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International Drug Trade and U.S. Foreign Policy

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Summary

Efforts to significantly reduce the flow of illicit drugs from abroad into the United States have so far not succeeded. Moreover, over the past decade, worldwide production of illicit drugs has risen dramatically: opium and marijuana production has roughly doubled and coca production tripled. The effectiveness of international narcotics control programs in reducing consumption is a matter of ongoing concern.

Despite apparent national political resolve to deal with the drug problem, inherent contradictions regularly appear between U.S. anti-drug policy and other national policy goals and concerns. Pursuit of drug control policies can sometimes affect foreign policy interests and bring political instability and economic dislocation to countries where narcotics production has become entrenched economically and socially. Drug supply interdiction programs and U.S. systems to facilitate the international movement of goods, people, and wealth are often at odds.

U.S. international narcotics policy requires cooperative efforts by many nations that may have domestic and foreign policy goals that compete with the requirements of drug control. One contentious issue has been the congressionally-mandated certification process, an instrument designed to induce specified drug-exporting countries to prioritize or pay more attention to the fight against narcotics businesses. Current law requires the President, with certain exceptions, to designate and withhold assistance from countries that have failed demonstrably to meet their counternarcotics obligations.

P.L. 106-246, commonly referred to as “Plan Colombia,” a \$1.3 billion military assistance-focused initiative to provide emergency supplemental narcotics assistance to Colombia, was signed into law July 13, 2000. Recently, U.S. policy toward Colombia has focused increasingly on containing the terrorist threat to that country’s security posed by groups engaged in drug trafficking.

The high national priority given to terrorism has resulted in enhanced focus on links between drug and terror groups. A challenge facing policymakers is not to divert counter-drug resources for anti-terror ends in areas of potentially low payoff.

An issue likely to receive continued attention in the 109th Congress is that of skyrocketing opium poppy cultivation in Afghanistan and whether to press for aerial crop eradication against the wishes of the local Afghan leadership.

This report replaces IB10150, *International Narcotics Policy: Overview and Analysis*, by Raphael F. Perl. It will be updated periodically.

Contents

Problem	1
Current International Drug Control Policy	2
Eradication of Crops	2
Interdiction and Law Enforcement	3
International Cooperation	4
Sanctions/Economic Assistance	4
Institutional Development	5
Policy Approaches	6
Overview	6
Expansion of Efforts to Reduce Production at the Source	6
Political and Economic Tradeoffs	8
Use of Sanctions or Positive Incentives	9
Expansion of Interdiction and Enforcement Activities to Disrupt Supply Lines/Expanding the Role of the Military	10
Expansion of Efforts to Reduce Worldwide Demand	11
Expansion of Economic Disincentives for Illicit Drug Trafficking	12
Major Policy Initiatives	12
Plan Colombia/Andean Counterdrug Initiative	12
Afghanistan	13
Certification Process	14
The George W. Bush Administration's Anti-Drug Strategy	15
2006 National Drug Control Strategy	15
2006 Synthetic Drug Strategy	16
Possible Issues Relating to Policy and Strategy Implementation	16

International Drug Trade and U.S. Foreign Policy

Problem

Some 19 million Americans use illicit drugs at least once per month, spending by most conservative estimates over \$60 billion annually in a diverse and fragmented criminal market.¹ Such drugs are to varying degrees injurious to the health, judgment, productivity and general well-being of their users.² Additionally, the U.S. illicit drug market generates billions of dollars in profits. Such profits provide international drug trafficking organizations with the resources to evade and compete with law enforcement agencies, to penetrate legitimate economic structures, and, in some instances, to challenge the authority of national governments. Calculated in dollar value terms, at least four-fifths of all the illicit drugs consumed in the United States are of foreign origin, including virtually all the cocaine and heroin and most of the marijuana.³ According to the Drug Enforcement Administration (DEA), the methamphetamine market is supplied predominantly from laboratories in both the United States and Mexico while most of the hallucinogens and illegally marketed psychotherapeutic drugs and “designer” drugs are of domestic U.S. origin.⁴

Drugs are a lucrative business and a mainspring of global criminal activity. Knowledge is incomplete about the distribution of revenues from illicit drug sales, but foreign supply cartels exercise considerable control over wholesale distribution in the United States and illicit proceeds are often laundered and invested through foreign banks and financial institutions.

¹ See U.S. Department of Health and Human Services, *National Survey on Drug Use and Health*, 2004, Revisions as of 9/8/2005, p. 3, which states: “In 2004, 19.1 million Americans, or 7.9% of the population aged 12 or older, were current illicit drug users.”

² The total economic costs of illicit drug use to the nation in 2002 have been estimated by the White House Office of National Drug Control Policy to be \$180.9 billion. See Executive Office of the President, Office of National Drug Control Policy, *The Economic Costs of Drug Abuse in the United States: 1992-2002*, p.vii, December 2004.

³ See 2002 Office of National Drug Control Policy (ONDCP) *National Drug Control Strategy (ONDCP Strategy)* and the U.S. Drug Enforcement Administration (DEA) 2002 report, *Drug Trafficking in the United States*. Note that the more current editions of the National Drug Control Strategy do not appear to provide overall drug trade dollar figures, which many argue are speculative at best.

⁴ For issues relating to methamphetamine, see generally CRS Report RS22325, *Methamphetamine: Legislation and Issues for Congress*, by Celinda Franco.

