

## 2010 INTERNATIONAL NARCOTICS CONTROL STRATEGY REPORT - Country Reports

### ECUADOR

#### I. Summary

Ecuador is a major transit country for illicit drugs trafficked from Colombia and Peru to the United States, as well as a source of chemical precursors diverted for illicit narcotics manufacturing. Large, sparsely populated border regions and difficult-to-monitor Pacific maritime routes are exploited by narcotics traffickers to move cocaine, heroin, and precursor chemicals on to the United States and other countries. Ecuador remains vulnerable to organized crime due to historically weak public institutions and corruption.

In 2009 the Government of Ecuador (GOE) continued to focus its counternarcotics efforts on cocaine interdiction and identifying and destroying large scale multi-ton cocaine laboratories. The GOE maintains a significant military presence near the Colombian border, which was stepped up following the March 1, 2008 bombing by the government of Colombia of a Revolutionary Armed Forces of Colombia (FARC) camp in Ecuador. This military presence counters persistent transnational narcotics activity by criminal elements operating in Ecuador's porous northern border area. In 2009 the GOE reported significant increases in cocaine seizures, totaling 43.5 metric tons, including 10.6 metric tons of maritime seizures—a 98 percent increase over 2008 seizures. Ecuador is a party to the 1988 UN Drug Convention.

#### II. Status of Country

Ecuador's geographic location—bordering the Pacific Ocean on the west, and two of the largest coca cultivation source countries—Colombia to the north and Peru to the south—make it vulnerable to the 'balloon effect' that can follow successful counternarcotics efforts in neighboring countries, and to exploitation by international cartels. It is estimated that as much as 200 metric tons of cocaine is transited through Ecuador each year, with 60 percent of that cocaine estimated to transit toward the U.S., with most of the balance destined for Europe. Ecuador is also a major transit country for chemical precursors and for heroin destined for the U.S. Ecuador remains vulnerable to organized crime due to historically weak public institutions and corruption. Border controls remain weak and are frequently evaded, but are gradually improving. The Ecuadorian National Police (ENP), military forces, and the judiciary do not have sufficient personnel, equipment, or funding to meet all of the transnational criminal challenges they face.

In addition to significant increases in cocaine seizures, the GOE made encouraging strides in 2009 addressing financial crimes. The largest money laundering investigation in Ecuador's history was completed in February, resulting in a \$30.4 million total asset seizure (the previous money laundering record seizure was \$6.5 million in 2006). Bulk cash seizures increased over 15 percent (\$2.6 million in fiscal year 2009, versus \$2.2 million in FY 2008).

#### III. Country Actions Against Drugs in 2009

**Policy Initiatives.** In 2009 President Rafael Correa and his administration continued to place a high priority on combating narcotics production and trafficking. Nevertheless, in February 2009 the Correa government declared two U.S. Embassy officials persona non grata following GOE claims that the USG had interfered with the work of specialized Ecuadorian police units. Several months of negatively toned public statements regarding USG assistance

to the Ecuadorian national police followed. In this tense period the GOE suspended or temporarily scaled back some police programs pending discussions to resolve the impasse between the GOE and the U.S. government. In August, the GOE signed two bilateral memorandums of understanding (MOUs) related to U.S. and GOE cooperation with specialized Ecuadorian police units, along with an amendment to the 2002 bilateral letter of agreement on counternarcotics cooperation. With the signing of these agreements U.S. and Ecuador counternarcotics cooperation was restored.

The GOE continued to strengthen oversight and enforcement of financial crimes through the Financial Intelligence Unit (FIU), established earlier under anti-money laundering legislation. The FIU has cooperated closely with Ecuador's Attorney General, the Anti-Narcotics Police Directorate (DNA), the Superintendent of Banks, the courts, and the private banking association to identify suspicious transactions and develop information for the prosecution of cases. In 2009 the FIU focused on monitoring casinos for money laundering activities.

**Accomplishments.** GOE seizures in 2009 totaled 43.5 metric tons of cocaine, including 32.9 metric tons in land-based seizures and 10.6 metric tons in maritime seizures, which was a 98 percent increase over 2008. The GOE also seized 148 kilograms of heroin, and 2.78 metric tons of cannabis. Seizures in 2008 totaled 22 metric tons of cocaine, 144 kilograms of heroin, and 1,980 kilograms of cannabis.

In November the DNA discovered a large-scale cocaine-processing laboratory in the Chiriboga area of Pichincha Province. The laboratory was well-outfitted with two generators, microwave ovens, and three (one) kilo presses. Along with confiscation of small amounts of drugs and chemicals, over \$1,800 in U.S. currency and two vehicles valued at \$26,722 were seized. Four of six related arrests were Colombian nationals.

