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U.S. NARCOTICS CONTROL PROGRAMS  
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REPORT

OF A

STAFF STUDY MISSION TO SOUTHEAST ASIA, SOUTH  
AMERICA, CENTRAL AMERICA, AND THE CARIBBEAN

AUGUST 1984 TO JANUARY 1985

TO THE

COMMITTEE ON FOREIGN AFFAIRS  
U.S. HOUSE OF REPRESENTATIVES



FEBRUARY 22, 1985

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## FOREWORD

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HOUSE OF REPRESENTATIVES,  
COMMITTEE ON FOREIGN AFFAIRS,  
*Washington, DC, February 18, 1985.*

This report has been prepared for the Committee on Foreign Affairs by several staff survey teams.

The findings contained in this report are those of the staff, and do not necessarily reflect the views of the members of the Committee on Foreign Affairs.

DANTE B. FASCELL, *Chairman.*

(III)



## LETTER OF TRANSMITTAL

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WASHINGTON, DC,  
February 18, 1985.

Hon. DANTE B. FASCELL,  
*Chairman, Committee on Foreign Affairs, House of Representatives,*  
*Washington, DC.*

DEAR SIR: There is transmitted herewith a report of three staff survey missions carried out at your direction by the undersigned staff during the period August 1984-January 1985. The purpose of the staff study missions to Southeast Asia, South America, Central America, and the Caribbean was to assess the effectiveness of U.S. antinarcotics programs, the level of cooperation between United States and host country agencies, update the committee's information on current developments affecting narcotics control efforts in the various regions, and identify possible areas for improvement.

During the course of the study, the survey teams met with U.S. Government officials involved in the international aspects of the narcotics control problem, including representatives of the Department of Defense, Department of State, the Drug Enforcement Administration, the Central Intelligence Agency, the U.S. Customs Service, and the Agency for International Development, as well as foreign law enforcement, military, and other officials responsible for narcotics control efforts.

In Southeast Asia, the survey team visited Japan, Hong Kong, Thailand, Burma, Singapore, Malaysia, and the Philippines; in South America, the team visited Brazil, Bolivia, Peru, and Colombia; and in the Caribbean and Central America, the study mission visited Jamaica, Panama, and Mexico. An additional study of Southwest Asia is planned in 1985.

The study missions would like to express their thanks and appreciation for the assistance, advice, cooperation, and hospitality extended during the course of their investigations.

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## INTRODUCTION

The attached report makes little effort to provide historical, cultural, economic or geographical perspectives on the countries studied. Such perspectives have been widely reported and are available elsewhere. Rather than duplicate information otherwise available, the study missions concentrated their efforts on updated information and specific problems in the various programs reviewed.

The report thus assumes some basic knowledge of the countries involved, and the common problems they face in fighting narcotics production and trafficking. These problems include a lack of resources due to difficult economic situations, low pay for police and military officials, pervasive corruption, difficult terrain and large areas in narcotics-producing regions, political ramifications from cracking down on narcotics, and—in many cases—a lack of government control over the areas which have taken significant steps against narcotics production and traffickers face the difficulty that the traffickers have better and more sophisticated resources than the government, and can quickly change their strategies and routes to respond to governmental pressure.

Because these problems are common to virtually all affected countries, the study missions have commented on them in their country reports only to the extent that they vary significantly from the norm.

The study missions also noted that any U.S. efforts to persuade other countries to increase their anti-narcotics efforts are ultimately limited by the difficulty of dealing with sovereign countries, the boundaries of U.S. leverage on them, the competition of other U.S. national security interests, and the lack of a persuasive U.S. domestic commitment and effort.

## GENERAL RECOMMENDATIONS

1. *The United States should better demonstrate its own commitment to the fight against narcotics, including spraying domestically the herbicides it urges other countries to use on illicit crops, increasing asset seizures and wiretaps, devoting adequate resources to the agencies involved in anti-narcotics work, and prosecuting narcotics offenders to the fullest extent of the law.*

2. *The State Department should establish a cadre of professional narcotics officers. It should also establish a contingency fund in order to respond more rapidly to anti-narcotics developments in host countries.*

3. *The Foreign Assistance Act should be amended to permit narcotics control assistance funds to be used, with Congressional approval, to defensively arm aircraft provided for eradication purposes.*

4. *The U.S. requirement that Environmental Impact Statements be filed before U.S.-supplied herbicides can be sprayed on illicit narcotics overseas should be deleted, or amended to expedite the approval process.*

5. *The United States should establish a system to track all drug offenses by foreigners in the United States, and provide such information in a timely fashion to appropriate U.S. Embassies. Furthermore, the Drug Enforcement Administration (DEA) and the Department of State should agree on uniform guidelines which would permit sharing of information on foreign narcotics traffickers to prevent their entry into the United States.*

6. *The CIA should increase the resources it allocates to narcotics-gathering intelligence.*

7. *Aerial production surveys are important, and should be conducted annually in each producer country.*

8. *The United States should condition its contribution to the United Nations Fund for Drug Abuse Control (UNFDAC) on that organization's agreement to include host country enforcement components in its crop substitution projects.*

9. *The "Mansfield Amendment" should be amended to permit U.S. officials to be present at narcotics arrest actions, when both the U.S. Ambassador and the host country concur.*

10. *In order to encourage host country participation in and commitment to narcotics control programs, the State Department should require that host countries contribute 25 percent of the cost of such programs from their own resources.*

11. *The State Department should give a higher priority to DEA's request for access to electronics lines overseas that can be used to connect NADDIS terminals.*

## SOUTHEAST ASIA

### RECOMMENDATIONS

1. *The United States should take the lead in coordinating a regional approach to the anti-narcotics effort in Southeast Asia. While there are now regional meetings, discussions and some exchange of intelligence information, it is not carried out on a systematic basis. This is as true for the U.S. anti-narcotics organizations in the respective Embassies as it is for the countries in the region.*

2. *The full resources of the U.S. Government must be brought to bear on the anti-narcotics fight. This includes fully utilizing the assets of the Central Intelligence Agency (CIA) to obtain narcotics intelligence in the countries that have an impact on the flow of narcotics and dangerous drugs into the United States.*

3. *The U.S. Government must better organize its resources to deal with narcotics. Too much coordination and cooperation depends upon personal relationships and not enough on an organizational or institutional framework. For example, U.S. Customs can and must be integrated into the various Embassy Narcotics Units where appropriate.*

4. *There must be better coordination within the Agency for International Development (AID) with respect to development assistance and anti-narcotics programs.*

5. *All U.S. agencies must devote more resources and personnel to tracking the flows of money illicitly generated by narcotics trafficking. Such an effort is one of the few effective ways to hit narcotics traffickers where it hurts—in their pocketbooks.*

### CONCLUSIONS

1. *The U.S. Embassy in Burma devotes a priority to narcotics control efforts that is not apparent in other Embassies in the region.*

2. *Of the countries visited, only Malaysia seems to be making the concerted, across-the-board effort against narcotics production and trafficking that is necessary if the anti-narcotics fight is to be successful.*

3. *Coordination between U.S. Government agencies overseas involved in narcotics control is at times mired in bureaucratic differences and depends upon the personalities involved rather than on any organizational or institutional basis. Thus coordination suffers particularly when personnel changes are made. Although in each country the Deputy Chief of Mission is to chair regular inter-agency narcotics committee meetings, this policy is implemented unevenly.*

4. *The failure of the Congress to appropriate the full FY 1984 request for international narcotics control assistance has adversely*

affected program implementation, and called into question in the eyes of other governments the importance the U.S. Government places on narcotics control.

5. Despite the fact that significant amounts of funds have been and are being spent on crop substitution programs in Thailand, no overall evaluation of the effectiveness of such programs has been conducted. The limited information available indicates that at least some of these projects have little or no impact on poppy production. In at least one instance, poor selection of rice strains and a possible subsequent poor harvest may disillusion poppy farmers.

6. The absence of conspiracy laws and asset seizure laws in most of the countries in the region has severely restricted the capability of law enforcement officials to prosecute major drug traffickers.

7. Although there are frequent meetings of narcotics enforcement officials in the region, there is little formal coordination between them and prospects that narcotics issues will be attacked on a regional basis are remote unless the United States takes the lead in organizing a regional approach. In fact the United States has no regional organization, and cooperation between U.S. Embassies in the region is based on personal relationships and occasional regional meetings.

8. There appears to be very little information concerning financial flows of "narcodollars" in and out of the region, and U.S. Government resources currently directed at developing such information are not adequate. In fact, most U.S. officials appeared reluctant to attempt to tackle this problem.

9. The interpretation of the "Mansfield Amendment" varies widely among DEA agents, ranging from "not being visible" at the time a trafficker is arrested, to "not being present while a prisoner is interrogated".

10. In most countries in the region, the CIA does not consider narcotics intelligence a priority and does not devote adequate resources to the collection, analysis, and dissemination of such information. Furthermore, not all DEA agents who have a "need to know" have the proper security clearances necessary to gain access to all of the intelligence relating to narcotics that may be available. DEA headquarters states that this problem is now being addressed, and should be resolved in the near future.

11. Although aerial spraying of narcotics crops offers one of the best hopes for controlling illicit production the State Department failed until recently to push this option aggressively in Burma and Thailand.

12. There is a reluctance by most countries in the region to carry out adequate, and in some instances even the most rudimentary, customs procedures at airports and ports, particularly with Westerners, due to the importance of tourism and trade in these countries.

13. DEA's role in each country varies dramatically, from fully operational, to limited investigations, to strictly intelligence-gathering. DEA/Bangkok is an important source of information for other DEA offices in the region.

14. To date, U.S. Customs has no identifiable role in anti-narcotics efforts in the region, although Customs is considering such a role in Bangkok.

15. Control of illicit narcotics production is a development problem as well as an enforcement problem. AID should give greater attention to the impact of development assistance on narcotics.

16. In several countries in the region (including Hong Kong, Chiang, Mai, Thailand, Singapore and Malaysia) DEA has no link into the NADDIS system, which is DEA's system of filing information on traffickers. Agents must therefore rely on outdated microfiche files, which hampers effective investigations.

17. Internal U.S. regional cooperation depends too much on personal relationships and too little on developing an institutional framework for such cooperation. When people are transferred such relationships must be re-developed between the new personnel. This wastes time and money and weakens the U.S. anti-narcotics effort in Southeast Asia.

## COUNTRY REPORTS

### JAPAN

1. Japan is a likely transshipment point for narcotics: It is one of the commercial hubs of the region, has a huge organized crime network (the Yakuza), and such a clean international image that U.S. Customs does no incoming cargo checks on shipments coming from Japan.

2. It is impossible to know Japan's significance as a transit point for narcotics, due to lack of cooperation from the Japanese. The Japanese share very little narcotics intelligence with the United States, refuse to permit "controlled deliveries" through their territory, will not provide conviction records or their list of names of over 100,000 known Yakuza members, or other important information.

3. Although Japan has a burgeoning drug abuse problem (with amphetamines), it refuses to acknowledge that problem or its possible role as a transit point, apparently because of the impact such an admission would have on its international image. Statistics kept on narcotics offenses are highly suspect; for example, only narcotics cases actually prosecuted are recorded, not the number of arrests. Japan's questionable efforts to report accurately its narcotics profile and to cooperate with international efforts to combat narcotics have not gone unnoticed by its Asian neighbors.

