



**Directorate of
Intelligence**

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Narcotics Review



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Narcotics Review [Redacted]

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April 1986

1 **Bolivia: Assessing Coca Cultivation and Tracking Eradication Efforts** [Redacted]
[Redacted]

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In November Bolivia embarked on a narcotics control program that includes both voluntary and forced reduction of coca crops. [Redacted]

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[Redacted] the Bolivian Government faces a difficult battle in reducing the 34,000 hectares of coca currently under cultivation. [Redacted]

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7 **Pakistan: Responding to Domestic Narcotics Problems** [Redacted]
[Redacted]

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Pakistan is attempting to reduce escalating drug trafficking and abuse but has yet to devise a successful strategy or find the necessary resources to mount a successful antinarcotics program. The recent shift from a martial law regime to an elected government further complicates Islamabad's efforts. We judge, however, that the new civil administration will seek to improve and extend drug programs to prevent foreign aid donors from reducing their assistance. [Redacted]

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11 **Thailand-Burma: Illicit Money-Handling Syndicates** [Redacted]
[Redacted]

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Money-transfer syndicates on the Thai-Burmese border that serve the narcotics trade now rival in sophistication those in Hong Kong, and prospects for disrupting their activity are poor. Well-developed syndicates give border traffickers better access to world financial centers and make it easier for these smugglers to develop international marketing networks and sell drug shipments directly to international wholesalers. [Redacted]

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15 **Jamaica: Progress in Marijuana Control** [Redacted]
[Redacted]

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The Jamaican Government has made large gains in disrupting marijuana production and smuggling. The island remains an important supplier of the drug to the United States, but prospects are good for keeping shipments down. [Redacted]

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[Redacted]

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Eastern Caribbean: Growing Narcotics Threat

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Under growing US and local law enforcement pressure, drug traffickers accustomed to using routes in the western and central Caribbean appear to be probing for alternative eastern routes. Governments in the area are poorly prepared to counter a major eastward shift if it occurs, and the area is ripe for exploitation if drug traders find that shipment along customary routes is too risky.

[Redacted]

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Worldwide Narcotics Highlights

[Redacted]

A summary of key developments from 1 February to 1 April 1986.

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This review is published bimonthly by the Directorate of Intelligence and examines international, regional, and functional issues related to the worldwide drug problem. Appropriate articles produced by other elements of the CIA as well as other US Government agencies will be considered for publication. Comments and queries are welcome and may be directed to the Chief, Strategic Narcotics Division

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Bolivia: Assessing Coca Cultivation and Tracking Eradication Efforts [Redacted]

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In 1985 [Redacted] using overhead imagery to estimate coca cultivation in Bolivia as well as in other South American countries. At nearly the same time as we assessed the Bolivian coca crop, La Paz established a narcotics control program in response to US pressure and concern among Bolivian officials about narcotics trafficking and drug abuse. The coca eradication program orchestrated by President Paz Estenssoro in late 1985 represented Bolivia's strongest commitment to controlling increasing narcotics production. Our assessment [Redacted] of expanding cultivation indicate that not only does Bolivian coca production far exceed the needs of traditional leaf users, but that it also supplies a large portion of the raw drugs converted into cocaine for export to US and European markets. [Redacted]

Measuring Coca Cultivation

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A series of narcotics control agreements between the United States and La Paz in 1983 and subsequent US foreign assistance legislation set specific benchmarks for the destruction of excess coca crops in Bolivia. Close monitoring of the crop is thus required, not only to evaluate claims of the size of crops destroyed but also to track new growing areas or expanding cultivation in existing areas. Experience with other drug crops elsewhere in the world indicates that it is almost impossible to estimate cultivation without the use of overhead imagery. Consequently, in 1985 CIA analysts drew upon the combined resources [Redacted]

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[Redacted] to conduct a comprehensive and accurate drug crop assessment of Bolivia. (S NF WN)

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Background

Coca has been of major cultural importance to Bolivia for centuries, and we estimate that some 15 to 20 percent of the population uses coca legally. Andean Indians and peasants traditionally chew coca leaves or brew them in tea as a stimulant to offset fatigue and hunger. A small amount of coca leaf is manufactured into drugs for export to pharmaceutical markets. The rapid increase in coca cultivation in Bolivia over the past decade, however, can be directly tied to the illicit market. [Redacted]

Growing Areas

The excellent imagery available over Bolivia yielded substantial information on all coca-growing areas in the country. We estimate that Bolivia has some 30,000 to 38,000 hectares planted in coca. Our best point estimate of cultivation is 34,000 hectares, yielding an estimated production of some 32,000 tons of dry coca leaf. Subtracting 18,000 tons for domestic consumption, 14,000 tons are available for the illegal market. This amount is sufficient to produce over 80 tons of cocaine, enough to meet the estimated annual US demand of 55 to 75 tons. [Redacted]

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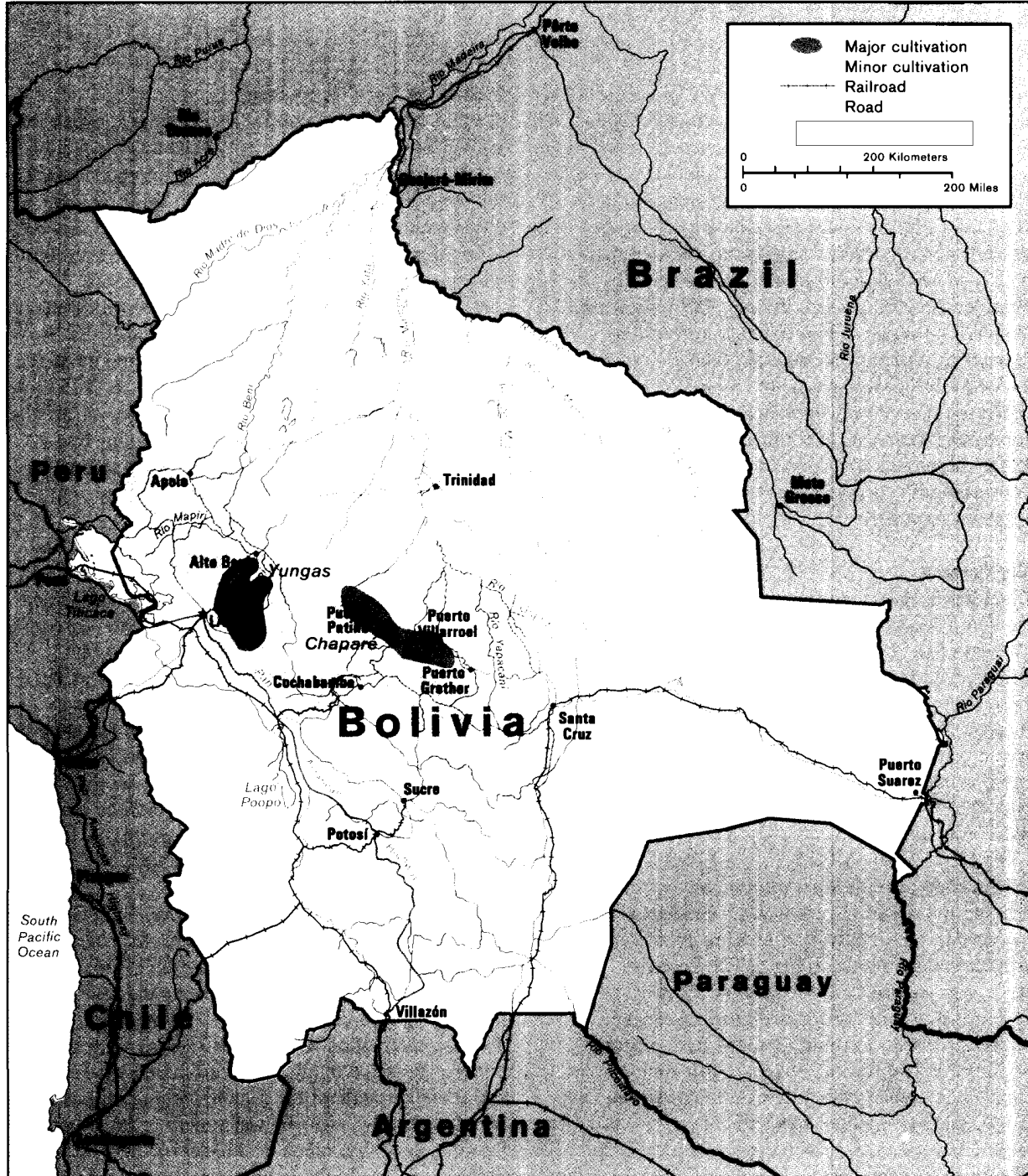
The decline of traditional mining and petroleum refining industries in recent years has fueled an increase in coca cultivation and the growth of the cocaine industry. According to US Embassy reporting, unemployed workers from industrial regions are migrating to coca-growing areas in search of steady wages. Farmers in many agricultural regions are also turning to coca cultivation to supplement subsistence incomes. Businessmen in Cochabamba—a major department capital near the large Chapare coca-growing region—recently told the US Embassy they believe that as much as 70 percent of the work force in their area is directly or indirectly involved in the narcotics industry. [Redacted]

Coca is grown primarily in two regions—the Chapare and the Yungas—with some smaller areas of cultivation scattered through other agricultural regions. The Chapare has an estimated 26,000 hectares of coca crops, or about 75 percent of total Bolivian cultivation. Coca fields average 0.36 hectare, and we identified many plots intermixed with fruit and grain throughout the region's rolling hills and low plains. Extensive clearing was noted in the area, and we anticipate that much of the cleared land will probably be used for coca production in the future. Although some of the Chapare crop supplies the

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Figure 1
Coca Cultivation



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Figure 2. Typical planting pattern of coca bushes in Bolivia



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traditional market, most is probably intended for the illegal cocaine trade. Curiously enough, government-sponsored land colonization projects in the mid-1960s, which provided roads and other improvements to encourage settlements, may have inadvertently spurred coca cultivation. Originally prohibited from growing the plant, colonists from the other growing regions soon discovered that the hardy bush grows well in the poor Chapare soil.

The mountainous Yungas region is Bolivia's oldest growing area and the traditional supplier to legal markets. Our estimate indicates that about 20 percent—or 6,500 hectares—of coca cultivation occurs in the Yungas, where fields averaging 0.17 hectare are planted on elaborate hillside terraces.

coca cultivation is disrupting the region's agricultural economy. The Yungas used to be a major fruit and citrus supplier for Bolivia, but few orange groves and banana trees remain. According to our estimate, only about 5 percent of all land currently under cultivation

is planted in crops other than coca.

local inhabitants of the Yungas region, mostly Quecha Indians, have ceased planting their traditional crops to concentrate on cultivating the more profitable coca plant. A large number of seedling nurseries and newly terraced and planted coca fields were observed throughout the region, indicating that coca leaf production will likely increase in the future. Extensive slash-and-burn activity was noted on imagery and by a survey team that traveled to the region last October, also suggesting that coca cultivation probably will expand.

