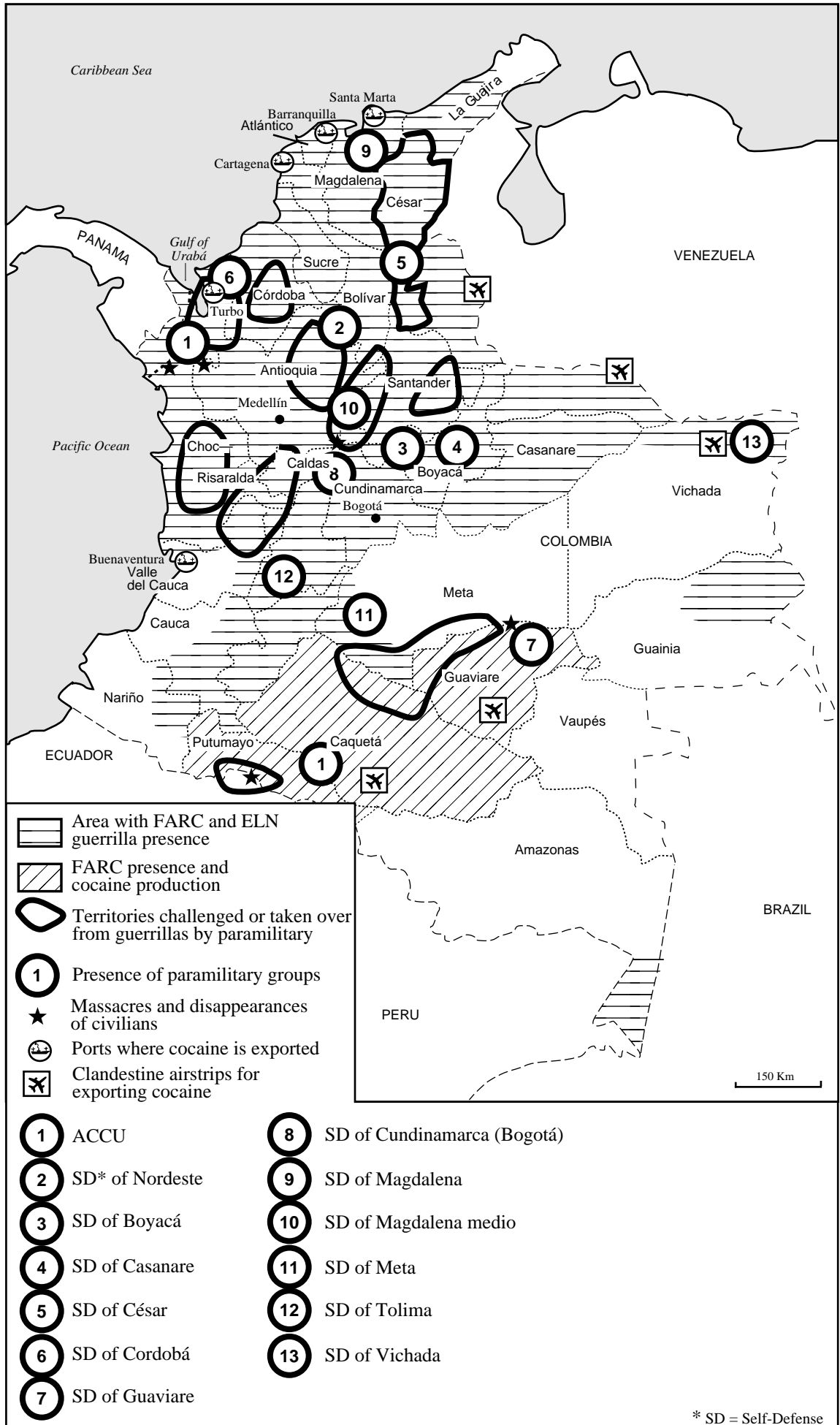


VII. THE AMERICAS

The Andean countries remain the source of cocaine distributed throughout the world. The surface area planted in coca trees has remained stable in Bolivia at around 45,000 hectares. In Peru, the area has shrunk over the past three years, from 115,000 hectares to approximately 70,000 hectares. This reduction has been compensated by a corresponding increase in Colombia, where it has now reached 80,000 hectares. The quantities of cocaine available on the world market have thus not dropped. Changes, when they exist, are noticeable on the level of routes used for cocaine in Latin America. Bolivia exports its production, an increasing proportion of which is made up of cocaine, via Brazil, Argentina, Paraguay, Uruguay, and Chile. Peru continues to export, on the one hand, base paste destined to be transformed in Colombia and Mexico and, on the other hand, cocaine hydrochloride and Colombian marijuana to Europe and the United States by sea or air. Ecuador is home to intense trafficking, including base paste moving from north to south and hydrochloride moving from south to north, before being exported essentially from sea ports. The declining influence of Colombian cartels since the mid-1990s has resulted in the reinforcement of their Mexican counterparts and the Central American and northern routes, at the expense of the Caribbean routes. But since late 1997 the Caribbean routes have shown resurgent activity.

Narco-trafficking exercises a growing influence on public life. In Argentina, an important money launderer (and probably a drug trafficker) has taken advantage of his contacts at the highest levels of the state to acquire companies in sensitive sectors. In Colombia, President's Samper's remaining in power, after his election campaign was financed by the Cali cartel, has led to a considerable weakening of the state's authority. This is true on the international front due to the concessions Samper was forced to make to the United States, and on the domestic front due to the increased control of territory by groups, from Marxist guerrillas to extreme right wing paramilitary organizations, financed by drug trafficking. And Mexico remains the largest hub for multi-drugs in the Americas, mainly due to the impunity enjoyed by certain traffickers. These traffickers have considerable influence on the current government and spread their activities to the rest of Latin America and the United States. The "narcotization" of the Mexican economy, one of the negative effects of the North American Free Trade Agreement⁸⁹, is spreading to the United States, and in particular to the financial sector.

⁸⁹ On this subject, also see the chapter on "US-Mexican Relations within NAFTA".



Map 12: Establishment of guerrilla and paramilitary groups in Colombia

* SD = Self-Defense

COLOMBIA

Former president Ernesto Samper spent much time and energy during his term of office that ended in August 1998 on fending off judicial inquiries (File 8000) into the scandal over the financing of his electoral campaign by the Cali cartel. Those four years of rearguard action resulted in a weakening of the authority of the state, which was seized upon by various political and military forces to bolster their own influence, especially right-wing paramilitary group and leftist guerrillas — both of which derive much of their financial support from drug trafficking. At the same time, the president lost the credibility that would have enabled him to resist pressure from the United States. He attempted, with no great success, to soften American hostility towards him by making a series of concessions that damaged the sovereignty of the country.

The area under illicit cultivation has expanded to nearly 80,000 hectares of coca, 11,000 ha of opium poppy and 6,500 ha of cannabis, and cocaine and heroin exports have not slowed down. But the power of the big Colombian cartels within the country and in the Andean region as a whole has declined further (the Cali cartel bosses were joined in prison by many other drug barons during 1998), leaving the field open for smaller organizations, some of which have regrouped their activities in Medellín, under the protection of Carlos Castaño's paramilitary groups. Press reports that the paramilitaries control cocaine-processing labs could compromise the political, industrial and military circles that actively back those groups.

The new president, Andrés Pastrana, who in 1994 was the first to reveal the Cali barons' support for his rival's electoral campaign, enjoys the backing of the United States, which has now granted large amounts of aid for Colombia's drug-control effort. In return, Pastrana will have to meet a number of demands, in particular for the extradition of traffickers, to which many Colombians are still hostile. So there is a lot at stake in his negotiations with the armed groups that were at the center of his presidential campaign, both for bringing peace to the country and making progress in clamping down on drug trafficking.

The Armed Conflict and Illicit Drug Production

In 1997 and the first half of 1998, Colombia was a battlefield for territorial and political control of illicit drug cultivation and production areas between the extreme-right paramilitary groups (Córdoba and Urabá Peasant Self-Defense Force – ACCU – and other regional groups, mostly under the umbrella of the United Self-Defense Forces of Colombia – AUC) and the left-wing guerrilla group Revolutionary Armed Forces of Colombia (FARC). The military strength of these groups seems to have grown in step with the expansion of the area under illicit cultivation.

The strategic corridor controlled by the big landowner Carlos Castaño, stretching from the north-west (the border with Panama and the Caribbean and Pacific coasts) through east central and south eastern departments, was further strengthened in 1998 with the creation of two fronts on the borders with Venezuela and Ecuador. Castaño's aim is to grip the guerrillas in a pincer movement, a tactic already tried in 1996/97 in the area between the border with Panama and the central Amazonian departments of Meta, Guaviare and Putumayo, where many massacres of peasants allegedly supporting the guerrillas took place. In Meta, the primary objective of the AUC, backed by the independent forces of "Emerald King" Víctor Carranza, is to take over from the FARC by terrorizing and massacring inhabitants who

might collaborate with the guerrillas. His secondary goal is to open up a strategic corridor to Guaviare to the south, while the paramilitary front in Putumayo, on the Peruvian border, pushes north to squeeze the FARC in Caquetá and Guaviare up against the drive from Meta to the north of FARC-controlled territory.

Carlos Castaño has consolidated his zone of influence in the Urabá region, straddling the departments of Chocó and Antioquia in the north-west, along the route of the inter-ocean canal that is planned to duplicate the Panama Canal. The AUC has stepped up its mass killings in these departments, and has gone so far as to threaten representatives of the Colombia bureau of the United Nations Human Rights Commission, which was probing the massacres. At the same time, the former ruling Liberal party called for the dismissal for “interference” of UN ambassador Almudena Mazarrasa, who had recommended the dismantling of the Convivir “people’s” self-defense militias, legalized by the government and backed by the military. There is a circular logic behind these moves: the war is all the more necessary because of the increasingly high cost of fighting the opposition, so the AUC is seeking to take over the areas that form the FARC’s economic base with a view to monopolizing drug production there.

The AUC has become a state within the state, to the point that many politicians and businessmen preferred to seek an audience with Carlos Castaño to solve problems in their areas rather than talk to the Samper government, which had lost all authority. This power vacuum not only enabled the AUC and left-wing rebels to bolster their strength, but also created an attitude of insubordination in the armed forces. Military collusion with the paramilitary groups first came to light when the 20th Brigade was disbanded in May 1998. This brigade, which specialized in anti-guerrilla operations and was responsible for serious human rights violations, was trained by CIA agents.

The relative impunity enjoyed by Carlos Castaño’s troops – he even boasted about it in a December 1997 interview – enabled them to consolidate their financial infrastructure, which is partly based on drug trafficking. It has been noted that most of the Colombian cocaine arriving in Spanish, Belgian and Dutch ports comes from Pacific and Atlantic coast ports in territory under the political and military control of the ACCU (see map). Although antidrug operations have traditionally focused on FARC-controlled areas, the government could no longer keep shutting its eyes to the links between the paramilitaries and drug trafficking, especially after the destruction on August 10, 1997, of four highly sophisticated laboratories in the paramilitaries’ heartland.

