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CENTRAL INTELLIGENCE AGENCY
National Foreign Assessment Center

Latin American: Narcotics Assessment

Summary

According to official estimates Latin American countries account for well over 90 percent of the marijuana and cocaine entering the US each year. Narcotics generated income reportedly contributes \$60 billion to the illicit economy of the US; South Florida's share is about \$7 billion. Moreover, the illegal drug trade is worth millions of dollars to source country economies.

The recent boom in narcotics trafficking is the result of an increase in both domestic and foreign demand, source country inability to enforce narcotics laws, and the enormous profitability of drug trafficking. Moreover, the outlook is not promising. Narcotics, particularly cocaine, production will probably increase over the next five years. Traditional enforcement efforts and approaches (crop substitution and eradication) will probably not be able to prevent an increase in Latin American narcotics trafficking. As long as growers view narcotics trafficking as the only way to raise their standard of living, trafficking will probably remain a major international problem.

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Latin American: Narcotics Assessment

Background

Latin America offers a favorable operating climate for drug production and trafficking. Smuggling of all types of commodities from cattle to arms and narcotics, has been a traditional and, to many, an acceptable way of life since early colonial times. Several other regional characteristics favor drug trafficking:

- A history and tradition of corruption and violence.
- Vast, remote, and inaccessible areas suitable for narcotics cultivation.
- Insufficient political organization or enforcement resources for governments to effectively enforce existing weak narcotics laws.
- Traditional cultivation and use of coca and marijuana among large segments of the population.
- Porous, unpatrolled borders with relaxed customs inspections procedures.
- Geographic proximity to major consumers.
- Lack of market infrastructures capable of supporting crop eradication and substitution programs.
- Economic dependence upon narcotics generated income for valuable foreign exchange.
- Public and government perceptions that the drug problem is primarily a US concern.

Production in Latin America*
Marijuana

Colombia continues to be the major source of marijuana entering the US
According to 1980 estimates, Colombia provides nearly 80
percent of the US imports.

*See Appendix A for a discussion of production estimates.

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[REDACTED] Jamaica has dramatically increased its exports from approximately 700 tons in 1978 to 1,500 tons in 1980. [REDACTED]

[REDACTED]

[REDACTED]

Cocaine

In 1980 US cocaine imports were nearly 50 percent higher than in 1977. (See Table 2) To meet this growing demand, coca production significantly increased in Bolivia, Peru, and Colombia. (See Table 3) Bolivian coca harvested in 1978 produced approximately 16 metric tons of cocaine in 1978 and 73-metric tons in 1980. Peru's coca production also rose dramatically, with coca cultivation yielding from 40 metric tons of cocaine in 1978 to 92 metric tons in 1979. As a result of the Government of Peru's eradication program (Operation Greensea), production fell to 79 metric tons of cocaine in 1980. Meanwhile, in 1980 Colombia, which in the past served solely as a processing country for coca paste, harvested sufficient coca to produce 6 metric tons of cocaine. [REDACTED]

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TABLE 2: US Cocaine Imports (Metric Tons)

1977	19-23
1978	19-25
1979	25-31
1980	40-48

TABLE 3: Illicit Cocaine Exports (Metric tons)

	<u>Peru</u>	<u>Bolivia</u>	<u>Colombia</u>
1978	40 (ANSR)	16 (ANSR)	No significant production (ANSR)
1979	92 (ANSR)		No significant production (ANSR)
1980	79 (NNICC)	73 (NNICC)	6 (ANSR)

The above statistics are primarily derived from collective subjective estimates examined in Appendix A, which represent the best currently available.

