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# **The International Narcotics Trade: Implications for US Security**

**National Intelligence Estimate**

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NOCONTRACT- Not Releasable to Contractors or  
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PROPIN- Caution—Proprietary Information Involved  
NFIBONLY- NFIB Departments Only  
ORCON- Dissemination and Extraction of Information  
Controlled by Originator  
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NIE 1/8-85

## THE INTERNATIONAL NARCOTICS TRADE: IMPLICATIONS FOR US SECURITY

Information available as of 18 November 1955 was used in the preparation of this Estimate, which was approved by the National Foreign Intelligence Board on that date.

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**THIS ESTIMATE IS ISSUED BY THE DIRECTOR OF CENTRAL INTELLIGENCE.**

**THE NATIONAL FOREIGN INTELLIGENCE BOARD CONCURS.**

*The following intelligence organizations participated in the preparation of the Estimate:*

The Central Intelligence Agency, the Defense Intelligence Agency, the National Security Agency, and the intelligence organizations of the Drug Enforcement Administration, the Customs Service, and the Departments of State and the Treasury.

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The Director of Naval Intelligence, Department of the Navy

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## CONTENTS

	<i>Page</i>
SCOPE NOTE .....	1
KEY JUDGMENTS .....	3
DISCUSSION .....	7
International Narcotics Trafficking.....	7
A Profitable Enterprise .....	7
Trafficking Organizations .....	7
Trafficker Countermeasures .....	7
The Threat to US Security Interests From Drug Trafficking...	8
Insurgent Involvement in the Drug Trade .....	10
Terrorist Use of the Narcotics Industry .....	12
Sovereign State Involvement in the Drug Trade.....	14
Implications and Options .....	16



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## SCOPE NOTE

This National Intelligence Estimate is the Intelligence Community's first attempt to assess the impact of the international drug trade on US security interests. Drug trafficking is used in this Estimate to describe all aspects of the drug trade collectively, including illicit drug crop cultivation, refining and processing of narcotics, and the transport and distribution of drugs. While we recognize that important dimensions of US security are threatened by the effects of drug trafficking on the domestic scene, this NIE focuses on those ramifications of drug trafficking that can threaten the integrity of other democratic nations. It is important to bear in mind that severe intelligence gaps in several key areas placed constraints on our analysis as well as limitations and restraints on our estimative judgments. Nevertheless, this Estimate does underscore the manner and degree to which drug trafficking can undermine countries important to the United States, and it defines the interrelationship between drug trafficking and other issues significant to our national interest such as insurgency and terrorism.

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## KEY JUDGMENTS

The multibillion-dollar international narcotics trade poses a threat for US security interests that goes beyond concern for the drug problem itself:

- Powerful trafficking organizations can corrupt and undermine political, economic, social, and security institutions within democratic nations.
- Some insurgent groups are heavily involved in trafficking and others have the opportunity, motive, and capability to participate in the drug trade.
- There are reports of sporadic involvement between some terrorist groups and drug traffickers.
- Some sovereign states support or at least condone international drug trafficking.

We judge that the near-term threat to US interests from the drug trade is particularly severe in Latin America and the Caribbean. Over the next several years, the drug trade will continue to pose serious problems in Mexico, Colombia, Bolivia, Peru, Jamaica, Panama, and The Bahamas. Other countries in the region are now being drawn increasingly into the narcotics trade and we consider them vulnerable to its many debilitating impacts. These countries include Belize, Brazil, Venezuela, Ecuador, Paraguay, and various island nations in the eastern Caribbean.

Of immediate concern to us is the increase in drug-related violence against government narcotics control officers and high-level officials identified with drug control, including US personnel. We expect the correlation between stepped-up enforcement pressures and trafficker-sponsored violence against officials to continue.

Although the impact of the narcotics industry on national financial and economic institutions and policies is not clear, we believe that continued expansion of the drug trade in some areas, along with deteriorating economic conditions, could further disrupt economies in countries such as Mexico, Peru, Bolivia, and, increasingly, Brazil.

We judge that insurgent involvement in the drug trade has a relatively small impact on the overall narcotics situation, but access to drug money and narcotics smuggling networks could have a major impact on the capability of insurgent forces. The current involvement

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in the drug trade of the Revolutionary Armed Forces of Colombia, Burmese Communist Party, and Kurdish dissident groups is sufficiently deep that it enhances their capability to sustain operations against governments friendly to or important to the United States. If their involvement in trafficking were to increase significantly, we believe this could further enhance the capabilities of these groups to acquire or move arms, equipment, or personnel.

We are also concerned about the National Liberation Army of Colombia, the People's Liberation Army of Colombia, Sendero Luminoso, Tamil dissidents, Lebanese-based Palestinian guerrillas, and the New People's Army in the Philippines because they either have shown some occasional interest in narcotics as a fundraising proposition or because they are located in areas where the drug trade is expanding rapidly.

We judge that urban terrorists are less likely to become directly involved in drug trafficking than insurgents, but we note that the profits from even one consignment could provide small terrorist cells with substantial operating capital. We have reports linking the following groups to occasional drug trafficking: Turkish Gray Wolves, the Armenian Secret Army for the Liberation of Armenia, the Turkish People's Liberation Party, the Basque Fatherland and Freedom, the 15th of May Organization, the Popular Front for the Liberation of Palestinian-General Command, and the Colombian 19th of April Movement. Individual members of the armed Revolutionary Nuclei in Italy and the Prima Linea also have been linked to trafficking, and we suspect that some members of the Red Brigades also may be involved in low-level trafficking. We have no reports linking members of Europe's principal terrorist groups—the Red Army Faction, Communist Combatant Cells, Popular Forces-25 April, or Action Directe—to drug trafficking, but we are concerned that the expanding European drug market and the recent entry into these groups of less ideologically committed members could lead to their involvement in narcotics trafficking to raise money or to obtain access to the gray arms market.