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Reducing the Coca Crop

President Paz Estenssoro—elected July 1985—announced that narcotics control would be a major priority for his government, second only to economic recovery. Last November his administration hastily designed but cautiously embarked on a new narcotics control program, partially fulfilling provisions of 1983

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bilateral agreements with the United States to reduce coca cultivation to levels of licit demand. Prior to the Paz Estenssoro administration, overriding economic and political crises as well as extensive corruption among government officials had stalled implementation of any sustained antidrug effort.

[redacted]

The current antinarcotics program calls for both voluntary and forced crop reduction in the Chapare combined with an intensified interdiction effort and public drug awareness campaign. Voluntary destruction of plants will follow guidelines of a November agreement between the government and leaders of major Chapare coca farmer federations. Under the agreement, survey teams will measure cultivation as well as oversee the voluntary destruction of crops. Farmers will be allowed to cultivate up to 2 hectares of coca and are to be paid \$350 for each hectare of excess crops that they destroy as compensation for their labor. Antinarcotics police were sent to those areas where farmers had not agreed to voluntary reduction to carry out interdiction operations and to implement forced eradication. The Bolivian Government agreed to destroy 4,000 hectares of coca crops in 1986.

[redacted]

[redacted] the eradication program has thus far been hurt by insufficient resources and corruption among police officials. According to the US Embassy, only 25 hectares of coca crops were destroyed by the end of January, although by mid-March survey teams had tagged some 500 hectares for voluntary eradication. Of the estimated 40,000 coca fields in the Chapare, officials were able to survey only some 1,720 plots. Moreover, there is no evidence that any forced eradication has actually occurred. The US Embassy reports that the field survey program is expensive and lacks sufficient funding to carry out government plans. Police antinarcotics units are also short of supplies necessary to sustain operations in isolated areas.

Resistance from Chapare coca farmers—both passive and violent—has made government officials cautious about pushing the goals of the control program too

forcefully. Antinarcotics police deployed to the areas of the Chapare where farmers did not agree to voluntary reduction of coca crops were met by angry crowds opposing the program. The troops initially carried out only interdiction operations against traffickers to avoid direct confrontation with local peasants who depend on the narcotics industry for their income. By January, extensive peasant opposition to the presence of the troops prompted La Paz to order a sharp reduction of interdiction operations. In areas where farmers agreed to reduction plans, land survey teams have been met by passive resistance from coca farmers. Before fields can be measured, extensive negotiation with farmers is often required, because they individually must allow their fields to be surveyed. Peasant federations initially directed survey teams to small plots, hoping that the program would soon lose momentum if few excess fields were identified. At the same time, farmers have been dividing their coca fields among family members or selling off parcels to assure that individuals do not own more than the lawful 2 hectares.

The program's failure to distinguish between traditional and nontraditional coca-growing areas could become a major obstacle to the government's efforts to destroy excessive cultivation. The National Narcotics Decree Law of May 1985 limits traditional coca cultivation to the Yungas and the Chapare regions. It also mandates that the government determine which coca farms in the two regions are traditional and legal and which are nontraditional and illegal. Coca farms in the nontraditional areas will be eradicated, according to the decree. Although the law required officials to determine traditional and nontraditional areas by September 1985, no such distinction has yet been made, and we suspect that La Paz is evading the issue to avoid further agitating farmers. Whether La Paz confronts the issue of the legal status of coca-growing areas will be a key indicator of how much emphasis the government really intends to give narcotics control. Currently, only a few fields are eligible for destruction, since most are under the 2-hectare limit agreed to by the government and farmer organizations.

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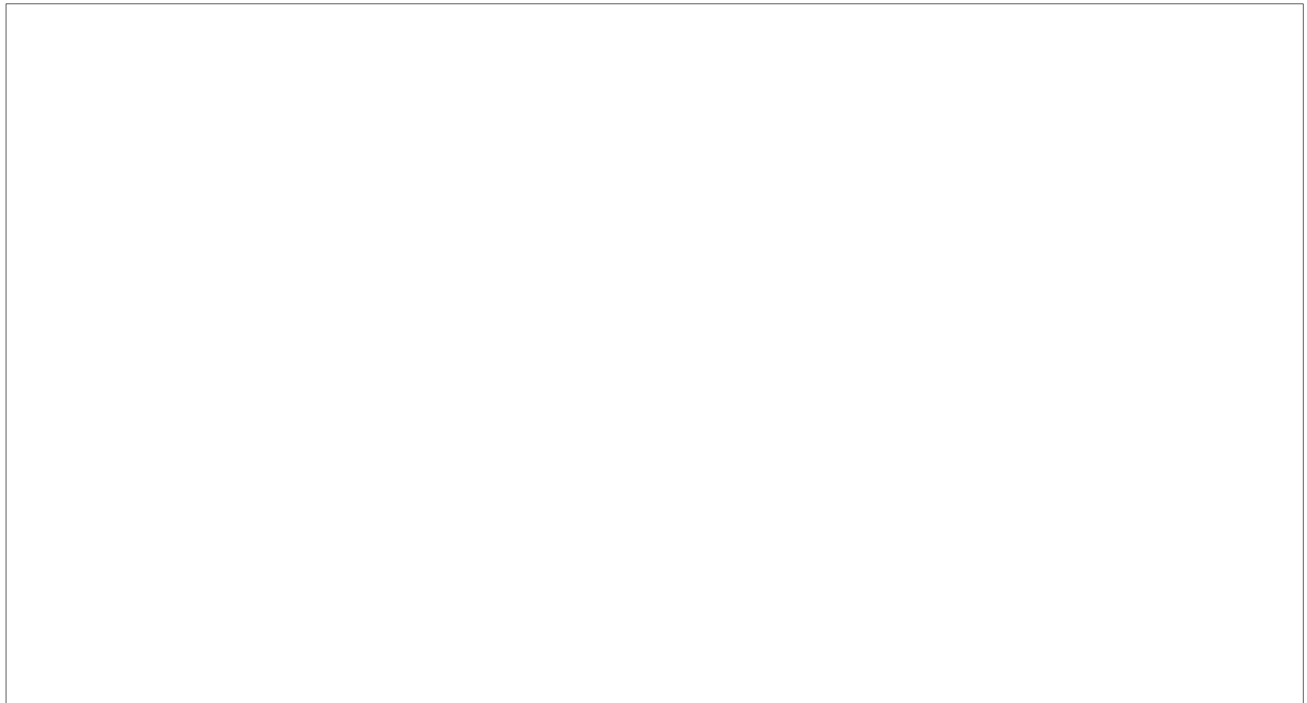
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Outlook

Paz Estenssoro is aware that he needs to clearly demonstrate to the United States that Bolivia is intent on fighting the narcotics problem to avoid losing portions of US economic and military assistance,

[redacted] In our opinion, however, the President is facing serious constraints on implementing an effective strategy to eradicate excessive coca cultivation. In particular, he must walk a tightrope in his relations with peasant farmers from whom his party draws much of its political strength. At the same time, he probably is wary of the wealthy narcotics traffickers' political power. Thus we judge that La Paz will attempt to avoid any firm steps that could result in a confrontation with coca farmers and the country's drug "mafia" as long as possible in order to prevent additional pressure on Bolivia's already fragile political and economic structures.

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**Pakistan: Responding to
Domestic Narcotics
Problems**

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Islamabad is attempting to restrict local drug abuse, but chronic governmental problems—including corruption, poorly trained personnel, and budgetary constraints—are getting in the way of drug abuse programs in Pakistan. This in turn will interfere with progress in further reducing Pakistan's role in producing and trafficking illicit drugs. The recent shift from a martial law regime to an elected government will also complicate the official response to narcotics abuse as newly appointed officials learn their duties.

estimate of this retail value is slightly larger than the foreign remittances from all Pakistanis living and working abroad.

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A Problem of Uncertain Dimensions

Estimates of Pakistan's drug abuse population vary widely. The Pakistan Narcotics Control Board (PNCB) estimates that there are more than 300,000 heroin addicts in Pakistan, up from less than 5,000 in 1980. The PNCB estimates that there are more than 315,000 opium users. Use of cannabis—primarily in the form of hashish—is so widespread in Pakistani society that there are few meaningful estimates of its use. Independent Pakistani observers have published estimates for all forms of drug abuse that are several times larger than the official number.

Other Pakistani officials play down the severity of their nation's narcotics problems and claim the demand for heroin is mainly external. Representatives of key provincial governments told US officials last January that Pakistan's domestic drug problem was minimal and that the main task is reduction of demand in the West. Pakistani spokesmen also point to the nearly 3 million Afghan refugees within the country's borders as a primary cause of drug abuse. Representatives of the martial law regime told US diplomats in late 1985 that the Soviets use narcotics to subvert the Afghan insurgents based in Pakistan, offering to buy their opium and encouraging them to smuggle drugs through Pakistan to embarrass Islamabad. Pakistani officials say they are hard pressed to counter this threat.

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Punishment and Treatment

Estimates of the amount of narcotics consumed and the consequent drain on the economy are also uncertain. Opium and heroin in Pakistan are generally smoked—unlike in the United States, where more highly refined heroin is usually injected. The PNCB estimates that national consumption of illicit drugs averages more than 800 metric tons of cannabis and 240 metric tons of opiates annually. We feel the opiate consumption figure is too high for the number of addicts claimed. For example, by comparison, 500,000 opiate addicts in the United States are supplied by roughly 60 tons of opium annually, according to US Government reports. The Pakistani Government's estimate of the retail value of illegal drugs consumed within Pakistan is equal to 1.5 percent of GNP, although we question whether Islamabad has adequate data to substantiate this claim. Government officials point out that their

Under Pakistan's martial law regime, Islamabad passed legislation calling for severe penalties for producing, marketing, or using illicit drugs. Dealers face heavy fines, long prison terms, and public flogging. Responsibility for enforcement of antinarcotics laws is shared among several agencies—customs officials, excise tax officers, border security forces, local police, and representatives of special enforcement oversight committees. All of their efforts are theoretically coordinated through the Pakistan Narcotics Control Board. This system has been turned over to the recently formed civilian administration, and drug abuse legislation is being redrafted for inclusion in the new constitution.

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Enforcement of existing laws has been haphazard, according to US diplomatic reporting. Pakistani newspapers carry increasing numbers of editorials critical of the government's lack of ability—or willingness—to apprehend and punish drug dealers.

