

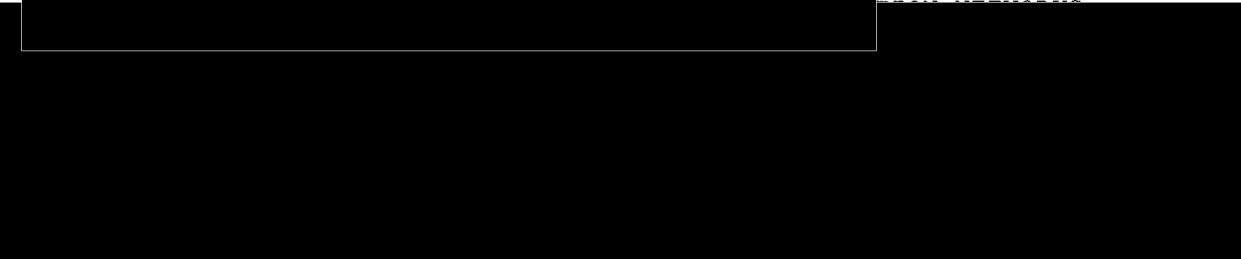
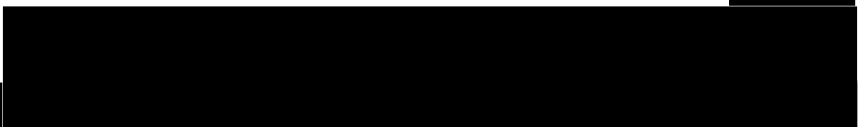
NOVEMBER 1991

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ITEM 1: PERSPECTIVE--COLOMBIA: TRAFFICKERS AND HEROIN PRODUCTION  
[REDACTED]

A SIGNIFICANT EXPANSION OF OPIUM POPPY CULTIVATION IN COLOMBIA DURING THE PAST YEAR REFLECTS TRAFFICKER INTEREST IN ENTERING THE INTERNATIONAL HEROIN MARKET. ALTHOUGH COLOMBIAN HEROIN PRODUCTION IS STILL MINOR BY GLOBAL STANDARDS, THE PRESENT RATE OF EXPANSION INDICATES THAT OPIUM CULTIVATION IN COLOMBIA COULD SURPASS THE COMBINED TOTALS FOR MEXICO AND GUATEMALA BY THE END OF NEXT YEAR. THE TRAFFICKERS' VAST RESOURCES AND WELL-DEVELOPED NETWORKS WOULD ALLOW THEM TO USE SUCH A BASE TO SEIZE A NICHE IN THE US AND EUROPEAN MARKETS. [REDACTED]

THE COLOMBIANS APPEAR TO BE PARTICIPATING IN HEROIN TRAFFICKING TO INCREASE THEIR SHORT-TERM DRUG PROFITS, IMPROVE THEIR PRODUCTION AND MARKETING PROCESSES, AND DIVERSIFY. THE COLOMBIAN TRAFFICKERS MAY BE TRYING TO 'COVER THEIR BETS' IN RESPONSE TO REPORTS OF A STAGNATING US COCAINE MARKET, BUT THE POWERFUL PROFIT INCENTIVE ALONE COULD ACCOUNT FOR THE SHIFT. LAW ENFORCEMENT DATA INDICATE, FOR EXAMPLE, THAT THE PROFIT MARGIN ON HEROIN IS ABOUT 10 TIMES HIGHER THAN THAT OF COCAINE. [REDACTED]

[REDACTED] THE COLOMBIAN CARTELS HAVE EVALUATED THE HEROIN MARKET AND BELIEVE THAT IT MAY EXPAND OVER THE NEXT FEW YEARS, ESPECIALLY IN THE UNITED STATES. CALI TRAFFICKERS, WHO PRESENTLY HAVE THE STRONGEST COLOMBIAN ORGANIZATION IN THE UNITED STATES, ARE FUNDING SOME OF THE POPPY CULTIVATION, [REDACTED]

[REDACTED]

THE PATTERN OF INCREASED POPPY CULTIVATION SUGGESTS THE TRAFFICKERS FOR NOW ARE FOCUSING ON PERFECTING PRODUCTION METHODS RATHER THAN GEARING UP FOR A MAJOR SWITCH FROM COCAINE TO HEROIN. IN ADDITION, FROM A PRODUCTION PERSPECTIVE, POPPY CULTIVATION DOES NOT DRAW RESOURCES FROM THE COCAINE TRADE, AND THE MANPOWER INVOLVED IN HEROIN PROCESSING WOULD NOT NORMALLY BE INVOLVED IN THE PRODUCTION OF COCAINE, [REDACTED] FOR EXAMPLE, THE OPIUM POPPIES ARE ALMOST ALWAYS GROWN AT A HIGHER ALTITUDE AND IN DIFFERENT AREAS THAN COCA PLANTS. THE TRAFFICKERS ALSO ARE PROBABLY USING THE EXPANDED CULTIVATION TO IMPROVE THE QUANTITY AND QUALITY OF THEIR HEROIN. [REDACTED] THE QUALITY OF COLOMBIAN HEROIN IS POOR, COMPARED WITH THAT NOW AVAILABLE, AND, IF THE COLOMBIANS HOPE TO BE COMPETITIVE, IT WILL HAVE TO BE IMPROVED. [REDACTED]

