

## Disrupting the Market for Illegal Drugs

In the 2002 National Drug Control Strategy, this Administration articulated a clear plan to reduce the supply of illegal drugs in America, based on the insight that “the drug trade is in fact a vast market, one that faces numerous and often overlooked obstacles that may be used as pressure points.” These pressure points exist all along the illegal drug supply chain, where traffickers undertake such challenging tasks as overseeing extensive drug crop cultivation operations, importing thousands of tons of essential precursor chemicals, moving finished drugs over thousands of miles and numerous national borders, distributing the product in a foreign country, and covertly repatriating billions of dollars in illegal profit. This Administration has aggressively attacked these pressure points, and as a result we have seen that drug trafficking does indeed operate like a business, with traffickers and users alike clearly responding to market forces such as changes in price and purity, risk and reward.

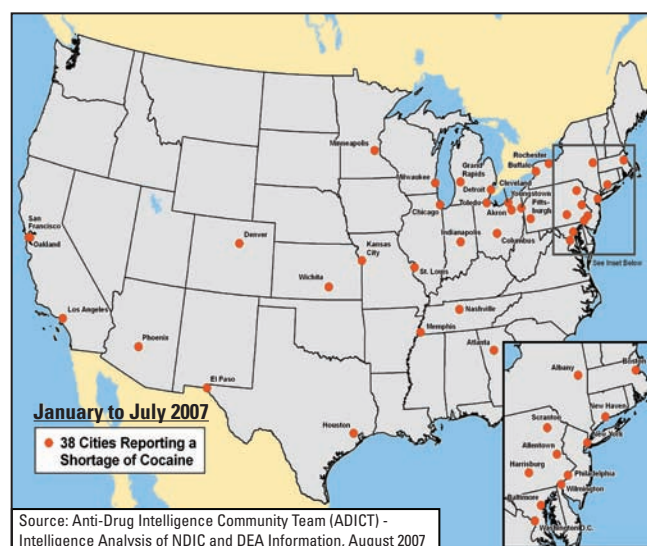
By altering these market forces, law enforcement has made it more likely that those who have not used illicit drugs will never initiate use, that current drug users will seek help, and that drug dealers will face greater risks and reap smaller profits. For example, when domestic law enforcement efforts dismantled the world’s largest LSD production organization in 2000, the reported rate of past-year LSD use by young people plummeted—a drop of over two-thirds from 2002 to 2006. Similarly, between 2002 and 2006 dedicated Federal, State, and local efforts to tighten controls on methamphetamine’s key ingredients contributed to a 60 percent decline in the number of superlab and small toxic lab seizures and a 26 percent decrease in past-year methamphetamine use among the Nation’s youth.

Internationally, the disruption of several major MDMA (Ecstasy) trafficking organizations in Europe led to an 80 percent decline in U.S. seizures of MDMA tablets from abroad between 2001 and 2004 and a nearly 50 percent drop in the rate of past-year use among young people between 2002 and 2006. Aggressive eradication reduced Colombian opium poppy cultivation by 68 percent from

2001 to 2004 and combined with increased seizures to yield a 22 percent decrease in the retail purity of Colombian heroin and a 33 percent increase in the retail price from 2003 to 2004. This progress continues, with eradication teams in Colombia now reporting difficulty in locating any significant concentrations of opium poppy and with poppy cultivation falling to the lowest levels since surveys began in 1996.

Most recently, domestic and international law enforcement efforts have combined to yield a historic cocaine shortage on U.S. streets. Law enforcement reporting and interagency analysis coordinated by the National Drug Intelligence Center (NDIC) indicate that 38 cities with large cocaine markets experienced sustained cocaine shortages between January and September 2007, a period in which Drug Enforcement Administration (DEA) reports indicated a 44 percent climb in the price per pure gram of cocaine. This cocaine shortage affected more areas of the United States for a longer period of time than any previously recorded disruption of the U.S. cocaine market.

Figure 16.  
Law Enforcement Intelligence Reports Cocaine Shortages



NDIC analysis of workplace drug testing data and emergency room data indicates that this sustained cocaine shortage was attended by reduced cocaine use during the first half of 2007. The national rates of positive

workplace drug tests for cocaine use were 21 percent lower during the second quarter of 2007 than during the second quarter of 2006. Among the 30 cities for which more focused workplace drug testing data is available, 26 experienced significant decreases in the rates of positive workplace drug tests for cocaine during the second quarter of 2007 in comparison to data from the same period of 2006.

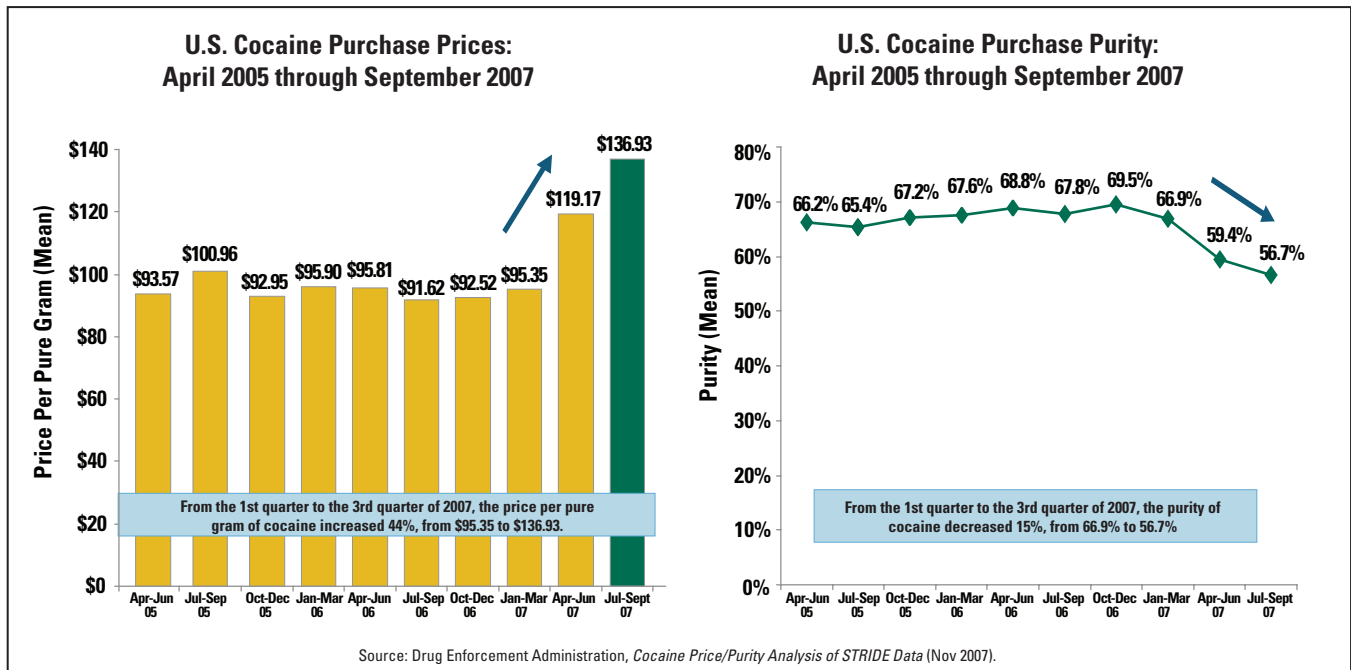
Further evidence of the impact of the cocaine shortage can be found in reports from the Substance Abuse and Mental Health Administration’s (SAMHSA’s) Drug Abuse Warning Network (DAWN), which provides emergency room admissions data for 10 of the 38 cities where cocaine shortages were observed. In 9 of those 10 cities, the percentage of drug-related emergency department (ED) visits involving cocaine was lower during the second quarter of 2007 than during the same period of 2006.

Additional intelligence community analysis indicates that the cocaine shortage is most likely the cumulative result of interdiction and organizational attack efforts in the source zone, the transit zone, and Mexico. Dedicated efforts by the Government of Colombia, massive seizures of cocaine in transit, and aggressive Mexican and U.S. law enforcement efforts targeting large Mexican drug trafficking organizations have combined to disrupt the flow

of cocaine and other illicit drugs into the United States. With the lessons learned from this historic cocaine shortage, and with the continued partnership of the Mexican Government, U.S. law enforcement agencies are taking action to leverage this unprecedented opportunity to expand international cooperation and aggressively attack the cocaine market.

The Administration’s first *National Drug Control Strategy* was based on a simple truth: when we push against the drug problem, it recedes. As illustrated in the examples above, we have pushed back hard—and the drug problem has indeed receded. However, there is still much more work to do. Cocaine, marijuana, heroin, and methamphetamine and other synthetic drugs continue to pose a serious challenge. Likewise, rising threats, such as pharmaceutical diversion, domestic indoor marijuana cultivation, and the previously discussed marketing of MDMA/methamphetamine mixtures all require an aggressive response. Drug trafficking organizations continue to undermine stability, sovereignty, and democracy wherever they operate in the world. With solid results behind it, this *Strategy* seeks to consolidate our gains and address the challenges that remain.

Figure 17.  
United States Cocaine Purchases



## The Vital Role of State and Local Law Enforcement

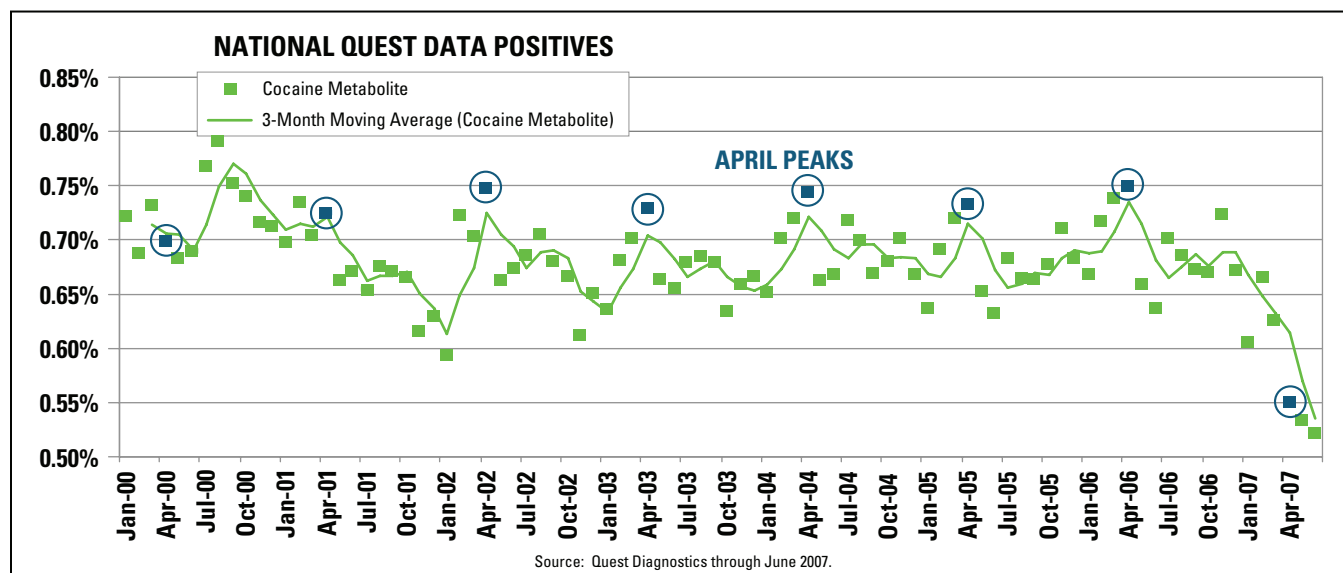
The success of the market disruption efforts described previously is due in large part to the tireless work of the 732,000 sworn State and local law enforcement officers throughout our Nation. However, with almost 18,000 distinct State and local law enforcement agencies operating throughout the country, effective coordination is often a challenge. The seams between agencies and jurisdictions often create vulnerabilities that criminals can exploit. Federally-supported task forces, such as those funded through the Office of National Drug Control Policy's (ONDCP's) High Intensity Drug Trafficking Areas (HIDTA) program and the Department of Justice's Organized Crime Drug Enforcement Task Force (OCDETF) initiative have helped to close these gaps by facilitating cooperation among all law enforcement agencies. The HIDTA program provides additional Federal resources to State and local law enforcement agencies in those areas of the country designated as exhibiting serious drug trafficking problems. Participating agencies, as a condition to joining the program, must agree to work together in multi-agency initiatives, share intelligence and information, and provide data to measure their performance. Law enforcement organizations that participate in HIDTAs assess drug trafficking problems and design specific initiatives to combat drug crime and disrupt money laundering activities.