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Although the government-controlled press gives extensive coverage to major drug arrests, Islamabad has not been able to make many narcotics charges stick. Opposition critics charge Islamabad with failing to press for swift punishment of major offenders. Most diplomatic observers report that widespread corruption accounts for most failures to prosecute. Press reporting further suggests that most seized narcotics quickly reenter the drug market. [redacted]

as September 1985 market prices for raw opium had begun to rise, encouraging farmers and dealers in the North-West Frontier Province to plan extensive plantings for 1986. [redacted] farmers and traffickers sense a rising domestic demand for illicit drugs and doubt Islamabad's commitment or ability to control the poppy crop. [redacted]

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An effective treatment program for the drug abuse population is still in the early stages of development. Although government reports claim that Islamabad has opened more than 20 treatment hospitals for drug addicts and that more than 20,000 individuals have been detoxified in these facilities in the last five years, we believe these figures have been inflated to mollify the government's domestic critics. A conference of Pakistan's leading nongovernmental drug treatment organizations in January disclosed that the government's attempts to wean abusers from drugs do not offset efforts by drug traffickers to recruit new abusers. More significant, the conference spokesmen noted that private agencies attempting to counter the drug menace often have to cope not only with the influence of local narcotics traffickers but also with corrupt government officials and members of the police who are openly co-opted by the dealers. [redacted]

Several of the regions reporting increased poppy cultivation previously were poppy free. [redacted] or previously had replaced poppies with other crops in response to government initiatives. Local government officials, according to US Embassy reports, have encouraged farmers to return to poppy cultivation, citing the relaxed attitude of provincial antinarcotics officials and Islamabad's seeming unconcern. [redacted]

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Crop Eradication and Substitution

Crop eradication and substitution efforts in Pakistan have generally been more successful than enforcement and treatment programs. According to US diplomatic reporting, production of opiates in Pakistan dropped from more than 700 metric tons in 1979 to approximately 45 metric tons in 1984. Crop estimates for 1985, however, indicate a rise to between 60 and 70 tons. Although Islamabad regularly points to the dramatic drop in production to illustrate the success of its narcotics control programs, much of the decrease can be attributed to changes in weather conditions and falling world opium prices. [redacted]

We believe that the success that Pakistan's crop eradication and substitution programs have enjoyed results directly from pressure applied by foreign governments—especially the United States and the United Kingdom—and the United Nations to restrict the country's production of illicit drugs. Foreign economic aid to districts in northwestern Pakistan is linked to programs designed to wean farmers from opium as a cash crop. US development funds for hydroelectric projects, agricultural development, and other infrastructure improvements depend on the cooperation of local farmers, who according to diplomatic and academic reports are beginning to suspect that neither Washington nor Islamabad will maintain these programs at a level profitable to them, for more than one or two years. The Pakistani press is already discussing what proposed cuts in the US aid package to Pakistan in the coming year will mean for antinarcotics programs. [redacted]

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[redacted] farmers in the key districts participating in Islamabad's crop eradication program in the northwest have planted substantial amounts of poppies for the 1986 harvest. [redacted] as early

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Foreign Policy Strategems

Despite Pakistan's lack of success in treating its growing addict population, Islamabad is seeking to use its antinarcotics program to win points in the foreign policy arena. Specifically, President Zia and other leaders of the new civilian government have seized on rising international concern over narcotics abuse as a low-risk issue to highlight Pakistan's leadership and participation in world forums. Zia publicly bolsters his efforts to create an "Islamic society" in Pakistan with antidrug statements drawn from commentaries on the Koran and links them to his activities in international Muslim circles. For instance, Zia has called for a statement by Islamic countries against narcotics abuse and has offered Islamabad as the center for a computerized network of narcotics intelligence to assist Muslim states in cracking down on drug trafficking across their borders. [redacted]

Zia has attempted to use the narcotics issue to promote low-risk cooperation in South Asia. He has suggested to the members of the South Asia Association for Regional Cooperation that they share intelligence on narcotics traffickers, create a central bank of narcotics information, and participate in joint antinarcotics training programs, perhaps with the assistance of Western governments. As part of a recent agreement with India, Zia has committed Pakistan to sharing antinarcotics intelligence with Indian enforcement agencies. Although a step in the right direction, this is unlikely to result in major progress soon. [redacted]

Outlook

Islamabad's ability to reduce the use and flow of processed opiates, hashish, and other illicit drugs is not likely to improve in the next several years. Significant reductions would require increased control over several variables that Islamabad has little power or apparent willingness to influence:

- Smuggling across the Afghan-Pakistani border.
- Growth and processing of opiates in tribal areas in the unruly northwestern region.
- Endemic bureaucratic corruption.
- Changes in the international narcotics market that drive up local prices.
- Local resistance to crop eradication and substitution programs. [redacted]

Despite these limiting factors, we judge that Islamabad will continue to seek ways to demonstrate improvement in its response to domestic drug problems. Although the government's efforts to date fall far short of the estimated increase in the number of abusers, there is growing domestic pressure on Islamabad to institute meaningful treatment programs for narcotics abusers. In our view, the new civil administration that began in January 1986 will want to demonstrate to foreign aid donors, political supporters, and opposition groups alike that it will maintain and extend drug-abuse treatment programs begun under the martial law regime. [redacted]

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We believe that Pakistan will turn increasingly to the United States for support in its domestic drug control efforts. The new civilian administration will seek to maintain current bilateral programs and extend cooperation with US drug agencies, perhaps in the form of joint training programs, and it will look to the United States to support its international cooperative efforts. Through joint efforts with Washington—

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[redacted] the new administration will seek to show it can handle the national drug problem. [redacted]

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Thailand-Burma: Illicit Money-Handling Syndicates [redacted]

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A key feature of narcotics and other contraband smuggling in Southeast Asia's Golden Triangle over the past 10 years has been the development of black-market money-transfer syndicates along the Thai-Burmese border whose complex dealings complicate efforts to track drug-related financial flows. These flexible, decentralized revenue-handling operations facilitate the cross-border movement of money from contraband sales between Thailand and Burma. The networks also provide smugglers with links to major world financial centers to invest their local earnings abroad or return profits from dealings outside the region. Thai and Burmese border authorities reportedly are reluctant to crack down on the narcotics-related portion of this financial activity for fear that their current inability to distinguish between it and the historically larger non-drug-related portion could inadvertently cause serious disruption to the border economy. [redacted]

[redacted] Moreover, even if local authorities did take action, longstanding ethnic-Chinese control of the syndicates would make it difficult to penetrate them to obtain the information that would be needed to disrupt activities. Removing the syndicates' top leaders could seriously damage the networks temporarily, but in many cases trusted subordinates probably would soon be able to resume operations. [redacted]

Filling a Financial Need

The traditional flow from Burma to Thailand of contraband—including narcotics, jade, gems, teakwood, tin, and cattle—and the more recent increase in black-market shipments from Thailand to Burma of assorted consumer goods have spurred the development during the past decade of sophisticated illicit money-handling arrangements in the border area. Financial syndicates exclusively controlled by the ethnic-Chinese merchant community reportedly have arisen expressly to manage the transfer of smugglers' cash assets between the two countries and to eliminate the need to move large amounts of

currency across the border or use formal cross-border bank transfers. These networks allow smugglers for a fee to sidestep the danger of financial loss from theft or extortion that personal possession and transport of currency over long distances entails, and to avoid the risk of government confiscation posed by cross-border banking transactions—particularly in Burma, which has tight restrictions on the international flow of money. Because the arrangement permits a smuggler to obtain profits in his own country's currency, he can quickly reimburse creditors and finance new ventures. [redacted]

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Border contraband traffickers prior to the mid-1970s conducted their financial dealings primarily in gold, [redacted] Smuggling at that time overwhelmingly involved the movement of illicit goods from Burma to Thailand, with gold remittances transported largely by returning caravans. Traffickers shifted to using local currencies, however, after gold holdings temporarily lost value because of overproduction in Burmese mines, and after increased Thai shipments to Burma of black-market consumer goods caused greater demand in the border area for both Thai and Burmese money. [redacted]

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How the Process Works

Each of the 10 or more large money-handling syndicates that we estimate to be operating in the border region use a system of "lateral transfer," [redacted] Under this system, a syndicate receives funds from a contraband smuggler in the legal tender of the country he is leaving and notifies syndicate members across the border to reimburse the trafficker in the currency of that country as soon as he arrives. The individual syndicates operate numerous money-handling centers on both sides of the border and permit smugglers to make "deposits" and "withdrawals" at the locations of their choice. In each country, money received from departing traffickers is used to reimburse arriving

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ones who have paid into the system on the other side. A given money center arranges for its cash receipts and disbursements to be closely timed through careful "forward contracting" with smugglers on both sides of the border. This ensures a steady money flow and avoids large, long-term cash accumulations. As long as the demand for funds is roughly the same on both sides, the syndicates do not have to transfer assets physically. [redacted]

The syndicates use various kinds of front companies to carry out money-handling activities. Many of the Thai-based operations are conducted through jade and jewelry shops [redacted] Thai clothing and grocery stores that sell Burmese products and thus have a legitimate reason for participating in cross-border trade also appear to be popular cover operations. Burmese-based syndicate members have been unable to conceal their activities in this manner because open commercial operations are restricted and monitored by the Burmese Government. Instead, they reportedly work through black-market consumer-goods retail outlets [redacted]

Efficient communications among a syndicate's links is essential for the money-transfer process to function smoothly. Syndicate members accepting money from a customer and authorizing repayment at another location need the capability to alert the paying station to have the money ready when the customer arrives. [redacted]

The system also relies heavily on crucial bonds of trust that have developed over time between syndicate members and their customers. [redacted] the ethnic-Chinese businessmen who control the syndicates have devoted years to building client confidence in their ability to ensure that each station in their network can meet its payment obligations. Under the traditional understanding by which the

syndicates and their clients operate, these leaders reportedly consider themselves personally accountable if a customer fails to recover his assets. [redacted]

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Access to International Financial Centers

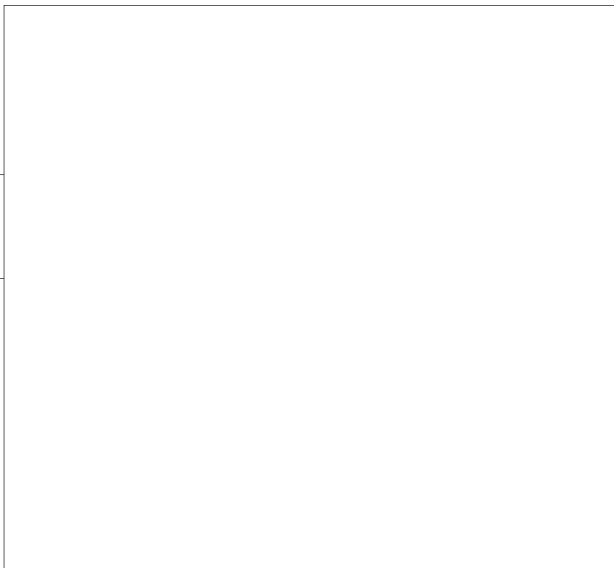
The money-handling syndicates also reportedly provide drug smugglers and other contraband traffickers with increased access to major world financial centers. This enables traders to invest their local earnings at a safe distance from their base of illicit operations and to return profits from dealings outside Southeast Asia to their homelands. Stronger financial links between Golden Triangle drug traffickers and world financial centers are enabling these smugglers to expand their direct dealings with buyers outside Southeast Asia. [redacted]

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Obstacles to Enforcement

Prospects for substantially and permanently suppressing the operations of the Thai-Burmese money-handling syndicates are poor. In our judgment, impediments to a crackdown include:

- Reluctance by border officials in both countries to take action that would cause serious local economic disruptions. Profits earned from Burmese jade, teak, and cattle shipments entering Thailand and by Thai consumer goods going to Burma are especially

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important to the economies of both countries. The Burmese Government regards this trade and the associated money-handling operations as illegal but has few resources and methods to hinder substantially the high volume of trade. [redacted]

[redacted] As for narcotics-related money handling, neither Rangoon nor Bangkok currently can distinguish sufficiently between it and the more extensive non-drug-related activity to prevent a crackdown from affecting other segments of the border economy.

