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The Director of Central Intelligence
Washington, D.C. 20505

National Intelligence Council


NIC #04312-84

31 JUL 1984

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

SUBJECT: Narcotics Warning and Forecast Meeting

Representatives of the Intelligence Community met on 19 July 1984 to consider the attached subjects.


David D. Gries
National Intelligence Officer
for Narcotics

Attachment:
Warning and Forecast Report

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Narcotics Warning and Forecast Meeting

Production MattersDangerous Drugs-Current Situation

Stimulants, depressants and hallucinogens make up the broad category of abused substances referred to as dangerous drugs. The diversion of legitimate pharmaceuticals and precursor chemicals continues to be the main source of international trafficking in dangerous drugs. A trafficking pattern that poses a particular threat to the US involves the diversion of chemicals from legitimate European pharmaceutical companies through transit areas such as Switzerland and the Hamburg Free Trade Zone to clandestine labs in Latin American countries such as Panama, Mexico, Colombia and Brazil. These labs are actually "tablet factories" which reformulate and process the diverted bulk chemicals for shipment to the US and other countries. Enforcement and control efforts have reduced the availability of some chemicals that have been used extensively in dangerous drugs, but traffickers have countered these reductions by using substitute chemicals to produce counterfeit versions of these drugs.

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Forecast

We expect an increasing trend in the use of substitute chemicals in the production of a wide variety of counterfeit dangerous drugs being shipped to the US. During the next year, we believe there will be an increasing threat from traffickers who acquire the technology to produce precursor chemicals for dangerous drugs. This will significantly reduce their dependence on the diversion of legitimate chemicals and make enforcement efforts more difficult. We anticipate that traffickers will also increase their efforts to place members of their organizations within foreign customs control systems to facilitate the processing of false import/export documents.

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Bulgaria-Current Situation

Party Leader Zhivkov has implicitly acknowledged to the US Ambassador that foreigners have used Bulgaria as a transit area for drug trafficking, and he claims to have personally ordered traffickers out of the country. While we can confirm that there has been a crackdown on some traffickers, we believe this may reflect a concern on the part of the Bulgarian Government to tighten the reins on all illegal activities of foreigners rather than a specific response to US pressure to crack down on drug trafficking. In addition, we are still uncertain about the level of Bulgarian Government involvement in trafficking.

Our current evidence continues to point to the multi-purpose state enterprise, Kintex, as the central coordinator for such smuggling. Our indirect evidence on Kintex's involvement in drug trafficking, its organizational structure, its control by Bulgarian intelligence, and high-level government support for its commercial endeavors strongly suggest an awareness and complicity of at least some of the ruling elite in Kintex's narcotics operations. We are still not certain, however, if this reflects bureaucratic corruption or an officially endorsed government policy.

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Forecast

In the near term, we believe that the current government crackdown on smuggling will reduce, at least temporarily, the volume of drugs transiting Bulgaria. The Bulgarian intelligence service will likely be more cautious in its dealings with trafficking networks, and Kintex will probably reduce its drug-related activities while international attention on Bulgaria remains high. In the long term, however, the outlook for significant reductions in the Bulgarian drug trade is dependent on the willingness of the government to control Kintex's involvement in trafficking. This will come only when the Bulgarian Government decides that the political cost of the drug trade outweighs its hard currency and intelligence benefits.

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Representatives agreed that Bolivia and Peru are the most likely sources of coca base for cocaine labs in the US. The current glut of cocaine on the international market and the significant increase in Colombian coca production are forcing Bolivian and Peruvian traffickers to seek alternate markets for coca base previously shipped to Colombia for processing. In addition, enforcement efforts have reduced the availability of precursor chemicals in Latin America, and traffickers are being forced to alter trafficking patterns in an attempt to gain direct access to precursor chemicals in the US.

The A/NIO reiterated the request that representatives provide an overview of their agency's ongoing and planned research projects. This information will be included in the CIPC Narcotics Working Group's final report which is due on 30 September. In addition to CIA's planned production, to date we have also received responses from Customs and Coast Guard.

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