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COMPTROLLER GENERAL OF THE UNITED STATES

WASHINGTON, D.C. 20548

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AUG 15 1973

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The Honorable Charles B. Rangel
House of Representatives

Dear Mr. Rangel:

Your letter dated May 29, 1973, requested that the General Accounting Office update its July 14, 1972, response to you concerning cut-off of foreign aid and loans to nations involved in narcotics trafficking. You asked us to determine what steps, if any, the Administration has taken since July 1972 to carry out the legislation requiring aid cut-off.

Section 481 of the Foreign Assistance Act of 1961, as amended, requires that the President suspend economic and military assistance, including sales under the Foreign Military Sales Act and sales under title I of the Agricultural Trade Development and Assistance Act of 1954, with respect to any country when the President determines that the government of such country has failed to take adequate steps to prevent narcotic drugs and other controlled substances, produced in, processed in, or transported through such country, from being sold illegally in that country to U.S. Government personnel or their dependents, or from entering the United States unlawfully. Related provisions in the laws authorizing U.S. contributions to the Asian and Inter-American Development Banks and the International Development Association (Public Laws 92-245, 92-246, and 92-247) require that the Secretary of the Treasury instruct the U.S. Executive Directors of those organizations to vote against any loan or other utilization of funds for any country where the President has made such a determination.

On August 16, 1972, the President's Cabinet Committee on International Narcotics Control approved procedures for determining whether foreign aid to a country should be suspended for failure to take adequate steps against narcotics production, processing, or trafficking. Within the Cabinet Committee, the Coordinating Subcommittee is charged with responsibility for monitoring the anti-drug efforts of individual countries to insure that they are taking adequate steps to prevent narcotic drugs and other controlled substances from entering the United States unlawfully. In performing this monitoring function, the Coordinating Subcommittee is to focus particular attention on the more than 50 countries where cooperative efforts could significantly decrease the illicit drug problem.

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The Coordinating Subcommittee includes representatives from the Departments of State, Justice, Treasury, Agriculture, and Defense; the Central Intelligence Agency; and the Agency for International Development. At present, it operates under a chairman who has a corresponding responsibility to (1) the Director of the Office of Drug Management in the Office of Management and Budget and (2) the Senior Advisor to the

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Secretary and Coordinator for Narcotics Matters in the Department of State. There has been some discussion on revising the functions of the Coordinating Subcommittee and reorienting its responsibility for monitoring countries' anti-drug efforts to include the day-to-day working units of the Cabinet Committee--the regional interagency narcotics control groups, and the higher level Working Group. No changes have been made thus far.

According to procedures effective at the time of our inquiries, the following criteria, approved by the Cabinet Committee, are to be applied by the Coordinating Subcommittee in determining whether there is a prima facie case for questioning the adequacy of a country's performance.

1. Has a country failed to give assurance at a high level that it will cooperate with the United States and other nations to control the production, processing, trafficking, and smuggling of illicit narcotic drugs, as defined by the Comprehensive Drug Abuse Prevention and Control Act of 1970 (Public Law 91-513)?
2. Has a country failed to enact adequate narcotics control laws within a reasonable time after this deficiency was called to the attention of its government?
3. Is there evidence of substantial violation of treaty obligations or bilateral agreements relating to controlling the production, processing, smuggling, or trafficking in narcotic drugs?
4. Does hard evidence exist that high level government officials are involved in illicit narcotic drug production, processing, smuggling, or trafficking and does such involvement continue after this evidence has been brought to the government's attention?
5. Has a country declined to take steps to improve the effectiveness of its narcotics enforcement capability within a reasonable time after this deficiency was called to the attention of its government?
6. Has a country failed to take adequate steps to correct other narcotics control deficiencies after such deficiencies have been called to its attention by another government or international agency?

When the Coordinating Subcommittee identifies any country which it believes may have failed to take adequate steps to control the illicit drug traffic, the Subcommittee is to direct the appropriate regional interagency narcotics control group to review that country's performance in depth. When the Subcommittee directs a review to be undertaken, it is to provide to the regional group whatever guidance it deems appropriate.

After finishing its review, the regional group is to prepare a document setting forth the relevant facts and recommendations for consideration by the Cabinet Committee or any group designated by the Cabinet Committee. If the Cabinet Committee concludes that a country has failed to take adequate steps, the Secretary of State, as Chairman of the Cabinet Committee, will forward to the President a recommendation for a Presidential determination to that effect. Following an affirmative Presidential determination, the Cabinet Committee will insure that all appropriate steps are taken to implement the statutory provisions suspending foreign assistance and related support to the country involved.

The Treasury Department, with the National Advisory Council, has promulgated U.S. policy, procedures, and criteria to guide the U.S. executive directors at the international financial institutions. U.S. policy is to oppose the extension of loans by the international financial institutions to countries failing to take adequate steps to prevent illegal sales of narcotics to U.S. Government personnel or illegal transportation of narcotics to the United States. National Advisory Council recommendations seek to increase lending institution involvement in financially sound projects designed to curb illicit drug production and distribution.

