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INTERNATIONAL NARCOTICS SITUATION REPORT [REDACTED] (DI IN SITREP 91-001)

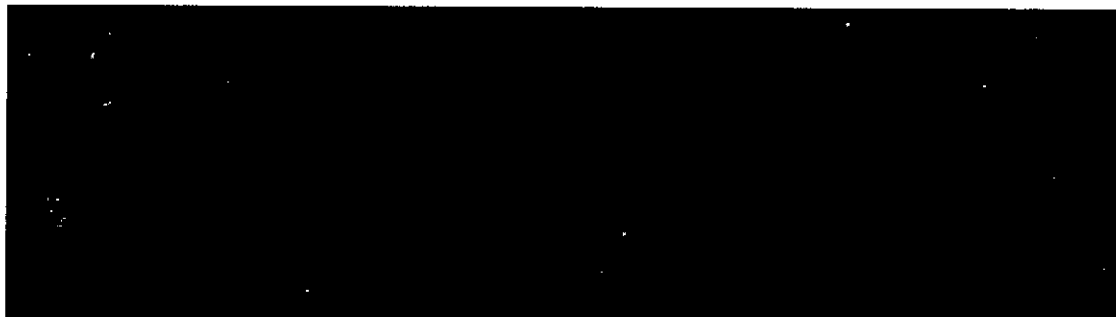
JANUARY 1991

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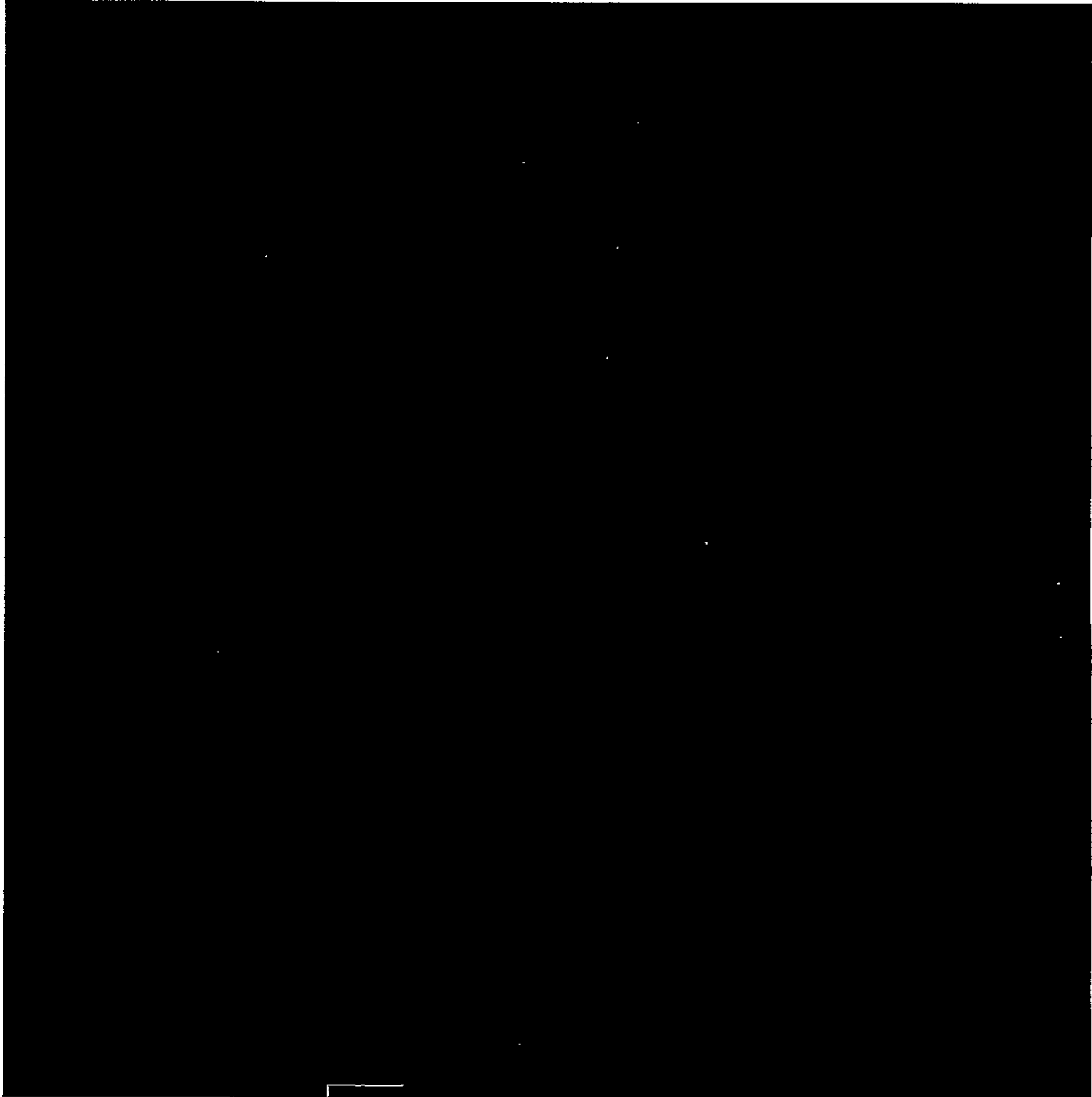


