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STRATEGY FOR NARCOTICS CONTROL IN THE ANDEAN REGION

**BACKGROUND:** A goal of U.S. international drug control policy should be to stop the flow of cocaine to this country from abroad. This goal can most effectively be achieved by attacking all parts of international drug trafficking at their points of greatest vulnerability: its organizations, transportation networks, and financial systems.

Virtually all of the cocaine in the United States is derived from coca grown in Peru (60%), Bolivia (30%), and Colombia (10%). In addition, 80% of the cocaine in the United States is processed in Colombia. The United States currently provides about \$57 million in counter-narcotics assistance to these three source countries--while spending \$1.5 billion to stop the finished product at or near our borders. Thus far these programs have not had a noticeable effect on cocaine supplies in the United States.

For a variety of reasons, the three governments appear to be increasingly prepared to attack the cocaine problem if given the means to do so. They do not want (nor would we recommend) direct involvement of U.S. combat forces. Rather, they want U.S. material assistance and training to enable their personnel to do the job. They are acutely aware of the heavy toll that drug trafficking is taking on their domestic societies, but are also fearful of the political, economic and social disruption that successful anti-cocaine efforts will bring. Moreover, we should not be deceived that new anti-cocaine initiatives would solve the problem. Adaptability of the traffickers and the availability of other drugs may make complete success impossible. Also because of suspected oversupply of cocaine, even a successful program might not have noticeable effect in the U.S. for several years.

Preserving and strengthening democracy is our primary strategic interest in Latin America. Cocaine trafficking, economic instability, and insurgencies all contribute to threaten democracy in the Andes. Any effort to deal with any single threat risks failure because all three are intertwined. We have, therefore, looked at the problem in an integrated fashion.

Economic, military and intelligence assistance are all critical with each supporting the other. Better counternarcotics operations require the military to deal with insurgents; better law enforcement and counterinsurgency efforts require better intelligence; successful counternarcotics and counterinsurgency operations require economic assistance to offset lost narcotics dollars and to redirect affected populations to viable, legal economic activities; effective, crop substitution requires security and interdiction to suppress the price of

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coca. All new funding should be based upon specific measures of performance in narcotics suppression. We will also press for sound economic policy frameworks in countries receiving economic assistance.

In addition, the United States should not shoulder the financial burden alone; our allies are facing a cocaine crisis and should be encouraged to contribute to cocaine control efforts. Yet, multilateral organizations and other countries will not become more involved unless the U.S. takes the lead.

We have attempted in this paper to provide alternative approaches which vary in their objectives and their costs. The options range from continuing our current programs (with some improvements) to much expanded regional efforts.

### DECISIONS

Option I: Maintain Current Program with Improvements (\$21.8 million in 1990 and \$87 million over 1991-94 period).

Under this option, the United States would continue its existing limited interdiction, eradication and law enforcement efforts (\$57 million) in the three major cocaine producing countries, but would provide an additional \$21.8 million in FY 1990 to fill aircraft equipment gaps and other requirements in the current Andean anti-narcotics operating plans.

#### PROS:

- Maintains current efforts to disrupt cocaine supply pending development of an overall national strategy for drug control.
- Would improve implementation of existing enforcement and interdiction activities overseas.
- Could be covered within the 1990 Bipartisan Budget Agreement (BBA) funding ceilings for affected agencies.
- Could be accomplished administratively; no legislation required.

#### CONS:

- Would not have a noticeable impact on the production or movement of cocaine to the U.S. market.
- Does not take advantage of heightened awareness in the Andean countries of the threat posed by cocaine traffickers.
- Ignores linkage between narco-traffickers and insurgency in Peru and Colombia, and the threat they pose to democratic stability.
- Would open the Administration to charges that it is not serious about stopping the cocaine threat.

Expected Results. This approach would maintain a U.S. presence in fighting cocaine production in the source countries and signal a continued U.S. commitment. It is not likely to have a noticeable effect on disrupting the flow of cocaine to the United States.