In total, there are 28 HIDTAs and five Southwest Border Regions. In 2006, the HIDTA program provided over \$224 million in support to law enforcement in 43 States, Puerto Rico, the U.S. Virgin Islands, and the District of Columbia.

The HIDTA program has recently been expanding its engagement with law enforcement on Native American lands. Over \$1 million has been provided to law enforcement agencies to use within tribal areas. As part of this support, ONDCP's Office of State, Local, and Tribal Affairs hosted the first annual Native American Methamphetamine Conference in August 2007. This event was attended by approximately 300 tribal representatives, as well as Federal, State, and local law enforcement officials. Further efforts within tribal areas will be guided by a specialized drug threat assessment that NDIC will publish in April 2008.

The OCDETF program, which is the centerpiece of the Department of Justice's long-term drug control strategy, plays a critical role in bringing Federal, State, and local law enforcement agencies together to conduct coordinated nationwide investigations and prosecutions, targeting the infrastructures of the most significant drug trafficking organizations and money laundering networks. Participation is broad, with a membership that includes DEA, U.S. Immigration and Customs Enforcement (ICE), the Federal Bureau of Investigation (FBI), the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), the U.S.

Figure 18.  
National Workforce: Percentage Testing Positive for Cocaine



Marshals Service (USMS), the Internal Revenue Service (IRS), and the U.S. Coast Guard—working in cooperation with the Department of Justice’s Criminal Division, the Tax Division, the 93 U.S. Attorney’s Offices, as well as with State and local law enforcement. One of the key features of the program is the OCDETF Fusion Center (OFC)—a comprehensive data center housing all drug and related financial intelligence information from OCDETF’s investigative agencies, NDIC, the Financial Crimes Enforcement Network (FinCEN), and others. State and local law enforcement play a critical role in these multijurisdictional investigations, with more than 700 State and local departments nationwide participating in approximately 90 percent of all OCDETF investigations each year.

In addition to increasing investigative resources through multiagency taskforces, the Federal Government supports State and local law enforcement by expanding access to

### Connecting State and Local Law Enforcement

ONDCP is working with the Department of Defense to promote more effective data-sharing and collaboration among Federal, State, local, and tribal law enforcement agencies, the military, and intelligence agencies through the Secret Internet Protocol Router Network (SIPRNET), a classified network managed by the Defense Information Systems Agency. Using the SIPRNET, National Guard analysts at 32 HIDTA facilities assist Federal, State, local, and tribal law enforcement agencies around the country.

To facilitate collaboration and information sharing, analysts will use an intelligence collection and requirement management process to request information from law enforcement, military, and intelligence agencies. Classified reports are edited to remove sensitive but unessential information on sources and methods, allowing it to be disseminated to State, local, and tribal law enforcement officers. Through this initiative, State, local, and tribal law enforcement agencies, and thus the entire Nation, will be able to fully benefit from the wide array of information collected by Federal, State, and local law enforcement, the military, and intelligence agencies.

law enforcement information and intelligence. NDIC, in support of the the HIDTA and OCDETF programs, produces detailed regional and market-based reports highlighting significant drug trafficking trends and challenges for use by Federal, State, and local law enforcement officials and policymakers. DEA, in cooperation with its Federal partners, is working to make the El Paso Intelligence Center (EPIC) more useful to State, local, and tribal police counterparts. Through the Open Connectivity Project (OCP), EPIC is enhancing its capacity to rapidly share information around the Nation on drug trafficking, alien smuggling, weapons trafficking, and terrorism through the use of secure web technology. Moreover, the Open Connectivity Project’s National Seizure System will include drug, clandestine laboratory, and bulk currency seizure information reported electronically to EPIC by Federal, State, local, and tribal law enforcement agencies.

The Department of Homeland Security (DHS) also provides technical support to enhance information sharing with State and local law enforcement partners. These efforts include the deployment of the Homeland Secure Data Network to facilitate the communication and exchange of classified and sensitive law enforcement information between Federal, State, and local agencies. The Homeland Security State and Local Intelligence Community of Interest, established by the DHS Office of Intelligence and Analysis, provides weekly threat teleconferences and use of a dedicated secure portal for sharing homeland security information among intelligence analysts at the Federal, State, and local levels. To facilitate access and use of these systems, DHS is processing security clearances for increasing numbers of State and local partners. The DHS Office of Intelligence and Analysis is also deploying personnel to locations across the country to maximize the exchange of law enforcement reporting and other information.

### Taking Drugs Off America’s Roadways

Federal, State, local, and tribal law enforcement agencies are also working together to attack a significant component of the drug supply chain—the transportation of massive quantities of illicit drugs and cash on our Nation’s roads and highways. In eight of its nine regions, the OCDETF program has established and supported regional strategic initiatives targeting the movement of drugs on

## Shutting Down Open-Air Drug Markets

State, local, and tribal law enforcement efforts to deal with open-air drug distribution markets are critical to the fight against drugs and other threats in America's communities. Dealers often operate in residential neighborhoods where children play and go to school. Drug dealers bring with them violent gang activity, property destruction, graffiti, drive-by shootings, robberies, and juvenile delinquency. Buildings, houses, and lots are left vacant and neglected by those who flee the violence. Those left behind live in fear of retaliation if they try to work with law enforcement. Daily life for any child living in such an environment is dangerous and sometimes tragic.

Shutting down open-air drug markets drives down crime rates, reduces local drug availability, and often allows law enforcement to "move up the chain" to disrupt drug trafficking organizations and distribution cells. Also, many street-level drug dealers are chronic heavy drug users themselves—their arrest can result in court-ordered drug treatment and a chance to break free from drug addiction. Such programs of coerced drug treatment, either in one of the more than 2,000 drug courts or in other court approved programs, have proven to be just as effective as voluntary treatment entry.

One example of the successful disruption of open-air drug markets can be found in the experience of the Kansas City Missouri Police Department Street Narcotics Unit (SNU). The Kansas City Missouri Police Department formed the SNU in 1989 to reduce the street-level drug sales that severely impacted the quality of life in the community. In 2006, the Department received an abnormally high number of community complaints about open-air drug sales in an eastern Kansas City neighborhood. Residents feared leaving their homes due to the drug activity and associated violence. The Unit conducted numerous undercover narcotics purchases and secured search warrants for several residences thought to contain large amounts of drugs. Numerous case files were assembled on entry-level drug sellers and the bulk of them were taken down at the same time maximizing the disruption of the open-air market. Several of those arrested, many of whom were illegal aliens, cooperated with law enforcement, leading to Federal charges against higher level suppliers. The investigation revealed that Kansas City was a hub for the regional distribution of narcotics from Mexico. After the completion of this operation, the quality of life in the neighborhood sharply improved and the number of community complaints dropped off significantly.

our highways. These initiatives focus Federal, State, and local resources on effectively responding to and investigating narcotics and bulk cash currency seizures. OCDETF recognizes that State and local law enforcement agencies, which encounter the vast majority of currency seizures on the highways, lack the resources necessary to conduct follow-up investigations that will lead to the identification and prosecution of major drug organizations. The goal of OCDETF's Highway Interdiction Strategic Initiatives is to develop a concerted multi-regional effort, involving Federal, State, and local authorities, to enable prosecution of targets on the Department of Justice's consolidated priority organization target (CPOT) and regional priority organization target (RPOT) lists. These Strategic Initiatives coordinate information sharing among Federal, State, and local law enforcement; exploit leads from bulk currency and narcotics seizures to develop prosecutable cases; conduct training regarding proper, lawful highway interdictions; engage in outreach with smaller police de-

partments to raise awareness about highway interdictions of narcotics and bulk cash; and share information across regions, districts, states, and other locales.

Through *Operations Pipeline, Convoy and Jetway*, DEA personnel train Federal, State, local, and tribal law enforcement officials in techniques to detect concealed drugs, money, weapons, and indicators of illegal activity that they may encounter during traffic enforcement duties or in airports, train stations, and bus terminals. Armed with this specialized knowledge, police officers are able to make substantial drug, money, weapons, and illegal alien smuggling arrests.

In addition to DEA's efforts, the Department of Transportation (DoT) actively supports the effort to disrupt the movement of drugs on our roads through its Drug Interdiction Assistance Program. This initiative provides links to national databases on suspect drivers and vehicles.

The program also provides training and technical assistance to more than 7,500 Federal, State, local, and tribal agencies each year on drug smuggling trends, bulk drug movement detection, and commercial vehicle assessment.

Building upon the highway interdiction training and operations programs of DEA and DoT, ONDCP initiated the Domestic Highway Enforcement (DHE) strategy through the HIDTA program in 2006. The DHE initiative supports the coordinated highway interdiction operations of Federal, State, local, and tribal law enforcement agencies by establishing Regional Coordinating Committees that are responsible for planning and overseeing operations within their respective areas. National DHE meetings are also held to coordinate broader planning and training activities. EPIC is supporting this initiative by providing a central location for the reporting of seizures and by disseminating intelligence to support those in the field.