The guerrillas of the National Liberation Army (ELN), and especially the FARC, have had to fight hard to cling onto control of their territory against the offensive by the paramilitaries and the army. Fighting was particularly fierce in the Urabá region, the northern departments of Bolívar, Córdoba and César, and in Meta and Putumayo, where the ACCU and the AUC both made significant advances.

The United States, which since 1994 has also taken advantage of the weakness of the Samper government to impose its policy of fumigation of crops and repression on drug growers, stepped up its pressure in 1997 and 1998 on the Colombian government and congress to vote laws backing its drug-control projects. In December 1996, to stave off decertification by the Clinton administration for the second year running, Colombia had already promulgated an “*extinción de dominio*” law enabling the state to seize the assets of traffickers. In March 1997, the Samper government approved a bilateral maritime agreement. On November 18, 1997, the Colombian Lower chamber voted the reintroduction of the extradition law, but without the retroactive effect Washington wanted.

The meltdown of the state and parliamentary corruption had reached such a pitch that on December 3 the American administration demonstrated that it could effectively exercise a veto on the legislature

when it urged the Colombian senate not to pass a law on “decongesting” the country’s prisons, which are 200%-400% overcrowded. The law was really aimed at freeing 14 legislators and all others connected with Samper’s drug financing, and would also have significantly reduced the terms being served by the Cali cartel bosses. The senate decided to put off consideration of the bill indefinitely.

Scant Reward for Samper’s Sacrifices

The Colombian government’s dependence on the world’s superpower did not please the jailed bosses of the major cartels, whose hopes for release flew out of the window, nor most of those who were arrested in 1997 and 1998 but not yet sentenced. In order to withstand constant American pressure, backed by the threat of renewed decertification, and to present an acceptable image to the international community, the Samper government had to give some pledges of its willingness to fight the drug traffickers.

In April 1997, Pastor Perrafán, boss of the Northern Cauca cartel, was arrested in Venezuela then extradited to the United States; in September, it was the turn of the powerful head of the Norte del Valle cartel, Orlando Henao, who has links with Carlos Castaño. Then on February 22, 1998, two days before the US administration decided to “waive” decertification, Nelson Urrego, one of the last Cali bosses still at large, was arrested. On February 25, the day after the waiver, the Colombian authorities detained Víctor Carranza, the “Emerald King”, drug trafficker and paramilitary leader.

After a lull, the wave of arrests started up again. On June 6, two days before the opening of the United Nations General Assembly Special Session on drugs (UNGASS), Colombian police took in Orlando Henao “El Caracol” Gamboa, the boss of the Caribbean Coast cartel. In July, the arm of the law reached out to touch the Nasser clan of the Caribbean Coast cartel, then “Pacho” Herrera’s half-brother and cousin who had taken up Herrera’s activities within the Cali cartel.

The arrests of Orlando Henao and Víctor Carranza also pointed up the contradictions in which the Colombian government is embroiled. It has to combat drug trafficking and the FARC guerrillas who are largely financed by drugs, but to do this it relies on the highly effective support of paramilitary groups who are also traffickers. The “sacrifices” made by the Samper government were in the end poorly rewarded, since Washington conceded no more than a decertification “waiver”, and that only “in the national interest of the United States”.

At the Dawn of a New Presidency

The result of the June 21, 1998 presidential election came as something of an earthquake. The victory of the Conservative candidate, Andrés Pastrana, whose term runs until 2002, put a sudden end not only to the Samper era but to 12 years of Liberal rule. The backing given to Pastrana by both the United States and the FARC is only an apparent paradox, as the guerrillas appear to have established contacts with the State Department to get its support for peace negotiations with the new government.

The victory of Pastrana and the subsequent implosion of the Liberal party sparked a chain reaction: the new president made direct contact in the jungle with the FARC leaders, rival state institutions started to settle old scores, Liberal leaders hastily changed sides, and the international community gave the new president its unanimous approval.

A week after the election, the criminal chamber of the Supreme Court, freed from the Liberal yoke, started legal proceedings against the 111 parliamentarians who in June 1996 absolved Ernesto Samper

of all responsibility for the financing of his campaign by the Cali cartel. During the second half of 1998, the lawmakers will have to defend themselves, one by one, against breach-of-trust charges. If their “absolution” decision is overturned, it will then be possible to put Ernesto Samper on trial again in 1999. The former president’s application for a renewal of his American visa, which was cancelled in 1996, has again been categorically refused *sine die* by Washington.

Then, in the continuing saga of score-settling, public prosecutor Alfonso Gómez Méndez lobbed a bombshell: he dusted off “File 8000” and started investigating why the Cali Cartel handed out nearly 40,000 checks totalling some US \$500 million to politicians, sports officials and journalists between 1989 and 1996. An army of investigating magistrates has been mobilized to question all the suspects.

President-elect Pastrana will have to demonstrate his good faith and give some guarantees to Washington: an honest government including an interior minister, Nestor Humberto Ramírez, who some analysts say has long had “very good relations” with the United States; and a purge of senior military officers who have too easily countenanced human rights violations by, for example, the former 20th Brigade. The new president will need to take a stronger line against the AUC and other paramilitaries who have been given “official” approval, such as the Civil and Armed Cooperatives (Convivir). The government official responsible for these organizations ordered the dissolution of more than two thirds of them (289 out of 414) at a national meeting that looked like a parody of good faith. Just a week later, many of the disgraced Convivir handed in their licenses — but not their arms. Some said they intended to join the AUC.

The day after Pastrana’s victory, US ambassador Curtis Kamman demanded that the extradition law be made retroactive, in the hope that the Rodríguez Orejuela brothers and many other traffickers could at last be brought before the American courts. American logistic aid, which was cut back and made subject to conditions during the Samper presidency, was resumed with a delivery to the police of *Black Hawk* helicopters originally intended for Bosnia. Republicans in the US senate supported a proposed three-year drug control aid package for Colombia totalling \$208 million (10% of such aid to the Americas), plus \$500 million for special interception planes and \$300 million to build a base, replacing the Howard military facility in Panama that the US must leave before December 1999. All these handouts will have to be paid for by a closer alignment with Washington’s drug-control policies.

PERU

During the last Summit of the Americas held in Santiago, Chile, in mid-April 1998, the American “drug czar”, Barry McCaffrey, who had made a short visit to Lima on his way to Santiago, warmly praised the “revolutionary policy” of President Alberto Fujimori which made it possible to “reduce coca production by 40% in two years”. Indeed, the land surface under coca cultivation in Peru did shrink from 115,300 hectares in 1995 to approximately 70,000 hectares in 1997. This decrease is above all attributed to improved air traffic monitoring techniques by the authorities, in particular through a series of radar stations installed by the United States in northern Peru. The radars allow the Peruvian military to intervene quickly and effectively against small aircraft used by Colombian traffickers coming to purchase cocaine base in Peru’s Amazonian valleys. Credit for the crop reductions is also given to the alternative development programs put in place in particular by the United States and the United Nations Drug Control Program (UNDCP).

The severing of the air link with Colombia is undeniable. But Colombian traffickers have found two solutions. They have greatly increased the production of coca leaves in their own country; and they have forced Peruvian growers to return to river transport (directly to Colombia), or by sea and by land (via Ecuador) on a large scale in order to sell their cocaine base destined for transformation in Colombian laboratories. Alternative development, whose effects are not yet felt, has apparently had minimum influence on reducing coca crops. In addition, the United States was forced to distance itself from Peru's top antidrug fighter, Vladimiro Montesinos, a figure with known links to the drug trade and human rights violations.

Crop Reduction and Alternative Development

The main cause of the decrease in the land area dedicated to coca plants is the collapse in the price of cocaine base paste, which has dropped from US \$726 per kilogram in 1994 to \$297 the following year, to \$251 in 1997. The collapse was not caused by the eradication campaigns, as in Colombia and Bolivia, where 29,000 and 7,000 hectares were destroyed, respectively. In Peru, eradication measures were limited to destroying 4745 hectares in 1997. In addition, coca plants have suffered from a fungus which appeared in the early 1990s. Coca prices have dropped mostly because of the laws of supply and demand. With the Colombians developing illegal crops in their own country, the price of coca leaves and base paste are at their lowest in Peru.

The recession caused by the situation since 1994-1995 can be seen in 1998 in the small towns of the Huallaga Valley, such as Tocache and Uchiza, where economic activity has collapsed. Another adverse effect has been that the supply of cocaine in the towns and villages of the Amazon region and on the Peruvian coast has greatly increased.

With farmers finding it extremely difficult to sell their production even at very low prices, the situation appears auspicious for establishing alternative crops. The Peruvian government claims to have subsidized 25,000 hectares of legal crops in 1997. The on-site study undertaken by the OGD correspondent suggests that this alternative development plan exists above all on paper. One of the reasons for its failure is that responsibility for alternative development has been handed over to the Commission for the Fight against Drug Abuse (CONTRADROGAS). As its name indicates, this organization has until now specialized in drug use prevention. It has no technical or administrative capabilities, and even less experience in working in the agricultural sector, contrary to other rural development organizations such as the National Development Institute (INADE). Thus, in southern Peru's Apurimac Valley, often presented as a showcase of alternative development, the situation in late 1997 was very tense. The substitute crops financed by the United States as part of its policy of granting credit to farmers was a failure. The Fujimori government, concerned about making an exception to the neoliberal policies put in place throughout the rest of the country, imposed interest rates of 35% on the credits, and farmers were unable to pay back the loans.

The future will tell whether aid from the international community will meet the country's needs (200,000 families and approximately one million people are affected), and help it get over this stumbling block in the coming years. USAID is to supply \$107 million for the development of Central and Upper Huallaga, Pichis-Palcazu, and Apurimac during the period 1995-2001. The UNDCP will contribute \$3.3 million to the effort in the Apurimac-Ene Valley, while German Cooperation will donate \$1.1 million. A round table discussion is to be held in October 1998 by the contributing countries in order to coordinate their efforts.

While waiting for these investments to bear fruit, farmers are looking for alternatives among other illegal crops besides coca plants. Poppy cultivation appears to have given unsatisfactory results, and opium seizures have steadily decreased from the record 580 kg in 1994 to 24 kg in 1995, 37 kg in 1996, and 5 kg in 1997. But a spectacular rise in marijuana production occurred. Seizures amounted to 6.5 metric tons in 1995 and 15 tons in 1996. In late 1997, 8 tons were confiscated from a plantation in Huánuco Department in the Amazon region, located 420 kilometers northwest of Lima. The cannabis was hidden among corn and manioc crops. That brought to 300 tons the amount of marijuana seized in that region alone since the beginning of 1998.