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Option II-a: Enhanced Effort in Colombia Only. (\$52.5 million in 1990 and \$190 million over 1991-94 period).

Colombia possesses 75 percent of the cocaine processing labs. Colombia is the base of operations for the two biggest cocaine trafficking organizations (the Medellin and Cali cartels). It also has guerrilla insurgencies (FARC, ELN), involved in narcotics trafficking. Option II-a while preserving current programs, would include a new military assistance package to enable Colombian military forces to mount a sustained program to destroy processing labs, control land, river, and air transit routes, and secure insurgent occupied areas so that the Colombian National Police could safely pursue law enforcement activities and intelligence programs. It would also focus on the trafficking organizations. (ANNEX II gives a detailed breakdown of the military assistance package).

PROS:

- Focuses on Colombia, the country that possesses the most political will and institutional capability to effectively carry out a sizeable anti-cocaine campaign.
- Directs resources toward disrupting that part of the cocaine production line most valuable to the drug kingpins -- their processing labs and transit networks.
- Not directed at peasants growers--thus avoids pushing the peasant into the arms of insurgency movements.
- If successful, it is likely to have the quickest short-term impact on the cocaine flow.
- Supports a democratic government harrassed by numerous insurgent groups, some of whom are involved in trafficking.
- Support Colombia in its fight against traffickers.
- [Covering uhe 52.5 million cost (while difficult is achievable within likely 1990 international affairs budget levels if it is clear that the proposal has high Presidential priority. However, this option might require transfer legislation.)]
- Does not require economic assistance.

CONS:

- Traffickers would simply relocate labs to other areas, such as Peru and Bolivia, where their entrenchment would be unimpeded.
- Risks expanded program on the commitment of one government (the Barco administration) whose ability to carry out the program effectively is probable, but not certain.
- Falls short of integrated, regional strategy to attack cocaine production.
- Could elicit charges that the Administration is still not serious about attacking the supply side of the drug equation.

Expected Results. This option could be expected temporarily to disrupt the operations of the trafficking network for a time and put considerable pressure on major trafficking figures (whose investments would be affected). Results could be circumvented in other countries.

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Option II-b: Enhanced Effort in Peru Only. (\$59.4 million in 1990 and \$236 million over 1991-94 period).

Peru is the world's largest producer of coca leaf (60%). The Sendero Luminoso (SL) operates in most of the coca growing areas and complicates any efforts to eradicate or interdict coca. Option II-b would include a greatly expanded military assistance package (\$34.4 million in FY 90) to allow the Peruvian military to secure insurgent occupied areas so that the Peruvian government can conduct coca eradication and raids on processing labs, as well as to assist the Government of Peru in controlling air, river, and land drug trafficking flows. Intelligence support would also expand (\$3 million). Linked to a successful counternarcotics effort, Option II-b would also provide an additional \$25 million in FY 90 for economic assistance to help coca producers in the Upper Huallaga Valley shift to legitimate crops and other economic activities. If success continues, this assistance would rise dramatically in FY 91 following Garcia departure from the Presidency. We would press other donors (OECD) to match or exceed the U.S. economic assistance.

Any assistance for Peru would require relief from legislation (e.g., the Brooke-Alexander amendment) prohibiting assistance to countries for non-payment of U.S. Government debt. (TAB I gives a more detailed breakdown of assistance.)

PROS:

- Attacks primary coca cultivation source. Coca cultivation in Peru is relatively compact and isolated geographically.
- Emphasizes trafficker transportation vulnerabilities.
- Disrupts emerging ties between Peruvian military and drug traffickers.
- Gains enhanced Peruvian support for counternarcotics effort by co-opting the Peruvian military with assistance and by supporting higher priority government efforts against SL.

CONS:

- SL is a violent group, Peruvian and U.S. personnel would be under heavy threat if counternarcotics efforts are successful.
- Traffickers will seek to corrupt or intimidate government officials and will move elsewhere if counternarcotics efforts are successful.
- Peruvian government is weak, decisive action may be postponed until after 1990 presidential elections.
- Human rights violations already a problem would probably increase.
- Risks pushing coca farmers further into insurgency.

