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The Director of Central Intelligence
Washington, D.C. 20505

National Intelligence Council


3 August 1983

MEMORANDUM FOR : Director of Central Intelligence
Deputy Director of Central Intelligence

THROUGH : Chairman, National Intelligence Council

FROM : National Intelligence Officer for Narcotics

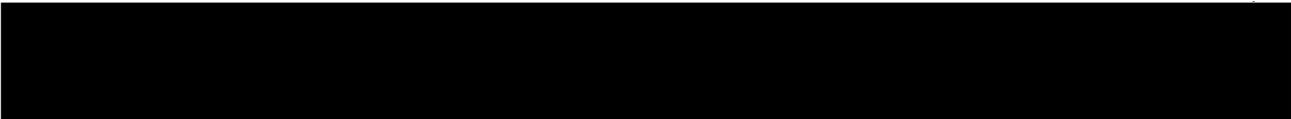
SUBJECT : Fourth Impressions

This is the fourth in a series of narcotics reports that began with an initial report on 3 September 1982.

What has been accomplished thus far?

The Intelligence Community is better coordinated.

Although holding warning meetings and monthly informal lunches among senior Community officers has been helpful, the most important development is the increase in contact between working level analysts of member agencies. These contacts now occur on a daily basis. The process of writing NIEs is also bringing the Community together.


The Narcotics Working Group of the IC Staff will complete a strategic narcotics plan for the Community by the end of September.

The product is distributed more widely and the narcotics program is better known.


Appropriate Congressional committees have also seen some of the product and have responded favorably. Lectures on narcotics are now given in many key courses at CIA, DIA, the FBI and INR.

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There has been a marked expansion in collection and analysis.

[REDACTED]

DEA's new report system - [REDACTED] is adding substantially to Community knowledge.

A conference on heroin interdiction -- the first ever sponsored by CIA -- has led to new contacts in the academic community.

One National Estimate (on Colombia) has been published and a second (on heroin interdiction) is ready for coordination.

A Cuba working group composed of concerned analysts meets monthly to sift evidence on this elusive subject.

Congressional relations have been strengthened.

Direct contact has been established with three House and two Senate committees. In addition to formal testimony, more than a dozen members have received tailored briefings, and there is now regular contact with staffers of several committees. Although doubts about the Intelligence Community's narcotics effort continue to surface, the excellence of the Community's product is now recognized on the Hill.

Requirements have been narrowed and sharpened.

[REDACTED]

A research paper on narco-dollar movement has been prepared as a collection and analysis guide.

[REDACTED]

What remains to be accomplished?

Hold firm on positions and funds requested in the CIAP.

[REDACTED]

[REDACTED] thus a substantial build-up, indeed more than a doubling of funds, is projected from FY82 to FY85. If cuts can be avoided during Congressional review of the FY84 budget and OMB review of the FY85 CIAP, then Congressional doubts about the scope of our program should diminish.

█ has taken a similar approach, for its three-stage narcotics plan will require greatly increased resources in FY85 and outyears. (b)(3)

Expand Community information sharing.

DEA, as noted, is now regularly disseminating foreign intelligence to the entire Community. Customs has agreed to undertake a similar program and is currently implementing the results of a CIA-sponsored survey. But this is just the beginning. Once Customs is under way, the focus will shift to Coast Guard and the National Narcotics Border Interdiction Centers. Both these organizations have rich holdings and should disseminate to the entire Community.

Broaden the analytic base.

The DDI should carry through with plans to use its new positions to █ In addition, the establishment of a █ should be implemented.

INR has just added a new position for narcotics analysis and a written product is awaited.

DIA remains the laggard, with little or no analytical capability. Their expansion into narcotics analysis should be encouraged.

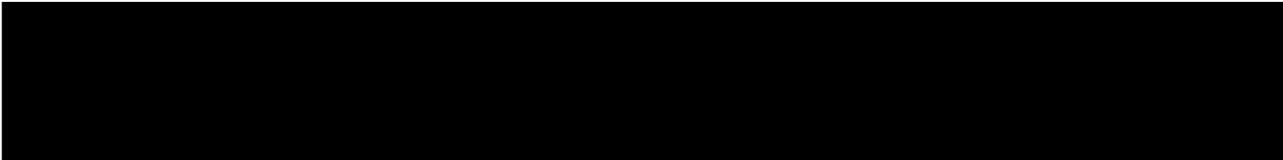
If current training proposals are implemented, the National Narcotics Border Interdiction Centers will also soon contribute an analytic product.

