

Statement of Explanation**Burma**

The United States has determined that Burma failed demonstrably to make sufficient efforts during the last 12 months to meet its obligations under international counternarcotics agreements and the counternarcotics requirements set forth in section 489(a)(1) of the Foreign Assistance Act of 1961, as amended.

Burma remains among the world's largest producers and traffickers of amphetamine-type stimulants (ATS), and the world's second largest producer of illicit opium. Although precise figures are hard to come by, production and trafficking of methamphetamine from Burma continues to be one of the most serious problems facing Southeast Asia. Neighboring countries seized tens of millions of ATS tablets produced in Burma with precursor chemicals imported from other countries, and the explosion of synthetic drugs remained a major threat to national security and public health throughout the region.

The Government of Burma did little to hinder activities of drug gangs that operate freely along its borders with China, Thailand and Laos. Burma also failed to restrict involvement in illicit narcotics by the largest, most powerful, and most important trafficking organization in Burma, the United Wa State Army (UWSA). Major UWSA traffickers continue to operate with apparent impunity in areas outside government control, and UWSA involvement in methamphetamine production and trafficking remains a serious concern.

Implementation of money laundering legislation, enacted in 2002, faltered in 2003. Despite opening a few cases, the Government of Burma has undertaken no prosecutions, and a February banking crisis appeared to have halted further efforts to implement the law. Burma continued to permit UWSA and other trafficking organizations to own commercial banks and invest in other economic activities.

While the magnitude of the above issues resulted in a determination not to certify, Burma's counternarcotics performance over the past 12 months registered some positive aspects. Although Burma remains the world's second largest producer of illicit opium, opium cultivation declined a further 24 percent, according to the U.N. Office of Drugs and Crime. While the return of good weather brought much higher yields, overall production still declined for the sixth consecutive year.

The Government of Burma cooperated with regional and international counternarcotics agencies and organizations, resulting in several cases against traffickers and their organizations in cooperation with the United States, Australia, Thailand, China, and others. Burma also signed agreements in 2003 with China and India on the control of precursor chemicals.

We urge the Government of Burma to address those areas where its efforts have fallen far short, and to treat its counternarcotics obligations with the utmost seriousness.

Statement of Explanation**Haiti**

The United States has determined that Haiti has failed demonstrably to make sufficient efforts during the last 12 months on counternarcotics issues, including its obligations under international counternarcotics agreements and counternarcotics requirements set forth in section 489(a)(1) of the Foreign Assistance Act of 1961 (as amended). Haiti remains a transshipment point for drugs moving towards the United States, and the Government of Haiti (GOH) has done little to cooperate with the United States to interdict the flow of drugs destined for the United States or to honor its commitments as a party to the 1988 U.N. Drug Convention.