

**CANADA, MEXICO AND  
CENTRAL AMERICA**



# Belize

## I. Summary

While Belize is not a major drug source, transit or consuming country, it is part of the trans-shipment corridor to the United States. The Government of Belize (GOB) supported narcotics operations and investigations in 2006 and collaborated with the United States, including on extradition of fugitives wanted in the United States. Belize is party to the 1988 UN Drug Convention.

## II. Status of Country

Because of its location and geography, Belize is part of the trans-shipment corridor for illicit drugs between Colombia and Mexico and the U.S. Belize has borders with Guatemala and Mexico, large tracts of unpopulated jungles and forested areas, a lengthy unprotected coastline, hundreds of small keys and islands and numerous navigable inland waterways. In 2006, GOB law enforcement officers found abandoned, suspect trafficking boats in Belizean waters and hidden near the sea, ready for use in trafficking. Underdeveloped infrastructure and a small population limit what the authorities can do to suppress narcotics trafficking. The Belize Police Department (BPD), the Belize Defence Force (BDF), the International Airport Security Division and the new Belize National Coast Guard (BNCG) lead counternarcotics efforts. A small amount of locally consumed marijuana is cultivated in Belize. There is no evidence of trafficking in precursor chemicals in Belize, nor are there industries in Belize requiring precursor chemicals. Corruption and the potential for money laundering are areas of concern.

## III. Country Actions Against Drugs in 2006

**Policy Initiatives/Accomplishments.** In its first year the BNCG began patrolling the Belizean coastline and keys and conducted several counternarcotics operations. The GOB also instituted anti-corruption measures related to conflict of interest and migration. The newly assigned Ministry of Home Affairs Chief Executive Officer opened the Belize National Forensic Science Services (NFSS) laboratory at the end of 2006 and a two-year training program continues.

**Law Enforcement Efforts.** The GOB's most serious internal drug problem is rooted in drug-associated criminality. Obtaining convictions remains difficult, as the Office of the Director of Public Prosecutions remains under-trained, under-staffed, and under-funded. In 2006, the BNCG conducted several counternarcotics operations with USG assistance. Although there were no significant drug seizures, these operations resulted in the confiscation of 34 high-powered automatic and semi-automatic weapons. Seizures in 2006 include: 8 kg (kg) of crack cocaine, 81 kg of cocaine, 651 kg of marijuana, and minor quantities of other drugs. From January through September 2006, law enforcement made 1,397 arrests.

**Corruption.** The GOB does not facilitate the production, processing, or shipment of narcotic and psychotropic drugs or other controlled substances, or the laundering of the proceeds from illegal drug transactions. Nor is any senior official of the government known to be involved in those activities. The GOB takes limited legal and law enforcement measures to prevent and punish public corruption. No laws specifically cover narcotics-related public corruption, but it is covered under the 1994 Prevention of Corruption in Public Life Act. The Act created an integrity commission with powers to investigate various forms of corruption and levy civil penalties on offenders. Despite allegations of corruption, to date no government officials have been punished under the Act. While there is no direct evidence of narcotics-related corruption within the government, other kinds of corruption are suspected in several areas of the government and at all levels. Laws against

bribery are rarely enforced. IN 2006 there were two high profile cases of conflict of interest or suspected or confirmed corruption in the Financial Intelligence Unit, Passports, and the Department of Immigration and Nationality.

In June 2001, the GOB signed the OAS Inter-American Convention against Corruption and supported the revival of the Committee on Public Probity and Ethics to review implementation of the convention, but Belize is not a party to the UN Convention against corruption.

**Agreements and Treaties.** Belize has been a party to the 1988 UN Drug Convention since 1996. Belize is one of three countries that has signed and ratified the Caribbean Regional Agreement on Maritime Counter Narcotics. In September 1997, the GOB signed the National Crime Information Center Pilot Project Assessment Agreement (data- and information-sharing). Recent bilateral agreements between the U.S. and Belize include a protocol to the Maritime Agreement that entered into force in April 2000, a bilateral Extradition Treaty with the United States that entered into force in August 2001, a U.S.-Belize Mutual Legal Assistance Treaty (MLAT) that entered into force in July 2003, and the Inter-American Convention on Serving Criminal Sentences Abroad that entered into force in 2005.

Although there were no extraditions from Belize in 2006, a number of U.S. fugitives were deported. In 2005, a U.S. extradition request in a major drug case was denied on the basis of insufficient evidence. This resulted in a call by U.S. for clarification of standard review in the extradition treaty to which the Belize Solicitor General responded that there may be a need for a technical exchange of notes to clarify the standard review. The matter remains pending. In another extradition case, pending since 1999, the GOB has not scheduled arguments on the fugitives' appeal since 2002. Although the Mutual Legal Assistance Treaty entered into force in 2003, it was not implemented by the GOB until 2005. Response to U.S. requests for assistance has been slow.

Belize is a party to the UN Convention against Transnational Organized Crime and it's Trafficking in Persons protocol. In 2005, Belize joined other Central American countries participating in the Cooperating Nations Information Exchange System (CNIES), which assists in locating, identifying, tracking and intercepting civil aircraft in Belize's airspace. The program has resulted in several significant seizures in coordinated interdiction operations, particularly with Guatemala.

**Cultivation/Production.** The widespread marijuana cultivation of a decade ago has been reduced, but small amounts of illicit cultivation continue, as do GOB eradication efforts. Between January and August 2006, 121,267 marijuana plants were eradicated.

**Drug Flow/Transit and Distribution.** The major narcotics threat in Belize is cocaine transshipment through its territorial waters for onward shipment to the U.S. The primary means for smuggling drugs are "go-fast" boats transiting Belize's lengthy coastline and reef system, then transshipment along navigable inland waterways and to remote border crossings. Interdiction is hampered by the lack of adequate host nation resources and lax customs enforcement.

**Domestic Program/Demand Reduction.** The National Drug Abuse Control Council (NDACC), which provides drug abuse education, information, counseling, rehabilitation, outreach, and a public commercial campaign, coordinates GOB's demand reduction efforts. In 2006, the USG and the United Nations Office against Drugs and Crime (UNODC) assisted the GOB to establish a treatment, rehabilitation and social integration center for drug abusers in Belize, and the USG added more support for 2007. Through CICAD, the Inter-American Drug Abuse Control Commission, the U.S. also supported school-based substance abuse prevention and life skills education.

**U.S. Policy Initiatives and Bilateral Cooperation.** The U.S. strategy in Belize continues to focus on assisting the GOB in developing a sustainable infrastructure to combat drug trafficking. The USG provides support to the Belizean Forensic Laboratory to increase the justice system's

successful investigations and prosecution of crimes; programs for at-risk school youth and prison drug rehabilitation; and maritime security and law enforcement. In 2006 the USG provided a third refurbished “go-fast” boat for counternarcotics operations and tactical gear. The USG also assisted the GOB with the establishment of a Voluntary Polygraph Testing program. Members of the Police Department Anti-Drug Unit, Police Special Branch, Belize Defence Force Air Wing and Belize National Coast Guard participated in this exercise, led by the Commandant of the BNCG.

A number of training courses were provided in 2006 to improve Belizean anti crime capacity. The USG and Canada provided Carrier Liaison training to airlines and Fraudulent Detection and Smuggling Deterrence training to local Belize Police Officers, Immigration and Customs officials, and Belize National Coast Guard. The USG provided maritime law enforcement, search and rescue, engineering, and professional development training to the BNCG. The USG continues to provide technical assistance for developing and implementing an appropriate legislative framework to provide the BNCG with clear authorities. Additionally, the USG provided training to the Police Department in interdiction, narcotics officer survival, parcel investigations, anti-terrorism, anti-gang, asset seizure and other related topics.

**The Road Ahead.** Given frequent changes in trafficking routes and lack of resources for maritime and air assets, the potential remains for trans-shipment of cocaine through Belize to increase. Local marijuana cultivation necessitates continual monitoring and periodic eradication. After eight years in power, the People's United Party continues to advocate combating drug trafficking and associated crime, but provides limited resources. USG assistance will continue to focus on supporting police counternarcotics units, Belize National Coast Guard, investigative, forensic and prosecutor units, and the Financial Intelligence Unit.

# Canada

## I. Summary

In 2006, the Government of Canada (GOC) implemented the Precursor Control Amendments to the Controlled Drugs and Substances Act to establish a regulatory framework to curtail the production of illicit drugs. Canada has an active strategy to combat illicit drug use, production, and distribution, including public-private partnerships such as “MethWatch” to assist retailers in identifying irregular sales of precursor chemicals. In addition, integrated U.S.-Canadian law enforcement teams disrupted drug smuggling operations, highlighted by one involving pilots transporting marijuana and cocaine across isolated parts of the border. Canada has graduated from being a transit country to a source country for ecstasy (MDMA), due to organized criminal activities. Canada is party to the 1988 UN Drug Convention, and serves as a member of the UN Commission on Narcotic Drugs.

## II. Status of Country

While Canada is primarily a drug-consuming country, it also a significant producer of high-quality marijuana and has emerged as a source country for MDMA. Additionally it serves as a transit or diversion point for precursor chemicals and over-the-counter pharmaceuticals used to produce illicit synthetic drugs (notably MDMA and methamphetamine). Canada's Renewed Drug Strategy (2003) provides a federal policy response to the harmful use of substances.

## III. Country Actions Against Drugs in 2006

**Policy Initiatives.** In January 2006, the Precursor Control Amendments to the Controlled Drugs and Substances Act went into effect. These amendments strengthen verification of import and export licensing procedures, require that companies requesting licenses provide additional detail in their initial requests, establish guidelines on the suspension and revocation of licenses for abusers, and add controls on six chemicals that can be used to produce gamma-hydroxybutyric acid (GHB) and/or methamphetamine. They also authorize Health Canada to consider adverse law enforcement information in licensure and renewal decisions. When the Royal Canadian Mounted Police (RCMP) seized one ton of red phosphorous in September, the Precursor Control Amendments enabled the RCMP to charge an individual with selling and possession for the purpose of selling a precursor chemical. The individual was also charged with cultivation of marijuana under the Controlled Substances and Drugs Act.

**Law Enforcement Efforts.** According to unofficial GOC statistics, during 2006 it seized 1,500 kilograms (kg) of cocaine during 100 operations, 80 kg of heroin in 60 operations, 20 kg of opium in 20 operations and one metric ton of hashish oil. The RCMP did not provide statistics on marijuana seizures for 2006, or information on operations against MDMA production. A joint MDMA and marijuana trafficking investigation, Operation Northern X-Posure, resulted in the arrests of approximately 26 high-level distributors in both countries, including six persons in Toronto. In August, The RCMP identified 250 outdoor marijuana-growing sites and seized 16,500 marijuana plants in a two-week period on Vancouver Island, British Columbia.

