

LATIN AMERICAN DRUGS I: LOSING THE FIGHT

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LATIN AMERICAN DRUGS I: LOSING THE FIGHT

EXECUTIVE SUMMARY

Coca leaf and cocaine production in the Andean region appear to have set new records in 2007. Cocaine trafficking and use are expanding across the Americas and Europe. Despite the expenditure of great effort and resources, the counter-drug policies of the U.S., the European Union (EU) and its member states and Latin American governments have proved ineffective and, in part, counterproductive, severely jeopardising democracy and stability in Latin America. The international community must rigorously assess its errors and adopt new approaches, starting with reduced reliance on the measures of aerial spraying and military-type forced eradication on the supply side and greater priority for alternative development and effective law enforcement that expands the positive presence of the state. On the demand reduction side, it should aim to incarcerate traffickers and use best treatment and harm reduction methods to avoid revolving and costly jail sentences for chronic users.

Well-armed, well-financed transnational trafficking and criminal networks are flourishing on both sides of the Atlantic and extending their tentacles into West Africa, now an important way station on the cocaine route to Europe. They undermine state institutions, threaten democratic processes, fuel armed and social conflicts in the countryside and foment insecurity and violence in the large cities across the Americas and Europe. In Colombia, armed groups derive large incomes from drug trafficking, enabling them to keep up the decades-long civil conflict. Across South and Central America, Mexico and the Caribbean, traffickers partner with political instability.

Insufficient international cooperation and coordination – in particular between the U.S. and Europe but also between them and Latin America – has worked to the advantage of the drug networks. Displaying great resourcefulness, the narco-organisations exploit the policy divide between the U.S. and the EU and some member states over how best to define and conduct counter-drug strategies and which aspects of cocaine supply and demand reduction efforts should be given priority. Since there is no shared vision of the problem and how to address it, there is no concerted response, which is a necessary condition for success in dealing with transnational crime.

Non-ideological policy rethinking is urgently required on key aspects of supply reduction. Law enforcement and interdiction would benefit from closer coordination and information sharing throughout the Americas and with Europe, but much greater recognition is also needed of the pressures produced by extreme poverty, lack of economic opportunities and basic infrastructure, and government abandonment of indigenous populations in the Andean countryside. National and international policies must include much larger investments to address the structural factors that make it easier for traffickers (in Colombia, illegal armed groups), to attract or compel rural families to cultivate coca. Aerial eradication, with impact on nearby food crops, and forced eradication by security forces, nearly always accompanied by charges of human rights abuses, engender anti-government and anti-U.S. reactions.

Cocaine demand is the driving force behind production and trafficking. That demand is largely stable in the U.S. and rising in some European and Latin American countries. Unless it can be significantly reduced around the globe, there is virtually no possibility of overcoming the threat to security in much of Latin America. The “one size fits all” criminal incarceration policies prevalent in the U.S. ignore the potential in greater attention to treatment of chronic users and stigmatising recreational users. At the same time, the prevention, treatment and harm reduction measures more prominent in Europe, where too few resources are dedicated to breaking up trafficking rings, have not stemmed increasing drug use. In 2008, ten years after the UN General Assembly Special Session (UNGASS) on the world drugs problem, the international community needs urgently to acknowledge mistakes and adopt fundamental policy improvements or transnational criminals will be the winners.

Crisis Group’s detailed study is divided into two complementary reports published simultaneously. This report principally examines the scope of the problem, including a detailed examination of cultivation and trafficking. The second, *Latin American Drugs II: Improving Policy and Reducing Harm*, analyses policies and their political and social ramifications and presents policy recommendations.

LATIN AMERICAN DRUGS I: LOSING THE WAR

I. INTRODUCTION

A decade after the UN General Assembly Special Session (UNGASS) on the world drug problem, illicit drugs, drug trafficking and related crime continue to threaten peace and stability around the globe. In 2008, the international community is to take stock of progress. With the aim of contributing to this evaluation from a conflict prevention perspective, Crisis Group has conducted policy research into the state of play of cocaine production and trafficking, as well as U.S., European and Latin American counter-drug strategies.

The findings are offered in two complementary reports and are not promising. This first report analyses the recent evolution of coca crops in the Andean region and the criminal actors who drive cocaine trafficking. The second provides an overview of counter-drug policies on both sides of the Atlantic and examines the impact of expanding transnational trafficking organisations and anti-narcotics policies on democratic governance and institutions, civil conflicts, development and international cooperation in the fight against the problem in Latin America.

After ten years of intense efforts to curb cocaine in the three Andean source countries (Bolivia, Colombia, Peru) and to reduce the amount trafficked to, and consumed in, the U.S. and Europe, but more recently also increasingly in former transit countries such as Brazil, Argentina, Mexico and Chile, results are meagre at best. In 2006, the UN's drug and crime office (UNODC) estimated a total of 156,900 hectares of coca crops in the source countries, compared to 158,000 hectares in 2004 and 160,000 in 2000. Using higher resolution satellite-generated imaging, the White House's drug office (ONDCP) came up with larger figures: 166,200 (2004), 198,500 (2005) and, following a change in methodology, a very broad estimated range of 177,800 to 254,800 hectares in 2006.

Estimated potential cocaine production, according to UNODC, has oscillated between 1,017 tons in the three Andean source countries in 2004 and 984 tons in 2006, with Colombia accounting for the lion's share. Senior U.S. Drug Enforcement Administration (DEA) officials

say candidly that more cocaine – well over 1,000 tons – likely comes out of the Andean region annually than either UNODC or the U.S. government estimate.

The statement by ONDCP head John Walters in February 2008 that the flow of cocaine out of South America in 2007 reached 1,421 tons in 2007, apparently the high end of U.S. government estimates, underscored the DEA views that production now exceeds all previous levels for the Andean ridge countries of Colombia, Peru and Bolivia taken as a whole.¹ Early reports of production indicate that each showed increases over the previous year, though the exact numbers are not yet public.²

The fight against trafficking is also uphill, with no victory in sight. Transnational networks are expanding across Latin America, the U.S. and Europe and adapting quickly to interdiction efforts. Mexican narco-groups have bridgeheads in Peru and Bolivia. Colombian groups have relinquished much of the wholesaling and retailing operations to Mexicans in the U.S., but in Colombia itself, the world's largest cocaine producer, the insurgent Revolutionary Armed Forces of Colombia (FARC) and paramilitary successor organisations continue to control much of the coca cultivation and cocaine processing. Learning from errors, trafficking groups in Colombia, Mexico and the U.S. have become far more difficult to detect by changing from vertically integrated organisations to cell-based structures. Many services along the production and trafficking chain are outsourced to specialised subcontractors who have no knowledge of the rest of organisation.

Routes and transportation means are highly dynamic and have changed considerably in recent years. Venezuela's role is increasing as a transit country for Colombian cocaine to Europe via West Africa but also to the U.S. market through the Caribbean and Mexico. Other

¹ Jonathan M. Katz, "U.S. Drug Czar: Cocaine Trafficking Broadens on Venezuelan-Caribbean Route", MSNBC wire service, 26 February 2008.

² Production estimates for Peru and Bolivia are expected to be in the mid-March publication of the U.S. State Department's International Narcotics Control Strategy Report for 2008. Those for Colombia are likely to be delayed for several months.

corridors, such as Central America's coasts and West Africa, are virtually uncontrolled; the world's busiest land border – U.S.-Mexico – cannot be effectively policed. Global seizures increased until 2006, but the flow to the world's two largest markets, the U.S. and Europe, has continued.

Counter-drug strategies seek to control and reduce production, trafficking and use of cocaine through supply- and demand-side interventions but have been hampered by differing policy views and weak cooperation between counter-drug authorities in the U.S. and Europe and failure to substantially reduce the number of regular users (U.S.) and prevent increasing use (especially in Spain, the UK, Italy, Brazil, Chile, Argentina and Mexico). Authorities on both sides of the Atlantic continue to engage in recriminations and are far from consensus on how the global problem can be better addressed. Latin American countries are not much part of the debate about how counter-drug policy might be reformed and also turn a blind eye to the grave impact of increasing domestic use at home.

While policy-makers and voters in the U.S. and Europe are becoming increasingly weary of the fight against drugs, ineffective policies and the spread of transnational crime associated with trafficking are having a negative impact on Latin America's democratic institutions, political systems and societies; criminal groups are undermining state institutions and fuelling armed and/or social conflicts in Colombia, Peru and Bolivia. In 2008 the international community needs to take stock of the errors it has committed in the past decade and make fundamental policy adjustments or there is a good chance it will lose the struggle to transnational crime.

II. DRUG CROPS AND COCAINE PRODUCTION: COLOMBIA, PERU, BOLIVIA

According to UNODC, coca crops in Colombia, Bolivia and Peru have been stable between 2004 and 2006. In 2004, 158,000 hectares were grown (Colombia: 80,000; Bolivia: 27,700; Peru: 50,300), in 2005, 159,600 hectares, with decreases in Bolivia and Peru (8.3 and 4.2 per cent), and a 7.5 per cent increase in Colombian crops. In 2006, there were 156,900 hectares with a 9.3 per cent decrease in Colombia and increases of 8.2 and 6.6 per cent in Bolivia and Peru.³ As noted, the White House Drug Office, however, estimated a much larger cultivated area, at least for 2006.⁴

This variation is due to methodologies. UNODC uses commercial satellite imagery, with frequent view and continuous recording but comparatively low resolution, over all of Colombia, fifteen coca-growing regions in Peru and Bolivia's Yungas and Chapare regions, combined with high resolution airplane photo and video imagery and field verification.⁵ The U.S. uses higher resolution satellites, its own sampling and extrapolations, but its methodology has been criticised for not including statistically more rigorous accuracy assessment and terrain and atmosphere correction.⁶

³ "Coca Cultivation in the Andean Region. A survey of Bolivia, Colombia, Ecuador and Peru", UNODC, June 2007, pp. 7-9.

⁴ The Office for National Drug Control Policy (ONDCP) 2006 figures are calculated on a 90 per cent confidence basis. Accuracy is affected by topography and other factors. Ground research of crop areas is difficult due to security problems, especially in Colombia and Peru, where most coca fields are protected by illegal armed groups. Cultivation is carried in mountainous, harsh terrain or tropical forests, difficult even for aerial imagery. "2006 coca estimates for Colombia", ONDCP, press release, 4 June 2007.

⁵ In Colombia, verification flights are used to correct the preliminary interpretation of satellite images. Antinarcotics Police (DIRAN) and Illicit Culture Monitoring Integrated System (SIMCI) photos are used. "Colombia Coca Survey for 2006", UNODC, June 2007, pp. 83-94. In Peru, aerial verification was done in seven coca-growing regions with cooperation of the Comité Andino para el Desarrollo Alternativo (CADA), "Monitoreos de Cultivos de Coca en el Perú", UNODC, June 2007, pp. 67-73. In the 2006 Bolivian survey, only the Cochabamba Tropics (Chapare region) was aerielly surveyed; the Apolo region was monitored by field verification techniques, "Bolivia Coca Survey for 2006", UNODC, June 2007, pp. 58-65.

⁶ Crisis Group interviews, coca crop survey expert and Government Accountability Office (GAO) officials, Bogotá and Washington DC, 19 October 2007 and 14 January 2008. In 2005, 81 per cent more Colombian territory was reported surveyed, so it is not certain whether there has been a substantial increase in cultivation or the larger sample detected crops that existed in past years, see

The three Andean countries have undertaken large eradication efforts: manual destruction (Bolivia, Colombia and Peru) and aerial spraying (Colombia) eliminated 163,318 hectares in 2004; 188,370 in 2005; and 231,129 in 2006.⁷ Nevertheless, cocaine production potential has remained stable, according to UNODC.⁸ In 2004, it was estimated at 1,017 tons (Colombia 640, Bolivia 107, Peru 270), in 2006 at 984 tons (Colombia 610, Bolivia 94, Peru 280).⁹

A. COLOMBIA

1. Coca crops

According to UN figures, coca cultivation declined from 86,000 hectares in 2005 to 78,000 in 2006 (less than 1 per cent of the national territory); crops have oscillated annually between 80,000 and 86,000 hectares since 2003¹⁰, and during 2005-2006 were detected in 23 of 32 departments.¹¹ 13 per cent of the fields replaced primary

www.whitehousedrugpolicy.gov/international. ONDCP's data on coca cultivation are prepared by the U.S. Director of Central Intelligence, Crime and Narcotics Center (CNC). "CNC analyses black and white, high-resolution satellite imagery and aerial photographs. These are taken only between November and January ... weather permitting. The satellite images and aerial photographs cover a representative area of ... known or suspected drug growing areas. The technique for analysing the satellite images and aerial photographs is similar to the one used to estimate agricultural crops throughout the United States. However, according to a study conducted by ONDCP in 2002, the CNC's methodology had not adopted a 'statistically rigorous accuracy assessment' ... Also, the technology used by CNC was inappropriate" (a view contested by CNC), Daniel Mejía and Carlos Esteban Posada, "Cocaine Production and Trafficking: What do we know?", *Borradores de Economía* no. 444 (April 2007), pp. 6-7.

⁷ These figures reflect the consolidated data of the producing countries. "Coca Cultivation in the Andean Region", op. cit., p. 1.

⁸ As no U.S. cocaine production potential estimates on Colombia and Peru are available for 2006, Crisis Group relied mainly on UN data. "International Narcotics Control Strategy Report 2007", U.S. Department of State Bureau for International Narcotics and Law Enforcement Affairs, 1 March 2007, pp. 103, 120, 134.

⁹ Cocaine production estimates are difficult to obtain as annual figures can only be determined by indirect techniques, using figures on crop production, drug yield and narcotics seizures that only allow for approximate calculations.

¹⁰ "Coca Cultivation in the Andean Region", op. cit., p. 69.

¹¹ Ibid., p. 69. A March 1999 census that covered 12 per cent of the national territory detected 160,119 hectares in twelve departments; an August 2000 survey covering 41 per cent of the national territory found 163,289 hectares in 21 departments; the November 2001 survey covered 100 per cent of the territory and found 144,807 hectares in 22 departments. "Colombia Annual Coca Survey 2001", UNDCP, March 2002, p. 4. A 1999 U.S. survey reported coca crops in eight regions in seven departments. "Estimation of Cocaine Availability 1996-2000", ONDCP, March 2002, p. A-1. While the steep increase in departments with illicit cultivation

forests, and 48 per cent replaced other vegetation.¹² This strongly indicates that crops are continuously moving across the country towards more isolated regions, jeopardising rain forests and natural reserves.¹³

In 2006, the largest areas were in five departments in the south and east. Nariño had 20 per cent of the national total and a 12 per cent increase from 2005, with 15,606 hectares; 9 per cent of the country's total (7,128 hectares) was in the Pacific municipality of Tumaco; Meta and Guaviare had 26 per cent of the national total, with a 6,000 hectare reduction in the former and a 9 per cent increase in the latter; Putumayo and Caquetá were 22 per cent of the national total, with the former showing the largest departmental increase in 2005-2006 (37 per cent).¹⁴ Most departments where coca had long been extensively cultivated showed reductions (Antioquia, Vichada, Bolívar, Cauca, Arauca, Córdoba and Norte de Santander). But others that had been minor cultivators recorded steep increases, especially three in the central region of the Andes: Valle del Cauca, 904 per cent; Caldas, 144 per cent; and Cundinamarca, 114 per cent.¹⁵

2. Cocaine production

Despite UNODC and U.S. praise for Colombia's commitment to fighting production and trafficking in the past decade – record aerial and manual eradication levels, impressive cocaine seizure numbers, interception of imported precursor chemicals, destruction of processing laboratories and action against drug traffickers and armed groups¹⁶ – it remains the world's major cocaine producing country; its 610 tons in 2006 are 62 per cent of the global total.¹⁷

could be partly explained by the territory surveyed, it is very likely that cultivation has been dispersed owing to the massive aerial eradication implemented by the authorities since the early 2000s.

¹² "Coca Cultivation in the Andean Region", op. cit., pp. 64-65.

¹³ Crops in nature reserves are 5 per cent of the total. UNODC's 2006 survey found crops in fourteen of 51 national parks, decreasing in Sierra La Macarena, Paramillo, La Paya, Nukak, Catatumbo-Bari, Tinigua, Puinawai, Munchique, Los Picachos, and Alto Fragua, increasing in Sierra Nevada and Yariquies, new in Selva de Florencia and El Cocuy National Parks, *ibid.*, p. 69.

¹⁴ Putumayo department was one of Colombia's main coca-growing centres prior to massive spraying and military campaigns in the early 2000s, during the first stages of Plan Colombia, which almost eradicated coca there but pushed it into neighbouring departments, especially Nariño. Today, it is experiencing a re-emergence of cultivation, mainly due to eradication and military operations in Nariño. See Crisis Group Latin America Report N°26, *Latin American Drugs II: Improving Policy and Reducing Harm*, 14 March 2008, pp. 16-19.

¹⁵ "Coca Cultivation in the Andean Region", op. cit., pp. 64-67.

¹⁶ Ibid., p. iii.

¹⁷ Though cocaine laboratories have been found outside the Andes region, in Brazil, Argentina, Mexico and Spain, among

After reaching a 163,300 hectare peak in 2000, the decrease in harvested areas reflects record eradication undertaken with U.S. support. Aerial spraying eradicated 133,552, 138,772 and 172,000 hectares in 2004-2006, while manual efforts removed 10,991, 31,285 and over 42,000 hectares.¹⁸ However, farmers began reducing the average coca field size from 2.05 hectares in 2001 to 0.85 hectares in 2006, to avoid detection and spraying, as well as interspersing coca bushes with food staples and washing or pruning the plants after spraying.¹⁹

By UN estimates, fresh coca leaf production was 489,200 tons in 2006. Meta and Guaviare, only 26 per cent of total cultivation, accounted for 42 per cent of it due to high yield, followed by Putumayo and Caqueta (96,400 tons), the Catatumbo and southern Bolivar regions (76,800 tons), the Pacific coast (48,900) and the eastern Orinoco region (48,500). Most farmers in the business sell coca paste (35 per cent) and cocaine base (31 per cent); one third sell leaves without processing.²⁰ “The technical know-how was brought to the farmers during the 1990s by drug-traffickers to facilitate and to increase the commercialisation of cocaine”. The estimated farm-gate earnings from coca products dropped (\$843 million in 2005, \$683 million in 2006), due to less cultivated area and lower prices.²¹

In 2006, ten municipalities in five departments of the south and east with the largest coca cultivation areas had half the national potential cocaine production. Cumaribo in Vichada department had the second most hectares (7 per cent of national total) and the highest production potential (9.5 per cent of national total); Tumaco in Nariño department (Pacific region) had 21 tons of production potential (3.5 per cent of national total); three in Meta²² had 17 per cent of the country’s total; two in Guaviare over 12 percent²³ and three in Putumayo²⁴ over 8 per cent.²⁵

other countries, Colombia, Peru and Bolivia continue to produce the bulk of the cocaine needed to supply global market demand.

