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CIA|DI----|INSITREP 96-001

International Narcotics Review

December 1995–January 1996

APPROVED FOR RELEASE
DATE: JUL 2004

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DI IN SITREP 96-001
January 1996

Copy 0263

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Perspective

Latin America: Changes in the Drug Trade Posing New Challenges

The counternarcotics successes achieved against the cocaine trade in 1995 appear to have fundamentally altered the trafficking landscape in Latin America by diminishing the central role of the Colombian Cali drug mafia. The drug-trafficking industry, however, remains dynamic, and other trafficking organizations—particularly Mexican and Colombian, but also Bolivian and Peruvian—are adjusting their operations to take advantage of the situation. Moreover, heroin trafficking is likely to become a more important element of the Latin American drug trade, and methamphetamine production and trafficking is emerging as a significant new drug threat from Mexico. Although Colombia will remain central to the region's drug trade, counternarcotics efforts will be most effective in countering the realignments that are occurring in Latin American drug trafficking if they take account of the increasing relative importance of Mexico, in particular, and the source countries of Peru and Bolivia. Keeping pressure on the drug trade is likely to depend on governments giving greater priority to obtaining on the structure and operations of trafficking groups, including money laundering and efforts to corrupt government and security institutions, frequently assessing the impact of counternarcotics efforts on trafficker operations, and their flexibility in being able to rapidly change targeting priorities and shift resources.

With US support, antidrug forces in Colombia and Peru struck unprecedented blows to the Latin American drug trade:

- The Colombian and Peruvian militaries, disrupted the Peru-to-Colombia narcotics "airbridge"—reducing detected drug flights between countries by approximately half during the latter part of the year. The disruptions caused significant bottlenecks of perishable coca products in Peru, which led to rockbottom prices for coca leaf and its derivatives.

- Peru made record seizures of cocaine—more than 16 tons—and dismantled a major trafficking ring that was shipping finished cocaine directly to Mexico. Peru also successfully prosecuted a drug kingpin, Abelardo Cachique Rivera, who was deported from Colombia in June.

These successes are changing the structure and dynamics of the Latin American drug trade, as trafficking organizations are adapting to the new operational realities facing them. In our view, the most significant implications of the disruptions caused to Cali drug mafia operations and the Andean airbridge are:

- *Diminished control by the Cali mafia.* With many of its key leaders behind bars, the Cali mafia may no longer command the respect among rivals and power to dominate cocaine trafficking that it once had. While the group is still a significant player in the international drug trade and supplies large quantities of cocaine to consumers, it may be less able to dominate the processing of finished cocaine in the source countries; demand exclusive contracts with narcotics suppliers, transportation specialists, and distributors; or protect the security of its drug operations from law enforcement efforts.

- *More diffuse cocaine business.* The Cali mafia's difficulties may cause the cocaine industry to become more decentralized. Independent cocaine suppliers may exploit any reduced Cali grasp to form loose and perhaps shifting working alliances with drug transportation specialists and distributors in order to pool resources and spread the risk of possible material and financial losses resulting from counternarcotics actions. With more trafficking networks at work and no group commanding the power and resources of the Cali drug mafia before the decimation of its top leadership, cocaine trafficking operations are likely to be less efficient but also less vulnerable to the impact of arrests and seizures. Nigerian groups have stepped up cocaine trafficking to Europe on passenger aircraft via Brazil in the wake of a European crackdown on large maritime shipments in 1994 and might see the Cali mafia's problems as an opportunity to become more active in supplying the US market.

- *Growing Mexican influence.* Mexican traffickers—who have acted primarily as facilitators of Colombian cocaine shipments to the United States—have in recent years expanded their stake in the trade by purchasing outright much of the cocaine they smuggle across the US border. The likely decline in Colombian dominance of the trade will open new opportunities for the Mexicans to increase potential profits by buying the drug directly from the source countries—thereby circumventing Colombian middlemen altogether.

agents may establish their own exclusive networks with narcotics suppliers in the source countries in an effort to dominate the local buyer's market, much as the Cali mafia did.

