

SOUTHWEST ASIA

Afghanistan

I. Summary

Afghanistan remained the world's largest producer of opium in 2006, cultivating 172,600 hectares of opium poppy according to USG estimates. This equates to 5,644 metric tons of opium, up from 4,475 metric tons in 2005. The export value of this opium harvest, \$3.1 billion, was approximately one-third of Afghanistan's combined licit and illicit GDP of \$9.8 billion according to the UNODC. Approximately 25 percent of the opium's value, \$755 million, was paid to farmers, with the rest going to the narcotics traffickers. Afghanistan's huge drug trade undercuts efforts to rebuild the economy and to develop a strong democratic government based on the rule of law. There is strong evidence that narcotics trafficking is linked to the Taliban insurgency. These links between drug traffickers and anti-government forces threaten regional stability. Corruption and dangerous security conditions constrain government and international efforts to combat the drug trade and provide alternative livelihoods. President Karzai appointed a new Chief Justice of the Supreme Court and a new Attorney General in 2006, who has taken initial steps to combat corruption.

The international community assists the GOA in its efforts to develop institutions capable of combating opium cultivation and trafficking. The GOA focuses on an eight-pillar strategy that includes Public Information, Alternative Livelihoods, Law Enforcement, Criminal Justice, Eradication, Institutional Development, Regional Cooperation, and Demand Reduction. The United States complements the GOA's strategy with a five pillar strategy that consists of Public Information, Alternative Livelihoods, Law Enforcement/Justice Reform, Elimination/Eradication, and Interdiction, which are the focus of U.S. government assistance. The GOA's Poppy Elimination Program (PEP), developed in 2005 in seven major poppy-growing provinces, engaged in its first full year of activity and is becoming a trusted institution for disseminating information to farmers and the general public about the risks of cultivating opium poppy and the availability of alternative livelihoods. The GOA also focused on building capacity within its law enforcement and justice sector institutions to increase arrests, prosecutions, and convictions of drug traffickers.

The large increase in poppy cultivation in 2006 spurred the GOA to take stronger action in discouraging farmers from pursuing opium crops. In August 2006, the Ministry of Counter Narcotics organized a national conference on counternarcotics, marking the ministry's first effort to initiate and plan a nationwide event. President Karzai used the conference as an opportunity to press provincial governors to take responsibility for reducing and eliminating opium production in their regions of control. During the 2006 pre-planting and planting season, the GOA built on this message and informed provincial and district governors and chiefs of police that the government would hold them accountable for pursuing an active pre-planting information campaign that reduces poppy cultivation. The Minister of Interior dismissed some district-level officials due to their failure to implement the pre-planting campaign. Opium cultivation is hard to deter since an infrastructure is in place to finance farmers and market what they produce. No other current crop has a combination of features – reliably high price, financing, and ready marketability – to compare with opium cultivation. In order to make sustained progress in combating narcotics trafficking, the GOA will need to continue to extend credible governance throughout Afghanistan's provinces and districts and demonstrate its ability to enforce the rule of law across the country. This will require international and political support over many years.

II. Status of Country

Afghanistan produced more than 90 percent of the world's opium poppy during 2006, and it is the world's largest heroin producing and trafficking country. Afghan traffickers trade in all forms of

opiates: unrefined opium, semi-refined morphine base, and refined heroin. An increasing share of Afghanistan's opium is refined into morphine base and heroin in Afghanistan itself. The GOA's Central Statistics Office estimated Afghanistan's licit GDP (excluding illicit opium activity) as \$6.7 billion in 2006. UNODC estimated the export value of the country's illicit opium at \$3.1 billion (farm-gate value plus trafficking proceeds) for the same time period. Opium represented roughly one-third of Afghanistan's total GDP (licit and illicit). The \$755 million farm gate price paid to farmers represented 8 percent of total licit and illicit GDP. Reconstruction efforts that began in 2002 are improving Afghanistan's infrastructure, providing the necessary foundation for more effective efforts to combat the cultivation and trafficking of drugs throughout the country, but this is a slow process that will take years. Crime financiers and narcotics traffickers will continue to exploit the government's weakness and corruption.

III. Country Actions Against Drugs in 2006

Policy Initiatives. The United States, with the United Kingdom, continues to work to ensure that counternarcotics is at the forefront of Afghan policy initiatives. President Karzai has reiterated his commitment to stemming drug production and trade in Afghanistan, publicly stating that drugs are Afghanistan's biggest threat. In January 2006, the GOA presented an update to its National Drug Control Strategy (NDCS), which lays out a five-year plan for strengthening the GOA's ability to control narcotics production and trafficking. In October 2006, the GOA formalized the NDCS with detailed implementation plans for each of the pillars identified in the strategy. The GOA took the following actions in support of the NDCS during the year:

-- **Illicit Crop Control** - The GOA's Poppy Elimination Program (PEP), established in 2005, became operational in seven of Afghanistan's largest poppy-producing provinces, with U.S. and UK support. PEP teams work at the local level to provide year-round, targeted public information to farmers and local officials about the dangers of poppy cultivation, the availability of assistance for alternative livelihoods, and the credible threat that eradication poses to farmers who choose to grow poppy. These teams lay the foundation for the GOA's Afghan Eradication Force (AEF) and Governor-Led Eradication (GLE) to operate in an environment where the public is well informed about its alternatives and aware that illegal crops are subject to destruction.

-- **Legislation** - In December 2005, President Karzai adopted a counternarcotics law. Afghan prosecutors assisted by the U.S Department of Justice Senior Federal Prosecutors Program drafted the law. After review of the law, Parliament proposed amendments that were still under review at time of publication. This legislation was the first step in supporting Amendment 7 of the Afghan Constitution prohibiting the cultivation and smuggling of narcotics and provides the legal and investigative authority for high-level investigations and prosecutions.

-- **Justice Reform** - The United States, the United Kingdom, and other donors mentor and assist the Criminal Justice Task Force (CJTF) to investigate and prosecute narcotics traffickers using modern investigative techniques provided for in the counternarcotics law (adopted in December 2005). Narcotics cases are tried before the Counter Narcotics Tribunal (CNT), which has exclusive national jurisdiction over mid- and high-level narcotics cases in Afghanistan. In April 2006, the CNT convicted three major narcotics traffickers — Misri Khan, Haji Bahram Khan, and Noor Ullah — and sentenced them to 17 years in prison for possession, sale, and attempted exportation of heroin. The Counternarcotics Justice Center (CNJC), which will be completed in mid 2007, will provide secure facilities for the CJTF and CNT. It will contain offices, secure courtrooms, and a detention facility to house defendants throughout the trial process. The GOA, with assistance from the United Nations Office on Drugs and Crime (UNODC) and the United States, refurbished a section of the Pol-e Charkhi prison to house 100 maximum-security narcotics traffickers following CNT conviction.

Law Enforcement Efforts. Continued insurgency and lack of GOA capacity to establish the rule of law throughout the entire country have hampered drug law enforcement efforts. The Ministry of Interior (MOI) established the Counter Narcotics Police of Afghanistan (CNPA), comprised of investigation, intelligence, and interdiction units, in 2003. At the end of 2006, the CNPA had approximately 1,100 of its 2,900 authorized staff, which includes the AEF. The DEA works closely with the CNPA, offering training, mentoring, and investigative assistance. Developing MOI capacity and capability for the CNPA remains a high priority for the GOA and foreign donors.

The GOA, with the support of DEA, created the National Interdiction Unit (NIU), a specialized unit within the CNPA that focuses on interdiction and investigations targeting command and control structures of mid-value and high-value drug trafficking organizations in Afghanistan. The DEA trained the sixth NIU class of 50 new recruits in 2006, and the unit now has more than 125 officers. The DEA provided support to the NIU throughout the year by continuing its program of Foreign Advisory Support Teams (FAST) for mentoring and assistance. FAST teams are rotational deployments of specially trained DEA Special Agents and Intelligence Research Specialists who are assigned to Afghanistan for 120-day periods to support the Kabul Country office of the DEA and the NIU in furthering DEA intelligence and law enforcement operations. The NIU also works with the Afghan Special Narcotics Force (ASNF), a UK trained and supported paramilitary interdiction unit used to attack large, hard targets. With this cooperation, the NIU is developing the ability to perform specialized narcotics interdiction and investigative functions capable of disrupting and dismantling major trafficking organizations. NIU operations began in October 2004.

In calendar year 2006 (data through September 2006), the CNPA reported the following seizures: 1,927 kg of heroin, 105 kg of morphine base, 40,052 kg of opium, and 17,675 kg of hashish. During the year, the CNPA also raided 248 drug labs. The CNPA seized 30,856 kg of solid precursor chemicals and 12,681 liters of liquid precursors. The CJTF reported 548 arrests for trafficking under the provisions of the CN law where possession of 2 kg of heroin (or morphine base), 10 kg of opium, or 50 kg of hashish mandates automatic jurisdiction for the CNT. The CJTF obtained 328 convictions during the year.

In August 2006, the DEA cooperated with the GOA on the first controlled delivery of heroin from Afghanistan to the United States (a related delivery connected to the same case went to the United Kingdom). The Minister of Counter Narcotics authorized the law enforcement operation, and the GOA is working to develop a more routine mechanism for future controlled deliveries across international borders. The August case led to arrests in the United States connected to a trafficking network. The Afghan conspirators fled to Pakistan in order to avoid arrest, highlighting the tough problems narcotics law enforcement faces in Afghanistan.

Efforts to interdict precursor substances and processing equipment also suffer from limited police and judicial capacity. While there is a legal requirement to track precursor substances, an active registry does not yet exist to record the data. Many developing countries find their systems strained by this difficult task. The new drug law requires the Ministry of Counter Narcotics to develop a modern regulatory system. Progress in this regard depends on passing new laws, establishing a system for distinguishing between licit and potentially illicit uses of dual-use chemicals, and establishing a specialized police force to enforce the new system.

There is direct evidence linking the insurgency in Afghanistan and narcotics. Poppy cultivation contributes to Taliban funding to include the taxing of poppy farmers by the Taliban. In addition, some drug traffickers willingly finance insurgency activities and provide money to buy weapons. Traffickers provide weapons, funding, and personnel to the Taliban in exchange for the protection of drug trade routes, poppy fields, and members of their organizations.

Haji Bashir Noorzai, a major Afghan trafficker, was arrested in April of 2005, upon entry to the United States at JFK airport. Noorzai is incarcerated in New York pending trial. His indictment

alleges that he has a symbiotic relationship with the Taliban. The case of Bashir Noorzai illustrates the link that exists between drug trafficking and terrorist organizations. Noorzai was the leader of the largest Central and Southwest Asia-based heroin drug trafficking organization known to DEA. Noorzai provided explosives, weaponry, and personnel to the Taliban in exchange for protection for his organization's opium poppy crops, heroin laboratories, drug transportation routes, and members and associates. Noorzai was also a close associate of former Supreme Taliban leader Mullah Mohammad Omar, who is now a fugitive. Noorzai himself was a former leader of the Taliban Shura, or Ruling Council.

Haji Baz Mohammed, a major Afghan trafficker, was extradited to the United States in October 2005. In July 2006, he pled guilty to conspiracy to import heroin into the United States. He faces a mandatory minimum of ten years in prison and up to a potential life sentence when he is sentenced in early 2007. Similar to Noorzai's indictment, Mohammed's indictment also alleged that he was closely aligned with the Taliban.

Corruption. GOA policy prohibits the illicit production or distribution of narcotic or psychotropic drugs and other controlled substances and the laundering of proceeds from illegal drug transactions. However, some GOA officials have been accused of profiting from the illegal drug trade. The Government of Afghanistan, with support from the United States, is investigating these allegations. Drug-related corruption remains a problem, being particularly pervasive at provincial and district government levels. Corruption behaviors range from facilitating drug activities to benefiting from revenue streams that the drug trade produces. In 2006, the Ministry of Interior dismissed a district governor and district chief of police from office after they failed to assist in pre-planting campaigns against poppy cultivation. The provincial governor alleged that the two were corrupt and involved in narcotics trafficking and cultivation. During the year, the CNPA arrested a former police officer, Nadir Khan, for selling two kg of heroin to a law enforcement informant. Khan previously had directed a special narcotics unit within the Ministry of Interior.