ITEM 2: SOUTH AMERICA [REDACTED]



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ITEM 2: SOUTH AMERICA

ON BALANCE, COUNTERNARCOTICS EFFORTS GAINED GROUND IN SOUTH

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AMERICA LAST YEAR, BUT PROSPECTS FOR SUSTAINING THESE GAINS IN THE FACE OF MOUNTING COSTS, ESCALATING RISKS, AND EXPANDED TRAFFICKING ARE UNCERTAIN. EXPECTATIONS OF GREATER HEMISPHERIC COOPERATION IN THE DRUG WAR--ARISING FROM THE CARTAGENA ANTIDRUG SUMMIT IN FEBRUARY 1990--AND THE SPECTER OF DRUG VIOLENCE SPILLING OVER FROM COLOMBIA PROMPTED VIRTUALLY ALL OF THE SOUTH AMERICAN GOVERNMENTS TO GIVE HIGHER PRIORITY TO ANTINARCOTICS POLICY LAST YEAR. ALTHOUGH COUNTERNARCOTICS EFFORTS KEPT PARTS OF THE INDUSTRY ON THE DEFENSIVE THROUGH MUCH OF 1990, THEY DID NOT CAUSE A FUNDAMENTAL DISRUPTION OF THE TRADE. THE INDUSTRY'S NUMEROUS RESOURCEFUL GROUPS, AS WELL AS ITS OVERALL SIZE, WEALTH, AND INTIMIDATING INFLUENCE WITHIN KEY DRUG SOURCE NATIONS ENABLED IT TO MAINTAIN HIGH LEVELS OF COCAINE DELIVERIES TO THE UNITED STATES WHILE SIMULTANEOUSLY EXPANDING OPERATIONS TO EUROPE AND OTHER MARKETS. WITH THE STAKES RISING IN THE DRUG WAR, ALL OF THE ANDEAN GOVERNMENTS ARE REEXAMINING THEIR DRUG CONTROL STRATEGIES, A MOVE WHICH WE BELIEVE PORTENDS GROWING DEMANDS ON WASHINGTON IN EXCHANGE FOR THEIR COMMITMENT TO SUSTAIN ANTINARCOTICS EFFORTS. [REDACTED]

INITIATIVES

WE BELIEVE THAT THE SOUTH AMERICAN COCAINE TRADE IS FACING ITS MOST DETERMINED OPPOSITION YET. ALTHOUGH DEVELOPMENTS IN 1990 WERE DOMINATED BY BOGOTA'S CONTINUED PRESSURE AGAINST THE TOP ECHELON OF THE MEDELLIN ORGANIZATIONS, SOUTH AMERICAN ANTIDRUG FORCES IMPROVED EFFORTS ACROSS ALL FRONTS. [REDACTED]

