

[COMMITTEE PRINT]

95th Congress }  
1st Session } HOUSE OF REPRESENTATIVES

SOUTH AMERICAN STUDY MISSION  
AUGUST 9-23, 1977

---

REPORT  
OF THE  
SELECT COMMITTEE ON NARCOTICS  
ABUSE AND CONTROL  
NINETY-FIFTH CONGRESS  
FIRST SESSION  
SONAC-95-1-13



NOVEMBER 1977

Printed for the use of the  
Select Committee on Narcotics Abuse and Control

---

U.S. GOVERNMENT PRINTING OFFICE  
WASHINGTON : 1977

44730

SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL

LESTER L. WOLFF, New York, *Chairman*

PETER W. RODINO, Jr., New Jersey

PAUL G. ROGERS, Florida

E (KIKI) DE LA GARZA, Texas

JAMES R. MANN, South Carolina

HERMAN BADILLO, New York

MORGAN F. MURPHY, Illinois

CHARLES B. RANGEL, New York

FORTNEY H. (PETE) STARK, California

JAMES H. SCHEUER, New York

GLENN ENGLISH, Oklahoma

BILLY L. EVANS, Georgia

J. HERBERT BURKE, Florida

TOM RAILSBACK, Illinois

LOUIS FREY, Jr., Florida

ROBIN L. BEARD, Tennessee

BENJAMIN A. GILMAN, New York

TENNYSON GUYER, Ohio

EX OFFICIO

MARIO BIAGGI, New York

CARDISS COLLINS, Illinois

STEPHEN L. NEAL, North Carolina

JOE SKUBITZ, Kansas

STAFF

JOSEPH L. NELLIS, *Chief Counsel*

WILLIAM G. LAWRENCE, *Chief of Staff*

SAM BAPTISTA, *Professional Staff Member*

DONNA ALVARADO, *Professional Staff Member*

MICHAEL S. BACKENHEIMER, *Professional Staff Member*

(II)

## CONTENTS

---

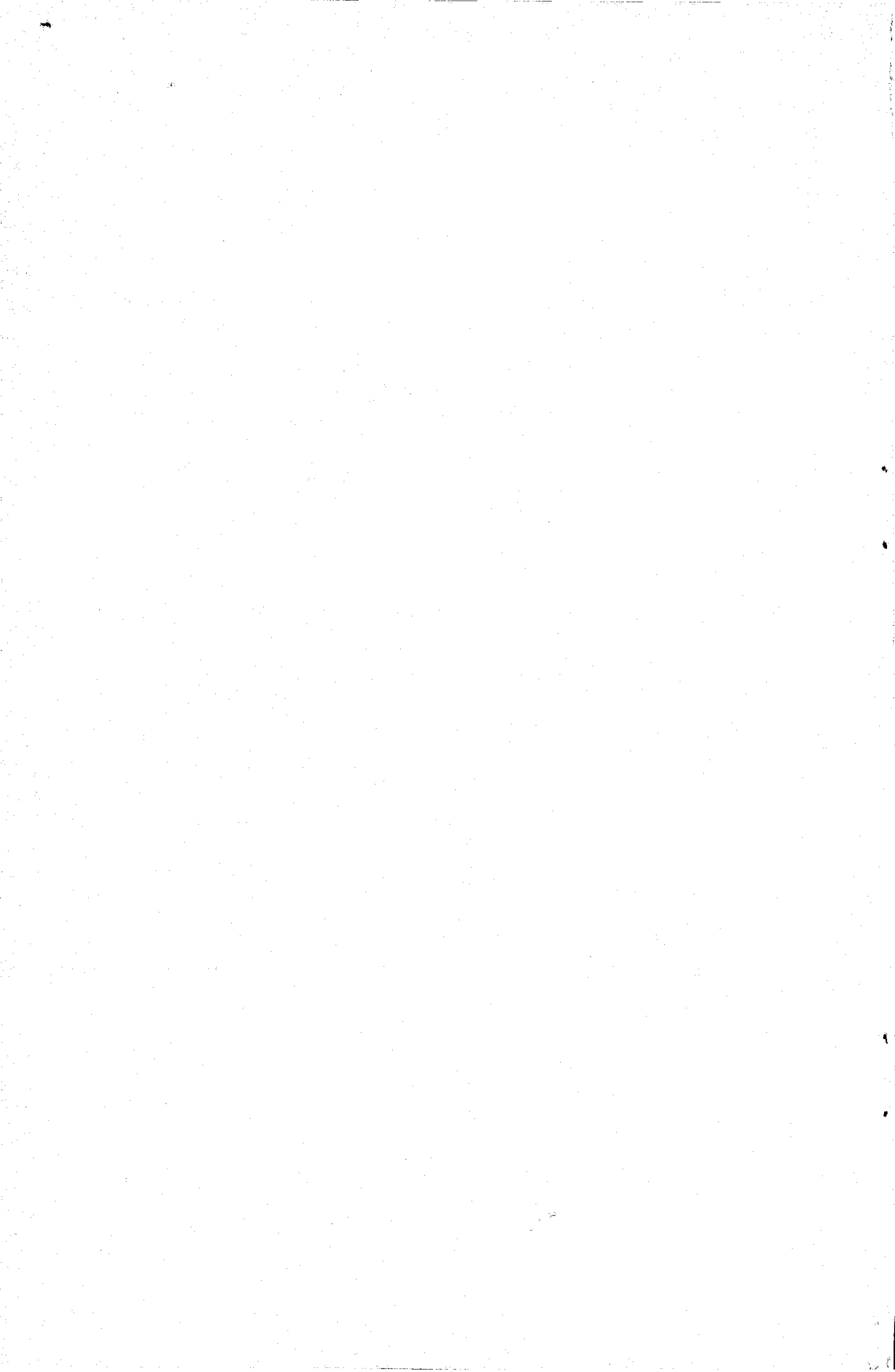
	Page
Introduction.....	1
Summary.....	3
Legislative and executive groups visited.....	4
Law enforcement briefings.....	4
The Cardinal's message.....	5
Coca.....	5
Discussion.....	9
Colombia.....	9
Ecuador.....	12
Peru.....	14
Chile.....	19
Bolivia.....	20
Brazil.....	25
Findings and conclusions.....	27
Cocaine and international relations.....	27
Cultivation.....	27
Law enforcement.....	27

(III)

NCJRS

JAN 18 1978

ACQUISITIONS



## INTRODUCTION

Within recent years the prevalence of cocaine use and abuse in the United States has been steadily increasing to the point where today the availability, popularity and abuse of cocaine is rampant. In 1976 alone, DEA estimated that 22,000 pounds of illicit cocaine were smuggled into the country. The Committee believes that the most reasonable estimates indicate a potential smuggling capability far higher than this figure represents, for there is a potential of 100 tons available for the United States and Europe. In reality, however, we do not know how much is being shipped annually from South America to Europe and the United States. In any event, cocaine has become a readily available recreational drug of choice for millions of Americans; no longer is its use restricted to the "elite" of American society.

Because of the increasing threat which cocaine represents to the health of the American people, and pursuant to the mandate of the Select Committee on Narcotics Abuse and Control as set forth in House Resolution 77 adopted by the House of Representatives January 11, 1977, the Committee undertook a factfinding mission to South America to probe reports of massive increases in the amount of cocaine being smuggled into this country annually to supply the growing numbers of American cocaine users.

In this report the Select Committee on Narcotics Abuse and Control presents findings and conclusions which relate to this mission. The Committee departed Washington, D.C. on August 9, 1977, and returned August 23, after visiting six countries and meeting with a wide variety of foreign government officials and American missions throughout South America. The nations visited were: Colombia, Ecuador, Peru, Chile, Bolivia, and Brazil. Members of the Committee participating in the mission were: Chairman Lester L. Wolff and Congressmen E (Kika) de la Garza, Stephen L. Neal, J. Herbert Burke and Benjamin A. Gilman. In an effort to cut expenditures, the Select Committee's study mission was conducted in coordination with a visit by the Committee on International Relations Subcommittee on Inter-American Affairs.

The objective of the Select Committee's factfinding mission to these South American countries was in part to assess the effectiveness of bilateral and multilateral efforts in the intervention in the cocaine trade. The attention of the congressional delegation was focused on four major objectives: preventive representations, fact-findings, positive actions which could be achieved by a legislative presence, and oversight of the activities of the DEA and the State Department in these nations.

Of major concern to the Committee was the apparent lack of concerted effort or overall plan of cooperation throughout South America to eradicate coca production or interdict the illegal cocaine on its route

north. Our relations with many of these South American countries are often strained, with *chargés d'affaires*, rather than Ambassadors, representing our interests. Our own State Department is acting as a restraint upon the improvement of enforcement efforts by the Drug Enforcement Administration for fear of tilting our present status quo with these foreign nations. The result is that DEA is often hamstrung, operating with a skeleton force of agents, and making only minor impact on the traffic.

As is the case with all contraband in high demand, internal corruption in the countries visited presents a never-ending dilemma. Policemen, customs inspectors and others trying to support a family on \$50 or \$60 per month often find the temptations of a quick \$1,000 or \$5,000 bribe irresistible. The chain of corruption extending to the upper echelons of government provides the kind of protection any racket requires, if it is to flourish. A continent inundated by high foreign demand for cocaine finds itself unable to cope with the traditions of "palanca" or "mordida," the age-old method of commercial and official bribery that permeates the official structures of most South American countries. Thus, one sees the intense pressure on a yielding governmental system, by the high demand for an expensive, high-profit yielding substance in an atmosphere of substantial corruption.

Compounding the problem of cocaine abuse in our own society in recent months is the mounting of considerable internal political pressure within certain South American countries to legalize the exportation of cocaine. This would be in direct violation of the Single Convention of 1961 which most of the South American governments have signed. Despite the Convention, however, some of the leading newspapers and politicians are pressing for a decree which would legalize exportation of the drug. The major arguments for what would be a disastrous policy are that cocaine is "largely a U.S. problem," i.e., but for the increasingly high demand, the producing countries could substitute some other crops for coca; and that cocaine is, after all, "relatively harmless" when compared to heroin or dangerous pills.