President Karzai appointed a new Attorney General (AG) in September 2006 who has become an anti-corruption activist, dismissing prosecutors across the country for corruption. The AG is also pursuing corruption investigations against politically sensitive targets. The President also appointed a new reformist Chief Justice of the Supreme Court to head an anti-corruption task force, made up of high-level officials, to tackle the problem of corruption in the government. The GOA recognizes that it must take stronger action against corruption in order to facilitate good governance and assist in implementing its National Drug Control Strategy.

Agreements and Treaties. Afghanistan is a party to the 1988 UN Drug Convention, the 1971 UN Convention, and the 1961 UN Single Convention on Psychotropic Substances. The GOA has no formal extradition or legal assistance arrangements with the United States, but recent Afghan counternarcotics legislation allows the extradition of drug offenders under the 1988 UN Drug Convention. The U.S. Department of Justice extradited a major trafficker, Haji Baz Mohammed, from Afghanistan to the United States in October 2005 under the 1988 UN Drug Convention. A similar effort in 2006 to extradite a major trafficker met with a request from President Karzai that the defendants first stand trial in Afghanistan. The CJTF tried and convicted the defendants; the CNT then sentenced them to 17 years prison. The defendants were still incarcerated in Afghanistan as of November 2006. Afghanistan is not a party to any bilateral treaties that provide mutual legal assistance with any nation, including the United States. Afghanistan is a party to the UN Convention Against Transnational Organized Crime. Afghanistan has signed, but has not yet ratified, the UN Convention Against Corruption.

Illicit Cultivation / Production. According to USG estimates, the number of hectares under poppy cultivation in Afghanistan increased 61 percent, from 107,400 hectares (ha) in 2005 to 172,600 ha in 2006, second to 2004 as the highest level on record. Resulting opium production reached a

record 5,644 mt, due to a 36 percent increase in yields for 2006 versus 2004. The opium yield per hectare, however, fell between 2005 and 2006, dropping 41.5 k/ha to 32.7 kg/ha. Based on UNODC data, Afghanistan is the largest cultivator of illicit opium poppy in the world, accounting for 82 percent of global cultivation and 92 percent of potential opium production (based on UNODC's estimated production of 6,100 metric tons in 2006). The number of people involved in opium cultivation increased in 2006, from 2.0 million to 2.9 million. According to UNODC estimates, 12.6 percent of Afghans were involved in opium cultivation during the year.

The decision to plant poppy determines access to land and credit, making it the principal source of livelihood in several areas. Strong linkages between poppy and all aspects of Afghanistan's still profoundly underdeveloped economy exist. The GOA has been unable to prevent opium production due to a number of factors: uneven and fluid security throughout the country, weak governance, limited reach of law enforcement, corruption, some lack of government will, and weak judicial institutions. The lack of equally remunerative economic alternatives to opium also appears to deter vigorous enforcement. The GOA will not likely have the capacity to prevent opium production for some years.

Twelve of Afghanistan's 34 provinces were poppy-free in 2006. Helmand province in the south was the most significant opium producer during the year, cultivating 46 percent of Afghanistan's poppy crop--greater than 79,000 ha (USG estimate). The neighboring provinces of Farah, Oruzgan and Kandahar together produced an additional 24 percent of the country's production. Security problems in the south prevented the government from launching effective eradication and prevention programs. A stable, high farm-gate price for raw opium, along with minimal risk of law enforcement, contributed to farmers' motivations to plant poppy last year.

Eradication efforts in 2006--using manual and mechanical methods--improved over the previous year, increasing from 5,100 ha in 2005 to 15,300 ha in 2006, according to UNODC estimates. Governor-Led Eradication (GLE) accounted for greater than 13,000 ha eradicated nationwide, and the centrally deployed Afghan Eradication Force (AEF) accounted for more than 2,200 ha of eradicated crops in Helmand and the northern provinces of Badakhshan and Baghlan. Opium poppy cultivation increased 61 percent overall, from 107,400 - to 172,600 - hectares. Nevertheless, the percent of opium actually eradicated almost doubled to 8.9 percent of planted poppy versus 4.7 percent the year before. UNODC's Afghanistan survey shows that poppy farmers whose fields were eradicated in 2006 are only 44 percent likely to plant again. Over 80 percent of poppy farmers who did not experience eradication are likely to plant poppy again. Provincial PEP teams reported similar results in their informal surveys.

Rebuilding the rural economy to provide viable alternatives to poppy growing is critical to reducing opium cultivation. USAID continued with its comprehensive Alternative Livelihoods Program (AL) that allocated and obligated \$198.4 million to AL projects in the major opium cultivation areas of Afghanistan. These projects are focused on providing increased opportunities in the legal economy for those who no longer grow poppy. AL aims to revitalize the licit rural economy in Afghanistan and create long-term sustainable employment. AL achieves this through projects such as farm to market road construction, irrigation system repair, development of high value crop production, crop diversification, associated agribusiness development, and capacity building activities in rural areas. The full effects of these initiatives are realized over years and are not likely to result in a massive shift away from poppy cultivation in the near future.

Drug Flow/Transit. Drug traffickers and financiers lend money to Afghan farmers in order to facilitate drug cultivation in the country. These traffickers buy the farmers' crops at previously set prices or accept repayment of loans with deliveries of raw opium. In many provinces opium markets exist under the control of regional warlords who also control the illicit arms trade and

trafficking in persons. Traders sell to the highest bidder in these markets with little fear of legal consequences, and the gangsters tax the trade.

Drug labs operating within Afghanistan process an increasingly large portion of the country's raw opium into heroin and morphine base, reducing its bulk to 1/10th that of opium. This facilitates its movement to markets in Asia, Europe, and the Middle East with transit routes through Iran, Pakistan, and Central Asia. Organized criminal groups are involved in transporting the opium products onwards to Turkey, Russia, and the rest of Europe. Distribution networks often operate within regional and ethnic kinship groups. Pakistani nationals play a prominent role in all aspects of the drug trade in the South, Southeast, and Northeast border regions.

Domestic Programs/Demand Reduction. The GOA recognizes a growing domestic drug use problem, particularly with opium and increasingly with heroin. The GOA, in cooperation with UNODC, conducted its first nationwide survey on drug use in 2005. According to this survey, Afghanistan had 920,000 drug users, including an estimated 150,000 users of opium and 50,000 heroin addicts, including 7,000 intravenous users (updated statistics not yet available for 2006).

The Afghan National Drug Control Strategy includes rehabilitation and demand reduction programs for existing and potential drug abusers. However, Afghanistan has a shortage of general medical services, and the GOA directs limited resources to these programs. The United Kingdom and Germany--and to a lesser degree, the United States--have funded specific demand reduction and rehabilitation programs.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. Solving the narcotics problem is critical to reconstruction, effective governance, and rule of law in Afghanistan and remains one of the United States' top priorities for Afghanistan. The United States, in coordination with the GOA and the United Kingdom, has crafted a comprehensive, integrated strategy and is providing substantial resources to the following objectives:

- Win popular support for the government's CN program through a broad public affairs campaign. The U.S. Embassy supports radio, print and person-to-person outreach campaigns that highlight the perils of Afghanistan's continued dependence on opium trade and provide information about alternative livelihood programs that are available. Special emphasis has been placed on person-to-person community outreach activities through the Multiplying Messengers (MM) and PEP programs, which engage local community, religious, and tribal leaders on CN issues.
- Develop alternative sources of income to poppy in rural areas. USAID offers a range of development programs and quick-impact, immediate relief-work programs. Starting in late 2006, USAID implemented a widespread rural finance program that will provide credit to farmers and small- and medium-sized enterprises in areas where financial services were previously unavailable. The poppy-basket of Helmand is one of the highest recipients of USAID assistance reaching \$114 million of programmed Alternative Livelihood assistance through June 2007. Most of this alternative livelihood assistance is concentrated in central Helmand, which is the focus of our eradication programs in 2007, in addition to the Kajakai dam that provides power to the whole area.
- Enhance the GOA's capacity to arrest, prosecute, and incarcerate drug offenders. DEA and DOJ prosecutors work closely with their Afghan counterparts in providing developmental training and pursuing specific cases.
- Destroy drug labs and stockpiles. The NIU and ASNF, in cooperation with the DEA, target drug labs and seize drug stockpiles.

- Dismantle the drug trafficking/refining networks. DEA works closely with the CNPA, NIU, and ASNF in pursuing criminal investigations and disrupting the narcotics trade.
- Enhance counternarcotics efforts through a strong eradication campaign. Eradication in 2006 employed manual and mechanical techniques. The United States, through the Department of State's Bureau for International Narcotics and Law Enforcement Affairs (INL), provides training and financial and material support to the Afghan Eradication Force. The United States provides financial support to provincial governors for Governor-Led Eradication.

The Road Ahead. Afghanistan's unstable security, political, and economic environment limit the government's ability to combat narcotics production and trade. The 61 percent increase in the poppy crop in 2006 is discouraging. The GOA understands that its CN implementation plan was not effective during the previous pre-planting season, and it took more focused action during the 2006 pre-planting season in an effort to deter farmers from planting poppy, but the task is challenging for many different reasons set out above. The GOA should also build on its use of eradication as a deterrent by incorporating herbicide, through ground-based spray, to augment and expand its eradication efforts. However, sustained progress against the drug trade will require continued commitment to the GOA's comprehensive counternarcotics implementation plan over several years, and the GOA will require international assistance in combating narcotics over this time period. Drug production and trafficking will continue in Afghanistan until the GOA is able to guarantee a stable security environment and exert its influence through credible law enforcement institutions throughout the country. These developments will provide a foundation for the rural sector to rebound and pursue legal livelihoods. Long-term, sustained assistance and political support from the international community will be necessary to ensure that the GOA can achieve its goals.

V. Statistical Tables

Drugs Seized (kg) (Through September 2006)

	2003	2004	2005	2006
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Opium	2,171	17,689	50,048	40,052
Heroin	977	14,006	5,592	1,927
Morphine Base	111	210	118	105
Hashish	10,269	74,002	40,052	17,675

Precursor Chemicals Seized (Through September 2006)

	2003	2004	2005	2006
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Solid (kg)	14,003	3,787	24,719	30,856
Liquid (liters)	0	4,725	40,067	12,681

Arrests (for trafficking)
(Through September 2006)

	2003	2004	2005	2006
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Arrests	203	248	275	548

Drug Labs Destroyed
(Through September 2006)

	2003	2004	2005	2006
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Labs Destroyed	31	78	26	248

Bangladesh

I. Summary

Several high-profile cases this year have proven that Bangladesh is susceptible to use by organized criminals as a transit point for heroin trafficking. Increases in the seizure of heroin, cannabis, phensidyl (a codeine-based, highly addictive cough syrup produced in India), and pethedine (an injectable opiate with medical application as an anesthetic) within the country point to growing narcotics abuse in Bangladesh. There is no evidence that Bangladesh is a significant cultivator or producer of narcotics. The Bangladesh government (GOB) officials charged with controlling and preventing illegal substance trafficking lack training, equipment, continuity of leadership, and other resources to detect and interdict the flow of drugs. There has been an historical lack of cooperation among law enforcement agencies, but the situation improved somewhat in 2006. Corruption at all levels of government, and in particular law enforcement, hampers the country's drug interdiction efforts. Bangladesh is a party to the 1988 UN Drug Convention.

II. Status of Country

The country's porous borders make Bangladesh an attractive transfer point for drugs transiting the region. After years of unwillingness to recognize narcotics issues, the country's law enforcement bodies took a stance against drugs in 2006, largely due to two factors: high-profile cases of heroin smuggling to the United Kingdom, and growing methamphetamine (locally, yaba) use among the young elite. A newly formed "Anti-Drugs" task force made comprehensive recommendations to the government, most notably moving to strengthen the law enforcement capabilities of the Department of Narcotics Control (DNC).

III. Country Actions Against Drugs in 2006

Policy Initiatives. The DNC is governed by the National Narcotics Control Board (NNCB), which is authorized by the Narcotics Control Act (NCA). Article 5 of the NCA directs the Board to formulate policies and monitor the production, supply, and use of illegal drugs in Bangladesh. The 19-member NNCB, composed of up of 11 ministers, seven appointed members, and the DNC Director General, is charged to meet quarterly. Infrequent meetings of the NNCB in recent years have hampered the DNC's ability to make agency changes. In a proactive effort, the Home Minister called for the creation of an Anti-Drugs Committee, and charged the committee with developing a set of recommendations to improve the narcotics situation in the country. This effort was in part a response to growing methamphetamine addiction among college students. Although their work has not been formally released, the Committee made short, medium, and long-term recommendations to improve the administrative organization of law enforcement units, curb drug-related crime, increase law enforcement training, and improve addict treatment and rehabilitation. The NNCB must approve and enact the recommendations of the Anti-Drugs Committee. Follow-up over the long term will be a key issue, as the changes likely to be sought would be significant in scope.