**Corruption.** Canada has strong anti-corruption controls in place and holds its officials and law enforcement personnel to a high standard of conduct. Civil servants found to be engaged in malfeasance of any kind are removed from office and are subject to prosecution. Investigations into accusations of wrongdoing and corruption by civil servants are thorough and credible. No senior government officials are known to engage in, encourage, or facilitate the illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of

proceeds from illegal drug transactions. As a matter of government policy, Canada neither encourages nor facilitates illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions.

**Agreements and Treaties.** Canada is party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, and the 1961 UN Single Convention as amended by the 1972 Protocol. Canada is also a party to the Inter-American Convention on Mutual Legal Assistance in Criminal Matters; the Inter-American Convention Against the Illicit Manufacturing of and Trafficking in Firearms, Ammunition, Explosives and Other Related Materials; and the Inter-American Convention Against Corruption. Canada actively cooperates with international partners. The USG and GOC exchange forfeited assets through a bilateral asset sharing agreement, and exchange information to prevent, investigate, and repress any offense against U.S. or Canadian customs laws through a Customs Mutual Assistance Agreement. The GOC has signed 30 bilateral mutual legal assistance treaties and 87 extradition treaties. Judicial assistance and extradition matters between the U.S. and Canada are made through a Mutual Legal Assistance Treaty (MLAT) and an extradition treaty and protocols.

**Cultivation/Production.** Commercial marijuana cultivation thrives in Canada in part because growers do not face strict legal punishment. Though outdoor cultivation continues, the use of large and more sophisticated indoor-grow operations is increasing because it allows year-round production. The RCMP reports the involvement of ethnic Chinese and Vietnamese organized-crime organizations in technologically-advanced organic grow methods that produce marijuana with elevated THC levels. In fact, the marijuana industry in Canada is becoming increasingly sophisticated, with organized crime groups relying on marijuana sales as a primary source of income and using the profits to finance other illicit activities. The RCMP reports that frequently Canadian marijuana is trafficked to the United States and exchanged for currency, firearms, and cocaine. Recently, Asian drug trafficking organizations based in Canada have experimented with new methods to evade law enforcement and expand their businesses. This trend includes the increasing use of eastern ports of entry along the Canadian border for marijuana smuggling and the establishment of indoor-grow operations on the U.S. side of the border, especially in the Pacific Northwest and California.

The demand for, and production of, synthetic drugs is on the rise in Canada, particularly methamphetamine and MDMA. Reports of GHB use are increasing. According to DEA, GHB has been used in the commission of sexual assaults because it renders the victim incapable of resisting, and may cause memory problems that could complicate case prosecution. Clandestine laboratories – once largely located in rural areas but expanding into urban, residential neighborhoods - are becoming larger and more sophisticated. Approximately 95 percent of the methamphetamine sold originates from multi-kilogram operations. In June 2006, authorities in Ontario seized a methamphetamine super lab, the largest in Ontario's history, with 35 kilograms of finished methamphetamine and 25 kilograms of ephedrine.

**Drug Flow/Transit.** U.S. and Canadian law enforcement received reports of seizures of ephedrine (a methamphetamine precursor) in India destined for Canada, including two large seizures in August and September 2006. The shipment of the precursor appears to be controlled by Canadian criminal organizations. In June 2006, the U.S. and Canadian Integrated Border Enforcement Team (IBET) busted a drug smuggling organization that utilized helicopters and fixed-wing aircraft to smuggle marijuana to and from the two countries through sparsely populated regions. The August 2006 Criminal Intelligence Services Canada annual report on organized crime indicates that there are 800 organized crime groups in Canada, of which approximately 80 percent are involved in the illegal drug trade in some capacity. The report also highlighted an increase in the cross-border drug trade, especially in MDMA. Asian-Pacific (AP) officials indicate that Canada has become a source country for drugs to their region. AP officials report increasing drug smuggling from Canada,

primarily to Australia, Japan, and Korea, but also to Hong Kong, New Zealand, the Philippines, and Vietnam.

**Domestic Programs.** Canada has embarked on a number of harm-reduction programs at the federal and local levels. On September 1, Health Canada announced that no new government-sponsored injection sites will be opened until a new National Drug Strategy is promulgated and additional research is completed on the existing sole site in Vancouver. The Vancouver site has been in operation since 2003 and is authorized to operate until December 2007. Several cities have also approved programs to distribute drug paraphernalia, including crack pipes, to chronic users. Delivery of demand reduction, education, treatment and rehabilitation is primarily the responsibility of the provincial and territorial governments and Health Canada provides funding for these services.

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

**Bilateral Cooperation.** The U.S. and Canada cooperate closely at the federal, state/provincial, and local levels. In November 2006, the annual U.S./Canada Cross-Border Crime Forum engaged policy-makers and senior operational directors in a joint effort to guide the relationship strategically, to develop a common agenda, and to enhance operational coordination. Two examples are Project North Star, a mechanism for law enforcement coordination at the state and local level; and the joint Integrated Border Enforcement Teams (IBETs), which have become a primary tool in ensuring that criminals cannot exploit the international border to evade justice. The joint MDMA and marijuana trafficking investigation, Operation Northern X-Posure, underscored bilateral law-enforcement efforts between the two nations. In May, the RCMP and DEA co-hosted the 2006 International Drug Enforcement Conference (IDEC) in Montreal. This annual, DEA-sponsored conference brought together high-ranking law enforcement officials for the largest IDEC contingent ever, representing 81 countries, to share drug-related information and to develop a coordinated approach to combat criminal threats. Canada also expanded cooperative efforts with the United States against illicit trafficking in the transit zone from South America to North America by deploying Maritime Patrol Assets in support of Joint Interagency Task Force South. U.S. Customs and Border Protection and Canada Border Security Agency meet between two and four times a year to discuss programs and initiatives of mutual concern.

**Road Ahead.** In 2007, the United States and Canada will continue to pursue joint operations against drug-trafficking organizations. The USG will look to Canada for cooperation in monitoring and tracking precursor chemical activity, interception of suspicious shipments, and addressing the rise in MDMA production there. The GOC should continue to look for ways to improve its regulatory and enforcement capacity, as well as to encourage industry compliance - to prevent diversion of precursor chemicals for criminal use. With much of the legal framework already in place, Canada should focus on improving the effectiveness of its inspectorate regime. Canada should also continue its efforts to identify, disrupt and prosecute money-laundering operations.

The USG wishes to embark on a new cooperative, joint policing model designed to make the maritime border as seamless to law enforcement officers as it is to criminals. The Integrated Marine Security Operations (IMSO) program, also referred to as "Shiprider," would facilitate effective maritime law enforcement by cross-designating each party's law enforcement officers as customs officers. It would allow cross-designated officers to operate from the vessels or aircraft of the other country; thereby, permitting a single vessel to patrol both Canadian and U.S. waters and pursue suspect vessels. All law enforcement activities in host nation waters would be conducted under the direction and supervision of host nation officers. The USG is also seeking reciprocal treatment for U.S. federal maritime law enforcement officers by expanding on USG-granted blanket diplomatic clearance for Canadian law enforcement officers to carry their weapons while transiting in and out of U.S. waters on the Great Lakes aboard Canadian government vessels. The



U.S. further encourages Canada to take steps to improve its ability to expedite investigations and prosecutions. Strengthening judicial deterrents in Canada would be extremely useful in curbing the expansion of criminal organizations in Canada. The U.S. supports Canada's efforts to increase the availability of science-based treatment programs to reduce drug use, as opposed to measures, which facilitate drug abuse in the hopes of reducing some of its harmful consequences.

# Costa Rica

## I. Summary

Costa Rica is a significant trans-shipment point for narcotics destined for the United States and Europe. Drug seizures rose dramatically under the new Arias administration, nearly doubling last year's total. Costa Rican authorities seized a record 11.5 metric tons (MT) of cocaine and 84.9 kg (kg) of heroin in 2006 in addition to the nearly 14 MT of cocaine seized off Costa Rica's coasts by U.S. law enforcement with Costa Rican cooperation. Local consumption of illicit narcotics, particularly crack cocaine, along with the violent crimes associated with drug use, is a growing concern. In 2006 the Government of Costa Rica (GOCR) continued to implement a 2002 narcotics control law that criminalized money laundering. Joint implementation of the 1998 bilateral Maritime Counterdrug Cooperation Agreement continues to improve the overall maritime security of Costa Rica. In 2006 the Costa Rican Counternarcotics Institute (ICD) enhanced its coordination efforts in the areas of intelligence, demand reduction, asset seizure, and precursor chemical licensing. Costa Rica is a party to the 1988 UN Drug Convention.

## II. Status of Country

Costa Rica's long Atlantic and Pacific coastlines and strategic point on the isthmus linking Colombia with the United States make it vulnerable to drug transshipment for South American cocaine and heroin destined primarily for the United States. The GOCR cooperates with the USG in combating narcotics trafficking by land and sea.

Costa Rica also has a stringent governmental licensing process for the importation and distribution of controlled precursor chemicals

## III. Country Actions Against Drugs in 2006

**Policy Initiatives.** The Costa Rican Counternarcotics Institute (ICD) changed leadership in 2006 and greatly enhanced its coordination efforts in the areas of intelligence, demand reduction, asset seizure, and precursor chemical licensing. Costa Rica is focusing on adapting its plans to realistic goals given its somewhat limited resources.

**Accomplishments.** Close relations between U.S. law enforcement agencies and GOCR counterparts resulted in regular information-sharing and joint operations. As a result, authorities seized record amounts of drugs in 2006. Costa Rican authorities (in coordination with U.S. law enforcement) seized a record 25.5 MT of cocaine while increasing seizures of crack and eradicating over 650,000 marijuana plants. Costa Rican drug police tripled seizures of processed marijuana to 2,881 kg and increased heroin seizures to 84.9 kg. In addition, Costa Rican authorities seized 3,405 Ecstasy tablets and confiscated over \$4 million in suspect currency. Thanks to a crack down after the Arias Administration came to power, drug-related arrests skyrocketed to 21,199 in 2006 as compared to 6,251 in 2005 and only 1,024 in 2004.

**Law Enforcement Efforts.** The primary counternarcotics agencies in Costa Rica are the Judicial Investigative Police (OIJ) in the judicial branch, and the Ministry of Public Security's Drug Control Police (PCD) of the executive branch. Other authorities include the Costa Rican Coast Guard, the Air Surveillance Section, and the nearly 10,000-member police force. The OIJ operates a small, highly professional Narcotics Section that specializes in investigating domestic and international narcotics trafficking. The PCD investigates both domestic and international drug smuggling, and coordinates international operations. Both entities conduct complex investigations of drug trafficking organizations, resulting in arrests and the confiscation of cocaine and other drugs.

