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Political Stability: The Narcotics Connection

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An Intelligence Assessment

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G1 86-10014
March 1986

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Political Stability: The Narcotics Connection

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An Intelligence Assessment

This paper, prepared by [redacted] incorporates assessments done by analysts in the narcotics branches of the Office of Global Issues and the Office of Imagery Analysis. It was coordinated with the Directorate of Operations. [redacted]

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Comments and queries are welcome and may be directed to the Chief, Terrorism/Narcotics Analysis Division, OGI [redacted]

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Political Stability: The Narcotics Connection

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Key Judgments

*Information available
as of 15 January 1986
was used in this report*

The narcotics trade has the potential to affect political stability in several ways:

- Large criminal trafficking organizations can use money and intimidation to influence political, economic, security, and social institutions.
- Insurgents operating in narcotics producing and trafficking areas can gain access to large amounts of money and smuggling networks to enhance their antigovernment operations.
- Urban terrorists can make enough money on a single, large transaction to finance annual operating costs.
- Hostile states can use criminal narcotics organizations to obtain hard currency and to smuggle arms to insurgent or terrorist clients and to support other subversive activities beyond their borders

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Criminal narcotics trafficking organizations can exert significant economic and political influence over some regimes in the Western Hemisphere, including The Bahamas, Mexico, Colombia, Bolivia, Peru, Jamaica, and Panama. Such organizations are becoming important in Belize and certain Eastern Caribbean ministates. The extent of their influence enables these traffickers to undermine US-sponsored counternarcotics programs and could pose a threat to democratic institutions in some of these states.

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The value of the illegal drug industry totals tens of billions of dollars annually. Large trafficking organizations, such as the Colombian cocaine networks, can earn billions of dollars in only a few years of supplying the US market. The infrastructures of these organizations rival most legitimate businesses and some governments. Traffickers have extensive financial and commercial networks and co-opt or intimidate political and security officials. They have shown remarkable resilience in the face of international control programs, moving their operations to avoid interdiction and instituting countermeasures that complicate moves against them.

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The adverse influence of a large narcotics industry can take many forms:

- Increased violence against officials associated with counternarcotics programs, including assassinations and bombings of property.
- Subversion of democratic political institutions through corruption of government officials, contributions to political parties, organization of antigovernment demonstrations by peasant growers, and manipulation of public media.

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- Loss of government revenues or the ability to control key economic or financial sectors through movements of illicit profits, manipulation of banking institutions, and dominance of local economies.
- Degradation of the effectiveness and political reliability of military units through extensive involvement of officers and enlisted men in drug trafficking.
- Social disruption from increased drug abuse and drug-related crime.
- Tension with neighboring states over aggressive narcotics interdiction in sensitive border areas. [REDACTED]

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Insurgent involvement in narcotics production and trafficking can provide access to large amounts of money for weapons and political action. It also can give insurgents contacts with smuggling networks capable of moving weapons through government checkpoints. Colombian (FARC), Burmese (BCP), and Kurdish insurgents regularly exploit narcotics trafficking for their own ends. Peruvian (SL) and Tamil groups are showing interest, and changing patterns in the drug trade could bring other insurgent groups into close contact with drug traffickers. [REDACTED]

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Terrorist groups have shown less interest in drug trafficking, perhaps reflecting relatively fewer opportunities. Most terrorists obtain sufficient funds from other sources, but some, reportedly including some Palestinian terrorist groups, occasionally participate in drug deals. [REDACTED]

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Cuba, Bulgaria, Nicaragua, Syria, and North Korea have been implicated in drug trafficking. Motives vary, but involvement would enable officials to obtain hard currency and also provide access to established smuggling networks that can be used to further subversive political activities at the expense of the United States and its friends:

- Cuban authorities have aided selected traffickers since the 1970s, facilitating transshipment of drugs through Cuban territory.
- Bulgaria, through its state trading corporation KINTEX, has been directly involved in aiding drug traffickers since the 1960s. Since a US demarche in 1982, such activities have been much less visible, but we suspect they continue.

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- Syrian officials have taken advantage of changing drug trafficking routes between Southwest Asia and Europe to participate in the drug trade, but the level of involvement is not well documented.
- North Korean overseas missions were implicated in drug trafficking between 1976 and 1983, an apparent response to hard currency constraints that forced individual missions to finance much of their own operations. [REDACTED]

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The influence of criminal trafficking groups and the involvement of insurgents, terrorists, and hostile states constrain US drug-control programs in the Western Hemisphere. The consequences of aggressive government control programs under such conditions could pose severe political challenges to friendly regimes, especially those with democratic institutions, and spark increased social and economic disruption. Even so, we judge that most governments could do more to contain the problem, to keep traffickers off balance, to curtail their freedom of action, and to raise their costs of doing business. [REDACTED]

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We judge that a concerted regional effort could have a demonstrable impact on the problem in the Western Hemisphere by undercutting the traffickers' ability to shift operations to escape enforcement pressure. Some Latin American governments have already called for a coordinated regional approach to countering the narcotics trade; Colombia has conducted joint interdiction efforts with some of its neighbors. Such programs will take time and resources to implement, and it is by no means clear that the governments involved can or will assign the priority to narcotics control that will be required to assure adequate resources. We expect traffickers to use every trick at their disposal to thwart control programs, including violence and political intimidation. [REDACTED]

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**Political Stability:
The Narcotics Connection**

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Scope Note

This assessment examines the ways in which narcotics production and trafficking can interact with political, economic, and security institutions to affect the stability of producing or trafficking countries. It is by its nature, therefore, a one-dimensional perspective on problems of political stability and makes no attempt to place narcotics-related "threats" on a continuum with other factors affecting political stability. Rather, it is an attempt to indicate how drug trafficking can complicate existing problems or be exploited by those who wish to do so. For most countries, available information allows us only to raise the issue that the narcotics trade is likely to become an additional factor working against political stability. An understanding of the potentially destabilizing nature of a narcotics trade is important in assessing the potential constraints facing drug control programs.

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Political Stability: The Narcotics Connection

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Introduction

The multibillion-dollar international narcotics industry has ramifications far beyond the immediate concerns of domestic law enforcement in consumer nations. It can also threaten the stability of countries friendly to the United States:

- Large criminal trafficking organizations use money and intimidation to influence economic, political, security, and social institutions in order to blunt US-sponsored counternarcotics programs and prevent local government action against them.
- Insurgents operating in narcotics producing and trafficking areas can gain access to large amounts of money and to smuggling networks that can be used to acquire or move arms, equipment, and personnel.
- Urban terrorist groups can make enough money on a single, large transaction to finance their annual operating costs.
- Hostile states can use criminal narcotics smuggling networks to obtain hard currency, to smuggle arms to insurgent or terrorist clients, and to support other subversive activities beyond their borders.
- The problem is most severe in Latin America and the Caribbean where all four factors are present to some degree, but the drug trade also poses a threat to governments important to the United States elsewhere.

Criminal Trafficking Organizations and Political Stability

The existence of a large narcotics industry and powerful criminal trafficking organizations in a country can threaten political, economic, and security institutions in a variety of ways. Countries with democratic

institutions are particularly vulnerable because traffickers, by manipulating these institutions, jeopardize the basic system of government. The effect on US interests can range from a regime that is unwilling or unable to cooperate with US counternarcotics programs to a government that has lost effective control over territory, elements of its judiciary or military, or its ability to plan and manage the economy. If the government affected is friendly to the United States and integral to US diplomatic and security planning in a given region, the ramifications for American interests go far beyond concern for the effectiveness of narcotics programs. Trafficker influence over friendly governments is an immediate problem in Latin America, but it is a potential problem in virtually any Third World country with a flourishing narcotics industry. Most such states have weak political and economic institutions, and their security forces are generally mismatched in any contest with the trafficking organizations.

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Of immediate concern to us wherever narcotics traffickers can exercise strong regional or national influence is their ability to twist public perception of the narcotics issue, making it part of the anti-US or anti-Western debate in the Third World. Through control of media, influence with public officials, and associations with key opinionmakers, traffickers have been able to arouse public opinion against control measures by appealing to nationalist sentiments. Such activities affect more than bilateral cooperation on narcotics control measures; they can undermine the ability of a government to cooperate with the United States on a wide range of foreign policy or security initiatives. They also play into the hands of the USSR, Cuba, and other regimes that seek to foment or exploit anti-American sentiment. *Pravda*, for example, was quick

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Figure 1. Aftermath of a car bomb explosion on the street outside the US Embassy in November 1984. The bombing was believed to be part of a campaign by Colombian drug traffickers to intimidate US and Colombian drug law enforcement agents.

high-level officials identified with drug control, including foreign citizens such as US embassy or narcotics control personnel. Traffickers have demonstrated a willingness to use terrorist tactics in an attempt to undermine government authority and will to institute strong counternarcotics measures. We see a direct correlation between enforcement successes and trafficker-sponsored violence against officials.

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Colombia. The assassination of a high-level assistant in the Justice Ministry in February 1984 and that of Justice Minister Lara Bonilla in April 1984 were traced to drug traffickers. The latter played a key role in government antinarcotics programs, and the former had publicly supported implementation of an extradition treaty with the United States directed at drug traffickers. The respected Superior Court judge investigating these murders was killed, presumably by drug traffickers, in July 1985. The Colombian Government's agreement to extradite traffickers triggered death threats to President Betancur among other Colombian officials, as well as senior US Embassy personnel and the Spanish Ambassador. Drug traffickers were probably responsible for a bomb that exploded near the US Embassy in Bogota in November 1984, and perhaps for another near an American-owned language school.

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Peru. Nineteen members of a US-financed coca eradication team were murdered in November 1984 during operations in a key coca-producing region, probably at the instigation of traffickers. The increased violence led to the resignation of large numbers of local officials and temporary suspension of eradication programs.

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Bolivia. Traffickers, in November 1984, attempted to kidnap a Bolivian legislator who was investigating links between the government and the cocaine trade,

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to portray US demarches to Mexico after the February murder of a US Drug Enforcement Administration (DEA) agent as Washington blaming the Third World for American problems.

Drug-Related Violence

One of the most obvious manifestations of a powerful drug industry is an increase in drug-related violence against government narcotics control officers and

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[redacted]

Mexico. In February 1985, traffickers abducted and murdered a DEA special agent and his Mexican pilot. Since 1982, press and DEA information indicate that some 100 Mexicans associated with narcotics control programs have been murdered by traffickers.

[redacted]

Subversion of Political Institutions

The narcotics trade directly threatens government stability when traffickers subvert political institutions in order to undermine or prevent narcotics control programs and influence government and popular opinion in their favor. Corruption of bureaucrats, politicians, and police is a way of life to criminal traffickers and a common phenomenon in all important narcotics producing and trafficking countries. In some, however, traffickers have gone beyond merely buying compliance from whomever is in charge to actively promoting politicians and policies that favor them. Attempts to manipulate local and national public opinion in favor of the narcotics industry are most common in Latin America but also occur elsewhere. In some places, traffickers exploit ethnic conflict to turn growers against the central government.

[redacted]

Colombia. One of the best examples of concerted attempts to manipulate the political system and public opinion in support of traffickers is the manner in which Colombia's extensive trafficking organizations operate. Traffickers contribute to campaigns of both parties to ensure themselves of friends in the Colombian Congress, and they have obtained a loyal cadre of representatives, largely from the northeastern marijuana-growing region, who protect their interests. US Embassy officials report that one major marijuana trafficker, Pablo Escobar Gaviria, secured appointment as an alternate Liberal Party member to Congress, and another founded his own political party. A friendly legislator used his position as President of the Senate Committee on Health and Education to rally public opposition to proposed aerial spraying of herbicides on narcotics crops in 1984. Embassy, press,

[redacted]

[redacted] indicates that Colombian traffickers (b)(1)
are perhaps the most advanced in their ability to (b)(3)
manipulate the media. One major trafficker, Carlos Lehder, owns a weekly newspaper to ensure continued favorable coverage; he also finances full page advertisements aimed at undermining government antidrug efforts by playing on nationalist themes. Other traffickers use sympathetic journalists to place articles depicting them as local benefactors and heroes. Some large traffickers finance civic projects such as parks, zoos, and public housing projects to burnish their popular image.