[redacted]

- The flexible and decentralized nature of the syndicates' operations, which makes eliminating them a formidable task. Each network could easily compensate for the loss of some of its many money-handling centers by shifting operations to others. We judge that operations are so complex and resilient that it would not be feasible to shut down sufficient numbers of money-handling centers to put a syndicate out of business.

- The syndicates' tightly knit personnel structure. Participation is restricted to members of the ethnic-Chinese community and involves close family ties. Because of this, local authorities would have difficulty infiltrating the groups to obtain the information that would be needed to disrupt activities. [redacted]

One way of at least temporarily damaging the important bonds of client trust on which the syndicates depend would be to remove the top leaders, whose identities are generally known. In many cases, however, trusted subordinates probably would soon be able to resume activities. Even if such a loss of leadership were to disrupt some of the syndicates for a prolonged period, business could easily shift to other ones. [redacted]

In late 1985, the Burmese Government—disregarding the potential damage to the border economy—did seek to suppress contraband-related financial dealings by recalling from circulation the 100 kyat note—the principal currency bill used by Burmese smugglers. This action caused exchange rate instability in the border area as local traders became uncertain of the value of these notes and their ability to continue using them. The situation reportedly was especially damaging for those smugglers who had been accumulating large quantities of the note for anticipated purchases. Burmese traffickers, however, quickly shifted to using other denominations of currency, and trafficking operations continued. Because the money syndicates minimize their accumulation of cash by closely timing their receipt and disbursement of funds, the impact of demonetization of the kyat note was held in check.

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Jamaica: Progress in Marijuana Control [redacted]

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The Jamaican Government has made large gains in its recent heightened effort to disrupt its country's illicit production and smuggling of marijuana. The island currently remains an important supplier of the drug to the United States, but prospects are good for achieving large sustained cuts in the level of shipments. [redacted]

Crackdown on Growers and Traffickers

[redacted] intensified Jamaican manual eradication operations in the country's major cannabis-producing areas destroyed substantial portions of the crop planted last year. We calculate that growers succeeded in harvesting about 900 metric tons of marijuana, or roughly half of the amount that we estimated—based on less extensive photographic coverage—that they harvested in 1984. Some of this difference is due to further refinement of the estimative process and a better understanding of the comparative size of the spring and fall cannabis crops. We judge, however, that most of this drop represents actual reductions achieved by the government's aggressive eradication program. [redacted]

The government in 1985 also stepped up efforts to interdict shipments of harvested and processed marijuana entering the air and sea smuggling chain. Military authorities tightened security at Jamaica's four major domestic airfields and two international airports, and began a methodical campaign to destroy as many as possible of the numerous makeshift airstrips in the countryside. Kingston also increased naval patrols in coastal waters. [redacted] these measures caused at least temporary disruptions in some smuggling operations and forced many traffickers to make changes in methods and procedures. We estimate that by the end of 1985 two-thirds or more of the island's marijuana shipments were leaving by sea routes—a major shift from traffickers' previous preference for air routes. [redacted]

[redacted]

The Challenges Ahead

Kingston had less success last year in cracking down on drug-related corruption. [redacted]

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[redacted] major traffickers generally were able to counter arrests and dismissals of collaborators by quickly recruiting new ones. In our judgment, the ease with which Jamaica's marijuana trade is able to use its enormous earnings to corrupt some antidrug officials—particularly at lower levels—will be hard to combat and is likely to remain a serious problem for the drug control program. [redacted]

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Moreover, the government already is having to deal with important changes in production and smuggling strategies that marijuana traders are making expressly to complicate future antidrug efforts or otherwise minimize risks. This development—which we expect to become even more widespread throughout 1986—underscores the industry's adaptability and the challenge that authorities face in trying to keep pace. [redacted]

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- Many growers by mid-1985 began relocating operations to less accessible regions and planting smaller fields dispersed over wider areas. Some also staggered cultivation schedules to achieve continual harvests through the remainder of 1985 and into 1986 instead of adhering to traditional seasonal growing cycles.

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- Traffickers about the same time began demonstrating greater caution and diversity in their use of smuggling routes. [redacted]

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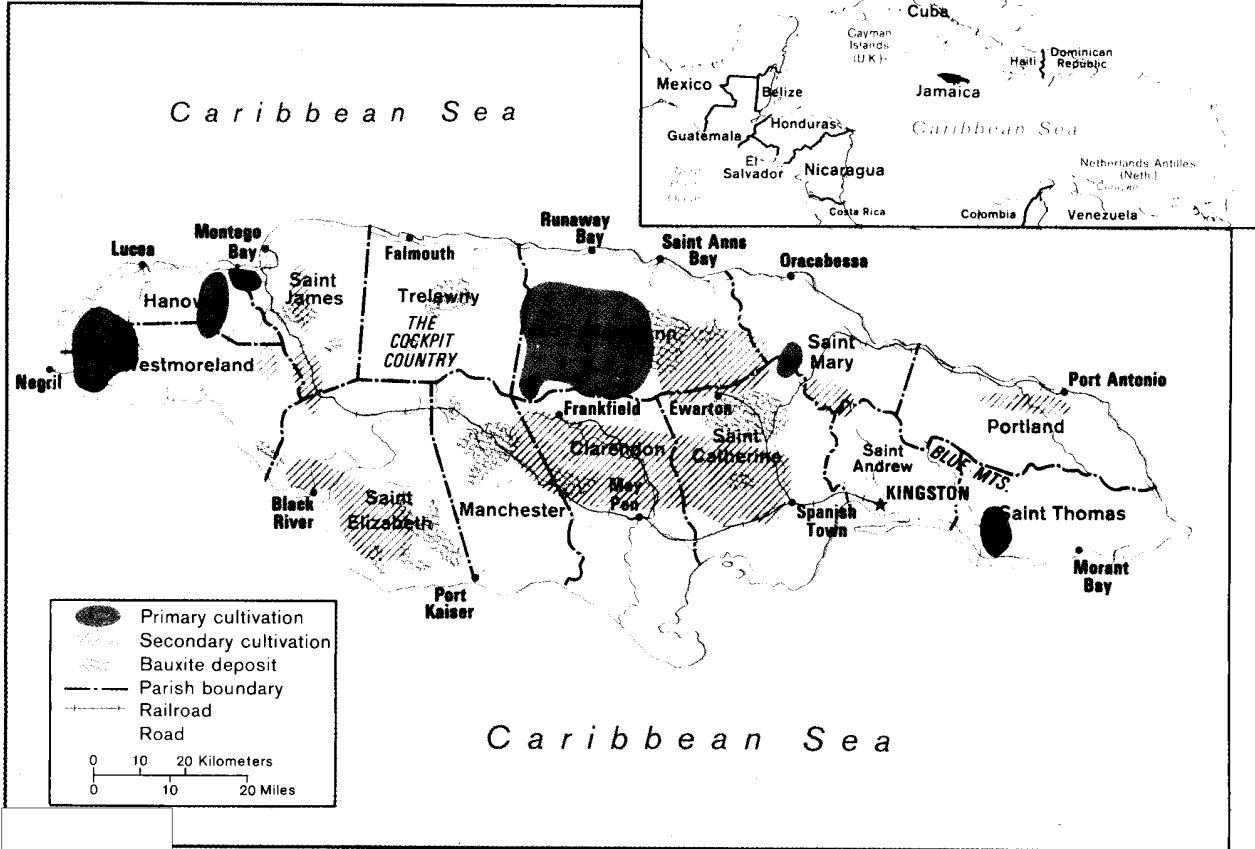
[redacted] In addition, some began establishing ostensibly legitimate air freight organizations or making other business arrangements to try to cover their smuggling operations.

- Throughout the year, traffickers also moved in increasing numbers to diversify operations to include handling of other drugs, thereby hedging

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Jamaica: Marijuana Cultivation Areas, Fall 1985



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their bets at a time when they correctly judged the government's intensified control measures to be focusing chiefly on marijuana. Some expanded their smuggling of hash oil, a potent liquid cannabis derivative that is much easier to conceal than marijuana because of its much smaller volume. Others continued to increase their involvement in transshipping South American-produced cocaine.

eradication and interdiction gains thus far have come almost entirely at the expense of the country's moderate and small-scale growers and traffickers. The crackdown still has had no appreciable effect on the big and more efficient operators who in recent years have accounted for a substantial portion of total marijuana production and export. This segment of the industry has considerable financial and material resources with which to resist antidrug measures. Furthermore, a strong government move against the big production and trafficking groups could provoke

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An additional problem that Jamaican authorities will soon have to address is the fact that their marijuana

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some of them to take violent reprisals against Jamaican authorities if these organizations concluded that their operations were in jeopardy. [redacted]

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Prospects

On balance, however, the outlook is promising. Kingston clearly has demonstrated its determination to impose its will on the marijuana trade and plans to continue intensified eradication and interdiction operations throughout 1986. The US Embassy believes that Jamaica has the capability with existing manpower and resources to destroy up to 40 percent of marijuana production this year. If the current limited mobility of eradication personnel—who in 1985 often had to reach growing areas on foot—were improved through increased use of transport helicopters, and if the currently seasonal crop control measures were expanded to take place throughout the year, we judge that cultivation could be cut by as much as 70 percent. This level of reduction would essentially end Jamaica's role as major exporter of marijuana to the United States. Kingston currently lacks the aircraft it would need to conduct such operations. [redacted]

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**Eastern Caribbean:
Growing Narcotics Threat**

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Growing US and local interdiction efforts directed against customary Caribbean drug trafficking routes over the past year apparently have prompted narcotics dealers to begin probing for alternative routes in the Eastern Caribbean. The rise in trafficking and its expected side effects—official corruption and drug abuse—will present a serious challenge to the limited manpower and material resources of governments in the region.

islands. Local authorities doubt, however, that any major international drug traffickers are operating in the area yet. These authorities judge that international airports and cruise ships are the principal conduits for marijuana and cocaine deliveries to the US market. Yachts and small inter-island cargo ships often transport drugs to lightly patrolled coastal points for reshipment to major markets.

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Production and Trafficking

Local drug production and international trafficking thus far have not had a significant economic or social impact in the Eastern Caribbean, according to the US Embassy in Antigua and Barbuda. Marijuana—grown in small quantities on virtually all the islands—is the only illegal drug produced in the region. Marijuana is used mostly by local youth, particularly members of the Rastafarian cult, who claim it is essential to their religious practices. Although no statistics are available on drug abuse in the islands, local officials believe that marijuana use is rising. Officials in Dominica, for example, estimate that up to 50 percent of the population occasionally use it. According to local authorities, cocaine use in the islands is limited mainly to affluent visitors.

