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UPDATE ON DRUG SITUATION IN CENTRAL AMERICA
FOR CENTRAL DUBLIN GROUP MEETING

Overview of Illicit Narcotics in Central America

Central America's geographic location, with the primary coca producers to the south and the main market for cocaine to the north, has fostered a regional corridor for drug trafficking. The increased flow of cocaine from Colombia has put enormous pressure on the law enforcement capacity of transit states, particularly in Central America and Mexico, and feeds growing consumption in Europe and other markets. Estimates show that ninety percent of cocaine produced in South America is trafficked through the Central America/Mexico corridor to the United States by powerful and violent transnational criminal organizations. The Caribbean coast of Central America is particularly vulnerable to drug trafficking due to its remoteness, limited infrastructure, lack of government presence, and weak law enforcement institutions.

The United States continues to support the efforts of Central American governments to interdict illicit narcotics, dismantle criminal networks, combat gang violence, and build justice institutions strong enough to prosecute, convict and imprison criminals. However, Central America's fight against criminal organizations continues to be hindered by endemic corruption, weak public institutions, and inadequate budget resources. These countries are largely transit states; however, several Central American countries are recognized as major precursor chemical source countries, major money laundering countries, and illicit drug producing countries.

Overview of the National Situations of Central American Countries

Belize

Belize is a transit country for illicit drugs destined for the United States from source countries in South America. Belize is recognized by the United States as a major money laundering country as well as a major drug transit country.

Belize is bordered by countries where the drug trade is controlled by well-organized and violent drug trafficking organizations and is susceptible to the transshipment of illegal drugs due to its position along the Central American isthmus, relatively uninhabited terrain, and the hundreds of cayes (small islands) off its coast. The large stretches of unpopulated jungle on the border with Guatemala also provide a hospitable environment for growing and trafficking marijuana. According to Belizean authorities, marijuana is the most prevalent illicit drug used in Belize, followed by crack cocaine.

Drug trafficking organizations predominately use maritime and air routes through Belize and Belizean security organizations have minimal success in limiting this criminal activity. Maritime craft avoid law enforcement detection by moving at night and using the hundreds of cays to conceal their movement. Drug runners primarily use "go-fast" vessels, capitalizing on their small profile and powerful motors to evade law enforcement. The remote and sparsely populated terrain (380,000 persons in 8,867 square miles) also provides low-trafficked roads and undetectable airstrips which planes can use to land and refuel en route to countries north or south.

The Government of Belize does not, as a matter of government policy, encourage or facilitate illicit drug production or distribution. However, insufficient resources, weak law enforcement institutions, an ineffective judicial system, and inadequate compensation for civil service employees and public safety officials facilitate corruption. Belize also lacks laws specifically addressing drug-related corruption. The Prevention of Corruption Act, passed in 2000, includes measures to combat corruption related to illicit monetary gains and the misuse of public funds while holding public office and provides a code of conduct for civil servants. However, Belize did not charge anyone under this act in 2017.

There have been reports of corruption among senior government officials in recent years (not related to illicit drugs) which, coupled with public pressure, led Belize to sign and ratify the United Nations Convention against Corruption (UNCAC) on December 12, 2016. In the course of implementing UNCAC, the government completed a self-assessment checklist; participated in a technical exchange visit in Jamaica; and initiated an impact of corruption assessment. Additionally Belize completed the data collection portion of the National Risk Assessment, a terrorist financing and money laundering risk identification exercise, which is a component of required activities for the next round of Financial Action Task Force mutual evaluations.

Costa Rica

Costa Rica's strategic location, vast maritime territory, and the small size of its security forces combine to make it an attractive transit and logistics hub for illicit drug trafficking. In 2017, U.S. authorities estimated Costa Rica was among the most heavily transited countries for cocaine shipments entering the United States. Costa Rica is recognized by the United States as a major precursor chemical source country, a major drug transit country, and a major money laundering country. Local marijuana is produced primarily for domestic use, and additional volumes of marijuana are trafficked into the country from Jamaica. Seizure totals of illegal drugs other than cocaine and marijuana, including synthetic drugs, remained minimal in 2017. For example, only seven kilograms of heroin were seized in Costa Rica through October 2017. The Costa Rican Judicial Investigative Police (OIJ) and the Costa Rican Drug Institute monitor for signs of synthetic drugs in Costa Rica, which remain rare.