4. The U.S. Embassy shows no interest in investigating Japan's possible role as a transit point. There is no Embassy narcotics committee, and only one DEA agent.

### HONG KONG

1. There are conflicting views on the extent to which Hong Kong currently serves as a transshipment point for narcotics; some officials feel that transshipments have been drastically reduced and that most narcotics imports are for domestic consumption, while others contend that transshipments are up.

2. Hong Kong has no conspiracy laws or asset seizure laws, although such laws are under consideration.

3. Hong Kong is a significant money-laundering center, given the lack of currency regulation. However, the U.S. Embassy has virtu-

ally no information on financial flows. The study mission was pleased to learn that the DEA has finally assigned a financial analyst to Hong Kong, and U.S. Customs is planning to track currency flows more carefully. However, it is unclear how these two new efforts will be coordinated. Such coordination is essential if such efforts are to succeed. While it may be difficult to obtain information on money laundering because the money flows through the underground ethnic Chinese family-oriented financial system, every effort must be made to track such flows.

4. According to sources with whom the study mission met, the U.S. Consulate has no information on the Chinese organized-crime networks in Hong Kong which control narcotics trafficking.

5. Although Hong Kong does have a vigorous drug abuse campaign, it continues to have a significant narcotics problems which cannot be fully addressed in the absence of adequate laws to prosecute narcotics cases. Hong Kong officials do cooperate closely with U.S. officials on narcotics matters.

#### THAILAND

1. Thailand has made significant progress in some areas of narcotics enforcement. It has finally undertaken a serious campaign against drug traffickers on the Thai-Burma border, is conducting an extensive narcotics investigation program which has yielded extremely useful results both in Thailand and the rest of Southeast Asia, has established Civilian-Police-Military (CPM) commands in the northwest border region to enforce bans on opium production, and last year for the first time conducted a limited public eradication campaign.

2. The Thai continue to resist carrying out a comprehensive eradication and enforcement effort in opium-growing areas due to domestic sensitivities. Because of this failure to adopt a comprehensive eradication and enforcement approach, the acreage under production for opium had increased each year for the last 5 years. However, it should be noted that even if such efforts were improved it would probably have little impact on heroin supplies in the United States, since virtually all of Thailand's opium production is domestically consumed. According to information made available to the study team Thailand is a "net user of opium, not an exporter." It should also be pointed out that the Thai are critical of the effort being made by the United States to reduce the demand for drugs in the U.S. population, and think that the United States is "sloppy in prosecuting drug offenders."

3. Several CPMs were unable to enforce opium bans last year because funds from the \$2.8 million U.S.-financed program for alternate crops were not available until after the opium-growing season started. Despite signed agreements with villagers not to grow opium, Thai authorities therefore felt compelled to allow opium production to continue. It is unclear whether the funding delay stems from the Thai side or from the United States, and whether this problem has been resolved.

4. Marijuana production in the northeast region of Thailand is escalating, with the assistance of U.S. and Australian traffickers. Although this development has at least some impact on the United

States because Thai marijuana is exported to this country, neither the Thai nor the U.S. Embassy have devoted the attention to this problem that it deserves. And although AID's irrigation project in the northeast region has the potential for helping to increase marijuana production, AID has been unable to obtain information on what the impact might be.

5. The single most important step Thailand could take to improve its narcotics control efforts would be enactment of conspiracy laws and asset seizure laws. Extensive information has been collected on narcotics traffickers which cannot be used in the absence of such laws. Such laws are under discussion, but the prospects for enactment in the near future are remote.

6. Although the Thai have failed to make significant progress in some areas of narcotics control, the United States must also bear the responsibility for some of the programs' failures. Rivalry and lack of coordination between the U.S. agencies involved in narcotics control in Thailand have detracted from the fight against narcotics. DEA has devoted too many agents to operations (i.e., small busts) without adequate coordination, and thereby increased the possibility of unanticipated clashes with other enforcement agents in remote areas. The United States has not conducted an evaluation of crop substitution efforts in Thailand since 1981 despite several changes in the program. One current plan to substitute potatoes for opium is being undertaken even though it is unclear whether they will provide an adequate income for Thai farmers. AID's Mae Chem watershed project, which has at least an indirect impact on opium production because it is located in a growing region, has never been evaluated as to the consequences of its road-construction component for transportation of opium. It must be recognized that economic development, while essential, can have an adverse impact on the anti-narcotics program particularly if it is not coordinated and evaluated properly.

7. There is a serious potential security threat to the AID project officer located in Chiang Mai as a result of anti-narcotics efforts. The very nature of development work requires the officer to travel extensively to remote areas in the northwest region, yet he is not given advance warning on planned enforcement actions nor is his car radio linked to the Consulate's radio network. Therefore, the possibility exists that he will be caught unawares in enforcement actions carried out by other U.S. agencies, or be subjected to harm by hostile villagers where such actions have previously taken place.

8. Greater coordination is needed among the U.S., other aid donors, and multilateral organizations concerning support for crop substitution projects.

9. DEA in Thailand was reluctant to cooperate with the study mission and refused to make available to the group a report that had been prepared by the DEA office in Bangkok as a result of an incident involving a lack of coordination on the part of CIA and DEA which almost cost the life of a U.S. agent. This incident had received extensive publicity in Newsweek magazine.

10. The DEA office is more tolerated than accepted by Embassy officials. This may explain the "chip on the shoulder" attitude of some DEA officials in Thailand.

11. U.S. Customs has assigned a Customs officer to Bangkok. Pending agreement between DEA and Customs headquarters on his functions, however, the officer will not be involved in the anti-narcotics effort. There seems to be a reluctance among Embassy officials to integrate Customs officials in the anti-narcotics effort. While this may be understandable given the situation that existed prior to the creation of the Drug Enforcement Administration, when agents of the Bureau of Narcotics and Dangerous Drugs and Customs officials were often competitive rather than cooperative, the dimensions of the drug problem in the United States are such that every agency of the U.S. Government that can help in the fight must be used. This is particularly true of the CIA for without the commitment of that agency's will and resources the anti-narcotics fight will be lost.

#### BURMA

1. Burma continues to be the largest producer of opium in the Golden Triangle, and enforcement efforts by the Burmese have had little impact on production. In large part this is due to the fact that large portions of the production areas are controlled by armed insurgents, who are also involved in protection and trafficking. Also contributing to the lack of progress is the fact that Burmese eradication efforts are carried out at the same time each year, and lack of mobility of police and military forces makes their progress slow and gives growers advance warning of their movements.

2. The United States has provided over \$55 million of aviation equipment and maintenance to improve the mobility of Burmese forces, including 27 helicopters, and is currently providing about \$5 million in assistance each year. However, the Burmese are reluctant to use these helicopters for fear that "something might happen to them," and they would have no way to replace them. If the Burmese do not use the helicopters more effectively against opium growers and narcotics traffickers, it raises doubts as to the utility of providing such equipment.

3. Probably the most effective way of combatting the drug traffickers/insurgents would be through aerial activity, rather than with ground troops. This is currently difficult, if not impossible, because the helicopters provided by the United States are unarmed, and thus unable to operate in poppy-growing areas safely.

4. Even if the Burmese were able to attack the Burmese Communist Party (BCP) strongholds located along the border with the People's Republic of China, fear of the possible repercussions would be a deterrent.

5. No significant effect on the heroin trade in the Golden Triangle can be expected until the Thai and the Burmese coordinate their efforts. The result of Thai enforcement actions along the border has been to drive the traffickers deeper into Burma, and adds to the insurgent threat against the Burmese Government. While the Thai have expressed their eagerness to coordinate anti-drug programs with the Burmese, or even conduct joint operations, the Burmese remain reluctant to join the Thai due to a historical lack of trust. Prospects for increased cooperation in the near future are not good.



6. If the Burmese were to undertake an aerial eradication spraying project successfully, such a development could have a significant impact both in Burma and possibly Thailand. It should be noted that the Burmese have long expressed an interest in testing aerial eradication. However, the United States discouraged such a program until 18 months ago.

7. Burmese cooperation with U.S. officials has increased dramatically in the past year. The desire of Burmese officials to scrupulously maintain a neutralist posture, however, prevents any public discussion of the nature and extent of such cooperation, at least for the present.

#### SINGAPORE

1. Singapore has pursued a draconian policy against domestic drug use which has achieved a certain amount of success. Possession of more than 15 grams of heroin is a capital offense, abusers must undergo mandatory rehabilitation programs, and any citizen can be forced to undergo a urine test. Singapore officials claim that the number of new offenders arrested has dropped from 4 out of 5 arrested to 1 out of 7 arrested. These officials unequivocally attribute Singapore's domestic drug addiction problem to a Western "hippie" influence.

2. Despite strict enforcement on the domestic side, Singapore has shown little interest in international trafficking through its territory. Instead, it has concentrated on "ant traffickers," who smuggle very small amounts of illicit drugs domestically. There are virtually no customs checks at the international airport. Singapore has never hanged an expatriate for a narcotics offense.

3. Drug enforcement efforts in Singapore are hampered by a lack of conspiracy laws, asset seizure laws, and the ability to use wiretaps for narcotics investigations. DEA's information-gathering is limited by the Government's refusal to permit DEA to use Singaporean citizens as informants.

4. It is difficult to assess how significant Singapore's role is as a transit point and laundering center, given the limitations outlined. However, it clearly has the potential to serve as a center for brokering, transshipping and laundering narcotics and illicit profits, especially given the uncertainty which accompanies Hong Kong's transfer in 1997 to Chinese sovereignty.

#### MALAYSIA

1. In the past 2 years, Malaysia's attitude toward narcotics enforcement has dramatically changed, in large part due to increased drug abuse by Malay youth. The Government of Malaysia has declared narcotics to be the number one national security problem of the country, and has taken vigorous steps to reflect this priority. These include the launching of a national anti-narcotics campaign, a re-organization of the national coordinating structure for agencies involved in anti-narcotics efforts, professionalizing the Narcotics Division of the Police, institution of the death penalty for possession of more than 15 grams of narcotics (a fact which is printed on all customs arrival forms and announced on incoming international flights), increased cooperation with Thailand and with DEA,

and formation of a national organization to fight drug abuse with the participation of high government officials and business leaders.

2. Like other countries in the region, Malaysia has neither conspiracy laws nor asset seizure laws. The absence of the former is mitigated to some extent by an emergency order which permits detention of suspects without trial. More than 700 people are currently being detained under this provision, including 66 international traffickers. Malaysian officials have the same qualms about enacting asset seizure laws as other countries because of the potential for political abuse, but such legislation is under active consideration. Other countries in the region view Malaysia's action on this issue as a bellwether.

3. There are indications that Malaysia's get-tough policy is having some impact. Although seizures are up—which could mean either increased flows, or more effective enforcement—the level of purity of heroin has gone down by some 50 percent with no change in price. Malaysian officials also claim that last year the number of new addicts was reduced by half. Malaysian, DEA and Thai intelligence indicates that traffickers are finding it more difficult to operate through Malaysia, and may prefer running their operations through Singapore instead.

4. Malaysia is the only country in the region where DEA has obtained significant information on financial flows of narcotics profits. A recent case revealed a pattern whereby funds were moved from Penang (a major transit point) to New York and back to Hong Kong, generating at least \$120 million over 18 months. This case may help encourage the Government to enact asset seizure legislation.

