flights over Colombia in 2003 to only 171 in 2007, a decrease of more than 73 percent. The program had six law enforcement actions in 2007, resulting in the capture of one aircraft, two boats and two vehicles, the seizure of 1.2 MT of cocaine, the destruction of an estimated two MT of cocaine, and seven arrests.

Nationalization, or the effort to transfer funding and operational responsibilities for counternarcotics programs from the USG to the GOC, increased momentum in 2007. In November 2007, the USG transferred nine helicopters to the GOC involved in the Infrastructure Security Strategy program. Additionally, the USG removed five KMAX helicopters from program support in 2007. In 2008, the USG will begin transferring the Air Bridge Denial program to the GOC, with completion planned by late 2009.

Nationalization also extends to fleet rationalization, which involves consolidating available types of aircraft and maintenance functions to simplify operations. In early 2008, three additional AT-802 aircraft will be delivered, allowing the USG to retire two other models of aircraft and leave just one model for the GOC to support for aerial eradication. The CNP will also begin assuming maintenance funding for a number of aircraft to which it already holds title. DIRAN's aviation unit (ARAVI) will train more pilots and mechanics within Colombia, eliminating the need and expense of contracting pilots and mechanics to service the unit's 18 fixed-wing and 58 rotary-wing aircraft.

U.S. Customs and Border Protection (USCBP) provided training, coordination, and technical assistance to CNP units stationed in the ports and airports. This included training in areas such as passenger documentation analysis, firearms handling, and the inspection of containerized cargo. The USCBP also supported the private sector-led Business Alliance for Secure Commerce (BASC) program, which drew hundreds of Colombian companies. The USCBP led Container Security Initiative (CSI), implemented in September 2007 as a counterterrorism program designed to prevent weapons of mass destruction from being sent to the U.S. is also expected to assist narcotics control efforts.

Throughout 2007 the USCG worked to improve interdiction operations with the Colombian Navy through equipment transfers and training. In October 2007, the USG transferred the ex-USCG Cutter GENTIAN to the Colombian Navy, where it will be used as a support vessel to extend the operational range of smaller Navy platforms. Training activities focused on leadership, crisis management, port security, counterterrorism, contingency planning, and search and rescue. Closer collaboration helped establish the Trilateral Counter Drug Summit, an interdiction forum involving maritime officers, investigators and prosecutors from Colombia, Ecuador and the U.S. The first Summit, held in February 2007 by the Colombian Navy, focused on ways to improve interdiction of traffickers at sea, interdiction practices, and investigative and prosecution initiatives.

The USG-supported Culture of Lawfulness program, designed to promote respect for the rule of law and civic responsibility, was formalized as a course in 2007 in both GOC officer basic training programs and patrol cadet academies. By the beginning of 2008, there will be approximately 41,000 students taking a 60-hour course taught by more than 782 teachers in 15 municipalities.

Alternative Development. Joint USG and GOC efforts are encouraging farmers to abandon the production of illicit crops in roughly one-third of the country that covers about 80 percent of Colombia's population. USG programs have supported the cultivation of over 158,000 hectares of legal crops and completed 1,179 social and productive infrastructure projects in the last six years. More than 135,000 families in 17 departments have benefited from these programs. In addition, to ensure that Colombians are provided with alternatives, the USG has worked with Colombia's private sector to create an additional 109,728 full-time equivalent jobs.

Support for Democracy and Judicial Reform. Through the Justice Sector Reform Program (JSRP) and rule of law assistance, the USG is helping reform and strengthen the criminal justice system in Colombia. The transition to an oral accusatory criminal justice system began in 2005, and was fully implemented throughout the country on Jan 1, 2008. The JSRP has provided training and technical assistance to support the new roles of judges, prosecutors, and police investigators by focusing on practical "hands on" training including crime scene and courtroom simulations. Training elements include the collection and presentation of evidence, understanding the stages of

the proceedings, advocacy techniques, and mock trials. The program has provided accusatorial system training to more than 64 thousand prosecutors, judges, criminal investigators, and forensic experts.

Military Justice. With USG support, the GOC is implementing an aggressive plan to train and educate military attorneys, judges, officers, and commanders in international human rights law, rules of engagement sensitive to civilian casualties, extrajudicial killings, effective judicial procedures, and government ethics. These efforts included six conferences at strategic “centers of gravity” locations throughout Colombia that trained over 400 Colombian military participants. Key GOC leadership attended and spoke at these events, including the Minister of Defense. The training emphasized the importance of human rights norms, effective operational law standards, professionalism in judicial conduct, and values-based ethical behavior.

The Road Ahead. In 2008, the GOC will look to build on the success of the many HVTs captured and extradited to the U.S. by continuing to dismantle the FTOs and illegal armed groups that run the drug trade in Colombia. As these groups are dismantled, challenges remain in finding and derailing the smaller and less organized successors that have started to fill the power vacuum. Nationalization of counternarcotics funding and operations currently supported by the USG, while maintaining successful operational results, will remain a top priority. Other challenges for 2008 include successfully coordinating aerial and manual eradication efforts, while adjusting the strategy to inhibit the rapid replanting of coca and increased illicit cultivation in no-spray zones. To consolidate the progress from 2007 and prior years, the GOC will continue to strengthen government presence in conflict areas while improving institutional capacity to provide services and economic opportunities. This will require continued GOC efforts to gain control of the vast Pacific coastal zones, demobilize and reintegrate ex-combatants, and advance reconciliation and victim reparations processes.

V. Statistical Table

	2007	2006	2005	2004	2003	2002	2001	2000
Coca								
Net Cultivation ¹ (ha)		157,200	144,000	114,000	113,850	144,450	169,800	136,200
Aerial Eradication (ha)	153,133	171,613	138,775	136,555	132,817	122,695	84,251	47,371
Manual Eradication (ha)	66,396	42,111	31,285	10,991				
HCl (Cocaine): Potential ¹ (MT)		610	545	430	460	571	839	580
Opium Poppy								
Net Cultivation ¹ (ha)		2,400		2,100	4,400	4,900	6,540	5,010
Aerial Eradication (ha)		232	1,624	3,060	2,994	3,371	2,583	9,254
Manual Eradication (ha)	375	1,697	497	1,497				
Heroin: Potential ¹ (MT)		4.6		3.8	7.8	8.5	11.4	8.7
Seizures								
Coca Base/Paste (MT)	60.6	48.1	43.8	28.3	31.1	30.0	26.7	0.0
Cocaine HCl (MT)	130.7	130.2	179.0	138.6	114.0	94.0	57.3	69.0
Combined HCl & Base (MT)	191.3	178.3	222.8	166.9	145.1	124.0	84.0	69.0
Heroin	0.6	0.5	0.7	0.7	0.5	0.8	0.8	0.6
Arrests/Detentions	59,652	64,123	82,236	63,791		15,868	15,367	8,600
Labs Destroyed								
Cocaine HCl	240	205						
Base	2,875	1,952						
Heroin	1	9						

Ecuador

I. Summary

Ecuador is a major transit country for illicit drugs trafficked to the United States and chemical precursors for drug production. While the Government of Ecuador (GOE) is actively combating illegal narcotics activities, cartels in Colombia and Peru continue to take advantage of large, sparsely populated border regions and difficult-to-monitor maritime routes to move cocaine, heroin and precursor chemicals through Ecuador. In 2007, the GOE identified cocaine laboratories capable of refining multi-ton quantities of cocaine, and police and military units destroyed several multi-hectare plots of coca plants near the Colombian border. Persistent narcotics activity by Colombian armed insurgent groups has rendered Ecuador's northern border region particularly vulnerable.

In 2007, traffickers attempted to transport, by private aircraft, more than three tons of cocaine from northern Ecuador to Mexico. There was a significant increase in land seizures of cocaine in 2007 over previous years; maritime seizures of multi-ton loads of cocaine were down from the previous two years but still well above historic levels. Protocols that streamline boarding procedures established between the U.S. and Ecuador in 2006 continue facilitated maritime interdictions. Uneven implementation of the criminal procedures code and a slow and sometimes corrupt judicial system hamper prosecutions, although there was some progress in this area in 2007. Ecuador is a party to the 1988 UN Drug Convention.

II. Status of Country

Historically weak public institutions and a judicial sector that is susceptible to corruption, make Ecuador vulnerable to organized crime. Border controls of persons and goods are gradually improving but remain weak and are easily evaded. The Ecuadorian National Police (ENP), military forces, and the judiciary do not have sufficient personnel or equipment to meet all of the international criminal challenges they face.

In 2007, authorities found and eradicated an increasing but still relatively small amount of coca cultivation and destroyed cocaine laboratories near the border with Colombia. Traffickers shipped white gas and other precursor chemicals in large quantities from Ecuador to Colombia and Peru for cocaine processing. Cocaine and small amounts of heroin from Colombia and cocaine from Peru transit Ecuador by land and sea routes for international distribution in volumes ranging from a few hundred grams to multi-ton loads. The practice of shipping drugs via international mail and messenger services increased in 2007, with cocaine generally going to European markets and heroin to the U.S.