¹⁸ “Coca Cultivation in the Andean Region”, op. cit., p. 93. While UNODC reported manual eradication of 41,500 hectares in 2006, Colombian authorities put the figure at 42,110 hectares, “Balance de Erradicación de Cultivos de Coca en Colombia, 1994 – 2006”, Observatorio de Drogas de Colombia – Dirección Nacional de Estuperficientes, 30 July 2007.

¹⁹ “Coca Cultivation in the Andean Region”, op. cit., pp. 65, 97. Crisis Group interview, police intelligence (DIPOL) analysts, Bogotá, 4 October 2007.

²⁰ Coca leaves are processed into paste to extract the alkaloid. Coca paste is then converted into cocaine base by dissolving it in an acid and adding an oxidant agent. Finally, cocaine hydrochloride is obtained by precipitating and filtering the cocaine base.

²¹ “Coca Cultivation in the Andean Region”, op. cit., pp. 87, 14.

²² Puerto Rico, Mapiiripan and Vista Hermosa.

²³ San Jose del Guaviare and El Retorno.

²⁴ Puerto Leguizamo, Puerto Asis and Puerto Guzman.

²⁵ “Coca Cultivation in the Andean Region”, op. cit., p. 65.

B. PERU

1. Coca crops

Peru remains the second largest coca-cultivating country, with 33 per cent of global leaf production. After a slight crop reduction to 48,200 hectares in 2005, cultivation increased to 51,400 hectares in 2006.²⁶ This increase could be observed in all fourteen coca basins.²⁷ Between 2005 and 2006, the three largest cultivation regions accounted for approximately 90 per cent of total leaf production: Alto Huallaga, in the central region, intersecting with Huanuco and San Martín departments (16,039 hectares in 2005, 17,080 in 2006), Apurimac-Ene, covering Ayacucho Cusco and Junín departments, (15,530 hectares in 2005, 15,813 in 2006) and La Convención-Lares, in Cusco department (12,503 hectares in 2005, 12,747 in 2006).²⁸ The highest increase rates were in five much smaller regions, especially in the isolated Amazonian jungle near the Colombia-Brazil-Peruvian border triangle.²⁹

While forced and voluntary manual eradication campaigns targeted the north of the biggest producing region, Alto Huallaga, cultivation increased in the southern part, contributing to an overall 7 per cent increase. In Apurimac-Ene, maceration pits³⁰ and cocaine laboratories were targeted instead of crops; La Convención-Lares had almost no crop variation and no reported eradication in 2006. UNODC suggested its stability might be due to periodic pruning, making coca bushes hard to detect by satellite, but this region is also considered the country’s traditional growing area and its leaf production is mainly for traditional uses,³¹ thus not a target for enforcement action.

²⁶ *Ibid*, pp.121-122. An unofficial study showed a larger cultivated area in 2006 (54,855 hectares) than UNODC reported. Though official data is taken from UNODC measurements, the Andean Alternative Development Committee (CADA) uses different methodology, combining satellite imagery analysis and field verification (UNODC does not do field monitoring). Crisis Group interview, high government official, Lima, 5 November 2007.

²⁷ Crisis Group interview, high government official, Lima, 5 November 2007.

²⁸ “Coca Cultivation in the Andean Region”, op. cit., pp. 122-128.

²⁹ Palcazú-Pichis-Pachitea, from 211 hectares in 2005 to 426 in 2006; Marañón-Putumayo-Amazonas, 500 to 968 hectares; Aguaytía, 917 to 1,570 hectares; San Gabán, 292 to 446 hectares, *ibid*, p. 122.

³⁰ Maceration pits are holes in which coca leaves are mixed with kerosene and sulphuric acid.

³¹ In 2005, Cusco regional authorities recognised the region as a traditional coca cultivation centre, giving the coca bush the status of Regional, Natural, Biological and Cultural Heritage of Cusco; the Constitutional Court invalidated this. See III A 3 below.

2. Cocaine production

Sun-dried coca leaf production increased 8 per cent between 2005 and 2006 (about 106,000 to 114,100 tons),³² while estimated legal consumption of dried leaves remained stable at 9,000 tons. The National Coca Enterprise (ENACO) is the only entity allowed by the state to buy legal coca leaf at a set price.³³ Potential cocaine production was estimated at 260 tons in 2005, 280 tons in 2006. An indicator that more leaf was available on the illicit market due to increased cultivation and improved techniques was a fall in its farm-gate value from \$307 million to \$285 million. In Alto Huallaga and Apurimac-Ene, prices fell over 18 per cent.³⁴

Farmers have been increasing the plant leaf yield and alkaloid content. Seed quality has been improved; *camellones* – the ancient high-Andes technique of elevated soil platforms – are used to help increase productivity and coca bush resistance; greenhouses in Aguaytía are growing recently germinated plants, which are then sent to Monzón; foliar fertilisers are used to increase foliage and the leaf size.³⁵ Alkaloid extraction is becoming more efficient (44 to 72 per cent), the annual re-sowing (*resiembra*) rate of bushes after eradication is estimated at 60 per cent.³⁶

Coca growers are also moving into the Amazon region national parks. There are new coca fields along the Putumayo River opposite the Colombian border, and in Caballococha, near the border triangle. Though UNODC reported 958 hectares in the Marañon, Putumayo, Amazon macro-region in 2006, unofficial measurements estimated 838 hectares in Putumayo and 344 in Caballococha. One source spoke of recent logging of much larger areas of the deep Amazon primary forest by colonisers and landless peasants. However, far away from populated centres coca appears to be the only profitable crop, because the fields are much larger than those of licit crops.³⁷

Peru's capacity to supply cocaine internationally is likely to increase. The cocaine production potential could be more than the estimated 280 tons of 2006 due to UNODC under-estimation of the cultivated area; field productivity could

also be higher than official figures suggest.³⁸ While the estimated density of plants per hectare in Upper Huallaga is 20,000 to 30,000, it could be as high as 200,000 in regions of the VRAE (Valley of the Apurímac and Ene Rivers) and Monzón.³⁹

C. BOLIVIA

1. Coca crops

After dramatically reducing coca crops to 14,000 hectares in 2000 (forced manual eradication under Plan Dignidad), Bolivia has witnessed a steady increase.⁴⁰ In 2004, cultivation was 27,700 hectares; in 2005, it dropped to 25,400 hectares but rose again to 27,500 hectares in 2006. Unofficial sources estimate that the true figure could be 30,000 hectares.⁴¹ The increase has been in the largest cultivating regions, Yungas (in the northern part of La Paz department) and Chapare (in the tropical area of Cochabamba department). In the tropical Apolo region (La Paz department), near the Peruvian border, cultivation has remained stable at around 300 hectares since 2004.⁴²

The “traditional production zone” of coca leaf includes a number of provinces in the Yungas, where up to 12,000 hectares are considered legal and sold for traditional consumption and other uses set by Law 1008 (1988). The “excess and transitional production zone” covers the Chapare and other regions (including newer plots in Yungas) where cultivation is considered to be illegal and must be eradicated. In October 2004, the government temporarily authorised 3,200 hectares until an independent study provides clarity on the hectares needed to satisfy traditional demand. The study has not been completed, and President Evo Morales has not made it a priority.⁴³

³² “Coca Cultivation in the Andean Region”, op. cit., p. 130.

³³ See Crisis Group Latin America Reports N°12, *Coca, Drugs and Social Protest in Bolivia and Peru*, 3 March 2005, p. 4; and *Latin American Drugs II*, op. cit., p.21.

³⁴ “Coca Cultivation in the Andean Region”, op. cit., pp. 131-132.

³⁵ Crisis Group interview, drugs analyst, Lima, 5 November 2007.

³⁶ Crisis Group interviews, foreign expert, Peruvian National Police Anti-Drug Direction (DIRANDRO) director, Lima, 7 November 2007, and senior official, Lima, 5 November 2007.

³⁷ Crisis Group interview, senior government official, Lima, 5 November 2007.

³⁸ Crisis Group interview, high government official, Lima, 5 November 2007.

³⁹ As there is no aerial spraying of illicit coca fields or policy to reduce the size of fields, peasants grow two to five hectares. Crisis Group interviews, high government official, foreign drugs experts, Amazon analyst, Lima, 5-7 November 2007.

⁴⁰ Crisis Group Report, *Coca, Drugs and Social Protest*, op. cit., p. 2.

⁴¹ Eduardo Gamarra's presentation, Friedrich-Ebert-Stiftung (FES) Regional Security Group and Inter American Dialogue meeting, Bogotá, 4 December 2007.

⁴² According to UNODC, coca crops in Apolo are regarded as for traditional use under Law 1008, so not subject to eradication, but small, dispersed fields have been found on the western side of the Madidi National Park and new fields in primary forest areas. This presents a risk of potential expansion. “Coca Cultivation in the Andean Region”, op. cit. p. 35.

⁴³ Crisis Group Reports, *Coca, Drugs and Social Protest*, op. cit., p. 10; and *Latin American Drugs II*, op. cit., p.20.

In the Chapare region, the cultivated area has varied from 10,100 hectares in 2004, to 7,000 in 2005 and 8,300 hectares in 2006. According to UNODC, “the eradication efforts ... were followed by a replanting, mainly in the Isiboro Secure National Park”, where there was no 2006 eradication.⁴⁴ Although the total coca-cultivated area considerably exceeds the temporarily authorised 3,200 hectares, aerial surveillance shows the average Chapare field is around one “cato” (1,600 sq. metres). Also, in line with government policy which permits a “cato” per family, coca no longer has to be cultivated beside other crops or under tropical forest canopy to avoid detection.

2. Cocaine production

Farm-gate value of coca leaf was stable at \$180 million (about 2 per cent of GDP). Estimated potential sun-dried coca leaf was 24,895 tons in 2006.⁴⁵ According to UNODC, 13,209 tons came under the Bolivian National Direction of Coca Leaf Control and Industrialization (DIGCOIN),⁴⁶ of which 12,960 were traded in Villa Fátima (La Paz city), and the remaining 249 in Sacaba (near Cochabamba city). The annual average weighted price for leaf on the two legal markets was \$3.9/kg.⁴⁷ About 196 tons of leaf were also sold directly to traditional consumers under DIGCOIN authorisation (121 tons from the Yungas, 75 from the Cochabamba tropics).⁴⁸

UNODC reported that “[i]ncluding this new way of trading... 13,081 tons were traded from the Yungas, and 324 tons from the Chapare. According to the yield study, this is equivalent to an area of 9,931 hectares of coca grown in the Yungas of La Paz and 117 hectares in the Chapare”. Based on total coca cultivation and yield estimates, potential cocaine production from excess leaf was 94 tons in 2006, up from 2005 (80 tons) but below 2004 (98 tons).⁴⁹

⁴⁴ In Chapare province, coca crops reached 4,857 hectares in 2006 up from 4,094 in 2005; in Carrasco province, 2,791 hectares, up from 2,312; and in Tiraque province, 691 hectares, up from 605. “Coca Cultivation in the Andean Region”, op. cit., pp. 24, 37.

⁴⁵ Ibid, p. 42.

⁴⁶ DIGCOIN replaced the Bolivian National Direction of Coca Leaf Commercialization (DIGECO) in 2006.

⁴⁷ “Coca Cultivation in the Andean Region”, op. cit., pp. 43-44.

⁴⁸ Ibid, p. 44.

⁴⁹ Ibid, pp. 43-44.

III. DRUG TRAFFICKING: ACTORS AND ROUTES

A. THE ANDEAN REGION

1. Colombia

Despite increasing seizures since 2002,⁵⁰ Colombia remains the main world’s main cocaine producer, an estimated 62 per cent of the 2006 total.⁵¹ The country’s traffickers have significantly evolved since the 1980s. The demise of the large Medellín and Cali drug cartels⁵² in the 1990s, mainly during the administrations of César Gaviria (1990-1994) and Ernesto Samper (1994-1998), was due in part to the high profile of their leaders and centralised, vertical structures, which made them increasingly easy to target. Today’s trafficking organisations are much smaller but there are some 140 of them, not a mere ten.⁵³

⁵⁰ Cocaine seizures increased from 95.2 tons in 2002 to 113 tons in 2003, 149 tons in 2004 and 173 tons in 2005. The drop in seizures in 2006 (127 tons) was partially compensated by increased seizures of coca leaf and coca paste. Ibid, p. 102.

⁵¹ After reaching its peak estimated potential cocaine production of 695 tons in 2000, Colombia’s dropped to 580 and 550 tons in 2002 and 2003, respectively. New methodologies used to calculate production subsequently increased this to 640 tons in 2004 and 2005. “Colombia: Monitoreo de Cultivos”, UNODC, July 2007, p. 45; and “Coca Cultivation in the Andean Region”, op. cit., p. 86. The U.S. estimated potential cocaine production went from 585 tons in 2002 to 610 in 2006. “National Drug Threat Assessment 2008”, National Drug Intelligence Center, October 2007; and Crisis Group interview, Bogotá, 19 October 2007.

⁵² The term “drug cartel” was first used for the trafficking organisations from Medellín and Cali, which controlled the bulk of the world’s supply and distribution of cocaine. However, these organisations did not necessarily collude to control supply and price.

⁵³ It is believed that these organisations controlled 60-70 per cent of cocaine exports in the 1980s and through the mid-1990s. They relied on close to 100 specialised contractors and 1,000 part-time employees. Alvaro Camacho and Andrés López, “From Smugglers to Drug-Lords to ‘Traquetos’: Changes in Illicit Drug Organisations”, conference paper, at <http://kellogg.nd.edu/events/pdfs/LopeCama.pdf>. At their highpoint their earnings are believed to have topped \$7 billion a year, nearly half used to maintain their operations through bribes and infiltration. Congressional Testimony by Donnie Marshall, chief of operations, Drug Enforcement Administration, U.S. Department of Justice, Subcommittee on National Security, International Affairs and Criminal Justice, 9 July 1997. Estimates of trafficking organisations are difficult, as they are increasingly hard to define. Some organisations provide services to other organisations but are not necessarily linked. Counts of ring leaders may also be

The Norte del Valle cartel (NDVC) was the only structure solid enough to continue where the Medellín and Cali groups had left off. It took over most of the trafficking and expanded its operations at the end of Samper's term and the beginning of Andrés Pastrana's (1998-2002).⁵⁴ Originally composed of family clans, it was less hierarchical and all-encompassing than its predecessors, relying more on subsidiaries for transport and sale.⁵⁵ Increasingly weakened by law enforcement pressure and its internal frictions, only a few strongmen and associates, most of whom have risen through the ranks of the old cartels and have set up their own networks, remain in business.⁵⁶

The NDVC's stronger factions, headed by Wilber Varela ("Jabón"), assassinated in Mérida (Venezuela) on 1 February 2008, and, until his September 2007 arrest, Diego Montoya ("Don Diego"), remain active along the entire production-transport-distribution of cocaine chain, as well as money laundering. They stress coercion, intimidation and territorial control, using the "Rastrojos" and "Machos", their respective groups of hitmen, to fight for control of routes and access to primary product.⁵⁷ While the Machos have kept their base in Valle department, controlling laboratories in rural areas and access to towns there and along the Pacific coast, the Rastrojos have sought to fill the void left by the demobilisation of the paramilitary Autodefensas Unidas de Colombia (AUC), expanding their influence in Valle, Cauca, Nariño, Chocó and Putumayo departments.⁵⁸ Montoya centralised

operational control; Varela tended to do more with independents and big outsourcers.⁵⁹ Both increasingly were paid for "lending their name" to trafficking operations in which they otherwise took little part.⁶⁰

The dismembering of the large cartels led to the rise of individuals and groups specialising in transport and money laundering. Some Medellín and Cali associates of the 1980s and 1990s, like "Beto Rentería" and Salomón Camacho, have kept a lower profile by joining with larger operators, such as Juan Carlos Abadía ("Chupeta"), who was arrested in 2007, and Hermágoras Gonzalez ("El Gordo"), captured in Venezuela on 9 March 2008, to concentrate on laundering large sums through legitimate investments.⁶¹ Other persons have gained a reputation for facilitating international transport. Fabio Ochoa Vasco ("Carlos Mario") has been associated with transporting cocaine and laundering money through the Caribbean into Mexico; Eduardo Restrepo Victoria ("El Socio"),⁶² a link to the Tijuana cartel in Mexico, is suspected of having been a large Varela partner;⁶³ Daniel Barrera ("El Loco") is suspected of getting drugs from the FARC guerrillas, giving them chemical precursors and partnering with prominent traffickers to ship drugs through Bogotá's international airport.⁶⁴

The authorities fear the rise of a new generation of low-profile trafficking entrepreneurs, who outsource much

inaccurate. Crisis Group interview, foreign drug agency officer, Bogotá, 11 November 2007.

⁵⁴ The Urdinola and Henao clans largely inherited control of the NDVC. Today the so-called NDVC includes many small organisations which no longer control the chain of supply and have been known to compete with one another.

⁵⁵ Marshall, op. cit.

⁵⁶ The drug trafficking world went from drug lords to "traquetos" (big buyers of coca paste and cocaine base), Camacho and López, op. cit. The Colombian vice-president's office has described a change from a "clustered hierarchy" with a central coordinating body to a "central group" in which the stronger decide on alliances with networks on an ad-hoc basis. "Dinámica Reciente de la Violencia en el Norte del Valle", Programa Presidencial de Derechos Humanos y Derecho Internacional Humanitario, 2006. Crisis Group interview, foreign drug agency official, Bogotá, 11 December 2007.

⁵⁷ Press sources say the fight left over 1,000 dead between 2004 and 2005.

⁵⁸ The Rastrojos are led by Diego "Rastrojo", Julio César López Peña and other gang members, including "Comba", "Mango", "Chorizo", "Memín" and "Fofé". They have training facilities and camps like other illegal armed groups. "Detenido Presunto Cabecilla de 'Los Rastrojos'", *El País*, 18 September 2007. They have moved from Valle to Cauca (Guapi) and the coastal areas around the Tapaje River in Nariño down to Ricaurte and Tumaco. They have also been sighted around the San Juan River in southern Chocó. There are reports of operations in

Puerto Asis (Putumayo). "Bruja de paramilitares en Putumayo se confiesa en Fiscalía y permite dismantelar banda", *El Tiempo*, 15 September 2007. Crisis Group interview, police intelligence officers, Bogotá, 4 October 2007.

⁵⁹ His networks include those run by Luis Enrique y Javier Antonio Calle Serna ("Los Comba"), which take care of the shipment of drugs and are allegedly behind Varela's recent assassination. Other key players in the organisation include Julio César López ("Julito"), charged with security, Ramón Quintero, Jaime A. Marín ("Beto Marín") and Roberto Londoño, charged with money laundering. "'Jabón' sigue siendo el más escurridizo", *La Tarde*, 18 September 2007.

⁶⁰ Crisis Group interview, foreign drug agency officer, Bogotá, 29 November 2007.

⁶¹ "Ofensiva contra tres de los capos más buscados", *El País*, 6 March 2006; and Juan Forero, "Venezuela increasingly becoming a conduit for drug trafficking", *The Washington Post*, 28 October 2007.