5. DEA has changed its focus from operational work to intelligence-gathering, a development which both DEA and Malaysian officials are pleased with. Malaysian officials rely heavily on DEA assistance.

6. Although there are widespread rumors of a new Burma-Malaysia sea route for trafficking, there is no solid evidence to support this contention.

7. Malaysia may be the one country in the world where the host country considers the narcotics problem a greater menace than does the United States. It is clear that Malaysia views narcotics matters as extremely important; it is unclear whether the U.S. Embassy realizes how important this issue is to the Malaysians.

#### PHILIPPINES

1. The Philippines has become a major producer of marijuana, though most of this crop is consumed locally. At least part of the increase in production was apparently attributable to a rewards system (now abolished) for Philippines anti-narcotics units, which encouraged corruption and spread marijuana production from three provinces to virtually all provinces.

2. There has been some increase in effectiveness in the Philippines narcotics units since their recent re-organization into a specified narcotics command (NARCOM), which can draw on all military forces.

3. Local officials minimize the extent to which the Philippines serves as a base for international trafficking. However, it seems clear that the Philippines serves as a transshipment point, although it is difficult to determine how significant this is due to lack of security at the airport and the tremendous amounts of contraband passing through that facility. NARCOM is not allowed into the airport, although a new inter-agency Narcotics Task Force being formed for the airport may produce some results in the future.

4. The Philippines has adequate anti-narcotics laws, but they are rarely enforced. The absence of meaningful prosecutions on narcotics offenses is becoming a domestic political issue.

5. The overwhelming economic and political difficulties in the Philippines and U.S. strategic interests in that country dwarf narcotics issues.

6. Although there have been credible reports that the New People's Army (NPA) guerrillas have been financing their activities by production and trafficking in marijuana, there is no hard evidence to support these allegations. Some officials feel that if the guerrillas were in fact engaged in such activities, they would have been able to finance better equipment than they are currently using.

7. There has been a continuing problem with Philippine airline employees smuggling illicit drugs into the United States, although according to some U.S. officials this problem has temporarily abated.

#### HONOLULU

1. The study mission's visit to Honolulu demonstrated a weakness in the commitment of the United States to fighting narcotics on its own borders. At the time of the study mission's visit, DEA's activities were restricted by the fact that they were under a funding freeze, and had no money to make drug buys. Customs has had to suspend financial investigations due to a lack of resources, and has inadequate manpower to effectively check incoming airline passengers for contraband. Hawaiian State officials have been unable to obtain help from the U.S. military for eradication purposes, despite an increasingly well-entrenched and vicious growers' population.

2. One of the few examples of effective U.S. coordination appears to be the inter-agency Airport Task Force, in which local police, Customs personnel and DEA agents have cooperated in making cases.

3. Despite well-publicized reports of an agreement between U.S. Customs and U.S. airlines concerning the airlines' cooperation in detecting drug smuggling activities, the study mission learned that the agreement is in principle only and that the airlines servicing Southeast Asia have refused to commit themselves to such cooperation in writing.

## SOUTH AMERICA

### RECOMMENDATIONS

1. *If it is determined that aerial eradication of glyphosate is effective and safe on coca leaf, the United States should insist that aerial rather than manual eradication be carried out in each producer country.*

2. *Bolivia and Peru should amend their laws to make all coca production illegal.*

3. *The United States should negotiate updated, workable extradition treaties with countries in the region.*

4. *DEA offices in the region should receive increased personnel and resources in order to increase their effectiveness.*

5. *The countries in the region must begin to confront and pursue high-level traffickers if any success is expected in narcotics interdiction.*

6. *The policy of using U.S. funds to make cash payments to coca farmers whose fields have been eradicated should be terminated.*

7. *The United States should consider encouraging the major countries in the region to establish a regional organization to combat narcotics. For example, Mexico, Brazil, Argentina and Colombia could organize a joint force to combat narcotics production and trafficking. This group would be in charge of coordinating intelligence, identifying traffickers, and establishing eradication teams. The majority of the resources for such an effort would be supplied by the United States, while the Latin Americans would supply the manpower and salaries for the Task Force. All producer countries would have a representative on the Task Force Board to assist in coordinating with their governments. Such an approach would have the advantage of removing the United States from the role of "police officer" in these countries, while encouraging the countries in the region to combat their own problems.*

### CONCLUSIONS

1. *Although there have been some significant positive steps taken against narcotics in 1984, particularly in Colombia, none of the countries visited is making a serious, concerted effort to reduce and/or eliminate illicit narcotics production and trafficking.*

2. *The United States has expended significant amounts of money, human resources, and political capital over the past decade to reduce narcotics flows out of these countries, with little discernible results. Part of this failure may be attributed to a lack of coordination between responsible U.S. Government agencies, poor program management, and a lack of support from U.S. agencies' headquarters in Washington for their front-line officers in the field.*

3. Corruption in the ranks of host country narcotics enforcement officials, the military, judicial and government officials continues to be a serious obstacle to effective narcotics control in the region.

4. Contrary to the popular belief that narcotics money is crucial to the economic health of these countries, in fact the great majority of these illicit gains flow out of these countries and into off-shore bank accounts in the Caribbean and the United States. The laundered funds which are returned are mainly used for non-productive activities, such as real estate speculation, and conspicuous consumption of luxury goods.

5. It is highly likely that U.S. Government estimates for coca and marijuana production in Latin America are far too low, given the unprecedented size of the seizures made in 1984. While part of the increased seizures may be attributable to improved enforcement, there is little question that production has been underestimated, particularly in Mexico. Part of this error is due to the fact that no recent aerial production surveys had been undertaken in any of these four countries, despite repeated requests from U.S. Embassies. The lack of such surveys has also been an impediment to effective implementation of narcotics enforcement and crop substitution programs.

6. Unlike Southeast Asia, where U.S. Customs has no discernible role in anti-narcotics work, in Latin America U.S. Customs is introducing Customs analysts into every major narcotics producing/trafficking country to gather narcotics intelligence. While such a development might prove useful in supporting DEA's ongoing activities, particularly in the area of money laundering, it raises the specter of the inter-agency squabbles between DEA and Customs in the early 1970's. Without proper coordination, it threatens to re-create the divisive battles which the merger of the former Bureau of Dangerous Drugs (BNDD) and Customs narcotics responsibilities into DEA was supposed to resolve.

7. The Department of State's narcotics control assistance programs frequently are unable to respond rapidly to improved circumstances due to bureaucratic delays and lack of funds. Program management also suffers because Foreign Service officers are unaccustomed to running such aid programs, and because narcotics assignments are viewed with distaste from a career standpoint. Therefore, program managers tend to be either contract personnel, reluctant FSOs who serve only one tour, or senior FSOs nearing retirement. Narcotics Assistance Unit (NAU) positions often remain unfilled for long periods of time. This absence of an institutional memory or a professional cadre obviously impacts negatively on the overall program.

8. UNFDAC is undertaking major crop substitution programs in Peru and Bolivia, largely with a \$40 million contribution from Italy. However, in neither country does UNFDAC have any plans to coordinate these programs with a host country enforcement component, despite historical evidence that crop substitution programs are ineffective without enforcement. While UNFDAC is not an enforcement agency, there is no reason why it cannot coordinate its programs with local enforcement agencies. Failure to do so almost certainly guarantees the failure of crop substitution programs.

9. U.S. law prohibits the State Department's Bureau of International Narcotics Matters (INM) funds from being used to purchase weapons or ammunition. This prohibition has endangered the lives of host country personnel who fly eradication missions in U.S.-supplied helicopters and fixed-wing aircraft. It has also decreased the effectiveness of the aircraft provided, at least in Colombia where half of the helicopters supplied for eradication purposes must be used to provide protection for the other half which are actually spraying.

10. Under U.S. law, no U.S.-supplied herbicide can be sprayed on illicit narcotic crops until environmental determinations are filed and approved in the United States. Even if producer nations were to decide immediately to begin aerial eradication, a lag time of 6-12 months would occur because of this requirement. It should also be noted that none of the herbicides which the United States has urged producer nations to consider have been used against illicit drug crops in the United States, except for paraquat, which was sprayed in Kentucky and Georgia until late 1983 when a U.S. court injunction prohibited further use.

11. DEA offices in these countries are working at a disadvantage due to a lack of adequate resources. For example, not one office visited had access to DEA's NADDIS system (DEA's computerized "roll-o-dex" of drug traffickers); all are forced to rely on antiquated microfiche files. One office has no secure telephone lines and is forced to use commercial phones; another had its personnel level tripled but its operating funds cut back.

12. The CIA's role in narcotics intelligence-gathering appears to be minimal. This is unfortunate, not only because of the impact of narcotics on the United States, but also given the interdependence in these countries between drug trafficking, political corruption, and the military's ability to deal with security concerns.

13. AID continues to be reluctant to become seriously involved in the anti-narcotics effort. This lack of enthusiasm is reflected in poor project design and management in AID's narcotics-related projects, particularly in Peru.

14. In none of the countries visited have the various new inter-agency anti-narcotics groups formed in the United States—i.e., NNBIS, Task Forces, Organized Crime Drug Enforcement groups, etc.—had any perceivable impact on the operations or effectiveness of U.S. and host country personnel. Although these organizations are domestic U.S. groups, their establishment was supposed to involve greater coordination and cooperation in the overall anti-narcotics effort, especially in exchange of intelligence. The study team saw no evidence in the field to indicate that such purposes have been fulfilled.

15. Given the corrupt judicial and penal systems in Bolivia, Peru, and Colombia, the only hope for prosecuting and sentencing traffickers from those countries is in the United States, pursuant to an extradition treaty.

16. In none of the countries visited is there any assurance that coca fields which have been eradicated will not be replanted.

17. There is no system by which U.S. consular and drug enforcement officials overseas can ascertain when traffickers are arrested for drug offenses in the United States. Therefore, a trafficker could

be arrested in Miami, jump bail, return to his country, enter the U.S. Embassy and ask for a new visa to re-enter the United States, and the consular officer would be unaware of his past history.

18. There is virtually no cooperation and coordination between the countries in the region on narcotics, although there are some bilateral agreements between the countries and there have recently been a spate of regional meetings and conferences. Until such coordination is achieved, the prospects for reducing drug production and trafficking are slim, since countries which crack down on such activities merely push their problems into neighboring countries.

## COUNTRY REPORTS

### BRAZIL

#### *Conclusions*

1. Brazil has become not only a transshipment point for drugs, but a producer nation of cocaine and marijuana as well. Drug seizures in 1984 are double those for 1983. Should Brazil not move aggressively to eradicate coca immediately, while the present crop is still manageable, Brazil could surpass Bolivia and Peru as a major coca producer.

2. Thus far, the Government of Brazil has contributed only scant resources to combat narcotics production within its borders. The Justice Ministry, which has the responsibility for narcotics matters, has the smallest budget of any Brazilian agency, and the narcotics division within that Ministry has only 25 percent of the funds it needs. The coca eradication program currently being conducted in the Amazon region is being funded totally by the United States.

3. Since the recent crackdown in Colombia on narcotics, numerous Colombian traffickers have fled to Brazil to continue their operations.

4. Although Brazil has generally adequate anti-narcotics laws, there are significant loopholes and gaps in implementation. Wiretaps are not permitted, a lack of foreign currency regulations and bank secrecy laws hamper financial investigations, and those jailed for narcotics offenses frequently "escape".

