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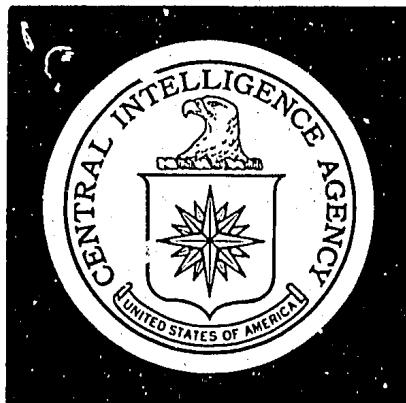
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DIRECTORATE OF
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Intelligence Memorandum

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The Cocaine Situation In Latin America

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CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
October 1971

INTELLIGENCE MEMORANDUM

THE COCAINE SITUATION IN LATIN AMERICA

Introduction

1. Cocaine, the only major hard drug native to the Western Hemisphere, has been largely eclipsed by heroin in this century. However, as drug demand increases and worldwide pressure on the heroin traffic intensifies, the cocaine trade is being revitalized. This traffic, which is almost entirely in the hands of Latin Americans, appears to be less centralized and "professional" than that of heroin, but, for this reason, it may be even harder to eradicate. This memorandum examines cocaine production and distribution and assesses the prospects for their curtailment.

Discussion

Background

2. According to an ancient Peruvian myth, it was the Inca Manco Capac, the Royal Son of the Sun, who brought coca as a gift "to satisfy the hungry, fortify the weary, and make the unfortunate forget their sorrows." In pre-Hispanic times the chewing of coca leaves (*Erythroxylon coca*) for both religious and mundane purposes spread through the Andes from northern Chile to Colombia and along the eastern slopes into the Amazon region. Neither the coming of Spanish rule in the 16th century nor its end in the 19th century served to lessen Indian dependence on the leaf. In many Andean regions today, miners and farm workers still receive a part of their pay in coca leaves, and the *cocada* - the distance a porter can travel on foot with a full load while under the stimulus of one quid of coca leaves - is still a common unit of measurement.

Note: This memorandum was prepared by the Office of Economic Research with the aid of the Office of Basic and Geographic Intelligence and coordinated within the Central Intelligence Agency and with the Bureau of Narcotics and Dangerous Drugs and the Bureau of Customs.

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3. Although the coca plant was known in Europe by the late 16th century, it was not until 1860 that the chief alkaloid in the leaves, cocaine, was isolated. By the 1880s its use as an anesthetic in medicine and dentistry was widespread and its diversion for illegal purposes became common. In Europe and the United States, its use gave rise to the stereotype of the Victorian "dope fiend," and in parts of Asia it began to displace the traditional hashish and opium. Cultivation of the coca plant was introduced into Java, Ceylon, Cuba, and the United States. Illegal cocaine use probably reached its high point relative to that of other drugs in the second decade of the 20th century. Thereafter, the passage of strict laws against cocaine use in most Western countries and the increasing availability of heroin combined to reduce cocaine consumption relatively if not absolutely.

4. The characteristics and dangers of cocaine differ considerably from those of heroin. Cocaine is not physically addictive, nor does it produce (in the usual doses) the drowsiness, slurred speech, and impairment of coordination characteristic of heroin.⁽¹⁾ In small doses, its use results in restlessness, excitement, a real or imagined increase in mental power, increased capacity for work without fatigue, and a general feeling of well-being. In larger doses, it may result in tremors, convulsions, cardiac failure, and death. Like other stimulants, it may cause paranoid or aggressive actions. For example, it is said that the heroin addict commits crimes to obtain the drug, but the cocaine user commits crimes while under the influence of the drug. As an aphrodisiac, it is used both internally and externally (applied to the male sex organ). The most common methods of taking cocaine are sniffing - repeated use results in perforation of the nasal membrane - and intravenous injection.

Coca

5. Most coca is grown between elevations of 2,000 and 8,000 feet on the moist slopes of the eastern face of the Andes in Bolivia and Peru. New plants are obtained by placing seeds from plants more than three years old in containers of water; after five days they began to swell and are then planted in small pots of very fertile soil. They require great care for the next two months, when the seedlings are ready for transplanting. The transplanting is in itself a delicate process, as the seedlings must be protected from "sunstroke" by a covering of straw and banana leaves. Once successfully transplanted, cultivation of the plants is relatively easy, although time-consuming weeding is necessary. Although individual harvests may suffer because of leaf damage, the plant is not normally subject to serious attacks by pests or disease.