⁶² The U.S. says Ochoa Vasco has links to transporting and laundering companies in Mexico, Honduras, Belize, Jamaica, Ecuador, Guatemala, Panama and Colombia (Barranquilla and San Andrés). "Ochoa Vasco Criminal Network", U.S. Department of the Treasury, March 2007; "El hombre del cartel", *Semana*, 16 June 2007.

⁶³ "La otra verdad de 'El Socio'", *Semana*, 12 August 2006; and "Narcos perdieron un 'socio'", *El País*, 26 July 2006.

⁶⁴ "El nuevo 'patrón' de la capital", *Semana*, 22 April 2006.

of the chain and are difficult to trace.⁶⁵ Networks of traffickers posing as business people in large and mid-sized cities regularly export small quantities of cocaine through various means, including the mail services, human couriers, commercial planes and cargo ships.⁶⁶

At the lower end of the production chain, intermediaries persist between coca farmers and trafficking networks in certain regions, especially those with increased military presence where the FARC has no territorial control and those with a long coca-crop tradition. While the FARC is an increasingly important buyer of coca leaf, paste and cocaine base, intermediaries in regions such as the Serranía de La Macarena (Meta and Caquetá departments) and along the Putumayo River (bordering Ecuador and Peru) continue to buy primary product from farmers and transport it in bulk to crystallising laboratories in Vichada and along the Pacific coast.⁶⁷

The emergence of new illegal armed groups across the country following the demobilisation of the paramilitary AUC⁶⁸ is linked to the control of primary drug resources – crops, processing facilities for coca paste, cocaine base and pure cocaine and regional trafficking routes – which these groups seek to safeguard against other illegal organisations, including the FARC. They also have links to national and local trafficking structures.⁶⁹ For

instance, in the lower Cauca River region in the north of Antioquia department, members of the former AUC Central Bolívar Bloc have rearmed and control cocaine collection centres in semi-rural areas; Organización Nueva Generación (ONG), which retains the structure of the AUC Libertadores del Sur Bloc, has attempted to penetrate coca-growing communities controlled by the FARC in the Nariño mountain ranges.⁷⁰ New groups have also been found to operate crystallising laboratories along strategic corridors and the border with Venezuela.⁷¹

While FARC's drugs involvement is pervasive, its nature of involvement varies from region to region. According to the Colombian security forces, it has a presence in 428 of the country's 1,098 municipalities, including 128 with illicit crops.⁷² Its control of population and territory in rural areas has allowed it to dictate terms for coca growth, harvest and processing.⁷³ The FARC is also the sole buyer of the primary products in areas it

⁶⁵ "La era de los carteles ha terminado", *El Tiempo*, 16 January 2004.

⁶⁶ Authorities said 70 per cent of the 78 human couriers captured in 2005 were Colombian, 30 per cent foreign. An example of such a network was uncovered in January 2006 during Operation "Mercaderes". Led by Ismael Jiménez Sánchez out of Pereira, it had over 115 members in the U.S., UK, Venezuela, Ecuador, and Dominican Republic, and more than five departmental capitals in Colombia. "Desarticulada gigantesca red internacional dedicada al tráfico de estupefacientes", ANNP, 17 January 2006.

⁶⁷ Intermediaries, sometimes known as "chichipatos", can be primary buyer, transporter and provider of chemical precursors to peasants. They reach agreements on taxes or other conditions for operating in insurgent areas and have extensive contacts with the big trafficking organisations. Crisis Group interview, Bogotá, 21 November 2007. Alejandro Reyes, Francisco E. Thoumi and Liliana Duica, "El Narcotráfico en las Relaciones Fronterizas de Colombia", Centro de Estudios y Observatorio de Drogas y Delito Universidad del Rosario, Bogotá, May 2006, pp. 53-54.

⁶⁸ For background on the financing of paramilitary groups by traffickers for protection, as well as the sale of paramilitary "franchises" to drug traffickers before the negotiation with the Uribe administration, see Crisis Group Latin America Report N°20, *Colombia's New Illegal Armed Groups*, 10 May 2007.

⁶⁹ Ibid; "Décimo Informe del Secretario al Consejo Permanente sobre la Misión MAPP/OEA", Organization of American States, 31 October 2007. In Norte de Santander, the Aguilas Negras are believed to be linked to "los Pepes", "los Boyacos", "los Paisas", "los Mechas" and "los Pamplonas", all local trafficking networks linked to the NDVC and international

groups. The "Seguridad Meta y Vichada" disputed territory and routes with the groups led by alias Cuchillo and has been linked to ex-paramilitary leader alias Macaco, who in turn is believed to have ties to international trafficking organisations, including the faction of former NDVC members alias Rasguño (extradited to the U.S. in 2007 after being deported to Colombia from his hideout in Cuba).

⁷⁰ According to the Mission to support the Peace Process in Colombia of the OAS (MAPP/OAS), other areas where new illegal armed groups are linked to the initial stages of the cocaine production chain include areas in the lower parts of the Sierra Nevada de Santa Marta, the Alto Sino and Bajo San Jorge River areas, Vichada and Meta, as well as the mountain skirts of Caquetá and lower and higher Putumayo. "Las transformaciones del rearme", MAPP/OAS Analysis Unit, internal document.

⁷¹ Members of the "Aguilas Negras" armed group have been found operating crystallising labs in the lower areas of the Sierra Nevada de Santa Marta as well as Puerto Santander municipality on the Venezuelan border. "Desmantelado enorme cristalizadero en Santa Marta", Oficina de Prensa Primera División Ejército Nacional, 31 March 2007. Security forces recently discovered a lab run by alias Cuchillo's group, in the Santa Rosa municipality in Vichada. "Nuevamente Cuarta División propina certero golpe contra bandas criminales al servicio del narcotráfico", Oficina de Prensa Cuarta División Ejército Nacional, 21 September 2007.

⁷² "Colombia: Monitoreo de Cultivos", UNODC, July 2007, p. 69. A 2003 intelligence report estimated that close to 5,000 out of the then estimated 14,500-16,500 men in FARC were dedicated to trafficking activities. "Colombian Report shows FARC is world's richest insurgent group", *Jane's Intelligence Review*, 1 September 2007.

⁷³ In regions such as Tibú and El Tarra (Norte de Santander), FARC has traditionally known in detail the amount of coca grown and its harvesters and monopolised the purchase of coca paste. It sells the base product to local traffickers, who crystallise it in labs along the border in Puerto Santander and take it to international market. Crisis Group interview, Cúcuta, 21 February 2007.

controls.⁷⁴ Some of its fronts have moved up the chain to control the smuggling of chemical precursors and production of pure cocaine and have established links to international trafficking organisations.⁷⁵ The security forces believe some of the larger Mexican cartels acquire up to 55 per cent of the cocaine they ship to the U.S. from the FARC directly and through intermediaries. To facilitate shipment to international traffickers, the FARC has increasingly invested in securing transport routes and means and has been known to set up links to Central American networks that provide springboards for larger operations in Mexico, the U.S. and Europe.⁷⁶

The smaller National Liberation Army (ELN) guerrilla group has repeatedly denied drugs involvement, but it has become increasingly apparent that its fronts in strategic coca-growing regions and corridors near the Venezuelan border and the south of the Pacific coast have come to rely on drug-related income.⁷⁷ Militarily weakened fronts in regions such as southern Bolívar, where the insurgents maintain good relationships with communities, appear to rely more on “taxing” coca crops; there is increasing evidence that stronger fronts in Nariño, Cesar, Norte de Santander and Arauca are

involved in the processing and transport of coca paste, cocaine base and pure cocaine.⁷⁸

There is evidence that farmers involved in growing and harvesting coca have become more sophisticated, since production levels have been maintained even though the average plot size has been reduced by more than half. Farmers – some Colombian authorities believe as many as 100,000 families are involved; UNODC estimated 67,000 in 2006⁷⁹ – have also increased production of cocaine base, which sells at a higher price.⁸⁰ In the Orinoco basin (Vichada, Arauca, Casanare) and Meta-Guaviare, 85 and 65 per cent of peasants respectively produce cocaine base.⁸¹ Despite their increasing know-how, peasants continue to receive a mere 2 per cent of trafficking profits.⁸²

Close to 78 per cent of the trafficking involves maritime routes, either directly from Colombia or from Venezuela and Ecuador.⁸³ The routes include the Central America-Mexico (55 per cent); the Caribbean (10 per cent); and the Euro-Africa corridor (35 per cent).⁸⁴ Washington disaggregates these figures to show that cocaine trafficked to the U.S. comes largely via the Eastern Pacific, through Central America and Mexico (66 per cent)⁸⁵ and the Caribbean, through Central America

⁷⁴ In certain regions of the Serranía de San Lucas, in southern Bolívar, FARC taxes coca crops and coca base production, which can then be sold to other organisations, Crisis Group interviews, southern Bolívar, 8 September 2007. In other cases, such as Meta and Caquetá, it has on occasion forced peasants to sell the basic products and receive bonds in return.

⁷⁵ According to a 2003 intelligence report, the FARC 1st front in Guaviare, led by Gerardo Aguilar (“César”), produced and sold to the Northern Valle cartel eighteen to 25 tons of cocaine. The 16th front, then led by Tomas Medina (“Negro Acacio”), who was killed by the army in October 2007, could produce between fifteen and twenty tons per month for sale to traffickers with routes through Brazil and Suriname to Europe. Similar quantities were produced by José B. Cabrera (“Fabian Ramírez”), head of the southern bloc in Caquetá, and Gener García (“John 40”), head of the 43rd front in Meta. The earnings accounted for over 20 per cent of their drug-related income. “Colombia: Las FARC han recaudado \$783 millones por narcotráfico”, *El Tiempo*, 10 March 2005. More recent security force reports say total FARC annual income dropped from over \$1 billion in 2003 to \$500-\$600 million in 2007. “Tendencias y Resultados 2007”, Ministerio de Defensa Nacional, 24 January 2008, p. 12.

⁷⁶ The fight for control of the Pacific seaport Buenaventura, specialisation by fronts in coastal areas in the construction of go-fast boats and the recent discoveries of a make-shift submarine allegedly belonging to the FARC and men serving as links to the trafficking networks in Honduras, Costa Rica and Mexico reflect an increasing FARC drive to control transport. “Una familia dirige rutas de droga de las Farc”, *El País*, 4 November 2007; “Submarinos de las Farc fueron decomisados por la Armada”, *El Colombiano*, 1 November 2007.

⁷⁷ Crisis Group Latin America Briefing N°16, *Colombia: Moving Forward with the ELN?*, 11 October 2007, pp. 7-8.

⁷⁸ Security force sources believe trafficking, for which the ELN is estimated to receive \$1 million in a year, has replaced kidnapping as its main source of income, *ibid*, p. 8.

⁷⁹ Crisis Group interview, Accion Social official, Bogotá, 8 November 2007; and “Colombia Coca Cultivation Survey”, UNODC, June 2007, p. 6.

⁸⁰ Crisis Group interview, UNODC official, Bogotá, 18 October 2007.

⁸¹ “Colombia: Monitoreo de Cultivos”, UNODC, July 2007, p. 39.

⁸² Crisis Group interview, UNODC official, Bogotá, 18 October 2007.

⁸³ Colombian counter-drug authorities do not break down the numbers and it is not possible to determine how much cocaine is exported from each country’s coast. According to the Colombian army intelligence division, 60 per cent of cocaine seized in 2006 was intercepted at sea or in ports, “Colombia: Monitoreo de Cultivos”, *op. cit.*, p. 81.

⁸⁴ The Mexico-Central America corridor includes maritime trafficking of cocaine produced in all Andean countries, destined for Mexico, then North America; the Caribbean corridor cocaine transited from Colombia, Venezuela and Guyana destined for North America or Europe; the Euro-Africa corridor cocaine leaving the coasts of Colombia, Venezuela, the Guyanas and Brazil.

⁸⁵ Estimates also include maritime shipments from other producing countries such as Peru and Bolivia and shipments of Colombian cocaine transferred to Pacific coast countries such as Ecuador and Chile. Crisis Group communication with DNE official, Bogotá, 28 November 2008. “Cocaine Smuggling in 2006”, Office of National Drug Control Policy, August 2007. These figures differ greatly from those provided by the Colombian

and Mexico (24 per cent).⁸⁶ In 2005, authorities estimated close to 65 per cent of maritime traffic was by go-fast boats (smaller vessels with long hulls and several powerful outboard engines),⁸⁷ but improved interdiction is changing this.⁸⁸ Atlantic ports, such as Necoclí and Turbo⁸⁹ and Pacific ports, such as Guapi, Buenaventura and Tumaco,⁹⁰ are used to ship also by cargo ships. Although established routes are still widely used, experts believe that traffickers carry smaller loads across the Venezuelan, Ecuadorian and Brazilian borders, and are also using smaller ports in departments such as Chocó to cope with increased security.⁹¹

Aerial trafficking appears to be declining. UNODC says only 10 per cent of drug cargoes go by air.⁹² The apparent decrease in suspicious flights in traditional areas (the south east plains),⁹³ is partly explained by use of the border area to avoid detection and for illegal landing strips. Moreover, there are still high numbers of suspicious flights over the northern part of Colombia,

navy, stating that 43 per cent of cocaine is trafficked via the Eastern Pacific Route and 42 per cent via the Caribbean route. These figures do not necessarily include cocaine leaving Peru, Bolivia, and Ecuador. "Acciones y Resultados 2006", Dirección Nacional de Estuperficientes, 2006, p. 129.

⁸⁶ It is estimated that less than 1 per cent is sent directly to the U.S. by boat. Other maritime destinations include Haiti and the Dominican Republic (8 per cent) and Jamaica/Bahamas, Puerto Rico/U.S. Virgin Islands, and Aruba/Bonaire/Curacao/Antilles, each group less than 1 per cent. "National Drug Threat Assessment 2008", op. cit. Main ports include Puerto López, Puerto Estrella, Diluyá and Camarones, in the Guajira department, Neguanje, Gairaca, Guachaquita, Cinto and Taganga in Magdalena, Caño Dulce, Puerto Velero, Boca Tocino, Santa Verónica and Playa Mendoza in Atlántico. Shipments are also sent in go-fast boats from the Golfo de Morrosquillo and Guajira to San Andrés and Providencia islands, where fishing boats provide fuel and other supplies on their way to Nicaragua, Mexico and the U.S.

⁸⁷ "Acciones y Resultados 2006", Dirección Nacional de Estuperficientes, 2006, p. 129.

⁸⁸ Crisis Group interview, international drug agency officer, Bogotá, 29 November 2007.

⁸⁹ According to security forces, FARC fronts 5, 18 and 58 have financial commissions to deal with trafficking networks that have facilities for the adaptation of go-fast boats and containers along the coast in Turbo and Necoclí municipalities.

⁹⁰ Main maritime routes include use of go-fast boats from Buenaventura to Tumaco and then to Esmeraldas in Ecuador, as well as the route from Tumaco to Esmeraldas and on to Manta in Ecuador, intelligence report, internal document.

⁹¹ Crisis Group interview, foreign drug agency official, Bogotá, 11 December 2007.

⁹² "Acciones y Resultados 2006", Dirección Nacional de Estuperficientes, 2006, p. 128.

⁹³ Of 462 suspicious flights detected in 2004, 53.25 per cent were in the south eastern plains. In 2005, of 329 flights detected, 36.56 per cent were in this area, *ibid.*, p. 136.

even if there is a growing tendency to re-route them to Venezuelan airspace.⁹⁴

Waterways along the borders, particularly with Venezuela but also Ecuador and Brazil, have become important smuggling routes for drugs, chemical precursors and weapons. Rivers leading to Venezuela such as La Gabarra (Norte de Santander department), Arauca,⁹⁵ Vichada, Meta, Inirida and Guaviare (in the Orinoco plains) are used as outlets, mainly by the FARC. Trafficking networks have also been known to use the ports along these rivers as purchase points. Brazilian towns along the Amazon, such as Tabatinga, Santo Antonio de Içá, Tefé and Manaus, harbour trafficking groups, who receive drug loads hidden in double-hulled boats coming from the crystallizing labs along the Putumayo River basin in Colombia.⁹⁶ The Mira, San Juan and San Miguel rivers are used for smuggling chemical precursors for processing labs in Nariño and Putumayo departments.⁹⁷

Border crossings have become important points along trafficking routes. The crossings to Venezuela through Cúcuta in Norte de Santander department and Maicao and Paraguachón in Guajira department provide outlets for shipments from Catatumbo, Bucaramanga, and Bogotá, or through Bolívar and Cesar departments.⁹⁸ The route through Tame in Arauca to Guasdalito in Venezuela is also widely used by insurgents, in particular the FARC. Individuals use large numbers of improvised crossings from Ecuador into Nariño to smuggle small quantities of chemical precursors, which go to Tumaco and are distributed along the coast and the Patía River.⁹⁹

⁹⁴ Security forces say some of the main aerial corridors go through the higher part of the Guajira into Venezuela; and through the oriental plain into Venezuela on the border with Vichada department. Alejandro Reyes, Francisco E. Thoumi and Liliana Duica, "El Narcotráfico en las Relaciones Fronterizas de Colombia", Centro de Estudios y Observatorio de Drogas y Delito Universidad del Rosario, Bogotá, May 2006, p. 12. Security forces say Vicente Castaño likely had landing strips in Venezuela, Crisis Group interview, 13 March 2007.

⁹⁵ The main sections of the river used for smuggling are in Puerto Contreras, Puerto Lleras, Puerto Nariño and Campo Oscuro in the Saravena municipality, Burro Muerto, and Bocas de Juju in the Arauquita municipality in Arauca. "Análisis por Departamentos de Policía", *Revista Criminalidad*, no. 49, Dirección Nacional de Policía Judicial, 2006, p. 21.

⁹⁶ Thoumi et al., op. cit., pp. 45-46. "Análisis por Departamentos de Policía", op. cit., pp. 17-18.

⁹⁷ Colombian intelligence report, internal document.

⁹⁸ Thoumi et al., op. cit., p. 12. Crisis Group Report, *Colombia's New Illegal Armed Groups*, op. cit.

⁹⁹ Colombian intelligence report, internal document.

2. Venezuela

While Venezuela's drug crops are still considered marginal,¹⁰⁰ cocaine transit shipments have risen sharply. Sources estimate that between 220 and 300 tons¹⁰¹ – one third to close to one half of Colombia's estimated annual production – pass through annually. Northbound drug flights are believed to have tripled from 2003 to 2006.¹⁰²

Venezuela has become an important transit country for several reasons: the more than 2,000km border with Colombia makes surveillance and interdiction difficult; the communities in parts of the border region have a long smuggling tradition;¹⁰³ political polarisation and volatility provide a breeding ground for crime and violence, as does pervasive corruption within the armed forces and the National Guard; and poor relations with the U.S. and Colombia have damaged counter-narcotics cooperation.