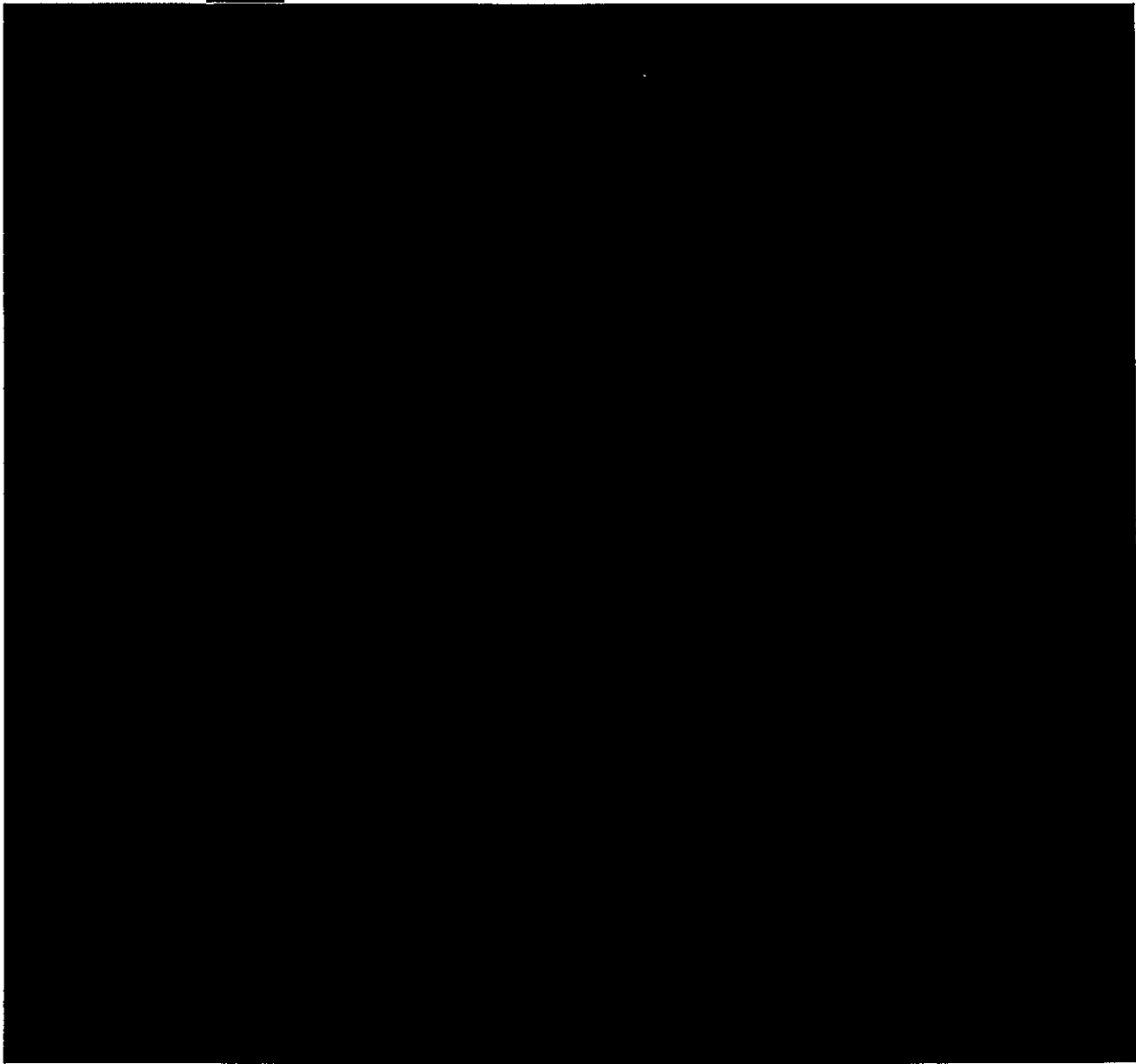
WE BELIEVE THE SOUTH AMERICAN DRUG TRADE CONTINUED THROUGHOUT 1990 TO FEEL THE EFFECTS OF BOGOTA'S 17-MONTH-LONG ANTINARCOTICS CAMPAIGN AGAINST THE TOP MEDELLIN TRAFFICKERS. THE OVERALL COUNTERNARCOTICS POLICY, LAUNCHED BY FORMER PRESIDENT BARCO FOLLOWING THE ASSASSINATION BY TRAFFICKERS OF PRESIDENTIAL ASPIRANT LUIS CARLOS GALAN IN AUGUST 1989, IS BEING CONTINUED BY BARCO'S SUCCESSOR, CESAR GAVIRIA, WHO TOOK OFFICE IN AUGUST 1990. IN OUR JUDGMENT, THIS CAMPAIGN MARKS AN IMPORTANT TACTICAL SHIFT AWAY FROM PREVIOUS EFFORTS THAT EMPHASIZED PIECEMEAL, POORLY PLANNED INTERDICTION OPERATIONS AGAINST EASILY REPLACED TARGETS. IF SUSTAINED, WE BELIEVE IT HAS THE POTENTIAL TO UNDERCUT A NUMBER OF TRAFFICKER ADVANTAGES BY FOCUSING ON THE LEAST EXPENDABLE AND MOST CRITICAL ELEMENT IN THE COLOMBIAN TRADE: THE PEOPLE WHO MANAGE AND FINANCE IT. [REDACTED]