The interagency Mobile Enforcement Team (MET), consisting of canine units, drug control police, customs police and specialized vehicles, coordinated six cross-border operations with authorities in Nicaragua and Panama in 2006. The ICD increased the frequency of MET deployments but has not yet met its goal of two per month.

**Corruption.** No senior official of the GOCR engages in, encourages, or facilitates the illicit production or distribution of such drugs, or the laundering of proceeds from illegal drug transactions. In 2006, Costa Rica passed a draconian law against illicit enrichment in response to unprecedented corruption scandals, involving three ex-presidents that were exposed in 2004. Although the ex-presidents' cases have not yet gone to trial, Costa Rica's commitment to combat public corruption appears to have been strengthened by the scandals.

The GOCR aggressively investigates allegations of official corruption or abuse. U.S. law enforcement agencies consider the public security forces and judicial officials to be full partners in counternarcotics investigations and operations.

**Agreements and Treaties.** The 1998 bilateral Maritime Counterdrug Cooperation Agreement continues to serve as the model maritime agreement for Central America and the Caribbean. Provisions of the maritime agreement were actively used in joint operations that resulted in record seizures at sea during 2006.

The United States-Costa Rican extradition treaty, in force since 1991, was actively used in 2006. Costa Rica ratified the Inter-American Convention Against Corruption in 1997 and signed the UN Convention Against Corruption in 2003. Costa Rica ratified a bilateral stolen vehicles treaty in 2002. Costa Rica is a party to the 1988 UN Drug Convention, the 1961 Single Convention on Narcotic Drugs, as amended by its 1972 Protocol, and the 1971 Convention on Psychotropic Substances. Costa Rica ratified the UN Convention against Transnational Organized Crime and its Supplemental Protocols in 2003.

Costa Rica and the United States are also parties to bilateral drug information and intelligence sharing agreements dating from 1975 and 1976. Costa Rica is a member of the Caribbean Financial Action Task Force and the Egmont Group. It is a member of the Inter-American Drug Abuse Control Commission of the Organization of American States (OAS/CICAD). Costa Rica was one of the first countries to sign the Caribbean regional maritime counternarcotics agreement when it opened for signature in April 2003, and is the depository for the document, but has not yet taken the necessary internal steps to bring it into force.

**Cultivation/Production.** Low quality marijuana is grown in remote areas. An indoor hydroponics cannabis production facility was seized in 2006. The last similar seizure was in 2004. The small scale of the operation indicated domestic consumption only, despite export-quality potency of the marijuana. Costa Rica does not produce other illicit drug crops or synthetic drugs.

**Drug Flow/Transit.** In 2006, the trend toward frequent, smaller (50-500 kg) shipments of drugs transiting Costa Rica in truck and passenger car compartments continued. With two notable exceptions in 2006, this modality accounted for almost all cocaine seizures on land. The trend toward increased trafficking of narcotics by maritime routes has also continued with nearly 14 MT of cocaine seized at sea in 2006 by U.S. law enforcement. One of these seizures was the largest in Costa Rican history (7.8 MT seized on a Costa Rican-flagged fishing vessel). Traffickers continue to use Costa Rican-flagged fishing boats to smuggle multi-ton shipments of drugs and to provide fuel for other go-fast boats.

**Domestic Programs/Demand Reduction.** The Prevention Unit of the ICD oversees drug prevention efforts and educational programs throughout the country. The ICD and the Ministry of Education distribute demand-reduction materials to all school children. The MET team often visits

local schools in the wake of a deployment. The team's canines and specialized vehicles make effective emissaries for demand-reduction messages.

In 2006, the ICD worked closely with the U.S. Embassy to produce a demand reduction video and discussion guide for use in public schools and took the lead in organizing a demand reduction event during Red Ribbon week in Limon, one of Costa Rica's poorest and most crime-ridden provinces.

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

**U.S. Policy Initiatives.** The U.S. seeks to compliment and build upon the on-going successful maritime experience by turning more attention and resources to land interdiction strategies, including expanded coverage of airports, seaports and border checkpoints.

**Bilateral Cooperation.** In 2006, the USG sought to implement the bilateral Maritime Counterdrug Cooperation Agreement and enhance the ability of the Air Section of the Public Security Ministry to respond to illicit drug activities by providing equipment and technical training. The USG also improved law enforcement capacity by providing training and equipment to the OIJ Narcotics Section, the PCD, the Intelligence Unit of the ICD, the National Police Academy, and the Customs Control Police; and increasing public awareness by providing assistance to Costa Rican demand-reduction programs. In addition, the USG provided training, computer equipment, software and other equipment to the Ministry of Public Security, the Judicial Branch, the ICD's Financial Intelligence Unit, and the inter-agency MET unit.

**The Road Ahead.** The U.S. will continue to provide technical expertise, training, and funding to professionalize Costa Rica's Coast Guard and enhance its capabilities to conduct independent maritime law enforcement operations in accordance with the bilateral Maritime Counterdrug Cooperation Agreement. In the coming year, the GOCCR will continue professionalization of its public security forces; implement and expand controls against money laundering; and expand its efforts against corruption. It intends to deploy the MET interdiction team twice a month. The GOCCR also plans to increase its police force by 4,000 additional officers over the next four years.

# El Salvador

## I. Summary

El Salvador is a transit country for narcotics, mainly cocaine and heroin. Illicit drugs that enter the country from South America make their way to the United States by land, eventually through Mexico. In 2006, the National Police (PNC) seized 445 kg (kg) of marijuana, 100 kg of cocaine, and 23 kg of heroin. Although El Salvador is not a major financial center, assets forfeited and seized as the result of drug-related crimes amounted to over \$2 million. El Salvador is party to the 1988 UN Drug Convention.

## II. Status of Country

Along with its Central American neighbors, El Salvador is a transit point for cocaine and heroin that flow through the Eastern Pacific and by land. El Salvador hosts a Forward Operating Location for trafficking detection and interception. Criminal youth gangs also plague El Salvador. While not deemed to be major traffickers, gangs retail drugs and provide “muscle” for protecting shipments. Precursor chemical production, trading, and transit are not significant problems in El Salvador.

## III. Country Actions Against Drugs in 2006

**Policy Initiatives.** In 2006, the Government of El Salvador (GOES), in cooperation with the United States, Mexico, and other Central American countries, implemented Operation All Inclusive against trafficking along Central America's Atlantic and Pacific coastlines and money laundering operations. The Anti-Narcotics Division (DAN) of the National Civilian Police (PNC) also targeted overland transportation, commercial air, package delivery services, and maritime transportation in the Gulf of Fonseca. As a result of the operation, the PNC seized 12 kg of cocaine and arrested 12 individuals for trafficking offenses.

**Accomplishments.** Several significant developments during the year demonstrated the GOES commitment to the objectives of the 1988 UN Drug Convention. USG-supported Containerized Freight Tracking System (CFTS) at the Amatillo border crossing with Honduras permits the GOES to inspect commercial and passenger vehicles arriving from Honduras. In 2006, police at the CFTS inspected 1,750 commercial freight trucks, 4,748 passenger buses, and 7,680 passenger vehicles, and seized 13 kg of marijuana, seven kg of cocaine, and 10 kg of heroin. Police operations at the Amatillo border crossing resulted in the arrests of 28 individuals for trafficking offenses. In 2006, the National Police (PNC) seized a total of 445 kg (kg) of marijuana, 100 kg of cocaine, and 23 kg of heroin.

**Law Enforcement Efforts.** Law enforcement efforts in 2006 were primarily focused on priority targets of mutual interest to both the United States and the GOES. Salvadoran police investigators and prosecutors traveled to the United States on numerous occasions to share intelligence and coordinate operations. Policies initiated by the newly elected Salvadoran Attorney General, such as embedding prosecutors within police units, exponentially increased cooperation between prosecutors and the police over the previous year. The narcotics police are professionally competent, but their capabilities are hampered by a lack of resources and legal impediments against wiretapping.

**Corruption.** As a matter of policy, the GOES does not encourage or facilitate illicit production or distribution of narcotics or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. Under Salvadoran law, using one's official position in relation to the commission of a drug offense is an aggravating circumstance that can result in an increased sentence of up to one-third of the statutory maximum. This includes accepting or

receiving money or other benefits in exchange for an act or omission in relation to one's official duties. The PNC's Internal Affairs Unit and the Attorney General's Office investigate and prosecute GOES officials for corruption and abuse of authority.

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

**Agreements and Treaties.** El Salvador is a party to the 1971 UN Convention on Psychotropic Substances; the 1961 UN Single Convention as amended by the 1972 Protocol; the Central American convention for the Prevention of Money Laundering Related to Drug-Trafficking and Similar Crimes; the UN Convention against Transnational Organized Crime and its three protocols, and the 1988 UN Drug Convention. The current extradition treaty between the United States and El Salvador does not mandate the extradition of Salvadoran nationals. Negotiation of a new treaty has stalled in light of a Salvadoran constitutional ban on life imprisonment, which may prove an obstacle to extradition in some cases. Narcotics offenses are covered as extraditable crimes by virtue of the 1988 UN Drug Convention.

**Cultivation/Production.** Small quantities of poor quality marijuana are produced in the mountainous regions along the border with Guatemala and Honduras for domestic consumption. There is no evidence of coca or poppy cultivation.

**Drug Flow/Transit.** Cocaine and heroin from Colombia typically transits El Salvador via the Pan-American Highway and maritime routes off the country's Pacific coast. Most drugs transiting terrestrially are carried by commercial bus passengers in their luggage. Both heroin and cocaine also transit by go-fast boats and commercial vessels off the Salvadoran coast.

**Domestic Programs (Demand Reduction).** The GOES manages its demand reduction program through several government agencies. The Ministry of Education presents lifestyle and drug prevention courses in the public schools, as well as providing after school activities. The PNC operates a D.A.R.E. (Drug Abuse Resistance Education) program modeled on the U.S. program. The Ministries of Governance and Transportation have units that advocate drug-free lifestyles. The Public Security Council (Consejo Nacional de Seguridad Publica) is actively involved in demobilization and substance abuse prevention within Salvador's gang communities.

The USG-supported Salvadoran NGO FundaSalva works with the GOES to provide substance abuse awareness, counseling, rehabilitation, and reinsertion services (job training) to the public. In 2006, FundaSalva provided demand reduction services to over 2,301 individuals. The USG also sponsors the U.S.-based "Second Step" program. Second Step is taught in first grade and assists teachers to identify antisocial behavior that later leads to substance abuse and violence. Other less comprehensive demand reduction programs exist, and they are usually faith-based and run by recovering addicts or religious leaders.

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

**Policy Initiatives.** U.S. assistance primarily focuses upon developing El Salvador's law enforcement agencies and on increasing the GOES ability to combat money laundering and public corruption, and ensuring a transparent criminal justice system. From September 28 to October 7, 2006, the DEA country office, in conjunction with the U.S. Department of Defense, the U.S. Coast Guard (USCG), and police and naval forces from Guatemala and El Salvador, conducted a combined maritime operation to disrupt trafficking operations off the littoral coasts of Central America. The operation resulted in the seizure of eight kg of cocaine and the arrest of 22 individuals for trafficking offenses.

