

Title 3—The President

Presidential Determination No. 2004–47 of September 15, 2004

Presidential Determination on Major Drug Transit or Major Illicit Drug Producing Countries for FY05

Memorandum for the Secretary of State

Pursuant to section 706(1) of the Foreign Relations Authorization Act, Fiscal Year 2003 (Public Law 107–228) (FRAA), I hereby identify the following countries as major drug-transit or major illicit drug producing countries: Afghanistan, The Bahamas, Bolivia, Brazil, Burma, China, Colombia, Dominican Republic, Ecuador, Guatemala, Haiti, India, Jamaica, Laos, Mexico, Nigeria, Pakistan, Panama, Paraguay, Peru, Venezuela, and Vietnam.

The Majors List applies by its terms to “countries.” The United States Government interprets the term broadly to include entities that exercise autonomy over actions or omissions that could lead to a decision to place them on the list and, subsequently, to determine their eligibility for certification. A country’s presence on the Majors List is not necessarily an adverse reflection of its government’s counternarcotics efforts or level of cooperation with the United States. Consistent with the statutory definition of a major drug-transit or drug-producing country set forth in section 481(e)(5) of the Foreign Assistance Act of 1961, as amended (FAA), one of the reasons that major drug-transit or illicit drug producing countries are placed on the list is the combination of geographical, commercial, and economic factors that allow drugs to transit or be produced despite the concerned government’s most assiduous enforcement measures.

Pursuant to section 706(2)(A) of the FRAA, I hereby designate Burma as a country that has failed demonstrably during the previous 12 months to adhere to its obligations under international counternarcotics agreements and take the measures set forth in section 489(a)(1) of the FAA. Attached to this report is a justification (statement of explanation) for the determination on Burma, as required by section 706(2)(B).

I have removed Thailand from the list of major drug-transit or major illicit drug producing countries. Thailand’s opium poppy cultivation is well below the levels specified in the FRAA; no heroin processing laboratories have been found in Thailand for several years, and Thailand is no longer a significant direct source of illicit narcotic or psychotropic drugs or other controlled substances significantly affecting the United States; nor is it a country through which such drugs or substances are transported.

In contrast to the Government of Haiti’s dismal performance last year under the Aristide regime, the new Interim Government of Haiti (IGH), headed by Prime Minister Latortue, has taken substantive—if limited—counternarcotics actions in the few months it has been in office. Nevertheless, we remain deeply concerned about the ability of Haitian law enforcement to reorganize and restructure sufficiently to carry out sustained counternarcotics efforts.

The decreased use of MDMA (Ecstasy) among young people in the United States is a hopeful sign, but we continue to place priority on stopping the threat of club drugs, including MDMA, of which The Netherlands continues to be the dominant source country. The Government of The Netherlands is an enthusiastic and capable partner, and we commend its efforts.

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We continue to be concerned, however, by obstacles to mutual legal assistance and extradition from The Netherlands. There is a need to work more deliberately to disrupt the criminal organizations responsible for the production and trafficking of synthetic drugs. Specifically, we urge enhanced use of financial investigation, including full exploitation of anti-money laundering statutes and financial investigators to identify and dismantle trafficking organizations, and to seize and forfeit the assets acquired from the drug trade.

While the vast majority of illicit drugs entering the United States continue to come from South America and Mexico, we remain concerned about the substantial flow of illicit drugs from Canada. I commend Canada for its successful efforts to curb the diversion of precursor chemicals used in methamphetamine production. We are now working intensively with Canadian authorities to address the increase in the smuggling of Canadian-produced marijuana into the United States; however we are concerned the lack of significant judicial sanctions against marijuana producers is resulting in greater involvement in the burgeoning marijuana industry by organized criminal groups. Canada has expressed concern to us about the flow of cocaine and other illicit substances through the United States into Canada. United States and Canadian law enforcement personnel have collaborated on a number of investigations that have led to the dismantling of several criminal organizations. The two governments will continue to work closely in the year ahead to confront these shared threats.

Nigeria put measures in place to increase the effectiveness of the National Drug Law Enforcement Agency, and also arrested a trafficker wanted by the United States, which met the agreed-upon interdiction targets. However, Nigeria must take significant and decisive action to investigate and prosecute political corruption, which continues to undermine the transparency of its government. President Obasanjo took steps to address corruption at the G-8 meetings in Sea Island, Georgia, by entering into a Compact to Promote Transparency and Combat Corruption. Positive transparent measures will in turn benefit Nigeria's anti-narcotics efforts, the rule of law, and all democratic institutions.

Despite good faith efforts on the part of the central Afghanistan government, we are concerned about increased opium crop production in the provinces.

We are deeply concerned about heroin and methamphetamine linked to North Korea being trafficked to East Asian countries. We consider it highly likely that state agents and enterprises in North Korea are involved in the narcotics trade. While we know that some opium poppy is cultivated in North Korea, reliable information confirming the extent of opium production is currently lacking. There are also clear indications that North Koreans traffic in, and probably manufacture, methamphetamine. In recent years, authorities in the region have routinely seized shipments of methamphetamine and/or heroin that had been transferred to traffickers' ships from North Korean vessels. The April 2003 seizure of 125 kilograms of heroin smuggled to Australia aboard the North Korean-owned vessel "Pong Su" is the latest and largest seizure of heroin pointing to North Korean complicity in the drug trade. Although there is no evidence that narcotics originating in or transiting North Korea reach the United States, we are

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working closely with our partners in the region to stop North Korean involvement in illicit narcotics production and trafficking.

We appreciate the efforts of China, Hong Kong, Taiwan, and others in the region to stop the diversion of pseudoephedrine and ephedrine used to manufacture methamphetamine. However, considering the growing methamphetamine problem in North America and Asia, additional collaborative efforts to control these precursor chemicals are necessary.

You are hereby authorized and directed to submit this report under section 706 of the FRAA, transmit it to the Congress, and publish it in the **Federal Register**.

GEORGE W. BUSH

THE WHITE HOUSE,
Washington, September 15, 2004.

Presidential Determination No. 2004–48 of September 20, 2004

Intention to Grant Waiver of the Application of Section 901(j) of the Internal Revenue Code with Respect to Libya

Memorandum for the Secretary of the Treasury

By virtue of the authority vested in me by the Constitution and the laws of the United States, including section 901(j)(5) of the Internal Revenue Code (the “Code”) and section 301 of title 3, United States Code:

(a) I hereby determine that the waiver of the application of section 901(j)(1) of the Code with respect to Libya is in the national interest of the United States and will expand trade and investment opportunities for U.S. companies in Libya;

(b) I intend to grant such a waiver with respect to Libya; and

(c) I authorize and direct you to report to the Congress in accordance with section 901(j)(5)(B) of the Code my intention to grant the waiver and the reason for this determination and to arrange for publication of this determination in the **Federal Register**.

GEORGE W. BUSH

THE WHITE HOUSE,
Washington, September 20, 2004.