An indication of the increased commitment on the parts of both the executive and legislative branches of our Government is shown by the fact that Mr. James C. Free, Special Assistant to the President for Congressional Affairs, and Mr. Lee Dogoloff, Deputy Director of the Office of Drug Abuse Policy accompanied the congressional delegation during this 15-day mission. Their contributions were exceptionally valuable to the success of the mission. The Committee believes that such evidence of cooperation among Government officials sets a positive example for the nations which were visited.

We wish to extend our gratitude to the Department of Defense, the Department of State, and the Drug Enforcement Administration for the assistance provided by their personnel in organizing and assisting in this mission.

Respectfully submitted.

LESTER L. WOLFF,  
*Chairman, House Select Committee  
on Narcotics Abuse and Control.*

## SUMMARY

The Committee found that the four countries most deeply involved in either the growing of coca or the processing of paste, base or cocaine are Peru, Bolivia, Ecuador and Colombia.

Peru is probably the world's largest cultivator of licit coca. Local officials disclosed that although some cocaine in its final form is produced in Peru, most of the processing there results in coca paste which is then smuggled north to Ecuador and to Colombia for further processing into cocaine hydrochloride.

Bolivia, the other South American country with legalized coca cultivation, has a previous history of transporting the final hydrochloride product. Law enforcement officers have noted that there is presently a strong eastward trend in the flow of cocaine hydrochloride into Brazil; however, no definitive trafficking routes have as yet been detected.

Ecuador, although not a significant producing country, has served as a transshipment point and the second staging point for conversion of Peruvian paste into base. Some hydrochloride is produced in Ecuador, but in small quantities as compared to Colombia. While in Ecuador, however, the delegation received evidence that multi-kilo quantities of cocaine are readily available there from some of the larger trafficking groups.

Colombia represents the single most important staging point for cocaine destined to the United States. In Colombia there are large numbers of clandestine laboratories capable of processing paste or base into the final product. Colombia is significant as the criminal stronghold in South America with sufficient sophistication, organization, international contacts and expertise necessary to move large quantities of cocaine hydrochloride into the worldwide consumer markets.

Although still of concern, both Chile and Brazil play less significant roles in the distribution of cocaine. In the past, Chile has large numbers of cocaine hydrochloride laboratories and excellent chemists. Chile lost its cocaine monopoly to Colombia with the overthrow of the Allende regime; however, this nation is again being closely monitored in the wake of an upsurge in clandestine activity. Brazil has recently become increasingly active as a cocaine transshipment country; much of the cocaine entering the country supports an increasingly dangerous indigenous drug problem.

DEA special agents assigned to South America conduct mutual drug investigations with counterpart host country agencies. During the calendar year 1976 these cooperative efforts resulted in the arrests of more than 500 foreign drug traffickers and the seizure of 1,953 pounds of cocaine, 34 cocaine laboratories and 170,065 pounds of marijuana.

The extent of cooperation provided to DEA by host country drug law enforcement agencies depends largely upon the magnitude of the illicit drug traffic in the country and the emphasis that the host government places upon this problem.

Throughout South America, DEA special agents, with the knowledge of their police counterparts, are permitted to supervise and utilize informants. Additionally, DEA agents actively participate in the bilateral exchange of criminal investigative information as well as strategic intelligence. When significant seizures of drugs or laboratories are made, DEA special agents are permitted to inspect them and receive appropriate drug samples for analysis by the DEA Special Testing Laboratory.

As of this date, mutual assistance agreements are in force between the United States and the governments of Venezuela, Ecuador and Argentina. Similar agreements are being discussed with the governments of Colombia and Bolivia. However, despite narcotics agreements with these countries and attempts to interdict the flow of cocaine before it enters our country, trafficking continues to flourish and, the Committee found, is becoming more sophisticated.

#### LEGISLATIVE AND EXECUTIVE GROUPS VISITED

During the trip, meetings were held with officials of executive departments of individual governments throughout South America. Colombian President Lopez-Michelsen received the delegation in Bogotá, and additional meetings were held with Justice Minister Estrada and Attorney General Fueda.

In Quito, Ecuador, Supreme Council Members General Duran Arcentales, General Luis Leoro Franco and Admiral Alfredo Poveda Burbano received the delegation. Meetings were also held with Foreign Minister Jose Ayala Lasso and Defense Minister Andres Arrata.

President Morales Bermudez met with the delegation in Lima, Peru, and additional meetings took place with Interior Minister Cisneros, Attorney General Diaz Pomar, and Prime Minister/Minister of War Arbulu Galliani. In Chile, the delegation was received by President Pinochet and General Mendoza, a member of the Junta and Director of the Carabineros.

The substance of the meetings held by the Committee delegation are contained in the country discussion sections of this report.

#### LAW ENFORCEMENT BRIEFINGS

The delegation met with many leading law enforcement officers in Chile, Brazil, Bolivia and Peru during the factfinding mission. In Chile, we met with Chief of Narcotics Control Unit of Carabineros, Colonel Luis Fontaine, who presented the current Chilean anti-narcotic program. In Brazil, the delegation met with Dr. Carl Grobman, Coordinator of Police Operations, Department of Rio de Janeiro; Dr. Arlindo Duarte Chanea, Police Delegate in charge of Federal Police Narcotics Enforcement, Rio de Janeiro; and Dr. Marco Antonio Mai Louzada, Vice-Director of Division of Narcotics, Federal Police Headquarters, Brasilia. In Peru a meeting was held with the Director of the Peruvian Investigative Police, General Rivera Santander. In Bolivia, discussions were held with Colonel Camacho, Police Chief,



Santa Cruz; Colonel Oviolo Aparisio, National Directorate for the Control of Dangerous Substances (DNCS); Mr. Winston Estremadoria, Executive Director, Chaparc-Yungas Coca Crop Substitution Pilot Project; and Major Edgar Eustillos Nogales, Chief, Narcotics Division, Santa Cruz Police.

#### THE CARDINAL'S MESSAGE

On August 10, 1977, the delegation was received by His Eminence, Cardinal Anibal Munoz, at his residence in Colombia, received his blessing and a statement lauding the efforts of the Committee to combat drug abuse and pledging the support of the Catholic Church in South America to this mission. The Cardinal stated that, "This very grave problem (drug abuse) which is destroying society, persons, and culture, will not be solved until it receives the dedicated attention of every person. Therefore, I am especially gratified to know that one of your most important objectives is education. In educating the people, we create the conditions in which we can bring about reform. And if at the same time we provide the means necessary for people to cooperate in this program, we create a social awareness which is just what we need to solve this moral problem."

The Cardinal's statement to the Committee was widely disseminated, and since most of the countries of Latin America are Catholic this statement, together with the one elicited on the Committee from His Holiness Pope Paul, should provide an important weapon in the arsenal of the war on drugs.

#### COCA

Evidence indicates that for at least 3,000 years, the leaves of the coca bush, *Erythroxylon coca*, have been chewed by pre-Incan and Incan cultures during religious ceremonies. Throughout history, cocaine, a potent derivative of coca, has retained the association with divine and mystic properties attributed to the early use of coca. Today it is estimated that 90 percent of the males and 20 percent of the females who live in the rarefied atmosphere of the Peruvian and Bolivian Andes chew about one ounce of the limed leaves daily. The leaves presumably provide the villagers with an anti-fatigue, anti-hunger and anti-cold substance that enables them to endure a life of toil and deprivation.

The coca bush, like the poppy, is not indigenous to the North American Continent. The United States, however, is the chief consumer of cocaine, the main derivative of the coca leaf, as it is with heroin, a derivative of the opium poppy.

The coca bush is native to the Peruvian mountains; however, the Committee was informed that its cultivation has spread throughout the eastern curve of the Andes, growing at elevations ranging from 1,500 to 7,100 feet. It fares best at altitudes of 2,600 to 3,600 feet and is a sturdy shrub, needing little or no care. It grows where other plants cannot survive, and in the wild it averages 12 to 18 feet in height. Cultivated coca, however, is usually pruned to about six feet for ease in harvesting. The plants grown from seed are ready for harvest in about 18 months and are productive for approximately 50 years. The leaves cannot be stored for more than a few months and are most potent when freshly dried.

The average coca bush yields about 2.5 ounces (75 grams) of dried leaves. An acre will normally contain approximately 7,000 plants and produces an average of 1,080 pounds of dried leaves. Since the leaves are harvested three to four times per year, a producer should obtain 3,240 pounds (1,470 kilos) of dried leaves per acre annually. Overall production, however, is difficult to determine since estimates vary, and no in-depth studies have been made.

During an on-site inspection of the coca growing region of Tingo Maria, Peru, the Peruvian Investigative Police (PIP) demonstrated to members of the delegation the methods necessary to produce cocaine from the coca leaf. Once the leaves are harvested and dried, a three-step process is involved in cocaine production. The leaves are first mixed with a number of chemicals to form coca paste. The second step of the conversion is from coca paste to cocaine base. The distinction between paste and base is not chemical but is founded in the degree of purity of the substance, base being purer than paste and more highly valued. Cocaine hydrochloride is the desired end result or third step.

Since coca paste is not a standard pharmaceutical drug, but rather a crude extract of the coca leaf, there is no exact procedure for the processing and purification of the paste into cocaine. Peruvian law enforcement officials stated that coca leaves can be converted using any number of solvents in which the cocaine alkaloids are soluble, including acetone, alcohol, chloroform, ether and petroleum distillates among other chemicals. The amount of cocaine obtained from the leaves can be increased by conversion of related alkaloids to cocaine. No real precursors are necessary for this process; however, certain reagents are required. These include hydrogen chloride or hydrochloric acid, methyl alcohol and benzoyl chloride or benzoic anhydride, all of which are readily available from chemical supply houses and are not regulated either in the producing countries nor in the United States.

Throughout its history, coca has often been acclaimed for its medicinal properties. During the latter part of the 19th century, U.S. physicians experimented with coca preparations in the treatment of many ailments, including nervous disorders, depression, stomach disorders and throat infections. However, as a result of the Pure Food and Drug Act of 1906, the use of coca for such preparations was officially banned by the Federal Government. In current medical practice the only accepted use of cocaine is as topical local anesthetic and vasoconstrictor of mucous membranes. Solutions employed clinically vary from 1.0 to 10 percent.

