

**TESTIMONY OF BARRY R. MCCAFFREY
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BEFORE THE SENATE COMMITTEE ON ARMED SERVICES
SUBCOMMITTEE ON EMERGING THREATS AND CAPABILITIES,
THE DEPARTMENT OF DEFENSE'S ROLE IN U.S. DRUG CONTROL POLICY**

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INTRODUCTION

Chairman Roberts, Mr. Bingaman, Committee members, thank you for the opportunity to testify on emerging drug threats to United States security and the role of the U.S. military in our national drug control effort. All of us at the Office of National Drug Control Policy (ONDCP) appreciate your support and interest in the drug control functions of the Department of Defense (DoD), as well as the guidance and leadership of the Senate Armed Services Committee on this most critical issue.

Every day, active duty, reserve, and National Guard soldiers, sailors, airmen, and Marines make vital contributions worldwide to our national struggle against drugs. The Department of Defense's unique capabilities in logistics, communications, planning and command and control provide crucial international infrastructure that are relied on by the counterdrug efforts of other federal agencies. Without the critical foundation of DoD support, much of the nation's international drug control effort would not be possible. On behalf of the Office of National Drug Control Policy (ONDCP) allow me to extend our thanks to all the men and women in uniform who, in this era of new and emerging threats, stand steadfast in protection of our nation and the American people.

Allow me to also recognize the leadership of the Department of Defense for the support and commitment they have provided to our efforts to reduce the threat of drugs upon the United States. We thank Secretary Cohen, Chairman of the Joint Chiefs General Hugh Shelton, Deputy Secretary of Defense John Hamre, Under Secretary of Defense Walt Slocum, Principal Deputy Assistant Secretary of Defense Brian Sheridan, Deputy Assistant Secretary of Defense Anna Maria Salazar for the sound direction they have given to the vital counterdrug support efforts of the United States military, and for their good counsel in shaping our *National Drug Control Strategy*.

This testimony begins by setting out the four basic assertions that define both the threat from drugs and the role of the military in addressing this threat. In part II, we set out in greater detail the threats that illegal drugs present to our national security and to the security of the community

of nations. Part III then explains the threat that various drugs present to our nation and discusses the threat of illegal drugs posed by the various major source and transit countries, as well as other areas of growing concern. This testimony next discusses our *National Drug Control Strategy* for reducing these threats. Part V addresses the vital supporting role that the Department of Defense plays in implementing this *Strategy*. In part VI, we conclude with a discussion of the critical defense-related and international challenges we now face.

I. OVERVIEW -- FOUR CORE ASSERTIONS THAT DEFINE THE THREAT FROM DRUGS AND THE ROLE OF THE MILITARY IN ADDRESSING THAT THREAT

- 1. Illegal drugs are a serious threat to our national security and to security of the community of nations:** The United States considers the threat from illegal drugs to be a serious threat to our national security. Illegal drugs kill roughly 10,000 Americans every year, and impose over \$110 billion in social costs on our nation. Drug-driven corruption erodes confidence in the institutions of democracy and our markets. The violence associated with the drug trade puts countless innocent people at risk.
- 2. However, we are not fighting a war against drugs:** Wars have defined end states -- victory over an enemy. Our efforts against drugs have no such end state; with each generation the struggle to prevent drug use begins anew. Addicted Americans -- parents, siblings and children -- are not the enemy, they require treatment. Wars are waged with weapons and soldiers; prevention and treatment are the primary tools in our fight against drugs. In this way, our efforts to reduce drug use are more analogous to the fight against cancer.
- 3. Only a balanced, comprehensive strategy can succeed in reducing the threat of drugs to our nation and the American people:** There is no silver bullet to end drug use. *The National Drug Control Strategy* lays out a comprehensive plan that will succeed in reducing domestic drug abuse and its consequences by 50 percent in the next ten years.
- 4. The military plays a critical role in this *Strategy* by supporting civilian law enforcement and international efforts:** The principal responsibility to address the threat of drugs in this nation falls upon parents, educators, clergy, coaches, healthcare professionals, and civilian law enforcement. The military serves a vital function by: supporting these civilian efforts; assisting in the detection and monitoring of drugs in transit to the United States; and aiding our international efforts, in particular those with source and transit countries.

II. THE THREAT OF ILLEGAL DRUGS TO THE UNITED STATES AND INTERNATIONALLY

a. The Impact of Drugs on the United States

Illegal drugs take a tremendous toll on our nation. The impacts of drug use touch individuals, families, communities, the economy and even our time-tested institutions. No one is immune from this plague. For these reasons, pursuant to a November 3, 1993 Presidential Decision Directive, the United States treats the threat of drugs as a serious national security threat.

The human costs of drug use are staggering. Upwards of 15,000 Americans die each year from drug-related deaths. (In 1990, there were 9,463 drug-related deaths in the United States. By 1996, that number rose to 14,843.) In the coming decade, absent a significant decrease in domestic drug use, roughly 100,000 Americans will die from drug use -- almost twice as many as died in the Vietnam War. The number of drug-related hospital emergency room episodes is at record high levels and exceeds 500,000 per year.

Drug use also undermines the American economy. Each year, the use of illegal drugs imposes over \$110 billion in social costs on our nation. The crime-related costs of drug use alone total over \$59 billion per year. These costs are largely passed on to the American taxpayer; each year, the federal government, and in turn the taxpayer, bears over \$45.1 billion in additional social costs related to drug use. Moreover, the social costs of drug use are over and above the \$57 billion that Americans spend each year to purchase illegal drugs. Taken as a whole, in any given year, drug use saps over \$167 billion from our nation's economic strength.

The black markets driven by drug money put our citizens and our institutions of democracy and commerce at risk. Violence is endemic to the drug trade. In 1997, 786 Americans were killed in drug-related murders -- the lowest number in over a decade, but still an unacceptable loss.

Nor are we immune from the drug corruption that plagues other nations. Drug traffickers have tried to buy protection from law enforcement and public officials -- and in isolated cases they have succeeded here in the United States. For example, over the a six year period from 1992 to 1997, 28 Customs and INS employees on the Southwest Border were convicted of drug-related crimes. Even this low number -- taken in light of the 9,600 agents who remained steadfast to their duty during this period -- is unacceptable, and the Department of Justice is taking steps to crack down on such isolated incidences of corruption.

Even some of our nation's most respected financial institutions have been used to launder ill gotten gains. For example, a report by the General Accounting Office, released January 1999, concluded that the private banking department of Citibank failed to follow its own internal policies in allowing Raul Salinas de Gortari, brother of the former president of Mexico, to move as much as \$100 million from Mexico to Switzerland and London through a series of shell companies and accounts. This matter is now under investigation by the Justice Department.

Americans typically associate the corrosive effect of drug corruption with other nations. However, as these examples show, we must all be mindful that people everywhere are susceptible to the allure of drug money.

b. The Impact of Drugs Worldwide

1. The Growing International Drug Market

The world today faces a pandemic of drug abuse that inflicts staggering costs on our societies. The United States constitutes just one segment of a global market for illegal drugs. According to the United Nations Drug Control Program (UNDCP), the United States consumes just 11 percent of the world's drugs and only three percent of the world's opium products. In the past two decades, the number of illegal drug users in the United States has dropped by 50 percent, while the global pandemic has been growing and expanding into other regions of the world.

2. Factors Contributing to the Growth of the International Drug Market

The 1998 United Nations General Assembly Special Session on Drugs brought to the fore the expanding, global threat from illegal drugs. Virtually every nation reporting to the General Assembly, with the exception of the United States, reported increasing levels of drug abuse over the last decade. A range of factors now conspire to drastically increase the level of threat that drugs present to our national security, including the following:

- ! **Global drug production is increasing:** For example, the United Nations World Drug Report concludes that: "The production of opium poppy has more than tripled since 1985." Of all the major drugs of abuse only potential cocaine production has been reduced in this decade, primarily due to the success of United States government (USG) supported programs.¹

¹The current global potential cocaine production estimate is based on incomplete data from Colombia. Operation Breakthrough is updating that information. According to a joint DEA/CIA/DoA study: "US Government estimates of Colombian coca production, however, are based on lower yielding lowland variety of coca, and could, therefore, be low." The current 165 metric ton cocaine production estimate for Colombia assumes that the coca grown in Colombia has a lower alkaloid content than the coca grown in Bolivia and Peru.

! **New drugs threats are emerging:** Starting in the mid-1990s, we have seen increasingly high purity levels in the heroin sold on U.S. streets. The purity of heroin now available in the United States, in some cases, is high enough that the user does not need to inject it to get high. Users of high purity heroin can snort or smoke the drug instead. In the past the need to inject heroin has served to limit the number of heroin users and addicts; many people, in particular young people, feared the risks and social stigmas attached to crossing the threshold to injection drug use. By eliminating the need to inject the drug, this obstacle has been removed and the appeal of the drug to young people has been greatly increased.

We are also deeply concerned about the emergence of so called black cocaine. Recent unclassified intelligence suggests that the cartels have developed a new form of colored cocaine designed to evade detection. This new black cocaine frustrates detection by drug dogs, and does not react when subjected to chemical reagents. During the 5th International Conference on cocaine two Colombian experts reportedly told the drug interdiction community that the drug traffickers are now capable of making such cocaine in a range of colors including red, black, yellow, blue and even transparent.

Synthetic drugs are also a growing threat. The Netherlands is increasingly seen as the world's synthetic drug production center by European law enforcement agencies. An article, *Holland's Half-Baked Drug Experiment*, which appears in the current (May/June 1999) edition of *Foreign Affairs*, describes the situation as follows:

Worse, the greatest drug problem facing European youth today comes from synthetic drugs like ecstasy and amphetamines that have spread across Europe like a virus since they were first introduced in Holland in 1987. . . . Overwhelmingly, these synthetic drugs are coming from and being made in Holland.

The [Dutch Unit Against Synthetic Drugs] Director, Peter Reijnders, estimates that the average [Dutch] lab puts out 50,000 tablets a week, at a cost of less than a guilder a pill, or about 50 U.S. cents. Since those tablets -- the size of an Advil, stamped with logos like Playboy bunnies, a lightning bolt, or the signs of the zodiac -- can sell for as much as \$40 in a Manhattan disco, the profit potential in the traffic is enormous. Three years ago there were virtually no seizures of Dutch-made or -purchased ecstasy pills in the United States, but scores of those seizures were made in 1998, from Tampa, Florida, to Austin, Texas, to New York.