Law Enforcement Efforts. The GOB demonstrated its commitment to fighting narcotics in its response to high-profile heroin smuggling cases this year. The United Kingdom discovered heroin totaling 140 kg in several shipments originating from the Chittagong port in Bangladesh. The UK government requested and received the assistance of the GOB to gather information on the case. The Bangladesh Ministry for Home Affairs established a task force to investigate the case itself, leading to several charges against employees of a prominent business. Law enforcement units engaged in counternarcotics operations include the police, the DNC, the border defense forces known as the Bangladesh Rifles (BDR), customs, the navy, the coast guard, and local magistrates.

Elements of these agencies are widely believed to abet the smuggling of goods, including narcotics, into Bangladesh. Regular police are viewed as so corrupt and inept at combating everyday crime that a new “Rapid Action Battalion” (RAB) force was established in 2004 by the central government. Customs, the navy, the coast guard and the DNC all suffer from poor funding, inadequate equipment, understaffing and lack of training. Customs officials also lack arrest authority. At ports of entry where customs officials are not stationed with police units, they have no capacity to detain suspected traffickers. Instead, they can only retain the contraband items found. There is no DNC presence at the airports in Dhaka and Chittagong, or at the Chittagong seaport. These obstacles significantly undermine overall GOB counternarcotics efforts.

Drug seizures are reported to the DNC by all law enforcement agencies. Until 2006, the DNC did not compile these statistics across agencies; as a result, previous years' data cannot be compared directly to 2006 seizure records. Drugs seized by all Bangladesh authorities from January through June 2006 are as follows: 46.5 kg of heroin (more than a 25 percent increase over the amount seized during the same period in 2005); 5.34 metric tons of marijuana (more than a 60 percent increase over the amount seized during the same period in 2005); nearly 250,000 bottles of phensidyl; 1197 ampoules of pethedine and T.D. Jasick brand injections (an anesthetic intended for animal use, active ingredient: buprenorphine); and 216 ampoules of methamphetamine, or yaba.

Corruption. Corruption is a major problem at all levels of society and government in Bangladesh. At the working level, authorities involved in jobs that have an affect on the drug trade facilitate the smuggling of narcotics. Corrupt officials can be found throughout the chain of command. If caught, prosecuted, and convicted, most officials receive a reprimand at best and termination from government service at worst. Adjudicating authorities do not take these cases seriously. An Anti-Corruption Commission was formed in November 2004 with a mandate to investigate corruption and file cases against government officials. The Commission remained largely inactive, however, and questions have been raised about its commitment to operate effectively and independently. The GOB does not, as a matter of government policy, encourage or facilitate illicit production or distribution of drugs or controlled substances or launder proceeds from their transactions. No senior official has been identified as engaging in, encouraging, or facilitating the production or distribution of drugs or controlled substances.

Agreements and Treaties. Bangladesh is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention, and the 1972 Protocol amending the Single Convention. The GOB and USG signed a Letter of Agreement on Law Enforcement and Narcotics Control (LOA) in September 2002 under which the U.S. would provide equipment and technical assistance to the DNC and its central chemical laboratory. The LOA also provided for training, via the U.S. DOJ, to law enforcement personnel involved in counternarcotics activities. There is no US-Bangladesh extradition treaty; however, Bangladesh law permits extradition without the existence of a treaty. There has been limited cooperation with the return of fugitives from Bangladesh.

Cultivation/Production. The DNC strongly denies unsubstantiated reports from several NGO and local government officials that opium production takes place in the Bandarban district along the border with Burma. The DNC acknowledges that a limited amount of cannabis is cultivated in the hill tracts near Chittagong, in the southern silt islands, and in the northeastern region, claiming it is for local consumption. The DNC also reports that as soon as knowledge of a cannabis crop reaches its officers, that crop is destroyed in concert with law enforcement agencies.

Drug Flow/Transit. The heroin smuggling cases to the UK in 2005, and the resulting investigations by the GOB in 2006, identified weaknesses in the country's narcotics-detection infrastructure. Bangladesh is situated between the Golden Crescent to the west and the Golden Triangle to the east, placing the country at continued risk for transit crimes. Opium-based

pharmaceuticals and other medicinal drugs are being smuggled into Bangladesh from India. White (injectable) heroin comes in from Burma.

Domestic Programs (Demand Reduction). There is no widely accepted estimate of the number of drug addicts in Bangladesh. A recent Anti-Drugs Committee report acknowledges at least 1.5 million addicts in Bangladesh. Media and anecdotal reports suggest that drug abuse, while previously a problem among the ultra-poor, is becoming a major problem among the wealthy and well-educated young. Recent cases of yaba addiction in wealthy neighborhoods and on university campuses are of particular concern to the government. The GOB runs several domestic programs, but is not funding them at levels to ensure their success. The DNC sponsors rudimentary educational programs aimed at youth in schools and mosques, but there is little funding for these programs and no clear indication of their impact. In addition, the DNC currently runs outpatient and detoxification centers in Dhaka, Chittagong, Khulna, and Rajshahi. Its 250-bed facility is closed for renovation for the next few months. These centers only remove the drug from the addict's system; they do not address the underlying causes of individual addiction. Hence, they are not successful in assisting addicts to overcome their addiction over the long term. There are other, non-governmental centers with a variety of treatment therapies available. Unfortunately, most of these are quite expensive by Bangladeshi standards and therefore beyond the reach of most drug addicts. One drug addicts' rehabilitation organization, APON, operates five long-term residential rehabilitation centers, including the first center in Bangladesh for the rehabilitation of female addicts (opened in 2005). APON and other NGOs have expressed concerns about new regulations imposed on treatment facilities by the GOB. New requirements passed in 2005 for certification and additional medical professional oversight of private facilities will increase the cost of operating these facilities and therefore put continued operation of many of these grass-roots organizations at risk.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. The USG continues to support Bangladesh's counternarcotics efforts through various commodities and training assistance programs. As part of a program directed at curbing the spread of HIV/AIDS, USAID provided a grant to add treatment facilities directed at intravenous drug users. Pursuant to the 2002 LOA, equipment and law enforcement courses were provided in 2004, primarily to the police, but also to DNC laboratory technicians and officers; the equipment is used daily to identify narcotics for evidence in criminal cases. A limited number of BDR personnel have attended U.S. funded boarder security courses. Department of Justice efforts to improve the anti-money laundering and financial intelligence capabilities of the Bangladesh Bank will support counternarcotics activities in the country.

The Road Ahead. The USG will continue to provide law enforcement and forensic training for GOB officials and work with the GOB to construct a comprehensive strategic plan to develop, professionalize, and institutionalize Bangladesh counternarcotics efforts. With existing State Department narcotics assistance funds under the LOA, the U.S. Drug Enforcement Administration will hold a "Basic Drug Enforcement" training academy in Bangladesh in the spring of 2007. The program will be offered through the DNC, with some seats reserved for the BDR and Customs officers from the Chittagong Port. This effort should be followed by continued professional support from the regional DEA office in New Delhi, and additional capacity-building programs under the 2002 LOA. In addition, the USCG will provide a Container Inspection MTT, and a Boarding Officer resident course.

India

I. Summary

India is the only country authorized by the international community to produce opium gum for pharmaceutical use, rather than concentrate of poppy straw (CPS), the processing method used by the other producers of opiate raw material. India's strategic location, between Southeast and Southwest Asia, the two main sources of illicit opium, make it a heroin transshipment area. Over the last several years, the northwestern state of Himachal Pradesh has seen an increase in illegal drug trafficking activities, including international hashish trafficking and illicit opium cultivation. Insurgent groups operating in the Northeast finance their activities through smuggling of drugs from Burma into India. Much of the hashish and cannabis intended for international markets is smuggled into India from Nepal. India produces heroin from diverted licit opium for both the domestic addict market and is a modest, but growing, producer of heroin destined for the international market. The Government of India (GOI) formally released the results of the National Drug Study (NDS) conducted in partnership with UNODC in 2004. Injecting drug use (IDU) of heroin, morphine base ("brown sugar" heroin) and opiate pharmaceuticals, particularly in the Northeast states bordering Burma, continues to be a concern, resulting in an extremely high incidence of HIV/AIDS in these populations. Major metropolitan areas increasingly report the use of cocaine, Ecstasy and other synthetic drugs among the wealthy elite.

The Government of India (GOI) continually tightens licit opium diversion controls, but an unknown quantity of licit opium is diverted into illicit markets. In 2001 and 2003, the GOI and the United States conducted a Joint Licit Opium Poppy Survey (JLOPS) to develop a methodology to estimate opium gum yield. The survey results confirmed the validity of the survey's yield prediction methodology, but lacked key data to apply the study's conclusions directly to India's 2002/03 licit opium crop. The data revealed that several widely used Indian poppy varieties have a low alkaloid yield. This past year (2005-06), the GOI and the U.S. Embassy conducted another opium study, focusing on limiting the area and number of plots where the data are collected. India is a party to the 1988 UN Drug Convention.

II. Status of Country

Under the terms of international agreements, supervised by the International Narcotics Control Board, India must maintain licit opium production and carry-over stocks at levels no higher than those consistent with world demand to avoid excessive production and stockpiling, which could be diverted into illicit markets. India has complied with this requirement and succeeded in rebuilding stocks over the past four years from below-recommended levels. Opium stocks now exceed minimum requirements, almost tripling between 1999 and 2003. From a stock of 509 metric tons in 1999/2000, stocks rose to 1,776 metric tons last year (2004/05), but are now down to 1,476 metric tons at the end of the 2005/06-crop year.

Licensed farmers are allowed to cultivate a maximum of 10 "ares" (one tenth of a hectare), the same as last year. "Opium years" straddle two calendar years. All farmers must deliver all the opium they produce to the government alone, meeting a minimum qualifying yield (MQY) that specifies the number of kg of opium to be produced per hectare (HA), per state. The MQY is established yearly by the Central Bureau of Narcotics (CBN) prior to licensing. At the time the CBN establishes the MQY, it also publishes the price per kilo the farmer will receive for opium produced that meets the MQY, as well as significantly higher prices for all opium turned into the CBN that exceeds the MQY.

The MQYs are based on historical yield levels from licensed farmers during previous crops. Increasing the annual MQY has proven effective in increasing average yields, while deterring diversion, since, if the MQY is too low, farmers could clandestinely divert excess opium they produce into illicit channels, where traffickers often pay up to ten times what the GOI can offer. Thus, an accurate estimate of the MQY is crucial to the success of the Indian licit production control regime.

During the 2002/03-crop year, CBN began to estimate the actual acreage under licit opium poppy cultivation by using satellite imagery and then comparing it with exact field measurements. Since licit poppy cultivation is not confined to an enclosed area, many of the farmers integrate fields with other agricultural crops like soybean, wheat, garlic and sugarcane. This technology has also been used in conjunction with satellite imagery of weather conditions to compare cultivation in similar geo-climatic zones to estimate potential crop yields, assess storm damage and determine whether opium was being diverted. The satellite results were then confirmed by on-ground CBN visits that measured each farmer's plot size. This year the CBN intends to use this technology to identify illicit cultivation of opium in various parts of the country as well.

Any cultivation in excess of five percent of the allotted cultivation area is not only uprooted, but the cultivator is also subject to prosecution. During the lancing period, the CBN appoints a village headman for each village to record the daily yield of opium from the cultivators under his charge. CBN regularly checks the register and physically verifies the yield tendered at harvest. The CBN has also reduced the total procurement period of opium in order to minimize opportunities for diversion and deployed additional teams of officers from the Central Excise Department to monitor harvesting and check diversion. In 2006, the CBN also began experimenting with closed circuit television cameras to monitor the collection and weighing of opium gum.