Sharpen strategic collection.

The DDO will receive new slots in FY84, FY85 and outyears. It is important that these slots actually be used for narcotics collection, rather than diverted to other uses, particularly in LA Division.

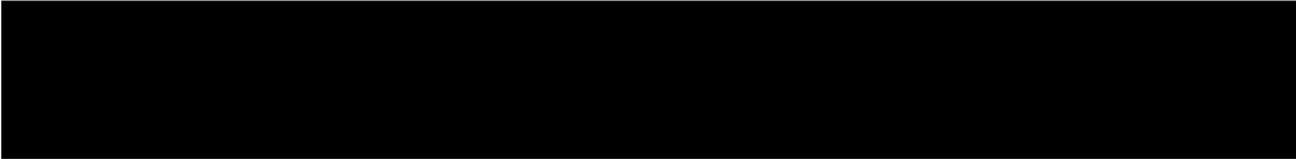
DEA and CIA have been negotiating a Memorandum of Understanding for more than a year; it is now at Justice for review. This process should be brought to a conclusion so that remaining coordination difficulties in the field can be resolved.

DIA's Attache System has yet to make a contribution to strategic collection; they should get to work.



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Make use of high technology tools.



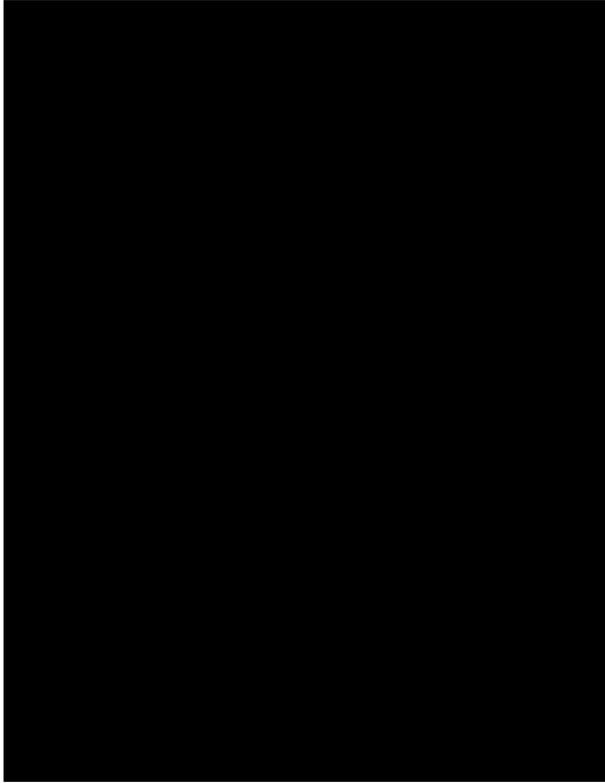
Similarly, DDS&T has several research projects under way designed to pinpoint the location of heroin laboratories.



These projects should be encouraged.

(b)(3)

David D. Gries



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TERMS OF REFERENCE

International Narcotics Coordination and Collection Study

I. Background and Goals

A. Intelligence in Support of International Narcotics Control Policy

1. The production, trafficking, and abuse of drugs is a global problem, the dimensions of which are staggering. Addiction rates throughout the world are rising, creating serious social problems. Unabated drug production and abuse has fed corruption on a massive scale and compounded general problems of political instability. Links between drug trafficking and terrorism and other illicit activity are increasingly common. In economic terms, the billions of dollars generated in global narcotics production and trafficking cause major economic dislocations in the source countries, and at the same time threaten the economic well being and integrity of financial institutions in user countries. Checking the production of narcotics and their flow into the United States presents one of the major foreign policy challenges to the US Government in the 1980s.

