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# Intelligence Report

DCI Crime and Narcotics Center

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## Brazil: Efforts To Raise Counternarcotics Profile

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*In 1998, the administration of President Cardoso, responding to evidence of rising domestic drug-related corruption and violence, took steps to enhance Brazil's counternarcotics performance. Official commitment to improving drug enforcement was reflected in expanded demand reduction programs; appointment of a drug "czar"; creation of a national counternarcotics office; and legislation that targets airborne drug transshipment, money laundering, and related criminal activities.*

[Redacted]

*However, newly reelected President Cardoso may find it difficult to fulfill some of his stated enforcement goals. The ongoing Brazilian financial crisis and resulting budget constraints could crimp a variety of demand reduction and interdiction programs and reinforce corruption within some security forces already weakened by low morale and internal divisions. Cardoso's continuing political battles with congressional party leaders and state governors also could impact negatively on future counternarcotics cooperation against trafficking organizations. Signs to watch for in Brasilia's efforts to push counternarcotics include:*

- *Effective implementation of recent money-laundering legislation;*
- *Ability to crack down on larger drug trafficking organizations;*
- *Final passage of long-pending omnibus antinarcotics law;*
- *Visible efforts to stem bureaucratic infighting and official corruption.*

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**Heightened Government Commitment**

The Cardoso administration's new 10-year counternarcotics offensive highlighted an increased antidrug commitment in 1998. The President and many of his key lieutenants made strong and frequent public pronouncements aimed at galvanizing domestic opinion around the need to reduce narcotics trafficking. Brasilia also embraced a variety of social initiatives aimed at narcotics demand reduction, in cooperation with US-funded programs and policies.

These included a variety of tradecraft courses and seminars for numerous Brazilian community organizations promoting public awareness, demand reduction, and treatment programs and a broad range of civilian and military antidrug training for Brazilian police, port authorities, judicial officials, and other security personnel. In addition, access to federal police counterdrug operations, and assisted various Brazilian security elements with antinarcotics information sharing in neighboring Colombia, Peru, Bolivia, and Venezuela.

In June, to enhance coordination of national counternarcotics goals, President Cardoso created a new Secretariat for National Drug Control (SENAD), naming civilian jurist Walter Maierovitch to lead the effort. Press reporting indicates that Maierovitch strongly boosted Brasilia's counternarcotics profile with numerous conferences, media interviews, and visits throughout the country to push an assertive and ambitious antidrug agenda aimed at energizing both interdiction and demand reduction programs. Underscoring the importance of the new SENAD to his strategic national goals, Cardoso also appointed the head of his military household to act as an additional SENAD coordinator to further enhance the influence of the presidency over counternarcotics enforcement initiatives, according to press reporting. Among the priorities of the new SENAD, say press sources, is a push to reduce the level of narcotics-related corruption at state and municipal levels, a goal directly in tandem with past presidential pronouncements about the need to stamp out high-level graft and malfeasance.

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This memorandum was prepared by [redacted] DCI Crime and Narcotics Center (CNC).

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### Addressing the Domestic Drug Threat [redacted]

Brazil's rising drug problems stem from a variety of sources. [redacted] press reporting indicates increased cultivation of marijuana for rural domestic use and increasing use of methamphetamines in urban population centers. As a major producer of drug precursor chemicals, Brazil faces a growing problem with city-based methamphetamine and other psychotropic drug labs and illicit transport of chemicals to traffickers in neighboring countries. The largest drug threat, however, appears to emanate from the rising tide of cocaine base and hydrochloride that is flowing through the country, a significant portion of which is consumed in the major cities, [redacted]

[redacted] national leaders are growing more worried about violence spawned by abject poverty and unemployment, especially in key cities like Rio, Belem, and Sao Paulo, where lawlessness by both criminals and police constabularies has become commonplace. Abetting this phenomenon is "narco-violence", as it is portrayed by some officials and the media, which appears to be spreading in several cities and states, even beyond areas where the nation's economic downturn has been most prolonged.

[redacted] that violence is escalating among rival drug-peddling gangs that control whole neighborhoods and against whom security forces tend to offer only token resistance. Drug-related corruption also fuels the violence spiral, say US officials in the field; assaults and assassinations sometimes occur against public figures who have spoken out about official corruption or against drug trafficking and other organized criminal organizations. Ultimately, the growing number of drug-addicted citizens--major Brazilian cities appear to be experiencing a "crack" epidemic, [redacted] has fueled a surge in violent bank robberies, burglaries, muggings, and murders, which the public and media increasingly have called upon the federal government to address. [redacted]

Legislation was passed in February 1998 that aims to attack money laundering in a variety of ways. [redacted] the new law:

- Criminalizes laundering of proceeds from criminal enterprises;
- Establishes asset forfeiture provisions;
- Provides for expanded banking regulations, including mandatory reports of suspicious activity;
- Protects whistle-blowers from liability emanating from existing financial secrecy laws;
- Creates a new council for Control of Financial Activities (COAF) within the Ministry of Finance, which will receive and investigate reports of suspicious or illicit activities. [redacted]

The money-laundering legislation is complemented by a comprehensive—albeit still pending—omnibus counternarcotics bill aimed at reducing the legal space in which traffickers and their criminal associates might operate. [redacted] newly proposed language in the bill would authorize immediate sale or confiscated trafficker assets, even before a trial or conviction has taken place. [redacted]