Successful Law Enforcement

During 1997 seizures of cocaine base paste came to 8.796 tons (compared to 18.689 in 1996), while seizures of hydrochloride totalled 2.315 tons (after a record 7.5 tons in 1995). The most spectacular drug seizures occurred in the final quarter of 1997: over 20 tons of marijuana of Colombian origin from a warehouse in the port of Callao (Lima); 650 kg of base paste due to be processed in Colombia from a fishing boat in the port of Puntilla, 280 km south of the capital; 17 kg of hydrochloride from Bulgarian couriers at Lima airport; 3 tons of precursor chemicals from the port of Nazca. These successes are above all a sign of the government's wish to polish its image following a series of scandals in 1997 involving top government officials, and justification for the United States' unflinching support. But several Peruvian experts say that the seizures are also a sign that organized criminals are developing their activities.

Following the near severing of the cocaine air bridge between the Peruvian Amazon and Colombia, Peruvian criminal organizations were forced to increase their manufacturing activities. The uninterrupted flow of precursor chemicals from Ecuador and Chile confirms that activities connected with the cocaine industry have not slowed down in the region. Seizures of these products made during 1997 offer an indication of the increase in narcotrafficking activities: 107.580 tons of sulphuric acid (compared to 48.870 tons in 1996); 7.225 tons of hydrochloric acid (against 4.663 tons in 1996), etc.

In parallel, traffickers are organizing to send not only cocaine base, but also part of the hydrochloride produced in their laboratories, to Colombia by river. For example, the OGD correspondent observed that in the valley of the Putumayo River shared by Peru and Colombia the drug trade has never been so intense. In Lagunas, a small town in the lower Huallaga area which is a drug warehousing and transportation center, the chief of police not only confirmed to OGD that cocaine trafficking was rife on rivers but added that drugs were still being transported by air. He also said that the means at his disposal did not allow him to intervene — for instance, he was short of petrol and could not patrol the river. To combat the situation, the Peruvian Navy is building large rafts in its Santa Clotilde amazonian base in Iquitos. The rafts, put together under the supervision of United States experts, will be taken to the mouth of the Putumayo in order to control the traffic on the river. With United States cooperation, the School for Rivers Operations was opened at the Iquitos naval base located on the Amazon River. The school will train special units to control drug trafficking on the river. This program comes under the responsibility of the US Department of Defense, which will provide \$60 million in financing over five years. Three large floating bases will be set up on the Algodón, Angucilla, and Putumayo rivers, considered to be strategic. The two-storey structures will be 47 meters long by 10 meters wide, and will include a helicopter landing pad.

Cocaine, Oil, and Guerrillas

In many regions of the Amazonian foothills, the reduction of illegal crops in the absence of concomitant economic development has led to an upsurge in Shining Path activities, reinforced by new recruits of poverty-stricken young farmers. This has been particularly visible in the upper Huallaga Valley and in the Apurimac and Ene-Tambo valleys. On October 12, 1997, a group of about 100 guerrillas took over the town of San Miguel, capital of La Mar province in the department of Ayacucho. A week later, another commando murdered the officer heading the Tingo María anti-terrorist units and two officers from the antidrug police on the road to Aguaytía, Upper Huallaga. On April 15, 1998, a group of several dozens guerrillas ambushed a military patrol near the Palo Blanco barracks in Lambayeque. On April 21, 1998, Shining Path occupied the village of Sachavaca, as well as Palo Huimba in the Tingo María area. Peru's other main rebel organization, the Tupac Amaru Revolutionary Movement (MRTA), which was hard hit by the hostage-taking at the Japanese embassy in Lima, has apparently resurfaced in the Moyobamba region. The financial resources of both organizations have been considerably reduced, and it is therefore probable that their dependence on drug trafficking will have increased accordingly. The civilian population is the main victim in the confrontations between these different forces.

One of the most threatened indigenous groups in the Peruvian Amazon is the Ashaninka who number about 40,000, at least 10% of whom were killed during the war between Shining Path and the Peruvian military. The first threat results from the Fujimori government's cancellation, by a decree in 1995, of a law that used to guarantee indigenous peoples an inalienable right to their land. This land is coveted by drug traffickers who use it to build makeshift airfields and export cocaine, by the owners of sawmills who ransack the forest and by Quechua colonists. The latter settled down in the Santa Cruz valley arguing that they were expelled from the Altiplano by Shining Path violence in the early 1990s. According to the Ashaninkas, in reality these colonists used to grow coca in other regions of the Peruvian Amazon and want to take it up in Santa Cruz, thus attracting both the drug traffickers and the guerrillas. Moreover, the Ashaninkas feel indirectly threatened by projects they attribute to the French oil company *Elf Aquitaine*, according to the information given by Chirisente Mahuaca, one of the tribe's main leaders, to the OGD correspondent. According to Mahuaca, *Elf Aquitaine* representatives are exerting pressure on the Peruvian government with a view to having it "pacify" the Selva Central prospecting area which the firm *Compagnie Générale de Géophysique*, a sub-contractor of the oil company, had to leave following Shining Path attacks last year. According to the Ashaninkas a penetration of the military into the area would mean that their villages would be thoroughly searched for Shining Path fighters. Indeed, the Maoist movement's units are made up in majority of young Ashaninkas who, while they were children, were captured and raised by the Shining Path in "liberated areas". Another of Chirisente Mahuaca's worries comes from the fact that oil prospecting firms hire members of the anti-guerrilla Ashaninka self-defense militias as workers. Therefore, the pacification could result in internecine fighting which would threaten anew the Ashaninkas who managed to survive the 12-year war in the Peruvian Amazon.

The United States Distances Itself

In mid-May 1998, US "Drug Czar" McCaffrey spent a few hours in Lima during which he met with the officials in charge of antidrug fight. After he left the country, Peru's *Canal Cinco* television network broadcast a show in which Vladimiro Montesinos (one of President Fujimori's closest advisors, a former CIA agent, the secret chief of intelligence services and death squads and both a protector of drug

traffickers and the head of the antidrug fight) explained to McCaffrey that it was necessary to modify the legislation against drug trafficking. It seems that this meeting, which the TV network edited to show off Montesinos, had been filmed during the American czar's previous visit to Lima in April. On May 14, 1998, McCaffrey, surrounded by members of human rights organizations, gave a press conference in Washington where he declared notably that he felt "offended" by the way Montesinos had "used [his] visit to Peru to attempt to restore his image with Peruvians". The American official added that he had heard "with great concern the allegations against Mr. Montesinos, and that [he had] to admit that [he] shared them". What McCaffrey did not say is that he had congratulated Montesinos during yet another visit to Peru on October 22-24, 1996 although the latter had been the object of serious and corroborating accusations for a long time.

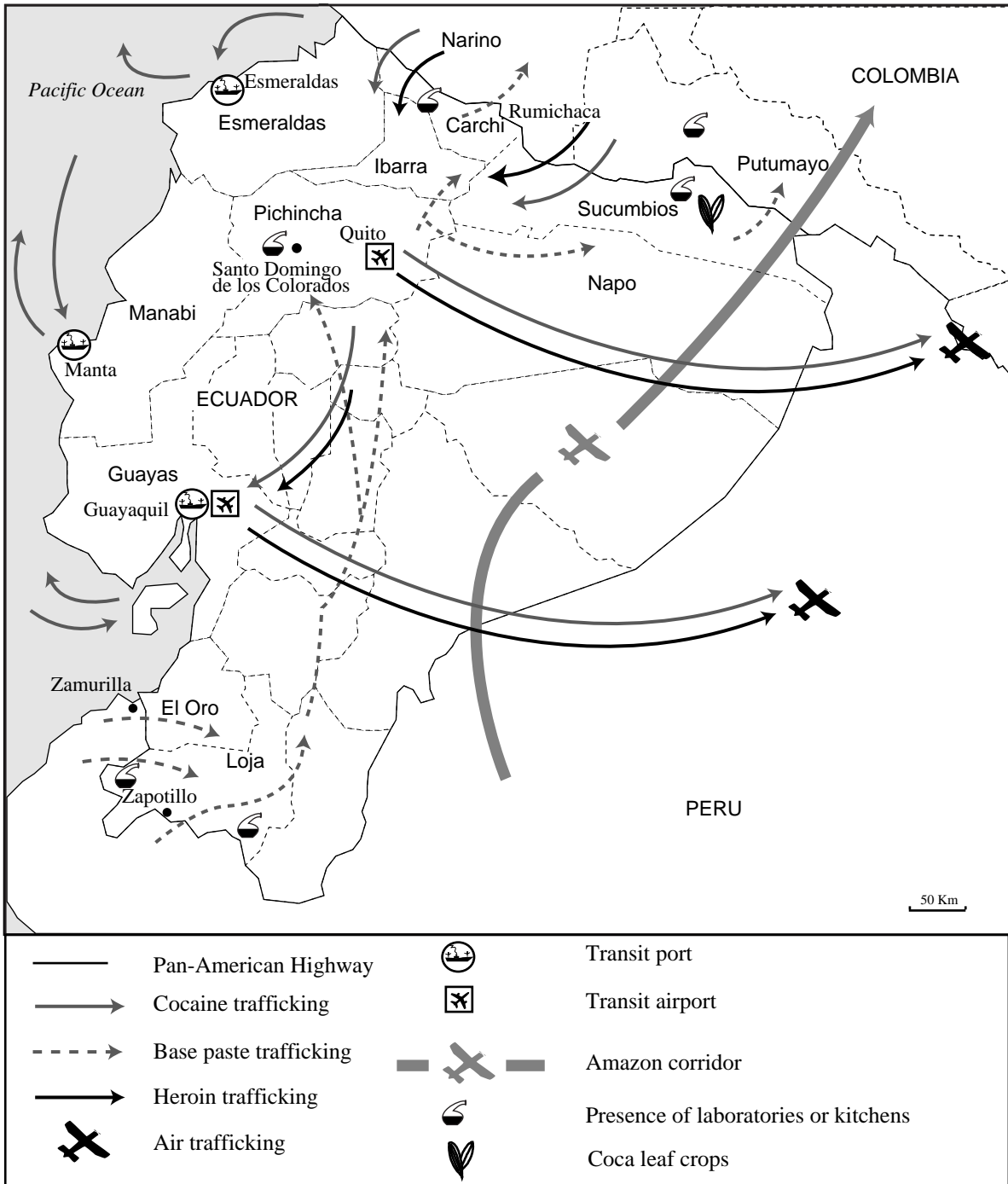
ECUADOR

Ecuador has long been considered above all a transit route linking Peru, the world's largest producer of coca leaves and cocaine paste, to the south, with Colombia, the main cocaine refiner and exporter, to the north. Even if its geographic location means it continues to fill this need, Ecuador's role in the narcotics trafficking chain has diversified considerably. It no longer merely serves as a bridge, but also participates in stocking of drugs, smuggling precursor chemicals, and laundering trafficking profits. The discovery of laboratories in Ecuador shows that while traffickers have apparently failed in their efforts to make Ecuador into a large-scale producer of coca leaves and opium, they are now turning to investing in the transformation stage, i.e. from coca leaf and especially base paste to cocaine. In addition, corruption is present in all of Ecuador's institutions responsible for leading the fight against narcotrafficking, even if the level of corruption does not reach those of neighboring Peru and Colombia.

