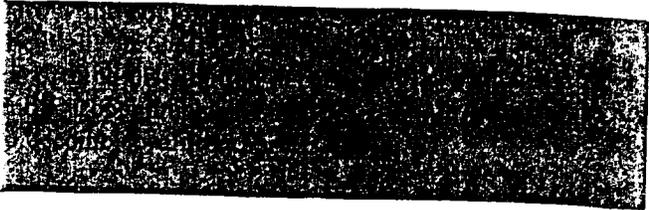


Peru-Ecuador: Emerging Opium Cultivation and Processing

The profitability of heroin and, more recently, Colombia's increasing enforcement operations are encouraging commercial poppy cultivation and opium processing in Peru and Ecuador. Cali traffickers may have moved some of their opium operations to Peru or Ecuador to evade antidrug efforts focused on poppy cultivation in Colombia, much as they did with cocaine operations after Colombia's 1989 crackdown. Peruvian and Ecuadorian trafficking families, meanwhile, probably are eager to assist the Colombians in developing opium production, and we believe that it is only a matter of time before poppy cultivation becomes more significant, particularly in Peru.

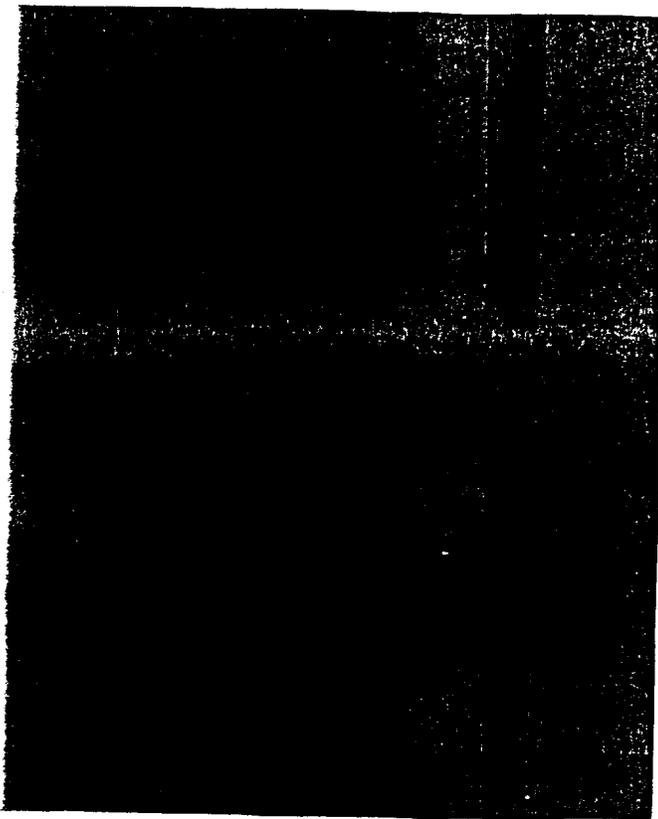


In Ecuador, small-scale poppy cultivation was confirmed during the mid-1980s.



There are also signs that Ecuador is a heroin transit point. Chinese "mules" reportedly carried heroin into the United States via Ecuador during the 1980s. Colombians have long used Ecuador as a cocaine transit point, and in March Ecuadorian police seized their first heroin shipment—70 grams—from Colombian traffickers.

Spreading Opium Cultivation



Outlook

Although some poppy cultivation has occurred in Peru and Ecuador since the 1970s, there is no confirmation of recent reports concerning poppy cultivation in either country. Both countries, however, have highly favorable growing conditions, similar to those in Colombia. We believe that an extensive opium cultivation would be most likely in Peru. Recent reports on Peruvian opium production suggests that poppyfields probably would be concentrated in areas where commercial coca cultivation has long been established, such as in Ayacucho and Huanuco Departments. the Cuzco Department, near Ecuador, is another likely

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candidate for commercial poppy cultivation; various sources say that poppies have been grown there since the mid-1970s for local consumption by the descendants of Asian immigrants. Peruvian and Ecuadorian groups over time may learn how to process opium into heroin and could try to increase their participation in the highly profitable heroin trade, using their own export and distribution networks to the United States and Europe, much as Lima-based families have done to become cocaine exporters. [REDACTED]

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