**Bilateral Cooperation.** The United States provided funding for operational support of Grupo Cuscatlan and the high-profile crimes unit (GEAN) within the Anti-Narcotics Police. The United States also funded training and travel related to airport security, money laundering, maritime boarding operations, and anti-gang measures. Drug Enforcement Administration officers work closely with the PNC counternarcotics unit, the PNC financial crimes unit, the Financial Investigations Unit of the federal prosecutor's office, and the federal banking regulators on issues relating to drug trafficking and money laundering. El Salvador has benefited from several USCG courses including the Maritime Boarding Officer Course and the International Maritime Officer's Course. Additionally, they hosted a regional, multi-national Port Security / Vulnerability mobile training team course in which eight other countries participated.

**Road Ahead.** The United States will continue to provide operational and training support to Salvadoran law enforcement institutions, with an emphasis on improving intelligence, investigations and prosecutions leading to convictions. Increased integration of police and prosecutors' work will enable El Salvador to increase convictions, as will increased use of evidence tools, such as fingerprint analysis and case databases to solve crimes. Sharing information among law enforcement and financial institutions will help El Salvador to facilitate money laundering and trafficking investigations. In the coming year, El Salvador will also be an active participant in the regional anti-gang program.

# Guatemala

## I. Summary

Guatemala is a major drug-transit country for cocaine and heroin en route to the United States and Europe. The Government of Guatemala (GOG) made substantial progress in restructuring counternarcotics police functions, passed an organized crime control act that will permit wiretapping, and continued opium poppy eradication efforts. In spite of these efforts in 2006, traffickers exploited air, road, and sea routes to move cocaine through Guatemala. The government is committed to attacking corruption and has fired hundreds of corrupt police since taking office. Insufficient resources, weak GOG middle management, and widespread corruption hamper the GOG's ability to deal with narcotics trafficking and organized crime. Guatemala is party to the 1988 UN Drug Convention.

## II. Status of Country

Most cocaine destined for the United States transits the Mexico/Central America corridor. Guatemala is an important transit point for onward shipment of cocaine to the United States. Guatemalan drug law enforcement agencies underwent substantial restructuring after the arrest of the country's three top drug law enforcement officials in November 2005. Guatemalan authorities interdicted 281 kg. of cocaine in 2006. Guatemala has limited capability to control the northern area of the country where traffickers operate clandestine airstrips, or the Eastern Pacific coastline, where traffickers are able to offload cargoes with little impediment. Narcotics traffickers at times paid for transportation services with drugs, which enter into local markets leading to increased domestic consumption and crime.

In 2006, Guatemalan authorities eradicated 79 hectares of opium poppy. Marijuana is also grown, but only for local consumption. During 2006, the Ministry of Health inspected all drug manufacturers and distributors for compliance to rules related to potassium permanganate, a precursor chemical for cocaine processing. Separately, as a result of a 2005 inspection, the GOG filed its first court case alleging illicit storage of and commerce in pseudoephedrine.

## III. Country Actions Against Drugs in 2006

**Policy Initiatives.** The GOG uses a multi agency-working group to focus their counternarcotics efforts. In 2006 Guatemala enacted a law against organized crime. This law authorizes wiretaps, undercover operations and controlled deliveries, and also provides a stronger conspiracy statute. In 2005, the Berger government obtained congressional reauthorization for three years of a law permitting joint U.S./Guatemalan military and law enforcement operations in Guatemala. Two such operations (known as "Mayan Jaguar") were held in 2006 as part of an operation involving other Central American countries and DOD's Joint Interagency Task Force South, including implementation of the U.S.-Guatemala bilateral maritime agreement and support for DEA's region-wide Operation All Inclusive.

**Law Enforcement Efforts.** Since the investigation and arrest of three top officials from the GOG's Anti-Narcotics Analysis and Information Services (SAIA), in November 2005, SAIA has been fully restructured with USG assistance. SAIA now focuses solely on investigations, while the newly formed Division of Ports and Airports (DIPA) staffs land points of entry and airports. All officers assigned to these units, including management, are vetted.

In October, the GOG agreed to the boarding of a Guatemalan-flagged vessel under the terms of the bilateral maritime agreement. As a result, the U.S. Coast Guard seized approximately 1,632 kg of



cocaine, arrested four drug traffickers, and transferred them to the U.S. for prosecution. SAIA seized 281 kg of cocaine in 2006. The GOG also eradicated 79 hectares of opium poppy.

There is close cooperation between the USG and the Guatemalan Air Force (GAF), particularly during Mayan Jaguar exercises. While aging aircraft and lack of money for fuel continue to be constraints, the GAF provides air assets for interdiction missions and airlift for police and prosecutors conducting drug interdiction and eradication operations.

The Public Ministry's narcotics prosecutors receive USG training and assistance, which aids them in achieving convictions, but success in prosecuting major organized crime figures, including narcotics traffickers, has been limited.

The USG supports the model police precinct in Villa Nueva to help the PNC control police corruption and make inroads against gang-related drug distribution, extortion, and murder. During 2006, the Villa Nueva investigative unit had a 200 percent increase in cases investigated and resolved, and now clears more than 60 percent of its cases. Crime indices in Villa Nueva decreased and more citizens are filing formal complaints as confidence in the police improves. Villa Nueva initiated directed patrolling based on area crime statistics; the increased patrols in Villa Nueva's highest crime areas should further reduce crime and increase public confidence.

**Corruption.** Guatemala does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. Senior government officials are not known to be involved in these activities. Guatemala is pursuing numerous public corruption cases against former public officials, army officers and police. The anti-money laundering law is also being used as an anticorruption tool. The attorney general opened 54 corruption cases during 2006, including the prosecution of four former mayors for diversion and misuse of public funds.

Corruption remains an obstacle for GOG counternarcotics programs. After the 2005 arrest of the three top SAIA officers, the GOG redoubled efforts to fight corruption in the National Civilian Police (PNC), using rigorous vetting procedures. The Director General of the police enforces a "zero tolerance" policy on corruption, investigating complaints through the Office of Professional Responsibility. A landmark case was the July murder of the chief investigator in Villa Nueva. Two former and one active duty police officers were arrested.

**Agreements and Treaties.** Guatemala is a party to the 1961 UN Single Convention and its 1972 Protocol; the 1971 UN Convention on Psychotropic Substances; the 1988 UN Drug Convention; the Central American Commission for the Eradication of Production, Traffic, Consumption and Illicit Use of Psychotropic Drugs and Substances; and the Central American Treaty on Joint Legal Assistance for Penal Issues. Guatemala is a party to the UN Convention against Transnational Organized Crime and its three protocols. Guatemala has a maritime counternarcotics agreement with the U.S., and was one of the first countries to approve the Caribbean Regional Maritime Counternarcotics Agreement when it opened for signature in April 2003, but has not yet deposited it. Guatemala also is a party to the Inter-American Convention Against Corruption. In addition, Guatemala ratified the Inter-American Mutual Legal Assistance Convention, and is a party to the Inter-American Drug Abuse Control Commission (an entity of the OAS).

The extradition treaty between the GOG and the USG dates from 1903. A supplementary extradition treaty adding narcotics offenses to the list of extraditable offenses was adopted in 1940. Guatemala does extradite its citizens, but the required legal procedures can make the process somewhat onerous. In 2006, the GOG extradited one Guatemalan citizen to the U.S. U.S. citizen fugitives are usually expelled to U.S. custody on the basis of violations of Guatemalan immigration laws. All U.S. requests for extradition in drug cases are consolidated in specialized courts located in Guatemala City.

**Cultivation/Production.** There is opium poppy cultivation, usually in small fields situated in the San Marcos department, roughly totaling about 100 ha at the end of 2006. Guatemala manually eradicated 48 ha of poppy in 2005 and 47 ha in 2006. Guatemala and the USG conducted aerial reconnaissance missions to plan GOG manual poppy eradication operations. There is significant marijuana cultivation, all of which is consumed locally.

**Drug Flow/Transit.** In 2006, the trend for maritime drug transit to Guatemala shifted from go-fast boats to increased use of mother ships working in concert with fishing vessels. These ships position themselves beyond the 12 mile territorial waters limit and offload cocaine to the smaller fishing vessels, which then smuggle the loads into the many ports and estuaries along Guatemala's Pacific coast. Once the cocaine is landed in Guatemala, it is then broken down into smaller loads for transit to Mexico enroute to the U.S.

Commercial containers continue as major land and sea avenues for smuggling larger quantities of drugs through Guatemala's ports of entry. To address corruption in the seaports, the Ministry of Government (MOG) ordered the formation of the DIPA to specialize in interdiction at seaports, airports and land border points of entry. Initial experience with the DIPA has been good, with increased detection of money and drug couriers transiting La Aurora International Airport in Guatemala City. DEA information suggests that Guatemalan opium gum is shipped into Mexico, and then processed in Mexico for distribution.

**Domestic Programs/Demand Reduction.** Guatemala's demand reduction agency, SECCATID, continued to implement the National Program of Preventive Education (PRONEPI) and trained 1,600 teachers using the "train the trainer" concept with the participation of the Ministries of Health and Education. GOG has enough teachers trained that drug prevention course is being institutionalized for 2007 academic year. SECCATID, with NAS support, provides technical assistance in developing the curriculum appropriate for each grade level and methods of evaluation.

The GOG approved regulations setting forth minimum legal requirements for rehabilitation centers to operate. SECCATID provides technical and commodity assistance to at least 50 centers to enable them to come into compliance with the new standards.

The preschool Second Step pilot program implemented for 300 children, three to five years old, yielded improvements in children's coping skills, ability to manage and express their emotions, and capacity for achieving solutions to their problems as measured in post tests and teacher and parent observation. SECCATID, with USG assistance, is expanding the program to other schools in the city and two departments outside the capital. In coordination with the Ministry of Government, SECCATID also expanded the Drug Abuse Resistance Education (DARE) program from 6 to 28 PNC agents to cover more schools nationwide.

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

U.S. strategy in Guatemala focuses on strengthening the law enforcement and judicial sectors through training, technical assistance, and the provision of equipment and infrastructure, especially for the units directly involved in combating narcotics trafficking, gang crime, and other international organized criminal activity that directly affects the U.S. Special emphasis is placed on management skills, leadership, human rights, investigative techniques, and case management issues. The U.S. strategy also aims at reducing corruption in Guatemala by assisting in implementing strong vetting and internal inspection regimes, as well as through training, education, and public awareness programs.

