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Chairman Souder, Ranking Member Cummings, and distinguished Committee Members, it is a pleasure to appear before you to discuss the implementation of the international supply reduction elements of our National Drug Control Strategy. On behalf of the Director of the Office of National Drug Control Policy (ONDCP), and all of ONDCP, I would like to thank you for your continuing support for our national struggle against illegal drugs, the social devastation that they generate, and the terrorism that they subsidize.

Introduction

The National Drug Control Strategy outlines three clear priorities. Priority I of the *Strategy* is “Stopping Drug Use Before It Starts” by teaching young people how to avoid drug use because of the damage drugs can inflict on their health and on their future. Priority II of the *Strategy* is “Healing America’s Drug Users” through the intercession and support of family, friends, and institutions such as employers, law enforcement agencies, faith communities, and health care providers, among others, to help those fighting substance abuse find the treatment that they need. Finally, Priority III of the *Strategy* is “Disrupting the Market” by considering the drug trade as a business. As the *Strategy* explains, drug traffickers are in business to make money. Through our interagency market disruption efforts, we seek to deny them that opportunity and thereby to reduce the supply of drugs to the United States.

I am pleased to report that significant progress has been made in our international market disruption efforts. There is good news to report in many areas, particularly with regard to our drug control activities in the critical countries of Colombia and Mexico. In Colombia, coca cultivation and production dropped 15 percent in 2002 – the first decrease in over a decade – and interdiction initiatives are forcing traffickers to change their smuggling methods. In Mexico, law enforcement agencies and military personnel have arrested over 6,000 drug traffickers since President Vicente Fox assumed office in December 2000, and marijuana and opium poppy eradication efforts are proceeding at a faster pace than in previous years. International cooperation on drug control efforts is also on the rise as reflected by promising bilateral and multilateral law enforcement activities in Canada, Asia, and Europe. U.S. market disruption activities in each of these areas will be touched upon in greater detail in this testimony, after an initial discussion of the market disruption framework which guides U.S. supply reduction efforts internationally.

Supply Reduction and Market Disruption

The National Drug Control Strategy applies market insights to achieve favorable results between the forces of supply and demand for illegal drugs. Dependent drug users are quite conscious of the price and purity of the drugs they consume, and producers, traffickers, and users adjust production, trafficking, and use according to market conditions. An effective, balanced, drug policy requires a supply reduction program to make drugs scarce, expensive, and of unreliable quality to alter this critical calculus of drug users.

Viewing the drug trade as a market reveals that it is not unstoppable, but rather is a profit-making enterprise where costs and rewards exist in an equilibrium that can be disrupted at critical thresholds which impact the drug market dramatically. The United States and our Allies seek to understand how the drug business operates and to locate specific market vulnerabilities that can then be attacked. Exploiting market vulnerabilities requires the identification of the business sectors and activities in which traffickers have invested the most time and money and received the least back in profits. Such sectors and activities may include the drug trade's agricultural sources, management structure, processing and transportation systems, financing, and organizational decision-making. Once identified, these vulnerabilities can be exploited, the efficiency of the business suffers, and the traffickers' investment is diminished or lost to the increasing costs of doing business.

For example, the key vulnerabilities of the cocaine industry include: the cultivation phase, which is attacked through coca eradication in source countries such as Colombia; elements of the transportation network, which are attacked through interdiction, seizures, and arrests such as those directed against smuggling via large fishing vessel in the Eastern Pacific; and the major trafficking organizations and their communications and decision-making processes, which are attacked through arrests, extraditions, prosecutions, seizures, forfeitures, and revenue denial activities such as those targeting major drug trafficking organizations in Mexico. The heroin and marijuana industries are less vulnerable than cocaine during the cultivation phase, but have similar transit and organizational vulnerabilities. Heroin trafficking is being attacked through airport interdiction efforts and bilateral organizational attack activities in Colombia. Marijuana trafficking is being attacked through border interdiction initiatives and organizational attack efforts in Canada and Mexico. The synthetic drugs industries present a different set of challenges, but often contain vulnerabilities in the supply chains for the precursor chemicals required for production. U.S. and Canadian law enforcement officials are targeting pseudoephedrine smuggling to undermine methamphetamine trafficking.