! **The drug traffickers are relying upon new technologies and techniques:** In

addition to the reports that the cartels have developed colored cocaine that can evade detection, we are also seeing other reports that suggest the use of advanced technologies by drug dealers and producers. For example, unclassified intelligence reports suggest that Asuper go fast boats@ are now being manufactured on the west coast of Colombia for use in the Caribbean and Eastern Pacific (EastPAC). One such boat is reportedly capable of carrying a two ton payload at high speeds. If these reports prove accurate, these new boats have far greater speed, endurance and cargo capacity than the AEduardono@ style go fast boats that are now commonly used in Caribbean and EastPAC smuggling operations.

Similarly, the cartels pioneered many of today's sophisticated money laundering techniques, hiring first-rate accountants, and investing in state-of-the-art technology. And, when the former Soviet Union collapsed, the drug syndicates were quick to recruit Eastern European chemists and other technical specialists left unemployed by the change in political systems.

We have also witnessed an evolutionary process in the way drug syndicates are conducting their international operations. In the 1980's, Mexican trafficking organizations provided the Colombian trafficking syndicates with drug transportation services from Mexico to the Southwest region of the United States. The Colombians paid the Mexican trafficking organizations from \$1,500 to \$2,000 for each kilogram of cocaine smuggled into the United States. During the 1990's, the Colombian and Mexican trafficking organizations established a new arrangement allowing the Mexican organizations to receive a percentage of the cocaine in each shipment as payment for their transportation services. The "payment-in-product" agreement enabled Mexican organizations to become involved in the wholesale distribution of cocaine in the United States. Prior to this, the U.S. wholesale cocaine trade was controlled exclusively by the Colombians.

! **Global drug demand is increasing:** According to the United Nations World Drug Report, the Pakistani government estimates that the number of current drug users in that nation has now reached 3 million, of which approximately 51 percent are heroin users. Similarly, we estimate that the number of heroin users in China is now in the multiple millions. The steadily growing populations of these nations, coupled with the ease with which heroin is now supplied to these areas, is likely to ensure increasing worldwide demand. Even in the United States, where overall drug use is down, the number of current (past month) heroin users reached 325,000 in 1997, up from 92,000 in 1992.

! **The removal of trade barriers facilitates both legal and black markets:** The liberalization of international trade produces substantial benefits for the American people and people worldwide. However, unless adequate safeguards are put in place, the process of trade liberalization also has the unintended consequence of

facilitating the flow of drugs and drug monies internationally. First, as the volume of legitimate trade increases it becomes more difficult to ferret out contraband. We are looking for needles (small amounts of contraband) concealed in growing haystacks (the ever increasing volume of world trade). Second, as governments streamline the movement of goods and capital, and reduce the burdens of customs, there is the risk of reducing the opportunities for law enforcement to uncover contraband. Nowhere is this more clear than with respect to Europe today. For example, synthetic drugs manufactured in the Netherlands can now be routinely exported to the other European Community member states without ever having to pass through a formal customs inspection.

- ! **Global black markets may be integrating:** Akin to the modern-day equivalent of the triangle trade of the 1700s, we may be seeing the linkage of historically separate black market enterprises. For example, anecdotal evidence suggests that in areas such as the former Soviet Union, Colombia, Brazil, the Caribbean and Mexico, the drug trade is now linked to gun running and large-scale durable goods smuggling. In November of 1997, the Russian Ambassador to Colombia, Ednan Agaev, expressed serious concern about what he characterized as an emerging guns-money-drugs alliance being forged between Russian organized crime and Colombian cartels. While the information in the Ambassador's statement has not been confirmed through our intelligence reporting, it is reason enough for concern. In addition, intelligence reporting indicates an increased link between organizations involved in drug trafficking and terrorism, particularly in Southwest Asia. We are well aware of these problems and will remain vigilant to them.

- ! **Expanding global information networks are subject to misuse:** For example, at the click of a mouse, anyone with access to the Internet now can obtain recipes for producing methamphetamines from commonly available precursor chemicals, such as cold medicines. Off-the-shelf chemicals combined with on-the-net technology can now produce a drug of unprecedented purity and potency.

In addition, the majority of the drug information posted on the Internet, which our children have ready access to, is legitimately classified as *pro drug*.⁶ This information is designed to: normalize or glamorize drug use in the eyes of young people; encourage young people to experiment with drugs; and/or, persuade young people to campaign for the legalization of drugs.

- ! **Large-scale trafficking organizations have an almost unlimited capacity to corrupt:** Most figures estimate the amount of money being laundered globally at \$300 billion U.S. dollars, with much of this coming from illicit drugs. With so much buying power at their disposal, drug traffickers have tremendous power to manipulate. A real fear of democratic leaders should be that one day the drug trade might take de facto control of a country by putting a majority of elected

officials, including the head of state, directly or indirectly on the payroll. While this worst case scenario has yet to occur, there have been some disquietingly near misses.

- ! **The drug trade is fueling a weakening of national governments:** Drug production is most likely to occur in areas where national governments have little control over their territories. In many of these cases, growing drug production funds efforts to further erode the control of national governments. For example, in Colombia the guerillas have traded armed force and protection for cash that has provided more and better arms and greater power. Similar dynamics have played out in Burma, Afghanistan and elsewhere.

3. **The International Impacts of Drug Production, Trafficking and Use**

Today, the line between drug producing and consumer nations has eroded. No nation is immune to the corrosive effects of drugs. Crime, violence, corruption, and social decay are the inevitable consequences of illegal drugs. Through these associated ills, drugs not only put individuals at risk, but they put whole societies and the institutions of democracy in jeopardy.

- ! **Social decay:** Drug abuse is highly correlated with crime, violence, disease, and child abuse in virtually every country where it has been studied. For example, in 1994, the American Journal of Public Health reported that children whose parents abuse drugs or alcohol are four times more likely to be neglected and/or abused. Children who are exposed to drugs prenatally are two to three times more likely to suffer abuse and neglect. In many developing countries, incidence and addiction rates rival or exceed rates of abuse in the United States. For example, a September 1998 survey conducted by the Guatemalan Commission Against Addictions (SECCATID) found that 15 percent of Guatemalan public school children reported using stimulants and 11.5 percent reported using cocaine. Among these students, 24.6 percent used cocaine for the first time at 15 years old. Similarly, in Brazil, a 1996 study conducted by the Brazilian Center for Information on Psychotropic Drugs of the Paulista Medical School found that among primary and secondary school children in 10 capital cities across the nation almost 25 percent had tried an illegal drug. Many of these countries lack the resources, technology, medical care, and treatment and education infrastructure to address the serious social problems engendered by increasing rates of illicit drug abuse.
- ! **Political corruption and violence:** Powerful international drug trafficking organizations continue to pose a serious threat to U.S. national security interests in many areas of the world. In many drug source or transit nations, trafficking groups act with near impunity, maintaining power through bribery, threats, intimidation and murder directed against drug trafficking rivals, journalists, law enforcement officials and members of the judicial system. Drug trafficking violence remains at levels corrosive to democratic institutions and the rule of law in many countries. In some nations, drug trafficking is a direct threat to

sovereignty itself. Honest government leaders find themselves unable to confront powerful trafficking organizations which muster more political and military power than can the remaining uncorrupted vestiges of the state itself.

For example, in Colombia, though many of the high-profile traffickers are now in jail, the drug trafficking organizations are still using a combination of threats and payoffs to corrupt public officials. The Colombian drug czar recently ordered a raid on his own organization to root out an informant who had been feeding the traffickers vital information on asset forfeiture cases. Colombia's Afaceless® judges and prosecutors statute will soon expire, leaving those justice officials assigned narco-trafficking cases vulnerable to the violence that claimed so many lives before the protective system was set up in 1993.

- ! **Economic dislocation:** Drug trafficking is also an economic burden for developing and developed countries. Besides the direct economic and social costs of drug trafficking and abuse, the drug economy skews economic development and threatens the banking and financial infrastructure. To launder the illegal proceeds of drug trafficking, selected sectors of the economy -- such as real estate -- expand to soak up proceeds. Corrupt businesses subsidized by the drug trade are able to undercut their legitimate and more efficient competition driving legitimate business out of the economy. Banking industries that cannot detect illegal drug money laundering lack the basic regulatory regime necessary to safeguard legitimate capital. The preconditions for economic development and success in the modern global marketplace -- transparency, the rule of law, open and fair competition -- are all undermined by illicit drug trafficking.

- ! **Political instability:** In many regions of the world, illegal drug cultivation and production work hand-in-hand with the destruction of central governmental authority. In Burma, although opium crop eradication has met with some success, authorities lack the resources, the ability, or the will to take action against ethnic drug trafficking groups with whom they have negotiated cease-fires. These heavily armed groups, such as the United Wa State Army, enjoy near autonomy in their base areas where they continue opium cultivation and trafficking. Civil war in Afghanistan coincides with a doubling of opium poppy cultivation within the last six years. Burma and Afghanistan are responsible for approximately ninety percent of the world's opium production, which has doubled since 1986.

In Colombia, the melding of guerrilla movements, or in some cases, outlaw paramilitary groups, and international drug trafficking organizations has created an unprecedented threat to the rule of law, democratic institutions, and the very fabric of society. In the long term, the situation in Colombia could undermine both the US source zone strategy and Colombian democracy. Coca cultivation doubled from 50,000 hectares in 1995, to over 100,000 hectares in 1998. Colombia is now

the source of over half the world's coca cultivation and remains the processing point for roughly 80 percent of the world's cocaine, making Colombia the new center of gravity for the cocaine industry. An increase of this magnitude cannot be attributed to individual subsistence farmers; it is the result of an organized, criminal enterprise.

- ! **Regional Instability:** Regionally, the Governments of Venezuela, Ecuador, Peru, and Panama have become increasingly concerned about the possible spill-over of violence from Colombia into their respective sovereign territories. For example, guerrilla units have found sanctuary in Panama's Darien Province and cross the Colombia-Panama border nearly at will. Current drug trafficking patterns also threaten Venezuela, Panama, Ecuador and Brazil with rapidly increasing addiction and corruption. These countries have responded by substantially strengthening the military law enforcement presence on their common borders with Colombia. This set of circumstances may have extended implications for the continued growth of democratic institutions in the region. A situation that once was an internal Colombian problem may be growing into a long-term regional challenge.