The U.S. executive directors have been instructed concerning the amendments in the international financial institution legislation requiring them to vote against any loan or other utilization of funds for the benefit of any country where the President has determined that the government of such country has failed to take adequate steps toward controlling narcotics. The executive directors receive periodic evaluations of the narcotics problem situation in certain countries to guide them in their loan deliberations and voting. To date, no dissenting votes have been cast.

Officials in the Departments of State, Treasury, and Justice, and the Agency for International Development in June and July of this year confirmed that the President has made no negative determination and has not cut off aid to any country because of failure to take adequate steps in controlling narcotics. These officials said that the subject of any country's cooperation in narcotics control had not been raised as a significant issue at any meetings of the Cabinet Committee or its

subordinate units. Officials admit that, although no country has refused to cooperate, their cooperation, narcotics control laws, and enforcement capabilities could be much improved.

The approved section 481 investigation procedures and criteria for determining whether foreign assistance should be suspended have not been disseminated to diplomatic posts abroad. Washington rationale for limiting distribution of these instructions and procedures is based on the belief that officials in Washington are in a much better position to know and assess more of the facts that would bear on a decision to initiate an investigation of a country's failure to take adequate steps. The various posts report regularly and these reports would normally serve as the basis for triggering an investigation in Washington. Officials say that the idea is to encourage countries to cooperate rather than to invite investigations of noncooperation issues.

The mechanism for suspending aid does not include positive, individual assessments of whether countries are violating established criteria and generally works in the following manner:

The Cabinet Committee's regional interagency narcotics control groups meet as required to discuss, consider, and pass on programs, projects, and other narcotics control matters. All agencies having a role in international narcotics control are represented; thus, if an agency feels that a certain country is not cooperating and is seriously deficient under one or more of the established criteria, that agency can voice its objections and suggest steps to be taken. If the interagency group cannot resolve the matter, it is passed on to the Coordinating Subcommittee for a decision on whether to initiate an investigation.

Agency officials believe the aid cut-off provisions are helpful in persuading countries, especially those receiving substantial U.S. assistance, to cooperate. One official expressed the hope that the provisions would never have to be invoked and stated that by invoking them the United States would be admitting that it had failed to elicit cooperative narcotics control measures in a particular country and had in effect, given up. The threat of withdrawing aid is deemed to be more significant than actual cut-off. Unless a country flagrantly and deliberately refuses to cooperate, the likelihood of aid suspension is remote.

The aid suspension provisions of law have focused agency attention on the seriousness with which Congress views the question of country cooperation in international narcotics control. How well the agencies have communicated this congressional concern to foreign governments--especially those having narcotics problems--is unclear.

Treasury has been instrumental in getting the overall message across to its operating personnel and particularly to the U.S. executive directors at the international financial institutions concerning U.S. policy and narcotics control efforts of foreign governments. Apparently, Treasury is in a good position to act swiftly in cases of inadequate country performance but not without a Presidential determination. The State Department, which exercises overall leadership in the Cabinet Committee, and the Bureau of Narcotics and Dangerous Drugs (now a part of the newly established Drug Enforcement Administration) have not communicated to the operating personnel at the field locations the specifics concerning established procedures and criteria.

In our view, narcotics control action plans, laws providing aid funds, laws permitting aid cut-offs, and procedures for effecting such cut-offs are all tools made available for the primary purpose of destroying narcotics addiction and abuse in the United States. As such, these tools should be employed as efficiently and effectively as possible.

The narcotics epidemic in the United States is a serious matter and one that requires the use of every available resource. As such, we feel that the ambassador and the narcotics control coordinators at each mission should have full benefit and full access to the criteria and procedures established to insure that countries with narcotics control problems cooperate with us. These people are most directly involved and have been responsible for developing and negotiating narcotics control action plans.

We believe that communicating the specifics of aid cut-off provisions and the associated implementing procedures to all operating people in the field, and through them to their counterparts in the governments of narcotics problem countries, would make clearer U.S. policy and congressional intent concerning international narcotics control, and would add resolve and persuasion to the objective of achieving international control of narcotics which remains one of the highest priority objectives of American foreign policy.

We discussed the matter of disseminating aid suspension procedures and criteria with the Chairman of the Coordinating Subcommittee. He agreed that these instructions should be sent to U.S. missions in each of the more than 50 narcotics problem countries, and he indicated that this would be done.

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This letter contains observations that may be of interest to the Secretary of State who is Chairman of the President's Cabinet Committee on International Narcotics Control. These observations have not yet been communicated to him. We do not plan to distribute the letter further unless you agree or publicly announce its contents.

Sincerely yours,

Comptroller General
of the United States