Some sovereign states support or at least condone international drug trafficking, and reports have linked officials of Cuba, Nicaragua, Syria, Bulgaria, and North Korea to trafficking operations. We have no evidence that promoting drug abuse in Western societies is the primary reason for state involvement in the narcotics trade, but we suspect that the leaders of these countries see the disruption drugs cause as a beneficial byproduct of an activity that they engage in for other reasons, such as obtaining hard currency, gaining access to smuggling networks to move arms or equipment, collecting intelligence, and promoting subversive activities beyond their borders.

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We also believe that Iran, Laos, and Afghanistan could in the future turn to drug trafficking as a way to raise hard currency. All are located in important drug-production or smuggling regions, and any of them would be willing to support an activity that damages US or Western interests.

In the Western Hemisphere, we judge that the scale of the drug trade as well as political, economic, and security realities will continue for the foreseeable future to hamper counternarcotics programs. In the near term, it is probably not possible to make major inroads against the drug trade in countries where it is already entrenched. Although an aggressive attack on the traffickers by an individual government could succeed in some cases, in a few it could entail a heavy cost in economic, political, and social dislocation.

Existing efforts to improve international cooperation could lay the basis for an effective regional counternarcotics program. We judge that continued regional efforts such as those by Colombia and its neighbors could restrict traffickers' freedom of action. At the same time, such efforts could also decrease the attractiveness of drug trafficking for insurgents, terrorists, or sovereign states.



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## DISCUSSION

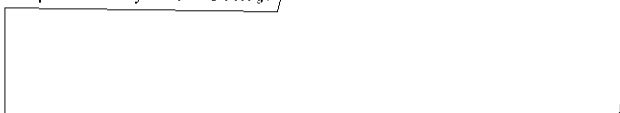
## International Narcotics Trafficking

## A Profitable Enterprise

1. US Government sources estimate that worldwide the dollar value of illegal drug trafficking and the related cost to society may total \$150-300 billion annually. The clandestine nature of the drug trade complicates not only estimates of its profits but also any attempt to determine the destination of the profits, in particular what share eventually returns to the countries involved in production and trafficking. We suspect that drug money returned home by traffickers in 1983 probably represented the principal unregulated source of hard currency in many source and transit countries. Earnings removed from the United States by Colombian traffickers in 1983, for example, were roughly double Colombia's external current account deficit that year. The officials of debt-ridden governments are well aware of the accumulation of such surpluses in international banks, and we judge that some of them might decide that access to drug money might obviate the need to take austerity measures.<sup>1</sup>

2. Most of the income from drug sales is earned by distributors in major markets, with significantly less accruing to those involved in production and transport. The millionaires of the international narcotics industry are groups such as the large Colombian cocaine-trafficking organizations that supply the US market, for their control extends from acquisition of the raw materials in the coca-producing countries of South America through wholesale distribution in the United States. We estimate that gross receipts of Colombian trafficking organizations from US sales in 1983 were in the billions of dollars and that about half of this was profit. In terms of affluence, the Colombians' closest competitors are the large Mexican traffickers, who also handle multiple drugs and operate deep within the US market.

<sup>1</sup> For in-depth information on drug profits and drug money flows, see NIE 8-84, June 1984, *The International Flow of Drug Money: Implications for US Policy*.



## Trafficking Organizations

3. Criminal drug-trafficking organizations range from small specialized operations active in one segment of the production, smuggling, or distribution of a specific drug to large, sophisticated enterprises that resemble a vertically integrated, multinational company in their size, scope, and manner of operations. The infrastructure of such a large network rivals many legitimate businesses and even some national governments in the amount of property, sophistication of equipment, and network of financial, political, and commercial contacts. Colombian organizations that dominate the production, processing, and distribution of cocaine for the US market are the best examples of this. Although a large trafficking network may specialize in one drug, such as cocaine, it can use its infrastructure and contacts to handle other drugs in response to shifting market preference or to exploit targets of opportunity: for example, Colombian marijuana traffickers began supplying the US market with methaqualone when that became popular. Drug traffickers usually know one another and cooperate on occasion. However, when money is owed, drug shipments are stolen, or someone cooperates with law enforcement, reprisals are often violent. There is also competition among traffickers for a larger share of the drug market.

## Trafficker Countermeasures

4. The narcotics trade has shown resilience in the face of intensified international pressure against drug trafficking. The traffickers' preference is to curtail operations during intensified control activities while seeking to dilute the effects through bribery, manipulation of public opinion, or intimidation, including threats of violence. If outwaiting or blunting a government drug-control campaign is unworkable, traffickers have shown great ability to relocate or find alternative procedures that enable them to circumvent the control measures:

- When Colombian traffickers were confronted with stringent import restrictions on chemicals needed to process cocaine, they reacted by: buying chemicals from countries with lax enforcement of chemical exports; transshipping

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chemicals to disguise their ultimate destination; moving processing facilities to South American countries without controls; devising new coca-based products that do not require as much processing; and financing research into substitute refining processes that do not use the targeted chemicals.

- Heroin processors in Southeast Asia have shown similar ingenuity in the face of intensified narcotics enforcement by the Thai Government; for example, use of mobile laboratories that can be quickly relocated before government enforcement teams arrive.
- Faced with government eradication programs, in some cases growers take steps to disguise their fields from reconnaissance teams by interplanting other crops with the drug crop, planting in remote, rugged areas, or siting fields against hillsides where aerial reconnaissance is difficult.
- The vast amount of money available to traffickers enables them to buy sophisticated communications and detection equipment that they can use to counter interdiction operations. Some marijuana and cocaine traffickers servicing the US market intercept law enforcement agency communications while at the same time using countermeasures to secure their own communications.
- Traffickers have reacted to changing law enforcement presence by quickly shifting routes to areas where vigilance is less. This is particularly evident over the last year in the Caribbean. Thai interdiction campaigns along the Thai-Burmese border have caused heroin traffickers to make greater use of routes west through India and south along the Tenasserim coast to Malaysia.

### The Threat to US Security Interests From Drug Trafficking

5. The existence of a large narcotics industry and powerful criminal trafficking organizations in a country can undermine political, economic, social, and security institutions in a variety of ways.<sup>2</sup> The effect on US interests from such a situation can range from a government unwilling or unable to cooperate with US counternarcotics programs to a government that does not have control of key drug-trafficking areas, elements of its own judiciary, its military, or its economy.