Every action that makes the drug trade more costly and less profitable is a step toward achieving the necessary conditions to break the stability of the whole market. Our efforts in Colombia provide a ready example. The United States and the Government of Colombia have developed a strategy which focuses on eradicating almost the entire illegal drug crop each year (despite replanting efforts), stopping financial returns by intercepting the flow of money, and intercepting and arresting drug shipments and the involved traffickers. This year the Colombians intend to spray all of the 145,000 hectares of coca crops, and all of the opium poppy that can be identified by informants, overflights, and technical methods. Together we have established task forces to eliminate the associated illicit financial flows, particularly those traveling through

Europe or the United States. Additionally, through interdiction operations last year, Colombian, Mexican, and U.S. authorities intercepted so many fishing vessels in the Eastern Pacific that the prevalence of smuggling from Colombia by that method practically ceased. Moreover we are also working with the Colombians to improve the technology used to intercept heroin trafficking through airports. It is the combination of these activities and the establishment of civil authority in remote regions of Colombia that will ruin the cocaine and opium poppy markets.

Many interventions are being pursued to attack the market vulnerabilities. In general, we seek to make drug production a high-risk enterprise for farmers and drug lab operators that provides less income; make it clear to major criminals and transporters that they are more likely to be arrested, incarcerated, and denied profits; and increase the costs of seizures, security, money laundering, loading and unloading, bribery, and the other expenses involved in the criminal enterprise to make it less attractive to those who supply illegal drugs to American consumers. More specific examples of drug market interventions include:

- The destruction or denial of a key manufacturing ingredient through eradication of coca in Colombia, Bolivia, and Peru and opium poppy in Colombia, Mexico, and Burma; and prevention of the diversion of the precursor chemicals potassium permanganate in Colombia and Bolivia and pseudoephedrine in Canada.
- The denial of unique or critical transportation links through focused operations which leverage intelligence and specialized interdiction assets such as armed helicopters to intercept and seize sufficient numbers of vessels involved in illicit drug trafficking to significantly reduce smuggling modes such as the use of fishing vessels in the Eastern Pacific and go-fast boats in the Caribbean; prevention of the air transport of drugs through the transit zone and other parts of South America with air bridge denial operations; and arrests of major drug trafficking organization leaders in Mexico.
- The substantial increase of financial costs associated with trafficking through financial attack operations targeting the repatriation of drug proceeds via the Black Market Peso Exchange in Colombia; and the prevention of profits returning to the drug business.
- The imposition of penalties that convince traffickers to leave or not participate in the illicit drug business through simultaneous attacks on multiple components and systems of major drug trafficking organizations which appear on the interagency Consolidated Priority Organization Target (CPOT) list orchestrated by the Organized Crime Drug Enforcement Task Force (OCDETF); and the extradition and conviction of significant numbers of drug traffickers from Colombia to serve long terms in secure U.S. prisons.

As highlighted in the above examples, our strategy for attacking the supply of illegal drugs focuses on market dynamics and treats drug trafficking as a business, albeit an illegal one. Our objective is to reduce the viability, profitability, efficiency, and attractiveness of the drug business by attacking its critical vulnerabilities, thus rendering sectors of the industry unprofitable and inefficient, sustaining the damage inflicted until entire illicit drug businesses fail. Since the primary reason traffickers at all levels participate in the illegal drug business is to make money, reducing profitability can drive these dramatic changes. The United States and our

Allies leverage this understanding to develop programs which aim to disrupt the operations of entire drug markets, focusing first on the critical threats posed by the markets in Colombia and Mexico, followed by the challenges presented by other illegal drug markets worldwide.

Collapsing the Market in Colombia

Roughly 90 percent of the cocaine entering the United States originates in or passes through Colombia. Colombia's illicit drug industry also fuels that country's terrorist organizations, which largely control the coca market and are increasingly involved in drug production and trafficking. The Colombian Government estimates that cocaine profits fund more than half of Colombian terror-group purchases of weapons and provide key logistics funding to that nation's illegal armies. Accordingly, U.S. Government policy seeks to support the Government of Colombia in its fight against drug trafficking and terrorism. Those entwined problems are especially evident in parts of Colombia east of the Andes that are underpopulated and lack a government presence. Most of Colombia's drug crops are grown in such areas, in which the rule of law is weak and government access is limited.