ALTHOUGH THE IMPACT OF THIS STRATEGY IS DIFFICULT TO QUANTIFY, WE BELIEVE IT IS OF SIGNIFICANT CONCERN TO COLOMBIA'S TRAFFICKING ELITE. UNDER BARCO, THE MILITARIZATION OF SEVERAL MEDELLIN SUBURBS AND OTHER TRAFFICKER STRONGHOLDS, THE EXTRADITION OF APPROXIMATELY 20 TRAFFICKERS TO THE UNITED STATES, AND THE GOVERNMENT'S UNRELENTING EFFORTS TO LOCATE KINGPIN PABLO ESCOBAR AND HIS ASSOCIATES CAUSED VIRTUALLY ALL OF THE TOP TRAFFICKERS TO LOWER

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THEIR PROFILES OR GO UNDERGROUND TO AVOID ARREST OR DEATH. WE BELIEVE THIS, IN TURN, CONTRIBUTED TO INCREASED COORDINATION AND SECURITY PROBLEMS THROUGHOUT MUCH OF THE TRAFFICKING CHAIN. UNDERSCORING THE SERIOUSNESS OF THE GOVERNMENT CHALLENGE TO TRAFFICKERS, ESCOBAR SPENT MOST OF THE YEAR ON THE RUN AND ORGANIZING MASSIVE ASSASSINATION, KIDNAPPING, AND PROPAGANDA CAMPAIGNS AIMED AT UNDERMINING PUBLIC CONFIDENCE IN THE SECURITY FORCES AND ERODING SUPPORT FOR THE CRACKDOWN. HE AND OTHER TOP TRAFFICKERS ARE NOW TRYING TO BRING THIS PRESSURE TO BEAR ON THE CONSTITUENT ASSEMBLY, WHICH WILL CONVENE IN FEBRUARY WITH THE POWER TO BAN EXTRADITION, REFORM THE JUDICIARY, AND REWRITE COLOMBIA'S CONSTITUTION. [REDACTED]