The federal anti-drug initiative has two major elements: (1) reduction of demand and (2) reduction of supply. Reduction of demand is sought through education to prevent dependence, through treatment to cure addiction and through measures to increase prices and risk of apprehension at the consumer level. Reduction of supply, which currently accounts for about 64.5% of the federal anti-drug control budget, is sought by programs aimed at destabilizing the operations of illicit drug cartels at all levels and severing their links to political power, and by seizing their products, businesses, and financial assets. As most illicit drugs are imported, a major interdiction campaign is being conducted on the U.S. borders, at ports of entry, on the high seas, and along major foreign transshipment routes and at production sites. An international program of source crop eradication is also being pursued. Approximately 24.6% of the requested federal drug control budget of \$12.6 billion for FY2007 is for interdiction and 11.5% is for international assistance programs. These ratios continue to remain relatively constant. The major international components of federal policies for the reduction of illicit supply are discussed below.

On March 1, 2006, the State Department released its annual *International Narcotics Control Strategy Report (INCSR)*, a congressionally-mandated comprehensive assessment of the efforts of foreign nations to combat the illicit drug trade and drug related money laundering.⁵

Current International Drug Control Policy

The primary stated goal of U.S. international drug policy is to reduce the supply of illicit narcotics flowing into the United States. A second and supporting goal is to reduce the amount of illicit drugs cultivated, processed, and consumed worldwide. U.S. international drug control policy is implemented by a multifaceted strategy that includes the following elements: eradication of narcotic crops; interdiction and law enforcement activities in drug-producing and drug-transiting countries; international cooperation; sanctions/economic assistance; and institutional development. The U.S. State Department's Bureau of International Narcotics and Law Enforcement (INL) has the lead role in coordinating U.S. international drug intervention and suppression activities.

Eradication of Crops

A long-standing U.S. policy regarding international drug control is to reduce cultivation and production of illicit narcotics through eradication. The United States supports programs to eradicate coca, opium, and marijuana in a number of countries. These efforts are conducted by a number of U.S. government agencies administering several types of programs. The United States supports eradication by providing producer countries with chemical herbicides, technical assistance and specialized equipment, and spray aircraft. The U.S. Agency for International Development (AID) funds programs designed to promote economic growth and to provide alternative sources of employment for the people currently growing, producing, or processing illicit drugs. U.S. eradication policy receives informational support from

⁵ [<http://www.state.gov/p/inl/rls/nrcrpt/2006/>]

the State Department's Office of Public Diplomacy and Public Affairs, which publicizes the dangers of drug abuse and trafficker violence. In addition, AID sponsors drug education and awareness programs in 33 Latin American, Asian, and East European countries.

On January 2, 2005, the *Los Angeles Times* reported a Bush Administration split over how to respond to Afghanistan's skyrocketing opium poppy production.⁶ Central to the debate is what some view as potentially competing U.S. policy objectives in the war-torn nation, i.e., counterterrorism, counter-narcotics, and political stability.

Interdiction and Law Enforcement

A second element of U.S. international narcotics control strategy is to help host governments seize illicit narcotics before they reach America's borders. A related imperative is to attack and disrupt large aggregates of criminal power, to immobilize their top leaders and to sever drug traffickers' ties to the economy and to the political hierarchy. Training of foreign law enforcement personnel constitutes a major part of such endeavors. The Department of State funds anti-narcotics law enforcement training programs for foreign personnel from more than 70 countries. In addition, the Department of State provides host country anti-narcotics personnel with a wide range of equipment, and DEA agents regularly assist foreign police forces in their efforts to destabilize trafficking networks. U.S. efforts to promote effective law enforcement against drug traffickers also include suggestions to nations on means to strengthen their legal and judicial systems. Finally, an important judicial tool against drug dealers is extradition.

A November 2005 report released by the Government Accountability Office argues for the development of better counter-drug performance measures by government agencies and warns that the commitment of military assets to Iraq and Afghanistan is likely to hamper the ability of U.S. law enforcement to intercept drug shipments in the future.⁷ Proponents of strong drug interdiction policies have long been concerned that the nation's focus on anti-terror objectives will detract from resources and political will needed to combat foreign illicit drug production and trafficking.

A major challenge facing the counter-drug law enforcement and intelligence community is how best to target criminal facilitators who may be working both for drug organizations and terrorist groups. As links between terrorist organizations and criminal groups appear to be a growing phenomenon, development of new mechanisms to collect and effectively share "targeting information" may warrant attention. A related issue involves deciding which agency/agencies should take action when suspects are involved in "dual use" (crime/terror) criminal support activity.

⁶ See Sonni Efron, "Deadline: Washington," *Los Angeles Times*, Jan. 2, 2005, p. A1.

⁷ *Drug Control: Agencies Need to Plan for Likely Decline in Drug Interdiction Assets and Develop Better Performance Measures for Transit Zone Operations* (GAO-06-200, Nov. 2005).

International Cooperation

Essentially all elements of U.S. international narcotics control strategy require international cooperation. By use of diplomatic initiatives, both bilateral and multilateral, the Department of State encourages and assists nations to reduce cultivation, production, and trafficking in illicit drugs. These bilateral agreements and international conventions have been seen thus far as largely ineffective in reversing the growth of international narcotics trafficking, in part because they lack strong enforcement mechanisms and are not uniformly interpreted by member nations.

U.S. international narcotics control strategy also requires cooperation among governments to coordinate their border operations to interdict traffickers. To this end, the U.S. government has provided technical assistance for anti-drug programs in other countries. For FY2006, the State Department's international narcotics control budget appropriations totaled \$1.2 billion to assist programs globally, including \$79.2 million for Bolivia, \$106.9 million for Peru, \$464.8 million for Colombia, and \$19.88 million for Ecuador. For FY2007, the State Department's international drug control budget request totaled \$1.5 billion to assist programs globally, including \$66 million for Bolivia, \$98.5 million for Peru, \$465 million for Colombia, and \$17.3 million for Ecuador. Also requested was \$65.5 million for interregional aviation support to provide aircraft for anti-drug programs in other countries, a slight increase from FY2006 appropriations levels of \$62.9 million.