During the first 10 months of 2017, Costa Rican authorities seized a total of 22.4 metric tons (MT) of cocaine, on par with 2016. Bulk cash seizures from drug proceeds totaled over \$26 million over this same period, a three-fold increase from 2016. Continued turf-war related shootings and cartel-style assassinations have exacerbated heightened public concern and intensified the Costa Rican government's sharp focus on the fight against illicit drug trafficking.

Costa Rica's National Plan on Drugs for 2013-2017 recognizes the international problem of production and trafficking of chemical precursors. The production, trafficking, and sale of illicit drugs remain serious criminal offenses in Costa Rica, even if laws against personal consumption are rarely enforced.

The government significantly increased its security spending in 2017, resulting in important increases in law enforcement staffing and transformational equipment purchases. Institutional reforms enabled increased police professionalization, major advances in investigations and prosecutions, and improved success in drug interdiction and disruption of drug trafficking organizations, as well as drug prevention programs. The government also enacted a security tax which provides an annual source of resources dedicated to security. Costa Rica expanded cooperation on maritime interdiction and information exchange with Panama and Colombia in 2017, and initiated contacts with Jamaica. A diplomatic push to gain more adherents to the San Jose Treaty – which facilitates information exchange and cooperation on interdiction operations in the Caribbean area – also gained momentum in late 2017.

The Costa Rican Drug Institute has a special unit dedicated to the control and regulation of precursor chemicals, and this unit has broad powers to monitor and respond to illegal activity. By law, importers and businesses that handle chemical precursors or certain types of prescription drugs are required to submit monthly reports through an online tracking system. However, Costa Rica has yet to seize large amounts of the substances compared to elsewhere in the region and has a low volume of licit chemical imports. During the first 10 months of 2017, there were 2,377 authorized import transactions, licensed to 196 registered importers of chemical precursors. The system tracks the movement of chemical precursors and solvents and also generates alerts to notify authorities of suspicious transactions. Costa Rican authorities received no specific alerts during the first 10 months of 2017 for situations arising in Costa Rica.

El Salvador

El Salvador remains a transit country for illicit drugs originating from source countries in South America destined for the United States. El Salvador is recognized by the United States as a major precursor chemical source country, a major drug transit country, and a major money laundering country.

In 2017, increased maritime interdiction operations by the Salvadoran Navy and increased information-sharing with international partners served to push most maritime traffic beyond the 200 nautical mile mark El Salvador claims as its territorial waters. Transnational cocaine-trafficking organizations continue to use private vehicles to transport cocaine to the Guatemalan border along the Pan-American Highway.

Between January 1 and October 26, 2017, Salvadoran authorities seized approximately 5.67 metric tons (MT) of cocaine; 599 kilograms (kg) of marijuana; 1.93 kg of crack cocaine; and 8.36 kg of heroin. Cocaine seizures declined 54 percent in 2017, after an increase of 230 percent in 2016. This data supports the theory that traffickers are moving maritime loads farther offshore to avoid detection by the Salvadoran Navy and are relying less on overland routes. Salvadoran authorities seized \$802,733 in bulk currency, and arrested 2,949 individuals on drug-related crimes. Drug use among Salvadorans is a growing concern, particularly among youth; however, the government has not kept reliable statistics for illegal consumption since 2012.

In 2017, the Salvadoran government continued implementing Plan El Salvador Seguro, a geographically-targeted approach to reducing crime that targets drug trafficking in the most violent municipalities and includes drug prevention components. The Salvadoran government also continued a series of emergency measures launched in 2016 aimed at securing the nation's prisons and dismantling gang leadership structures that play a role in local drug distribution. In 2017, the National Civil Police of El Salvador dismantled the logistical networks of several transnational cocaine trafficking organizations based in Guatemala and operating in El Salvador. Overall, authorities demonstrated increased capacity to lead complex investigations, coordinate and share intelligence between agencies and with overseas counterparts, and dismantle organized crime structures.

El Salvador is party to the 1988 UN Drug Convention, and invokes its rights to pre-notification of scheduled precursor chemicals under Article 12. Precursor chemical trafficking remains a regional threat, as methamphetamine production continues to spread from Mexico into neighboring Guatemala. Prior to 2016, Salvadoran authorities seized significant amounts of precursor chemicals imported from China at the Acajutla seaport, but seizure incidents have not been reported since then.

Guatemala

Guatemala remains a major transit country for illicit drugs destined for the United States. Guatemala is recognized by the United States as a major precursor chemical source country, a major drug transit country, and a major money laundering country.

