

OFFICE OF THE DEPUTY DIRECTOR

31 May 1984

The Honorable Robert C. McFarlane
Assistant to the President
for National Security Affairs
The White House
Washington, D.C. 20500

Mr. McFarlane:

The DDCI wanted you to be aware that we have sent the attached unclassified extracts from his recent testimony before the SSCI to the Committee at its request. John wanted you to be aware of this in case the Senate goes public with it.

Sincerely,

A rectangular box with a black border, used to redact the signature of the sender.

Executive Assistant

25X1

MEMORANDUM FOR: NIO for Narcot

FROM: EA/DDCI

Dave,

The attached are fine with John. FYI, we are sending a copy of the unclassified version of the threat to the NSC so they will not be blind-sided if Congress goes public with it.



Date 31 May 1984

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FORM 5-75 **101** USE PREVIOUS EDITIONS

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The Illicit Narcotics Threat

The scope of the narcotics problem we face is enormous. According to DEA and the National Institute on Drug Abuse, more than 40 million people in the United States are expected to spend up to \$80 billion this year to consume some 4 tons of heroin, as much as 61 tons of cocaine, and about 14,000 tons of marijuana. Nearly all of these drugs come from crops grown in foreign countries.

Latin America continues to produce most of the marijuana, all of the cocaine, and about a third of the heroin imported into the United States. In spite of heightened US interdiction activity, key segments of the drug industry have found alternate routes around these increased control efforts.

Colombia's cocaine and marijuana traffickers dominate the US market. Last year Colombia produced between 13,000 and 16,000 tons of marijuana and increased domestic coca cultivation to supply the equivalent of 20 percent of the cocaine consumed annually in the United States.

The results of two recent Colombian National Police operations against cocaine processing complexes in Southeast Colombia are unprecedented. The operation conducted 10-12 March in Caqueta Department resulted in the largest cocaine seizure ever, about 10,000 kilograms (with a retail value of more than \$1 billion in the United States), and the destruction of 10 laboratories. On 6 May, the National Police raided a cocaine processing complex in Vaupes Department and seized three kilograms of coca paste and a large quantity of precursor chemicals, including 94 containers of hydrochloric acid and 105 drums of ether.

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Other antinarcotics initiatives by the Colombian Government are also encouraging. As you know, the assassination earlier this month of Justice Minister Rodrigo Lara Bonilla has prompted an unprecedented crackdown on traffickers, but it remains to be seen if the crackdown will last only a few months or continue as a serious effort.

Opium output in Mexico was about 17 tons in 1983, and total 1984 opium production could be substantially more. Mexico's ability to keep up with increasing poppy cultivation has been limited by problems in the eradication program, particularly in the deployment of spray helicopters.

The Jamaican Government's recent crackdown on marijuana smuggling has stalled, in part because the constabulary lacks the manpower and resources to conduct sustained large-scale interdiction operations. Without an effective narcotics control program, marijuana shipments from Jamaica in 1984 could be substantially higher than the 1,750 tons shipped in 1983.

Bolivia and Peru continue to be the primary source countries for coca. The National Narcotics Intelligence Consumers Committee estimates that 70 to 80 tons of cocaine are produced each year from coca grown in Peru and Bolivia. Although Peru is still a minor exporter of cocaine compared to Colombia and Bolivia, cocaine is now being refined in Peru and smuggled via ship and aircraft to the United States, western Europe, and perhaps Asia and Australia.

In Belize, Prime Minister Price recently suspended a spray eradication program that destroyed 95 percent of last fall's marijuana crop. According to DEA, some 600 hectares of marijuana are currently under cultivation. If spray eradication is not resumed, Belize could overtake Jamaica--which DEA estimates produced about 1,750 tons in 1983--as the second largest supplier to the United States.

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Southwest Asia's Golden Crescent, which includes Pakistan, Afghanistan, and Iran, currently accounts for about half the heroin reaching the United States (Southeast Asia supplies about 20 percent and Mexico about 30 percent). Steady reductions in opium production in the Golden Crescent until this year were largely the result of an estimated drop in Pakistan from 530 to 800 tons in 1979 to 45 to 60 tons in 1983. President Zia's ban on opium production in 1979, adverse weather in 1980 and 1981, and a price drop largely due to oversupply contributed to the decline. Iran remains a net importer of opium for local consumption, but increased opium output during the past two years in Afghanistan has enabled traffickers to offset Pakistan's reduction. This will probably result in a net increase this year in regional production.

This year's opium harvest from Southeast Asia's Golden Triangle, where Thailand, Burma, and Laos meet, is expected to be larger than the 600 tons produced in the region last year, perhaps as much as 700 tons. Refineries that convert this opium to heroin are concentrated along the Thai-Burmese border.

Thailand has increased its use of military force during the past two and one-half years against the groups that refine nearly all of the heroin produced in the Golden Triangle. These Thai military initiatives have had an impact on narcotics trafficking in the region: new trafficking routes through India and Burma have been reported, and trafficking groups have begun to relocate refineries deeper inside Burma. Thai actions in the region have had a limited effect on opium production, however, and the continued resiliency of narcotics traffickers will keep Southeast Asia a major supplier of heroin to world markets.

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Thailand's limited crop-substitution program continues to be poorly enforced, and Bangkok has been slow to promote wider participation among farmers who find alternate crops financially attractive only when opium prices are severely depressed. Until recently, Thai eradication efforts have been limited, but a small-scale eradication campaign instituted earlier this year may signal a softening of attitudes on this issue.

Burma is estimated to grow more than 80 percent of the opium produced in Southeast Asia. Burma's narcotics control programs, such as its manual crop eradication projects, have had little impact to date; and its plans to expand narcotics control efforts have encountered problems such as high-level government and military corruption. During 1983, Bo Ni, the Minister of Home and Religious Affairs--who was responsible for narcotics suppression programs--and Brigadier General Tin 00 were both convicted of corruption and sentenced to life in prison.

Outlook for the Future--The outlook for the future is troublesome. Although our crop estimates may not be precise, we are confident that worldwide production of opium, coca, and marijuana will increase in 1984 and that large, long-term declines in drug crop harvests are unlikely in most of the key producing countries in the foreseeable future. This will result in a continued increase in the quantity of drugs available for export to the United States. We cannot, however, project the precise impact of these increases on the availability, price, or purity of drugs in the United States.

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