Venezuelan authorities claim progress in the fight against illegal drugs,¹⁰⁴ but the cocaine flow through the country has been increasing, while official figures show worrying declines in seizures since 2005. The National Commission against the Illicit Use of Drugs (CONACUID) reported

seizure of 32.2 tons of cocaine and 443kg of heroin in 2003¹⁰⁵ and 31.2 tons of cocaine and 658kg of heroin the following year.¹⁰⁶ In 2005, seizures of cocaine reached a 58.4-ton peak, while heroin seizures decreased to 394kg.¹⁰⁷ The newly created National Anti-Drugs Office (ONA) announced seizure of only 39.8 tons of cocaine and 271kg of heroin in 2006¹⁰⁸ and 31.8 tons of cocaine and 130.8kg of heroin in 2007.¹⁰⁹

While official figures on seizures of chemical precursors are virtually non-existent, they along with Venezuelan petrol are smuggled to Colombia in large operations.¹¹⁰ The petrol is used as an indispensable cocaine precursor and is not being controlled by the counter-drug authorities in Venezuela.

Colombian traffickers increasingly use Venezuelan territory to smuggle their cocaine to the U.S. and Europe, especially along the western and south western Zulia, Táchira and Apure states.¹¹¹ Sources believe that the relocation of trafficking to Venezuela is due both to feuds among the traffickers and better law enforcement in Colombia, particularly in the departments of Norte de Santander, Santander and Cesar.¹¹² Organised crime networks may be making use, at least for protective

¹⁰⁰ They are believed to be largely confined to the ranges of Serranía de Perijá on the north western border with Colombia. In 2005, authorities reported eradication of 154 hectares of poppy, 40 of coca bushes and 21 of marijuana, "Estadística anual sobre decomisos y detenidos por delito de drogas en Venezuela año: 2005", CONACUID, 2006. However, according to official National Anti-drugs Office (ONA) reports, not a single hectare of illegal crops has been eradicated since 2006, "Estadísticas, decomisos y detenidos por delitos de drogas en Venezuela: año 2006", ONA, 10 January 2007.

¹⁰¹ "Venezuela Increasingly A Conduit For Cocaine", *The Washington Post*, 28 October 2007. Crisis Group interview, drug expert, Caracas, 20 September 2007. Colombian authorities estimate over 250 tons of cocaine transit Venezuela. "Narcos colombianos sacan por 25 rutas de Venezuela la tercera parte de cocaína que producen cada año", *El Tiempo*, 10 December 2007.

¹⁰² Crisis Group Latin America Report N°19, *Venezuela: Hugo Chávez's Revolution*, 22 February 2007, said, "as much as 500 tons of Colombian cocaine transit annually" through Venezuela. The figure was based on sources that estimated Colombian annual production at 1,000 tons, and that UNODC's 610 tons was low. In late 2007, this could not be confirmed, and informed sources spoke only of a 220-300 ton range.

¹⁰³ Smuggling in the Colombian-Venezuelan border includes all kinds of goods, such as Venezuelan petrol, stolen vehicles, household appliances, food, liquors, and tobacco, Crisis Group Report, *Colombia's New Armed Groups*, op. cit., pp.8-10, 14-17.

¹⁰⁴ According to a counter-drug official, Venezuela in 2007 seized large shipments of cocaine (about two tons on Margarita Island); destroyed cocaine processing laboratories and clandestine air strips in Zulia and Táchira states; and seized one airplane in Valencia, Crisis Group interview, government official, Caracas, 20 September 2007.

¹⁰⁵ "Estadística anual sobre decomisos y detenidos por delito de drogas en Venezuela año: 2003", CONACUID, January 2004.

¹⁰⁶ Ibid, 2004, January 2005.

¹⁰⁷ Ibid, 2005.

¹⁰⁸ Ibid, 2006, ONA, 10 January 2007.

¹⁰⁹ "Estadísticas: incautaciones y detenidos por delitos de drogas en Venezuela, Año 2007", ONA, 2008, p. 4, available at www.ona.gob.ve.

¹¹⁰ In 2005, authorities seized 30 tons of potassium chloride, 84.55 tons of urea, 132,468 litres of thinner, 6,864 litres of sulphuric acid, 6,000 litres of hydrochloric acid, 1,338 litres of calcium hypochlorite, 520 tons of acetone and 456 litres of caustic soda, *ibid*, 2005. In 2006, they seized 250 tons of sodium carbonate, 2 tons of potassium permanganate, 30.3 tons of urea, 3,200 litres of acetone and fifteen litres of hydrochloric acid, *ibid*, 2006, ONA. Crisis Group interview, drug expert, Caracas, 20 September 2007.

¹¹¹ Crisis Group interview, journalist, Caracas, 18 September 2007.

¹¹² 128 people were assassinated in Cúcuta, January-September 2007; the homicide rate is 70.87 per 100,000 inhabitants, the highest of Colombia's six main cities. "La Seguridad en las principales ciudades de Colombia (Enero - Septiembre 2007)", Fundación Seguridad y Democracia, 26 November 2007, p. 70. According to the Ombudsman's Office, homicides due to disputes over trafficking in the Catatumbo region are on the rise in cities like Bucaramanga (Santander), where at least 274 people were killed in 2007. "Inseguridad en Bucaramanga es provocada por narcotraficantes del Catatumbo, afirma la Defensoría", *El Tiempo*, 27 November 2007. As former AUC paramilitaries, FARC and ELN operate in the region and in Norte de Santander department, the army has deployed in Tibú and plans to bring two additional brigades to Norte de Santander, Crisis Group interview, journalist, Cúcuta, 21 September 2007.

cover of the large Colombian population in Venezuela, some half million legally there and, some sources say, as many as three to four million counting illegals.¹¹³

While the FARC and ELN have a presence along the border and some FARC operatives may run drug-related activities from Caracas,¹¹⁴ Venezuelan counter-drug authorities have focused on fighting the big Colombian traffickers linked to the ex-paramilitary AUC, such as Vicente Castaño (“El Profe”), Miguel Angel Mejía (“El Mellizo”) and Salomón Camacho Mora, as well as the NDVC.¹¹⁵ A foreign source said that even after AUC demobilisation, individuals and groups with ties to the paramilitaries are still targeted more than the rebels.¹¹⁶

Though there are no known local kingpins, the lack of proper controls to investigate the large amounts of capital entering the economy forms a perfect breeding ground for powerful drug-trafficking organisations.¹¹⁷

¹¹³ Crisis Group interviews, diplomat, economic analysts, Caracas, 19 September 2007.

¹¹⁴ Crisis Group interviews, economic analysts, Caracas, 19 September 2007. The intelligence service (DISIP) arrested Norberto Casas (“Boyaco”), one of FARC’s 16th Front operatives in charge of trafficking, in a Caracas five-star hotel, but he escaped from the Helicoide Fort on 11 June 2005. “FF.AA. venezolanas tienen cartel propio”, *El País*, 23 July 2007. Juan José Martínez Vega (“El Chiguero”), FARC’s 16th front finance chief, was captured in Venezuela in 2005 and extradited to Colombia; he was involved in kidnapping a Venezuelan citizen. Other FARC fronts appear to be active in trafficking in Venezuela: the 10th and 45th, which operate in Arauca department (Colombia) and Apure state (Venezuela) and are commanded by “Grannobles” and “Chucho Dumas”, respectively; and the 33rd, led by “Rubén Zamora”, in Norte de Santander (Colombia) and Táchira and Zulia states (Venezuela). Andy Webb-Vidal, “South American, cocaine trafficking operations shift towards Venezuela”, *Jane’s Intelligence Review*, May 2006, p. 39.

¹¹⁵ The kingpins on ONA reward posters all belonged to the AUC and NDVC: Diego Montoya (“Don Diego”), Wilber Varela (“Jabón”), Juan Carlos Ramírez (“Chupeta”), Edgar Vallejo (“Beto Gitano”), Vicente Castaño (“El Profe”), Miguel Angel Mejía (“El Mellizo”), Carlos Alberto Rentería (“Beto Rentería”), Néstor Caro Chaparro (“Felipe”), Salomón Camacho Mora and Fabio Enrique Ochoa Vascos (“Carlos Mario”). No pictures of Colombian guerrillas appear on the posters.

¹¹⁶ Crisis Group interview, foreign drugs expert, Caracas, 18 September 2007. It has also been reported that Italian and Russian mafias operate in Carabobo state, where Puerto Cabello, Venezuela’s second most important seaport is located, Crisis Group interview, drug expert, Caracas, 20 September 2007.

¹¹⁷ Besides the oil windfall, the vast amounts of Bolívares and dollars circulating in the economy suggest as much as \$12-\$14 billion may be laundered in a year, especially in the seaside cities, from such activities as smuggling and drug and arms trafficking. Sourced agree the majority of that is likely to be drug money. Crisis Group interviews, journalist, military analyst and economic analysts, Caracas, 19 September 2007.

This is reflected in the violence in the Caracas slums (*barríos*), such as Petare and Catia, which is being spurred by turf wars for control of criminal activities, including drug distribution for local consumption.¹¹⁸

The presumed participation of police and military officers in trafficking is a great concern.¹¹⁹ A plausible indicator of the authorities’ failure to fight trafficking, and possibly of involvement, is the decline in drug seizures inside Venezuela at the same time as such seizures are increasing abroad, including of drugs coming from Venezuela.¹²⁰ Another indicator could be the fact that Colombian kingpins are using illegally obtained Venezuelan ID cards to operate in the country.¹²¹ FARC, ELN and Colombian traffickers appear to negotiate in Táchira the transit of drugs with the National Guard and the police of border municipalities.¹²² Agents from the Scientific and Criminal Investigative Body (CICPC) and the National Guard have been arrested trying to load small planes with cocaine.¹²³

Traffickers may have corrupted the highest ranks of military officers and officials. Reportedly, officers seek posts along the Colombian border so as to make a profit.¹²⁴ With some living opulent, even extravagant

¹¹⁸ Crisis Group interview, journalist, Caracas, 19 September 2007.

¹¹⁹ Crisis Group interviews, economic analysts, Caracas, 20 September 2007.

¹²⁰ Crisis Group interview, foreign drugs expert, Caracas, 18 September 2007. Reportedly non-U.S. seizures of drugs from Venezuela have tripled. “International Narcotics Control Strategy Report – 2007”, op. cit.

¹²¹ Hermágoras González, member of the Guajira cartel, captured on 9 March 2008, was suspected of operating in Venezuela with DISIP credentials; drug trafficker Farid Feris Domínguez, who was extradited to Colombia, has said he lived in a posh Caracas neighbourhood on a diplomatic passport. “Venezuela Increasingly A Conduit For Cocaine”, *The Washington Post*, 28 October 2007. In Bejuca (Carabobo) nine assassinated alleged Guajira cartel members had credentials signed by a National Guard general. “FF.AA. venezolanas tienen cartel propio”, *El País*, 23 July 2007. Recent press reports point to involvement of high military intelligence officers in giving Venezuelan IDs to FARC and other Colombian drug traffickers, “El Montesinos de Chávez”, *Semana*, 4 February 2008.

¹²² Crisis Group interview, foreign drugs expert, Caracas, and journalist, Cúcuta, 18 and 21 September 2007.

¹²³ On 9 June 2007, six CICPC agents were arrested trying to load a small plane on Margarita Island with 2.3 tons of cocaine; allegedly, it was to fly to Sierra Leone. A month later, six National Guard agents were arrested in Falcón state trying to load a plane that fled to Mexico. “FF.AA. venezolanas tienen cartel propio”, *El País*, 23 July 2007.

¹²⁴ Crisis Group interview, drug trafficking expert, Caracas, 20 September 2007.

lifestyles, major corruption is not unlikely.¹²⁵ A group of generals in the National Guard is believed to run an operation known as the Sun Cartel,¹²⁶ which is said to control transit operations along the Arauca, Bolívar and Delta Amacuro axis. Mauro Marcano, a journalist and city councillor from Maturín, Monagas state, in north eastern Venezuela, was killed on 1 September 2004 after repeatedly denouncing the Sun Cartel.¹²⁷ On 5 March 2007, drug trafficker Ceferino García, suspected to be one of the Sun Cartel bosses, was arrested and charged with masterminding the murder.¹²⁸ However, no senior police or army officer in Monagas state has been brought to trial on drug-related charges.¹²⁹ Marcano had alleged collusion between García and National Guard General Alexis Maneiro Gómez (an intelligence commander and head of Comando Regional 7 based in Puerto La Cruz), Colonel Juan Fabricio Tirry, head of Detachment No. 77 in Monagas, and José Manuel del Moral, former chief of police in Monagas state.¹³⁰

Attorney General Isaías Rodríguez has argued, not without some justification, that the Chávez government is committed to fighting drug trafficking and ending corruption.¹³¹ However, the growing cocaine flow through the country, the relatively small amounts of cocaine seized and increasing signs of pervasive corruption within the National Guard and other state institutions all point to the conclusion that it is not doing enough to tackle the problem.¹³²

The trafficking networks operate mainly from the Colombian border in the west to the Atlantic in the north and the Orinoco

River Delta in the east.¹³³ Reportedly, FARC uses the waterways to ship cocaine from clandestine laboratories in Guainía and Vichada departments (Colombia) to estates in Bolívar state (Venezuela), where it is loaded into light aircraft.¹³⁴ Traffickers also carry cocaine in light aircraft from jungle airstrips in Colombia to Apure, Bolívar and Amazonas states in Venezuela. Flights are so short that Colombia's jet fighters at the Apiay base (Meta department) have insufficient time to intercept them once radar detects them. The small planes then fly north to the Antilles, Haiti or the Dominican Republic before shipping the cargo to the U.S.¹³⁵

Cocaine shipments also leave Bucaramanga and Cúcuta in Colombia and cross the porous border via hundreds of dirt trails and dozens of rivers into Puerto La Cruz (Caribbean coast) and Puerto Ordaz (Orinoco River). From there, the cocaine is shipped to the Antilles and Europe. Trafficking is also booming at the north eastern tip of Paria Peninsula, Sucre state, from where go-fast boats carry the cocaine to Trinidad and other islands in the Caribbean.¹³⁶

Cocaine transiting Venezuela is increasingly smuggled to Europe by a wide array of transport, including shipping containers, oil tankers and airliners through Caracas's international airport, where, in addition to human couriers (*mulas*), civilian airport workers and authorities appear to be directly involved in large shipments.¹³⁷ The latest trend is export of cocaine to West Africa, which is becoming a transit hub to Europe,¹³⁸ using small boats to load big ships offshore and small but long-range airplanes operating from illegal landing strips.¹³⁹ An increasing number of Western and Central European and African nationals have been arrested in Venezuela on trafficking charges.¹⁴⁰

¹²⁵ Crisis Group interviews, economic analysts, Caracas, 19 September 2007.

¹²⁶ Crisis Group interview, drug trafficking expert, Caracas, 20 September 2007. See Crisis Group Report, *Hugo Chávez's Revolution*, op. cit. The name comes from the gold stars on their uniforms.

¹²⁷ Crisis Group interviews, political analyst and journalist, Caracas, 17-18 September 2007.

¹²⁸ Marcano claimed Joel Rengifo, then head of CICPC's anti-extortion/kidnapping division, had negotiated with trafficker Ceferino García for return of half of a seized ton of cocaine. "FF.AA. venezolanas tienen cartel propio", *El País*, 23 July 2007.

¹²⁹ "Venezuela - Annual report 2007", Reporters Without Borders, at www.rsf.org.

¹³⁰ "FF.AA. venezolanas tienen cartel propio", op. cit. "Venezuela - Annual report 2007", op. cit.

¹³¹ 23 prosecutors and 150 judges have been fired due to involvement in trafficking; 3,670 convictions have been made since 2000; former "drug czar" (CONACUID director) Luis Correa was removed following rumours he cooperated with Colombian cocaine kingpins; General Alexis Maneiro is under investigation. "Venezuela Increasingly A Conduit For Cocaine", *The Washington Post*, 28 October 2007.

¹³² Crisis Group interview, political analyst, Caracas, 18 September 2007.

¹³³ Drugs are mainly ferried through Venezuela on land vehicles, Crisis Group interview, journalist, Caracas, 18 September 2007.

¹³⁴ "South American, cocaine trafficking operations shift towards Venezuela", Andy Webb-Vidal, *Jane's Intelligence Review*, May 2006, p. 38.

¹³⁵ Crisis Group interview, intelligence sources, Bogotá, 4 October 2007.

¹³⁶ Crisis Group interviews, journalists, Caracas, 18-19 September 2007.

¹³⁷ Crisis Group interviews, drug expert, Caracas, 20 September 2007, and foreign drugs expert, Caracas, 18 September 2007.

¹³⁸ See III E below.

¹³⁹ Crisis Group interview, diplomats, Caracas, 20 September 2007.

¹⁴⁰ In 2005, 578 foreigners were arrested on trafficking-related charges, of whom 457 were Europeans (including 222 Spanish, 105 Dutch, 38 British, 29 French, 28 Portuguese and twenty Italians) and 28 Africans, "Estadísticas", 2005, op. cit. In 2006, 622 foreigners were arrested, of whom 409 were Europeans (including 262 Spanish, 71 Dutch, 26 Portuguese and 22

3. Peru

Coca cultivated in Convención-Lares is largely destined for traditional uses, and its cultivated area has remained relatively stable in the past five years, but most of the coca of Upper Huallaga, Valley of the Apurímac, Ene Rivers and eleven other coca-growing basins is diverted to produce cocaine.¹⁴¹

Due to its infrastructure and management limitations, the public National Coca Enterprise (ENACO) is only buying 3,000 tons per year (one third of the traditional demand), 90 per cent of it in Convención-Lares.¹⁴² The remaining two thirds of demand is supplied by the parallel market, where “tronqueras” (farmers who have historically dealt with coca leaves for traditional use) buy dried leaves at \$5.23 per kg.¹⁴³ However, traffickers are buying leaves at an average of \$2.50 per kg¹⁴⁴ and still making it more profitable to sell the large surplus (105,100 tons in 2006) for cocaine production than to ENACO for \$1.75 per kg.¹⁴⁵

The state’s seizure capacity is virtually non-existent. With a cocaine production potential of 280 tons in 2006 (compared to 160 tons in 2002) and an estimated internal drug use of sixteen tons, only fifteen to eighteen tons of cocaine are seized annually.¹⁴⁶ Although 203.6 tons of chemical precursors were captured, this was 0.63 per cent of the estimated 32,174 tons needed to produce 280 tons of cocaine. About \$1.053 billion linked to trafficking activities enter the Peruvian economy annually, with a substantial impact on the Huánuco, Ayacucho and Cusco economies.¹⁴⁷

Italians) and 42 Africans (including twenty South Africans and fifteen Nigerians), *ibid*, 2006.

¹⁴¹ Between 12,170 and 12,747 hectares (UNODC) or 11,109 hectares (CADA unofficial measurement) in 2006; about 80 per cent of the Convención-Lares production is for traditional use, Crisis Group interview, Amazon analyst, Lima, 6 November 2007.

¹⁴² Crisis Group interview, high government official, Lima, 5 November 2007.

¹⁴³ This is why peasants sell their best leaves to the “tronqueras” while leaving those of lesser quality for ENACO.