1. *Because of this characteristic, many pilots smuggling heroin into and out of Paraguay are heavy cocaine users but do not take heroin.*

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6. The coca bush is ready for commercial production after two years and may have a productive life of 30 years or more. There are from two to four harvests a year (depending on the availability of labor, see the photograph), and the average yield is about 2,000 pounds of undried leaf per acre. The crop is dried in stone yards before being pressed and packed into burlap and banana-leaf containers of from 50 to 120 pounds each. The leaf loses about 75% of its weight in the drying process. Although prices vary greatly depending on the supply, the average cost of a pound of dried coca leaf for the local consumer in Bolivia or Peru is about 50¢. Even at these low domestic prices, it is estimated that one hectare (2.47 acres) of coca in Bolivia yields a net return of about \$1,600 a year to the producer.



BOLIVIAN INDIANS HARVESTING COCA

7. Coca production is preeminently the business of the small farmer; the majority of cocales (coca farms) cover only two or three acres. A few larger plantations (mostly for the legal export trade) exist in Peru, but these are largely holdovers from an earlier period. The low value of the unprocessed leaf and the labor intensity of the cultivation and harvest

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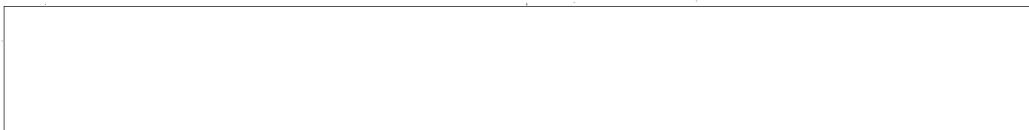
(because of the delicacy required to remove the leaves without harming the future productivity of the plant) have discouraged plantation agriculture using hired workers in favor of family farming. Many subsistence farms, especially in newly settled areas of the Bolivian Yungas and lowlands, raise coca as a commercial crop in order to obtain cash for taxes.

8. An estimated 90% of the Bolivian and Peruvian coca crops is consumed in leaf form. Although coca chewing is officially discouraged in the Andean countries, it is not illegal. The coca leaf is prepared into a quid mixed with an alkaline substance – such as quicklime, ashes, or ground seashells – in order to obtain greater effects and a better taste.⁽²⁾ The Indian worker often will chew during his entire work period, renewing leaves when necessary and occasionally making a new quid. The narcotic is released slowly and allows the chewer to escape hunger and fatigue without noticeably changing his behavior. Some authorities claim that coca may be beneficial to the Indian living and working at high altitudes by increasing heart rate and arterial blood pressure as well as adding certain vitamins to his limited diet. However, there is increasing evidence that continued use is both physically and mentally debilitating. Nevertheless, the elimination of coca use is unlikely without a massive improvement in the lot of the Indians.

Coca into Cocaine

9. Of the estimated 10% of coca production that is not consumed locally, a large part – some 5,800 metric tons from Peru alone in 1965 – is legally exported to the United States and Europe where it is used in the preparation of a variety of legal medicines and chemicals and as a flavoring for soft drinks; the remainder is converted into cocaine for the illegal international market. In contrast to the refining of good-quality heroin, cocaine extraction is a relatively unsophisticated process requiring no exotic chemicals. Kerosene and benzene, which can be recycled and reused, are the principal chemicals needed. A plentiful water supply is also necessary. Cocaine refining usually takes place in two stages. First the pasta – breadlike cakes which may be either reddish or white in color⁽³⁾ – is produced. Later, usually in other laboratories, the pasta is converted into crystalline or powdered cocaine.

10. It requires between 100 and 120 pounds of coca leaf to produce one pound of cocaine; thus most of the clandestine laboratories are of



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3. *There are some indications that the reddish pasta is of Bolivian origin, while the white is from Peru.*

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necessity located near the areas of cultivation. [redacted]

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[redacted] Cocaine laboratories have also been discovered in Colombia, Ecuador, Chile, and Argentina. The great majority of the laboratories, especially those in Bolivia and Peru, produce only pasta. Although firm information is lacking, it appears that the pasta producers channel their output into a very small number - perhaps no more than a half dozen in each country - of more sophisticated laboratories that produce cocaine in its final form.

11. Cocaine is the only hard drug at present widely used in Latin America. Not only is it far cheaper than heroin, but also some Latin Americans consider it a more "manly" drug because it stimulates rather than depresses activity. Nevertheless, Latin American consumption is still relatively small, and most of the cocaine produced is smuggled into the United States, Europe, or Asia. Much of the smuggling between Latin American countries is of pasta on its way to further refinement.

