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Bolivia: The Impact of Operation Blast Furnace

Summary

Operation Blast Furnace, the Bolivian-US antinarcotics effort, has achieved considerable success in disrupting cocaine processing and trafficking operations in Bolivia since it began last July, but these gains have been accompanied by virtually no arrests or drug seizures and may be only temporary. US military participation is now scheduled to end on 15 November and the Bolivian government, which has not met US targets for coca eradication, will be disappointed by its likely failure to obtain firm offers of US antinarcotics and economic assistance in return for supporting the operation. Without more US logistical and communications support, La Paz will be unlikely to sustain operations at effective levels once US troops depart. Under these conditions, the drug trade probably will rebound to previous levels, bringing with it an escalation of narcotics-related violence. Although the termination of joint efforts and unfulfilled expectations of US aid are likely to generate some political criticism of Washington, the official Bolivian response is likely to be low-key, as President Paz Estenssoro remains firmly committed to close relations with the US. Still, the post-Blast Furnace environment will probably present Paz Estenssoro with some political costs. At a minimum, criticism that the Bolivian government caved in to US antinarcotics pressures and received little in return will probably become more widespread. An outpouring of public criticism could prompt opposition leader Hugo Banzer, who has generally supported Paz Estenssoro, to use the termination of Blast Furnace and a US denial of future economic assistance to Bolivia as pretexts for distancing himself from the government. A breakup of this political alliance, by itself, might not place the government in immediate jeopardy, but it could work to undermine the military support the administration currently enjoys and precipitate a return to coup plotting. [Redacted]

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This memorandum was prepared by [Redacted] South America Division, Office of African and Latin American Analysis, and [Redacted] International Narcotics Division, Office of Global Issues. It was coordinated with the Directorate of Operations. Information as of September 1986 was used in the preparation of this paper. Questions and comments may be directed to the Chief, South America Division, ALA, [Redacted]

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**Achievements of Blast Furnace**

Available evidence indicates that Blast Furnace has dramatically slowed cocaine processing and trafficking in Bolivia. Since the operation began, several major laboratories have been raided, but there have been virtually no arrests or drug seizures. [Redacted]

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[Redacted] the few traffickers who continue to produce and sell coca paste do so at night, using remote rivers and lakes to transport drugs and chemicals instead of the normal air routes. [Redacted] rumors the raids would move into the coca-growing Chapare region caused a dramatic drop in activity there [Redacted]

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Paz Estenssoro quickly managed to gain sufficient backing for the operation to silence his critics. Although the leftist-dominated labor confederation, the Bolivian Workers Central, and its political allies charged that the entry of US troops into Bolivia constituted an invasion, debate on the subject subsided when the leading opposition party proclaimed its support for the fight against drug trafficking. Since the operation began, the US Embassy has reported evidence of growing public concern over the domestic effects of the narcotics problem, including Bolivia's first antinarcotics demonstration that attracted a crowd of seven thousand in La Paz. In addition, [Redacted] military leaders pledged to support the antinarcotics raids. [Redacted]

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**Sustaining the Effort**

Although Operation Blast Furnace has had measurable short-term positive impact, we doubt that continued operations against drug producing facilities alone, with or without US cooperation, will have a lasting effect on the Bolivian drug trade. Traffickers can easily absorb financial losses and rebuild or relocate facilities, using a small portion of their drug smuggling profits. Moreover, the traffickers probably retain their full capability to export cocaine from Bolivia because they continue to tap drug stockpiles [Redacted] or increase production at unharmed laboratories--drug laboratories usually do not operate at full capacity--to compensate for production lags. [Redacted]

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While Bolivian antidrug authorities for the first time have put powerful cocaine traffickers on the defensive, we judge that enforcement efforts must be intensified or the level of narcotics activity will rebound. Drug traffickers are likely to draw lessons from the current operations, strengthening their organizations in order to counter future government interdiction efforts. For example, [Redacted] Blast Furnace prompted one major trafficker to make plans to move some of his operations closer to the Brazilian border and to base several aircraft in neighboring Paraguay. [Redacted]

