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*Intelligence Community Brief*

[redacted] **Peru: Shining Path—  
Slowly Regrouping**

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**Key Points**

[redacted] Peru's Shining Path, *Sendero Luminoso* (SL), is attempting to regroup and strengthen its meager forces, in part with funds from the drug trade. The group does not have broad popular support and remains in its traditional rural operating areas and in a few major cities.

- SL does not appear to have a unified strategy. A majority faction focuses on non-violent political propaganda operations, and a small minority of hard-core members pursues a violent path. SL regional leaders appear to adopt strategies that best fit their operating region and personal desires.

[redacted] A bombing in Lima on the eve of President Bush's visit in March 2002—widely attributed to SL—has stimulated greater government attention to SL. President Toledo has publicly expressed concern, and his administration is drafting an anti-terrorist decree that presages a stronger government effort.

- The government response nevertheless will continue to be hindered by low funding, low morale in the security forces, and poor intelligence capabilities. Rooting out abuses of the Fujimori regime is discouraging bold action against SL.

[redacted] SL is not likely to expand its capabilities significantly over the next two years and appears unlikely to pose a serious threat to the stability of the Toledo government in urban areas. Left unchecked, however, it will gradually undermine Peruvian government presence in the countryside. It will continue to carry out sporadic political and violent activities.

- The group's activities represent a potential physical threat to US personnel in Peru, especially those working on counter-narcotics and alternative development programs in the areas east of the Andes and US Embassy personnel.

*(U) This memorandum was prepared under the auspices of the National Intelligence Officer for Latin America and coordinated with CIA, INR, DIA, NSA, NIMA and the Southern Command. It is based in part on a NIC-sponsored workshop on the topic.*

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**Making a Modest Comeback**

[redacted] Shining Path (SL) today is a shadow of the terrorist organization that menaced Peru in the mid-1990s but slowly is making a comeback. The US Embassy in Lima reports that SL over the past several years has increased its level of activity. We have little reliable reporting on SL's precise size and organization, but available evidence indicates that it has 400-500 combatants scattered throughout the country. SL continues to be based principally in rural areas east of the Andes, although it appears active in the slum areas that surround Lima and such other large cities as Huanuco. The government estimates that SL has three or four terrorist cells in Lima, a figure that we are unable to corroborate.

- The US Embassy reports that SL carried out 155 acts involving violence or threats of violence in 2002, compared to 117 in 2001. SL groups operating in the departments of Junin and Ayacucho committed 128 of those acts. About two-thirds involved incursions into villages, and the rest included roadblocks, attacks on military bases/personnel, bombings, assassinations, and forcible entries or thefts from personal homes or businesses.

[redacted] SL does not appear to be successful in recruiting large numbers of new members. The larger size of the cadre and increased level of activity probably are the result of re-incorporating past SL members who either have been released from prison or were lying low.

- Various reporting indicates that SL has little popular support in Peru and is despised by many peasants, who remember past abuses they suffered at the hands of SL operatives.
- SL has attempted to recruit students from Lima's National University but on at least one occasion was rebuffed, [redacted]

**A Confused Strategy**

[redacted] Most SL actions are *ad hoc* and uncoordinated, with limited damage resulting. It does not appear to have an overall, unified strategy. We believe that individual SL regional leaders largely are adopting their own strategy and tactics in their respective areas of operation with minimal coordination among themselves.