The details of drug trafficking activity in the region vary according to the specific location. Areas where this activity has been observed to be on the rise include the following.

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Barbados. According to the US Embassy, local police believe that Jamaica is the main supplier of drugs intercepted in Barbados—but that Guyana and Trinidad and Tobago are emerging as secondary sources. Marijuana apparently is shipped to Barbados for domestic consumption as well as for sale to tourists and for transshipment.

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US Embassy reporting indicates that increased interdiction operations have curtailed drug traffic along customary routes, and that traffickers have begun to explore the possibilities open to them in the Eastern Caribbean. Traditionally considered a smugglers' paradise because of the many isolated bays and coves, the Eastern Caribbean islands provide an ideal operating area for traffickers. Embassy reporting indicates that loosely organized small-time traffickers—local and foreign—operate in all the

varying amounts of marijuana have been discovered on flights originating in Jamaica. Of even greater concern to local officials, according to the US Embassy, is the recent influx of cocaine into the country, which local police say is coming from Trinidad and Tobago and Guyana. In September, police discovered \$500,000 worth of cocaine in the home of a wealthy Barbadian businessman. Authorities judge that cocaine is imported mainly to be sold to foreign tourists, according to the US Embassy.

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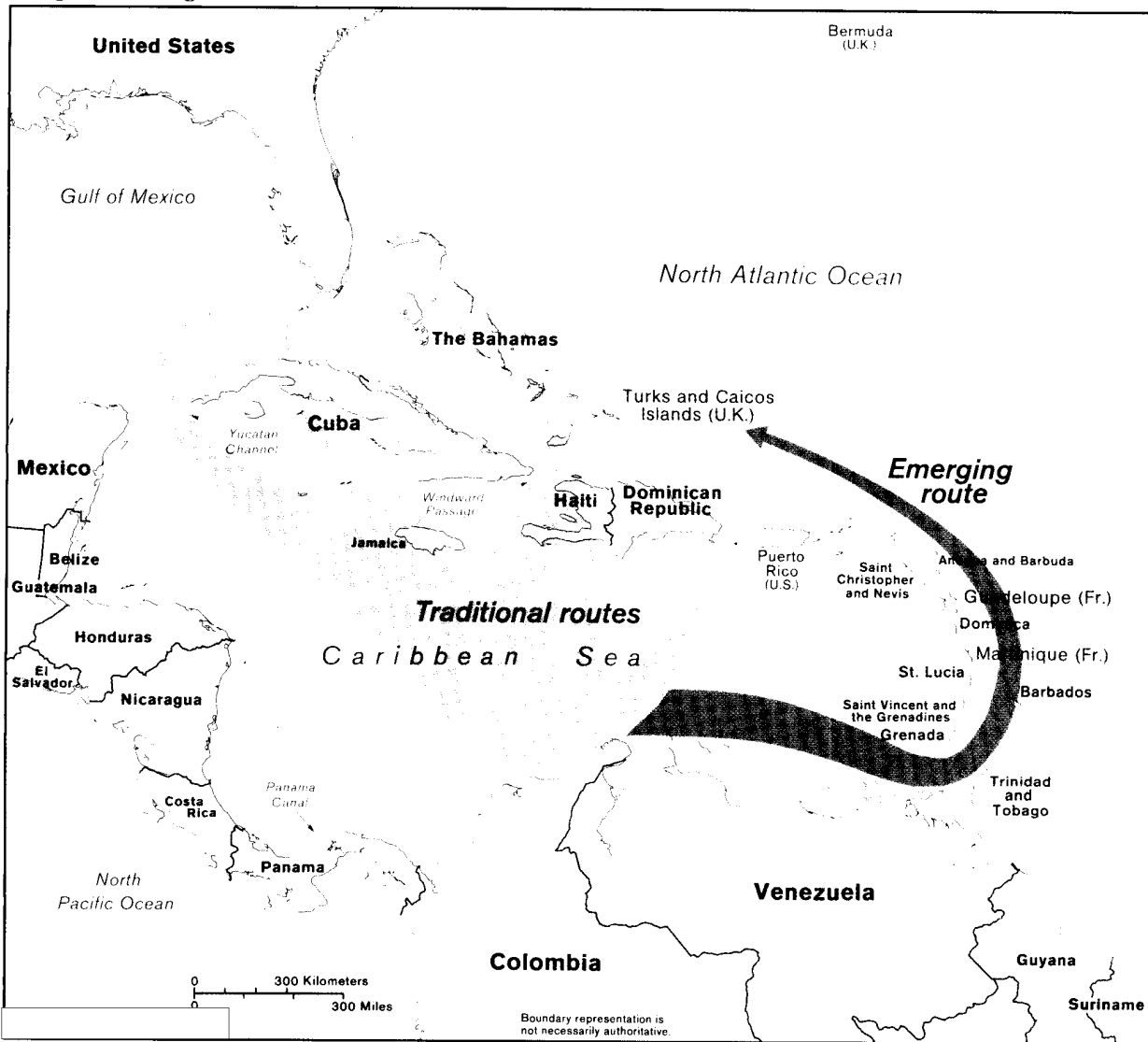
¹ For the purposes of this article, the Eastern Caribbean includes Antigua and Barbuda, Barbados, Dominica, Grenada, St. Christopher and Nevis, St. Lucia, and St. Vincent and the Grenadines.

Antigua and Barbuda. Recent seizures of drugs reveal that Antigua and Barbuda is being used by

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Drug Trafficking Routes



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Colombian traffickers as an increasingly important transshipment point for narcotics destined for the United States and Canada.

Antigua and Barbuda's busy international airport and its considerable yacht trade—the Embassy estimates that 500 boats anchor in St. John's harbor on any given day during the December-April tourist season—make the island particularly attractive to traffickers.

Last October, Antiguan police discovered 8,000 kilograms of marijuana stored in a house in the capital city of St. John's, by far the largest drug seizure ever made in that country. A longtime Antiguan resident, Mike Tyrell, turned himself in to the authorities and admitted ownership of the drugs. Tyrell—who has a record of several convictions for similar offenses in Guadeloupe and the United

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Kingdom—was fined the maximum penalty of \$5,580 but sentenced to only six weeks of hard labor.

Subsequent investigation/ [redacted]

[redacted] revealed

that Tyrell is the main contact for Colombian traffickers who use the island for marijuana and cocaine transshipment. [redacted]

[redacted]

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Other Areas. Local police believe that St. Lucia and Dominica are used for the movement of narcotics to the nearby French Departments of Martinique and Guadeloupe. Dominica's police commissioner has complained to US officials about the lack of French cooperation on drug control problems on neighboring islands and the absence of formal security arrangements. The US Consul in Martinique reports a rise in narcotics trafficking through the French Departments, but notes that French officials consider smuggling operations between St. Lucia and Martinique to be insignificant and dismiss allegations of air shipments to Paris originating in Dominica or St. Lucia. Similarly, St. Vincent and the Grenadines's Prime Minister James Mitchell, in conversations with Embassy officials, plays down reports of increasing drug smuggling activities in the Grenadines, implying that the sources of such reports are self-serving senior police officers. [redacted]

Police commissioners in St. Lucia and St. Vincent and the Grenadines were suspended from duty last year while under investigation for corruption. No credible evidence has been produced, however, to indicate their involvement in narcotics trafficking. [redacted]

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Government Antidrug Efforts

Police on all the Eastern Caribbean islands periodically undertake special operations to disrupt cultivation of marijuana and its trade, although in general their governments are poorly prepared to deal with increasing drug activities. Local police forces already are stretched thin, and only a few police officers from Antigua and Barbuda, Barbados, Dominica, and St. Vincent and the Grenadines have participated in US DEA training courses. [redacted]

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The two largest discoveries of drugs by Barbadian police last year apparently were accidental—in one case during the course of a murder investigation and in the other during a routine examination of unclaimed cargo at the local airport. [redacted]

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Drug-Related Official Corruption

Official corruption in many Caribbean countries probably has increased in response to expanded drug activities. According to the US Embassy in Barbados, police there say that customs officials allow traffickers to operate in exchange for bribes of from \$5,000 to \$10,000. [redacted]

[redacted]

Eastern Caribbean societies makes undercover police operations nearly impossible. [redacted]

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Local officials have told Embassy officers that their governments have increased antidrug efforts but are hampered by their inability to patrol coastal areas adequately and by the difficulty of obtaining the hard evidence needed to arrest and convict suspected traffickers. In addition to manpower shortages, limited equipment resources restrict the effectiveness of antidrug operations. None of the smaller islands'

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security forces, for example, has airplanes or helicopters. Existing legislation is inadequate to discourage narcotics offenders; penalties generally are light and laws vary from island to island. Although regional leaders agreed in November that efforts should be made to coordinate narcotics legislation, apparently no solid improvements have resulted thus far. [redacted]

The well-publicized seizures of marijuana and cocaine in Barbados and Antigua and Barbuda have made local governments more aware of narcotics activities in the region and have prompted appeals for US assistance. Government leaders in Grenada, St. Lucia, Barbados, and Antigua and Barbuda have publicly labeled narcotics activities a serious problem for their countries. Last March Prime Minister Herbert Blaize of Grenada announced the creation of a high-level security task force to address drug trafficking and other contraband. Concerned by the apparent movement of trafficking eastward in the Caribbean, Barbadian officials have requested US aid in forming a narcotics coordinating committee. [redacted]

Antigua and Barbuda's government announced plans in October to establish an antinarcotics squad under the control of police officials and requested US help in organizing it. Foot-dragging, however, by these law enforcement leaders [redacted] caused the meetings that were held with DEA officials to be unproductive. [redacted] Antigua and Barbuda subsequently has formed such an antidrug squad and is seeking to ensure its integrity by having the squad report directly to the attorney general. [redacted]

Outlook

Despite increased local awareness and antidrug efforts, we see little chance of stemming the flow of illegal drugs and accompanying problems into the Eastern Caribbean any time soon. Continued crackdowns on drug activities in Jamaica and The Bahamas will encourage traffickers to expand their operations farther in the Eastern Caribbean. US-trained special service police units in each island may develop a greater antinarcotics role that could produce a pool of trained personnel to improve US-supported antidrug programs. Nevertheless, although local officials express concern about rising trafficking and its potentially serious social consequences, they remain reluctant to deal with the problem aggressively. They fear endangering their vital tourist sectors by instituting strict customs searches or raids on hotels and public establishments despite evidence that tourists are bringing in drugs or purchasing them locally. [redacted]

As in Jamaica and The Bahamas, increased trafficking activity in the Eastern Caribbean almost certainly will prompt a rise in local drug consumption and official corruption. The lure of drug dollars will be difficult to combat because the area already is facing high unemployment and other serious economic problems. Limited economic opportunities, especially for young people, suggest that illegal drugs—whether as a means of profit or escape—will pose a long-term problem for the region. [redacted]

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Worldwide Narcotics Highlights

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South America

The *Colombian* Government recently enacted a comprehensive new law that increases the penalties for involvement in any aspect of drug activity and provides incentives for convicted lawbreakers to implicate others. According to press reports, key changes raise the maximum prison sentence for those engaged in the most serious kinds of drug activity to 12 years, and permit authorities selectively to seize drug funds or property acquired with narcotics earnings. The new law also contains, for the first time in Colombia, a provision that allows a convicted narcotics criminal to receive as much as a two-thirds reduction in his sentence if he provides information that leads to the conviction of those who are higher in the production and smuggling chain. In our judgment, this provision could help prosecutors who up to now have had difficulty obtaining evidence and testimony against major traffickers. At the same time, the new law has not yet been tested in court, and lawyers defending future clients against drug charges almost certainly will be quick to question whether any of the statutes applicable to a given case violate civil rights guaranteed by the Colombian Constitution.