Expected Results. This option could temporarily disrupt trafficker activities, and reduce the amount of hectareage grown in the largest coca producer. Threats to U.S. personnel and Peruvians will increase as narco-insurgents are placed under increasing pressure. Any success could be circumvented by actions in other countries.

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Option II-c: Enhanced Effort in Bolivia Only. (\$142.4 million in 1990 and \$560 million over 1991-94 period).

Bolivia is the world's second largest coca producer and cocaine manufacturer. Option II-c would expand military assistance (\$33.4 million), narcotics (\$6.5 million), and intelligence (\$2.5 million) in FY 90 to support combined police and military efforts to eradicate cultivations, destroy processing labs, and control air, water, and land transportation routes. Linked to a successful counternarcotics effort, Option II-c would also offer the Bolivian government \$100 million in FY 90 for economic assistance to offset the loss of narcotics dollars, accelerate alternative development programs, and to redirect other affected areas of the economy to productive and licit activities. We would press other donors (OECD) to match or exceed U.S. economic assistance.

PROS:

- Relatively stable government, with no insurgency problem.
- Traditionally open to U.S. guidance and assistance in counternarcotics efforts.
- Boost in economic assistance should provide major incentive to Bolivian government to address economic problems.

CONS:

- Traffickers will seek to corrupt or intimidate government officials and can move elsewhere if counternarcotics efforts are successful.
- Government will need to make tough enforcement decisions against highly organized coca cultivators (forced eradication/herbicide eradication) if serious.
- Coca cultivation in Bolivia is widely dispersed.
- Risks creating an insurgency if not implemented judiciously.

Expected Results. This option could be expected to temporarily disrupt narcotics trafficking in Bolivia. Results could be circumvented in other countries.

Option III: Comprehensive Anti-Cocaine Strategy for the Andean Region (\$250 million in 1990 and \$900 million over 1991-94 period).

This option entails a comprehensive and sustained regional approach aimed at striking a significant blow to the cocaine growing, processing, and transit operations in all three source countries--Bolivia, Peru, and Colombia. It combines Options IIA-C. While programs would be tailored to fit each country's specific situation (see Annex II), generally the plan involves:

- Significant increased military assistance.
- Increased law enforcement resources.
- Sizeable (but phased) economic assistance programs conditioned to narcotics performance, with continued assistance in sound economic policy.
- Enhanced intelligence collection and analysis efforts.

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PROS:

- Provides for a comprehensive effort (interdiction, eradication, law enforcement, and intelligence) to cutback coca production and flow in the three major source countries.
- Would disperse the concentrated narcotics organizations, cultivations, and infrastructure, so that operations could not reorganize quickly outside of Colombia, Peru and Bolivia.
- In Peru and Colombia, has the corollary benefit of helping democratic governments fight growing insurgent movements (that are involved in narcotics).
- Shows the Administration making an aggressive assault on cocaine on all fronts.
- Provides opportunity to break cooperation between low level government officials and traffickers.

CONS:

- Success depends heavily on the ability of host governments to implement such programs.
- Enhanced involvement by Andean military and police could have human rights abuse implications.
- Would likely not have an immediate effect on the availability or price of cocaine, due to a suspected surplus in the U.S.
- \$250 million cost would be difficult to absorb within current 1990 BBA ceilings.
- Would probably require congressional action to transfer funds.
- [Would require Presidential direction to cabinet secretaries to work cooperatively with OMB to find the money within existing budgets.]
- Focus on source countries only, fails to anticipate relocation elsewhere.
- We would be blamed if Peruvian or Bolivian military overthrow civilian governments at any future time.
- U.S. could be criticized as overly interventionist.

