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Senior Executive Intelligence Brief

APPROVED FOR RELEASE
DATE: AUG 2004

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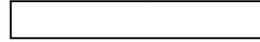
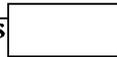


Table of Contents

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Peru: Coca Alternative Program Faces Growing Challenges



13

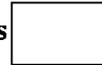


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Peru:

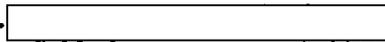
Coca Alternative Program Faces Growing Challenges



Higher prices for coca leaf are undermining US-backed alternative development programs that have contributed to a dramatic decline in coca cultivation since 1995. Coca leaf prices since last summer have risen as traffickers have grown more resourceful in developing new markets in Europe, Mexico, and Brazil and in avoiding aerial interdiction.



As higher prices diminish the appeal of alternative development options for farmers, forced eradication will become more important to sustaining reductions in the crop.



eradication, mostly of abandoned coca fields, last year accounted for half of the reduction in areas under coca cultivation.

- Field abandonment, supported by alternative development programs, accounted for more than 90 percent of the reduction during the previous three years.
- Press reports indicate farmers are returning to abandoned coca fields to take advantage of the higher prices.



Government support for the eradication program may wane as President Fujimori focuses on winning a third term in the election next year. Fujimori early this year denied the US the use of Peru as a forward operating location for counterdrug missions in response to opposition charges that it would diminish Peruvian sovereignty.

- *In addition, spontaneous resistance by some farmers to eradication efforts has increased in recent months, suggesting more militant farmers will urge others not to accept alternative options.*



Remnants of the Sendero Luminoso insurgency are reestablishing a much diminished presence in a few coca production areas, judging from press reports.