Cocaine is not physically addictive and produces no tolerance or withdrawal effects. The drug, nevertheless, is extremely dangerous. Because cocaine is a powerful stimulant, strong craving and psychological habituation are common among regular users. When ingested frequently over an extended period of time, a number of adverse side effects have been reported. These include perforations of the nasal system, paranoid psychoses, and, in extreme cases, sensory hallucinations known as "coke bugs." Although infrequent, death can result from cocaine use. One study, covering a five-year period and including approximately 30 percent of the U.S. population, cites 111 cocaine-related deaths, 26 of which involved cocaine alone.<sup>1</sup>

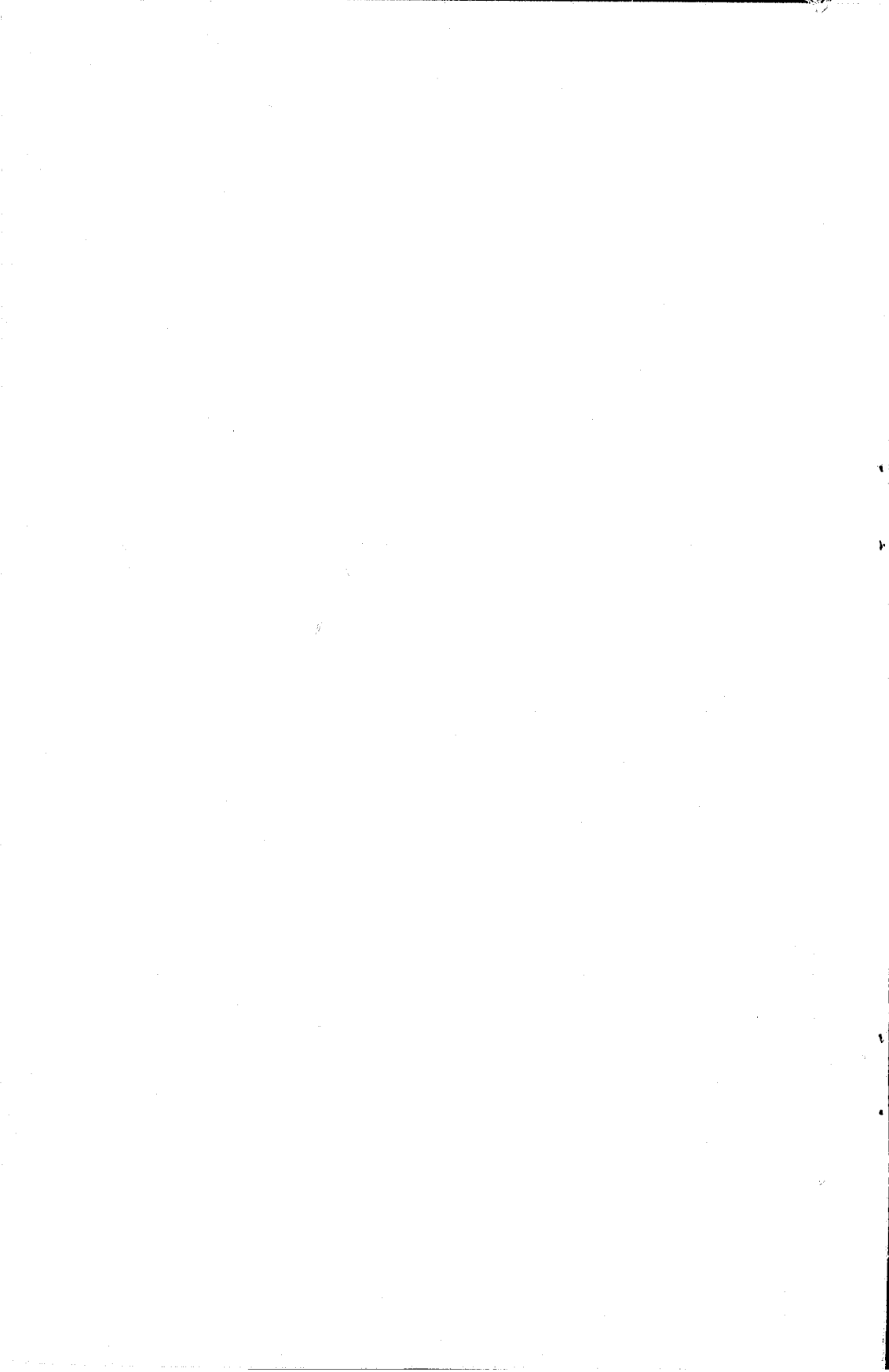
<sup>1</sup>Petersen, Dr. Robert C., "Cocaine: An Overview," *Cocaine: 1977*, NIDA Research Monograph No. 13, U.S. Government Printing Office, Washington, D.C., May 1977.

No one is licensed to import coca paste into the United States. Coca leaves, however, are licitly imported by the Stepan Chemical Company and processed into cocaine and ecgonine. The ecgonine can be further processed into cocaine to increase the yield of the finished product. The 1977 production quota for cocaine is 1,249 kilograms expressed as anhydrous base; more than 50 percent of this will probably be exported.

On the street, cocaine is a very expensive drug. Whereas hospitals and pharmacies pay approximately \$32 an ounce, the illicit market price, depending on purity, is from \$1,500 to \$2,500 per ounce. Cocaine is often sold by the gram (1 gram =  $\frac{1}{28}$  of an ounce) or bag. The current price for one gram is between \$60 and \$100.

The Drug Enforcement Administration (DEA) has estimated that as of March 31, 1977, the average national street level purity of cocaine was 9.8 percent. Regionally, cocaine purity at this level varies from a low of around 8 percent on the West Coast to a high of 11.4 percent in the Northeast.

Cocaine has been the breadbasket for the campesino, or peasant farmer in Latin America, since the days of the conquistadores when it was used as a tool of bondage and servitude. Today, the drug trafficker is the modern conquistadore who encourages the campesino to continue cultivating the coca leaf and provides little in return. The meager price the campesino receives for his coca crop multiplies into the millions as cocaine on the streets of the United States. No one but the traffickers benefit from the coca market—the campesino continues a life of toil and deprivation—the governments are unable to provide adequate services since no tax revenues are received from the illicit coca shipments.



## DISCUSSION

### COLOMBIA

Because of its geographic location at the northern end of South America, with both Atlantic and Pacific coasts and inland connections with Ecuador, Brazil, Peru and Venezuela, Colombia is a natural intermediary for illicit cocaine trafficking. Proximity to the United States, good communications and transportation systems, and cultural affinity make Colombia attractive to customers in the United States.

The Atlantic coast of Colombia, from the banana plantations at Urba near the Panamanian isthmus to the Guajira peninsula that juts eastward, offers 500 miles of ports, coves, deserted beaches and natural airstrips for cocaine smugglers. There are at least 200 clandestine airstrips along the Colombian coast and another 100 throughout the country. Colombia is presently refining and smuggling about 70 percent of the total cocaine sold in the United States. The Colombians regard cocaine trafficking as essentially a United States problem and not as one of their high law enforcement priorities. However, following the visit of Dr. Peter Bourne, Director of the White House Office of Drug Abuse Policy, and Mathea Falco, Senior Adviser on Narcotics, State Department, President Lopez-Michelsen expressed his commitment and concern in dealing with this problem.

This commitment was also expressed to Members of the Committee delegation during a meeting with President Lopez on August 10, 1977. President Lopez was receptive to the Committee's recommendation for the establishment of regional narcotics efforts that would concentrate on the exchange of intelligence data, technical assistance for crop substitution and treatment modalities for the growing user populations of the nations involved.

The Committee delegation came away from the meeting with the President reassured of his desire for cooperation and his sincere commitment to the narcotics problem. We were, however, also made aware of the grave difficulties facing Colombia due to the ingrained high-level corruption which permeates its enforcement ranks. President Lopez has knowledge of this problem and is taking steps to weed out corrupt officials.

DEA field agents indicated that cocaine traffic is dominated by disciplined syndicates whose overall structure is superior to any other organizations in South America. Some groups operate as underworld multinational corporations, vertically integrated from the clandestine laboratories in Colombia to the stateside distributors. As a result, Colombia has developed a large and aggressive criminal underworld which dominates the entire South American trafficking organization. While in Colombia, the Committee also heard unconfirmed reports of activity relating to opium growth in Colombia resulting from the pressures of poppy eradication on Mexican traffickers. This caused concern among the entire delegation and led to in-depth discussions

with DEA personnel, the Embassy Narcotics Coordinating Committee and the U.S. mission station chief. Discussions focused on steps that must be taken to prevent the cultivation of opium poppy from becoming entrenched in Colombia.

The Government Bank of the Republic buys all dollars earned by legitimate Colombian exports. The black-market dollars that are derived from narcotics are either kept abroad or are exchanged in Colombia for pesos. In the last few years, dollars entering the Bank under the heading of services have increased from \$164 million for the first nine months of 1974 to \$548 million for the same period in 1976. This unexpected level of dollar purchases has poured a large quantity of pesos into the international market, contributing to an inflation factor of 20 percent during 1976.

Smuggling coca to Colombia is most often accomplished by: (1) overland transshipment on the Pan American Highway from Peru through Ecuador; (2) by cargo-carrying ships; (3) by private aircraft from several collection points in Peru to various towns in southern Colombia and often to the larger cities; (4) by river vessels from Iquitos, Peru to Leticia, Colombia; (5) less frequently, by commercial passenger air service from Bolivia, Peru and Ecuador; and (6) by coastal cargo and fishing vessels into Tumaco, Colombia.

After the coca is smuggled into Colombia, it is converted into high-grade cocaine in secret labs which vary from simple amateur affairs to sophisticated operations employing professional chemists. Cocaine laboratories are located in or near large cities, principally Bogotá, Medellín, Cali and in the south, in Pasto and Popayan.

For the most part, cocaine is produced in small batches, often less than ten kilos, usually after an order has been placed. Between 3,000 and 5,000 kilos of cocaine pass through Colombia in some form monthly. There is no significant stockpiling of cocaine. Though paste to cocaine laboratories do exist, coca base is preferred because it is more chemically stable, more compact, and lacks the strong odor of paste. However, frequent instances have been reported of cocaine coming into Colombia from Peru, Bolivia, Ecuador and formerly Chile. This is accounted for by highly organized distribution networks existing in Colombia which are able to expedite shipments of cocaine northward. The syndicate may be cultivating coca, as plantations have been found recently in eastern Colombia, where the plant has not previously been grown.