Expected Results. With a sizeable, long-term infusion of resources, significant disruption of the cocaine flow to the U.S. after several years attacking trafficker operations in the three major producers will have the added benefit of weakening any subsequent operations set up in adjoining countries. However, this effort will not have an immediate effect on the availability or use of drugs in the U.S. due to the surplus of cocaine.

Option IV: Comprehensive Anti-Cocaine Strategy including Assistance to Potential Coca Producing Countries (\$450 million in 1990 and \$1.2 billion over 1991-94 period).

This option carries out the aggressive program described in Option III, but adds military and law enforcement assistance packages for neighboring/transit countries (Brazil, Ecuador, Venezuela, Mexico, etc.) where drugs and chemicals make transit and where the trafficking operations would likely relocate. Programs would focus on current transiting and seek to preempt cultivation and processing displacement.

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PROS:

- Deals with all phases of the drug trade: cultivation, processing and trafficking, plus spillover effect into neighboring countries.
- Anticipates moves by traffickers to get ahead of the curve, while demand reduction occurs in U.S.
- Shows serious long term commitment and strong U.S. leadership.
- Other pros--see Option III.

CONS:

- Some governments may not be receptive to preemptive anti-cocaine efforts.
- \$350 million cost would be much more difficult to cover within 1990 budget levels.
- Other cons, see Option III.

Expected Results. Same as Option III. Not only deals with source countries and networks as presently configured, but anticipates trafficker countermeasures before they become entrenched.

FUNDING CONSIDERATIONS--ALL OPTIONS

While all options require additional funding in 1990 and the outyears, Options III and IV pose the greatest budget problems. Options II-IV are too costly to absorb within the very constrained Function 150 ceiling and would require some cost-sharing arrangement among State, Defense,--and possibly the domestic drug agencies. In short, some currently budgeted activities will have to be discretionary to make room for these new anti-cocaine initiatives. In addition, identified funds will need to be drawn upon in a manner that does not breach the separate ceilings imposed upon defense, international and domestic programs in 1990 by the Bipartisan Budget Agreement (BBA).

Therefore, if any option but Option I is selected, you need to provide clear direction to the agencies to work with OMB to find the necessary funding and develop arrangements, including legislation and creation of a separate fund (if necessary), for its use that are consistent with the BBA.

DECISION 2

Multilateral and Complementary Initiatives: 2A) Whether to mount an coordinated effort to obtain the commitment of OECD countries to sharply increase their own bilateral and multilateral economic assistance programs to the cocaine source countries.

PROS:

- Exerts U.S. leadership on a problem which originates in the Western Hemisphere, but is increasingly affecting Europe.
- Asks other wealthy nations to share the burden without getting involved in military and police assistance.

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- Offers the Europeans the opportunity to stay ahead of the curve on cocaine.
- Offers Europeans the opportunity to deal with the cocaine problem before it reaches the proportions of the U.S. cocaine problem.

CONS:

- Lessens U.S. control over how funds are spent.
- Other countries unlikely to be as strict on conditionality.
- Has potential for creating a bilateral irritant for U.S. when Europeans pay less than we would like.

2B) Whether or not to agree to U.S. participation in an Andean-U. S. Summit.

Justification: President Barco of Colombia has called for drug Summit. We recommend that you respond positively and propose that you meet with the five Presidents of the Andean Pact (Colombia, Peru, Bolivia, Ecuador, and Venezuela). You would use the summit (in September after William Bennett has submitted the Administration's strategy to Congress) to explain our supply and demand side strategies and to receive commitment to the sort of enhanced program outlined above.

PROS:

- Participation is restricted enough for concrete measures.
- Unites the cocaine source countries.
- Excludes major debtor nations.
- Forum to engage source countries in U.S. multilateral strategy and explain U.S. demand reduction steps.

CONS:

- Excludes major drug transit countries (Brazil and Mexico).
- May give Andean leaders forum to press for debt and trade concessions.
- Will also focus on U.S. demand for illicit drugs.

2C) Authorize the employment of DOD personnel in an expanded training and active operational support role for host country counternarcotics (CN), and counterinsurgency (CI) efforts.