In the face of this huge challenge, there has been a revolution in the way that Colombia perceives the link between criminal and political terrorism, drug trafficking, corruption, and weak government institutions. Rather than meekly accepting these phenomena as facts of life, Colombia's President Alvaro Uribe is pushing back, both against the drug trade and the terror groups it sustains. Since President Uribe's election, Colombia has accelerated implementation of its drug control program, eradicating record levels of coca and moving aggressively in several areas to weaken criminal and terrorist organizations, establishing the rule of law in war-torn regions, and protecting the rights and security of Colombian citizens. Significant drug control gains in Colombia will require – and President Uribe has committed to pursuing – establishment of the rule of law in areas that are currently controlled by terrorists and are used to cultivate and produce illegal drugs.

President Uribe is expanding the ranks of the Colombian National Police (CNP) by 16,000 personnel in 2003, which will increase the total number of CNP personnel to 121,000. This expansion has facilitated the establishment of a permanent government presence in 77 municipalities that previously had no police. Permanent CNP units will arrive at another 80 municipalities by the end of this September. By the end of the year a security presence will be established in all of Colombia's 1,098 municipalities for the first time in the country's history. Significant pressure is also being applied by the Colombian military to collapse the illegal armed groups that protect drug trafficking in these remote areas, and there are indications that desertions from these illegal groups are on the rise as well.

With U.S. assistance, Colombia has established carefully screened, or "vetted," law enforcement task forces comprised of investigators, prosecutors, and support personnel with specialties such as asset forfeiture, money laundering, and human rights. Colombian authorities and their U.S. counterparts from the Drug Enforcement Administration (DEA) are also working to attack the Black Market Peso Exchange money laundering system, one of the mechanisms that enable Colombian traffickers to repatriate their drug profits. Moreover, bilateral organizational

attack initiatives are also proceeding under the Bilateral Case Initiative, and are yielding successes such as the effective dismantlement of Mario Joaquin Trujillo's organization earlier this year. Additionally, under President Uribe, Colombia has pursued an aggressive policy of extraditions to the United States, as demonstrated by his unprecedented extradition of a member of the narco-terrorist organization known as the FARC.

Aerial spraying is a major component of Colombia's strategy for fighting the drug trade and is the program with the single greatest potential for disrupting the production of cocaine before it enters the supply chain to the United States. Spray operations have the potential to cause collapse of the cocaine industry if the spraying is intensive, effective, and persistent. Replanting coca is expensive for farmers, in terms of both labor inputs and opportunity costs. Establishing a one hectare (2.5 acre) field costs between \$1,300 and \$2,200, depending on whether the coca is replanted in an existing field or if a new field is cleared from native rainforest. Coca seedlings typically take approximately a year to begin bearing harvestable leaf. Once mature, coca requires manual labor to pick and large quantities of chemicals to process into export-grade cocaine. According to estimates by the Institute for Defense Analyses, eradicating 200,000 hectares of coca would cost farmers \$300 million—costs significant enough to cause growers to conclude that cultivation is no longer an economical choice.

The Colombian cocaine industry is estimated to have the capacity to replant 100,000 hectares of coca each year. During parts of 2002 and the first half of 2003, the Government of Colombia's eradication rate has been on track to exceed this replanting rate in the coca-rich areas of the Putumayo and Caqueta Departments, but repeated sprayings over the next twelve months will be necessary in most areas to deter replanting even more. After the massive spray campaign that was conducted last year from August through November in the Putumayo Department, there was evidence that about 10 percent of the itinerant labor coca-farming population had left the area because the coca economy could no longer sustain them. In fact, between September 2002 and early 2003, coca cultivation decreased by 75 percent in this Putumayo growing region which was once the world's epicenter for coca cultivation. Overall, between 2001 and 2002 in Colombia, coca cultivation dropped by 15 percent and opium poppy cultivation fell by 25 percent, marking significant interventions against the Colombian drug trade.