¹⁴⁴ The price of dried coca leaves depends on the basin and the season. Annual average prices declined from \$2.80 per kg in 2004 and \$2.90 in 2005 to \$2.50 per kg in 2006. “Monitoreo de cultivos en el Perú 2006”, UNODC, June 2007, p. 59.

¹⁴⁵ Crisis Group interview, member, Community of Andean Nations Parliament, Lima, 7 November 2007.

¹⁴⁶ In 2005, 17.8 tons of cocaine, 4.6 tons of coca pasta base and 1,588 tons of coca leaves were seized and destroyed. The 2006 figures were, 14.8 tons, five tons and 1,067 tons. “Monitoreo de cultivos en el Perú 2006”, UNODC, June 2007, p. 65.

¹⁴⁷ “Jaime Antezana: narcotráfico mueve en el Perú más de US\$18 mil millones”, Agencia Perú, 14 May 2007.

As less than 10 per cent of the national coca leaf production is destined for traditional use, the vast majority of the some 65,000 families involved in cultivation sell leaves that are diverted to produce cocaine.¹⁴⁸ Peasants are not only harvesting and selling the dried leaves, but also increasingly producing coca paste in maceration pits, which is then sold to middlemen (*traqueteros*) who send it to clandestine cocaine-processing laboratories.¹⁴⁹ According to a source, traffickers have transferred the know-how to produce cocaine to some peasants, who use small electricity generators, microwave ovens and legal chemical precursors such as cement, salt, and muriatic acid.¹⁵⁰

In recent years, Peru’s trafficking organisations, which traditionally have operated in tightly organised, next-of-kin groups (clans or “firms”), have changed from coca paste and cocaine base producers to high-quality cocaine producers and exporters. Although they are not as developed as Mexican or Colombian counterparts, there is a high risk of expansion. In clandestine laboratories, the Peruvian National Police Anti-Drug Direction (DIRANDRO) has already seized moulds to press cocaine into “bricks” for export with distinct “firm” logos for identification.¹⁵¹

The largest cocaine export operations, however, are managed by envoys of the Mexican and Colombian organisations,¹⁵² which could help explain the spike in cocaine potential production, as well as the innovative ways of export.¹⁵³ These organisations are in Peru because there is no local capacity to compete for the markets and to ensure the quality and delivery of the product.¹⁵⁴ Though all the main Mexican drug cartels are believed to run operations in Peru,¹⁵⁵ the Mexican deputy attorney general for special investigation into organised crime, José Luis Santiago Vasconcelos,

¹⁴⁸ Crisis Group interview, foreign drugs expert, Lima, 7 November 2007.

¹⁴⁹ Crisis Group interviews, high government official and drug-trafficking analyst, Lima, 5 November 2007.

¹⁵⁰ Crisis Group interview, drugs analyst, Lima, 5 November 2007.

¹⁵¹ Crisis Group interviews foreign drugs expert, Lima, 6 November 2007, and DIRANDRO director, Lima, 7 November 2007.

¹⁵² Crisis Group interview, DIRANDRO director, Lima, 7 November 2007.

¹⁵³ Despite big efforts by the authorities to increase controls, traffickers have introduced innovative production techniques that are almost impossible to detect. Crisis Group interview, foreign drugs expert, Lima, 7 November 2007.

¹⁵⁴ Crisis Group interview, drug-trafficking analyst, Lima, 5 November 2007.

¹⁵⁵ Crisis Group interviews, drug-trafficking and Amazon analysts, Lima, 5-6 November 2007.

recently said the Sinaloa cartel, which seems to have had contacts in the country for some time, was the only one with the “logistical and financial capacity” to run large export operations from Peru.¹⁵⁶

Mounting evidence since 2002 shows that Colombians of the NDVC work with the Sinaloa cartel. Both buy Peruvian cocaine and ship it to the Mexican Pacific coast. There is also evidence that the Sinaloa cartel, with Colombian help, is interested in the cocaine processing stage. A clandestine laboratory destroyed in 2007 was operated by Colombian chemists and reportedly belonged to the cartel.¹⁵⁷ Colombian traffickers also operate in Tocache (Huallaga) and Monzón.¹⁵⁸ Three Mexicans and a Colombian arrested in Lima in early November 2007 were in possession not only of cocaine, but also of chemical precursors used for amphetamines.¹⁵⁹

Led by “Artemio” in the Upper Huallaga Valley and Aguaytía (between Huánuco and Ucayal) and by “Alipio” in the VRAE, the two remnants of the Shining Path rural guerrillas¹⁶⁰ have built a force with strong firepower that provides security to traffickers.¹⁶¹ Alipio’s men appear to have begun coca cultivation and coca paste processing in maceration pits near the Mantaro and Ene rivers in late 2004.¹⁶² During the past two and a half years, both columns have stepped up violent operations against anti-narcotics police and government agents,¹⁶³

in what appears to be a new strategy of “cleansing” the transit corridors from “defiant” police and other state presence and acting more as a “firm”.¹⁶⁴ Manual forced eradication is under attack: in Yanajanca (Upper Huallaga), where minefields and booby traps were found in the coca fields.¹⁶⁵

Despite rumours that the FARC was operating in Peru, Crisis Group was told that its alleged activity along the border and operatives in Upper Huallaga, Ucayali and Aguaytía were more likely attempts to establish logistical corridors to their troops in Colombia rather than involvement in new drug-trafficking or political operations.¹⁶⁶

Cocaine produced in the main basins of central Peru is exported to the U.S. and Europe via the Pacific coast. As controls have made it more difficult to use cars and trucks to deliver big quantities to the coast, traffickers are relying on human couriers (*mochileros*), young people who carry five to fifteen kgs of cocaine by foot along ancient Inca trails that cross the passes of the high Andes.¹⁶⁷ Traffickers hire groups, including Shining Path remnants, to protect the deliveries. Mexicans and Colombians then use legally established Peruvian corporations, especially those involved in the fishing industry, as fronts (*fachada*) to store and ship the cocaine to the Pacific coast of Guatemala and Mexico. Because of the longer distances, small boats rather than go-fast boats are used to take the cocaine shipments out to open sea, where they are loaded on to bigger fishing and shrimp vessels.¹⁶⁸

¹⁵⁶ “El Cártel de Sinaloa pisa fuerte en el Perú”, *La República*, 31 October 2007. The Sinaloa cartel chiefs were members of the former Juárez cartel headed by the late Amado Carrillo Fuentes (“El Señor de los Cielos”), who had operations in Peru since 1996, “El cártel de Sinaloa opera en el Perú”, *El Comercio*, 11 March 2007.

¹⁵⁷ The authorities say the Huanta (Ayacucho) laboratory had an estimated production capacity of 36 tons of cocaine; 80 tons of chemical precursors were also destroyed. “Cártel de Sinaloa operaba en laboratorio destruido”, *El Comercio*, 28 March 2007.

¹⁵⁸ Crisis Group interview, drugs analyst, Lima, 5 November 2007.

¹⁵⁹ DIRANDRO communiqué, 13 November 2007.

¹⁶⁰ For more on Shining Path, the Maoist insurgency throughout the 1980s and until its leader, Abimael Guzmán, was captured in 1992, and its involvement in drugs activities, see Crisis Group Report, *Coca, Drugs and Social Protest*, op. cit., pp. 15-16.

¹⁶¹ Both columns also appear to be involved in illegal logging and petrol smuggling from Amazon refineries. Sources cite combatant figures of 200 to 300. They have modern communications, assault rifles, grenades and rocket launchers that have been used against police stations. Crisis Group interviews, drugs analyst and drug-trafficking analyst, Lima, 5 November 2007.

¹⁶² Crisis Group interview, DIRANDRO director, Lima, 7 November 2007. “El narcotráfico ha logrado armar un ejército de sicarios en el VRAE”, *La República*, 4 November 2007.

¹⁶³ Since December 2005, police and government workers, convoys and police stations have been attacked by heavily

armed groups. The army has also fought with groups providing security for *mochileros* (people that transport drugs across the high Andes mountain passes). “El narcotráfico ha logrado”, op. cit. ¹⁶⁴ Televised interview with Jorge Antezana, *Enlace Nacional*, 5 November 2007.

¹⁶⁵ They were found by the Reduction of Coca Leaf in the Upper Huallaga (CORAH) program, which uses dogs to detect explosives and tools for extracting the plants, Crisis Group interview, high government official, Lima, 5 November 2007.

¹⁶⁶ Crisis Group interviews, drugs and Amazon analysts, Lima, 5-6 November 2007.

¹⁶⁷ To send cocaine produced in the Upper Huallaga, Aguaytía and Monzón basins to the coast, *mochileros* use trails towards Piura, La Libertad, Ancash and Callao (Lima’s port). Cocaine from the VRAE is delivered over the ancient trails of Ayacucho and Apurímac. Drugs are also reportedly sent from Andahuaylas (Apurímac) to the southern coast (Ica and Arequipa) or to Cusco and Puno in transit to Bolivia. Crisis Group interview, trafficking analyst, Lima, 5 November 2007.

¹⁶⁸ DIRANDRO seized cocaine shipments of 1.7 tons (June 2002), 0.8 tons (February 2005) and 0.85 tons (October 2007) that were to be sent to Mexico by organisations that included Mexicans, Colombians and Peruvians. A Piura fishing entrepreneur was allegedly involved in a shipment sized in

Peruvian clans are the leading organisations in the export, transportation and distribution of cocaine and “paco” in the booming drug markets of the Southern Cone.¹⁶⁹ In association with Brazilian traffickers, Peruvian “firms” in the VRAE send cocaine by small aircraft to Brazil.¹⁷⁰ Peruvian clans are helped by family ties in the border crossing area (to Chile) of Tacna-Arica and Santiago and also use Bolivia as a transit country to Chile, Argentina and Brazil.

Peruvian authorities estimate that 25 per cent of cocaine transiting Bolivia is Peruvian; Bolivians say more.¹⁷¹ Peruvians in El Alto and La Paz send it to Santa Cruz, where it is directed east towards Brazil or south to Yacuiba, on the Argentine border. From Yacuiba, it is shipped to Santiago (Chile) via Jujuy province (Argentina) and to Buenos Aires (where 70,000 Peruvians live) via Salta province. After bloody turf wars against Bolivians and Paraguayans, Peruvians have controlled the distribution outlets of the Buenos Aires slums since the late 1990s.¹⁷²

Coca cultivation in the isolated northern Putumayo River and Caballococha regions appears to respond to dynamics in southern Colombia. Crops have reportedly been planted by Peruvians who previously worked in Colombia as harvesters (*raspachines*).¹⁷³ Colombians buy the coca leaves to produce cocaine in their country and then use the Putumayo and Caquetá rivers to transport it to Manaus (Brazil), where, a source said, a FARC operative receives it and is paid up to \$7,000 per kg by Brazilian mafias.¹⁷⁴

October 2007. “El Cártel de Sinaloa pisa fuerte en el Perú”, *La República*, 31 October 2007; and Crisis Group interviews, drugs and trafficking analysts, Amazon analyst and foreign drugs expert, Lima, 5-6 November 2007.

¹⁶⁹ “Paco” is made from leftovers of the coca paste elaboration process and several chemicals. It is a very “degraded form of cocaine” that is highly addictive, often compared to bazuco and the chemical composition of which is not fully known. Crisis Group interview, foreign drugs expert, Lima, 6 November 2007; and “El paco bajo la lupa. El Mercado de la pasta base de cocaína en el Cono Sur”, Transnational Institute, October 2006.

¹⁷⁰ They take advantage of the lack of aerial interdiction, Crisis Group interview, drugs analyst, Lima, 5 November 2007.

¹⁷¹ See III A 4 below.

¹⁷² Crisis Group interview, drug-trafficking analyst, Lima, 5 November 2007. “Llamaba mucho la atención porque gastaba dinero en farras y mujeres”, *Página/12*, 7 November 2007.

¹⁷³ Work as a *raspachín* in Colombia is profitable for Peruvians, who earn between \$13.38 and \$16.72 per day, what many Peruvians normally earn in a week, Crisis Group interview, Amazon analyst, Lima, 6 November 2007.

¹⁷⁴ Crisis Group interview, drug-trafficking analyst, Lima, 5 November 2007.

4. Bolivia

In the first ten months of 2007, Bolivia’s Special Force to Fight Drug Trafficking (FELCN) seized 14.8 tons of coca paste and cocaine, up from 11.3 tons in 2005 and 14 tons in 2006.¹⁷⁵

No large trafficking organisations are based in Bolivia, where small, compact, difficult to infiltrate family clans are the norm, operating mainly in La Paz, Cochabamba and Santa Cruz.¹⁷⁶ However, some small foreign organisations, especially Colombian, Peruvian and Mexican, work inside the country.¹⁷⁷ Bolivian groups traffic cocaine from Peru for transport to Brazil, the destination also of around 70 per cent of Bolivian cocaine.¹⁷⁸ Cocaine processed in Cochabamba is ferried through the jungle to clandestine landing strips in Beni, from which light aircraft fly to Rondônia state in Brazil either directly or via Paraguay.¹⁷⁹ The largest exit point for Bolivian cocaine is Santa Cruz department, where two members of the Brazilian Primeiro Comando da Capital (PCC) allegedly live.¹⁸⁰

There has been an increase in the number of foreigners arrested trying to transport cocaine to Europe, mostly Spain, from the Santa Cruz airport. From 1 January 2007 to 10 October 2007, FELCN arrested 94 Bolivians seeking to carry cocaine through the country’s international airports but also a considerable number of European nationals.¹⁸¹

An estimated 10 per cent of the coca leaf that reaches the legal market in La Paz is diverted to drug production elsewhere. Crisis Group was told that complicity has been detected between some of the shop owners in the market and traffickers.¹⁸² According to police officials in La Paz and Buenos Aires, legal leaf has been trafficked to Argentina for processing into coca paste.¹⁸³

¹⁷⁵ “Ingresa marihuana paraguaya para consumo”, *La Razón*, 20 October 2007. Crisis Group interview, senior police official, La Paz, 12 October 2007.

¹⁷⁶ Crisis Group interview, high FELCN official, La Paz, 16 November 2006.

¹⁷⁷ Crisis Group interview, diplomat, La Paz, 5 October 2007.

¹⁷⁸ Crisis Group interview, diplomat, La Paz, 8 October 2007.

¹⁷⁹ Crisis Group interview, Beni department resident, Sucre, 7 July 2007. The aircrafts are small enough to land on roads.

¹⁸⁰ “El 80% de la droga elaborada en Bolivia se destina a Brazil”, *La Razón*, 10 June 2007; also, see III B 1 below.

¹⁸¹ 24 Spanish citizens, five Germans, three Dutch and two British, among others. Numbers provided by FELCN.

¹⁸² Crisis Group interview, senior police official, La Paz, 12 October 2007.

¹⁸³ Crisis Group interviews, government official and senior police official, Buenos Aires, La Paz, 10 September and 12 October 2007.

The head of FELCN told Crisis Group production of both paste and pure cocaine is no longer restricted to such areas as the Chapare. While laboratories there and in Cochabamba, Santa Cruz city, El Alto and the bordering regions are small and produce mainly cocaine base, there is some cocaine production in the eastern lowland department of Santa Cruz.¹⁸⁴ The drug is sent to Brazil and Argentina. From January to October 2007, six laboratories were uncovered, one allegedly owned by Colombians and with advanced technology.¹⁸⁵ However, according to officials in La Paz, part of the cocaine production has moved to the western highlands (*Altiplano*), especially El Alto, where clandestine laboratories have been found.¹⁸⁶ Usually, coca paste is the main illicit drug that is destined for Chile.

Both government officials and UNODC express concern over the trend of coca cultivation in national parks in the tropical Andes foothills, especially Isiboro Secure (Cochabamba and Beni), Carrasco (Cochabamba) and Madidi (north of La Paz) parks.¹⁸⁷ In 2006, illegal coca growers in Carrasco were in a gunfight with police that left two dead.¹⁸⁸ UNODC is not monitoring other parks, and Santa Cruz department residents worry about coca crops in the Amboró and Chore parks, in the foothills of the Andes ranges.¹⁸⁹ The Chore reserve ecosystem, to the east of Chapare, is particularly fragile. It is flooded by rains for half the year and is one of Bolivia's main hydrological reserves. The primary forest there is being logged by over 600 families, many of whom also cultivate coca.¹⁹⁰

¹⁸⁴ Crisis Group interview, high FELCN high official, La Paz, 16 November 2006. FELCN found a cocaine laboratory 190km from Santa Cruz using advanced technology to produce drugs for the Brazilian market, Crisis Group interviews, political/social analysts, La Paz, 14 June 2007.

¹⁸⁵ Five Colombians were arrested when the laboratory was discovered; they would produce several kggrams at a time, then leave for some months. Crisis Group interview, senior police official, La Paz, 12 October 2007.

¹⁸⁶ Crisis Group interviews, political/social analysts, UN official and senior police official, La Paz, 14 June, and 4, 12 October 2007.

¹⁸⁷ Although coca cultivation declined in 2005 in the national parks of Isiboro Secure (2,807 hectares to 1,161) and Carrasco (1,257 to 781), both parks had increases in 2006 (to 1,451 hectares in Isiboro Secure and 837 in Carrasco). Crops in Madidi have remained stable since 2004 (ten hectares). "Coca Cultivation in the Andean Region", op. cit., p. 51.

¹⁸⁸ Crisis Group interview, high government official, La Paz, 16 November 2006.

¹⁸⁹ Crisis Group interview, agrarian analyst, Santa Cruz, 6 February 2007.

¹⁹⁰ Crisis Group interviews, logging and forestry industry analysts, Santa Cruz, 6 February 2007.

5. Ecuador

Not itself a producer,¹⁹¹ Ecuador is a transit and storage point for Colombian and Peruvian drugs. Chemical precursors are also smuggled from there to its neighbours, and the country has increasingly become a money-laundering platform due to its dollarised economy.¹⁹² Cocaine is the main transiting drug.¹⁹³ Sources estimate that 10-25 per cent of cocaine produced in Colombia passes through.¹⁹⁴ In 2006, seizures were 27 tons of cocaine and 7.2 tons of coca paste, compared to 39.6 tons and 1.5 tons respectively in 2005. From 1 January to 19 November 2007, cocaine seizures dropped again to 13.6 tons; the small increase in coca paste seizures, 7.5 tons, could point to an increase in laboratories.¹⁹⁵ However, one source said that actual 2006 seizures may have been as high as 72 tons, counting cocaine interdicted by the U.S. in Ecuadorian territorial waters.¹⁹⁶

Big shipments are mainly by the NDVC faction headed by the recently arrested Diego Montoya. It works with smaller, loosely aligned groups, including Ecuadorians, Colombians and Peruvians in charge of transportation,

¹⁹¹ UNODC considers Ecuador a risk country; 100 hectares of coca leaf were detected during unfavourable 2006 weather. Experts believe there could be some 300 hectares. Crisis Group interviews, consultants, foreign drugs expert, Quito, 6-7 November 2007.