III. PROFILE OF THE ILLEGAL DRUG THREAT

This section provides an overview of the threats posed by specific drugs of abuse. It then provides a breakdown of these threats with respect to critical, major source and transit countries. The information presented here with respect to country profiles is drawn from the 1999 Department of State's *International Narcotics Control Strategy Report*, which provides a more complete listing and analysis of all major source and transit nations.

a. Drug Specific Threats

1. Cocaine (see figure 1)

Coca is grown almost exclusively in the three Andean countries of Colombia, Peru, and Bolivia and is refined into finished cocaine Hydrochloride (HCl) for retail consumption primarily in Colombia. Regional efforts in the Andean ridge to reduce the coca crop have been quite successful in the past three years. Overall potential global cocaine production has been reduced by 27 percent in the last three years to 555 metric tons in 1998. Potential production in Bolivia and Peru has decreased by 325 metric tons since 1995. The suppression of the air bridge linking coca cultivation areas in Peru with processing plants in Colombia has contributed to a 56 percent reduction in Peruvian coca cultivation from 1995 to 1998. No new coca fields were planted in Peru last year. In Bolivia, record eradication in the Chapare region contributed to a 17 percent reduction in Bolivian coca cultivation between 1997 and 1998. The Bolivian government has pledged to eliminate all coca cultivation in Bolivia within five years through eradication and alternative development programs.

International drug control successes and shifting markets have forced change on the illicit cocaine industry in Latin America. Largely successful efforts to disrupt the Andean illicit drug air bridge have caused a large-scale and perhaps permanent shift in coca cultivation to neighboring Colombia. Coca cultivation in Colombia has doubled over the last three years, largely in guerrilla-controlled areas.

Throughout this decade, traffickers have moved over half of U.S.-bound cocaine through Mexico, while Caribbean routes handle about one third of the traffic (see figure 2). The cocaine flow to the United States in 1998 generally mirrored these historic tendencies. Traffickers continued to rapidly shift flow among several Caribbean and east PAC routes in response to successful law enforcement counterdrug operations. For example, law enforcement surge operations blocking routes into Puerto Rico have shifted the illicit drug flow to more western routes into Haiti. Transit zone maritime trafficking -- primarily conducted via fishing vessels and multi-engined boats known as *Ago-fasts* -- remains the predominant means to transport cocaine. The use of non-commercial aircraft for smuggling drugs has decreased over the past few years, but it has remained an important method of shipping cocaine to the Bahamas and Haiti.

Despite significant law enforcement successes, Colombian trafficking groups continue to threaten Colombian institutions and U.S. national security interests. The disruptions of the Colombian Cali mafia in 1995 and 1996 and the earlier dismantlement of the Medellin cartel have created greater opportunities for other trafficking organizations to develop their businesses. The days of highly integrated cartels with centralized control over production, shipment, distribution, and marketing functions are most likely gone. The trafficking process now is composed of a looser alliance of specialists, each of whom controls one or more aspects of trafficking.

Mexican trafficking groups, once the subordinate contractors of major Colombian cocaine traffickers, have become equal to, or more powerful than the Colombians. Mexican groups parlayed their access to the expansive southern border of the United States to smuggle some 59 percent of all U.S.-bound cocaine shipments during 1998, according to a March 1999 interagency assessment published by the Defense Intelligence Agency. These Mexican cartels have developed their own distribution networks throughout the United States. They are also involved in all post-production facets of the cocaine trade. The most powerful Mexican trafficking groups have evolved into poly-drug organizations, dealing in multiple varieties of illicit drugs.

2. Heroin

Heroin is produced for the world market in nine countries in three regions of the world. Burma and Afghanistan are responsible for ninety percent of the world's opium production, which has almost doubled since 1986. An estimated 3,465 metric tons of opium was produced worldwide in 1998, a 16 percent decline in production between 1997 and 1998 due principally to drought and eradication in Southeast Asia. The Latin American component of this global production has historically accounted for 4 percent or less of worldwide totals. (See figure 3.)

While only a small portion of the world's heroin supply comes from Latin America, hemispheric production accounts for a disproportionate share of the heroin seized in the United States, according to the DEA Heroin Signature Program (HSP). HSP is based primarily on federal seizures made at U.S. Ports of Entry. For calendar year 1997, DEA reports indicate that Latin American heroin comprised 75 percent of the heroin seized in the United States. Law enforcement investigations, along with various indicator data reflect that the nation's largest heroin markets of New York, Boston, Newark, Baltimore, and Philadelphia are now dominated by South American heroin. Mexico produces about 6 metric tons of heroin per year, most of which is sent to the United States and consumed primarily in the western part of our country.

The HSP is a valuable tool to our understanding of the flow of heroin to the United States, however it is based on only seized heroin. Therefore, the HSP cannot be used as the only indicator of origin for heroin available in the United States. Other factors -- such as the

prevalence of East Asian poly crime syndicates, or triads, or Nigerian organizations in some cities (for example, Chicago), as well as the origin of heroin seized in nations proximate to the United States (for example, Canada) -- indicate that the percentage of heroin from Burma and Afghanistan used in the United States is significantly higher than that seized from those countries. An interagency heroin assessment effort is currently underway to better understand the nature of the increasing heroin threat to our nation.

Our understanding of the flow of heroin to the United States is complicated by the multiple points of origin (South America, Southeast Asia, Southwest Asia, Mexico) and the smaller, more concealable nature of typical interdicted shipments. Intelligence reporting indicates that the means of heroin transshipment to the United States is also varied. Commercial air passengers and land conveyances provide the primary means of transportation for South American and Mexican heroin into the United States. Asian heroin often enters Canada in small shipments via maritime containers, as well as by other commercial cargo, courier and express mail, for subsequent movement to the U.S.

The task of counterdrug authorities is made more complicated because heroin trafficking is run by varied, decentralized, ethnic-based criminal organizations that generally concentrate on specific aspects of the trade and move heroin shipments along in stages and in a series of exchanges. Heroin trafficking groups engage in other business or trade activities and employ a range of delivery mechanisms that allow them to mask their trafficking operations and provide opportunities for concealment and avoidance of law enforcement efforts, including air and maritime cargo containers, express mail and body couriers. Thus, it is more difficult to collect intelligence against these groups, or target them for law enforcement action, than it is to conduct similar activities against cocaine traffickers.

Trafficking groups in Colombia and Mexico have moved in recent years to exploit the resurgence in U.S. consumer interest in heroin. Colombian heroin trafficking is reportedly conducted by relatively autonomous members of the drug mafias who either use networks once used exclusively for transporting cocaine, or develop their own routes for moving heroin to international markets. The increased involvement of Colombian polydrug organizations in heroin trafficking poses a greater threat to the United States because they have greater resources and established transportation networks. Mexican heroin trafficking is also controlled by polydrug organizations that are usually family-based. In the United States, we are seeing the effects of this heroin trafficking across the nation, from Pacific Northwest cities such as Seattle, to Southwest border states such as New Mexico, to East Coast urban centers like New York.

3. Methamphetamine

Methamphetamine use is of continuing concern, especially in the West and Midwest. States ranging from California to Kansas have been particularly hard hit. It is also widely

abused in Europe and the Middle East and is the drug of choice in some Asian countries. Seizure data indicate that the amount of methamphetamine seized in transit from Mexico to the United States more than doubled from 1993 to 1996 (up from 328 kg to 716 kg), and that the amount seized inside Mexico also increased during that same period. Mexican traffickers who traditionally dealt with cocaine transshipment and heroin and marijuana production now dominate wholesale methamphetamine trafficking to, and in, the United States. Most of the methamphetamine available in the United States is produced either in Mexico or by Mexican producers operating within the United States.

Organizations trafficking in methamphetamine are often directed by well-established families that have a long history of smuggling and have now expanded their polydrug trafficking repertoire. These groups are flexible and adaptable, modifying their routes and methods as needed in order to accommodate any drug and operate in any drug market. As a result of their trafficking experience and established connections, these groups are not only able to supply a large retail market but are also well-placed to control it. Production of this drug is fed by a sophisticated global market that diverts precursor chemical supplies from Europe and China to production centers in Mexico and the United States (see figure 4). Mexican trafficking groups are now illegally importing ephedrine - the precursor chemical most widely used to produce methamphetamine. Since the Mexican Government cracked down on the use of ephedrine, the groups have begun to manufacture the chemical, using over-the-counter or non-medicinal products.

4. Other Synthetic Drugs

According to the United Nations World Drug Report: ASince the mid-1980s the world has faced a wave of synthetic stimulant abuse with approximately nine times the quantity seized in 1993 than in 1978, equivalent to an average annual increase of 16 percent. The principal synthetic drugs manufactured clandestinely are the amphetamine-type stimulants.@

Perhaps due to a combination of geography (the Netherlands is a commercial and transportation hub for Western Europe) and ambivalent drug policy, the Netherlands is a significant drug-producing nation. Synthetic drugs such as amphetamine and MDMA/Ecstasy are exported throughout Western Europe and Scandinavia. In the summer of 1998, Swedish law enforcement officials, for example, told a delegation from ONDCP that the Netherlands was the principal source of amphetamines. In response to the production and export of Ecstasy, a special synthetic drugs unit has been established within the Dutch police force. This unit coordinates efforts to track down Ecstasy and precursor chemicals used in its production. It also cooperates with drug law enforcement agencies in other countries.

5. Marijuana

Marijuana continues to be the most widely used illegal drug in the United States. The 1997 National Household Survey estimated that 5.1 percent of Americans age twelve and older were current marijuana or hashish users. Unlike with other drugs, such as cocaine, there is no precise system in place to gauge the availability of marijuana in the United States. However, surveys such as ONDCP's *Pulse Check* routinely find the drug to be widely available. Marijuana used in the United States is grown domestically, or originates from Mexico and increasingly Canada. We are similarly concerned about the importation of both high THC marijuana from Canada, and also high THC seeds from the Netherlands, which are then cultivated in the United States.