Where eradication prompts movements of the coca labor force and newly arrived growers out of remote planting areas, alternative development programs managed by the U.S. Agency for International Development can help offset the potential disruptive effect on the licit elements of local economies. U.S. assistance is provided in areas where projects are economically viable and where there is enough government presence and security to ensure that the projects will be implemented for the benefit of legitimate production and democratic rule. These projects have benefited over 20,000 families, and have resulted in the production of nearly 16,000 hectares of licit crops and the establishment of 260 small infrastructure projects in former coca-growing areas. Continued U.S. support, for these and other alternative livelihood programs, strengthens the progress of market disruption efforts in Colombia and our ability to capitalize on current eradication success.

Aerial interdiction can also support the disruption of the illegal drug market in Colombia, and Colombia's capacity to implement this intervention will increase dramatically now that the

Air Bridge Denial program is back in operation. Although a majority of cocaine is now transported across the Andes by land, a significant amount moves by air. Stopping that flow will impose significant penalties on traffickers. Denying traffickers unhindered movement by aircraft will make it more difficult for them to collect coca cultivated in remote regions where air transport is the only efficient mode of transportation.

Interdiction of the offshore movement of cocaine from Colombia facilitates market disruption as well. There are hundreds of maritime shipments heading north annually from the Colombian coast. According to estimates contained in an interagency assessment of cocaine movement, the amount of cocaine detected departing Colombia's coasts destined for the United States over the past few years was divided roughly evenly between Colombia's North Coast (heading first for Caribbean destinations or to Mexico and Central America) and the West Coast (destined mainly for Mexico). So far this year, however, we have seen a sizable shift in the amounts of cocaine detected leaving from Colombia's West Coast to the North Coast, possibly as a result of the significant seizures from fishing vessels in the Eastern Pacific and the effective coca eradication in southwest Colombia mentioned earlier. Colombian traffickers have a significant investment in each shipment as it departs South America – as much as \$3 million per small boat – and while in transit to Mexico the loss of cocaine would be borne by Colombian organizations and their transportation specialists.

In general, small, speedy, “go-fast” boats are often employed for this movement due to their ease of launch from estuaries and small piers, and the detection challenge that they pose for interdiction forces on the high seas. However, in the Eastern Pacific, larger cocaine-ferrying fishing vessels are used to consolidate loads far off the Colombian coast, to continue the movement to Mexico. As noted earlier, numerous interdiction operations have resulted in the capture of an estimated 40 percent of the large fishing vessels which smuggle drugs in the Eastern Pacific during the past year, and in substantial reduction in the prevalence of the large-fishing-vessel mode of transshipment during the past quarter. Attacking go-fast movements in coastal waters holds the promise of rendering unprofitable or minimally profitable what remains of this key business sector of the cocaine industry.

The United States coordinates interdiction operations with the Government of Colombia to engage the offshore go-fast threat directly through all available means – including the highly successful U.S. Coast Guard armed helicopter detachments – while seeking to create a dedicated sensor infrastructure and establish a robust Colombian capability to interdict drug flows in their coastal waters. In 2002, the Colombian Navy seized the majority of the cocaine captured in Colombia, principally in operations focused on these coastal waters. In 2003, the U.S. Drug Enforcement Administration (DEA) has worked with the Colombian Coast Guard and the Colombian National Police to establish a substantial North Coast inshore interdiction capacity. A combination of U.S. Navy and Colombian Navy, Marine Corps, and counterdrug brigade efforts in the littorals of Colombia has pressured West Coast transportation operations in 2003 as well.

The United States is also working with the Government of Colombia to specifically address challenges associated with the regional heroin market. Opium poppy cultivation largely appears to have dispersed into smaller, more remote, areas following the Colombian eradication

efforts of 1999-2000. In response, new U.S. programs have been initiated to identify the locations of poppy fields and production laboratories throughout the Andean region. To counter the predominant mode of transportation for heroin to the United States – commercial aircraft – U.S. and Colombian authorities have instituted interdiction programs using X-ray machines in airports. Additionally, the Drug Enforcement Administration has started a heroin task force that works directly with Colombian law enforcement officials to attack the criminal organizations which support this trade. These efforts hold the potential to undermine the effectiveness and efficiency of the Colombian heroin market, and its overall ability to fuel heroin consumption in the United States.