The United States also participates in multilateral assistance programs through the U.N. International Drug Control Program and actively enlists the aid and support of other governments for narcotics control projects. The U.N. currently assists some 67 developing countries through development, law enforcement, education, treatment, and rehabilitation programs. For FY2007, the Bush Administration requested \$14.5 million for general anticrime/anticorruption programs and \$5.4 million for narcotics control-related contributions to international organizations; the majority of the latter would constitute the U.S. voluntary contribution to the U.N. drug control program.

Sanctions/Economic Assistance

A fourth element of U.S. international narcotics control strategy involves the threat of, or application of, sanctions against drug producer or trafficker nations. These range from suspension of U.S. foreign assistance to curtailment of air transportation. Current law on International Drug Control Certification Procedures (P.L.107-228, Section 706) requires the President to submit to Congress not later than September 15 of the preceding fiscal year a report identifying each country determined to be a major drug transit or drug producing country as defined in section 481(e) of the Foreign Assistance Act of 1961. In the report the President must designate each country that has "failed demonstrably" to meet its counternarcotics obligations. Designated countries would be ineligible for foreign assistance unless the President determined that that assistance was vital to the U.S. national interest or that the country had made "substantial efforts" to improve its counternarcotics performance.

A second certification process was enacted by Congress as part of the *USA Patriot Improvement and Reauthorization Act of 2005*, P.L. 109-177, 120 Stat. 256 (March 9, 2006).⁸ Title VII, the “Combat Methamphetamine Epidemic Act of 2005” requires the Secretary of State to complete a report not later than March 2007 that identifies the nations that are the top five world exporters and importers of ephedrine and related precursor chemicals used for the production of methamphetamine. The Secretary of State must then certify, under current drug certification procedures, that such nations are “fully cooperating” with the United States to restrict the ephedrine trade to the legitimate market. Nations deemed not to be fully cooperating face withholding of U.S. bilateral assistance and U.S. opposition to multilateral assistance from the multilateral development banks. However, the President can issue a waiver if national security interests warrant.

A multilateral [drug performance] evaluation mechanism (MEM) has also been established under the auspices of the Organization of American States (OAS). This mechanism is seen by many as a vehicle to undermine and facilitate abolishment of the existing U.S. sanctions-oriented unilateral certification process, which is often viewed as an irritant to major illicit drug-producing countries, and which, opponents argue, does little to promote anti-drug cooperation.

U.S. sanctions policy has been augmented with programs of economic assistance to major coca producing countries (see “Use of Sanctions or Positive Incentives” and “Bush Administration Anti-Drug Strategy,” below). For FY2007, the State Department requested funds for drug related alternative development, including approximately \$125 million for Colombia, \$42.5 million for Peru, \$31 million for Bolivia and \$8.4 million for Ecuador.

On June 2, 2003, President Bush submitted to Congress a list of foreign drug kingpins subject to U.S. legislative efforts to deny such individuals and entities access to U.S. financial systems and to prohibit U.S. individuals and companies from doing business with these kingpins. For the first time, foreign “entities” such as Colombia’s Revolutionary Armed Forces (FARC) and United Self-Defense Forces (AUC) are included in the list.

Institutional Development

A fifth element of U.S. international narcotics control strategy increasingly involves institutional development, such as strengthening judicial and law enforcement institutions, boosting governing capacity, and assisting in developing host nation administrative infrastructures conducive to combating the illicit drug trade. Institution development includes such programs as corruption prevention, training to support the administration of justice, and financial crimes enforcement assistance.

⁸ See generally CRS Report RS22325, *Methamphetamine: Legislation and Issues in the 109th Congress*, by Celinda Franco.

Policy Approaches

Overview

The primary goal of U.S. international narcotics control policy is to stem the flow of foreign drugs into the United States. A number of approaches have been proposed to reshape U.S. international narcotics control policy and implement it more effectively. It is estimated that the illicit drug trade generates as much as half of the approximately \$750 billion in illegal funds laundered internationally each year. Policymakers face the challenge of deciding the appropriate level of funding required for the nation's international narcotics control efforts within the context of competing budgetary priorities.

Another challenge facing the U.S. international drug control efforts concerns how to implement policy most effectively. Some observers argue that current U.S. policy is fragmented and overly bilateral in nature. These analysts suggest that to achieve success, policy options must be pursued within the context of a comprehensive plan with a multilateral emphasis on implementation. For example, they point out that some studies indicate that interdiction can actually increase the economic rewards to drug traffickers by raising prices for the products they sell. They agree, however, that interdiction as part of a coordinated plan can have a strong disrupting and destabilizing effect on trafficker operations. Some analysts suggest that bilateral or unilateral U.S. policies are ill-suited for solving what is in effect a multilateral problem. They cite the need for enhancing the United Nations' ability to deal effectively with the narcotics problem and for more international and regional cooperation and consultation on international narcotics issues. Proponents of bilateral policy do not necessarily reject a more multilateral approach. They point out, however, that such multinational endeavors are intrinsically difficult to arrange, coordinate, and implement effectively.

Four major approaches to reduce demand for illicit drugs and the foreign source supply of illicit drugs to the United States are set out below.

Expansion of Efforts to Reduce Production at the Source

This option involves expanding efforts to reduce the volume of narcotic plants and crops produced in foreign countries before the crops' conversion into processed drugs. Illicit crops may either be eradicated, or purchased or seized (and then destroyed). Eradication of illicit crops may be accomplished by physically uprooting the plants, or by chemical or biological control agents. Development of alternative sources of income to replace peasant income lost by nonproduction of narcotic crops may be an important element of this option.