The Failure of Illicit Crops

Ecuador integrated into the drug economy during the 1980s. Cocaine base from the south travelled by road, river, and especially an air corridor leading to Colombia. During the same period, the attempt to develop coca crops in a country without an indigenous tradition of coca leaf consumption, unlike Bolivia and Peru, failed due to the eradication campaigns under the León Febres Cordero government (1984-1988). Only a few hundred hectares of illicit crops reportedly remain in all of Ecuador's Amazon region. However, certain sources report an increase of illicit crops in several regions, particularly in Sucumbios Province, located next to the department of Putumayo, one of Colombia's largest producing regions.

Attempts at poppy cultivation were no more successful. In 1994-1995, a few years after opium production made its debut in Colombia, opium appeared in Ecuador, where observers noted the presence of "Asian experts." Ecological problems as much as government action resulted in the failure of this effort, although small plots of poppy crops are still reported here and there.



Map 13: Drug production and trafficking in Ecuador

From Air Transit to Sea Routes

The posse of small planes loaded with drugs, weapons and cash that crossed Ecuadoran airspace between Peru and Colombia up until the mid-1990s have been largely replaced by boats and by a complex web of land routes. The 1995 military clashes between Ecuador and Peru, sparked by a border dispute that is currently being resolved, is the main reason for the change. The radar installed by the Ecuadoran armed forces to counter any violation of their airspace by the Peruvians, especially the area known as the “Amazon corridor”, made it too hazardous for traffickers to continue. Although they have not completely abandoned air routes (as shown by the crash of a plane loaded with 400 kilograms of base paste in northern Peru in February 1998, probably traveling to Colombia via Ecuadoran airspace), they prefer to use the sea route for large quantities of finished products on their way to the United States and Europe.

The main European destinations observed over the past two or three years are Spain, Belgium, the Netherlands, France, Germany, Russia, Ukraine and Romania. Consignments bound for Côte d’Ivoire and Benin have also been discovered. The transit ports most frequently used in Ecuador are Guayaquil, Manta and Esmeralda. To avoid police and customs checks, the drug is transhipped from small boats to freighters in international waters, especially near the Galapagos Islands. In 1996, 7.8 metric tons of cocaine were seized from a merchant ship, probably belonging to the Cali cartel, on its way to the United States via Panama and Mexico. To mention only the most recent cases, in October 1997, a criminal organization which had just sent 1.5 tons of cocaine to Mexico via Ecuador on board a fishing boat was dismantled. A month earlier, Ecuadoran police had found 448 kg of the drug in a consignment of frozen fish on its way to Miami. The head of the gang was a Colombian living in Panama. In March 1998, 20 tons of marijuana were discovered in Guayaquil aboard a boat that had arrived from the port of Buenaventura, Colombia. It was on its way to a port in El Oro province, where it was to deliver the drug to a banana company which would conceal it before re-exporting it. The last major case to come to light during the first half of 1998 was the seizure in early May of 230 kg of cocaine from a container of lentils in Guayaquil. In order to cope with the increase in trafficking, especially at sea, the United States embassy has organized a program known as SIPA (Servicio de Información Portuaria y Aérea), based mainly on intelligence operations.

Two-Way Land Routes

When cocaine base paste destined for the numerous Colombian laboratories installed by traffickers along the border with Ecuador is transported by road, it mainly enters the country through the areas of Zapotillo and Zarumilla. The raw material next passes along roads through Loja and El Oro provinces, until joining up with the Panamerican Highway which crosses the country from south to north. The cocaine base frequently crosses the border at the Ruminchaca bridge, where smuggling activity is intense. Border controls are all the rarer in that Ecuador and Colombia have signed an agreement allowing for free transit of legal goods between the two. But smaller routes running along the extremely porous border are also used not only for drug smuggling, but also for exporting chemical products and weapons.

A report by Interpol’s Ecuadoran branch said that gangs made up of both Ecuadorans, Colombians and Peruvians had set up shop in Ecuador to get the drug through the country. Colombians, often linked to the Cali criminal organizations, were the most numerous foreigners in the past, but have since been slowly supplanted by Peruvians. Non-Latin Americans are also active. For example, French police

suspect certain French nationals of joining together to ship cocaine to Europe. Africans, mainly from Ghana and Nigeria, started out as simple couriers but are now establishing increasingly sophisticated networks. In 1996, according to independent sources, it was reported that five Colombian-Ecuadorian cartels, 30 local criminal organizations, and some 60 small entrepreneurs of different nationalities were active in the country. However, while the police admit the presence of gangs, they deny the existence of powerful “cartels,” such as the “Reyes Magos”. The Reyes family operated until 1992, when its leader, Jorge Hugo Reyes Torres, was arrested. Nevertheless, other family members are allegedly still linked to smuggling. If estimates that 50 metric tons of cocaine transit Ecuador each year are true (and drug seizure statistics suggest that they are), this indicates the existence of relatively sophisticated organizations.

In October 1997, 200 kg of “semi-processed” cocaine were seized from a van traveling from Peru to the Colombian town of Ipiales, on Ecuador’s northern border. In May 1998, a consignment of 122 kg of cocaine base on its way to Ecuador was discovered by Peruvian police in the town of Piura. The magnitude of cocaine manufacturing across the border in Colombia also suggests the presence of large criminal groups in Ecuador. Therefore, at the end of February 1998, Colombian police destroyed 21 clandestine laboratories in a single operation in Putumayo department. About 60 other laboratories were found during the same month in a region located between the River Gamuez and the village of Puerto Umbría. From the other direction, across the northern provinces of Carchi and Sucumbios, comes cocaine hydrochloride and heroin from Colombia, destined for Ecuador’s sea ports and airports for export to the United States, Europe, and Africa.

These large-scale illicit activities are a source of insecurity. Sucumbios Province in particular is a region out of the American Wild West, where Colombian guerrillas and drug traffickers come and go, either to escape mounting pressure in Colombia, or simply to stock up on food and other supplies. As a general rule, their interest lies in not making trouble with local authorities in this area they consider to be a safe haven. The Ecuadorian military responsible for defending the border region intervenes only when the law has been broken. This policy insures that the conflict present in much of Colombia does not spread into Ecuador. Nevertheless relatively frequent incidents such as murders, ambushes and settling of scores reveals the relative inability of Ecuador’s government to insure stability in the region.

Precursor Chemicals, Laboratories, and Laundering

The smuggling of chemical products, based mainly on the intentional overestimation of local industry needs, developed beginning in the late 1980s. In-depth studies estimate that 28% of legal chemical imports into Ecuador were diverted. The chemicals were then sent by criminal organizations specialized in this activity through the jungle to Colombian laboratories. When the authorities imposed stricter controls, diversions continued, but along different, more radical, lines. These included attacks on warehouses where the chemicals are stored and on trucks transporting the product, and the “loss” of containers carrying chemicals, with the complicity of transport company employees, etc. These methods are particularly common in the zone near Colombia where the oil industry uses large quantities of chemicals. In certain cases, it is suspected that deals have been forged between traffickers and the oil companies by means of blackmail and threats of sabotage.

With the supply of chemical products secured, it was tempting for traffickers to set up their laboratories inside Ecuador. The largest laboratory, capable of producing 500 kg of cocaine base each week, was discovered not far from Santo Domingo de los Colorados, in northwest Ecuador. Coca leaves for the laboratory came from Peru, crossing nearly the whole of Ecuador to reach the area.

Various sources indicate the existence of other laboratories operating along the northern and southern borders. Their presence can only promote the development of local coca crops.

By evaluating at US \$3 billion the amount of drug money laundered each year in Ecuador, authorities are the first to indicate the magnitude of illicit activities in the country. The instruments used to launder funds are financial circuits, construction, and agri-business companies. Currency exchanges and banks are particularly suspect since the *Banco de los Andes* (now closed) and the *Banco Ruminahui*, the latter owned by the armed forces, were caught with their hands in the cookie jar. Despite the crackdown on the banks, and the fact that several military personnel have been implicated in drug trafficking in a private capacity, successive governments act as if the military is beyond reproach. The military has been given the task of providing logistical support and intelligence to the police as part of the latter's fight against drugs. As such, the United States has limited its criticism to references of a certain "inefficiency" on the part of the police, the only entity to be singled out concerning corruption.

The justice system also has not escaped criticism. That is the reason behind the United States' financing and advising an extensive reform project in this area. The US Department of State, through its embassy, is also applying strong pressure on the Ecuadorian government to sign an extradition treaty with the US. Narcotrafficking has become a political weapon as well, particularly during election campaigns, such as the presidential elections in 1998. The brother of Ecuador's president-elect, Jamil Mahuad, has been conspicuously singled-out. However, although serious suspicions weigh on certain political groupings, no proof has been provided to date of their links to narcotrafficking.

ARGENTINA

The drug barons did not wait for the opportunities offered by the Southern Cone common market, Mercosur (which links Argentina, Brazil, Paraguay and Uruguay, with Chile and Bolivia as "associate" members), to make Argentina, which borders on all those countries, a hub for trafficking. Even so, the economic integration of the huge region has given a boost to their illicit operations – especially as some of the countries export cocaine (Bolivia and Brazil) or marijuana (Brazil and Paraguay), and Argentina provides both a large consumer market and access to the Atlantic Ocean, allowing drugs (mainly cocaine) to be exported to Europe.

Although the liberal economic policies introduced by Carlos Menem's government have helped to stamp out inflation and laid the foundations for renewed growth, they have had very negative social consequences. One of the worst has been rising unemployment, which was up to 17.3% in 1997, coupled with structural "under-employment" on a large scale. Poverty is rife in the Greater Buenos Aires area, where a third of the country's population lives, and in the north-western provinces of Salta, Jujuy, Tucumán, Catamarca and La Rioja, where law enforcement and state representation generally tend to be lacking.

Argentina's new-found economic stability has also made the country a center for money-laundering, easily concealed by the investment pouring into the service sector. Meanwhile corruption, which is widespread in government departments and extends high up in the corridors of power, makes it easier for all kinds of trafficking to develop.

The Cocaine Pipeline

Colombian traffickers are now practically self-sufficient in producing cocaine hydrochloride, having increased significantly their production of the raw materials (coca leaves and cocaine base paste) in recent years. Therefore their Bolivian counterparts have begun making the finished product themselves on a large scale. As the Bolivians cannot compete with the Colombians and the Mexicans on the United States market, they have turned to the European market, which is growing fast.

