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attached is our corrections to the Narco-pub dissem list. I have clipped the pages, in some cases there are corrections on both sides of the clipped page so have your folks check through carefully. I would like a clean copy when available. Thaks

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Narcotics Review

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June 1985

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Narcotics Review

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June 1985

1	Colombia: “Narcodollars” and the Balance-of-Payments Problem		25X1 25X1
	<p>Measures proposed by the Betancur government to maximize the inflow of foreign exchange could have the side effect of encouraging increased inflows of narcotics profits to Colombia. In the mid-1970s, inflows of drug money helped mitigate Colombia’s balance-of-payments position, but more recently traffickers have brought fewer dollars back.</p>		
5	Trinidad and Tobago: New Narcotics Trouble Spot		25X1 25X1
	<p>Trinidad and Tobago is becoming an increasingly important transshipment point for narcotics destined for North American and European markets and is also experiencing a growing domestic drug abuse problem. These factors evidently have contributed to increased police corruption, a rise in the crime rate, and an influx of illegal weapons.</p>		
13	Argentina: Resurgence of the Narcotics Trade		25X1 25X1
	<p>Since 1980, domestic consumption of illegal narcotics is up, trafficking has attained major proportions, and Argentina is reemerging as an important center for the storage and refining of cocaine. The government has the political will to combat the drug problem, but economic and social conditions make it difficult to focus effectively on drug enforcement issues.</p>		
17	Iran: International Trafficking Despite Local Demand		25X1 25X1
	<p>Opium poppy is still cultivated in Iran, most of it to serve a large domestic addict population. Iran also serves as a processing and transshipment center on the international heroin pipeline from Southwest Asia to Western Europe.</p>		

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Sri Lanka: Growing Narcotics Awareness

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The Sri Lankan Government, which neglected the narcotics problem for years, is now concerned about domestic drug usage and the increasing participation of Sri Lankans in the international drug trade. Government efforts to control the trade are hampered by the Tamil insurgency in the north.

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Austria: Implementation of New Drug Legislation

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Austria has taken steps to improve its drug law enforcement efforts in the face of growing drug abuse problems and use of the country as a major drug trafficking crossroads between Balkan and Mediterranean countries and Western Europe. Deficiencies in the legislation will undercut its effectiveness as a deterrent to drug trafficking.

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Worldwide Narcotics Highlights

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A summary of key developments from 1 March to 1 June 1985.

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This review is published bimonthly by the Directorate of Intelligence and examines international, regional, and functional issues related to the worldwide drug problem. Appropriate articles produced by other elements of the CIA as well as other US Government agencies will be considered for publication. Comments and queries are welcome and may be directed to the Chief, Terrorism/Narcotics Analysis Division.

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Colombia: "Narcodollars" and the Balance-of-Payments Problem

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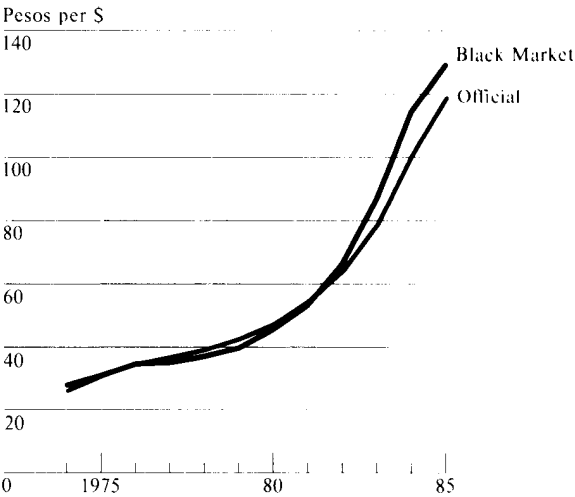
Only two countries in Latin America, Colombia and Paraguay, survived the negative economic forces that buffeted LDCs over the past several years without rescheduling their external debt service obligations. We judge that in the case of Colombia inflows of drug money helped sustain its international position during the years that the "oil price shock" crippled other non-petroleum-producing countries. More recently, however, traffickers have brought fewer dollars back to Colombia and this combined with a sustained depression in the coffee export business has substantially reduced foreign exchange receipts. In an effort to avoid harsh austerity measures, the Betancur government is experimenting with measures designed to maximize the inflow of foreign exchange. These measures could have the side effect of encouraging increased inflows of narcotics profits to Colombia from foreign safehavens.

Background

We calculate that drug money flows first became important in Colombia's external account balance about a decade ago when dollars from the burgeoning cocaine trade were added to the already substantial receipts from the marijuana business. Most academic research estimates indicate that by the mid-1970s these drug money flows were at least equivalent to 15 percent of all foreign exchange receipts. The clandestine inflow of US dollars was sufficient to create a major upheaval in the exchange markets; from 1975 through 1981 the value of the US dollar on the Colombian black market was consistently below that offered by the Central Bank (figure 1).

The annual drug money flow into Colombia apparently peaked in 1980 at about \$2 billion. Although the Central Bank opened a *ventanilla siniestra* (no-questions-asked window) in 1980 to capture additional drug money revenues, the inflow shrank to less than \$1 billion in 1984, according to US Embassy estimates. The traffickers' disinclination to return funds to Colombia—a concern shared by legitimate businessmen—was in part a result of Colombia's deteriorating economic situation. It also

Figure 1
Colombia: Official and Black-Market Dollar Rates, 1974-85



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reflected increased financial sophistication by traffickers, who began to hold more of their profits outside the country in dollars rather than spending them in Colombia to enhance their lifestyle and their position in society.

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After 1982, trafficker disenchantment—reflected in reduced dollar inflows—was reinforced by a number of actions taken by the newly elected Betancur administration. In October 1982, only two months after taking office, President Betancur closed the notorious *ventanilla siniestra*. The government campaign against traffickers following the assassination of Justice Minister Lara in May 1984 also altered patterns of drug money movement.

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Clandestine dollar flows into Panama from Colombia increased, [REDACTED]

Traffickers have rearranged their trafficking routes and sought cocaine refining sites elsewhere, thus redirecting new "business investment" to non-Colombian sites. Some exodus of traffickers and their money to safehavens also has occurred. [REDACTED]

Betancur Administration Policy Changes

Faced with a worsening international cash-flow crisis and under intense pressure to turn around a deteriorating economy, Betancur has proposed two measures designed to reverse capital outflow:

- A tax amnesty on funds from abroad provided that they are invested in high-priority development projects during a specified period of time.
- Legalized entry of imports purchased with private foreign exchange held abroad.

These measures, if enacted, could have the additional effect of encouraging inflows of narcotics dollars. Most of the funds held abroad by Colombians are in the hands of traffickers rather than legitimate businessmen. Drug traffickers, most of whom are also engaged in smuggling other contraband, will especially welcome the second provision, which legalizes this sideline. [REDACTED]

Neither of these measures has been approved, but [REDACTED] traffickers take Betancur's proposal as signifying a new relaxed attitude and may already be moving more drug money into Colombia. During the first few months of 1985, \$91 million entered the country under the heading of service income, including tourism, financial transfers, and "other." Tourism alone showed income of \$9.3 million in the last week of February as compared to less than \$1 million during that period in 1984. Economic experts say that the depressed tourist industry could not possibly have generated such sums. We therefore conclude that the increased "earnings" represent drug money entering Colombia through the exchange house system—a mechanism regularly employed to transfer drug revenues under the cloak of tourist income. [REDACTED]

The Gold Rush

An action taken by the Betancur government last year also has the effect of encouraging inflow of narcotics profits. As a quick fix to reverse the decline in foreign

Colombia: Money-Laundering Techniques

Before the Colombian traffickers discovered gold, drug revenues generally entered Colombia as:

- *Cash dollars or other dollar instruments smuggled by traffickers. An unknown portion of such cash is exchanged for pesos on the currency black market.*
 - *Pesos supplied by exchange houses against dollars received in Colombia or elsewhere. A considerable share of these receipts may be reported falsely as tourist revenues.*
 - *Smuggled goods.*
 - *Underinvoiced imports with the discounted balance paid in dollars abroad.*
 - *Receipts for phony or overinvoiced exports.* [REDACTED]
-

exchange holdings, in March 1984 the Colombian Central Bank¹—the sole legal purchaser of locally produced bullion—set a peso price for gold some 30 percent above the world market level. The declared purpose of this measure was to prevent illegal gold exports, but the net effect is to enable the Central Bank to finance the current account deficit in part by reselling smuggled gold for foreign exchange. During 1984 gold purchases by the Central Bank totaled 700,000 troy ounces, but domestic output was less than 500,000 troy ounces. [REDACTED]

[REDACTED] Colombia sold on the international market in 1984 all the gold the Central Bank had purchased plus 2.5 million troy ounces from its stockpile. [REDACTED]

[REDACTED] drug traffickers have been the principal beneficiaries of the inflated gold price. Initially, the traffickers are said to have responded by purchasing gold locally for resale to the Bank. They subsequently turned to buying gold abroad with the proceeds from illegal drug sales, fabricating it into a variety of objects, and then importing it into Colombia where it is melted down and resold to the Central Bank. [REDACTED]

¹ In Colombia the President of the Republic exercises control over the Central Bank through his finance, planning, development, and agriculture ministers, who constitute a majority of its board of governors. [REDACTED]

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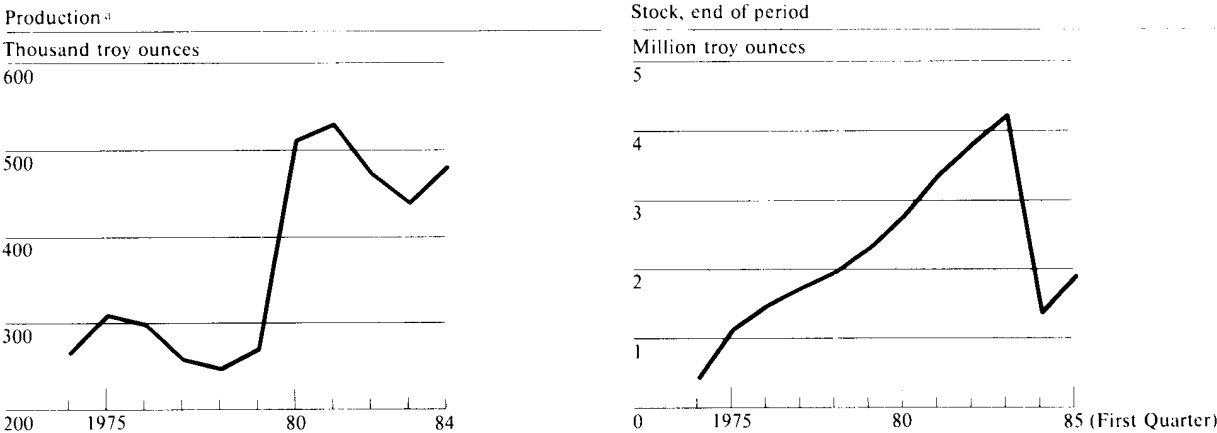
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Figure 2
Colombia: Gold Indicators, 1974-85



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Costa Rica almost certainly is one source of gold for drug traffickers. According to the San Jose press, Costa Rican officials claim that up to 70 percent of the country's gold output is being smuggled abroad despite premium prices offered by the government. They allege that drug traffickers are the principal purchasers. The Costa Rican press speculates that the traffickers are outbidding the government for local bullion, but we consider it more likely that they obtain a discount by offering to deposit dollars in offshore bank accounts held by the sellers.