Collectively, these strategic initiatives and training programs are forcing drug traffickers and money couriers to pay a price for smuggling contraband over domestic roads and highways. A traffic stop performed by officers of the Colorado State Patrol last year illustrates how these local actions can have a broader law enforcement impact. Two men driving a pickup truck containing 461 pounds of marijuana were stopped on an interstate in Logan County, Colorado. The details of the arrests were passed to DEA, which determined that the driver of the vehicle was a courier connected to OCDETF/DEA investigations

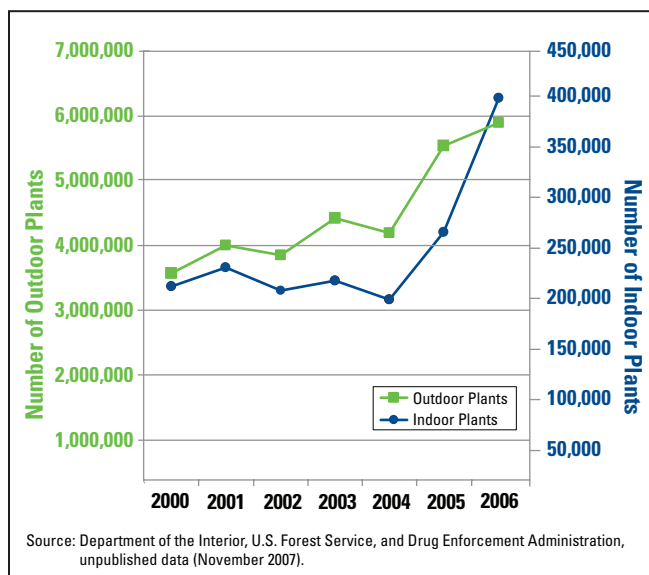
in Phoenix, Arizona; Yakima, Washington; and Fargo, North Dakota. Thus, the Logan County traffic stop substantially strengthened key priority cases. In a similar example, a traffic stop in Texas that resulted in the seizure of \$149,000 led to an ICE investigation that eventually identified the head of an organization responsible for transporting bulk currency from the United States to Mexico for at least three Mexican cartels. As a result of information provided by ICE during the course of this investigation, Mexican authorities were able to initiate the first money laundering wire intercept in Mexico. Pursuant to the joint Mexican and U.S. investigation, 14 subjects were arrested including 12 Mexican nationals. In this way, highway interdiction programs make a vital contribution to the disruption of major drug trafficking organizations both domestically and internationally.

## Targeting Marijuana Cultivation in the United States

Due to its high rate of use and low cost of production relative to other drugs, marijuana remains one of the most profitable products for drug trafficking organizations. While the bulk of the marijuana consumed in the United States is produced in Mexico, Mexican criminal organizations have recognized the increased profit potential of moving their production operations to the United States, reducing the expense of transportation and the threat of seizure during risky border crossings. Additionally, Mexican traffickers operating within the United States generally attempt to cultivate a higher quality marijuana than they do in Mexico. This domestically produced sinsemilla (a higher-potency marijuana) can fetch 5 to 10 times the wholesale price of conventional Mexican marijuana.

Outdoor marijuana cultivation in the United States is generally concentrated in the remote national parks and forests of seven states—California, Kentucky, Hawaii, Washington, Oregon, Tennessee, and West Virginia. Of the over 6.8 million marijuana plants eradicated in the United States in 2007, close to 4.7 million of them were eradicated outdoors in California, including 2.6 million plants eradicated from California’s Federal lands. Ongoing criminal investigations indicate that drug trafficking organizations headquartered in Mexico continue to supply workers, many of whom are illegal aliens, to tend marijuana fields in California. Overall, in the past 3 years more than 80 percent of the marijuana eradicated from Federal and state lands has come from California and Kentucky.

Figure 19.  
Outdoor and Indoor Marijuana Eradication, 2000-2006



Marijuana cultivation on public lands has created a litany of problems. An increasing number of unsuspecting campers, fishermen, hikers, hunters, and forest and park officials have been intimidated, threatened, or even physically harmed when they neared marijuana cultivation sites. To establish and maintain a marijuana field, traffickers must clear cut native plants and trees; poach and hunt wildlife; devastate the soil with insecticides, herbicides, pesticides, and fertilizers; and divert natural waterways like springs, streams, and creeks. According to the National Park Service, 10 acres of forest are damaged for every acre planted with marijuana, with an estimated cost of \$11,000 per acre to repair and restore land that has been contaminated with the toxic chemicals, fertilizers, irrigation tubing, and pipes associated with marijuana cultivation. Federal, State, and local law enforcement agencies are adjusting strategies to disrupt these large-scale, outdoor marijuana cultivation operations. The Domestic Cannabis Eradication/Suppression Program (DCE/SP) is now working with ONDCP and Federal land management agencies to target the Mexican drug trafficking organizations that have grown to dominate marijuana cultivation on America's public lands. Based on the success in 2007 of *Operation Alesia*, led by the

Shasta County Sheriff's Office in conjunction with the California National Guard's Counterdrug Task Force, and *Operation Green Acres*, led by DEA, the primary focus of enforcement operations is no longer just the number of plants eradicated. The new approach uses multiagency task forces to identify areas of operations and then eradicate plants and arrest and prosecute those involved in the illicit business. Reclaiming and restoring marijuana cultivation sites is also part of the mission, with the ultimate goal being the elimination of this harmful illegal practice from America's private and public lands.

In response to interagency efforts targeting marijuana grown outdoors, law enforcement reporting indicates that many traffickers are shifting their cultivation efforts indoors, where the risk of detection is lower and the quality and quantity of harvests are higher. Several Asian drug trafficking organizations are setting up indoor marijuana grow operations in states near the Northern border, including Washington, Oregon, California, and New Hampshire, and in other states such as Colorado, Pennsylvania, and Texas. Cuban drug trafficking organizations also appear to be extending their indoor grow operations from Florida to Georgia and North Carolina.

### The United States and Canada: Tackling the Cross-Border Drug Trade

The increasing role of Canada-based Asian criminal organizations in drug trafficking, in particular the cultivation and trafficking of high-potency marijuana, has made them a priority for law enforcement agencies on both sides of the U.S.-Canadian border. In an internationally coordinated effort, U.S. Immigration and Customs Enforcement (ICE) officials recently led a joint OCDETF investigation with authorities from the Royal Canadian Mounted Police (RCMP), Canada Border Services Agency, Ontario Provincial Police, Toronto Police Service, Peel Regional Police, Canada Revenue Agency, DEA, and State and local law enforcement in Houston, Dallas, Los Angeles, Seattle, St. Paul, and Orange County, California. *Operation Tien Can* targeted the Nguyen Vo criminal organization, an international Vietnamese money laundering and drug smuggling organization operating in the United States and Canada, as well as in Mexico and Vietnam. This organization, based out of Toronto, was utilizing multiple couriers to pick-up and deliver bulk drug proceeds throughout the United States.

In September 2007, ICE agents arrested 25 members of the Nguyen Vo money laundering and drug smuggling organization in the United States and Canada. Agents also executed federal search warrants in Los Angeles; Orange County, California; Houston; Dallas; Minneapolis; Davenport, Iowa; and Cedar Rapids, Iowa, and were present while the RCMP executed arrest and search warrants in Toronto, Canada. Ultimately, this 10-month investigation led by the ICE office in Houston and the RCMP's Integrated Proceeds of Crime Unit in Toronto, Canada, resulted in the complete dismantling of the Nguyen Vo organization and the arrest of Nguyen Vo and Helen Tran, the group's leaders. In addition, *Operation Tien Can* resulted in the seizure of approximately \$7.8 million in U.S. currency, \$305,000 in Canadian currency, 85 kilograms of cocaine, and 803 pounds of marijuana.

This surge in indoor marijuana cultivation is reflected in a 70 percent increase in indoor plant eradication between 2005 and 2006.

Although some of these domestic marijuana grow operations are small in scale, many now have the mark of organized crime. For example, as noted by NDIC in their 2007 Houston HIDTA Drug Market Analysis, an indoor cannabis grow was found in 2006 in a house in Montrose, a neighborhood of Houston, Texas. The grow operation contained approximately 1,000 cannabis plants worth an estimated \$4 million, as well as hydroponic equipment, a watering system, fertilizer, and insecticide. Every room in the house was used for marijuana cultivation. Federal, State, and local law enforcement are working aggressively to counter this rising threat.

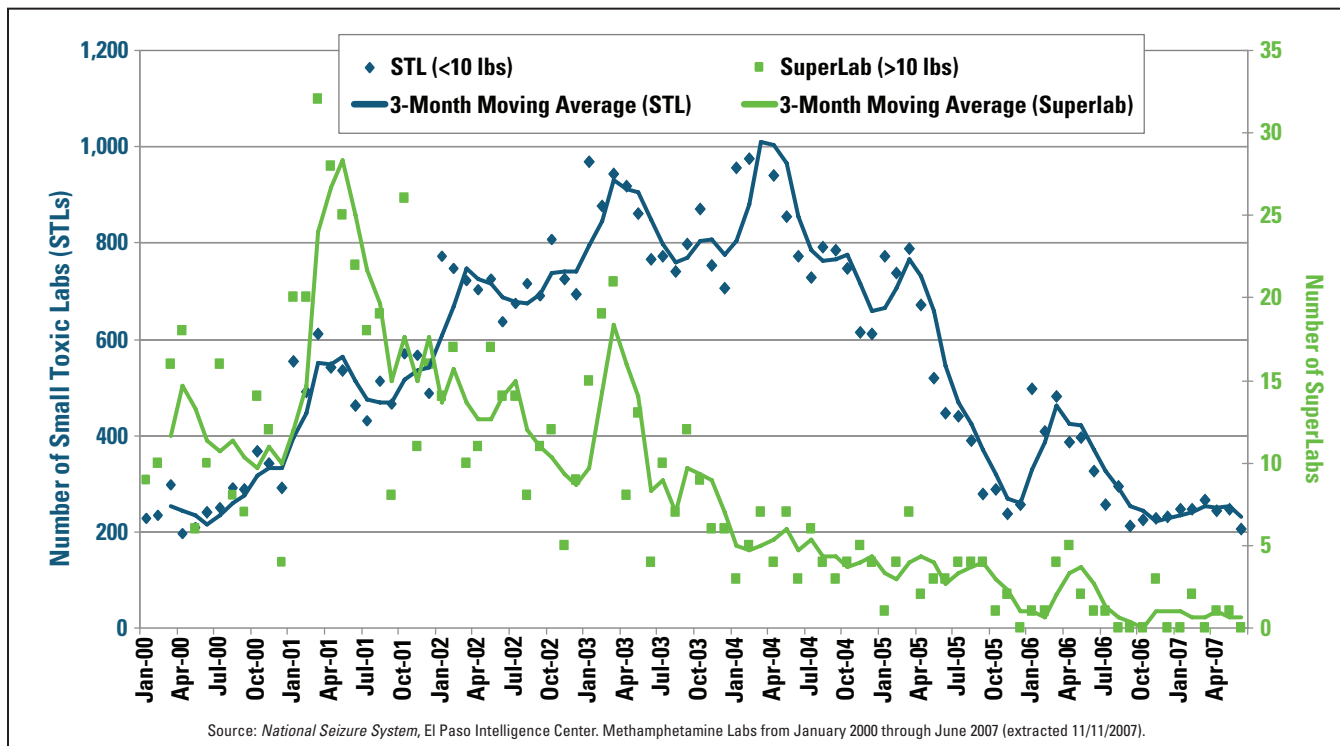
## Methamphetamine and Synthetic Drugs

The disruption of the cocaine market discussed at the beginning of this chapter is not the only indication that the drug supply chain has come under increasing pressure. According to DEA analysis, the price per pure gram of methamphetamine also increased during the

first three quarters of 2007, rising from \$141 to \$244, or an increase of 73 percent. At the same time the average purity of methamphetamine in the U.S. market dropped by 31 percent, from 56.9 percent to 39.1 percent. These price and purity trends, along with consistent declines in methamphetamine lab seizure incidents, indicate that a significant disruption is occurring in the U.S. methamphetamine market.