5. Control of both illegal drugs and precursor chemicals necessary to process them is complicated by the free trade zone between Paraguay and Brazil in Santos. Under a bilateral agreement, Brazilian police are not permitted to inspect any closed containers entering from Paraguay, even though it is suspected that illicit substances are smuggled through this system.

6. There are no reliable statistics in Brazil on domestic production or abuse rates, although there is a program for drug prevention in primary schools.

7. Brazilian Customs appears to have very little involvement in narcotics interdiction, and there is only limited communication between the Federal Police and Customs.

8. It is unlikely that Brazil will conduct aerial spraying of either marijuana or cocaine, due to legislation restricting the use of herbi-

cides as a result of past problems with application of toxic substances.

9. DEA has five agents and only one office in Brasilia to cover a country which is larger than the continental United States, nor do they have a NADDIS terminal.

10. The U.S.-financed narcotics assistance program for FY 1984 was \$205,000, although the original budget was zero. Of these funds, \$150,000 was used to support the field costs of Federal Police coca eradication teams in the Amazon. The remainder was used for commodities to support this effort, such as communications equipment, air boats, etc.

For FY 1985, \$250,000 has been allocated to cover four projects: (1) to continue the Amazon coca eradication effort, (2) \$105,000 for an acetone/ether control project, (3) a training program for Brazilian Customs, and (4) a drug survey. However, the U.S. Embassy has requested additional funds for FY 1985 and another major increase for FY 1986. The INM program in Brazil is managed by a political officer since there is no Narcotics Assistance Unit (NAU).

### *Recommendations*

1. Any increases in U.S. assistance to narcotics control in Brazil should be made only after the Brazilian government demonstrates its own commitment by providing adequate resources to its own agencies.

2. Should the Brazilian government fail to demonstrate such a commitment within a reasonable period of time, the United States should take steps to reduce and/or eliminate sugar quotas for Brazil.

3. The U.S. Embassy in Brasilia devotes little attention or management capability to narcotics issues. Until the Embassy makes clear to the Brazilians that narcotics matters are an important bilateral issue, the Brazilians are unlikely to take meaningful action.

4. If DEA is to gather adequate intelligence, it should consider opening an office in the Amazon region in Manaus.

5. Brazil and Paraguay should revise their agreement on the free trade zone between the two countries to permit inspection of containers when there is a reasonable suspicion that narcotics are present.

## BOLIVIA

### *Conclusions*

1. Bolivia has overwhelming problems that seriously impact on the U.S. assistance efforts in that country. Programs that are initiated, whether economic, development, political, or narcotics control are not successful. This lack of achievement should be kept in mind in reviewing the U.S.-financed narcotics control assistance program.

2. The Bolivian military was ordered into the Chapare region by the President in August 1984 to reestablish order in this lawless, coca-producing area. This was a positive step, and demonstrated some commitment by the government of Bolivia to bring the illegal production of coca leaf to a halt. However, this initiative created strains between the narcotics police (UMOPAR) and the military.



In early November the military was withdrawn. The U.S. Government supported the majority of the costs of deploying the Bolivian military in the Chapare, including salary supplements. However, one unit visited by the study mission had not been paid in over 1 month.

3. The government has also sent the military and UMOPAR into the Beni, an isolated region used mainly for drug trafficking. Although substantial seizures were made, no traffickers were apprehended.

4. Despite the positive steps taken by the government, not one hectare of coca leaf has been eradicated since the United States established the narcotics assistance program in 1971. There is no prospect in the near future that the government will eradicate coca leaf.

5. Only one aerial coca survey had been conducted in Bolivia before 1984. This 1984 survey will be useful in assessing how much coca is planted and what areas should be targeted for eradication. Bolivian and U.S. estimates of coca production are similar (48,000-60,000 hectares). Bolivian officials noted that even if all coca fields over 2 hectares were eradicated, the remaining production would still exceed the domestic demand of 15,000 metric tons per year.

6. The police and military in Bolivia have a long history of corruption. Even though the United States has been able to work effectively with some police and military officials, the corruption problem is not expected to improve in the near future.

7. The Bolivian legal and judicial system is totally inadequate to cope with narcotics offenses. Legal inadequacies include a lack of conspiracy laws and a meaningful extradition treaty with the United States, as well as the fact that coca production is legal in Bolivia. The judicial system is riddled with corruption, as is the penal system.

### *U.S. programs*

8. In August 1983 the United States and Bolivia signed eight agreements which tie all U.S. economic assistance to Bolivia on that government's achievement of specific narcotics objectives. Four of the agreements relate to narcotics control programs, and the other four to narcotics-related AID programs. This package includes \$30 million in narcotics control assistance and \$50 million in development assistance over 5 years. None of the agreements have been complied with nor is there any prospect that the objectives will be met any time in the near future. Nonetheless, the U.S. Embassy is not prepared to cut off assistance to Bolivia for lack of compliance.

9. The U.S. Embassy can take much of the credit for prodding the Bolivian government into the few positive steps it has taken. Through strenuous efforts, the Embassy has convinced the Bolivian government to create a variety of new organizations to attack the narcotics problem, pursuant to the agreements. On the enforcement side, these steps include formation of a 30-man intelligence unit; the 150-man mobile UMOPAR police; and a new 200-man UMOPAR unit to be stationed permanently in the Chapare. Future plans include a border unit and a river patrol unit. On the eradication side, a new organization named DIRECO is in the process of

formation, and in the assistance area the Secretariat for the Development of the Bolivian Tropics will provide benefits for coca-growing areas. All of these organizations have been created within the past year; except for the 30-man intelligence unit, none is fully operational at this time.

### *Enforcement*

10. The special narcotics unit recently created in Bolivia, UMOPAR, has been plagued by leaders who have been ineffective and frequently replaced. It also suffered serious morale problems when several of its top officers participated in a recent coup attempt against President Siles Suazo. It is worth noting that, contrary to press reports, UMOPAR units have not been trained by the United States, although the United States has funded virtually all of its costs.

### *Eradication*

11. DIRECO is the organization being formed to carry out coca eradication in the Chapare. It has divisions for census, mapping, "contact teams", and reduction. The census division is necessary because the number of coca growers in the region is unknown. The mapping division must establish where exactly the coca is being grown and by whom. Once these steps are completed, "contact teams" of campesino leaders will visit growers to try to convince them to voluntarily eradicate their coca. The reduction division will carry out the actual eradication, beginning with those who are willing to voluntarily eradicate. The problem of growers replanting eradicated fields is to be dealt with by prosecuting them under a law which will permit no more than 2 hectares of licit coca (this law has yet to be passed, however). Current plans are to begin in the eastern part of the Chapare because it is politically less sensitive and more secure. Although this project is well-designed, it obviously involves a slow and long process. DIRECO has only 120 workers to contact the estimated 15,000 grower families in the Chapare, and has not yet established a field office in the region. It is therefore unrealistic to expect that any coca leaf will be eradicated in the next 12 months.

### *AID*

12. The Chapare Regional Development program funded by AID is being implemented through the Secretariat for the Development of the Bolivian Tropics. AID has allocated \$57 million over 5 years for this effort, which includes substitute crops, agricultural research and extension and community development projects. As soon as the Bolivian military entered the Chapare region in August, AID immediately provided \$250,000 for village development projects. However, the commitment of further AID funds is conditioned on the Bolivian government establishing control in the region, a development which is uncertain at best. It should also be noted that in addition to the Secretariat there are three other Bolivian government agencies involved in the AID project, and that combined with the other reduction, control and military organizations involved, serious problems in coordination are developing.

### *DEA*

13. Although the DEA office in Bolivia has been increased from 3 to 10 people, its effectiveness is hampered by a lack of transportation, the absence of a NADDIS terminal, lack of institutional memory, a cut in funds despite the personnel increase, political protection of narcotics traffickers against whom it is working, and insufficient exchange of information with other DEA offices in the region.

### *U.S. Consul General*

14. The U.S. consular section in La Paz has an important role to play in deterring Bolivian drug traffickers through its power to deny visas to visit the United States. It could also be helpful to DEA through compiling financial information required for visa applications. The consulate is unable to carry out such work effectively due to the lack of a computer, which would cost no more than \$10,000 and which has been requested for the past 2 years. Because State Management has refused to provide a computer, all records must be kept manually and destroyed each year due to limited space, thus destroying important information on drug traffickers.

### *UNFDAC*

15. UNFDAC has committed itself to a 5-year, \$20 million project for crop substitution in the Yungas (a major non-traditional coca-growing area), but has yet to develop plans for a coordinated enforcement component without which any substitution effort will be ineffective. The U.S. Embassy has little leverage to encourage such coordination because the UNFDAC funds are part of a \$40 million Italian contribution earmarked for Andean countries.

### *Recommendations*

1. Even taking into account recent positive steps by the Government of Bolivia on narcotics matters, that country holds the dubious honor of having perhaps the most lax enforcement record of any producer nation in the world. Despite this abysmal record, the U.S. executive branch is unlikely to invoke the Gilman-Hawkins amendment which requires cutting off aid to countries which do not take adequate steps against narcotics. Therefore, the U.S. Congress should adopt an amendment which would give legislative force to the U.S.-Bolivian agreements specifically linking U.S. assistance to Bolivian compliance with the time-specific targets stated.

2. The U.S. State Department should immediately supply a computer to the U.S. consulate in La Paz.

3. The DEA/La Paz office should receive funding levels which are commensurate with its increased personnel. The DEA office has expressed a desire for three helicopters and one fixed-wing aircraft to overcome its lack of transportation, without which it cannot usefully work in the eastern part of the country where the majority of narcotics trafficking is conducted. This request should be given serious consideration.

4. It is probably hopeless to try to control coca production in Bolivia so long as part of that crop is licit. The United States should

therefore persuade the Bolivian government to enact laws making all coca production illicit, rather than the proposed law which would allow up to 2 hectares of licit coca cultivation:

5. If it proves impossible to institute any significant reform in the corrupt Bolivian judicial system, as seems probable, the United States should at least negotiate a workable extradition treaty with Bolivia so that pending indictments against Bolivian traffickers can be pursued in the United States.

## PERU

### *Conclusions*

1. The Government of Peru deserves credit for being the first to conduct drug eradication (albeit on a limited scale) in coordination with a development assistance program.

2. There is no clear connection between the indigenous terrorists in Peru and narcotics traffickers, although reports of arrangements between them have been made. However, traffickers and the terrorists tend to operate in some of the same areas. This complicates anti-narcotics efforts, since narcotics control cannot be accomplished in areas controlled by guerrillas.

3. There is increasing evidence that Peruvian coca is being smuggled through Mexico into the United States.

4. The Peruvian military has been sent into one of the coca-growing regions in Peru, the Upper Huallaga, to control guerrilla activity. This has had the ironic effect of deterring narcotics control, for several reasons. First, while the military is occupying the area, the narcotics police (UMOPAR) has been confined to its barracks, with only occasional exceptions. Second, the military does not view narcotics control as part of its mandate. Third, there are disturbing—though unconfirmed—reports that the military has actually collaborated with drug traffickers to identify guerrilla strongholds.

5. All impartial observers agree that the Peruvian Investigative Police (PIP), who are responsible for investigating all narcotics cases, is weakened by widespread corruption. This obviously limits the effectiveness of narcotics control actions in Peru.

6. There is no effective coordination between the Peruvian government agencies involved in narcotics eradication, enforcement and assistance efforts. As a result, there is no way to measure the combined impact and/or effectiveness of the overall anti-narcotics effort.