Bolivian cocaine transits through the natural outlets of Argentina, Paraguay and southern Brazil. As Argentina has 742 kilometers of border with Bolivia and 1699 km with Paraguay, it is very easy to import large quantities by road or air into the thinly populated northern regions. In the case of Paraguay, the drug also comes in along the Paraná river. Moreover, Argentina has signed bilateral agreements with Bolivia and Paraguay banning checks on containers in transit to other countries.

The Colombian traffickers also extend their tentacles into Argentina, where several big seizures have been made, either on boats that have usually arrived via Chile or near clandestine airstrips in central parts of the country. In 1997 over 5 metric tons of cocaine were seized in Argentina (compared to 2.3 tons in 1996). The biggest seizure ever in the country, made in Buenos Aires at the end of April 1997, involved over 2 tons of cocaine hidden in a shipment of strawberry pulp bound for Germany. This was a joint operation conducted by Cali traffickers and a Brazilian organization with accomplices in Argentina. About 10 tons of the drug, stored in Brazil, were about to take the same route. Argentine officials estimate that at least 20 tons of cocaine transit through the country every year.

In May 1998, police in Mendoza seized 20 kilograms of Bolivian cocaine bound for France. According to information collected on the spot by an OGD correspondent, drug shipments are sent to France from Argentina under the cover of horse exports. The horses, old and tired, are allegedly "mules" whose intestines are filled with drugs. The amounts of cocaine that can be transported in this way are larger than those loaded on the dozens of Latin American, African and European human couriers which embark at, or transit through, the airports of Ezeiza, Argentina, Carrasco, Uruguay on their way to Europe. These smugglers mainly use *Aeroflot* flights, whose main calling port in Africa is Amilcar Cabral airport in Cape Verde. Colombian heroin on its way to Europe is also seized in Argentina, especially at Ezeiza airport: 5.81 kg in 1996 and 38.55 kg in 1997.

Not only is the cocaine exported to Europe; it also feeds a large internal consumer market in major cities such as Buenos Aires, Rosario and Córdoba, as well as coastal resorts like Mar del Plata and its Uruguayan counterpart, Punta del Este, during the southern-hemisphere summer season. In October 1997, for example, the federal police uncovered an organization of Argentine traffickers and seized 400 kg of cocaine, some of which was to be exported to Europe and the rest sold on the internal market. Seizures of marijuana intended for the domestic consumer market are also on the increase: 13.7 tons in 1997 compared to 8.8 tons in 1996.

A Profitable Domestic Market

At first it was thought that the cocaine consumed in Argentina was largely a spin-off of drugs in transit, but it is now clear that some of the imports are intended specifically for the internal market. Argentine traffickers have even begun to process their own base paste in order to supply this market. Although the laboratories discovered since the early 1990s in the northern provinces of Salta and Jujuy, near the Bolivian border, were producing cocaine for export, police believe there are now hundreds of smaller outfits in Greater Buenos Aires producing a total of a ton of cocaine per month. In September

1997 Buenos Aires police discovered a laboratory in the suburbs of the capital which was processing Bolivian base paste into hydrochloride, and 16 kg were seized.

Argentines have always used marijuana and synthetic drugs. A recent survey by the Argentine Association of Industrial Medicine showed that the despair caused by the lack of promotion opportunities and fierce competition on the labor market were driving many people either to take cocaine and amphetamine, which they felt would make them more efficient, or to use drugs such as LSD, marijuana or alcohol in an attempt to escape from reality. Furthermore, cocaine dealing has become a source of income not only for the working classes, but for some middle-class people who have dropped out of society.

At the start of the 1980s, cocaine was used only by the better off. A kilogram cost between US \$20,000 and \$40,000 in Buenos Aires. By June 1998 the price had fallen to \$10,000 in the Argentinean capital, and was only \$2000 in Bolivia. At street level the drug costs between \$10 and \$40 a gram, depending on purity. The worst-quality cocaine is sold in shantytowns and the best in middle-class neighborhoods. A similar pattern occurs in provincial cities.

In 1989, the Secretariat for the Prevention and Control of Drug Trafficking (SEDRONAR) put the number of illicit drug users in the country at 60,000. A survey of the situation in 1996, published by the secretariat in 1998, estimated that about 340,000 people, or 1% of the population, were using drugs. Some 59% were unemployed. The survey found that 27.46% of consumers used only one drug — cocaine in 75.39% of cases. Of those who took several drugs, 80.68% used cocaine, 40.77% marijuana, 5.9% LSD and other synthetic drugs, 1.93% opiates and – in a new development – 1.28% cocaine base (*basuko*). It should be pointed out that intravenous cocaine use is fairly common in Argentina and is contributing to the spread of Aids. Although consumers of synthetic stimulants were not specifically counted for the survey, ecstasy is undeniably being used with increasing frequency among well-heeled youngsters who go to Buenos Aires night clubs and raves at coastal resorts. In December 1996, 800 ecstasy tablets were seized during raids at this type of venue. The scale of the pharmaceutical industry in Argentina and the fact that many chemists are unemployed suggest that the manufacture of synthetic drugs may develop nationally in the near future, not just for the internal market but also for sale to neighboring countries.

A System of Institutionalized Corruption

It is in Buenos Aires province that the largest hub of international drug trafficking and the biggest consumer market in Argentina are to be found. This is a godsend for the 45,000-odd members of the provincial police force, who are poorly trained and very badly paid. Over the past two years, at least 2000 officers, including practically all the most senior staff, have been sacked for corruption, human rights violations, armed robbery, or drug trafficking. In July 1996 an antidrug unit whose members had both been covering dealers and selling cocaine themselves in the southern part of Greater Buenos Aires was disbanded after some officers were caught in the act and filmed by a television crew. Police in Río Negro province, Patagonia, are also being investigated following a series of murders that could be connected with drug trafficking. Many of the officers kicked out of the police force have since become full-time gangsters.

The Buenos Aires provincial governor, Eduardo Duhalde, a rival of Carlos Menem within the Peronist party who wants the president's job, had to completely reorganize his police force at the end of 1997. In order to continue the fight against drugs, he was obliged to turn to the federal police, the military police,

the coastguard and the intelligence department (SIDE). But other law enforcement forces are not free of corruption. In 1996 and 1997, 400 customs department staff were taken to court for their part in smuggling operations which had cost the state more than \$1 billion in lost tax revenue. It is reasonable to suppose that those officers had also been turning a blind eye to drugs.

It was against this background that businessman Alfredo Yabrán came to the fore about ten years ago. Like President Menem, he is of Syrian origin and the two men used to be close friends. (A few years earlier, the president had similar ties with leading weapons and drugs trafficker Monzer Al-Kassar). In record time, Yabrán rose from poverty to become either owner of, or majority shareholder in, a whole series of companies: fund transportation and bank clearing operations; commercial transport; issuing and delivery of licenses to carry guns; printing and delivery of passports and identity cards; security firms employing former torturers trained at the Navy's School of Mechanical Engineering; air taxis; private postal service, and five-star hotels. One of the most disturbing examples of Yabrán's activities was the late 1996 purchase by his *Edcassa* firm, which specializes in checking freight at the airport, of an *IOSCAN* scanner from the French ministry of the interior's exporting firm *SOFREMI*, which is partly privately owned. *IOSCAN* is able to detect even small traces of narcotics in containers. The purchase served to justify the fact that *Edcassa*, which only rarely uses the high-tech scanning device, has taken on board the checks normally implemented by customs, which are now relegated to the background. Furthermore, checks on air mail are now implemented by *OCA*, a firm started after the postal service was privatized and subsequently bought up by Yabrán, which was also granted the functions previously performed by customs in airports. Independent observers and Argentinean officials allege that the astonishing grip private firms have been able to get on checks on air freight allows free passage to many cocaine shipments.

The federal police and the DEA suspect him of involvement in drug trafficking and money-laundering. Former finance minister Domingo Cavallo turned the spotlight on Yabrán, accusing him of being at the head of a criminal organization close to the president. The former Buenos Aires police officer who murdered press photographer José Luis Cabezas in January 1997 had been working for Yabrán. It has been said that Cabezas was killed because he had secretly taken the only photo of Yabrán known to exist, but other theories have also been mentioned. One is that at the time of his death, Cabezas was investigating drug trafficking by Eduardo Duhalde's provincial police in coastal resorts. Yabrán committed suicide on 24 May, 1998 in what were described as "suspicious circumstances" shortly after a federal judge had issued a warrant for his arrest. The press and numerous observers have wondered aloud who might have wanted him out of the way.

The Side-Effects of Investment

Following the implementation of the "Convertibility Plan", which is aimed at encouraging foreign investment, especially in the service sector, total foreign investment rose to \$29 billion in the space of six years (if the privatization of state companies is taken into account). Argentina could receive another \$12 billion worth of investments over the next two years. The most visible signs of this influx of money are the hotels, casinos, shopping malls and gas stations that have sprouted like mushrooms in Buenos Aires and in tourist centers such as Pinamar, Mar del Plata, Córdoba and winter sports resorts in Patagonia. The deals that have been set up to finance these operations are often far from transparent for the Argentine monitoring authorities and the United States government, who believe they may conceal money-laundering operations connected with drug trafficking both in Argentina and abroad. According

to recent estimates, the sale of drugs in Argentina generates between \$700 million and \$1 billion every year.

Sources at the Argentina Central Bank have said – without providing details – that 40 investigations are currently under way into suspected money-laundering, and two cases are on the point of going to court. There is no shortage of earlier examples. The “Polar Cap” case, investigated by the FBI in 1989, led to the disbanding of an organization which had laundered \$400 million in two years by claiming to be importing gold from Uruguay to manufacture jewellery for export to the United States. Another case involving trading in gold – real, this time, but fraudulent – by a company called *Casa Piana*, ended in 1997 with the arrest of the managing director in the United States. On the other hand, the prosecutor who had been handling the Argentine side of the case, Pablo Lanusse, closed the file in December 1996 after he and members of his family received death threats and because he was discouraged by the lack of cooperation he had obtained from the legal system.

Under pressure from the United States, SEDRONAR put forward a proposal for combating money laundering in 1996. As well as drug money, these operations also launder the proceeds of terrorist activities, illegal immigration, trafficking in human organs for transplant, and administrative corruption. The idea was that a Financial Information Agency would be set up to receive reports of suspicious dealings by banks and other financial organizations. Observers believe the banking sector is lobbying the government heavily to have the proposal rejected — to such an extent that SEDRONAR had to come up with a new version at the start of June 1998.