- *Shifting routes and production centers.* The disruption of air routes from Peru to Colombia and the declining role of the Cali mafia have spurred significant changes in trafficking and processing trends. Peruvian and Bolivian traffickers—unable to sell as much of their coca derivatives to the usual Colombian customers—may increase production of cocaine in its final form for direct export through the Southern Cone countries to markets in Europe, Asia, and the United States. This would further hasten the growth in cocaine trafficking through Brazil, which is already becoming a drug pickup point for Nigerian, European, and other criminal organizations.

- *Potential for violence.* With more players involved in more facets of the cocaine trade, competition for market share will put traffickers increasingly at odds in ways that are likely to spur additional violence. According to Peruvian press reports, more than 25 traffickers were killed in 1995 in just one Huallaga Valley frontier town as a consequence of feuds between rival trafficking gangs. Such violent competition is likely to be exacerbated by efforts of traffickers trying to establish dominance and may increase until new kingpins emerge to reestablish order.

Meanwhile, resurgence in consumer demand for heroin in the United States is reinvigorating the interest of Latin American traffickers in heroin, and methamphetamine is emerging as a significant new drug threat as Mexican traffickers who deal primarily with cocaine are gaining dominance in the US methamphetamine trade. The large Mexican drug-trafficking organizations have long been involved in heroin production and smuggling for the US market, Farmers in Peru have begun experimenting with poppy cultivation, although production there remains marginal. However, the low prices for coca products in Peru that are a direct result of the disruption of the Peru-Colombia airbridge have led Peruvian coca leaders to publicly call for a switchover to poppy. The manufacture and distribution of methamphetamine are a lucrative business area for Mexican traffickers, both as a hedge against counternarcotics successes against cocaine and heroin trafficking and because the Mexican trafficking organizations can control the entire process.

Counternarcotics efforts in Latin America will need to take account of a changing environment in which the Cali drug mafia may no longer dominate the cocaine industry as it has in the past. Moreover, although Colombia will remain a critical locus of the region's drug trade, the relative importance of Mexico and the source countries of Peru and Bolivia is likely to increase. While trafficking patterns and trends are likely to shift in countries like Bolivia, Peru, and Brazil, Mexico—because of its long border with the United States—will be a central hub in Latin American drug trafficking. In these circumstances, counternarcotics efforts in Latin America would be most effectively enhanced if:

- Counternarcotics efforts in Mexico and against Mexican traffickers operating elsewhere in Latin America are given greater priority and increased resources. Indeed, as Mexican traffickers become more powerful in all aspects of the drug trade, Mexico has already joined Colombia as a linchpin country in regional narcotics trafficking.

- The focus of antidrug efforts in Colombia, Peru, and Bolivia is expanded to include second-tier traffickers or new organizations trying to become more assertive in the cocaine industry.

- Drug-trafficking organizations are targeted on the basis of the scope of their international activities and connections, particularly with Mexican, as well as Colombian, groups.

- The leadership and production, transportation, and money-laundering components of targeted drug-trafficking organizations remain the primary focus of law enforcement actions against them. Imposing IEEPA sanctions against legitimate companies used by traffickers is proving to be an effective means of attacking the narcotics industry.

- Counternarcotics efforts are continually evaluated in order to determine their impact on the trafficking situation. They must also anticipate and be responsive to new trends and emerging threats, such as greater heroin flows and methamphetamine trafficking.

- The employment of counternarcotics assets and resources is sufficiently flexible and adaptive to possible rapid changes in targets or the trafficking situation.

- Uprooting and prosecuting corruption is singled out as a priority in anti-drug policies.

To cope with the increasingly complex nature of drug trafficking, Latin American countries will not only have to acquire more intelligence information on the structure and operations of trafficking groups in a dynamic situation but will also need to share that knowledge and coordinate activities more among themselves. Few countries, for example, are deeply knowledgeable about the activities and influence of Mexican traffickers within their borders. For reasons of both political realities and resources, Latin American countries will continue to look to Washington as a catalyst for improving counternarcotics cooperation and capabilities.