
2005 International Narcotics Control Strategy Report

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[The following excerpts are from the remarks at presented to a special briefing in Washington, D.C., March 4, 2005. The 2005 *International Narcotics Control Strategy Report* (INCSR) can be found on the web at: [http://www.state.gov/g/inl/ris/nrcrpt/2005/.](http://www.state.gov/g/inl/ris/nrcrpt/2005/)]

International Narcotics and Law Objectives and Programs

As everyone here likely knows, the objectives of our counter-narcotics efforts worldwide center on:

- Reducing the cultivation, production, and transshipment of dangerous, illegal drugs to the United States;
- Working with our allies to reduce the influence of drugs in their own countries;
- Innovating to trace, track and help prevent drug-related money laundering and terrorist financing; and
- Assisting other nations in reducing demand for drugs, while also training, supporting and reinforcing institutions that make up what we describe as “the criminal justice sector.”

International Narcotics and Law (INL) and the Department of State (DoS) work toward these objectives by calibrating the type, level and nature of program support to match national and regional needs. By way of example, in Colombia and the Andean Region, we offer a comprehensive program package of assistance including:

- Methodical eradication of illegal drug crops;
- Robust alternative income streams for growers getting out of the drug trade, tied to markets for sustaining trade in legitimate crops;
- Training and material support for stronger law enforcement and criminal justice institutions, from professionalizing police, prosecutors and judges to building courthouses and police stations;
- Interdiction support to fashion a deterrent for those who process and ship drugs to the United States, and
- Education, ranging from human rights training to drafting precursor chemical, money laundering and border security legislation, from drug prevention to effective drug treatment.

The 2005 *International Narcotics Control Strategy Report* (INCSR) offers some remarkable metrics of success. The INCSR is reported to Congress annually, at this time of year, to describe the counternarcotics-related performance and cooperation of countries receiving DoS counternarcotics and law enforcement resources during the past two fiscal years. This is the 19th edition, and like its predecessors it represents the most comprehensive analysis of counternarcotics and law enforcement issues found anywhere in the federal government. These assessments play a role in later international drug certification decisions. The report itself is unique, and even garnered praise from the September 11, 2001 Commission. Hundreds of individuals work on this report, and I would like to especially commend INL’s Ken Thompson, Ed Rindler, and John Lyle for their efforts. We are also grateful for the invaluable input and painstaking contributions of the Drug Enforcement Agency (DEA), the Departments of Justice and Homeland Security, U.S. Coast Guard, Bureau of Immigration and Custom Enforcement (ICE), Treasury, Financial Crimes Enforcement Network (FinCEN), Office of National Drug

Control, and Money Laundering Policy (ONDCP), DoS posts around the world and our allies around the world who are part of this shared battle.

Themes and Achievements

Substantively, several obvious themes emerge from this year's 1,074 page document. First, drug trafficking matters more than ever. The violence, instability, worldwide corruption and terrorist funding that surround, and are affiliated with, narcotics trafficking make this a first-order issue for our nation, our allies in this hemisphere, nations emerging from recent conflict, and at the end of the day any nation concerned about rule of law, democracy and legitimate economic progress. No nation or region is untouched.

As a result of the DoS strong policy and operational commitment to battling drug trafficking and helping professionalize police contingents, and building sustainable criminal justice institutions around the world buttressed by unwavering Congressional support for the same basic objectives we have registered real and measurable gains over the past two years. The international commitment to these issues is growing. Overlapping circles of international cooperation and success against drug growers, drug producers, and traffickers in this hemisphere and elsewhere, as well as against organized money laundering, and the criminal and terrorist organizations that rely on drug money combine to suggest a growing international consensus determined to elevate, tackle and eliminate these related threats to stability and democracy. Together, the gains and challenges this past year have been considerable, and we hope are captured by the facts and analysis in the 2005 INCSR.

Drug Cultivation Issues

Colombia looms large on that horizon, in both coca and heroin. While the 2004 cultivation numbers for Colombia are not yet available, there were record reductions in the cultivation of Colombian and overall Andean coca and heroin multi-year, double-digit reductions in Colombia during 2002 and 2003, something never before seen in that region. In those two years, the total reduction was in excess of 30 percent in Colombia alone and over 20 percent for the entire Andean region.

In 2004, Colombia's spray and manual eradication efforts have been no less robust, with more than 135,000 hectares of coca and 3,000 hectares of heroin poppy eradicated, and intense pressure placed on a smaller geographic area. While gains are likely to be sequentially smaller over time, the effort put into eradication has grown, not retreated, in 2004. Nor has there been evidence of the historic "balloon effect," as there was in the 1990's when other nations appeared to back-fill or compensate for effective eradication in one nation. Instead, there has been a steadiness of purpose and consistent progress across the board.