In 2006, the CBN continued issuing microprocessor chip-based cards (Smart Identity Cards) to opium poppy cultivators. The card carries the personal details of the cultivator, the licensed area, the measured/test measured field area and the opium tendered by him to the CBN. The card also stores the previous years' data. The information stored on the card is read with handheld terminal/read-write machines that are provided to field divisions. CBN personnel will enter cultivation data into the cultivators' cards and the data will be uploaded to computers at CBN HQs and regional offices. The cards are delivered to cultivators at the time of licensing. For crop year 2005/2006, the project was expanded to include all of the 17 Opium Divisions, the three State Unit Headquarters and the Central Headquarters in Gwalior.

The GOI periodically raises the official price per kilo of opium, but illicit market prices are four to five, even ten times higher than the base government price. Farmers who submit opium at levels above the MQY receive a premium, but premium prices can only act as a modest positive incentive. In the 2005/2006 opium harvest year, CBN significantly decreased the number of hectares licensed from 8,771 in 2004/2005 to 6,976 in 2005/2006, and the number of farmers licensed from 87,682 in 2004/2005 to 72,478 in 2005/2006. Much of this reduction took place in Uttar Pradesh, where CBN is in the process of phasing out opium cultivation. The estimated yield for the 2005/06-crop year is 372 metric tons of opium.

Although there is no reliable estimate of diversion from India's licit opium industry, clearly, some diversion does take place. It is estimated that between 20 — 30 percent of the opium crop is diverted. However, it is not possible to pinpoint the amount accurately and there is no evidence that significant quantities of opium or its derivatives diverted from India's fields reaches the U.S. In 2006, the GOI reports it seized 142 kg of licit opium and closed down three morphine-manufacturing facilities.

Poppies harvested using concentrate of poppy straw (CPS) are not lanced, and since the dried poppy heads cannot be readily converted into a usable narcotics substance, diversion opportunities

are minimal. However, it is inherently difficult to control diversion of opium gum collection because opium gum is collected by hand-scraping the poppy capsule, and the gum is later consolidated before collection. The sheer numbers of Indian farmers, farm workers and others who come into contact with poppy plants and their lucrative gum make diversion appealing and hard to monitor. Policing these farmers on privately held land scattered throughout three of India's largest states is a considerable challenge for the CBN. All other legal producers of opium alkaloids, including Turkey, France, and Australia, produce narcotics raw materials using the CPS process. The GOI believes the labor intensive gum process used in India is appropriate to the large numbers of relatively small-scale farmers who grow poppy in India.

Processing opium gum is difficult because a residue remains after the narcotic alkaloids have been extracted. This residue must be disposed of with appropriate environmental safeguards. Because of this, pharmaceutical opiate processing companies prefer using CPS for ease of extracting the opiate alkaloids, with the exception of certain companies, which have adapted their equipment and methods to be able to use gum opium.

To meet this challenge, the GOI has explored the possibility of converting some of its opium crop to the CPS method. The GOI is also examining ways to expand India's domestic opiate pharmaceutical processing industry and the availability of opiate pharmaceutical drugs to Indian consumers through ventures with the private sector. However, regardless of the GOI's interest in CPS, the financial and social costs of the transfer and the difficulty of purchasing an appropriate technology are daunting. Since alkaloid extraction requires highly specialized equipment, some of the most obvious places where such equipment and technologies would be available, along with advice on how to use them, are in the other countries licensed to produce legal opiate alkaloids and thus in countries in direct competition with India for licit opium sales.

Morphine base ("brown sugar" heroin) is India's most popularly abused heroin derivative, either through smoking, "chasing" (i.e., inhaling the fumes) or injecting. Most of India's "brown sugar" heroin comes from diverted licit Indian opium and is locally manufactured. Indian "brown sugar" heroin is also increasingly available in Nepal, Bangladesh, Sri Lanka, and the Maldives. Most seized "white" heroin is destined for West Africa and Europe. Heroin seizures on the India/Pakistan border, which had plummeted during the recent period of Indian/Pakistani border tensions, are on the upswing.

III. Country Actions Against Drugs in 2006

Policy Initiatives. India's stringent Narcotic Drugs and Psychotropic Substances Act (NDPSA) of 1985 was amended in October 2001, bringing significant flexibility to the Indian sentencing structure for narcotics offenses. The amendments removed obstacles faced by investigation officers related to search, seizure, and forfeiture of illegally acquired property and provided for controlled deliveries to facilitate investigation both within and outside the country. The amended NDPSA also made it more likely that drug traffickers would be refused bail, particularly those serious offenders who are more likely to flee before trial. Amendment of India's sentencing laws for drugs is expected to increase the conviction rate significantly for future violators. Prosecutions under the NDPSA have increased dramatically, from 7,874 persons in 2003 to 20,138 in calendar year 2005. The overall conviction rate has also increased, from 38 percent in 2003 (3,006 convictions) to 45 percent in 2005 (9,074 convictions). In certain cases involving repeat offenders dealing in commercial quantities of illegal drugs, the law allows for the death penalty, although there have been no such sentences to date.

In April 2003, GOI moved the Narcotics Control Bureau (NCB) from the Ministry of Finance to the Ministry of Home Affairs. The Ministry of Finance remains the GOI's central coordinating ministry for counternarcotics and continues to cooperate with the NCB. The move has enhanced

the NCB's law enforcement capabilities and helped align the bureau with other GOI police agencies under the control of the Home Ministry.

Law Enforcement Efforts. While heroin seizures have remained steady (991 kg in 2003 and 981 in 2005), seizures of opium have grown from 1,720 in 2003 to 2,009 in 2005. Seizure statistics for other drugs, such as cocaine, methaqualone and ephedrine, tend to fluctuate more dramatically as a result of larger single seizures, but statistics for all three so far in 2006 show large increases. Marijuana and hashish seizures have shown constant explosive growth in recent years. Marijuana seizures almost doubled the last two years (from 79,653 kg in 2003 to 153,660 in 2005), and hashish seizures are up 32 percent over the same period (3,013 kg in 2003 to 3,965 in 2005).

The year 2006 saw a number of major seizures that indicate an increasing sophistication in the law enforcement response to illicit narcotics and precursor trafficking in and through India. In June, in what was reported to be the largest cocaine seizure in Asia, the NCB seized 200 kg on a cargo ship in the port of Mumbai. The ship M.V. Voyager had been tracked from Ecuador through the Far East and into India.

The New Delhi police had two major successes in August 2006. On August 14 and 15 they seized 100 kg of ephedrine, 600 kg of ketamine, and 3 kg of hashish in an operation that resulted in the arrest of 4 individuals. The accused were in the process of shipping at least some of the goods to Canada using commercial express mail services, with indications that they had been doing the same for the past two years. In the second incident, officials seized more than 4,400 kg of Methaqualone on August 27, the largest such seizure in India. The accused were in the business of stealing the contents of shipping containers.

On September 3, the NCB seized a total of 550 kg of ephedrine at two DHL locations in New Delhi, again destined for Canada. Using information from the September seizure, on October 18 the NCB raided a factory in New Delhi that was being established as a methamphetamine laboratory and arrested seven individuals and seized an additional 550 kg of ephedrine. In November, the NCB searched a container in the port of Calcutta and found extensive laboratory equipment that is believed was destined for a methamphetamine laboratory outside of New Delhi. The seizures of ephedrine made in these cases dwarf the 8 kg of ephedrine reported to have been seized in India in 2005. These seizures, along with the seizure made by Delhi Police in 2006, highlight a possible emerging trend of Canadian and Chinese drug trafficking organizations attempting to exploit India as a source for ephedrine, a critical component in the manufacture of methamphetamine.

A joint investigation by the DEA and NCB in 2005 led to the dismantling of a major international pharmaceutical drug organization that was distributing controlled pharmaceuticals such as bulk ephedrine (a controlled precursor chemical) and ketamine (a Schedule III non-narcotic controlled substance in the U.S.) internationally through the Internet. The international drug trafficking ring, consisting of over 20 individuals in the U.S. and India, may have had as many as 80,000 retail customers. The 108 kg of Indian ketamine seized in the U.S. was valued at \$1.62 million. The total amount of U.S. money and property seized in this investigation was \$2 million dollars in India and \$6 million in the United States. In another joint investigation, DEA and NCB cooperated to take down another Internet pharmacy. The result of this case was seven arrests in the United States and five arrests in India. The Internet pharmacies were being operated by individuals in India in conjunction with a call center that was processing orders for U.S.-based customers. The call center in India employed fifteen people and processed approximately \$400,000 worth of pharmaceuticals per month.

Subsequent joint investigations have shown the continuing use of the Internet to distribute drugs and pharmaceuticals of all kinds from India to the U.S. and other countries. In the fall of 2005, Indian Customs seized five international mail packages that were found to contain a kg or more of

Southwest Asian heroin destined for individuals in the United States, with controlled deliveries leading to the arrest of five individuals in the U.S. Heroin being smuggled into India from Afghanistan and Pakistan has picked up over the past year, with West Africans often arrested as the carriers. This trend may continue as the border between Pakistan and India opens up to increasing commerce and travel as relations between the two countries improve. Indian law enforcement agencies are also becoming more proactive in fighting international drug trafficking.

Corruption. The Indian media periodically reports allegations of corruption against law enforcement personnel, elected politicians, and cabinet-level ministers of the GOI. The United States receives reports of narcotics-related corruption, but lacks the corroborating information to confirm those reports and the means to assess the overall scope of drug corruption in India. The GOI does not, as a matter of government policy, encourage or facilitate illicit drug production or distribution, nor is it involved in laundering the proceeds of the sale of illicit drugs. Similarly, we are not aware of any individual senior government official so involved. Both the CBN and NCB periodically take steps to arrest, convict, and punish corrupt officials within their ranks. The CBN frequently transfers officials in key drug producing areas to guard against corruption. The CBN has increased the transparency of paying licensed opium farmers to prevent corruption and appointing village coordinators to monitor opium cultivation and harvest. These coordinators receive 10 percent of the total paid to the village for its crops, in addition to what they receive for their own crops, so it is advantageous for them to ensure that each farmer under their jurisdiction turns in the largest possible crop.

Agreements and Treaties. India is a party to the 1961 UN Single Convention on Narcotic Drugs and its 1972 Protocol, the 1971 UN Convention on Psychotropic Substances, and the 1988 UN Drug Convention. The United States and India signed a Mutual Legal Assistance Treaty (MLAT) in 2001 that came into force in October 2005. An extradition treaty is in effect between the U.S. and India. India has signed but has not yet ratified the UN Convention against Transnational Organized Crime. The USG and the GOI signed a Customs Mutual Assistance Agreement on December 15, 2004. A modern US-India extradition treaty entered into force in 1999, replacing the outdated US-UK 1931 treaty, and a US-India mutual legal assistance treaty (MLAT) entered into force in 2005.

Cultivation/Production. The bulk of India's illicit poppy cultivation is now confined to Arunachal Pradesh, the most remote of northeastern states, which has no airfields and few roads. The terrain is mountainous, isolated jungle, requiring significant commodity and personnel resources, just to reach it. The need to combat the many insurgencies in the Northeast states has limited the number of personnel available for such time-consuming, labor-intensive campaigns. For those reasons, the GOI has not conducted any major poppy eradication campaigns in the Northeast in years. There are no accurate estimates of opium gum yields, but CBN officials claim that the yields from illicit production in Arunachal Pradesh are very low, between two to six kg per hectare.

Drug Flow/Transit. Although trafficking patterns appear to be changing, India historically has been an important transit area for Southwest Asia heroin from Afghanistan and Pakistan and, to a lesser degree, from Southeast Asia - Burma, Thailand, and Laos. India's heroin seizures from these two regions continue to provide evidence of India's transshipment role. Most heroin transiting India appears bound for Europe. Seizures of Southwest Asian heroin made in New Delhi and Mumbai tend to reinforce this assessment. However, the bulk of heroin seized in the past two years has been of domestic origin, and it was seized in South India, and was apparently destined for Sri Lanka. Trafficking groups operating in India fall into four categories. Most seizures in Mumbai and New Delhi involve West African traffickers. Traffickers who maintain familial and/or tribal ties to Pakistan and Afghanistan are responsible for most of the smuggling of Pakistani or Afghan heroin into India. Ethnic Tamil traffickers, centered primarily in Southern India, are alleged to be involved in trafficking between India and Sri Lanka. Indigenous tribal groups in the northeastern states

adjacent to Burma maintain ties to Burmese trafficking organizations and facilitate the entry into Burma of precursor chemicals and into India of refined “white sugar” heroin through the porous Indo/Burmese border. In addition, insurgent groups in these states have utilized drug trafficking as a means to finance their operations against the Indian Government.