III. Country Actions Against Drugs in 2007

Policy Initiatives. President Rafael Correa appointed the former Director of the Anti-Narcotics Police Directorate (DNA) as Commanding General of the National Police (ENP), giving a clear indication that anti-narcotics would be a high priority for his Administration. In September, President Correa announced an emergency-funding package of \$300 million over two years for the ENP, mainly for improving police facilities and operational capabilities.

During 2007, the DNA conducted a series of interdiction operations throughout the country, resulting in the largest amount of land-based seizures in the country's history. The DNA also established, with U.S. assistance, a "1-800-Drogas" nationwide hotline where citizens anonymously call in to report drug activity. Tips from the hotline resulted in numerous seizures of

cocaine and development of cases against other illegal activities such as weapons smuggling. In a related initiative, the DNA fielded a nationwide anti-narcotics billboard campaign. New DNA facilities, built with USG assistance, were opened in 2007 in Carchi Province at Tulcan, on the major roadway connecting Ecuador and Colombia, and in the Port of Esmeraldas in Esmeraldas Province, also near the Colombian border.

The Correa Administration's anti-corruption campaign has strengthened the country's anti-narcotics actions. For example, the new Director of the National Drug Council (CONSEP) implemented changes to improve the agency's prevention programs and the management and disposal of seized assets. He also uncovered corruption among some CONSEP employees, had them arrested, and is pursuing criminal cases against them.

The new Director of the National Postal System improved anti-narcotics controls at international postal facilities by installing USG purchased screening equipment and signing an agreement with the DNA to ensure increased canine screening at the postal facilities.

The Ecuadorian Armed Forces, at the direction of President Correa, increased operations near the Colombian border – conducting seventeen operations in 2007 compared to just nine in 2006. This led to the discovery and destruction of three cocaine producing laboratories, 47 FARC camps, the eradication of 36 hectares of coca, and the confiscation of weapons, communications equipment and other support equipment.

The GOE provided the Navy with approximately \$40 million to establish an operations center in Guayaquil and create a smaller, linked center in the Galapagos to extend its their control of illicit activities to the islands, which lie 600 miles off the mainland. The Navy also plans to procure high-speed boats and unmanned surveillance drones to strengthen controls over Ecuadorian waters, and is developing a better biometrics capability to more quickly identify individuals aboard vessels in Ecuadorian waters.

The Correa Administration has also placed an emphasis on strengthening controls over money laundering, with the Financial Intelligence Unit (FIU) cooperating closely with the DNA, the Superintendent of Banks, the courts and the private banker association in this area. The FIU purchased and installed equipment, recruited and trained personnel and initiated analysis of transactions in December 2007.

Accomplishments. Total seizures by the GOE in 2007 were 22.45 metric tons (MT) of cocaine, 180 kilograms (kg) of heroin and 740 kilograms of cannabis. By comparison, in 2006 the GOE seized 38.16 MT of cocaine, 410 kg of heroin, and 1,110 kg of cannabis. While overall seizures of cocaine were down from 2006 to 2007, seizures by the DNA police on land in 2007 (12.5 MT) far exceeded the amount seized on land in previous years.

Law Enforcement Efforts. In 2007, the DNA conducted operations, which produced a record number of land-based seizures. Maritime seizures in 2007 were lower than the previous two years. In June, Ecuadorian authorities found 5.3 MT of liquefied cocaine concealed under a layer of diesel in the fuel tanks of a fishing vessel, the largest such seizure on record. In July, the DNA found 5.5 MT in underground storage rooms at a decommissioned shrimp farm near Guayaquil. In October, the DNA foiled an attempt to transport an estimated 3.8 MT of cocaine from an airport in northern Ecuador to Mexico; this was the first known attempt since 2003 to use aerial transport to move a multi-ton load from Ecuador.

Corruption. As a matter of policy, no senior GOE official or the GOE, encourages or facilitates the illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. The 1990 drug law (Law 108) provides for prosecution of any government official who deliberately impedes the prosecution of anyone charged under that law. Some other aspects of official corruption are criminalized in

Ecuador, but there is no comprehensive anti-corruption law. President Correa's creation of an Anti-Corruption Secretariat and efforts to make the Financial Intelligence Unit operational are helping to strengthen the government's ability to respond to corruption. However these initiatives are not yet fully developed. The Anti-Corruption Secretariat has thus far investigated several allegations of government officials accepting bribes, some related to narcotics trafficking, and has dismissed some employees while building cases against others. Overcrowding and corruption in prisons remains a serious problem, with many drug traffickers able to continue their operations from prison while awaiting trial. President Correa issued an emergency decree in June 2007 to address prison overcrowding and to improve management of the institutions. Correa also announced, in late 2007, the creation of a Ministry of Justice, making resolution of prison issues a top priority for the new ministry. The Correa Administration supported the appointment of an independent Comptroller General who has been active in pursuing allegations of public sector corruption.

Agreements and Treaties. The United States and Ecuador are parties to an extradition treaty, which entered into force in 1873, and a supplement to that treaty which entered into force in 1941. Ecuador is a party to the 1961 UN Single Convention as amended by the 1972 Protocol, the 1971 UN Convention of Psychotropic Substances, and the 1988 UN Drug Convention. It is also a party to the 1992 Inter-American Convention on Mutual Assistance in Criminal Matters, the UN Convention against Corruption, and the UN Convention against Transnational Organized Crime and its protocols on trafficking and migrant smuggling, the Inter-American Convention on Extradition, the Inter-American Convention against Terrorism, and the Inter-American Convention against Illegal Trafficking in Firearms. The GOE has signed bilateral counternarcotics agreements with Colombia, Cuba, Argentina, and the United States, as well as the Summit of the Americas money laundering initiative and the OAS/CICAD document on an Anti-Drug Hemispheric Strategy. The GOE and the USG have agreements on measures to prevent the diversion of chemical substances, on the sharing of information on currency transactions over \$10,000, and a Customs Mutual Assistance Agreement. In October 2007, Ecuador hosted the United Nations Office of Drug Control sponsored Heads of Law Enforcement Agencies Conference for Latin America and the Caribbean.

Ecuador's Constitution prohibits the extradition of Ecuadorian citizens, but the GOE cooperates in the extradition or deportation of third country nationals. The GOE is taking steps with USG assistance to establish a rapid method to confirm the validity of national ID cards of individuals detained on drug smuggling vessels on the high seas and claiming Ecuadorian citizenship to avoid extradition.

Cultivation/Production. Ecuadorian military and police forces located and destroyed approximately 36 hectares of cultivated coca plants in scattered sites near the Colombian border. There has been a small, but steady increase in the number of planting locations identified and eradicated each year since 2004.

Demand Reduction. Coordination of abuse prevention programs is the responsibility of CONSEP, which continued its multi-agency national prevention campaign in the schools and expanded programs in 2007 to certain municipalities. All public institutions, including the armed forces, are required to have abuse prevention programs in the workplace.

Regional Coordination. Friction between Colombia and Ecuador on counternarcotics policies returned in late 2006 and early 2007 when Colombia resumed aerial spraying in Colombia's ten-kilometer border zone with Ecuador. Senior GOE officials again alleged that Colombian aerial eradication near the border harms humans, animals, and licit crops on the Ecuadorian side. The GOE requested a written statement from the Colombian government that it will permanently stop aerial eradication, to be replaced by manual eradication in the border zone, as well as provide compensation to those Ecuadorians living in allegedly affected areas. Colombia responded that it

would provide compensation to those who can prove that they have incurred physical damage as a result of the spraying. Maritime officers, investigators and prosecutors from Colombia, Ecuador, and the United States established a Trilateral Counterdrug Summit to improve interdiction of traffickers at sea, interdiction practices, and investigative and prosecution initiatives. The Colombian Navy hosted the first Summit in February 2007 and the Ecuadorian Navy hosted the second Summit in November 2007.

Alternative Development. In 2007, the GOE continued implementation of its northern border development master plan aimed at preventive alternative development. Illicit crop cultivation is not currently significant in the area but is a severe problem in the immediately adjacent region of Colombia. The GOE and the U.S. Agency for International Development (USAID) continued to cooperate effectively on alternative development strategies for the northern border during 2007.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. U.S. counternarcotics assistance is provided to improve the professional capabilities, equipment, and integrity of Ecuador's police, military, and judicial agencies to enable them to more effectively combat criminal organizations involved in narcotics trafficking and money laundering. A U.S. priority has been to support Ecuadorian police and military presence in the Northern Border region near Colombia, and police presence in other strategically important locations throughout the country. USG programs also seek to increase awareness of the dangers of drug abuse.