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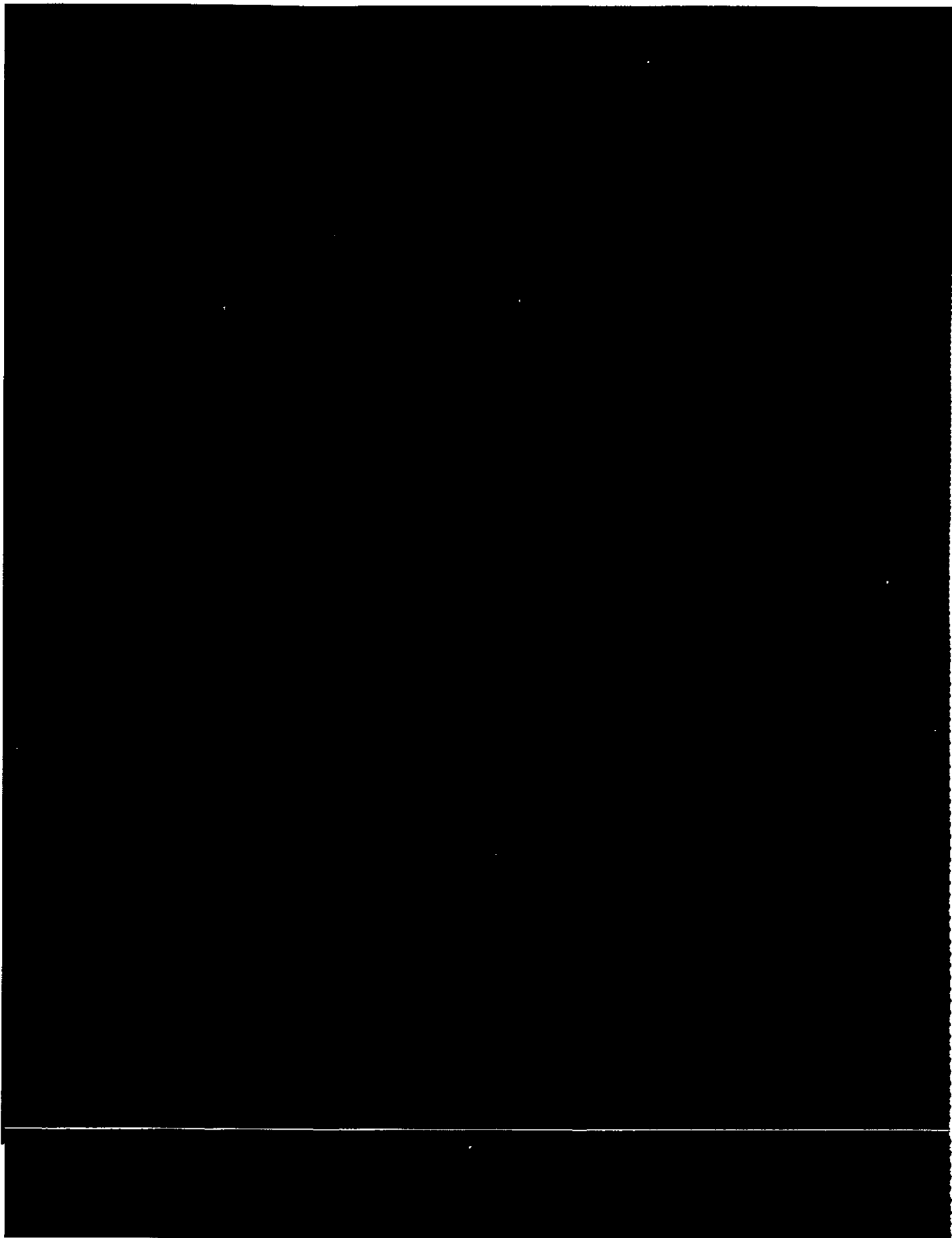
TRAFFICKING DEVELOPMENTS