The Dutch drug, *Nederwiet*, has THC contents as high as 35 percent -- as much as ten times the THC of average cannabis. High THC marijuana increases the physical dependence of the regular marijuana user, and creates withdrawal symptoms similar to those seen with other drugs of abuse, such as cocaine, that are more typically considered addictive. This month's Foreign Affairs noted that the *Nederwiet* problem is increasingly being exported:

. . . [T]he annual *Nederwiet* harvest is a staggering 100 tons a year, almost all grown illegally. And it does not stay in the Netherlands. Perhaps as much as 65 tons of pot is exported -- equally illegally -- to Holland's neighbors. Holland now rivals Morocco as the principal source of European marijuana. By the Dutch Ministry of Justice's own estimates, the *Nederwiet* industry now employs 20,000 people. The overall commercial value of the industry, including not only the growth and sale of the plant itself but the export of high-potency *Nederwiet* seeds to the rest of Europe and the United States, is 20 billion Dutch guilders, or about \$10 billion -- virtually all of it illegal and almost none of it subject to any form of Dutch taxation. The illegal export of cannabis today brings in far more money than that other traditional Dutch crop, tulips.

b. Major Source Countries

1. Afghanistan -- Heroin (see figure 5)

Afghanistan was the world's second largest producer of opium poppy in 1998. An estimated 1,350 metric tons (mts) of opium gum was produced from approximately 41,720 hectares (ha) of poppy. Poppy cultivation and opium gum production increased by 7 percent in 1998, despite poor weather. Afghanistan is a party to the 1988 UN Drug

Convention, but neither of the warring political factions (Taliban or Northern Alliance) took steps to demonstrate that they take Afghanistan's obligations under the Convention seriously. By the end of the year, the Taliban faction controlled over 80 percent of Afghan territory. Aside from burning a reported one ton of opiates in Jalalabad in June, no action was taken to discourage poppy cultivation, destroy morphine or heroin laboratories, seize precursor chemicals or arrest and prosecute narcotics traffickers. Numerous reports indicated that all faction members continued to profit from the drug trade at all levels. Approximately 80 percent of the heroin consumed in Europe comes from Afghanistan.

2. Burma -- Heroin (see figure 6)

Burma continues to be the world's largest source of illicit opium and heroin. Production and cultivation declined significantly from 1997 levels, marking the second year in a row that production declined. The 1998 crop estimates indicate there were 130,300 hectares under opium poppy cultivation, down 16 percent from 1997, which could yield up to a maximum of 1,750 metric tons of opium gum. This is the lowest potential production figure in ten years and a drop of 26 percent from 1997 figures. The government engaged in opium crop eradication, though determining the effectiveness of its eradication efforts has been complicated by the effects of a regional drought.

During 1998, seizures of methamphetamine tripled, although opium and heroin seizures were below last year's record levels. The Government of Burma (GOB) canceled a U.S.-funded crop substitution project, however, and made little if any effort against money laundering during the year. While there were cases of interdiction and arrests of members of some cease-fire groups for narcotics trafficking, the GOB has been unwilling or unable to take on the most powerful groups directly. Cease-fire agreements with insurgent ethnic groups dependent on the narcotics trade involve an implicit tolerance of continued involvement in narcotics for varying periods of time.

3. Bolivia -- Cocaine (see figure 7)

Bolivia is the third largest potential producer of cocaine in the world. The cocaine industry in Bolivia continues to be fragmented and dominated by small to mid-level trafficking organizations which manufacture, transport and/or distribute cocaine base in hundred to multi-hundred kilogram quantities per month. Most of the chemicals utilized in processing coca leaf into cocaine base and cocaine hydrochloride (HCl) are smuggled in from neighboring countries. Law enforcement successes in chemical seizures have caused cocaine producers to streamline the production process, reducing the need for certain expensive and/or difficult to obtain precursor chemicals, and recycling other essential chemicals. The result of these developments is a decrease in the purity of some Bolivian cocaine products, causing some Brazilian organizations to refine Bolivian base into HCl in Brazil rather than purchasing the finished product in Bolivia.

The Bolivian government (GOB) implemented its five-year counter-narcotics plan early in 1998. As outlined in the plan, individual compensation for eradication was completely phased out. Most of the eradication achieved in 1998 was uncompensated and involuntary. Even so, the GOB achieved record levels of eradication, and a substantial reduction in the amount of coca under cultivation. Interdiction efforts were equally successful, with increases in arrests and in chemical seizures. Alternative development initiatives continue to provide licit alternatives to growing coca. The Bolivian legislature has passed into law three-fourths of its judicial reform package, with only the code of criminal procedure awaiting action.

4. Colombia -- Cocaine and Heroin (see figure 8)

In 1998, Colombia remained the world's leading producer and distributor of cocaine and a major source of heroin and marijuana. Despite an aggressive aerial coca eradication program, coca cultivation increased. Meanwhile, a new program to eradicate opium poppy cultivation was initiated.

The new government of Andres Pastrana, inaugurated in August, has initiated a peace dialogue with the largest insurgent group, the Revolutionary Armed Forces of Colombia (FARC), which has been the centerpiece of its initial months in office. The government has also issued a new national drug control strategy, "An Integrated Drug Policy for Peace," that places major new emphasis on alternative development as a means of weaning campesinos from illicit crops and eliminating income from drug trafficking that has fueled Colombia's long-running insurgency. In the long term, a successful peace process could potentially break the linkage between the guerrilla groups and narcotics traffickers, enabling the Colombian police and military to more effectively carry out their counter-narcotics programs and returning areas of the country to the possibility of alternative development. We are impressed by the new government's commitment to counter-narcotics cooperation.

Legislative reforms enacted by the previous government are now in place, but implementation seriously lagged under the previous administration. The Pastrana administration has had little opportunity thus far to improve upon this record.

The combined U.S./GOC eradication program had its best year ever in 1998, successfully spraying over 65,000 hectares of coca (approximately 50 percent more than the total for 1997) and 3,000 hectares of opium poppy. The Antinarcotics Directorate (DANTI) of the Colombian National Police has continued its excellent record of investigations and operations against narco-trafficking organizations. Insurgent groups working in cooperation with narco-traffickers, however, have increasingly targeted police operations. Several DANTI operating bases suffered major attacks by the FARC and U.S. personnel had to be evacuated temporarily, severely restricting counter-narcotics operations in southeastern Colombia during the latter part of the year. Resources assigned by the GOC

to combat narcotics remain insufficient in view of the dual threat represented by the drug traffickers and the guerrilla elements involved in various aspects of the drug trade.

5. Peru -- Cocaine (see figure 9)

Coca cultivation in Peru declined by 26 percent in 1998, producing a total reduction of 56 percent since 1995. In terms of hectareage, an estimated 51,000 hectares of coca cultivation remains, down from an estimated 115,300 hectares in 1995. Eradication of illegal coca cultivation reached an all-time record of 7,825 hectares, nearly doubling the Government of Peru (GOP) target goal of 4,000. In the past two years, a strong law enforcement program focused on trafficking organizations and transportation infrastructure, combined with an efficient coca eradication program, led to a collapse in coca prices. The reduction in coca prices prompted greater numbers of farmers to accept the economic alternatives to coca offered by the USG-Peru alternative development project, which continued to expand in 1998. However, coca leaf prices began to rise throughout Peru in August. This trend may reflect multiple factors, including new transportation methods, new markets for Peruvian drugs, natural market forces, and possibly increased cocaine hydrochloride (HCl) production in Peru.

Although the Ecuador-Peru border tensions took much of the GOP's time and attention during 1998, the GOP remained strongly committed to the objectives of the USG-GOP counter-narcotics bilateral agreement currently in force and to the 1988 UN Drug Convention, to which Peru is a party. Seizures of illicit drug-related assets dropped significantly throughout most of 1998 due to the reluctance on the part of newly appointed drug court officials to issue orders for investigation and seizure. The Peruvian National Police (PNP) drug directorate (DINANDRO) actively promoted a regional counter-narcotics approach with surrounding countries. A highly successful donors consultative group for GOP narcotics-related alternative development was organized by the Inter-American Development Bank (IDB), in November 1998, in Brussels. It resulted in \$277 million in pledges to support the GOP's National Plan of Action for Alternative Development and Demand Reduction from 1999-2003.

C. Major Transit Countries

1. Haiti

Haiti is a major transshipment point for drugs, primarily cocaine, moving through the Caribbean from South America to the United States. Haiti's counter-narcotics objectives for 1998 were to present to Parliament for passage a set of anti-drug trafficking laws, including money laundering and asset forfeiture, which were drafted in 1997; to begin implementing the "National Master Plan for Combating Drugs in Haiti" drafted in 1997; and to target at least one major international narcotics organization for significant interdiction efforts.

Haiti did not meet these three objectives, principally because of the prolonged political impasse between the executive and legislative branches and insufficiencies in its institutional structures. The political stalemate prevented the parliamentary ratification of a Prime Minister with executive authority throughout 1998. This meant that, in accordance with the constitution, no new legislation, including the anti-drug laws and the "National Master Plan for Combating Drugs in Haiti," could be presented to the Parliament for enactment. Although elements of the Master Plan were in fact implemented, efforts by the Government of Haiti (GOH) to investigate, arrest, prosecute, or convict members of international drug trafficking organizations were lacking. This lack of success, however, must be understood in the broader context of Haiti's pervasive poverty, its dysfunctional judicial system, the still limited capabilities of the four-year-old Haitian National Police (HNP), and the inexperience and inadequacy of the two-year-old police Counter-Narcotics Unit (CNU, or in French, BLTS).

Although the specific goals set during the year were not achieved, Haiti's performance and cooperation with the U.S. improved significantly in a number of key areas. Haiti signed a Joint Intelligence Coordination Center (JICC) agreement with the U.S. The entire staffs of the HNP's Counter-Narcotics Unit and the JICC were polygraphed. Under a DEA-mentored task force concept, the flow of cocaine from Panama through Port-au-Prince airport has been reduced. Port-au-Prince's seaport is now the target of periodic inspections, including by U.S. Customs Service sniffer dogs in November. The HNP has indicated it will cooperate on the expulsion to the U.S. of third country nationals who are the subjects of U.S. indictments. The Haitian Coast Guard fully cooperated with the USCG "ship rider" program, and is increasingly demonstrating independent initiative at sea. The HNP counter-narcotics unit increased the quantity of the drugs it seized without direct U.S. assistance. The GOH also initiated the first joint Haitian-Dominican drug monitoring effort at the Malpasse-Jimani border crossing.

2. Mexico

Taking full advantage of the approximately 2,000 mile long border between Mexico and the United States and the massive flow of legitimate trade and traffic, well-entrenched polydrug-trafficking organizations based in Mexico have built vast criminal empires that produce illicit drugs, smuggle tons of South American cocaine, and operate drug distribution networks across the continental United States. Mexico is the primary transit route for South American cocaine, a major source of marijuana and heroin, as well as a major supplier of methamphetamine to the illicit drug market in the U.S. Given the absence of adequate controls, Mexico has become a major money laundering center and a significant international placement point for U.S. dollars. Drug cartels launder the proceeds of crime in legitimate businesses in both the U.S. and Mexico, favoring transportation and other industries which can be used to facilitate drug, cash and arms smuggling or to further money laundering activities.