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Bolivia. Journalists report that traffickers stimulated an antigovernment demonstration by peasants in a major coca-growing area in 1984 in response to attempts to regulate the coca trade. Subsequently, the congress of the country's largest labor union called for free marketing of coca leaves and abrogation of US-Bolivian accords on drug control. According to the US Embassy, the narcotics industry contributed large amounts of money to both parties in the 1985 election to ensure a strong cadre of support against any plans to implement more effective control programs. The Interior Minister in the outgoing Siles administration, who controlled appointments of narcotics officials, was implicated in drug-related corruption. The situation at the national level in Bolivia is an improvement over the earlier regime of Garcia Meza, who took power in 1980 in a coup that was financed by major traffickers.

[redacted] (b)(3)
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Belize. Government concern about opposition from politically influential marijuana farmers caused repeated postponement of aerial eradication of marijuana crops in 1985, according to Embassy reporting.

[redacted] (b)(3)

Jamaica. [redacted] (b)(1)
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[redacted] Jamaica also has (b)(1)
a strong "marijuana lobby" that successfully manipulates public opinion to thwart government actions; this

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lobby staged an "environmental" protest in 1984 to prevent an agricultural development project that would have flooded a prime growing area for a high-grade form of marijuana. Reporting from a variety of US Mission sources indicates that payoffs and political contributions from drug traffickers are an increasingly important source of funds for Jamaica's political parties. Although neither major party systematically solicits money from drug dealers, individuals in both the ruling Jamaica Labor Party and the opposition People's National Party have used drug money to support their activities. The Embassy reports that the People's National Party and the small but vocal Marxist Workers' Party of Jamaica purchase arms with drug money for use in the political wars.



Figure 2. Mexican federal drug control agents killed by drug traffickers in November 1985.

Peru. Narcotics-related corruption has been widespread, reaching to high levels of public and private institutions. Persons arrested for complicity in the drug trade in recent years have included doctors, senior police officials, a prominent member of the Chamber of Deputies, and the president of the Board of Directors of the national airline. [redacted] implicated more than a dozen senators and deputies in some aspect of the illegal drug business. Under the Belaunde administration, traffickers so thoroughly suborned the judicial system that few were arrested and even fewer convicted; [redacted]

Reports from the US Embassy and [redacted]

[redacted] Police reportedly provide protection for the narcotics industry and sometimes act as middlemen in transactions [redacted]

[redacted] Recently elected President Alan Garcia has taken several highly publicized steps against drug-related corruption, including firing many high-ranking police officials, but it is too soon to judge the long-term impact of these moves or whether he will be able to sustain them [redacted]

Mexico. Pervasive corruption at all levels has undermined narcotics control programs and resulted in police and government officials actively abetting trafficking operations. Several members of the Mexican Federal Judicial Police were implicated in the abduction and death of a US DEA agent in February 1985. According to DEA reports, known associates of one influential trafficker include state governors, close friends of the Attorney General and of the President of Mexico, and a former Mexico City police chief.

The Bahamas. Investigations by a Royal Commission of Inquiry in 1984 indicate that drug-related corruption is widespread among lower level officials, and testimony suggests that substantial corruption exists at the middle levels, especially among the judiciary. The Bahamas has long been a major transit area for cocaine and marijuana to the United States. Although the commission cleared Prime Minister Pindling in 1984 of charges of personal involvement in drug trafficking, testimony before the commission implicated several high-level officials, including cabinet ministers. Despite a cabinet shuffle and subsequent

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offers of cooperation in US narcotics efforts, drug-related corruption continues to be a fact of life, and we suspect that those large traffickers with well-placed friends are likely to escape the consequences of any intensified counternarcotics program undertaken to mollify the United States. [REDACTED]

Pakistan. Most opium is grown in northwest Pakistan, in areas that have traditionally sought autonomy at the expense of whatever government is in power. Traffickers are able to exploit strong tribal resentment of central authority to contest government attempts to control poppy cultivation and processing. In February 1985, villagers in Dir, North-West Frontier Province, made common cause with poppy growers to keep government eradication teams out, according to Embassy reports. In March 1985, government moves against a heroin laboratory in the tribal area of the Khyber Agency, North-West Frontier Province, resulted in a sharp firefight with local Pushtun tribesmen. Adding to government concern, these areas are along the border with Afghanistan, and Islamabad does not wish to provoke unrest in this crucial security zone. [REDACTED]

Thailand. Most opium is grown in tribal areas along Thailand's borders with Laos and Burma, areas of poor security and weak government control where the inhabitants do not identify with the regime in Bangkok. Embassy reports suggest that some in the government, particularly the Royal Family, fear that a strong stance against poppy cultivation could lead to active antigovernment conflict and a resurgence of the Communist Party of Thailand insurgency, which was formerly strong in these areas. In the last year, the King has permitted eradication operations in some hilltribe areas in conjunction with rural development programs for poppy farmers. [REDACTED]

Destabilization of Financial and Economic Institutions

The impact of the narcotics industry on national financial and economic institutions and policies is less well documented than that for political ones. A chief difficulty lies in determining how much of the narcotics earnings returns to the countries that produce and process the drugs. Offshore banking centers, particularly in areas that serve as crossroads for drug



Figure 3. Thai King Bhumibol receives a small rose plant during a visit to a crop substitution project in northern Thailand. The Thai royal family considers hill tribes people, many of whom grow opium, to be under their special protection. [REDACTED]

trafficking, derive some of their business from moving drug money, but we cannot determine whether the share is large enough to influence national policy. (b)(3) Individual banks or financial institutions, however, may be totally dependent on drug money and vulnerable to manipulation. At a minimum, a government's ability to monitor and control economic affairs is diminished by the presence of a pervasive underground economy fueled by drug money. Drug money movements are influenced not only by the same

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A Profitable Enterprise

US Government sources estimate that, worldwide, the dollar value and related cost to society of the illegal drug industry may total \$150-300 billion annually. The clandestine nature of the trade complicates not only estimates of its profits but also any attempt to determine the destination of the profits, in particular what share eventually returns to the countries involved in production and trafficking. According to our estimates, for example, some \$5-15 billion in drug revenues left the United States in 1983, but much of this did not return to the Latin American countries that are the major source of drugs reaching the US market. [redacted]

accruing to those involved in production and transport. Profits on a given transaction vary greatly depending on the point in the production/trafficking chain—the closer to the retail sales end of the chain, the greater the markup. Even though the grower receives very little relative to the street price in the United States, his profit is still substantially greater than it would be from any other agricultural crop. Estimates of farm income in one coca-growing area conclude that annual profits from coca were as much as \$1,800 to \$2,400, in sharp contrast to \$750 to \$900 for cacao, \$750 for rice, and \$260 for corn. [redacted]

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The billionaires of the international narcotics industry are the large Colombian cocaine-trafficking organizations that supply the US market, for their control extends from acquisition of the raw materials in the coca-producing countries of South America through wholesale distribution in the United States. We estimate that gross receipts of Colombian trafficking organizations from US sales in 1983 were \$6-8 billion and that about half of this was profit. In terms of affluence, the Colombians' closest competitors are the Mexican traffickers, who also handle multiple drugs and operate deep within the US market. One Mexican trafficker this year claimed a personal fortune of \$3 billion. Such large profits provide a slush fund to underwrite anything the traffickers choose to do, including instituting countermeasures against drug-control efforts. [redacted]

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We suspect that drug money returned home by traffickers probably did not constitute more than 10 percent of the GNP of any producing country, but such dollars probably represented the principal unregulated source of hard currency in many source and transit countries. In 1983, for example, earnings removed from the United States by Colombian traffickers were roughly double Colombia's external current account deficit that year. The temptation to tap into this seemingly unlimited flow of money is strong not only for individuals interested in improving their personal financial situation but also for governments or subnational groups short of cash and not particularly fastidious about where they acquire it. We judge some of the officials of debt-ridden governments might see a deal with the traffickers as preferable to domestic austerity measures. [redacted]

Most of the income from drug sales is earned by distributors in major markets, with significantly less

economic forces that motivate other investors but also by countermeasures against the drug trade all along the trafficking route. We judge that the erratic ebb and flow of drug money is destabilizing to both the money supply and the exchange markets in affected areas. [redacted]

the perception of leaders and citizens that the benefits are enormous. This perception can prevent governments with large foreign debts and failing domestic economies from invoking strict counternarcotics programs. Revenues returned to source countries can give the traffickers a strong grip on rural drug cultivating

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Whether the national economies of the producer and trafficker countries reap economic benefits or problems from the narcotics trade is less important than

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or trafficking areas. In some producing countries, drugs have become the leading agricultural export: in all of them, the income from drug crops greatly exceeds that possible from any alternative use of the same land and labor, according to US and other agricultural experts. In some areas of Mexico, DEA reports that drug plantations are the principal employer [REDACTED]

Some observers are also concerned that the growing attractiveness of drug cultivation may divert needed resources, including manpower, pesticides, herbicides, and fertilizers from legal export crops and needed foodstuffs. [REDACTED]

Colombia. Embassy estimates indicate that drug money flows into Colombia during the 1970s substantially blunted the impact of the oil price increase on foreign exchange balances. The clandestine inflow of drug dollars was sufficient to create a major upheaval in the exchange markets. In 1980 as much as \$2 billion in drug money may have entered Colombia. This declined to less than \$1 billion in 1984, partly in response to government abrogation of banking regulations that had encouraged drug money return. The Betancur government in 1985 discussed legislation that seemed designed to reverse this trend, despite a continuing national campaign against the drug trade spurred by last year's assassination of Justice Minister Lara Bonilla. [REDACTED]

Panama. A favorite crossroads for moving and supplying the drug trade, Panama also is a major financial center for drug money laundering and investment. Panama's strict bank secrecy laws and general laissez faire attitude toward financial activities work to the traffickers' advantage. Panama's emergence as a major banking center coincides with the expansion of the Colombian narcotics industry. DEA reports indicate that a Panamanian bank, when it opened in 1975, had as a major investor and officer the Colombian drug trafficker Gilberto Rodriguez Orjuelo. One recent report suggests traffickers also use Panamanian institutions as investment centers. Drug money dollars probably play a bigger role in Panama than in any other Latin American offshore banking center, and traffickers and their beneficiaries could bring strong pressure to bear on the government should it try to move against them. [REDACTED]

Peru. The impact of a booming narcotics industry on the local economy can be seen in the town of Tingo Maria in Peru's Upper Huallaga River Valley. A small jungle village before the coca boom, visitors report it now features a market filled with expensive consumer goods, new hotels, a thriving commercial sector, and people with money to spend. Soil and climatic conditions in the area are generally unfavorable to the cultivation of other cash crops, and lack of transportation would make it difficult to get them to market. As long as the farmer can make an estimated \$100 from a hectare of coca, compared with only \$10 from a hectare planted in rice or corn, any attempt by the government to end the narcotics trade without compensating economic aid could bring severe economic depression to the area and could trigger a serious antigovernment backlash. [REDACTED] (b)(3)

Undermining Effectiveness of the Military

The impact of the narcotics industry on the military is of direct concern because many Third World governments depend heavily on their armed forces both for internal security and for political support. In many countries military officers have been directly implicated in drug trafficking in their areas of responsibility. Such involvement can degrade the overall effectiveness of the military in performing its security mission. Even in countries where there is limited direct involvement, the narcotics trade can be a source of dissension within the military and between military and political leaders. Frequently, only the armed forces have the equipment, training, and skill to combat effectively a large, well-equipped drug trafficking organization. Government attempts to involve the military forces in drug control, however, can meet with resistance from commanders who see drug control as a police function or who fear the corrupting influence of involvement in narcotics control. [REDACTED] (b)(3)

Mexico. The Army, along with the Attorney General's office, is involved in eradication programs. [REDACTED] (b)(1) [REDACTED] low-level military men accept payoff (b)(1) to burn fields after, rather than before, the harvest and to allow traffickers through roadblocks established to search for illegal drugs. In major drug-producing areas, battalion and zone commanders have

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Figure 4. Member of the Mexican armed forces during a raid on an opium poppy field in Mexico.

least protect favored associates or family members. The current armed forces commander General Noriega has close business and social ties to several people cited by DEA as drug traffickers. Investigations connected with the destruction in 1984 of a cocaine laboratory being built by Colombian traffickers in Darien Province brought allegations that the Executive Secretary of the Armed Forces General Staff had accepted sizable bribes from Colombian trafficker Jorge Luis Ochoa in return for protecting the laboratory operations from enforcement. [redacted]

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Colombia.