2. US international narcotics control policy is broadly concerned with three interrelated issues: (1) reducing the supply of narcotics globally through the reduction of narcotics production in a source area; (2) the interdiction of drug trafficking, an issue which requires (a) the identification of narcotics refining and trafficking organizations, (b) the targetting of enforcement resources against these activities, and (c) an appreciation of the political and financial circumstances in which trafficking occurs;

and (3) the reduction of demand for narcotics, an issue primarily concerned with drug education and rehabilitation. While the latter issue places few demands upon intelligence producers, both supply reduction and interdiction place a premium on intelligence support. Intelligence is critical to the development of policy initiatives and to the evaluation of ongoing program activity. At the operational (or tactical) level, intelligence is essential to effective enforcement operations. [REDACTED]

3. This study seeks to assess the adequacy of intelligence support to US international narcotics control efforts. The focus is primarily on the effectiveness of intelligence collection efforts in the two key policy areas--supply reduction and interdiction. These are the two principal intelligence topics under which the DCID 1/2 also designates country priority assignments. The study will provide a comprehensive review of the intelligence resources of all collection disciplines currently employed in the support of these policies, identify critical intelligence gaps and recommend collection management guidance or resource considerations which might bridge these gaps or improve collection performance. The study will also include a review of coordination and procedural issues involved in narcotics collection, dissemination, and production at Headquarters as well as in the field. [REDACTED] Added

4. The assessment will be done in two parts. Part One will summarize [REDACTED] Part Two will provide detailed country and regional profiles addressing the intelligence reporting program both on supply reduction and on interdiction enforcement and financial flow issues. [REDACTED]

5. The outline attached as APPENDIX I provides a structure for assessing policy considerations, intelligence requirements and reporting programs which impact on these questions in each target country or region. [REDACTED]

II. Supply Reduction*

A. Estimating Illicit Crop Production

What are the capabilities to collect against the following issues:

1. Priority factors involved in estimating narcotics production?
Current situation?
Expansion or relocation of narcotics production/cultivation activities?
2. Issues described in (1) which affect Southeast Asia narcotics production?
Opium?
Cannabis?
3. Issues described in (1) which affect Southwest Asia and Middle East narcotics production?
Opium?
Illicit production?
Licit production?
Production of cannabis and/or hashish?
4. Issues described in (1) which affect narcotics production in the Western Hemisphere?
Opium?
Coca?
Cannabis?

*The following source countries will come under review in the section on Supply Reduction: Southeast Asia: Burma, Thailand, Laos; Southwest Asia and the Middle East: Pakistan, Afghanistan, Turkey, Iran, Lebanon, Syria; Western Hemisphere: Mexico, Colombia, Bolivia, Peru, Jamaica, Ecuador, Brazil, Belize

5. Community's problems involved in estimating "exportable surplus?"
Capabilities for collection on the factors affecting crop production (e.g., weather) and on the levels of narcotics consumption in the source countries?
6. Issues described in (1) which affect the production of psychotropics, e.g., methaqualone?

B. Government Capabilities and Intentions

What are capabilities to collect against the following:

1. Source country government's ability to control narcotics production?
2. Source country official's attitudes toward control programs?
3. Obstacles to effective narcotics control in source countries?

III. Interdiction and Enforcement*

What are the capabilities to collect against the following:

A. Narcotics trafficking organizations

1. Structure of narcotics production and trafficking and identification of criminal organizations involved?
2. Modus Operandi of trafficking organizations?

*Countries which have been assigned priority attention under DCID 1/2 topics 4.5.1 (Illicit Drug Production and Trafficking) and 4.5.2 (Drug Control Activities) will be reviewed under this section.

3. Location of refining activities?

4. Precursor chemical supply?

B. Trafficking Patterns

1. Narcotics trafficking routes

2. Methods used for narcotics shipment

3. Major transshipment points

C. Narcotics-Related Financial Flows

1. Legal procedures used to transfer large amounts of narcotics-related monies from the US to tax-haven countries

2. Factors that make resource-deficient countries potential tax havens, e.g., accessibility, communications, foreign exchange freedom, government stability, bank disclosure regulations

3. Methods employed by electronic fund transfer systems or wire transfer networks? Methods used to transfer large dollar amounts through commercial banking systems? Methods used to purchase and hold foreign exchange in narcotics-producing countries

D. Foreign Enforcement Capabilities

1. Identification of enforcement organizations

2. Obstacles to effective enforcement, e.g., political or resource constraints

3. High-level government corruption

E. Political and Economic Implications of Narcotics

1. Impact of narcotics production and trafficking on the political stability of source and transshipment countries?
2. Connections between the narcotics industry and international terrorist movements, insurgency and arms trafficking?
3. Impact of the narcotics industry on source countries national economies or those of transshipment countries?