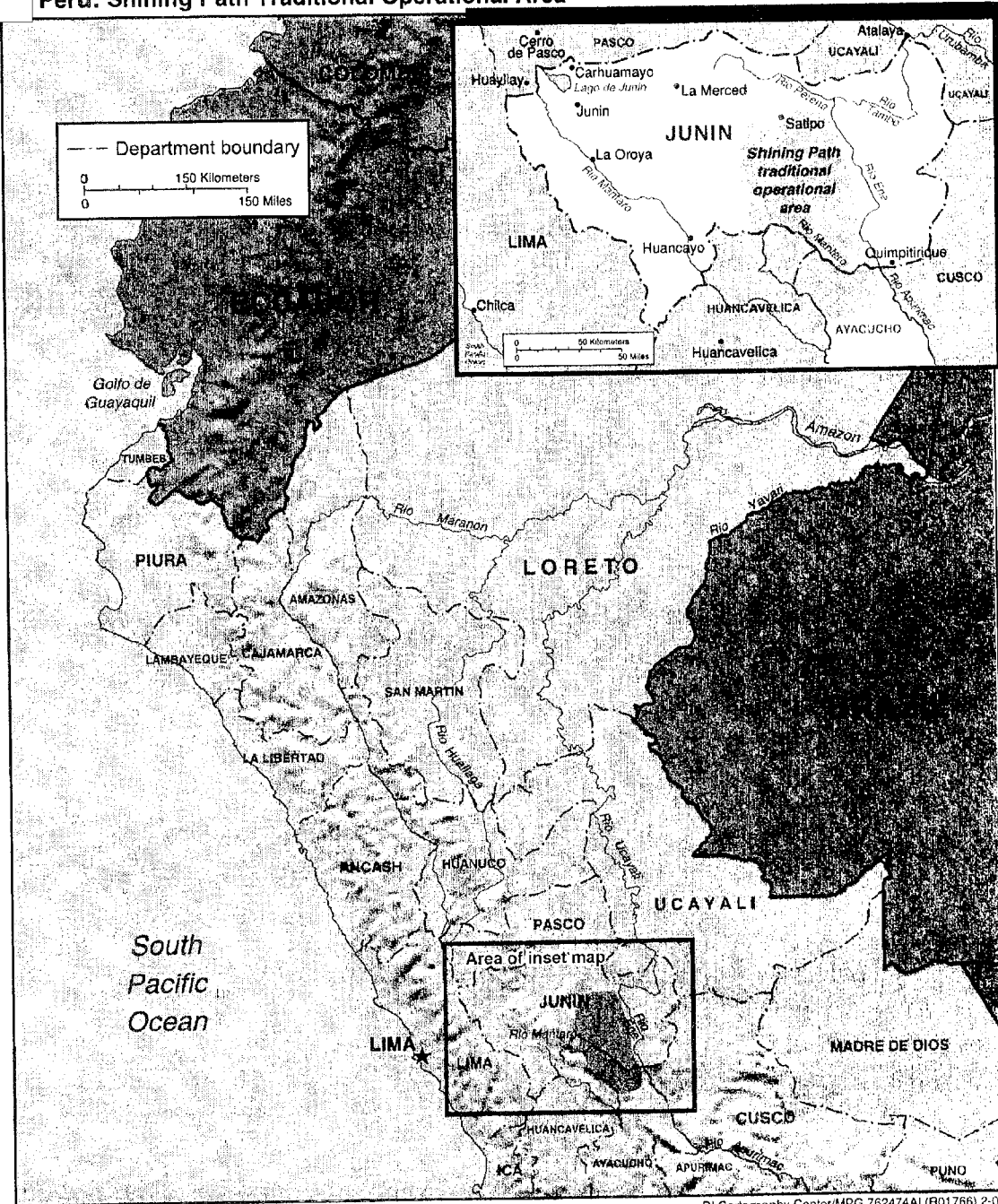
- Peruvian officials claim that incarcerated SL founder Abimael Guzman is using lawyers, friends, and family to smuggle documents directing SL activity from his jail cell. We are unable to confirm the substance of such communications.

[redacted] Nongovernmental experts assess that most SL commanders are trying to establish the organization as a political movement with the eventual goal of becoming a legitimate player in the political system. We cannot confirm this, but we note SL political themes strongly seek to improve the group's image.

- Most SL actions have been non-violent in nature and focused on political propaganda operations, although operatives generally are armed even when proselytizing. Avoiding the heavy-handed tactics and pedantic ideological messages of the past, SL cadre freely admit their past errors of excessive reliance on violence. In addressing gatherings of local peasants, they claim to be a "new" SL committed to fighting on behalf of the poor. A common theme is protecting the poor from the corruption and greed of the government, especially from human rights abuses committed by the police and military. SL generally pays for provisions rather than stealing them as it did in the past.