Proponents of expanded efforts to stop the production of illicit drug crops and substances at the source believe that reduction of the foreign supply of drugs available is an effective means to lower levels of drug use in the United States. They argue that reduction of the supply of cocaine — arguably, the nation's top drug control priority — is a realistically achievable option.

Proponents of vastly expanded supply reduction options, and specifically of herbicidal crop eradication, argue that this method is the most cost-effective and efficient means of eliminating illicit drug producing crops. They maintain that, coupled with intensified law enforcement, such programs will succeed since it is easier to locate and destroy crops in the field than to locate subsequently processed drugs on smuggling routes or on the streets of U.S. cities. Put differently, a kilogram of cocaine hydrochloride is far more difficult to detect than the 300 to 500 kilograms of coca leaf that are required to make that same kilogram. Also, because crops constitute the cheapest link in the narcotics chain, producers will devote fewer economic resources to prevent their detection than to concealing more expensive and refined forms of the product. In addition, eradication successes have been recorded in individual countries, such as in Colombia for the period 2004/2005.

Opponents of expanded supply reduction policy generally question whether reduction of the foreign supply of narcotic drugs is achievable and whether it would have a meaningful impact on levels of illicit drug use in the United States. They argue that aerial spraying in Colombia has failed to contain the spread of coca cultivation and point to drug syndicates' moving into opium poppy cultivation in Colombia and (more recently) Peru. Total Andean cultivation has remained relatively stable in the past decade despite U.S. efforts, and because farmers are finding ways to increase productivity per unit of land according to State Department figures. Critics also suggest that even if the supply of foreign drugs destined for the U.S. market could be dramatically reduced, U.S. consumers would simply switch to consumption of domestically-grown and/or synthetic drug substitutes. Thus, they maintain, the ultimate solution to the U.S. drug problem is wiping out the domestic market for illicit drugs, not trying to eliminate the supply in source countries.

Some also fear that environmental damage will result from herbicides. As an alternative, they urge development, research, and funding of programs designed to develop and employ biological control agents such as coca-destroying insects and fungi that do not harm other plants. Others argue that intensified eradication will push the drug crop frontier and the attendant polluting effects of narcotics industries farther into ecologically sensitive jungle areas, with little or no decrease in net cultivation. In addition, reports have surfaced in Colombia of toxic effects of herbicides on legal crops and on the health of animals and humans, although the veracity of such accounts is debated.

Others question whether a global policy of simultaneous crop control is politically feasible since many areas in the world will always be beyond U.S. control and influence. Such critics refer to continuously shifting sources of supply, or the so-called "balloon effect": when squeezed in one place, it pops up in another. Nevertheless, many point out that the number of large suitable growth areas is finite, and by focusing simultaneously on major production areas, substantial reductions can be achieved if adequate funding is provided.

Some also question the value of supply reduction measures since world production and supply of illicit drugs vastly exceeds world demand, making it unlikely that the supply surplus could be reduced sufficiently to affect the ready availability of illicit narcotics in the U.S. market. Such analysts also suggest that even if worldwide supply were reduced dramatically, the effects would be felt

primarily in other nations' drug markets. The U.S. market, they argue, would be the last to experience supply shortfalls, because U.S. consumers pay higher prices and because U.S. dollars are a preferred narco-currency.

Political and Economic Tradeoffs. Some suggest that expanded and effective efforts to reduce production of illicit narcotics at the source will be met by active and violent opposition from a combination of trafficker, political, and economic groups. In some nations, such as Colombia, traffickers have achieved a status comparable to "a state within a state." In others, allegations of drug-related corruption have focused on high-level officials in the military and federal police, as well as heads of state. In Mexico, according to a *Washington Times* report, smugglers often are protected by heavily-armed Mexican military troops and police who "have been paid handsomely to escort the drug traffickers and their illicit shipments across the border and into the United States."⁹ In addition, some traffickers have aligned themselves with terrorist and insurgent groups, and have reportedly funded political candidates and parties, pro-narcotic peasant workers and trade union groups, and high visibility popular public works projects to cultivate public support through a "Robin Hood" image. Because some constituencies that benefit economically from coca are well armed, if the United States were successful in urging foreign governments to institute widespread use of chemical/biological control agents, cooperating host governments could well face strong domestic political challenge and violent opposition from affected groups. Heavy military protection, at a minimum, might be required for those spraying or otherwise eradicating drug crops.

Some critics have argued that an important tradeoff with respect to Colombia is that eradication campaigns can have the unintended effect of aggravating the country's ongoing civil conflict. Since Colombia's guerrilla groups pose as advocates of growers, spraying may broaden support for such groups, thereby contradicting the objectives of the government's counterinsurgency efforts in the affected zones. These observers believe that Colombia's enforcement priorities should shift to targeting critical nodes in transportation and refining and, to the extent possible, sealing off traffic routes to and from the main coca producing zones. The argument is made that interdiction can disrupt internal markets for coca derivatives and that, compared to eradication, it imposes fewer direct costs on peasant producers and generates less political unrest.

For some countries, production of illicit narcotics and the narcotics trade have become an economic way of life that provides a subsistence level of income to large numbers of people from whom those who rule draw their legitimacy. Crop reduction campaigns seek to displace such income and those workers engaged in its production. In this regard, these campaigns may threaten real economic and political dangers for the governments of nations with marginal economic growth. Consequently, some analysts argue that the governments of such low-income countries cannot be expected to launch major crop reduction programs without the substitute income to sustain those whose income depends on drug production.

⁹ See Jerry Seper, "Mexican Cops in Border Trade," *Washington Times* [National Weekly Edition], Sept. 30-Oct. 6, 2002.

Use of Sanctions or Positive Incentives. Those promoting expansion of efforts to reduce production at the source face the challenge of instituting programs that effectively reduce production of narcotic crops and production of refined narcotics without creating unmanageable economic and political crises for target countries. A major area of concern of such policymakers is to achieve an effective balance between the “carrot” and the “stick” approach in U.S. relations with major illicit narcotics-producing and transit countries.