IV. Coordination of Narcotics Intelligence: Collection, Dissemination and Production

A. Review of coordination procedures and problem areas involving the following:

1. Collection
 - a. Interagency Coordination
 - b. Field level coordination
2. Dissemination--assuring fullest dissemination of narcotics intelligence information
3. Production of finished narcotics intelligence
 - a. Interagency activities
 - b. Agency production
4. Intelligence in support of enforcement operations

B. Recommendations

Section Added

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V. Resources and Personnel Considerations

- A. Recommendations for a more effective use of present resources and personnel.
- B. Recommendations that require an increase in Community resources, reprogramming or supplemental funding action.
 - 1. Impact such adjustments will have on the Intelligence Community's ability to respond to other priority intelligence needs.

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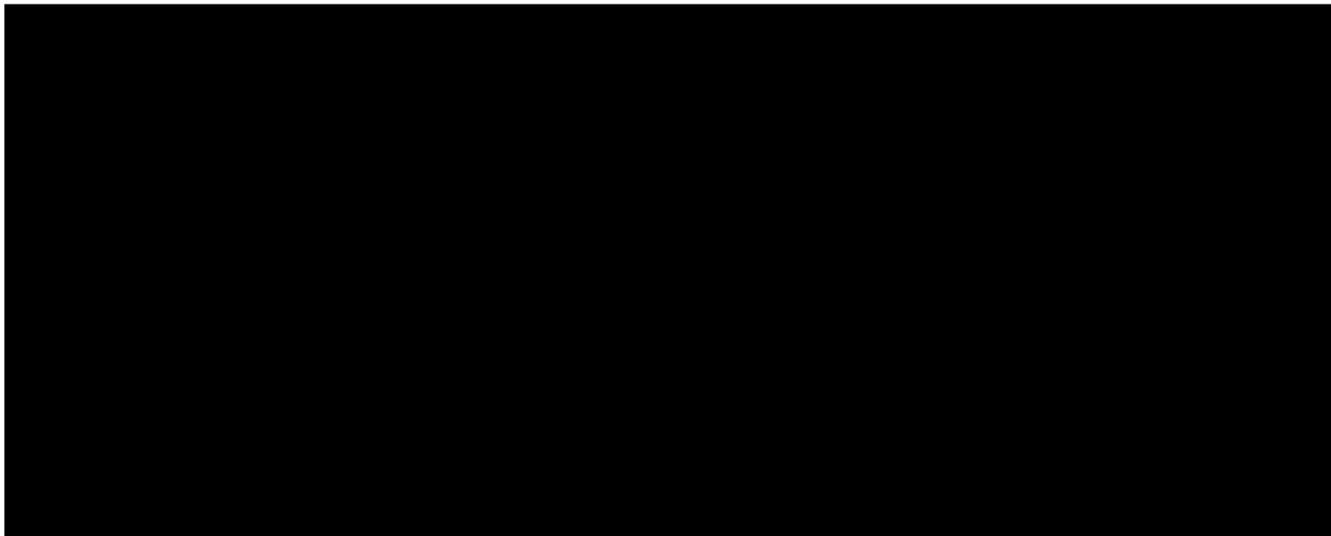
APPENDIX I