¹⁹² Crisis Group interview, Quito, 6 November 2007. The three main money laundering paths involve *pitufeos* (multiple small transactions); travellers; and real estate deals. Crisis Group interview, finance ministry official, Quito, 6 November 2007.

¹⁹³ The police said marijuana seizures increased from 522kg in 2005 to one ton in 2006, while heroin seizures declined from 238kg to 233, Crisis Group email correspondence, National Anti-narcotics Direction (National Police), 20 November 2007. The U.S. said 31 tons of cocaine and seven tons of coca paste were seized in 2006, compared to 42 tons of cocaine and 1.4 tons of coca paste in 2005. "International Narcotics Control Strategy", op. cit., p. 125.

¹⁹⁴ This corresponds to 61-153 tons. "Presentation on Drug-trafficking in Ecuador", Carlos Espinosa and Analytical Group, Quito, 5 November 2007. Over 150 tons of cocaine are said to be trafficked from Colombia to Ecuador each year, "Cocaine culture creeps into Ecuador", *Los Angeles Times*, 5 October 2007.

¹⁹⁵ Crisis Group email correspondence, National Anti-narcotics Direction (National Police), 20 November 2007. As there appear to be no cocaine laboratories in northern Peru, the province of El Oro (Ecuador) may have become a refinement area. In August 2007, two laboratories with links to Peruvian gangs were dismantled during operation "Blue Hurricane". Ecuadorian security forces discovered and destroyed three laboratories in Machala (El Oro) in 2006.

¹⁹⁶ Over 85 per cent of the seizures are said to be the result of U.S.-led efforts, Crisis Group interview, attorney, Quito, 8 November 2007.

stockage and export.¹⁹⁷ The drugs go by land across the Colombian border (Putumayo) to Puerto Francisco de Orellana (Orellana province) and Nueva Loja (Sucumbíos province), often by women and children couriers. The FARC appears to “tax” cocaine or coca paste border transport but also to be involved in trafficking in Ecuador, especially the 48th front in the Tulcán (Carchi, Ecuador)-Ipiiales (Nariño, Colombia) border region, and the Teófilo Forero mobile column along the Mocoa-La Hormiga-San Miguel route in Putumayo.¹⁹⁸ They reportedly work with criminal groups in Sucumbíos, which run petrol smuggling operations.¹⁹⁹

The main buyers are the Mexican cartels of Sinaloa, Juarez and Tijuana. Cocaine shipments transit Ecuador by sea and land. There are two main sea routes. The first, from Tumaco in coca-producing Nariño department (Colombia), enters Ecuador in Esmeraldas province. The shipment is ferried to the Galápagos Islands, in transit to Mexico, the U.S. and Europe. The second, from Buenaventura, Valle department (Colombia’s main Pacific port), goes to the Ecuadorian ports of Manta and Guayaquil, then to Galápagos, in transit to the U.S. Shipments are in go-fast boats from Colombia and transferred to freighters in Ecuador. Peruvian cocaine from Marañón and Upper Huallaga is sent to El Oro province in Ecuador, then to Manta and Galápagos in transit to Mexico, the U.S. and Europe.²⁰⁰ Export firms, particularly shrimp companies, conceal drugs in containers.²⁰¹ They operate in Esmeraldas, Manabí, Guayas and El Oro provinces and ship to the U.S. via Mexico and Europe. Although this sector has received increasing foreign investment, property is

registered to Ecuadorians, hindering efforts to identify real owners.²⁰²

The land routes use couriers, especially indigenous women and children from the tropical forests,²⁰³ to cross the border in Putumayo department to Sucumbíos province. From there, drugs are shipped to Pichincha province in the Andes, in transit to Manabí and Guayas provinces on the Pacific. Another route, from Nariño department, crosses the border at Ipiiales-Tulcán, then to Pichincha and Guayas provinces, and from the coast to the Galápagos, Mexico, the U.S. and Europe.²⁰⁴ Couriers and airmail are also used to ferry cocaine from Ecuador. Arrests for drug possession or trafficking increased from 3,280 in 2005 to 3,327 in 2006 and were 2,809 to November 2007.²⁰⁵

The border corridors are also used to smuggle Ecuadorian “white gasoline” to Colombia, for use as a chemical precursor for processing cocaine. This smuggling mainly affects Carchi and Esmeralda provinces, where Colombian authorities have found at least 128 illicit path crossings to Nariño department.²⁰⁶ White gasoline is carried from the refineries in Sucumbíos to Colombia by individuals or on the San Miguel and Putumayo rivers.²⁰⁷

¹⁹⁷ In May 2006, the network led by the Colombian Ariel Torres Pineda was dismantled during “Operation Pacific Storm”. He was accused of laundering money through companies and linked to the NDVC. Nestor Gomez Estupiñan was also detained and charged with trafficking and money laundering; he allegedly was a member of the AUC’s Libertadores del Sur Bloc, which operated in Nariño department and demobilised in June 2005. In August 2007, “Operation Blue Hurricane” led to charges that Colombian Victor Hugo Ramirez was the leader of the trafficking network and a close associate of Diego Montoya. Crisis Group interviews, political analyst and defence attorney for couriers, Quito, 5 and 8 November 2007.

¹⁹⁸ Crisis Group interview, Quito, 6 November 2007.

¹⁹⁹ For security, employees of Petroecuador are replaced weekly. However, there are indications they could be involved in smuggling. Crisis Group interviews, political Analyst and Ecuadorian Drug Council (CONSEP), Quito, 5-6 November 2007.

²⁰⁰ Map provided by CONSEP and Anti-narcotics National Direction (National Police) email communication, 20 November 2007.

²⁰¹ Crisis Group interview, political analyst, Quito, 5 November 2007.

²⁰² “La Fiscalía indagará las camaroneras”, *El Comercio*, 23 September 2007.

²⁰³ Including many indigenous Otovaleños, Crisis Group interview, political analyst, Quito, 5 November 2007. “Tráfico: mujeres y menores usados”, *El Comercio*, 4 July 2007.

²⁰⁴ Map provided by CONSEP and Anti-narcotics National Direction (National Police) email communication, 20 November 2007.

²⁰⁵ The number of seized drug shipments sent by courier increased from 74 in 2006 to 98 in 2007, “Correos y la Policía firman un convenio de lucha antidrogas”, Ecuadorian vice presidency, 26 July 2007.

²⁰⁶ Since 10 June 2003, illegal commercialisation of white gasoline is punishable by twelve years in prison. CONSEP defines white gasoline as petroleum ether, a chemical precursor for processing drugs. “El tráfico de gasolina blanca no se detiene”, *El Comercio*, 29 August 2004. 116,480 litres of chemicals were seized in 2005, 122,820 to November 2006. “International Narcotics Control Strategy Report”, op. cit. In July 2007, 15,205 gallons of petroleum ether and acetone and 172 cylinders of liquefied petroleum gas headed to Colombia were seized. “Tráfico: mujeres y menores son usados”, *El Comercio*, 4 July 2007. Close to ten types of controlled chemical substances are believed to be smuggled through this region. “Observatorio de Drogas de Colombia. Acciones y Resultados 2006”, op. cit.

²⁰⁷ White gasoline is smuggled in 50-gallon barrels mainly across the San Miguel River, through the Aguarico Tres road and near the four Petroecuador pump stations in Shushufindi (Sucumbíos province), “Economía ilegal y redes fronterizas: Problemáticas de las drogas ilícitas y sus delitos conexos en la relación colombo ecuatoriana”, Dr. Carlos Espinosa Fernández,

B. BRAZIL AND THE SOUTHERN CONE

1. Brazil

Brazil has become not only the biggest cocaine and marijuana consumer market in South America, but also an important trans-shipment hub for cocaine to Europe and North America. Smuggling is facilitated by the long borders with the three main coca-growing and cocaine producing Andes countries, as well as the navigable waterways and highway infrastructure in the Amazon region.²⁰⁸ While marijuana seizures jumped from 151 tons in 2005 to 161 tons in 2006,²⁰⁹ cocaine seizures remain relatively low, between seven and sixteen tons annually since 2004.²¹⁰ Seizures of cocaine from Bolivia have increased, but the main entry area for the drug is the north western border with Colombia and Peru, where one third of the seizures were made in 2006.²¹¹

Cocaine enters Brazil from Colombia by waterways where the FARC is strong. The Putumayo and Caquetá rivers are used to transport it from Colombian laboratories to Brazilian towns used for storage. Settlements along the Amazon harbour trafficking groups that receive shipments in double-hulled boats. Cocaine also enters from the Peruvian VRAE, by planes carrying 300-500kg. They proceed to Europe and Africa via Salvador, Recife and Pernambuco ports. Santos port (Sao Paulo state) in

Universidad San Francisco de Quito, Universidad Militar Nueva Granada, Instituto de Estudios Geoestratégicos.

²⁰⁸ Drug trafficking in Brazil developed in the early 1980s in Amazonian Rondônia state, where local traffickers, associated with Bolivians and Colombians, established routes for cocaine export to the U.S. and became the main suppliers for the nascent local drug markets of coca paste used by gold workers on Amazonian river banks and cocaine in the growing domestic market. Networks for stolen or smuggled goods in Brazil bartered for cocaine with Bolivians across the border, widening the drug's access to that market; chemical precursor smugglers in Rondonia and Mato Grosso states were often paid in cocaine, encouraging the creation of trafficking networks; some traffickers had protection through election to public office. Christian Geffray et al., "Globalisation, drugs and criminalisation: final research report on Brazil, China, India and Mexico", UNESCO, 2002, pp. 33-48, at: www.unesco.org/most/globalisation/drugs_1.htm.

²⁰⁹ The south and south east is the main entry point for marijuana from Paraguay; more than half the total marijuana seizures take place there, "Relatório Anual 2006", Ministério da Justiça – Departamento de Polícia Federal, Brasília, 31 December 2006.

²¹⁰ Cocaine seizures went from seven tons in 2004 to sixteen tons in 2005, and declined to 13.7 tons in 2006. Through October 2007, 7.7 tons had been seized. Crisis Group interview, federal police, Bogotá, 25 October 2007.

²¹¹ "Relatório Anual 2006", op. cit.

the south east is also important for networks that ship to Europe or Africa. The dirt roads between Brazil, Peru and Bolivia along the western border are another entry point, especially for coca paste. Cocaine laboratories in Brazil are said to be few and rudimentary,²¹² so coca paste is likely to be for domestic consumption of the crack or bazuco-type "merla" (called "paco" in Southern Cone neighbours).

Trafficking to Europe and North America is by Colombian-led groups, which use front companies employing Brazilian workers to run operations and launder money. They are based in big cities, Sao Paulo, Rio de Janeiro, Salvador, Recife and Pernambuco, from which drugs are shipped to the Caribbean in U.S. transit and to Africa in European transit.²¹³ Colombian drug lord "Chupeta", arrested in Sao Paulo on 7 August 2007, had fled Colombia in 2004 and set himself up in Brazil as an Argentinean businessman, buying businesses to launder trafficking gains.²¹⁴ The capture of another Colombian, Gustavo Durán Bautista, in August 2007 was a further blow to the smuggling operations.²¹⁵ His ring, reportedly linked to the NDVC, had been carrying cocaine to the Sao Francisco region, where he owned a fruit export/import company. Cocaine was sent to Europe hidden in false crate bottoms.²¹⁶

Brazil is the main exit point for cocaine sent to Africa, especially Portuguese-speaking Guinea Bissau and Cape Verde, but also South Africa.²¹⁷ Reportedly, 60 per cent of the cocaine entering Guinean waters comes from Brazil, while the remaining 40 per cent is shipped directly from Colombia and, increasingly, Venezuela.²¹⁸ Most cocaine arriving in Africa is then sent to Europe, mainly

²¹² Crisis Group interview, federal police, Bogotá, 25 October 2007.

²¹³ Ibid.

²¹⁴ "La policía brasileña estima que extradición de 'Chupeta' a EE.UU. podría demorarse varios años", *Semana*, 8 August 2007.

²¹⁵ During the 18-20 August 2007 operation, Federal Police made sixteen arrests (half foreigners) and seized 525kg of cocaine, twelve vehicles, a helicopter, two airplanes, \$45,000 and 35,000 Reais, and passports. "Brazil police dismantle international cocaine smuggling operation" BBC Monitoring Americas, 22 August 2007.

²¹⁶ The police said the cocaine belonged to "Chupeta". A pilot working for Duran Bautista allegedly also worked for the Norte del Valle Cartel, "Allanaron la mansión en San Pablo de un narco atrapado el sábado en Salto: sería operador del tráfico a Europea", *La República (Uruguay)*, 21 August 2007. "Brazil police dismantle international cocaine smuggling operation", op. cit.

²¹⁷ "World Drug Report 2007", UNODC, June 2007.

²¹⁸ A private plane bound for Sierra Leone was seized in June 2007 with 2.5 tons of cocaine. 630kg were seized in May from a small plane in Mauritania, which departed Venezuela. "Cocaine Trafficking in Western Africa", UNODC, October 2007.

Portugal, Spain and Italy. Nigerians, often based in Sao Paulo, use couriers (*mulas*), especially Europeans, to carry up to 5 kg of cocaine. However, as they are increasingly watched by Brazilian authorities, the Nigerians appear to be outsourcing operations to other criminal groups.²¹⁹

An estimated 50-53 tons of cocaine and “merla” is consumed in Brazil per year.²²⁰ Distribution and retailing is done by Brazilian criminals. The most fearsome in Sao Paulo and Rio de Janeiro are linked to organisations born in the prison system. The main Brazilian criminal organisation is the Primeiro Comando da Capital (First Command of the Capital, PCC).²²¹ Created in 1993 to protest police abuse and mistreatment of prisoners,²²² it quickly turned into a strong criminal organisation, active in drug distribution, arms trafficking and money laundering.

The PCC is believed to control Sao Paulo’s underworld from prisons, “where there is practically no control by the authorities”.²²³ It has a centralised leadership, reportedly under Marcos Willians Herbas Camacho (“Marcola”), currently in prison, like most other leaders. In 2006, the PCC orchestrated deadly street raids to force suspension of the state governor’s decision to move 765 members to a high security prison.²²⁴ In past months, it appears to be experiencing a cash crisis that allows its structures outside prison to operate autonomously.²²⁵

PCC’s primacy benefits from the decline of Comando Vermelho (Red Command, CV), Rio de Janeiro’s oldest criminal group, led by Fernandinho Beira-Mar, one of Brazil’s most notorious traffickers, who was arrested in Colombia in 2001 and extradited to Brazil.²²⁶ Many Rio criminal groups are involved in wars for control of drug distribution outlets in the slums and mountains.²²⁷ Though CV is the biggest and most powerful, it is closely followed by Terceiro Comando (Third Command) and Terceiro Comando Puro (Pure Third Command), which are growing. Amigos dos Amigos (friends of the friends, ADA) has been hit hard by the CV since 2002.²²⁸

Security force corruption is a serious problem. Brazil has several police forces – federal (under the justice ministry), civil and military at the state level and the municipal police guard (in over 950 of 5,560 municipalities and subordinate to mayors).²²⁹ They suffer from insufficient numbers, inadequate training and failure to coordinate. Despite efforts to clean up corrupt elements, there is complicity between officers and drug traffickers, especially in large cities. Some criminal groups regularly pay off local police. Ten federal anti-narcotics agents were recently implicated in the kidnapping and extortion of two Chupeta associates, demanding a \$1 million ransom.²³⁰ It is alleged that agents from the border, fiscal and transit police were paid up to \$2.8 million to help Chupeta and his partner, Jessica Paola Rojas, acquire false Venezuelan

²¹⁹ Crisis Group telephone interview, police official, 9 November 2007.

²²⁰ “Cocaine Traffickers Develop New Routes from Brazil”, *Jane’s Intelligence Review*, 16 December 2005. Coca paste (“merla”) is mainly used by low-income populations of Sao Paulo state. However, as it is produced locally in Brazil, there are no reliable trafficking trends. “Perfil do Pais: Brasil 2005”, UNODC, 2006, p. 19-20.

²²¹ The PCC was created in 1993 after military police killed 111 in São Paulo’s Carandiru prison, Brazil’s biggest prison massacre, “Brasil – Entre o ônibus em chamas e o caveirão: Em busca da segurança cidadã”, Amnesty International, 2 May 2007.

²²² See the PCC manifesto and the statement by alleged leader “Marcola” on 21 August 2001 to the government commission on all issues related to violence in society, “Estatuto do PCC prevê rebeliões integradas”, *Folha Online*, 19 February 2001.

²²³ Despite the authorities’ use of blockers, the PCC uses cell phones from the prisons, Crisis Group telephone interview, Brazilian analyst, 22 October 2007.

²²⁴ During nine days in May 2006, 493 people were killed in São Paulo. A PCC leader, Júlio César Guedes de Moraes (“Julinho Carambola”), said before the mutinies “from now on, you won’t believe what you’ll see on the streets. It’s going to put an end to the state of São Paulo”, “Em gravação, chefe do PCC confessa ataques e suborno”, *Folha de São Paulo*, 21 September 2006.

²²⁵ The PCC collects monthly an estimated \$320 from free members, \$30 from prisoners. It does such things as paying

transport for relatives of jailed members. “Gravações apontam que PCC passa por sufoco financeiro”, *Folha de São Paulo*, 9 November 2006.

²²⁶ Though the CV and the other Rio groups have always been criminal organisations, the CV used the motto “Peace, Justice and Freedom” to defend prison inmates, “Facção criminosa PCC foi criada em 1993”, *Folha de São Paulo*, 14 May 2006.

²²⁷ “Organised crime in Brazil is more disorganised than organised”, Crisis Group telephone interview, 9 November 2007. Police are highly reluctant to enter the city’s 650 slums, such as Complexo do Alemão, where the CV has its headquarters.

²²⁸ “Third Command” is a splinter group of CV; “Pure Third Command” and “Friends of the Friends are splinters of it. In 2002, Fernandinho Beira-Mar, the most important CV leader, had Ernaldo Pinto de Medeiros, ADA’s chief, killed in Bangu prison where both were held. Several other ADA leaders were then killed; Celso da Vila Vintém gave up the fight, leading to ADA’s near demise. A recent effort to resurrect the group had little result. Crisis Group telephone interview, 9 November 2007.

²²⁹ “Profile of Brazilian Municipalities - Public Administration - 2004”, Instituto Brasileiro de Geografia e Estatística – IBGE, 20 December 2005, at www.ibge.gov.br.

²³⁰ They captured a Venezuelan associate, Henry Lagos “Pacho”, and demanded a \$280,000 ransom. Chupeta personally negotiated with the police by phone. Months later they kidnapped Ana María Stein, demanding \$1 million, a Toyota van and a jet ski. “En la misma sede de policía, 10 agentes secuestraron a 2 socios de Chupeta para extorsionalos”, *Semana*, 3 October 2007.

and Argentinean passports and freely exit and enter Brazil.²³¹

2. Argentina

Since the early 2000s, Argentina's traditional role as a transit country for Bolivian, Peruvian and Colombian cocaine to Europe has changed. The volume has increased,²³² and progressively more drugs are being consumed and produced in country.²³³ The severe economic and financial crisis that hit in 2001 gave traffickers opportunities to expand,²³⁴ particularly in the northern Salta and Jujuy provinces bordering Bolivia but also in Buenos Aires.²³⁵ In 2004, Argentina seized 3.1 tons of cocaine; in 2005, 5.5 tons.²³⁶ In a March 2007 speech, President Nestor Kirchner said cocaine seizures had increased by 37 per cent in 2006, suggesting that 7.5 tons were confiscated.²³⁷ None of the relevant agencies were able, or willing, to confirm the latest figures to Crisis Group, however.