Bilateral Cooperation. The U.S. provided support to the military to facilitate their mobility and communications during operations near the Northern Border. In 2007, the U.S. increased support for Ecuadorian Navy elements to better mobilize, equip and train them for narcotics interdiction activities. The USG also provided law enforcement, crisis management, professional development, and operations planning training to the Ecuadorian Navy in 2007. A U.S. funded pier at an Ecuadorian Marine base in the town of San Lorenzo, 10 miles south of the Colombian border, was inaugurated in October 2007. The pier will provide the Ecuadorian Navy increased access, especially at low tide, to the rivers, estuaries, and ocean at this strategically important location. The procedures for boarding suspected smuggling vessels on the high seas agreed, to in August 2006, are working well and continue to result in successful large-scale drug interdiction operations. In FY 2007, these procedures enabled U.S. maritime assets to remove 57,785 lbs of cocaine over the course of boarding seven Ecuadorian flagged vessels.

U.S. support for the DNA police helped ensure its mobility and improve communications, drug detection and investigative capabilities in order to conduct operations. The U.S. also provided support for the DNA canine unit and the specialized mobile anti-narcotics police (GEMA), which are critical elements of effective control and interdiction. In September 2007, a U.S.-funded DNA police provincial headquarters was inaugurated in the town of Tulcan in Carchi province just south of the Colombian border. The headquarters, which includes dormitories for 100 police, kennels and inspection areas, will enhance narcotics control on the main roadway between Ecuador and Colombia and will serve as a base of operations for the GEMA.

Cooperation in the judicial sector was strong in 2007. A three-year cooperative project among the Embassy, the National Judicial Council and a local university, created the first ever automated database of all criminal cases in process throughout the country since 2003. The database will enhance the management and transparency of the adjudication of criminal cases, helping address the perennial problems of delays and corruption. Concurrently, a major U.S. funded American Bar Association training program is providing prosecutors, judges and judicial police throughout the country with training to strengthen their ability to use the relatively new trial procedures that were enacted in the 2001 Criminal Procedures Code.

The U.S. also supports the implementation of a Financial Intelligence Unit as well as police investigative units being formed and trained to combat money laundering and financial crimes.

The Road Ahead. Ecuador is effectively interdicting illicit drugs and chemicals, eradicating coca plantations near the Colombian border and destroying cocaine-producing labs. These illicit activities are a growing problem as drug cartels attempt to expand their operations and exploit perceived weaknesses. Continued patrolling and control along the Colombian border is essential due to the close proximity of drug cartels and production sites. Enhanced controls along Ecuador's maritime border, including improved port security, patrolling and inspections, are also essential tools for regulating maritime trafficking of large shipments.

The control and prosecution of money laundering and corruption will also be a high priority as this is critical to attacking the leadership of narcotics cartels. The U.S. will continue to support implementation of justice sector reforms such as the criminal case tracking system, training programs to speed up the prosecution of criminal cases and strengthening of Financial Intelligence Unit operations.

Paraguay

I. Summary

In an attempt to reverse its status as a major drug transit country and the largest producer of marijuana in the region, Paraguay's National Counternarcotics Secretariat (SENAD) undertook some serious steps to combat narcotics trafficking in 2007. SENAD disrupted transnational criminal networks in close cooperation with international law enforcement agencies and made record seizures of marijuana and cocaine. Paraguay is a party to the 1988 UN Drug Convention.

II. Status of Country

Paraguay is a major transit country for Andean cocaine destined for Brazil, other Southern Cone markets and Europe. Brazilian nationals head most trafficking organizations in Paraguay; some purchase cocaine from the Revolutionary Armed Forces of Colombia (FARC) in exchange for currency and weapons. SENAD's operating base in Pedro Juan Caballero, which opened in 2006 on Paraguay's northeastern border with Brazil and expanded canine-assisted drug detection operations in the east, contributed to SENAD's record seizures this year. Paraguay has become the largest producer of marijuana in South America. With a high content of tetrahydrocannabinol (THC), marijuana is cultivated throughout the country, principally along the borders with Brazil and Argentina. Paraguayan marijuana is primarily trafficked for consumption in neighboring countries. Despite SENAD's efforts, the Government of Paraguay's (GOP) ability to prosecute and fight transnational and organized crime is hampered by resource constraints, competing government priorities, weak laws and pervasive corruption in the public sector. SENAD's total budget is \$1.5 million, of which only \$150,000 is allocated to counternarcotics operations, while the rest covers salaries and administrative expenses.

III. Country Actions Against Drugs in 2007

Policy Initiatives. SENAD has taken serious steps to control drugs and their negative effects on the general population by going after major drug trafficking organizations and their assets. Disbanding major trafficking organizations is a priority component of the GOP's campaign to reduce the amount of drugs produced and trafficked in its territory. SENAD's "Most Wanted" public affairs campaign, initiated in 2005, carries spots on radio stations and runs photographs of drug traffickers on billboards and buses, which have generated leads resulting in several arrests of drug criminals. A bill pending in Paraguay's Congress would make SENAD an autonomous institution with the power to independently regulate its agents. SENAD is also seeking to professionalize its agents through training and the addition of fifty agents to its staff in late 2006. It has asked for an additional 30 new agents for 2008, which would give SENAD a total of 165 agents.

SENAD's internal affairs unit investigated several claims of misconduct; five agents were terminated in 2007 for intimidating and threatening citizens after regular working hours.

Accomplishments. In 2007, SENAD's drug seizures broke all records since its creation in 1991. SENAD seized 820 kilograms (kg) of cocaine, 100 metric tons (MT) of marijuana and 18 vehicles. SENAD arrested several well-known drug traffickers, including Edmar Dois Rei Almeida, Jesus Hernando Gutierrez and six members of his cartel, Jarvis Pavao's stepfather Paulo Larson Dias, and Ronie Alves de Campos and confiscated their assets. SENAD conducted operations in Pedro Juan Caballero which was previously off limits to serious law enforcement measures because of corruption and lack of state presence. SENAD also detained 170 persons and extradited two, one each to Argentina and Brazil. In late December, the Paraguayan Congress finally passed an

improved version of the penal code which, with the President's signature, will become law in early 2008. The new code makes money laundering an "autonomous" crime (one in which no predicate offense conviction is required) punishable by a prison term of up to ten years, and improves Paraguay's legislative framework for intellectual property and trafficking in persons violations.

Law Enforcement Efforts. SENAD's regional operational facility in Pedro Juan Caballero, which includes a helicopter landing pad and hangar, played a key role in several major arrests and seizures. In June, a joint intelligence operation between SENAD and the Brazilian Federal Police (BFP) netted 450 kg of cocaine. Six people were arrested, including three Paraguayan police officers for providing safe passage to the traffickers. In another operation run out of that facility, SENAD failed in its attempt to arrest Brazilian drug trafficker Jarvis Jimenez Pavao, but seized over 100 kg of cocaine from Pavao's ranch and detained Pavao's son. Over \$9 million in real property, furniture, luxury vehicles, and tractors were seized. The final sentence could result in the forfeiture of the assets to the GOP. In September, SENAD seized 28 MT of processed marijuana destined for Brazil and valued at \$28 million. In August, Leoncio Mareco, a Paraguayan associate of Brazilian narcotrafficker, Ivan Mendes Mesquita, was convicted on drug trafficking and money laundering offenses and sentenced to 20 years in prison, and his wife to 10 years for money laundering.

A bill pending in Congress would give needed tools to SENAD to carry out its mandate more effectively. Currently, SENAD officials are considered civil servants and are not issued weapons but may carry their own weapons. Under the new law, which the Lower House approved and is now pending in the Senate, SENAD agents would have the legal status of law enforcement agents.

Corruption. As a matter of policy, no senior GOP official or the GOP encourages or facilitates the illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. Nevertheless, corruption and inefficiency within the Paraguayan National Police (PNP), the broader judicial system and other public sector institutions, negatively impact SENAD operations. Combating official corruption remains a daunting challenge for the GOP; several government prosecutors from the Anti-corruption Unit opened cases against government officials last year. However, these cases were impeded by corruption and inefficiency, which frequently resulted in dismissals on technical grounds. A blatant example of the depth of this challenge was the October 2007 naming of Former Police Commissioner Aristides Cabral as the Ministry of Interior's Director of Intelligence. Cabral is known for his strong ties to certain drug traffickers, when he was the Commissioner of Police until his retirement in 2006.