Country/Region Outline

COUNTRY/REGION

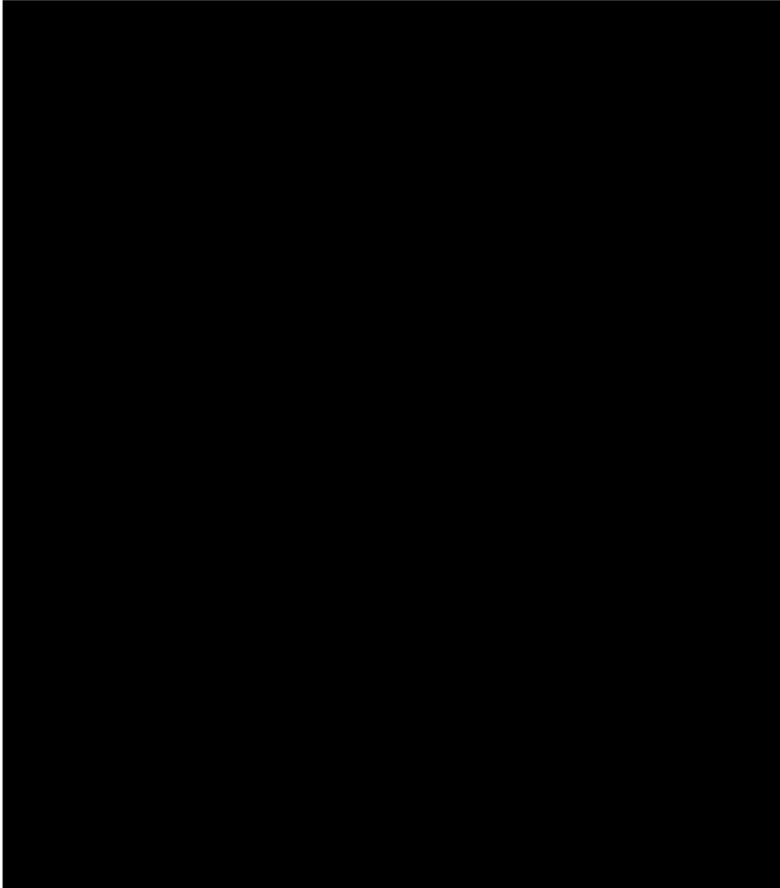
1. POLICY CONSIDERATIONS--brief statement of policy interests and operational considerations
2. Intelligence Requirements
 - a. DCID 1/2 priorities
 - b. Brief statement of reporting requirements--what are essential information needs for both strategic and operational considerations?
3. Evaluation of Reporting Programs

NOTE: This section should include a discussion of capability, and the contribution it makes relevant to other reporting.



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4. Intelligence Problems: Identification of gaps, other intelligence processing issues, including coordination, dissemination, analysis, legal questions.
5. Conclusions
6. Recommendations: Action to be taken by specific agency.

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APPENDIX II

PRODUCTION SCHEDULE FOR CIPC NARCOTICS WORKING GROUP STUDY
ON "INTERNATIONAL NARCOTICS COORDINATION AND COLLECTION"

PHASE I: Organization of the CIPC Narcotics Working Group (March-April 1983)

1. Organizational Session -- 18 March
 - a. Formation of Narcotics Working Group
 - b. Appointment of NWG Chairman
2. Setting the Agenda -- 7 April
 - a. Defining Narcotics Working Group Responsibilities
 - b. Approval of draft Terms of Reference (TOR) for Coordination and Collection Study
 - c. Consideration of subcommittees
 - d. CIPC review TOR -- 12-18 April
 - e. CIPC modify/approve TOR -- 18 April

PHASE II: Drafting the Coordination and Collection Study*

1. Part 1 -- Supply Reduction Assessment
 - a. Interim Report on Estimating Crop Production (due 1 June)
 - b. Interim Report on Government Capabilities (due 15 June)
2. Part 2 -- Interdiction and Enforcement
 - a. Interim Report on Trafficking Organizations/Patterns (due 1 July)
 - b. Interim Report on Enforcement Capabilities (due 15 July)
 - c. Interim Report on Financial Flow Collection (due 15 July)
3. Recommendations affecting on-going and/or new budgetary initiatives will be passed to the CIPC on a "phased" basis in order to meet IC FY-85 budget projections scheduled for mid-June. Added

*The Interim Reports will provide detailed country and regional profiles addressing the intelligence reporting program both on supply reduction and on interdictory enforcement and financial flow issues.

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PHASE III: Final Report**

1. Preparation of consolidated study draft (due 1 August) Modified
2. Formal coordination of study by NWG principals (ooa 15 August) "
3. Presentation of study and recommendations to CIPC (ooa 15 August) "
4. CIPC-endorsed recommendations which affect the FY-85 budget will be submitted to IC Program and Budget Staff no later than 30 August "

**The Final Report will summarize intelligence capabilities, information gaps, information needs and problem areas in the intelligence process, e.g., collection coordination, dissemination, analysis and recommendations.

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