operation in drug law enforcement was weak in the first half of the year, and one criminal investigation was very probably compromised due to corruption. A lack of political will to uncover what is widely believed to be extensive official corruption led to an overall weak drug control program. Given this situation, Paraguay cannot be considered to be in compliance with the goals of the 1987 bilateral counternarcotics agreement with the USG, which seeks to eliminate the illicit production, processing, trafficking, and consumption of narcotics in Paraguay and the transit of narcotics through contiguous territorial waters.

Cooperation briefly improved in mid-year, resulting in a successful joint investigation with the Drug Enforcement Administration that netted 756 kilos of cocaine, the largest seizure ever in Paraguay. In October, the head of the anti-narcotics secretariat (SENAD) was assassinated, apparently in a personal dispute, disrupting further drug enforcement investigations for the remainder of the year. The new head of SENAD has expressed commitment to a cooperative drug control effort and has promised to carry out widespread changes in the composition of SENAD and the national antinarcotics police. The USG remains concerned, however, that the Paraguayan military's control over SENAD will cloud any efforts to change the organization fundamentally.

The Government of Paraguay (GOP) made some progress toward meeting the goals and objectives of the 1988 UN Convention when the Paraguayan Congress ratified a financial information exchange agreement with the USG. However, until the GOP takes credible action to investigate allegations of corruption and to promote an aggressive investigative stance against those aiding drug trafficking, it cannot be considered to be fully cooperating with the United States, or to be taking adequate steps on its own, to comply with the goals and objectives of the 1988 UN Convention.

Despite its concerns about the GOP's lack of political will to seriously address drug trafficking, the USG is cognizant that Paraguay remains a young, fragile democracy. The consequences of decertification would likely have a significant adverse impact on Paraguay's ability to consolidate and sustain its fledgling democracy. The USG believes that its long-term counternarcotics goal for Paraguay, the promotion of strong, independent, credible institutions of government able to defeat drug trafficking, is best served by fully supporting the continued growth of democracy. Such support is in the vital national interest of the United States. Therefore, the vital U.S. national interest of promoting democracy outweighs the risks posed by the lack of full GOP cooperation on counternarcotics.

Peru

Vital U.S. national interests would be harmed if we deny certification to Peru. Peru remains the largest source of coca leaf in the world, making continued cooperation with the Government of Peru very important to the United States. In 1994, there was no measurable reduction in the flow of coca base from Peru to Colombia and no systematic mature coca eradication. While the amount of coca under cultivation remained the same, coca leaf production increased by six percent due to new, more productive coca plantings in expanded new areas that are superseding older areas, such as the Huallaga Valley. A vital national interests certification will ensure that U.S. Government policy and assistance remain focused on reducing the cultivation of coca and implementing the Peruvian drug strategy promulgated in 1994. Further, such a certification will allow the United States to continue working closely with Peru on other important issues such as democracy, economic reform and human rights.

In September, the Government of Peru (GOP) approved a national drug plan that defines measures to eliminate illegal drug production, trafficking and abuse, including eliminating all coca cultivation destined for illicit uses. It also established timetables and assigned responsibilities for implementing sectoral plans and programs, including a national alternative development program. In June, the GOP passed a stringent law with strict penalties