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some local military commanders in Colombian drug-producing areas are heavily involved in drug-related activities. [redacted] and [redacted] tell of military personnel loading drugs on aircraft, Air Force personnel operating their own drug-smuggling operations out of a Colombian air base, and bribery of field-level officers in the Army, Navy, and Air Force. We have no reports of high-level participation in the drug trade, although this situation could change as junior field-grade officers are promoted. [redacted]

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Peru. The military is not involved in drug control, and reports from various Embassy sources indicate that senior officers have resisted efforts to include it because they fear the potentially corrupting influence on military units. [redacted]

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[redacted] extensive corruption already exists at the field level. Some officers have been accused of looking the other way when drug shipments arrive at border checkpoints in the drug-producing region of north-eastern Peru. Air Force officers have been accused of permitting drugs to move through airports under their control, and some reports allege that Air Force planes have been used to transport drugs from growing areas to collection centers. [redacted]

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Bolivia. Direct military involvement at high levels has probably lessened since the late 1970s and early 1980s, when drug-related corruption was the norm at the highest levels of the military and government. US officials in La Paz reported that, during that period, Col. Luis Arce Gomez, a leading field commander

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been implicated in protection of or participation in the drug trade, according to DEA sources [redacted]

Panama. Drug control falls under the purview of the Panama Defense Forces, and DEA [redacted] reports have indicated over the past several years that senior officers participate directly in the drug trade or at

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and subsequent Interior Minister, operated his own cocaine network and demanded a percentage from other traffickers. The most notorious military drug traffickers were purged during the recent Siles administration, but the problem continues at the field levels, particularly in the drug-producing regions. Reports also continue to allege associations between drug traffickers and high-ranking officers. Bolivian Air Force personnel and equipment continue to be implicated in the transport of drugs [REDACTED]

[REDACTED] Navy boats assigned to patrol against drug and other smuggling are being used to transport drugs on the interior waterways [REDACTED]

Pakistan.

[REDACTED] Allegations of involvement by field-level officers are common and seem credible, given the overall level of corruption in Pakistan and the widespread problems of narcotics trafficking [REDACTED]

Thailand. In the past, high-ranking officers of the Thai military, including former Prime Minister Kriangsak, were implicated in the narcotics trade, but this no longer appears to be the case. One high-ranking police officer, however, allegedly runs a narcotics smuggling ring [REDACTED]

[REDACTED] Involvement at the midlevels exists, especially among units charged with suppression activities along the Thai-Burmese border in northern Thailand [REDACTED]

[REDACTED] A Thai investigation discovered some Army officers were running their own heroin trafficking network from a camp in central Thailand that serves as a distribution point for both civilian and military traffickers. Because military personnel and vehicles are not subjected to searches at police checkpoints intended to control drug smuggling to Bangkok, poorly paid military personnel can earn large profits, especially as national control programs succeed in tightening up the overall situation [REDACTED]



Figure 5. Buddhist monk treating a narcotics addict at a temple in Thailand [REDACTED]

Social Disruption

The social disruption caused by the drug abuse and (b)(1) violent crime that frequently accompany a well-developed narcotics industry can also lead to political problems for the government. Almost every major drug-producing country is experiencing a rise in domestic drug abuse, a byproduct of burgeoning narcotics production and the desire by the traffickers to find new markets. Coca-producing countries have always had a large population that chewed the coca leaf, but now they are developing urban addict populations that use semirefined and refined coca products. Jamaica and The Bahamas, countries that are major trafficking (b)(1) ing and transshipment points for South American (b)(1) cocaine en route to the United States, have begun to experience cocaine abuse problems of their own. (b)(1) Pakistan, though it long had a number of opium (b)(1) smokers, reports an increase in heroin addicts from almost none in 1980 to an estimated 200,000 to 300,000 in 1985. [REDACTED] ((b)(1)

The governments of countries involved in the narcotics industry also report a rising rate of violence, including crimes by those seeking to buy drugs and by those trafficking them. Violence between competing trafficking networks have spilled over into the streets endangering the general public. Officials in Trinidad

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and Tobago point to their country's growing importance as a transshipment point in the Caribbean narcotics trade as the reason for the recent upsurge in illegal weapons imports. The methods used to smuggle the drugs can also be used to bring in the weapons [redacted]

For the Caribbean states heavily dependent on foreign tourists, a reputation for a high crime rate can dry up this important source of hard currency for the national economy. [redacted]

Tensions With Neighbors

Because narcotics operations, whether growing or trafficking, frequently occur in areas far from the government's control and often in regions where international borders are poorly defined, aggressive narcotics control programs by a country can sometimes lead to tensions with its neighbors. Pakistan, for example, must take care that any major operations against opium growers and refiners in its North-West Frontier Province not provide the Afghan regime and its Soviet advisers with an excuse to allege provocation and launch military attacks against Pakistan. Thailand and Burma have regarded each other with distrust for years in the area of the Golden Triangle heroin centers, and Thai operations in pursuit of opium traffickers can cause friction with Rangoon, which suspects Bangkok of supporting anti-Burmese insurgents in the area. Similar problems have existed in South America, for example, along the Ecuadorian-Peruvian border. At present, however, the prevailing trend in South America and elsewhere is toward greater cooperation against drug traffickers. [redacted]

Countries of Most Immediate Concern

We judge that criminal trafficking organizations can already pose a serious threat to the political or economic well-being of several Latin American or Caribbean countries important to the United States. In any of these countries, a large-scale antinarcotics campaign would be disruptive to the national life and could precipitate a serious confrontation with considerable violence. We judge, however, that, despite their

public statements, none of these governments can or will put sufficient pressure on traffickers to force a showdown in the near term. We believe that government counternarcotics programs probably can put the less influential or powerful traffickers out of business, but we expect the major traffickers to remain secure, although their operations can be disrupted and made costlier. For their part, traffickers would prefer to maintain the status quo, avoiding a confrontation that would upset existing business relationships [redacted]

[redacted] Traffickers in *Colombia* have been able to avoid most of the consequences of the state of siege, either by moving their operations or by blunting government activities. If they believed that they were in serious danger, we expect the traffickers would make good their threats of assassination and bombing against local and foreign officials. They could also precipitate capital flight, which could severely undercut the country's financial stability. In a democratic country, like Colombia, trafficker penetration of the media and elected political bodies could be used to turn popular opinion against the government even though polls indicate that many Colombians oppose the narcotics industry. [redacted]

The newly elected government of *Bolivia* has an uncertain hold, and the fragile economy could withstand few shocks. Some rural areas are a coca monoculture with no other economic base. Any sign that the government planned a significant move against the narcotics industry could bring serious local unrest in the growing areas, economic dislocation, and probably strong reprisals from within the regime, perhaps from the military. In *Peru*, where the economy is in disrepair and democratic institutions have a tenuous hold at best, large numbers of peasants earn their living from the narcotics industry. A concerted assault on the coca trade in rural areas without parallel economic development could bring depression there

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Trafficking Organizations

Criminal drug trafficking organizations range from small, specialized operations active in one segment of the production, trafficking, or distribution of a specific drug to large, sophisticated enterprises that resemble a vertically integrated multinational company in their size, scope, and manner of operations. The best examples of the latter type are the large Colombian organizations, which dominate the production, processing, and distribution of cocaine for the US market. Such organizations may distribute thousands of kilograms of cocaine to the United States, earning billions of dollars in just a few years of operation. These large networks handle all aspects of the trade: purchase of the raw product in Bolivia, Peru, or elsewhere; processing either nearby or at an intermediate stop such as Mexico; and wholesale distribution in the United States. Although a large trafficking network may specialize in one drug, such as cocaine, it can use its infrastructure and contacts to handle other drugs in response to shifting market preference or to exploit targets of opportunity; for example, Colombian marijuana traffickers began supplying the US market with methaqualone when that became popular. Members of the drug trafficking fraternity usually know one another and cooperate on occasion, for example, to send a large shipment; they also compete, sometimes violently, as one attempts to increase his share at another's expense.

The infrastructure of a large network rivals most legitimate businesses and even some national governments in the amount of property, sophistication of equipment, and network of financial, political, and commercial contacts. Large cocaine trafficking organizations, for example, frequently control fleets of small aircraft—many with sophisticated communications gear and reconfigured with extra fuel tanks that are used to carry drugs, people, and money

between Latin America and the United States. These operations are supported by a network of clandestine airfields, some of them fairly large with concrete runways, others small dirt strips. The organizations also have sizable numbers of trucks, small and large boats, helicopters, and any other form of transport needed to move the drugs from remote growing areas to clandestine processing sites and eventually to the US market. To disguise and facilitate their illegal activities, traffickers buy or create cover businesses, including transport companies, machine shops, shipyards, crop-dusting firms, and ranches. Traffickers also need access to financial networks capable of moving and laundering their profits and arranging payments to creditors. These networks consist of both underground and legitimate financial institutions. As a result, most traffickers have cultivated important contacts among banks, money exchange houses, and investment firms.

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In addition to their extensive financial and commercial networks, trafficking organizations shield and protect their operations by co-opting or intimidating political and legal authorities. In some small towns or rural areas, the trafficking network may function as a de facto political institution paralleling the government apparatus. Traffickers bribe politicians, finance political campaigns, and corrupt government narcotics enforcement officials at all levels. Law enforcement personnel are particularly vulnerable in most Third World countries because they are poorly paid, have low morale, receive inferior equipment, and are generally regarded as second rate by comparison with the armed forces. Trafficking organizations may also employ private armies, in some cases composed of local police forces, to protect or further their operations.

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that alienated the peasants and encouraged antigovernment dissidents. We do not expect the governments of Colombia, Bolivia, or Peru to launch such a frontal assault, but, if they did, we are concerned that the involvement of military personnel in the coca trade in all three countries would undercut the reliability of any local units commanded to assault the traffickers. [REDACTED]

Jamaica has been a major supplier of the US market for marijuana and has recently become an important transshipment point for cocaine. Government moves against cultivation of marijuana have aroused a strong political lobby against the present regime, but thus far major traffickers have not sought to exercise their muscle. Some reportedly believe they are immune from government interference because they have subverted enough police or military personnel to guarantee the safety of their operations. Most can probably afford to miss a few harvests, given the recent oversupply of marijuana on the US market. In our judgment, recent evidence that the government is serious about moving against the narcotics trade will cause traffickers and growers to step up pressure on Seaga by increasing attempts to corrupt or co-opt local political institutions. [REDACTED]

Panama differs from the preceding countries in that its involvement is largely financial. We judge that drug money is a crucial ingredient in Panama's success as an international banking center, although we cannot estimate the extent. Consequently, traffickers have financial leverage in addition to the influence they have acquired through close associations with key military personnel in the ruling circles. If Colombian traffickers begin to relocate refining operations to Panama, we would expect the drug-related corruption to spread deeper into the military and civil administrations. [REDACTED]

The charges against the Pindling government of **The Bahamas** in the media and as a result of the High Commission investigations in 1984 represented a major political scandal but evidently did little damage to the Prime Minister's political position with his constituents. We judge that, despite evidence of some cooperation with US counternarcotics programs, the Pindling government will do little that might threaten traffickers with good political connections to the regime. [REDACTED]



Figure 6. Bahamian Prime Minister Pindling (center, carrying papers) leaves the House of Assembly in Nassau October 1984 after his first appearance in Parliament following the departure of five Cabinet ministers from office in the wake of drug corruption investigations. [REDACTED]

Several Latin American countries on the fringes of established producing or trafficking areas are being drawn into the narcotics trade as a result of changing situations elsewhere. In some cases, these countries have weakening economies in which traditional crops or industries are suffering a declining world market, and the drug trade may well become an attractive alternative to unemployed peasants. We consider these countries vulnerable to increased influence by traffickers. [REDACTED]

The marijuana lobby already exerts political influence in **Belize**, according to Embassy reporting, but we judge that the growing importance of marijuana as an export crop could markedly increase this. The decline of traditional cash crops, such as sugar, and the availability of easily cultivated land make Belize attractive as an alternative growing site to Colombia and Jamaica, where government eradication efforts continue. The need for alternative processing facilities for coca have led to increased use of **Argentina** as a site for cocaine laboratories and as a transshipment point, according to DEA assessments. We are concerned that, given past military involvement in the