U.S. authorities estimate over 1400 metric tons (MT) of cocaine were smuggled through Guatemala in 2017. Most of the cocaine smuggled to Guatemala comes directly from South America by boat. Mexican drug cartels rely on Guatemalan trafficking networks for receiving, storing, and transporting product to the United States through Mexico. Guatemala's porous borders and overburdened law enforcement agencies allow criminal organizations to traffic illicit drugs, cultivate cannabis and opium poppy, and smuggle precursor chemicals. The virtual absence of a permanent law enforcement presence in many areas of the country allow other forms of transnational crime to flourish, including migrant smuggling and trafficking in persons, weapons, counterfeit goods, and other contraband. Opium poppy cultivation also takes place in the western highlands of the country.

The Guatemalan government has been storing large quantities of seized precursor chemicals since 2005. As of October 2017, there were approximately 3,050 MT of seized precursor chemicals stored within Guatemala. Authorities store the majority of these seized precursors in 196 containers at seaports. In July 2017, the United States donated an incinerator that is capable of destroying this backlog within an estimated three years when functioning at full capacity. The United States also provided training on its use to Guatemalan authorities. U.S. officials continue to work with counterparts to develop standard operating procedures for the process of destruction to maximize efficiency. No precursor chemicals were seized or destroyed in 2017.

A 2014 national survey funded by the United States estimates that young people aged 11 to 20 used marijuana and cocaine at higher rates than their counterparts in countries such as Mexico, Colombia, and Costa Rica. The study identified specific risk factors for Guatemalan adolescents, including easy access to illicit drugs, as well as low risk perception associated with the use of marijuana, cocaine, and MDMA (ecstasy). Guatemala is concerned over rising domestic drug consumption, especially among adolescents. Authorities are attempting to respond to this emerging trend through expanded drug prevention and treatment programs, but are impeded by a lack of sufficient funds, personnel, and technical expertise.

Key Guatemalan officials relevant to drug control demonstrated political will to counter drug trafficking, corruption, and violence. Guatemala achieved some notable successes in 2017, including high levels of drug seizures, the capture of high-profile criminals, improved interagency coordination, and enhanced regional cooperation. However, Guatemala's fight against criminal organizations continues to be hindered by endemic corruption, weak public institutions, and inadequate budget resources.

Honduras

Honduras is a transit country for cocaine and precursor chemicals used to produce illicit drugs. The United States recognizes Honduras as a major precursor chemical source country, a major drug transit country, and a major money laundering country. According to U.S. government estimates, the volume of cocaine transiting Honduras in 2017 was lower than in 2016, and the number of aircraft suspected of smuggling cocaine into Honduras from South America decreased for the second-consecutive year. However, Honduras remains a primary destination country in Central America for cocaine-laden aircraft departing from South America.

Criminal street gangs responsible for a significant portion of the homicides committed in

Honduras, such as Mara Salvatrucha (MS-13) and 18th Street, do not appear to be a significant part of the transnational drug logistics chain, except as facilitators of trafficking through Honduras. These gangs are typically involved in local drug distribution, extortion, kidnapping, and human trafficking. Nevertheless, their participation in transshipment leads to an increasing likelihood of cocaine entering the Honduran drug retail market, as they are often paid in product for their services.

Precursor chemical diversion continues to be a problem in Honduras. The Government of Honduras works closely with U.S. authorities to disrupt the importation and diversion of precursor chemicals through Honduras. The United States also provides training and other assistance to help strengthen the capacity of Honduran institutions responsible for controlling precursor chemicals. The focal point of the Honduran government's control efforts is increasingly the Precursor Chemical Commission. Composed of officers from the Honduran National Police, the Health Ministry, the Public Ministry, and the Inter-institutional Security Force, the commission has been historically under resourced and lacks expertise in working with counterparts across the government to conduct precursor chemical criminal investigations, and must work within a fragmented and inadequate regulatory structure. In 2017, the United States assisted the commission in identifying intelligence gaps, suspicious shipments, and inspection of companies who import chemicals into Honduras.

Major challenges for drug control agencies and institutions include corruption, inadequate budget resources, and persistent violence. Corruption, combined with a historically low tax collection rate, deprives law enforcement agencies, courts, and prosecutors of critical resources. The Government of Honduras implemented a ten-year security tax in 2014, and while it helped key law enforcement institutions, it is widely viewed as inadequate.