Proponents of a sanctions policy linking foreign aid and trade benefits to U.S. international narcotics objectives argue against “business as usual” with countries that permit illicit drug trafficking, production, or laundering of drug profits. They assert that this policy includes a moral dimension and that drug production and trafficking is wrong, and that the United States should not associate with countries involved in it. Such analysts maintain that U.S. aid and trade sanctions can provide the needed leverage for nations to reduce production of illicit crops and their involvement in other drug related activities. They argue that both the moral stigma of being branded as uncooperative and the threat of economic sanctions prod many otherwise uncooperative nations into action. They further stress that trade sanctions would be likely to provide a highly effective lever as most developing countries depend on access to U.S. markets.

Opponents of a sanctions policy linking aid and trade to U.S. international narcotics objectives argue that sanctions may have an undesirable effect on the political and economic stability of target countries, making them all the more dependent on the drug trade for income; that sanctions have little impact because many countries are not dependent on U.S. aid; that sanctions historically have little effect unless they are multilaterally imposed; and that sanctions are arbitrary in nature, hurt national pride in the foreign country, and are seen in many countries as an ugly manifestation of “Yankee imperialism.” Finally, an increasing number of analysts suggest that if sanctions are to be fully effective, they should be used in conjunction with additional positive incentives (subject perhaps to an expanded certification/approval process) to foster anti-drug cooperation.

Alternatively, some suggest positive incentives instead of sanctions. They believe that illicit drug producing countries must be motivated either to refrain from growing illicit crops, or to permit the purchase or destruction of these crops by government authorities. Many argue that since short term economic stability of nations supplying illegal drugs may depend upon the production and sale of illicit substances, it is unrealistic to expect such nations to limit their drug-related activities meaningfully without an alternative source of income.

It has been suggested by some analysts that a massive foreign aid effort — a so-called “mini-Marshall Plan” — is the only feasible method of persuading developing nations to curb their production of illicit drugs. Such a plan would involve a multilateral effort with the participation of the United States, Europe, Japan, Australia, other industrialized nations susceptible to the drug problem, and the rich oil producing nations. The thrust of such a plan would be to promote economic development, replacing illicit cash crops with other marketable alternatives. Within the framework of such a plan, crops could be purchased or else destroyed by

herbicide spraying or biological control agents while substitute crops and markets are developed and assured.

In this view, any such program would be coupled with rigid domestic law enforcement and penalties for non-compliance. Thus, it could require a U.S. commitment of substantially increased enforcement assets to be used against both growers and traffickers, and some observers assert it might require direct U.S. military involvement at the request of the host country. Significant coercion might be required, since drug crops typically produce a better cash flow than licit crops grown in the same region. For example, in Afghanistan a hectare of opium might earn 30 to 45 times as much as a hectare of wheat at prevailing prices (\$13,000 compared to \$300 to \$400). Even if the international community bought up the entire Afghan opium crop, the temptation to plant new opium could prove irresistible to farmers.

Critics have concerns regarding positive incentive concepts. They warn of the precedent of appearing to pay “protection” compensation, that is, providing an incentive for economically disadvantaged countries to go into the drug export business. They also warn of the open-ended cost of agricultural development programs and of extraterritorial police intervention. Finding markets for viable alternative crops is yet another major constraint. Some experts argue that typical conditions of drug crop zones, such as geographical remoteness, marginal soils and, in certain countries, extreme insecurity, tend to limit prospects for legal commercial agriculture. According to one report, the soils in Colombia’s Putumayo Department, an important center of coca cultivation, are simply too poor to support the number of people currently farming in the province if all converted to growing legal crops. Such observers believe that a more promising strategy is to foster development of the legal economy in other locales, including urban settings, in order to attract people away from areas that have a comparative advantage in coca or opium production. In the view of these analysts, the best “substitute crop” for coca or opium could well be an assembly plant producing electronic goods or automobiles for the international market.

Expansion of Interdiction and Enforcement Activities to Disrupt Supply Lines/Expanding the Role of the Military

Drug supply line interdiction is both a foreign and domestic issue. Many argue that the United States should intensify law enforcement activities designed to disrupt the transit of illicit narcotics as early in the production/transit chain as possible — well before the drugs reach the streets of the United States. This task is conceded to be very difficult because the United States is the world’s greatest trading nation with vast volumes of imports daily flowing in through hundreds of sea, air, and land entry facilities, and its systems have been designed to facilitate human and materials exchange. This has led some analysts to suggest that the military should assume a more active role in anti-drug activities.

Some in Congress, in the late 1980s and prior to appropriations for FY1994, had urged an expanded role for the military in the “war on drugs.” The idea of using the military is not novel. Outside the United States, U.S. military personnel have been

involved in training and transporting foreign anti-narcotics personnel since 1983. Periodically, there have also been calls for multilateral military strikes against trafficking operations, as well as increased use of U.S. elite forces in preemptive strikes against drug fields and trafficker enclaves overseas.

The military's role in narcotics interdiction was expanded by the FY1990-1991 National Defense Authorization Act. The conference report (H.Rept. 100-989) concluded that the Department of Defense (DOD) can and should play a major role in narcotics interdiction. Congress, in FY1989 and FY1990-1991 authorization acts, required DOD to promptly provide civilian law enforcement agencies with relevant drug-related intelligence; charged the President to direct that command, control, communications, and intelligence networks dedicated to drug control be integrated by DOD into an effective network; restricted direct participation by military personnel in civilian law enforcement activities to those authorized by law; permitted the military to transport civilian law enforcement personnel outside the U.S. land area, and expanded the National Guard's role in drug interdiction activities. DOD's requested drug budget total for FY2007 was \$926.9 million as compared to \$936.1 million appropriated for FY2006.