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**What is Needed**

We believe that Bolivia's severe narcotics problem necessitates a three-step approach that continues interdiction efforts and includes strategies to eradicate excess coca cultivation and dismantle powerful trafficking networks. Such coordinated approaches are

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likely to pose difficulties for La Paz, however, because of political repercussions and threats to the safety of government officials. We judge that effective narcotics control programs, however risky, must address all three key elements of the drug trade to have a long-term effect on the flow of cocaine to Bolivia. [Redacted]

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In the near term, we believe that La Paz will need to demonstrate its commitment to leash the drug industry by continuing raids on remote cocaine processing facilities and interdicting internal smuggling of coca products. This requires the antinarcotics strikeforce to attain a more effective helicopter and riverine patrol capability, including an apparatus to provide maintenance support and to conduct specialized training. The Bolivian Air Force's four helicopters have frequent mechanical problems, and anti-drug units lack the manpower and equipment to monitor the country's extensive river systems that serve as natural highways to transport coca products to cocaine laboratories or transshipment points. Even without additional resources, results could be improved with better collection and analysis of intelligence as well as closer coordination of police and military efforts.

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Coca eradication programs are essential to reduce the abundant, and ever-expanding, supply of coca leaf destined for illegal markets. In South America, Bolivia is second only to Peru in coca leaf production, and we believe that the 35,000 hectares now under cultivation are likely to increase as new plantings become productive. Even though a major coca reduction plan was initiated last November\*, only a few fields have been destroyed, and coca cultivation remains virtually unchecked. President Paz Estensorro has been reluctant to take measures that are likely to strain his relations with the peasant coca farmers from whom his party draws much of its political strength. We judge that Bolivia will continue to avoid implementing eradication programs, preferring rather to emphasize the less controversial interdiction plans. [Redacted]

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Dismantling or immobilizing the powerful trafficking networks by jailing major cocaine traffickers is probably the most effective measure to undercut drug production and smuggling. Powerful Bolivian organizations have suffered little from the crackdown and have clearly demonstrated their flexibility in countering conventional enforcement efforts.

[Redacted] traffickers were not concerned about losing facilities during Blast Furnace, but feared physical harm and extradition to the United States. [Redacted]

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Although the Bolivian government is willing to continue the current interdiction effort, its antinarcotics forces lack the necessary training, communications capabilities, and intelligence systems to sustain the operation without continuing US logistical support.

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\* See Appendix

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Both Washington and La Paz have recommended that a joint task force consisting of US and Bolivian armed forces and police be formed to delineate military and police antinarcotic responsibilities, smooth police-military relations, and facilitate a joint civilian-military antinarcotics effort in Bolivia. [REDACTED]

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### Implications for the United States

Bolivia expects increased economic aid in return for its participation in Operation Blast furnace, having asked for a \$300-\$500 million antinarcotics assistance package in late August. If US aid is not provided, it would reinforce sentiments voiced by some opposition figures that Bolivia has been used to serve larger US policy interests. As a consequence, Bolivian popular support for joint interdiction efforts would be likely to diminish considerably. [REDACTED]

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Negative impact on bilateral relations, however, would be limited. Paz Estenssoro has already benefited from US support for his position in debt negotiations with international banks and he recently obtained an IMF standby loan. Moreover--because of widespread corruption and an increasing domestic abuse problem--he recognizes the need to eliminate Bolivia's narcotics industry and generally shares US eradication objectives, even if he is unable to comply with them. According to the US Embassy, Paz Estenssoro believes it is essential that Bolivia and the US move quickly to exploit the current depression in the coca market to begin coca eradication and crop substitution. [REDACTED]

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### Looking Ahead

Nonetheless, if Operation Blast Furnace ends without sufficient US aid to enable the Bolivians to sustain the effort on their own, popular support for Paz Estenssoro's government may erode. The criticism already voiced by some leftist opponents that the President caved in to US antinarcotics pressures and received little in return would probably become more widespread. In addition, the perception of declining public support for Paz Estenssoro may give opposition leader Hugo Banzer, with whom Paz Estenssoro has a tactical alliance, reason to distance himself from the President. [REDACTED]  
[REDACTED] Banzer--who publicly advocates a strong approach against narcotics traffickers--supported the joint US-Bolivian operation largely because La Paz lacked the funds to act on its own. A defection by Banzer, along with the increased potential for violence by trafficker-backed peasants, could start to undermine the government. Moreover, the appearance of vulnerability could encourage reduction in the military's support for Paz Estenssoro and possibly a return to the coup plotting that has characterized previous administrations. [REDACTED]