At the very outside, Costa Rica in 1984 could have supplied only 70,000 of the 200,000 troy ounces of non-Colombian gold apparently acquired by the Colombian Central Bank. allege Venezuela is a supplier. The

officially recorded gold output of Brazil, Peru, Bolivia, and Ecuador in 1983 was 1.8 million troy ounces, and, in our view, substantial unrecorded output probably enters the underground trade. Whatever its origin, we judge the gold entered Colombia from neighboring areas via established smuggling routes exploited by traffickers.

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Outlook

We judge that at present a small fraction of the money earned by Colombia's narcotics traffickers actually returns to Colombia. According to our estimates, they remove between \$3 billion and \$6 billion annually from the United States—a sum at least as large as the projected Colombian current account deficit for 1985 (table). In addition, Colombian traffickers obtain large profits from Europe, the second most important market, and are establishing operations in such other affluent areas as Australia and the Persian Gulf.

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Colombia: Current Account, 1980-85*Million US \$*

	1980	1981	1982	1983	1984 ^a	1985 ^b
Current account balance	-159	-1,885	-2,895	-2,838	-2,840	-2,995
Trade balance	-238	-1,544	-2,189	-1,755	-1,650	-1,495
Exports, f.o.b.	4,062	3,219	3,215	3,002	2,950	3,205
Of which:						
Coffee	2,375	1,459	1,577	1,537	1,799	1,850
Imports, f.o.b.	4,300	4,763	5,404	4,757 ^c	4,600 ^c	4,700 ^d
Net services and transfers	79	-351	-706	-1,083	-1,190	-1,500

^a Estimate.^b Projection.^c Reflects tightening of nonessential imports and accelerated monthly devaluation pace.^d Reflects easing of import restrictions to comply with IMF-monitored, self-imposed economic adjustments.

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The availability of such large revenues may be too much temptation for any financially strapped government to withstand. How far the Colombian Government will go to take advantage of the narcotics profits will depend on a number of factors. Clearly, other economic options will affect attitudes within Colombia toward accommodation of drug money movements. In the short term, interim bank loans under IMF monitoring may reduce the temptation to attract drug money, but persistent economic problems— austerity and depressed living standards— over the longer term may provide an incentive to turn a blind eye to the source of the needed revenues. Antidrug pressure from the United States and other consuming countries as well as the behavior of the traffickers themselves will also influence government actions. A relatively low profile by traffickers could lead to easing of government pressure on them and eventual facilitation of their financial transactions. A new round of trafficker-promoted violence, on the other hand, would undoubtedly cause an outraged government to slam all the drug money windows shut.

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Trinidad and Tobago: New Narcotics Trouble Spot

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Trinidad and Tobago's involvement in the international drug scene has increased sharply since the early 1980s. US Embassy and Drug Enforcement Administration officials in the region report that the two-island nation has become particularly important as a transshipment point for cocaine destined for the United States, Canada, and Western Europe. We believe several factors have escalated the country's role as a drug supplier and market:

- US and Colombian interdiction efforts in the Windward Passage between Jamaica and Cuba have prompted some traffickers to shift to new transit areas from South America.
- Inadequate law enforcement, abundance of secluded harbors, and location between the major suppliers to the south and markets to the north also have encouraged the use of Trinidad as a drug transshipment center or refueling stop.
- The favorable climate and availability of secluded growing sites facilitate domestic marijuana production.
- The four-year-old recession in Trinidad's oil-based economy has increased the attractiveness of illegal drug operations to some Trinidadians.

Transit Routes and Traffickers

According to US Embassy reporting, marijuana transshipped through Trinidad and Tobago originates primarily in Colombia or Jamaica. The cocaine entering the country reportedly is mainly from Colombia and transits Trinidad through Venezuelan ports located along the Orinoco River and the Gulf of Paria. Commercial and private aircraft and ships are the major means of transshipment, according to the US Embassy. The Embassy indicates that the towns of Carupano and Macuro in northern Venezuela are the most likely sources for waterborne narcotics traffic. Trinidadian customs officials have told Embassy officials that freight containers have been equipped with false walls to accommodate narcotics

contraband. Trinidadian police officers also have indicated some vessels carrying marijuana and cocaine sail from Colombia to Trinidad. The boats then proceed north into the Atlantic Ocean along the Antillean chain or transfer their cargo to "motherships" for the trip north. The US Embassy in Guyana has indicated that Jamaican marijuana traffickers may be using an indirect route from Jamaica to Trinidad via Guyana because ships and aircraft traveling directly between Jamaica and Trinidad are suspected of drug smuggling.

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Piarco International Airport, Trinidad's only such facility, provides a major intermediate point for drug transshipments, especially cocaine from South America, according to the Embassy. Trinidadian officials have indicated that traffickers posing as businessmen or tourists traveling on commercial airlines are smuggling cocaine and small amounts of marijuana through the airport, near Port of Spain.

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we judge that Trinidadians act as middlemen or local distributors for South American-controlled narcotics rings. The US Embassy indicated in 1983 that a Venezuelan drug ring may be smuggling cocaine into the United States through Trinidad.

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We judge that Colombian organizations also are using Trinidad for their operations to escape increased interdiction efforts along traditional routes over the past year.

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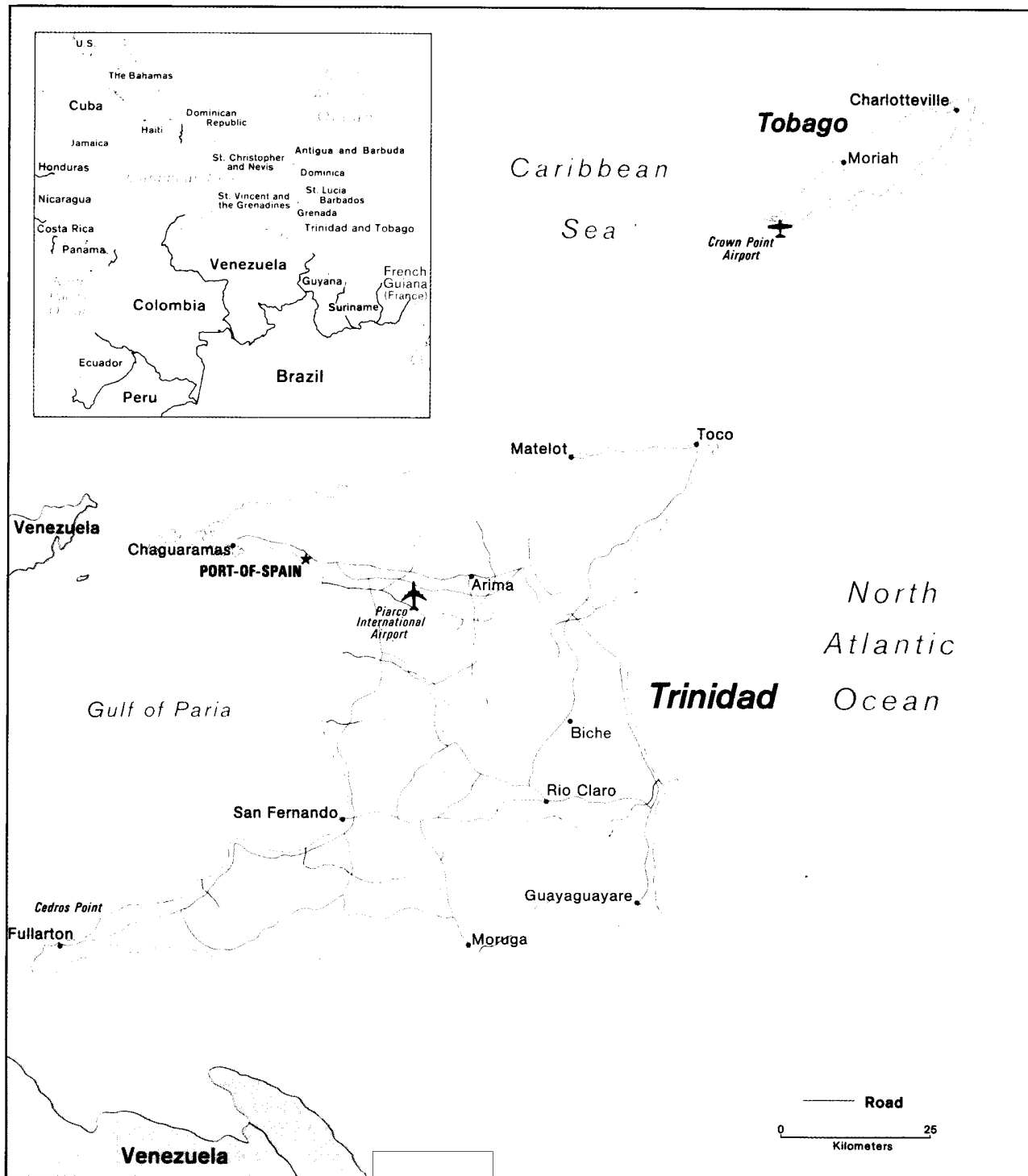
Domestic Narcotics Problems

An Embassy source reports that marijuana—the only narcotic substance produced in Trinidad and Tobago—is cultivated primarily in central Trinidad

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between the towns of Biche and Rio Claro. This remote region, thinly populated and sheltered by dense forests and steep hills, makes detection difficult. The same source reports that individual growers rather than organized trafficking rings are responsible for most cultivation. The source also reports that eradication efforts against growers in the region have encouraged a shift in some production to Trinidad's north coast, where dense forests and rugged terrain also facilitate cultivation. []

Trinidadian police claim they seized 1.1 metric tons of cured marijuana and destroyed 7.4 million marijuana plants last spring, but the Embassy reports that bumper harvests have lowered street prices this year. According to Embassy reporting, a Trinidadian police source has described marijuana plots as typically less than one-tenth hectare in size. Police narcotics officers have told Embassy officials that marijuana cultivation on Trinidad alone encompasses a maximum of 800 acres, producing two crops a year. Marijuana reportedly is processed by drying and packing in the field and transported by motor vehicles to local consumers. []

The domestic drug abuse problem seems to be a relatively recent phenomenon. Virtually all marijuana produced locally is consumed there, according to US officials in the country. Marijuana enjoys a particularly large following among Trinidadian youth, who make up a growing share of the population. According to Embassy reporting, sales are clustered around Port of Spain, San Fernando, Arima, and Rio Claro, but marijuana can be purchased easily throughout the country. Although the use of drugs has grown rapidly since the early 1980s, according to Embassy and US Defense Department reports, no official data are available on addiction rates. [] 30 to 40 percent of Trinidadian youth currently use marijuana and that, more alarmingly, 10 to 20 percent use cocaine. A US Embassy composite of police and official health data indicates that the country consumed some 45,000 kilograms of marijuana and about 135 kilograms of cocaine in 1984, but we believe these estimates are low. Marijuana and cocaine appear to be the only narcotics substances abused, although local police reportedly believe that heroin and PCP (angel dust) have entered the country in small quantities. []

Government Response

Sensitive to its international image, the government of Prime Minister George Chambers over the past year has become increasingly concerned about the rise in drug activity. According to the US Embassy, this attention stems in part from extensive publicity about drug trafficking activities elsewhere in the region—particularly in The Bahamas, where involvement by officials in narcotics trafficking has led to widespread public criticism of the Pindling government. The Trinidadian Government reportedly is aware that the small Caribbean islands are ideally suited as transit points for illegal trade and that many officials can be easily tempted to augment their incomes by some degree of participation. []