During October Ecuadorian police, in one coordinated operation covering three provinces, made multiple seizures totaling 8.3 metric tons of cocaine worth an estimated street value of \$250 million dollars. Seizures included eight properties, a cocaine processing laboratory, weapons, and currency. This operation titled "Aniversario," disrupted a drug trafficking organization directly linked to the 48th Front of the FARC, as well as purported trafficking links to Colombia, Mexico, Spain, and the United States. Total U.S. currency seized equaled \$127,000, and arrests included an active duty Ecuadorian military intelligence officer. This cocaine seizure broke an earlier record set in August for the largest land seizure in Ecuador's history. In late October, another operation thwarted an attempt to ship cocaine inside pineapples via shipping containers to Europe. This seizure yielded 850 kilograms of cocaine and over \$7,000 in U.S. currency, and included the arrest of eight Colombian nationals.

In August an operation named "Victoria," took place near San Lorenzo, in the northern border province of Esmeraldas. The six metric tons cocaine seizure was discovered in 5,412 cocaine bricks and had an estimated street value of \$182 million.

In February the DNA, in coordination with their Colombian counterparts, finished a long-term money laundering investigation which resulted in the seizure of \$30.4 million in total assets and the arrest of seven persons in Ecuador. The previous record was for a case with asset seizures worth \$6.5 million.

The DNA continued to locate and seize large capacity cocaine production processing laboratories (cocaine base to cocaine hydrochloride); four such large capacity processing labs were seized during the year, as well as others of a

smaller scale. On March 3, the Ecuadorian Navy seized an Ecuadorian-flagged vessel, the Maria Eulalia, containing 3.45 metric tons of cocaine. This was the largest maritime seizure by Ecuadorian forces in their history.

**Law Enforcement Efforts.** In a coordinated effort the Ecuadorian police and military identified and destroyed large cocaine processing laboratories and some others of a more limited scale in 2009. The Ecuadorian military continued to sustain operations near the border with Colombia, leveling off from the stepped up tempo that was in play since March of 2008. This build-up was a response to persistent narcotics activity by transnational criminal elements that have rendered the northern border particularly vulnerable and dangerous, as well as to counter a perception that Ecuador was not shouldering its burden in fighting narcotics traffickers in the north.

In 2009 the Ecuadorian Coast Guard continued to enhance their command-and-control capacity, commissioning a main operations center in Guayaquil and a satellite office in the Galapagos. These operation centers will coordinate the Coast Guard's maritime monitoring and control capabilities to confront illicit activity in Ecuadorian waters. The Coast Guard also improved a satellite monitoring system for vessels 20 tons or larger that was first implemented in 2008. Ecuador's Coast Guard continues to seek improved biometric capabilities in order to quickly identify individuals on suspect vessels boarded in Ecuadorian waters.

The Navy procured six unmanned aerial vehicles (UAV) in 2009 to strengthen surveillance over Ecuadorian waters. The UAVs will work in coordination with six high-speed boats acquired in 2008 to improve the Coast Guard's ability to monitor and interdict. The GOE asserts UAVs will fill the gap in surveillance coverage of the Eastern Pacific resulting from the non-renewal of the Manta FOL lease and basing agreement, which expired in November. In 2009 Ecuador's Navy acquired boarding and drug detection equipment, along with training required for the equipment's use.

Ecuador's postal system authorities continued to improve counternarcotics controls, coordinating with the counternarcotics police (DNA) to ensure increased drug detection. Utilizing canine screening and USG-purchased screening equipment at international airport and other postal facilities, postal system seizures have doubled over those in 2008.

The DNA continued its "1-800-Drogas" nationwide hotline, which allows citizens to anonymously report illicit drug activity. Tips from the hotline resulted in numerous seizures of illicit narcotics and supported development of cases against other illegal activities such as weapons smuggling.

**Corruption.** As a matter of policy, the GOE does not encourage or facilitate the illicit production or distribution of narcotic or psychotropic drugs or other controlled substances or the laundering of proceeds from illegal drug transactions. The 1990 drug law (Law 108) provides for prosecution of any government official who deliberately impedes prosecution of anyone charged under that law. Some other aspects of official corruption are criminalized in Ecuador, but there is no comprehensive anticorruption law. President Correa's creation of an Anti-Corruption Secretariat in 2007, along with support of the FIU are helping to strengthen the government's ability to target corruption by gathering information on suspicious financial transactions to build cases against the individuals involved.