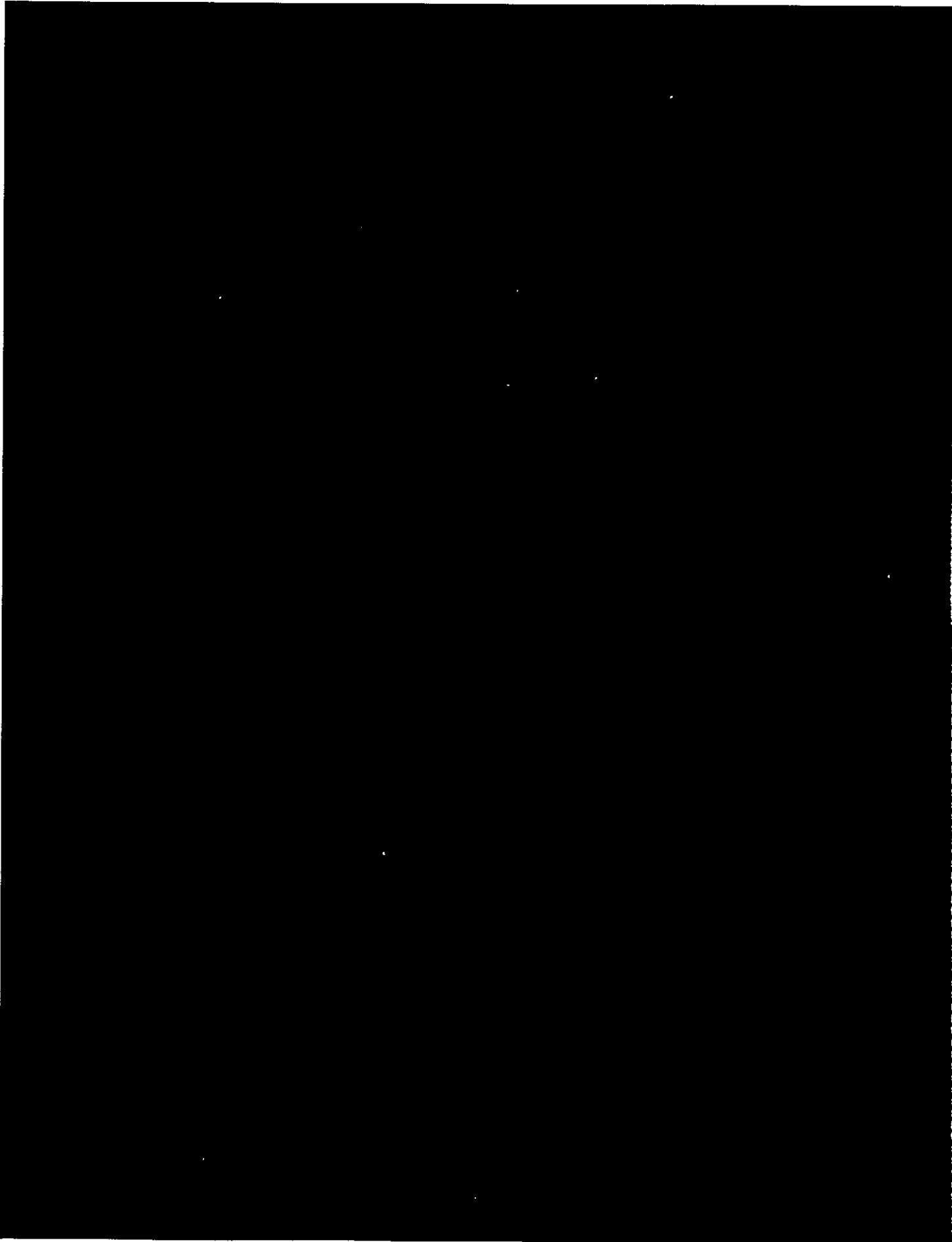


COCA PROCESSING ACTIVITIES, THOUGH STILL DOMINATED BY COLOMBIANS, PROBABLY EXPANDED LAST YEAR, INCREASING THE INDUSTRY'S OVERALL PRODUCTION CAPACITY AND FLEXIBILITY TO COUNTER ANTIDRUG OPERATIONS. INDEED, THE DISCOVERY OF A COCAINE HCL PROCESSING OPERATION IN LIMA UNDERSCORES THE EFFORTS OF PERUVIAN TRAFFICKERS TO BREAK THEIR DEPENDENCE ON COLOMBIAN BROKERS AND DISTRIBUTORS. IN A MOVE THAT WE BELIEVE FORESHADOWS A LONG-TERM TREND IN PERU, AT LEAST ONE HEAVILY TARGETED PERUVIAN ORGANIZATION HAS REPORTEDLY EXPANDED AND STREAMLINED ITS OPERATIONS DESPITE INTENSIFIED ENFORCEMENT PRESSURE. [REDACTED] IT HAS BUILT AN EXTENSIVE BASE OF OPERATIONS TO COLLECT, PROCESS, AND DISTRIBUTE COCA PRODUCTS MORE EFFICIENTLY, USING EXTENSIVE NETWORKS OF CORRUPT PERUVIAN AUTHORITIES TO SAFEGUARD ITS ACTIVITIES. THROUGH THESE EFFORTS, THE ORGANIZATION HAS APPARENTLY WON THE EXCLUSIVE TRUST OF SEVERAL COLOMBIAN BUYERS OF COCAINE DERIVATIVES. [REDACTED]