Despite the military's obvious ability to support drug law enforcement organizations, questions remain as to the overall effectiveness of a major military role in narcotics interdiction. Proponents of substantially increasing the military's role in supporting civilian law enforcement narcotics interdiction activity argue that narcotics trafficking poses a national security threat to the United States; that only the military is equipped and has the resources to counter powerful trafficking organizations; and that counter drug support provides the military with beneficial, realistic training.

In contrast, opponents argue that drug interdiction is a law enforcement mission, it is not a military mission; that drug enforcement is an unconventional war that the military is ill-equipped to fight; that a drug enforcement role detracts from readiness; that a drug enforcement role exposes the military to corruption; that it is unwise public policy to require the U.S. military to operate against U.S. citizens; and that the use of the military may have serious political and diplomatic repercussions overseas. Moreover, some in the military remain concerned about an expanded role, seeing themselves as possible scapegoats for policies that have failed, or are likely to fail.

Expansion of Efforts to Reduce Worldwide Demand

Another commonly proposed option is to increase policy emphasis on development and implementation of programs worldwide that aim at increasing public intolerance for illicit drug use. Such programs, through information, technical assistance, and training in prevention and treatment, would emphasize the health dangers of drug use, as well as the danger to regional and national stability. The State Department's Office of Public Diplomacy and Public Affairs and AID currently support modest efforts in this area. Some believe these programs should be increased and call for a more active role for the United Nations and other international agencies in development and implementation of such demand reduction programs.

Expansion of Economic Disincentives for Illicit Drug Trafficking

Proponents of this approach say that the major factor in the international drug market is not the product, but the profit. Thus, they stress, international efforts to reduce the flow of drugs into the United States must identify means to seize and otherwise reduce assets and profits generated by the drug trade. Some critics point out the challenges of tracking, separating out and confiscating criminal assets. These include the huge volume of all international electronic transfers — more than \$2 trillion each day — and the movement of much illegal money outside of formal banking channels such as hawala-type chains of money brokers.

Policymakers pursuing this option must decide whether laws in countries where they exert influence are too lenient on financial institutions, such as banks and brokerage houses, that knowingly facilitate financial transactions of traffickers. If the answer is “yes,” national leaders might then take concerted action to promote harsher criminal sanctions penalizing the movement of money generated by drug sales, including revocation of licenses of institutions regularly engaging in such practices. Finally, those supporting this option favor increased efforts to secure greater international cooperation on financial investigations related to money laundering of narcotics profits, including negotiation of mutual legal assistance treaties (MLATs). Arguably, such an approach would not only assist in combating illicit drugs, but also in combating other forms of criminal activity as well as terrorism.

Major Policy Initiatives

Three major ongoing policy initiatives that are prominent components of U.S. international drug control efforts are described below. They are: (1) Plan Colombia/the Andean Counterdrug Initiative; (2) programs to counter illicit poppy cultivation and opium production in Afghanistan; and (3) the drug certification process.

Plan Colombia/Andean Counterdrug Initiative

On July 13, 2000, U.S. legislation was signed into law (P.L. 106-246). A section provided support for Plan Colombia — a six-year plan for helping then-President Pastrana to rid the country of drug trafficking, promote economic development, and restore peace. Included was \$1.3 billion in emergency supplemental appropriations for equipment, supplies, and other counter narcotics aid primarily for the Colombian military. The Plan aimed to curb trafficking activity and reduce coca cultivation in Colombia by 50% over five years. Though focused on military and law enforcement initiatives, plan components included helping the Colombian Government control its territory; strengthening democratic institutions; promoting economic development; protecting human rights; and providing humanitarian assistance.

Funding for Andean regional drug interdiction and alternative development programs was provided as well. Supporters of the Plan argued that without enhanced U.S. aid, Colombia risks disintegration into smaller autonomous political units —

some controlled by leftist or rightist guerrilla groups that are heavily involved in drug trafficking and violent crime for profit activity. Other observers cautioned that narcotics-related assistance to Colombia can, at best, produce serious reductions in illicit drug production only within a multi-year timeframe. They warned against enhanced U.S. involvement in a conflict where clear-cut victory is elusive and to a large degree dependent on reduction of the so far intractable U.S. domestic appetite for illicit drugs. Still others warned of the so-called “spillover” effect of Plan Colombia on neighboring nations such as Ecuador where narco-linked insurgents and paramilitaries increasingly operate.¹⁰

In April 2001, the Bush Administration unveiled an Andean Counterdrug Initiative (ACI) to support Plan Colombia, requesting \$882 million for the program. Of these funds approximately 45% percent were intended for Colombia and the remainder for six regional neighbors of Colombia (Bolivia, Brazil, Ecuador, Panama, Peru, and Venezuela) affected by drug trafficking and drug-related violence. In December 2001, Congress passed the Foreign Operations Appropriations bill for FY2002, allocating \$783 million to the ACI. Of the \$783 million, 49% were provided to Colombia and the rest to the other six countries. Of the Colombia funds, 36% were earmarked for economic and social and governance purposes and 64% for counternarcotics and security, a ratio largely reflecting the enforcement orientation of Plan Colombia. In the case of Peru and Bolivia, the economic and social share was significantly higher — 61% in both countries. For FY2003, the Bush Administration requested \$980 million in ACI funding, of which 55% was for Colombia. The ACI request for FY2004 totaled \$990.7 million of which \$463 million was for State Department Andean Counterdrug Initiative (ACI) programs for Colombia. For FY2005, Congress appropriated \$731 million for the ACI (of which \$466.5 was for Colombia) and an additional \$106.5 million for Foreign Military Financing (FMF) funding. For FY2006, Congress appropriated \$727.2 million for the ACI (of which \$464.8 million was for Colombia) and an additional \$89.1 million for Foreign Military Financing (FMF) funding. For FY2007, the Administration has requested \$721 million for the ACI (of which \$465 million was for Colombia) and an additional \$90 million for Foreign Military Financing (FMF) funding.¹¹