The Government of Mexico (GOM) continued to implement a comprehensive anti-drug strategy, encompassing efforts to attack the drug trafficking organizations, combat money laundering and chemical diversion, eradicate drug crops, interdict drug shipments, and increase public awareness. The GOM intensified its investigations of major narco-trafficking organizations, particularly the Juarez Cartel, the Tijuana Cartel, and the Caro Quintero Organization. The GOM arrested two major methamphetamine traffickers and founders of the Amezcua Organization (Colima Cartel), Jesus and Luis Amezcua Contreras. Mexican charges were subsequently dropped but the Amezcuas are still being held on U.S. provisional arrest warrants. Drug-related arrests and seizures of heroin and marijuana paralleled 1997 figures, but cocaine seizures were down 35 percent. Mexico's illicit crop eradication efforts have been key to keeping marijuana and opium poppy cultivation in check. Opium poppy cultivation has remained relatively stable since 1994, and except for in 1997, has fluctuated between 5,000 and 6,000 hectares. Marijuana cultivation has dropped nearly 60 percent during this same period. Mexican Attorney General Jorge Madrazo Cuellar continued his efforts to attack corruption within the criminal justice system. Persistent corruption at all levels of the justice sector and frequent changes in personnel have combined to hinder Mexico's ability to meet the goals of its anti-drug strategy.

During 1998, the U.S.-Mexico High-Level Contact Group (HLCG) on narcotics control explored joint solutions to the shared drug threat, discussed the full range of narcotics issues, promoted closer law enforcement cooperation, and drafted performance measures of effectiveness for gauging implementation of the U.S.-Mexico Bi-National Drug Strategy. The GOM extradited 12 fugitives to the U.S., including three Mexican nationals, one of whom was a narcotics trafficker sought for the murder of a U.S. Border Patrol agent.

D. Other Areas of Emerging Concern

1. The Netherlands

The Dutch are a long-standing ally of the United States, both generally and with respect to efforts to reduce drug trafficking and money laundering. They perform superbly cooperating with DEA, U.S. Customs and the U.S. Coast Guard. Their multinational cooperation in the Caribbean has been magnificent. The men and women of Dutch law enforcement work under difficult constraints to protect their citizens from the evils of drugs. (For example, while small-scale sales of marijuana through so called coffee shops - which sell little or no coffee -- have been decriminalized, the production of marijuana to supply these shops remains criminal, which causes a ready market for organized crime.) The support of the Dutch government has also been of particular importance in helping to develop interim operating locations for interagency Detection and Monitoring assets in the Caribbean. We thank the Dutch for their efforts to address this global threat.

However, we should not turn a blind eye to the significant drug production and trafficking that is now ongoing in Holland. As discussed above, the Netherlands has become one of the foremost drug production capitals in Europe. It is reported that British Customs has determined that virtually all the synthetic drugs seized in the United Kingdom last year were manufactured in Holland or Belgium. Similar reports suggest that 98 percent of the amphetamines seized in France in 1997 came from Holland, as did 73.6 percent of the ecstasy tablets. The Dutch Ministry of Justice reports that the illegal Nederwiet industry alone employs some 20,000 people, and is valued at about \$10 billion.

Anecdotal reports suggest that the United States may be beginning to feel the impact of Dutch drug production and trafficking. For example, anecdotal accounts are that increasing amounts of Dutch manufactured synthetic drugs are now for sale on American streets. The latest edition of Foreign Affairs also reports that Dutch Nederwiet may now be being cultivated in the United States from seeds exported from the Netherlands.

2. North Korea

There have been regular reports, going back as far as twenty years, that North Korea encourages illicit opium cultivation and engages in criminal trafficking of opiates and other narcotic drugs as a state run criminal enterprise.

While these reports are not adequately confirmed, it is confirmed that North Koreans, both government officials and civilians, have been involved in numerous drug trafficking incidents in the Russian Far East, off the coast of Japan, and in other locations around the world.

Opium is cultivated in the northern portion of North Korea, near the border with China. Estimates from outside the U.S. government of the area under cultivation range from 4,200 hectares to 7,000 hectares and estimates of opium production similarly range from 30 metric tons to 44 metric tons annually. More recently, unclassified intelligence reports that North Korea is now rapidly developing a methamphetamine manufacturing capacity. A February 1999 report issued by the Congressional Research Service estimates that North Korean criminal activity generated approximately \$71 million in illegal drug revenues in 1997. There are reports that the hard currency obtained from drug sales has been used to purchase military hardware (helicopters in the Russian Far East). If in fact, North Koreans are producing large quantities of opium, it would be reasonable to suggest that they would use some of the drug funds to augment their military budgets.

North Korean officials state that drug production and trafficking activities are solely the work of individuals and not the state.

3. Cuba

Cuba's location between the US and the hemisphere's principal drug-exporting countries make it a potentially attractive transshipment point. Traffickers exploit Cuban airspace and territorial waters to avoid interdiction by U.S. and Caribbean law enforcement assets. Traffickers appear to have increased their use of Cuban airspace and vast territorial waters for transshipment. Cuban officials cite lack of resources for the government's inability to patrol its territorial waters.

In the first six months of 1998, Cuban authorities reportedly seized 220 bundles of drugs from failed drops in Cuban waters. According to the Interagency Assessment of Cocaine Movement, in both 1997 and 1998, about 9 percent of the cocaine detected en route to the United States transited the Jamaica-Cuba-Bahamas vector.

On December 3, 1998, Colombian Narcotic Police seized more than seven metric tons of cocaine secreted in six containers which were to be shipped to Havana. We suspect that this shipment was destined for Europe.

On January 17, 1999, Colombian President Pastrana, Venezuelan President-elect Chavez, and Mr. Castro concluded multilateral talks in Havana. Among issues discussed was an agreement to strengthen cooperation and further integrate Latin American and Caribbean efforts against international drug trafficking and money laundering. As part of recent agreements, Colombian police will begin training Cuban police in counter-narcotics operations in addition to creating a joint anti-drug agency. Amendments 190 and 192 of the Cuban penal code call for significant penalties for public officials who engage in drug activities or who use their public office to facilitate drug trafficking.

There is no bilateral drug agreement between the United States and Cuba. However, the two countries continue to exchange drug-related law enforcement information on a case-by-case basis. Cuba is party to the 1988 UN convention against illicit traffic in narcotic drugs and psychotropic substances.

IV. THE NATIONAL DRUG CONTROL STRATEGY -- REDUCING THE THREAT OF DRUGS TO THE UNITED STATES AND THE AMERICAN PEOPLE

a. Overview of the National Drug Control Strategy

There is no simple solution to America's drug problem. In order to effectively address this problem we must attack both the supply of and the demand for drugs. Pursuing one of these goals at the expense of the other will only unbalance our efforts and reduce our likelihood of success.

This view is confirmed by a recent National Research Council study commissioned by ONDCP, which reviewed the earlier findings of a study by the Institute for Defense Analysis (IDA) on the efficacy of interdiction efforts. The IDA Study has been used by some to advocate dramatically expanded spending on interdiction at the expense of a more balanced approach. Recently, the National Research Council found that the research foundation of the IDA study is inadequate to serve as the basis for sound public policy. The Council expressed a similar conclusion with respect to a Rand Study that has been used by those who want to promote treatment programs at the expense of law enforcement and interdiction.

The *National Drug Control Strategy* establishes a multi-year framework to reduce illegal drug use and availability by 50 percent within ten years. If this target is achieved, less than 3 percent of the household population aged twelve and over would use illegal drugs -- the lowest recorded drug-use rate in modern American history. Drug-related health, economic, social, and criminal costs would be reduced commensurately. To achieve this target, the *Strategy* focuses on prevention, treatment, research, law enforcement, protection of our borders, and international cooperation.

The *National Drug Control Strategy* is outlined by five goals that cover the three broad aspects of drug control -- demand reduction, supply reduction, and the adverse consequences of drug abuse and trafficking. Reducing the demand for illegal drugs is the centerpiece of our *Strategy*, but supply reduction and consequence management are also critical components of a well-balanced strategic approach to drug control. The five goals reflect the need for prevention and education to protect all Americans (especially children) from the perils of drugs, treatment to help the chemically dependent, law enforcement to bring traffickers and other drug offenders to justice, interdiction to reduce the flow of drugs into our nation, and international cooperation to confront drug cultivation, production, trafficking, and use.

The first three goals of the *National Drug Control Strategy* are focused on domestic (federal, state, local and private party) efforts. The final two goals of the *National Drug Control Strategy* focus on international efforts. The goals of the *National Drug Control Strategy* are:

Goal 1: Educate and enable America's youth to reject illegal drugs as well as alcohol and tobacco.

Goal 2: Increase the safety of America's citizens by substantially reducing drug-related crime and violence.

Goal 3: Reduce health and social costs to the public of illegal drug use.

Goal 4: Shield America's air, land, and sea frontiers from the drug threat.

Goal 5: Break foreign and domestic drug sources of supply.

The *National Drug Control Strategy* relies upon this multi-pronged and balanced approach to address the nation's drug problem. Although reducing the demand for illegal drugs is the centerpiece of our national drug control strategy, international supply reduction plays an important supporting role.

b. The International Aspects of the National Drug Control Strategy -- Focus on Source Countries

International supply reduction programs reduce the availability of and ensure continued high prices for illicit drugs. Restricted availability limits the ability of criminal drug organizations to aggressively market illegal drugs to the most at-risk population, reduces the number of first-time users, and limits the human, social, and economic costs of drug abuse.

The United States continues to focus international drug control efforts on supporting the critical work of drug source countries. International drug trafficking organizations and their production and trafficking infrastructure are most concentrated, detectable, and vulnerable to effective law enforcement action in source countries. The coca and opium poppy growing areas are easily detectable and relatively fixed. The cultivation of coca and opium poppy and production of cocaine and heroin is labor intensive and can be disrupted by concerted law enforcement action.

To be successful on the scale necessary to disrupt the illegal drug industry, drug source countries must have control of growing areas, adequate law enforcement resources, capabilities, and will to confront a sometimes politically powerful segment of the population or one that is protected by well-armed and well-equipped insurgent groups. The international drug control strategy seeks to bolster source country resources, capabilities, and political will to reduce cultivation, attack production, and disrupt and dismantle trafficking organizations, including their command and control structure and financial underpinnings. The focus of our effort is to assist the host nation to expand effective law enforcement control over drug crop growing areas, reestablish the rule of law, and eliminate illegal drug crops in ways that protect human and democratic rights. The political will and long-term commitment of these other nations are critical to our common success against drugs.