In 2017, the Honduran government initiated a comprehensive restructuring of the Honduran National Police (HNP) that will include establishing new divisions, more direct command and control, new disciplinary guidelines, and vetting requirements. The restructuring effort includes plans to create a 400- person HNP Antinarcotics Directorate focused exclusively on drug enforcement operations and investigations. The Honduran Public Ministry (which includes all prosecutors) demonstrated commitment to expanding operations targeting drug trafficking by expanding the Technical Agency of Criminal Investigation from 170 to 340 agents, and the Antinarcotic unit from 50 to 285 agents.

Mexico

Mexico is a significant source and transit country for heroin, marijuana, and synthetic drugs including methamphetamine destined for the United States and the main transit country for cocaine from South America. More than 90 percent of heroin available in the United States originates in Mexico, trafficked into the country by powerful and violent transnational criminal organizations. The United States recognizes Mexico as a major precursor chemical source country, a major drug producing and transit country, and a major money laundering country. Mexico is also a source of illicit opium poppy with estimates of 32,000 hectares of opium poppy cultivation in 2016, an increase from 28,000 hectares in 2015. Most opium poppy cultivation occurred in the states of Sinaloa, Chihuahua, Durango, and Guerrero.

Increased seizures at the U.S.–Mexico border suggests a rise in fentanyl trafficking. Synthetic drugs are increasingly transported in poly-drug loads and sometimes pressed into pills disguised as prescription medications for sale in illicit markets. In July 2017, Mexico’s General Health Council officially added two primary fentanyl precursors, ANPP and NPP, to its list of controlled substances. There is no indication that fentanyl is being used domestically in Mexico.

However, the National Commission Against Addictions estimated in June 2017 that there was an increase in overall marijuana use, up from six percent in 2011 to 8.6 percent in 2016, and use of cocaine (3.5 percent), inhalants (glue, aerosols, markers, etc., 1.1 percent), and amphetamine-type stimulants (0.9 percent) remained stable.

Narcotics trafficking, corruption, and related violence in Mexico pose considerable problems to citizen security and economic development. Despite continued fiscal austerity, Mexico’s approved 2018 budget allocates an additional \$470 million (for a total of nearly \$8 billion) to crime prevention and drug demand reduction and treatment programs. The Interior Secretariat will receive a 5.4 percent (real) budget increase, with the bulk of the increase dedicated to strengthening Federal Police operations at the state level. Mexico’s Army (SEDENA) and Navy (SEMAR) will see 13.4 percent and 11.4 percent real budget increases, respectively, with most of those new assets dedicated to strengthening military and naval infrastructure, much of which will be dedicated to combating transnational criminal organizations.

On August 10, the U.S.–Mexico Bilateral Drug Policy Working Group met for the third time and shared progress reports in the effort to combat illicit drugs, and highlighted avenues for sustained future cooperation. In May, the United States and Mexico held the first Cabinet-level Strategic Dialogue on Disrupting TCOs to define a new approach to addressing the business model of TCOs, with emphasis on drug production, drug distribution, cross-border movement of cash and weapons, drug demand markets, and illicit revenue. The second Cabinet-level Dialogue in December continued to advance this bilateral approach. The fourth Security Cooperation Group was held in Mexico City in October as a sub-Cabinet level working group of the Strategic Dialogue on TCOs. The meeting reviewed joint U.S.– Mexico efforts to weaken TCO networks; stem opium poppy cultivation and heroin production; combat the movement of fentanyl and other illicit opioids; reduce demand for illicit drugs in the United States; enhance border security; and increase efforts to deny transnational criminals revenue and involvement in money laundering, human smuggling, and human trafficking.

Nicaragua

Nicaragua remains a transit route for illicit drug trafficking. Nicaragua's long Atlantic and Pacific coasts, large inland lakes, porous border crossings, and sparsely-populated and underdeveloped Caribbean coastal region provide a favorable environment for international criminal groups to exploit – smuggling contraband, including drugs, weapons, currency, and people. Domestic production of marijuana also occurs and Nicaragua faces a growing domestic market for illegal drugs. The United States recognizes Mexico as a major drug producing and transit country and a major money laundering country. Widespread corruption and a lack of transparency at all levels of government hinders Nicaragua's efforts to fight drug trafficking.