[redacted] press sources indicate that the Cardoso administration has encouraged a greater role for the military in counternarcotics, despite longstanding concern within the senior officer corps over constitutional restrictions on the use of the armed forces in law enforcement. In March 1998, President Cardoso signed legislation authorizing the Air Force to attack illegal aircraft that do not respond to landing orders; however, Cardoso has yet to sign official rules of engagement for Air Force interdiction pilots. [redacted] the shutdown authorization is designed largely to deter airborne transshipment of illegal drugs, weapons, and other contraband, which currently takes place with impunity throughout much of the country. [redacted]

#### Interdiction Still Lagging [redacted]

Brazil often has registered underwhelming successes on the interdiction front, and results for 1998 were similarly lackluster. [redacted] Brazil's federal police<sup>1</sup> seized some 4 metric tons of cocaine in 1998, essentially equaling the

[redacted] only the federal police attempt to centralize statistical data such as seizures and arrests, while state and local police tabulations are usually disorganized and uncounted in any given year. For example, the State of Rio de Janeiro claimed seizures of 570 kilograms of cocaine and 4 metric tons of processed marijuana, just during the month of September 1998.

[redacted]

modest total for the previous year. Marijuana seizures, moreover, amounted to less than a third of the total for 1997 and were especially low in the main marijuana growing areas of the northeast. Federal counterdrug police reportedly eradicated only 800,000 marijuana plants this past year, versus some 2.8 million in 1997. [redacted]

Federal authorities gained little momentum against trafficking organizations, as [redacted] Brazilian law enforcement officials managed to derail efforts by trafficker lawyers and pliant judicial officials to move a major convicted drug kingpin--bent on escape--from a high-security prison to a minimal facility near his base of operations. However, with the exception of one mid-level drug bust, cases against key trafficking targets remained largely developmental. [redacted] the inability of local authorities to uncover a single drug processing facility during the past three years; indeed, government spokesmen routinely insist that no drug labs exist inside Brazil. However, [redacted] Brazilian traffickers are increasing their use of labs near air transshipment sites along the Peruvian, Colombian, and Bolivian frontiers, where cocaine base is readily available for final processing into cocaine hydrochloride. [redacted] a lab bust at a ranch in Rondonia State in September 1998 yielded some 230 kilograms of cocaine. [redacted]

On Brazil's far western frontier, federal police cratered 18 clandestine airstrips used by traffickers flying drugs out of Peru, and were credited with arresting 46 trafficking suspects and confiscating 16 aircraft and 32 boats thought to be involved in smuggling drugs, [redacted] Nevertheless, some air transshipment groups were able to repair damaged runways within days, and [redacted] other traffickers in the Amazon Basin have been strengthening their organizations. [redacted] with barely two dozen federal police counterdrug agents assigned to the whole Amazon region between Manaus and the Colombian border, traffickers operated with virtual impunity in the western part of the country. [redacted]

Brasilia appears mindful of major collection gaps and interdiction shortcomings on its borders with the Andean source countries and has begun to lay the groundwork for more aggressive enforcement action. [redacted] Brazilian authorities plan more specialized training for counterdrug cadres and expanded operational ranks for improved investigation and interdiction of important traffickers. At a cost of nearly \$2 billion, Brasilia is building an Amazon Regional Surveillance System (SIVAM)--due to come on line within the next two or three years, [redacted] SIVAM is aimed at helping to provide a more visible federal presence in the vast jungle interior and a bulwark against encroachment by contrabandists, weapons smugglers, drug traffickers, and other criminal elements. This project is augmented by ongoing efforts to equip and staff a chain of intelligence collection posts in the western zone and deploy interceptor planes for air interdiction, [redacted]

### Snapshot of Cocaine Flows Through Brazil

Brazil's huge and porous landmass—bordering 10 different nations and forming thousands of miles of Atlantic coastline—comprises a major transshipment corridor for cocaine from the source countries of Colombia, Peru, and Bolivia.

- [redacted]
- Overland transport of drugs also is increasing, [redacted]  
[redacted]
- The vast Amazon watershed and other networks of interlocking river systems provide reliable navigation for traffickers moving large drug loads from Brazil's jungles to major cities and ports on the Atlantic coast. [redacted]

Brazilian wholesale prices for cocaine base and cocaine hydrochloride are on average the highest in the region, reflecting both a rapidly growing domestic demand and the lure of profits for local criminal organizations transshipping drugs to the United States, Africa, and Europe. While money is the most common element of exchange, [redacted] that precursor chemicals, weapons, and other contraband are used by Brazilian smugglers to barter for drugs in neighboring source countries. [redacted]

### Near-Term Obstacles

Substantial progress on the counternarcotics front may prove difficult, at least in the near term. President Cardoso faces distracting political battles with national legislators and multi-party leaders on a variety of pressing non-narcotics issues. He is confronted with obstreperous governors and mayors in key states and cities over levels of federal assistance and lagging debt repayments to the national treasury. Moreover, the immediate financial crisis is spawning austerity measures that could impact negatively on funding for civilian antidrug organizations and security force elements nationwide, [redacted] The President, for example, publicly has pledged to cut budget deficits by 50 percent during the coming year. The worsening budget crunch, combined with systemic bureaucratic infighting within

police and military forces, probably will exacerbate the chronic lack of counterdrug training and equipment suffered by most units. This could further undermine morale, especially among local security forces, and reinforce corrupt behavior at the tactical level. [redacted]

Signs to watch for continued counterdrug commitment include whether the government can properly implement its recent money-laundering legislation and crack down effectively on larger trafficking organizations and their related crime groups, as [redacted] Anticipated passage of the pending omnibus antidrug law and efforts to stem bureaucratic infighting and reduce official corruption, especially within the judicial system and among state and local law enforcement entities, should also provide opportunities to demonstrate a continuing antinarcotics commitment. [redacted]