In Bolivia, in 2004, President Mesa reaffirmed his commitment to counter-narcotics, exceeding his original eradication goal of 8000 hectares. In Peru, more than 10,500 hectares were eradicated in 2004 and a public relations and education campaign appeared to reduce the influence of so-called "cocaleros." Notably, the Government of Peru must be on constant guard against the future possibility that steady eradication could be outstripped by accelerated planting, or by the under counting of young plants against the more obvious older plants. In short, good news leaves no room for resting. The future depends on how aggressive Peru is today.

These reductions in the Andean Region's drug crop run parallel to reductions in heroin production and trafficking from Thailand, Laos and across the Far East. Thailand's success was recognized last summer when President Bush removed it from the major producers' list. Thailand is now a net importer, not exporter, of heroin. Laos also aims to be a poppy-free nation by the end of this year, and is making progress although still on the majors list, which currently is comprised of twenty-two countries.

Burma remains the second largest producer of heroin next to Afghanistan, poppy cultivation is down in Burma again. There has been a steep decline in heroin production in Pakistan, which with U.S. support, has gone from a major producer to a marginal producer of opium and opiates. While Afghanistan remains a necessary challenge, new and comprehensive international counter-drug assistance has crystallized in support of that nation's newly elected President, himself resolute in battling back the growth of heroin poppy. The problem is considerable, but commitments to address it have grown and are clearly now focused on the counter-drug component of sustainable, long-term stability.

Interdiction

On the interdiction front, 2004 saw another unprecedented up-tick in the seizure of drugs headed for the United States from South and Central America. In 2004, with U.S. support, the Colombian National Police and public forces destroyed a record 200 major drug production laboratories, and seized 178 metric tons of cocaine HCL and cocaine base. Interestingly, in context, that number is 23 tons more than was seized in 2003 and 98 tons more than in 2001, all against that other backdrop a 33 percent reduction in overall coca cultivation.

In Bolivia, 2004 represented a second strong year of interdiction effort, including a record 2,254 cocaine base labs destroyed and a near tripling of seizures compared to 2003. Likewise, in Peru, in 2004, authorities seized almost thirteen metric tons of cocaine and destroyed more than 800 smaller labs. In Mexico, there has been a palpable increase in cooperation, with nationwide efforts to ramp up eradication of poppies and marijuana, apprehension and prosecution of three key members of the Arellano Felix Organization, an institutionalization of professional law enforcement at the federal level under Federal Agency of Investigation (AFI), and new efforts at data-sharing for border security. There are challenges, again, but the trend line is a good one and President Fox has been a leader with whom we have achieved previously unthinkable results. The challenges of border security, corruption, prosecution, conviction and sentencing under existing anti-drug laws, and expanded extradition remain, but the promise of future breakthroughs is worth the effort that will be required. In addition, it is noteworthy that there was no change in the nine countries that are listed as major precursor chemical source countries.

Broader Law Enforcement Initiatives and Extradition - Western Hemisphere

Broader law enforcement and extradition fronts, 2004 saw a record number of drug trafficker extraditions from both Colombia and Mexico to the United States for federal prosecution. Mexico extradited thirty-four major drug figures, up from thirty-one in 2003 and twenty-five in 2002. Colombia has extradited more than 180 drug traffickers to the U.S. over the past two years, including Gilberto Rodriguez Orejuela, head of the Cali Cartel. President Uribe has been an untiring leader in the battle to rid his nation of these violent traffickers, chasing down individual terrorists and working to break-up, destabilize and disband Colombia's leading narco-terrorist organizations, namely, the FARC, AUC and ELN. His efforts support the conclusion that the United States Congress' Grand Gamble in the late 1990s to support Plan Colombia together with President Bush's resolute commitment to support progress in that nation is generating a real paradigm shift.

While some nations in the hemisphere are less committed, Colombia's effort to banish narco-terrorism has, for example, reduced terrorist incidents by 42 percent in 2004 the second year of double digit decline in a nation formerly ravaged by narco-terrorism; dropped kidnappings by more than 35 percent, homicides by 15 percent, and other major crimes substantially. That trend line also is a good one, and our support has been and needs to remain strongly behind President Uribe and the Colombian people. They share and we share with them the political will to banish civil war and terrorism from Colombia's soil.

In that vein, with U.S. assistance, we also saw completion of the Colombian “police reinsertion program,” stabilizing for the first time all 1,098 municipalities in Colombia. Colombia which is one of the primary engines for positive change in our hemisphere has recently proved another liberty-loving principle true. To paraphrase John Locke;

. . . where there is a social compact, that is democracy, property will be protected; and where there is stability of that kind, people will be willing to mix their labor with the land.