PARAGUAY

Popular demonstrations against drug-related corruption in Paraguay are less spectacular today than in the early 1990s, when the country was just emerging from decades of dictatorship under General Stroessner. In October 1994, General Ramón Rosa Rodríguez, head of Paraguay’s national antidrug service (SENAD), was murdered by his deputy while the latter was driving him to the hospital⁹⁰. General Rodríguez was investigating the involvement of former president, General Andrés Rodríguez, in cocaine trafficking. Also in 1994, the Army Commander-in-Chief, General Humberto Garcete, was forced to resign after being implicated in a network of car thieves. Corruption continues to weigh on the police, military, and justice system, as witnessed by the fact that authorities seized only 61 kilograms of cocaine for the year up to September 1997. The US DEA estimates that 1500 kg of cocaine transit Paraguay each month.

In 1997 and 1998, attention has been focused on the Paraguayan city of Ciudad del Este (formerly Presidente Stroessner) which has become one of the hot spots in relations between the United States government and the countries in Mercosur, the common market that comprises Argentina, Brazil, Paraguay and Uruguay along with two associate members, Bolivia and Chile. Strategically placed on the border between Argentina, Paraguay and Brazil, Ciudad del Este is a prime location for trafficking of all kinds and terrorist activities in the Southern Cone. This enables the United States to use the struggle against terrorism and drug trafficking – which are, indeed, soaring out of control – as a pretext for strengthening their geopolitical interests in the region. Efforts by Argentina, the Americans’ chief ally

⁹⁰ See WGD (1995-1996), pp. 223-225.

there, to bring Paraguay into line have given them the opportunity to counterbalance Brazil's influence within Mercosur and to exert indirect control over the "single trading area".

A Smuggling Mecca

At the time of Alfredo Stroessner's dictatorship (1954-1989), Ciudad del Este was a favored spot for discreet meetings between members of the military governments in the Southern Cone, representatives of Taiwan and South Korea, and even the Italian lodge P2 and the Moonies sect. The end of the Cold War has made this cosmopolitan city a melting pot for international gangsters – largely of Latin American, Chinese or Middle Eastern origin – who share activities such as forging dollars and identity papers, drugs and weapons trafficking, selling cars stolen in Argentina and Brazil (or exchanging them for cocaine), and money-laundering on a massive scale.

Latin American crime is represented not only by the Colombian and Bolivian cartels, but also by groups of officers or former officers from Paraguay, Argentina and Uruguay who were involved in the "dirty wars" in their countries, and by policemen being sought for drug trafficking. Sources close to the DEA say that the Chinese triads are made up of Taiwanese nationals who have managed to infiltrate the flourishing Taiwanese business community in Ciudad del Este. Their activities include extortion, smuggling and forging Argentine identity papers with which Chinese immigrants can enter the United States (Argentines being the only Latin American nationality for which Washington does not require visas). The triads are also increasingly involved in cocaine trafficking to the Far East. The Paraguayan press reported on July 25, 1998 the arrest of two Chinese nationals, working for a racketeering and drug trafficking organization called Taichen. The head of the group in Ciudad del Este is one Jun Hong, a member of a Hong Kong Triad.

Fundamentalist Moslem groups, especially the Lebanese Hezbollah backed by Iran, have blended seamlessly into the prosperous, 20,000-strong Lebanese community that makes up 10% of the city's population. The Syrian-Lebanese community in Argentina can be traced back to the wave of immigrants with Turkish passports who settled in the north of the country at the beginning of the century. But the current Lebanese population in Ciudad del Este is composed mainly of Moslems who arrived in the 1970s, fleeing the civil war. The most prominent members of that community have hired former KGB or Red Army officers as bodyguards. Recent tips followed up by the Argentine police concerning bomb attacks in Buenos Aires – at the Israeli embassy in 1992 (about 30 dead and 100 injured) and the Jewish mutual insurance company *AMIA* in 1994 (86 dead and several hundred injured) – all lead to Ciudad del Este. The connection was confirmed by Iranian terrorist Manuech Moatamer, who is held in the United States and has been questioned by an Argentine examining magistrate. The terrorists are believed to have received backing from Argentine military and civilian groups, as well as from factions of the police in Buenos Aires province. On June 30, 1998, Argentina's intelligence service, the SIDE, accused Paraguayan civil servants of knowingly facilitating the activities of the authors of these attacks for financial gain. It seems likely that these terrorists activities are financed by organized crime in Ciudad del Este.

Trafficking and cash transactions there are beating all previous records. Every month, between 1300 and 1500 containers cross the La Amistad bridge between Paraguay and Brazil without any form of customs check. Thirty thousand "tourists" pass through the city every day. According to an air reconnaissance report which the OGD correspondent saw, there are about 100 landing strips in the area, used by small planes taking cocaine to the two provinces where the drug is stored: Santiago del Estero (for the center-north region of Argentina, the cities of San Miguel de Tucumán and Córdoba) and Entre

Ríos (for the area around the cities of Rosario and Buenos Aires, and the Atlantic coast). The Brazilian cities of Sao Paulo and Porto Alegre are also supplied from Ciudad del Este. The Argentine interior minister Carlos Corah, who has dubbed Ciudad del Este a “Criminal Sanctuary,” says that the value of goods traded legally and illegally in Ciudad del Este is about US \$30 billion a year. Paraguay’s banking system launders a large part of this money, though it is not possible to estimate what percentages come from smuggling, tax evasion, capital flight, or drug trafficking. Observers are skeptical about the effectiveness of the anti-money laundering law passed in January 1997, given the widespread corruption in the country.

US Posturing towards Mercosur

The US government seems determined to lance this abscess. Brazil and Argentina, which act as “chaperons” for Paraguay, have been discreetly informed by Washington at the end of 1997 that their tiny neighbor might be “decertified” in the war on drugs if the situation does not improve soon. Nevertheless Paraguay was not placed on the infamous list in 1998. Two aspects that are of particular concern to the Americans are the presence of Hezbollah units in Ciudad del Este and the fact that the presidential election in Paraguay next year were won by a protégé of General Lino Oviedo, candidate of the majority Colorado Party, who has the support of sectors closely linked to the drug economy. Although he had supported the bid for the presidency of outgoing president Juan Carlos Wasmosy, Oviedo staged a putsch against him. Keeping the promise made during his electoral campaign (“Cubas in government, Oviedo in power”), the new president freed Oviedo from prison by presidential decree on August 18. The move is in violation of Paraguayan legislation and set-off a serious political crisis.

The tense relations between Argentina and Paraguay result from the fact that the Paraguayans are convinced, and not without some basis, that Argentina is being used as a tool by the Americans to obtain the dismantling of smuggling activities in Ciudad del Este. And indeed, Buenos Aires could make use of Mercosur’s legal machinery, under which a country that does not respect the principles of democracy may be suspended. In addition, Argentina could demand that the latest technology, such as scanners, be used to check goods entering the city.

The United States’ renewed trust in Argentina is reinforced by information provided by the Argentine secret service, thanks to which an attack on the US embassy in Asunción was thwarted in 1996. Hugo Anzorreguy, head of the Argentine intelligence service, was decorated by top CIA official George Tenet for “distinguished services”. Cooperation between the two agencies also led to the capture in Ciudad del Este of a Lebanese national, Marwan Al Safadi, who was accused of terrorism and extradited to the United States. For the past few months, it seems that Washington has been closing its eyes to connections between people close to President Menem and Arabs connected to fundamentalist movements and drugs and arms trafficking in order to normalize relations with a country which for decades was its chief ally in the struggle against communism and which now enables it to keep an eye on Mercosur. In the short term, the Americans’ objective is to control countries such as Paraguay, which, because of its long tradition of isolationism, is now developing an informal economy with strong ties to the underworld.

But above all the United States aims at subtly sabotaging the expansion of Mercosur, whose goals contradict the US objective of creating an American Free Trading Zone, stretching from Alaska to Tierra del Fuego. Mercosur has signed a series of sub-regional agreements with Central American, Andean, and other countries. The American Secretary of Commerce, Charlene Barshefski, announced in mid-April 1998: “We have no objection to sub-regional agreements being made. But we want to insure

that the United States remains at the center of commercial relations [in Latin America].” With Brazil as Mercosur’s economic heavyweight, the Clinton Administration is counting on Argentina to counterbalance Brazil’s influence, in this case by reining in Paraguay. Paraguay responded by refusing the opening of an Argentine consulate in Ciudad del Este in 1997, and the municipality declared Argentina’s Minister of Interior *persona non grata* in December. Brazil attempted in June 1998 to impose strict customs checks over visitors and merchandise coming from Ciudad del Este. Local authorities and Paraguayan shopkeepers responded by blocking the Friendship Bridge linking the two countries for three days.

In early June 1998, the Uruguayan representative announced a coordination of efforts of member countries “at the highest levels” to combat drug trafficking and related offenses in the region. He added at that time: “The fight against narcotics trafficking is independent of commercial integration,” insinuating that the huge profits of smuggling and drug trafficking should no longer constitute an excuse for turning a blind eye to these activities. It must be noted however that these types of statements are a recurring theme over the past few years, though no measures have been taken to put an end to the lawlessness of Ciudad del Este.

New Transit Routes in the Southern Cone

In a probable effort to improve its image, Paraguay’s antidrug police (SENAD) announced in July 1998 that it had uncovered a new cocaine and marijuana route between Colombia, Paraguay, and Uruguay. Shipments of these drugs are sent daily by plane from Amambay, a town on the border between Paraguay and Brazil some 550 km northwest of Asunción, to the Uruguayan capital of Montevideo and to Punta del Este, a large seaside resort in Uruguay. Cocaine from Cali comes to Santa Cruz de la Sierra (Bolivia) by plane. It is then forwarded, by air or road, to Amambay. Sometimes the drugs arrive in Amambay by air directly from Colombia. Pedro Juan Caballero and its sister town of Capitán Bado, across from the Brazilian town of Ponto Porá, also play a role in the trafficking.

Marijuana grown in Amambay Department transits through the town of Encarnación, then Posadas, Argentina, before reaching the Uruguayan border. During the southern hemisphere summer, Punta del Este is literally flooded with marijuana, which also furnishes markets in Buenos Aires. In the Paraguayan border town of Pedro Juan Caballero, which is separated from the Brazilian town of Ponta Porá only by a street, gangs from the two countries confront each other on a daily basis, resulting in record crime rates.

MEXICO

Mexico remains one of the world’s largest centers of narco-business in the world. It is a producer, refiner and/or transit point for marijuana, cocaine, methamphetamine and heroin, the largest supplier of the United States market and a huge hub for the recycling of drug money. The funds derived from the drug trade and various other forms of organized crime are major contributors to the economy and have had a significant influence on the country’s politics since the 1980s.