[REDACTED]

[REDACTED] SENIOR COLOMBIAN OFFICIALS ARE CONCERNED OVER THE EXPANSION OF POPPYFIELDS, BUT BOGOTA IS UNDECIDED ABOUT WHAT APPROACH TO TAKE. THE GOVERNMENT'S CURRENT MANUAL ERADICATION EFFORTS CAN TIE UP LARGE NUMBERS OF TROOPS OR POLICE, DIVERTING THEM FROM OTHER COUNTERNARCOTICS OPERATIONS. IN ADDITION, MANUALLY CLEARED POPPYFIELDS CAN BE REPLANTED ALMOST IMMEDIATELY AND BE READY FOR HARVEST IN THREE TO FIVE MONTHS. MINISTER OF DEFENSE PARDO RECENTLY AUTHORIZED VERY LIMITED AERIAL SPRAYING, BUT, [REDACTED] HE FAVORS ATTACKING THE HEROIN INFRASTRUCTURE OVER ERADICATION. [REDACTED]

[REDACTED]

ITEM 2: COLOMBIA: OPIUM CULTIVATION REACHES COMMERCIAL LEVELS

[REDACTED]

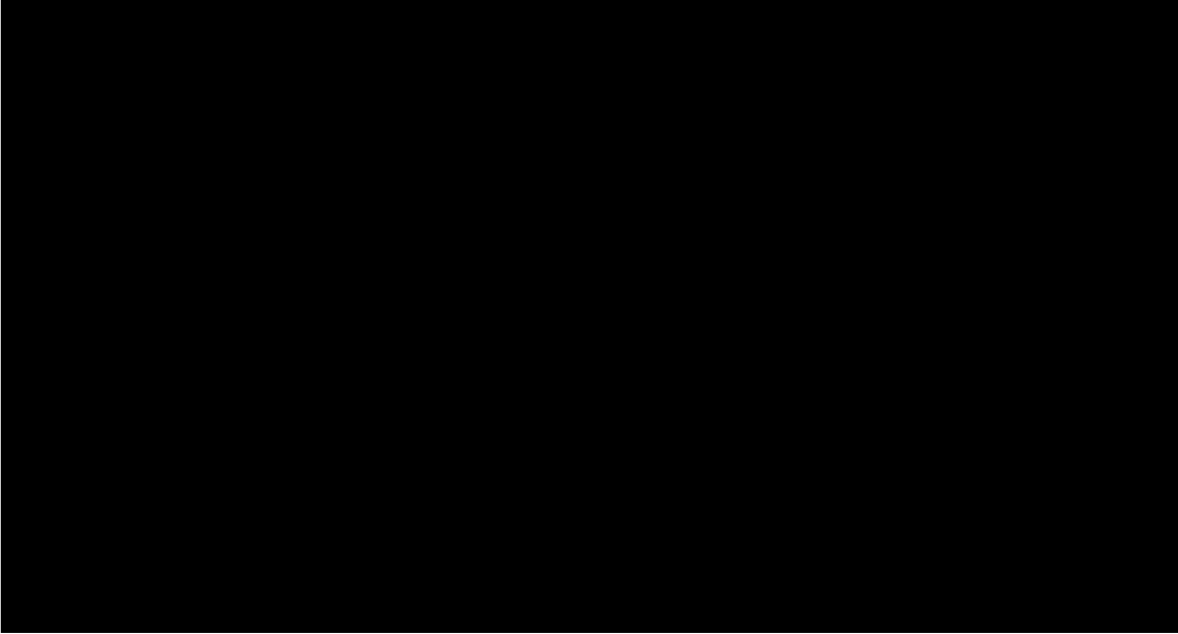
[REDACTED] CULTIVATION OF OPIUM IN COLOMBIA IS RELATIVELY NEW, WIDESPREAD, AND EXPANDING.

