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# Remarks on Release of the Annual Report on the Major Illicit Drug Producing Countries for Fiscal Year 2008

By

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Yesterday, the President made his annual designation of the so-called Majors' List of illegal drug-transit and drug-producing countries. As the Assistant Secretary of State for International Narcotics and Law Enforcement, it's my privilege to present the President's determination and to discuss our broader efforts to combat illicit drugs.

Under the Foreign Relations Authorization Act, the President is required to notify Congress of those countries he determines to be major illicit drug-producing countries or major drug-transit countries. But it is important to understand that a country's presence on this list does not reflect its counternarcotics efforts nor does it reflect its cooperation or its relationship with the U.S. The designation can reflect a combination of geographic, commercial, and economic factors that allow drugs to be produced or trafficked through a country despite its own best efforts.

But when a country does not live up to its obligations under international counternarcotics agreements and conventions, the Majors' List process signifies that by the President determining that the country has, quote-unquote, "failed demonstrably." Such a designation can lead to sanctions. However, the President may also provide a waiver when he determines there is a vital national interest in continuing U.S. assistance. Even without such a waiver, humanitarian assistance and counternarcotics assistance may continue.

This year the President has identified the following countries as major drug transit or drug-producing countries: Afghanistan, the Bahamas, Bolivia, Brazil, Burma, Colombia, the Dominican Republic, Ecuador, Guatemala, Haiti, India, Jamaica, Laos, Mexico, Nigeria, Pakistan, Panama, Paraguay, Peru, and Venezuela. Just for your information, there aren't any surprises on that list. It's the same as it was last year.

Of these 20, the President has determined that three countries, Bolivia, Burma, and Venezuela, "failed demonstrably" during the last 12 months to make sufficient or meaningful efforts to adhere to the obligations they have undertaken under international counternarcotics agreements. In the cases of Bolivia and Venezuela, the President has given waivers to possible sanctions under U.S. law, so that the U. S. may continue to support various programs to benefit the Bolivian and Venezuelan people. In Venezuela, funds will continue to support civil society programs and small community development programs. In Bolivia, the waiver will permit continued support for agricultural development, exchange programs, small enterprise development, and police training programs, among others.

Venezuela has been found to have "failed demonstrably" for the fourth consecutive year. The Venezuelan Government's continued inaction against a growing drug trafficking problem within and through its borders is a matter of increasing concern to the U.S. Despite Venezuelan assurances that seizures have increased, the amount of drugs bound for the U.S. and Europe continues to grow. Much of this drug traffic through Venezuela and bound for Europe is transiting Western Africa, and the corrupting influence of this illicit wave threatens governance and economic stability in this region. Corrupt officials and organized crime within Venezuela have exploited the situation and a weak judicial system has failed effectively to prosecute these criminals. Additionally, Venezuela has refused to renew its

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counternarcotics cooperation agreements with the U.S., including refusing to sign letters of agreement to make funds available for cooperative programs to fight the trafficking of drugs from and through Venezuela to the U. S.

Burma has also “failed demonstrably” again this year. Burma continues to be the largest source of methamphetamine pills in Asia. Additionally, poppy cultivation, which had been in dramatic decline, has again turned upward. The military regime has made little apparent effort to curb production of the pills and little effort to stop poppy cultivation. Their efforts to reduce demand, interdict drug shipments, and combat corruption and money laundering continue to be lackluster.

This is the first year that the President has determined that Bolivia has “failed demonstrably.” This was a not a hasty decision. Bolivia does have a number of effective, U.S.-supported, coca eradication and cocaine interdiction programs. However, Bolivia remains a major narcotics-producing country, and its official policies and actions have caused a significant deterioration in its cooperation with the U.S. President. Morales continues to support the expansion of licit coca leaf production, despite the fact that current legal cultivation far exceeds the demand for legal traditional consumption and exceeds the area permitted under Bolivian law. Much of the surplus coca leaf production is traded in unregulated, so-called legal markets and is diverted to cocaine production. The expansion of cultivation and lack of controls on coca leaf resulted in a 14% increase in the area of coca under cultivation, and an increase in potential cocaine production from 115 to 120 metric tons.

Recently, cocalero syndicates – endorsed by the Government of Bolivia – expelled the U.S. Agency for International Development from the Chapare region where they ran a number of programs to promote the development of economic alternatives to coca cultivation. And last week the Drug Enforcement Administration was similarly expelled from the Chapare. These actions form part of an apparent Government of Bolivia policy to restrict the scope of U.S. support for its counternarcotics efforts. These actions represent a retreat from Bolivia’s international obligations to control cocaine trafficking.

We have a number of programs in place which can make a positive contribution to the struggle against narcotics trafficking in Bolivia, but they will only be effective with the full support of the Bolivian Government. We believe it’s up to the Bolivian Government now to take concrete steps to fulfill its international obligations with respect to narcotics production and trafficking. And we stand ready to help.