It should be no surprise then, that Colombia’s economic growth rate, after former dark days, was 3.8 percent in 2003, 4.3 percent in 2004, and it has now been declared by the World Bank one of the top ten locations for investment in 2005. John Locke was right.

Broader Law Enforcement in the Far East

Interdiction and law enforcement in the Far East have also registered gains, together with major outstanding challenges. While reliable statistics can be difficult to find, institutional capacity in most countries is growing. In countries across Central Asia, places like Tajikistan, Uzbekistan and the Kyrgyz Republic, major drug control agencies and often-under-resourced efforts are producing increased seizures (Tajikistan, for example, is the third largest interdictor of heroin in the world). However, there are also growing concerns in these areas about drug-funded corruption, drug-funded terrorism, and drug consumption.

Further East, we have worked closely with Thailand, Indonesia, Malaysia and the Philippines to support law enforcement and counter-drug capacity, as well as demand reduction efforts. In Thailand, by way of example, seizure quantities and overall seizures have risen for heroin and methamphetamine over the past two years, together with drug trafficking arrests and break-ups of major drug trafficking rings.

Afghanistan remains a special case, garnering considerable attention in 2004. Nearly 90 percent of the heroin on the world market now comes from Afghanistan, and this reality has led to a redoubled effort by the Afghan government leadership and our international allies there to address this resurgent problem head-on. In 2003, there were 61,000 hectares of heroin poppy. In 2004, that number leapt to 206,000, representing a 239 percent increase. In response, we are working closely with our allies, foremost with the United Kingdom, which has the international lead on counternarcotics in Afghanistan, and with the Afghan government to accelerate reconstruction and comprehensively reverse the tide of cultivation, processing and trade.

A Five Pillar Plan was developed during the latter half of 2004. The Plan, which puts a dramatic new emphasis on efforts to combat Afghan heroin, includes a substantial increase in nationwide alternative development, public diplomacy and education, ground eradication in multi-laterally targeted areas, as well as interdiction of heroin labs and storage facilities, and extensive training and criminal justice sector support.

At present, the Administration has a \$780 million FY 2005 Supplemental Appropriation request before Congress to help finance implementation of this plan. On balance, Afghanistan’s fledgling democracy has shown a strong public commitment to tackling what is plainly one of its major threats. In Asia, Europe and North America there is a new emphasis also on tackling the spread of amphetamine type substances, including Ecstasy. Canada and the Netherlands have shown new resolve to tackle the Ecstasy, and pseudoephedrine problems, and these efforts will need to continue, as will added attention to precursor chemical movement and cooperation with Mexico on synthetics.

Burma also presents a special case worth pause. While poppy cultivation has fallen by 88 percent in eight years, Burma is still number two in the world for heroin poppies and heroin, and has emerged as the likely number one producer in the Far East for amphetamine-type substances,

producing several hundred million “meth” tablets this year for markets in Thailand, China and India. While Burma reports an increase in seizures, this should be viewed in context with the overwhelming export of this dangerous drug.

Money Laundering Efforts and Advances

In the worldwide battle against money laundering and terrorist financing, 2004 has been a banner year.

- The number of countries with anti-terrorism financing laws has jumped from 87 to 113 over the past year.
- Only three countries remain on the Financial Action Task Force (FATF) non-cooperative list of jurisdictions down from an original twenty-three countries five years ago.
- Three countries Guatemala, Egypt and Ukraine were removed in 2004, and three more Indonesia, the Philippines, and the Cook Islands were removed earlier this year indicating strong cooperation from those countries in tracing and tracking money laundering. This progress also reflects a growing international commitment and political will to support the intensive legal changes and the training required to track funds.
- Money laundering in the traditional financial sector is down, although the use of so-called alternative remittances is up. This has made a focus on drug funding, as well as trade transparency and on alternatives like Hawalla increasingly important.
- There has been a general tightening of coordination and cooperation between nations vulnerable to money laundering and the financial institutions that call these locations home.

In short, we have made and continue to make real progress against drug-related money laundering. And that progress is one of the central elements of volume two of the INCSR. Looking back over recent developments in this hemisphere and across the global drug and money-laundering world, we are plainly on very positive trend lines. Sustaining those trend lines will require a continued international commitment and emphasis on these priority areas. We continue to see accelerating favorable metrics on many fronts, but tipping points as I indicated last year require sustained, paradigm-shifting effort, and we are not home yet. Considerable challenges remain in both this hemisphere and further East, and they will require strong commitments from us and our allies ahead. I would like to express my heartfelt appreciation to all of our allies, partners and friends around the world who share our dedication to a world free of the scourges of drug trafficking, drug addiction and dependence.