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CERTAIN COUNTERNARCOTICS DEVELOPMENTS IN SOUTH AMERICA OVER THE PAST YEAR HAVE GIVEN THE FIRST REAL GLIMPSE OF PROGRESS--ALBEIT LIMITED--IN THE NEAR DECADE-LONG STRUGGLE AGAINST THE COCAINE TRADE. IN OUR VIEW, THIS INDICATES THAT THE POTENTIAL FOR HEADWAY IS CURRENTLY GREATER IN SOME AREAS--SUCH AS ERADICATION EFFORTS IN BOLIVIA AND PURSUIT OF SOME COLOMBIAN DRUG KINGPINS--THAN IN, FOR EXAMPLE, TAMING PERU'S HUALLAGA VALLEY COCA TRADE OR DISASSEMBLING COCAINE REFINING OPERATIONS IN EITHER COLOMBIA OR BOLIVIA. IN OUR JUDGMENT, THE FRONTLINE STATES ARE BEGINNING TO DEVELOP AN APPRECIATION FOR THE DAUNTING SIZE OF THE PROBLEM AND THE SUBSTANTIAL FINANCIAL, PHYSICAL, AND POLITICAL COSTS INCURRED IN EVEN A LIMITED CONFRONTATION. IN COLOMBIA, FOR INSTANCE, BOGOTA IS ESTIMATING THAT THE FINANCIAL COST OF LAST YEAR'S ANTINARCOTICS OFFENSIVE WAS APPROXIMATELY \$1 BILLION, WHILE IN PERU, THE FUJIMORI GOVERNMENT VIEWS COUNTERNARCOTICS AS A LESS PRESSING PRIORITY THAN THE COUNTRY'S ECONOMIC AND INSURGENT PROBLEMS. [REDACTED]

GIVEN THIS SETTING, WE EXPECT THAT THE FRONTLINE ANDEAN STATES WILL BECOME INCREASINGLY CAUTIOUS IN 1991 ABOUT HOW THEY CHOOSE TO FIGHT THE DRUG PROBLEM. IN OUR JUDGMENT, THE PROMISE OF ECONOMIC ASSISTANCE FROM WASHINGTON AND OTHER DONORS WILL KEEP THEM COMMITTED TO CERTAIN ANTINARCOTICS PROGRAMS, BUT THE SPECTERS OF DRUG VIOLENCE AND POLITICAL BACKLASH WILL DETER THEM FROM STRICTLY COERCIVE MEASURES. WE BELIEVE, FOR EXAMPLE, THAT COLOMBIAN PRESIDENT GAVIRIA'S CURRENT STRATEGY REFLECTS THIS CONCERN. IT SEEMS AIMED, IN PART, AT BUYING TIME TO IMPLEMENT HIS LONG-TERM GOALS OF JUDICIAL AND OTHER GOVERNMENT REFORMS BY GRANTING CERTAIN TACTICAL CONCESSIONS TO INFLUENCE PUBLIC OPINION, DISSUADE TRAFFICKERS FROM PURSUING VIOLENCE, AND PERHAPS EVEN DIVIDE THEM OVER HOW TO RESPOND TO THE GOVERNMENT. [REDACTED]