7. While Peruvian law on narcotics production and smuggling are generally adequate, they are not enforced. It should also be noted that all coca production of less than 2 hectares is legal.

8. Peruvian officials estimate that there are 1 million coca growers cultivating 135,000 hectares of coca leaf, of which only 10,000 hectares are licit. This is more than double the 1983 U.S. estimate of 50,000 hectares under cultivation. The study mission has no way of validating either one of these estimates.

### *Eradication*

9. Although the Peruvian eradication agency, CORAH, has eradicated some 3,000 hectares of coca this year, there are no records to indicate exactly where these fields were located or to whom they

belonged, nor is there any assurance that these fields have not been replanted. U.S. officials attributed these deficiencies to the lack of an aerial survey which would provide precise geographic coordinates necessary for such records. It should also be noted that the Government of Peru's financial support of CORAH is inadequate; in 1983 the government made no contribution to CORAH's operations, while in 1984 and 1985 it contributed roughly \$10,000 and \$100,000 respectively.

10. The eradication effort has become precarious since the military entered the Huallaga and confined UMOPAR to its barracks. Previously, UMOPAR units accompanied CORAH workers on their eradication trips; now, CORAH personnel must face angry coca-growers, drug traffickers and guerrillas unarmed and with no such protection. The dangers of this limitation were borne out when 2 weeks after the study mission's departure, some 19 CORAH workers were brutally murdered while on an eradication effort. The Peruvian military commander in the area has refused to guarantee the security of either CORAH or PEAH (the Peruvian assistance agency) workers.

#### *AID*

11. The AID Upper Huallaga project, which has been touted as an integral part of the anti-narcotics effort in Peru, has been undertaken only with AID's reluctance, and in fact is viewed by AID officials as only tangentially related to narcotics control objectives. These officials state that the objective of the 5-year, \$26.5 million project which began in 1981 is to serve as a complement to narcotics enforcement efforts by providing an alternative agricultural base in the Huallaga valley through strengthened institutional structures for agricultural extension, roads, credit programs, etc. They further contend that the project never envisioned a "one-to-one" relationship between eradication and assistance, whereby farmers whose coca fields were eradicated by CORAH would be visited by PEAH workers. Such a direct relationship between eradication and benefits is impossible, they maintain, because much of the coca leaf is grown on land unsuitable for other agricultural crops and those farmers would be unsuceptible to PEAH's agricultural extension program. AID's strategy is therefore to focus on providing benefits, region-wide, to farmers on agriculturally productive land (whether or not coca has been eradicated on it); coca farmers on non-agricultural land are supposed to move.

12. There has been great resistance by both CORAH and PEAH to coordinate their efforts. Some of these difficulties may be attributed to personality conflicts. However, the larger problem is their different bureaucratic outlooks, and the lack of an institutional structure to force coordination in the face of such resistance. PEAH officials reiterated repeatedly that they were a development agency, and were not (and did not wish to be) associated with enforcement actions. Because of the deteriorating security situation and their refusal to be accompanied by UMOPAR on their visits, PEAH workers have stayed at their headquarters for the past months—a fact resented by CORAH, which continues to send its eradication teams out without protection. This lack of extension work has also forced CORAH to try to provide limited benefits to

farmers whose fields have been eradicated, even though that is PEAH's responsibility. CORAH, on the other hand, has complicated development efforts by giving priority to eradicating coca on non-agricultural lands, because they tend to be easier to reach physically and politically less important; however, PEAH cannot offer agricultural extension benefits to farmers whose land will not support crops other than coca. CORAH also does not inform PEAH in advance of which fields it is going to eradicate.

13. This lack of coordination has led to ineffective results. Of the 4,000 hectares eradicated in Peru in the last 18 months, only 1,000 have been within AID's project area. Although \$9 million of AID's \$18 million contribution to the project have been expended, it is unclear who has benefited from the agricultural credit and extension services provided thus far, since there is no unified record-keeping system between PEAH, the banks making the loans, and CORAH. The study mission was unable to establish definitively that it is even possible for farmers whose coca has been eradicated to receive loans under the program, due to a "Catch-22" situation whereby farmers must have land titles to obtain loans, but land titles cannot be given to farmers who have grown coca. The credit component has not been attractive in any case, since under Peruvian law loans can only be made at commercial interest rates. The study mission was also unable to determine whether any of the farmers whose coca fields were eradicated have received the \$350 cash payment per hectare that is promised under the program.

#### *DEA*

14. DEA has only six agents in Peru, all of whom are based in Lima. It has recently begun to undertake financial investigations, but is facing difficulties because of the free foreign exchange system in Peru and the number of bearer deposit certificates which are untraceable. The office has no NADDIS terminal.

#### *UNFDAC*

15. UNFDAC is planning a \$20 million crop substitution project in Peru, but has no plans to include an enforcement element in the project.

#### *Recommendations*

1. The U.S. Congress should adopt an amendment conditioning all AID money for the Upper Haullaga project on effective coordination between PEAH and CORAH.

2. DEA's personnel should be increased to adequate levels.

3. All eradication teams should be accompanied either by UMOPAR or the military.

4. The United States should persuade Peru to enact legislation making all coca production illicit.

5. The policy of offering cash payments to farmers whose coca has been eradicated should be discontinued. All such incentives should be limited to non-cash benefits, such as provision of seeds for other crops, agricultural extension, community development, etc.

## COLOMBIA

*Conclusions*

1. 1984 has been a landmark year in the fight against narcotics in Colombia. The assassination of the Colombian Minister of Justice in April by drug traffickers galvanized Colombia to take action against them. Huge raids have been carried out, aerial eradication of marijuana has been undertaken, and extradition orders for six Colombian traffickers have been signed.

2. The security problems for U.S. and Colombian officials which have resulted from this campaign have been overwhelming. More than 140 Colombian policemen have been killed this year, most by traffickers. Two eradication helicopters and one fixed-wing aircraft have been fired on, killing one pilot.

3. The political importance of drugs in Colombia cannot be overestimated. Virtually all Colombian politicians have knowingly or unknowingly received contributions from drug traffickers either directly or through front organizations. At least a score of Colombian Congressmen are traffickers. The narcotraffickers have even established a \$750,000 slush fund to fight the current anti-narcotics campaign.

4. The most important development on the narcotics front has been the decision to allow extradition of Colombian traffickers to the United States. The narcotraffickers fear this more than any other action, because it threatens them with actual prosecution and sentencing, unlike the corrupt Colombian judicial system. To quote one Colombian official, "the Colombian judicial and penal system favors the criminal". Eight extraditions have been approved by the Colombian Supreme Court, and six have been signed by President Betancur. In January 1985, four Colombians were extradited to the United States.

5. It is untrue that narcotics money is crucial to the economic health of Colombia. Although marijuana and cocaine are obviously significant crops (exports f.o.b. were estimated at \$400 million for 1983), their significance pales in comparison to coffee (exports of \$1.5 billion in 1983). Furthermore, virtually all narcotics money remains abroad and does not return to Colombia. The U.S. Embassy estimates that the maximum impact of a serious drug crackdown on the Colombian economy would be no more than a 1-2-percent drop in GDP.

6. There are differing views on the involvement of the FARC and M-19 guerrilla groups in narcotics production and trafficking in Colombia. Some officials assert that there is no hard evidence linking these groups to trafficking, other than the fact that they allow production and trafficking in areas under their control to take place. Others assert that there are strong ties between the traffickers and the guerrillas. What cannot be disputed is that narcotics production and trafficking was a problem in Colombia long before the advent of guerrilla involvement.

7. There is no route or method of smuggling out of Colombia that is not attempted. Cocaine is transported to the Bahamas by private planes, to Panama by air and by vessel, and an increasing amount of drugs are going through Mexico.

8. Some Colombian officials estimate marijuana production in Colombia for 1984 at 50,000 hectares (more than five times the U.S. estimate of 9,400 hectares), and believe that only 1-2 tons of Colombian-produced cocaine are for export to the United States. They have identified 350 organizations involved in drug trafficking, and believe that as many as 500,000 Colombians are benefitting in some form from trafficking.

#### *U.S. programs*

9. The United States has spent \$40.5 million on narcotics control in Colombia since 1973, but the program had little impact until the past few years because the United States could find no Colombian agency to work with effectively. In 1981, the United States turned to the national police, which officials considered well-trained, possessed good communications, and were operationally mobile. A special narcotics unit in the police was formed in 1981, and became operational in 1982. This unit, now known as COSAS, is the focus of most U.S. assistance. It has 11 companies of 100 men each, and an equal number of intelligence units which decide where to focus the efforts of the companies. The GOC pays salaries and personnel costs, while the United States provides ground and air transport, field gear, etc. U.S. officials have a great deal of confidence in the National Police, which they claim is not subject to the same corruption problems as other police units in Latin America. COSAS is in the process of establishing 6 bases around the country, with aircraft at each, in order to respond more rapidly to enforcement problems. COSAS officials consider this aerial capability to be the most important part of the program, since it enables them to reach otherwise inaccessible areas. In 1984, they have destroyed 22 unauthorized airstrips of some 300 which have been identified.

#### *Eradication*

10. The Government of Colombia's decision on May 22 to approve the herbicide glyphosate for aerial eradication of illicit drugs caught the United States by surprise, since it had been anticipated that paraquat would have been chosen instead. The choice of glyphosate required an entirely new environmental impact statement to be completed in the United States on glyphosate. Final approval to use glyphosate in the marijuana aerial eradication program is still forthcoming. Therefore only immature marijuana plants are being sprayed (on the determination that immature marijuana cannot be smoked and therefore the spraying poses no health hazards to potential consumers). Obviously, this policy limits the amount of marijuana that can be sprayed.

11. A recent discovery by the Research Triangle Institute in the United States that glyphosate is safe to spray aerially on both marijuana and coca is an extremely significant development. It had previously been maintained that no herbicide existed which was both safe and effective for aerial eradication of coca plants. Aerial tests with this herbicide are planned for the near future in Colombia to determine its effectiveness in field conditions. (Previous aerial spraying tests with paraquat and 2-4-D proved ineffective on coca leaf.)



12. In 1983, 20 million coca plants were eradicated manually; by July 1984, 20 million had already been eradicated. With the use of 10 U.S.-supplied helicopters, some 5,000 hectares of marijuana may also be eradicated by the end of 1984. U.S. officials claim that if additional helicopters are supplied (20 more aircraft are under consideration), the entire marijuana crop could be eradicated by mid-1985. Colombian officials were more cautious, predicting that with the additional helicopters requested, marijuana production could be fully controlled in 3 years. It is unclear whether the Colombians have sufficient personnel to fly and maintain the number of helicopters planned, however. Maintenance for the aircraft is currently done by a service company under contract with the United States. There are 19 Colombians in aircraft maintenance training, but there are only 9 police pilots, with 12 more in training. It should be noted that none of the aircraft is armed. Therefore, only half of the helicopters can be used at any one time for spraying, because the other half must be used to fly cover with supporting troops.

#### *U.S. Customs*

13. Eastern Airlines and U.S. Customs have signed an agreement under which Eastern has agreed to prevent their planes and personnel from being used for drug smuggling out of Colombia. Since the agreement was signed in this summer, there have not been any drugs seized on an Eastern flight originating in Colombia. U.S. Customs has also assigned an agent temporarily to assist Customs' overall U.S. interdiction efforts, and to do limited training of Colombian Customs officials.