<sup>2</sup> These issues are discussed in depth with case studies of specific countries in a forthcoming CIA assessment, *Political Stability: The Narcotics Connection*.

When this happens, the ramifications for the United States go far beyond concern for the narcotics problem. Trafficker penetration and influence over friendly governments is of immediate concern in Latin America and the Caribbean, but it is a potential problem in virtually any country with a flourishing narcotics industry. Many of these states have other priorities and have been either unable or unwilling to commit sufficient resources to counternarcotics efforts.

6. Traffickers—through use of the media, influence with public officials, and associations with key opinionmakers—have been able to arouse public opinion against control measures by playing on nationalistic themes and labeling such programs manifestations of “Yankee imperialism.” Such activities could affect more than bilateral cooperation on narcotics control measures; they could undermine the ability of the government to cooperate with the United States on a wide range of foreign policy or security initiatives. Although attempts to manipulate local and national public opinion in favor of the narcotics industry are most common in Latin America and the Caribbean, they also occur in other countries such as Pakistan.

7. Of immediate concern to us is the increase in drug-related violence against government narcotics-control officers and high-level officials identified with drug control, including foreign citizens such as US Embassy personnel. Traffickers have demonstrated a willingness to use terrorist tactics in an attempt to intimidate government officials.

8. We expect the correlation between stepped-up enforcement pressures and trafficker-sponsored violence against officials to continue. In Colombia, a high-level assistant in the Justice Ministry was assassinated in February 1984, Justice Minister Lara Bonilla was murdered in April 1984, and a Superior Court judge investigating these murders was killed in July 1985. Colombian Government agreement to extradite traffickers triggered death threats to President Betancur among others as well as senior US Embassy personnel and the Spanish Ambassador to Colombia. The extradition issue also probably prompted a car bomb explosion near the US Embassy in Bogota in November 1984 and perhaps another near an American-owned language school. Also during 1984, 19 members of a US-financed coca eradication team were murdered in Peru, traffickers attempted to kidnap a Bolivian legislator, and investigators uncovered a plot by traffickers to assassinate the US Ambassador in La Paz. Since 1982, more than 100 Mexican officials associated with drug-control programs have been

murdered by traffickers, and in February 1985, traffickers murdered Drug Enforcement Administration (DEA) Special Agent Camarena and his Mexican pilot. The lives of DEA agents have been threatened throughout the world.

9. The narcotics trade can threaten the integrity of democratic governments by corrupting political and judicial institutions. In Colombia, traffickers contribute to campaigns of both parties to assure that they maintain a loyal cadre of representatives in the Colombian Congress; one major trafficker was even appointed as an alternate member of Congress, while another founded his own political party. The narcotics industry in Bolivia contributed large amounts of money to both parties in the 1985 election to assure strong support against any plans to implement more effective drug-control programs. In Jamaica, [redacted]

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[redacted] have used drug money to support their activities and to buy weapons, and several sources allege the small but vocal Marxist Workers' Party of Jamaica is directly involved in drug trafficking.

10. Corruption of bureaucrats, politicians, the military, and police is a way of life to criminal traffickers and a common phenomenon in all important narcotics-trafficking countries. Drug-related corruption is pervasive at all levels in Mexico and is also widespread in Peru and Bolivia, reaching to high levels of public and private institutions. In The Bahamas, narcotics corruption is substantial at lower and middle levels of government, and it is also likely that high-level officials have accepted payoffs from traffickers for assisting drug operations. There are reports of drug-related military corruption at various levels in countries such as Pakistan, Thailand, Colombia, Peru, Bolivia, and Mexico.<sup>3</sup>

11. The impact of the narcotics industry on national financial and economic institutions and policies is even less clear than on political ones. In large part this results from our difficulty in determining how much of the narcotics earnings returns to the countries that produce and process the drugs. Offshore banking centers in areas that are crossroads for drug trafficking derive some of their business from moving drug money, but we cannot determine whether the share is large enough to influence national policy. Individual banks or financial institutions, however, may be totally dependent on drug money and vulnerable to manipulation. For example, in Panama, where drug dollars

probably play a bigger role than in any other Latin American offshore banking center, Colombian cocaine trafficker Gilberto Rodriguez Orjuela established and owned (since 1975) the First Interamericas Bank. It was seized by the Panamanian Government in March 1985 because of its exclusive use by drug traffickers.

12. In addition, we are concerned about the impact of the drug trade on agricultural production in trafficking countries. Legitimate farmers face increasing competition from drug crop growers for land and labor in such countries as Mexico, Peru, Bolivia, and, increasingly, Brazil. Continued expansion of the drug trade in some areas, along with deteriorating economic conditions, could further disrupt economies. In some trafficking countries, illicit drug production and trafficking have already outstripped legitimate agricultural exports.

13. Within several trafficking countries, this is further complicated by the widespread belief on the part of local leaders and citizens that the benefits of the drug trade are enormous. This frequently prevents governments from invoking strict counternarcotics programs. Those revenues that are returned to local levels within source countries have given the traffickers a strong grip on many rural areas such as the Tingo Maria area in Peru's Upper Huallaga River Valley and the Chapare Region in Bolivia.

14. The social disruption caused by drug abuse and drug trafficking manifests itself in four major areas: an erosion of the moral standards and the sense of individual responsibility; a disruption of the family unit; lower educational and personal achievement levels resulting from the mental and physical disabilities caused by drug use; and a frequent cause of suicide. Almost every major drug-trafficking country is experiencing a rise in domestic drug abuse, an unavoidable byproduct of expanding narcotics production and the desire of the traffickers to find new markets. Coca-producing countries have always had a large population that chewed the coca leaf, but now they are developing urban addict populations who use refined coca products such as cocaine. Countries like Jamaica and The Bahamas that are major trafficking points for South American cocaine now have cocaine-abuse problems of their own. Pakistan, though it long had a number of opium smokers, reports an alarming increase in heroin addiction from almost none in 1981 to about 200,000 to 300,000 in 1985.

