

MISC



Central Intelligence Agency  
Office of the Deputy Director for Intelligence

4 May 1983

Drug

NOTE FOR: David Gries, NIO/Narc

FROM : [redacted] DDI/Congressional Support  
2F42 HQS, [redacted]

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Attached is background supplied by the Subcommittee staff to the Members for the May 12th open hearing. Your briefing on Wednesday, May 11, at 1:30 p.m. should provide classified information that responds to the questions raised and alerts the Members to key issues that should be covered in the open hearing. The format is up to you.

Rescheduled  
May 16, 1983  
2:00 pm

May 3, 1983

M E M O R A N D U M

TO: Members of the Subcommittee on Crime

FROM: William J. Hughes

SUBJECT: Hearing on Drug Production and Trafficking in Latin America and the Caribbean, May 2, 1983

Drug Trafficking is a major focus of Federal criminal law enforcement. Reducing the supply of drugs is believed to be a major factor in reducing the use and abuse of dangerous controlled substances. This use and abuse of substances that have been described as "crimogenic substances" plays a strong role in the commission of crime in the United States. There is a national consensus that eliminating drugs at the source is cheaper than trying to interdict them after they leave the source country.

Latin America is a major source of marijuana, cocaine and counterfeit methaqualone. The Caribbean is a major route for shipment of these drugs.

The Crime Subcommittee, as part of its overview of the nation's crime problem and the means that can reduce crime, needs to consider: (1) the current situation involving the production and trafficking in drugs in Latin America and the Caribbean, (2) current efforts of the United States and the governments in the region to curb the production and trafficking in the region, and (3) the economic, political and social circumstances in each country that affect the desire and ability of a particular government to curb the production and traffic.

The hearing is designed to learn more about the factors in the source countries that will determine how successful control or eradication of drug crops and trafficking might be.

The hearing will be an open hearing. The Administration naturally is reluctant to make specific statements in writing about the extent of corruption or other sensitive factors in a particular country, but may be less reluctant to do so in response to specific questions in oral testimony.

Economic Impact

It is often asserted that the export of drugs hurts the economies of the various nations and is frequently inflationary. What is the actual economic impact of the drug traffic in these nations? What is the inflationary mechanism? Is the impact of the export of drugs different than other types of exports?

### Impact of Corruption

Drug trafficking provides a strong impetus for corruption. How significant is that factor in the decisions other nations may make about their enforcement policies? What is the extent of the use and abuse of various drugs in the source countries? What role on enforcement decisions will those social and cultural factors play?

### Eradication, Crop Substitution, and the Peasant Cultural Context

What are the factors necessary for a successful crop substitution program? What is the effect of crop substitution on peasant culture? In a strategy of crop substitution, is it likely that the value of the drug crops will exceed the value of any proposed substitute crop? To what extent can illegal drug crops be planted in new areas at a rate that may exceed the ability of a government to eradicate? What is the status of herbicidal eradication proposals? Are there feasible methods of eradication that do not have the political problems of aeriually-sprayed herbicides? How expensive will it be to the United States to pay for these programs?

### Money Laundering, Off-Shore Banks and Tax Havens

Several Caribbean islands serve as havens for drug traffickers because their laws facilitate secret transfer of funds to avoid American currency controls. This hearing, in order to limit its scope to some degree, will not focus on these issues.

### BAHAMAS

The Bahamas, because of the proximity of its numerous islands to the United States, has traditionally been a base of smuggling to the United States. In recent years, the Bahamas has emerged as a significant base for drug smuggling to the United States because of the emergence of Colombia as a drug source country, and its location north of the passages between the Caribbean and the Atlantic. Recently the General Accounting Office suggested that drug enforcement regarding the Bahamas lacked strategy. What is the relationship of the United States to the Bahamas concerning drug enforcement? What are the prospects for further cooperation with this close island neighbor?

### BELIZE

Belize, the former British Honduras, is the northernmost nation in central America. Th DEA office in Guatemala, which has liaison with Belize, successfully encouraged the Government of Belize to allow the Government of Mexico to eradicate marijuana fields in Belize, most of which was destined for the U.S. market. The DEA has initiated a program for identification of suspect vessels and aircraft which are using Belize to transit drugs to the United States.

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How extensive is the marijuana cultivation in Belize? What are the details of the Belizean marijuana eradication program? Was paraquat sprayed aurally?

#### BRAZIL

Brazil has an enormous undeveloped agricultural potential. Many areas have been deforested and have been determined to be relatively infertile for growing legitimate crops. How likely is it that remote areas of this enormous nation may become source areas for contraband crops?

#### BOLIVIA

Bolivia is one of the two major sources of coca cultivation. More than one-half the Bolivian population regularly uses coca. The Bolivian military which had controlled the government for many years has a reputation for corruption and direct involvement in the cocaine trade. Just recently there was a change in government.

On April 13, Attorney General Smith signed a joint communique with the Bolivian government that Bolivia would "undertake a program to reduce expeditiously the excess production of coca leaves to the level required to satisfy legitimate demand." The United States signed a \$4.3 million food-for-work project agreement to be administered by the Agency for International Development (AID). Early statements by the new Bolivian government had stressed the need for vigorous action against narcotics traffickers, but stated or implied that coca cultivation was the right of farmers and should remain untouched. This communique reflects a gradual recognition by Bolivian officials that coca leaf production needs to be reduced if cocaine production and trafficking are to be reduced.