V. THE CRITICAL SUPPORTING ROLE OF THE DEPARTMENT OF DEFENSE

a. The Legal and Policy Framework of the Department of Defense's Counterdrug Role

The Congress has established, through numerous statutory authorities, the legal framework for participation by the Department of Defense in our national counterdrug effort. The Department's statutory responsibilities include:

- ! Serving as the single lead agency of the Federal Government for the detection and monitoring of aerial and maritime transit of illegal drugs into the United States. That authority is to be in support of Federal, State, local and foreign law enforcement agencies (10 U.S.C.' 124);
- ! Integrating command, control, communications, and technical intelligence assets of the federal government dedicated to drug interdiction into an effective communications network (Section 1004(b)(8), National Defense Authorization Act for Fiscal Year 1991, as amended);
- ! Approving and funding Governors' State Drug Interdiction and Counter-drug Activities Plans for expanded use of the National Guard, when not in federal service, in support of drug interdiction and counterdrug activities and other State activities (32 U.S.C.' 112); and,
- ! Providing additional support, equipment and facilities to other agencies for counterdrug purposes such as training, maintenance, transportation, information exchange, construction, and intelligence analysis (10 U.S.C.' 371-374, as well as various sections of National Defense Authorization Acts).

In 1993 and again in 1995, President Clinton directed that the United States will treat the operations of international criminal narcotics syndicates as a serious national security threat, requiring an extraordinary and coordinated response by civilian and military agencies engaged in national security. In support of these Presidential Directives against cocaine and heroin, the Department of Defense redirected counterdrug programs to enhance support to cocaine and heroin source countries, while continuing programs that support dismantling cartels, detection and monitoring, demand reduction, and domestic law enforcement agencies.

There has been largely bipartisan agreement concerning the constraints under which the Department of Defense should operate in accomplishing its counterdrug responsibilities. The primary Department of Defense drug control function is to support the efforts of the Department of State, U.S. law enforcement agencies, and other federal agencies with drug control responsibilities to stem the flow of illegal drugs into the United States. The level and categories of support supplied by the Department of Defense are constrained by both policy and law. Under

policy and law, the principle of *posse comitatus* constrains military forces from direct participation in law enforcement operations such as searches, seizures or arrests (10 U.S.C. ' 374).

Administration policy and Congressional guidance also clearly indicate that the counterdrug support provided by the Department of Defense to other agencies should not adversely affect the military preparedness of the United States (10 U.S.C. ' 376). Collectively, these guidelines establish the Department's role as one of support to law enforcement agencies and departments engaged in domestic and international drug control activities.

b. The Department of Defense's Counterdrug Budget

1. The Department of Defense's Overall Counterdrug Budget

For FY1999, the President requested \$882.8 million for Department of Defense counterdrug funding. This request sought an increase of \$35.1 million over the FY1998 enacted DoD counterdrug budget, and \$51.2 million over the FY1998 actual DoD counterdrug budget. For comparison, the FY1999 request sought \$42.6 million over the FY1995 actual DoD counterdrug budget, and \$30.9 million over the FY1995 enacted counterdrug budget for the Department.

For FY1999, The Congress enacted \$895.1 million in funding for DoD counterdrug programs. The Congress then supplemented this funding with an additional one-time allocation of \$42 million.

The Department has also requested Congressional approval to supplement the FY1999 counterdrug budget by an additional \$45 million in a one-time reprogramming to support the creation of forward operating locations (FOLs). This much needed funding now awaits Congressional approval. If approved the total Department of Defense's FY1999 counterdrug budget will reach \$982.1 million.

2. The Department of Defense's Current Counterdrug Budget Broken-Down By Function

FY 1999 funding for international drug control activities (Goals 4 and 5 of the *National Drug Control Strategy*) totals \$706.2 million for interdiction, intelligence, and host nation support activities. The vast majority of these funds are allocated to support counterdrug OPTEMPO requirements and the DoD's statutory responsibility for the networking of federal counterdrug command, control, communications, and technical intelligence assets. DoD has also provided for detection, monitoring, and surveillance assets such as Relocatable Over-The-Horizon Radars (ROTHR) and various aircraft to support drug interdiction. Counterdrug intelligence programs and U.S.-Mexico border interdiction activities have been funded as well. Overall, the Department of Defense supports several key counterdrug operations in both source countries and the transit zone.

The total FY1999 DoD funding for domestic programs is \$230.9 million, which is divided between community outreach programs, law enforcement support activities, and the maintenance of drug-free workplaces for both military and civilian employees throughout the Department of Defense. The Department of Defense impacts domestic drug control (Goals 1, 2, and 3 of the *National Drug Control Strategy*) primarily through the activities of the National Guard and through its efforts to identify and eliminate drug abuse within its own ranks. One of the greatest success stories of the last two decades in our national drug control effort has been the establishment of a nearly drug free military establishment.

Within this \$230.9 million, this year, DoD will spend over \$136.7 million in support of domestic drug law enforcement agencies through equipment, personnel, training, and operations support. This support is provided by active duty, Reserve Component, and National Guard personnel in activities including construction of roads, lights, and fences and providing training and analytical support.

3. Overview of the President's FY2000 Request

The President's FY2000 budget request seeks a total of \$954.6 million in funding for Department of Defense counterdrug programs. This level of funding would maintain all FY1999 base program spending. In addition, the FY2000 request includes \$92.4 million for restructuring of SOUTHCOM's theater counterdrug architecture. This funding will support the development of three FOLs to maintain air operations in the source and transit zones.

c. Overview of Ongoing Department of Defense Counterdrug Support Programs

The Department of Defense provides unique training, skills, equipment, and capability to the counterdrug effort. The National Drug Control Strategy seeks to combine these unique capabilities with the efforts of other agencies in synergistic programs which strike at the heart of the problems of illicit drug abuse, production, and trafficking. Efforts in support of demand reduction include the creation of a drug-free workplace and the work of the National Guard. Department of Defense supply reduction efforts are more expansive and include transit zone interdiction support, international and domestic law enforcement support, and military-to-military cooperation.

1. Creating a Drug-Free Workplace

One of the greatest success stories of the last two decades in our national drug control effort has been the creation of a nearly drug-free military establishment. The Department of Defense uses effective, random drug testing programs for military service members to reduce the demand for drugs and provides related education and prevention programs for military personnel. Similarly, drug testing and drug abuse education of civilian personnel and the drug-free workplace programs for DoD contractors receive particular attention.

In order to continue reductions in illegal drug use, the Department of Defense is also enhancing the military recruit screening process and providing cost effective drug awareness programs for all personnel.

The primary focus of the Department of Defense's Demand Reduction Program is force readiness. In order to preserve this readiness, drug testing is conducted at six military laboratories for specimens from all active duty, reserve and National Guard personnel, and is contracted to health industry laboratories for specimens from Military Service and Defense Agency civilians. Funding for prevention and education activities supports Service and Defense Agency-specific programs aimed at ensuring that military and civilian members understand the dangers of drug abuse to the individual, family, and the broader DoD community. The main theme of this training is that drug abuse is completely incompatible with military preparedness -- therefore there is zero tolerance for drug abuse within the active duty forces.

This program continues to show great success. Nearly 2.5 million active duty military personnel are tested on annual basis with an illicit drug positive rate of less than 1 percent. According to the most recent triennial survey of active duty personnel, self-admitted drug use within the past 30 days is 2.7 percent. Military Entrance Processing Stations' screening of all applicants identifies approximately 4 percent of all applicants as positive for illicit drug abuse, while recruit testing identifies an additional 2-3 percent. These numbers indicate that the DoD initiatives to maintain a drug-free environment for all personnel continue to be extremely effective.

2. National Guard Efforts

The National Guard combines military capabilities, professionalism, and discipline, with strong ties to over 3,400 communities throughout the 54 states and territories. The combination of military capability and strong community base gives the Guard a critical role in a number of drug control programs.

DoD funding is provided for counterdrug programs that the National Guard conducts when operating in both its federal role (Title 10) and its state role (Title 32). In order to receive funding for its state role, the governors of the 54 states and territories prepare counterdrug support plans that incorporate their state Guard in missions supporting law enforcement agencies within the state. Those plans are reviewed by the National Guard Bureau and submitted to the Secretary of Defense for approval. DoD then approves and funds the State Plans. When performing counterdrug duties in support of State Plans, National Guard personnel are responsible to the governor rather than to the Departments of the Army and the Air Force. Guard personnel providing counterdrug support at both the federal and state levels are in a volunteer status.

The Guard supports both demand reduction and supply reduction efforts. In FY98, the National Guard served 940,026 man-days in support of 16,981 counterdrug missions. In demand reduction, the Guard provides positive role models for at-risk children through community outreach programs. FY98 demand reduction support included 5,971 of these community based activities, accounting for 35 percent of total Guard missions in that fiscal year.

The Guard also directly supports federal, state, and local law enforcement agencies= counterdrug efforts. In FY98, the Guard conducted 11,010 missions (65 percent of FY98 mission totals) in support of law enforcement. Technical support -- analytical, communications, engineer, diver, logistics, and general support -- accounted for 40.5 percent of total Guard man-days. The Guard also provided 27.5 percent of its total man-days for marijuana eradication, transportation, maintenance and logistical support, and cargo/mail inspection activities in support of domestic law enforcement. The Army and Air Guard provided a total of 39,682 hours of aviation support to counterdrug missions as well.

The Guard gives the highest priority to requests for support from law enforcement agencies within the High Intensity Drug Trafficking Areas (HIDTA); the National Guard is currently represented on the operational staffs or administrative support units of every HIDTA in the nation. National Guard accomplishments last year included:

- ! Assisting in seizures of over 55,000 pounds of cocaine, 200 pounds of heroin, and 600,000 pounds of marijuana.
- ! Assisting in the confiscation of \$27 million in currency and 390 weapons.

3. Domestic Law Enforcement Support

Joint Task Force-Six, based in El Paso, Texas, coordinates all Department of Defense Title 10 support to domestic law enforcement agencies. This support is provided by both Federal and Reserve Components to drug law enforcement agencies throughout the United States, along the Southwest Border, and Puerto Rico. Efforts are prioritized to optimize the operational impact in the HIDTAs. Equipment support is provided to domestic drug law enforcement agencies through the transfer of excess DoD property, which included over 700 vehicles and 50 aircraft in FY98.