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The appointment of new judges to *Colombia's* Supreme Court—to replace the 12 who died last November during the M-19 terrorist attack on the Palace of Justice in Bogota—will have a bearing on the outcome of any challenge to the constitutionality of the new antidrug laws and also could complicate President Betancur's two-year-old roundup and extradition of traffickers wanted for prosecution in US courts. Colombia's Supreme Court previously had refused to hear arguments questioning the legality of extradition by ruling that the Colombian-US Extradition Treaty of 1982—from which Betancur derives his authority to turn smugglers over to Washington—can be amended only by presidential decree. The new Chief Justice, however, has privately indicated that he views the extradition issue as complex and serious, and the Embassy believes that the court may reexamine the matter. In our judgment, the country's powerful major drug traffickers—who during the past two years have openly called for Bogota to halt extradition on the grounds that it is an affront to nationalism—are trying to influence the new Supreme Court members. There is no hard evidence that this is happening, but the fact that several prominent jurists have declined appointment to the Supreme Court after receiving threats from the traffickers suggests that the Chief Justice and other judges who have been selected thus far have received similar threats, and we believe it is possible that some may have deflected such pressure by agreeing to look into the extradition issue. We judge that the new Supreme Court is not likely to overturn the extradition treaty, which would stir considerable domestic and US criticism and damage the Supreme Court's reputation as Colombia's most venerable government institution. Judges, however, could raise sufficient questions about individual cases to slow substantially the overall pace of extradition proceedings and give imprisoned traffickers awaiting extradition more time to appeal their cases or try to escape from prison.

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Delays during the past year on one prominent *Colombian* extradition case already have taken a toll. The US Embassy in Bogota has reported that major South American drug trafficker Juan Matta-Ballesteros—sought by the United States for his alleged role in the killing of a DEA officer and arrested in April 1985 by Colombian authorities—escaped in mid-March, evidently by making payoffs to prison officials. The Honduran-born cocaine dealer was the most powerful smuggler arrested by Bogota for extradition to the United States and is closely linked to a leading Mexican narcotics organization headed by Miguel Felix-Gallardo, another key suspect in the DEA officer's death. Press reports indicate that for the past year Matta had resisted extradition with the help of a former director of Colombia's national police and a former Colombian Supreme Court judge. Shortly after escaping, Matta surrendered to authorities in Honduras, which—unlike Colombia—does not have an extradition treaty with the United States. Matta faces charges in Honduras for murders that he allegedly committed there some years ago, but [redacted] authorities do not have a strong case against him. [redacted]

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[redacted] the *Colombian* Government in mid-February commenced one of its most sweeping crackdowns in recent years on drug-related corruption by firing virtually the entire staff of the Department of Administrative Security (DAS) in the important drug-trafficking city of Leticia, located near the border with Peru and Brazil. The DAS is a special investigative unit that reports directly to President Betancur. In a concurrent action, all of Leticia's customs officials were dismissed, according to press reports. The crackdown followed government investigations that confirmed the existence of widespread narcotics corruption in the city's law enforcement community. Traffickers use Leticia as an entry point for shipments of coca base and cocaine-processing chemicals arriving from neighboring countries and operate numerous cocaine laboratories nearby. The dismissals probably will disrupt at least some smuggling operations temporarily, but we expect traffickers to move quickly to co-opt new collaborators. [redacted]

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Colombia's marijuana smugglers, meanwhile, were preparing to end their recent suspension of maritime operations, evidently in the belief that recent intense US interdiction measures in the Caribbean were about to be lifted. [redacted]

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[redacted] The interdiction campaign has been conducted chiefly by the US Coast Guard, with some assistance by the US Navy and by Colombian and other Caribbean naval forces. [redacted]

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[redacted] The traffickers almost certainly would shift to larger scale export operations quickly if a trial resumption led them to conclude that risks have dropped to acceptable levels. After existing marijuana supplies are drawn down, however, smugglers might experience some shortages as a result of the Colombian Government's

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recent eradication of a major portion of the marijuana crop in the key northeastern growing area. In our judgment, the smugglers' prospects will depend in part on the continued effectiveness of the eradication program and on the government's ability to head off the spread of cultivation to other parts of the country. [redacted]

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Bolivia has agreed for the first time to take part in at least a limited way in regional cooperative efforts to improve drug control. US Embassy reporting indicates that the Bolivian and Colombian Governments in early March concluded an arrangement to expand police cooperation, to include Colombian help in training Bolivian police intelligence personnel in drug enforcement and countersubversion techniques. The two countries also are considering establishing a joint training program for Bolivian Government aircraft pilots that could improve antidrug reconnaissance operations. Bolivia still is reluctant to commit itself to participating with its neighbors in combined antidrug interdiction efforts, although it has endorsed US calls for the formation of a regional "strike force" that would facilitate cross-border enforcement. In our judgment, La Paz probably turned to Bogota for assistance in antidrug training because of Colombia's recent success in working jointly with Peru and Ecuador in antidrug operations—not to mention the strong ties between Bolivian coca producers and Colombian cocaine manufacturers. [redacted]

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The **Bolivian** Government intends to give UMOPAR—its antinarcotics police strike force—a larger role in interdicting coca shipments leaving key growing areas, according to the US Embassy in La Paz. UMOPAR will soon conduct its first interdiction effort in the Yungas region while expanding operations in the Chapare, where troops were deployed last November at the start of a coca-reduction program. Troop movements aimed at doubling the size of the Chapare unit to 500 members began in early March and will include the addition of up to 150 personnel from the Rural Police Force (PRE). La Paz has now disbanded the PRE, whose members originally were stationed permanently in the Chapare to combat narcotics trafficking. Last October the United States cut funding for the PRE following reports of widespread corruption among the organization's leaders. Bolivian officials reportedly plan to try to curb corruption among UMOPAR troops by keeping units on the move, thus avoiding the establishment of permanent field bases that might facilitate contacts with traffickers. Previous large-scale antidrug interdiction efforts have met with violent peasant opposition and have been hampered by logistics problems. [redacted]

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Peru's Government in February publicly announced recent steps it has taken to curb inefficiency and drug-related corruption in the country's various law enforcement organizations. President Garcia has merged the top leadership of the Civil Guard and the Investigative Police—two organizations whose responsibilities include drug control—to promote better working-level coordination. According to the US Embassy, Lima is considering additional police reorganizations and may create a special national antinarcotics unit. In addition, the government reportedly has recently fired some 1,100 police officers nationwide for various kinds of malfeasance or negligence, bringing to 1,500 the number of officials that Lima has dismissed for misconduct since last summer. Many of the vacancies, however,

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probably have not been filled, causing serious manpower shortages—or are being filled by replacements who have little experience in antidrug matters and are as susceptible as their predecessors to corruption by the wealthy and powerful drug community. [redacted]

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The *Brazilian* Foreign Ministry is seeking to increase antidrug cooperation with the United States as part of a plan to play a bigger role in narcotics control matters, according to the US Embassy. Foreign Ministry officials during a visit to Washington in early March proposed major revisions to the Brazilian-US Narcotics Enforcement Assistance Agreement—which expired on 31 March—that would expand bilateral cooperation beyond existing crop eradication and drug interdiction efforts to include public education and rehabilitation programs. The Foreign Ministry until recently had shown little interest in narcotics matters, but it apparently has become much more concerned about the domestic impact of internal drug consumption and the effect of Brazil's emerging role as a drug-producer on relations with the United States. The financially strapped government would be hard pressed to pay for the proposed expansion of antidrug cooperation and almost certainly would look to the United States for additional funds. [redacted]

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Another sign of the *Brazilian* Government's concern about drug activities is its recent drafting of legislation—currently under consideration by the Brazilian Congress—that would permit law enforcement authorities to use money obtained from the sale of property confiscated in antidrug operations to support future enforcement efforts. This law would provide an important additional source of funding for Brazil's Department of Federal Police (DPF), which has primary responsibility for drug control. The DPF in recent weeks already has been strengthened by the appointment of a new director general, Romeu Tuma—a career police officer with a reputation for professionalism and integrity and a record as a strong proponent of drug control. Tuma has long called for increased federal antidrug spending and reportedly is seeking to improve control strategies through better coordination among federal, state, and military authorities and closer cooperation between Brazil and drug-consuming countries, particularly the United States. [redacted]

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The US Embassy in Buenos Aires reported in late March that *Argentina* is cracking down on trafficking of chemicals used in the processing of cocaine. A recent government decree limits imports to legitimate needs and requires approval for exports. Strict enforcement would be a setback to the country's emerging role in the South American cocaine trade. [redacted]

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Mexico

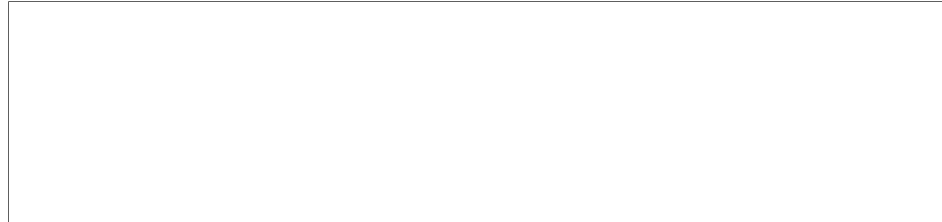
Two recent events underscore the Mexican Government's inability to mount a serious challenge to the operations of major trafficking networks:

- The media reported in March that a federal judge released, for lack of evidence, the son of the influential leader of the Durango-based Herrera drug clan who was being held on charges of narcotics trafficking. Following the release, which reportedly has provoked public shock and disbelief, the Attorney General sent officials to Durango to review the case. The Attorney General probably felt that

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some action was needed to blunt public criticism and to head off charges of corruption that are sure to surface. We believe that the release is a setback to the Mexican antidrug effort; and based on the government's previous record, the review is unlikely to result in a reversal of the decision or to lead to the recapture of the smuggler. [redacted]