How significant is this communique? What kinds of action by the Bolivians can be reasonably anticipated, and how soon can it be expected?

#### COLOMBIA

Colombia is the source of marijuana, cocaine and quaaludes that are easily shipped to the United States by air and sea. For 5 years there has been extensive cooperation between the Colombian government and the United States. Various military and law enforcement agencies have engaged in several campaigns to disrupt the drug traffic and to suppress cultivation of marijuana. While great achievements have been claimed, success has not been achieved.

Recently, reports have developed that coca is now being cultivated in regions of Colombia, which is a new development. In addition, use of marijuana, cocaine and other drugs is dramatically increasing among the Colombian population.

A new government was inaugurated last summer. President Reagan and Attorney General Smith have had the opportunity to meet with Colombian officials.

There have also been serious problems with political insurgents in Colombia, and there have been reports that they have been implicated in some of the drug trafficking.

What can we expect to happen in Colombia? What is the role, if any, of political corruption in the development and implementation of the Colombian anti-narcotics program? It has been suggested that the aerial spraying of herbicides may be politically difficult. What are the full dimensions of that political situation? What role does drug crop cultivation and the revenue from drug trafficking play in the political problems of the Colombian government? What change, if any, in Colombian policy will be produced by a rise in drug abuse in that nation?

#### CUBA

In January 1982, reports began to develop that there has been involvement of the Castro government in trafficking in marijuana to the United States in exchange for the cooperation of smugglers in transferring weapons to leftist insurgents in Colombia. According to DEA, Raul Castro (Fidel's brother), Cuba's Minister of Armed Forces, met in Nicaragua with an indicted drug smuggler, Jaime Guillot Lara in 1981. In January 1982, the United States began an effort to extradite Guillot from Mexico where he was jailed.

Recently, a Cuban defector, [redacted] has alleged that upon the direction of the Cuban government, he distributed cocaine, marijuana and methaqualone in New York, New Jersey and Florida, and that he delivered between \$2 million and \$3 million in proceeds to Cuban officials. Further, [redacted] has told Federal officials that 3000 other Cuban agents infiltrated the United States in the Spring of 1980 as part of the Mariel sea-lift.

How reliable is the evidence of Cuban involvement? What is the potential significance of Cuban involvement? What steps could or should be taken if the Cuban government has determined upon a policy to serve as a major transshipment platform for drugs to the United States?

#### JAMAICA

Use of Cannabis, called "ganja", has been a part of the Jamaican culture for decades. In the 1970's Jamaican marijuana was highly prized in the United States among drug users. One and a half years ago, a new government took office in Jamaica that was very concerned about the "ganja" problem and was eager to work with the Reagan Administration. What has been accomplished in that time? How

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much "ganja" is now being exported from Jamaica? Are there lessons from the Jamaican experience that can be applied to other nations?

#### MEXICO

Mexico in the 1970s was a major source of both heroin and marijuana to the United States. A drug eradication program using aerially sprayed herbicides was effective at dramatically reducing the heroin exports, and fears concerning the contamination of Mexican marijuana almost eliminated Mexico as a source for that drug.

Mexico now is suffering an economic catastrophe. How will the economic situation in Mexico effect the national will to continue to prevent the cultivation and exportation of controlled substances? Mexico has just inaugurated a new President. It is possible that a new government that must expand the nation's exports and sources of foreign currency may look away from drug growing and smuggling? What are we doing to prevent that danger? Are there lessons from the Mexican experience that can be applied to other nations?

#### PERU

Peru is another nation that is struggling against a Communist insurgency. Coca use has a centuries-long tradition among the peasants of Peru. But a great deal of coca is diverted and is a major source of the cocaine that comes to the United States. Peru has undertaken what is generally regarded as a good faith effort at enforcement. Will it continue? What is the extent of corruption in the Peruvian government and society due to the cocaine traffic? What level of reducing export of coca leaf, cocaine base or cocaine will be or can be considered successful?

What is the political relationship of coca control or eradication and the government's need to retain the allegiance of the nation's peasants? To what extent, if any, is the traffic in illicit coca leaf, cocaine paste, and cocaine a source of revenue to the Communist insurgents? What is the overall economic impact of the cocaine traffic to the nation?

May 2, 1983

MEMORANDUM FOR: David Greer, NIO/Naac

FROM:

[Redacted]

DBI/ Congressional Support

SUBJECT:

[Redacted]

Subcommittee Briefing

BRIEFING DATE: Open, but before May 12<sup>th</sup>

CONGRESSMAN/COMMITTEE: House Judiciary, Subcommittee on Crime

REQUEST:

On May 12<sup>th</sup> the subcommittee is going to hold a public hearing on drug trafficking and production in Latin America and the Caribbean. Prior to this hearing, the subcommittee would like a closed CIA briefing on the overall drug problem in and from Latin America.

Would you be available to address the issue sometime in the next 10 days? If so, what dates could we offer as possibilities?

DEPARTURE TIME:

BRIEFING TIME:

ESCORT OFFICER:

[Redacted]

, Leg. Liaison Division  
Wed - 11<sup>th</sup>  
Thurs