**Bilateral Cooperation.** The USG provides technical assistance in education, training and public awareness programs to Guatemala's demand reduction agency, SECCATID. The USG also works with the Public Ministry and the Attorney General to support three task forces dealing with narcotics, corruption and money laundering investigations. The USG provided maritime law

enforcement (MLE) training, and assistance in developing a “train the trainer” MLE curriculum to the Guatemalan Navy. The USG provides support for SAIA through an agreement with the Ministry of Government and to DIPA for ports. An important part of this program is the Regional Counternarcotics Training Center. The school teaches the basic entry course for new SAIA agents, as well as advanced narcotics investigations and canine narcotics detection courses. They also offer regional courses in polygraph, false documents, intelligence analysis, and canine drug and explosive detection, among others. In 2006, students from Belize, Bolivia, Colombia, Costa Rica, Ecuador, El Salvador, Honduras, Mexico, and Panama participated.

The USG supports the development of a model police precinct in Villa Nueva (a suburb of Guatemala City plagued by crime and gang violence). In 2006, police in Villa Nueva arrested 157 gang members, many of whom were involved in street level drug distribution. As a result, crime indices declined, including homicides, auto theft, and robberies. This work also includes community policing and directed patrolling based on area crime patterns.

During FY-06, SOUTHCOM provided counter-drug funding to purchase Harris radios and spare parts for ten M113's (an armored personnel carrier). These items are being used by Interagency Task Force North (ITFN), based in the Peten region, in connection with its border security and drug interdiction missions.

**The Road Ahead.** Future efforts will focus on investigations, interdiction, corruption, money laundering, and task force development, with emphasis on assisting the restructured SAIA and DIPA to become more effective drug enforcement partners. A successful interdiction and maritime strategy will involve close cooperation with units of the Guatemalan military that have a clean human rights record. The USG will also continue to assist the GOG in improving the successful Regional Counternarcotics Training Center.

# Honduras

## I. Summary

Honduras is a transit country for shipments of cocaine flowing north from South America by land, sea and air. The Government of Honduras (GOH) cooperates with the U.S. in investigating and interdicting narcotics trafficking, but faces significant obstacles in terms of funding, a weak judicial system with heavy caseloads, lack of coordination, and leadership challenges. Honduran President Jose Manuel “Mel” Zelaya, took office in January 2006, and kept his promise to attack corruption by implementing new measures, such as passing the Transparency Law, which allows public scrutiny of government actions; reforms to the Civil Procedure code, which will speed up judicial processes and allow for public oral arguments; and instituting polygraphs for members of special investigative units. Honduras is a party to the 1988 UN Drug Convention.

## II. Status of Country

Honduras is a transit country for drug trafficking from the source zone to the United States. Recent reports indicate that such transit is increasing, as narcotics traffickers have been shifting their boat traffic from Guatemala to Honduras. USG and Honduran counternarcotics police and military units actively monitor the transshipment of drugs through the country via air, land, and sea routes. Violent youth gangs are also involved in retail drug distribution.

## III. Country Actions Against Drugs in 2006

**Policy Initiatives** President Zelaya and his new administration took office in January 2006 vowing to take stronger measures against crime and drugs, promising stronger international cooperation, and an increase in the number of national police. President Zelaya has made combating drug activities one of its major priorities. This includes the expansion of maritime interdiction, especially along the north coast where most of the drug trafficking occurs; strengthening international cooperation; and Ministry of Public Security initiatives to weed out corrupt officials. In 2006 Honduras passed two important laws: the Transparency Law will give public access to more of the government’s dealings and allow the public to obtain information about the ministries and agencies; and the recently passed reforms to the Civil Procedure Code will speed up the judicial process and allow for public oral arguments. The GOH also instituted measures to polygraph members of special investigative units, and to fire police who have committed crimes or are linked to drug traffickers.

President Zelaya requested USG assistance to support a plan of action to reorganize the National Police and the Honduran law enforcement counternarcotics efforts. This plan, which also includes reforms to the Police Organic Law, is expected to pass Congress early in 2007. GOH actions to reform and improve the National Police in 2006 include the addition of 2,300 officers, with plans to add another 2,000 in 2007; reorganization of the police command to decentralize the police and appoint regional commanders with more autonomy to fight crime in their areas; creation of motorcycle patrols for the cities to put more cops on the streets; and a purge of cops who have committed crimes or are linked to drug traffickers. Police operations have been supplemented by training 300 military personnel in law enforcement techniques and implementing two joint patrol operations searching for drugs, stolen vehicles, criminals, and illegal weapons.

**Accomplishments.** Drug-related arrests at Honduras' borders increased as a result of road interdiction operations by the Frontier Police and other forces. An intelligence initiative and a criminal database to organize information have given positive results. GOH maritime interdiction has been successful in apprehensions and arrests of persons and ships involved in drug trafficking

in conjunction with USG assistance. GOH law enforcement agencies have also intercepted several major shipments of weapons for drugs conducted between Honduran gunrunners and Colombian drug dealers.

**Law Enforcement Efforts.** Honduras was a major participant in Operation All Inclusive, a USG interagency counternarcotics operation. The operation was initiated as a regional counternarcotics initiative directed at major drug trafficking organizations exploiting the countries of Central America and Mexico. With the participation of the Honduran Navy, U.S. Coast Guard (USCG) assets searched Honduran flagged vessels and seized over 6,636 kg of cocaine at sea. In other actions, counternarcotics forces seized 736 kg of cocaine, 807 kg of marijuana, and arrested 403 people in 2006. Authorities seized \$194,273 in cash. It is unusual for large amounts of marijuana to be smuggled in Honduras, but, in 2006, police arrested two subjects transporting approximately 500 kg of marijuana on a public bus near La Ceiba. Prosecution, however, was less successful due to judicial corruption, inefficiency, overwhelming caseloads and funding constraints.

**Corruption.** As a matter of policy, the GOH does not facilitate the production, processing, or shipment of narcotic and psychotropic drugs or other controlled substances. The GOH takes legal and law enforcement measures to prevent and punish public corruption although convictions are rare. Honduras is a party to the OAS Inter-American Convention Against Corruption and the UN Convention against Corruption. In 2006, the Minister and Vice Minister of Public Security voluntarily took and passed polygraph and drug tests. Minister Romero has asked the Honduran Congress to pass legislation requiring all GOH national law enforcement personnel to submit to polygraphs and drug testing. Police reforms are also directed at rooting out corruption.

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

**Cultivation and Production.** Marijuana, the only known drug cultivated in Honduras, is planted throughout Honduras in small isolated plots and sold locally. The most productive areas for marijuana cultivation are the mountainous regions of the departments of Copan, Yoro, Santa Barbara, Colon, Olancho, and Francisco Morazan.

**Drug Flow and Transit.** South American cocaine destined for the United States flows through Honduras by land and sea. Remote areas, such as the Department of Gracias a Dios, are a natural safe haven for the traffickers, offering an isolated area to refuel maritime assets or effect boat-to-boat transfers. Most of the area is accessible only by sea or air. Aircraft is also used to smuggle cocaine, but numbers decreased after a surge in 2003. Heroin is believed to be transported through Honduras to the United States, possibly also in liquid form that is sold and transported in small quantities.

**Domestic Programs/Demand Reduction.** Increased drug trafficking and use by gang members, which target young school children, is a growing concern. The Honduran Government is conscious that drug trafficking and usage poses security threats as well as social problems. Programs to deal

with these problems include the cooperation of numerous church and NGO groups dealing with pro-active drug awareness and rehabilitation programs. Job skills, family counseling, and demand reduction are included in the USG-sponsored umbrella NGO project with the Ministry of Public Health.

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

**Bilateral Cooperation.** Honduras cooperates closely with the USG in investigations and operations against drug trafficking. The Special Vetted Unit gathers sensitive narcotics intelligence that is then passed to other Honduran law enforcement agencies. The unit targets major traffickers operating in Honduras and has been instrumental in the disruption and disbanding of international organized crime groups. In 2006, the unit developed and implemented a biometric database of all known youth gang members. The USG also supports anti-corruption programs within the Ministry of Public Security by providing funding and logistical support to the newly formed National Police Internal Affairs Office.

**The Road Ahead.** The Zelaya administration's steps to improve the National Police will translate into stronger counternarcotics activities. The GOH would like to institutionalize anti-corruption and improved methodology with improvements to the police academy. A new Organic Police Law will come up for approval this year, and will allow for mandatory drug tests and polygraphs of the police. The USG is encouraging GOH law enforcement entities to conduct cooperative criminal investigations on trafficking organizations on the North Coast and other areas of the country. The GOH is especially concerned about traffickers establishing bases in the department of Gracias a Dios, and is investigating ways to beef up government presence there. The Declaration of Principle Agreement (DOP) that initiated the Container Security Initiative (CSI) shared by the U.S. Customs and Border Protection with participating countries will be a major deterrent to target drug smuggling, weapons trafficking, and terrorism utilizing ocean-going, containerized cargo.

# Mexico

## I. Summary

Throughout 2006, the Fox Administration cooperated with U.S. law enforcement counterparts at levels unmatched by any previous Mexican government. Mexican authorities dismantled major drug trafficking organizations, and extradited 63 fugitives to the United States. The Government of Mexico (GOM) also continued to eradicate opium poppy and marijuana, and pursue money-laundering cases. Health officials dramatically reduced the legal importation of methamphetamine precursors into Mexico. The GOM also seized large amounts of methamphetamine, precursors, marijuana, cocaine and heroin. Mexico is party to the 1988 UN Drug Convention.

## II. Status of Country

Mexico is a major transit and source country for illicit drugs reaching the United States. Roughly 90 percent of all cocaine consumed in the United States transits Mexico. Given their close proximity, Mexican processors and growers supply a large share of the heroin distributed in the United States, even though Mexico produces a relatively small percentage of the global supply of opium poppy and heroin. Mexico remained the largest foreign supplier of marijuana to the United States and is a major supplier and producer of methamphetamine.

Seizure statistics for cocaine and methamphetamine during 2006 demonstrate Mexico's significance as a production and transit country. The GOM dismantled two cocaine labs and seized four methamphetamine "super labs" (i.e., having a production capacity of 10 pounds or more per processing cycle). During 2006, Mexican authorities seized 21 metric tons (MT) of cocaine and 0.6 MT of methamphetamine.

Mexico itself has been profoundly affected by this drug trafficking. Levels of violence, corruption and internal drug abuse rose in 2006. Mexican drug trafficking organizations (DTOs) control domestic drug production and trafficking, as well as the laundering of drug proceeds. These DTOs also undermined and intimidated Mexican law enforcement and public officials. The extensive licit cross-border traffic between the two countries provides ample opportunities for drug smugglers to deliver their illicit products to the U.S. market. The escalation of drug-related crime and violence was of particular concern during 2006. Press reports indicate that between 2,000 to 2,500 drug-related homicides occurred in Mexico during 2006.