THE OUTCOME OF COLOMBIA'S CONSTITUENT ASSEMBLY, SCHEDULED TO MEET FROM FEBRUARY TO JULY, WILL BE CRITICAL TO THIS ENDEAVOR. WITH RESPECT TO NARCOTICS, GAVIRIA INTENDS THAT THE ASSEMBLY WILL ENACT SWEEPING REFORMS AIMED AT MAKING COLOMBIA'S LEGAL INSTITUTIONS STRONG ENOUGH TO CONFRONT TRAFFICKER PRESSURE AND POWER. HE IS CERTAIN, HOWEVER, TO FACE POWERFUL OPPOSITION FROM TRAFFICKER-BACKED DELEGATES, WHO SEE THE ASSEMBLY AS A UNIQUE OPPORTUNITY TO INSERT CONSTITUTIONAL LANGUAGE THAT COULD ELIMINATE EXTRADITION, CONSTRAIN THE ROLE OF THE MILITARY, LIMIT STATE OF SIEGE POWERS, AND IN OTHER WAYS CRIPPLE ANTINARCOTICS INITIATIVES. [REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

ALTHOUGH COLOMBIA HAS KEPT THE MILITARY OPTION OPEN--AS SIGNALLED BY ITS ACCEPTANCE OF US MILITARY ANTIDRUG ASSISTANCE--THE GOVERNMENT REMAINS PROTECTIVE ABOUT ITS ROLE. EMBASSY REPORTING, FOR INSTANCE, INDICATES THAT COLOMBIAN COMMANDERS WERE DELIGHTED THAT THEY PLANNED AND CONDUCTED THE PETROLERA OPERATION WITHOUT US MILITARY SUPPORT, THOUGH THEY DID DEPEND ON US-SUPPLIED INTELLIGENCE, TRAINING, AND EQUIPMENT. MOREOVER, THE MILITARY'S PRIMARY MISSION WILL ALMOST CERTAINLY CONTINUE TO BE COUNTERINSURGENCY. IF THE FARC AND OTHER SUBVERSIVES CONTINUE TO RESIST GOVERNMENT PEACE OVERTURES, THE MILITARY IS LIKELY TO BE DRAWN INCREASINGLY INTO WIDER, MORE AGGRESSIVE ANTI-INSURGENT OPERATIONS, A MOVE THAT WOULD LIMIT THE NEAR-TERM AVAILABILITY OF THIS RESOURCE FOR COUNTERNARCOTICS OPERATIONS. BOGOTA, MEANWHILE, WILL PROBABLY TAKE INCREASINGLY OBSTRUCTIONIST STANDS WITH RESPECT TO SUCH POLICIES AS OFFSHORE INTERDICTION OPERATIONS, WHICH ARE WIDELY CHARACTERIZED IN THE PRESS AS BLOCKADES THREATENING NATIONAL SOVEREIGNTY. [REDACTED]

THE ANDEAN STATES ARE LIKELY TO BOLSTER THEIR DEFENSE OF A MORE CAUTIOUS ATTITUDE WITH NEW CALLS FOR THE UNITED STATES AND OTHER "CONSUMER" COUNTRIES TO ACCEPT A GREATER SHARE OF THE BURDEN FOR REDUCING THE INTERNATIONAL DRUG PROBLEM. IN THIS REGARD, THEY ARE LIKELY TO MONITOR CLOSELY EFFORTS BY THE DEVELOPED COUNTRIES TO CURB THEIR DEMAND FOR DRUGS AND TO REDUCE THE INTERNATIONAL FLOW OF CHEMICALS, MONEY, AND WEAPONS ASSOCIATED WITH THE DRUG INDUSTRY. WE EXPECT COLOMBIA, BOLIVIA, AND PERU TO CONTRAST PROGRESS IN THESE AREAS WITH THEIR OWN SUPPLY REDUCTION EFFORTS, POSSIBLY USING THIS AS A MEASURE OF THEIR ANTINARCOTICS COMMITMENT AND JUSTIFICATION FOR DEMANDING INCREASED ECONOMIC ASSISTANCE. [REDACTED]

[REDACTED]