However important new developments arose on the Mexican drug-trafficking scene in 1997 and early 1998. The “dismantling” of the Juárez cartel, or at least of its former money-laundering channels in Mexico, the United States and Latin America, have for the time being left the field open for the Tijuana cartel, some of whose political and military allies support the current government. The purges against

the protectors of the Juárez cartel within the military continue. The selective “antidrug” fight Mexico is waging has a significant impact on the national political arena, which is buzzing with activity ahead of the July 2000 presidential election. The last victims of the war on drugs all belong to the Institutional Revolutionary Party (PRI) and are probably not innocent. But their main characteristics seem to be their opposition to the present regime and Washington’s hostility towards them.

Twilight of the “Dinosaurs”?

The launching in 1997 of the pre-campaign for the July 2000 presidential election is providing a striking example of the importance of drug trafficking in contemporary Mexican politics. Three main contenders are battling it out: President Ernesto Zedillo and his military and political allies in the Institutional Revolutionary Party (PRI); three caciques – Manuel Bartlett Díaz, Jorge Carrillo Olea and Roberto Madrazo Pintado – and their allies among the old guard “dinosaurs” of the PRI who rebelled against Zedillo; and the neoliberal and conservative opposition National Action Party (PAN). A fourth, external but very influent, actor is the Clinton administration. Its priority is to expand the scope of the North-American Free-Trade Agreement, NAFTA⁹¹.

Linked as early as 1982 to the setting up of the “state” drug trafficking and money laundering structure which is now at stake, the three PRI “dinosaurs” were still the governors of the states of Puebla, Morelos and Tabasco, respectively, in early May 1998. Each man has his own ambitions for the 2000 election. However, together with the other governors of their “syndicate”, they could all place their hopes in Manuel Bartlett, who seems to have the best chance of success. In April 1998, in front of an audience of about 50 PRI legislators, Bartlett condemned Zedillo’s economic policy and blamed him for the PRI’s electoral setback during the 1997 summer elections. And Bartlett announced that he would seek the party’s nomination as presidential candidate for July 2000. He has since held numerous meetings in which he has targeted the president. Bartlett’s attacks have become gradually harsher as the president’s inability to address the virtual bankruptcy of the banking sector (the FOBAPROA scandal) has become clearer.

Bartlett’s dreams of power may seem legitimate to some sectors of Mexican society, especially within the PRI where links with the drug trade, sometimes denounced but never proven so far, have helped many careers along. But Bartlett should be completely unacceptable in Washington. The Puebla governor’s very authoritarian style and his harsh criticism of Zedillo’s neoliberal policies are opposed both to the “democratic” norms and economic principles that the United States wants to impose in the “Western Hemisphere”.

For the Mexican government, which is prey to many crises (FOBAPROA, the economy, the Chiapas rebellion, street crime, natural disasters, etc.), neutralizing those “dinosaurs” who have become hostile, even dangerous, is a priority. Victory will reward the side which best weakens the opponent politically and financially, both aspects being closely linked in a Mexican political system based on patron-client relations. It seems that as far as the politicians and soldiers in command in Mexico City are concerned, it has become urgent to complete the neutralization of the narco-structure built under the previous presidents in order to cut off the supplies to the rebellious “dinosaurs”. The job is not finished despite the blows the authorities have struck against two of the most powerful Mexican cartels: the 1995 arrest of Raúl Salinas and that of Juan García Ábrego in 1996, the leaders of the Gulf cartel; that of General

⁹¹ See the chapter on “Mexican-US Relations within NAFTA”.

Gutiérrez Rebollo, the head of antidrug services who was working for the Juárez cartel, in February 1997; the reported death of Amado Carrillo Fuentes, the “nationalist” capo of Ciudad Juárez, in the summer of 1997; the protection granted, under the newly-created Mexican witness-protection program, to Manuel de Jesús Bitar Tafich, chief launderer of the Juárez organization; and the militarization of the country’s police bodies, which are the “nuts and bolts” of the drug trade in Mexico.

Upon his appointment to the helm of the antidrug fight, in late 1996, General Gutiérrez Rebollo took on the Arellano Félix brothers, capos of Tijuana and arch-enemies of Amado Carrillo. The general’s arrest put an end to large-scale operations against the Tijuana cartel, as the Mexican government seems to think that the leaders of this organization are more useful free than in jail. Nor does Washington also does not seem to consider the Tijuana cartel a priority, even though its bosses, who own property in San Diego and Los Angeles and have become less conspicuous since 1996, control a significant share of cocaine, heroin and methamphetamine distribution in the western United States. According to US authorities, the bankers arrested during “Operation Casablanca” in May 1998 only worked for the Juárez-Cali connection. This news, which all the traffickers in Baja California and their political protectors will be delighted to hear, strengthens for the time being the position of the Zedillo clan.

Both Mexico City and Washington have an interest in the extinction of the dissident “dinosaurs”. What was lacking was a common strategy. In order to work, the plan has to abide by certain elementary rules. First, respect Mexican national sovereignty, at least formally — Washington cannot intervene directly in domestic Mexican affairs. Therefore, the Americans cannot clearly support the Zedillo clan against the hostile “dinosaurs”, for fear of further discrediting the president. But there is nothing wrong with supporting the government of a friendly country. Thus the new US ambassador to Mexico, Jeffrey Davidow, declared on March 18, 1998 that there was “little credibility” in a CIA report evoking links between the drug trade and Francisco Labastida Ochoa, the “good dinosaur” appointed as interior minister following the Acteal massacre of May 1998. Second, Mexico City must avoid at all costs being seen to bow down to American demands two years ahead of a presidential election. As such, the presidency cannot lash out head on against its opponents, especially since it is largely thanks to the past support of the now unfriendly “dinosaurs” that “technocrats” like the current head of state and former presidents Miguel De la Madrid and Carlos Salinas have been in power for 16 years. For instance, Carlos Salinas won the presidential election of 1988 after a “computer breakdown” affected for several days the counting of votes carried out by the Interior ministry then headed by Bartlett. And Zedillo was a minister of the Salinas government. A go-between was therefore needed to strike the blows on behalf of the president. And it is the PAN, a Washington protégé which also has the sympathy of the Mexican president, with whom it made alliances in the past, which is going to play that part.

The Hazards of “Dinosaur” Hunting

The PAN controls the cities of Puebla and Mérida, the capitals of the states of Puebla and Yucatán governed respectively by Bartlett and one of his allies, Víctor Cervera Pacheco. Furthermore, the PAN governs the states of Querétaro, Guanajuato (a center for illegal copies, pirated editions, etc.) and above all Baja California Norte (Tijuana) – where it is common knowledge that it has made a “ pact of non-aggression ” with the local cartel since 1986 –, Chihuahua (which it lost to the PRI in August 1998 while keeping the town hall of Ciudad Juárez), Nuevo León (Monterrey) and Jalisco (Guadalajara). In short, the PAN has political control over two border states, the narco-strategic border city of Juárez and the large narco-business center of Jalisco. Eager to build on this base in order to beef up its candidate’s chances for the 2000 election, the PAN is ideally placed and motivated to confront the dissenting

“dinosaurs”. Acting out of self-interest, the Democratic Revolution Party (PRD), the left-wing opposition governing the Federal District since 1997, does not mind occasionally lending a hand to the anti-“dinosaur” campaign.

Finally, the war of attrition of course relies on the information released to the press by its “friends” in Washington. This is the case with Roberto Madrazo Pintado, the narco-governor of Tabasco state. A figurehead of corrupt caciquism, Madrazo was “elected” to his post in 1995 thanks to electoral fraud and campaign overspending. As early as 1995 the PRD produced evidence and filed a complaint accusing Madrazo of spending over US \$80 million for his campaign — 50 times more than what was allowed. At least \$15 million of this was supplied by financier Carlos Cabal Peniche (currently “in hiding”), as was confirmed by PAN-member Antonio Lozano Gracia, Zedillo’s former attorney general. Cabal, the top launderer for the Gulf and Cali cartels during the 1980s and early 1990s, had set up shop in Villahermosa, Tabasco’s capital, where he managed his business empire then comprising the multinational agro-business *Del Monte Fresh Products*. According to the CIA, *Del Monte’s* infrastructure in Tabasco was used to export cocaine to the United States from the port of Dos Bocas, which was renovated with taxpayers’ money by Carlos Salinas precisely in order to facilitate the firms’ activities. On June 5, 1996, the federal justice ministry, then led by Lozano, judged the case outside its jurisdiction and transmitted it to its Tabasco counterpart which rapidly dismissed it. The whole affair seemed to be definitively buried until the timely publication, on April 15, 1998, of an article in the *Arizona Daily Star*, widely known to be linked to the CIA, which was immediately taken up in the pro-PAN daily *Reforma*. The article said that the international courier firm *Aero Postal de México* belonged to the Tijuana cartel and that three of its aircraft had been bought through a loan from a bank belonging to Cabal Peniche. This “new element” linking Cabal to the drug trade allowed a PAN senator to request and obtain the reopening of the case against Madrazo. But with the support of Bartlett and large sectors of the PRI Madrazo has managed to stall for the time being the proceedings against him. Madrazo too has kept organizing meetings and giving interviews, perhaps thinking that attack is the best form of defense.

But Madrazo could have chosen the honorable way out. He could have followed the example of general Carrillo Olea, who was persuaded to resign from his post as governor of Morelos state on May 11, 1998, rather than having to respond in parliament to the accusations against him. A few weeks before his resignation, Carrillo Olea, the reformer of the Mexican intelligence apparatus under Salinas who went on to become antidrug chief (where he received praise from US and Colombian officials, while fostering the rise of the Juárez cartel), was still swearing he would not go. Despite an obvious connection with Amado Carrillo Fuentes, mentioned in the American media, it was not drugs that caused the downfall of General Carrillo Olea. It was a public outcry after the federal judicial police “discovered” that the Morelos state police hierarchy, appointed by Carrillo Olea, had committed a series of kidnappings and murders — crimes that are obviously more hateful than drug trafficking.

Other PRI governors, who are still in power or who lost the 1997 elections are “at risk” or already the object of investigations for various types of unlawful activity or complicity with the drug trade. This is notably the case of the “dinosaurs” who govern the three states of the Yucatán peninsula (Campeche, Quintana Roo and Yucatán), where drug trafficking and money laundering have reached unprecedented heights during the 1990s, and the former PRI governor of Jalisco state, Flavio Romero de Velasco, a servant of whom held \$16 million in a bank account...

For the time being, it is Bartlett who comes through best. In Mexico, he was at loggerheads for a while with the PAN mayor of the city of Puebla about a huge investment in tourist infrastructure, *Angelópolis*,

critical for his presidential ambitions. The Mexican courts eventually issued a ruling favorable to the “dinosaur”. A former government minister and now a governor and PRI heavyweight, Bartlett has enjoyed so far the impunity usually granted in Mexico to people like him. Notwithstanding, for all intents and purposes *Reforma* published the following reminder on its front page on February 16, 1998. During several trials in the United States, Bartlett has been accused by various witnesses of planning, together with a bunch of narcos, the murder of DEA agent Enrique Camarena in 1985. As far as is known, the US justice system never pressed charges against him. It is probable that Washington is not especially eager to give Bartlett, the second most-powerful man in Mexico from 1982 to 1988, a chance to evoke memories of the CIA networks in Mexico.