12. The cocaine traffic appears to be only loosely connected with that of heroin. The Pietra Forte and the other Argentine-Italian criminal organizations that control much of the heroin trade apparently have little interest in cocaine. The "Triangular Trade" - US electronic parts to South America, South American cocaine to Europe, and European heroin to the United States - is largely a thing of the past. Despite a few reports of European and Near Eastern criminal elements exchanging heroin or white slaves for cocaine, the cocaine trade controlled by large non-Latin American criminal organizations probably is only a small share of the total.

13. Under present economic conditions, it is unlikely that the cocaine traffic will become as highly centralized as that of heroin in Latin America. The trade is easy to enter, and thus the conditions favorable to control by a few organizations are not present. Coca producing farms number in the tens of thousands and clandestine laboratories in the hundreds. "Master chemists" are largely unnecessary and European criminal expertise superfluous. Nevertheless, the final stages of cocaine refining as well as its transport to consumption areas are becoming more organized and "professional", while remaining in Latin American hands.

14. Most finished cocaine is now destined for the US market. It is usually smuggled by means of commercial ships and aircraft, and most of the flow is funnelled through a few centers: Santiago, Valparaiso, and Arica, Chile; La Paz, Bolivia; Lima and Callao, Peru; Guayaquil, Ecuador; and Cali, Colombia. More recently, there have been reports of smuggling through Iquitos, Peru, and the Amazon River system to the east coast of the United States. Panama is a favorite transfer and storage area.

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15. The major cocaine smugglers in the different countries apparently have little contact with each other, although all have contacts in Panama and the United States. A Chilean group, one of the most ingenious, has at times smuggled large amounts of cocaine hidden in bottles of wine and wooden mosaic tabletops, changing to new methods every six months to avoid detection.

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Ecuadorean and Colombian smugglers favored hiding the narcotic in the bulk cargo - bananas, for example - of ships bound for the United States. Agents of the US Customs Bureau and the Bureau of Narcotics and Dangerous Drugs (BNDD) have arrested members of these groups and disrupted their operations. However, because of the individualistic nature of the cocaine trade, it is not difficult for the groups to re-form. Even a fairly large seizure by enforcement authorities is unlikely to bankrupt a smuggling ring, because of the relatively low value of cocaine. Thus new supplies are readily obtained, new smuggling techniques are devised, and new faces get into the act. The cocaine keeps moving.

Prospects for Action

16. It is visionary even to consider eradication of coca cultivation in the Andean countries. Production for legal export is a source of tax revenue and much-needed foreign exchange, and production for domestic consumption provides income for some of the poorest sectors of the population. Moreover, the habit of coca chewing is deeply ingrained in Indian life, and any effective attempt to cut off the supply could lead to serious political disorders. Both the Bolivian and Peruvian governments are encouraging the substitution of other crops for coca. These policies, however, have met with little success because substitute crops that can be raised in the coca-growing areas are much less profitable than coca.

17. However they may feel about coca, the highest officials of the Andean governments seem to be genuinely interested in suppressing the trade in refined cocaine. Most of these countries are strengthening their drug laws and beefing up the narcotics details of their police forces. Representatives of all the producing countries have expressed a desire to work more closely with BNDD agents in eradicating the traffic. Anti-drug propaganda drives are being encouraged by the governments. Nevertheless, problems remain.

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Under these conditions, improvement in enforcement will of necessity be slow.

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18. The brightest prospects for effectively curtailing the cocaine trade appear to lie in attacking it at certain bottlenecks in production and distribution. The clandestine laboratories producing pasta would not be good targets, because they are very numerous. The most obvious bottleneck is the relatively few laboratories that produce the finished cocaine from the pasta. However, these laboratories are difficult to suppress; they are mobile, well hidden, and in some cases probably protected by higher authorities. Almost all the laboratories destroyed by police action so far produced pasta rather than finished cocaine. The ports and airports through which cocaine is smuggled comprise another bottleneck. A well-organized system of paid informers among workers in these might help to slow the movement of cocaine.

19. The probability of completely eliminating the cocaine trade is almost nil. Although a well planned and financed attack at certain bottlenecks might have some effect, the relatively decentralized and individualistic nature of the traffic makes individual shipments, operations, traffickers, and organizations easy to replace. The sources of raw material are many and the techniques of refining it are uncomplicated and inexpensive. It seems inevitable that while there is a demand there will be at least some supply.