Justification: To improve the capability of host country military and law enforcement forces to conduct CN and CI operations the U.S. military should play an active support role. Presently, U.S. military personnel provide only training only in secure areas. Use of U.S. military personnel could be expanded to include: assistance in planning operations, training host nation forces in threat areas, and providing advisors to military and para-military law enforcement units. This should be undertaken only if the missions for the U.S. military personnel are clearly defined, prospects for success have been evaluated, and appropriate provisions for personnel safety have been made (including approval of appropriate rules of engagement).



PROS:

- Would result in marked improvements in the effectiveness of host country CN and CI organizations.
- Makes the best U.S. expertise available to obvious, serious host country training deficiencies.
- Emphasizes USG support for developing a host country CN/CI capability, i.e., helps link our interests (CN) with theirs (CI).
- U.S. presence will serve as desk/monitor on corruption, human rights abuse, and coop plotting.
- Would enhance the USG real time understanding of host country CN and CI effectiveness.

CONS:

- Would place DOD personnel at greater risk.
- Could provide propaganda opportunity against host country governments and/or U.S.
- Could provoke increased trafficker and/or insurgent violent actions against U.S. personnel and interests.

2D) Seek legislative action to exempt Bolivia and Peru from restrictions to assistance for crop-substitution activities undertaken in furtherance of narcotics control objectives, and explore other feasible USG actions to boost export opportunities for these countries.

Justification: The trade prospects of Bolivia and Peru are currently constrained by various provisions of law which would limit the use of U.S. development assistance for the production of export commodities which would compete with similar products produced in the U.S. This action is intended to reinforce the value of increased economic assistance and expanded crop substitution efforts. It would have limited impact, unless associated with an enhanced package of area development and financing, coca eradication/interdiction, and improved security in coca-producing areas.

PROS:

- Would permit cooperative bilateral action on a range of agricultural crops which can feasibly be grown in lieu of coca.
- Supports a non-traditional export development strategy which offers the best potential for the long term economic growth of these Andean countries.
- Demonstrates the USG's readiness to make policy concessions to support the higher priority of stemming drug flows.

CONS:

- Could antagonize farmer advocate groups within the Congress, and lead to stiffening of legislative restrictions.

ATTACHMENTS:

1. ANNEX I - Details of Funding Packages
2. ANNEX II - Economic and Military Assistance Packages
3. ANNEX III - 89/1001/IIM: Impact of U.S.-Backed  
Counternarcotics Programs on Andean  
Cocaine Countries

Options for Intensified Anti-Narcotics  
Efforts in Andean Region  
(Dollars in Millions)

	Current Program (1990 est.)	Option 1 Increased Funding Required	Option 2A Increased Funding Required	Option 2B Increased Funding Required	Option 2C Increased Funding Required	Option 3 Increased Funding Required	Option 4 Increased Funding Required
<b>Colombia</b>							
Military Assistance	6.0	0.0	39.0	0.0	0.0	39.0	39.0
Economic Assistance	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Law Enforcement	14.2	10.2	10.0	0.0	10.0	10.0	0.0
Intelligence	0.0	0.0	3.5	0.0	0.0	3.5	3.5
<b>TOTAL</b>	<b>20.2</b>	<b>10.2</b>	<b>49.0</b>	<b>0.0</b>	<b>0.0</b>	<b>60.9</b>	<b>60.9</b>
<b>Bolivia</b>							
Military Assistance	7.5	0.0	0.0	0.0	33.4	33.4	33.4
Economic Assistance	30.8	0.0	0.0	0.0	100.0	100.0	100.0
Law Enforcement	13.2	9.1	0.0	0.0	6.5	20.8	20.8
Intelligence	0.0	0.0	0.0	0.0	2.5	2.5	2.5
<b>TOTAL</b>	<b>51.5</b>	<b>9.1</b>	<b>0.0</b>	<b>0.0</b>	<b>142.4</b>	<b>156.7</b>	<b>156.7</b>
<b>Peru</b>							
Military Assistance	5.5	0.0	0.0	34.4	0.0	34.4	34.4
Economic Assistance	3.1	0.0	0.0	25.0	0.0	25.0	125.0
Law Enforcement	23.3	2.5	0.0	0.0	0.0	0.0	0.0
Intelligence	0.0	0.0	0.0	3.0	0.0	3.0	3.0
<b>TOTAL</b>	<b>31.9</b>	<b>2.5</b>	<b>0.0</b>	<b>59.4</b>	<b>0.0</b>	<b>62.4</b>	<b>167.2</b>
Potential Producing Countries.....	0.0	0.0	0.0	0.0	0.0	0.0	100.0
<b>GRAND TOTAL</b>	<b>103.6</b>	<b>21.8</b>	<b>49.0</b>	<b>59.4</b>	<b>142.4</b>	<b>280.0</b>	<b>504.8</b>