In 1998, the Department of Defense supported domestic law enforcement activities with important training assistance. The Regional Counterdrug Training Academy based in Meridian, Mississippi, conducted 73 different counterdrug classes for over 2,300 drug law enforcement students. Operating out of St. Petersburg, Florida, the Multi-jurisdictional Counterdrug Task Force provided 300 classes and reached over 73,000 students through classroom, field, and distance learning techniques. These training programs provided

effective means for the transfer of DoD counterdrug know-how to domestic law enforcement personnel.

Joint Task Force-Six has been particularly important to Southwest Border enhancement projects. Along the great majority of the Southwest Border, there are few barriers to drug trafficking. Since 1990, Joint Task Force-Six and Team Engineer of the California National Guard Counter Drug Directorate have constructed over 55 miles of barrier fencing in urban areas and 10 miles of rail barriers in rural settings. Joint Task Force-Six has also built 111 miles of roads and installed 17 miles of stadium lights to support the efforts of law enforcement agencies operating along the Southwest Border.

4. Transit Zone Interdiction Support

The regional focus of the Department of Defense Unified Command structure and the sophisticated capabilities of its command, control, communications, computers, and intelligence (C4I) systems have also made the Department of Defense a key player in our national interdiction effort. To succeed against powerful international trafficking groups, sovereign democratic states must cooperate on a regional basis. The unified command structure, with forward deployed Commanders-in-Chief (U.S. Southern Command and U.S. Pacific Command) responsible for large geographic areas, has proven invaluable for fashioning regional responses. The command and control structure for our national interdiction effort is drawn largely from DoD systems and is organized around the Department of Defense. At the core of this command and control structure are geographically-oriented, national counterdrug task forces known as Joint Interagency Task Forces (JIATFs).

There are currently three JIATFs coordinating and directing as necessary the detection, monitoring, and sorting of suspect drug trafficking aircraft, maritime vessels, and (where applicable) ground traffic. JIATF-South is forward deployed in Panama, and concentrates on supporting the counterdrug initiatives of source countries. JIATF-South also tracks suspect air and maritime trafficking targets originating in South America and passes them to partner nation law enforcement agencies or to JIATF-East for further monitoring.

JIATF-East is based in Key West, Florida, and is primarily focused on countering illicit drug trafficking that is conducted in Central America, the Caribbean, and the Atlantic Ocean. JIATF-East coordinates the handoff of suspect drug targets to appropriate U.S. or foreign law enforcement authorities for apprehension.

JIATF-West, based in Alameda, California, performs a dual role: 1) detection and monitoring in the Eastern Pacific, and 2) support to Country Teams and drug law enforcement agencies throughout the US Pacific Command. JIATF-West conducts detection and monitoring operations off the Western Coast of Mexico (west of 92 west). Like JIATF-East, JIATF-West also coordinates the handoff of suspect drug targets to

appropriate U.S. or foreign law enforcement agencies. In Asia, JIATF-West focuses primarily on the trafficking in heroin and other illegal drugs originating in this region and the coordination of support to our partner nations within the regions. Upon request, JIATF-West may also support counterdrug efforts within the geographic boundaries assigned to the Commander-in-Chief Command and Commander-in-Chief Central Command. Taskings are normally provided to the JIATFs via the regional military Commander in Chief; JIATFs fulfill these interdiction tasks through the employment of assets dedicated by the Department of Defense, the U.S. Coast Guard, and the U.S. Customs Service. Intelligence support taskings are primarily in support of DEA operations.

Effective May 1, 1999, JIATF-South will be combined with JIATF-East, unifying coordination of cocaine source and transit zone interdiction operations in a single headquarters. This consolidated JIATF-East organization will facilitate the more efficient coordination of U.S. counterdrug efforts aimed at countering the South-North flow of illicit drugs (primarily cocaine) into the United States. JIATF-West will continue to provide oversight for U.S. efforts to counter the East-West flow of heroin from Asia and the North-South flow of cocaine from Latin America via the Eastern Pacific into the United States. This new interdiction organizational structure is expected to yield greater efficiencies in the coordination of U.S. interdiction activities.

Through the JIATFs, DoD uses cued intelligence to focus coordinated, flexible detection and monitoring operations against actionable, high threat target regions. This year DoD assets involved in the Detection and Monitoring effort include Relocatable Over-The-Horizon Radars (ROTHR) in Virginia and Texas, the Caribbean Basin Radar Network, P-3 Counterdrug Upgrade Aircraft, E-3 AWACs, E-2s, F-16 fighters, Navy combatants, and TAGOS radar picket ships. Additionally, the Tethered Aerostat Radar System provides critical low-altitude radar surveillance of the southern approaches to the United States. These assets provide an exceptional long-range detection and monitoring capability throughout the 6 million square mile transit zone (see figure 10). DoD supported transit zone operations provide a critical line of Defense that directly assists law enforcement agency seizures of over 100 metric tons of cocaine annually.

Intelligence performance is critical to shielding America's air, land and sea frontiers from the drug threat. DoD IMINT, SIGINT, and ELINT based intelligence, in combination with intelligence analysis, helps identify trafficker routes and methods, assists in determining the appropriate force laydown, and cues interdiction forces to particular smuggling events. DoD assets working with interagency forces detected over 8 out of 10 air trafficking events last year and provided key intelligence "tippers" for maritime smuggling vessels moving multi-ton loads of cocaine to the United States.

5. Support to International Drug Enforcement

DoD has played a critical role in building and strengthening international cooperation against narcotics production, trafficking, and use, particularly in the cocaine source countries. DoD provides training, equipment, logistics, intelligence, and communications support to help host nations improve their operational capabilities and overall effectiveness against drug trafficking. DoD efforts to support source nations include:

- ! Detection and monitoring assets such as ground based radars deployed to Peru and Colombia and E-3 AWACs operations.
- ! Special Operations Forces deployments to train participating nation counterdrug forces.
- ! The Command Management System and other critical command and control links vital to support law enforcement and interdiction operations.

The U.S. military's unique expertise, high degree of professionalism, and experience in working with foreign national personnel makes it an excellent vehicle for the provision of training and support to U.S. and host nation counterdrug law enforcement entities. DoD provides the maximum, effective support possible within the legal constraints prohibiting direct U.S. participation in actual field operations. All DoD training of host nation personnel stresses the importance of human rights in law enforcement activities.

The tremendous intelligence capability of DoD also make it an important source of support for international drug enforcement efforts. DoD provides direct strategic, operational, and tactical intelligence production support to U.S. and host nation law enforcement agencies. Extensive DoD supported programs have contributed significantly to the arrest and/or extradition of South American drug cartel members and Southeast Asian drug traffickers, the disruption of drug movements, and the dismantling of these drug organizations' infrastructure.

One area in which DoD detection and monitoring support has made a dramatic impact on the operations of illicit drug traffickers is the Andean Ridge. The Department of Defense has provided detection, monitoring, and tracking support to a multinational campaign to suppress the airbridge that links growing areas in Peru to production labs in Colombia. As a result of this effort, illicit drug traffickers who would prefer to ship their products via small aircraft have been forced to alter their transportation methods. Prices for coca have plummeted to historic lows in Peru due to the inability of Peruvian farmers to move their products into Colombia. Unable to feed their families, farmers have been forced to either abandon their fields or turn to alternative crops. Interdiction success, increased alternative development, and improved government control of the growing area have combined to reduce coca cultivation in Peru by 56 percent in three years. This combined regional

operation has involved cooperative law enforcement and information sharing by the Governments of Peru, and Colombia, and supported by Venezuela, Ecuador, and Bolivia and Brazil -- all enabled by the detection, monitoring, and tracking support supplied by the Department of Defense.

Construction upgrades to participating nation facilities have also been an important aspect of DoD support internationally. For example, DoD support upgraded counter-drug training facilities in Southeast Asia and completed three task force command centers in Thailand. The newly established International Law Enforcement Academy (ILEA) in Bangkok, Thailand, has also received DoD engineering expertise. When completed, ILEA Bangkok will provide an opportunity for regional participation in courses addressing international threats such as drug trafficking. DoD, through JIATF-West, has also developed a practical counter-drug exercise -- essentially a scaled war game simulation -- that will serve as a capstone for the core curriculum of the ILEA.

6. Military-to-Military Cooperation

Many countries share our view that their military forces have important capabilities to lend to drug control efforts and should be called upon to help shield the nation from the threat posed by powerful trafficking groups. The military-to-military relationships maintained by U.S. military services with foreign counterparts are extremely helpful in coordinating bilateral and regional counterdrug operations with these countries. The Department of Defense provides essential training support to foreign counterdrug military forces.

Military-to-military cooperation with Mexico has enhanced our overall counterdrug relationship with this critical country. The Department of Defense provides assistance to the Mexican military counterdrug structure as it continues its evolution from a limited role in eradication operations to more active support of law enforcement interdiction efforts. The Department of Defense fosters military-to-military cooperation with Mexican counterdrug elements in the areas of training, modernization, and operational and intelligence support. In FY98, over 1000 counterdrug training quotas were allocated to Mexican military personnel. Training was conducted in areas such as helicopter operations and maintenance, small unit counterdrug operations, military police procedures, and small boat operations.

Both Mexico and the United States agree on the importance of continuing to develop and strengthen their respective military relationship. Mexico's new counterdrug strategy, announced on February 3, 1999 by Secretary of Interior Labastida, Secretary of Defense Cervantes, Secretary of the Navy Lorenzo, and Attorney General Madrazo, is a comprehensive plan to attack drug trafficking by air, sea, and land. The goal of the strategy is to prevent drugs from entering Mexico. This strategy includes the purchase of tracking aircraft and, strengthening the air surveillance system, use of satellites for communications, and the installment of state-of-the-art x-ray and mobile detection systems

for the ports of entry. Both countries will seek to adapt the military-to-military programs to integrate and support this counterdrug strategy by improving information sharing and developing training programs specific to this strategy.

In Colombia, U.S. military assistance to Colombian counterdrug forces, outside regional detection and monitoring operations, is comprised mainly of extensive intelligence and training support, and also includes some counterdrug base construction and security upgrade services. In August 1998, Secretary Cohen and the Colombian Minister of Defense agreed to form a military-to-military Binational Working Group. The first meeting of this group took place in March of this year. At that meeting, the Counterdrug Sub-working Group identified a comprehensive list of action items for cooperative efforts in the areas of air interdiction, ground operations, riverine and maritime operations, intelligence requirements, equipment upgrades, and precursor chemical control. The group identified the critical role of air interdiction operations in establishing Government of Colombia presence in the vast, outlying drug-producing regions. It also noted the pressing need to provide air mobility for the Colombian Army's newly-designated Counternarcotics Battalion, and fuel to support aerial and maritime interdiction operations. The Counterdrug Sub-Working Group agreed to meet every three to four months to continue detailed examination of these issues and to coordinate follow-up actions for plans currently in development. Separate sub-working groups dealt with the issues of respect for human rights and general reform and professionalization of Colombia's military forces.