15. Countries in which there is a thriving narcotics industry also report a rising rate of societal violence, including crimes by those seeking to buy drugs and by those trafficking them. Officials in Trinidad and

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(b)(1) Tobago point to their country's growing importance as a transshipment point in the Caribbean narcotics trade as the reason for the recent upsurge in illegal weapons imports. [redacted]

Jamaican traffickers have brought firearms into the country in the same boats and airplanes used to deliver drugs to the United States. For the Caribbean states heavily dependent on foreign tourists, a reputation for a high crime rate can adversely affect this important source of hard currency for the national economy.

16. We judge that over the next several years the drug trade will continue to pose serious problems for several Latin American and Caribbean countries including Mexico, Colombia, Bolivia, Peru, Jamaica, Panama, and The Bahamas. Other Latin American and Caribbean countries on the fringes of established trafficking areas are now being drawn increasingly into the narcotics trade in response to changing situations elsewhere. We consider these countries vulnerable to several debilitating aspects of the drug trade. These include Belize, Brazil, Venezuela, Ecuador, Paraguay, and various states in the eastern Caribbean.

#### Insurgent Involvement in the Drug Trade

17. Some insurgent groups are heavily involved in trafficking and others have the opportunity, motive, and capability to participate in the drug trade. Insurgency and illicit drug cultivation tend to occur in remote regions for the same reasons: government presence is limited; economic and political infrastructure is weak or nonexistent; the local populace often has few ties to the national regime; and rugged terrain makes it difficult for the police or military forces to operate.

18. Colocation of the two activities fosters interaction that can lead to linkages among insurgents and traffickers; cooperation between the two is attractive in many respects. The drug trade offers insurgents access to sizable amounts of money to obtain arms and equipment and to finance political and social welfare programs. Some insurgent groups tax drug producers and traffickers in the same fashion as any other economic enterprise that occurs in areas where they operate. Other groups, however, encourage growers and refineries in their area, and provide protection or transportation. Some eventually become full-fledged narcotics trafficking operations in their own right. The extent of involvement varies with need and opportunity; some groups have become heavily engaged in narcotics only after other sources of financing dried up. From the traffickers' perspective, well-armed

insurgents can provide protection from police. Both traffickers and insurgents need clandestine smuggling networks, the one to ship drugs out of the region, the other to bring arms in. In both cases, the ability to appear to be defending local interests against national government actions provides common cause and helps enlist popular support. Insurgents may find it convenient to support local peasants involved in drug cultivation because this is another way to side with them against the national government.

19. Insurgent involvement in the drug trade probably has relatively small impact on the overall narcotics situation, but access to drug money and narcotics-smuggling networks could have a major impact on the capability of the insurgent forces. This is of particular concern in countries where the national military forces are poorly armed and trained. Insurgents who can establish their own arms pipeline based on narcotics smuggling also have more independence from outside supporters. The type of weapons most insurgent groups favor are low-cost, small arms easily purchased on the gray arms market.

20. Thus far, insurgents involved in the narcotics industry have been largely restricted to growing and refining the drugs, the least profitable part of the industry. But, if they were to acquire control of production or refining from a large area, this could become a more lucrative source of funds than any other form of enterprise available to groups operating in remote areas. The only comparable support would be an unlimited money and equipment pipeline from a major outside state supporter.

21. In addition to using the narcotics trade as a means to acquire revenue, arms, and logistic support, we are also concerned that insurgent and other dissident groups may seek to take advantage of the resentment that could be aroused in rural areas by aggressive government narcotics-control programs. Active counternarcotics programs that upset rural economies and make enemies of peasant growers could play into the hands of insurgent groups looking for adherents. The insurgents need not make the first approach; traffickers and growers seeking to shield their activities from government enforcement might well approach the insurgents, seeking cooperation against government forces.

22. We judge that the current involvement of the following insurgent groups in the drug trade is sufficiently deep that it enhances their capability to sustain operations against governments friendly to or important to the United States. If their involvement in the

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drug trade were to increase significantly, this could further enhance the capabilities of these groups to acquire or move arms, equipment, or personnel. The continued growth of the international narcotics trade and its spread to new markets will be likely to enable these insurgent groups to expand their involvement and thus the benefits they derive.

(b)(1) 23. *Revolutionary Armed Forces of Colombia (FARC)*. FARC, the largest and most formidable insurgent group in Colombia, was established as the military arm of the Colombian Communist Party in 1966. FARC involvement with the drug trade dates from about 1977 and is well documented. About half of its front groups operate in areas where coca or marijuana is grown. [redacted] at least one FARC front in southeastern Colombia was organized expressly to gain profits from coca production to support activities by other fronts. FARC camps have been found near cocaine laboratories. FARC units in the Gulf of Uraba trade drugs for guns with organized smuggling networks. Some reports indicate that the Communist Party may be directing this activity and may be using its channels and contacts to find markets abroad. If so, this would give FARC access to the high profits of the drug trade. Despite the Colombian Government's cease-fire agreement with FARC in late May 1984, Colombian police believe FARC units are responsible for killings that have occurred during subsequent police raids on some cocaine laboratories in southeastern Colombia.

24. *Burmese Communist Party (BCP)*. A large number of ethnic separatist groups and insurgents are involved in opium cultivation and trafficking in Burma, but the only one that poses a threat to the central government is the BCP. Areas controlled by the BCP account for some 70 percent of Burma's opium production. The BCP is the principal purchaser of raw opium from Burmese farmers, mandating opium cultivation as well as compulsory rice donation to the BCP. The BCP is also becoming a growing source of refined heroin and through alliances with a number of major traffickers/insurgents is harnessing their expertise to develop its narcotics trade. One result of these alliances has been an increased involvement in narcotics trafficking, but, more important, the alliances with these diverse, anti-Rangoon ethnic groups may increase the BCP's threat to overthrow the Rangoon government.