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Jamaica: Growing Role of Narcotics

Jamaica is currently considered the second largest marijuana producer in the region. In addition, the island is rapidly becoming an important transit site for South American cocaine. Reporting indicates that Southeast and Southwest Asian heroin also transits Jamaica. The island's geographic position midway between the US and South America, its proximity to the Yucatan and Windward passages, its numerous inlets and harbors, its many airfields, and its lax narcotics enforcement and customs inspections procedures, make it an ideal location for international narcotics trafficking operations. [REDACTED]

The current economic difficulties facing Prime Minister Edward Seaga discourage him from interfering with the prosperous marijuana trade, which provides Jamaica with much needed foreign exchange. Even with the recent \$698 million IMF loan, Seaga is in no position to clamp down on the narcotics trafficking industry. The bauxite, tourism, and agricultural industries are still too weak to compensate for the loss of marijuana-generated income. Ibr is Seaga politically strong enough to challenge the narcotics traffickers. He can ill afford to lose the support of significant elements of the population, who earn part or all of their livelihood from the cultivation and trafficking of marijuana. [REDACTED]

Seaga is opposed to narcotics trafficking, however, and will probably undertake a narcotics control campaign once the economy shows some positive signs of recovery and he is on firmer political ground with a larger, better trained and equipped security force to carry out his policies. Until then, narcotics trafficking, especially in marijuana, will continue to increase. [REDACTED]

Colombia: Corruption and Cocaine

In addition to being the major supplier of marijuana to the US, Colombia is also the primary processor of Peruvian and Bolivian cocaine. Recent evidence, moreover, indicates Colombian traffickers are beginning to plant their own coca fields, which is a significant change from past practices. [REDACTED]

Colombia's economy is more diverse than Jamaica's and not as dependent upon drug generated income. The real problem facing Colombian authorities is the growing power and influence of the major trafficking groups and the effect that the great amounts of money generated by the illicit drug economy is having on the government's efforts to combat inflation and implement a tight monetary policy. Colombia's traffickers have been known to murder judges, prosecutors, and police officials who interfere in their operations. In

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addition Colombian traffickers are organized along family lines which make penetration of their networks extremely difficult. Finally, with the advent of second and third generation traffickers, more sophisticated trafficking and financial operations have emerged. Traffickers no longer devote profits to consumer goods. Today, many are well educated businessmen who are adept at laundering their drug profits and investing in legitimate enterprises, which further increases their influence and power within Colombian society. [REDACTED]

Under President Turbay, the Colombian government has been responsive to US narcotics policy. But the authorities can not concentrate wholly on marijuana and cocaine trafficking because of the insurgency problem. In addition, certain segments of the electorate, including elected officials, businessmen, and members of the press, favor the legalization of marijuana. Moreover, Turbay's successor may not be as favorably disposed towards implementing US narcotics policies. [REDACTED]

The Colombian marijuana industry, although in a slight depression because of increased competition from US and Jamaican producers, will probably bounce back and continue to be the major source of imported US marijuana. Coca cultivation is also expected to increase, particularly if recent sightings of large concentrations of coca fields in heretofore uncultivated regions are confirmed. [REDACTED]

Ecuador: Smuggler's Haven

At one time Ecuador produced a significant amount of coca. But at present it only accounts for a small percentage of the region's cocaine output. Ecuador is principally a processing, staging and transiting area for Bolivian and Peruvian coca. Contraband smuggling is a major activity in Ecuador, particularly in the cities of Quayaquil and Esmeraldas, where narcotics are handled as just another commodity. [REDACTED]

This active contraband and narcotics trade has caused some serious concern among high government officials, a perception that departs from earlier views in which Ecuadorean officials saw narcotics trafficking mainly as a US problem; President Osvaldo Hurtado [REDACTED] views the unabated growth of trafficking as a potentially destabilizing force in Ecuadorean society. The immense profitability of narcotics trafficking breeds corruption and violence, and Ecuadorean leaders fear a possible "Bolivian scenario" unless the government acts more forcibly and effectively against narcotics traffickers. Such a government move, however, even with President Hurtado's express support, would be unlikely. Widespread corruption and military reluctance to participate in any enforcement campaigns would probably undermine any serious government anti-trafficking efforts. [REDACTED]