Indian-produced methaqualone (Mandrax) trafficking to Southern and Eastern Africa continues. Although South Africa has increased methaqualone production, India is still believed to be among the world’s largest known clandestine methaqualone producers. Seizures of methaqualone, which is trafficked in both pill and bulk forms, have varied significantly, from 7,458 kg in 2004 to 472 kg in 2005. Cannabis smuggled from Nepal is mainly consumed within India, but some makes its way to Western destinations.

India is also increasingly emerging as a manufacturer and supplier of licit opiate/psychotropic pharmaceuticals (LOPPS), both organic and synthetic, to the Middle East, Pakistan, Bangladesh and Afghanistan. Some of the LOPPS are licitly manufactured and then diverted, often in bulk. Some of the LOPPS are illicitly manufactured as well. Indian-origin LOPPS and other controlled pharmaceutical substances are increasingly being shipped to the U.S. DHS Customs and Border Protection are intercepting thousands of illegal “personal use” shipments in the mail system in the United States each year. These “personal use” quantity shipments are usually too small to garner much interest by themselves, and most appear to be the result of illegal Internet sales.

Domestic Programs/Demand Reduction. Newspapers frequently refer to Ecstasy and cocaine use on the Mumbai and New Delhi “party circuit,” but there is little information on the extent of their use. There has been a considerable amount of reporting in local newspapers indicating that the use of cocaine and Ecstasy are on the rise. While smoking “brown sugar” heroin (morphine base) and cannabis remain India’s principal recreational drugs, intravenous drug use (IDU) of LOPPS is rising in India, replacing, almost completely, “white” heroin. In parts of India where intravenous drug users (IDUs) have been denied access to LOPPS, IDUs have turned to injecting “brown sugar” heroin. Various licitly produced psychotropic drugs and opiate painkillers, cough medicines, and codeine are just some of the substances that have emerged as the new drugs of choice. In 2004, the Ministry of Social Justice and Empowerment (MSJE) released a drug abuse study conducted in partnership with UNODC in 2001. The study found that licit opiate abuse accounted for 43 percent of Indian drug abuse. Although drug abuse cuts across a wide spectrum of Indian society, more than a quarter of drug abusers are homeless, nearly half are unmarried, and 40 percent had less than a primary school education. Itinerant populations (e.g., truck drivers) are extremely susceptible to drug use. Widespread needle sharing has led to high rates of HIV/AIDS and overdoses. The states of Manipur and Nagaland are among the top five states in India in terms of HIV infection (disproportionately affecting the 15- to 30-year old population in these states), primarily due to intravenous drug use.

The popularity of injecting licit pharmaceuticals can be attributed to four factors. First, they are far less expensive than their illegal counterparts. Second, they provide quick, intense “highs” that many users prefer to the slower, longer-lasting highs resulting from heroin. Third, many IDUs believe that they experience fewer and milder withdrawal symptoms with pharmaceutical drug use. Finally, licit opiate/psychotropic pharmaceuticals are widely available and easy to obtain since virtually any drug retail outlet will sell them without a prescription.

The MSJE has a three-pronged strategy for demand reduction, consisting of building awareness and educating people about drug abuse, dealing with addicts through programs of motivational counseling, treatment, follow-up and social reintegration, and training volunteers to work in the field of demand reduction. The MSJE’s goal is to promote greater community participation and reach out to high-risk population groups with an on-going community-based program for

prevention, treatment and rehabilitation through some 400 NGOs throughout the country. The MSJE spends about \$5 million on NGO support each year.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. The United States has a close and cooperative relationship with the GOI on counternarcotics issues. In September 2003, the United States and India signed Letter of Agreement (LOA) amendments to provide State Department drug assistance funding worth \$2.184 million for counternarcotics law enforcement. In 2004, another \$40,000 was added to the LOA. In 2004 a Customs Mutual Assistance Agreement was signed. The U.S. and India have had a long-standing extradition relationship; however, India's efforts to bring about prompt conclusion of extradition proceedings have been poor. The USG has repeatedly asked the GOI to take steps to bring extradition proceedings to fruition more promptly. It is hoped that India will be able to soon conclude the extradition proceeding for Sarabeet Singh, charged with narcotics trafficking, which have been underway since 2002. In 2006 India's NCB provided prompt and effective cooperation under the MLAT in connection with ah narcotics prosecution in EDPA; other requests have been stalled, however. The USG hopes to consult with India soon on MLAT implementation.

The Road Ahead. The NCB's move to the Ministry of Home Affairs has enhanced the U.S. relationship with the Ministry and NCB. DEA gave more courses to more law enforcement officials from a wider variety of state and central government law enforcement agencies in 2004 and 2005 than ever before. Other training included standard and advanced boarding officer training by the USCG. Our joint LOA (Assistance Agreement) Monitoring Committee Meetings with the GOI ensure that funds achieve desired results, or are otherwise reprogrammed to higher priority projects. The LOA project to enhance and improve NCB's intelligence gathering and information sharing will enable it to better target drug traffickers and improve its cooperation with DEA. Another project managed by the Ministry of Finance trains law enforcement officials across India on asset forfeiture regulations. We also use LOA funds to build the capacity of Indian law enforcement agencies to fight international narcotics trafficking by providing them with badly needed commodities and equipment. The United States will continue to explore opportunities to work with the GOI in addressing drug trafficking and production and other transnational crimes of common concern.

V. Statistical Tables (through October 2006)

Drug seizure statistics are kept by the NCB (Ministry of Home Affairs) and updated on a monthly basis. The accuracy of the statistics is dependent upon the quality and quantity of information received by the NCB from law enforcement agencies throughout India. Statistics relative to opium cultivation and production are kept by the CBN (Ministry of Finance).

Note — not all information is available in all categories

POPPY CULTIVATION

Poppy cultivation/harvest in hectares

Final figures for opium gum yields in metric tons at 90 percent consistency; provisional yields at 70 percent consistency

Average yield of gum per hectare in kg

<u>2005/06</u>	<u>2004/05</u>	<u>2003/04</u>
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Hectares			
Licensed	7,252	7,901	21,141
Farmers			
Licensed	72,478	79,016	105,697
Hectares			
Harvested	6,976	7,833	18,591
Gum Yield			
(MT)	N/A	N/A	825
Opium			
Yield (kg/ha)	59.9	N/A	57.07

2006/07 (Estimate)

Hectares	
Licensed	6,220
Farmers	
Licensed	N/A
Hectares	
Harvested	N/A
Gum yield	
(MT)	372
Opium	
Yield	
(kg/ha)	60

Opium prices paid to farmers in rupees (RS. 45 equals one USD). The price of opium for the 2006/07 crop year has yet to be declared by the GOI

	<u>2005/6</u>	<u>2004/5</u>	<u>2003/4</u>
44-54			
kg/ha	750-1075	756-1076	1550-2100
55-70			
kg/ha	1100-1600	1102-1601	1050-1525
71-100+			
kg/ha	1625-2200	1627-2205	1550-2100

DRUG SEIZURES 2004-2006

(2006 statistics through October, 2005 figures revised)

	<u>UNIT</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Opium	kg	2494	2009	2237
Morphine	kg	30	47	97
Heroin	kg	856	981	1162
Cannabis	kg	133,131	153,660	144,055
Hashish	kg	2,735	3,965	4,599
Cocaine	kg	204	4	6
Methaqualone	kg	4,420	472	1,614
Ephedrine	kg	1,200	8	72

Acetic				
Anhydride	kg	98	300	2,665
Amphetamine	kg	0	0	91

PERSONS	<u>2006*</u>	<u>2005</u>	<u>2004</u>
Arrested	13,434	19,746	12,106
Prosecuted	11,702	20,138	10,173
Convicted	5,936	9,074	4,294

*Through October

Nepal

I. Summary

Although Nepal is neither a significant producer of, nor a major transit route for, narcotic drugs, domestically produced cannabis, hashish and heroin are trafficked to and through Nepal every year. An increase in the number of Nepalese couriers apprehended by the police suggests that Nepalis are becoming more involved in trafficking. Moreover, Nepal's Narcotics Drug Control Law Enforcement Unit (NDCLEU) reports that more Nepalese citizens are investing in and taking a larger role in running trafficking operations. Customs and border controls remain weak, but international cooperation has resulted in increased narcotics-related indictments in Nepal and abroad. The ongoing Maoist insurgency has hindered interdiction and monitoring efforts in many parts of the country. New in 2006, the Government of Nepal adopted a Narcotics Control National Policy. Legislative efforts are also underway to increase control over the trafficking of precursor chemicals between India and China. Nepal is a party to the 1988 UN Drug Convention.

II. Status of Country

Police confirm that production of cannabis is on the rise in the southern areas of the country, and that most is destined for the Indian market. Abuse of locally grown and wild cannabis and locally produced hashish, which is marketed in freelance operations, remains widespread. Heroin from Southwest and Southeast Asia is smuggled into Nepal across the open border with India and through Kathmandu's international airport. Licit, codeine-based medicines continue to be abused. Nepal is not a producer of chemical precursors but serves as a transit route for precursor traffic between India and China.

The ongoing Maoist insurgency has obstructed rule-of-law, interdiction and monitoring efforts in many parts of the country. The Maoists are most likely involved in drug smuggling to finance their insurgency. Nepal's NDCLEU reports that Maoists have called upon farmers in certain areas to increase cannabis production and have levied a 200 Nepal Rupees per kg (approximately \$2.75) tax on cannabis production. The inaccessibility of areas due to the insurgency has also skewed the NDCLEU's statistics.

III. Country Actions Against Drugs in 2006

Policy Initiatives. Nepal's basic drug law is the Narcotic Drugs (Control) Act, 2033 (1976). Under this law, the cultivation, production, preparation, manufacture, export, import, purchase, possession, sale, and consumption of most commonly abused drugs is illegal. The Narcotics Control Act, amended last in 1993, conforms in part to the 1961 UN Single Convention on Narcotic Drugs and its 1972 Protocol by addressing narcotics production, manufacture, sales, import, and export.

In August 2006, the Home Ministry drafted a Narcotics Control National Policy, which has been adopted by the Cabinet. Noting the growing incidence of HIV infection among narcotic-using sex workers, abuse of narcotics and psychotropic medicines among youth, and illicit trafficking by organized mafia, the new policy, an update of the 1996 Narcotics Control National Policy, attempts to address these concerns in a more "transparent and enforceable" manner. It consists of five strategies to control drug production, abuse and trafficking: (1) supply control, (2) demand reduction (treatment and rehabilitation and drug abuse prevention), (3) risk reduction, (4) research and development, and (5) collaboration and resource mobilization.

To ensure institutional support, the policy calls for the creation of a Narcotic Control Bureau in the Ministry of Home Affairs, to include the NDCLEU and a special Nepal Police Taskforce trained in counter narcotics. In addition, the policy would establish a high-level narcotics control national guidance and coordination committee, chaired by the Home Minister, and a narcotics control executive committee, chaired by the Home Secretary. The policy has also set up an autonomous body to create a National Drug Demand Reduction Campaign involving awareness and advocacy programs, but the campaign group has not yet met.

Nepal is actively implementing a National Drug Abuse Control Plan (NDACP), but other proposed efforts still await legislative approval. Legislative action on mutual legal assistance and witness protection, developed as part of the NDACP, has stalled for a fifth year. The government has not submitted scheduled amendments to its Customs Act to control precursor chemicals. Legislation on asset seizures, drafted in 1997 with United Nations Office on Drugs and Crime assistance, is also awaiting approval. All are under review by the Ministry of Law and Justice. Legislation on criminal conspiracy has not yet been drafted.

In response to reports from the NDCLEU of increased trafficking and criminal behavior among Nigerian tourists, the Home Ministry has sent the Ministry of Foreign Affairs a proposal to restrict the travel of Nigerians to Nepal. The Home Ministry and the NDCLEU reported that Nigerians travel on false passports to Nepal, via South Africa and India, to widen their organized crime network and traffic heroin, humans and arms.