A number of smuggling routes have been reported, leaving Colombia ranging from direct Bogotá-Miami flights to the most roundabout indirect routes. Cocaine most often leaves Colombia from Bogotá, Medellín, Cali, Buenaventura or Barranquilla. Most cocaine seizures are made in Miami, New York and California. While direct routes are used, diversionary routes by way of Central America, Mexico, various Caribbean Islands, Canada and Europe are also common. The Caribbean's Leeward Islands is one such transshipment point for Colombian cocaine smuggling.

As alluded to earlier, of major concern to the overall narcotics effort in Colombia is the prevalence of local high-level corruption. Profits in cocaine make corruption a temptation at all levels of government. Local policemen in Colombia earn \$100 a month in salary and benefits, and thus are susceptible to bribes. They also know that if they do not

cooperate they face the danger of assassination. Narcotics police complain that Colombia's judicial system is too slow and unwieldy for their needs.

Some lawyers have made fortunes finding loopholes and technicalities to protect their clients and cases can languish on appeal for years. As a result there are no major traffickers in jail.

The Committee learned that in 1976 alone, one-half ton of cocaine and 20 labs were seized in Colombia. This was the result of an apparent good working level cooperation between DEA and local police authorities; however, the Colombian enforcement effort depends to a great extent on the United States for financial support.

In the last four years the United States has spent \$6 million to train 600 Colombian law enforcement officials. According to the U.S. State Department, the Colombian Government has recently initiated a major expansion of its efforts against cocaine traffic. A number of national police assigned to narcotics units are operating at seaports and international airports. United States support for expanded anti-narcotics activities includes aircraft for air support to permit more effective actions against isolated cocaine laboratories and shipping points.

In an effort to illustrate to members of the delegation the strong ties maintained between traffickers in Colombia and the United States, DEA agents described what they consider to be one of the largest cocaine trafficking organizations to date. A current investigation being conducted jointly by the U.S. and Colombian Governments has identified international financial transactions and large (23 kilos) cocaine shipments. The organization appears to involve well over 200 persons operating out of both North and South America, and thus far seven bank depositories have been identified in Florida, one in Panama and one in Switzerland.

While in Colombia, the Committee delegation had the opportunity to meet with President Lopez-Michelsen, Minister of Justice Estrada and Attorney General Fueda. One issue discussed, of prime importance to local law enforcement, is a pending reorganization of the judicial police into an elite, highly paid and centralized narcotics force with an annual budget of \$15 million. The delegation expressed support for such reorganization attempts expressing the hope that this may at least help to check the present widespread corruption resulting from inadequate internal security and low pay.

In the meeting with Justice Minister Estrada and Attorney General Fueda, the Minister stressed the need for open dialogue. Colombia, he said, is working hard to combat illicit cocaine trafficking and marihuana cultivation, but must do so with limited resources. He spoke of the need for continuing American assistance. Crop eradication of marihuana, said the Minister, remains the government's major priority for domestic drug enforcement. The Attorney General also spoke of the geographic problems of drug control (and estimated the total income from drug trafficking in Colombia to be \$8 billion per year, three times the budget of the government and far exceeding the national income from the export of coffee).

In the same open fashion, the Attorney General indicated that the Colombian Navy and Army do not have enough personnel, materiel and budget to deal with the problem; therefore the government is not

optimistic about controlling sea smuggling. The Attorney General closed by saying he hoped to get approval for a \$15 million budget to combat illicit drugs and trafficking.

The President and Foreign Minister are prime policy makers in narcotics matters. A National Council on Dangerous Drugs has been established, chaired by the Minister of Justice and includes the Attorney General and representatives of various other ministries. This council is the policy planning group for the country; however, the delegation learned of reports that corruption is suspected even at this level.

The Carter administration has recently agreed to give the government of Colombia three helicopters and other equipment worth \$3.7 million to try to impact upon drug traffic to the United States. Negotiations on the delivery of the helicopters have been proceeding smoothly, and a request by President Lopez for technical assistance in a feasibility study for a marihuana eradication program received an immediate response in that a survey team was sent down from Mexico. According to U.S. Embassy Chargé d'Affaires Drexler, the use for these aircraft is still to be determined. The Committee, however, learned that these helicopters are too small to be effectively utilized in a crop eradication program, and is concerned that such a small number of craft could not achieve any significant degree of mobility for law enforcement purposes. The Committee also questions the value of restoring conventional, out-moded aircraft in the face of sophisticated trafficking equipment in use.

#### ECUADOR

As a source for cocaine, Ecuador ranks fourth behind Colombia, Peru and Bolivia. Ecuador is located between the processing and exporting country of Colombia and the coca growing countries of Peru and Bolivia. As such, it figures heavily in the trafficking pattern as a corridor for raw drugs heading north. The Committee was informed by Ecuadorian officials that laboratories to convert coca paste into cocaine hydrochloride are mostly concentrated in the southwestern quadrant of the country, around Guayaquil. The paste itself primarily comes into Ecuador via its southern borders with Peru. A considerable amount of paste is not converted, but continues its journey from Peru through Ecuador to Colombia.

In a briefing by Ecuadorian customs police, the Committee was told of the various trafficking routes traversing their country. One popular route involves shipping coca paste from Loro, Peru to Guayaquil, Ecuador. Guayaquil is Ecuador's most important port and one of the most active ports along the Pacific coast of South America. Another important city in trafficking is Tulcan, near the Colombian border. This area is characterized by easy access through lowlands and the Pan American Highway. Although the mountainous terrain of Loja presents difficulty of access, it is nevertheless conducive to clandestine activity. There is maritime trafficking activity from Hualtaco and from the many islands of the Archipelago of Jambeli to Guayaquil.

The national police informed the delegation that there are only two or three labs seized each year in Ecuador. To date the largest



seizure of cocaine was 127 kilos of base; this is likely due to the fact that most of the coca appears to be shipped in small amounts in automobiles and loads of produce. Traffickers operating in Ecuador are primarily Ecuadorian nationals with ties to the United States and Mexico.

During its stay in Ecuador the Committee received the distinct impression that enforcement of drug trafficking laws in Ecuador is weak. The government generally does not place a sufficiently high priority on drug trafficking, and corruption is widespread. Many instances of high-ranking government officials involved in cocaine trafficking have been reported and documented.

Among police officers the temptation to succumb to bribery is great; salaries are low, often ranging between \$60 and \$250 per month. The judicial system is ineffective—many major drug dealers who are arrested escape prosecution. Judges have been known to vie for major cases, knowing that the right verdict can bring a sizeable payoff. With this official stance of passivity and with widespread corruption, an accurate assessment of dimensions of trafficking in Ecuador is difficult.

In addition to the cocaine problem, the Committee learned while in Ecuador that small plots of opium poppies have been identified in remote mountainous areas; however, no significant production of opium has been reported. This matter was discussed with the Embassy Narcotics Coordinating Committee as well as with officials of the Ecuadorian Government. The congressional delegation expressed its desire to insure that this situation is monitored closely and that steps are taken to prevent such activity from increasing.

Major cocaine rings operate out of the Ecuadorian capital of Quito and the principal port of Guayaquil. The trafficking organization in this country appears to consist of small groups of Ecuadorians who take orders for cocaine base from Colombian traffickers and fill the orders in Peru and Bolivia.

The Committee found DEA to be understaffed in Ecuador, with one agent in Quito and another in Guayaquil. This skeleton staff exists despite DEA's report of 100 kilos of cocaine being transshipped through Ecuador monthly. Questioning by Committee Members revealed that the American mission in Ecuador is further undermined by the fact that it has only been during recent months that State Department representatives have had any direct contact with the highest levels of government on the narcotics issue. Members of the delegation expressed their dissatisfaction with this situation and stressed the necessity that the Embassy give a much higher priority to the entire narcotics problem in Ecuador, and continue to watch closely for signs of poppy production.

On August 11, the delegation met with the Supreme Council of Government comprised of General Guillermo Duran Arcentales, Admiral Alfredo Poveda Burbano, and General Luis Leoro Franco. Also consulted were Minister of Foreign Affairs and Ambassador Jose Ayala Lasso, and Minister of Defense, Andres Arrata. During these discussions it was brought out that Ecuador has signed both the Single Convention on Narcotics and the Psychotropic Substance Convention and that the government maintains correlative information on statistics of consumption, production, and surplus narcotics

and psychotropic substances with the International Board of Narcotics Fiscalization, the Narcotics Division of the U.N., the World Health Organization and other international organizations which request information. However, Dr. Xavier Manrique Trujillo, General Undersecretary of Government, admitted that information exchange between Interpol-Ecuador and other Interpol countries has not been very efficient.

Also discussed were the policy and activities of the Ministry of Government and the national police as they relate to narcotics enforcement. The duties of the national police are divided fundamentally in the areas of national and international traffic, and local consumption. There are 15,000 police, including 230 narcotics agents. The customs police work together with the national police in coordination with the Minister of Finance and the Minister of Government. In the south of Ecuador, customs personnel must cover 380 kilometers of border, and in the north, centralized along the Pan American Highway, they must cover 100 kilometers where narcotics pass through with relative ease. Ecuador has 1,200 customs agents and has seized 300 kilos of cocaine in 1977 thus far.

According to the Minister of Health, the increase of consumption observed among Ecuadorians is a cause of great government concern. Ecuador is not only worried about the flow of marihuana from the north to the south. They feel they are in somewhat of a "sandwich" position in coca trafficking as Peru has legal coca production and Colombia receives such massive income from cocaine exportation. Thus, Ecuadorians maintain that neither of their neighbors have provided incentives for curtailing the trafficking. Nevertheless, the Ecuadorians state that they are aware of their international commitments and are beginning to take some steps forward towards their fulfillment.

Despite the reassurances made by officials of the Ecuadorian Government, the delegation was concerned that the issues involving cocaine trafficking are not receiving the priorities necessary to effectuate a significant decrease in the flow of the drug from Ecuador. Neither the government of Ecuador nor the U.S. Embassy officials have begun to focus upon the true severity of the issue involved in putting a halt to Ecuador's increasing significant position as a major transshipment country.