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narcotics trade, the traffickers might establish alliances with dissident rightwing political groups to ensure protection. Various states in the Eastern Caribbean could become important transshipment points for cocaine from South America as US enforcement efforts make present Western Caribbean routes less attractive. We judge that few of these states have police forces capable of dealing with an influx of well-organized criminal trafficking organizations and that these ministates risk coming under the influence of such networks before they are sufficiently aware of the problem to take action [REDACTED]

Insurgent Involvement in the Narcotics Industry

Involvement in narcotics production and trafficking by antigovernment insurgent or separatist groups in countries friendly to the United States can increase the threat to government stability and jeopardize US diplomatic and security interests in the region. Several major rural insurgencies regularly obtain money and weapons through direct or indirect participation in the drug trade. The size of the narcotics trade has increased so dramatically in the last decade that these groups have been able to find a niche without threatening the activities of criminal trafficking organizations. For purposes of this discussion, we differentiate between insurgents and terrorists. Among insurgents we include those groups that seek to control territory, generally have an army of sorts, and frequently engage government forces in unit-sized confrontations. Insurgents also tend to operate in rural areas beyond government control. We consider as terrorist groups those that are generally urban; tend to attack civilian, noncombatant, or unprotected targets; and usually avoid setpiece battles with police or military. [REDACTED]

Insurgents often have the opportunity, motive, and capability to participate systematically in the drug trade. Insurgency and illicit drug cultivation tend to occur in remote regions, where the government presence is limited and rugged terrain makes it difficult for the police and military forces to operate. People in these areas often feel little connection to the national regime, feelings that are exacerbated by a weak or

nonexistent national economic and political infrastructure. Some insurgent leaders may have ideological misgivings about cooperating with traffickers, and traffickers may prefer the political status quo because they have made arrangements with it; but colocation of the two activities tends to invite interaction and can eventually lead to a systematic link. Both groups operate illegally and will inevitably come into contact as each searches for weapons and equipment, clandestine transportation, corrupt officials, and intelligence on police and military forces. [REDACTED] (b)(3)
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Certain factors may make cooperation between the two attractive. The drug trade offers insurgents access to sizable amounts of money to obtain arms and equipment and to finance political and social welfare programs. Some insurgent groups tax drug producers and traffickers in the same fashion as any other economic enterprise occurring in areas where they operate. Other groups, however, encourage growers and refiners in their area and provide protection or transportation. Some eventually become full-fledged narcotics trafficking operations in their own right. The extent of involvement varies with need and opportunity; some groups have become heavily engaged in narcotics only after other sources of financing dried up. From the traffickers' perspective, well-armed insurgents can provide protection from police. Both traffickers and insurgents need clandestine smuggling networks, the one to ship drugs out of the region, the other to bring arms in. In both cases, projecting the appearance of defending local interests against national government actions provides a common cause and helps enlist popular support. Insurgents may see support to local peasants involved in drug cultivation as a convenient way to side with them against the national government. [REDACTED] (b)(3)
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Insurgent involvement in the drug trade probably has a relatively small impact on the overall narcotics situation. Access to the money available from narcotics, however, can significantly enhance the capability of insurgent forces—a particularly serious concern in countries where the national military forces are poorly armed and trained. Insurgents who can establish their

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own arms pipeline based on narcotics smuggling are also less dependent on outside supporters. The types of weapons most insurgent groups favor are low-cost, small arms easily purchased on the gray arms market. Thus far, insurgents involved in the narcotics industry have been largely restricted to growing and refining the drugs, the least profitable part of the industry. Nonetheless, if they can control production or refining from a large area, they have a very lucrative business, one that is much more profitable than any other enterprise available to groups operating in remote Third World areas. The only comparable support would be an unlimited money and equipment pipeline from a major state supporter [redacted]

We are also concerned that, in addition to using the narcotics trade to acquire revenue, insurgent and other dissident groups may capitalize on the resentment that could be aroused in rural areas by aggressive government narcotics control programs. Active counternarcotics programs that upset rural economies and make enemies of peasant growers could play into the hands of insurgent groups looking for adherents. The insurgents need not make the first approach; traffickers and growers seeking to shield their activities from government enforcement might well approach the insurgents offering cooperation against government forces. [redacted]

Groups Heavily Involved

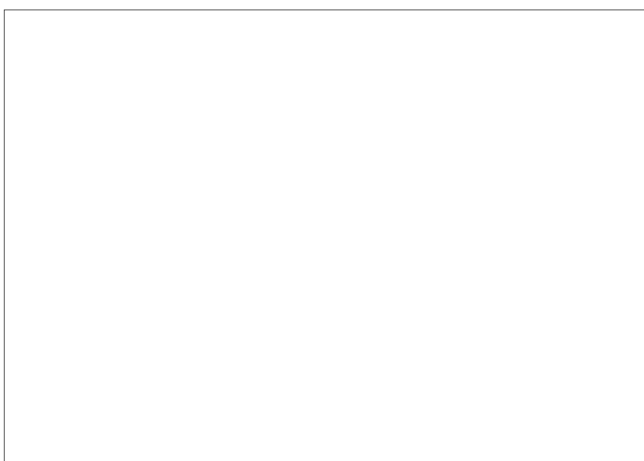
We judge that the involvement of certain insurgent groups in the narcotics industry is extensive enough to enhance the threat they can pose to regimes friendly to or important to the United States. We believe that the continued growth of the international narcotics trade, including the opening of and spread to new markets, may lead these insurgent groups to expand their involvement and, thus, the benefits they derive. [redacted]

Revolutionary Armed Forces of Colombia (FARC).

The largest and most formidable insurgent group in Colombia, FARC was established in 1966 as the military arm of the Colombian Communist Party. FARC involvement in the drug trade is well documented in Embassy [redacted] reports, which also indicate that about half of its front groups operate in areas where coca or marijuana is grown. It first

became involved in narcotics in about 1977 when it began exacting fees from growers and traffickers in FARC-controlled territory and obtaining arms from traffickers in return for protection. This activity was sanctioned by the National Directorate in May 1982.

[redacted] FARC is an example of a group whose initial ideological reservations about involvement in the drug trade were overcome as it realized the benefits that could be derived. According to US Embassy reports, FARC has established production quotas for coca in some areas under its control, and at least one FARC front in southeast Colombia was formed expressly to organize profits from coca production to support activities by other fronts. FARC units in the Golfo de Uraba trade drugs for guns with organized smuggling networks. Some reports indicate that the Communist Party may be directing this activity and may be using its channels and contacts to find markets abroad. If so, this would give FARC access to the high-profit end of the drug trade and make it the first Latin American insurgent group to control drug production from growing through marketing the finished product. [redacted]



Burmese Communist Party (BCP). A large number of ethnic separatist groups and insurgents are involved in opium cultivation and trafficking in Burma, but the only one that poses a military threat to the central government is the BCP. Reports from the US Embassy in Rangoon indicate that BCP leaders were initially opposed to opium cultivation in areas under their

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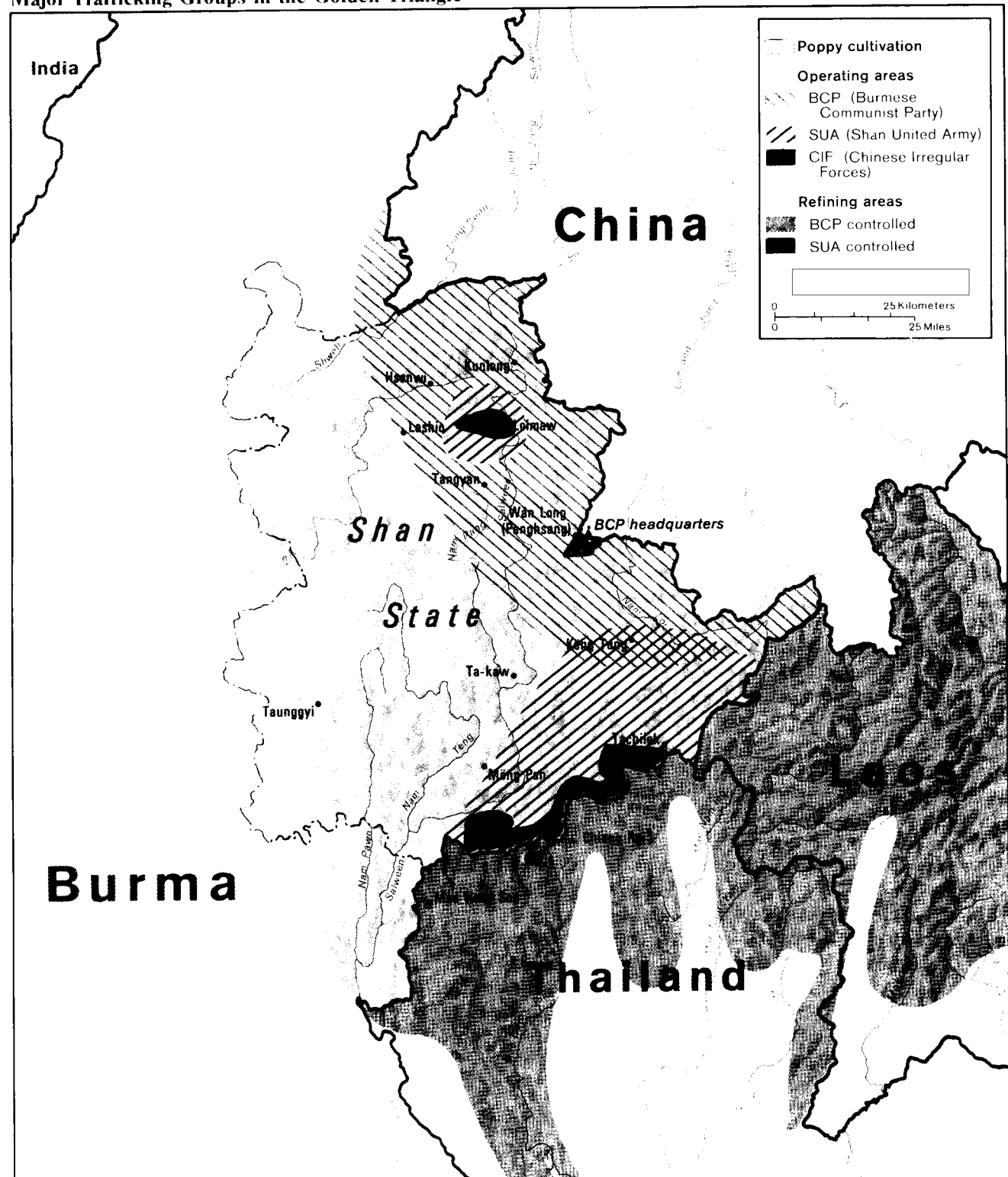
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Figure 7
Narcotic Production and Operating Areas of
Major Trafficking Groups in the Golden Triangle



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control, but, in the late 1970s, they sought to compensate for reduced Chinese financial support by systematically exploiting the opium business. According to the Embassy, the BCP now sponsors opium cultivation and trafficking activities in areas under its control; these areas account for some 70 percent of Burma's production, making the BCP the principal purchaser of raw opium from Burmese farmers. The value to the BCP of merchandizing this is estimated at \$4-8 million. The BCP earns most of its narcotics revenue from transporting opium and opium products to the Thai border area for other trafficking organizations to refine, but it is a growing source of refined heroin. At present, the BCP's heroin markets are concentrated in northern and central Burma, although it sells to Indian traders in western Burma and sends small amounts south to Rangoon. Embassy sources indicate that the BCP has formed alliances with a number of major traffickers in order to harness their expertise to develop its narcotics trade. One result of this activity has been a growing tendency for the BCP to become more of a narcotics trafficking organization and less of a political group committed to the overthrow of the Rangoon government [redacted]