Law Enforcement Efforts. The NDCLEU has developed an intelligence wing, but its effectiveness remains constrained by a lack of communication and surveillance equipment. Coordination and cooperation among NDCLEU and Nepal's customs and immigration services, while still problematic, are improving. The reallocations of resources to fight the Maoist insurgency and the lack of security in the countryside have hampered crop destruction efforts. While the amount of destroyed areas of illicit drugs cultivation has been fluctuating since 1991, final statistical data for 2005 indicate that destruction of cannabis plants has declined since 2004. In 2005, 4 ha of opium and 121 ha of cannabis cultivation were destroyed, compared to 231.5 h of cannabis destroyed in 2004.

The NDCLEU reported that it is responsible for arresting 35 percent of the prisoners in Nepali jails. In 2005, the Nepal Police arrested 33 foreigners on the basis of drug trafficking charges. From January-May 2006, police arrested 16 foreigners and 138 Nepalese citizens. In the same time period, the NDCLEU and local units reportedly seized 1,574 kg of cannabis - more than the amount of cannabis seized in all of 2005 (1,532 kg). The NDCLEU also seized 6 kg of heroin in this period, compared to the 9 kg seized in 2005. Of the 6 kg seized, 2.5 kg were seized at Kathmandu's international airport. The NDCLEU further reported the seizure of 63.7 kg of hashish (54.3 kg in 2005) at Kathmandu's Tribhuvan International Airport (TIA) from January-May 2006. Most seizures of heroin and hashish in 2006 occurred along the Nepal-Indian border, within Kathmandu, or at TIA as passengers departed Nepal. Seizures of illicit and licit, but illegally abused, pharmaceuticals in January-May 2006 were higher than 2005 levels.

Corruption. Nepal continues to have no laws specifically targeting public narcotics-related corruption by senior government officials, although both provisions in the Narcotics (Control) Drug Act of 1976 and Nepal's anticorruption legislation can readily be employed to prosecute any narcotics-related corruption. As a matter of government policy, Nepal neither encourages nor facilitates illicit production or distribution of narcotics, psychotropic drugs, or other controlled substances, nor the laundering of proceeds from illegal drug transactions.

Agreements and Treaties. Nepal is party to the 1998 UN Drug Convention, the 1961 UN Single Convention on Narcotic Drugs, as amended by the 1972 Protocol, and the 1993 South Asian Association for Regional Cooperation (SAARC) Convention on Narcotics Drugs and Psychotropic

Substances. The Cabinet has signed the latter and it is now in the House awaiting ratification. In addition, as agreed upon at the May 2006 SAARC Summit, the Home Ministry set up a SAARC Drug Offenses Monitoring Desk at TIA. Nepal has signed, but has not yet ratified, the UN Convention against Transnational Organized Crime and the UN Convention against Corruption. There is no U.S. extradition treaty with Nepal. Nepal does not extradite its nationals.

Cultivation/Production. Cannabis is an indigenous plant in Nepal, and cultivation of certain selected varieties is rising, particularly in lowland areas. There is some small-scale cultivation of opium poppy, but detection is difficult since it is interspersed among licit crops. Nepali drug enforcement officials reported that all heroin seized in Nepal originated elsewhere. Nepal does not produce precursor chemicals. Importers of dual-use precursor chemicals must obtain a license and submit bimonthly reports on usage to the Home Ministry.

According to the Home Ministry, there have been no seizures of precursor chemicals since 1997. There have not been reports of the illicit use of licensed imported dual-use precursor chemicals. Nepal is used as a transit route to move precursor chemicals between India and China. With ratification of the SAARC Convention on Narcotics Drugs and Psychotropic Substances, which holds countries liable for policing precursor chemicals, the Home Ministry said it planned to assert control over precursor chemicals. These chemicals are currently under the jurisdiction of the Ministry of Health and are not carefully monitored for abuse.

Drug Flow/Transit. According to NDCLEU, evidence from narcotics seizures suggests that narcotics transit Nepal from India, Pakistan, and Afghanistan to other countries in the region and to Europe, the U.S. and Japan. Media reports have claimed that most narcotics are bound for India, and law enforcement sources indicated that most seizures occur at the India/Nepal border. The NDCLEU said customs and border controls were weak along Nepal's land borders with India and China, while the Indian border was essentially open. Security measures to interdict narcotics and contraband at TIA and at Nepal's regional airports with direct flights to India were also inadequate. The Government of Nepal (GON), along with other governments, is working to increase the level of security at the international airport, and the Nepal Army is detailed to assist with airport security. The NDCLEU took the increase in arrests of Nepalese couriers in other countries as an indication that Nepalese were becoming more involved in the drug trade both as couriers and as traffickers, and that Nepal may be increasingly used as a transit point for destinations in South and East Asia, as well as Europe (Spain, the Netherlands and Switzerland). The NDCLEU has also identified the United States as a final destination for some drugs transiting Nepal, typically routed through Bangkok.

Domestic Programs (Demand Reduction). The GON has continued to implement its national drug demand reduction strategy in association with the Sri Lanka-based Colombo Plan, the United States, UNODC, donor agencies, and NGOs. However, resource constraints have limited significant progress.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. U.S. policy is to strengthen Nepal's law enforcement capacity to combat narcotics trafficking and related crimes, to maintain positive bilateral cooperation, and to encourage Nepal to enact and implement appropriate laws and regulations to meet all objectives of the 1988 UN Drug Convention. The United States, NDCLEU, and other donors work together through regional drug liaison offices and through the Kathmandu Mini-Dublin Group of Countries Offering Narcotics Related Assistance.

Bilateral Cooperation. The United States works with GON agencies to help implement Nepal's master plan for drug abuse control and to provide expertise and training in enforcement. Nepal

exchanges drug trafficking information with regional neighbors and occasionally with destination countries in Europe in connection with international narcotics investigations and proceedings.

The Road Ahead. The United States will continue information exchanges, training, and enforcement cooperation; work with the UNODC to further enhance the efforts of the NDCLEU and support their demand reduction and social rehabilitation efforts; provide support to various parts of the legal establishment to combat corruption and improve rule of law; and support improvements in the Nepali customs service. The United States will also encourage the GON to enact stalled drug legislation.

Pakistan

I. Summary

With continued pressures on its Western border, Pakistan remains on the frontline of the war against drugs as a major transit country for opiates and hashish from neighboring Afghanistan. Aiming to return to poppy-free status, Pakistan saw a 39 percent decrease in opium poppy cultivation in 2006, to approximately 1,908 hectares, of which 1,545 hectares were harvested. The Government of Pakistan (GOP) maintains that there is no evidence that opiate laboratories are currently operating in Pakistan. The GOP's Anti-Narcotics Force (ANF) conducted an operation on June 10, 2006, that destroyed eight mobile drug labs near the Afghan border in the Baluchistan Province, which the GOP states were the only labs in country. Estimates of the number of drug addicts in Pakistan range from two to three million.

Although GOP efforts to develop a five-year Master Drug Control Plan in coordination with UNODC have slowed, a draft should be available by spring 2007. GOP counternarcotics efforts are led by the Anti-Narcotics Force (ANF) under the Ministry of Narcotics Control, but also include several other law enforcement agencies as well as the Home Departments of the Northwest Frontier Province (NWFP) and Baluchistan Province. Counternarcotics cooperation between the GOP and the United States remains strong. U.S. assistance programs in counternarcotics and border security have strengthened the capacity of law enforcement agencies and improved their access to remote areas where some of the drug trafficking takes place, evidenced by more than 30 percent increase in narcotics seizures in 2006. Extradition to the United States of persons charged with narcotics offenses and other crimes continues to be delayed for years due to judicial and administrative delays. Pakistan is a party to the 1988 UN Drug Convention.

II. Status of Country

After seeing a steady increase in poppy cultivation from 213 ha in 2001 to 7,571 ha in 2004, Pakistan reversed the trend in 2005 and in 2006 reduced poppy cultivation by 39 percent. The GOP is committed to regaining its poppy-free status and nearly reached that goal in 2006. Of course, opium production in neighboring Afghanistan is at an all-time high, which could be attributed to the choice of Pakistani criminal elements to finance opium production there. According to the U.S. Drug Enforcement Administration (DEA), Pakistani traffickers are an important source of financing to the poor farmers of Afghanistan, who otherwise could not afford to produce opium. Since poppy cultivation continues to rise in post-Taliban Afghanistan, Pakistan remains a significant transit country of heroin, morphine, opium, and hashish, particularly as a conduit to Turkey, and to Iran by land and sea. The fact that opium poppy production in Pakistan added marginally to the vastly large flow of drugs from Afghanistan will bring additional pressure on Pakistani law enforcement bodies to increase interdiction of Afghan opiates moving through Pakistan. The U.S.-funded Border Security Project, which began in 2002, continues to contribute to the ability of the GOP to interdict traffickers along the porous 1500-mile western border, as shown by increased drug seizures in 2006. However, successfully interdicting drug shipments is extremely difficult given Pakistan's rough terrain and the fact that smugglers are well armed and not afraid to engage GOP forces. For example, in July 2006, five Frontier Corps/Pakistan Army troops were killed during a gun battle with smugglers near Chagai on the Pak-Afghan border in Baluchistan.

Pakistan's position as a major drug transit country has fueled domestic addiction, especially in areas of poor economic opportunity and physical isolation. The GOP estimates that they have two to three million drug addicts in the total population of 162 million, although no accurate figure exists. In 2000, the UNODC's National Assessment on Drug Abuse estimated that there were

500,000 chronic heroin abusers that year and identified a new trend of injecting narcotics, which raised concerns about HIV/AIDS. A new UNODC drug use study should be available in spring 2007.

Pakistan has established a chemical control program that monitors the importation of controlled chemicals used to manufacture narcotics. While some diversion of precursor chemicals probably occurs in Pakistan, it is not believed to be a major precursor source country. The ANF and DEA are working to determine the routes and methods utilized by traffickers to smuggle chemicals through Pakistan into Afghanistan. DEA continues to provide the ANF with information regarding chemical seizures that occur in Afghanistan and that may be linked to Pakistani smuggling groups and/or chemical companies, in order to facilitate further investigation within Pakistan.

III. Country Actions Against Drugs in 2006

Policy Initiatives. The GOP, in coordination with UNODC, is working on a five-year plan to interdict and eradicate narcotics in Pakistan. Although movement on the plan has been slow, officials intend to have a draft ready for international review by Spring 2007. The goal of the plan is to identify prioritized strategies, agency responsibilities, and funding requirements for attacking drug supply and demand. The ANF is the lead counternarcotics agency in Pakistan, but other law enforcement agencies also have counternarcotics mandates, including the Frontier Corps (FC), the Coast Guards, the Maritime Security Agency, the Frontier Constabulary, the Rangers, Customs, the police, and the Airport Security Force (ASF). The GOP approved significant personnel expansions for the ANF and FC Baluchistan. The Coast Guards utilize antidrug cells within its headquarters to better coordinate and execute counternarcotics operations.

The GOP seeks to regain “poppy-free” status, which it had obtained from the United Nations in 2001, by enforcing a strict “no tolerance” policy for cultivation. Federal and provincial authorities continue antipoppy campaigns in both Baluchistan and NWFP, informing local and tribal leaders to observe the poppy ban or forced eradication, fines, and arrests will take place. Security concerns in Khyber Agency, where 67 percent of all Pakistani poppy was harvested in 2006, could threaten GOP’s “poppy-free” goal in the 2006-2007 season.

Law Enforcement Efforts. In 2006, GOP law enforcement and security forces reported seizing 2.7 metric tons (MT) of heroin, 32.7 metric tons of morphine base, and 8 metric tons of opium, a substantial increase in narcotics seizures from 2005. 110.5 metric tons of hashish was also seized in 2006. Other drugs seized by the ANF include over 1,630 kg of poppy straw, 50 kg of synthetic drugs, 1.7 kg of cocaine, 301,895 units of morphine injections, buprenorphine injections, Ecstasy tablets, and other synthetic drugs.

From January to October 1, 2006, GOP authorities reported arresting 34,170 individuals on drug-related charges. As of October 1, 2006, the ANF had registered 549 narcotics cases in the GOP’s court system, 265 of which were decided with an 84.5 percent conviction rate. The great majority of narcotics cases that go to trial continue to be uncomplicated drug possession cases involving low-level couriers and straightforward evidence. The problematic cases tend to involve more influential, wealthier defendants. The ANF continues to prosecute appeals in seven long-running cases in the Pakistani legal system against major drug traffickers, including Munawar Hussain Manj, Sakhi Dost Jan Notazai, Rehmat Shah Afridi, Tasnim Jalal Goraya, Haji Muhammad Iqbal Baig, Ashraf Rana, and Muhammad Ayub Khan Afridi.