Despite the government's increased concern, numerous obstacles have slowed progress in curbing the drug problem. The United States since 1976 has been the only foreign country providing narcotics control training to Trinidadian officials. According to the US Embassy, Trinidadian participation in US training programs has been poor because of the inefficiency that has long typified the local bureaucracy. Administrative delays and lack of coordination among the various ministries have hindered other government efforts to deal with the country's drug problem. Of the four agencies contributing to narcotics control in Trinidad and Tobago, the police, immigration, and coast guard are responsible to the Minister of National Security; customs is separated under the Ministry of Finance and Planning. Coordination between customs and the other agencies reportedly is poor because of jealousy and mistrust between the two ministries. Lax customs and immigration procedures at air and sea ports have further hindered progress. Moreover, no official treatment programs for addicts currently exist in the country. []

A special police narcotics squad is responsible for directing arrests for narcotics possession and trafficking. When the squad was formed in 1977, its primary activities consisted of periodic forays into the countryside to destroy marijuana plants and occasional visits to public schools to conduct drug education. In response to the rise in drug activity, the 12-man squad was upgraded in late 1983 and put

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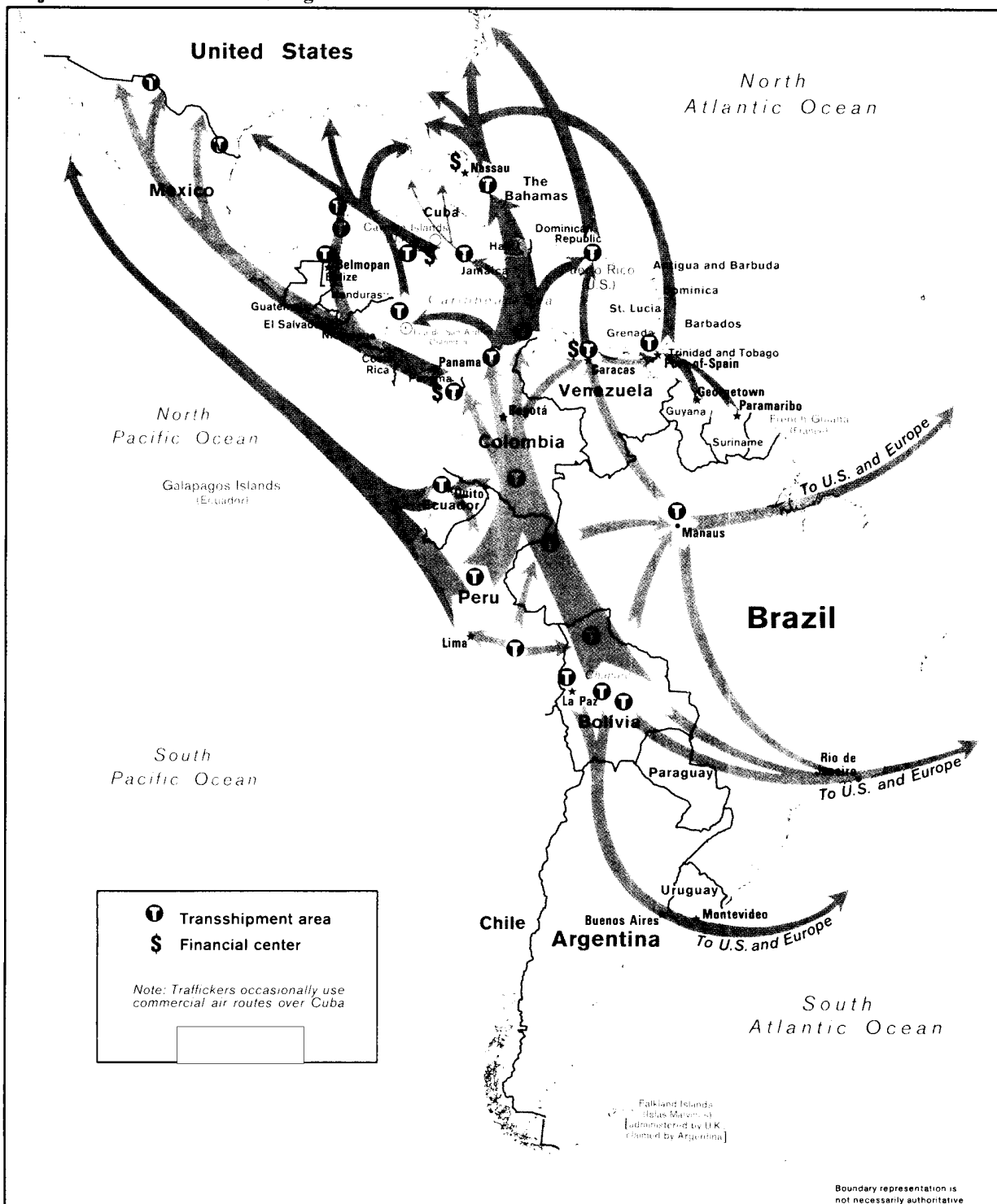
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Major Narcotics Air Trafficking Routes



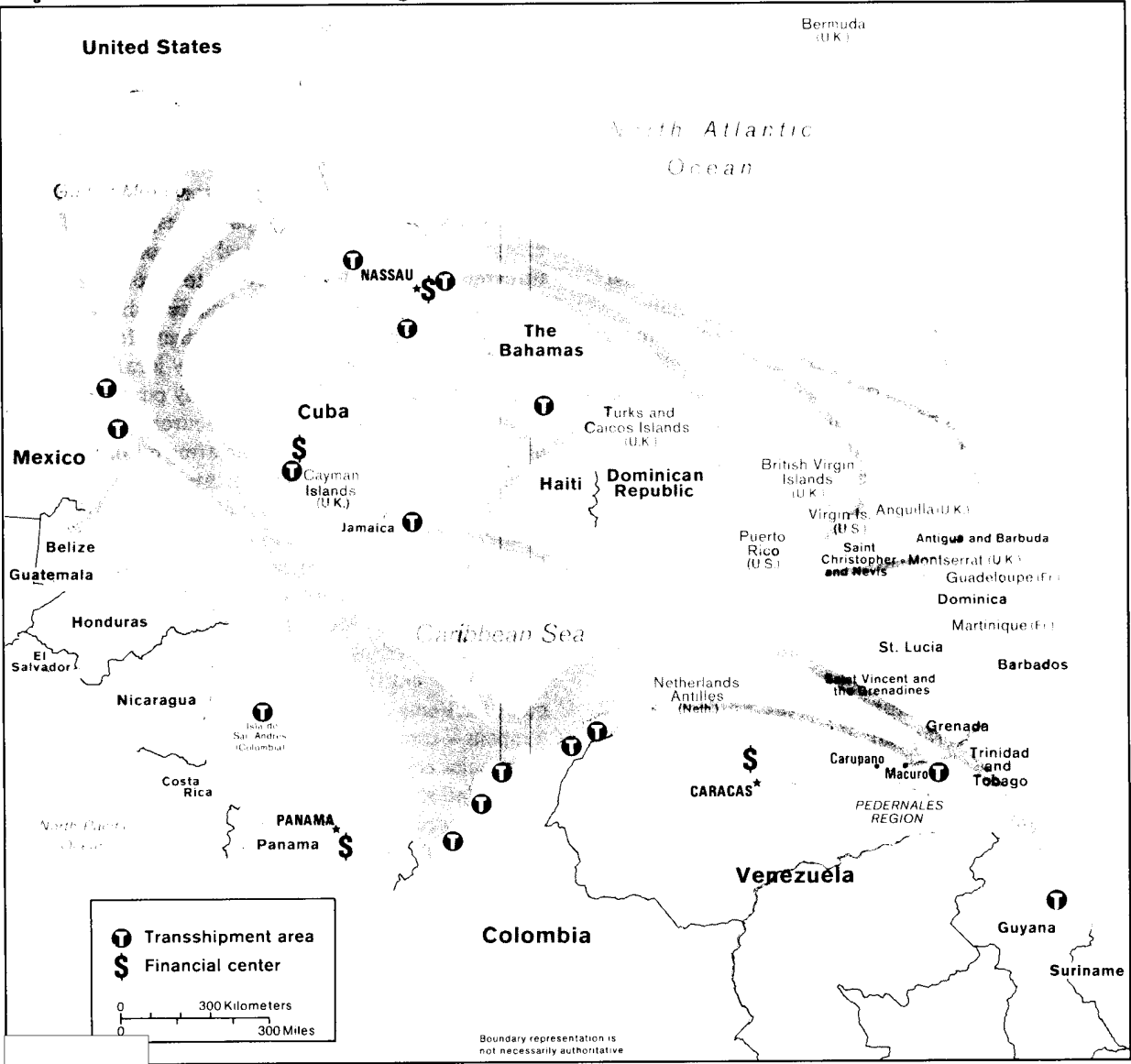
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Major Narcotics Maritime Trafficking Routes



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under the direction of an assistant superintendent and an inspector. Stepped-up raids on traffickers and growers last year resulted in seizures of large quantities of marijuana and cocaine that have helped to focus the attention of the government and people alike on the narcotics problem. []

Trinidad's judicial system contributes to the narcotics problem. The chief of the narcotics squad has complained to Embassy personnel of the ease with which even those relatively few traffickers arrested can obtain bail, regardless of the charges against them or their prior arrest records. He noted the difficulty in obtaining strong criminal convictions against them because Trinidad's bail regulations do not restrict travel of those charged in drug-related activities. As a result, local authorities are unable to halt flight to avoid prosecution. According to the US Embassy, the courts continue to treat leniently possession of illegal drugs, particularly marijuana. Offenders also are aided by the heavy backlog of court cases and are generally fined less than \$200. Several policemen have complained to Embassy officials that influence peddling among judges and politicians makes conviction of large-scale dealers nearly impossible. According to the Embassy, however, no high-ranking elected officials have been implicated in drug-related activities. []

The circumstances surrounding the removal of Police Commissioner Randolph Burroughs from his post earlier this year lend credence to growing charges of corruption in the police force. []

[] Burroughs allegedly assisted narcotics traffickers in moving large sums of US currency through Trinidad. US officials report that the identities of several narcotics traffickers in Trinidad are well known, and their ability to operate without police interference has prompted widespread suspicion of police protection, particularly from Burroughs. Larger-scale marijuana growers and drug traffickers reportedly have paid as much as 10 percent of their profits for police protection while well-publicized raids were conducted against those refusing to pay. The chief of the narcotics squad has told US Embassy officials that he believes the

allegations against Burroughs are true. He also told Embassy officials that major traffickers always seem forewarned of any police raid, and he believes the information is almost certainly leaked to them by corrupt lower level police officials. []

The Influx of Illegal Weapons

In addition to widespread police corruption, drug-related activities are at least partly responsible for the recent surge in imports of illegal weapons that threatens public order, []

most weapons are purchased by citizens fearful of rising crime, but some are bought by local narcotics traffickers. The traffickers reportedly purchase the weapons through their narcotics sources abroad, pay in US dollars, and transport the arms by ship through their usual smuggling channels. []

[] an unspecified number of illegal firearms, mainly used, reach Trinidad directly from the Pedernales region of Venezuela and are transported by fishermen and others who regularly sail between the two countries. Most shipments reportedly are landed near Cedros Point in southwestern Trinidad, which is generally considered the main offloading point for items smuggled from Venezuela. New weapons—sometimes concealed in shipments of electronics equipment—are purchased in the United States and shipped to Trinidad by air through Piarco Airport, []

[] the influx of illegal weapons consists largely of handguns, although several types of automatic weapons—including UZI submachineguns—are available for purchase. No official Trinidadian statistics are available on crime, but press [] reports all indicate that violent crime has increased dramatically in the past year. []