The *Synthetic Drug Control Strategy*, released by the Administration in 2006, established the goal of reducing methamphetamine abuse by 15 percent, reducing prescription drug abuse by 15 percent, and reducing domestic methamphetamine laboratory incidents (seizures of methamphetamine labs, lab equipment, or lab waste) by 25 percent, all by the end of 2008 using 2005 data as a baseline. Thanks to the enactment of chemical control laws at the State, then Federal, levels; the outstanding efforts of State, local, and tribal law enforcement; and initiatives in chemical source, transit, and producing countries, methamphetamine laboratory incidents recorded in EPIC's database declined by 48 percent by the end of 2006—almost twice the established goal and 2 years ahead of schedule.

Figure 20.  
Total Methamphetamine Labs, Including Superlabs, Have Been Declining





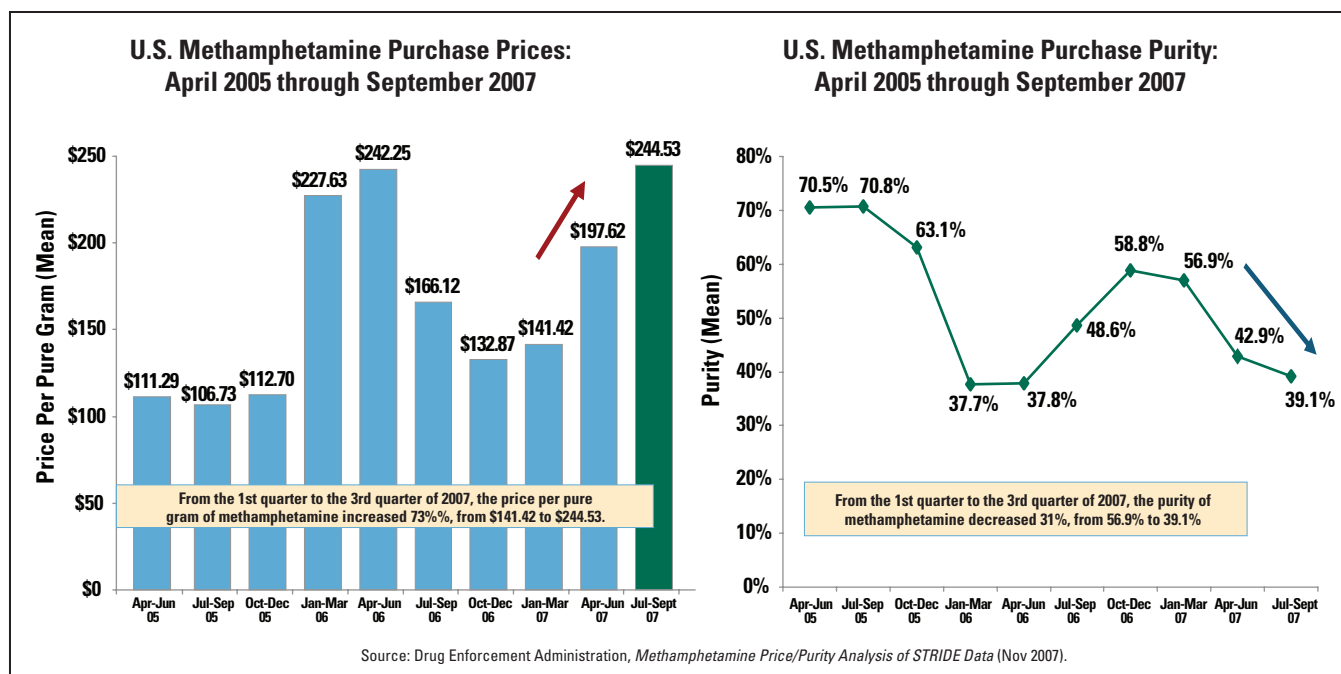
The Combat Methamphetamine Epidemic Act (CMEA) of 2006 established stricter national controls for the sale of products containing ephedrine and pseudoephedrine and has proven to be a valuable tool. The Act's retail sales restrictions, stronger criminal penalties, and provisions for enhanced international enforcement have directly contributed to the sharp reduction in domestic methamphetamine production. The number of small toxic labs (STLs) that can surreptitiously expose children and other innocent bystanders to highly toxic chemicals has been greatly reduced and domestic superlabs (defined as capable of producing 10 or more pounds of methamphetamine per production cycle) are now far less common.

Law enforcement efforts, the CMEA, and tightened precursor chemical restrictions in Canada contributed to a significant decline in methamphetamine production in the United States. However, this progress has caused production to shift to Mexico. Mexico's Federal Commission for the Protection Against Sanitary Risk (La Comisión Federal para la Protección contra Riesgos Sanitarios, or COFEPRIS) has responded to this threat by taking stringent steps to counter chemical precursor diversion. Previously, COFEPRIS placed restrictions on chemical importers, limited imports to only three ports, and required that pseudoephedrine in transit be kept under guard. The Government of Mexico has recently

gone even further, announcing last year that as of January 2008 the importation of pseudoephedrine and ephedrine would be banned completely. Sellers of pseudoephedrine products must deplete their remaining supplies by 2009, after which use of these products will be illegal in Mexico. Until then, consumers will need a doctor's prescription to obtain these drug products. These new policies represent bold moves that promise to significantly disrupt the methamphetamine trade in the years ahead.

DEA and other agencies have concentrated their efforts on stemming the flow of methamphetamine from Mexico and have built relationships with Mexican law enforcement and intelligence counterparts. This bilateral effort, along with Mexico's restrictions on precursor imports, has already disrupted the flow of methamphetamine across the border, particularly since the July 2007 arrest of Zhenli Ye Gon (see "Attacking Profits From Methamphetamine Production.") Nonetheless, methamphetamine continues to ravage far too many communities across the country, and law enforcement agencies must stand ready to confront new sources of methamphetamine as traditional sources come under increasing pressure. For example, despite the committed efforts of the Royal Canadian Mounted Police, Canada may be reemerging as a source country for methamphetamine. After implementing tighter import controls in 2003, Canada ceased to be

Figure 22.  
United States Methamphetamine Purchases



## Attacking Profits From Methamphetamine Production

In March 2006, DEA and the Government of Mexico initiated a bilateral investigation that would contribute to the disruption of the flow of Mexican methamphetamine into the United States. Working in partnership with the Mexican Attorney General's Office, joint investigative efforts were focused on a pharmaceutical company based in Mexico City and its president, Zhenli Ye Gon, a dual Mexican-Chinese national. An initial assessment indicated that the company was supplying precursor chemicals to Mexican methamphetamine trafficking organizations, including CPOT Joaquin "El Chapo" Guzman-Loera's Sinaloa Cartel. In December 2006, Mexican authorities at the seaport of Lázaro Cárdenas seized 19.5 metric tons of a pseudoephedrine derivative destined for the company in question. Investigations by DEA Country Offices in Mexico City, Hong Kong, and Beijing revealed that China was the point of origin of the pseudoephedrine product. Subsequently, in March 2007, search warrants for the company's headquarters, manufacturing plants, and Zhenli Ye Gon's Mexico City residence were executed. As a result of the warrants, a world-recordbreaking \$207 million in currency was seized from Ye Gon's residence. In July 2007, DEA, with the assistance of the Montgomery County, Maryland, police, arrested Ye Gon, who was subsequently indicted by a grand jury for conspiracy and aiding and abetting in the manufacture and distribution of methamphetamine. To date, nine additional individuals have been arrested in connection with the trafficking activities of Ye Gon. DEA believes that Mexican methamphetamine organizations have yet to recover from the substantial impact of these arrests and the recordbreaking cash seizure.

**\$207 Million in Currency Seized from Zhenli Ye Gon's Mexico City Residence, March 2007**



a major source of bulk pseudoephedrine for U.S. domestic labs. However, the production of methamphetamine is now increasing in Canada. Clandestine producers acquire pseudoephedrine through brokers in Asia. As the pressure on the U.S. methamphetamine market increases, Canadian producers may be tempted to expand their exports to the United States. Law enforcement agencies in the Great Lakes, New York/New Jersey, and New England regions are reporting an increased availability of Canada-produced methamphetamine, particularly in a tablet form that is sometimes sold as MDMA to unsuspecting buyers.

## Taking the Fight Against Methamphetamine Global

The battle against methamphetamine includes a global campaign to prevent the diversion of precursor chemicals by all producing, transit, and consumer nations. International cooperation has shown promising results. Two international entities have played a crucial role in this effort: the United Nations (U.N.) Commission on Narcotic Drugs (CND) and the International Narcotics Control Board (INCB). The CND is the central policymaking body within the U.N. system dealing with drug-related matters. The INCB is a quasi-judicial independent body that monitors the implementation of the three U.N. international drug control conventions.

Building on the passage of a United States-sponsored 2006 CND resolution that requested governments to provide an annual estimate of licit precursor requirements and to track the export and import of such precursors, the United States in 2007 supported a resolution drafted by the European Union that asks countries to take measures to strengthen oversight over pseudoephedrine derivatives and other precursor alternatives. The INCB Secretariat's program to monitor licit shipments of precursor chemicals through its Pre-Export Notification (PEN) online system has been further strengthened by the availability of these national licit estimates. The INCB can use these estimates to evaluate whether a chemical shipment appears to exceed legitimate commercial needs. Armed with this data, the INCB can work with the relevant countries to block shipments of chemicals before they are diverted to methamphetamine production.

Additionally, the INCB sponsors the Project Prism Task Force which assists countries in developing and implementing operating procedures to more effectively control and monitor the trade in precursors. In 2007, Project

Prism initiated *Operation Crystal Flow*, which focused on monitoring the shipment of precursors between the Americas, Africa, and West Asia and identified 35 suspicious shipments and stopped the diversion of 53 tons of precursor chemicals. Current intelligence suggests that drug trafficking organizations have made a concerted effort to establish contacts in Africa, the Middle East, and Asia to evade law enforcement and continue obtaining and transshipping precursor chemicals.

Asian-based transnational criminal organizations have become increasingly influential in methamphetamine trafficking. In fact, the emerging prominence of these ethnic-based Asian drug trafficking organizations is evident from the inclusion of two such targets on the Department of Justice's list of the 48 most significant drug trafficking and money laundering organizations—the CPOT List. Asian nations dominate the production of precursor chemicals used in methamphetamine production, and the advent of industrial-scale methamphetamine production facilities—"mega labs"—in Asia and the Pacific is a serious concern. Additionally, Asian trafficking networks are responsible for significant money laundering operations. These illegal financial networks have been connected to South and Central American drug trafficking organizations, and could potentially be exploited by international terrorists or regional insurgencies.

Joint Interagency Task Force (JIATF) West, which supports counternarcotics efforts in the Pacific, is cooperatively addressing these challenges with U.S. law enforcement through a multifaceted campaign against transnational crime in the region. This campaign includes working with host nations to conduct operations to detect and disrupt criminal networks, developing host nation law enforcement capabilities to conduct organizational attacks, and enhancing regional cooperation.

While significant headway has been made in the campaign to stop the diversion of methamphetamine precursor chemicals, there is still much work that needs to be done. International criminal networks have unfortunately benefited from the increased connectivity and ease of communication provided by globalization and have expanded the number of countries used as transit sites for precursors. Continued and persistent efforts using multilateral, regional, and bilateral approaches are essential to successfully block the illicit diversion of methamphetamine precursors.