In an effort to address reversals of convictions, the ANF has hired its own special prosecutors, who have had commendable results despite limited resources. The ANF also added additional attorneys as part of its expansion. Since the DEA sponsored a judicial seminar in Pakistan in October 2005, DEA continues to work with the GOP to increase the number of cases and prosecutions of drug traffickers by the ANF, particularly the ANF Special Investigation Cell (SIC), by utilizing

conspiracy legal concepts. The recent arrival of a Resident Legal Advisor (RLA) to the U.S. Embassy in Islamabad will greatly assist these efforts. Through October 1, 2006, drug traffickers' assets totaling 105.39 million rupees (about \$1.79 million) remained frozen.

In 2005, Prime Minister Shaukat Aziz approved 1,166 new positions for the ANF (500 positions were hired and 666 are expected in 2007) and increased ANF's budget by 15.5 percent to cope with emerging narcotics challenges. The GOP also approved an increase of 10,264 personnel for the Frontier Corps Baluchistan to increase their capacity along the border with Afghanistan and Iran. In 2000, the DEA-vetted and funded the ANF SIC to target major drug trafficking organizations operating in Pakistan. The unit has grown to 59 members who were subjected to intensive background checks, polygraph examinations, and drug testing to ensure operational integrity. In May 2006, two members of the ANF SIC attended the Federal Law Enforcement Analysts Training (FLEAT) course held at the DEA Training Academy in Quantico, Virginia. In October 2006, instructors from DEA's Office of International Training traveled to Pakistan to conduct a weeklong investigative skills workshop.

Corruption. The United States has no evidence that the GOP or any of its senior officials 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, with government salaries low and societal and government corruption endemic, narcotics-related corruption among government employees is likely to be associated with the movement of large quantities of narcotics and precursor chemicals. In July 2006, ANF SIC agents arrested high-value target in the restroom of the Karachi Airport departure lounge after observing a uniformed ASF officer deliver him approximately one kg of heroin. During the course of the investigation, two additional ASF officers were arrested along with two more Pakistani nationals. The National Accountability Bureau (NAB), a Pakistani agency tasked with investigation and prosecution of corruption cases, reports that it received 12,255 complaints of corruption in 2005, of which it investigated 723 cases and completed 319 cases. The investigations resulted in 140 arrest warrants and 39 convictions. NAB recovered 1,357 million rupees (almost \$23 million) from officials, politicians, and businessmen in 2005 through plea bargains and voluntary return arrangements.

Agreements and Treaties. Pakistan is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention on Narcotic Drugs as amended by the 1972 Protocol, and the 1971 Convention on Psychotropic Substances. The United States provides counternarcotics and law enforcement assistance to Pakistan under a Letter of Agreement (LOA). This LOA provides the terms and funding for cooperation in border security, opium poppy eradication, narcotics law enforcement, and drug demand reduction efforts. There is no mutual legal assistance treaty. The U.S. and Pakistan's extradition agreement is carried out under the terms of the 1931 U.S.-U.K. Extradition Treaty, which continued in force after Pakistan gained independence in 1947. Lack of action by Pakistani authorities and courts on pending extradition requests for four drug-related cases continues to be of concern to the United States. Problems include inexperience of GOP public prosecutors, the tendency of appeals over a period of many years, in some cases more than a decade (due primarily to inability of the judiciary to deal effectively with unwarranted delays brought about by defense counsel) and corruption. There is a similar lack of action in responding to U.S. requests for mutual legal assistance. Pakistan has signed, but has not yet ratified the UN Convention on Transnational Organized Crime. In November 2005, Pakistan and India concluded negotiations on a Memorandum of Understanding for counternarcotics cooperation.

Cultivation/Production. Through interagency ground monitoring and aerial surveys, the GOP and USG confirmed that Pakistan's poppy cultivation levels decreased by 39 percent to about 1,908 hectares (50 in Baluchistan, and 1,858 in NWFP) in 2006. Only 19 percent of the overall cultivated crop was eradicated, leaving about 1,545 hectares harvested. Based on the GOP's methodology for determining poppy crop yield, which estimates that approximately 25 kg of opium are produced per

hectare of land cultivated, Pakistan's potential opium production was approximately 38.6 metric tons in 2006.

Pakistan's overall decrease in poppy cultivation was largely due to aggressive pre-sowing deterrence efforts by the NWFP Government. GOP announced that it destroyed almost 100 percent of the crop this year in Baluchistan and a small percentage of poppy in NWFP. Cultivation in the "non-traditional" areas in NWFP remained almost completely contained this year, with Kala Dhaka as the only trouble spot. With new USG counternarcotics and alternative development programs ramping up in Kala Dhaka this year, poppy cultivation should decrease there. The USG does not fund any application of aerially applied herbicides in Pakistan.

The NWFP Government intends to take a hard line on enforcement this season, employing the police force to control poppy growing in Charsadda and Peshawar Districts and ensure that farmers and traffickers are arrested early in the season to deter poppy growing practices. In Khyber, eradication efforts continue to be poor. However, this is attributed to a fear of disrupting community acquiescence to counterterrorism operations and a lack of available security forces due to ongoing counterterrorism operations in the area. Ground monitoring teams continue to observe, particularly in Khyber, a trend of increased cultivation within walled compounds to prevent eradication. In 2006, security problems and militancy intensified in Khyber and will likely be an obstacle to the GOP's goal of regaining "poppy-free" status in 2007.

Drug Flow/Transit. Although no exact figure exists for the quantity of narcotics flowing across the Pakistan-Afghan border, Pakistan's Anti-Narcotics Force estimates that 36 percent of illicit opiates exported from Afghanistan transit Pakistan en route to Western Europe, Africa, and East Asia. The GOP remains concerned that increased law enforcement efforts in Afghanistan will cause Drug Trafficking Organizations (DTOs) and labs to move into Pakistan. Many of the DTOs already have cells throughout Pakistan, predominantly in the rugged, remote terrain of Baluchistan where there is little or no law enforcement presence. DTOs in Pakistan are still fragmented and decentralized, but individuals working in the drug trade often become "specialists" in processing, transportation, or money laundering and sometimes act as independent contractors for several different criminal organizations.

Pakistan is a major consumer of Afghan heroin, although the majority of the heroin smuggled out of Southwest Asia through Pakistan continues to go to the European market, including Russia and Eastern Europe. The balance goes to the Western Hemisphere and to Southeast Asia where it appears to supplement opiate shortfalls in the Southeast Asia region. Couriers intercepted in Pakistan are en route to Africa, Nepal, India, Europe, Thailand, China, Bangladesh, Sri Lanka, and the Middle East (especially the United Arab Emirates (UAE)). The ANF believes precursor chemicals are most likely smuggled through UAE, Central Asia, China, and India, and that mislabeled containers of acetic anhydride form part of the cargo in the Afghan transit trade. Ecstasy, Bupropion, and other psychotropics are smuggled from India, UAE, and Europe for the local Pakistani market. The ANF has seized small amounts of cocaine smuggled into the country by West African DTOs.

Afghan opiates trafficked to Europe and North America enter Pakistan's Baluchistan and NWFP Provinces and exit either through Iran or Pakistan's Makran coast or through international airports located in Pakistan's major cities. The ANF reports that drugs are being smuggled in the cargo holds of dhows to Yemen, Oman, Saudi Arabia, and United Arab Emirates via the Arabian Sea. Traffickers also transit land routes from Baluchistan to Iran and from the tribal agencies of NWFP to Chitral, where they re-enter Afghanistan at Badakhshan Province for transit through Central Asia.

In Baluchistan, drug convoys are now smaller, typically two to three vehicles with well-armed guards and forward stationed scouts, who usually travel under cover of darkness. Several years ago

there were seizures of 100-kg shipments, but now traffickers are transporting smaller quantities of drugs through multiple couriers, both female and male, to reduce the size of seizures and to protect their investment. This is evidenced by the 20-30 kg seizures, which are now typical. Other methods of shipment include inside false-side luggage or concealed within legal objects (such as cell phone batteries), the postal system, or strapped to the body and concealed from drug sniffing dogs with special sprays. The ANF reports that traffickers frequently change their routes and concealment methods to avoid detection. West African traffickers are using more Central Asian, European, and Pakistani nationals as couriers. An increasing number of Pakistani females are being used as human couriers through Pakistan's international airports. In 2006, the GOP has also detected an increase in narcotics, both opium and hashish, traveling through Pakistan to China via airports and land routes. Arrests of couriers traveling via Pakistan to China have increased significantly.

Demand Reduction. Concerned about an increasing number of drug addicts in Pakistan, the GOP, in coordination with the UNODC, is completing a drug use survey to be published in Spring 2007. Early estimates indicate that Pakistan has approximately two to three million drug addicts, with half a million heroin users. The GOP views addicts as victims, not criminals. Despite the perseverance of a few NGOs and the establishment of two GOP model drug treatment and rehabilitation centers in Islamabad and Quetta, drug users have limited access to effective detoxification and rehabilitation services in Pakistan. The ANF is also tasked with reducing demand and increase drug use awareness.

In 2006, the ANF continued to conduct a number of drug abuse awareness programs, including a series of UNODC and USG-funded demand reduction workshops on raising the awareness of district officials and highlighting the increasing number of women identified as drug abusers. The ANF organized a seminar for religious leaders in Lahore, which led to the drafting of a resolution against drug use. The USG funded a faith-based drug treatment center in Peshawar via contributions to the Colombo Plan Secretariat, extending an already-successful program with a local NGO. The USG also funded outreach/drop-in centers in Karachi, Quetta, and Peshawar via the Colombo Plan, as well as directly funding four faith-based outreach centers in the FATA. Other USG-funded programs include technical support and assistance to aid UNODC's drug use survey, a study on drug addiction in women, creation of youth groups to prevent drug abuse through organized alternative activities, and media messages and information dissemination. In GOP rehabilitation and detoxification centers, the ANF uses a symptomatic method, utilizing Restoril and Dyzopan, when necessary.

The ANF plans to implement other projects to increase community participation in demand reduction, including the establishment of a national awareness media campaign. While the GOP has the political will to do more, it lacks the human and technical resources and an updated, comprehensive demand reduction strategy. We expect the results of the new drug use survey to propel the GOP to create a comprehensive strategy.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. It is becoming increasingly clear that there is at least a financial link between local militancy and opiates in South Asia. The United States maintains several counternarcotics policy objectives in Pakistan that are in sync with America's larger goals to block insurgency on the Pak-Afghan border and prevent terrorist support in the FATA and Baluchistan. These objectives are to continue to help the GOP fortify its borders and coast against drug trafficking and terrorism, support expanded regional cooperation, encourage GOP efforts to eliminate poppy cultivation, and inhibit further cultivation. The United States also aims to increase the interdiction of narcotics from Afghanistan and to destroy DTOs by building the capacity of the GOP, as well as to expand demand reduction efforts. USG agencies continue to strive to enhance cooperation on the

extradition of narcotics fugitives and to encourage enactment of comprehensive money laundering legislation. With the support of a new RLA, the United States is focusing on streamlining wiretap methods and legislation, making it easier for the ANF and other law enforcement agencies to use communication evidence in narcotics court cases. The United States presses for the reform of law enforcement institutions and encourages cooperation among the GOP agencies with counternarcotics responsibilities. Although the ANF is the premier counternarcotics agency in Pakistan, the United States also focuses on improving antismuggling capabilities of a number of agencies, including the Customs Department, the Frontier Corps, and the National Police.

Bilateral Cooperation. The United States, through the State Department-funded Counternarcotics Program and Border Security Project, provides operational support, commodities, and training to the ANF and other law enforcement agencies. The United States also provides funding for demand reduction activities. Under the Border Security Project, approximately 50 Frontier Corps outposts in Baluchistan and NWFP have been completed and 50 new outposts are under way in NWFP and Baluchistan, for a total of 100 outposts. Construction of 72 kilometers of roads in the border areas of the FATA is complete, and ongoing construction of 288 kilometers continues to open up remote areas to law enforcement. To date, the State Department has funded construction of more than 500 kilometers of counternarcotics program roads, which allow forces to eradicate poppy and facilitate farmer-to-market access for legitimate crops, and implemented 732 small schemes and alternative crops in Bajaur, Mohmand, and Khyber Agencies with an additional 21 schemes projected for completion in early 2007. Alternative development programs have expanded to Kala Dhaka and Kohistan in 2006, where the construction of 49 kilometers of roads has begun, and a total of \$10 million has been committed to road construction and small electrification and irrigation schemes for this earthquake-devastated area of NWFP. In October 2006, an RLA was deployed to the U.S. Embassy in Islamabad. It is anticipated that through the RLA's cooperative efforts productive changes in the administration of courts and the law enforcement agencies will occur.