Outlook

Trinidad will almost certainly continue to be used by South American traffickers as a transshipment point. We do not expect the route through Trinidad and the eastern Caribbean to become the major or most important route for narcotics moving north. Rather, it is a desirable alternate route when interdiction efforts on more traditional routes intensify. Trinidad's

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potential as a transit point is likely to grow when the Trinidadians complete conversion of Crown Point Airport on Tobago from a small airstrip to an international facility. According to local press reports, this improvement is aimed at promoting tourism by making Crown Point suitable for larger commercial aircraft by March 1986. Traffickers are quick to respond to new opportunities, and we suspect Crown Point Airport, when refurbished, will become another escape valve for narcotics traffickers seeking to avoid pressure on other routes. []

We consider it highly unlikely than any Trinidadians will become trafficking kingpins for US-bound drugs. Colombians and Jamaicans dominate marijuana trafficking from this area to North America, while the cocaine business is controlled by powerful, entrenched South American traffickers. Neither group is likely to let Trinidadians garner a share of the US market. Trinidad does have well-established local trafficking groups that should have little trouble supplying narcotics to the local market. []

The success of these local traffickers leads us to conclude that increasing domestic use of narcotics, particularly cocaine, will be the most serious problem for Trinidadian officials. Increased use of this expensive drug by various segments of Trinidadian society appears to be contributing to a spiral of crime, accompanied by police corruption and loss of public confidence in law enforcement officials. In our view, the increase in marijuana and cocaine use and trafficking has worsened problems such as crime and corruption, which previously either did not exist or existed to a much lesser degree. Even if only a fraction of the influx of illegal firearms has found its way into the hands of drug traffickers, we judge this development foreshadows increased trafficking and violence in Trinidad. []

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**Argentina: Resurgence of the
Narcotics Trade** [redacted]

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The drug situation in Argentina has steadily deteriorated since 1980, arousing strong government concern. Domestic consumption of illegal narcotics is up, trafficking has attained major proportions, and the country is reemerging as an important center for the storage and refining of cocaine. This contrasts with the 1970s when Argentina was a minor player in the South American cocaine industry, serving primarily as a conduit for Bolivian cocaine en route to US and European consumers and as a safehaven for international drug dealers. Even these activities were sharply curtailed by the military regime that seized power in 1976. [redacted]

Origins of the Problem

The resurgence of the narcotics trade in Argentina dates from involvement of elements of the Argentine Army in the 1980 coup that brought the cocaine-trafficking regime of Gen. Garcia Meza and Col. Arce Gomez to power in neighboring Bolivia. According to the US Embassy in Buenos Aires, some Army officers began to cooperate with their Bolivian counterparts in cocaine production and marketing. When Garcia Meza and Arce Gomez were ousted in 1982, Arce Gomez fled across the border and continued to direct drug operations from Argentina. US Drug Enforcement Administration (DEA) officials have speculated that the decline in Army discipline and morale after Argentina's defeat in the 1982 Falklands war may have aggravated military corruption and drawn some officers deeper into the narcotics business. [redacted]

The Bolivian connection and the ongoing Colombian Government crackdown on drug trafficking may have stimulated the growing Argentine involvement in the illicit drug trade, but other factors facilitated it:

- Argentina's location near coca-producing countries and extensive air and sea links with Western Europe and the United States provide excellent channels for smuggling cocaine.
- The relatively sophisticated Argentine economy offers traffickers many means to launder money, hide operations, and acquire and transship chemicals used in cocaine production.

- Drug dealers seeking new consumers find Argentina's relatively prosperous and largely middle-class population a tempting target. [redacted]

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Dimensions of the Drug Trade

Argentina serves primarily as a transshipment center for cocaine. Cocaine seizures by the Argentine authorities have increased from 98 kilos in 1981 to 560 kilos in 1983. The DEA currently estimates that upward of 6,000 kilos per year of cocaine are transshipped through Argentina. According to US Embassy and press sources, the most widely used route is from Bolivia to the northwestern Argentine provinces of Salta and Jujuy by air; over land to Rosario, Buenos Aires, or other ports; and by sea or air to Europe and the United States. Variations include passage through Paraguay and northeastern Argentina, as well as via Chile and the Argentine city of Mendoza, to shipment points on the Atlantic coast.

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[redacted] The Embassy has reported the activities of a ring associated with Arce Gomez and Bolivian cocaine magnate Roberto Suarez, and of the "South American League," a loosely organized gang that includes Argentines, Chileans, Brazilians, and Europeans. [redacted]

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In recent years Argentina has also emerged as a refining site, where coca paste and semirefined cocaine base are converted to finished cocaine. The DEA believes that there are at least 15 to 20 cocaine refining laboratories in northwestern Argentina, as well as an undetermined number in Metropolitan Buenos Aires. US officials now estimate that roughly 75 kilos per month of cocaine are refined in Argentina, just under the amount needed to categorize the country as a "major producer" by DEA standards. [redacted]

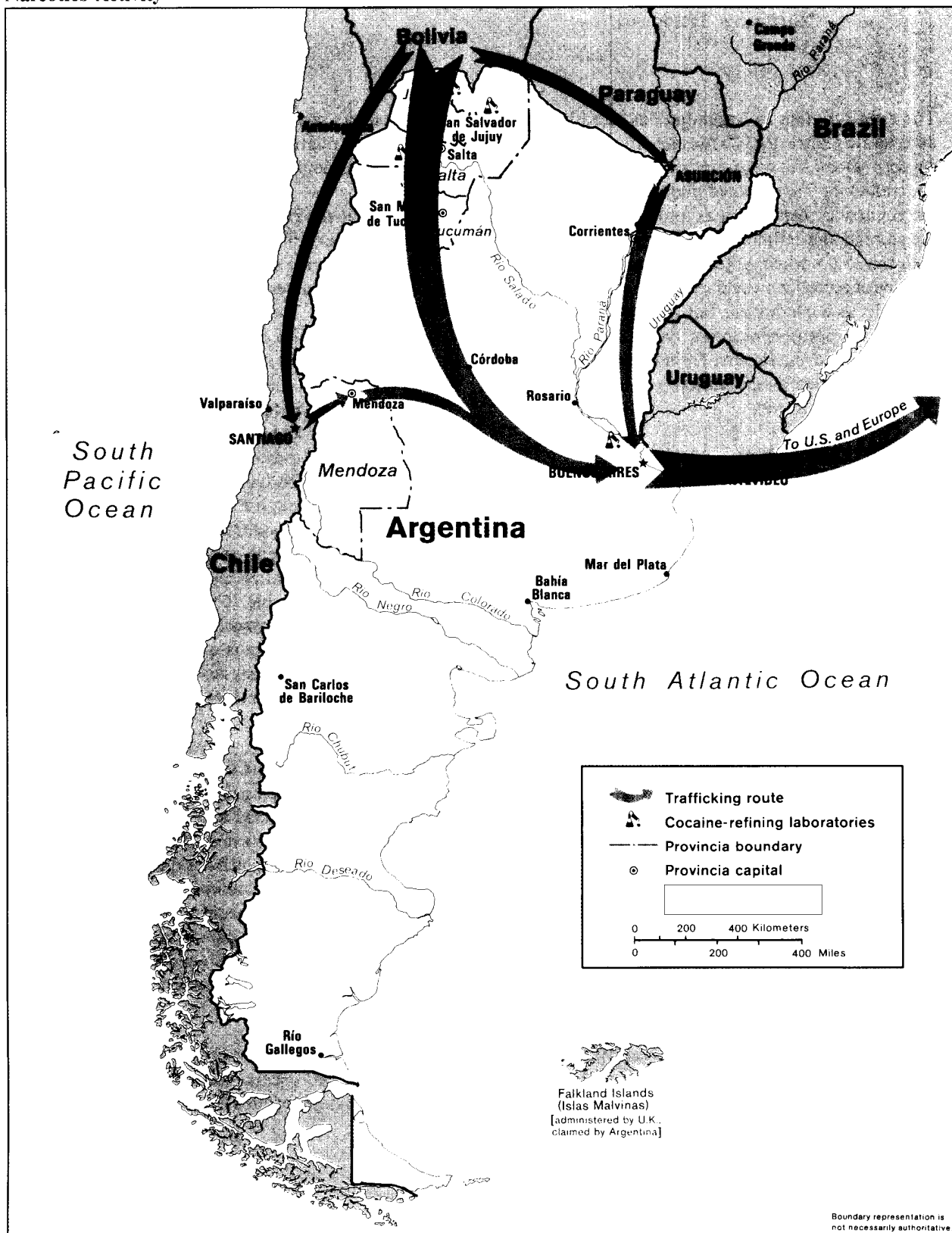
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At the same time, consumption is expanding. DEA officials claim that cocaine use is growing among the affluent and has penetrated the middle classes in the

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Narcotics Activity



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northwestern provinces. The Argentine press reports widespread abuse of both cocaine and marijuana in resort areas such as Bariloche and Mar Del Plata. The cocaine problem, however, has not yet reached the proportions found elsewhere in South America. Smoking *basuco*—primarily a mixture of coca paste and marijuana or tobacco—which is a common form of drug abuse among the lower classes in other South American countries, has yet to appear in Argentina. Although drug use is increasing among the Argentine masses, press reports indicate the most common problems are glue sniffing and abuse of over-the-counter and prescription drugs. [REDACTED]

Government Response

We judge that President Alfonsin appreciates the degree and implications of the growing narcotics presence in Argentina. The government has attempted to educate the public regarding the drug problem through statements by Alfonsin, official publications, and cooperation with the media. Enforcement capabilities, however, have not kept pace with growing government concern. Budget deficits limit the funds available for expanded drug enforcement activities. Five separate federal agencies have drug-related responsibilities, but coordination among them is poor. Overlapping jurisdictions and rivalries between federal and provincial law enforcement bodies further hamper effective action. [REDACTED]

The US Embassy reports that steps are being taken to improve effectiveness. The Federal Police—the main antidrug force—reorganized and expanded its narcotics division. This unit alone seized 94 kilos of cocaine during the first 10 months of 1984, according to US Embassy officials, compared to 74 kilos seized the previous year by all Argentine police agencies combined. The Border Police and customs authorities have intensified drug interdiction operations particularly against chemicals used in cocaine refining. The government has established an ad hoc interagency committee to coordinate drug enforcement. A more formal coordinating structure is awaiting presidential approval; if effectively implemented, we judge it could significantly enhance Argentina's overall antinarcotics effort. [REDACTED]

Obstacles to Enforcement

Effective enforcement is hampered by official complicity in the drug business. The best documented case involves Roberto Romero, the Governor of Salta Province. [REDACTED]

[REDACTED] Some reports indicate that other Federal deputies and some provincial police may be working with traffickers. [REDACTED]

[REDACTED] We judge that Havana is too interested in maintaining good relations with Buenos Aires to jeopardize them through involvement in illicit narcotics. The Montoneros, for their part, are financially solvent, in our view, and do not need the extra money—or want the police attention—that would come from drug dealing. [REDACTED]

We judge that a greater potential political threat from drug money comes from the extreme right. Former members of the military, along with elements of the civilian far right, could reforge links with Bolivian traffickers that were established during the Garcia Meza-Arce Gomez regime. [REDACTED]

Outlook

Whether Buenos Aires can contain the narcotics threat, in our judgment, will hinge largely on the nation's overall political and economic health. Better

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economic conditions and a period of relative political stability would probably lead to a substantial improvement in Argentine enforcement capabilities. The political will to combat the problem exists, and Alfonsin is personally committed to taking action. Official corruption, although growing, could probably be controlled. We believe, for example, that the central government would prosecute drug-tainted individuals such as Governor Romero of Salta if it had adequate evidence. The Argentine public is becoming sensitized to drug issues and appears to support a crackdown on narcotics trafficking. If the government spends more for drug enforcement over the next few years and is stable enough to establish a long-term program, we expect that, although the narcotics problem would remain an irritant, Argentina could avoid the social and political ills that have afflicted other South American countries involved in the drug network. []