#### *DEA*

14. DEA has only 16 agents in-country, which is their current ceiling. DEA/Bogota attributed this to the fact that so much of the U.S. Embassy personnel is devoted to narcotics work that Department of State headquarters would not raise DEA's personnel ceiling. This number of agents is obviously inadequate to cope effectively with the narcotics situation in Colombia. DEA is overwhelmed by the amount of information available, and the requests for information from almost every other DEA post in the world.

15. Although there are thousands, perhaps tens of thousands, of documented Colombian traffickers, DEA/Bogota has no NADDIS terminal. Nor does it have secure telephone lines to the United States. All of its telephone calls are conducted on commercial lines, not only posing security problems but generating huge telephone bills. Security has been a problem for DEA; although Medellin is infamous for being a major, dangerous trafficking center, DEA agents in Medellin did not have armored vehicles until 2 months ago.

16. The bottom line in Colombia is that although the Colombian Government has begun to eradicate marijuana and coca, it has not yet demonstrated a serious resolve to confront the major traffickers which use Colombia as a transit point for illicit narcotics. So long as the traffickers believe that they continue to have virtually free reign to conduct their activities with impunity, the impact of the recent Colombian "crack-down" on illicit drugs entering the United States will be limited.

*Recommendations*

1. The aircraft provided by the United States to Colombia for eradication purposes must be armed.

2. Additional helicopters should be provided only if enough trained pilots are available. The United States should also examine why the Colombians are not using the numerous aircraft which have been seized from traffickers for eradication, and urge the changes necessary to make such aircraft available.

3. The State Department should increase the ceiling on DEA personnel in Colombia. The DEA office should also receive secure phones, and sufficient armored cars for its agents to carry out their work.

4. Although there is no hope of reform in the Colombian judicial system, it is reasonable to expect the Colombians to ratify the pending Mutual Legal Assistance Agreement with the United States.

5. There is a certain irony in the fact that U.S. Government approval is required for environmental reasons to spray an herbicide on illicit drugs overseas, especially considering the pressure the United States has brought to bear on Colombia to begin such a spraying program. This requirement should be eliminated.

## CENTRAL AMERICA AND THE CARIBBEAN

### RECOMMENDATIONS

1. U.S. Embassies in Central America should be vigilant in tracking the increased narcotics trafficking through the region, and take appropriate counter-measures.

2. U.S. Embassies should also increase their efforts to track money-laundering activities.

3. The "Mansfield Amendment" should be amended to provide exemptions when the host country and the U.S. Ambassador agree that the presence of U.S. officials in narcotics actions would be beneficial.

### CONCLUSIONS

1. Corruption is the major impediment to effective narcotics control action in the countries visited.

2. Another major impediment in these countries is inadequate laws regarding wiretaps, conspiracy, and asset seizure and forfeiture.

3. U.S. Embassies have inadequate information on money-laundering activities in the region because inadequate resources have been devoted to this subject.

4. Recent anti-narcotics actions in Colombia have encouraged narcotics traffickers to shift their operations to Central America instead, including money-laundering, transshipments, and possibly processing labs as well. Costa Rica in particular seems to be favored, but Guatemala, Honduras, Nicaragua, and El Salvador were also mentioned as noticing increased activities. It is also possible that some guerrilla groups in the region are financing their activities with narcotics, but there is no hard evidence to support this.

5. None of the Embassies visited had received cooperation or information from the National Narcotics Border Interdiction System (NNBIS) or other domestic U.S. coordinating groups.

### COUNTRY REPORTS

#### JAMAICA

##### *Conclusions*

1. The Government of Jamaica has taken some positive steps in narcotics control. These include enactment of a new civil aviation law aimed at narcotics traffickers, agreement on a modest U.S. assistance program, signature of an extradition treaty, some significant seizures, an aerial survey of marijuana fields, and eradication of more than 10 percent of its estimated marijuana production. Nonetheless, these efforts have had minimal impact on illicit production in or trafficking from Jamaica.

2. Narcotics-related corruption in the Government of Jamaica is pervasive, even according to Government officials. This corruption is not limited to low-level officials. This problem obviously affects the implementation of narcotics control efforts in Jamaica. The fact that both political parties receive large portions of their money from supporters involved in drug trafficking further limits an aggressive attack on the problem.

3. The Government has failed to achieve effective coordination in the efforts currently underway. For example, there is no centralized registry of information on known traffickers in Jamaica. Competition between the Jamaican Defense Force (JDF) and the Jamaican Constabulary Police (JCP) in the eradication program also limits effectiveness. Nor has the Government formulated a coherent game plan to attack its narcotics problem. The only apparent consensus in the Government is on the limitations and political liabilities of wide-spread eradication and on the need to attack large traffickers. The latter effort, while laudable, is hampered by a lack of necessary means to acquire, analyze, and act on intelligence to catch the traffickers. Officials estimate that there are some 50 "kingpins" involved in trafficking through Jamaica.

4. Most Government leaders feel that interdiction, rather than eradication, is the most appropriate policy because of a fear of a political backlash from a large-scale eradication effort. However, the Government has scarce resources to carry out a meaningful interdiction effort. A new radar is being installed, but it will not have the capability to detect low-flying aircraft. Even if it could, the Jamaican Air Wing has only 7 helicopters and 5 fixed-wing aircraft with which to respond, few of which are operational due to lack of spare parts. (Illustrative of this problem is the fact that during November 1984 to January 1985 the JDF had two helicopters operational at the same time only twice.) The Coast Guard has only five patrol boats to cover 80,000 square miles. A "ganja fleet" of seized traffickers' boats cannot be used due to asset seizure laws. All of the limited resources available are based in Kingston, and none have the speed necessary to pursue traffickers. In short, as one observer noted, "the JDF lives hand to mouth". The JDF also claims that its continued participation in support of the Grenada peace-keeping operation has negatively impacted on its ability to conduct anti-narcotics operations.

5. The JDF is in the process of forming a 40-45 man "rapid reaction force", which would be a mobile force able to quickly respond to identified narcotics targets. In particular, it would investigate signals from unattended airstrip ground sensors indicating possible landings by trafficking planes. (A request is currently pending with DOD to provide 200 sensors.) Such efforts have been undertaken in the past. However, the effectiveness of such a force is limited by lack of transportation for the JDF, and the fact that traffickers need only 10 minutes turn-around time to load their cargo and take off.

6. Although Jamaican officials assert that eradication efforts have produced a backlash manifested by burning of cane fields and threats against the \$400 million tourism industry, the study mission found no evidence to that effect. The study team noted that in 1983-1984 a 1,000-acre field of marijuana was eradicated and re-

planted in rice and no violence occurred. This reflects a curious dichotomy in the attitude of Jamaican officials, who continually claim that eradication is difficult if not impossible due to political considerations, even as eradication is being carried out by JDF/JCF teams. There is apparently an unstated belief that if eradication is not publicly discussed, it's not happening (one official described this as the "word becomes flesh syndrome").

7. The Government continues to be adamantly opposed to manual or aerial spraying. Currently eradication is being carried out with manually-operated "brush-cutters" supplied by the United States.

8. Jamaican narcotics laws are inadequate to address the narcotics problem. Wiretapping is not allowed, and asset seizure and forfeiture laws need to be revised. The Government is launching an effort to seize funds of known traffickers on income tax evasion grounds. While this is a modest effort, it appears worthwhile.

9. There is some speculation that a small group of Cuban-trained and financed insurgents are linked to narcotics trafficking. The JDF's ability to respond to such an incipient threat is untested to date.

10. The Government of Jamaica claims that "67-73 percent" of air trafficking through its territory is by U.S. private planes, and that if "U.S. planes stayed in the United States, there would be no trafficking problem". Jamaica has the largest number of airstrips for its geographical area in the world, with estimates ranging from 40 to 100. The Government is trying to address this problem through a new civil aviation law, which makes all unregistered airstrips illegal. The Prime Minister has also taken preliminary steps toward assigning airfield security to the JDF, although this effort has been thwarted by bureaucratic and possibly criminal resistance. To prevent the use of some highways as landing strips by traffickers' planes, the Government has even installed steel poles along the sides of some roads. The study team noted that air trafficking has had a negative impact on Jamaica; due to the large number of plane crashes by traffickers, air insurance rates are among the highest in the world.

11. Government officials noted that the opposition PNP party has yet to condemn "ganja" (marijuana), although it has condemned cocaine.

12. Historically, GOJ officials note, ganja has been culturally accepted and widely used in Jamaica—some estimates of local use range as high as 65-70 percent of the population. They also stressed that marijuana plays an important sacramental role in the Jamaican Rastafarian religion, whose adherents are known to sell ganja to tourists. The study team was dismayed by the ready availability of ganja in Jamaica, and was personally subjected to offers of marijuana and even cocaine in airports, tourist shops, and boats.

13. Jamaica is increasingly being used as a transshipment point for cocaine. One Jamaican official noted that in 1983 cocaine seizures were in grams, while in 1984 they were in tons. The study team was also informed that 50 pounds of a recent 800 pound seizure had "disappeared" from police custody. Domestic abuse of cocaine has also increased, and there is some speculation that a cocaine processing lab has been established in the country.

14. Although the study mission was informed that Prime Minister Seaga is personally committed to the anti-narcotics fight, this commitment is not reflected in the resources devoted to the fight. For example, the anti-narcotics unit of the JCF has only 32 men, all based in Kingston. The study team was also informed that the brush-cutters provided by the United States for eradication were held in Jamaican Customs for several months. No more than half of the brush-cutters provided were actually used during the last eradication campaign, due to lack of coordination between the JDF and the JCF.

15. An aerial survey of approximately two-thirds of the country was conducted by the JDF for the first time in 1984, which confirmed previous production estimates. A new survey is planned for the spring.

16. The Government has begun a modest drug education program, but it has very limited resources.

17. The economic impact of the ganja trade on Jamaica is less significant than often believed. Although thousands of Jamaicans are involved in production, only \$25-40 million of the estimated \$1 billion drug trade is thought to remain in Jamaica.

#### *U.S. Embassy*

1. Virtually all elements of the U.S. Embassy appear to be dedicated to the anti-narcotics effort and to be working together cooperatively.

2. The U.S. consular section is to be commended for initiating a program whereby U.S. Customs/Miami informs the Embassy of Jamaicans arrested in Miami on narcotics charges so that the consular officers are alerted not to grant visas to such persons in the future. Plans are under discussion to expand this notification system to other U.S. gateway cities heavily used by Jamaicans.

3. The U.S. intelligence components in the Embassy are also to be commended for the resources and effort devoted to narcotics, particularly in the area of money movements. The priority devoted to this issue has already begun to yield dividends, thus disproving the argument advanced in some intelligence circles that monitoring money laundering is virtually impossible.

4. The DEA has two agents in Jamaica, with a third scheduled to arrive soon. Even with this limited personnel, DEA has made a significant contribution to the anti-narcotics effort.

5. The U.S. Embassy has no Narcotics Assistance Unit (NAU), and until FY 1985 has no regular narcotics assistance program. In FY 1984, the United States provided \$39,000 for brush-cutters to the JCF for marijuana eradication. Three new U.S.-Jamaican agreements totaling \$150,000 were in the final stages of approval to provide spare parts on a one-time basis for JDF helicopters, spare parts for the JDF Coast Guard boats, and trucks and field equipment to the JCF for its eradication teams. The study mission was informed that a regular program of assistance has been delayed because the United States refused to provide aid without a signed agreement, while the Jamaicans refused to sign an agreement lest they appear as "agents" of the Reagan administration. This problem now appears to have been overcome.