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Mexican press reports suggest the government has made little progress in prosecuting two imprisoned drug dealers implicated in the killing in early 1985 of US Drug Enforcement Administration officer Camarena. The traffickers—Rafael Caro Quintero and Ernesto Fonseca—were arrested about a month after the officer's death. By law, the presiding judge has one year after the defendants are formally charged—17 April in this case—to review the evidence and reach a verdict. Mexico stands to lose whether or not it prosecutes the two. The traffickers almost certainly have threatened to expose high-level corruption or to order reprisals if the authorities convict and punish them. Continued inaction, however, would damage Mexico's attempt to seek US help with its financial crisis. Mexico may try to hold the traffickers indefinitely while trying to deflect US pressure with promises to reactivate the case as soon as more urgent problems are solved. [redacted]

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The US Embassy reported that in late February two helicopters assigned to the drug eradication program crashed in southwestern Mexico, and that a third helicopter operating in the same area was damaged while trying to make an emergency landing. The first loss occurred when the pilot—who had recently been reassigned from other duties to resume flying spray missions without receiving refresher training—misjudged his approach to a poppyfield planted on a steep hillside. The second aircraft crashed for undetermined reasons while trying to rescue the first helicopter's pilot. The third incident happened two days later when a helicopter searching for the second aircraft experienced engine failure. The losses come at a time when the opium trade's important spring harvest was about to begin, and they underscore the hazards posed by growers' efforts to plant fields in less accessible areas. Mexican antidrug officials have been slow to respond to US calls during the past year for increased spraying, and some of them may point to the accidents to justify continued foot-dragging. [redacted]

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[redacted] cultivators in the key northern poppy-growing area of Mexico are employing a variety of irrigation systems—such as centerpoint sprinklers, hose-drip, and the linking of fields to water reservoirs by extensive hose networks. The widespread use of irrigation offers the growers greater flexibility. More farmers will be able to plant two crops rather than one. Poppyfields, which in the past needed to be positioned relatively close to a water source, can be scattered over a greater area—making detection and eradication more difficult. If a field has been sprayed with herbicide, sprinklers can be used to rinse off the plant to

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minimize the effects of the herbicide. Moreover, the labor-intensive rowing process, designed to retain water, is no longer absolutely necessary. US State Department officials recently confirmed extensive use of broadcast-type seeding in the north—a less systematic field preparation process that merely entails turning over the soil. The almost routine use of irrigation is another indication of the resurgence in poppy cultivation, and is likely to be a contributing factor to another robust opium crop in 1986. [redacted]

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Southwest Asia

Good weather after two successive drier-than-average years in *Pakistan's* North-West Frontier Province promises to produce a bumper opium harvest this year. Significant increases in areas planted in poppy have been reported by various travelers in the region. [redacted]

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[redacted] With the completion of US training programs, Islamabad should be able to determine for itself the location and extent of poppy cultivation this year. Flying of the 1986 Pakistan opium poppy aerial survey began on schedule in early March and should be completed by mid-

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May. Areas scheduled to be photographed this year include Malakand, Dir, Gadoon-Amazai, Black Mountains, Bajaur, Mohmand, Khyber, Orakzai, Waziristan, and Indus Kohistan, encompassing virtually all of the known areas of cultivation in the province. [redacted]

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A violent confrontation with tribal poppy farmers has again forced the Government of *Pakistan* to back down on enforcement of its poppy ban. Islamabad delayed planned enforcement until the poppy crop was ready to harvest and the time had passed to plant alternative crops, thus depriving farmers of an economic alternative to poppy. Paramilitary forces sent into the Gadoon-Amazai area of the North-West Frontier Province in early March to eradicate the poppy crop faced angry tribal farmers led by a National Assembly member who campaigned last spring on an antienforcement platform. The ensuing violence culminated in the death of eight people and the arrest of the National Assembly member. The subsequent walkout by 120 members of the National Assembly—concerned that the arrest of a member could set a precedent—blew the issue into a national problem. In an effort to reduce tension and prevent further bloodshed, Islamabad backed down on enforcement after eradicating only 5 percent of the estimated poppy crop in the area, [redacted] Troops were removed from the area after a neighboring village agreed to voluntarily destroy part of its poppy crop [redacted] The provincial government has also agreed to compensate the farmers for deaths or injuries caused by the paramilitary forces. [redacted]

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[redacted] *India*, government control of licit opium production is extremely loose, and a suspected 20 to 30 percent of the total harvest is probably diverted into the illicit market. The Indian authorities license and measure the poppy plots that are owned and cultivated by individual farmers only at planting time. [redacted] the government does not again inspect the plots, and the farmers frequently enlarge their fields by as much as 25 percent. The system by which the Indian Government compensates poppy growers for their opium also encourages diversion into the illicit market. For a farmer to maintain his license, he must produce a certain minimum yield of approximately 30 kilograms per hectare. He is then paid on a sliding scale determined by his yield—the higher the yield, the greater the price per kilogram. This price does not approach the price on the illicit market, however, and, if the farmer sells only the minimum amount of opium to the government to maintain his license, he can divert any excess to private buyers. [redacted] yields in excess of 40 kilograms per hectare are not unusual. [redacted]

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Nepalese drug enforcement officials are facing increasing difficulties in prosecuting prominent narcotics traffickers. [redacted] More than a dozen members of the National Assembly and at least one member of the royal family have been found by customs officials at Kathmandu's International Airport to be carrying large amounts of illegal narcotics or contraband gold bars purchased in Hong Kong with drug money. Investigation of each of these cases has been halted by the personal intervention of the King, the Finance Minister, or other highly placed officials. Professional enforcement personnel are further discouraged in their efforts by the Finance Ministry's practice of assigning customs officers on the basis of political patronage. [redacted]

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[Redacted] drug prices in *Nepal* have remained relatively stable since 1984, despite the 17-percent devaluation of the Nepalese rupee in December 1985. "Brown sugar" heroin—smoking heroin or "heroin number 3"—originating in India is the most commonly used heroin among the Nepalese. It currently sells for 90 to 100 rupees per gram (US \$4.25 to \$5.00), versus its early 1985 price of 100 to 120 rupees per gram. There appears to be no violent competition among dealers or evidence of price wars on the streets. Similarly, there is no evidence that any one dealer or group is being more "protected" than any other by powerful members of government. This arrangement between dealers appears to be in keeping with the traditional Southwest Asian practice of handling drugs on a "free enterprise" basis rather than in the gangland style often found in the West. [Redacted]

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Nepal continues to blame tourists for the booming drug trade in Kathmandu.

[Redacted] two areas that are particularly popular with tourists searching for cheap drugs are Thamel and Freak Street. These and other drug hotspots are warrens of courtyards, small homes, narrow alleys, and large overcrowded dwellings. Access to many homes is through other homes. The setup of these areas would make a classic drug bust nearly impossible because of the intricate escape routes and numerous hiding places. [Redacted]

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[Redacted]

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[Redacted] The claim that the tourists have been the catalyst is indicative of the government's unwillingness to acknowledge that Nepal has a serious indigenous drug problem. [Redacted]

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Southeast Asia

Recent meetings between high-level *Thai* and *Burmese* officials led to an informal arrangement to increase cooperation in fighting narcotics, including possible joint military operations against trafficking groups. During a late February visit to Rangoon, Thai Foreign Minister Siddhi reached a verbal agreement with Burmese Home Minister Min Gaung to exchange intelligence on trafficking. [Redacted]

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[Redacted] Military attaches in both countries will be instructed to pass information, and Embassy reporting states Thai officials will brief their Burmese counterparts on current Thai crop substitution programs. [Redacted]

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[Redacted]

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[Redacted] we judge it is unlikely such operations will begin soon, given past mutual animosity. SUA leaders fear an attack by both Burmese and Thai forces, especially one in which the Burmese attack in conjunction with a Thai blocking

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action to prevent the SUA from crossing the border into Thailand for sanctuary. The SUA has built a defensive strategy of falling back from its positions when attacked and then waiting out the occupying force. A bilateral attack designed to prevent the SUA from retreating from a border strongpoint with its narcotics would cause significant financial and morale damage to the group and disrupt the cross-border flow of heroin. [redacted]

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Thai officials fear hilltribe opium growers are increasing cultivation just across the border in Burma to evade stepped-up eradication programs in both countries,

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[redacted] The growing sites are beyond the reach of Thai eradication teams, and Rangoon is unlikely to risk its fleet of spray aircraft in SUA-controlled areas. If opium prices remain high, we expect the flow of Thai growers crossing the porous border to accelerate and counterbalance much of the expected future decrease in cultivation within Thailand. With its own opium sources in other parts of the Shan State threatened by the spray campaign, the SUA is likely to offer sanctuary to the growers and direct more of the crop to its own refineries. [redacted]

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An edict by SUA leaders in late January banning contact with the *Burmese* Communist Party (BCP) is likely to do only minor financial damage to the BCP and underscores SUA frustration at the mounting pressure exerted on it by its border enemies. The policy change prohibiting SUA units from buying raw narcotics from BCP merchants is intended to cut BCP opium revenues and force defections. The BCP is using its ally the Shan State Army/North to carry opium to refineries run by the Chinese Irregular Force (CIF) and Wa National Army—SUA enemies in the current border conflict. In the long run, the SUA edict may backfire. It will push the BCP to diversify its raw narcotics customers and could force the BCP closer to the SUA's enemies. [redacted]

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The CIF has established its first major refinery complex on the *Thai-Burmese* border since the SUA takeover of border trafficking in late 1984. [redacted] [redacted] the CIF has built several small refineries at Ang Khan. The BCP and Shan State Army/North, both anti-SUA groups, have agreed to supply the refineries with opium from the northern Shan State in return for food and medicine. The CIF and BCP—at opposite ends of the ideological spectrum—make strange allies, but the leaders of both groups believe the alliance is necessary. The CIF needs the BCP as an opium source, and the BCP needs the CIF to market its narcotics on the border. The SUA's reaction to the new CIF refinery complex will be important in determining the viability of the CIF campaign to regain a share of border trafficking. If the SUA leaves the complex alone and lets the CIF solidify its supply lines to the north, it will indicate the SUA may be willing to compromise with its competitors and allow them to resume trafficking to the Thai market. SUA assaults on the complex would point to stepped-up fighting and would suggest SUA leaders believe they can maintain the group's border monopoly. [redacted]