Agreements and Treaties. Paraguay is a party to the 1988 Drug Trafficking Convention, the 1961 UN Single Convention on Narcotic Drugs as amended by the 1972 Protocol, and the 1971 UN Convention on Psychotropic Substances. The GOP is also a party to the UN Convention against Transnational Organized Crime and its two protocols

(Trafficking in Persons and Migrant Smuggling), the UN Convention against Corruption, the Inter-American Convention against Corruption, the Inter-American Convention against Terrorism, the Inter American Convention against Trafficking in illegal Firearms, and the Inter-American Convention on Mutual Assistance in Criminal Matters. In 2002, the USG signed a Custom Mutual Assistance Agreement with the government of Paraguay. The GOP also signed the OAS/CICAD Hemispheric Drug Strategy. Paraguay has law enforcement agreements with Brazil, Argentina, Chile, Venezuela and Colombia. An extradition treaty between the United States and Paraguay entered in force in 2001, and the 1987 bilateral letter of agreement under which the United States provides counternarcotics assistance to Paraguay was extended in 2007.

Cultivation/Production. Paraguay is the largest producer of marijuana in South America. The crop is primarily cultivated in the departments of Amambay, San Pedro, Canindeyu and

Concepcion and is harvested year round. Marijuana production has dramatically increased in recent years, spreading to nontraditional rural areas of the country. SENAD destroyed 1,552 hectares of marijuana in 2007. There are approximately 5,500 hectares (UN and SENAD estimates) of marijuana remain scattered around the country.

Drug Flow/Transit. Paraguay is a transit country for cocaine from Bolivia, Peru and Colombia. Only a small portion of the cocaine that transits Paraguay is destined for the United States. According to SENAD, 30-40 MT of cocaine annually transits Paraguay's porous borders en route to Brazil and other Southern Cone markets as well as to Europe, Africa and the Middle East. Traffickers are encouraged by the lack of controls along Paraguay's vast border as well as the significant number of unscrupulous law enforcement officials. The northwestern part of the country is especially poorly monitored, making that region an attractive place for staging transshipments of drugs, weapons and other contraband.

Domestic Programs/Demand Reduction. SENAD's drug prevention program continues to deliver valuable messages through educational workshops to Paraguayan children. SENAD has the principal coordinating role under the "National Program against Drug Abuse" and works with the Ministries of Education and Health and several non-governmental organizations (NGOs) on program development, implementation and dissemination. The USG supports SENAD's very limited budget for demand reduction, and its program has been concentrated in the central departments of Paraguay. In 2007, a pilot prevention program was introduced in the Pedro Juan Caballero. SENAD sponsored 1,476 workshops in 247 schools, reaching 45,000 students, parents and teachers.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. USG programs and policies in Paraguay focus on assisting the GOP to disrupt drug trafficking organizations and institute stronger legal and regulatory measures to combat drug trafficking and money laundering. U.S. assistance supports SENAD's operations, including its base of operations in Pedro Juan Caballero and an expanded canine-assisted drug detection program. U.S. assistance also supports SENAD operations in the northwestern town of Mariscal Estigarribia. USG-sponsored training programs sent SENAD canine handlers to Guatemala and two agents to Colombia. Other SENAD agents participated in DEA's Special Agent exchange program with Chile, Bolivia, Brazil and Argentina. U.S. assistance also provided operational support and equipment to Paraguay's intellectual property operational unit (UTE), as well as training seminars on intellectual property issues. The USG continued to provide a Resident Legal Advisor (RLA) to assist GOP efforts to pass and implement effective laws to combat money laundering, intellectual property theft and terrorist financing.

The Road Ahead. Although the GOP achieved record-breaking results in seizures and arrests in 2007, it must continue to focus its efforts to target major narcotics trafficking organizations operating in Paraguay. To do that, the GOP will have to allocate additional resources to law enforcement agencies and implement legal tools to facilitate investigations, the seizure and forfeiture of assets and prosecution of major offenders. The GOP must also pass and enact additional anti-money laundering legislation that meets international standards. The USG will continue to support GOP efforts to enhance its institutional capabilities to combat drug trafficking and money laundering, through its bilateral agreement as well as encourage, through diplomatic engagement at the highest levels, strong GOP will to prosecute transnational and organized crime figures. The USG will continue assisting SENAD and other relevant GOP bodies in their efforts to draft, legislate, and implement an asset seizure and forfeiture law, a criminal code and the criminal procedure code.

Peru

I. Summary

In 2007, after some initial concessions to coca growers (“cocaleros”), the Garcia administration took a strong public stance against illicit coca cultivation, made strides to interdict drugs and precursor chemicals, and committed to substantially reduce cocaine production. The GOP exceeded its programmed coca eradication goal of 10,000 hectares by eliminating 11,057 hectares in 2007. Voluntary eradication eliminated an additional 1,016 hectares of coca.

The GOP showed resolve in continuing programmed eradication despite violent attacks by narco-terrorists against counternarcotics (CN) authorities. Interlinking alternative development (AD) and programmed eradication has a proven record of success in reducing coca cultivation. In San Martin, despite initial challenges where communities were threatened and pressured by armed trafficking groups not to sign up for the program, the strong desire of the communities for post-eradication AD benefits won. The program in that region now has a greater demand from communities wanting to join than it can accommodate.

In September at the National Cocalero Conference, and in other public forums, cocalero leaders promoted the legal uses and benefits of coca leaf. Despite this, polls show greater public understanding of the close linkage between illegal coca cultivation and the negative impact of narco-trafficking on Peru and its people. Peru is a party to the 1988 UN Drug Convention.

II. Status of Country

Peru is a major cocaine producing country and is also a major importer of precursor chemicals for cocaine production. In June, the GOP passed law 29037 that modified the Penal Code and Law 28305, imposing stiffer penalties and strengthening procedures to ensure proper handling of controlled chemicals.

2007 was the first year of Peru’s National Drug Plan 2007-2011. The basic policy nexus between interdiction, eradication, and alternative development that underlies U.S. assistance programs remained unchanged, but the new plan has an increased emphasis on development assistance and precursor chemical interdiction. In 2007, Peru made steady progress in strengthening police capacity in areas east of the Andes. An additional 727 police officers with a 3-year commitment to counternarcotics graduated from USG-supported police academies in March, reinforcing the 400 police who graduated in 2005. By the end of 2008, over 3,000 new police will be operating in the source zones. The influx of well-trained police in 2007 allowed the Peruvian National Police (PNP) to effect sustained interdiction in the Apurimac and Ene River Valleys (VRAE) and to carry out eradication in areas of the Huallaga valley that have violently resisted programmed eradication in the past.

While a national cocalero organization exists, dissension in the ranks has stymied attempts at developing a national political movement. The first act of the new leadership of the National Cocalero Congress (CONRACCD), elected in September 2007, was to call for a strike to oppose the eradication operations in Tocache, which failed for lack of local support. At the September Conference, and in other public forums, cocalero leaders have also promoted the legal uses and benefits of coca leaf. Individual local and regional leaders have organized aggressive, and sometimes violent, marches and demonstrations opposing eradication operations.

In the coca source zone of the Upper Huallaga Valley (UHV), cocaleros, incited by their leaders, engaged in violent acts to resist the eradication efforts. The link between narco-trafficking and Shining Path (Sendero Luminoso-SL) terrorist organizations located in the UHV and the VRAE

became increasingly evident in 2007 as narco-terrorists ambushed, injured and killed police and eradication workers, and also threatened alternative development teams.

III. Country Actions Against Drugs in 2007

Policy Initiatives. In 2007, positive developments by the GOP included counterterrorism sweeps that led to a spate of arrests of SL collaborators. The Peruvian Congress passed a package of laws addressing organized crime, drugs and terrorism. The Congress strengthened provisions of the Precursor Chemical law of 2004 with passage of Law 29037 and Law 28305, which modified the Penal Code to impose stiffer penalties and strengthened procedures to ensure proper handling of controlled chemicals. In September, the Supreme Court upheld the conviction and 20-year sentence of drug “kingpin” Fernando Zevallos.

The Justice Ministry took steps in 2007 to strengthen its prosecutorial capacity in drug-involved areas by increasing staff and improving investigative and procedural skills. Nonetheless, anecdotal evidence suggests that many judges in such areas remain beholden to narco-interests. In July, the Garcia Administration promulgated a package of legislative decrees against drug trafficking, money laundering, terrorism, extortion, trafficking in persons, and other forms of organized crimes. Included in the package was a law to establish a non-penal asset forfeiture regime in Peru modeled after Colombia’s law, and stronger penalties for money laundering. In July 2007, the Congress passed the package. One modification eliminated the requirement that illegal activities such as drug trafficking and extortion that produce illicit funds has to be proved before assets are seized. This requirement had been a major roadblock in the successful prosecution of money launderers.