Ecuador presents the typical situation of a poor country manipulated by the vast profiteering available from an illegal trade carried on all around it. Without help from the United States, Ecuador cannot make a meaningful contribution to the interdiction of cocaine at its source.

## PERU

The growing of coca is legal in Peru even though Peru became a signatory of the Single Convention in 1961. The state enterprise charged with controlling all phases of coca production, distribution and export is the National Coca Enterprise (ENACO), created in 1969 by State Law 17535. On December 11, 1964, Peru enacted State Law 254 in order to limit annual coca cultivation to levels necessary for medical use. This law, presumably enforced by ENACO in conjunction with its registration and monitoring responsibilities, has largely been ignored.

ENACO's alleged shortcomings are said to be due to the fact that the enterprise has no law under which to operate, nor a board of directors. It is under the Ministry of Industry and Tourism, and as of this year the Coca and Coca Derivatives Enterprise has been annexed to ENACO. Contrary to regulations adopted in 1964 under which the State Coca Monopoly (presently ENACO) operates, there has been a sharp and steady increase in the total area devoted to coca cultivation as well as the amount of coca produced.

Article 10 of these regulations presumably precludes the possibility of establishing any new coca plantings or nurseries, or of increasing the number of plants in existing crops. It also stipulates that the only persons who may deal in the product legally are those whose names were entered in the census register of the State Coca Monopoly as of December 10, 1964. Since that time the issuance of new licenses has been prohibited and existing licenses are nontransferable. This should have meant that production would decline; however, it has increased. The Committee learned of reports that merchants have been transferring their licenses despite such prohibition, and that clandestine merchants have appeared on the scene and are dealing in coca with the knowledge of ENACO. The number of clandestine growers and merchants is such that they were included in ENACO's statistical tables for 1975.

Article 18 of the 1964 regulations establishing that coca plantings could be maintained only in seven cities (departments) in Peru—Cuzco, Huanuco, Ayacucho, La Libertad, Puno, San Martin and Cajamarca. Plantings, however, have now spread as far as the departments of Amazonas and Madre de Dios. Cuzco accounts for 52 percent of production; the Huanuco, or Tingo Maria-Huallaga area is next with 26 percent, followed by the Ayacucho and La Libertad departments which account for nearly all the remaining 22 percent. Production in the Puno, San Martin, and Cajamarca departments is relatively insignificant. The southern Peruvian States (including Cuzco) account for approximately 60 percent of the total coca production, but consume nearly 80 percent of the coca that is grown there. The Huanuco-Tingo Maria area, which produces approximately 6,500,000 kilos of coca leaf annually, only justifies a need for 1,100,000 kilos of leaf. It has therefore been calculated that 85 percent of the coca from the Tingo Maria area is diverted into coca paste—a substantial source of illegal production and trafficking.

During a presentation by the Minister of Interior of Peru, the Committee was informed that analytical studies of statistics regarding the number of drug seizures accomplished by the Peruvian Investigative Police (PIP) during the last three years have shown that the illicit drug traffic is increasing each year. The highest increase reported by PIP has been observed in cocaine paste, then cocaine hydrochloride, followed by marihuana and opium which are produced for local as well as external markets. Peruvian officials contend that consumption of cocaine paste is more damaging than the HCl because the paste has many impurities such as kerosene and lime. The reason cocaine is not locally a great problem lies in its prohibitive cost.

A report received from the U.S. Drug Enforcement Administration in Peru revealed that opium-producing poppy plantations exist in northern Peru (Cajamarca, Jaen, Chota, San Ignacio areas).

DEA is not able at this time to estimate production or amount of land under cultivation because the area is particularly remote and the natives are extremely sensitive to outsiders. According to the DEA, the opium poppy was probably introduced by the Chinese who settled in Peru. Up to 1945 opium smoking was legal among the Chinese-Peruvians and opium smoking dens still exist in Lima, used mostly by the older Chinese. The poppy, although usually considered a delicate plant, is practically growing wild in northern Peru because the area is so well suited for it. Undercover negotiations indicate that the farmers are seeking new and better ways to process the opium and are seeking new buyers for their product. If the trend continues, increasing amounts of Peruvian opium can be expected to enter the illicit drug trafficking system. As in Colombia and Ecuador, delegation members stressed the need for increased surveillance and reporting of areas where poppy cultivation has been reported.

DEA estimates Peru to be responsible for the cultivation of 70 to 80 percent of all the cocaine emanating from Latin America. Total production for all coca growing in Peru is approximately 25 million kilos of leaf per year, more than half of which is diverted into the illicit market. The coca leaf is chewed by one million Peruvian Indians, accounting for 7.3 kilos of leaf consumption per year. An additional 600,000 kilos of coca leaf are exported for medicinal cocaine and flavoring waxes. The following illustrates the utilization of the Peruvian coca crop:

	<i>In kilograms</i>
Estimated crop-----	25,000,000
Estimated amount chewed-----	7,300,000
Amounted exported-----	600,000
Amount accountable-----	7,900,000
Total unaccountable-----	17,100,000
Potential coca paste output (200 kilos of leaf=1 kilo of paste)-----	85,000
Potential cocaine output (2.5 kilos of paste=1 kilo of cocaine)-----	34,000

During the late 1960's organized coca paste trafficking groups emerged in the Tingo Maria area. This area, with numerous landing strips and the River Huallaga which flows into the Amazon, has become increasingly popular with Colombian traffickers.

On August 14, the Committee delegation had the opportunity to visit a major coca growing area located near the city of Tingo Maria. There the delegation visited coca plantations and drying facilities, observing first hand the simple methods employed in the cultivation and processing of the coca leaf.

Coca yields for the Tingo Maria area are 250 kilos per hectare (2.5 acres) per harvest. In this region coca is harvested four times per year, thus producing 1,000 kilos of leaves per year for each hectare cultivated. In contrast with the immense profits received by American traffickers for a kilo of cocaine in the United States, the Peruvian farmer receives only \$200 to \$400 per 200 kilos of coca leaf, the equivalent of two kilos of cocaine HCl.

Because of the lucrative nature of coca production, the Committee found that the cultivation of traditional cash crops is rapidly being abandoned in the Tingo Maria area. This is despite the fact that Tingo Maria is considered to be the "breadbasket" of Peru with the potential to grow numerous cash crops such as coffee, bananas, yucca and tobacco in its rich soil. Both ENACO officials and local Tingo

Maria authorities stated that peasants are amenable to crop substitution if and when their government can give them credit or limited income substitution.

Coca in the central and northern regions of Peru is usually diverted into the illicit market at the plantation level or by the "mayorista" (registered wholesalers). Some plantation owners are heavily engaged in making coca paste and transshipping it to Colombia. There are numerous small laboratories producing 5 to 50 kilos of paste.

These labs sell to a select number of traffickers who supply Colombian cocaine traffickers. DEA advised of a significant increase in the amount of cocaine hydrochloride labs in Peru. A pattern is emerging in Peru where Peruvian traffickers are trying to eliminate Colombian middlemen and go directly into exportation of cocaine hydrochloride.

Peruvian police stated that they normally only investigate a case if it involves more than 20 kilos. In the past, orders for 100 kilos were unheard of; today, Colombian traffickers rarely move less than 100-kilo shipments and orders for 500 kilos are becoming common. In one case, statements were taken from Colombian defendants who confirmed that one group of traffickers within a period of three months had flown out 3,000 kilos of paste.

There are four DEA agents stationed in Peru, all in Lima. They rely on local counterparts for all investigations, and the locals depend heavily on DEA for communications. The U.S. Department of State indicates a notable increase in the effectiveness of enforcement activities in Peru as demonstrated by large seizures of cocaine and a number of laboratories destroyed. In its semi-annual report on International Narcotics Control covering the period from January 1 through September 30, 1976, the Department states that Peruvian enforcement officials have played a key role in planning a regional interdiction operation with Ecuador and Colombia.

The Committee was pleased to learn while in Peru of evidence of a strong commitment in the enforcement ranks supporting narcotics laws. The delegation was informed that the son-in-law of Prime Minister de la Puente was indicted on narcotics charges with the knowledge and cooperation of the Prime Minister. Also PIP Director, Rivera Santander, has a cousin involved with narcotics who was prosecuted. In addition to meeting with the Peruvian President, General Francisco Morales Bermudez, the Committee also met with Interior Minister Cisneros, Attorney General Diaz Pomar, Peruvian Investigative Police Director, General Rivera Santander; Prime Minister/Minister of War, General Guillermo Arbulo Galliani, Foreign Minister, Jose de la Puente Radbill and J. Alejandro Costa Spirgatis, Administrator of the Peruvian National Coca Enterprise.

During the discussions with President Morales, Chairman Wolff advised the President of the Committee's recommendations to Colombia's President Lopez-Michelsen concerning the establishment of regional narcotics efforts among the various South American and U.S. Governments. President Morales appeared to be enthusiastic about the proposal and assured the delegation of an increased commitment by the Peruvian Government to halt the flow of coca derivatives.

On August 13, the Committee received a briefing by General Rivera Santander, Director of the Peruvian Investigative Police, on Peru's

narcotics enforcement policies. General Rivera Santander stated that according to Peruvian law, Peruvian Investigative Police (PIP) has the responsibility for the repression of illicit drug traffic through its specialized branch, named Office of Investigation of Illicit Traffic of Narcotics (DINTID), which employs 120 investigators and 60 intelligence officers. According to General Rivera Santander, traffickers that are arrested in Peru are subject to an extensive investigation, and after enough evidence has been gathered, they are taken before the judge to be processed and sentenced. The Director added, however, that since consumers are considered as victims, according to the law they are sent to centers of rehabilitation to receive medical treatment.

Interior Minister Cisneros announced during the visit of the delegation that Peru is implementing legislation which would gradually eliminate excessive cultivation of coca leaf. Another major aspect of this law is the centralization of narcotics responsibility, including cultivation and trafficking. This new law will also include recommendations made by a Multisectorial Commission to increase present sanctions against narcotics violators which would penalize corrupt officials as well as drug dealers.