The United States funds a Narcotics Control Cell in the FATA Secretariat to help coordinate counternarcotics efforts in the tribal areas, where the overwhelming majority of poppy is grown. The U.S.-supported MOI Air Wing program provides significant benefits to counternarcotics efforts and also serves to advance counterterrorism objectives. The DEA provides operational assistance and advice to ANF's SIC, which continues to raise investigative standards. In 2005, the Department of Defense began providing assistance to the Pakistan Coast Guards to improve the GOP's counternarcotics capacity on the Makran Coast.

The USG-supported Border Security Project continues to make progress in strengthening security along Pakistan's western border through training to professionalize border forces, provision of vehicles and surveillance and communications equipment to enhance patrolling of the remote border areas, and continued support for USG-provided Ministry of Interior Air Wing to enable expanded border surveillance and interdictions. Nine of the Air Wing's Huey II helicopters (the tenth spent much of the year being repaired due to battle damage) executed 83 operational missions involving 213 aircraft sorties. These included air assaults on a suspected drug compound and drug processing facilities, poppy surveys, medevacs for personnel injured during FC and ANF operations, support for Operation MOUNTAIN THRUST along the Afghan border, and border reconnaissance. The three fixed-wing Cessna Caravans, equipped with FLIR surveillance equipment, executed 87 missions, including surveillance, medevacs, and command and control support for large operations.

In May 2002 the first meeting took place of the US-Pakistan Joint Working Group on Law Enforcement and Counter-Terrorism ("JWG"). The JWG was established to create a bilateral mechanism to address the means of improving cooperative law enforcement efforts, assessing the progress on US-funded law enforcement projects in Pakistan, and combating terrorism. The fourth

meeting occurred in Washington, DC, in April 2006 and the next meeting is anticipated to occur later in 2007.

The Road Ahead. Despite the provision of air and ground mobility and communications capacity from the United States, the GOP will face an immense challenge in the coming year to interdict the increasing supply of drugs from Afghanistan. The United States will continue to assist the GOP in its efforts to eliminate poppy, to build capacity to secure the western border and coast, to conduct investigations that dismantle drug trafficking organizations, to increase convictions and asset forfeitures, and to reduce demand of illicit drugs through enhanced prevention, intervention, and treatment programs. Implementation of these strategies will require stricter GOP enforcement of the poppy ban and eradication, development of an indigenous drug intelligence capability, stronger GOP interagency cooperation, more effective use of resources and training, and enhanced regional cooperation and information sharing.

V. Statistical Tables

Drug Crop - Opium Poppy

Cultivation: 2006 - 1,908 ha; 2005 - 3,147 ha; 2004 - (6,600 - 7,500 ha); 2003 - 6,811 ha

Harvested: 2006 - 1,545 ha; 2005 - 2,440 ha; 2004 - 3,145 ha; 2003 - 3,170 ha

Eradication: 2006 - 363 ha; 2005 - 707 ha; 2004 - 4,426 ha; 2003 - 3,641 ha

Seizures heroin (including morphine base): 2006 — 35.3 mt; Jan - Nov 2005 - 24 mt; 2004 - 24.7 mt; 2003- 34 mt

Seizures opium: 2006 - 8 mt; Jan - Nov 2005 - 6.1 mt; 2004- 2.5 mt; 2003- 5.4 mt

Seizures hashish: 2006 -110.5 mt; Jan - Nov 2005 - 80 mt; 2004- 136 mt; 2003- 87.8 mt

Illicit Labs Destroyed: Eight mobile labs, June 10, 2006

Arrests (total): Jan - Oct 1, 2006 - 34,170 people; Jan - Nov 2005 - 33,932 people; 2004 - 49,186 people; 2003 - 46,346 people

Number of Users: No reliable data exists. The last National Survey of Drug Abuse in Pakistan in 1993 estimated 3.01 million drug addicts in Pakistan, with a 7 percent annual increase. Based on those figures, some estimates now put the number at two to four million. A 2000 UNODC survey estimated 500,000 chronic heroin users.

Sri Lanka

I. Summary

Sri Lanka has a relatively small-scale drug problem. The Government of Sri Lanka (GSL) remains committed to targeting drug traffickers and implementing nation-wide demand reduction programs. In early 2005, the U.S. government strengthened its relationship with Sri Lanka on counternarcotics issues by offering training for the Sri Lanka Police. Sri Lanka is a signatory to the 1988 UN Drug Convention, but as of 2006, Parliament had not enacted implementing legislation for the convention. In November 2006 the Attorney General's office submitted the legislation to the Cabinet of Ministers, and the bill is expected to be passed by parliament in the first quarter of 2007. In the meantime, amendments to the current laws, including some covering chemicals control, have been enacted as intermediate steps.

II. Status of Country

Sri Lanka is not a significant producer of narcotics or precursor chemicals and plays a minor role as a transshipment route for heroin from India. GSL officials continue to raise internal awareness of and vigilance against efforts by drug traffickers attempting to use Sri Lanka as a transit point for illicit drug smuggling. Domestically, officials are addressing a modest upsurge in domestic consumption, consisting of heroin, cannabis, and increasingly Ecstasy.

III. Country Actions Against Drugs in 2006

Policy Initiatives. In 2005, Sri Lanka made progress in further implementing its counternarcotics strategy, first developed in 1994. The lead agency for counternarcotics efforts is the Police Narcotics Bureau (PNB), headquartered in the capital city of Colombo. The GSL remains committed to ongoing efforts to curb illicit drug use and trafficking. The PNB recruited more officers, resulting in increased investigations and interdictions. In early 2006, a special court was established to try drug cases with minimal delays.

Accomplishments. The PNB and Excise Department worked closely to target cannabis producers and dealers, resulting in several successful arrests. The PNB warmly welcomed and was an active partner in taking full advantage of U.S.-sponsored training for criminal investigative techniques and management practices.

Sri Lanka continued to work with South Asian Association for Regional Cooperation (SAARC) and the United Nations Office of Drugs and Crime (UNODC) on regional narcotics issues. SAARC countries met in Maldives in early 2004 and agreed to establish an interactive website for the SAARC Drug Offense Monitoring Desk, located in Colombo, for all countries to input, share, and review regional narcotics statistics. GSL officials maintain continuous contact with counterparts in India and Pakistan, origin countries for the majority of drugs in Sri Lanka. The SAARC Drug Offences Monitoring Desk (SDOMD) is co-located within Colombo's PNB. The SDOMD Antidrug officials based in India and Pakistan regularly share information with the SDOMD, though other SAARC countries reportedly do not maintain such regular contact with the SDOMD desk.

Law Enforcement Efforts. The PNB continued to cooperate closely with the Customs Service, the Department of Excise, and the Sri Lankan Police to curtail illicit drug supplies in and through the country. As a result of these efforts, in 2005 GSL officials arrested nearly 11,700 persons on charges of using or dealing heroin and over 11,000 persons on cannabis charges. Police seized a total of 51.6 kg of heroin, with one major haul yielding 11.7 kg. Police also seized 29,490 kg of

cannabis in 2005. In addition, in response to slowly increasing Ecstasy usage in upscale venues in Colombo, the PNB made their first ever Ecstasy-related drug arrests in 2004.

Apart from its Colombo headquarters, the PNB has one sub-unit at the Bandaranaike International Airport near Colombo, complete with operational personnel and a team of narcotics-detecting dogs. Greater vigilance by PNB officers assigned to the airport sub-station led to increased arrests and narcotics seizures from alleged drug smugglers. During the year, the PNB began the process of establishing additional sub-stations. The next substation is due to open at the port of Colombo in late 2006/early 2007.

Corruption. The GSL does not, as a matter of policy, encourage or facilitate the illicit production or distribution of any controlled substances or the laundering of proceeds from illegal drug transactions. A government commission established to investigate bribery and corruption charges against public officials that resumed operations in 2004 continued through 2006. In December 2005, six police personnel were arrested for collusion with a high-profile drug dealer, but were released without charges in March 2006. On June 14, 2006, a Major in the army was arrested for allegedly trafficking 15.3 kg of heroin in Pesalai in Mannar.

Agreements and Treaties. Sri Lanka is a party to the 1988 UN Drug Convention and the 1990 SAARC Convention on Narcotic Drugs and Psychotropic Substances. Implementing legislation for both conventions had not reached Parliament by year's end. The Attorney General's office has reviewed both pieces of legislation and has submitted implementing legislation to Parliament in November 2006. The bill is expected to be passed by parliament in the first quarter of 2007. Sri Lanka is also a party to the 1961 UN Single Convention, as amended by the 1972 Protocol, and the 1971 Convention on Psychotropic Substances. Sri Lanka has signed, but has not yet ratified, the UN Convention against Transnational Organized Crime, and is a party to the UN Convention Against Corruption. An extradition treaty is in force between the U.S. and Sri Lanka.

Cultivation/Production. Small quantities of cannabis are cultivated and used locally, but there is little indication that it is exported. The majority of cannabis cultivation occurs in the southeast jungles of Sri Lanka. PNB and Excise Department officials work together to locate and eradicate cannabis crops.

Drug Flow/Transit. Some of the heroin entering Sri Lanka is transshipped to other markets abroad, including Europe. With the 2003 opening of the northwestern coastal waters in the advent of the ceasefire between the GSL and the LTTE, narcotics traffickers began to take advantage of the short distance across the Palk Strait to transit drugs from India to Sri Lanka. According to police officials, drugs are transported across the strait and then overland to the south. The PNB sought to open a sub-station in the region but was unable to do so because of the prevailing security situation in the northwestern coastal waters resulting from Sri Lanka's long-running ethnic conflict. With no coast guard, Sri Lanka's coast remains highly vulnerable to transshipment of heroin moving from India.

Police officials state that the international airport is the second major entry point for the transshipment of illegal narcotics through Sri Lanka. There is no evidence to date that synthetic drugs are manufactured in Sri Lanka. Police note that the Ecstasy found in Colombo social venues is likely imported from Thailand.

Domestic Programs (Demand Reduction). The National Dangerous Drugs Control Board (NDDCB) has begun to establish task forces in each regional province to focus on the issue of drug awareness and rehabilitation at the community level. Each task force works with the existing municipal structure, bringing together officials from the police, prisons, social services, health, education and NGO sectors. For the first time in 2004, NDDCB officials visited the war-affected north and east provinces to assess the local situation and investigate the possibility of establishing

treatment centers in those regions. The NDDCB officials held discussions with District Secretaries to conduct awareness programs, open counseling centers, and build medical centers in the war-affected areas. The NDDCB is awaiting approval from the Treasury for the necessary funding to implement the initiatives. The GSL continued its support, including financial, of local NGOs conducting demand reduction and drug awareness campaigns. The Sri Lanka Anti Narcotics Association, in collaboration with PNB, Colombo City Traffic Police, and Sri Lanka Telecom, organized an antidrug bicycle parade on a 100-kilometer route from Galle to Colombo in June 2005. The Colombo Plan Drug Advisory Program, a regional organization, pledged its assistance to the government and non-government agencies in their efforts to combat illicit drugs.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. The USG remained committed to helping GSL officials develop increased capacity and cooperation for counternarcotics issues. The USG also continued its support of a regional counternarcotics program, which conducts regional and country-specific training seminars, fostering communication and cooperation throughout Asia.

Bilateral Cooperation. Continuing a USG-PNB law enforcement program implemented in 2004, the USG-trained Sri Lanka police are replicating the seminars and scheduling training for colleagues of the original police trainees at the training academies and stations throughout the island. Regional U.S. government officials, primarily DEA, conducted narcotics officer training for their local counterparts in a seminar organized by the host government.

Road Ahead. The U.S. government will maintain its commitment to aid the Sri Lankan police to transition from a paramilitary force into a community-focused one. This will be accomplished with additional assistance for training and continued dialogue between U.S. counternarcotics related agencies and their Sri Lankan counterparts. The U.S. also expects to continue its support of regional and country specific training programs.