### *Recommendations*

1. The United States should not fund any large-scale interdiction efforts in Jamaica. Such a program would be extremely costly, and the impact on drugs entering the United States would be slight. The United States should, however, fund specific, targeted narcotics control efforts which can be monitored. In particular, the United States should consider providing additional assistance to the Jamaican Coast Guard (which spends nearly three-quarters of its time trying to interdict narcotics traffickers) through the FMS or MAP program. This could prove particularly helpful since maritime narcotics trafficking is now increasing as a result of the new aviation laws.

2. The United States should encourage Jamaican officials to visit Mexico and Colombia to view aerial eradication efforts in those countries, and be prepared to fund such visits.

3. DEA should assign two additional agents to Jamaica, and should consider establishing an office on the north coast of the country where the majority of the trafficking takes place.

4. Until the Government of Jamaica has devised a coherent, comprehensive plan to attack the narcotics production and trafficking problem, the United States should direct Customs officials to thoroughly inspect each U.S. passenger and private plane returning from Jamaica.

5. The U.S. Information Agency should consider providing appropriate assistance to the fledgling drug education program in Jamaica.

6. The U.S. Embassy should encourage the Government of Jamaica to revise expeditiously its asset seizure and forfeiture laws.

### PANAMA

1. Although Panama produces small amounts of marijuana, its main role is as a drug and chemical transshipment point and money-laundering center for drug money.

2. Panama produces 500 metric tons of marijuana, virtually all of which is consumed locally according to U.S. officials. (Panamanian officials noted that U.S. forces constitute the largest domestic consumers of drugs.) The GOP has expressed its willingness to aurally eradicate this production if the U.S. funds the cost of eradication.

3. U.S. officials complimented the Panamanian Government on its cooperation on drug enforcement issues. However, corruption continues to be one of the biggest obstacles to effective anti-narcotics action in Panama. As one knowledgeable U.S. source put it, "the Panamanian Defense Force is the axle around which the wheel of corruption turns". This corruption is endemic and institutionalized; in fact, under previous governments members of the PDF were encouraged to take second "jobs", including drug trafficking, to supplement their income. Allegations persist that high-ranking military officials are involved in protection or actual trafficking themselves. Thus far, only one military official has been cashiered for involvement in drug trafficking.

4. Probably the most significant anti-narcotics enforcement action in 1984 in Panama was the discovery of the construction of a major cocaine processing plant near the Panama-Colombia border.

The lab was apparently financed by Colombians with the complicity of a senior PDF officer, Colonel Melo. Although both Col. Melo and a number of Colombians were arrested in the PDF raid, none were prosecuted due to "lack of evidence". Col. Melo was last believed to be in Miami, and the Colombians were deported to Colombia, where they were released.

5. Panama has historically been a transshipment point for precursor chemicals moving south. In 1984, the GOP made a major seizure of 180 metric tons of ether, which may have had an impact on Colombian cocaine production. However, the study mission was unable to establish whether all of the ether seized has actually been destroyed.

6. There was also a major shipment of cocaine seized in Miami which was carried on a Panamanian plane owned by INAIR. Some observers believe there is a connection between this seizure, the cocaine lab which was raided, and the ether seizure.

7. The PDF (formerly known as the National Guard) is the sole entity responsible for narcotics enforcement. Within the PDF, a 40-man unit (DENI) investigates narcotics cases. Panamanian Customs officials refer all currency entering the country to the PDF.

8. With more than 100 banks, the U.S. dollar as the national currency, and strict bank secrecy laws, Panama is an ideal haven for laundering narcotics money. Unlimited amounts of money may be brought into and out of the country with no reporting requirements, and money laundering is not a crime. Solid estimates on the amounts of drug money laundered through Panama are not available. However, the magnitude of the flows can be gauged by the fact that over an 18-month period, Panama returned \$4.5 billion in excess dollars to the United States, at least some portion of which was laundered drug money. Given the importance of the banking community to the country's economy and as the employer of 8,000 people, Panama is extremely reluctant to alter its bank secrecy laws. Although the banking community has adopted a "code of ethics" on banking procedures, it is voluntary and has no legal force.

9. Panama has no conspiracy law, and no extradition treaty with the United States applicable to narcotics traffickers. Wiretaps which could be used to prosecute narcotics traffickers are illegal. A mutual legal assistance treaty is under negotiation.

### *U.S. Embassy*

1. The U.S. Embassy asserts that the negotiation of a mutual legal assistance treaty is high on its list of priorities. However, the previous sense of urgency to complete negotiations as a result of unfavorable press reports has diminished.

2. The United States has had no formal narcotics control assistance agreement with the GOP, nor is there a NAU in Panama. However, the United States plans to spend approximately \$100,000 in FY 1985 to assist in a marijuana eradication effort.

3. Although there is no overt rivalry between the various U.S. agencies involved in anti-narcotics work in Panama, problems in coordination exist. For example, DEA/Panama did not receive prior notice of the recent NNBS-controlled "Operation Hat Trick" (a U.S. effort to interdict maritime transport of narcotics in the



region), although SOUTHCOM did. Nor do DEA and SOUTHCOM share narcotics intelligence on a regular basis. U.S. Customs does not share records of Panamanians arrested in the United States for narcotics violations with the U.S. Consulate, for "operational reasons", and the CIA was said to share little information with anyone.

4. Both the U.S. Attorney General and the DEA Administrator sent letters of commendation for cooperation in drug enforcement in 1984 to General Noriega, the Commander of the PDF. Given the persistent allegations of narcotics corruption in the PDF, such letters seem unwise.

5. Despite the importance of Panama's role as a money launderer, U.S. officials appear to have little information on such activities. There is some evidence that money flows through Panama are increasing since the Cayman Islands (historically a money haven) relaxed its bank secrecy laws to cooperate with U.S. law enforcement officials.

6. Because of other national security concerns, the U.S. Embassy has not been as forceful as is undesirable on corruption and drug trafficking issues with the Panamanians.

### *DEA*

1. The DEA office in Panama asserts that it receives good cooperation from the PDF (with which it operates exclusively), and that this cooperation enables it to support operations in other countries in the region. DEA also claims that none of its investigations in the past 8 months have been compromised. However, the study mission was informed that an investigation of the whereabouts of the 180 MT of ether seized by the PDF was postponed for "political reasons". The study team was unable to confirm or deny this report.

2. The DEA's highest priority in Panama is financial investigations, followed by transshipment of precursor chemicals and drugs.

### *Customs*

1. U.S. Customs opened an office in Panama in 1984, with two main objectives: to monitor hi-tech transfers, and to investigate money laundering. The office also monitors activities in Costa Rica, Venezuela, Guyana, Surinam, and part of the Eastern Caribbean.

2. U.S. Customs is not allowed direct access to Panamanian Customs, but instead must work through the PDF.

### *U.S. Southern Command (Southcom)*

1. Although Southcom sees narcotics as a security problem in the region because of its links to terrorism, they have not been tasked by the Department of Defense (DOD) with any responsibility for support of narcotics operations. Southcom officials stated that even when they have information of drug flights, they are prohibited from acting on such information unless they have flights already in the area. Southcom did participate in the recent "Operation Hat-trick", but only because INM provided \$20,000 in funding.

2. Southcom has proposed to DOD that it become involved in the anti-narcotics fight by beginning a Southcom anti-narcotics aid program to countries in the region. Southcom asserts that because

most narcotics control programs are operated by the military in the region, a military-to-military program would be more effective.

### *Recommendations*

1. The United States should crack down on U.S. branch banks in order to persuade the Government of Panama to sign a mutual legal assistance agreement.

2. Southcom should be given authority to facilitate and support interception of narcotics traffickers, and to fly narcotics-related intelligence missions.

3. The U.S. Embassy should improve the coordination and cooperation among the various agencies involved in anti-narcotics work.

4. The United States should persuade/force U.S. branch banks operating in Panama to follow the lead of Chase Manhattan, which has voluntarily adopted guidelines by which no deposit over \$10,000 is accepted without the authorization of the bank's director.

### MEXICO

1. Mexico is a major producer of marijuana, opium, and dangerous drugs. It is also increasingly a transit point for cocaine and marijuana from Central America and Colombia.

2. Since 1976, with U.S. financial and technical support, Mexico has undertaken a reasonably extensive eradication program which is difficult, dangerous, and expensive. Despite these efforts, the program is running faster to stay in place: more plants are being destroyed, but even more are being produced. Mexican heroin purity is going up, while the price is going down. It is impossible to state the level of effectiveness of this program because no reliable statistics on either production or eradication are available. In short, as one observer noted, "the program is at best nibbling at the margins of the problem".

3. The Mexican Government has long experienced a problem with corruption and inefficiency, and these shortcomings have not escaped the drug traffickers, who in fact have exploited them to their advantage. It would be difficult to determine the degree of corruption within the Mexican Government, but some of the officials that are directly involved in the narcotics eradication program have been accused of unethical and criminal acts. It is clear that corruption is the single biggest obstacle to effective anti-narcotics efforts in Mexico. According to information received by the study mission, every narcotics investigation has been compromised due to advance warning by Mexican Government officials involved in drug raids. For example, the much publicized seizure of some 8,000-10,000 tons of marijuana in late 1984 in the northern state of Chihuahua was a compromised operation: traffickers had at least 10 hours notice of the impending raid, and as a result no one of significance was arrested. Even more disturbing was the fact that the raid was almost canceled because the fuel trucks which were to refuel the helicopters being used in the operation were "mistakenly" sent to the wrong location. As a result, only one of the twelve U.S.-financed helicopters ready for the operation was used. Although every Mexican government agency has been accused of cor-

ruption, the study mission heard consistent allegations that many DFS (Federal Directorate of Security) agents are in the pay of the traffickers. Eight DFS agents were arrested in the Chihuahua operation.

4. The major narcotics traffickers in Mexico have demonstrated their ability to organize themselves into 33 powerful narcotics families, which have taken over at least one major Mexican city (Guadalajara), and which control most of the traditional narcotics growing areas in Oaxaca, Sinaloa, Sonora, Durango, and Jalisco. The traffickers have also demonstrated their ability to control non-traditional areas in order to convert these regions to alternative growing areas as necessary. These families may control cocaine transshipment traffic as well as marijuana and opium production and trafficking.

5. As one observer commented, "the Mexicans would rather destroy plants than catch people". The Government appears unable or unwilling to arrest and/or prosecute the major narcotics traffickers that are involved in production, processing, and distribution of narcotics. The Attorney General's Office has begun to dedicate a special unit of investigators to address this problem, but up to the present none of the major traffickers have been affected. Nor has the Government extradited to the United States or prosecuted in Mexico any of the 350 narcotics fugitives wanted in the United States who are living in Mexico.

6. Mexico is becoming a major transshipment point for illicit narcotics originating in South America, particularly Peru, and destined for the U.S. market. Mexican officials informed the study mission that they do not consider this a problem at the present time, nor do they acknowledge that Mexican narcotics organizations are involved in these acts. However, according to information received by the study team, transshipment activities are currently concentrated in the Yucatan peninsula along the Gulf of Mexico and the Caribbean coast. At least 49 clandestine airstrips have been discovered in the state of Yucatan alone in 1984.