25. *Kurdish Dissident Groups*. In the Iranian-Turkish-Iraqi border area, Kurdish dissident groups became prominent in the drug trade in the mid-to-late

1970s as Turkish traffickers sought new sources of supplies in response to a crackdown on domestic production by Ankara. According to several sources, the Kurds regularly trade narcotics for weapons, and [redacted] a Kurdish insurrection in Iran in late 1980 was armed in large part through barter arrangements involving drugs; recent reports indicate that drug refining and smuggling continue. Turkish authorities allege that Kurds from Turkey have established major smuggling networks in Europe, where they exchange drugs for weapons that are smuggled into Turkey both for the Kurds themselves and also for Turkish political extremist organizations. [redacted]

(b)(1) Some Kurdish groups are now in open revolt in Iran, Turkey, and Iraq, and remain a threat to Turkey's stability. Unlike other insurgent groups involved in the drug trade, the Kurds are involved all along the trafficking chain.

26. We are also concerned about the following groups because they have shown occasional interest in narcotics as a fundraising proposition or because they are located in areas where the narcotics industry is expanding rapidly. In some cases the groups are small and pose no particular threat to the government, but systematic exploitation of narcotics money and connections could change this.

27. *The National Liberation Army of Colombia (ELN)*. The ELN, a small Marxist-Leninist organization with cells throughout Colombia, was established in the early 1960s. It allegedly extorts money from coca growers and cultivates some marijuana itself, but most of its operating expenses are covered by bank robberies, kidnappings, and extortion from legitimate businesses.

28. *People's Liberation Army of Colombia (EPL)*. The EPL is a small group active in the Gulf of Uraba area and the Cordoba department, and it was associated with the now-defunct pro-Beijing Colombian Communist Party/Marxist-Leninist. Colombian authorities suspect that the EPL gets some weapons from drug traffickers in the Gulf of Uraba area and that it may also cultivate and traffic in marijuana. Like the ELN, however, we believe that most of EPL's funding comes from other forms of crime.

29. *Sendero Luminoso (SL)*. In contrast to the preceding two minor insurgent groups in Colombia, the SL of Peru has mounted a sustained insurrection against the government. It is based largely in the Ayacucho region, a minor coca-growing area, but in 1984 it opened a second front in the upper Huallaga

River Valley, the center of Peru's illicit coca industry. Thus far, SL involvement with narcotics has been limited to extorting money from traffickers operating in its territory, but if it becomes well established in the major growing areas this could change. The leader of the SL has discouraged, but not ruled out, such involvement, and individual SL operating units especially in the Upper Huallaga Valley may find narcotics trafficking an attractive way to obtain funds for improved weapons and other material. We judge that the longer the SL operates in areas with strong drug connections, the more likely it will itself be drawn into the trade, first on an ad hoc basis and ultimately in more systematic fashion.

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30. **Tamil Dissidents.** In Sri Lanka, Tamil dissidents have increasingly resorted to terrorist tactics to press their separatist insurgency. [redacted]

[redacted] investigations of Tamil couriers, indicate that the dissidents have tried to exploit Sri Lanka's growing importance as a transshipment point for Southwest Asian heroin to obtain funds for their movement. The insurgents still obtain most of their financing from extortion and robberies in Sri Lanka and from funds provided by Tamils living overseas. India also provided some weapons and other support. We judge that drug trafficking is likely to become more important to the insurgents if support from India and overseas Tamils continues to decline.

31. **Palestinian Guerrilla Groups.** Lebanese-based Palestinian guerrilla groups allegedly benefit from drug smuggling, but we have little evidence as to the extent of their involvement. Hashish is produced in the Bekaa Valley in Lebanon, and we also have unconfirmed reports of heroin refineries in the vicinity. Some groups, unable to acquire support from other sources, undoubtedly participate in the drug trade, as do individual members of all groups, but we consider it unlikely that drug trafficking will become an important activity for these Lebanese-based Palestinian guerrillas so long as other sources of income remain available.

32. **The New People's Army (NPA).** In the Philippines, the NPA has allegedly developed small marijuana cultivation and processing operations in northern and central Luzon; it uses the finished product both to raise money and to barter with Philippine and US troops for weapons and ammunition. The NPA also reportedly sells marijuana on the international market. Thus far, evidence indicates most NPA funds still come from extortion of legitimate businesses and wealthy people in areas where the guerrillas operate.

If it desired, the NPA could probably develop a marijuana enterprise as a significant source of operating capital.

33. Trends in the narcotics industry, including development of new areas of cultivation, refining, and trafficking in response to changing enforcement patterns and demand, could bring other insurgent groups into contact with international narcotics trade and eventually lead to links between them and the traffickers. Continued expansion of trafficking routes through Central America are of particular concern because of the number of antigovernment insurgent groups active there. We have no confirmed reports that link Central American insurgent groups with drug trafficking, but we cannot rule out the possibility that individual contacts have already occurred. Although most attempts by Colombian traffickers to seek safehavens in countries such as Nicaragua and Panama have failed thus far, we expect such attempts to continue.

34. Reports indicate that increased pressure on the Thai-Burmese border against heroin refineries has led to establishment of heroin laboratories along the Thai-Malaysian border in areas where Malaysian Communist insurgents often operate. Some reports indicate that they are collecting protection money from traffickers but we have no reports of their direct involvement in trafficking. We also have reports that Thai Communist guerrillas are providing protection to traffickers in the area along the border with Malaysia.

#### Terrorist Use of the Narcotics Industry

35. Terrorist involvement in the narcotics trade is much less well documented than that of insurgents. As with insurgents, it is also difficult to determine whether involvement represents individual profit incentive or organizational decision. Despite the difficulties involved, urban terrorists are most likely to become involved in the distribution rather than the production of narcotics. Terrorist groups and narcotics traffickers operate in the same illegal milieu, have contacts with arms smugglers, have experience in moving contraband clandestinely, are willing to use violence, and want easy ways to raise large amounts of money. As a result, members of terrorist groups and drug-trafficking organizations may well come in contact with each other, although we think it likely that hardcore terrorist members would keep a careful buffer between themselves and the traffickers because the latter are well known to police and could compromise the identity of the terrorists.

36. We judge that, in contrast to insurgent groups, urban terrorists are on balance less likely to become

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directly involved with the narcotics industry. We expect, however, that some terrorist groups will continue to take advantage of the drug trade to support their activities but that this contact will continue to be ad hoc and to occur among the lower levels of both groups. Although ideological constraints may play a role, we judge that the deciding factor will be the ability of terrorist groups to obtain sufficient financial support through other means.

