

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 the world's number one producer and trafficker of methamphetamine and the world's second largest producer and trafficker of heroin. Judging from the situation in neighboring countries, production and trafficking of methamphetamine from Burma continues to be one of the most serious problems facing Southeast Asia. Drug gangs operate freely within Burma along its borders with China and Thailand, producing several hundred million methamphetamine tablets annually by using precursors imported from neighboring states.

Although Burma banned the import, sale, and use of 25 precursor chemicals and related substances used in the production of methamphetamine in 2002, Burma has yet to take effective measures against methamphetamine production and trafficking or the importation of precursor chemicals from neighboring states used in the production of methamphetamine. Hundreds of millions of methamphetamine tablets flooded the region, and seizures of methamphetamine went down significantly in 2002 (about 9 million tablets compared to 32 million in 2001), representing only a tiny fraction of the estimated production. In addition, the government destroyed a smaller number of methamphetamine and heroin labs in 2002 compared to the previous year.

Burma has also yet to curb involvement in illicit narcotics by the largest, most powerful, and most important trafficking organization within its borders, the United Wa State Army (UWSA). Although the government claims it has increased pressure on the UWSA to end opium production, major UWSA traffickers continue to operate with apparent impunity and UWSA involvement in methamphetamine production and trafficking remains a serious concern.

While the United States gives Burma a failing grade due to the magnitude of the above issues, we do note some progress on several counternarcotics fronts. Although Burma remains the world's second largest producer of illicit opium, opium production in Burma declined 26 percent in the past year, seizures of heroin and opium increased, and the government has initiated several cases against accused money-launderers under new anti-money laundering laws.

The Government of Burma (GOB) also continued to cooperate 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. Increased cooperation with China, in particular, resulted in the rendering of several narco-traffickers to China in 2002.

We urge the GOB to redouble efforts in those areas where it is making progress and to address those major gaps where it has made no serious efforts to date.

Guatemala

Despite improvements towards the end of the year, Guatemala failed demonstrably during the last 12 months to make substantial efforts to adhere to its obligations under international counternarcotics agreements and to take the counternarcotics measures set forth in section 489(a)(1) of the Foreign Assistance Act of 1961, as amended. Guatemala remains a major transshipment point for drugs, primarily cocaine, moving from South America