There was no discernible change in the volume of drugs transiting Nicaragua in 2017. The Government of Nicaragua reported that authorities seized 4.8 MT of cocaine during the first 10 months of 2017, an increase over the 4.17 MT seized in all of 2016. Authorities reported seizing 1.17 MT of marijuana over this same 10-month period in 2017, compared to 1.96 MT seized during all of 2016. Nicaraguan authorities reportedly destroyed, both on their own and in joint operations with Honduras, 994,787 cannabis plants growing in the country's north central regions and along the Caribbean Coast, significantly higher than the 275,000 destroyed in 2016. Authorities reported seizing \$5,134,993 in cash, vehicles and boats worth \$506,000, arresting 3,181 people for drug crimes, and conducting 7,833 operations targeting local and international drug trafficking.

In 2017, there continued to be evidence of increased domestic drug use, increased illegal drug production (mainly of marijuana), and the existence of clandestine airstrips in remote areas of the country. Though some traffickers continue to smuggle illicit drugs through the isolated Caribbean Coast, many trafficking organizations have shifted their operations to deep-water routes in the Pacific Coast using larger, longer-range transportation. This allows larger quantities of drugs to travel further out to sea, avoiding detection by law enforcement and the threat of pirates in the Caribbean regions. Drug traffickers are also adapting equipment and technology such as GPS to submerge and later locate drug loads. Illicit drugs are also trafficked via land and air. There are no reliable national statistics on drug consumption within Nicaragua, but there are anecdotal reports of increased use of marijuana, crack, and cocaine, especially in the Caribbean Coast regions and among adolescents.

The Government of Nicaragua's Strategic Plan for 2016-2022 and three national strategies include lines of effort to strengthen the fight against organized crime, drug trafficking, and drug use. Its "Retaining Wall" (Muro de Contención) strategy endorses a coordinated effort to stop drug traffickers from entering the country; however Nicaragua does not have sufficient resources to exercise complete control over its air, land, and sea borders. In 2017, Nicaragua took steps toward regional integration and cooperation with international bodies to support the fight against drug trafficking; however, limited information sharing, a lack of transparency, and limited working-level cooperation constrained the efficacy of Nicaragua's outreach. Nicaragua does not have any vetted units, which hinders its participation in bilateral and regional operations against organized crime and drug trafficking.

Panama

With cocaine production more than doubling in neighboring Colombia since 2013, Panama has witnessed an increased flow of illicit drugs through its land borders and territorial waters. Although Panama is not a major source country of illicit drugs, transnational criminal organizations, principally Colombian and Mexican groups, move drugs and other contraband through Panama's remote Darien jungle region as well as its coastal areas.

Panama is a global transit hub, and its canal and robust transportation infrastructure are exploited by drug traffickers to smuggle cocaine to the United States and across the globe. Although Panama does not suffer from extensive domestic drug consumption, the flow of drugs from Colombia presents an increased risk for domestic drug abuse as local traffickers are more frequently paid with product instead of cash. The Government of Panama has not reported significant problems associated with synthetic drug use, though synthetics have reached the streets of Panama and government officials have expressed concern. The United States recognizes Panama as a major drug transit country and a major money laundering country.

The Government of Panama does not, as a matter of government policy, encourage or facilitate illicit drug production or distribution, nor is it involved in laundering the proceeds of the sale of illicit drugs. However, transnational criminal organizations target the security services, customs, and justice sector to facilitate drug trafficking, and as a result, official corruption at all levels remains a concern. Panamanian authorities recognize the threat and actively investigate officials for corruption. As a sign of progress, investigations, arrests, and prosecutions of officials and members of the security forces increased in 2017.

September 2017 marked the first anniversary of Panama's nationwide implementation of the accusatory justice system. This reform changed how criminals are prosecuted, making it more like the U.S. system with witness testimony, cross examination, and plea bargaining. The United States continues to support the transition through training judges, prosecutors, forensic analysts, and investigators. Despite its progress, Panama still has difficulty pursuing cases involving money laundering, organized crime, complex financial crimes, and criminal forfeiture, and Panamanian officials remain susceptible to corruption. Numerous arrests in drug cases still produce too few successful prosecutions of high-level leaders of drug trafficking organizations.

Despite these challenges, Panama is an emerging regional leader in the fight against the international drug trade and transnational criminal organizations. Panama is a regional, strategic ally and a committed partner for U.S. interdiction and drug control efforts. The United States enjoys strong partnerships with all of Panama's security services, which demonstrate increasing resolve and capacity to confront drug trafficking. Panama seized approximately 42 metric tons (MT) of illicit drugs during the first nine months of 2017, reflecting the increasing ability of Panama's security services to act on operational intelligence.