Overcrowding and corruption in prisons continues to be a serious problem; many drug traffickers are able to continue to conduct trafficking and other criminal operations from prison. President Correa's 2007 emergency decree to

address prison overcrowding and to improve management of the institutions has had limited impact—primarily with respect to releasing some prisoners. In 2009 the Ministry of Justice released 850 prisoners; 250 were released without ever being sentenced, and 600 were released under an Ecuadorian amnesty provision for possession of less than 2 kilograms (4.4 pounds).

**Agreements and Treaties.** The United States and Ecuador are parties to an extradition treaty which entered into force in 1873, and a supplement to that treaty which entered into force in 1941. Ecuador's Constitution prohibits the extradition of Ecuadorian citizens; however, the GOE does occasionally cooperate in the deportation of third country nationals. One pending U.S. extradition request has been awaiting final approval since 2003. Ecuador is a party to the 1961 UN Single Convention as amended by the 1972 Protocol, the 1971 UN Convention of Psychotropic Substances, and the 1988 UN Drug Convention. It is also a party to the 1992 Inter-American Convention on Mutual Assistance in Criminal Matters, the UN Convention against Corruption, and the UN Convention against Transnational Organized Crime and its protocols on trafficking in persons and migrant smuggling. The GOE has signed bilateral counternarcotics agreements with Colombia, Cuba, Argentina, and the United States, as well as the Summit of the Americas money laundering initiative, and the OAS/CICAD document on Anti-Drug Hemispheric Strategy. Ecuador and the United States have agreements on measures to prevent the diversion of chemical substances; on the sharing of information for currency transactions over \$10,000; and a Customs Mutual Assistance Agreement. The U.S. Coast Guard and Ecuadorian Navy have effective Operational Procedures to facilitate maritime counternarcotics cooperation.

The GOE agreed in 1999 to permit the USG to operate for ten years a Forward Operating Location (FOL) at the Ecuadorian Air Force base in the coastal city of Manta for counternarcotics detection and monitoring operations. The FOL ceased all operations in September 2009, following the GOE announcement that it would not renew the agreement which expired November 11, 2009.

**Cultivation/Production.** Ecuadorian police located and destroyed approximately six hectares of cultivated coca plants in scattered sites along the northern border, and 100,530 individual poppy plants, estimated to equate to less than one hectare of poppy production, at scattered sites located throughout Ecuador. No poppy plants were discovered in 2008. In September 2009, the United Nations Office of Drugs and Crime (UNODC) released results of a two-year coca cultivation survey; the survey confirmed that coca cultivation in Ecuador continues to be negligible.

**Drug Flow/Transit.** Cocaine and heroin from Colombia, and cocaine from Peru, transit Ecuador by various routes for international distribution in shipments ranging from a few hundred grams to multi-ton loads. Shipment methods for illicit drugs and other contraband continued to diversify, including use of small fishing boats, self-propelled semi-submersibles (SPSS), high-speed go-fast boats, and containerized cargo. Another shift in tactics was reported in 2009—by shipping smaller quantities (200-300 kilograms) traffickers could secure illicit cargo on decks allowing speedy jettisoning of suspect cargo overboard at the first sign of detection. This approach diversifies risk and hinders confiscation of costly transport vessels. Although seizures in postal facilities have increased significantly in recent years, traffickers continue to ship drugs via international mail and messenger services, with cocaine generally destined for European markets and heroin for the United States. Postal targets remain a prime target for increased interdictions. There has been a reported rise in the use of shipping containers, and traffickers continued to ship white gas and other precursor chemicals in large quantities from Ecuador to Colombia and Peru for cocaine processing.

**Demand Reduction.** Coordination of abuse prevention programs is the responsibility of The National Council on Drugs and Illegal Substances (CONSEP), which leads a multi-agency national prevention campaign in schools. Ecuadorian officials have stated that CONSEP may be partially dismantled and brought under the control of the Ministry of Government and Police. All public institutions, including the armed forces, are required to have abuse prevention programs in the workplace. Funded by a U.S. government grant, the UNODC conducts demand reduction and drug prevention programs in Ecuador.

**Regional Coordination.** Friction persists and diplomatic relations remain severed between Ecuador and Colombia following the March 1, 2008 Colombian attack on a FARC camp in Ecuador. The operation killed a FARC senior leader, Raul Reyes, along with 16 other FARC members. One Colombian military officer was killed while securing the FARC campsite after the operation. Ecuador and Colombia met in September to begin a process aimed at resumption of relations.