## Stemming the Flow of Drugs Across the Southwest Border

Over the years increasing pressure in western hemisphere coca and opium growing regions and on the high seas has made direct transportation of drugs from their source to the U.S. mainland far more difficult. As a result, traffickers have resorted to abbreviated transit zone movements, with drug loads making landfall in Central America or Mexico for subsequent overland entry to the United States via the Southwest Border. Today, the vast majority of the cocaine, heroin, methamphetamine, and marijuana available in the United States enters the country through the border with Mexico. To respond to this threat, and to contribute to broader homeland security efforts, the Administration is continuing to pursue a coordinated *National Southwest Border Counternarcotics Strategy*.

This *Southwest Border Strategy* aims to improve Federal counterdrug efforts in the following areas: intelligence collection and information sharing, interdiction at and between ports of entry, aerial surveillance and interdiction of smuggling aircraft, investigations and prosecutions, countering financial crime, and cooperation with Mexico. Significant progress has already been made in the implementation of the *Strategy*, including enhancements in information sharing, advanced targeting at ports of entry, interdiction between ports of entry, air capabilities, financial investigations, and continued support for Mexico's counternarcotics programs and policies. Indeed, the declines in drug availability being reported by cities across the United States are likely attributable to the combined impact of the courageous actions taken by the Mexican Government, the pressure applied in the source and transit zones, and stronger border enforcement.

The *Southwest Border Strategy* is moving forward in coordination with broader homeland security initiatives that promise to reduce the availability of drugs in the United States. The Department of Homeland Security's *Secure Border Initiative* is a comprehensive multiyear plan to secure America's borders. The enhancements to border security personnel, infrastructure, and surveillance technology being implemented under SBI are already yielding results. In FY07, the Border Patrol seized over 1.2 million pounds of marijuana in Arizona, where many of the first enhancements under the *Secure Border Initiative* are concentrated. This constitutes an increase of over 38 percent compared to FY06.

Enhanced border security, matched by Mexico's dedicated fight against drug trafficking organizations, has made a significant impact on drug availability in the United States. However, our experience in the transit zone has taught us that the greatest market disruptions occur when targeted intelligence is used by law enforcement agencies against trafficking organizations. To improve our understanding of the organizations that facilitate trafficking across the border, EPIC has developed "Gatekeeper" assessments based on intelligence and debriefings from confidential sources. Gatekeepers are individuals who control geographically specific corridors, or "plazas," along the U.S.-Mexico border and utilize political, social, and family connections to facilitate smuggling of all kinds. The EPIC assessments provide a consolidated publication detailing the Gatekeepers and their organizations and provide a tactical tool for law enforcement entities involved in the investigation of cross-border smuggling activities along the entire border. OCDETF's Gatekeeper Strategic Initiative combines the statutory expertise and authorities of DEA, FBI, USMS, IRS, ICE, ATF and the Border Patrol in a coordinated, multi-agency attack on these facilitators.

Over the past 2 years several major Gatekeepers have been arrested, significantly disrupting drug trafficking operations at key ports of entry. With this combination of enhanced border security and smart law enforcement, we can expect to see continued progress in the fight against drug trafficking and other threats to our border with Mexico.

## Working With Mexico and Central America

At the North American Leaders Summit in August 2007 the President highlighted the intent of the United States to work in close partnership with Mexico to combat the illegal drug business that threatens both nations: "I would not be committed to dealing with this if I wasn't convinced that President Calderón had the will and the desire to protect his people from narco-traffickers. He has shown great leadership and great strength of character . . ."

The Merida Initiative, a multiyear security cooperation program, is designed to enhance U.S., Mexican, and Central American enforcement capabilities while also expanding regional cooperation. All countries in the region, including the United States, have a shared respon-

sibility for combating the common problem of crime and violence. We have far-reaching geographic, economic, and demographic links to Mexico and Central America and a compelling national security interest in helping these nations succeed in addressing the challenges they face.

Drug trafficking and associated violence cannot be dealt with in isolation. The Merida Initiative is truly a regional effort, with support going to Mexico and its Central American neighbors in the form of hardware, inspection equipment, information technology, training, capacity building, institutional reform, and drug demand reduction initiatives. This support will complement ongoing efforts by entities such as the Organization of American States Inter-American Drug Abuse Control Commission (OAS/CICAD) to help countries in the hemisphere build their counterdrug capabilities and institutions. The Central America portion of the package seeks to address citizen insecurity by more effectively addressing criminal gangs, modernizing and professionalizing police forces, and reforming the judicial sector.

The gang problem in Central America is an issue of growing concern for the United States and its regional partners. It is known that these gangs sometimes act as enforcers for drug trafficking organizations, even receiving payments in the form of drugs. To address the proliferation of gangs and gang violence, the Central American portion of the Merida Initiative will employ all five elements of the U.S. Strategy to Combat Criminal Gangs from Central America and Mexico: diplomacy, repatriation, law enforcement, capacity enhancement, and prevention.

Mexico has already taken bold action against the drug threat. Mexican President Felipe Calderón made his intentions clear shortly after taking office in December 2006 with the unprecedented extradition of more than a dozen major drug traffickers and other criminals, including CPOT Osiel Cárdenas Guillén, the notorious leader of the violent Gulf Cartel. This breakthrough in bilateral judicial cooperation continued throughout 2007, with a record 83 extraditions by year's end, far surpassing the previous record of 63 for the entire calendar year of 2006.

President Calderón's battle against drug trafficking organizations has not been limited to the courtroom. The Government of Mexico has employed forces from seven government agencies, spending in excess of \$2.5 billion in 2007 (a 24 percent increase over spending levels in 2006) to improve security and reduce drug-related violence. Mexico has deployed more than 12,000 military troops to over a dozen Mexican States. Anticorruption initiatives and institutional reforms by the Mexican Government have enhanced the DEA's ability to share sensitive information and conduct joint investigations. This has contributed to an impressive string of law enforcement achievements, such as the arrest of leading figures in the Tijuana, Gulf, and Sinaloa Cartels. DEA's *Operation Doble Via*, which ran from May to September 2007, proved to be an excellent example of the enhanced cooperation between U.S. and Mexican law enforcement. The operation focused on the flow of money and weapons south into Mexico and the flow of illicit drugs north into the United States, specifically targeting the operations of the Gulf Cartel and its enforcement arm, the Zetas. Joint operations on both sides of the border caused traffickers to hold or redirect the movement of drugs and money, thus allowing law enforcement to intercept and make arrests.

It is essential that the United States does all that it can to partner with Mexico as it aggressively counters the drug trafficking threat. The United States Government recognizes the role that weapons purchased in the United States often play in the narcoviolence that has been plaguing Mexico. In an effort to stem the flow of weapons being smuggled illegally to Mexico and used by drug trafficking organizations, ICE implemented *Operation Lower Receiver*. This initiative will utilize the investigative strengths of the Border Enforcement Security Task Forces (BESTs) and Mexican representatives assigned to them to identify and prosecute those who attempt to illegally export weapons to Mexico. The ATF is working with Mexican authorities to enhance the use of ATF's eTrace program in Mexico, which allows investigators to electronically trace firearms recovered at crime scenes. Cooperation through eTrace greatly facilitates the interdiction of arms smuggled into Mexico and will strengthen investigations into the sources of illegal weapons.

## ***Operation Imperial Emperor: Taking Down a Top Target***

Through an international collaborative effort, DEA's Special Operations Division and 18 DEA Domestic Field Divisions transformed a single wire intercept investigation in Imperial County, California, into 160 investigations, involving 910 domestic and 18 foreign intercepts. This OCDEF investigation, dubbed *Operation Imperial Emperor*, targeted Mexican Consolidated Priority Organization Target (CPOT) Victor Emilio Cázares-Salazar, who is charged with being responsible for smuggling large quantities of cocaine and methamphetamine into the United States. His sister, CPOT Blanca Margarita Cázares-Salazar, also a member of the organization, is charged with being responsible for laundering millions of dollars in drug proceeds through the Mexican financial system. The Cázares-Salazars are also closely aligned with the Joaquín "El Chapo" Guzmán-Loera and Ismael "El Mayo" Zambada-Garcia trafficking organizations.

During the course of this collaborative effort, working in partnership with law enforcement agencies in the United States, Mexico, the Dominican Republic, and Canada, investigators were able to identify the infrastructure of Cázares-Salazar's organization and the scope of its international trafficking activities. In 2007, after exploiting almost every investigative lead, in excess of 150 search warrants were executed in the United States and Mexico, over 500 individuals were arrested, and \$53.2 million was seized. For more than 2 years, the Cázares-Salazar drug trafficking organization smuggled 5 tons of cocaine and 400 pounds of methamphetamine per month into the United States from Mexico.

Victor Emilio Cázares-Salazar was indicted in February 2007 in the Southern District of California for engaging in a continuing criminal enterprise. In June 2007, Cázares-Salazar was designated by the President as a Financial Kingpin under the Foreign Narcotics Kingpin Designation Act. A provisional arrest warrant was also issued for Cázares-Salazar, who remains a fugitive in Mexico. In October 2007, members of the Mexican Government initiated forfeiture proceedings against three properties controlled by Cázares-Salazar in the Mexican State of Sinaloa that are valued in excess of \$5 million. As a result of *Operation Imperial Emperor*, this massive drug trafficking organization has been significantly disrupted.

## **Transit Zone Interdiction**

Last year's *National Drug Control Strategy* set an aggressive 40 percent interdiction goal for calendar year 2007, as measured against the Consolidated Counterdrug Database (CCDB) estimate of all cocaine movement through the transit zone toward the United States during the prior fiscal year (October 1, 2005 through September 30, 2006).<sup>1</sup> The FY06 CCDB total documented movement was 912 metric tons, making the 2007 interdiction target 365 metric tons. In aggregate, U.S. and allied interdictors removed a total of 299 metric tons of cocaine (preliminary data as of January 2008), or 82 percent of the 2007 calendar year target. Going forward, to better align the annual transit zone interdiction goal with the Federal budget process, the goal will apply to the current fiscal year rather than the calendar year. Since the FY07 CCDB total documented movement through the tran-

<sup>1</sup> It is important to note that the CCDB estimate of all cocaine flow toward the United States is a conservative benchmark, as it reflects only the cocaine movement that interagency operators and analysts are aware of and as such does not represent the total flow.

sit zone to secondary transshipment countries (such as Mexico, Central American countries, and the Caribbean) was 1,265 metric tons, the 2008 fiscal year 40 percent interdiction goal would be 506 metric tons. However, acknowledging the 2-year gap between establishment of the national goal and any opportunity to request needed increases in capability and capacity through the federal budget process, the Administration is pursuing an incremental approach to the accomplishment of the goal. Therefore, the national interdiction target for FY08 is 25 percent of the total movement documented in FY07: 316 metric tons.

In 2007, U.S. and allied counterdrug forces leveraged lessons-learned and continued to optimize the use of existing resources against an ever-evolving threat. U.S. Customs and Border Protection's P-3 fleet continued to provide yeoman service despite the demands of its service life extension program. Moreover, the Coast Guard realized yet another successive year of record seizures while also breaking its own all time single-event record by

seizing 15.2 metric tons of cocaine from the Panamanian Motor Vessel GATUN in the Eastern Pacific in March 2007. Likewise, while PANEX North, PANEX South, and Department of Defense and allied maritime patrol aircraft continued to serve as key interdiction enablers, JIATF South reprised its role as the interagency model for national and international cooperation and collaboration in the transit zone and beyond.