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ANNEX II  
DETAILS OF ECONOMIC AND MILITARY ASSISTANCE PACKAGES

I. Military Assistance Packages by Country (National)

COLOMBIA:

--Ammunition Support	\$2.5 to 5.0 (million)
--C-130/Helo Engine Overhauls	\$2.0
--Aircraft Parts	\$2.0 to 3.5
--Forward Op Base	\$3.0 to 6.0
--Communications	\$2.0
--Riverine Ops	\$4.0 to 6.0
--Radar Control Site	\$5.0
--Radar Site Installation	\$15.0
--Helo Gunship Upgrades	\$6.0
--Intelligence Upgrade	\$2.5 to 5.0

BOLIVIA:

--Radar Site	\$18.0
--Army Mobility Vehicles	\$4.5 to 9.0
--Small Arms (M-16)	\$6.0 to 12.0
✓ --Two Navy Motherships	\$0.7
--Small Fast Boats	\$0.5
--Aircraft Improvements	\$10.0
--Aircraft Armaments	\$3.0
--Communications Upgrade	\$5.7 to 12.2
--Ops and Maintenance	\$5.0 to 12.0

PERU:

--Bell 212 Helo Ops and Maintenance	\$4.3
--Forward Base	\$2.4
--Bell 214 Helo Ops and Maintenance	\$1.9
--Bell 214 Parts	\$1.8
--Refit Bell 214s	\$1.4
--Battlion Training	\$7.0 to 14
--Communications Upgrade	\$2.4
--Radar Site	\$18.0
--A-37 Aircraft Support	\$2.7
--Navy Riverine Force	\$11.9

II. Economic Assistance Packages by Country

COLOMBIA:

--No Economic Aid Anticipated.

PERU - \$25 million increase:

1. \$25 million: Area development in the Upper Huallaga Valley to shift coca-producing farmers to alternative crops.
2. - \$10 million for assistance to farmers (research, extension, seeds and fertilizer).
  - \$10 million for productive infrastructure (roads, irrigation facilities, etc.).
  - \$5 million for social infrastructure (health clinics, schools, community facilities).

BOLIVIA - \$100 million increase:

1. \$35 million: Area development in the Chapare region and the Associated High Valleys of Cochabamba Department to support alternative crops and other income opportunities for coca-producing farmers.
  - \$15 million for economic infrastructure.
  - \$12 million for assistance to farmers (research, extension, genetic material).
  - \$5 million for agro-industrial development.
  - \$3 million for technical assistance and training.
2. \$65 million: Balance of payments assistance to the Government of Bolivia, to compensate for lower foreign exchange revenues resulting from coca eradication/interdiction and facilitate broadly-based development to cushion the Bolivian people against economic hardship. A substantial portion of local currencies generated through this assistance would be dedicated to local support costs of the Chapare project: credit, development services, etc.

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ANNEX III  
COUNTRY SUMMARIES AND IMPLEMENTING ACTIONS

COLOMBIA

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Production:

- Major source of finished cocaine and marijuana for U.S. market over past decade.
- World's largest cocaine processor; raw product from Peru and Bolivia processed in Colombia.
- Current eradication: small manual coca campaign; large-scale, effective aerial marijuana program.