The recommendations propose drastic changes in the present law which provides for alternative penalties of fines or imprisonment of 2 to 15 years. The new legislation would eliminate fines and provide for imprisonment from 6 to 20 years. Imprisonment for not less than 10 years would be mandatory in cases characterized as especially serious. The 6- to 20-year sentence would be imposed for growing poppies, marihuana, or any other species of plant with the purpose of obtaining drugs. This same penalty would be applied for dealing illegally in drugs at the wholesale level or manufacturing them without authorization. The legislation would impose not less than ten years' imprisonment on any public official responsible for controlling, seeking out, investigating, or judging crimes provided for under the legislation, who protects perpetrators, accomplices, or accessories.

Following the briefing with Interior Minister Cisneros, the delegation met with the Attorney General of Peru, Diaz Pomar, who told the delegation of the need to reduce raw material. He stressed that 21,000 hectares of coca leaf are currently planted in Peru and there is a pressing need to reduce this figure. He hopes to reduce this number to 3,000 hectares by 1986 via a crop substitution program. Of the 21,000 hectares, the Attorney General estimated 16,000 as being legally registered and 5,000 as being illicitly cultivated. 30,000 kilos of leaf were legal in Lima until June 1977, at which time the quota dropped to 15,000 kilos. There are currently, according to the Attorney General, 1,000 wholesalers and 4,000 retailers who are authorized to deal in coca leaf. He estimated that 1.2 million persons chew the coca leaf in Peru.

With respect to a crop substitution plan, the Attorney General proposed eventually to cut up the size of land holdings so that no more than ten hectares would be allowed each person. This plan is not immediately viable because of the political unrest it would generate. He pointed out that 75 percent of the holdings in Tingo Maria are of one hectare or less. If Peru underwrites the crop substitution program, he feels that small land owners will go along with it. The question, however, does exist as to whether or not world trade

can accommodate the substitution and whether the return to the grower would be comparable to the price received for coca. With respect to herbicides, the Attorney General said this approach has to be researched.

Although the delegation was impressed by the sincere efforts related by Peruvian officials, there was considerable doubt as to the ability of the government to effectively control the cultivation of coca in Peru. After visiting the growing regions and observing the living conditions of the majority of the populace, it is felt that the farmers themselves have neither the concern for, nor the knowledge of the problems which their coca crops cause in other nations, but will continue to grow any crops which will provide a meager living for themselves and their families.

### CHILE

Prior to 1973, Chile was actively involved in cocaine trafficking to the United States. Large numbers of well-equipped cocaine hydrochloride laboratories flourished and excellent chemists were available to carry through the conversion process from cocaine base to cocaine hydrochloride. Chilean cocaine was estimated to be 98 percent pure, an exceptionally high level of purity.

In 1973, the Chilean President, Salvador Allende, was overthrown by an anti-Communist military junta. The junta linked cocaine to subversion and corruption of youth and launched an attack on the traffickers, which resulted in the deportation of 23 suspected drug traffickers to the United States. The Committee heard repeatedly that the release of 20 of these traffickers by the United States and their subsequent return to Chile has been a cause of concern to the Chilean Government, an example of our apparent leniency. The Chilean police in 1972, Allende's last complete year in office, seized only about one pound of cocaine from outlaw traffickers. By contrast, in 1974, the military junta's first full year in office, more than 55 pounds of cocaine were seized and confiscated. Presently, the risk for traffickers in Chile lies in the manufacturing of cocaine; the smuggling of the finished product is not as difficult.

This dramatic increase in seizures by the Chilean Government was part of an overall effort to achieve good relations with the United States by declaring "war on drug trafficking." Because of the strength of the antidrug effort by the junta, the hydrochloride laboratories, formerly almost a monopoly in Chile, were driven from the country. Many of the Chilean chemists who were forced to leave now reside in Argentina, Peru, Bolivia and Colombia.

The principal drug of abuse in Chile is marihuana. Trafficking in marihuana provides the same penalty as trafficking in cocaine. Most of the marihuana that is consumed is grown locally. The Chilean Government is able to prosecute, using evidence from a U.S. case and formally charge an offender for the same acts, in the Chilean court system. Recently through this format, two individuals received sentences of five years. By working with in-country prosecutors, they can avoid problems with expulsions and extraditions. Chile is the first South American country to utilize this procedure.

According to Colonel Fontaine, the Chilean law enforcement effort is centered in both military and civilian branches. There are 100

offices assigned countrywide to narcotics enforcement. Both the military investigative police and the civilian Carabineros expressed a good working relationship with DEA and an interest in multi-lateral meetings with other anti-narcotic leaders in Latin America. Conversely, the DEA reports excellent cooperation between Chile and the United States, even though the investigators and the Carabineros have had some difficulty in cooperating among themselves. DEA spends approximately \$45,000 per year to train Chilean narcotics agents and hopes to expand its activities by helping Chile to control drug movement along its long Pacific coastline. Recently, a long-standing Chilean police request for laboratory equipment has been approved. Chile has also asked for a helicopter to help search out illegal cocaine processing laboratories in the Andean foothills in northern Chile's Atacama desert. As yet, no decision has been reached on this request.

General Cesar Mendoza Duran, General Director of the Carabineros, expressed his concern to the delegation over laboratory activity along the 250,000 square miles of sparsely populated northern border. He estimates about 10 kilos of cocaine hydrochloride is exported from Chile per month. According to the General, most of the cocaine base arriving in Chile is imported from Bolivia. The final product is transshipped to Argentina or Bolivia and then to Brazil, Europe or the United States. Chile has had bilateral meetings on the narcotics issue with Bolivia. There are plans for similar meetings with Peru and Argentina.

The Committee was very much impressed by the extent to which the Chilean Government has been able to turn the tide on cocaine trafficking in such a short period of time. The Committee is somewhat concerned about the resurgence of refining and trafficking activities along the northern and western borders with Bolivia and Brazil. If a regional conference of countries can be organized, some of these inter-neighbor problems could be resolved.

## BOLIVIA

As in Peru, the cultivation of the coca leaf is legal in Bolivia. Bolivia became a signatory of the Single Convention in 1975 and is in violation of the treaty by producing coca.

Coca leaves have been widely used in Bolivia for chewing, tea and medicine for over two thousand years. The plant is extensively cultivated in Bolivia, mostly in the Yungas of La Paz and the Chapare of Cochabamba. Bolivia has an estimated population of over five million, and it is believed that as many as one million people, particularly from the Altiplano and mining regions, still chew the coca leaf. While this number of legal users is diminishing, it is estimated that the overall production of coca leaves is increasing. According to Mr. Winston Estremadoria, Executive Director of the Chapare-Yungas Development Project, over 30,000 hectares are believed to be devoted to the production of coca in the areas of the Chapare and Yungas. The coca bush provides an income for an estimated 20,000 families in the Yungas and Chapare regions of Bolivia; however, the DEA agent in charge suggests that this is a rather conservative estimate. Other estimates indicate that coca provides from



30 to 50 percent of the income to these farmers. The average per capita income for these two areas is approximately \$250 per year, which is higher than the income of other rural farmers.

While the national annual coca leaf production rate can be estimated for Peru, Bolivia remains somewhat of an enigma. Production estimates range from 2 million to 17 million kilos per year. Some experts contend that the figures may in fact exceed Peru's 25 million kilos per year. The delegation found that even the Bolivian Government and the DEA differ greatly in their production estimates. In any event, coca growth affects the overall Bolivian Government in a number of ways: from the government which receives modest taxes, to the farmer, the trucker, laboratory operators, kerosene vendors, and merchants—all profit from the increased income derived from the coca bush.

The following table gives production estimates for Bolivia categorized in both DEA and Bolivian Government figures:

Estimated crop.....	30 million kilos leaf.
DEA estimate of amount diverted equals 50 percent of crop.	15 million kilos leaf.
Bolivian estimate of amount diverted equals 90 percent of crop.	27 million kilos leaf.
DEA estimate of 50 percent diversion yield in coca paste (200 kilos leaf equals 1 kilo paste).	75,000 kilos paste.
Bolivian estimate of 90 percent diversion yield in coca paste (200 kilos leaf equals 1 kilo paste).	135,000 kilos paste.
DEA estimate of yield as cocaine HCl (2.5 kilos paste equals 1 kilo HCl).	30,000 kilos cocaine HCl.
DEA estimate of yield in metric tons.....	30 metric tons.
Bolivian estimate of yield as cocaine HCl (2.5 kilos paste equals 1 kilo HCl).	54,000 kilos of cocaine HCl.
Bolivian estimate of yield in metric tons.....	54 metric tons.

Cocaine is easy to grow and market in Bolivia and yields a cash crop three to four times a year; this exceeds in value any other crop presently grown in the production areas. The coca leaves can be dried in less than one day of sunshine, pressed into a smaller volume, packed into bales and stored for months without losing volume or value. Consequently, the integration of alternative crops must consider the ease of growing, storing and marketing of crops as well as the input cost-output price relationship. Mr. Estremadoria stressed that the farmers in the Yungas area have been growing coca for many years. They are accustomed to cultivating coca as a cash crop and are dependent on the quarterly income which it yields. The Yungas region is the historical growing area and the primary supplier of coca leaves for the Indian miners. This area has only one road connecting it with the rest of Bolivia. Personnel from the Agency for International Development (U.S. AID) that accompanied a U.S. Department of Agriculture survey team in May 1974 found that the Yungas farmers were not interested in changing from coca cultivation to other crops.

In Chapare, the average size of land holdings by coca producers is larger than in the upper valleys and Altiplano. This area of Bolivia is the largest of the coca producing areas. The coca leaf from the Chapare section is primarily destined for cocaine laboratories. The area has one paved road, some unpaved and generally easier access than that of the Yungas region. The average yield of coca leaf in

Chapare is greater than that of the Yungas. The profits are considerably greater and the type of coca leaf grown in Chapare is not favored by coca chewers.

Colonel Aparicio, head of the Bolivian narcotics bureau, acknowledged that the city of Santa Cruz is the point of origin for major international cocaine trafficking activities originating in Bolivia. While paste and base are exported to other countries for processing, the majority of cocaine exiting the country is in its final hydrochloride form.

Generally speaking, the Committee found that drug trafficking in Bolivia is not highly organized, but rather predominantly comprised of independent entrepreneurs as well as loosely knit cooperative ventures. Traffickers tend to cooperate with each other as conditions warrant. Rivalry is fairly uncommon but otherwise unnecessary due to the plentiful supply of coca and the high demand for cocaine on the illicit market.