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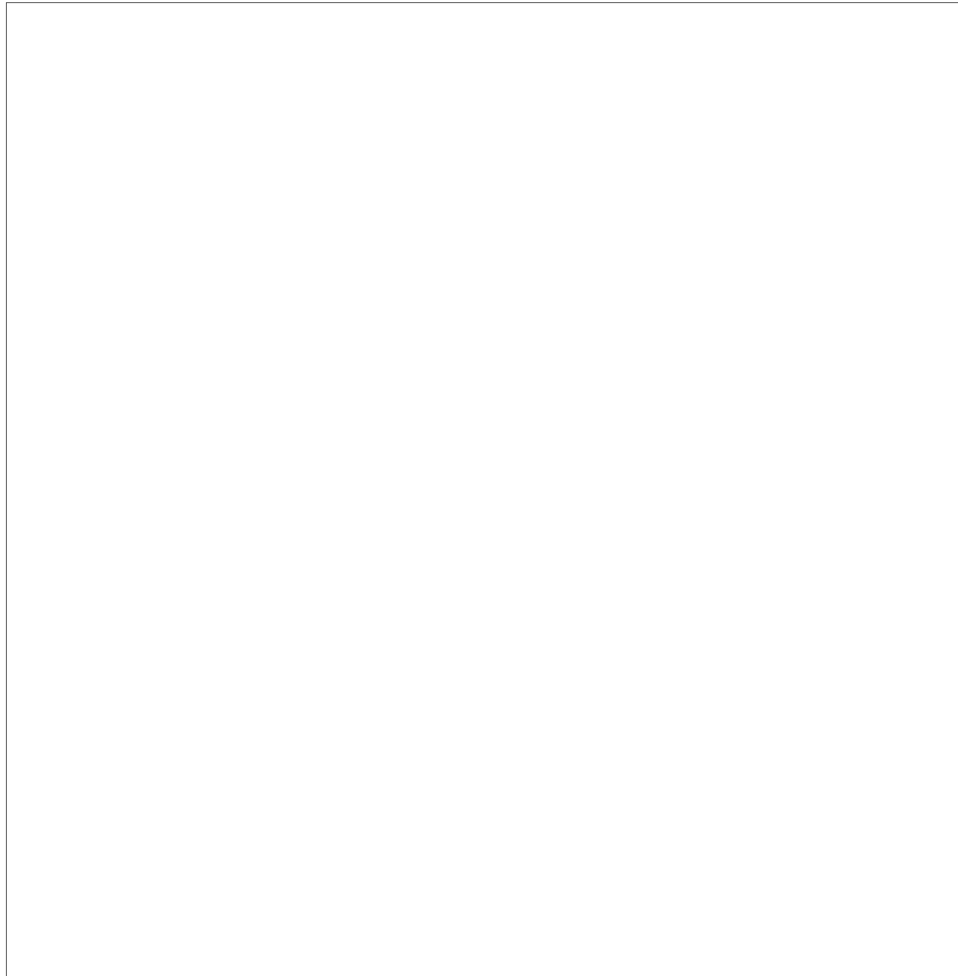
A *Burmese* Army unit harassing an opium caravan in early February stumbled on a heroin refinery near the Thai-Burmese border and arrested 6 men, including 4 ethnic Chinese from Taiwan, [redacted]

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[redacted] The Army unit was operating in the Ang Khan area, an indication the captured refinery was part of the CIF complex there. Reportedly, the captured refinery workers were flown in helicopters to Taunggyi for interrogation, a departure from the usual Burmese practice of conducting interrogations locally. Moving the prisoners from the border where news of their incarceration would travel fast suggests that Rangoon is sensitive about the potential repercussions of arresting several foreign nationals from outside the Golden Triangle. Use of personnel from Taiwan indicates that either CIF traffickers are running low on skilled workers or the refinery is being directed from Taiwan and its owners wanted their own people on the scene. [redacted]

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East Asia

The sudden resignation on 27 February of *Malaysian* Deputy Prime Minister Musa Hitam is likely to shove the narcotics issue to the back burner, at least temporarily. Malaysia has one of the toughest antidrug programs in the world and is outspoken on the international front, in part because Musa made narcotics one of his top priorities and kept the drug issue in the foreground of domestic and foreign politics. As chairman of the National Security Council's Antinarcotics Committee and Home Minister—under which falls nearly all the antinarcotics enforcement agencies as well as addict treatment and rehabilitation—Musa was instrumental in formulating and implementing Malaysia's tough antidrug policy. On the international scene, Musa advocated greater antinarcotics cooperation, particularly with the United States. The former Deputy Prime Minister was also expected to play a leading role at the Malaysian-proposed United Nations Conference on Drug Abuse and Trafficking set for 1987. Kuala Lumpur was lobbying for Musa's election as president of the international conference, according to the US Embassy. Although Kuala Lumpur's commitment to fighting narcotics will not change—Prime Minister Mahathir made narcotics the country's number-one security threat in 1983 and is firmly behind Malaysia's antidrug program—Musa's personal interest in promoting the issue will be hard to replace and, in the near term, fighting narcotics will be overshadowed by other domestic political problems.

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- Beijing halted exports of methaqualone in 1983 after the United States expressed concern about its diversion to the illicit market.
- Since 1984, Chinese officials have attended US Customs and DEA training courses to improve China's drug interdiction capability.
- Beijing agreed to a US/PRC bilateral narcotics conference to be held later this year with a second round to be held in 1987. Proposed agenda items include international narcotics control techniques, control of precursor chemicals, and plans for Sino-American cooperation.

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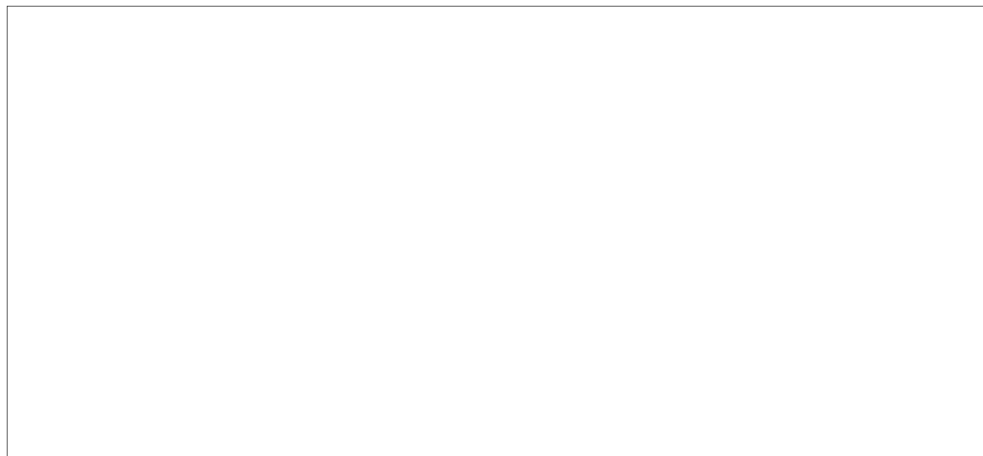
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Europe

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Even as Palermo's anti-Mafia magistrates proceed with the Mafia Maxi-Trial, **Italian** authorities are encountering more evidence of Mafia involvement in heroin refining. According to US Embassy reporting, Italian authorities are searching for another Mafia heroin laboratory in Sicily following two recent heroin seizures in Palermo in February. Although the Palermo Criminal Police Chief conceded that the Mafia could be arranging heroin shipments through Palermo, he suspects that there is another laboratory in Sicily. Five heroin laboratories have been found in Sicily since 1980, although the last discovery was nearly a year ago in April 1985.

[Redacted]

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US Embassy officials anticipate that the **United Kingdom's** Drug Trafficking Offenses Bill of 1985 could become law in May or June. The Embassy reports that the bill is being enacted in record time for a law enforcement measure and reflects the broad political consensus against traffickers. The bill gives authorities new powers to trace and confiscate assets of persons convicted of drug trafficking and creates a new offense of money laundering. About two years ago the United Kingdom recognized drug trafficking and abuse as serious national problems, and in October 1985 the public identified drug use as the top cause of rising crime and violence in Britain. This bill is part of the government's response, and, according to Embassy reporting, is receiving broad nonpartisan backing as politicians from every party scramble to outdo each other in support of this popular cause.

[Redacted]

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Africa

[Redacted] **Senegalese** and **Gambian** traffickers are becoming a forceful presence in international narcotics smuggling, particularly Southeast and Southwest Asian heroin destined for northern Europe.

[Redacted]

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[Redacted] Gambians supply 70 to 80 percent of all heroin—at purity levels of up to 87 percent—available in Oslo, Norway. Similar evidence indicates that Senegalese-produced marijuana is being transported to Canada in dried fish and local handicraft carvings and Gambian marijuana traffickers are targeting markets in Spain and West Germany. US and Senegalese officials also allude to increased cocaine trafficking and expanding local drug abuse. High-level concern in Senegal and The Gambia over their countries' expanding roles in transshipping drugs may prompt formal requests for US financial assistance and training, most likely in interdiction and seizure methods for customs officials.

[Redacted]

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Morocco's increased involvement in illicit drug trafficking and production will most likely continue to escalate, given official conviction that the drug problem can only be eliminated through economic development—marijuana cultivation is a key source of revenue for Berber tribesmen—and demand reduction in consumer nations. [] opium poppy cultivation and heroin conversion activities are allegedly taking place in the Ketama region of Morocco—traditionally an area of marijuana cultivation. Similarly, Kuwati drug dealers reportedly control the distribution of heroin out of Ketama's port city of Jabbah with the knowledge and cooperation of local police officials. The recent arrest of members of a Moroccan-Portugese-Spanish hashish trafficking network operating out of the Algarve, Ceuta, and Melilla exemplifies the evolving international scope of Morocco's drug-smuggling activities. []

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International

Two major US drug initiatives—the 1987 World Conference on Drug Abuse and Trafficking and the New Convention on Drug Trafficking—received widespread support at the special February Commission on Narcotic Drugs (CND) meeting held in Vienna. The CND—a 40-member UN policymaking organ that directs the work of UN drug agencies—will act as the preparatory body for the 1987 World Conference and as a forum for legislative discussions. Although not particularly conclusive, the Vienna meeting established an agenda for both initiatives and highlighted potential areas of disagreement:

- According to the US delegation, the main objective of the 1987 World Conference will be to generate ministerial-level commitment and bolster global political will to combat all aspects of the drug problem. A balance between demand and supply reduction and recognition of the important role of nongovernmental organizations and the US system will most likely be stressed in upcoming preparatory meetings in an attempt to avoid politicizing the Conference.
- CND discussions concerning the New Convention on Drug Trafficking centered on the adequacy of existing sanctions to disrupt drug organizations. While disagreements erupted over suggested topics for inclusion—particularly asset seizure and control of chemicals and precursors used in the manufacturing of narcotic drugs—CND members concurred on the need to augment existing international drug legislation. The probable need to adapt national laws to conform to these provisions may lead to long ratification delays.

High-level concern over illicit narcotics and inadequate enforcement and financial resources to combat the problem may lead to greater acceptance of regional plans and programs. In a drive to prevent South Pacific islands from becoming transit centers for illicit drugs, the Customs Cooperation Council and Interpol held two March conferences in Canberra to devise plans to trace, freeze, and confiscate proceeds obtained from drug crimes. Regional participants—Australia, China, India, Indonesia, Japan, Kiribati, South Korea, Sri Lanka, Thailand, and Tonga—as well as the United States, Canada, and Great Britain, agreed that stiffer penalties and increased cooperation are essential in any effective campaign against illicit narcotic activities in the Pacific Basin. This heightened awareness of the encroaching drug problem resulted in calls for future regional meetings focusing on interception of drug traffickers and disruption of their organizations. []

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