As for the other Burmese groups heavily involved in narcotics cultivation and smuggling, expert observers of the drug situation in the Golden Triangle report that, unlike the BCP, they show little interest in seizing and holding territory beyond what they need for their narcotics business, and they have long since abandoned any political agenda. The Shan United Army, though once a politically motivated ethnic separatist group, is today solely a criminal trafficking organization seeking to acquire a monopoly of opium refining along the Burmese-Thai border. The Chinese Irregular Force, involved in drug trafficking since the 1950s, is also a refiner and trafficker in heroin and has connections with Chinese crime syndicates in Hong Kong and elsewhere. The Thai Revolutionary Army and the Kachin Independence Army also tax opium production, extort money from local traffickers and caravans, and act as brokers between growers and refiners. The latter, which has recently begun refining heroin, still maintains some political interests and activities, whereas the former expends all of its energies in the narcotics business. [redacted]

Kurdish Dissident Groups. Kurdish dissidents in the Iranian-Turkish-Iraqi border area became prominent in the drug trade in the mid-to-late 1970s as Turkish traffickers sought new sources of supplies in response to a crackdown by Ankara on domestic production, [redacted]

[redacted] Iranian Kurds supplied the opium, either from local production or by trade from Afghanistan, and Turkish Kurds acted as refiners and traffickers. [redacted]

[redacted] some Kurdish groups regularly trade narcotics for weapons, and [redacted] a Kurdish insurrection in Iran in late 1980 was armed in large part through barter arrangements involving drugs. Martial law was imposed in the Kurdish areas in eastern Turkey in 1981, but recent reports indicate that drug refining and smuggling continue. Turkish authorities allege that Kurds from Turkey have established major smuggling networks in Europe where they exchange drugs for weapons that are smuggled into Turkey, both for Kurds themselves and also for Turkish political extremist organizations. Reports indicate that Bulgaria is often the source for the weapons. Embassy reports show that, unlike other insurgents involved in the drug trade, the Kurds are involved all along the trafficking chain from production through refining, often in eastern Turkey, and marketing in Europe. As a result, they have access to greater profits as well as a smuggling infrastructure for moving supplies to the rebellion. [redacted]

Groups Well Placed To Participate

The following groups bear watching because they have shown some occasional interest in narcotics as a fundraising proposition or because they are located in areas where the narcotics industry is expanding rapidly. In some cases the groups are small and pose no particular threat to the government, but systematic exploitation of narcotics money and connections could change this. [redacted]

The National Liberation Army of Colombia (ELN).

ELN is a small Marxist-Leninist organization established in the early 1960s with cells throughout Colombia. It allegedly extorts money from coca growers and

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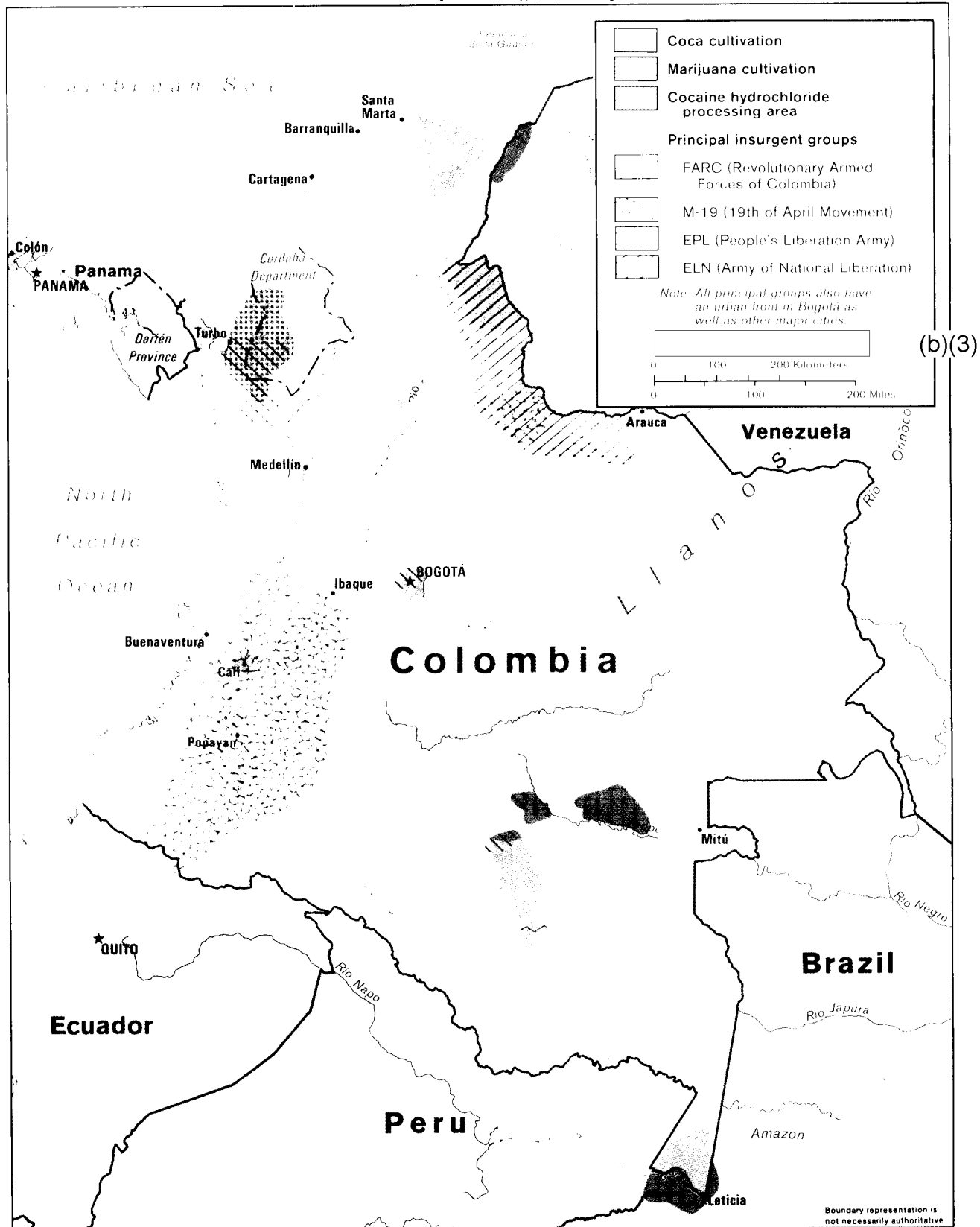
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Figure 8
Narcotics Cultivation and Rural Fronts of Principal Insurgent Groups



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cultivates some marijuana itself, but most of its operating expenses are covered by bank robberies, kidnappings, and extortion from legitimate businesses.

[redacted] Colombian drug traffickers have solicited protection from the ELN during the recent government drug crackdown.

Peoples Liberation Army of Colombia (EPL). A small group active in the Golfo de Uraba area and Cordoba Department, EPL was associated with the now-defunct pro-Beijing Colombian Communist Party/Marxist-Leninist. Colombian authorities suspect that the EPL gets some weapons from drug traffickers in the Golfo de Uraba area and that it may also cultivate and traffic in marijuana. We believe, however, that most of EPL's funding, like most of the ELN, comes from other forms of crime. [redacted]

Sendero Luminoso (SL). In contrast to the preceding two minor insurgencies in Colombia, the SL of Peru has sustained a debilitating insurrection against the government. It is based primarily in the Ayacucho region, a coca-growing area, but in 1984 it opened a second front in the upper Huallaga River Valley near the center of Peru's illicit coca industry. The SL's stated goal is to mobilize Peruvian Indians against the government. Peruvian Indians are the main coca growers and would be major losers in any serious government attempts to control coca cultivation. Thus far, Embassy reports indicate that SL involvement with narcotics apparently has been limited to extorting money from traffickers operating in its territory.

[redacted] individual SL operating units, especially in the Upper Huallaga River region, may find narcotics trafficking a convenient way to obtain funds for improved weapons and other material. The longer the SL operates in major coca-producing areas, the more likely it is to be drawn into the trade, first on an ad hoc basis and ultimately in a more systematic fashion. [redacted]

Tamil Dissidents. Tamils in Sri Lanka have increasingly resorted to terrorist tactics to press their separatist insurgency. [redacted] they have tried to exploit Sri Lanka's growing importance

as a transshipment point for Southwest Asian heroin to obtain funds for their movement. Most of the evidence so far comes from European drug investigations of Tamil couriers. The insurgents still obtain most of their financing from extortion and robberies in Sri Lanka and from funds provided by Tamils living overseas. India, which previously provided some weapons and other support, has recently backed away, according to Embassy reports, and this move could stimulate further Tamil involvement in drug smuggling to compensate for lost support. [redacted]

[redacted] Tamils are seeking to establish a full-fledged trafficking network in Europe, but it is by no means clear that the insurgents are directly associated with this activity; the operation could be simply a criminal enterprise. We judge, however, that drug trafficking is likely to become more important to the insurgents if support from India and overseas Tamils continues to decline. [redacted]

Lebanese-Based Palestinian Guerrilla Groups. These groups allegedly benefit from drug smuggling, but we have little evidence to indicate that it is more than an occasional sideline. Hashish is produced in the Bekaa Valley in Lebanon, and we also have unconfirmed reports of heroin refineries in the vicinity. Some groups unable to acquire support from other sources undoubtedly participate in the drug trade, as do individual members of all groups. We consider it unlikely that drug trafficking will become a major activity for these Lebanese-based Palestinian guerrillas as long as other sources of income remain available. [redacted]

The New People's Army (NPA). The NPA of the Philippines has allegedly developed small marijuana cultivation and processing operations in northern and central Luzon. [redacted]

[redacted] The NPA also reportedly sells some marijuana on the international market, but we have no information on the trafficking network it uses. Thus far, evidence from press, [redacted] sources

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Figure 9
Coca Cultivation and
Sendero Luminoso (SL) Insurgent Operating Areas



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indicates that most NPA funds still come from extortion of legitimate businesses and wealthy people in areas where the guerrillas operate. If it desired, the NPA could probably develop a marijuana enterprise as a significant source of operating capital.

Changing Trafficking Patterns: Creating the Potential for Involvement

Trends in the narcotics industry—including development of new areas of cultivation, refining, and trafficking in response to changing enforcement patterns and demand—could bring other insurgent groups into contact with international narcotics trade and eventually lead to links between them and the traffickers. Changing trafficking patterns through Central America are of particular concern, given the number of antigovernment insurgent groups active there. We judge that, as US interdiction efforts hamper the shipment of marijuana and cocaine through customary Western Caribbean routes, more traffickers will use clandestine transshipment points elsewhere, including Central America. This could lead to arrangements with insurgent groups. Both parties might find such arrangements attractive: the insurgents could protect the airfields needed by the traffickers, and the traffickers could transport arms and other supplies on the return flights. We have no confirmed reports that link specific Central American insurgent groups with drug trafficking, but we cannot rule out the possibility that individual contacts have already occurred as Colombian trafficking organizations seek protected staging areas away from areas of intense interdiction pressure. Nicaragua and Cuba, the key patrons for these guerrilla groups, have contacts with drug traffickers and could serve as intermediaries.

Reports indicate that increased pressure on the Thai-Burmese border against heroin refineries has led to establishment of heroin laboratories along the Thai-Malaysian border in areas where Malaysian Communist insurgents often operate. We have no confirmed reports of involvement, but, as with Central America, the situation bears watching. Malaysian Communists have been in retreat lately, but access to a large new source of money and clandestine smuggling networks

for arms could support a resurgence. Thailand's Communist guerrillas have been inert for several years, but their traditional operating areas include the opium region in the northwest, and the newly developing marijuana-growing areas in the northeast, as well as the heroin refining area near the Malaysian border. We have some reports that the insurgents provide protection to traffickers in the Thai-Malaysian border area.

Terrorist Use of the Narcotics Industry

Terrorist involvement in the narcotics trade is much less documented than insurgent involvement. As in the case of insurgents, it is difficult to determine whether involvement represents individual profit incentive or an organizational decision. Many groups employ terrorist tactics, but this discussion centers on those groups considered by US Government analysts and policymakers as international terrorists. Of those groups, we are most concerned about the avowedly anti-US or anti-Western ones.