We are less optimistic about the situation if—as seems probable—Argentina continues its economic decline and remains politically unstable. Notwithstanding Alfonsin's good intentions, we doubt that a government plagued by labor unrest, hyperinflation, a large budget deficit, and the threat of a military coup could effectively focus on drug enforcement. Under such circumstances, official corruption would probably spread, traffickers and producers would take advantage of more tenuous law-and-order situations to expand their activities, and domestic consumption would likely rise. Although it might take four to seven years before the problem reached crisis proportions, the end result would be Argentina's full integration into the South American narcotics industry. []

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**Iran: International Trafficking
Despite Local Demand** [redacted]

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Iran remains an active arena for the international drug trade. Opium poppy is still cultivated in Iran, most of it to serve a large domestic addict population. Iran also serves as a processing and transshipment center on the international heroin pipeline from Southwest Asia to Western Europe. [redacted]

Domestic Production and Addiction

The Revolutionary Government invariably describes Iran as an aggrieved party in the international drug trade. Although admitting to a massive addiction problem, Tehran's representatives to international organizations such as the United Nations steadfastly maintain that domestic opium poppy cultivation was wiped out after the revolution and that all opiates now come from Afghanistan and Pakistan. [redacted]

[redacted]

[redacted] Preliminary analysis of [redacted] traditional poppy-growing areas in northwestern Iran indicates poppy is still grown there, although we have not yet determined the extent of cultivation. International observers have long assumed that Iran is a net importer of narcotics, but lack of adequate information on either cultivation or consumption makes it difficult to determine the validity of this belief. [redacted]

Iran's addiction problem has continued to grow despite vigorous, but sporadic efforts by the Revolutionary Government to eliminate opium production and drug trafficking. Under the previous regime, a ban on opium cultivation and increased enforcement had supposedly lowered the addict population from some 2 million in 1955 to about 300,000 by 1960. The outflow of hard currency to neighboring countries for illicit narcotics to support the habits of addicts, however, prompted the government in 1969 to institute domestic poppy cultivation under tight controls. Smuggling, nevertheless, continued, and the number of addicts climbed throughout the 1970s. With the breakdown of law and order attending the fall of the Shah, all aspects of the drug problem worsened at an accelerated rate. The Revolutionary Government first

ignored and then attacked narcotics with draconian, though unsuccessful, measures. It executed some major traffickers, razed "red light" areas associated with drug dealing, and exiled hardened abusers to an "addicts' island." [redacted]

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The deputy director of the Iranian Narcotics Control Administration and Drug Abuse Coordinating Council in the Ministry of Health admitted in February 1985 that Iran has over 800,000 opium addicts and 100,000 heroin addicts, [redacted] [redacted] Given the record of drug abuse and current conditions in Iran, we suspect that the proportion of addicts in certain segments of Iranian society is much higher than the overall numbers suggest. [redacted]

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Cross-Border Narcotics Pipeline

Despite the heavy local demand, [redacted] [redacted] Iran continues to play a role in supplying foreign narcotics consumers. [redacted]

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Figure 1



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Despite the difficulties of transshipment and the prospect of the death penalty if they are caught, Iranian traffickers evidently find the financial benefits of international trafficking to be worth the risks. Last year the price of morphine base delivered at the Iranian-Turkish border was three times its

price at the source in Afghanistan, and almost four times the Afghan price if delivered to a city in eastern Turkey.

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smuggled across Iran to the Turkish border by groups of armed Iranians in pickup trucks.

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- An untested DEA source states that within Iran the principal areas of morphine base and heroin conversion are located around the cities of Zahedan, on the border with Pakistan near Afghanistan, and Tabriz, not far from Turkey—at both ends of the smuggling route.

- [redacted] ethnic Kurds in Turkish border provinces refine morphine obtained from Iran and Afghanistan into heroin for export to Europe or the United States.

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- [redacted] drugs are also processed elsewhere along the pipeline in Kerman and Esfahan for subsequent transshipment to Europe or for selling on the local market.

Given the tenuous authority exercised by the governments on both sides of the Iranian-Turkish and also the Iranian-Afghan border, we expect cross-border drug trafficking will continue with little disruption. We also judge that this pipeline will continue to serve the international heroin market, primarily in Western Europe, as well as filling the needs of Iran's own addict population. [redacted]

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- [redacted] reports that as of January heroin manufactured in Pakistan was being



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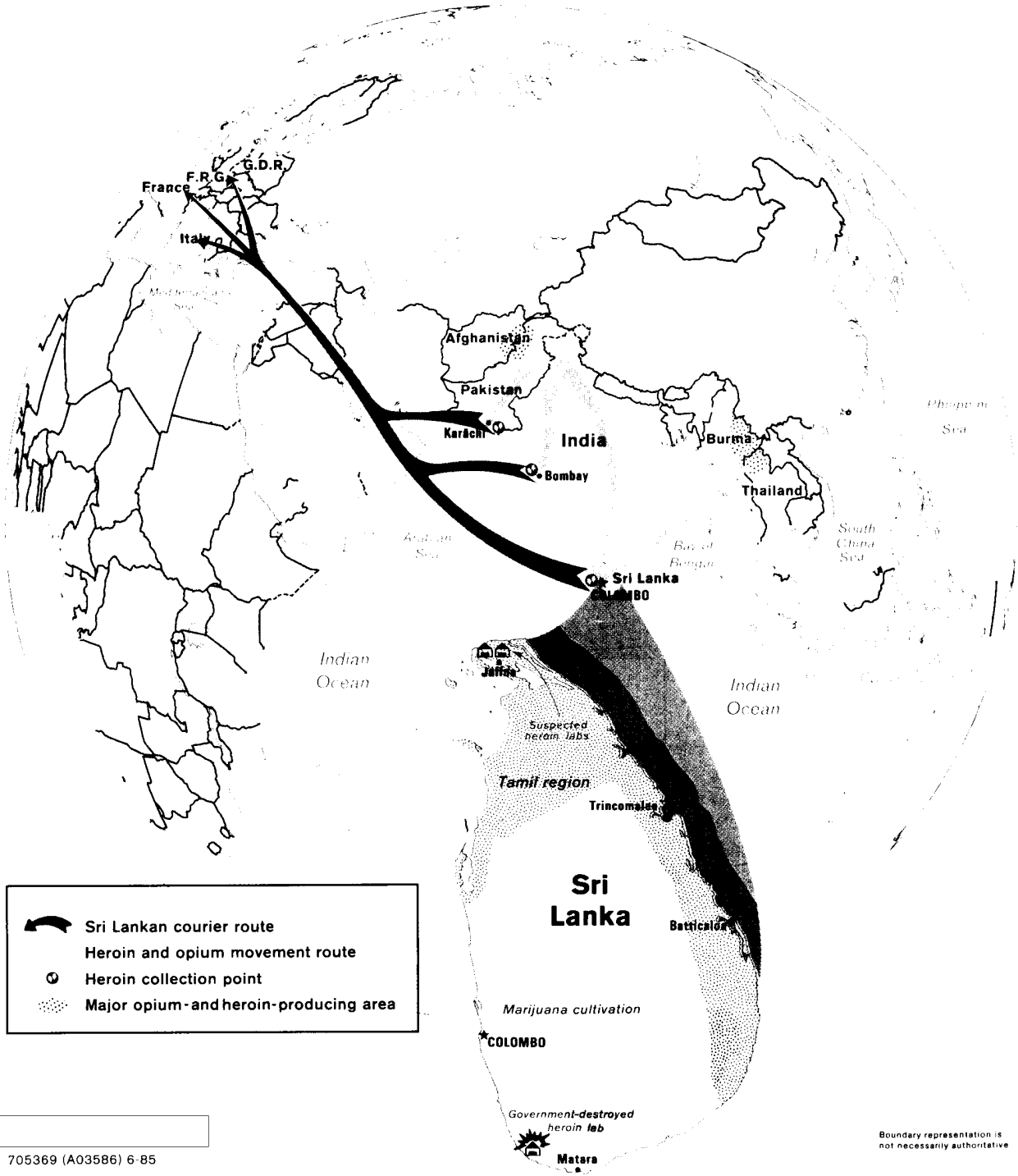
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Major Heroin Smuggling Routes
Taken by Sri Lankans



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Sri Lanka: Growing Narcotics Awareness []

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The Sri Lankan Government, after years of indifference, is growing concerned about the country's narcotics problem. This sense of alarm is stimulated by:

- Sri Lanka's developing international image as a transit point for drug trafficking.
- Apprehension of large numbers of Sri Lankans abroad as drug couriers.
- Rapidly escalating domestic drug abuse.
- Suspicions that Tamil insurgents are using the drug trade to help finance their struggle. []

Background

Drugs, particularly opium and cannabis, have been available in Sri Lanka for centuries. Opium usually enters the island from India via the Jaffna Peninsula, a long-established smuggling route. Sri Lankan authorities estimate that some 6 to 7 metric tons are smuggled in annually. Most is consumed by an aging local addict population, but some is used in legally prescribed folk medicines. []

Sri Lankan farmers in the south have a long history of cannabis cultivation, which authorities have done little to stop. In the 1970s, marijuana's widespread availability attracted a drug-oriented tourist trade, according to US Embassy reports. This market probably stimulated the subsequent importation of heroin from Southeast Asia and the eventual establishment of the island as a transit point for narcotics bound for Western markets. Despite occasional heroin seizures, trafficking was not a major problem, and police enforcement was rare. []

The amount of narcotics smuggled to Sri Lanka rose markedly in the early 1980s with the expansion of Southwest Asian heroin in the international market. Sri Lanka gradually developed into a favored stopover for smugglers from Pakistan and India, and heroin seizures at Sri Lanka's airports and seacoast resorts rose from 300 grams in 1981 to 30 kilograms in the first six months of 1984. At the same time, heroin addiction spread rapidly among young Sri Lankans.

Law enforcement and health officials reported that the number of addicts rose from almost none in 1982 to 2,000 or more by late 1984. []

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The International Problem

Sri Lankans first came to the attention of European narcotics authorities in the early 1980s, primarily as low-level couriers. Most were young Tamil men fleeing the political and social upheaval in Sri Lanka and looking for work or political asylum in Europe.

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[] These "couriers" were paid about \$500 each and hid their drugs in false-bottom suitcases, shoes, belts, and body cavities. Italian police report that Tamils also have been arrested in London, Rome, and Palermo for heroin smuggling. Europe, not the United States, is the final destination for most of the traffickers. []

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Many Tamil couriers took the low-cost air route from Colombo to Moscow and East Berlin, then the train to West Berlin and other West European destinations.

[] in 1983 Tamils accounted for almost half the foreign drug traffickers arrested in West Berlin and were largely responsible for a doubling of heroin seizures that year. Stiffer German enforcement in 1984 apparently contributed to changes in the courier routes. US officials report that the Sri Lankan role in the Berlin drug trade declined; []

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[] during the same period Sri Lankans emerged as the most important narcotics-trafficking group in France. []

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[redacted]

[redacted]

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[redacted] Sri Lankans have graduated from being couriers and are attempting to set up their own drug-trafficking and distribution networks. In Italy, authorities filed charges in March against 94 Sri Lankan Tamils suspected of setting up a drug-smuggling ring in Rome. According to press reports, they had access to drugs worth over \$2 million on the retail market and distribution links in France and West Germany. In another case, 16 Sri Lankans were arrested in Naples last November with 7 kilograms of pure heroin. According to diplomatic sources, the ring had established its own laboratory for cutting the heroin to street-level purities and was poised to begin retail distribution. The suspects were in Italy as guest workers, reportedly had made several trips to Sri Lanka in the months before their arrests, and confessed to trafficking on behalf of the Tamil separatists. [redacted]

- [redacted] most of the Tamils arrested on drug charges in Germany and France belonged to the People's Liberation Organization of Tamil Eelam (PLOTE)—the largest and one of the most violent separatist groups in Sri Lanka.