In 2007, DEA continued to work with its interagency and international partners to implement *Operation All Inclusive*, a series of maritime and land-based interdiction operations in the Caribbean, Eastern Pacific, Central America, and Mexico. Part of DEA's large-scale Drug Flow Attack Strategy, *Operation All Inclusive* utilizes intensive intelligence-based planning. In 2007 wire intercepts and other sources confirmed that the operation was vastly complicating trafficker operations. As smuggling routes and times changed, *Operation All Inclusive* partners adjusted accordingly, resulting in a significant increase in arrests and seizures compared to the two previous phases of the operation (2005 and 2006).

Due to the continued effectiveness of U.S. and allied interdiction efforts in the transit zone, drug traffickers are attempting to use new and innovative methods to transport drugs to the United States, including the development and enhancement of low-profile and semi-submersible vessels. The production quality and operational capabilities of these vessels steadily improved, allowing traffickers to move more product with greater stealth. The distances these vessels can travel without support are allowing traffickers greater flexibility when planning potential drop locations. Success in disabling go-fast vessels in the Eastern Pacific via armed helicopters has driven the flow back to the littorals of Central American countries where law enforcement capabilities are still being established. Bilateral agreements and joint operational procedures remain valuable interdiction enablers as partner nation capabilities continue to evolve.

In 2007, interdiction efforts in the transit zone complemented efforts in the source zone, in Mexico, on the Southwest Border, and in U.S. State, local, and tribal jurisdictions to create the unprecedented disruption in the U.S. cocaine market that has been identified through analyses of drug price, purity, and other data. However, traffickers continue to move cocaine to the United States and to the growing markets in Europe. By pursuing the ultimate goal of a 40 percent removal rate, beginning

with an incremental goal for 2008 of 25 percent (316 metric tons), U.S. forces in the transit zone will do their part to ensure that this disruption continues.

## Attacking Trafficker Finances

U.S. efforts to seize or freeze the assets and proceeds of illicit drug traffickers directly target the core motive of their criminal activity. Revenues from drug transactions in the United States primarily depart the country through the smuggling of large sums of cash across our borders, with an estimated \$15–20 billion in bulk cash smuggled annually across the border with Mexico.

DEA plays a key role in interagency efforts to target the illicit drug-related movement of bulk cash across the Southwest Border. EPIC serves as a central repository for bulk cash seizure information and provides initial analysis linking seizures to major drug trafficking organizations. DEA has partnered with other Federal agencies on successful bulk seizure programs—including ICE, U.S. Customs and Border Protection (CBP), FBI, and the IRS Criminal Investigation Division. The United States also assists other governments in developing their capabilities to interdict cash couriers through training and technical assistance programs funded by the Department of State and implemented by international organizations such as OAS/CICAD.

Bulk cash discoveries often lead to fruitful follow-on investigations targeting associated drug trafficking organizations and their wider financial networks. One notable example is DEA's Money Trail Initiative, which in addition to yielding more than \$157 million in currency and \$23 million in other assets since its inception in 2005, has also resulted in the seizure of over 15 metric tons of cocaine, 550 kilograms of methamphetamine, and 35 kilograms of heroin.

To combat the increasing use of bulk currency smuggling by criminal organizations, ICE and CBP developed a joint strategic initiative called *Operation Firewall* that began in August 2005. In FY07, *Operation Firewall* resulted in the seizure of over \$49 million in bulk currency. Since its inception *Operation Firewall* has led to the seizure of over \$106 million, of which over \$45 million were seized outside of the United States.

U.S. efforts to deny drug traffickers their illicit proceeds extend to domestic efforts by ICE and the Treasury Department's Office of Foreign Assets Control (OFAC)

## Improving Intelligence to Combat Drugs

### Expansion of the DEA Intelligence Program

DEA has confidential sources and other global resources that can provide a wide range of valuable information. DEA works to ensure that national security information (such as information related to weapons of mass destruction and terrorism) obtained in the course of its drug law enforcement mission is expeditiously shared. In February 2006, the Office of National Security Intelligence was established within the DEA Intelligence Division to proactively provide intelligence reporting to the Intelligence Community as well as to respond to specific requests for information. In addition, due to the synergy of intelligence efforts performed at EPIC, the multiagency Special Operations Division, and DEA's Office of Special Intelligence, DEA's intelligence efforts will continue to contribute to the security of our Nation.

### Anti-Drug Intelligence Community Team (ADICT)

The Anti-Drug Intelligence Community Team (ADICT) is a partnership of 13 counter-drug Intelligence Community agencies designed to drive action on analysis, collection, and operational issues directly related to U.S. counterdrug priorities. Since its founding in 2006, ADICT has undertaken several studies on various aspects of the drug trade that make use of each member agency's analytic and operational strengths. ADICT's rapid responses to requests for information, such as assessments of containerized drug shipments and reports on the availability of cocaine in the United States, have proven extremely useful to policymakers.

### The National Drug Intelligence Center (NDIC)

The National Drug Intelligence Center provides strategic drug-related intelligence, document and computer exploitation support, and training assistance in order to reduce the adverse effects of drug trafficking, drug abuse, and other drug-related criminal activity. NDIC intelligence products provide national-level policy makers and the Intelligence Community with timely reports of the threat posed by illicit drugs in the United States. NDIC also partners with the Department of Homeland Security Office of Counternarcotics Enforcement to provide critical intelligence on the nexus between drug trafficking and terrorism. In May 2007, NDIC began producing a series of Situation Reports highlighting the cocaine shortage being reported in 38 individual cities throughout the United States.

### Employing "Strategic Network Attack" To Disrupt Illicit Drug Networks

Advanced communication technologies assist drug trafficking organizations in forming large networks that are resistant to conventional enforcement. Strategies designed to disrupt "hierarchical organizations" are often insufficient to disrupt national and transnational drug networks that are comprised of geographically dispersed groups. To contend with these highly adaptable criminal networks, ONDCP is helping agency analysts, data managers, and decision makers apply network analysis techniques and computational tools to visualize network structures and identify vulnerabilities. These techniques and tools will allow analysts to examine drug transit routes, processes, and various forms of networks. Computerized network tools will accelerate and facilitate intelligence production, collaboration, and sharing among analysts and agencies, and facilitate the destruction of these illicit drug trafficking organizations.

### Fusing Border Intelligence at the Department of Homeland Security

A huge volume of information on border threats is taken in by DHS agents, partner agencies, and sources every day. Within the DHS Office of Intelligence and Analysis (I&A), it is the job of the Border Security Branch to rapidly process this vast pool of information and produce intelligence products that analyze and prioritize threats to the country's land and maritime borders. The Branch, which is rapidly expanding to address critical threats to homeland security, fuses tactical DHS component information with national intelligence. These analytic efforts, in collaboration with other DHS component agencies, often identify new targets or information for future collection. As a result, I&A can analyze the interrelated and evolving dynamics between drug trafficking and other border threats and disseminate useful information to Federal, State, local, and tribal officials.



to block illicit access to the U.S. financial system and the financial services industry. In 2006, ICE launched an initiative to put unlicensed money services businesses out of business, which to date has resulted in the identification of over 420 unlicensed money services businesses and in the seizure of nearly \$1 million in currency and other assets. With support from the Departments of State and Treasury, ICE has also started Trade Transparency Units with foreign trade partners to facilitate the exchange of trade information and enhance cooperative, international investigative efforts to identify and eliminate trade-based money laundering systems such as the black-market peso exchange, which facilitate the illegal movement of criminal proceeds across international borders disguised as trade. OFAC has figured prominently in the dismantlement of Colombia's most notorious drug cartels, and is currently accelerating its initiatives focused on Mexican

drug cartels. Based on OFAC's efforts, the President designated Mexico's Gulf Cartel and Mexican national Victor Emilio Cazares Salazar as significant narcotics traffickers in 2007. In addition, OFAC effectively tracked the financial trail of Mexican Kingpin and U.S. fugitive Ismael Zambada Garcia. This interagency investigation resulted in the designation of assets associated with 18 individuals and companies that acted or assisted in the laundering of Zambada Garcia's drug-related proceeds.

## Progress and Challenges in the Andean Ridge

Since Plan Colombia began in 2000, the United States has pursued a comprehensive strategy to attack the production and distribution of cocaine and heroin from Colombia. Eradication, interdiction, and organizational

### The Europe-Africa Cocaine Connection

Cocaine trafficking to Europe has increased significantly over the past 3 years. While the majority of the cocaine seized in Europe in 2006 was seized in Spain (50 metric tons) and Portugal (34.4 metric tons), there has been an increase in the number of large seizures through nontraditional ports. Nigerian cocaine traffickers continue to operate in South America, primarily in Brazil, Colombia, and Peru, transporting multikilogram quantities of cocaine through the Caribbean to Africa and on to Europe. Colombian drug trafficking groups are partnering with local criminal organizations to exploit areas that lack law enforcement resources and are vulnerable to corruption. African seaports often lack sufficient numbers of trained inspectors, complicating the task of reviewing the high number of containers that pass through West African nations. These same challenges have also made Africa vulnerable to heroin trafficking and the transshipment of methamphetamine precursor chemicals.

Cocaine consumption in Europe, which traditionally has been lower than consumption levels in the United States, is now on the rise. Antonio Maria Costa, the Executive Director of the United Nation's Office on Drugs and Crime, described the challenge in a November 2007 speech: "We all know that a growing number of Europeans use cocaine. . . . The proportion of people in the U.K. taking cocaine has doubled in the last 10 years, from 1.3 per cent in 1998 to 2.6 per cent this year." This level of use is, for the first time, comparable to rates of cocaine consumption in the United States. European rates of cocaine use are also significant in Spain, Italy, Denmark, and Germany. Rising cocaine use in Europe is increasing the strain on existing treatment, prevention, and law enforcement systems throughout the EU and also poses a challenge to nations on the cocaine transshipment route, such as those in West Africa. Fortunately, EU member states are taking action to address this serious threat.

The EU nations of France, Ireland, Italy, the Netherlands, Portugal, Spain, and the United Kingdom opened the Multinational Maritime Analysis Operations Center (MAOC), modeled after the U.S. Joint Interagency Task Force (JIATF) last year. The MAOC will coordinate assets from participating countries to perform maritime interdictions focusing on non-commercial vessels suspected of narcotics trafficking between South America and Europe. Since its April 2007 initiation, MAOC has coordinated eight multinational investigations that have led to the seizure of approximately 20 MT of cocaine. The United States will continue to work closely with both Europe and Africa to disrupt cocaine shipments which, if not detected, further enrich the world's most powerful drug trafficking organizations.