In 1973, a kilo of cocaine hydrochloride could be purchased for an average of \$3,000. In May of 1976, the price range for a kilo of cocaine was from \$3,800 to \$6,000. A low price can be expected when an individual has a reliable source of supply who has supplied large quantities over a long period of time. A newcomer with little prior experience or connections normally pays the highest going price. DEA estimates the present price range for pure cocaine to be between \$10,000 and \$12,000 per kilo.

DEA reported to the Committee that most non-Bolivians appear to have prior knowledge of the identity and locations of cocaine sources; many are able to simply wait until they are approached. There are a number of routes used to smuggle drugs out of the country. International airports are lax and Bolivian customs pays little or no attention to items being exported. Intelligence is virtually non-existent. Arrests in the United States, Mexico, and Canada indicate that couriers often depart directly from Bolivia via commercial airlines. Trucks, automobiles, pedestrians, mules, and river craft are utilized to smuggle cocaine into neighboring countries. The Committee was concerned to find that for an underdeveloped country, Bolivia has an incredible number of small aircraft landing strips, many of which are not on maps. It was reported, however, that this is the only feasible method of transportation in many areas of the country. Much of the coca produced in Bolivia is shipped into northern Argentina and Brazil. Bolivian officials stated that since January of 1977 Argentina has prevented the importation of coca leaves; recently 300 kilos were discovered en route to this country.

Chairman Wolff and members of the delegation perceive that a major threat to our narcotics effort in Bolivia lies in the fact that there is no DEA presence in Santa Cruz beyond that of temporary duty. This poses a grave problem since Santa Cruz, although little more than a frontier town, has become a major cocaine trafficking capital within South America. Since the Committee's return, DEA has managed to arrive at an understanding which would provide a DEA presence in Santa Cruz.

Colonel Aparicio told the delegation that on December 17, 1976, the Bolivian Government implemented a national law for the control of dangerous drugs, under which the penalty for the distribution,

trafficking, manufacture, commercialization or exportation of cocaine was established to be a sentence of 20 to 30 years. This new law also established a need for the government to rationalize coca farming by means of an overall development project for the areas which produce coca leaves. In this regard the government of Bolivia expressed to the delegation a desire to eradicate the manufacturing, trafficking and consumption of cocaine. The Bolivian Government realizes that it has an international responsibility. It is aware of how the abuse spread in countries like the Netherlands and Germany. It also realizes that the cocaine menace is affecting their own youth in growing numbers. Therefore, it sees the United States as an ally in the battle and is willing to cooperate. There is no apparent problem with heroin in Bolivia, but there is substantial abuse of marijuana and amphetamines. Sometimes traffickers are involved with two-way trafficking in the exportation of cocaine and the importation of amphetamines.

Mr. Estremadoria explained that the technical commission, which he heads, was created to organize the entities in charge of the implementation and administration of the "Chapare-Yungas" Development Project. This unit is a public organization, with legal status and technical, financial and administrative autonomy. It comes under the protection of the Ministries of Interior, Immigration and Justice and Agriculture, Livestock and "Campesino" Affairs. The first phase will establish the feasibility of the gradual decrease of coca farming to levels required for legal consumption. One major objective will be to increase the income of the peasants through the development of products to replace coca leaves.

The Bolivian Government reported to the Committee that it has responded to the illicit coca problem in several other ways. The 1971 budget for narcotics enforcement was one million pesos; this year the budget is 36 million pesos. A new narcotics enforcement office has recently been opened in the trafficking center of Santa Cruz, and there has been an impressive increase in the numbers of police assigned to the nationwide narcotics section; with only 7 in 1973, 28 officers in 1974, 56 when the present director, Colonel Aparicio, took command in 1975, and a total of 210 today. The Bolivian narcotics bureau is called the National Directorate for the Control of Dangerous Substances (DNCSA).

Charges of corruption within the DNCSA are rare. DNCSA Director, Colonel Aparicio pointed out to the delegation during a briefing on August 14 that a former Attorney General of Bolivia is presently in prison on narcotics charges. In 1975, DNCSA arrested 846 persons, seized 118 kilos of cocaine sulfate, 36 kilos of cocaine hydrochloride, and 44 labs. In the first five months of 1977, there have been 268 arrested and 74 kilos of cocaine sulfate, 49 kilos of cocaine HCl, and 41 labs seized.

While in Santa Cruz, members of the delegation spoke with several of the seven American prisoners arrested for cocaine trafficking, in that city. Four are presently in local jails awaiting trial. Two are in prison awaiting sentencing, and one is in the hospital. Generally, the delegation found that these prisoners do not receive any harsher treatment than Bolivians and often better treatment, as they have money to purchase amenities. The major difficulty is delay in sentencing. There is one particular case involving three Americans who have already

served one year and three months without being sentenced. In total, there are 45 Americans in Bolivian jails facing drug charges.

Members of the delegation who traveled to La Paz met with General Juan Pereda Asbun, Minister of Interior, Immigration and Justice. He indicated that a week prior to our visit Bolivia entered into bilateral agreements with Brazil, Chile and Argentina concerning cooperation in narcotics enforcement and information exchange. General Pereda also stated that the present coca growing areas in Bolivia are well-defined, with production limited to the Yungas and Chapare. He feels that the recently initiated registration program for coca farmers will greatly assist in crop substitution program implementation, but the poor farmers often mistrust the motives of the government, fearing taxes or other motives for registering. The minister emphasized that any crop to be substituted must have a very good chance of success or else the peasants will lose faith in the government which imposed the substitution program. He stated that on April 6, 1977, an agreement was signed between the Bolivian and U.S. Governments providing for a pilot project to determine the feasibility of diversification of production in the coca growing areas of Bolivia.

Bolivia has received \$125,000 from the United Nations for 1977. With these funds they have purchased land for a treatment center which will deal primarily with alcoholism as well as any other type of drug abuse. Bolivia originally wanted to use these funds for the establishment of a judicial school to study a way to unify all the legal elements involved in prosecuting traffickers. They hope to establish this school with the 1978 funds of \$190,000. The Committee was informed that Bolivia has increased police protection at the border and unified personnel stationed there under one chief. The customs agents are not included in this group, but there has been an agreement signed between the Minister of Finance and the DNCSP to assure cooperation among these people.

In the past, the largest problem in narcotics enforcement has been the organization of intelligence resources. Bolivian customs does not have an information clearing house where it can analyze, evaluate and disseminate intelligence. Furthermore, the Committee learned that transportation is scarce—customs has two jeeps for 700 km. and one aircraft with no pilot; and communications are very poor—until recently there was no efficient telephone communication between La Paz and Santa Cruz. The Bolivians are, however, getting a new Telex system provided by funding from the United States. The Customs Service has indicated its willingness to incorporate search of all passengers into the law. In fact they are starting a pilot program to search all people who get off at the university city of Sucre.

Conditions are expected to improve with increased cooperation from the government, equipment provided by the United States and an increase to five of the number of DEA agents stationed in Bolivia.

The delegation was skeptical about the potential success of crop substitution projects in Bolivia. Although the type of program was repeatedly discussed by Bolivian officials, their main concern seemed to lay in a desire to receive funds promised by former Secretary of State Henry Kissinger. When the Committee broached this subject with U.S. Embassy officials in Bolivia, there was general agreement that such crop substitution attempts were not feasible and that a project based on crop control similar to that of Turkish opium poppy regulation would be more likely to succeed.

## BRAZIL

The importance of Brazil in cocaine trafficking lies in its use as a transshipment point. It is bordered on the west by Bolivia and Peru, the chief producers of the coca leaf. Their products travel northward to Colombia for refinement and further shipment. The internal geography of Brazil, as well as its fortuitous location between producer and refiner countries, contributes to its importance as a transshipment point. The entire northern and central parts of Brazil are lowland served by the Amazon River and its many tributaries. Good harbors are to be found at Belem, Salvador, Rio de Janeiro, Santos and Porto Alegre. Extensive coastline on the Atlantic Ocean adds to its worth as a transshipment point.

Prior to the Committee's mission, the delegation had the impression that Brazil did not play a significant role in the trafficking of cocaine beyond that of a secondary transshipment point. During the visit, however, we received information from both DEA agents stationed in Brazil and Brazilian officials on the increasing activity in refinement, trafficking and internal abuse within the country. This came as a surprise to the delegation as well as the mission. Information pertaining to our Embassy's low narcotics priority as well as the negligible commitment on the part of the Brazilian Government was received with concern.

The Committee learned that cocaine abuse in Brazil has increased dramatically in the past two years. Brazilian officials stated that they have calculated there to be 45,000 abusers of cocaine within their nation. Almost all of the cocaine (95%) comes from Bolivia and enters the country in hydrochloride form. Once it has entered the country, it is distributed through a sophisticated internal system. Porto Vallo is a common point of entry of cocaine arriving from Bolivia. Cocaine in Brazil has the relatively low street price of \$15 per gram.

As yet, no organized U.S. crime figures have been identified in Brazil. There is reported to be good local cooperation with DEA by local police, given the limited resources which exist as a result of DEA's limited manpower and the Brazilian's limited narcotics enforcement budget. The Brazilian Federal police, however, have other problems; one being that no separate "line" narcotics division exists. Further, the Federal police are run by retired military who have no strong desire to strengthen the hand of the Federal police. DEA agents did state to members of the delegation that the Sao Paulo State police are excellent and cooperation does exist between the Sao Paulo and Federal police.

The delegation also learned of reported opium growth in the State of Mato Grosso; however, as in other instances, these reports are as yet unconfirmed. The major concern lies in DEA's report that Brazil would be likely to play a significant role in heroin production if it develops within South America. During the discussions that followed, it was also brought to the delegation's attention that Argentina presently sanctions 600 hectares of licit opium cultivation. The chief concern expressed by DEA agents is the overall lack of controls imposed by the government to prevent such opium from filtering into the illicit market.

Currently DEA has three agents in Brazil and no office in Rio de Janeiro. The Committee was dismayed to learn that Rio is covered by the Sao Paulo office of DEA on an "as needed" basis.