[redacted] A smaller, more militant wing of the SL, however, appears to want to return to the past, using acts of violence and intimidation to achieve its goals. Sporadic reports indicate that SL columns enter rural hamlets and harass, rob, and kill residents. We assess that SL has a

Peru: Shining Path Traditional Operational Area



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[redacted] **Sendero's Role in Drug Trade**

[redacted] Shining Path appears to depend on finances gained from its limited role in the local drug trade. SL collects "taxes" from coca growers and drug processors.

- SL members reportedly sell protection to drug producers in exchange for cash and weapons. In addition, US Embassy [redacted] and other reporting indicates that a few SL units east of the Andes facilitate processing of coca derivatives and help move the product downriver, where it is sold to other trafficking groups.
- Press sources say that that SL members have been living in base camps with traffickers in the Ene Valley.
- SL has infiltrated associations of militant coca farmers in traditional coca-growing regions of the Upper Huallaga Valley to organize resistance to government coca eradication and alternative development programs, according to US Embassy [redacted] reporting.

[redacted] The SL in Peru's southern coca-growing area in the Ene and Apurimac river valleys has reportedly had some contact with individual members of the FARC. Over time, such contacts could enable the SL to learn from FARC successes in drug trafficking and adopt some of the FARC's more successful business practices.

[redacted] The SL role in the drug trade will continue to increase slowly in the next couple years. The small size of the guerrilla movement, its light armament, and shallow leadership pool probably will forestall a near-term surge in involvement. Nevertheless, SL influence in drug crop-growing areas could strengthen appreciably over the longer term.

limited operational capability in Lima and other cities and is able to carry out isolated acts of violence. The more militant SL leaders appear to be located in Junin and Ayacucho Departments, where local government officials have been harassed and even assassinated.

- Most observers attribute a car bombing near the US Embassy in Lima on the eve of President Bush's state visit in March 2002 to SL, although intelligence information is inconclusive.

[redacted] **Government Response Weak**

[redacted] President Toledo has begun to show increased concern regarding a possible resurgence of SL activity. Faced with a number of competing priorities, the government has failed to develop a coherent strategy to confront the SL.

- Nongovernmental experts believe the government's continued focus on investigating the past abuses of the Fujimori government and its emphasis on increased transparency in government has unduly distracted the attention of senior security officials.

[redacted] The Peruvian Constitutional Tribunal has further stymied the Toledo government, ordering new trials for hundreds of incarcerated terrorists who it judged did not receive due process. The Embassy reports that government prosecutors are concerned that relying on evidence over ten years old in new trials closely monitored by the international community will result in the release of many mid-level, hard-core SL members who are likely to rejoin their comrades.

- To counter the ruling, the government is drafting a new anti-terrorist decree. It will give the government new legal tools to conduct the new trials while bringing the country's anti-terrorism laws up to international standards.

[redacted] **Demoralized Security Forces.** Budget cuts implemented early on by the Toledo government have severely damaged the capabilities of Peru's security forces. The *Peruvian National Police* (PNP) has the lead on counterinsurgency operations, and the military has been relegated to playing a supporting role. The Embassy reports that the PNP are demoralized, under-funded, and corrupt. On the few occasions when the police carried out aggressive operations against the SL, the operations resulted from US pressure and funding.

- Nongovernmental experts say that the PNP's budget has been reduced to such a level that many police officers work second jobs to augment their meager salaries. They also lack equipment and training.
- The police reportedly are reluctant to adopt an aggressive posture against SL, fearing that they later will be accused of repressive actions against the peasants.
- A decline in police intelligence operations has been particularly harmful. The lack of credible information on SL activities keeps the government largely in the dark about SL strength, leadership, capabilities, and level of activity.

[redacted] The one bright spot has been the government's increased support to the PNP's counter-terrorist unit, the Directorate of Counterterrorism (DIRCOTE). While a far cry from its former self, DIRCOTE probably has the best intelligence unit and carries out the most effective counter-terrorist operations in Peru.