37. We have some reports of at least sporadic involvement between some terrorist groups and drug smuggling, and changing circumstances could increase the interaction. European and Latin American terrorist groups tend to finance their activities with bank robberies, kidnappings, and other "revolutionary expropriations," but if increased security precautions and law enforcement make this difficult, they could well turn to drug trafficking as an acceptable substitute. The CIA estimates, for example, that the 1982 operating costs for the 100- to 200-member Italian Red Brigades were some \$1.2-2.2 million, an amount that could be covered by wholesaling 20 to 40 kilograms of heroin in Europe. At present, the logistics and necessary high-level drug connections are an obstacle to extensive terrorist involvement.

38. As European terrorist groups seek to recover from losses suffered at the hands of police earlier in the decade, they seem to be accepting as members less politically motivated people who are more accustomed to dealing with criminals such as drug traffickers. The rapid growth of narcotics abuse in Europe, particularly the expanding cocaine market, enhances the opportunities for European terrorists to find and use the narcotics-smuggling networks for their own ends.

39. Terrorist groups operating in or from drug-trafficking areas may have the advantage in exploiting the drug trade for their own ends. The groups that depend heavily on a state sponsor for operating capital and support might be most tempted to take advantage of the narcotics trade in order to achieve more independence. We are particularly concerned about Middle Eastern terrorist groups because: large volumes of drugs move through this region; their bases are located in areas that also host a flourishing narcotics production, refining, and trafficking industry; and political and social turmoil in the region facilitates contact with traffickers. There are probably also long-standing ethnic and family ties among the terrorists, guerrillas, and trafficking families, particularly those that operate out of Lebanon.

40. We have reports that the following groups have been involved in the narcotics trade in some fashion,

although evidence of systematic or sustained exploitation is rare. Considering the profits to be earned from the sale of just a single drug consignment, however, even sporadic terrorist exploitation of the drug trade is a matter of concern.

41. *Turkish terrorists* of both the right and the left have used drug trafficking to finance their activities since the late 1970s, according to press and other sources. DEA reporting indicates that members of the rightwing *Gray Wolves* have been involved in moving heroin to Europe since before the military coup in 1980. [redacted] believe that ASALA (the Armenian Secret Army for the Liberation of Armenia) and its supporters are major players in Turkey's current drug trade; [redacted] report that ASALA has used narcotics trafficking to support at least some of its operations in Europe. Turkish authorities allege that members of the *Turkish People's Liberation Party*, a leftist terrorist group trained in Syria, who have been arrested in Turkey upon return from Syria are financing their reorganization efforts with drug smuggling. Increased heroin trafficking and processing activity in Turkey since 1983 may well provide even greater opportunities for resurgent terrorist groups to obtain needed financing for their political activities.

42. *The Basque Fatherland and Freedom (ETA)* group has allegedly used drug trafficking on at least one occasion to help compensate for reduced financial support from the Basque people. Spanish police believe ETA was the owner of 7 tons of marijuana discovered in the Basque province of Guipuzcoa in April 1983; sale of that quantity of marijuana would have earned more than enough to defray the annual costs of maintaining ETA's 500 members and their families in France.

43. *Palestinian terrorist groups*, including the radical *15th of May Organization*, have used drug smugglers as low-level couriers and agents although we have no evidence that any of the groups themselves systematically use drug smuggling to finance their operations.

[redacted] in 1982 that the *Popular Front for the Liberation of Palestine-General Command (PFLP-GC)* was smuggling narcotics into Lebanon and supplying them to Israeli troops in hopes that drug abuse among the military would help create popular opposition in Israel to military involvement in Lebanon. Although we have no reliable evidence to confirm it, we believe that elements of the radical Shia *Hizballah* movement are likely to be involved in trafficking because the drug trade is an important source of financial reserves for some Lebanese militias.

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44. The Colombian *19th of April Movement (M-19)* in October 1981 used the drug-smuggling apparatus of a major Colombian marijuana trafficker to bring a large shipment of weapons into Colombia.<sup>4</sup> More recently, an M-19 special force unit from Bogota was sent to the Ecuadorean border to work with cocaine traffickers to earn money for the M-19.

45. Individual members of the *Armed Revolutionary Nuclei (NAR)* in Italy have been linked to drug trafficking by local press accounts; this rightist terrorist group was linked to more than 100 bombings before its decline in 1982-83. Reports link individual members of the *Prima Linea (PL)* to drug trafficking, but this urban guerrilla group, which is ideologically allied with the Italian *Red Brigades*, has conducted no major activities since 1983. However, because a number of PL members have subsequently joined the Red Brigades, we suspect that some members of the Red Brigades also may be involved in low-level drug-trafficking activity.

46. We have no reports linking members of Europe's principal terrorist groups—the *Red Army Faction*, the *Communist Combatant Cells*, *Popular Forces-25 April*, or the *Action Directe*—to drug trafficking. As noted earlier, the entry into at least some of these groups in recent years of lower class, less ideologically committed members could well lead to involvement in narcotics trafficking to raise money or obtain access to the gray arms market. At present, however, we expect these groups will continue to raise money and acquire the arms and materiel they need through "revolutionary expropriation."

47. A small Pakistani terrorist group, *Al-Zulfiqar*, bears watching as a potential narcotics trafficker. It was established to avenge the death of former Prime Minister Bhutto of Pakistan, and its location and contacts in Pakistan give it immediate access to the lucrative Southwest Asian heroin trade.