Attacking Organizations in Mexico

Mexico continues to be the source and entry point of most illegal drugs that are smuggled into the United States. Mexico produces and ships to the United States over 5 metric tons (mt) equivalent of pure heroin; is the source of between 4,200 and 4,500 mt of marijuana; and is the producer of large quantities of methamphetamine. Mexican drug groups are also responsible for smuggling over 225 mt of cocaine across the U.S. Southwest Border. They control most of the wholesale distribution in the western and Midwestern United States and much of the illegal drug brokerage throughout the United States. In this context, the international criminal organizations based in Mexico control most of the cocaine broker-level distribution to the United States; a majority of methamphetamine production and distribution; and a major portion of marijuana distribution.

The situation in Mexico is both a great challenge and a great opportunity which offers more hope than at any time in many years. Upon entering office, President Vicente Fox recognized that his vision for a prosperous Mexico had no place for institutionalized drug cartels and the corruption and lawlessness they foster. He has taken serious action against them, targeting the murderous Arellano Felix Organization, among others. President Fox has also strengthened law enforcement cooperation with the United States and has begun the process of reforming dysfunctional and sometimes corrupt institutions.

As a result of this renewed commitment to countering the illicit drug trade, since President Fox assumed office in December 2000, Mexican law enforcement agencies and military personnel have arrested over 6,000 drug traffickers. The most notable recent arrests include:

- The January 2002 arrest of Arturo Guzman Loera, the brother of Joaquin “El Chapo” Guzman (who escaped from a Mexican prison in January 2001) and ten members of Guzman’s organization. Officials continue to seek the re-capture of Joaquin Guzman.
- The March 2002 arrest of Benjamin Arellano Felix along with Miguel “El Tarzan” Herrera Barraza, a lieutenant and chief of operations and logistics in the Arellano Felix Organization.

- The May 2002 arrest of Albino Quintero Meraz, a top lieutenant in the Gulf Cartel. He had also worked for the now-incarcerated Quintana Roo Governor Mario Villanueva.
- The January 2003 capture of Jaime Arturo Ladino Avila alias "El Ojon." Authorities considered him to be the main money launderer for the Amezcua Contreras brothers, the presumed leaders of the Colima Cartel.
- The March 2003 arrest of reputed drug lord Osiel Cardenas Guillen after a shoot-out in the border city of Matamoros. Known as "El Loco," Cardenas controlled smuggling through Matamoros, Nuevo Laredo and Reynosa. He was a key facilitator for the Gulf Cartel, which controls the flow of tons of marijuana, cocaine and heroin from Mexico's eastern coast into the United States.
- The August 2003 arrest of Armando Valencia, a major operator along the U.S. border with contacts in the Juarez and Tijuana cartels.

The United States and Mexico continue to improve their ability to succeed against a very serious drug threat to both countries. The Mexican Attorney General's Office (PGR) and the military services are targeting the leadership of all major drug trafficking organizations, with the goal of disrupting their production, transport, and sale of drugs. The PGR's newly formed Federal Investigative Agency (AFI) and the National Planning, Analysis, and Information Center for Combating Crime (CENAPI) have developed more investigators to collect and analyze information on drug trafficking and other organized crimes. An example of the continued U.S. support to these Mexican counterdrug advances is the provision of document exploitation software and training on its employment from the U.S. National Drug Intelligence Center (NDIC) for these investigators' use along with computers supplied by the U.S. Embassy's Narcotics Affairs Section.

The Fox Administration has also sought to increase the business costs for traffickers in several other ways. Mexico maintains a very effective and intensive eradication program against marijuana and opium poppy, which in combination with a drought in 2002 produced a 40 percent drop in opium poppy cultivation. Mexican marijuana eradication in 2003 is on track to surpass corresponding efforts in 2002, and poppy eradication proceeds ahead of last year's pace as well. Interdiction efforts against marijuana and cocaine continue to improve as well; Mexico has devoted more funds to interdiction and has restructured its institutions to increase interdiction capacity and to more effectively stop the flow of drugs. Finally, the Fox Administration has been unafraid to go after corrupt officials in government and in the military, as evidenced by the sentencing in November 2002 of two general officers accused of aiding the drug trade, and the arrest in October 2002 of two dozen individuals charged with leaking information on the drug control activities of the army, federal police, and the Attorney General.