While there is a sense the authorities do not know the traffickers, it appears they are mostly organised in small groups of Argentineans, Peruvians, Bolivians, Paraguayans and Colombians. Family clans work mostly with relatives. External elements work for these groups as associates,

but the core remains the family.²³⁸ The clans import cocaine, mainly from Peru and Bolivia but also Colombia, to sell it domestically or export to Europe.

Most cocaine and "paco" distribution is controlled by Peruvian organisations that arrived in the late 1990s and established themselves after a violent turf war.²³⁹ There are indications that some of the criminal groups operating mainly in the Buenos Aires slums (*villas miseria*), could be composed of former members of the Peruvian Shining Path movement.²⁴⁰ Their most common trafficking method is the courier, who often ingests up to 1kg of cocaine, and who is recruited by Peruvian associates in Lima's slums and from foreigners flying to Buenos Aires.²⁴¹

Reportedly the Calabrese mafia group, 'Ndrangheta, has established a strong base in Argentina, where there is a large immigrant community from that region of Italy. It is one of the most powerful criminal organisations in Europe, the destination of 95 percent of cocaine departing Argentina. Collaboration between Spanish, Italian, Colombian and Argentinean authorities resulted in a number of captures and the seizure of assets in 2006, but it is clear from recent reports that the trafficking links remain strong.²⁴²

²³¹ Ibid.

²³² "World Drug Report 2007", op. cit., p. 74.

²³³ "Primer estudio comparativo sobre uso de drogas en población escolar secundaria de Argentina, Bolivia, Brasil, Colombia, Chile, Ecuador, Paraguay, Perú y Uruguay", UNODC and CICAD, Lima, September 2006. Crisis Group interview, government official, Buenos Aires, 10 September 2007. UNODC, op. cit., p. 76. "El consumo de Pasta base-Paco en Argentina", Observatorio Argentino de Drogas, September 2007, p. 6.

²³⁴ Crisis Group interviews, government official, journalist and NGO official, Buenos Aires, 10, 15 and 20 September 2007.

²³⁵ The crisis provided fertile ground for trafficking organisations and corresponded to an increase in consumption of "paco" (a leftover of coca paste production) due to its low price. "El tráfico de estupefacientes en la Argentina – Un estudio sobre sus condicionantes estructurales y coyunturales", Observatorio Argentino de Drogas, February 2007, pp. 52-54.

²³⁶ "World Drug Report 2007", op. cit., p. 78.

²³⁷ He said marijuana seizures also increased, from 36 tons in 2005 to approximately 100 in 2006, "Aumenta el consumo de marijuana en la Argentina", *La Nación*, 24 June 2007. Although there are no official figures to confirm the statement, figures for the first half of 2006 indicated 4.1 tons of cocaine were seized, almost half the president's figure for the entire year. Cristian Alarcón, "Las cifras que encendieron la alerta", *Página 12*, 21 August 2006. Some agencies released estimates for 2006; the Gendarmería seized 2.3 tons of cocaine, while customs estimated that up to 1.4 tons of cocaine were seized, as well as almost one ton between January and August 2007. "El tráfico, un negocio que no para de crecer", *Clarín*, 12 August 2007.

²³⁸ Crisis Group interview, police official, Buenos Aires, 11 September 2007.

²³⁹ There have been at least twenty assassinations in the past two years. "Una pelea con 20 muertos en los últimos dos años", *Clarín*, 24 June 2007.

²⁴⁰ Their arrival in Buenos Aires coincided with the Shining Path's military defeat. Two of the three main figures who arrived then, Alionzo Rutillo Ramos Mariños ("Ruti") and his brother, Esidio Teobaldo Ramos Mariños ("Meteoro") were part of its Lima Metropolitan Committee. The group split and started a war in several Buenos Aires neighbourhoods, pitting the brothers against Marco Antonio Estrada González ("Marcos"). "Meteoro" was killed in 2007, "Ruti" is in jail and "Marcos" was recently arrested in Paraguay. At least twenty people were killed during the struggle. "Los ex guerrilleros peruanos que pelean por la droga en Buenos Aires", *Clarín*, 21 January 2007. See also "Una pelea con 20 muertos en los últimos dos años", *Clarín*, 24 June 2007.

²⁴¹ The major recruiter for "Marcos", David Pillihuáman ("Rey de los Burros"), found people in Lima's poorest suburbs, including San Juan de Lurigancho, Comas and Los Olivos. A number of arrested foreign nationals claimed to have been recruited by Norberto Blas Arévalo ("Churra"), who was reportedly responsible for cocaine trafficking from Peru to Argentina, Brazil, the U.S. and Europe. Angel Paez, "Caen en Perú dos cómplices del jefe de los narcos del Bajo Flores", *Clarín*, 8 November 2007.

²⁴² Julio Algañaraz, "Mafia calabresa: cae una red que traficaba droga desde Argentina", *Clarín*, 8 November 2006. Julio Algañaraz, "Afirmar que la 'Ndrangheta, la mafia más poderosa, ya se instaló en la Argentina", *Clarín*, 22 October 2007.

The main cocaine entry points in Argentina are by land through the north western regions of Salta and Jujuy, the only provinces bordering Bolivia. There are indications from both sides of the border that legal coca leaf, traditionally used in Salta and Jujuy, is sent for drug production.²⁴³ Moreover, growing numbers of mostly coca paste laboratories have been discovered, above all in the province of Buenos Aires.²⁴⁴ While the Buenos Aires international airport is an important trans-shipment point to Europe, the largest drug cargoes go by ship from Buenos Aires to Europe. Two smaller routes are to South Africa and Australia.²⁴⁵ Small amounts (on average 20kg annually) of Colombian heroin, destined at least in part for the U.S., are seized on arrival by commercial aircraft.²⁴⁶

The province of Misiones, on the Argentinean side of the Tri-Border area (Ciudad del Este in Paraguay, Puerto Iguazu in Argentina and Foz do Iguacu in Brazil), is the main entry point for Paraguayan marijuana. Most is consumed domestically but a little is ferried to Chile. Bolivian marijuana has also been detected in Argentina.²⁴⁷

After the 2001 economic crisis cocaine was mostly replaced on the street by “paco” – cheaper, of lesser quality and produced in-country.²⁴⁸ Its consumption has increased five-fold in three years among young members of the urban lower classes and the middle class.²⁴⁹

3. Chile

Chile is a trans-shipment point for larger cocaine shipments coming mostly from Colombia through Ecuador and Peru, as well as small quantities crossing the border directly from Peru and Bolivia, en route to the U.S.²⁵⁰ In recent years, it has witnessed an increase in trafficking to Europe, mainly by sea to Spain, Portugal and the Netherlands, but also through the Santiago airport. There are concerns that the ports in Arica, near the Peru and Bolivia borders, are unable to conduct effective surveillance of shipments.²⁵¹ Between January and August 2007, authorities seized 2.3 tons of cocaine and 2.9 tons of coca paste, a significant increase from the 1.6 tons and 2.8 tons respectively in 2006. Most seizures are in the northern provinces of Tarapacá and Antofagasta, near the two borders. Marijuana seizures reached 4.1 tons in the first eight months of 2007, compared to 3.1 tons for all of 2006.²⁵²

Most trafficking groups are close-knit family clans, working out of small villages where they are often respected, even protected,²⁵³ but police told Crisis Group criminals from Paraguay, where there are indications of a growing number of major regional traffickers, have become a threat.²⁵⁴ They are also concerned that an increase in trafficking networks may be a response to greater domestic drug use and lead to more crime and urban violence.²⁵⁵

²⁴³ Crisis Group interviews, government official and senior police official, Buenos Aires and La Paz, 10 September and 12 October 2007.

²⁴⁴ Authorities say they seize between fifteen and twenty laboratories per year. This matches 2004 figures but no data has been released for 2005-2006. See Argentinean Drugs Observatory website at www.observatorio.gov.ar/estadisticas.html.

²⁴⁵ Crisis Group interview, journalist, Buenos Aires, 21 September 2007.

²⁴⁶ Though Colombian heroin generally enters via commercial aircraft, an unusual seizure of 9.12kg of heroin coming overland from Bolivia was made in 2006. “International Narcotics Control Strategy Report”, op. cit., p. 99.

²⁴⁷ “Anuario Narcotráfico 2006 – Provincia de Misiones”, Subsecretaría de Prevención de Adicciones y Control de Drogas, February 2007. Paraguayan counter-drug authorities (SENAD) estimate that 10 to 15 per cent of local marijuana goes to the Southern Cone but do not break down numbers. If quantities of seized marijuana are an indicator of smuggled quantities in Argentina and Chile (about 100 tons and four tons, respectively), most of the marijuana stays in Argentina.

²⁴⁸ Crisis Group interview, NGO, Buenos Aires, 20 September 2007.

²⁴⁹ “Advierten que en tres años el consumo de paco creció un 500 por ciento”, *El Clarín*, 11 April 2007. The rapid increase is a growing concern on health grounds. Crisis Group interview, government official, Buenos Aires, 10 September 2007. Crisis Group interviews, government official and journalist, Buenos

Aires, 10 and 15 September 2007. “El paco en la clase media es invisible”, *Página 12*, 22 May 2006. “El consumo de Pasta base-Paco en Argentina”, Observatorio Argentino de Drogas, September 2007.

²⁵⁰ Crisis Group interviews, district attorney’s office official, anti-narcotics police, Santiago, 25-26 September 2007. “International Narcotics Control Strategy Report”, op. cit., p. 110.

²⁵¹ The treaty signed after the War of the Pacific (1879-1884) allows cargo from Peru and Bolivia to transit Chile’s ports of Arica and Antofagasta without inspection.

²⁵² Numbers from public prosecutor’s office, special unit against illicit drugs and narcotics traffic.

²⁵³ Crisis Group interview, public prosecutor office official, Santiago, 25 September 2007.

²⁵⁴ A police official said, “the traffic that comes from Paraguay is, at the moment, the one that worries us the most”, Crisis Group interview, Santiago, 26 September 2007.

²⁵⁵ The increase in ecstasy use has resulted in consumers carrying it from the Netherlands and selling it to friends at parties. While in 2005, authorities seized 399 pills, the number jumped to 4,149 in 2006. Some trafficking organisations may transport cocaine to Europe be paid in ecstasy, which is then taken back to Argentina and Chile. Crisis Group interview, police official, Santiago, 26 September 2007. Authorities fear trafficking networks may also be facilitating arms smuggling into Santiago; the police recently seized high-calibre weapons.

4. Paraguay

Paraguay, the biggest marijuana producer in South America,²⁵⁶ has a history of being the region's smuggling centre, an important transit country for Bolivian, Peruvian and Colombian cocaine destined for Brazil, Argentina, Chile and Europe. Precursor chemicals, mainly from Brazil and Argentina, are shipped through to Bolivia, and groups such as the Brazilian PCC and Colombia's FARC rebels use them to buy weapons.²⁵⁷ The Paraguayan Anti-Narcotics Directorate is aware of armed groups with FARC ties in San Pedro, a main marijuana cultivation area.²⁵⁸

As in Argentina, Bolivia and Chile, family clans tend to run the illegal businesses. Paraguay has also been a hideout for major Brazilian traffickers, mostly PCC or CV members,²⁵⁹ operating in regions such as Pedro Juan Caballero, Capitan Bado, Ciudad del Este (part of the tri-border area) and Saltos del Guaira. Some major traffickers have been captured, including Ivan Mezquita, Ubiratã Brescovit and Jhonatan Soligo, the son of Erineu Domingo Soligo. Peruvian traffickers operating in Argentina have also been detected.²⁶⁰ The national parks are affected. Several marijuana plantations were found in Nacunday and the Kuri'y Natural Reserve. Crops are financed mainly by Brazilians in Mato Grosso do Sul, São Paulo or Rio de Janeiro states.²⁶¹ Three of the most wanted are Jarvis Chimenes Pavão, Luis Garrocha ("Cabeça Branca") and Erineu Domingo Soligo ("Pingo"), reportedly owner of a large estate in the Capitán Bado border area opposite Brazilian Mato Grosso state.²⁶² In August 2006,

Crisis Group correspondence, police official, Santiago de Chile, 26 September 2007.

²⁵⁶ The Paraguayan National Anti-drugs Secretary (SENAD) estimated that current marijuana cultivation is on 5,500 hectares, about 40 per cent in the Amambay mountain ranges in the north east; annual yield has been estimated at 16,500 tons (based on an average hectare yield of about 3,000kg). Some 85 per cent of the marijuana is destined for Brazil, with 10 to 15 per cent for Argentina and Chile. Some cultivated properties in the Amambay region may exceed 100 hectares and are protected by private guards. Crisis Group email interview, senior police official, 26 October 2007.

²⁵⁷ "International Narcotics Control Strategy Report", op. cit., pp. 126-129.

²⁵⁸ Crisis Group email correspondence, Paraguayan senior police official, 26 October 2007.

²⁵⁹ Ibid.

²⁶⁰ Marco Antonio Estrada G. ("Marco"), boss of the Villa 1.11.14 slum in Buenos Aires, was captured on the outskirts of Asunción in early November 2007. "Llamaba mucho la atención porque gastaba dinero en farras y mujeres", *Página/12*, 7 November 2007.

²⁶¹ "Amambay: Epicentro de grandes organizaciones de narcotraficantes", Capitanbado.com, 31 October 2007.

²⁶² "Filho de traficante brasileiro é preso no Paraguai", *Terra*, 10 July 2006.

the National Anti-Drugs Office (SENAD) opened a U.S.-financed base in neighbouring Pedro Juan Caballero.²⁶³

Drugs from Capitán Bado and Pedro Juan Caballero in Amambay (the north east) are shipped over small dirt roads to Brazil, then over the highways to São Paulo, Rio de Janeiro and Curitiba, as well as other markets in Minas Gerais and Goiás states.²⁶⁴ There is also increasing evidence of extensive use of small planes capable of smuggling up to 600kg of marijuana – with some flights also carrying cocaine – to Buenos Aires province.²⁶⁵

C. MEXICO, CENTRAL AMERICA AND THE CARIBBEAN

1. Mexico and Central America

Reliable data on how much cocaine enters Mexico from South American sources and Central American transit countries is unavailable. However, it is generally agreed that in 2006 close to 90 per cent of all cocaine that entered the U.S. came through Mexico.²⁶⁶ The Colombian counter-narcotics police say that in 2006 up to 55 per cent of all cocaine produced in the three source countries went through Mexico to the U.S.²⁶⁷ Using UNODC's estimate of total potential production – 984 tons – this suggests the route carried some 450-500 tons to the U.S.

The powerful, highly organised trafficking groups of today²⁶⁸ are heirs to a long smuggling history. Operating along the busy 2,000-mile northern border with the U.S., Mexicans and their U.S.-based counterparts have engaged in major smuggling of all sorts of illegal commodities since the beginning of the twentieth century. This evolved and grew in response to demand for particular drugs in the U.S. – alcohol during U.S. prohibition in

²⁶³ José Antonio Pedriali, "EUA financiam base no Paraguai", *SindLAB*, 31 August 2006.

²⁶⁴ Traffickers use Brazilian roads and highways such as the BR156, the "transmaconheira" (literally "trans-marijuana highway"), the BR280, BR270, BR280 and BR277. "Amambay: Epicentro de grandes organizaciones de narcotraficantes", *Capitanbado*, 31 October 2007. Crisis Group email correspondence, senior police official, 26 October 2007.

²⁶⁵ These small planes often refuel in Santiago del Estero before continuing to Buenos Aires province, "Ahora la droga llega en avionetas hasta el conurbano bonaerense", *El Clarín*, 12 August 2007.

²⁶⁶ "World Drug Report 2007", op. cit. "The war on the border streets: drugs and violence in Mexico", *The Economist*, 2 July 2005. "International Narcotics Control Strategy Report", op. cit., p. 167.

²⁶⁷ Doris Gómora, "FARC ganan mil mdd al año por venta de droga al narco", *El Universal*, 21 February 2007.

²⁶⁸ "World Drug Report 2007", op. cit., p. 181.

the 1920s, opiates during the 1940s,²⁶⁹ cannabis and heroin during the hippie boom of the 1960s and 1970s, Colombian cocaine since the early 1980s and recently Mexican-made synthetics such as methamphetamines.²⁷⁰

Generations of Mexican smugglers have acquired great experience. In the early 1980s routes formerly used for cannabis were transformed into cocaine corridors; established trans-shipment points, “plazas”, along the border in Nuevo Laredo, Ciudad Juárez and Tijuana, among other locations, have changed hands between a succession of kingpins (*capos*). Successful traffickers exert influence, through intimidation and bribes, over Mexico’s federal, state and municipal police, lawmakers, governors, mayors and judges.²⁷¹ During the one-party rule of the Partido de la Revolución Institucionalizada (PRI), from 1929 to 2000, the authorities sought to keep the negative effects, in particular violence, to a minimum by “administering drug-trafficking”.²⁷² This meant that central and regional government officials more often than not turned a blind eye, whether for profit or to maintain tranquillity.

Starting in the early 1980s, increasingly large cocaine trafficking from the Andean region through Mexico has been associated with violence. During that decade and the first half of the 1990s, there was sporadic armed feuding between competing Mexican narco-organisations, such as the Tijuana cartel of Miguel Ángel Félix Gallardo, the Gulf cartel of Juan García Ábrego and the Juárez cartel of Amado Carillo Fuentes (“The Lord of the Skies”).²⁷³ However, in comparison to that of the past ten years, violence was still relatively light.²⁷⁴

Though cocaine trafficking increased after the U.S. closed down the Florida route in the mid-1980s, Mexican criminal organisations were providing mostly support services to the Colombian Medellín and Cali cartels.