[REDACTED] HOWEVER, LESS THAN IDEAL GROWING CONDITIONS AND PRACTICES USED BY COLOMBIAN FARMERS TO GROW AND HARVEST OPIUM POPPY ARE PROBABLY RESULTING IN LOW YIELDS. WE EXPECT THAT OPIUM YIELDS WILL RAPIDLY INCREASE AS FARMERS GAIN EXPERIENCE. [REDACTED]

[REDACTED]

THE GREATEST CONCENTRATIONS OF OPIUM IN COLOMBIA OCCUR IN THE MOUNTAINOUS AREAS OF HUILA, CAUCA, TOLIMA, AND SANTANDER DEPARTMENTS, [REDACTED] ERADICATION TEAM REPORTS. IN HUILA AND TOLIMA, GROUND OBSERVERS NOTED MANY LOCATIONS CONTAINING FIVE TO 20 FIELDS CLUSTERED TOGETHER. [REDACTED]

[REDACTED]

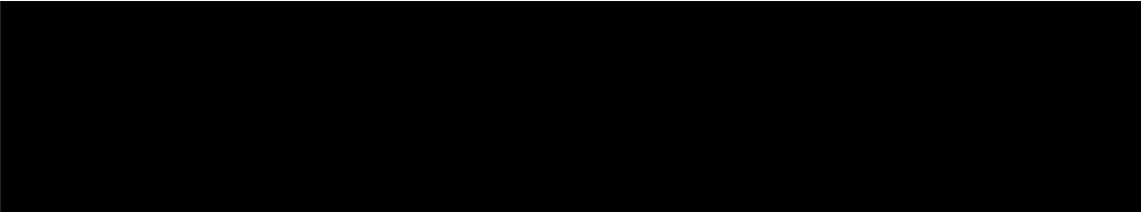


THE HIGH PROFIT POTENTIAL FROM OPIUM--EVEN COMPARED TO COCA--IS UNDOUBTEDLY STIMULATING PRODUCTION. PRESS REPORTS INDICATE THAT COLOMBIAN GROWERS EARN TWO TO THREE TIMES AS MUCH FROM OPIUM THAN FROM ANY OTHER LICIT CROP. A SIZABLE CASH-FLOW COULD BE REALIZED WITHIN FOUR TO FIVE MONTHS FOLLOWING PLANTING. TRAFFICKERS SUBSIDIZE THE GROWERS' STARTUP COSTS AND PROVIDE A GUARANTEED MARKET, ACCORDING TO THE PRESS AND THE CNP, AS FURTHER ENTICEMENTS FOR FARMERS TO ENTER THE TRADE. [REDACTED]

OPIUM PRODUCTION REMAINS LOW

OPIUM PRODUCTION IN COLOMBIA REMAINS SMALL, ACCORDING TO OUR ANALYSIS OF THE COUNTRY'S GROWING CONDITIONS AND OF THE PRACTICES USED BY GROWERS TO CULTIVATE AND HARVEST OPIUM. WE BELIEVE THAT OPIUM YIELDS IN COLOMBIA MAY BE AS LOW AS A THIRD OF THOSE ACHIEVED BY OPIUM GROWERS IN MEXICO AND GUATEMALA, WHERE YIELDS RANGE FROM 10 TO 15 KILOGRAMS PER HECTARE. WE SPECULATE THAT COLOMBIAN OPIUM GROWERS COULD POTENTIALLY HARVEST AS MUCH AS 10 TO 15 TONS OF OPIUM GUM, EQUIVALENT TO 1 TO 1.5 TONS OF HEROIN, FROM THE ESTIMATED 3,000 HECTARES OF CULTIVATION. THIS IS ABOUT THE SAME SCALE OF PRODUCTION IN GUATEMALA, WHERE WE ESTIMATE FARMERS HARVESTED SOME 850 HECTARES OF OPIUM IN 1990. [REDACTED]

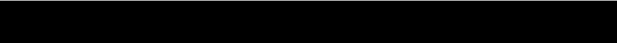
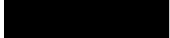
WE ATTRIBUTE THE COUNTRY'S LOW OPIUM YIELDS LARGELY TO GROWER INEXPERIENCE IN IMPLEMENTING PROPER METHODS FOR CULTIVATING AND HARVESTING OPIUM:



X--THE VERY MOIST AND RICH SOIL CONDITIONS FOUND IN COLOMBIA'S OPIUM GROWING REGIONS ARE IDEAL FOR POPPY PLANT GROWTH, BUT NOT IDEAL FOR ACHIEVING OPTIMUM OPIUM GUM YIELDS. MOST OF THE FIELDS OBSERVED CONTAINED PLANTS EXHIBITING LUXURIANT GROWTH, BUT WITH SMALL, LOW-YIELDING POPPY CAPSULES. HIGHER OPIUM POPPY YIELDS OCCUR IN MODERATELY MOIST AND FERTILE SOILS.



DESPITE THIS, WE JUDGE THAT COLOMBIAN GROWERS SHOULD BE ABLE TO DOUBLE OR TRIPLE THEIR YIELDS OVER THE NEXT SEVERAL YEARS AS THEY GAIN EXPERIENCE AND IMPROVE THEIR GROWING AND HARVESTING METHODS.



ITEM 3: COLOMBIA: CIVIL AVIATION CORRUPTION