[redacted] The *Peruvian military* appears to be worse off than the police. Budget cuts, personnel reductions, and fear of being accused of

human rights abuses largely have removed the military from engaging SL. In the wake of investigations into wrongdoing during the Fujimori era, the military intelligence apparatus has been severely curtailed and remains largely ineffective.

- Government efforts to enhance military capabilities have been modest. The Embassy reports that Peruvian defense and security spending increased 3.2 percent in 2003, but that figure still accounts for only 2.1 percent of GDP—a lower proportion than many other countries in the region.
- [redacted] the Peruvian Army troop strength is at approximately 30 percent and that helicopter lift and transport operational rates are extremely low and rapidly declining.
- SL columns that often travel with civilian non-combatants concern the Army because if a soldier accidentally kills a civilian amidst a confrontation the incident may give rise to human rights inquiries [redacted]
- These weaknesses essentially cede regions east of the Andes to SL. The PNP maintains a presence in rural Peru, but the small size of the police stations and their poor logistical support make them vulnerable to SL attacks and incapable of maintaining security.

[redacted] Nongovernmental observers believe that the continued strength and vitality of local civic action groups in the rural towns and villages of Peru remain one of the government's more successful tools against the SL. The *rondas campesinas*, created during the Fujimori government, interface with other civic organizations, work on community projects, and maintain contact with Peruvian security forces.

#### [redacted] Outlook

[redacted] We expect SL will not expand its capabilities or operating areas significantly during

the next year or two. Sporadic acts of violence almost certainly will continue and possibly increase, with the organization taking advantage of key events such as anniversary dates and high-level foreign visits to carry out symbolic attacks. Most SL activities are likely to continue to focus on non-violent, political propaganda operations.

- SL appears likely to continue expanding incrementally its role in the drug trade to fund its operations. Deep involvement along the lines of the FARC in Colombia will not be possible for several years, however, even if SL pursues it vigorously.

[redacted] President Toledo probably will take the SL threat more seriously over time and appears prepared to adopt a more forceful posture if SL escalates terrorist attacks rapidly.

- Budgetary constraints preclude a rapid injection of resources into the PNP and the military, but the reluctance of the security forces to adopt an aggressive posture probably will erode as national attention shifts away from abuses during the Fujimori government.

**Alternative Scenario**

[redacted] In a less likely scenario, the SL would be a more serious threat to the government if:

- The government failed to implement the anti-terrorism measure.
- The work of Truth Commissions dragged on, further eroding morale in the security forces.
- A serious economic downturn forced the government to cut back security and social budgets further.
- Organized protests against coca eradication grew, providing SL additional opportunities to recruit and organize.

- The government's new anti-terrorism measure should provide considerable relief from the Constitutional Tribunal rulings and ease the ability of the government to keep dangerous SL militants behind bars.

[redacted] **Implications for the United States**

[redacted] SL activities most directly affect US counter-narcotics personnel and programs.

- *US personnel in rural Peru on counter-narcotics missions*, especially east of the Andes, face particular risks, although we have no evidence that SL is specifically targeting them. Armed SL members will seek to thwart eradication of drug crops and interdiction of drug shipments. US antidrug personnel in the field could become subject to harassment, kidnapping, or even assassination by SL members or affiliated armed militants.
- SL activity also threatens to disrupt *US support to Toledo's alternative development projects*. We expect SL to try to organize coca farmers to oppose programs that encourage switching from illicit coca to legal crops. The *cocaleros* could provide the SL an expanded base for recruitment.

[redacted] The March 2002 bombing in Lima underscores the ability of SL or other violent groups to threaten the US Embassy and personnel with direct attacks.

- The bombers have not struck again, suggesting that the organization's ability to operate in the capital is limited.

[redacted] Regardless of the actual threat to the Peruvian government, we expect Toledo to seek more US assistance to combat the SL. He is aware of US interest in both counternarcotics and counterterrorism and almost certainly will emphasize his partnership with Washington in both efforts.