

RELEASED IN PART  
B1, 1.5(B)

X12

~~SECRET~~

Cocaine: A Supply Side Strategy

I. A Three Country Approach

Production and distribution of cocaine is an Andean industry dominated by Colombian traffickers who purchase their raw materials in Peru and Bolivia. The industry's financial and distribution networks extend into neighboring countries, but the core three Andean nations are where the supply side of the cocaine problem must be attacked. We must recognize that, while major efforts have to be made to reduce domestic demand, and effective strategy will require action at the source. The "drug war" metaphor is apt in focussing action, but should not militarize our thinking in advance. The sovereignty of other nations, threatened by rampant drug trafficking, can become our ally in mobilizing action and cooperation overseas.

Cocaine use is overwhelmingly a social issue, its manufacture and transport a police problem that sometimes presents para-military challenges. The trade is so lucrative that it poses a threat to the integrity of the producer states, and it is precisely this threat that is the key to cooperation with the Andean nations. Political leaders do not want rival powers in their countries who depend for their survival upon the impotence of the state. Neither will they cede their sovereignty by allowing the US to directly attack the traffickers. The challenge is to move Andean governments to attack drug trafficking as a direct threat to the integrity of their countries. A foreign policy problem must be solved by the innovative use of the traditional tools of foreign policy: diplomacy, military and economic assistance, intelligence collection and sharing.

The US can exert powerful influence upon the manner in which the Andeans deal with cocaine, but interdiction and eradication work are the primary responsibility of local forces. Drug war imagery often obscures the fact that traffickers are neither omnipotent nor even particularly well armed when compared with local military and police forces. Our challenge is to place the traffickers on a collision course with local forces, and ensure that the local forces have the wherewithal to prevail. Success abroad must be defined largely in terms of disruption of the trade in cocaine, and neutralization of trafficking organizations. Indices that will gauge the effort are the relative prices of the raw materials of the industry, hectarage eradicated, and ultimately the availability of cocaine in the United States.

UNITED STATES DEPARTMENT OF STATE  
REVIEW AUTHORITY: SAM A. MOSKOWITZ  
DATE/CASE ID: 5 MAY 2000 199401648

~~SECRET~~  
DECL: OADR

UNCLASSIFIED

910453, Box 5896  
59-96-0006  
SNAR - 3 Country Strategy  
1989

~~SECRET~~  
-2-

## II. Organizing the Attack

## A. International Diplomacy and Resource Sharing.

The US is not the only consumer country. The use of cocaine is rapidly spreading to Western Europe as well as to the more affluent South American countries. Cooperation on law enforcement is longstanding with our European allies, but we have never tried to systematically integrate our drug assistance and training funds and programs for maximum efficiency. This may be the ideal time to explore such a proposal since the Western Hemisphere source and transit countries are more conscious than ever of the destructive impact of the drug trade. Jamaican leader Michael Manley's recent call for an international narcotics strike force is one reflection of the realization of the need for international cooperation.

Manley's proposal is not likely to attract significant support within South America due to issues of sovereignty, but it could well be the perfect opening for the creation of a kind of international clearinghouse for counternarcotics assistance and training. Such an organization (which could have its own structure or operate through an existing agency) might include the OECD nations with drug problems (the US, France, Spain, Great Britain, Italy among others) and the principal cocaine source and transit countries. Involvement by someone like Manley, who cannot be accused of subservience to the US, would provide such a grouping with the political neutrality that might attract significant donations and cooperation. It could also make funding major economic assistance with drug target conditionality easier than doing so through a unilateral US effort.

The drug problem calls for significant departures from the way in which the US does its international business. We must obtain either legislative changes or a Presidential waiver of the Brooke-Alexander amendment for Peru (and perhaps Bolivia) so that we may provide the kinds of assistance that these countries will need independent of their repayment record on official debt to the USG. We must also be prepared to discuss trade and development issues that could grant Andean countries benefits in exchange for narcotics performance (a la the CBI). The US seized assets fund should be put directly at the service of narcotics enforcement abroad in a far more streamlined fashion than it is today. The Andean governments need this money far more than we do, and the strength of the US judicial system allows us to seize criminal assets far more readily than can the source countries. The ideal way to initiate these proposals and give impetus to international cooperation might be through an Andean Summit that the President would attend along with other hemispheric leaders.