Trafficking:

- Cocaine smuggled through Caribbean and Mexico to U.S.; increasingly to Europe via Spain.
- Medellin and Cali cartels: world's largest and richest trafficking organizations.
- Cartels have launched successful, bloody campaigns to halt extradition to U.S.; Supreme Court in shambles; judiciary and press victims of intimidation.

Political Realities and Impediments to Progress:

- Colombia has healthy economy, small debt to U.S., strong civilian executive, professional national police, relatively uncorrupted military.
- Intimidation and violence have destroyed judicial system.
- Powerful, well-armed insurgent organizations (FARC, ELN) involved in drug trade.
- Limited military and police resources (including intelligence networks) to get the job done.
- Military more active, but sees primary mission as counter-insurgency.

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Opportunities:

- Colombia desires U.S. help to:
  - protect judges and journalists
  - reform and strengthen judiciary
  - bolster intelligence capabilities
  - shore up police and military resources (equipment)

Implementing Decisions:

I) Supporting the Colombian military through greater security assistance can be carried out through the following implementing actions:

1. Allocate sufficient MAP and IMET funds to allow the Colombian military to devote significant personnel and equipment to narco-insurgent operations. Close monitoring of military human rights performance would accompany increased funding.
2. Make the necessary resources available to allow the Colombia to carry out simultaneous drug interdiction operations throughout the year.
3. Deploy aircraft tracking and interception system with Colombian military participation to suppress illegal air traffic.

II) An expanded role for DOD in Colombian narcotics control includes the following implementing actions:

1. Provide additional aircraft, weapons and training to the Colombian military for anti-narcotics applications.

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Production:

- World's largest coca producer, and original source of 60% of the coca consumed as cocaine in the U.S.
- Current eradication: campaign temporarily suspended due to trafficker/insurgent violence; manual eradication program using brushcutters effective in containing 1988 coca crop; herbicide tests being analysed.
- No traditional cultivation/use of coca in Upper Huallaga Valley, the center of Peru's coca activities; farmers moved to UHV during 1970's "coca gold rush."
- Slash and burn techniques for coca cultivation have had severe environmental consequences in the UHV.

Trafficking:

- Cocaine maceration pits and clandestine airstrips adjoin many coca plantations.
- Thousands of gallons of precursor chemicals are used and discarded in cocaine processing.

Political Realities and Impediments to Progress:

- Peru is on the verge of economic collapse; its external debt is \$16 billion, inflation reached nearly 2000% last year, per capita income dropped to 1965 levels and public confidence in the government has diminished. Narcotics control takes a back seat to economic survival.
- Insurgents (Maoist Sendero Luminoso) have capitalized on the Government's narcotics control attempts to align themselves with campesinos against Lima; they have murdered officials, law enforcement personnel and coca eradication workers in a campaign of terror.
- Peru's political will to dislocate peasants and risk social upheaval through coca control is weak; without economic support and development assistance to back up enforcement activities, Peru is unwilling to act aggressively.
- Peru's military will not get involved in narcotics control, absent significant assistance; it sees its primary role as addressing the insurgent problem; the military is underequipped and unmotivated but critical to the security enhancements needed for effective police action against narcotics.

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Opportunities:

Peru receptive to U.S. help to:

- Improve police intelligence capabilities
- Increase ability of police to destroy labs and airstrips
- Confront the coca cultivation problem if economic and development assistance is linked to eradication
- Bolster the Peruvian military --- but not with visible U.S. military presence and support

Implementing Decisions:

I) Additional economic and military assistance to Peru, based upon positive anti-narcotics efforts, can be divided into the following implementing actions:

1. Seek waivers of legislative sanctions for funds that are complementary to narcotics-related objectives. A modification of Brooke-Alexander should be sought to allow FMS and MAP grants for Peru when funding supports narcotics objectives.
2. Promote alternative income opportunities in the agricultural sector and elsewhere, both in and outside of coca growing zones. Expand agricultural research and extension programs. Seek a waiver to the Bumper Amendment (Sec. 548 of the Foreign Assistance Act).