Law Enforcement Efforts. By early November 2007, the PNP Narcotics Directorate (DIRANDRO) mounted successful operations in the UHV and the VRAE, destroying over 650 cocaine-production laboratories and 1,824 metric tons (MT) of coca leaf. The PNP also seized over 858 MT of precursor chemicals. Nationwide, USG and Peruvian law enforcement efforts have led to 7.9 MT of cocaine hydrochloride (HCl) and 5.7 MT of cocaine base seized in maritime, airport and land interdictions, and 1.8 MT seized in international operations conducted by the joint Peruvian Customs and National Police Manifest Review Unit (MRU). Peruvian Customs (SUNAT) personnel examined an average of 6,600 containers per month nationwide, compared to 3-4 per month less than two years ago. Nonetheless, traffickers continued to adapt to counternarcotics strategies and tactics, experimenting with new delivery and production methods. Bricks of powder cocaine are no longer the standard method of delivery. Cocaine has been found fixed with barium sulfate and fertilizer and hidden in objects such as piggy banks and plastic avocados. Timber such as mahogany, is also hollowed out and stuffed with cocaine, and jars of pineapple shipped by the caseload have been found with liquid cocaine.

The PNP continued operating Basic Training Academies at Santa Lucia, Mazamari and Ayacucho Police Bases located in the two main coca source zones. In total, 1,547 CN male and female police officers graduated from PNP training academies, including 727 in March and 900 in December. The increase of DIRANDRO personnel in the source zones has contributed to sustained eradication and interdiction operations. An Advanced PNP Officers Tactical Operations Training School has been established in Santa Lucia to enhance leadership and tactical operation skills of officers who will command newly graduated police from the NAS/PNP Basic Training Academies. Additionally, NAS/PNP Pre-Academies have been established adjacent to the Mazamari, Santa Lucia and Ayacucho bases to improve the academic preparation of local applicants for the police entrance exam.

Recognizing that drug-trafficking organizations are not hindered by national borders, Peru’s law enforcement organizations conducted joint operations with neighboring countries. DIRANDRO participated in a drug enforcement strategy conference to address drug trafficking along Peru’s

borders with Brazil, Colombia, and Ecuador, as well as a regional International Drug Enforcement Conference (IDEC) hosted by DEA Peru in February 2007. Peru actively participated in the Counternarcotics Officer Exchange Program with Bolivia, Brazil and Ecuador to enhance cross-border drug enforcement efforts.

Maritime/Airport Interdiction Programs. The USG and GOP cooperated to improve port security and to address increased maritime smuggling at key Peruvian air and sea ports. At the Jorge Chavez International Airport in Lima, interdiction operations netted over 4 MT of cocaine, leading to more than 600 arrests in 2007. Also in 2007, seven drug detection canines and their Peruvian handlers were trained in the United States, doubling Peruvian Customs canine capacity. Since Customs canine detection teams were first deployed in 2006, they have been responsible for the seizure of 10 MT of cocaine HCl.

SUNAT continued to improve its counternarcotics efforts in 2007 by using intelligence to target interdiction efforts and employing technologically advanced equipment to conduct more effective searches. This included USG-provided non-intrusive inspection equipment (NIIE), such as ion-scanners, density detectors, fiber-optics, mobile x-ray units and CAB-2000 scanners in the ports of Callao and Paita. Compared to previous reports of only 48 export containers inspected annually, since the NIIE came into use in 2006, 80,056 containers have been scanned and 2,293 physically inspected in the Port of Callao; 27,171 containers were scanned and 1,744 were physically inspected in the Port of Paita and 1,041 containers have been inspected in warehouses elsewhere in Paita.

The Peruvian Manifest Review Unit (MRU), which receives and analyzes information and intelligence from all Peruvian maritime ports and the international airport in Lima, received a new Peruvian Coast Guard intelligence and monitoring system (“SIMON”) that provides information to the MRU on all fishing boat activity collected by port authorities. Data on all merchant vessels will soon be included. SUNAT disseminated domestic and international alerts leading to multi-ton cocaine and illicit money seizures.

Cultivation/Production. The Government of Peru’s Office of Drug Control (DEVIDA) reported that, according to a United Nation’s assessment, the 51,400 hectares of coca under cultivation in Peru could produce a potential annual harvest of approximately 114,000 MT of coca leaf yielding up to 280 MT of cocaine. Using a Cocaine Production Averted (CPA) formula developed by the GOP and USG, eradication of 12,000 hectares of coca prevented over 56 MT of cocaine from being produced in 2007. The price of coca leaf has risen steadily for the past five years. Except in areas of continuous interdiction though, the number of hectares under cultivation has stabilized with programmed eradication.

Approximately four million Peruvians use up to 9,000 MT of coca leaf for legal purposes each year. The GOP estimates that over 90 percent of coca cultivation goes to narco-trafficking. About 65,000 families are involved in growing, processing coca leaf, and trafficking cocaine HCl and base.

In 2007, the GOP mounted an aggressive eradication campaign in the Upper Huallaga Valley, which spans the Regions of San Martin, Huanuco, and Ucayali. CORAH, the GOP’s coca eradication group, exceeded their programmed eradication goal for the third year in a row. Success in the eradication campaign is largely attributed to the resolve of the police and CORAH leadership to increase operational security and remain in conflict-prone zones until all coca had been eradicated. Despite the support of programmed and voluntary eradication programs’ many UHV communities’ inspections revealed re-planting by some farmers.

Attacks on police and CORAH personnel are linked to SL terrorists affiliated with narco-trafficking organizations. These narco-terrorists protect drug transportation routes, attack CN personnel, and support their operations through coca cultivation and cocaine production.

Drug Flow/Transit. For the past three years, cocaine HCl has been the principal cocaine product being smuggled from Peru. Cocaine base and HCl are transported from coca production zones, primarily from the UHV and the VRAE, via river, land, and air to Peru's coastal and border areas. Cocaine HCl is exported to Brazil, Europe, Mexico, the Far East, and the United States by sea and commercial air flights. Although the U.S. and Europe are the primary destinations for Peruvian cocaine, U.S. law enforcement and its counterparts in Australia, Hong Kong, Japan, Malaysia, and Thailand have found Peruvian trafficking organizations operating in the Far East. In addition, cocaine HCl is primarily transshipped by land through Bolivia, Brazil, Chile, and Ecuador to consumer markets in the United States and Europe.

Colombians and Mexicans are frequently found, along with Peruvians, to be involved with major drug transportation operations of multi-kilogram and multi-ton loads to Colombia, Mexico, and the Caribbean. Drug intelligence and investigations have detected clandestine airstrips near coca cultivation sites and along Peru's borders, indicating a possible resurgence of drug trafficking by air.

Opium Poppy. Opium poppy cultivation in Peru remains limited but is of international concern. Opiate trafficking, which includes opium poppy cultivation and the production of opium latex and morphine, is concentrated in the northern and central parts of the country. Opium poppy cultivation has also been seen in the UHV and VRAE coca source zones. Opium latex from Peru is shipped overland to Ecuador and Colombia where it is processed into heroin. Minimal eradication of opium poppies (on less than 30 hectares) occurred in 2007, compared to 2006 when over one million amapola plants were seized on approximately 88 hectares, and in 2005 when 92 hectares were eradicated. It is unclear whether this drop in seizures is related to the relocation of opium poppy plantations or decreased cultivation in Peru. Although opium is being harvested for sale in the northern areas of Peru, minimal production of morphine base and heroin has been detected, according to Peruvian officials.

Corruption. As a matter of policy, the GOP does not encourage or facilitate the illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of the proceeds from illegal drug transactions. There are no current investigations of any GOP officials directly related to drug trafficking.

Extradition and Mutual Legal Assistance. The U.S. and Peru are parties to an extradition treaty that entered into force in 2003. Among the five U.S. extradition and provisional arrests still pending, three are related to narco-trafficking. There were no new extradition requests in 2007. Peruvian law requires an individual to serve his/her sentence in Peru before being eligible for extradition. Consequently, no Peruvians have been extradited to the United States.

Agreements and Treaties. Peru is a party to the 1961 UN Single Convention, as amended by the 1972 Protocol; the 1971 UN Convention on Psychotropic Substances; the 1988 UN Drug Convention; the Inter-American Convention on Mutual assistance in Criminal Matters; the Inter-American Convention Against Corruption; the UN Convention against Transnational Organized Crime and its three protocols, and the UN Convention against Corruption.

Domestic Programs/Demand Reduction. A survey sponsored by the United Nations Office on Drugs, the Organization of American States, DEVIDA and NAS showed that illegal drug use is increasing at all levels of Peruvian society. Drugs are inexpensive and easy to obtain with marihuana considered the most prevalent drug consumed, followed by cocaine HCl and cocaine base. Peruvian public opinion surveys revealed the growing recognition of the active role of coca

farmers in drug trafficking and the influence of narco-traffickers over coca grower organizations. Over 77 percent of those polled recognized that most coca leaf is destined for narco-trafficking; 61 percent acknowledged that coca growers are part of the drug supply chain. The change in Peruvian perceptions about coca growing and the complicity of coca farmers in narco-trafficking is to a great extent due to concerted USG and GOP efforts to inform the public in the media, via press, television and radio and among Peruvian government officials. This includes a year-long prime-time counternarcotics radio advertisement campaign on the national radio network, “Radioprogramas del Peru” that reached an audience of several million Peruvians every day.