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Government Responses

The Sri Lankan Government began to take a harder look at the narcotics problem in 1983 after years of lax enforcement. President Jayewardene pushed a stiff new antinarcotics law through Parliament in March 1984. Its provisions include:

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- Death or life imprisonment for trafficking or possession of more than 2 grams of heroin or cocaine.
- No bail for offenses related to narcotics.
- Creation of a national Dangerous Drugs Control Board with wide powers to formulate and review national policy on drugs. The Board provides Cabinet-level attention to the activities of the National Narcotics Bureau, a police organization that has been severely hampered by lack of manpower, training, and equipment. [redacted]

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The Tamils may find it difficult to carve out a permanent niche in the international marketing network for Southwest Asian heroin. They are up against strong competition from established Pakistani, Turkish, and Italian organized crime syndicates. The number of Sri Lankans already arrested and the success the Italian police in particular have had in cracking Tamil organizations indicate that their rudimentary networks are highly susceptible to law enforcement penetration. To become more successful drug traffickers, the Tamils would probably need to recruit or ally themselves with established criminal drug networks. [redacted]

Separatist Involvement

Indications that the Tamil separatists are using drug trafficking to support their insurgency is a matter of growing concern:

- In a roundup of Sri Lankan drug traffickers in March, Italian authorities discovered insurgent political propaganda. [redacted]

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Despite these actions, the government has made little discernible progress. A year after its passage, no major cases have been tried under the narcotics law, which the government hailed as "the toughest in the world." Crop eradication of the only known locally produced drug, cannabis, is insignificant, and there are no government crop substitution programs. Most important, opium trafficking continues unabated through the northern peninsula because the Army and police are preoccupied with the insurgency and have little time or resources to combat the drug trade.

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Ironically, government success against Tamil separatists could increase their involvement in drug trafficking. Increased military pressures against Tamil insurgents in the north and east, combined with pressure from New Delhi to restrict their activities in south India, will make drug trafficking more attractive as a source of funds for the separatist movement. The continuing communal conflict, moreover, drives increasing numbers of young Tamils out of the country, expanding the pool of potential couriers from which international traffickers can recruit.

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Austria: Implementation of New Drug Legislation

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In late April 1985, the Austrian Parliament passed several amendments designed to strengthen its drug laws. Austria is a major transit country for drugs moving from Balkan and Mediterranean countries to West European markets and is facing a small but growing abuse problem. The legislative initiative was originally intended to combat international drug trafficking through improved enforcement and interdiction measures and stronger prosecution efforts. The legislation was later broadened to address the drug abuse issue. We judge that the statutes will probably improve Austria's drug law enforcement efforts, but do not contain the kinds of sentencing provisions necessary to deter drug trafficking. Moreover, we suspect that drug abuse will not be reduced significantly as long as Austria remains a major drug-trafficking crossroad.

Compromise Broadens Laws

The legislation is clearly a response by both the socialist government and the opposition to the media's increased coverage of drug issues and demands for government action. The opposition People's Party, concerned about international drug smuggling through Austria, initiated legislation aimed at combating the activities of professional drug traffickers. The ruling Socialist Party, however, was resolved to fight Austria's current drug abuse phenomenon, a social side effect of the drug smuggling. It pressed for the introduction of milder sentences for small-time dealers and the expansion of prevention and rehabilitation measures under the slogan "Help Instead of Punishment." Both concerns were incorporated into the final legislation, which passed the Parliament by unanimous consent.

Drug Enforcement Improved

The new regulations will strengthen enforcement and interdiction efforts by increasing the police presence at border crossings, airports, and train stations. In addition, the police will be granted on a selective basis the right to assist customs officials in making searches

and seizures at borders. Austria has already had some success at interdicting drugs passing through its territory:

- In late March, Vienna authorities cracked a five-person drug ring that had been smuggling heroin, cocaine, and LSD into Austria from West Germany since 1979.
- In mid-April, Austrian customs officials arrested a Turk and seized 15.35 kilograms of heroin at the Spielfeld border checkpoint.
- In mid-April, Austrian drug officials arrested nine persons in connection with the seizure of 93 letters containing prepared heroin shipments.
- In late April, Vienna authorities arrested four Turks in connection with a discovery of 2.7 kilograms of heroin.
- In early May, Austrian customs officers arrested a Turk and seized 8.5 kilograms of heroin at the Spielfeld border checkpoint.

The increased presence at customs checkpoints is likely to result in more of these seizures and may even reduce—at least temporarily—the flow of drugs through Austria. International trafficking organizations are always quick to respond to law enforcement efforts and may divert some drugs to safer routes.

Lenient Legal Guidelines

The deterrent effect of these enforcement measures will be mitigated by failure to address adequately the penalties for drug trafficking. The new statutes permit longer incarceration for convicted traffickers, extending maximum sentences of from five to 10 years to 10 to 15 years for common dealers and up to 20 years for international drug ring criminals. They do not mandate minimum sentences for trafficking offenses, however. We judge that drug traffickers are not deterred by the remote threat of lengthy maximum sentences—which are rarely given—but by

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the certainty of a prison term. Maximum sentences may sound more dramatic, but minimum prison terms—assured in advance—are far more effective deterrents.

One provision of the new legislation dilutes the already weak effects of the sentencing increases. Convicted traffickers who prove they are addicts and trafficking only to satisfy their dependency can be sentenced to no more than five years. Moreover, cumulative fines levied concurrently with imprisonment for drug offenders are repealed, reducing the costs to convicted drug felons.

Drug Abuse Treatment Gets a Boost

Drug abuse, although mild compared to other West European countries, is perceived with growing concern within Austria. The new laws reflect the ruling party's belief that drug use is an illness, not a crime, and authorize an expansion of drug prevention and rehabilitation programs. The eventual extent of this expansion will be determined by the level of funds appropriated by Parliament. Two provisions of the new legislation also are designed to encourage drug addicts to seek and take advantage of existing treatment programs. One suspends or postpones prison sentences if the addict is willing to undergo medical treatment. The other eliminates the requirement that hospitals inform the police when the addict voluntarily chooses to undergo medical treatment.

Outlook

The new drug legislation signals Austria's intention to take a stronger and more active role in combating the drug problem. The government's response—drug abuse programs and stepped-up border interdiction—is similar to that of other European countries alarmed by increasing narcotics problems. Austria, like most European countries with large numbers of tourists and relatively lax border controls, faces a difficult battle against drug trafficking. Austria's problem highlights the need for more comprehensive narcotics control programs in European countries and for regional cooperation in fighting the drug trade.



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Worldwide Narcotics Highlights []

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South America

Colombian authorities continue their campaign against the narcotics industry:

- Bogota claimed recent interdiction and eradication operations in April greatly reduced marijuana cultivation, destroyed 18 unregistered airstrips and two large coca-processing labs, and seized a large marijuana shipment.
- Authorities in Medellin continued a major crackdown in April on drug traffickers in response to the recent assassination of a magistrate. Since the killing, Medellin police claim to have carried out more than 30 raids on suspected traffickers and to have seized cocaine refining chemicals worth over US \$1 million.
- Colombia and Ecuador agreed to conduct their first joint coca eradication. According to US Embassy reporting, a four-week operation is planned along the common border between Putumayo Department and northeastern Ecuador. Officials expect to eradicate over 500 hectares of coca. Operational planning began on 3 June.
- Colombian authorities arrested Jose Antonio Cabrera Sarmiento, probably the third most important drug mafia boss in Latin America, and drug kingpin Jose Ramon Matta-Ballesteros, a Honduran national believed to have been involved in the murder of Drug Enforcement Administration (DEA) agent Enrique Camarena in Mexico. US authorities are seeking extradition of both traffickers, wanted in the United States on a 1985 indictment for cocaine importation.

- Bogota is planning to tighten controls over Colombian banks with branches in Panama, []
Traffickers, among others, take advantage of Panamanian bank secrecy laws to hide their funds from the Colombian Government and evade taxation. []

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Although eradication and interdiction efforts have been successful along **Colombia's** north coast, corruption continues to undermine overall enforcement. [] cocaine is transported from laboratories in the Amazon jungle to Leticia, Colombia, with little difficulty because officers of the United Military Command of the South, who are responsible for controlling private aircraft and fuel as well as destroying unregistered airstrips, accept bribes to overlook

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traffickers' activities. [REDACTED]

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Colombian traffickers continue to respond to the crackdown by taking countermeasures, altering smuggling routes, and relocating their operations:

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- [REDACTED] Colombian businessmen generally believe that the drug mafia has begun to move its more important officials out of Colombia into Brazil, [REDACTED] Midlevel drug traffickers may remain in Colombia to oversee local activities.

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[REDACTED]
[REDACTED] a large portion of illicit drug traffic in Colombia has been diverted to avoid interdiction along the traditional Atlantic routes.

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On 18 March police made the largest cocaine seizure ever in **Ecuador**—over 600 kilograms, worth an estimated US \$150 million—during a routine highway interdiction operation south of the city of Esmeraldas. The cocaine—one of several shipments ranging from 350 to 600 kilograms—apparently had been flown in from Colombia for additional processing and transshipment via the port of Esmeraldas to markets in the United States. Further investigation by the police led to the arrest of several Colombian, Chilean, and Ecuadorean nationals. The size of the cocaine seizure indicates that Colombian traffickers are using Ecuador as a safehaven to avoid Bogota's ongoing drug crackdown. [REDACTED]

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President Febres-Cordero of *Ecuador*, despite preoccupation with a number of domestic problems, took time to make an unprecedented appearance at the graduation ceremonies of a US-sponsored antinarcotics program. This underscores the importance he places on narcotics control as an issue in the relations with the United States. The President was accompanied by the Minister of Government, the Commanding General of the National Police, the President's drug czar, Colonel Montesinos, and a number of other high-ranking police officials. []

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President-elect Alan Garcia of *Peru* has told US Embassy officials that he will crack down on drug trafficking. []

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[] Garcia plans to launch an immediate investigation of corruption in agencies involved in drug control, push for a drug law containing stiffer penalties for use and trafficking, and give the military a more direct role in drug enforcement. The centerpiece of Garcia's proposed program, however, is land reform and crop substitution. By using various financial and technical incentives, Garcia hopes to entice local coca growers to migrate to areas more suited to the cultivation of traditional crops. []

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Drug eradication in *Peru's* Upper Huallaga Valley resumed on 23 April, and, by 2 May, over 400 workers were engaged in eradication operations. Peruvian authorities hope to eradicate a minimum of 20 hectares of coca daily, to reach a goal of 2,500 hectares by mid-July. Despite this enforcement pressure, some valley coca growers are increasing their use of nitrogen fertilizers to improve coca leaf quality and yield, []

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[] Because of the recent heavy rains, some growers also are using an adherent substance to bind the fertilizers to the leaves. []