The Department of Defense supports several counterdrug training initiatives in Colombia. Training is conducted in small-unit operations, medical evacuation procedures, logistics support, communications, and boat and aircraft maintenance. An example of DoD support to the counterdrug efforts of Colombia's military forces is the assistance that is being provided to the Colombian riverine interdiction program. As a result of the effectiveness of air interdiction programs, drug traffickers have increased their reliance upon river routes in the source nations. Left unchecked, river trafficking has the potential of providing drug organizations an effective means of avoiding the air interdiction effort, and possibly negating the progress achieved in reducing Andean coca cultivation. Ground-breaking authority was granted by Congress via the FY 98 National Defense Authorization Act to procure equipment needed to develop and support riverine programs in both Colombia and Peru. Initial program design looks promising and should develop significant riverine capability in both nations over the next several years. The United States must continue to assess changes in the air, land, and riverine threats in Colombia and ensure that U.S. government support remains responsive to both the threat and host nation conditions. The U.S. military remains a particularly effective instrument for providing focused, expeditionary assistance to source countries that are actively confronting the illicit drug threat.

VI. CRITICAL DEFENSE-RELATED AND INTERNATIONAL COUNTERDRUG CHALLENGES

a. Restructuring the Theater Interdiction Architecture - Forward Operating Locations (FOLs) (see figure 11)

Over the past decade, the majority of Department of Defense support to the cocaine source country effort was provided from U.S. military facilities in Panama. Over 2,000 counterdrug flights per year originated from Howard AFB. This vital facility supported, operationally and logistically, mission essential interagency detection, monitoring, and tracking operations conducted by P-3 Airborne Early Warning (AEW) aircraft, P-3 Counterdrug Upgrade (CDU) aircraft, E-3 AWACs, E-2 early warning aircraft, F-16 fighters, C-550 Citation trackers, and various other aircraft. The U.S. military presence in Panama also supported transit zone interdiction operations, provided facilities for pier-side boarding and destructive searches, supported training in small boat operations and maintenance, and provided jungle operations training for small counterdrug units. The counterdrug capabilities resident in Panama provided significant support to the efforts of the U.S. Customs Service, the U.S. Coast Guard, the Drug Enforcement Administration, and our regional partners.

United States Armed Forces personnel must complete their withdrawal from Panama no later than December 31, 1999. U.S. Southern Command's plan to meet the December 31, 1999 deadline directs the cessation of air operations at Howard Air Force base on May 1, 1999 to allow for the gradual redeployment of forces. To continue uninterrupted source zone counterdrug operations, the Departments of Defense and State are working to establish Forward Operating Locations (FOLs) in Manta, Ecuador and Aruba/The Netherlands Antilles (Curacao). These FOLs will eventually be capable of supporting aviation operations 24 hours a day, 7 days a week. Interim FOL agreements have already been reached with Ecuador and The Netherlands. Negotiations are currently underway to establish a third FOL. With infrastructure improvements and a full range of long-term FOL agreements, the counterdrug support functions resident in Panama can be performed in these alternate locations within the hemisphere.

The timely reestablishment of these full counterdrug capabilities is dependent upon a number of key steps that are already either in progress or under coordination. The restoration of full coverage will require significant Overseas Military Construction, especially in Ecuador, to improve FOL facilities. Additional legislative authority may be required to obligate FOL upgrade funds. Budget estimates for the establishment of FOLs may change after detailed site surveys are fully completed. The interim agreements with Ecuador and Aruba/Curacao are scheduled to expire within one year's time; long-term agreements are still being negotiated.

A concerted U.S. government effort is required over the next eighteen months to ensure that we maintain full support to the *National Drug Control Strategy* as we reestablish our regional counterdrug support infrastructure. This interagency effort must include long term agreements with host nations, oversees military construction authority and budgets, and commitment from

interagency force providers to maintain an uninterrupted level of effort. The Secretary of Defense has indicated his full commitment to ensuring that the necessary steps are taken to bring the FOLs to full operational status. We now need to ensure that all of the other affected elements of the U.S. government are similarly prepared to support DoD's FOL plan.

b. Helping Colombia Develop a Comprehensive Counterdrug Program (see figure 12)

Virtually all of Colombia's drug-producing regions are under guerrilla or paramilitary group control which makes law enforcement operations difficult and dangerous. Both the guerrillas and paramilitaries receive substantial funding from drug trafficking. The intelligence community estimates that two-thirds of the FARC fronts and one-third of the ELN fronts are involved in some phase of the drug industry. Colombia's weak economy and high unemployment rate have been driving large numbers of young men into the illegal activities of the guerrilla, paramilitary, and narco-trafficking groups, all of which have grown substantially over the last several years. The Colombian state has been unable to deal adequately with these multiple threats to its authority, and the absence of the rule of law in many areas has created a vacuum within which the drug industry has thrived. The Colombian Government is caught in a downward spiral: the violence generated by traffickers and the guerrilla and paramilitary groups fueled by drug money damages the legitimate economy and discourages investment; the resulting unemployment provides the human resources to strengthen the outlaw groups which are then able to expand their control over territory and their narco-trafficking activities.

The United States must work with the Government of Colombia to develop a comprehensive response to the increased threats there. In addition to our ongoing programs in the areas of eradication, interdiction, and administration of justice, we are reviewing plans to expand interdiction of trafficker flights, control rivers, increase maritime operations, and establish government presence in the drug-producing regions to make law enforcement possible and allow the development of legitimate economic alternatives to the drug trade. If adopted, such plans could require an increase in the counterdrug support we provide to Colombia's military forces, without degradation to our current support of the Colombian National Police and civilian agencies. However, such support will be limited to counter-drug operations, as our official policy is to not directly or indirectly intervene in Colombia's counter-insurgency. The limits placed on USG assistance by Section 568 of the FY1999 Foreign Operations Appropriations Act and Section 8130 of the Defense Appropriations Act will be strictly observed.

c. Expanding Cooperation with Mexico (see figure 13)

Mexico remains one of the primary transit nations for drugs entering the United States. Mexican drug cartels run distribution networks throughout the United States, supplying 59 percent of the cocaine sold in the United States and large quantities of other drugs, such as black tar heroin and methamphetamines. Drug corruption remains endemic in Mexico -- a fact borne out by the recent drug offense indictment and flight of the former governor of the state of Quintana Roo. Given the resources available to traffickers, there is no institution in Mexico immune from the threat.

As we confront the shared problems of drugs, it is in the best interests of the United States to do so through expanded cooperation between our two nations. We can either fight this common problem together -- or we can go our separate ways, duplicating resources, failing to communicate and letting narco-traffickers divide allies in an attempt to gain the upper hand.

As discussed above, military-to-military relations between our two nations are at their strongest level since 1995, and can play an important role in further expanded counterdrug cooperation. Both nations will seek to adapt military-to-military programs to integrate and support Mexico's new counterdrug strategy by improving information sharing and developing new training programs specific to the goals of the new Mexican effort.

In addition, we can reduce the common problems of drugs our two nations share by helping interdict drugs before they can enter Mexico. This can best be accomplished by the establishment of small, special counterdrug units that are flexible, mobile, that can rapidly respond to intelligence cued events. These units must be capable of interdicting suspected traffickers while in transit in the air, on land, and at sea. United States efforts are aimed at providing mobility to Mexican police and military, providing training when Mexico requests it and it is consistent with U.S. counterdrug needs, and improving cooperation between law enforcement agencies in both countries. Over the long run we are convinced that this policy will improve the chances our southern neighbor will develop its own counterdrug capacity and will find it in its national interest to act against drugs collaboratively with the United States.

d. The Southwest Border

We can also substantially decrease the threat of drugs transiting into the United States by strengthening our Southwest Border counterdrug programs. The shared 2,000 mile border with Mexico attracts drugs and provides Mexican drug traffickers ample opportunity to move large quantities of heroin, cocaine, marijuana, and methamphetamine into the U.S. Drug violence spills over this border into the neighboring states -- New Mexico, California, Texas, Arizona. Drugs that cross this border pass into our heartland (for example, Kansas, Iowa, Illinois) and beyond (for example, Massachusetts, New York, Oregon) and attack cities, suburbs and rural communities alike.

Improving our counterdrug efforts along this border first requires us to better organize our existing efforts. At present, we lack a definable chain of command and accountability. Our Southwest Border efforts must also become more flexible and intelligence driven. We need to better understand the emerging threats and deploy our resources to counter these threats. While the challenge of better organizing our border efforts are outside the confines of DoD's responsibilities, they are critical to understanding the broader context of all our efforts in this region to secure our nation and the American people from the threat of drugs.

We also must shift from a system that is dependent upon manpower to one that relies on cutting edge technology. We simply cannot think that in an era of expanding interchange that we will be

able to unpack every crate of carrots or search every railcar by hand. We need to develop and deploy a family of complementary systems within the next five years that can inspect increasing numbers of in-bound containers, shipments, and conveyances for drugs. We want to provide major ports of entry with the capacity to subject in-bound shipments to non-intrusive inspections by complementary systems. Through technology we will put in place a seamless curtain against drugs. This curtain will not be iron but information -- derived from technology and intelligence. And, it will be held in place by good organization and shared commitment -- a commitment based on common values and interests. It will be permeable to trade and culture but impermeable to drugs, crime, and violence.

CONCLUSION

The Department of Defense plays a critical supporting role in implementing our National Drug Control Strategy. Through the *Strategy's* balanced and comprehensive approach -- focusing on both demand and supply -- we will reduce drug use and its consequences by half over the next ten years.

Mr. Chairman, Ranking Member Bingaman we thank you, the rest of the Committee, and the Congress as a whole for the bipartisan support we have received in this effort. Your support is critical to progress we are now making. Look at the results. Youth drug use rates have leveled off and in many cases are now in decline (this marks a sharp departure from the prior six years, which saw the number of our children doing drugs steadily increase). Overall drug use in the United States is now half what it was in the 1970s. Drug-related murders have reached their lowest point in over a decade. With your continued support we can significantly reduce the threat of drugs to our nation and our people.

Thank you for the opportunity to appear before you today.