#### Sovereign State Involvement in the Drug Trade

48. Some sovereign states support or at least condone international drug trafficking either for the economic benefits it brings or because these states consider themselves the enemies of the Western societies that are the main victims of the international drug

<sup>4</sup> In this Estimate, we have included the M-19 among the terrorist groups because it began as an urban terrorist operation and still conducts much of its activity in urban areas. It has also formed several rural units and some analysts now classify it as an insurgent rather than a terrorist organization.

trade. Reports have linked officials of Cuba, Nicaragua, Syria, Bulgaria, and North Korea to drug trafficking operations. We judge that the motives for involvement in drug trafficking vary. All of these states face serious hard currency shortages and economic difficulties. They may see drug trafficking as a way to defray government operating costs, fund special projects, and support subversive activities abroad. In addition to the economic motive, states may view drug trafficking as a way to maintain relationships with professional smugglers, who can then be used to funnel arms and supplies to subversive groups, collect intelligence, or act as couriers in states friendly to the United States. Some states, we suspect, may view drug trafficking as a way to create problems for the United States and its European allies. We have no evidence that promoting drug abuse in Western societies is the primary reason for state involvement in the narcotics trade, but we suspect that the leaders of these countries see the disruption drugs cause as a beneficial byproduct of an activity that they engage in for other reasons. Involvement in drug trafficking could also serve as a bargaining chip in bilateral negotiations with the United States.

49. *Cuba.* Cuban authorities have aided selected drug traffickers since the 1970s.<sup>5</sup> In most cases, this involvement has entailed permitting these traffickers to use Cuban land, water, and air space to avoid US interdiction efforts. Cuba is probably used as a transshipment point for some Colombian drugs bound for the United States. We also have some evidence that Cuba has in the past assisted, and may continue to assist, selected traffickers by laundering drug profits. Sources have reported that Havana views its services to traffickers as a way to obtain hard currency. But we judge that Cuban involvement with traffickers is part of a broader trend toward closer cooperation between Havana and various elements of international smuggling organizations to further Cuban policy aims. In at least one instance, for example, Cuban involvement was aimed at facilitating arms shipments to the Colombian M-19 terrorist group by using well-established drug-smuggling networks.

50. Although we cannot quantify the amount of money Cuba earns through drug trafficking, we are concerned that it could be used as a fund to support intelligence operations or subversive activities. If Cuba were to put out a general welcome mat for any trafficker seeking to avoid interdiction in return for a substantial fee, payable in hard currency, the financial

<sup>5</sup> For additional information, see NI IIM 84-10010, December 1984, *Cuban Government Involvement in Drug Trafficking*.

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gains would probably be considerable and could help finance Cuba's subversive activities and friends in the region. At the same time it would give Cuban officials and agents greater access to smuggling apparatus that could be used to ship arms and material or infiltrate subversive agents. At present, we judge that Cuba will continue to deal only with selected major traffickers, who are less likely to be apprehended and who have international resources and connections that are useful to Havana.

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smuggling appears to be access to hard currency; some may be diverted for personal use. The flexibility and tenacity of the Colombian drug smugglers and the lucriveness of the operation could result in additional attempts by them to use Nicaragua as a transshipment point.

54. **Syria.** Syria's involvement in narcotics trafficking is even less well documented than that for Cuba, Nicaragua, [redacted]. Although much of the evidence is circumstantial, uncorroborated, and second-hand, the frequency of the reporting and the nature and number of allegations suggest that high-ranking military and civilian Syrian officials, [redacted] [redacted] have taken advantage of disruptions in established Middle Eastern trafficking patterns and the growing importance of Syria as a trafficking and processing site to profit from the narcotics trade. Syria also supports or tolerates the activities of a number of terrorist groups that participate in the drug trade, including ASALA, the Popular Front for the Liberation of Palestine-General Command, and several Turkish terrorist groups.

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55. **North Korea.** North Korean involvement in drug trafficking came to light in 1976 when several Scandinavian countries caught and expelled a number of North Korean diplomats for smuggling contraband, including drugs [redacted] smuggling resulted when North Korea had instructed embassies to reduce expenses and provide more of their own financing because of severe national economic problems. Reports as late as 1983 have continued to implicate North Korean diplomats and other personnel assigned overseas in drug-smuggling schemes, but we have had no reports recently.

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56. Other states that have easy access to narcotics production and trafficking groups and might be interested in aiding an activity that damages Western interests are Iran, Laos, Vietnam, and Afghanistan. We have no evidence thus far that the Revolutionary Government in *Iran* has considered exploiting the narcotics trade either as a means of earning hard currency or as a way to stimulate social decay within the Western societies that it considers its chief enemies. [redacted] indicates that some corrupt high-level government officials in *Laos* are developing plans to supply heroin to the world market, but we have seen no marked increase as yet in Laotian heroin in the illicit market so we cannot confirm whether government officials have implemented the alleged program. There have been reports during the past year that *Vietnamese* merchant seamen are involved in smuggling heroin into Vietnam, but there is

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53. **Nicaragua.** High-level government officials in Nicaragua conspired with Colombian drug traffickers [redacted] in June 1984 to smuggle cocaine into the United States. The Minister of Interior and a subordinate were directly involved [redacted] indicates that Minister of Defense Humberto Ortega (and probably other members of both the ruling Sandinista National Directorate and the Junta) is at least aware of such involvement in the drug trade. Reports linking Nicaraguan officials with schemes to smuggle drugs, however, have appeared since March 1981. Although we cannot discount Nicaragua's interest in using drug-smuggling networks to facilitate supplying arms and material to its clients in the region, its main interest in drug

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no indication of official involvement in the international market.

57. Numerous sources report that authorities in *Afghanistan* at most levels are willing to abet traffickers for a price. [redacted] alleges that members of the Afghan intelligence network, KHAD, are directly involved in heroin trafficking at the direction of the government, but we cannot confirm this. The narcotics industry in Afghanistan has increased substantially since the war began, and there are enhanced opportunities for everyone to benefit.

### Implications and Options

58. We judge that the near-term threat to US interests from the drug trade is particularly severe in Latin America and the Caribbean. During the next few years, criminal drug traffickers will pose a threat to the political, economic, social, and security institutions in drug-trafficking countries in the Western Hemisphere. We are concerned that certain insurgents, terrorists, and hostile sovereign states in the Western Hemisphere have connections with the narcotics industry. At present, we judge such involvement in most cases to be sufficiently low level or infrequent that it does not significantly enhance the capabilities of these groups nor does it markedly affect the size or nature of the drug trade. Over the longer term, however, any of these groups might decide to participate more actively in the drug trade, and this could substantially increase the threat such a group could pose to friendly governments or US interests.