## III. Country Actions Against Drugs in 2006

**Policy Initiatives.** President Fox's domestic policy agenda emphasized the promotion of a more transparent, professional and accountable law enforcement and judicial system. Yet, no laws were passed that significantly changed the underlying structure. Legislation passed included a new juvenile justice code, as well as a constitutional amendment that guaranteed the right of defendants to be represented by a professional public defense, rather than by a "trusted individual."

In 2006, Congress also passed legislation-delegating jurisdiction to state authorities to pursue or investigate individuals engaging in retail sales ("narcomenudeo") of illicit drugs. The Fox Administration initially supported the draft law to promote greater involvement by state and local police agencies. However, the addition of provisions that decriminalized possession for personal use of small quantities of certain drugs, however, led to its eventual veto by President Fox.

During 2006, the Federal Investigative Agency (AFI) investigated and arrested drug traffickers, violent kidnappers and corrupt officials. AFI also brought on-line nine Clandestine Laboratory Response Vehicles donated by the USG to support First Responders at the discovery of

methamphetamine labs; over 1,700 AFI agents were also trained on how to conduct raids of meth labs. U.S. law enforcement agencies provided AFI personnel with basic equipment instruction and advanced contraband detection training on three mobile Vehicle and Cargo Inspection System (VACIS) vehicles deployed in 2006 to inspect trucks for drugs, explosives and other contraband.

Multilaterally, Mexico promoted efficient and effective anti-drug and anti-corruption policies. In December 2006, Mexico was elected Chair of the OAS/CICAD Working Group on Precursor Chemical and Pharmaceutical Control because of its leadership in the region in controlling precursor chemical diversion.

**Accomplishments.** Significant Mexican counternarcotics enforcement actions in 2006 included sophisticated organized crime investigations, marijuana and poppy eradication, strong bilateral cooperation on drug interdiction and arrests of several major drug traffickers. Those included Estephan Marin, an associate of the Juarez Cartel, Jorge Asaf who was wanted for distributing 1.5 MT of cocaine, Rolando Villareal and Octavio Arellano for each distributing 1 MT of marijuana and over 5 kg of cocaine, and Claudio Garcia Rodriguez for transporting 550 kg of opium. In 2006, the GOM arrested over 11,000 persons, including many significant drug leaders, lieutenants, operators, money launderers and assassins.

**Law Enforcement Efforts.** In 2006, Mexican authorities seized more than 21 MT of cocaine hydrochloride (HCl), 1,849 MT of marijuana, 0.4 MT of heroin and 0.6 MT of methamphetamines. They seized 1,220 vehicles, 46 maritime vessels and 15 aircraft, and arrested 11,579 persons on drug-related charges, including 11,493 Mexicans and 86 foreigners.

**Corruption.** As a matter of policy, no senior GOM official, nor the GOM encourages or facilitates the illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or laundering of proceeds from illegal drug transactions. During 2006, the Fox Administration strictly targeted corruption. Aggressive investigations, better pay and benefits for employees and better selection criteria for Federal government employment have all deterred corruption. In 2006, the Secretariat of Public Administration (which investigates corruption across the Federal government) reported that 3,597 inquiries and investigations into possible malfeasance or misconduct by 2,693 federal employees resulted in the dismissal of 202 federal employees, the dismissal of an additional 743 employees with re-employment restrictions, the suspension of 953 employees, 1,040 reprimands and the issuance of eight letters of warning, as well as the imposition of 651 economic sanctions that brought over seven billion pesos in fines and reimbursements into the Treasury.

**Agreements and Treaties.** Mexico is a party to the 1961 United Nations Single Convention on Drugs (as amended by the 1972 Protocol) and to the 1971 United Nations Convention on Psychotropic Substances. Mexico also subscribes to regional counternarcotics commitments, including the 1996 Anti-Drug Strategy in the Hemisphere and 1990 Declaration of Ixtapa. In April 2003, Mexico ratified the Protocol against the Illicit Manufacturing of and Trafficking in Firearms that supplements the United Nations Convention Against Transnational Organized Crime (the Palermo Convention), bringing the country into full adherence to the Convention. Mexico is also a party to the Inter-American Convention Against Corruption; in July 2004, it ratified its membership to the United Nations Convention Against Corruption. Mexico is a party to the 1988 UN Drug Convention.

The current bilateral Extradition Treaty has been in force since 1980. The 2001 Protocol to this Treaty allows for the temporary surrender for trial of fugitives serving a sentence in one country but wanted on criminal charges in the other. The United States and Mexico are also parties to a bilateral Mutual Legal Assistance Treaty (MLAT - 1991).



**Extradition and Mutual Legal Assistance.** In 2006, Mexican authorities extradited 63 fugitives to the United States, making it the fifth consecutive record year. Of the total number of extraditions, 30 were for narcotics related offenses in the United States and 47 were Mexican citizens. Extradition of significant leaders of drug trafficking organizations in 2006, however, was complicated by numerous and lengthy delays that these wealthy and powerful fugitives were able to procure through the use of the “amparo” appeal process in Mexico’s courts. Cooperation with Mexico for the return of fugitives steadily increased during the Fox Administration. In November 2005, the Mexican Supreme Court reversed a ruling that had prohibited Mexico’s extradition of fugitives facing life imprisonment without parole. That decision was a major breakthrough in the U.S./Mexico extradition relationship and in 2006 facilitated the extradition from Mexico of fugitives charged with narcotics and violent offenses.

Just prior to publication of this report in January 2007, for the first time, Mexico extradited several high-level traffickers whose extraditions had been delayed for some time due to judicial appeals or pending charges. Those included Osiel Cardenas Guillen, the leader of the Gulf cartel, Jesus Hector Palma Salazar of the Sinaloa cartel, and Ismael and Gilberto Higuera Guerrero of the Arellano Felix Organization, as well as Gilberto Salinas Doria and Miguel Angel Arriola Marquez.

In addition to extraditions, U.S. and Mexican law enforcement agencies also coordinated closely to deport or otherwise expel numerous fugitives to the United States. During 2006, Mexican police and immigration authorities -- in cooperation with the U.S. Marshals Service (USMS) and the Federal Bureau of Investigation (FBI), deported 150 non-Mexican fugitives (mostly U.S. nationals) to the United States to stand trial or to serve sentences. Many of these fugitives were wanted on U.S. drug charges.

**Cultivation and Production.** Mexican authorities also conducted extensive eradication efforts against opium poppy and marijuana, dedicating up to 30,000 soldiers and 6,000 sailors to eradication efforts in 2006. With annual Mexican domestic consumption estimated at 100-500 MT, the majority of the marijuana Mexico produces is bound for the U.S. market. Preliminary GOM data indicated that overall eradication of marijuana remained near the 2005 level, amounting to 29,928 ha of cannabis in 2006. The GOM also reported eradicating 16,831 ha of opium poppy cultivation in 2006. While this reflects a 12 percent decrease compared to 2005, it remains within the range set in prior years.

**Drug Flow and Transit.** U.S. officials estimate that over 90 percent of the cocaine departing South America that reaches the United States transits through Mexico. After cocaine arrives in Mexico, most is transported overland to the land border with the United States. En route, the cocaine is warehoused at various points throughout the country, with storage locations typically depending on where the DTO wields influence. Like marijuana, cocaine is primarily moved on commercial trucks modified with hidden compartments or concealed within legitimate cargo, as well as in autos, railcars and aircraft.

The Mexican heroin trade remains highly fragmented, unlike Mexican cocaine trafficking, which is dominated by the DTOs. A mix of opium farmers, heroin processors and small-scale trafficking groups operating independently or in mutually supportive business relationships controls Mexican heroin production. Typically, farmers sell their opium harvest to a trafficker with access to heroin processors and distribution networks.

Both the Mexican and U.S. Governments are concerned over the shift of the manufacture and trafficking of methamphetamine and its precursors into Mexico. Although concentrated in the areas of Baja California, Michoacan, Jalisco, Sinaloa and Sonora, methamphetamine production and trafficking can occur virtually anywhere in the country. While seizures of cocaine, heroin and marijuana along the U.S.-Mexico border have remained relatively stable over the last four years, seizures of methamphetamine have risen.

**Domestic Programs.** Domestic drug use is rising in Mexico. The most commonly used drug is marijuana, followed by cocaine and such inhalants as aerosol-propelled paints, glue, etc. Use is most prevalent along the border with the United States and in Mexico's central regions, while use is on the decline in southern Mexico. Methamphetamine abuse is on the rise, especially along the U.S. border. Mexico has 70,000-100,000 methamphetamine users, who consume 5-10 MT of the drug annually. The state of Baja California has a particularly severe abuse problem, centered in Tijuana. Federal health officials coordinate prevention, treatment and rehabilitation programs through use of state organizations, ancillary federal entities and private foundations.

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

**Bilateral Cooperation.** Bilateral counternarcotics cooperation continued at unprecedented levels and represented one of the most positive aspects of the bilateral relationship. U.S. law enforcement personnel shared sensitive information on drug traffickers with select Mexican counterparts, resulting in the capture and conviction of drug traffickers, as well as significant seizures of illicit narcotics. USG/GOM coordinated interdiction efforts led to the Mexican military seizing over 16 MT of cocaine from maritime vessels; it also led to the seizure of 30 MT of marijuana. On several occasions USG assets on the high seas chased suspected smugglers into Mexican waters where the Mexican Navy continued the pursuit.

The GOM and the USG inaugurated the SENTRI (Secure Electronic Network for Traveler's Rapid Inspection) access lanes, constructed with NAS funding, at Tijuana/San Ysidro and Mexicali/Calexico in March, Nogales/Nogales in September, and Nuevo Laredo/Laredo in October. Construction began on the SENTRI access lane at Matamoros/Brownsville in October. Contractors prepared the design drawings for the new SENTRI lane at Reynosa/Hidalgo, and construction should begin early 2007. The SENTRI projects facilitate the cross-border movement of travelers who have enrolled in the program and undergone background investigations.

In 2006, the USG also provided Clandestine Laboratory training for law enforcement personnel to bolster local capabilities against synthetic drugs, particularly methamphetamine. The USG provided the AFI with equipment, including nine specially designed Clandestine Laboratory Vehicles.

Throughout 2006, the USG also supported institutional development across Mexico's law enforcement structure, one of the Fox Administration's top priorities. The U.S. and Mexican Governments cooperated on initiatives that enhanced the ability of law enforcement agencies to track and take down DTO members, while also targeting their ill-gotten gains through enhanced anti-money laundering efforts. Both governments also worked closely to address the border violence, particularly in Nuevo Laredo, that reflects a fierce struggle for control of the smuggling corridor in this area following the capture of various DTO leaders.

The USG's Law Enforcement Professionalization and Training Program provided 136 training courses to 4,526 GOM law enforcement officers. The PGR Police Academy continued the successful Criminal Investigations School initiated by the USG in 2004. Over 1,700 AFI candidates and agents have received this course in the past three years. In 2006, 385 information technology engineers received 79 related courses on computer software applications.