Decidedly, “dinosaur” hunting is a risky sport, as president Zedillo would know. From his prison cell General Gutiérrez Rebollo (whose former lawyer was murdered in Guadalajara on April 21, 1998) has not stopped accusing him of being linked to the drug trade together with his defense minister, General Enrique Cervantes Aguirre. The president’s younger brother, Rodolfo Zedillo, “nearly was involved” in a buyout attempt of *Grupo Financiero Anahuac* by the Juárez cartel. In 1996, a taped conversation between the Amezcua brothers and one of their lawyers mentioned their contacts with Zedillo’s father-in-law, Fernando Velasco Márquez. The Amezcuas wanted to enrol Velasco as a go-between in order to obtain presidential favors for their methamphetamine cartel, but to no avail according to the official version. The conversation was intercepted – and leaked to the press – by General Gutiérrez Rebollo while he was still in post.

CONTENTS

I. INTRODUCTION	6
HOW TO USE THE ANNUAL REPORT	7
Why Publish an Annual Report on the Global Geopolitics of Drugs?	7
How to Use the Annual Report	8
TRENDS FOR 1997-1998	10
The Mafia Model: A “Development” Model?	11
The Institutionalization of Mafia Networks	12
Consumption Booms and Diversifies	13
II. ANALYSIS	15
THE WORLD OF SYNTHETIC DRUGS	17
The Modernity and Flexibility of Synthetic Substances	17
The World of Stimulants	18
The Transformation of Ecstasy	20
The World of Medications	22
Production and Trafficking: From “Cooking” Recipes to Cartel Factories	22
POLYDRUG TRAFFICKING AND POLYDRUG USE IN THE UNITED KINGDOM: A MODEL FOR EUROPE?	26
Europe’s Largest Drug Market Gets Bigger and Younger	26
Stimulants Call the Tune	27
Normalization and Polydrug Use	28
Heroin: “Epidemic” Foretold	29
A Hub for Europe	31
Polydrug Trafficking: A Typically British Affair	32
HEROIN NETWORKS AND MARKETS IN EUROPE	34
The Turkish and Kosovar Networks: Quality Rises, Prices Fall	34
Albanians Versus Kosovars	37
SCHEMA	39
Gangs Use Narcotourists to Penetrate Markets	40
THE “CARIBBEANIZATION” OF THE INDIAN OCEAN	41
The Nature of Smuggling in the Caribbean	41
Similarities between the Two Regions	41
The Indian Ocean in its African Environment	42
The Case of Mauritius	44
Italian Connections	46
GULF OF GUINEA: TOWARD A COMMON DRUG MARKET?	47
The Informal Path	47
“Ghettos” of a Single-Market	48

Coasting as a Narco-Tourist	49
SOUTH AFRICA AND ITS ENVIRONMENT	51
Cannabis Crops: A Delicate Topic	51
Dagga Networks Go International	53
A Market for All Drugs	53
Cocaine: The Nigerian Bogey	54
A Capo in Cape Town	55
From Mandrax Laboratories to Apartheid Laboratories	56
The Political Stakes of Trafficking	57
NAFTA AND MEXICO - US RELATIONS	58
Drugs and Survival in Rural Mexico	58
Relocating Money Laundering	59
A Narco in Favor in Mexico City and Washington	60
Washington's Guaranty and its Consequences	61
Colombianization Mexican-style	61
III. SOUTH EAST ASIA, FAR EAST AND PACIFIC OCEAN	63
BURMA	64
The Khun Sa Family "Business"	64
Wa Avoid Trap	65
The "3 G Free Zone"	66
LAOS	67
Opium: From Domestic Use to Exports	68
Intense Cross-Border Trafficking	70
Transit of Amphetamine derivatives	71
Consumption and Contradictions in the War on Drugs	71
THAILAND	72
Amphetamines in the Crisis of the Economic Model	73
Amphetamine Networks	74
A Vice Minister Saved by the Crisis	75
CHINA	75
Under the sign of chemistry	76
The Diversified Synthetic Drug Market	76
Mitigated Success in the Fight Against Opiates	78
Drugs and Minorities, From Xinjiang to Tibet	78
Law Enforcement and Treatment: A Difficult Balance	79
INDONESIA	79
Small-Time Marijuana Trafficking	80
The Ecstasy Market Adapts to the Crisis	80
Heroin Consumption Expands	81
JAPAN	82
"The Third Wave of Amphetamine Consumption"	82
Booming Drug Use among Minors	83
The Role of Yakuza Money in the Crisis	85

AUSTRALIA	85
The Range of Cannabis Derivatives	86
Asian Heroin Networks	87
The Narcotics Pot-Pourri	88
Motorcycle Gangs and Smuggling	89
The Debate Over Risk Reduction	89
IV. CENTRAL ASIA, SOUTH-WEST ASIA	90
TAJIKISTAN	92
The Fundamentalists' Opium	92
The Common Market of Opiates	93
AFGHANISTAN	94
Opium Production and Peasant Economy	95
Poppy and Heroin Profit	96
From Theory to Practice	97
The Stakes of Poppy eradication	98
PAKISTAN	99
Narcotics and Internal Geopolitics	99
Narcotics in Support of Asian Jihad	101
ISI Underhandedness	102
NEPAL	103
Hashish: The Farmer's Salary	103
Hashish Export Networks	104
The Bridge over the River Mechi	105
Indian and Pakistani Intelligence Services at War	106
INDIA-SRI LANKA	107
Links with India's Tamil Nadu	107
Is the LTTE Involved in Sri Lankan Trafficking?	108
Sea Transit of Hashish	109
V. EUROPE	111
RUSSIA	112
The Professionalization of Heroin and Hashish Networks	112
Two-Way Drug Flow	114
The April 15, 1998 Law: Addicts Beware	114
TURKEY	116
Confidential Reports as a Weapon	116
Relocating Labs and Casinos	117
Clan war	118
SWEDEN	120
Amphetamine Consumption	121
Heroin and Hashish Trafficking and Consumption	121

A Drug-Free Society?	122
SLOVAKIA AND THE CZECH REPUBLIC	123
Dividing Up of Drug Markets in Slovakia	123
Arab Dealers and the “Czech Underworld”	124
Balkan Networks and Czech Subcontractors	124
Asian Narcotics Networks	125
FRANCE AND FRENCH ANTILLES/GUYANA	126
A Changing Attitude to the Drug Problem	127
The Paris Drugs Market	130
Crack Diverts Attention	133
Crack Goes into Orbit in Guyana	134
BELGIUM	135
Criticism from All Sides	135
Cannabis is Not Alone	136
The Debate Remains Open	137
PORTUGAL	138
International Trafficking Networks	138
A Market Diversifying and Taking Root	139
Networks Supplying the Domestic Market	140
VI. AFRICA	142
ANGOLA	143
UNITA’s South African Operations	143
Cocaine Smuggling: A Commonplace Activity	145
DEMOCRATIC REPUBLIC OF CONGO (EX-ZAIRE)	146
Drug Stocks of Mobutu Supporters	146
Cannabis as an Alternative to Agricultural Difficulties	147
Local and National Marijuana Trafficking	149
A well-oiled international traffic	150
TANZANIA	151
Cannabis production	151
Trafficking networks	151
Tanzanian courier-crewmen	153
Heroin consumption	153
KENYA	154
A Fragmented and Demoralized Society	154
Trafficking: Impunity Extends its Reach	155
Money-Laundering: from Bureaux de Change to Luxury Hotels	156
SUDAN	156
Porous Borders for Smugglers	157
The Diplomatic Stakes of Cannabis	158
Institutionalized Laundering Techniques	158
EGYPT	159

Mixed Results	159
Supporting Anti-terrorist Operations	160
The Tourist is King	161
Consumer Trends	162
THE COMOROS	163
Drugs: Geopolitical Tool	163
Tourism and Immigration	163
Small-Scale Production and Consumption	164
Narco-Tourism and Corruption	165
MADAGASCAR	167
The Cannabis Industry Boom	167
A New Eldorado for Drugs and Money Laundering	169
SENEGAL	169
Agricultural Crisis and Illegal Production	170
The Deteriorating Urban Job Market and Narcotics Trafficking	171
The Informal Sector and Narcotics Distribution	172
Large-Scale Sea and Air Transit Trafficking	173
GAMBIA AND GUINEA BISSAU	173
Gambia: Smuggling State	174
Eradication Reduces Farmers to Poverty	175
Yamba: Wages in Guinea Bissau's Civil War	175
TOGO	176
Cannabis Crops	177
Marijuana trafficking networks	178
The Transit of Hard Drugs and Money Laundering	179
VII. THE AMERICAS	180
COLOMBIA	182
The Armed Conflict and Illicit Drug Production	182
Scant Reward for Samper's Sacrifices	184
At the Dawn of a New Presidency	184
PERU	185
Crop Reduction and Alternative Development	186
Successful Law Enforcement	187
Cocaine, Oil, and Guerrillas	188
The United States Distances Itself	188
ECUADOR	189
The Failure of Illicit Crops	189
From Air Transit to Sea Routes	191
Two-Way Land Routes	191
Precursor Chemicals, Laboratories, and Laundering	192
ARGENTINA	193
The Cocaine Pipeline	194
A Profitable Domestic Market	194

A System of Institutionalized Corruption	195
The Side-Effects of Investment	196
PARAGUAY	197
A Smuggling Mecca	198
US Posturing towards Mercosur	199
New Transit Routes in the Southern Cone	200
MEXICO	200
Twilight of the “Dinosaurs”?	201
The Hazards of “Dinosaur” Hunting	202
CONTENTS	205
LIST OF MAPS	211

LIST OF MAPS

Map 1: Synthetic drugs and medications in Europe	16
Map 2: Heroin routes in Europe	36
Map 3: The complementary nature of formal and informal money transfers for laundering money. The example of Mauritius	44
Map 4: Flows of cocaine and Mandrax into Southern Africa	52
Map 5: Drug production and trafficking in Laos	69
Map 6: Drug production and trafficking in Australia	87
Map 7: Trafficking in opiates in Tajikistan	91
Map 8: Drug trafficking and international borders in the Lesser Antilles	129
Map 9: Polydrug networks in Paris	132
Map 10: Cannabis production and marijuana and cocaine trafficking in the DRC	148
Map 11-a: Islands of the Indian Ocean	166
Map 11-b: Comoros: Confetti of the drug trade	166
Map 11-c: Illicit crops and trafficking routes in Madagascar	166
Map 12: Establishment of guerrilla and paramilitary groups in Colombia	181
Map 13: Drug production and trafficking in Ecuador	190
Figure: The example of an integrated network led by one person only and based solely on extended family links	39