Terrorists are by and large urban and thus most likely to become involved in the distribution rather than the production of narcotics. Terrorist groups and narcotics traffickers operate in the same illegal milieu, have contacts with arms smugglers, have experience in moving contraband clandestinely, use violence, and want easy ways to raise large amounts of money. As a result, members of terrorist groups and drug trafficking organizations may well come into contact with each other, although we think hardcore terrorist members would probably keep a careful buffer between themselves and the traffickers because the latter are well known to police and could compromise the identity of the terrorists.

at least sporadic involvement by some terrorist groups in drug smuggling, and changing circumstances could increase terrorist interaction with traffickers. European and Latin American terrorist groups tend to finance their activities with bank robberies, kidnappings, and other "revolutionary

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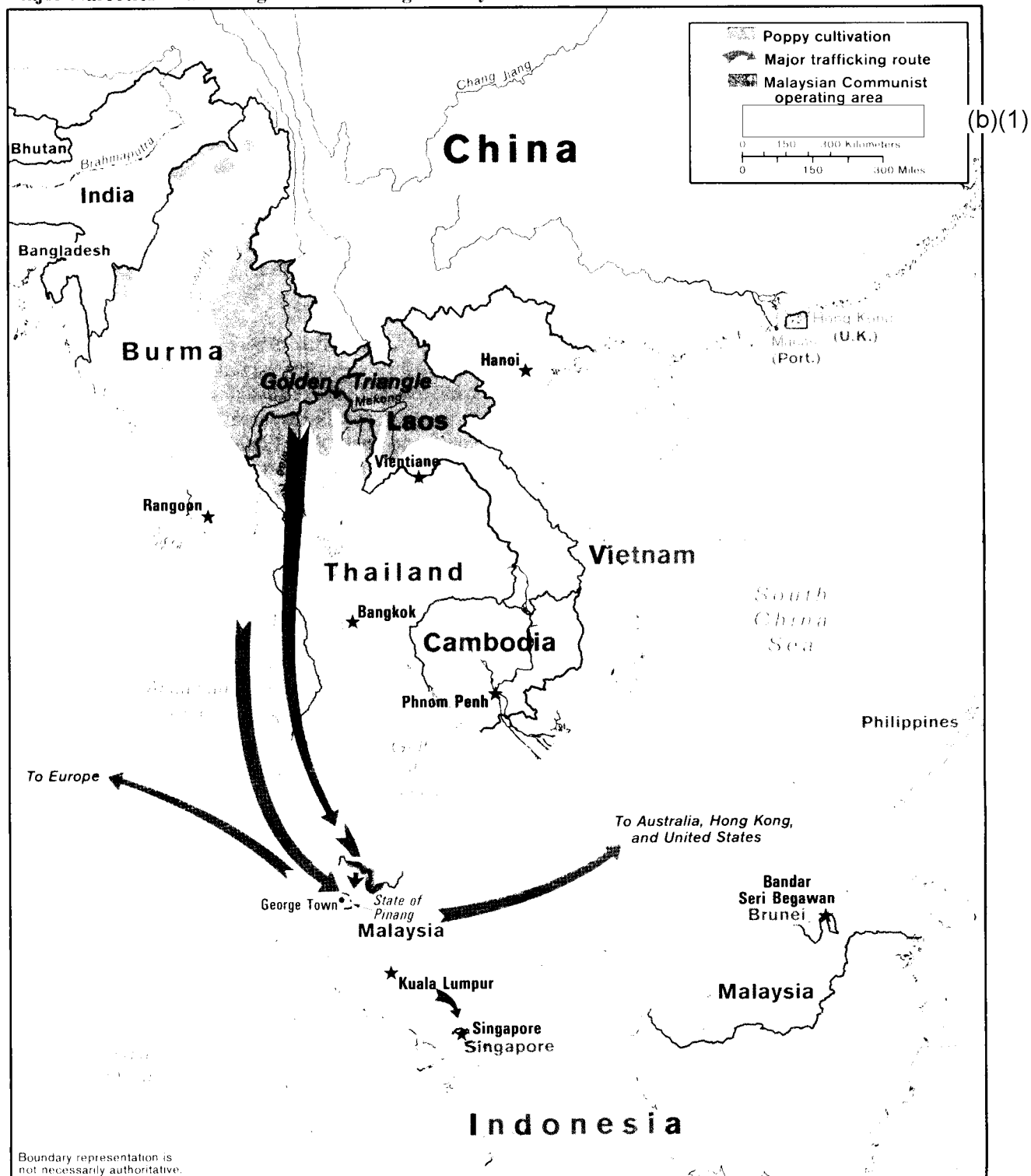
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Figure 10
Major Narcotics Trafficking Routes Through Malaysia



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expropriations," but, if increased security precautions and law enforcement make this difficult, they could well turn to drug trafficking as an acceptable substitute. As European terrorist groups seek to recover from losses suffered at the hands of police earlier in the decade, they seem to be accepting as members less politically motivated people who are perhaps more accustomed to dealing with such criminals as drug traffickers. The rapid growth in narcotics abuse in Europe, particularly the burgeoning cocaine market, enhances the opportunities for European terrorists to find and exploit the narcotics smuggling networks for their own ends. [REDACTED]

Terrorist groups operating in or from Third World drug-producing areas may have the advantage in exploiting the drug trade. Middle Eastern groups would seem to be particularly likely to become involved in the drug trade because large volumes of drugs move through this region from Southwest Asia; the general political and social turmoil in the area also facilitates contact with drug traffickers. [REDACTED]

We judge that, in contrast to insurgent groups, urban terrorists are on balance less likely to become systematically involved with the narcotics industry. We expect that terrorist groups will continue to take advantage of the drug trade to acquire funds, weapons, couriers, smuggling routes and contacts, and other useful criminal tools, but we anticipate that this contact will continue to be ad hoc and to occur among the lower levels of both groups. Although ideological constraints may play a role, we judge that the deciding factor will be the ability of terrorist groups to obtain sufficient financial support through other means. [REDACTED]

For most terrorists the so-called acts of revolutionary expropriation are more desirable ways to raise money because they represent an antiestablishment statement and bring widespread publicity for the organization. Such acts can also be carried out by a small, clandestine cell without involving outsiders, such as criminal groups, that could lead to compromise of the membership. Involvement with drug traffickers would provide great security problems; they are often known to police, and their lack of ideological commitment to the cause would lead them to divulge names and

information about their terrorist colleagues in order to win better treatment from police. Nevertheless, we believe that, if a terrorist group needs ready cash and has difficulty raising it through other means, an occasional drug deal may be very attractive. We estimate, for example, that the 1982 operating costs for the 100- to 200-member Italian Red Brigades were some \$1.2-2.2 million—an amount that could be covered by wholesaling 20 to 40 kilograms of heroin in Europe. We suspect that, faced with insufficient operating funds, any revolutionary terrorist group could find a suitable rationale to justify its involvement in narcotics trafficking to sustain the revolutionary ideal. [REDACTED]

Terrorist groups that depend heavily on a state sponsor for their operating capital and support might be most tempted to take advantage of the narcotics trade to decrease that dependence. We are particularly concerned about the Middle Eastern groups because their bases are in areas that also host a flourishing narcotics production, refining, and trafficking industry. We judge that longstanding ethnic and family ties probably exist among the terrorists, guerrillas, and trafficking families operating out of Lebanon. If any of these terrorist groups decided to become involved in systematic drug trafficking, we expect that the move would be relatively easy. [REDACTED]

We have reports that the following groups have been involved in the narcotics trade in some fashion, although evidence of systematic or sustained exploitation is rare. Considering the profits to be earned from sale of just a single drug consignment, even sporadic terrorist exploitation of the drug trade is a matter of concern. [REDACTED]

Turkish terrorists of both the right and the left have used drug trafficking to finance their activities since the late 1970s, according to press and other sources. During this time, Turkey emerged as a major transshipment point for narcotics from Southwest Asia. According to a newspaper interview, the rightwing *Gray Wolves* financed their activities through drug trafficking. DEA reporting indicates that members of

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the Gray Wolves have been involved in moving heroin to Europe since before the 1980 military coup. [REDACTED]

[REDACTED] ASALA, the Armenian Secret Army for the Liberation of Armenia, and its supporters are major players in Turkey's current drug trade. Although Syria is believed to provide most of ASALA's support [REDACTED]

[REDACTED] ASALA has used narcotics trafficking to fund at least some of its operations in Europe. ASALA's close connections to Syria give it access to the growing heroin trade through Aleppo and other northern Syrian cities. Turkish authorities allege that members of the *Turkish People's Liberation Party*, a leftist terrorist group trained in Syria, who have been arrested in Turkey upon return from Syria are financing their reorganization efforts with drug smuggling. Increased heroin trafficking and processing activity in Turkey since 1983 may well provide even greater opportunities for resurgent terrorist groups to obtain needed financing for their political activities [REDACTED]

The Basque Fatherland and Freedom (ETA) group has allegedly used drug trafficking to help compensate for reduced financial support from the Basque people. [REDACTED]

[REDACTED] believe ETA was the owner of 7 tons of marijuana discovered in the Basque province of Guipuzcoa in April 1983; sale of that quantity of marijuana would have earned more than enough to defray the annual costs of maintaining ETA's 500 members and their families in France. [REDACTED]

Palestinian terrorist groups have used drug smugglers as low-level couriers and agents, although we have no evidence that any of the groups themselves systematically use drug smuggling to finance their operations.

[REDACTED] Embassy sources believe the radical Palestinian *15 May Organization* has used drug smugglers as couriers and for other activities on an ad hoc basis. We suspect members of the radical Shia Hizballah Movement derive income from drug trafficking. [REDACTED]

The Colombian *19th of April Movement (M-19)* in 1980 used the drug-smuggling apparatus of a major Colombian marijuana trafficker to bring a large shipment of weapons into Colombia. [REDACTED]

[REDACTED] M-19 suffered a rift over a proposal that it back narcotics traffickers in their fight against implementation of the US-Colombian extradition treaty in return for financial support. The faction favoring such a deal evidently lost, but the fact that it was under consideration at all is significant. In October 1985 [REDACTED] an M-19 special force unit from Bogota had been sent to the Ecuadorian border to work with cocaine traffickers as a means of earning quick money. [REDACTED]

Individual members of the *Armed Revolutionary Nuclei (NAR)*, a rightist terrorist group in Italy, have been linked to drug trafficking by local press accounts. This group was linked to more than 100 bombings before its decline in 1982 and 1983. [REDACTED]

[REDACTED] The *Prima Linea (PL)* is an urban guerrilla group ideologically allied with the Italian Red Brigades, but it has conducted no major activities since 1983. European police link individual members of this group with drug trafficking. A number of PL members have subsequently joined the Red Brigades, an occurrence that raises concern about the potential Red Brigade involvement in drug trafficking [REDACTED]

We have no evidence linking members of Europe's principal terrorist groups—the Communist Combatant Cells, Popular Forces-25 April, the *Action* or the *Red Army Faction*—with drug trafficking. As noted earlier, the entry into the latter two groups in recent years of lower class, less ideologically committed members could well lead to involvement in narcotics trafficking to raise money or obtain access to the gray arms market. At present, however, we expect all of these groups to continue to raise money and acquire the arms and material they need through "revolutionary expropriation." [REDACTED]

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The *Al-Zulfifar* group, established to avenge the death of former Prime Minister Bhutto of Pakistan, bears watching as a potential narcotics trafficker. A small group supported by India, its contacts in Pakistan could provide access to the lucrative Southwest Asian heroin trade. Should India withdraw support, the group's members might well turn to the drug trade to compensate. [REDACTED]

There are allegations that *Sikh extremists* obtain some financing by smuggling drugs from Pakistan for sale in Indian cities [REDACTED] but we have no information to corroborate these charges. Given their base in the Punjab near the Pakistani opium trafficking routes and their international contacts, the Sikh extremists could probably exploit the drug trade, but at present they presumably obtain sufficient funds from the Sikh community to make this unnecessary. [REDACTED]

State Involvement in the Drug Trade

Some states are willing to support or condone international drug trafficking, not only for the economic benefits it brings but also because these states consider themselves the enemies of the Western societies that are the main victims of the international drug trade. [REDACTED] Cuba, Nicaragua, Syria, Bulgaria, and North Korea to drug trafficking operations. We judge that the motives for involvement in drug trafficking vary. All of these states face serious hard currency shortages and economic difficulties. They may see drug trafficking as a way to defray government operating costs, fund special projects, and support subversive activities abroad. In addition to the economic benefits, states may seek to maintain relationships with professional smugglers, who can then be used to funnel arms and material to subversive groups, collect intelligence, or act as couriers in states friendly to the United States. Some states, we suspect, may view drug trafficking as a way to create problems for the United States and its European allies. We have no evidence that promoting drug abuse in Western societies is the primary reason for state involvement in the narcotics trade, but we suspect that the leaders of these countries see the disruption it causes as a beneficial byproduct of an activity that they

engage in for other reasons. Support for drug trafficking could also serve as a bargaining chip in bilateral negotiations with the United States. [REDACTED]

Cuba

Although drug trafficking is publicly condemned and is suppressed within Cuba, we judge that Cuban authorities have aided selected drug traffickers since the 1970s. In most cases this involvement has entailed permitting these traffickers to use Cuban land, water, and airspace to avoid interdiction by US enforcement.