**The Road Ahead.** The record of accomplishment during the outgoing Fox Administration fosters high expectations for what might be achieved with the incoming Calderon Administration. Important institutional changes have resulted in a level of cooperation with U.S. law enforcement that would have been unimaginable even ten years ago.

The incoming Calderon Administration has enunciated a vision of public security that includes innovations in counternarcotics and law enforcement, including the reform of the justice system, the creation of a unified federal police force under a single command, the establishment of a

unified criminal information system and the development of a regime that will combat drug addiction.

## V. Statistical Tables

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Drug Crop Cultivation (Unit):</b>				
<b>Opium:</b>				
Harvestable Cultivation (Ha)	--	--	--	--
Eradication (Ha)	16,831	21,609	15,925	20,034
Potential Opium Gum (Mt)	--	--	--	--
Potential Heroin (Mt)	--	--	--	--
<b>Cannabis:</b>				
Harvestable Cultivation (Ha)	--	--	--	--
Eradication (Ha)	29,928	30,842	30,851	36,585
Net Cannabis Production (Mt)	--	--	--	--
<b>Labs Destroyed:</b>	17	39	23	22
<b>Seizures:</b>				
Cocaine (Mt)	21	30	27	21
Cannabis (Mt)	1,849	1,786	2,208	2,248
Opium Gum (Kg)	75	275	464	198
Heroin (Kg)	351	459	302	306
Methamphetamine (Kg)	621	979	951	751
<b>Arrests:</b>				
Nationals	11,493	19,076	18,763	8,822
Foreigners	86	146	180	163
Total Arrests	11,579	19,222	18,943	8,985

Notes:

(1) The PGR National Center for Analysis, Planning and Intelligence against Organized Crime (CENAPI) provided statistics on eradication, seizures and arrests.

# Nicaragua

## I. Summary

As part of the Central American isthmus, Nicaragua's position makes it a significant sea and land transshipment point for South American cocaine and heroin. The Government of Nicaragua (GON) is making a determined effort to fight both domestic drug abuse and the international narcotics trade, despite an ineffectual, corrupt, and politicized judicial system. The GON is also trying to prevent establishment of the criminal youth gangs. In 2006, Nicaraguan drug police and Navy forces seized 9,720 kg (kg) of cocaine. Nicaragua is a party to the 1988 UN Drug Convention.

## II. Status of Country

Drug traffickers move illegal narcotics through Nicaragua by land, sea, and air. The Atlantic coast is a primary transit route for drugs being smuggled principally to the United States and Canada but also to European markets. In 2006, Nicaragua seized large amounts of narcotics along its Atlantic coast, an area physically and culturally isolated from the rest of Nicaragua, including an April seizure of 763 kg of cocaine. In the last year, drug traffickers have shifted their methods of operation to avoid heavy patrols and detection on the Atlantic side; it is now estimated that three quarters of drug trafficking occurs on the Pacific Coast. Traffickers are using the numerous fishing channels on the Pacific side to hide their activities.

## III. Country Actions Against Drugs in 2006

**Policy Initiatives.** The GON is aware of its need to strengthen the legal system especially money laundering legislation, but was unable to pass adequate legislation in 2006. The Nicaraguan Navy established its first Naval Infantry Company to staff outposts on the numerous rivers and estuaries on Nicaragua's Caribbean Coast where drug trafficking predominates.

**Accomplishments.** In 2006, the GON carried out major seizures of transshipped South American cocaine and heroin headed for U.S. markets. The Nicaraguan National Police (NNP) also conducted operations against local drug distribution centers and large shipments transiting the country, gathering intelligence on their locations and making arrests. The extent of marijuana planting is unknown, but the GON eliminated 14,000 plants in 2006.

**Law Enforcement Efforts.** Nicaraguan authorities seized a total of 23.39 kg of heroin and 9,720 kg of cocaine in 2006, arrested 67 international traffickers (20 of which have been convicted and sentenced), and seized nearly \$3 million in U.S. currency. The GON also uncovered arms trafficking related to these cases and seized a cache of weapons that included 3 grenade launchers, 2 Uzis, 9 AK-47s, several pistols and machine guns and ammunition for all the weapons in April. In October, the NNP seized 39 AK-47s and two pistols which were directly tied to drug trafficking. According to law enforcement sources, most weapons cases in Nicaragua are linked to Colombian terrorist organizations.

The police Narcotics Unit have 95 officers (down from 116 in 2005), including administrative support, to cover all of Nicaragua. The 850-man Nicaraguan Navy, with assistance from the USG, is developing a long-range patrol capability, using two donated patrol boats have been completely retrofitted as of 2006. With USG assistance the Nicaraguan Navy has revamped and put into operation a captured narcotics vessel, which will support extended blue water operations off the Caribbean coast of Nicaragua.

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

proceeds from illegal drug transactions. However corruption is a pervasive and continuing problem, despite attempts to address it. Multiple factors make it difficult to eliminate corruption, including low salaries for police and judges and poor law enforcement infrastructure. Nicaragua's weak and corrupt criminal justice system lowers the risk of detection and effective prosecution, encouraging the proliferation of narcotics trafficking and transnational criminal organizations. Cash rich criminals have acquired a cloak of impunity through bribery and extortion of judicial and law enforcement officials.

The Nicaraguan justice system is also politicized, with posts awarded based on political affiliation and court decisions manipulated for political ends. Corrupt judges often let detained drug suspects go free after a short detention, a practice that puts them quickly back on the streets and undercuts police morale. Several judges had their U.S. visas revoked in 2006 due to corruption and/or their involvement in drug trafficking. The Nicaraguan Attorney General (who represents the interests of the state) has been publicly critical of the inactivity and ineffectiveness of the Financial Analysis Commission controlled by the Prosecutor General (who represents society). The Prosecutor General initiated not a single money-laundering investigation in 2006. On a positive note, the new Police Chief began her tenure in September by implementing immediate anti-corruption measures, including replacing some key personnel. Naval personnel working counter drug operations are routinely rotated and personal effects are searched to deter corruption. Nicaraguan Army military justice regulations allow for the imposition of strict penalties for corruption and treason.

**Agreements and Treaties.** Nicaragua is a party to the 1961 UN Single Convention as amended by the 1972 Protocol, the 1971 UN Convention on Psychotropic Substances, and the 1988 UN Drug Convention. A U.S.-Nicaragua extradition treaty has been in effect since 1907. Nicaragua is a member of the Caribbean Financial Action Task Force (CFATF) and is about to be sanctioned for its failure to comply with the requirements and recommendations outlined in its most recent country report. The United States and Nicaragua signed a bilateral counternarcotics maritime agreement in November 2001. Nicaragua is a party to the UN Convention against Transnational Organized Crime and its protocol on trafficking in persons and is a member of the Inter-American Drug Abuse Control Commission (CICAD) of the Organization of American States (OAS). Nicaragua is a party to the Inter-American Convention against Corruption and in 2001 signed the consensus agreement on establishing a mechanism to evaluate compliance with the Convention. Nicaragua also ratified the Inter-American Mutual Legal Assistance Convention in 2002, an agreement that facilitates sharing of legal information between countries. Nicaragua was one of the first countries to sign the Caribbean regional maritime counternarcotics agreement when it opened for signature in April 2003, but has not yet taken the necessary internal steps to bring it into force.

**Cultivation/Production.** The exact amount of marijuana cultivated in Nicaragua is unknown, but the quantity and quality are low, and it is consumed locally. Other illegal drugs are not cultivated or produced in Nicaragua.

**Drug Flow/Transit.** GON and USG law enforcement authorities report that there is evidence of increased trafficking on the Pacific coast by air and sea. Aircraft suspected to be smuggling narcotics have crashed along the Pacific Coast, but drugs and passengers were gone before law enforcement officials arrived on the scene. Clandestine airstrip construction on the Pacific Coast is another indicator of the shift in trafficking. Along with the air transport of narcotics, maritime transport of cocaine along the Pacific Coast increased dramatically in 2006. The Navy seized several vessels near San Juan del Sur and Pochomil. Together with the NNP, the Nicaraguan Army Special Operations Unit seized 3,100 kg of cocaine and 12 assault rifles on the Montelimar-Managua highway, near San Juan del Oeste -- the largest seizure of cocaine in Nicaraguan history. Five suspects were arrested with links to a Mexican drug trafficking cartel. Another key area for Nicaraguan law enforcement is the Penas Blancas land crossing on the Costa Rican border, which

has more than 200 trucks transiting daily. The NNP inspects about 10 percent of the total number of trucks crossing into Nicaragua and routinely seizes significant amounts of drugs.

The Atlantic/Caribbean coast is physically and culturally isolated from the rest of Nicaragua. This region has been granted a degree of political autonomy by the national government. Unemployment on the Atlantic coast is high, which makes the illicit drug trade extremely attractive to local residents. Nicaraguan law enforcement points to the surprising number of new homes and hardware stores appearing in the region as evidence that more people are being lured into the drug business.

**Domestic Programs (Demand Reduction).** Drug consumption in Nicaragua is a growing problem, particularly on the Atlantic coast, where the increase in narcotics trans-shipment during recent years has generated a rise in local drug abuse. The Ministries of Education and Health, the NNP, and the Nicaraguan Fund for Children and Family (FONIF) have all undertaken limited demand reduction campaigns. The D.A.R.E. (Drug Abuse Resistance Education) Program, established in Nicaragua in 2001, has grown to include secondary schools. During the second two years of the program, 2004-2006, 22,000 students received certificates.

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

**Bilateral Cooperation.** During 2006, the United States provided counternarcotics and law enforcement assistance to the NNP. The USG continued support to the Nicaraguan Navy with maintenance and refurbishment of three large naval boats and numerous smaller patrol boats for maritime interdiction on both the Atlantic and Pacific coasts. The USG provided eight Zodiac boats with motors to the Nicaraguan Navy and Naval Infantry to begin patrolling in the numerous estuaries along Nicaragua's Caribbean Coast, and secure communications devices for the Navy. In 2006 the USG ordered specialty equipment, spare parts, and outboard motor replacements for the Nicaraguan Navy patrol boats, which will be delivered in 2007. Nicaragua is cooperating with U.S. efforts to disrupt international terrorist financing. The USG shares information with the Superintendent of Banks as well as the Ministry of Finance and the Foreign Ministry on suspect persons or organizations whose assets should be frozen. The USG provided a Resident Legal Advisor and other related programs and activities to the GON in support of a new multi-agency anticorruption initiative that will include the police, Attorney General and other government agencies.