Afghanistan

The evolving counter-narcotics policy initiative developed for Afghanistan by U.S. agencies consists of five key elements, or pillars, that mirror Afghan initiatives

¹⁰ For additional data on issues relating to Plan Colombia see CRS Report RL32774, *Plan Colombia, a Progress Report*, by Connie Veillette; CRS Report RL30541, *Colombia: Plan Colombia Legislation and Assistance (FY2000-FY2001)*, by Nina M. Serafino; and CRS Report RS20494, *Ecuador: International Narcotics Control Issues*, by Raphael Perl.

¹¹ For further information, see CRS Report RL33370, *Andean Counterdrug Initiative (ACI) and Related Funding Programs: FY2007 Assistance*, by Connie Veillette; CRS Report RL33163, *Drug Crop Eradication and Alternative Development in the Andes*, by Connie Veillette and Carolina Navarrete-Frías; and CRS Report RL32580, *Bolivia: Political and Economic Developments and Implications for U.S. Policy*, by Claire Ribando and Connie Veillette.

and call for increased interagency and international cooperation.¹² The five pillars of the U.S. initiative are public information, judicial reform, alternative livelihood development, interdiction, and eradication. New initiatives in these areas are building upon a range of preexisting policy initiatives being implemented by U.S., Afghan, and coalition authorities. The Department of State (INL) budget request for counternarcotics programs in Afghanistan for FY2007 is \$297.4 million, up from FY2006 appropriations levels of \$232.6 million. Western European countries are a large consumer of Afghanistan source opium, and increasingly other nations, notably the United Kingdom, are playing a prominent role in supporting Afghan counternarcotics efforts.¹³

Opium poppy cultivation and production of opium have become significant factors in Afghanistan's fragile political and economic order and are exacerbated by a persistent insurgency waged by the ousted Taliban regime. According to the 2005 Afghanistan Opium Survey conducted by the United Nations Office on Drugs and Crime (UNODC) and the Afghan Ministry of Counternarcotics (MCN), Afghanistan remained the source of 87% of the world's illicit opium in 2005, in spite of ongoing efforts by the Afghan government, the United States, and their international partners to combat poppy cultivation and drug trafficking. U.N. officials estimate that the \$2.7 billion of in-country illicit profits from the 2005 opium poppy crop were equivalent in value to 50% of the country's legitimate GDP, sustaining fears that Afghanistan's economic recovery continues to be underwritten by drug profits.¹⁴ According to the State Department's March 2006 *International Narcotics Control Strategy Report* [INCSR], Afghanistan experienced a 48% decline in the area of opium poppy cultivation during 2005.¹⁵ However, production of opium during this period fell only by 10%, reportedly because production yields were sharply higher due to favorable weather. Press reports from November 2006 suggest that yields from the 2006-2007 crop of opium poppy are likely to rival the record high level of opium production (6,100 tons) achieved during the 2005-2006 growing season.¹⁶

Certification Process

In December 2001, legislation on "Modifications to the Annual Drug Certification Procedures" in the Foreign Operations, Export Financing and Related Programs Appropriations Act (P.L. 107-115, Section 591) was enacted that effectively waived the drug certification requirements for FY2002. It required the President to withhold assistance from the countries most remiss in meeting their

¹² David Shelby, "United States to Help Afghanistan Attack Narcotics Industry," *Washington File*, U.S. Department of State, Nov. 17, 2004.

¹³ See CRS Report RL32686, *Afghanistan: Narcotics and U.S. Policy*, by Christopher Blanchard from which this section on Afghan counter-drug efforts draws heavily, and often verbatim.

¹⁴ United Nations Office on Drugs and Crime (UNODC)/Government of Afghanistan Ministry of Counternarcotics (MCN), *Afghanistan Opium Survey 2005*.

¹⁵ [<http://www.state.gov/p/inl/rls/nrcrpt/2006/>]

¹⁶ See "Opium Production Appears Near Record High" by Jason Straziuso, *Miami Herald*, November 3, 2006.

international drug-fighting obligations, but permitted the President to determine what countries to put in the “worst offending” category and (under specified conditions) to provide U.S. foreign assistance to a designated country. Legislation on “International Drug Control Certification Procedures” in the Foreign Relations Authorization Act of September 2002 (P.L. 107-228) extended the waiver to FY2003, and subsequently provided for a *de facto* ongoing waiver. Such changes may reflect the fact that spokesmen from many countries have complained for years about the unilateral and non-cooperative nature of the drug certification requirements, and have urged the United States to end the process or at least to replace it with multilateral evaluation mechanisms. Acting under this legislation, President Bush made designations on a transitional basis for FY2002 and FY2003, and then continued such designations on a yearly basis.

On September 15, 2006, President Bush issued the annual determination that lists major illicit drug producing or drug transit countries. The President identified 20 countries to be included on the so-called “majors list”: Afghanistan, The Bahamas, Bolivia, Brazil, Burma (Myanmar), Colombia, Dominican Republic, Ecuador, Guatemala, Haiti, India, Jamaica, Laos, Mexico, Nigeria, Pakistan, Panama, Paraguay, Peru, and Venezuela. Burma was again singled out as a county that had “failed demonstrably” to adhere to its obligations under international counternarcotics agreements. Venezuela was singled out as well as having failed demonstrably, but was granted a national interest waiver exempting it from U.S. aid and trade sanctions and possible access to loans from international financial institutions.¹⁷

The George W. Bush Administration’s Anti-Drug Strategy

The direction of drug policy does not appear to be an immediate top foreign policy priority for the George W. Bush Administration. To date, pressing concern over issues such as terrorism and homeland security appear to command more attention. This does not mean that international drug policy has been neglected by the Administration, or given a lower priority than by preceding administrations. For example, in addition to fine-tuning the nation’s annual national drug control strategy, the Administration has crafted and published the nation’s first-ever synthetic drug control strategy.