Evidence developed by DEA [REDACTED]

[REDACTED] indicates that Cuba probably is used as a transshipment point for some Colombian drugs bound for the United States. A suspect vessel, for example, made at least four trips to Cayo Largo, Cuba, allegedly carrying large quantities of drugs that were then to be flown to Cuba's north coast for transfer to vessels for shipment north. DEA informants said in 1983 that Cuban port authorities allowed smugglers to refuel, charging them a \$10,000 docking fee per vessel and \$5 per gallon for fuel.

[REDACTED] Havana views its services to traffickers as a way to obtain much-needed hard currency [REDACTED]

The evidence indicates that officers of the Interior Ministry or of the America Department of the Cuban Communist Party's Central Committee are involved in drug trafficking. These same individuals are responsible for intelligence activities and for promoting subversive operations in Latin America. The degree of involvement of these officials, the coordination their activities require, and the monolithic nature of the Cuban power structure strongly suggest that their drug-related activities are based on sanctioned government policy and that Fidel Castro is fully cognizant of them. Although we cannot quantify the

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amount of money Cuba earns through drug trafficking, we judge that the earnings are probably used as a slush fund to support intelligence operations or subversive activities and not seen as a way to mitigate Cuba's serious economic problems. [REDACTED]

In at least one instance, Cuban involvement was aimed at facilitating arms shipments to the Colombian M-19 terrorist group by using a well-established drug-smuggling network, according to information developed by the FBI. In return for his help in shipping the arms, the drug smuggler received safe passage through Cuban waters to the United States for his marijuana shipments. [REDACTED]

[REDACTED] Cuba has assisted, and may continue to assist, selected traffickers by laundering drug profits, evidently through BANKCIMEX. This bank was established by the Cuban Import Export Corporation in 1984 with offices in Cayo Largo, an offshore island that is a suspected drug transshipment point and has no known commercial activity, and in Panama, a favorite banking haven for South American drug traffickers. [REDACTED]

Cuba's geographic location between the major South American drug-producing countries and the United States would enable Havana, if it wishes, to exploit the drug trade more fully, particularly as interdiction efforts make traditional trafficking routes riskier. At present, apparently only selected traffickers can expect a warm welcome, and it is not clear how the selection is made. Other traffickers, according to US Coast Guard sources, steer clear of Cuba. If Cuba were to put out a general welcome mat for any trafficker seeking to avoid interdiction in return for a substantial fee, payable in hard currency, the potentially considerable financial gains could help Cuba to finance subversive activities and friends in the region. At the same time, Cuban officials and agents would acquire greater access to smuggling networks that could be used to ship arms and material or to infiltrate subversive agents. At present, we judge that Cuba will continue to deal only with selected large traffickers who are less likely to be apprehended and who have international resources and connections that are useful to Havana. [REDACTED]

Bulgaria

Bulgaria began serving as a major base of operations for Arab and Turkish drug traffickers in the mid-1960s. [REDACTED]

[REDACTED] the traffickers operate with the knowledge and apparent support of some high-level Bulgarian Government officials. Some of the traffickers reside in and operate from Sofia; others only transit Bulgaria but usually conduct their business through Sofia-based intermediaries. Bulgaria's multipurpose state enterprise KINTEX is generally reported by Embassy sources to be the coordinator for all smuggling operations, under control of the state security service. In its clandestine capacity, KINTEX's activities include collecting Western scientific and technological items, gray arms market transactions, and all sorts of contraband. [REDACTED]

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In response to US Embassy complaints in 1982, Bulgaria evidently asked drug smugglers operating out of Sofia to curb their more visible activities. We have no recent reporting about Bulgarian involvement in drug smuggling, but we suspect it continues. Bulgaria, like Cuba, is geographically situated in an ideal location to benefit from drug trafficking. It sits astride the principal land corridor connecting the Middle Eastern sources for heroin and hashish to the European market. In addition to the hard currency that accrues from involvement in the drug trade, Bulgaria acquires a large network of professional smugglers beholden to it, who can be used when needed to funnel weapons to subversive groups, collect intelligence, and act as couriers. [REDACTED]

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Figure 11. Frederico Vaughan (facing camera), an aide to Nicaragua's Interior Minister Thomas Borge, shown loading cocaine onto an airplane bound for the United States. The plane was located at a military airport in Nicaragua.

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Nicaragua

High-level government officials in Nicaragua conspired with Colombian drug traffickers on at least one well-documented occasion in June 1984 to smuggle cocaine into the United States. The Minister of Interior and a subordinate were directly involved; DEA evidence indicates that the Minister of Defense was aware of the activity; and the operation occurred at a military airfield guarded by Nicaraguan troops. Reports linking Nicaraguan officials to schemes to smuggle drugs, however, appeared as early as March 1981.

high-level officials discussed the idea of producing marijuana for sale in the US market to earn hard currency.

A Nicaraguan Embassy official arrested with cocaine in

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Ottawa was alleged—by an individual implicated in the same deal—to be part of a drug-smuggling operation involving the Nicaraguan Interior Minister and other Sandinista officials [redacted]

Nicaragua's main interest in drug smuggling appears to be access to hard currency. For this small, financially strapped country, the potential earnings from facilitating Colombian cocaine traffickers are undoubtedly very tempting. The operation in June 1984 involved 750 kilograms of cocaine, which had an approximate wholesale value in the United States of \$18.7-22.5 million. We do not know what commission the traffickers were prepared to pay, but even 10 percent, if paid in dollars, would be important for a country whose total hard currency earnings in 1985 probably did not exceed \$300 million—well short of its debt service requirement. Indeed, Nicaragua's situation was so tenuous that, in February 1985, Managua declared it had run out of hard currency.

[redacted]

The opportunities for involvement in the trade could increase if major Colombian trafficking organizations decide they need new, more secure routes to the United States in order to avoid both the continuing Colombian crackdown and also stepped-up surveillance by US authorities at traditional ports of entry. Use of Nicaraguan airfields as way stations would allow traffickers to enter the southwestern United States, thereby avoiding the more heavily patrolled southeast. DEA also reports that major Colombian traffickers have explored the possibility of relocating their cocaine-processing laboratories to Nicaragua. Although we have no evidence thus far that they have done so, information on worldwide shipments of ether—a chemical used in processing cocaine—indicates that in 1984 ether was being shipped to Nicaragua in quantities exceeding any legitimate use, given that country's small industrial base. In addition to the hard currency earnings from involvement in narcotics trafficking, Nicaragua would also acquire access to smuggling networks that could be used to supply arms and material to its clients in the region. We cannot confirm that Nicaragua has implemented plans to grow marijuana for commercial export, but increased eradication of marijuana plantations in Colombia and

Jamaica could make such an option attractive as marijuana distributors look for alternative sources of supply [redacted]

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Syria

Syria's involvement in narcotics trafficking is less documented than Cuba's, Nicaragua's, and Bulgaria's. Although much of the evidence is circumstantial, uncorroborated, and secondhand, the frequency of the reporting and the nature and number of allegations suggest that Syrian officials have taken advantage of disruptions in established Middle Eastern trafficking patterns and the growing importance of Syria as a trafficking and processing site to profit from the narcotics trade. The brother of President Assad is believed to tolerate and perhaps run drug-smuggling operations. According to press reports, he has controlled the northern Lebanon truck routes over which drug convoys travel and allegedly charged fees to smugglers using these routes. [redacted]

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A large narcotics and gun smuggling organization in Austria controlled by four Syrian brothers has connections with high-level Syrian Government officials, according to DEA [redacted]

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High-ranking Syrian military officials have also been implicated in drug trafficking [redacted]

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[redacted] Syrian military officers in the Bekaa Valley in Lebanon receive payoffs from local heroin refiners in return for escort through the valley. Syria also supports or tolerates the activities of a number of terrorist groups that participate in the drug trade, and the US Embassy in Damascus reports that the Syrian Government is unlikely to impede their activities. These include the Armenian group, ASALA, which has sanctuary in Syria; the Syrian-based PFLP-GC; and several Turkish terrorist groups that operate from Syrian soil [redacted]

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North Korea

North Korean involvement in drug trafficking came to light in 1976, when several Scandinavian countries caught and expelled North Korean diplomats for smuggling contraband, including drugs. US Embassy reports indicated that North Korea had instructed

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embassies to reduce expenses and provide more of their own financing because of severe national economic problems. Smuggling narcotics through the diplomatic pouch was undoubtedly the most profitable of these enterprises. [REDACTED]

[REDACTED] North Korean diplomats in Burma, Nepal, Malaysia, Switzerland, Egypt, Argentina, and India were also implicated in drug smuggling. Reports as late as 1983 continued to implicate North Korean diplomats and other personnel assigned overseas in drug-smuggling schemes, but we have had no reports recently. [REDACTED]

Iran, Laos, Vietnam, and Afghanistan

Other states that have easy access to narcotics production and trafficking groups and might be interested in aiding an activity that damages Western interests are Iran, Laos, Vietnam, and Afghanistan. *Iran* has a serious domestic abuse problem that the government has been unable to counter; it is also a grower of opium poppy and a key transshipment route between Southwestern Asia and the European heroin market. We have no evidence that the Revolutionary Government has given any thought to exploiting the narcotics trade—either to earn hard currency or to stimulate social decay within the Western societies it considers to be its chief enemies. Despite religious strictures against the use of narcotics, some mullahs use opium. We suspect that, should the government choose to exploit the narcotics trade, it would have little difficulty finding a moral loophole to rationalize such activity, particularly if the involvement were through intermediaries and the ultimate victims were non-Muslims. [REDACTED]

Laos is a minor, but growing, source of opium;

[REDACTED] the government is giving opium poppy seeds and tools to farmers to encourage cultivation. Most Laotian opium is purchased by the government for sale to the Soviet Bloc for legal use, although some enters the illegal market. [REDACTED]

[REDACTED] some high-level government officials are developing plans to supply heroin to the world market, perhaps in response to rising prices in the Thai-Burmese border area. Laotian customs officials allegedly allow opium to cross the border into

Thailand and Burma unopposed as long as proper taxes have been paid. Having seen no marked increase in Laotian heroin in the illicit market as yet, we cannot confirm whether government officials have implemented the alleged program. Laos could easily move its narcotics into the international market through the well-established illegal smuggling routes in the Golden Triangle, or, [REDACTED] it might pioneer new routes in conjunction with *Vietnam*. We have no information, however, of any narcotics-related activity involving Vietnam. [REDACTED]

Afghanistan is perhaps the most likely of these potential trafficking states to become heavily involved in narcotics activities. [REDACTED] authorities at most levels are willing to abet traffickers for a price, and [REDACTED] claim that the Department of Internal Affairs—responsible for destroying narcotics seized by the government—substitutes dung for most of the drugs to be burned and then sells what he has retained to traffickers. [REDACTED]

[REDACTED] The Afghan Government may well see narcotics smuggling as a way to earn hard currency, but we have no evidence on how widespread this activity is at present. The narcotics industry in Afghanistan has increased substantially since the war began, however, and there are enhanced opportunities for everyone to benefit. [REDACTED]

Implications and Options

We judge that the near-term threat to US interests from the narcotics trade is particularly severe in the Western Hemisphere. Cocaine, heroin, and marijuana are already growth industries in key states that the United States counts among its friends in the region, and changing trafficking patterns threaten others. Many of these states are fledgling democracies with