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The Director General of the *Peruvian* Investigative Police (PIP), Lt. Gen. Rodolfo Ballesteros, resigned after receiving heavy public criticism for his organization's poor performance during the attack on national elections board director, Domingo Garcia Rada. Ballesteros reputedly is corrupt and has been a major factor in PIP's poor performance in antinarcotics work, according to the US Embassy. Ballesteros's successor, Lt. Gen. Munoz Malaver, although a close associate of Ballesteros, is viewed by the Embassy as more honest and competent. His tenure as director, however, probably will be short. He is expected to be replaced after the new administration takes office in late July. []

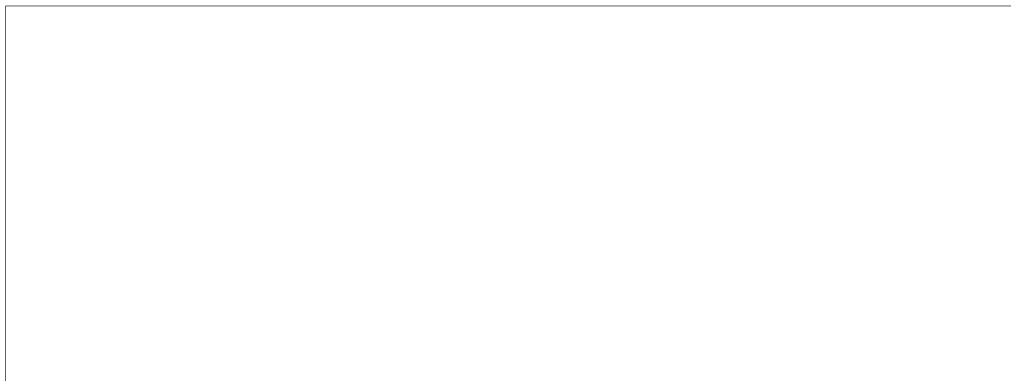
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Dr. Arthur Castilho Netto resigned in March from his positions as Secretary General of the Ministry of Justice and Chairman of the **Brazilian** Federal Drug Council (CONFEN). Dr. Castilho had become increasingly concerned over his and his family's security. Press reports indicated that Colombian narcotics traffickers might attempt reprisals against Brazilian officials involved in large-scale police raids in February 1985. The resignation of Dr. Castilho from his post in CONFEN—and his probable loss of influence within the Ministry of Justice—may jeopardize the future of the Drug Council. Castilho's resignation indicates that the notorious reputation of Colombian narcotics traffickers can be a powerful intimidator to South American drug control efforts.

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The US Consulate in Sao Paulo, **Brazil**, reported in late May 1985 that there is a growing threat from international narcotics trafficking in Mato Grosso Do Sul, a state bordering on **Paraguay** and **Bolivia**. As of 27 May, elements of the Paraguayan Frontier Battalion stationed at the border town of Pedro Juan Caballero, Paraguay, were searching the area southwest of the city for a marijuana trafficker who had killed a noncommissioned officer. One of the accomplices reportedly fled into Brazil. In addition, at least two light aircraft—allegedly transporting narcotics into Brazil—have been destroyed by the Paraguayan Army in recent weeks. Brazilian officials also claim that barrels of acetone and ether enter from Paraguay, while cocaine enters the country from Bolivia. The Pantanal marshland in the northwestern section of the state is also utilized by traffickers. Additionally, numerous marijuana fields and cocaine-refining labs are reportedly located on the Brazilian side of the border near Ponta Pora. A favorable climate, secluded growing sites, and relatively safe, convenient, and economical routes to the principal international drug markets, coupled with stricter antinarcotics programs in Colombia and other countries, account for Brazil's increased role in the South American drug trade.

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Brazilian authorities, along with the general public, are beginning to realize the extent of the drug abuse problem and the growing threat of the narcotics trade in their country, although it is not yet clear what degree of priority the new administration will attach to the narcotics problem nor the resources it will be able to commit. The Minister of Justice, Fernando Soares Lyra, is preparing an ambitious antinarcotics program, and he has announced the creation of an organization within the Ministry to head up antidrug efforts. Press reports state that Ministry of Justice Secretary Gen. Jose Paulo Cavalcanti plans to form a committee composed of physicians, psychiatrists, police, and other concerned entities to discuss the effectiveness of existing legislation on narcotics and to propose amendments. These amendments may include special laws concerning narcotics, a provision for plea bargaining that may encourage small traffickers to implicate ringleaders, and a resolution to adopt the US system of confiscating in-country assets that traffickers acquired as a result of their illegal activities. Lyra revealed that a fund to combat the narcotics trade would be created with endowments from Brazil, international organizations, and countries interested in drug control. It is not yet clear whether the organizational changes portend any significant increase in Brazil's ability to combat the narcotics trade. Serious economic difficulties have forced the new administration of President Jose Sarney Costa to impose austerity measures that will cut many government activities, and narcotics enforcement is not immune. The austerity program has adversely affected police operations, particularly those like drug enforcement that are essentially discretionary. []

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Victory by either major party in the **Bolivian** national elections—scheduled for 14 July—is unlikely to have a positive impact on narcotics-reduction efforts. The narcotics industry has contributed large amounts of money to both parties in order to prevent effective narcotics control, whoever wins. Recent changes in the Cabinet do not bode well for new narcotics reduction by the present government. New Interior Minister Sanchez Salazar [] is controlling the appointments of narcotics officials, diminishing the power of uncorrupted personnel. []

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Coca producers in **Bolivia** are becoming more sophisticated. []
[] *campesinos* are becoming more directly involved in cocaine processing and are forming their own trafficking networks to replace the traditional middleman and deal directly with major traffickers. In addition, their efforts to lobby against new laws for coca reduction and control of coca marketing are more coordinated. Several thousand members of coca producers' unions met in mid-April and apparently organized a large-scale protest against government coca reduction and controls which resulted in the recent takeover of the city of Cochabamba and its Agriculture Ministry building. []

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Less stringent enforcement efforts under the new democratic government in *Uruguay* may create greater opportunities for drug trafficking, according to US officials. Uruguayan drug enforcement officials have already reported increased movement of known traffickers—mainly Colombian, Chilean, and Bolivian—through Uruguay since the inception of stepped-up narcotics control efforts in other South American countries. Government officials in Montevideo expect that increased use of Uruguay as a narcotics transshipment point poses the most immediate danger. In order to meet the threat, Uruguayan customs officials have requested US training assistance for both customs officers and local police, Uruguay's first line of defense against the drug trade. []

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Mexico

President de la Madrid plans to convene a meeting of cabinet-level officials with drug control duties in June to assess the effectiveness of Mexico's antinarcotics programs and explore ways to improve them, []

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[] This reportedly is the first session of the newly created National Council Against Drug Dependence, expected to meet periodically to review antidrug efforts and make recommendations to the President. [] Attorney General Garcia believes that drug control measures are being hampered by bureaucratic squabbling between himself and Secretary of Government Barlett and by poor communications between their two agencies. In addition, Garcia believes the Foreign Ministry has been doing little through diplomatic channels to try to ease drug-related tensions between Mexico City and Washington. The Attorney General is said to have proposed to Defense Minister Arevalo a new joint civilian-military program to discourage rural farmers from planting marijuana—perhaps through tighter enforcement efforts or some kind of financial incentives—and plans to propose to Public Education Secretary Avelar a joint antidrug public awareness program. []

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Defense Secretary Arevalo intends to increase the military's role in Mexico's antinarcotics effort and has already had some success in lobbying President de la Madrid to increase Army participation. []

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[] Arevalo recently persuaded de la Madrid to approve the formation of 10 new Army battalions—a manpower increase of 16 percent—by citing the need for more troops to deal with a number of internal security problems, including the deteriorating narcotics situation. Arevalo also sought, but has not received, sole authority over the country's currently civilian-managed antinarcotics operations. Military units already have stepped up drug eradication efforts []

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[] We judge Arevalo may see current concerns over narcotics and drug-related corruption as an opportunity for further expansion of the military's role in domestic security matters. Although de la Madrid seems disposed to give the military a greater role in combating illegal drugs, he probably will not give it sole authority over the effort. With midterm

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elections coming in July, de la Madrid probably wishes to avoid further publicizing the shortcomings of his anticorruption campaign. []

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The US Embassy reported in late April that the Mexican Government has expressed official interest in assuming responsibility for all funding of its drug eradication program. In recent years, the United States has provided roughly half of the approximately \$13-14 million that Mexico has devoted each year to drug control, with Washington's contribution largely spent for maintenance of Mexico's spray helicopter fleet. We concur with the Embassy's view that some Mexican officials apparently are seeking to ease the United States out of any role in the antidrug campaign expressly to remove all legal basis for Washington to continue monitoring the program within Mexico or suggesting administrative and operational changes. []

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[] According to a reliable DEA source, the Governor of Sonora also has been involved in narcotics activity for some time and plans to use the large sums of money he is acquiring to gain sufficient influence in Mexico's ruling political party to make a bid for the presidency in 1988. Mexican federal police in the northern border state of Sonora arrested the Sinaloa State representative of the federal Attorney General's office in mid-May for marijuana smuggling, according to a Mexico City press report. The official reportedly was seeking to transport some 36 kilograms of the drug to the border city of Nogales for sale to US traffickers. He is said to be currently awaiting trial in Mexico City. []

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The Marxist-oriented Mexico City newspaper *El Dia* on 29 April charged that the international narcotics problem largely is due to demand by US users and accused Washington of seeking to make Mexico a "scapegoat" to deflect criticism of US domestic production and consumption. The newspaper pointed to recent Mexican Government arrests of major drug traffickers and called for comparable action in the United States. Many Mexicans view the Latin American drug situation as a US domestic problem and look upon Washington's pressure for more forceful antidrug action as an affront to Mexican sovereignty. Some senior officials almost certainly welcome such newspaper commentary as an indirect means of rebutting US criticism of Mexican drug control efforts and as a way to arouse nationalism in support of the ruling political party prior to the July elections. []

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The Mexican press reported on 15 May that an influential narcotics trafficker in Veracruz State had been murdered in the latest instance of rising drug-related violence there. The victim was said to have been abducted and killed by state police officers believed [] to be

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in the employ of a rival drug leader. [redacted]
during the past year or so narcotics activity in Veracruz has increased markedly. The region may be emerging as a center of such activity on a level comparable to the major producing and trafficking areas in the northern tristate region of Sinaloa, Chihuahua, and Durango, and in the southern growing region in and around Guerrero. [redacted]

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Caribbean

Increasing use of the Caribbean islands as transshipment points for South American drugs en route to the United States has caused growing concern among security officials in the region:

- According to a recent report from [redacted]
[redacted] high-level military officers of the *Dominican Republic* have identified drug trafficking as a potential long-term threat to national security. Dominican officers told US officials that the island nation was being increasingly used as a transshipment point for illicit drugs.
- In April, a security official of the *Barbados* Government expressed concern over the apparent shift by narcotics traffickers toward the eastern Caribbean, according to US Embassy reporting. The Barbadian official claimed his government had evidence that more illegal drugs, especially cocaine, were entering the island. The commander of the Barbados Coast Guard told a US official that the Coast Guard was going to become more involved in drug enforcement and asked for DEA training to upgrade its capabilities.