2006 National Drug Control Strategy

In February 2006, the White House released its annual National Drug Control Strategy.¹⁸ Central to the international component of the strategy is disrupting the operations of drug traffickers including destroying the economic basis of the cocaine production business in South America by fumigating the coca crop, seizing enormous

¹⁷ See Presidential Determination No. 2006-24, Federal Register, Vol. 71, No. 189, September 29, 2006.

¹⁸ [<http://www.whitehousedrugpolicy.gov/publications/policy/ndcs06/cover.pdf>]

amounts of cocaine from transporters, and selectively targeting major drug organization heads for law enforcement action and, ultimately, extradition and prosecution in the United States.

2006 Synthetic Drug Strategy

On June 1, 2006 the Bush Administration released its synthetic drug control strategy.¹⁹ A central goal of the strategy is to curb the diversion of ephedrine, pseudoephedrine, and phenylpropanolamine, precursor chemicals commonly used in the production of methamphetamine, from legitimate pharmaceutical markets into illicit drug production through better control of the international market for these precursor chemicals. The United Nations Commission on Narcotic Drugs is seen as playing a central role in implementing the strategy by collecting, sharing, and analyzing data on the trade in such precursors. A primary and immediate concern of the strategy is the growing presence of illicit methamphetamine super labs in Mexico and the growing control of the U.S. methamphetamine market by Mexican drug organizations.

Possible Issues Relating to Policy and Strategy Implementation

Possible issues of concern to Congress relating to international drug control policy and strategy implementation include the following:

(1) Can Plan Colombia and the Andean Counterdrug Initiative as currently envisioned have a meaningful impact on reducing drug shipments to the United States and in reducing the current level of violence and instability in Colombia? To what degree can a counter-drug plan which does not aim to deal a decisive blow to insurgent operations in Colombia be expected to meaningfully curb drug production and violence there?

(2) How does U.S. involvement in anti-drug efforts in the Andean nations affect other aspects of American foreign policy in the region, and in Latin America generally? Does a concentration on drug-related issues obscure more fundamental issues of stability, governance, poverty, and democracy (i.e., to what degree are drugs a major cause, or result, of the internal problems of certain Latin American countries)? Might U.S. pursuit of drug control objectives conflict in certain ways with efforts to resolve Colombia's ongoing civil conflict, for instance by alienating large rural constituencies in contested regions of the country?

(3) In the case of Colombia and other nations where insurgents are heavily involved in the drug trade, how can the United States ensure that U.S. military aid

¹⁹ See (U.S. National) *Synthetic Drug Control Strategy: A Focus on Methamphetamine and Prescription Drug Abuse*, 2006 [Depts. of Justice, Health and Human Services, and the Office of National Drug Control Policy]. The non-prescription component of the strategy focuses primarily on methamphetamine and not on other synthetic drugs such as Ecstasy and LSD.

and equipment are in fact used to combat drug traffickers and cartels, rather than diverted for use against domestic political opposition or used as an instrument of human rights violations? How great is the risk that such diversions could take place, and is the degree of risk worth the possible gains to be made against drug production and trafficking?

(4) How extensive is drug-related corruption in the armed forces and police of the Andean nations? What impact might such corruption have on the effectiveness of U.S. training and assistance to these forces?

(5) Will the evolving strategy under the Bush Administration produce better results than previous strategies in reducing illicit drug use in the United States and in supporting U.S. narcotics and other foreign policy goals overseas? Is a proper balance of resources being devoted to domestic (the demand side) vs. foreign (the supply side) components of an overall national anti-drug strategy? Are efforts to reduce the foreign supply level futile while domestic U.S. demand remains high? Are efforts to reduce domestic demand fruitless as long as foreign supplies can enter the country with what some see as relative impunity?

(6) To what extent will the Administration's current priority in fighting terrorism affect implementation of antidrug policy? Has repositioning of equipment and resources to improve U.S. defenses against acts of terrorism, for example the shift of Coast Guard vessels from the eastern Pacific and the Caribbean to perform coastal patrols and port security functions, lowered defenses with respect to curbing drug flows? On the other side of the issue, to what degree has committing anti-drug resources to support anti-terrorism objectives significantly enhanced, or could significantly enhance, the effectiveness of counterterrorism efforts?

(7) To what extent should U.S. military assistance programs in Colombia target groups that use narcotics operations to finance terrorist activities (including leftist guerrillas and paramilitaries), as opposed to the narcotics trafficking infrastructure itself?

(8) As links between terrorist organizations and criminal groups appear to be a growing phenomenon, how does one effectively use the law enforcement community — especially the drug law enforcement community — to target criminal facilitators who may be working both for drug organizations and terrorist groups? Through what mechanisms does one effectively share “targeting information” and how does one decide which agency/agencies take action?

(9) Are U.S. counterdrug policy and drug related foreign assistance over-focused on Colombia and Afghanistan and if so, how might policy focus and resource allocation be realigned?

(10) How do, or should, anti-drug goals dovetail with anti-terrorism goals in Afghanistan and what programs there, if any, are likely to best serve U.S. policy goals? For example, should the U.S. continue to press for aerial crop eradication in Afghanistan against the wishes of the local Afghan leadership, even if this means alienating and losing their support for counterterror goals and objectives?