7. The study mission heard speculation that there is a "drugs for guns" trade being conducted through Mexico, but received no hard evidence.

8. Mexico has no conspiracy laws, and wire taps that could be used against the major traffickers are illegal. Nor is the United States-Mexican extradition treaty applicable to narcotics traffickers. The extradition from the United States to Mexico of the former Mexico City Police Chief, Arturo Durazo, may be a turning point in eliciting reciprocity from the Mexican Government.

9. U.S. officials stressed that cooperation in anti-narcotics work has increased substantially under President de la Madrid's administration from the previous administration. The extent to which the Mexican Government does make sincere cooperative efforts, however, cannot be discussed publicly due to Mexican concerns.

10. One fact which may increase the willingness of the Mexican Government to take meaningful anti-narcotics enforcement action is the difficulties experienced in Colombia and Peru, where traffickers have achieved political power in their own right. Should the Government see indications that Mexican traffickers are beginning to threaten its own power base, more significant narcotics control

efforts will follow. Mexican officials are also increasingly concerned over the concentration and activities of guerrillas and traffickers on its southern border, which has historically been slighted by the police in favor of the northern border.

11. The Mexican Government is beginning a drug awareness program with \$70,000 in assistance from INM.

12. There has never been a complete aerial survey conducted in Mexico. The main reason cited was the expense involved in surveying such a large area, and the limited utility of the results given the time required to conduct such a survey.

### *Attorney General's Office*

1. There are several Mexican Government agencies involved in anti-narcotics work. These include the Mexican military, which conducts manual eradication; the DFS, which collects narcotics-related intelligence among other functions; the Mexican Federal Judicial Police (MFJP), which carry out narcotics investigations along with other responsibilities; the Attorney General's Office, which is responsible for aerial eradication; and within the AG's office, the Inspector General's Office (IG), which is beginning a new verification program. Theoretically, both the MFJP and the IG activities are coordinated through the Attorney General's office. In fact, bureaucratic rivalries have prevented effective coordination. At the time of the study mission's visit, there was no coordination between eradication and enforcement activities. The MFJP is hiring agronomists to increase its knowledge of growing conditions, the IG is requesting more planes to carry out responsibilities handled by the Attorney General's office, and (at the time of the study team's visit) the MFJP and the DFS were literally shooting at each other on the streets of Guadalajara.

2. Despite this lack of coordination, the Attorney General's office is the focal point for the anti-narcotics campaign. It employs more than 500 people on the eradication and verification program, spread throughout 13 regional zones. The United States has provided this office with 76 aircraft to be used in spotting, eradication, protection, and verification of illicit marijuana and opium, and has supported the establishment of six airbases throughout the country to position these aircraft. This fleet of fixed-wing and rotary aircraft is the largest non-commercial air force in Latin America, outstripping even the Mexican military. All maintenance costs are funded by the United States through a U.S. contractor, E-Systems.

3. In the past year it became clear that the organization and verification of the eradication program was inadequate. Statistics on eradication provided by the Mexican Government were unreliable, and probably grossly inflated. Other studies showed that the same plots of land were being eradicated over and over again. Two changes were made in response. The first was the establishment of a verification unit in the Inspector General's office, which will independently verify the eradication carried out by the Attorney General's Office. Some 90 people have been hired for this program (all of whom are inexperienced). The United States is supporting this effort with personnel, and 10 planes (4 transferred from the AG's office and 6 new). However, this program has not been operational long enough to assess its utility. Nor are the responsibilities

of this office clearly limited. While the original intent was to establish an office strictly for verification, it appears that the IG also considers spotting and eradication to be responsibilities as well. The study mission was informed that verification planes had been flying where no eradication had taken place. The second change involves a change in operation from fixed eradication patterns to "sweep", in which eradication teams move from zone to zone at unannounced times. Hopefully, this will improve the effectiveness of the eradication efforts.

4. The United States has also financed the training of Mexican pilots, mechanics and other personnel for the eradication program. The study team was impressed with the capability of the pilots, who fly under extremely challenging and sometimes dangerous conditions. However, this training program has been hampered by an inability to retain personnel, particularly mechanics. For example, the study mission was informed that in a 3-month period last year, more than 30 mechanics trained under the program had left for better-paying jobs. An additional problem is that although training is provided, none of the trainees receive per diem funds.

5. The MFJP has doubled its personnel levels since 1982, but none of its officers have been specifically dedicated to anti-narcotics work.

#### *U.S. Embassy*

1. U.S. support for anti-narcotics programs in Mexico falls in four categories: eradication, investigations, interdiction and public awareness. Financially, the majority of U.S. funding has been for the eradication program, which began in 1976 as a DEA project but was eventually transferred to INM. Although DEA has recently become more involved in certain aspects of the program, there is still lingering resentment on DEA's part that the State Department "stole" its program. The NAU unit, on the other hand, tends to resent what it views as interference in its business from DEA.

2. There seems to be lack of clear lines of responsibility among the various components in the Embassy as to whom is responsible for what. This has caused problems in coordination. For example, there is no unified data base within the Embassy recording production and eradication figures. Nor do DEA and the U.S. Consulate share information on drug traffickers which could prevent them from being granted visas to enter the United States.

3. The Embassy has not made collection of intelligence and information on money laundering a priority, and as a result little information is available on this phenomenon in Mexico.

#### *NAU*

1. The NAU narcotics control program is the largest in the world, funded at roughly \$10 million per year, yet the unit has only 2 U.S. direct hire personnel and 4 foreign service nationals.

2. The United States has spent roughly \$115 million over the past decade in support of the eradication program. These funds have provided 76 aircraft to the Mexicans. The majority of the U.S. funding is now dedicated to maintaining these aircraft.

3. The NAU program is currently in a shambles, although efforts are being made to improve it. There are no adequate records to in-

dicating how funds have been and are being spent, where commodities have gone and whether they are being used properly. Until recently, the eradication program had no independent verification to indicate whether eradication had actually been carried out, and thus the Mexican statistics provided annually are largely meaningless. Furthermore, much of the eradication which has taken place has consisted of eradicating the same areas over and over again each year. Funds spent to train pilots and mechanics have been wasted because these personnel soon leave to take better-paying jobs. According to the NAU Director, the program has an inventory of some \$500,000 in obsolete and unusable spare parts. A costly chemical laboratory with extremely sophisticated equipment provided by the United States (including an atomic absorption spectrophotometer, an infrared spectrophotometer, and an ultraviolet spectrophotometer) appears to be largely unused, and the research which has been conducted by the lab is not publicly available. The study mission was informed that no evaluation had ever been conducted of the Mexican eradication program. Much of this disarray may be attributed to the fact that the NAU director's position was unfilled for 9 months (until September 1984), and previously had been filled by a temporary officer.

4. Perhaps the most glaring example of mismanagement in the program concerns the provision of Lear jets. The study mission was informed that the United States has provided three Lear jets to the Mexican eradication program over the years, but can account for only two of them. (State Department officials in Washington asserted that the United States has provided only one Lear jet, although they said that at one time the United States funded maintenance costs for three such jets.) The one Lear jet currently in the program's inventory costs over \$80,000 a year to maintain. The study mission was unable to discover any justification for providing any Lear jets to an eradication program.

5. The contract for maintenance of the aircraft provided under the program has been given to a U.S. contractor named E-Systems every year since the program started. However, the study mission was informed that an audit of the E-Systems contract has never been carried out. E-Systems personnel were unable to answer basic questions regarding the most pertinent parts of their responsibility, such as the operating costs per hour of a 212 or 206 helicopter.

6. The new verification program currently being established with U.S. support should prove useful in improving the overall program and in generating more reliable statistics. However, it is unclear whether benefits to be gained justify the amount of resources being devoted to it. There are currently 21 planes flying verification missions, and some 90 people devoted to this effort in the Inspector General's office.

7. The United States has offered to provide a few more helicopters to the Attorney General's Office to be used as a back-up to strike force raids. Title to these helicopters would be retained in the United States. It is questionable, however, whether additional aircraft are justified given the large number of aircraft already in the inventory and the difficulty in maintaining them.

## *DEA*

1. The DEA presence in Mexico is the largest in the world, with over 30 agents in 6 offices throughout the country. The Mexico City office has a NADDIS terminal, although other regional offices do not. Its relation with Mexican authorities has historically been problematic, although cooperation has improved considerably with the de la Madrid government in contrast to the predecessor Lopez Portillo administration, during the last 18 months of which DEA agents were virtually confined to the Embassy. Mexican authorities consistently praised the assistance of DEA in working narcotics cases.

2. DEA spends 40 percent of its time on the eradication program, 40 percent of its time in investigations, and 20 percent on assisting the MFJP to upgrade its capabilities.

3. DEA is making efforts to revive the JANUS program, under which Mexicans can be prosecuted in Mexico for trafficking violations under U.S. law, and vice versa. Some 40 cases are now being considered. Progress has been hampered, however, by the fact that officials from the Lopez Portillo administration removed all the JANUS files when they left office.

4. The Mansfield Amendment, which prohibits U.S. personnel from being present at narcotics arrest actions in foreign countries, has become an obstacle to effective DEA work in Mexico. In particular, this prohibition has created doubts in host country police about the commitment of DEA efforts to combat narcotics trafficking.

5. Despite the obstacles posed by corruption and inefficiency to effective narcotics enforcement in Mexico, DEA officials feel that they are "making the best of a nasty situation", and that without the current effort Mexico would be the number one supplier of all illicit drugs to the United States.

## *U.S. Consul General*

1. The study mission was informed that the Consul General in Mexico has been directed by the State Department not to accept names of suspected drug traffickers from DEA for inclusion in the look-out system because DEA will not permit consular agents to review their sources for this information. DEA headquarters likewise has instructed its officials not to share these names with consular officers because of the demand for sharing their sources. As a result, there is no system to prevent known drug traffickers from obtaining visas to enter the United States.

2. Mexican authorities have refused to grant diplomatic credentials to any U.S. personnel outside the Mexico City Federal District. This has complicated the work of both DEA and consular officials who are based outside Mexico City. Nor are DEA agents permitted to carry guns.

## *Recommendations*

1. The Mexican Government through the Attorney General's Office should be prepared to allow DEA agents to take a more active role in the eradication and verification program that the U.S. Government is funding in Mexico. This would allow on-site ac-

counting for the vast amounts of resources that have been given to the Attorney General's Office.

2. INM should not provide any additional aircraft to the Attorney General's Office unless the U.S. Government retains ownership and can adequately monitor the use of the aircraft.

3. The DFS should not receive any U.S. narcotics control assistance.

4. The MFJP should establish a special narcotics unit that would spend its time exclusively on narcotics cases. The current attempt to organize a small group of investigators to follow the activities of narcotics traffickers is a first step in this direction.

5. The NAU office should request a complete and thorough audit of the E-Systems aircraft maintenance contract.

6. The entire NAU program in Mexico should be audited.

7. The U.S. Embassy should establish a unified data base for production and eradication statistics, and for known Mexican narcotics traffickers.

8. The NAU office should receive personnel adequate to competently manage a program of the current size.

9. Should it prove accurate that the NAU program has a large inventory of obsolete spare parts, these should be sold for the best price obtainable and the proceeds returned to the program.

10. The State Department should make available bulletproof cars to DEA agents in Guadalajara, and in other cities as the situation requires.

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