Turning to other countries on the list this year, Afghanistan has made measurable progress in its efforts to eliminate opium poppy. Recent reports from the UN indicate that the number of poppy-free provinces in Afghanistan increased from 13 to 18 last year. This increase has taken place primarily in those provinces where there is sufficient security, governance, and alternative development.

Nowhere in Afghanistan has counternarcotics progress been more dramatic than in Nangarhar. In 2007, that province ranked as the second-highest poppy cultivating province in Afghanistan, but now it’s virtually poppy-free. This results from a counternarcotics strategy integrated into security operations, a balance of incentives and disincentives, and very strong leadership from the governor of Nangarhar.

Much, however, remains to be done. Enormous challenges remain in Afghanistan, and the Government of Afghanistan needs to take aggressive action to meet these challenges, in cooperation with and with the support of the international community. Five provinces in the south of Afghanistan continue to produce over 85 percent of Afghan opium poppy. Here, the insecure environment, insurgent activity, and widespread corruption have allowed poppy cultivation to increase. Recently, the newly appointed governor in Helmand has taken steps to curb the growth of poppy. These programs are a clear step in the right direction, but they can be undermined by insurgent activity, organized crime, and corrupt officials. It will take strong political will and effective international programs to deal with these challenges.

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Drug trafficking in Central America is a growing threat and a difficult challenge for the region due to its limited capacities to combat the narcotics trade and the criminals behind it. Drug-trafficking organizations are moving aggressively into the region from Mexico and from Colombia. The long Central American coastline provides traffickers easy access for illegal maritime drug routes. While there have been some noteworthy seizures, many more shipments remain undetected.

Regional support and institution building will be critical elements in our efforts to stem this flow. More vigorous anti-organized crime measures and extradition laws need to be enacted and enforced. In the next year, we will be working closely with the Central American governments to expand counternarcotics programs and law enforcement, and the rule of law assistance under the Mérida Initiative.

Mexico has long been a close partner in our counternarcotics efforts. This partnership has been deepened and strengthened under the Calderon Administration. The congressionally approved, multiyear Mérida Initiative provides a quantum step up in our counternarcotics and law enforcement programs. The overall objectives of the Initiative are to break the power and impunity of criminal organizations; to strengthen border, air, and maritime controls; to improve the capacity of justice systems in the region; to curtail gang activity; and to reduce demand for drugs throughout the region.

We're also grateful for our close cooperation with the Government of Colombia in our counternarcotics fight. While challenges remain, Colombia continues to disrupt the drug trade with effective eradication and interdiction programs. Ecuador, whose Pacific coastline makes it a strategic partner in narcotics interdiction, has made progress in stopping drugs destined for the U.S. Increased inspections and staffing at air, land, and sea ports and an awareness of changing traffic patterns have helped to reduce the drug flow. We are working closely with Ecuador to provide equipment and training to modernize and improve Ecuador's own detection capabilities. Coca growing and processing and cocaine traffic remains a problem in the Colombia-Ecuador border area. We urge the governments of Ecuador and Colombia to engage constructively to eliminate coca cultivation and cocaine transit from this border region.

India is internationally licensed to produce licit opium poppy gum for legitimate pharmaceutical purposes, and it maintains a strict monitoring and distribution process. However, there is diversion from its licit opium production into the illicit market. India pursues tight controls over the industry and continues to refine measures to guard against the continuing challenge of diversion of the crop for illicit purposes. We remain concerned about illicit opium poppy gum production in areas where no illicit cultivation was previously thought to exist. We encourage the Government of India to continue its vigilance in these areas, destroying fields of the illicit crop, and bringing to justice those behind this activity.

As I noted in the context of drug flows from and through Venezuela, the countries of West Africa have emerged as key transit points for Andean cocaine headed for Europe. As a result, the fragile governments of these countries are now threatened by criminal networks and drug-trafficking organizations. Although Guinea-Bissau has been the focus for narcotics trafficking, criminal operations are now moving southward into Guinea and are also becoming active in Sierra Leone. Because West African states lack the resources to counter these transnational criminal organizations, international and bilateral donors are working to assist West African governments with their counternarcotics strategies.

Nigeria continues to make progress on counternarcotics and has worked with the U.S. on money laundering cases. The Nigerian Financial Intelligence Unit, which began operations in 2005, has successfully investigated and convicted several high profile defendants. Recent developments in Nigeria, however, raise questions as to whether the Economic and Financial Crimes Commission will remain an effective anti-corruption unit. We've made our concerns known to the Nigerian Government and look forward to progress under the Commission's new leadership.

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Illegal drugs and transnational crime pose a threat to every nation's political, economic, and social well being. Governments around the world have come to realize that drug trafficking fuels public corruption and distorts economies and that traffickers and other groups, including terrorist organizations, can work together in ways that destabilize governments and destroy societies. It's the self-interested responsibility of all nations to combat this blight. By implementing a strategy of eradication, interdiction, alternative development, criminal justice reform, anti-corruption, and demand reduction, we can confront these threats and promote stability and security around the world.