In 2007, the USG supported local NGOs which developed 6 additional community counternarcotics coalitions (CAC) in poor communities in Lima. The US-based NGO Community Anti-Drug Coalitions of America (CADCA) provided technical assistance in the development of CACs that included training on recognizing ineffective, corrupt public institutions and resurrecting weak civil-society organizations. With Peruvian communities also actively supporting CACs by donating time and resources, the CAC model can be sustained to reduce drug use.

Alternative Development (AD) Program. The AD program in Peru has achieved sustainable reductions in coca cultivation through an integrated approach that increases the economic competitiveness of coca-growing areas while improving local governance. The program works to change perceptions and the long-term behaviors of coca farmers for the long term. At the close of its fifth year, a total of over 63,500 families had committed to the voluntary eradication program, eradicating a total of over 15,100 hectares of coca in their communities. In FY 2007, 9,976 families joined the voluntary eradication program, pulling up over 2,000 hectares of coca. Infrastructure and productive activities in voluntary eradication communities have resulted in the completion of more than 640 community-selected infrastructure projects since the program began in 2002.

The core of the AD program—technical assistance to farmers so that they can grow alternative crops – ensured that in FY 2007 over 30,000 family farmers received technical assistance on 48,700 hectares of licit crops, including cacao, coffee and African oil palm. In FY 2007, AD assistance to the licit economy in AD areas resulted in approximately \$5 million of additional licit sales for those organizations in districts where voluntary eradication is taking place.

The post-programmed eradication alternative development program, launched in the final months of FY 2006, has made solid gains and is changing the hard-core coca-based mindset of the Tocache community. Post-programmed eradication looks to keep eradicated communities from replanting, making the programmed eradication sustainable. In FY 2007 in Tocache, 2,899 families in 48 communities signed non-replanting agreements bringing the total to 5,868 families and 87 communities in post-eradication AD. As USAID and CORAH identify future areas for expanded post-eradication alternative development, Tocache serves as an example to other communities that a viable alternative to coca cultivation does exist.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. The USG continues to support the GOP’s CN operations in the main drug source zones of the UHV and the VRAE, including eradication and interdiction. In 2007 the USG provided assistance to the Basic Training Academies, pre-Academies, and the Advanced Officer Training School. A PNP Canine Training Program was implemented at Santa Lucia with support of U.S. Customs. The canine teams are being trained to detect improvised explosive devices in open fields where eradication and helicopter operations take place. They will also support mobile road interdiction units to detect precursor chemicals, drugs, and money transiting through the source zones. The overarching goal of all these programs is to assist the GOP in increasing state presence and security and to increase operational effectiveness in coca zones. In 2007, the USG also

provided maritime interdiction and law enforcement training to the Peruvian Navy and Coast Guard.

Regional Aerial Interdiction Initiative Program (RAII). In 2005, the GOP and USG signed the Cooperating Nation Information Exchange System (CNIES) Agreement. This enables the USG and other cooperating nations to share intelligence concerning aerial drug trafficking. In 2007, the USG provided CNIES training for Air Force of Peru (FAP) personnel; assisted the FAP establish radar coverage in areas suspected of being aerial trafficking routes; and conducted RAIJ Joint training exercises with Brazil and Colombia. The FAP C-26s provide critical overhead real time coverage for eradication workers, eradication police, and army personnel in the field through the Forward Looking INFRA-RED Radar (FLIR) also used to map suspected clandestine runways in Peru.

The Road Ahead. The USG and GOP CN efforts will continue to focus on the core commitments to interdiction, eradication and alternative development, supported by USG aviation assets to reduce net coca cultivation and cocaine production substantially. This will be facilitated in the maritime transit zone by an agreement on operational procedures currently being reviewed by the GOP that will hopefully take effect in 2008. The GOP's 2007-11 CN strategy reflects this emphasis on control and interdiction of precursor chemicals, drug seizures, reduction in coca cultivation, enforcement of money-laundering laws, reduction of drug use and improvement of economic conditions to reduce dependency on coca cultivation.

As an integral part of the of the CN strategy, effective interdiction is dependent on the GOP's ability to put a sufficient number of trained police personnel into the coca-growing regions. The GOP will continue to strengthen CN police presence east of the Andes by training 3,200 new police cadets by early 2009, thereby helping improve security and stem drug flows at air and seaports. Basic and specialized courses will continue at the three PNP Basic Training Academies and a new canine training site will be constructed at two additional locations. Specialized US-based training, i.e. pilot, aircrew and maintenance training, will also be necessary to enhance the capacity of the PNP and further the nationalization of the aviation support program.

USG CN efforts also require the continuation of the Alternative Development Program, which directly supports the interdiction and eradication programs by providing options to coca cultivation and discouraging replanting, and sustaining eradication gains. The USG will work with NGOs, universities and the media to sustain an counternarcotics and education campaign and to expand presence and influence in coca-growing regions. Continued strong political will and the commitment of CN resources by the GOP are fundamental to their success.

V. Statistical Table

Coca	2007	2006	2005	2004	2003	2002	2001	2000	1999
Net Cultivation1 (ha)	TBD	37,000*	34,000	27,500	29,250	34,700	32,100	31,700	34,700
Eradication (ha)**	11,056.20	10,136.58	8,966.26	7,605.48	7,022.03	7,133.96	6,436.01	6,206.33	14,733.0
Leaf: Potential Harvest 3 (mt)***	TBD	50,000	56,300	48,800	42,600	48,800	44,800	44,900	43,500
HCl: Potential (mt)***	TBD	245	240	230	245	280	255		
Seizures									
Coca Leaf (mt)	1,824	14.6	11.3	7.6	11.5	7.1	6.4	9.0	14.7
Coca Paste (mt)	7.5	5.1	4.5	6.4	4.3	10.4	6.2	1.6	7.2
HCL (mt)	7.9	14.1****	11.7	7.3	3.5	4.1	2.9	2.8	4.2
Combined HCL&Base (mt)	15.4	19.2	16.2	13.7	7.8	14.5	7.1	4.4	11.4
Agua Rica 4 (ltrs) no registered data registered in Dirandro statistics	0	0	0	0	0	0	0	0	0
Arrest/Detentions	11,197	7,633	11,260	10,149	10,608	13,158	13,343	2,836	15,557
Labs Destroyed	650	724	1,126	821	964	238	72	97	51
Cocaine HCl	16	11	22	11	9	0	0	0	0
Base	627	713	1,104	810	955	238	72	97	51

* CNC 2006 Coca Estimate for Peru does not include the Cusco area.

** Hectares eradicated 2007 as of October 17th (missing info for one front)

*** New revised 2007 breakthrough figures

****Includes 6 mt F/V/ seizure

Uruguay

I. Summary

Uruguay is not a major narcotics producing or transit country. However, free trade zones afford relative anonymity for the movement of cargo, including illicit substances. The country's strategic position and its porous land border with Brazil further highlight its vulnerability to drug-trafficking. Another area of concern is increasing local consumption of the highly addictive, cheap cocaine-based product known as "pasta base". Efforts to upgrade port security and customs services advanced slowly in 2007, limiting inspection of containers at maritime ports and cargo shipments at the international airport. Uruguay is a party to the 1988 UN Drug Convention.

II. Status of Country

Uruguay is not a major narcotics producing or transit country, but it continues to be attractive to drug traffickers from Colombia, Bolivia, Paraguay, Brazil and Mexico as a transit point. Limited inspection of airport and port cargo makes Uruguay an attractive transit point for contraband, including chemical precursors to Paraguay and elsewhere. Although precursor chemical controls exist, they are difficult to monitor and enforce. This is due to the lack of Uruguayan Customs' ability to effectively monitor and inspect cargo traffic through border crossings and its tendency to focus more on contraband than precursor chemical shipments. Relatively weak controls at the port of Montevideo contrast with the enhanced container security initiatives at other ports in the region such as Santos, Brazil and Buenos Aires, Argentina. According to the Government of Uruguay (GOU), shipping containers transiting to or from other MERCOSUR countries are rarely inspected in Uruguay. Colombian and Bolivian traffickers have smuggled cocaine into Uruguay by flying directly into remote regions from Bolivia, using make-shift airstrips located on foreign-owned residential farms.

Uruguayan counternarcotics police units continue to target clandestine facilities used for processing, refining, and shipping Bolivian coca as well as distribution centers for local "pasta base." The local demand for inexpensive "pasta base," increased again in 2007, as did the incidents of crime related to this drug, according to the Uruguayan National Police's Counternarcotics Division (DGRTID). Additionally, in Uruguay, individual drug use is not viewed as a criminal offense. Rather, users are sent for rehabilitation in ever-increasing numbers, which has created an overcrowding problem in Uruguay's rehabilitation centers that the GOU is not yet equipped to deal with.