**The Road Ahead.** The USG hopes to work cooperatively with Nicaragua's new leaders to address the threat that illegal drugs pose to Nicaraguan society and the country's sovereignty. Nicaragua still needs anti-corruption reform, including professionalization and de-politicization of the judiciary and the Prosecutor General's office, and the passage and application of stronger statutes to combat corruption and money laundering. Amendment of Nicaraguan law and constitution to allow for extradition of Nicaraguan citizens who commit extraterritorial crimes could break the cycle of impunity.

# Panama

## I. Summary

By virtue of its geographic position and well-developed transportation infrastructure, Panama is a major drug trans-shipment country for illegal drugs to the United States and Europe. The Torrijos Administration has cooperated closely with the U.S. and its other neighbors on security and law enforcement issues. U.S. support to Panama's law enforcement agencies, including assistance in restructuring their organizations, remains crucial to ensure fulfillment of agency missions. Panama is a party to the 1988 United Nations Drug Convention.

## II. Status of Country

Panama's geographic proximity to the South American cocaine and heroin producing countries makes it an important trans-shipment point for narcotics destined for the U.S. and other global markets. Panama's containerized seaports, the Pan-American Highway, a rapidly growing international hub airport, numerous uncontrolled airfields, and unguarded coastlines on both the Atlantic and Pacific facilitate drug movement. Smuggling of weapons and drugs continues, particularly between the Darien region and Colombia. Over the last year, Panamanian authorities have paid greater attention to security along the border with Costa Rica, inaugurating a border check post in Guabala in May 2006. The flow of illicit drugs has contributed to increasing domestic drug abuse, encouraged public corruption, and undermined the Government of Panama's (GOP) criminal justice system. Panama is not a significant producer of drugs or precursor chemicals. However, cannabis is cultivated for local consumption.

## III. Country Actions Against Drugs in 2006

**Policy Initiatives.** The Torrijos Administration considers counternarcotics and anti-crime cooperation with the U.S. and combating corruption key priorities. A legal reform proposal currently before Congress will modify the criminal system from a written (inquisitorial) to an oral (accusatorial) system. The GOP has also drafted legislation to merge the current National Air Service (SAN) and National Maritime Service (SMN) into a Coast Guard.

**Accomplishments.** USG law enforcement agencies continued to enjoy a cooperative relationship with GOP counterparts in narcotics-related criminal matters. International drug-related arrests increased slightly since last year. A three-year investigation by the Drug Prosecutors Office (DPO), the Public Ministry's Technical Judicial Police (PTJ), and several other law enforcement agencies in the region culminated in the May 2006 arrest in Brazil of Pablo Rayo Montano, a Colombian-born drug kingpin. Assets located in Panama belonging to his criminal cartel were among those seized by the GOP following his indictment by a U.S. federal court in Miami.

**Law Enforcement Efforts.** Drug Enforcement Administration (DEA)-monitored statistics for 2006 indicate seizures of over 36 metric tons (MT) of cocaine, 107.24 kg (kg) of heroin, over 4 MT of marijuana, over \$8 million (including cash, diamonds and gold), 299 arrests for international drug-related offenses, and seven extraditions for such offenses. In 2006, U.S. Immigration and Customs Enforcement (ICE) developed a joint strategic bulk cash smuggling initiative with Panamanian Customs called Operation Firewall, which resulted in seizures of approximately 40 kg of gold (valued at approximately \$900,000), \$357,100 in U.S. currency, and 26,000 Euros.

Several USG-supported GOP units grew and expanded operations in 2006- the PTJ Sensitive Investigative Unit (SIU) responsible for investigations of major drug and money laundering organizations; as well as the Panamanian National Police (PNP) Mobile Inspection Unit and Paso



Canoas (Costa Rica border) Interdiction Enhancements, the Tocumen International Airport Drug Task Force, and the Canine Unit made major arrests and seizures.

The SMN responds to USG requests for boarding and interdictions, assists the U.S. Coast Guard (USCG) with verifying ship registry data, and transfers prisoners and evidence to Panama for air transport to the United States.

The SAN provides excellent support for counternarcotics operations, for example, seizing 500 kg of cocaine and a stolen aircraft, and apprehending two Mexican traffickers in April 2006. The SAN also participated in the interdiction of several go-fast targets in cooperation with JIATF South, and seized a twin engine King Air B-90 when traces of drugs were detected through an IONSCAN machine donated by the USG. The SAN patrols and photographs suspect areas, identifies suspect aircraft, and provides logistical support in the transfer of detainees and drug evidence through Panama to U.S. jurisdiction.

The GOP has begun to draft legislation (requiring passage by Congress) to merge the SMN and SAN into a “Coast Guard.”

**Corruption.** President Torrijos’s administration, through its National Anti-Corruption Commission, which is charged with coordinating the government’s anticorruption activities, made strides towards purging corruption from government, including auditing government accounts and launching investigations into major public corruption cases. Despite the Torrijos Administration’s public stance on corruption, few high-profile cases, particularly involving political or business elites, have been acted upon. A USG-funded “Culture of Lawfulness” program has trained officials from the Ministry of Education, the PNP, and the PTJ, and a separate initiative to train twelve PNP officers as certified polygraphists has resulted in improved PNP candidate selection.

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

**Cultivation and Production.** There have been no confirmed reports of cocaine laboratories in Panama since 1993-94. Limited cannabis cultivation, principally for domestic consumption, exists in Panama, particularly in the Pearl Islands.

**Precursor Chemicals.** Panama is not a significant producer or consumer of chemicals used in processing illegal drugs. However, it is believed that a significant volume of chemicals transits the Colon Free Zone (CFZ) for other countries. The Panamanian agencies responsible for chemical control are the National Drug Control Council (CONAPRED) and the Ministry of Health. Legislation to strengthen Panama’s chemical control regime was signed by President Torrijos in April 2005. With the new precursor chemical control legislation in place, focus shifted in 2006 towards capacity building to implement the new laws. The new legislation created a chemical control unit, which is co-located with the Joint Intelligence Coordination Center (JICC), a multi-agency intelligence information center manned by members of all public forces and the PTJ with direct access to over 25 databases. The Chemical Control Unit worked closely with DEA Diversion

Investigators to initiate investigations on suspicious companies. The Chemical Control Unit identified 20 companies that need to be monitored on a regular basis and conducted administrative inspections at several company sites. The Chemical Control Unit also coordinated with the PNP Narcotics Unit to conduct the necessary enforcement operations. The GOP also improved its ability to combat precursor chemical diversion through training and by conducting joint investigations with the DEA in 2006.

**Drug Flow/Transit.** Panama remains an integral territory for the transit and distribution of South American cocaine and heroin, as indicated by the more than 36 metric tons (MT) of cocaine and over 100 kg of heroin seized in 2006. The drugs were moved in fishing vessels, cargo ships, small aircraft, and go-fast boats. Illegal airplanes utilized hundreds of abandoned or unmonitored legal airstrips for refueling, pickups, and deliveries. Couriers transiting Panama by commercial air flights also moved cocaine and heroin to the U.S. and Europe during 2006.

**Domestic Programs (Demand Reduction).** Through CONAPRED the GOP is implementing a five-year counternarcotics strategy that includes 29 demand reduction, drug education, and drug treatment projects for 2002 through 2007. The GOP has set aside \$6.5 million to fund the projects. In 2006, CONAPRED funded seven prevention and/or treatment projects with a total cost of approximately \$1.05 million. The Ministry of Education and CONAPRED, with USG support, promoted anti-drug training for teachers, information programs, and supported the Ministry of Education's National Drug Information Center (CENAID).

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

**Policy Initiatives.** USG-supported programs focus on improving Panama's ability to intercept, investigate, and prosecute illegal drug trafficking and other transnational crimes; strengthening Panama's judicial system; assisting Panama to implement domestic demand reduction programs; encouraging the enactment and implementation of effective laws governing precursor chemicals and corruption; improving Panama's border security; and ensuring strict enforcement of existing laws.

The Narcotics Affairs Section (NAS) in the U.S. Embassy provided crucial equipment and training support for the Fluvial (riverine) division of the PNP, one of the major success stories of the GOP's interdiction efforts. The NAS Department of Homeland Security (DHS), and USCG provided resources for modernization and upkeep of SMN boats and bases, and began assisting SAN in providing air patrol platforms for drug interdiction efforts. The USG provided Panamanian Customs with training, operational tools, and a canine program that has become a linchpin of the Tocumen Airport Drug Interdiction Law Enforcement Team.

A major NAS law enforcement modernization project to professionalize the PNP involves implementing community policing, expanding existing crime analysis technology, and promoting managerial change to allow greater autonomy and accountability. Work is nearly complete on the initial phase of the national crime tracking and mapping system (INCRIDEFA), which will enable the PNP to track criminal incidents in real time. Training to achieve police management change has been developed with the Miami-Dade Police Department and the University of Louisville Southern Police Institute.

In 2006 the USG also assisted the GOP in upgrading the Attorney General's Anti-Corruption Prosecutor's Office. The USG supplied training, computers, office equipment, and other necessary gear.

**Bilateral Cooperation.** The Torrijos' Administration continued to sustain joint counternarcotics efforts with the DEA and to strengthen national law enforcement institutions. The maritime interdiction agreement has facilitated enhanced cooperation in interdiction efforts, with Panama

playing a vital role in facilitating the transfer of prisoners and evidence to the U.S. enabling USG assets to remain on patrol in theater.

**The Road Ahead.** The USG encourages Panama to devote sufficient resources to enable its forces to patrol land borders along Colombia and Costa Rica; its coastline, and the adjacent sea-lanes; and to increase the number of arrests and prosecutions of major violators, especially in the areas of corruption and money laundering. The USG will work closely with the GOP on the development of a new Panamanian Coast Guard, and support law enforcement modernization through improved equipment maintenance, strategic planning, decentralization of decision-making, and community-oriented policing philosophies.

## V. Statistical Tables

### Drug Seizures and Arrests in Panama

CY 2004 – CY 2006

(In kg unless otherwise specified)

	2004	2005	2006
<b>Cocaine</b>	7,080	13,793	36,635.5*
<b>Heroin</b>	97	41.6	107.24
<b>Marijuana</b>	4,046	12,411.9	4,276.9
<b>MDMA</b>	-0-	2,432 tablets	-0-
<b>Pseudoephedrine</b>	3,006,430 tablets	-0-	-0-
<b>Amphetamines</b>	-0-	-0-	926 tablets
<b>Currency</b>	\$1,946,645.00	\$10,294,798	\$8,384,761.39+
<b>Arrests</b>	231	308	299
<b>Prisoner Transfers</b> (#of events/# of prisoners)	9/113	12/84	12/100
<b>Renditions</b>	3	3	0
<b>Extraditions/Self-Surrenders</b>	3	5	7
<b>Labs Destroyed</b>	-0-	-0-	-0-

\* Includes 8 interdiction/seizure events in international waters resulting from PCO information/coordination.

+ Includes U.S. currency value of seized diamonds and gold.