Cooperation with Canada

Although the United States enjoys an excellent level of bilateral cooperation with Canada, the United States Government is concerned that Canada has become the primary source

of the pseudoephedrine and ephedrine precursors for vast amounts of U.S. methamphetamine production. Canada is also the source of at least 400 mt of marijuana annually, with the amount of high-potency marijuana exported to the United States increasing each year. Hydroponic hothouse operations in Canada produce much of this high-THC-content cannabis, and Canadian law enforcement officials have even seized a few aeroponic installations, where plant roots are suspended in midair and are sprayed regularly with a fine mist of nutrient-enriched water. Moreover, reports from the Royal Canadian Mounted Police (RCMP) indicate that Vietnamese groups may have mastered organic methods that rival the more technical means.

Until recently, the Government of Canada, for the most part, has not regulated the sale and distribution of precursor chemicals. The regulations promulgated earlier this year by the Government of Canada to restrict the availability of pseudoephedrine and other precursor chemicals, while a step in the right direction, could be stronger. Notwithstanding Canada's history of inadequate precursor chemical controls, Canadian law enforcement agencies continue to work energetically to support our bilateral law enforcement efforts. The recently completed Operation Northern Star between DEA and RCMP is one such joint effort, and it resulted in the arrest of over 65 individuals in Canada and the United States for their involvement in illicit pseudoephedrine trafficking. This operation also seized 14,000 pounds of pseudoephedrine, which could have yielded 9,000 pounds of methamphetamine with an estimated street value of up to \$144 million. Organizational attack initiatives such as these, focused on key precursor chemicals, directly support the disruption of the methamphetamine market.

While the United States and Canada may follow different courses to address the marijuana threat, the cooperation between, and efforts of, U.S. and Canadian law enforcement officials in this area remain strong. Canadian authorities destroy over one million marijuana plants annually (the equivalent of roughly 200 metric tons of marketable marijuana). U.S. agents collaborate on Organized Crime Drug Enforcement Task Force investigations such as Operation Northern Comfort, which has yielded 34 arrests and the seizure of over \$1 million in currency associated with the trafficking of marijuana from Canada to the United States by members of the Hells Angels Motorcycle Club. The United States will continue to work with Canadian law enforcement to develop organizational attack and border interdiction initiatives to disrupt the marijuana trade.

Developments in Asia and Europe

The market for illegal drugs is global in scope. The world trade in cocaine now includes significant satellite markets in Europe, with more than 200 mt flowing to European countries each year. Consumption of Asian-produced heroin is also widespread throughout European Union nations. The Netherlands is the source of the majority of the U.S. supply of MDMA/Ecstasy. Any market-based understanding of the drug trade must account for the operation of these markets, which, if left unfettered, have the capacity to buffer more immediate U.S.-led efforts to disrupt the drug trade in the Western Hemisphere.

In Southeast Asia, China and Thailand have exerted significant pressure on Burma, which combined with drought conditions has yielded the smallest opium poppy crop in that country

since 1985. However, in Afghanistan the state of internal disruption immediately following the fall of the Taliban has brought with it renewed poppy cultivation and a partial rebounding of opium production. While the bulk of opium poppy cultivation used to be contained in a few high-density growing areas, the limited impact of United Kingdom-supported eradication in 2002 has enabled poppy cultivation to spread to more remote, but less productive, growing areas as traffickers attempt to avoid scrutiny. These recent increases have returned Afghanistan to the dubious distinction of world's largest opiate producer, however production levels remain roughly half of those observed during the record years of 1999-2000. Prices for opium and heroin products are relatively high in the Asian and European markets which Afghan production principally supplies.