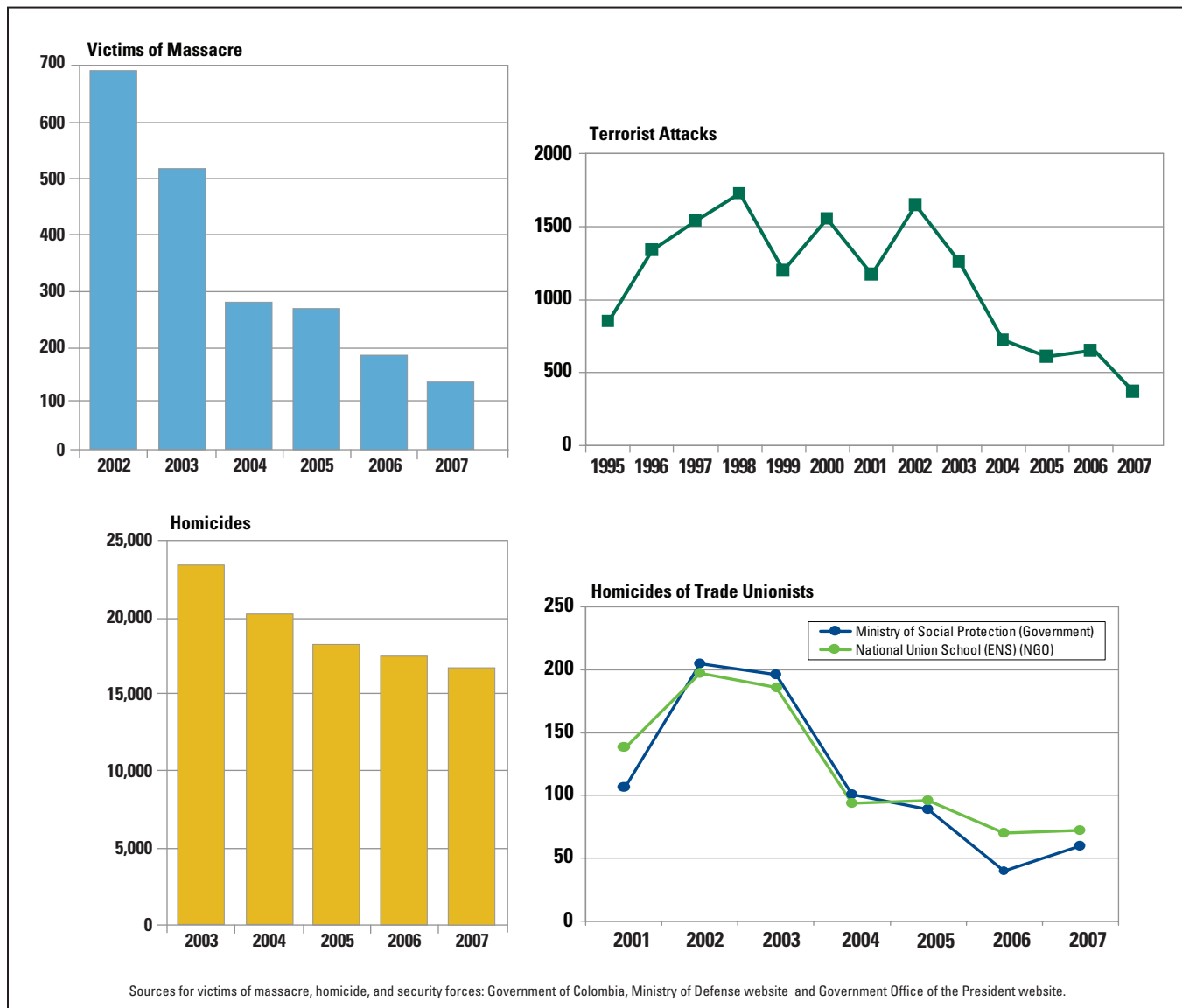
attack have facilitated progress in alternative development, judicial reform, and the establishment of democratic institutions, effectively expanding the State's authority into areas previously controlled by criminal narcoterrorist groups.

Aerial eradication remains central to the strategy for destroying coca before it can be turned into cocaine and marketed by traffickers or terrorists such as the Revolutionary Armed Forces of Colombia (Fuerzas Armadas Revolucionarias de Colombia, or FARC). As aerial eradication increased from 2001 to 2003, drug growers were placed on the defensive, shrinking the size of their plots,

dispersing them, pruning and replanting seedlings, and, finally, moving further into the eastern regions of Colombia. The Government of Colombia maintained pressure on the cultivators, adapting to their changing tactics, improving intelligence, protecting spray platforms, and staying in key cultivation areas for longer periods of time. Over this same period, the Government of Colombia also increased its capacity for manual eradication, from 1,700 hectares of coca in 2001 to over 65,000 hectares in 2007.

Interdiction efforts also continued to put pressure on the illicit drug industry in Colombia in 2007, with the seizure of near record amounts of cocaine and the disman-

Figure 23.  
The Impact of Plan Colombia



tling of an increasing number of cocaine hydrochloride (HCl) laboratories (more than 240 compared to 205 in 2006, according to the Government of Colombia.)

Through targeted intelligence and strengthened coastal maritime forces, Colombia has more effective control over the hundreds of miles of its Caribbean coastline, which just a few years ago served as the staging point for daily go-fast departures. As a result, traffickers have increased their flow to the east, out through Venezuela, and to the southwest through Nariño and the Pacific Coast. Increased cooperation with Colombia and Ecuador is improving the interdiction of illicit drugs moving via fishing vessels that venture far out into the Pacific Ocean before turning north toward Mexico. The increased cooperation has resulted in increased seizures inside Colombia and within its territorial waters—over 170 metric tons of coca base and cocaine HCl in 2007, according to the Government of Colombia's Directorate of Dangerous Drugs (DNE).

Initiatives targeting Colombian drug trafficking organizations proved exceptionally successful in 2007. Results included the extradition of over 164 traffickers from Colombia to the United States, including several kingpins from the North Valley Cartel, such as Luis Hernando Gomez-Bustamante, a.k.a. Rasguño. Colombian authorities captured notorious drug trafficker Diego León Montoya Sánchez (a.k.a. Don Diego), one of the FBI's 10 most wanted people in the world. Brazilian authorities captured another key North Valley Cartel leader, drug trafficker Juan Carlos Ramirez Abadia, a.k.a. Chupeta, who is waiting extradition. Significant gains were also made against the FARC in 2007. Colombian security forces killed FARC commander Tomás Molina Caracas (a.k.a. Negro Acacio) during a military raid near the border with Venezuela. Molina was one of 50 FARC commanders indicted by the U.S. Government in March 2006 for allegedly running Colombia's largest cocaine smuggling organization. A former high-level leader of the FARC, Juvenal Ovidio Ricardo Palmera Pineda (a.k.a. Simón Trinidad), was convicted in United States Federal court of a hostage-taking conspiracy and was sentenced to 60 years. Also, a former narcotics trafficker and finance officer of the FARC, Omaira/Nayibe Rojas Cabrera (a.k.a. Sonia) was convicted of cocaine trafficking and sentenced to more than 16 years imprisonment. Desertions from the FARC are also up, with almost 2,500 deserting in 2007 compared to 1,558 in 2006.

The Government of Colombia increased its capacity to control national territory by standing up additional rural police forces (up to 65 companies of Carabineros), 2 more mobile brigades, and by purchasing more Blackhawk helicopters to provide additional mobility to its forces. The expanded government presence throughout the country has been instrumental in reclaiming key illicit cultivation areas from the FARC and other drug trafficking organizations. By moving into the Department of Meta, the historical birthplace of the FARC and the center of the old demilitarized zone, the Government of Colombia has made it more difficult to produce illegal drugs in a once highly productive coca cultivation zone. Additionally, once security was established, alternative development projects were able to operate to help the local population grow licit crops and allow the Colombian Government to provide basic social services.

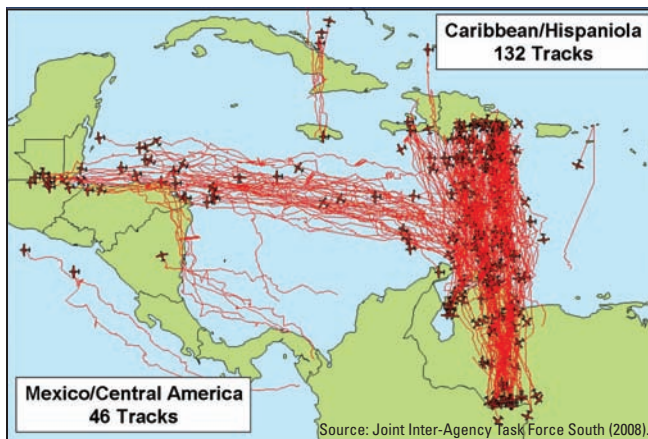
As the Government of Colombia is increasing its control over its territory and making it more difficult for traffickers to operate, Ecuador and Venezuela are now playing ever more important roles as transit countries for cocaine headed toward the global market. Ecuador made significant efforts in 2007 to control the flow of foreign vessels that tried to assume the Ecuadorian flag to avoid interception and boarding by U.S. maritime forces in international waters. These Ecuadorian-flagged vessels would carry cocaine as far west as the Galapagos Islands to avoid detection en route to Mexico. None of this activity was detected before 2004, but by 2006 seven of these vessels were seized, along with about 60 metric tons of cocaine. With increased Ecuadorian cooperation, that figure fell to just two in 2007 with 18 metric tons of cocaine seized. Ground forces in Ecuador also contributed in 2007, making a 3.4 metric ton seizure at the airport in Esmeraldas and a 5.5 metric ton seizure at a shrimp farm near Gauyaquil.

Peru has also made a valuable contribution to drug control efforts in the region. Peruvian President Alan Garcia has clearly demonstrated his commitment to counternarcotics cooperation. For the third year in a row, Peru exceeded its 10,000 hectare eradication goal. Another major achievement of the Peruvian Government was the formulation of a new 5-year drug strategy, an integral component of which is the Government's ability to deploy more police into coca-growing regions, where cocaleros have been violently resisting eradication. Peru has also enacted a major judicial reform package that

increases law enforcement authorities in several critical areas, including in the seizure and forfeiture of illicitly gained assets.

Venezuela, on the other hand, is failing to take effective action against the increased flow of illicit drugs from eastern Colombia into Venezuela and then onward to Hispaniola, the United States, Africa, and Europe. Drug flights from Venezuela to Hispaniola increased from 27 in the first three quarters of 2004 to 82 during the same period of 2006, and numbered 81 during the first three quarters of 2007. The flow of drugs through Venezuela has increased almost fivefold, from 57 metric tons in 2004, to around 250 metric tons of cocaine in 2007. This flow of drugs is increasing corruption and putting enormous pressure on the democratic institutions of Haiti and the Dominican Republic.

Figure 24.  
Suspected Drug Trafficking Flights Leaving Venezuela



There also have been setbacks in Bolivia. The effects of the coca cultivation policies of Bolivian President Evo Morales are yet to be fully seen. The influence of coca growers over the government has contributed to falling eradication rates. The United States continues to seek ways to cooperate with the Bolivian Government in areas such as arresting drug traffickers, disrupting cocaine production, seizing illicit drugs and precursors, supporting alternative development, reducing demand, and training law enforcement and judicial officials.

## Afghanistan: Counternarcotics and Counterinsurgency

Combating the production and trafficking of narcotics in Afghanistan is essential to defeating narcoterrorism and to

fostering the development of a budding democracy. The drug trade undermines every aspect of the Government of Afghanistan’s drive to build political stability, economic growth, and establish security and the rule of law.

