ments renewed efforts to collect and analyze intelligence on international drug trafficking, and the Drug Enforcement Administration and the Royal Malaysian Police restored their cooperative relations. A bilateral agreement to assist in demand reduction programs is being implemented effectively. Negotiations for a new U.S.-Malaysia extradition treaty are proceeding.

The Government of Malaysia considers the narcotics problem a priority issue. Malaysia pursues an aggressive enforcement policy under one of the most severe drug laws in the world. A well-funded counternarcotics program emphasizes both enforcement and demand reduction.

Illicit heroin processing, heroin trafficking, and growing addiction continue to be serious problems in Malaysia. Traffickers smuggle heroin base into Malaysia from Thailand and Burma and refined heroin continues to transit Malaysia en route to the United States and other Western markets.

During 1994, there were no notable cases of corruption involving narcotics. However, Penang, where Chinese triad gangs control most narcotics trafficking, is still considered to be vulnerable to corruption and gang members are believed to be involved in attempts to engage law enforcement officials in various forms of corruption. Corruption continued to be addressed by law enforcement agencies. The Royal Malaysian Police continued to take precautions against potential corruption by a careful selection of officers for its anti-narcotics unit and frequent transfers within the unit. Although some law enforcement officials have been charged with corruption in the past, there has been no evidence of corruption among senior officials.

Despite severe legal penalties for both drug use and trafficking, drug trafficking remains a major problem. Illicit narcotics generally continue to be available at stable prices for the local addict population.

There is no evidence that Malaysia is a significant center for money laundering now, but the Malaysian government is concerned that a new offshore financial center may be vulnerable to money laundering activities and is looking for ways to head off this threat.

Mexico

The United States Government and the Government of Mexico (GOM) maintained close counternarcotics cooperation in 1994, the final year of the Salinas administration, in keeping with the commitments of the bilateral agreement on cooperation in combatting narcotics trafficking and drug dependency (Chiles Amendment Agreement). Mexico continued its multi-faceted national campaign against production, trafficking and abuse of illegal drugs, meeting many of the goals and objectives of the 1988 UN Convention. However, the results of this campaign were mixed, with cocaine seizures falling to the lowest level of Salinas' tenure (about 21 mt) and few major traffickers arrested and prosecuted. Narco-corruption remains a serious impediment to effective drug law enforcement. Eradication of opium poppy and cannabis also declined substantially. One factor causing the decline may have been the diversion of military personnel and resources to handle the political uprising in the state of Chiapas. On the positive side, heroin seizures increased to about 300 kilograms, more than the previous five years combined. Seizures of precursor and essential chemicals and destruction of clandestine laboratories likewise increased. Money laundering, particularly the large-scale conversion of cash from the United States, remains a major problem in Mexico, which the GOM has not yet effectively curbed.

The decline in cocaine seizures was due to a number of factors. Much of the Mexican Attorney General's Office was devoted to investigating the assassinations of the leading Presidential candidate and the Secretary General of the ruling PRI party. Also, to avoid detection by U.S. and Mexican air interdiction systems, traffickers increased the use of fast moving cargo jets, each transporting huge quantities of cocaine into Mexico. Only one of these aircraft was seized; the U.S. and Mexican governments are sharing intelligence and upgrading equipment to address this situation.