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II) Supporting the Peruvian military through greater security assistance can be carried out through the following actions:

1. Allocate sufficient MAP and IMET funds to allow the Peruvian military to devote significant personnel and equipment to counter-insurgency operations. Close monitoring of Peruvian military human rights performance would be an integral part of this package.
2. Make the necessary resources available to allow Peru to regularize simultaneous border interdiction operations throughout the year.
3. Develop and deploy an aircraft tracking and interception system with Peruvian military participation to suppress illegal air traffic.
4. Encourage the inter-operability of counter-insurgency and counter-narcotics forces in Peru, recognizing the parallel nature of the threat as well as the links that exist between some trafficking organizations and terrorist groups.

III) An expanded role for DOD in international narcotics control includes the following implementing actions:

1. Utilize DOD mobile training teams and retired military more widely to provide civilian agencies with the expertise necessary to mount airborne operations in Peru.

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Production:

- World's second largest coca producer and cocaine manufacturer.
- History of traditional coca use among Bolivian peasants; Government of Bolivia recently outlawed coca cultivation for illicit purposes.
- Coca cultivation will be phased out in the Chapare (largest coca-growing area) over next five years through eradication.
- Current eradication program: manual eradication (involuntary); voluntary phase completed.

Trafficking:

- Less violent trafficking organizations than Colombia; no major insurgent/trafficker collaboration.

Political Realities/Impediments to Progress:

- Nearly 400,000 individuals depend on coca in the Chapare; this area can support only 75,000 legitimately.
- Coca-cultivating peasants earn significantly more from coca than any other crop; powerful peasant unions; few options for peasant employment.
- Without development assistance to soften enforcement activities, Bolivian Government exhibits weak political will in narcotics control.
- Bolivia's agricultural products and other possible alternative sources of income for peasants are blocked from entering the U.S. under current legislative restrictions.

Opportunities:

Bolivia will be receptive to U.S. help to:

- Increase development assistance and economic incentives to bolster political will
- Strengthen law enforcement's ability to destroy labs and airstrips
- Provide options to farmers for increased alternatives to coca cultivation

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Implementing Decisions:

I) Additional economic and military assistance to Bolivia, based upon positive anti-narcotics efforts, can be divided into the following implementing actions:

1. Seek waivers of legislative sanctions for funds that are complementary to narcotics-related objectives. A modification of Brooke-Alexander should be sought to allow FMS and MAP grants for Bolivia when funding supports narcotics objectives.
2. Promote alternative income opportunities in the agricultural sector and elsewhere, both in and outside of coca growing zones. Expand agricultural research and extension programs. Seek a waiver to the Bumper Amendment (Sec. 548 of the Foreign Assistance Act).
3. Increase Congressional awareness of the inter-related problems of drugs and democracy in Bolivia, as well as the role of economic assistance in reducing incentives for migration to coca growing zones, and decreasing the reliance on narco-dollars to finance the countries' balance of payments.
4. Consider ways to use trade concessions and debt relief to support the Bolivian anti-narcotics effort. Seek a waiver to the Lautenberg Amendment (Sec. 549 of the Foreign Assistance Act).

II) Supporting the Bolivian military through greater security assistance can be carried out through the following actions:

1. Allocate sufficient MAP and IMET funds to allow the Bolivian military to devote significant personnel and equipment to anti-narcotics operations.
2. Make the necessary resources available to allow Bolivia to regularize simultaneous border interdiction operations throughout the year.
3. Develop and deploy an aircraft tracking and interception system with Bolivian military participation to suppress illegal air traffic.

III) An expanded role for DOD in the Bolivian narcotics control program includes the following actions:

1. Utilize DOD mobile training teams and retired military more widely to provide civilian agencies with the expertise necessary to mount airborne operations in Bolivia.

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