~~SECRET~~

## B. Economic and Military Assistance

Bolivia, Colombia, and Peru are the supply side of the cocaine problem. All of these governments are willing to take on the traffickers, but each is conscious of the cost of success. The Bolivian economy is the most thoroughly dependent upon drug revenue and employment, while Peru, already in economic crisis, would face major foreign exchange problems from the sudden elimination of the trade. Peru's domestic insurgency operates virtually at will in the drug producing Upper Huallaga Valley (UHV), and impedes effective police work against the traffickers. While Colombia is on much firmer ground economically its military and police are burdened with endemic violence and its judicial system is the weakest link of an enforcement chain subject to murderous threats and subornation.

While development projects aimed at providing coca cultivating peasants alternative crops may complement enforcement work in the long term, the immediate problem that these countries face is macro-economic. The US should adopt the model of the Structural Adjustment Program, recognizing that the producers will face serious financial consequences if they succeed in suppressing the trade in cocaine. One and one half billion dollars would likely be needed for Peru over a five year period, while Bolivia would probably require \$750 million over the same time. A SAL type procedure would disburse money as targets (e.g. hectareage eradicated) were met. Such amounts would not only be enough to encourage serious action, they would be powerful spurs for desperately poor countries to mobilize the political will necessary to confront the drug traffickers.

Increased military assistance to the Andes already figures among our counter-narcotics policies. Colombia has made best use of its military during the past several years, and the US has tried to encourage this trend through an increasing assistance level. While we have been unable to provide Peru with military assistance because of debt repayment sanctions, the levels we have requested have risen in response to the drug threat. They are inadequate when juxtaposed with the military threat faced in Peru and Colombia. Protection of, and direct engagement in, trafficking by Colombian guerrillas is well established, and it will be impossible for Peruvian police to contain the coca trade until the military begins to operate effectively against the Sendero Luminoso in the UHV. Bolivia's military needs are far more modest, but Bolivian forces are vital to an effective anti-drug effort. The US will need to spend approximately one billion dollars in military assistance grant aid over the next five years in these three Andean countries. The assistance will have to be carefully monitored to ensure that it is used consistent with anti-narcotics goals, and that it does not contribute to increased human rights violations.

~~SECRET~~

-4-

## C. Interdiction, Eradication and Intelligence

Direct interdiction operations in the Andes are the highest profile and most dangerous actions for US law enforcement agents. Peru and Bolivia have the poorest capacity to conduct such operations themselves, and therefore the US has been steadily drawn into para-military conflict in the drug zones. DEA has had to draw more equipment and doctrine from the military as the task at hand ceases to be the traditional law enforcement for which the agency was created. Our goal should be a steady withdrawal of DEA from such a role as military and economic assistance allows local forces to take up these tasks.

Aerial eradication of coca with herbicides holds the most promise for striking a major blow at the Andean drug trade. The obstacles are formidable due to environmental controversy in Peru and the US, and the outright illegality of herbicide use in Bolivia. The advantages of this method are also impressive: it is the quickest, safest way to halt production; it requires few personnel, and is cheap and relatively immune to corruption. Despite the controversy, Peru has gone a long way towards identifying an appropriate chemical agent. Testing of herbicides in the UHV will have shown us by the end of this year whether or not this method is feasible. Convincing the Peruvians first, and perhaps Colombia (which has already used herbicides against marijuana) next will require a major diplomatic and PR effort coupled with the kind of economic assistance detailed above as an incentive. In the meantime we should continue to press ahead with the manual eradication techniques pioneered in Peru to put pressure on the traffickers at every point of the trade.

Intelligence collection and sharing must have a high priority. Drug trafficking networks are clandestinely organized criminal enterprises. They are the perfect targets for our intelligence agencies which should attack them just as they would a hostile intelligence service. The full range of intelligence operations should be utilized to disrupt the functions of these criminal organizations. While we must endeavor to work with local police to arrest the traffickers, we should recognize that corruption and inefficiency will impede effective police work in the source countries. We will achieve our goal of interrupting the flow of cocaine to the US more readily by disrupting trafficker networks than by making a few noteworthy arrests.