Senior GOE officials continued to allege that Colombian aerial eradication near the border harms humans, animals, and licit crops on the Ecuadorian side. Colombia ceased spraying near the Ecuadorian border in early 2007. However, the GOE has continued to pursue a lawsuit at the International Court of Justice in The Hague, alleging that Colombia's aerial eradication actions near Ecuador's border violated Ecuadorian sovereignty; despite results of a recent OAS/CICAD-commissioned study that concluded drift from aerial eradication is not likely to affect Ecuador under spraying procedures followed by aerial eradication aircraft. The suit seeks reparations from Colombia and the cessation of aerial spraying.

**Alternative Development.** Ecuador's border region is mired in poverty. A paucity of licit employment opportunity, isolation, and proximity to FARC-held Colombian territory combine to make the region unstable. The U.S. Agency for International Development (USAID) continued to support GOE efforts to improve livelihoods and infrastructure, strengthen local government, and open opportunities to expand licit economic activity as part of its northern border development master plan.

#### **IV. U.S. Policy Initiatives and Programs**

**Policy Initiatives.** U.S. counternarcotics assistance is provided to improve the professional capabilities, equipment, and integrity of Ecuador's police, military, and judicial agencies to enable them to combat more effectively criminal organizations involved in narcotics trafficking and money laundering. A priority has been to support Ecuadorian police and military presence in the northern border region proximate to Colombia, and police presence in other strategically important locations throughout the country. USG supported programs also address increased awareness of the dangers of drug abuse.

**Bilateral Cooperation.** The DNA remains the primary recipient of U.S.-provided counternarcotics assistance, including vehicles, equipment, and training. The DNA which contributed significantly to the continued record level of land-based seizures includes special nation-wide units, such as the Mobile Anti-Narcotics Teams (GEMA) and a drug detection canine program. The U.S. also increased support to DNA's money laundering unit to combat money laundering organizations operating in Ecuador.

In 2009, the U.S. continued to provide support to the military to facilitate their mobility and communications during operations along the Northern Border, and to Ecuadorian Navy elements to better mobilize, equip, and train for narcotics interdiction activities.

In 2009 the U.S. Coast Guard, in cooperation with Ecuadorian authorities, removed over 7.8 metric tons of cocaine, seized two vessels, and detained 14 smugglers through the use of Maritime Operational Procedures. Ecuador is an active participant in the Multilateral Counterdrug Summit, in which the U.S. participates, along with Panama, Colombia, and Mexico to facilitate regional counternarcotics interoperability.

Work on judicial sector reform continued in 2009 although changes to the structure of judicial institutions as required under the new Constitution, which went into effect in October 2008, created some uncertainty regarding the process of criminal cases. A major USG-funded training program continued to train prosecutors, judges, and judicial police throughout the country to more effectively investigate and prosecute criminal cases. In cooperation with the Judicial Council (formerly the National Judicial Council), the U.S. supported nationwide implementation of an automated database of all criminal cases. However, in February implementation was suspended by a political decision of the Judicial Council, as supported by the Ministry of Justice. Once fully implemented this database would enhance management and transparency of the adjudication of criminal cases to address problems of delay and corruption.

The U.S. provided technical assistance to support continued implementation of the Financial Intelligence Unit and provided training and equipment to police investigative units. Training assistance programs encompassed anti-money laundering, financial crimes, and maritime law enforcement.

**The Road Ahead.** The USG supports Ecuador's efforts and encourages the GOE to continue to place a high priority on the interdiction of illicit drugs and chemicals, eradication of coca and poppy cultivation, and destruction of cocaine-producing labs. Increased GOE patrols near the Colombian border will enable Ecuador to better control Colombian-based drug cartels and destroy production sites. As traffickers shift tactics and make greater use of fast boats for smaller shipments along the coast, containers, and SPSS's, enhanced controls along Ecuador's maritime border, including improved port security, patrolling, and inspections, will be essential for controlling maritime trafficking. The U.S. encourages the GOE to permit U.S. maritime patrol aircraft use of Ecuadorian airports on a planned "gas-and-go" basis in support of extending maritime detection, monitoring, and surveillance capabilities to counter the threat posed by drug trafficking organizations. Strengthening coordination between military and police forces will also facilitate GOE evidence gathering and prosecution of cases related to these activities. Additionally, we encourage the GOE to give high priority to prosecution of money laundering and official corruption—key to attacking the leadership of narcotics cartels.

Complete text: <http://www.state.gov/p/inl/rls/nrcrpt/2010/index.htm>