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weak political institutions and fragile economies, making it easier for powerful, wealthy criminal trafficking organizations to exercise a disproportionate influence. The region has several active insurgencies, some of them growing, and numerous violent political fringe groups. Any of these antigovernment groups could decide to exploit the narcotics trade to enhance its financial or operational capability; some already do. Arrayed against insurgents and traffickers alike are security forces that are poorly trained, ill equipped, and in some cases themselves deeply involved in narcotics trafficking. Compounding the problem, Cuba and Nicaragua are avowedly hostile to US interests and to US-supported governments in the region. Both of these states have been implicated in using narcotics smuggling to raise money, and Cuba, on at least one occasion, has used drug smugglers to ship arms to a rebel group it supports in South America. [REDACTED]

This situation can severely constrain US counternarcotics programs in the hemisphere. The influence that the large criminal organizations already have over political and economic institutions in Mexico, Colombia, and Jamaica, for example, enables them to undermine attempts to institute thoroughgoing drug-control programs and to blunt the impact of less ambitious measures. In such circumstances, a rashly instituted aggressive attack on the traffickers by an individual government could cause serious internal political, economic, and social disruption. We would not expect any Latin American government to set such a course, however, for we suspect that both government leaders and traffickers have a keen appreciation of the limits of action and that neither would deliberately cross the boundary. The evidence indicates that, in countries where narcotics are important, major trafficking organizations have sufficient high-level government contacts to enable them to communicate with top political leaders. Either side could miscalculate, however; the assassination of Colombian Justice Minister Lara Bonilla is an example of such a misstep by the drug traffickers. It not only provoked popular outrage and stronger government countermeasures but, in so doing, also demonstrated to the government that the narcotics industry was more vulnerable to attack than had previously been thought. [REDACTED]

Despite the difficulties, we judge that most governments could do more to keep the traffickers off balance and increase their costs of doing business. A key factor will be increasing public and government awareness of the domestic economic, political, and security threat posed by an entrenched narcotics industry. Public opinion polls in some Latin American countries suggest a growing appreciation that narcotics production and trafficking pose a domestic threat in the form of increased drug abuse and criminal violence. We suspect that the people may be ahead of their governments in their willingness to accord a higher priority to narcotics control. Increased awareness that a powerful narcotics industry poses more than a social threat is needed, however, before any of these governments will be willing to institute strong counternarcotics programs. [REDACTED] (b)(3)

In countries where the narcotics industry is already deeply entrenched, the governments can at least keep the pressure on traffickers in order to disrupt their operations and increase their costs. It may well be possible, however, to prevent the narcotics industry from achieving the same kind of position in new countries. If governments of potential new sites for the drug trade, such as Brazil, Belize, and the Eastern Caribbean ministates, can be persuaded of the potential threat, they could take direct action before the industry is firmly established. This would entail not only well-equipped and well-trained paramilitary forces capable of conducting remote area operations but also political action teams to counter the traffickers' appeal to local self-interest relative to the central government. By restricting the traffickers' freedom of action, such efforts could ultimately make them more vulnerable to attack in their centers of operation. [REDACTED] (b)(3)

Some Latin American governments have already espoused the need for a more coordinated regional approach. At present, traffickers benefit greatly from the differences in priority and tactics used by the various Latin American countries. If all countries in the region better understood the nature of the threat, prospects would improve for cooperation to advance [REDACTED] (b)(3)

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Trafficker Countermeasures

The narcotics trade has shown remarkable resilience in the face of intensified international pressure against drug trafficking. The traffickers' preference is to curtail operations during intensified control activities while seeking to dilute the effects through bribery or intimidation. Large organizations are better able to do this than marginal growers or traffickers; indeed, such large organizations can benefit from a crackdown that eliminates small competitors. [REDACTED]

If outwaiting or neutralizing the government campaign is unworkable, traffickers have shown great ability to relocate or find alternative procedures that enable them to circumvent the controls after a temporary disruption in activity. When Colombia placed stringent import restrictions on the chemicals needed to process cocaine, the traffickers responded by buying chemicals from countries with lax enforcement of chemical exports, transshipping chemicals to disguise their ultimate destination, moving processing facilities to South American states without controls, devising new coca-based products that require less processing, and financing research into substitute refining processes that do not use the targeted chemicals. Heroin processors in Southwestern and Southeastern Asia have shown similar ingenuity in the face of intensified narcotics enforcement by the Pakistani and Thai Governments; for example, the use of mobile laboratories that can be quickly relocated before government enforcement teams arrive. The vast amount of money available to traffickers enables them to buy sophisticated communications and detection equipment to counter interdiction operations. Marijuana and cocaine traffickers supplying the US market intercept law enforcement agency communications while at the same time using countermeasures to secure their own communications. [REDACTED]

Government eradication programs stimulate similar countermeasures by growers. In some cases, growers take steps to disguise their fields from reconnaissance teams by interplanting other crops with the drug crop, planting in remote, rugged areas, or siting fields against hillsides where aerial reconnaissance is difficult. Growers also take advantage of political conditions; for example, intensified eradication in Pakistan in areas under government control prompted opium production to expand in autonomous tribal regions. Growers have also discovered ways to counteract

herbicidal sprays and salvage some of their narcotics crop. Traffickers and growers sometimes confront government enforcement teams directly; eradication teams have been attacked and murdered in Peru, and growers in Pakistan have staged small local rebellions when eradication teams entered their valleys. [REDACTED]

Some Latin American traffickers, through clever manipulation of the media, have portrayed narcotics control as outside interference by the United States and aroused local nationalist sentiment against government programs by labeling them further manifestations of "yankee imperialism." Traffickers also take advantage of and sometimes promote local perceptions that drugs are only a problem for Western consumer nations in order to blunt efforts to eradicate crops or eliminate local processing and trafficking operations. [REDACTED]

Traffickers have reacted to changing enforcement pressures by quickly shifting routes to areas where vigilance is less. This response has been particularly evident during the past year in the Caribbean. New routes for Southwest Asian heroin have developed across Africa, in large part because travelers and cargo to Europe and the United States from African cities were not as likely to be inspected for drugs as those from South Asia or the Middle East. Thai interdiction campaigns along the Burmese border have caused heroin traffickers to make greater use of routes west through India and south along the Tenasserim coast to Malaysia. [REDACTED]

Traffickers have also shown remarkable ability to identify and develop new markets for drugs, keeping pace with expanding production. Although the major cocaine market is still the United States, Colombian and other Latin American traffickers are establishing distribution networks in Europe using contacts in Spain; cocaine sales are also growing in Australia. In recent years, traffickers of all drugs have been cultivating markets among youths in urban centers in producer countries. These countries heretofore had little if any abuse of processed drugs, such as heroin and cocaine, although rural and lower-class urban populations in most of them have traditionally used unprocessed or semiprocessed narcotics. [REDACTED]

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Figure 12. A Brazilian federal police agent burns a pile of illegal coca plants following a raid on a clandestine coca plantation in the Amazon jungle. [redacted]

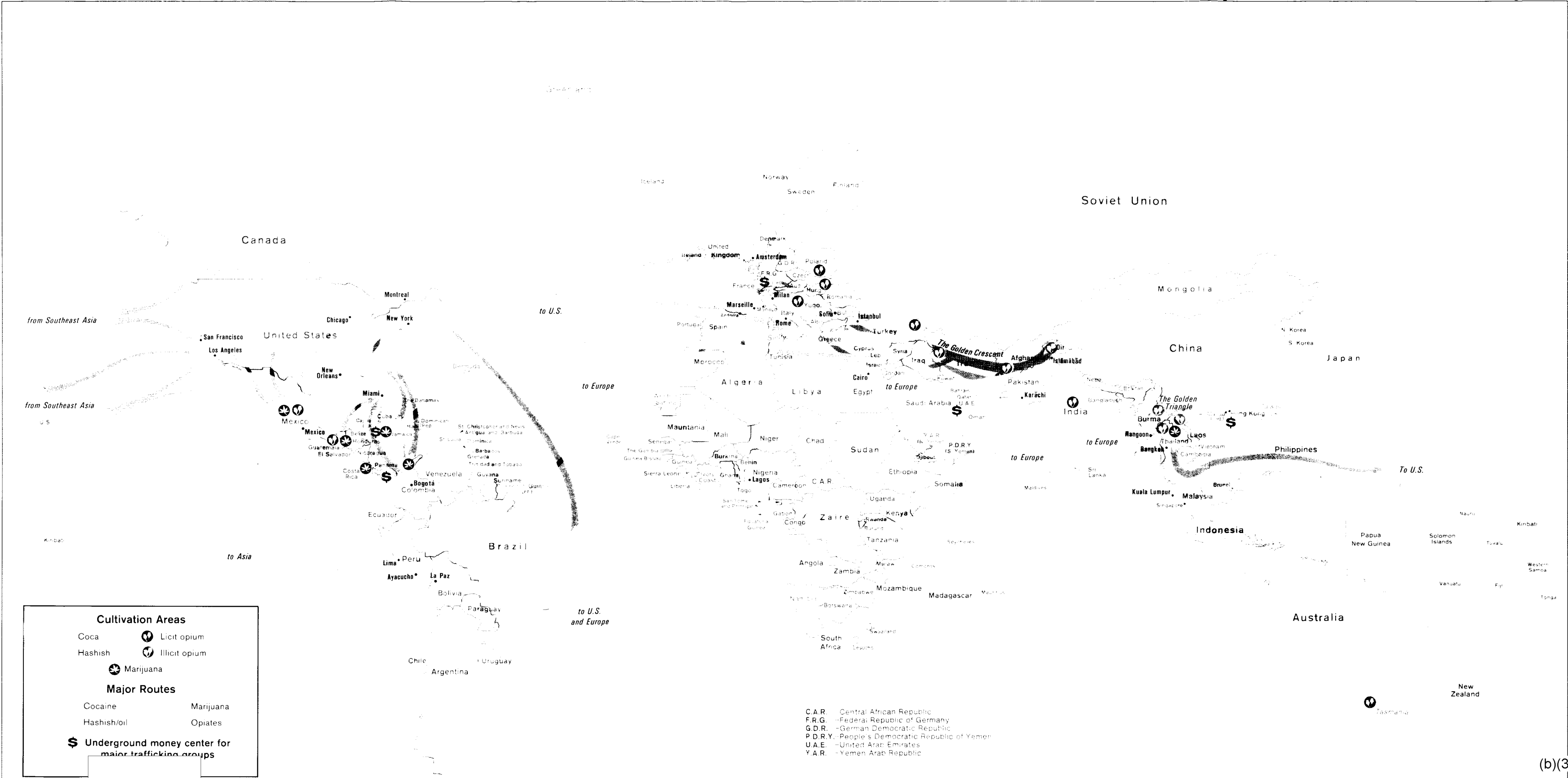
Such programs will take time, and in the interim we can expect the traffickers to use every trick at their disposal to prevent effective control measures, particularly if they believe that governments are becoming more likely to institute controls. It is highly likely that the level of violence against US and foreign personnel associated with narcotics campaigns will increase as traffickers seek to intimidate government leaders. Traffickers will probably also intensify attempts to obtain greater political influence through contributions to political parties, corruption of key officials, and manipulation of public opinion. We judge that, during the next several years, criminal drug traffickers will pose a greater threat to political stability in drug-producing and trafficking countries in the Western Hemisphere than do the insurgent groups in these same countries. [redacted] (b)(3)

We are concerned about the evidence that insurgents, terrorists, and hostile sovereign states in the Western Hemisphere have shown interest in exploiting the narcotics industry. At present, we judge such involvement to be sufficiently low level or infrequent that it neither significantly enhances the capabilities of these groups nor markedly affects the size or nature of the drug trade. Over the longer term, however, any of these groups might decide to participate systematically in the drug trade, a move that could substantially increase the threat such a group poses to local governments or to US interests in the hemisphere. [redacted] (b)(3)

beyond public lipservice and conferences to effective joint actions, including intelligence sharing, interdiction, and border control. Some bilateral efforts are already under way—for example, recent joint interdiction efforts by Colombia and its neighbors. We judge concerted regional efforts could have a demonstrable impact on the problem. A multilateral approach based on locally established priorities would also dampen the traffickers' ability to play on anti-American, nationalist sentiments to undermine control programs. If narcotics control, including crop eradication, gained high-level international support—for example, at the United Nations—present producer and trafficker nations would come under great pressure to act. At the same time, international pressure could decrease the attractiveness of drug trafficking for insurgents, terrorists, or sovereign states. [redacted] (b)(3)

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Appendix B
Major Narcotics Cultivation Areas and Trafficking Routes



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