Although Asia is no longer the major source of the heroin used in the United States, the Afghan opium and heroin trade does threaten U.S. interests by undermining the Afghan Transitional Authority headed by President Karzai, thwarting the development of a licit economy, and providing financial support to terrorist organizations. For these reasons, the United States strongly supports multilateral efforts led by the United Kingdom to disrupt the illegal drug market in Afghanistan through regional cooperation, interdiction, law enforcement, eradication, and alternative livelihood programs. As part of the President's current \$1.2 billion acceleration initiative, we are focusing more on the law enforcement element of our reconstruction strategy, including standing up counternarcotics police units in the major drug growing and trafficking areas. Greater emphasis is also being placed on increasing funding for alternative livelihood projects in the poppy-growing regions in order to dismantle the opium economy in rural Afghanistan. We also support the recently established Counternarcotics Directorate in Kabul and its efforts to expand its operations to the provinces in support of the implementation of the comprehensive Afghan National Drug Control Strategy.

In Europe, increased demand for cocaine has led to increased cooperation between the United States and concerned countries such as the United Kingdom, Spain and the Netherlands. Yet of particular U.S. concern is the alarming increase in the quantity of illegal synthetic drugs – especially MDMA/Ecstasy – which is entering the United States from Europe. The majority of the MDMA consumed in the United States is manufactured clandestinely in The Netherlands, and both governments regard MDMA as a serious threat to their citizens. Over the past year, the Dutch Government has attempted to increase its own law enforcement efforts to curtail MDMA trafficking; we are now working with Dutch authorities to stop the production and export of MDMA through bilateral initiatives.

Senior officials of the Dutch and U.S. governments met in The Hague in March 2003 to discuss means of strengthening cooperation against international crime, narcotics trafficking, and terrorism. The delegations agreed on a number of specific steps to bolster operational law enforcement cooperation, ensure continual progress and improve judicial coordination and communication, with particular emphasis on combating terrorism and on countering the production and trafficking of the synthetic drug Ecstasy/MDMA. Among other measures, the United States and the Netherlands agreed to explore the possibility of forming joint investigation teams aimed at identifying and dismantling major international narcotics and other criminal organizations. The United States supports these and other international initiatives to attack the

MDMA threat at its source, while increasing our own capability to interdict MDMA at U.S. ports-of-entry.

Conclusion

We are currently taking advantage of an unprecedented opportunity to seriously reduce the availability of illegal drugs in this country by focusing efforts on the drug trade's vulnerabilities and on the key countries – primarily Colombia and Mexico, and to a lesser extent Canada and The Netherlands – that are involved in the production and movement of most of the drugs destined for the United States. The inauguration of President Uribe has ushered in a new level of Colombian commitment and dedication to eliminating illicit coca production and the income it provides for terrorists and international criminals.

President Uribe has committed an unprecedented level of resources, and has enabled Colombia to eradicate most of the coca in the Putumayo region during the last quarter of 2002, and he intends to spray all of the 145,000 hectares of coca and as much opium poppy as the Colombian government can locate with the help of informants, overflights, and technical methods. This rate of eradication – coupled with the credible threat to continue it indefinitely – has the potential to destroy existing large-scale coca production, to convince farmers that coca production is not worth the risk, and to reduce replanting rates. If this aggressive pace is maintained, the end result will be significantly reduced cocaine production, decreased availability in the United States, and significantly decreased financial support for terrorist organizations. To accomplish these objectives the United States must continue to help Colombia achieve the security it needs, provide aerial spray support, support Air Bridge Denial efforts, and help with training and intelligence for law enforcement and interdiction forces.

Similarly, in Mexico we have an opportunity to help President Fox as he continues his progress in reforming counterdrug institutions, moving directly against the leadership of major drug trafficking organizations, and disrupting drug production, transportation, and money laundering networks throughout Mexico. The Colombian cocaine and heroin threats are being engaged in a proactive and strategic fashion, and the Mexican marijuana, heroin, and methamphetamine threats are being attacked as well. Success in these areas will make a real difference in the availability of drugs in the United States.

This year promises to be a pivotal one for our strategy against drugs, both in terms of reducing U.S. consumption, and of disrupting illicit drug markets internationally. It will be a crucial period for our relationships with our partners in these efforts, especially the leadership in Colombia and Mexico who are aggressively confronting the drug threats in their countries.

We must continue to fund the strategies that are working, and keep the pressure up on all fronts. We will continue to assess our efforts and to report our progress to the Congress. We look forward to your continued cooperation and steadfast support as we work to disrupt illegal drug markets worldwide.