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[redacted]

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Caribbean security authorities' concern is justified. Continued US pressure on customary routes and drug enforcement campaigns by the Governments of Colombia and Jamaica have caused traffickers to take countermeasures. Caribbean security forces are poorly prepared to combat sophisticated smuggling organizations and are likely to turn to the United States for assistance. [redacted]

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The *Jamaican* Government continues to make progress in its drug control programs:



- Jamaican security forces have also made significant drug seizures in recent months. In early January 1985, the JDF coast guard and the Jamaican Constabulary Force Narcotics Squad carried out a joint operation that netted over 4,500 kilograms of highly valued sinsemilla. The operation [redacted] dealt a serious blow to the organization of major trafficker Trevor Dunkley. Another joint operation on the north coast in May led to the seizure of more than 320 kilograms of cocaine, the second-largest cocaine seizure ever in Jamaica. All five traffickers arrested were brothers of Carl Rhoden, a known trafficker and a member of the Jamaican Parliament. This was the first arrest of a group of traffickers with political connections. [redacted]

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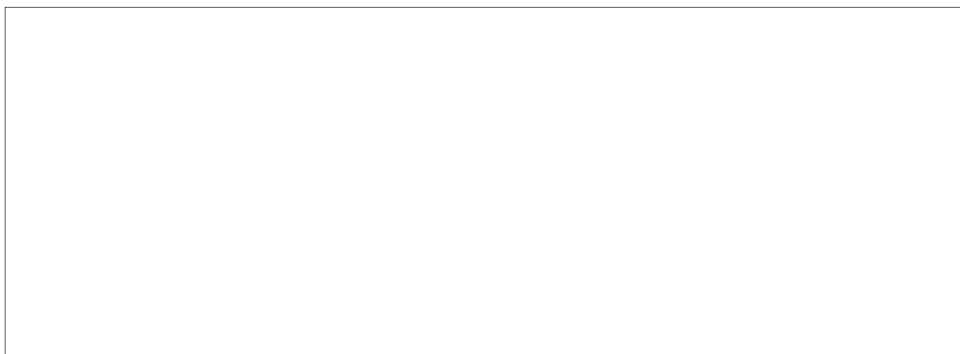
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Southeast Asia

Regional cooperation against drug trafficking is gaining momentum in Southeast Asia. *Malaysia* and *Singapore* have agreed to hold talks on legislation that would allow confiscation of traffickers' assets. During a May visit to *Thailand*, the Malaysian Prime Minister pushed for stronger joint efforts to police the Thai-Malaysian border and stressed his government's interest in coordinating asset seizure laws. Singapore is seeking to cooperate more with its neighbors following US criticism of its enforcement efforts against traffickers using the nation as a transshipment point. [redacted]

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Thailand's antinarcotics officials met in May to review progress made in control of opium poppy cultivation in the 1984-85 season and to plan next year's program. [redacted] the amount of land taken out of opium production through economic development projects and eradication in the 1984-85 season totaled 1,082 hectares, a significant improvement over last year's total. [redacted] the 1984-85 operations were only a beginning in the Royal Thai Army's efforts to end illicit opium poppy cultivation. Future plans include not only continued development projects and eradication campaigns but also public information programs aimed at warning opium growers of the consequences of planting opium. According to US Embassy reporting, commitment to ending opium cultivation is becoming more widespread in both the civilian agencies and the military. [redacted]

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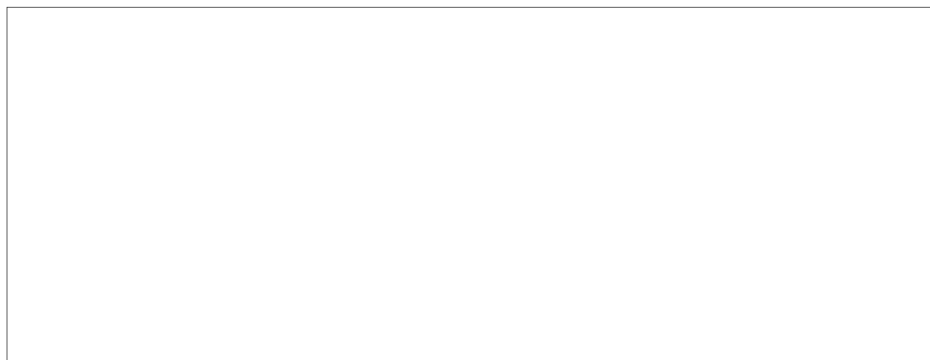
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The **Burmese** Government has informed the US Embassy that it is committed to carrying out a major aerial eradication campaign in the Shan State during the 1985-86 season. A review of results from tests conducted in December convinced officials that the herbicide tested would severely damage opium poppies without harming nearby vegetation or livestock. The eradication program should partially compensate for the military's inability to shut down trafficking and refining activity in the Shan State. If successful, the eradication program would put more pressure on traffickers to seek raw opium farther to the north and raise production costs. [redacted]

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Unconfirmed press reports indicate that an insurgent group in the **Philippines**, the New People's Army (NPA), is growing and marketing marijuana as a peripheral source of funds for its struggle against the Marcos government. The Philippines, with its many secluded islands and coves, is an ideal site for large-scale marijuana cultivation and trafficking. For some time, it has supplied some marijuana to the United States and Japan. [REDACTED]

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A press report indicates there is growing cocaine abuse in **Hong Kong**. So far, however, the DEA has found no evidence of significant cocaine use in the colony. A large expatriate population and a growing middle class make Hong Kong a likely target for traffickers looking for new markets. In an upwardly mobile, work-oriented society like Hong Kong's, cocaine could become the drug of choice because of its reputation for not impairing function and for giving the user an increased feeling of confidence. Movement of cocaine to Hong Kong would pose few problems for trafficking organizations because of the high volume of legal commercial traffic that passes through the city. [REDACTED]

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Southwest Asia

Opium poppy cultivation in **Afghanistan** is substantially higher than in 1984. [REDACTED] a higher percentage of fields 25X1 sown to poppy this year in many growing areas. In some of the higher density areas in Nangarhar, [REDACTED] close to 50 percent 25X1 of the fields are planted with poppy. Nearly 100 hectares were sighted in Paktia Province, where much fighting has occurred and abandonment of agricultural land is widespread. Afghanistan should produce a good opium crop this year. We expect yields to be higher than last year in most areas as a result of generally good weather during the growing season. [REDACTED]

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[REDACTED] **Indian** authorities are seeking an early meeting with the **Burmese** to stem the flow of drugs across their border. Increasing amounts of Southeast Asian heroin are being smuggled into India to avoid military pressure on heroin refining and trafficking along the Thai-Burmese border. [REDACTED]

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[REDACTED] Moreover, the Indians are also aware that chemicals needed by Burmese traffickers to manufacture heroin are being transported illegally through their country. New Delhi probably will offer to share information with Rangoon in an attempt to arrest major traffickers and to avert the possibility of heroin laboratories being reestablished along the Indian-Burmese border. [REDACTED]

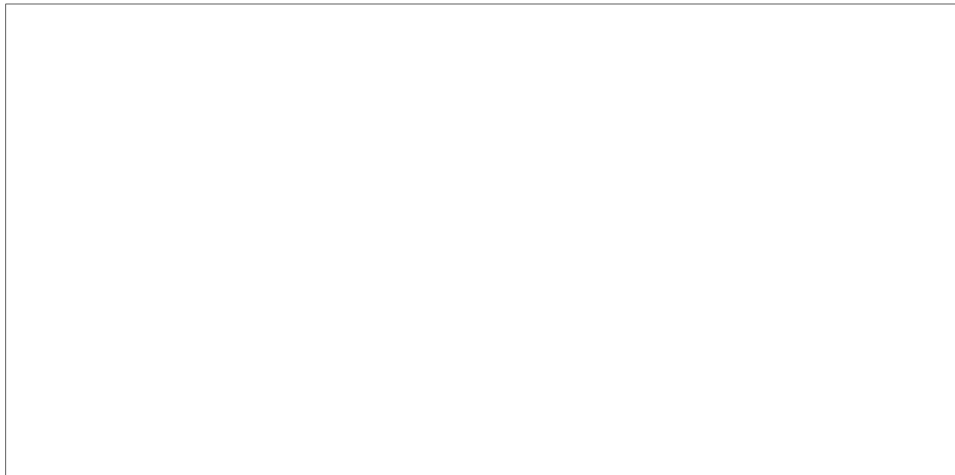
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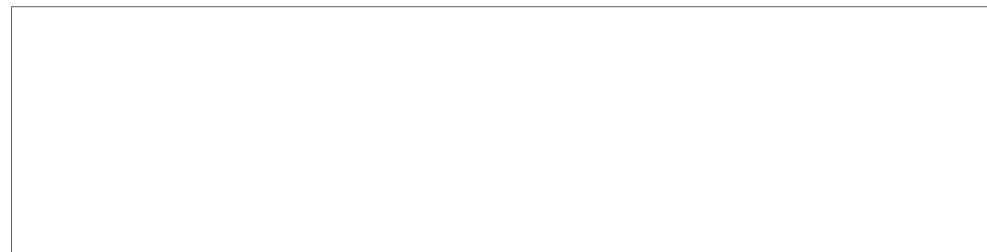
After considerable pressure by the United States, *Pakistani* authorities are beginning to step up their investigations and arrests of major heroin traffickers. Over the past two years, DEA agents have identified and provided information on some 40 top-level traffickers to the Pakistanis. According to the Embassy, at least four of these traffickers have now been arrested. In addition, Pakistan's Minister of Interior recently told US officials he is drafting legislation, modeled after US laws, that would permit the government to seize the assets of major drug traffickers. Despite these advances, however, Pakistan's drug enforcement efforts are hampered by the courts' unwillingness to hand down stiff sentences for major traffickers:

- A summary military court sentenced a major Lahore trafficker, who was also a ranking Punjab police officer, to only three years in jail and fined him \$60,000.
- In April, a leading Karachi heroin trafficker was sentenced by a military court to three years in jail and fined approximately \$30,000.

Pakistan's judges have never used their authority to sentence major traffickers to life in prison, and rarely hand down sentences longer than three years.

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President Zia is very aware of Pakistan's international reputation as a major heroin source and is sensitive to charges that high-level officials could be involved in the trade. In February 1984 he demanded an intensive investigation and prosecution of all Pakistani officials involved in a scheme

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to smuggle narcotics to Sweden through the diplomatic pouch.

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A multilateral drug control program for *Pakistan* received a setback in May when several European countries did not make new pledges to the Special Development and Enforcement Project (SDEP). The SDEP is a \$35 million, five-year, UN-administered program to eliminate poppy cultivation in Dir and in some of Pakistan's tribe-controlled agencies. It is modeled after a smaller, successful US State Department project that combined rural development projects with enforcement pressure to eliminate poppies in Malakand. At an aid-to-Pakistan meeting in Paris, sponsored by the World Bank, the UN representative reported that the SDEP needed \$5 million to meet its current needs, and over \$24 million to fund all remaining aspects of the project. None of the European country representatives was willing to provide funds. On the brighter side, the European Economic Council representative said his organization would consider pledging as much as \$4 million—enough to rescue the project temporarily. Even if these funds come through, the SDEP still faces an uphill struggle. Many European countries do not attach a high priority to narcotics and are skeptical about the effectiveness of the "income substitution" approach unless it is coupled with strict enforcement measures. Pakistan's eradication operation in Dir this April plus the success of the Malakand project, however, could enhance the SDEP's credibility and attract enough donations to keep the project going.

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Western Europe

Ireland's drug abuse problem is serious and becoming worse, according to US Embassy officials. The Embassy reports that heroin addiction in some parts of Dublin may run as high as 12 percent in the 15 to 24 age group. Last year the principal medical treatment facility in Dublin reported addiction cases involving patients as young as 7 and 8 years old. The number of drug seizures in Ireland is low by world standards. The US Embassy believes this reflects the inability of the Irish police to make significant seizures rather than the amount of drugs entering the country. Although currently only a consumer of narcotics, Ireland has the potential to become a producer of marijuana and a transshipment point for other drugs.

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