DEA representatives indicated to the Committee that corruption in the Brazilian system is high by American standards but not by South American standards. Nevertheless, DEA agents stated that they must be extremely careful with whom they work. A particular group which controls Chrysler marine imports into Brazil and is also into real estate investments, is also alleged to be tied to drug trafficking. The main alleged narcotics trafficker in Sao Paulo owns three night clubs which are also fronts for a prostitution business.

In terms of export, a conservative estimate of cocaine leaving Brazil for the United States is 1,000 kilos per year. Brazil also provides precursors of cocaine to laboratory operators in Bolivia. Many of these labs are in Bolivia just across the Brazilian border. Two labs (one in 1975 and one in 1976) were seized just across the Bolivian border. One organization moves an estimated 40 to 50 kilos of cocaine for Brazilian internal consumption. It was also indicated to the Committee that Bolivian cocaine lab operators have been moving just across the border into Brazil.

The Brazilians do have a required drug education program for all of their young people. Treatment and detoxification centers exist in Sao Paulo and Rio, and narcotics attachés are exchanged with Bolivia and Peru.

Brazil, however, considers the balance of payments to be its biggest problem. The energy crisis hit hard. Brazil now has investment in offshore drilling. Because of these priorities, drug enforcement and control do not receive a large share of the budget. Furthermore, the Mission Narcotics Coordinating Committee in the U.S. Embassy in Brasilia has not met in six months.

## FINDINGS AND CONCLUSIONS

### COCAINE AND INTERNATIONAL RELATIONS

(1) Although signatories of the Single Convention, both Peru and Bolivia continue to cultivate coca crops.

(2) It is possible that the control of the coca crops is beyond the ability of Peru and Bolivia for reasons of political instability, poverty, social tradition, and/or complicity on the part of corrupt officials.

(3) Crop substitution is possible in these countries, but the resources needed to support such programs are largely lacking at present. Similarly, income substitution programs necessary to support transition from cocaine to licit crop production are essentially nonexistent.

(4) It is impossible to control the distribution of cocaine after it enters international trafficking networks. Although the present interdiction rate for cocaine is estimated by the DEA to be 10 percent, the Committee's estimate is closer to only 1 percent.

(5) A major emphasis must be placed on crop substitution and registration and control of licit production if the end product, cocaine, is to be effectively contained.

(6) It is not likely that coca crop eradication programs will be successful due to the hardy nature of the coca plant.

(7) Until recently, many of the South American nations did not recognize the existence of a domestic drug abuse problem but considered it to be a problem of the United States. These nations are now becoming aware of their own internal abuse problems particularly with marihuana, cocaine and amphetamines.

### CULTIVATION

(1) The coca bush is grown almost exclusively in Peru and Bolivia although there is some evidence of cultivation extending into Ecuador and Colombia.

(2) The DEA reports numerous rumors of poppy cultivation in Colombia, Ecuador, and Peru. Although many of these reports are unconfirmed, it is likely that once the cultivation of the poppy is severely checked in Mexico, it will become visible in these countries.

(3) U.S. investment in crop substitution for Bolivia may very well be ineffective. This was agreed upon by State Department officials in Bolivia who suggested that the Turkish model of control would be better.

### LAW ENFORCEMENT

(1) Peru and Bolivia produce a combined coca crop which supports a potential cocaine yield in excess of 75 tons per year. Some of this is consumed locally; however, most of it is smuggled into other South American nations for transshipment and processing.

(2) The Drug Enforcement Administration of the United States is instrumental in assisting the South American producing and transit countries in combating cocaine activity, but much more could be accomplished. The Committee found the DEA to be understaffed in many countries and often hamstrung by actions of our own State Department.

(3) It is essential that all areas of government of all affected nations act in concert to control drug trafficking and abuse. Law enforcement agencies acting alone are ineffective. In many South American countries there is no substantive or regular communication between branches of government responsible for narcotics; so information is not shared and coordination is impossible.

(4) In Ecuador the American mission has not discussed the narcotics situation with the President of the country because the Ambassador has not considered it a high priority. Furthermore, it has only been during recent months that the mission has had any direct communication with the government on narcotics matters.

(5) There are strong indications of high-level corruption in many of the South American nations relating to narcotics trafficking and enforcement. This includes police, military, prosecutorial and judicial units.

(6) Colombian President Lopez-Michelsen plans to create a new elite, high-salaried enforcement body to be used as a spearhead against narcotics and other crimes.

(7) A national Council on Dangerous Drugs has been established in Colombia and will serve as the policy planning group for the country. The Committee, however, has learned of possible corruption at this level.

(8) The military regime in Chile appears to have effectively diminished Chile's involvement in cocaine trafficking; however, some activity is reportedly taking place along the northern and eastern borders.

(9) The return of 20 major traffickers extradited by the Chilean Government to the United States has caused somewhat of a strained relationship between our governments.

Having obtained the information disclosed in this report through extensive foreign travel and contact with local officials throughout Latin America, as well as our own authorities, the Committee has begun to consider the impact which the pervasive trafficking in cocaine has throughout the United States. In a preliminary investigation of cocaine and other trafficking situations in southern Florida, on which the Committee will focus hearings and issue a separate report in 1978, it has been established beyond doubt that there are a number of tightly knit, well financed cocaine trafficking rings based in south Florida. These organizations receive large shipments of cocaine from contacts in South America which are distributed throughout the United States. Since only a very small fraction of the total amount of cocaine smuggled into the United States is seized by our law enforcement agencies, we are dealing with an enormous amount, representing many millions of dollars, transported daily throughout our country. As a further result of this traffic, millions of untaxed dollars are passing through legitimate establishments set up by the traffickers and into accounts here and abroad. The Committee believes that the only effective means of interfering with this traffic is to expose the financial techniques employed by the traffickers in moving their money around

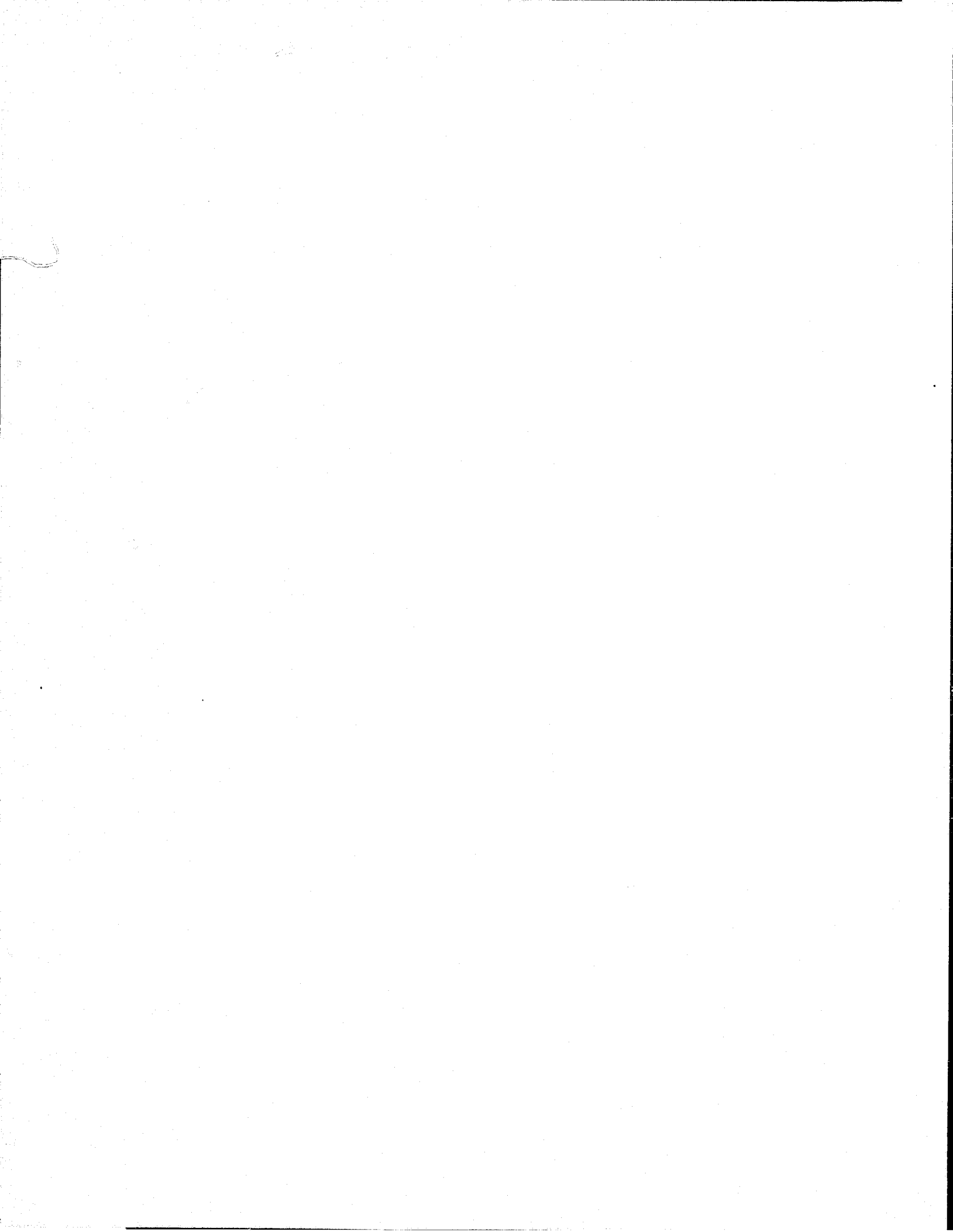


the world. It is hoped that Congress will undertake to amend our banking, internal revenue and other laws dealing with this subject matter so as to maximally interfere with the movement of traffickers' assets, after recommendations are transmitted to the standing committees.

The transactions which begin in Colombia, Bolivia, Peru, or Ecuador and ultimately find their way to the cities of our Nation, involve conspiracies which are most difficult to pierce. Law enforcement, no matter how effective, is insufficient to interfere with trafficking and use. We must, in addition to exposing money movements, develop new methods of public education which will discourage potential new users and provide current users with the type of information that will encourage them to discontinue their use.

The strong relationship between the overwhelming growth of cocaine abuse in this country and the easy availability of the substance in South America must be the focal point of any attack on this problem. The Committee intends to devote a major portion of its time in 1978 to the problems of demand reduction and at the same time, give attention to the issue of cocaine abuse.





**END**