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We also believe that the potential for trafficker-instigated violence against police units and government officials will increase significantly once US forces depart. The presence of US troops and sophisticated helicopters has been a major factor in inhibiting reprisals from powerful and well-armed cocaine traffickers. Moreover, should Bolivia continue efforts against traffickers, drastic retaliatory measures may be taken by the traffickers once they realize that they cannot merely wait out police operations as they have done in the past. [REDACTED]

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The recent extension of Operation Blast Furnace until 15 November gives Washington and La Paz time to prepare for the transition from a joint effort to a Bolivian-directed interdiction program. We expect the Bolivians to try to sustain the missions against trafficker facilities as long as they continue to receive US antinarcotics assistance. We judge that some two to three years of augmented support and training may be required by the Bolivians to continue disrupting the cocaine trade and to build an effective counternarcotics program. In the meantime, Bolivian traffickers are likely to bounce back from losses incurred during Blast Furnace with more sophisticated cocaine producing and smuggling methods. For example, [Redacted] Blast Furnace has prompted traffickers to build "disposable" cocaine processing facilities that can be quickly disassembled and to relocate operations in more remote regions. To stop the traffickers, La Paz must sustain its efforts over the long term and obtain additional aircraft and basic supplies along with supplemental training for police units in intelligence collection and military operations. [Redacted]

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**Appendix: The Bolivian Cocaine Industry**

Legal coca cultivation and coca leaf use in Bolivia are deeprooted in tradition, a fact that complicates control of the more recent illegal drug business--the processing and export of cocaine--which permeates the country's modern society, economy, and political system. The entrenchment of drug trafficking networks and the enormous profits they generate have made La Paz's limited efforts at control more difficult. The current US-Bolivian joint operation is aimed primarily at the destruction of cocaine processing facilities in the remote northern and eastern sections of the country. [Redacted]

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Coca cultivation is legal in Bolivia, where coca leaves have been chewed or brewed into tea for centuries. Much of the estimated 32,000 tons of drug coca leaves being produced annually, however, is illegally processed into cocaine or cocaine derivatives, a significant portion of which flow into the US. Moreover, [Redacted] new cultivation sites indicate that the drug industry there is expanding rapidly. [Redacted]

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**The Geography of Cocaine**

Cultivation is centered in the Yungas and Chapare regions on the eastern slopes of the Andes. The leaves are picked several times a year and processed into paste or base nearby. In the past, most semi-refined coca products were flown mainly to laboratories in Colombia for processing into cocaine, but in recent years increasing amounts have been transshipped to large cocaine laboratories in northern and eastern Bolivia, a remote, lightly populated expanse of jungle and savanna accessible only by aircraft or riverboat. [Redacted]

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**Difficulties in Enforcement**

Past Bolivian efforts to reduce coca crops have failed to curb expanding cultivation, and interdiction efforts have been only minor irritants to powerful drug trafficking organizations. President Paz Estenssoro last November cautiously embarked on a hastily designed antidrug program that emphasized eradication of illegal coca cultivation.\* By January extensive peasant opposition--both passive and violent--to crop destruction and police operations prompted the government to curtail its efforts. [Redacted]

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The emphasis of current antidrug efforts is on disrupting the narcotics trafficking infrastructure. The joint US-Bolivian operation is directed against cocaine laboratories in the Beni and Santa Cruz departments and the Bolivians are stepping up their own efforts against field processing facilities in the Chapare. [Redacted]

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\*Coca cultivation is illegal when it is grown outside of legally established areas or exceeds the limit of two hectares per owner. [Redacted]

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- 1 - Dr. Carlton Turner, SA to the President
- 1 - Mr. Gene Williams, Office of the Vice President
- 1 - The Honorable Elliott Abrams, Inter-American Affairs, State Department
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- 1 - Mr. Greg Christopoulos, Treasury Department
- 1 - Mr. William von Raab, US Customs Service
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