Peru: Licensed and Illicit Coca

Peru is the largest grower of coca in Latin America, producing almost 50,000 metric tons of coca leaf in 1980. Unlike Colombia, coca cultivation is legal in Peru and is regulated and taxed. The government licenses growers and buys coca leaves at officially set prices. Government prices are often below the going illegal rate, however, which partially accounts for almost 39,000 metric tons of coca leaf that were diverted to the illicit market in 1980. Most of this diverted coca leaf paste was sold to Colombian traffickers. [REDACTED]

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Peru has an extensive coca control and enforcement program which includes an ambitious crop substitution program. With US assistance*, an extensive rural agricultural development program has been in effect that includes the establishment of a marketing infrastructure necessary to support the crop substitution/eradication elements of the program. [REDACTED]

Compared to other South American countries, Peru appears to be in the best position to curtail and control illegal narcotics trafficking. Peru's relative political and economic stability and the government's positive attitude towards curbing illicit coca production should help to insure the success of the new program. [REDACTED]

Bolivia: A Tarnished Image

Bolivia produced approximately 36,000 metric tons of illicit coca leaf in 1980. Most of it was sold to Colombian traffickers for processing and distribution to dealers in the US, Canada, and West Germany. [REDACTED]

Prior to the Garcia Meza coup in July 1980, the Bolivians had several narcotics control programs in effect. One such program was established to study the feasibility of crop substitution and included plans for agricultural development in traditional cultivation areas. This program was funded at a maintenance level during the Garcia Meza administration when narcotics traffickers flourished, and reports of high level military and civilian involvement in trafficking seriously damaged Bolivia's prestige; the essential elements of the program, however, remain intact awaiting a more creditable control effort by Bolivian authorities. [REDACTED]

The new government, under General Celso Torrelío, is attempting to distance itself from the previous administration's involvement in the illicit drug industry. New narcotics legislation has been enacted, and a new coca census is expected to be completed in January 1982. Moreover, many officials who were closely associated with the previous regime have been replaced or reassigned. [REDACTED]

As a sign of good faith, the Torrelío government recently turned over two individuals currently under indictment in the US for trafficking activities. The major traffickers, however, remain at large, and it remains to be seen how effective or aggressive the new government will be in implementing its new narcotics control program. [REDACTED]

Appendix A - Deriving Production Estimates

The marijuana and cocaine production estimates cited in this report may be off by plus or minus 50 percent. Traditionally, estimates of the amount of illegal drug crop cultivation have been based on visual observations on the ground or from low flying aircraft. For example, in Thailand traditional methods determined opium cultivation to be between 8,000 and 12,000 hectares

*The US has recently signed an \$18 million aid loan and grant to be used for the Development of the Upper Huallaga Region--a major coca cultivation area.

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during the 1979/80 growing season. Analysis [REDACTED] however, revealed only 4,400 hectares of opium cultivation during that growing season. Several factors account for this difference. First, people tend to overestimate the extent of cultivation when viewing from a ground vantage point. Second, differentiation between natural vegetation and illicit cultivation is difficult when observing from the window of an aircraft traveling at relatively high speed. In one case with which we are familiar, "seas of marijuana fields" sighted from an aircraft actually were wild ferns. Third, an observer often views only a small portion of a coca, marijuana, or opium growing region, which may not be a representative sample of the total region. [REDACTED]

[REDACTED]

An additional factor required for estimating a country's coca, marijuana and opium production are yields per hectare of cultivation. Yield factors are often subjectively based on field observations and interviews with farmers. These factors are then multiplied by cultivation hectarage to obtain a production estimate. [REDACTED]

Lastly, to determine a country's or region's illicit drug exports, the following should be taken into account: consumption of coca, marijuana, and opium in the source country and region; stockpiling; crop loss due to spoilage; transportation and pilferage; and inefficient methods in the cocaine hydrochloride and morphine/heroin conversion processes. [REDACTED]

[REDACTED]

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