B1, 1.5(B)

~~SECRET~~

~~SECRET~~

-5-

B1, 1.5(B)

[redacted] while it is impossible to deny in advance the potential utility of real-time intelligence techniques that use leading edge radar, overhead surveillance, and other advanced gadgets, we should recall that poorly trained and educated troops will be asked to act upon this information. These troops, in Peru and Bolivia, often lack boots, gasoline for their vehicles, reliable maps of the terrain they patrol. Efforts that count on timely local follow-through of information obtained from high technology could well drain the lion's share of our resources only to fail.

### III. Regional Action and Immediate Steps in Bolivia, Colombia, and Peru

Narcotics trafficking is a regional issue that will not be solved without regional action. The appended Andean Action Plan is an approved inter-agency document that was designed to advance the major US interests in the Andes. Its centerpiece is progress on narcotics control, but it was carefully done to integrate important US interests in democratic stability, human rights, and suppression of guerrilla violence. Any US initiative that contemplates devoting the resources requested above should begin by implementing this plan. In addition, the following action items should be initiated now in the three coca/cocaine source countries:

#### A. Bolivia

-- Expand rules of engagement for Special Forces personnel currently engaged in training to enable them to participate in planning operations and to accompany UMOPAR and DEA on missions. Establish three new operations coordinator positions to be based in La Paz, the Beni and the Chapare. Incumbents would be experienced military officers (retired or PASA) who would be responsible for planning of para-military operations.

-- Expand USG financial support for Bolivian narcotics tribunals established under the comprehensive anti-coca law passed last year. Administration of Justice training programs for judges and prosecutors should also be strengthened.

-- Improve physical security of USG supported facilities in the Chapare. Also provide riot control training to UMOPAR to deter overrunning of encampments by angry mobs.

--Provide \$750 million of narcotics linked economic support over the next five years.

--Provide \$160 million in military assistance over the next five years to expand and improve the Bolivian military's anti-drug role.

~~SECRET~~

~~SECRET~~  
-6-

-- Expanded project assistance to develop alternative crop and job opportunities in the Chapare and elsewhere.

#### B. Colombia

Provide \$376 million in military assistance to Colombia over the next five years to expand the Colombian military's already successful drive against drug traffickers. Such assistance should be used to:

--Improve police troop lift capability: 6 Bell 212 helos

--Provide better weapons, communications equipment, and military training for the police.

--Strictly military needs would include: UH-60 Blackhawk helos, AC-47s and A-37s combined with radar for the southern border.

Provide, through the administration of justice program, aid to strengthen the Colombian judicial system, and expand our pilot program in drug abuse education.

#### C. Peru

Provide a major push to the chemical eradication testing program currently underway in Peru. Goal is to persuade the GOP, through a PR, diplomatic and economic aid campaign to employ herbicides aerielly against coca in the UHV.

--Increase both financial and personnel resources within USIS devoted to promoting herbicide use.

--Engage the USDA further in developing the scientific evidence necessary to bolster our case, and actively lobby the US environmental community on this issue.

Provide \$1.5 billion in economic assistance keyed to progress on narcotics. While the money is based on a five year payout, structure disbursements so that a positive decision on chemical eradication that produces rapid action may be promptly rewarded.

Provide \$250 million of military assistance over the next five years designed to help the Peruvian military regain control of the Upper Huallaga Valley from the Sendero Luminoso insurgents.

~~SECRET~~

UNCLASSIFIED

~~SECRET~~  
-7-

--Use these funds to bring Soviet equipment in the Peruvian inventory up to working condition, and to acquire addition military equipment as necessary.

--Carefully monitor the aid to ensure that it is spent in accordance with anti-drug objectives, and that it promotes US policy on human rights.

Secure the police base in Santa Lucia so that eradication and interdiction work may resume.

Drafted: ARA/AND: EHVezquez  
Doc. #6272; 6/15/89

~~SECRET~~  
UNCLASSIFIED