III. Country Actions Against Drugs in 2007

Policy Initiatives. In 2007, the GOU continued to make counternarcotics a policy priority. The National Drug Secretariat enhanced drug rehabilitation and treatment programs and continued demand reduction public awareness campaigns focused on minors and young adults through print media campaigns and telephone hotline advertisements warning against the use of drugs. Uruguay is an active member of the Southern Cone Working Group of the International Conference for Drug Control, and other international organizations fighting narcotics, corruption and crime.

Accomplishments. In 2007, the GOU seized 657 kilograms (kg) of cocaine in both national and international counternarcotics operations—an increase over the 418 kg seized in 2006. The GOU also seized 84 kg of "pasta base" in 2007, down slightly from 93 kg in 2006. There were no heroin seizures reported or cocaine labs destroyed in 2007. Additionally, the GOU made 1,923 drug-related arrests, which lead to 486 convictions and resulted in 13 imprisonments.

Law Enforcement Efforts. Of the GOU agencies with charters for narcotics-related law enforcement, DGRTID continued to be the most effective. Internal coordination between GOU agencies remained difficult because they report to different ministries, but coordination between DGRTID and their regional counterparts continued to result in successful counternarcotics operations.

Corruption. As a matter of policy, no senior GOU official or the GOU, encourages or facilitates the illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. Transparency International rates Uruguay as one of the least corrupt countries in Latin America. The GOU Transparency Law of 1998 criminalizes various abuses of power by government authorities and requires high-ranking officials to comply with financial disclosure regulations. Public officials who do not act on knowledge of a drug-related crime may be charged with a “crime of omission” under the Citizen Security Law.

Agreements and Treaties. Uruguay is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances; the 1961 UN Single Convention, as amended by the 1972 Protocol; the Inter-American Convention Against Corruption; the Inter-American Against Terrorism; the Inter-American Convention Against Trafficking in illegal Firearms; the UN Convention against Transnational Organized Crime and its protocols on Trafficking in Persons and Migrant Smuggling; and the UN Convention against Corruption. It is also a member of the OAS Inter-American Drug Abuse Control Commission (CICAD). The USG and Uruguay are parties to an extradition treaty that entered into force in 1984, a Mutual Legal Assistance Treaty that entered into force in 1994, and annual Letters of Agreement through which the USG funds counternarcotics and law enforcement programs. Uruguay has also signed drug-related bilateral agreements with Brazil, Paraguay, Bolivia, Chile, Mexico, Panama, Peru, Venezuela and Romania. Uruguay is a member of the regional financial action task force Grupo de Accion Financiera de Sudamerica (GAFISUD).

Cultivation/Production. Although small marijuana plots have been discovered in previous years, none were found in 2007. No other illegal drugs are produced in Uruguay.

Drug Flow/Transit. According to DEA, Uruguay is used as a drug-transit country. Narcotics are generally transported to Brazil for domestic consumption and onwards to the U.S. and Europe. Limited law enforcement presence along the Brazilian border and increased U.S. pressure on traffickers in Colombia, Bolivia and Peru is shifting some smuggling routes south, and drugs are moving through Uruguay by private vehicle, bus, and small airplanes. For example, during a large-scale DGRTID operation in 2007, they intercepted a large half-ton shipment of cocaine was intercepted, coming from Bolivia, via a small plane landing on an improvised airstrip in the province of Salto.

Demand Reduction. Uruguay’s demand reduction efforts focus on developing prevention programs, rehabilitation and treatment. These programs are based on a strategy developed cooperatively in 2001 between the National Drug Secretariat, public education authorities, various government ministries, municipalities and NGOs. In 2007, the National Drug Rehabilitation Center continued to train health care professionals, and sponsored teacher training, public outreach, and programs in community centers and clubs. The program, known locally as the “Portal Amarillo,” a drug rehabilitation clinic and hotline, continued services for both in-patient and out-patient drug users in northern Montevideo, targeting specifically “pasta base” addicts. Staffed by recent graduates of Uruguay’s largest nursing school, it services about 200 patients a week and has 21 beds. Uruguay continues to develop methods to track trends in drug use in youth populations, including secondary schools and prisons.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. U.S. strategy has been to prevent Uruguay from becoming a major narcotics transit or processing country. USG assistance to the GOU included support to demand reduction programs, narcotics interdiction operations and police training. The availability of International Military Education and Training (IMET) funds in FY 2007 permitted the USG to provide maritime law enforcement leadership and port security training to the Uruguayan Navy and Coast Guard.

The Road Ahead. Uruguayan law enforcement authorities continue to work well with their regional DEA counterparts based in Buenos Aires. In light of Uruguay's increasing consumption problem, and the evolving drug trafficking threat, the GOU should continue its narcotics interdiction operations, and maintain an effective demand reduction program that includes efforts to decrease the use of "pasta base."

Venezuela

I. Summary

Venezuela is a major drug-transit country with rampant high level corruption and a weak judicial system. Lack of international counternarcotics cooperation and a shift in trafficking patterns through Venezuela enable a growing illicit drug transshipment industry. Despite continued USG efforts to sign a mutually agreed upon addendum to the 1978 USG-Government of Venezuela (GOV) Bilateral Counternarcotics Memorandum of Understanding, Venezuela has refused to cooperate on most bilateral counternarcotics issues. Consequently, the President determined in 2007, as in 2006 and 2005, that Venezuela failed demonstrably to adhere to its obligations under international counternarcotics agreements. Venezuela is a party to the 1988 UN Drug Convention.

II. Status of Country

A permissive and corrupt environment in Venezuela, coupled with counternarcotics successes in Colombia, has made Venezuela one of the preferred routes for trafficking illicit narcotics out of Colombia. While the majority of narcotics transiting Venezuela continue to be destined for the U.S., a rapidly increasing percentage has started to flow towards western Africa and onwards to Europe. The movement of drugs has compounded Venezuela's corruption problem, and increased the level of crime and violence throughout the country.

III. Country Actions against Drugs in 2007

Policy Initiatives. The GOV announced plans for several programs in 2007, including a new counternarcotics task force under the National Anti-Drug Plan and a hotline to report drug crimes. Additionally, GOV National Counternarcotics Office (ONA) Director, Nestor Reverol, indicated that new radar purchased from China will be used to scan Venezuelan airspace for illegal drug transits. Because these initiatives all appear to be in the planning phase, it is difficult to assess their impact.

Since 2005, the GOV has refused nearly all counternarcotics cooperation with the USG, and has undermined USG efforts to collaborate with state and municipal governments. Initially, the GOV refused to sign a renewal of cooperation until both parties signed an addendum to the 1978 USG-GOV Bilateral Counternarcotics Memorandum of Understanding (MOU). While the USG did not agree that the addendum was essential to ensuring appropriate counternarcotics cooperation, the USG negotiated a mutually acceptable version in December of 2005.

Despite repeated assurances from senior GOV authorities and agreement on two signing dates, however, President Hugo Chavez has not yet authorized the signing of the addendum to the MOU. The senior GOV officials who negotiated the addendum eventually left their positions, and their successors have publicly stated that the GOV will neither sign a bilateral agreement nor cooperate with the USG on counternarcotics. One official, former Minister of Interior and Justice Pedro Carreño, repeatedly justified this position in 2007 by asserting publicly that the Drug Enforcement Administration (DEA) operates as a "new cartel." This lack of counternarcotics cooperation reflects the general chilling of bilateral relations over the past few years. Given the GOV's refusal to cooperate, the President determined in 2007, as in 2006 and 2005, that Venezuela failed demonstrably to adhere to its obligations under international counternarcotics agreements. The GOV did, however, formalize and expand counternarcotics cooperation with Germany, the Netherlands, and the UK.

Law Enforcement Efforts. Venezuelan police and prosecutors do not receive sufficient training or equipment to carry out counternarcotics investigations properly. Moreover, due to the lack of effective criminal prosecutions, politicization of investigations, and high-level corruption, the public has little faith in the judicial system. Within this environment, organized crime flourishes, while small seizures and arrests are limited to low-level actors.

Seizures of illicit drugs within Venezuela dropped substantially in 2007, while seizures of drugs coming out of Venezuela by other countries, including the U.S. and the United Kingdom, rose sharply. The increase in third country seizures, including some multi-ton seizures, comes despite the GOV's limited counternarcotics cooperation.

The GOV reported seizures of 28 metric tons (MTs) of cocaine in 2007, significantly less than claimed seizures in 2006 (38.9 MT) and 2005 (58.4 MT). Moreover, these figures include seizures made by other countries in international waters that were subsequently returned to Venezuela, the country of origin. Discounting these seizures, DEA Caracas estimates that GOV authorities seized between 8 and 12 MT of cocaine in 2007. Additionally, the GOV reported seizing 109 kilograms of heroin (a 50 percent reduction from 2005), 19 MT of marijuana and 19,000 Ecstasy tablets.