The resolute efforts of the Afghan people, combined with international assistance, have produced substantial counternarcotics progress in vast areas of Afghanistan, but significant challenges remain. In 2007, the number of poppy-free provinces increased from 12 to 15, and opium poppy cultivation decreased significantly in another 8 provinces. However, progress in these areas was more than offset by increased opium poppy cultivation in the southwest region, resulting in the production of 8,000 tons of opium in 2007, 42 percent more than in 2006. Approximately 86 percent of Afghanistan’s opium poppy cultivation occurred in just 6 provinces with approximately half taking place in a single province, Helmand.

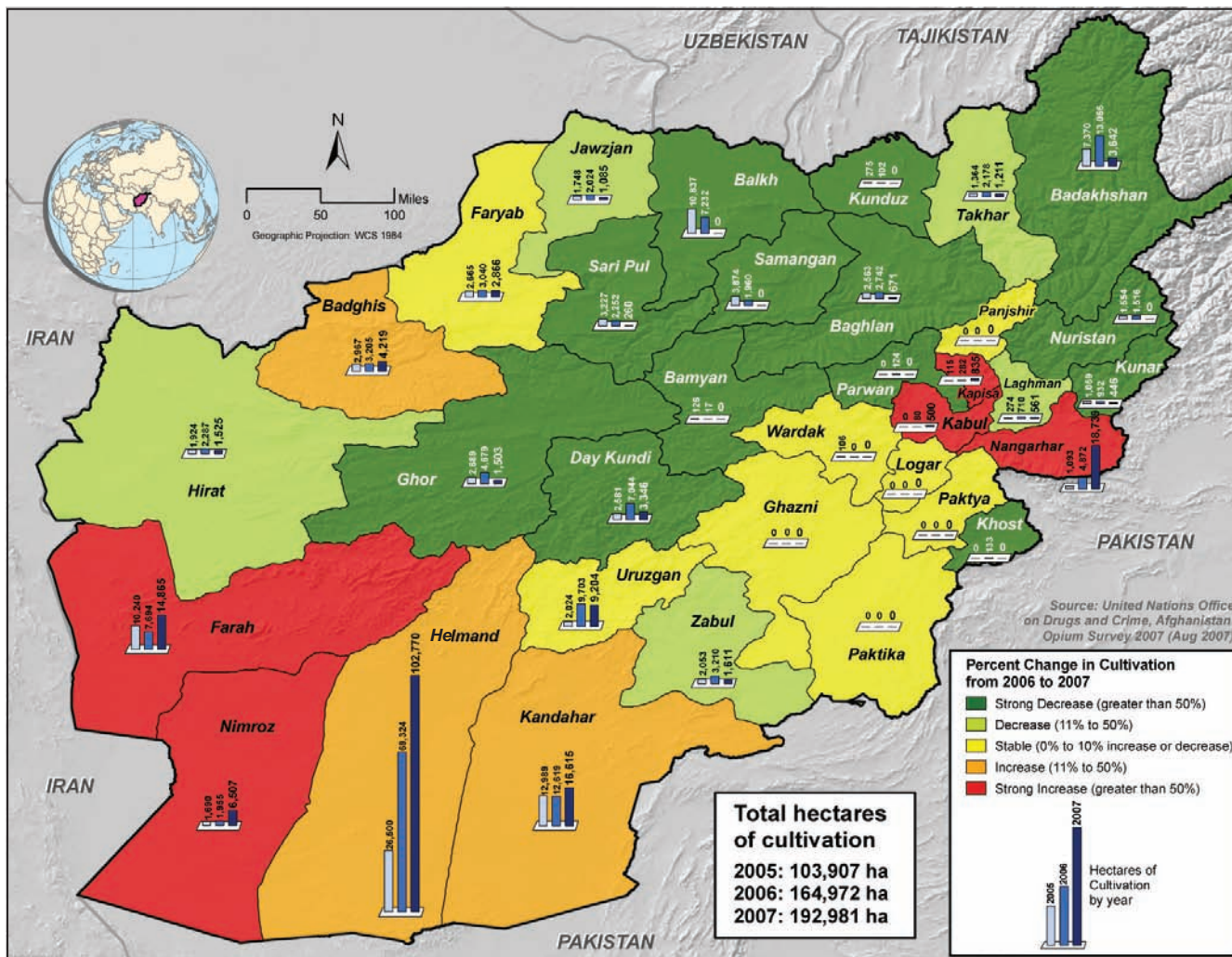
To address the changing narcotics, security, and economic development trends in Afghanistan, in August 2007, the U.S. Government released the 2007 U.S. Counternarcotics Strategy for Afghanistan as an implementation plan to enhance the multinational strategy adopted in 2004, which focused on the five pillars of public information, alternative development, poppy elimination and eradication, interdiction, and justice reform.

The revised strategy—developed in coordination with the Governments of Afghanistan and the United Kingdom—involves three main elements:

- Dramatically increasing development assistance to incentivize cultivation of legitimate agricultural crops while simultaneously amplifying the scope and intensity of interdiction and eradication operations.
- Coordinating counternarcotics and counterinsurgency planning and operations more fully, with an emphasis on integrating drug interdiction into the counterinsurgency mission.
- Encouraging consistent, sustained support for the counternarcotics effort among the Afghan Government, our allies, and international civilian and military organizations.

A key program for increasing alternative development incentives in Afghanistan is the Good Performers Initiative (GPI). First implemented in 2007, the GPI is designed to provide high-impact development assistance to encourage the Government of Afghanistan, provincial

Figure 25.  
2005-2007 Opium Poppy Cultivation in Afghanistan



governors, and local actors to take decisive action to halt the cultivation of opium poppy. This program will be expanded, providing financial and political incentives to reward poppy-free provinces that achieve reductions in net cultivation as reported in the annual United Nations Office on Drugs and Crime cultivation survey. The GPI complements other alternative development programs, such as short-term cash-for-work projects and comprehensive agricultural and business development projects, to create greater licit alternatives to poppy production through the promotion of rural economic development.

Improvements are also being implemented to dramatically expand the impact of eradication and interdiction efforts in Afghanistan. Eradication efforts led by the Government of Afghanistan will target the fields of the wealthiest and most powerful poppy-growers. Interdiction operations in Afghanistan that target the highest-

level traffickers will be increasingly integrated into the counterinsurgency campaign, with the direct support of DEA agents embedded in U.S. and coalition forces. In addition, DEA has expanded its Foreign-deployed Advisory Support Team (FAST) initiatives, continued its support for the Afghan Counter-Narcotics Police and is developing and mentoring several newly formed Afghan counternarcotics investigative units.

Despite the significant increases in opium production in Afghanistan, the availability of Afghan heroin in the United States remains low. However, Afghanistan is by far the largest producer of illegal opiates, and proceeds from narcotrafficking are fueling the insurgency while drug-related corruption undercuts international reconstruction efforts. Attacking the nexus between terrorism and the drug trade in Afghanistan remains vital to U.S. national security.

## Working Together to Reduce Drug Use Around the World

The old divisions between drug-producing, transit, and consuming nations have broken down in today's globalized world. Every nation in the world must face the challenge of combating drug abuse, both in terms of countering criminal activity and in preventing and treating drug abuse. This year is an especially important one in the global drug fight. Ten years ago, at the 1998 UN General Assembly Special Session on Drugs (UNGASS), the global community adopted action plans across the spectrum of drug policy issues, committing each country to increase their counterdrug efforts. Thanks to the sustained commitment to UNGASS goals and targets, more people around the world have access to effective drug treatment and prevention programs and successful efforts have been made to disrupt drug trafficking organizations and eradicate drug crops. Over the course of the next year the U.N. Office on Drugs and Crime (UNODC) will review the progress achieved since the 1998 UNGASS and discuss how to build on that progress over the next 10 years. The United States will be an active participant in this debate, sharing our own experience at the 51st U.N. Commission on Narcotic Drugs in March of 2008.

Experts around the world have taken increasing note of the progress accomplished in the United States. The U.N.'s 2007 World Drug Report highlighted U.S. successes in sharply reducing drug use. Many countries have reached out to U.S. agencies and our Embassies around the globe for guidance on "what works." In response to these inquiries ONDCP, for the first time, will produce a report for an international audience on drug policy lessons learned in the United States. This report or guide will be published in print and on the Internet in all six official U.N. languages later this year.

The National Institute of Drug Abuse and other U.S. institutions, as well as private and non-profit universities have conducted billions of dollars worth of research over the past decade. Much of this knowledge can be put to use not only in the United States, but around the world. We know that every country has unique patterns of drug abuse, and different historical and cultural experiences, but a research-based U.S. publication can serve as a guide and resource. Countries can adapt U.S. programs to their own country's needs. Specifically this document will include sections on six key elements of U.S. demand reduction policy:

- Launching a comprehensive youth anti-drug media campaign.
- Building successful community coalitions.
- Employing drug testing in the work place and at schools.
- Interrupting the cycle of drug abuse through screening and brief interventions.
- Providing quality, research-tested drug treatment services at low cost.
- Establishing drug treatment courts.

This report is only the start of our expanding efforts to work on international drug prevention issues. U.S. Government agencies, including the Department of State's Bureau of International Narcotics and Law Enforcement Affairs, the Substance Abuse and Mental Health Services Administration, the National Institute of Drug Abuse, and ONDCP, will work to exchange best practices information and to provide training and technical assistance. Breaking the grip of drug addiction is an important and difficult challenge. By working together and learning from each other we can make a real difference over the next decade, at home and abroad.

On December 11, 2007, the President appeared before a group of government officials, foreign dignitaries, and ordinary Americans to discuss the problem of illegal drugs in the United States. Nearly 6 years had passed since he had stood before a similar group to announce the Administration's first *National Drug Control Strategy*. This time, however, the President described not a rising threat, but one in retreat:

*“Because Americans took action, today there are an estimated 860,000 fewer children using drugs than 6 years ago. Because Americans took action, because grassroots activists stood up and said ‘We’ve had enough,’ because law enforcement worked hard—communities are safer, families are stronger, and more children have the hope of a healthy and happy life.”*

The progress the United States has achieved in reducing drug consumption and trafficking is yet another indication that when our Nation rallies its greatest resource—its people—to confront an important problem, that problem can be made smaller. Skeptics and advocates of drug legalization have long argued that our fight against drugs is hopeless, but the results tell us yet again that our Nation's fight against drugs is anything but. In fact, we are winning. The nearly 25 percent decline in youth drug use and the major disruptions in the cocaine and methamphetamine markets have saved lives and strengthened our Country.

As with other serious societal problems—crime, disease, hunger—we must continue to directly confront all aspects of the drug problem. We know that traffickers will react and respond to our successes, and that there is always another generation of American youth that must be educated about the terrible risks of drug abuse and addiction. It is with them in mind that we have set the new goals described in the introduction to this Strategy: an additional 10 percent reduction in youth drug use, the continuation of random student drug testing as a prevention tool, greater access to screening and brief intervention services, the reduced diversion of prescription drugs and methamphetamine precursors, declines in Andean cocaine production and Afghan opium poppy cultivation, a reduction in the flow of illegal drugs across the Southwest Border, and declines in the domestic production and use of marijuana. Achieving these goals will require a continuing partnership with all those throughout the Nation whose hard work has produced such meaningful progress for the American people over the past six years.