59. The scale of the drug trade as well as political, economic, and security realities within the Hemisphere will continue to hamper counternarcotics programs for the foreseeable future. In the near term, it is probably not possible to make major inroads against the drug trade in countries where it is already entrenched. An aggressive attack on the traffickers by an individual government could succeed in some cases. In a few instances, however, it could entail a heavy cost in economic, political, and social dislocation. We would not expect any Latin American government to set such a course, however, for we suspect that both government leaders and traffickers have a keen appre-

ciation of the limits of action and that neither would deliberately cross the boundary. Either side could miscalculate, however; the assassination of Colombian Justice Minister Lara Bonilla is an example of such a misstep by the drug traffickers. It not only provoked popular outrage and stronger government countermeasures, but in so doing demonstrated to the government that the narcotics industry was more vulnerable to attack than had previously been thought possible.

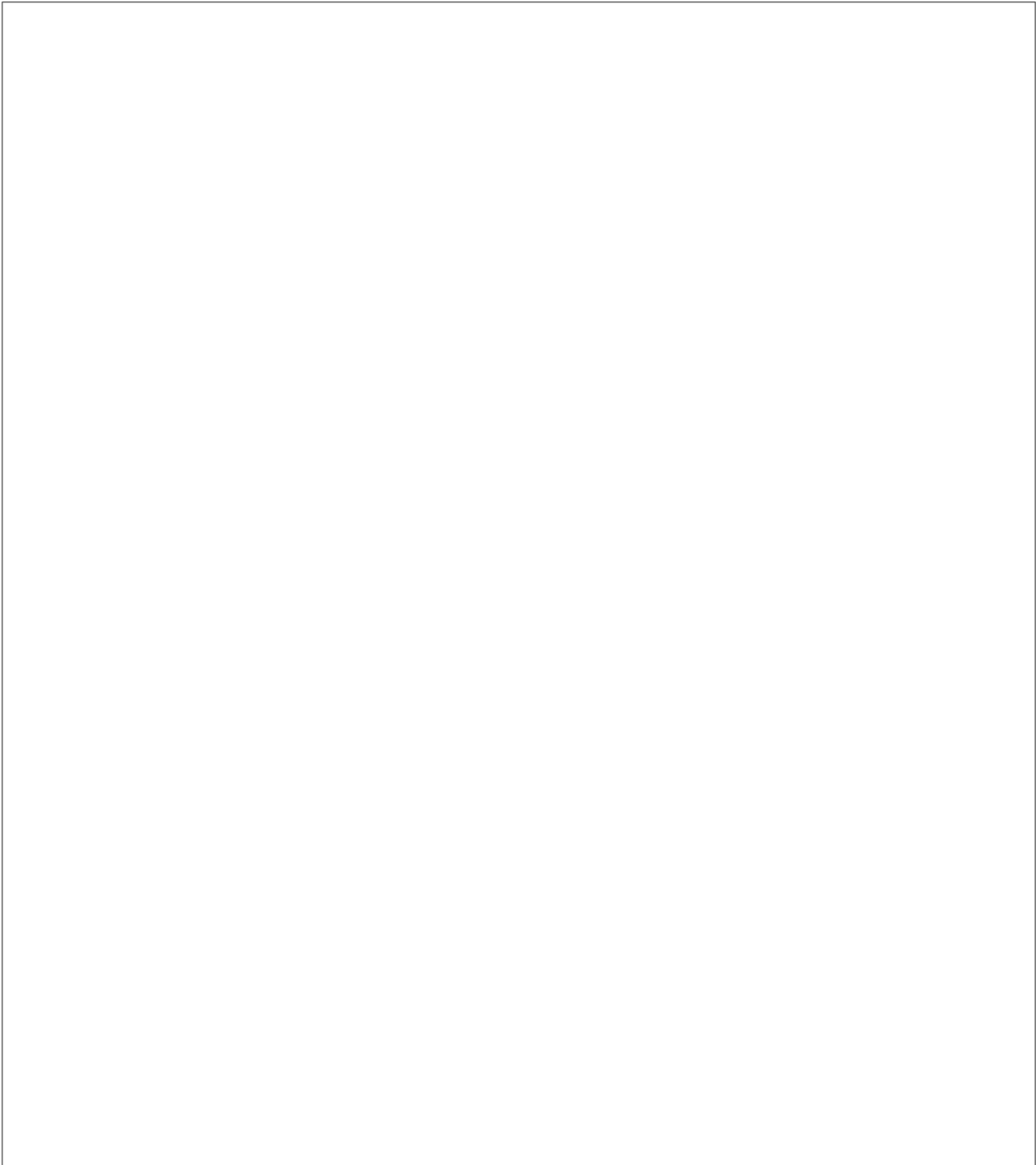
60. Despite the difficulties, we judge that most governments could do more to keep the traffickers off balance and increase their costs of doing business. A key factor will be increasing public and government awareness of the domestic economic, political, and security threat posed by an entrenched narcotics industry. To be effective, many counternarcotics programs will need the same level and type of forces as would a counterinsurgency campaign. This includes not only well-equipped and well-trained paramilitary forces capable of conducting remote area operations, but also political action teams to counter the traffickers' appeal to local self-interest vis-a-vis the central government. None of the governments in the region at present has the resources, manpower, or equipment to sustain such a "war on traffickers." Even a small-scale counternarcotics strike force would require a great deal of outside assistance, including military aid.

61. Existing efforts to improve international cooperation could lay the basis for an effective regional counternarcotics program. Some Latin American governments are already participating in coordinated regional approaches. At present, however, traffickers benefit greatly from the differences in priority and tactics used by the various Latin American countries. If all countries in the region better understood the nature of the threat, it would increase the chances that cooperation would advance to effective joint actions, including intelligence sharing, interdiction, and border control. We judge that continued regional efforts such as those by Colombia and its neighbors could restrict traffickers' freedom of action. At the same time, such efforts could also decrease the attractiveness of drug trafficking for insurgents, terrorists, or sovereign states.

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