Precursor Chemical Control. In 2007, as in 2006, the GOV did not participate in Seis Fronteras, an annual USG-supported chemical control operation that normally includes Venezuela, Colombia, and other neighboring countries. GOV officials reported they are confident that the National Registry to Monitor Precursor Chemicals, established in 2006, captures the import and export of all lawful shipments of precursor chemicals. The Ministry, however, lacks personnel trained to recognize the possible diversion of precursor chemicals to illicit use, an automated system to track and identify irregularities, and the resources needed for regular and spot inspections.

Demand Reduction. Since 2005, Venezuelan law has required that companies with more than 200 workers donate one percent of their profits to the National Anti-Drug Office (ONA). ONA can then dispense the funds to demand reduction programs carried out by ONA-approved NGOs or run their own programs. This is a significant departure from how the program functioned under ONA's predecessor organization (the National Commission Against Illegal Drug Use, or CONACUID), when companies made donations directly to CONACUID-approved NGOs, instead of to CONACUID.

Two complications have hindered implementation of the 2005 law. First, ONA has been slow to certify the numerous NGOs involved in demand reduction. Several NGOs claim to have been denied ONA certification for being linked to opposition parties, while those NGOs receiving assistance from the USG find it particularly difficult to receive ONA certification. Second, legal challenges to the requirement that funds be donated directly to ONA have frozen the donation process. As a result, companies have postponed making donations, either to ONA or to NGOs, until the statutory requirement is clarified. Many NGOs have shut their doors due to lack of funding.

The GOV does not track statistics on drug abuse and treatment, with the exception of a 2005 ONA survey, which suggested that drug abuse among Venezuelan youth was decreasing. However, the accuracy of that survey is uncertain, and various NGOs report that, in fact, drug abuse may be on the rise.

Corruption. Public corruption continued to be an issue for Venezuela in 2007. Press reports suggest that Venezuelan security forces often facilitate or are themselves involved in drug trafficking, particularly the special counternarcotics units of the National Guard and the Federal Investigative Police. Security forces routinely take bribes in exchange for facilitating drug shipments, and seizures are most likely to occur when payoffs have not been made. Even when seizures occur, the drugs are not always turned over intact for disposal, and seized cocaine is sometimes returned to drug traffickers.

Agreements and Treaties. Venezuela is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention as amended by the 1972 Protocol, and the 1971 UN Convention on Psychotropic Substances. Venezuela and the United States are parties to a Mutual Legal Assistance Treaty that entered into force in March 2004. Venezuela is party to the UN Convention against Transnational Organized Crime and its protocols against trafficking in persons and migrant smuggling, and has signed, but not yet ratified, the UN Convention against Corruption.

The GOV has also signed a number of bilateral agreements with the U.S., including a customs mutual assistance agreement and a 1991 ship-boarding agreement updated in 1997 that authorizing the USG to board suspect Venezuelan flagged vessels on the high seas. While a 1978 Memorandum of Understanding concerning cooperation in counternarcotics was signed, a necessary addendum to extend the agreement drafted in 2004 remains unsigned despite repeated USG requests.

Extradition and Mutual Legal Assistance. The U.S. and Venezuela are parties to an extradition treaty that entered into force in 1923. The 1999 Venezuelan constitution bars the extradition of its nationals. Non-Venezuelans can be extradited, but Venezuelan judges almost always attach conditions—such as unilateral attempts to restrict the term of years that an extradited defendant may serve in prison—that have the effect of precluding extradition. On occasion, Venezuelan authorities have deported non-Venezuelan criminals to a third country—usually Colombia—where they can be more easily extradited to the U.S.

Cultivation/Production. Illicit crop cultivation and drug production in Venezuela have not been significant historically. While some coca cultivation does occur along Venezuela's border with Colombia, particularly in the southern Amazonas State, the levels are most likely less than 250 to 350 hectares. Periodic GOV eradication operations are carried out, though none were officially reported in 2007.

Drug Flow/Transit. As Colombia's Air Bridge Denial program continues to successfully shut down transit routes out of western and southern Colombia, the 2,200-mile porous border with Venezuela has become more attractive to traffickers. Drug traffickers now routinely exploit a variety of routes and methods to move hundreds of tons of illegal drugs on the Pan-American Highway, the Orinoco River, the Guajira Peninsula, and dozens of clandestine airstrips. While the majority of illicit drugs transiting Venezuela are destined for the U.S., traffickers use Venezuela to stage the shipments of drugs to Europe. Venezuelan traffickers have been arrested in The Netherlands, Spain, Ghana, the Dominican Republic, Mexico and other countries.

The USG estimates that around 250 MTs of cocaine transit Venezuela annually via private aircraft using clandestine airstrips and maritime routes. The amount of cocaine moving through Venezuela by private aircraft has increased from 27 MTs in 2004 to approximately 150 MTs in 2007, representing about 60 percent of the transits, per the Joint Interagency Task Force-South. Traffickers also use maritime cargo containers, fishing vessels, and go-fast boats to move the narcotics to principal markets in the U.S. and Europe. Additionally, cocaine and to a lesser extent, heroin, continue to be routinely smuggled through Venezuela's commercial airports.

Illicit narcotics destined for the U.S. from Venezuela are shipped through the Dominican Republic, Haiti, Central America, Mexico, and other Caribbean countries. The narcotics destined for Europe are then shipped directly to several countries in Europe, especially Spain, or are shipped through the eastern coastal waters of Venezuela and the Caribbean to west Africa, notably Guinea and Guinea Bissau. Multi-kilogram shipments of cocaine and heroin are also mailed through express delivery services to the United States.

According to USG sources, Colombian guerrilla and paramilitary organizations, including two designated Foreign Terrorist Organizations (FTOs), the Revolutionary Armed Forces of Colombia

(FARC) and the National Liberation Army (ELN), are linked to the most aggressive and successful drug trafficking organizations in Venezuela. The FARC and ELN often cross into Venezuela to facilitate trafficking activities, for rest and relaxation, and to evade Colombian security forces, often with the collusion of some elements of the Venezuelan security forces.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. The GOV has minimized all counternarcotics related cooperation and contact with the USG. Despite repeated requests, the GOV has not signed an MOU addendum with the USG since 2005.

In 2007, the GOV ended the judicial sector's participation in several USG-funded United Nation's Office of Drugs and Crime (UNODC) programs, and indicated to the UNODC that the GOV would not participate in any programs receiving USG funds. While the USG continues to reach out to traditional counternarcotics contacts in the GOV, increasing support has been given to non-traditional partners, including NGOs involved in demand reduction, and regional and municipal government anticrime and counternarcotics programs.

The GOV has not made the USG-funded Container Inspection Facility (CIF) at Puerto Cabello operational. Completed in late 2006, the CIF was intended to provide a venue and equipment (forklifts, tools, and safety equipment) for Venezuelan authorities to unload and examine containers in a safe and protected environment. Now, despite the fact that the USG estimates 70 percent of narcotics from Colombia transit the Tachira-Puerto Cabello corridor, the facility remains unused. The Port Authority of Puerto Cabello threatened in late 2007 to take over the facility, although the GOV-approved project stipulated that it must be used for counternarcotics activities. The threat of a takeover by the Port Authority puts at risk one of the few remaining areas of bilateral cooperation.

A number of private Venezuelan companies are still enrolled in the U.S. Customs Service's Business Anti-Smuggling Coalition (BASC) program. This program seeks to deter smuggling, including narcotics, in commercial cargo shipments by enhancing private sector security programs. Despite initial progress, the difficult relations between the USG and the GOV have slowed the pace of this program in both the Valencia and Caracas BASC chapters.

Signs of progress do exist. The Venezuelan government still continues to authorize the USG to board Venezuelan flagged vessels on the high seas suspected of being engaged in narcotics trafficking. In one such incident in October 2007, the GOV permitted a joint U.S. Coast Guard—Royal Navy Group to board a drug-laden Venezuelan-registered vessel in international waters after some delay. Also in October, at the presentation of the new U.S. Ambassador's credentials, President Chavez indicated that Venezuela and the U.S. should look for areas to renew cooperation and cited counternarcotics as one such area.

The Road Ahead. In 2008, the USG remains prepared to renew cooperation with Venezuelan counterparts to fight the increasing flow of illegal drugs. One clear step for the GOV to make would be to conclude signing the outstanding MOU addendum, which would free up funds for joint counternarcotics projects. Another would be to start stemming the rise in drug transits from Colombia by working with the USG to retain and make operational the Container Inspection Facility (CIF) at Puerto Cabello. Once these first steps are taken, the USG and GOV can begin restarting other stalled projects, including the development of a drug intelligence fusion and analysis center and the initiation of riverine interdiction operations on the Orinoco River. These steps would help to dismantle the growing organized criminal networks, and aid in the prosecution of criminals engaged in trafficking.