They were paid well but did not receive a share of the cocaine. This changed in the early 1990s, when the Mexicans began demanding a 30 per cent share of the drugs as part payment. A few years later, the increasingly powerful Tijuana, Juárez, Gulf and Sinaloa groups surpassed the Colombians, from whom they began buying the drugs, and built a large distribution network in the U.S.²⁷⁵ The increasing autonomy of the Mexican organisations was matched by their proliferation and adoption of new structures. Vertically structured groups operating in specific regions, mostly in the northern states and headed by visible strongmen, gradually transformed into criminal entrepreneurial networks,²⁷⁶ which formed alliances and established hard-to-detect cells across the country.²⁷⁷

This reorganisation of the trafficking scene and the appearance of more numerous and competing criminal actors brought increasing violence, which was further propelled by the end of the PRI’s rule and the coming to office of President Vicente Fox of the Partido Acción Social (PAN) party in 2000. Fox declared war on the traffickers and had some temporary success at disrupting their structures and arresting or killing some leaders. According to the General Attorney’s office (PRG), fifteen kingpins were captured during his term, among them Osiel Cárdenas (“Matamigos”) of the Gulf cartel, Benjamín (“El Tigriillo”) and Francisco Javier Arellano Félix²⁷⁸ and Gilberto Higuera (“El Gilillo”) of the Tijuana cartel, Miguel Ángel Guzmán²⁷⁹ of the Sinaloa cartel and Adán Amezcua.²⁸⁰ However, taking out leaders who were swiftly replaced prompted turf wars, and the

²⁶⁹ In the twentieth century, Mexican-made opiates were both trafficked illegally and exported legally to the U.S. During World War II, poppy cultivation was encouraged by the U.S., which relied on the Mexican supply to produce the morphine needed for treatment of wounded soldiers. Crisis Group interview, drugs expert, Mexico City, 26 November 2007; Ricardo Ravelo, *Los capos. Las narco-rutas de México* (Mexico City, 2005), p. 83.

²⁷⁰ In the other direction, the smuggling of U.S.-made weapons concerns the Mexican authorities, Crisis Group interviews, drugs expert and foreign ministry official, Mexico City, 26-27 November 2007.

²⁷¹ Ravelo, *Los capos*, op. cit., p. 81.

²⁷² Crisis Group interviews, drug expert, political analyst, senior public security official, Mexico City, 26-28 November 2007.

²⁷³ Ravelo, *Los capos*, op. cit., pp. 77-108.

²⁷⁴ Crisis Group interview, political analyst, Mexico City, 26 November 2007.

²⁷⁵ Crisis Group interviews, drugs experts, Mexico City, 27 November 2007.

²⁷⁶ Crisis Group interview, political analyst, Mexico City, 28 November 2008.

²⁷⁷ Crisis Group interview, public security ministry official, Mexico City, 27 November 2007; Ravelo, *Los capos*, op. cit., pp. 78-79.

²⁷⁸ Ramón Arellano Félix, a third member of the family, was shot dead in February 2002 by security forces. Crisis Group interview, drugs expert, Mexico City, 26 November 2007; “Benjamín Arellano Félix, de fayuquero a líder del cartel de Tijuana”, *Once Noticias*, 11 March 2002.

²⁷⁹ A brother of the notorious leader of the Sinaloa cartel, Joaquín “El Chapo” Guzmán, who escaped from a high-security jail in 2001 under strange circumstances shortly after Under Secretary for Public Security Jorge Peón Tello’s inspection. Alfredo Joyner, “Jorge Tello, ‘el ingeniero de la seguridad’”, *El Universal*, 12 December 2006; Crisis Group interview, drugs expert, Mexico City, 26 November 2007; Ravelo, *Los capos*, op. cit., pp. 108-125.

²⁸⁰ “Capturados en este sexenio, 63 mil 456 narcotraficantes, revela la PGR”, *La Jornada*, 26 February 2006.

government ultimately was unable to stop the violence and subdue the narco-organisations.²⁸¹

Mexican authorities say that today there are three main groupings of traffickers, which compete with each other: the Arellano Félix organisation (Tijuana cartel); the Osiel Cárdenas group (Gulf cartel); and an alliance between the Carrillo Fuentes group (Juárez cartel) and the Palma Guzmán organisation (Sinaloa cartel).²⁸² There are also organised groups of hitmen at the service of the cartels, such as Los Zetas²⁸³ (Gulf cartel) and Los Negros, Los Pelones²⁸⁴ and La Gente Nueva²⁸⁵ (Sinaloa cartel²⁸⁶), as well as smaller groups, such as Los Tres de la Sierra and the Colima and Valencia cartels, which change alliances among the larger organisations. It is believed that trafficking organisations operate in up to 21 of Mexico's 31 federal states and directly involve several thousand individuals.²⁸⁷

The strongest and most successful cartel is said to be the Sinaloa, headed by Joaquín "Chapo" Guzmán, followed by the Gulf and Tijuana groups.²⁸⁸ Part of its strength is an ability to form alliances and expand international ties. While it operates in seventeen states, its reach is longer owing to alignment with the Juárez group, which is in 21 states;²⁸⁹ it also relies on a broader trafficking network abroad than the Gulf cartel, reportedly operating cells

in Guatemala, Nicaragua and El Salvador;²⁹⁰ there is mounting evidence operatives are establishing a presence in Colombia and Peru.²⁹¹ Information suggests the cartel, which has an old relationship with Colombian traffickers,²⁹² has been able to cooperate with the NDVC.²⁹³ The Arellano Félix and Gulf groups may have been hurt by decreasing interaction with Colombian traffickers working for the FARC and the paramilitary AUC, owing to the impact of the Uribe administration's efforts against the Colombian armed groups and the AUC's demobilisation.²⁹⁴

Most cocaine reaches Mexico by sea (especially the Pacific route) or is smuggled over land from Guatemala.²⁹⁵ Air trafficking to the south is declining,²⁹⁶ Traffickers also use illegal Central American migrants as carriers.²⁹⁷ From Mexico, most cocaine is sent in large loads, sometimes several tons, to the border, in particular Nuevo Laredo, Tijuana and Ciudad Juárez, where it is repacked and sent into the U.S. in smaller quantities, hidden in private and commercial vehicles.²⁹⁸ According to UNODC, in 2006 three quarters of seizures were

²⁸¹ Crisis Group interviews, political analyst, drugs experts, senior public security ministry official, Mexico City, 26-27 November 2007. It is estimated that during Fox's term (2000-2006), there were 9,000 drug-related killings. Between 2002 and 2005, more than 1,000 were committed in Baja California and Sinaloa states alone, including of Sinaloa attorney Rogelio Delgado Neri in January 2004. Ravelo, *Los capos*, op. cit., p. 102.; Crisis Group interview, drugs expert, Mexico City, 27 November 2007.

²⁸² Crisis Group interview, senior public security ministry official, Mexico City, 27 November 2007.

²⁸³ Los Zetas were formed in the late 1990s by twenty former army commanders. It has grown and may have 500 members, including a branch (La Familia) in Michoacán state. Crisis Group interview, drugs expert, Mexico-City, 27 November 2007.

²⁸⁴ Colleen W. Cook, "Mexico's Drug Cartels", Congressional Research Service, 16 October 2007, p. 8.

²⁸⁵ Alfredo Corchado, "Cartel's enforcers overpower their boss", *Dallas Morning News*, 11 June 2007.

²⁸⁶ Reportedly, Sinaloa cartel hitmen include ex-Guatemalan Kaibiles, an elite army force known for brutality during the counter-insurgency campaigns of the 1980s. See Markus Schultze-Kraft, *Pacificación y poder civil en Centroamérica. Las relaciones cívico-militares en El Salvador, Guatemala y Nicaragua en el posconflicto* (Grupo Editorial Norma, 2005), pp. 68-69, 80.

²⁸⁷ Crisis Group interview, drugs expert, Mexico City, 26 November 2007.

²⁸⁸ Crisis Group interviews, drugs experts and public security ministry staff, Mexico City, 26-27 November 2007.

²⁸⁹ Cook, "Mexico's Drug Cartels", op. cit., p. 1.

²⁹⁰ Crisis Group interview, drugs expert, Mexico City, 27 November 2007.

²⁹¹ This might be reflected in the arrest of twenty Mexican citizens in association with large seizures in Colombia in 2004. "World Drug Report 2007", op. cit., p. 177. See Section III A 3 above.

²⁹² In September 2007, Sandra Ávila Beltrán (the "Queen of the Pacific"), was captured in Mexico City. Reputed to have had connections to the former Medellín and Cali cartels as well as the Norte del Valle cartel in Colombia, she is the niece of Miguel Ángel Félix Galardo and believed to be intimately linked to the founding of the Sinaloa cartel. She has a history of love affairs with high-profile traffickers, and her fifth husband is Colombian cocaine-runner Juan Diego Espinosa ("El Tigre"). "La Reina del Pacífico", *Semana*, 13-20 October 2007.

²⁹³ Crisis Group interviews, drugs experts, Mexico City, 26-27 November 2007.

²⁹⁴ In early 2007, the Mexican attorney general's office rejected U.S. claims of close ties between Mexican drug cartels and the FARC, stating that this could not be substantiated since the FARC sold to local Colombian traffickers, who then sold the cocaine to Mexican organisations. Gómora, "Farc ganan", op. cit.; Luis Astorga, "México: tráfico de drogas, seguridad y terrorismo", in Álvaro Camacho Guizado (ed.), *Narcotráfico: Europa, Estados Unidos, América Latina* (Bogotá, 2006), pp. 148, 154-155.

²⁹⁵ "World Drug Report 2007", op. cit., p. 177.

²⁹⁶ Crisis Group interview, drugs expert, Mexico-City, 26 November 2007.

²⁹⁷ Ibid.

²⁹⁸ In 2006, cocaine seizures on the south west border totalled 27,172kg: in California, 5,554kg; Arizona, 2,939kg; New Mexico, 648kg; West Texas, 1,693kg; and South Texas, 16,337kg. "South Texas High Intensity Drug Trafficking Area Drug Market Analysis", National Drug Intelligence Center, May 2007.

along the land border, in particular with Texas.²⁹⁹ Daily commerce between Mexico and the U.S. is close to \$900 million,³⁰⁰ mostly by thousands of trucks, trains and other commercial vehicles, which provide traffickers almost limitless opportunities to hide illicit cargoes.³⁰¹

2. Haiti and the Dominican Republic

Political instability, the virtual absence of a functioning state apparatus, the existence of armed gangs, widespread poverty and corruption have all contributed to increasing Haiti's importance as a cocaine trans-shipment point.³⁰² According to the U.S. Drug Enforcement Agency (DEA), 83 tons of cocaine transited Hispaniola (Haiti and the Dominican Republic) in 2006, while 159 drug flights from South America to that island were tracked, but the amount transited to each country is unknown.³⁰³

While Colombian traffickers have been using Hispaniola as a hub since the late 1980s, Haitian police sources indicate that Haitian criminals have been taking control of the business since the late 1990s.³⁰⁴ Some police sources and the media speak of Haitian cartels, but experts consulted by Crisis Group are more cautious. The shared understanding is that there are solid networks active throughout the island, including Haitians, Jamaicans, Dominicans, Colombians, Americans and Europeans.³⁰⁵ Trafficking from the south coast to the north and money laundering is well-organised and involves officials, including magistrates and lawyers, as well as police, former members of the erstwhile armed forces and

common citizens.³⁰⁶ However, it would be stretching it to say they are all part of a Haitian cartel.³⁰⁷

The latest anti-drugs operations have targeted traffickers in the south, on Gonave island, on the north coast and in the west department. In the latter, mixed groups of traffickers comprising former members of the army (Raynald Saint Pierre), police officers – two from the anti-drugs unit (BLTS) and one from the public order maintenance company (CIMO) – as well as Colombians and Peruvians were caught in Leogane carrying 420kg of cocaine.³⁰⁸

In the south, Dominique Dumas, a local trafficker, controls the island of Grosse Caye; several arrest warrants have been issued against him since 2005, and he was arrested in July 2007 in Les Anglais during a circulation check. The local head of the first instance court delivered a habeas corpus order to have him released. Jamaican traffickers have also been reported on the island and on "île à Vache".³⁰⁹ In Gonaives, the DEA arrested Lavaud François (alias Chachou), a well-known local business man. Savil Dessaint, a Haitian living in the U.S. and the president of the Roulado football club on La Gonave island, was arrested by the DEA and the Haitian police in Tabarre near Port-au-Prince on 5 August 2007.

In the last year, it has been repeatedly reported that planes landing in Haiti originate in Colombia and Venezuela and are piloted by Colombians, but this has not been confirmed. DEA radar tracks of the flights have been widely distributed in Washington at public presentations and private meetings.³¹⁰ In the Dominican Republic, however,

²⁹⁹ "World Drug Report 2007", op. cit.

³⁰⁰ Crisis Group interview, foreign ministry official, Mexico City, 27 November 2007.

³⁰¹ Peter Andreas, "Politics on Edge: Managing the U.S.-Mexico Border", *Current History*, February 2006, p. 65.

³⁰² With 1,200 miles of coast and 225 miles of land border and limited capacities, Haiti is an easy transit point for drug traffickers.

³⁰³ Roberto Perito and Greg Maly, "Haiti's Drugs Problem", United States Institute for Peace (USIP), June 2007. The figures presented at the Regional Summit on Drugs, Security and Cooperation, in the Dominican Republic, March 2007, and attended by Crisis Group, are lower: 121 flights (46 to Haiti, 75 to the Dominican Republic) and 55 tons of cocaine. It is generally assumed that 8-10 per cent of the South American cocaine trafficked towards the U.S. passes through the island of Hispaniola. "National Drug Threat Assessment 2008", op. cit., p. 3.

³⁰⁴ Crisis Group interview, Chantal Regnault, freelance journalist preparing a documentary on Haitian deportees from the U.S., quoting a former high-ranking Haitian National Police officer, Port-au-Prince, 16 October 2007.

³⁰⁵ Crisis Group interviews, UN Mission (MINUSTAH) staff, Port-au-Prince, 11 October 2007, and Roberto Lebron, spokesperson, Dirección Nacional de Control de drogas (DNCD), Santo Domingo, 28 October 2007.

³⁰⁶ Some international police experts estimate that one ton of cocaine can pay for all the national police salaries for a year. Comparing cocaine prices with a judge's salary, it is easy to understand how easily corruption of the judiciary may happen. "Heating up drug cases" by judges and lawyers is a common practice. It consists of violating the secrecy of investigation by leaking information in order to pressure traffickers to pay bribes. Crisis Group interview, foreign police expert, Port-au-Prince, 12 October 2007, and Haitian National Police officer, Port-au-Prince, 13 October 2007.

³⁰⁷ On 31 May 2007 the Haitian and UN police arrested traffickers, including Bernard Piquion ("Fusil Bois"), described as a cartel head. "La PNH saisit à Léogâne d'autres armes et un téléphone satellitaire appartenant aux présumés narcotrafiquants", Radio Kiskeya, 6 June 2007.

³⁰⁸ Ibid.

³⁰⁹ Crisis Group interview, Haitian National Police staff, Port-au-Prince, 13 October 2007.

³¹⁰ Crisis Group interviews, DEA officials, Washington DC, January 2008.

officials acknowledge a constant presence of representatives of Latin American trafficking organisations.³¹¹

Small planes and speed boats drop packages at sea or at Haiti's southern coast and numerous small islands. Nine clandestine airstrips have been recorded as regular trafficking points, six of them between Aquin and Côte de Fer on the south coast.³¹² Following the marijuana crop season (July-February), Jamaican traffickers are more visible in the south. Cocaine shipments from Colombia and Venezuela are more frequent from September to March.³¹³

The south-north transit routes and methods are still unclear but probably include both road (sometimes with official cars or police cars with unregistered plates) and air (with planes piloted by Spanish-speakers). Drugs are mostly carried from Haiti's north coast by boat,³¹⁴ but also through the Port-au-Prince airport on commercial flights. Other departure points to Florida, the Bahamas and the Turks and Caicos islands, such as ports in the Nippes, south and west departments (Jérémie, Léogâne), are also mentioned.³¹⁵

Although one reason for the easy access to Haiti is the weakly controlled 360 km border with the Dominican Republic (Anse à Pitres, a notoriously uncontrolled point, is being strengthened);³¹⁶ some Dominican officials estimate that up to 80 per cent of the inflow may arrive directly to their territory. Less than 2 per cent of those detained on drug trafficking charges are Haitians.³¹⁷ It is assumed that arms, drugs and human trafficking networks between Haiti and the Dominican Republic overlap to a large extent, but as far as drugs are concerned, mostly marijuana is trans-shipped, usually hidden on buses or other public transport.

The Dominican Republic is extensively used as a drug-transit and money-laundering country.³¹⁸ It has numerous commercial and tourist flights to and from Europe, as well as maritime shipments and logistical infrastructure, and is only 54 miles across the Mona Passage from Puerto Rico. However, trafficking activities are mostly paid for in drugs, thus creating a local Dominican market for cocaine and crack and fostering drug-related crime.³¹⁹ Much, if not most, of the construction sector is believed to be financed by drug money as a way of laundering or recycling the revenue.³²⁰ There have been a number of court cases in recent years against well known traffickers connected to the armed forces and the business sector.³²¹

D. THE UNITED STATES

In absolute terms, the U.S. continues to be the single-largest cocaine consumer market in the world, with an estimated steady annual demand for 250-300 pure tons.³²² The White House drug office (ONDCP) believes that in 2006 between 530 and 710 tons left the Andean source countries for the U.S.³²³ DEA says as a rule of thumb, about one third of it is seized or lost before it arrives,³²⁴ which suggests that in 2006 between 350 and 470 tons arrived. Government Accountability Office (GAO) officials believe, however, as much as 360 to 540 tons could reach the U.S.³²⁵ The establishment of Mexico-based trafficking organisations in the U.S., which have acquired the capability to operate in almost any corner of the country, also indicates that the flow has at least remained stable if not grown in recent years.³²⁶

³¹¹ Crisis Group interview, Roberto Lebron, DNCD spokesperson, Santo Domingo, 28 October 2007.

³¹² Crisis Group interview, MINUSTAH staff, Port-au-Prince, 11 October 2007. Two others are located near Port-au-Prince and one in the north east.

³¹³ Crisis Group interview, Haitian National Police staff, Port-au-Prince, 13 October 2007.

³¹⁴ Experts say this is because the north is closer to Florida and the Bahamas, and the sailing/boat business with Florida is more developed there.

³¹⁵ "International Narcotics Control Strategy Report", op. cit. Crisis Group interview, MINUSTAH staff, 11 October 2007.

³¹⁶ Crisis Group interview, Roberto Lebrón, DNCD spokesperson, Santo Domingo, 28 October 2007.

³¹⁷ Since September 2007 and U.S. pressure to improve border security, a new Specialised Frontier Security Corps (CESFRONT) has been deployed. "FFAA trasladan por completo a una unidad Cesfront de Dajabón", *Diario Libre*, 12 November 2007.

³¹⁸ The DNCD states that most couriers fly from either Madrid or Amsterdam. Crisis Group interview, Roberto Lebron, DNCD spokesperson, Santo Domingo, 28 October 2007.

³¹⁹ Numerous cases of individuals being caught carrying cocaine in their stomach have been reported, Crisis Group interview, foreign journalist, Santo Domingo, 27 September 2007.

³²⁰ Crisis Group was given the example of a new skyscraper in Santo Domingo where \$1 million flats were bought surprisingly easily by investors and in cash. Crisis Group interview, foreign drugs expert, Santo Domingo, 26 October 2007.

³²¹ "Pepe Goico a juicio por droga de Quirino. Fiscalía lo implica como socio del ex capitán en el cargamento de 1,458 kgs de cocaína decomisada en Puerto Rico", *El Caribe*, 17 January 2006.

³²² Crisis Group interviews, ONDCP, Government Accountability Office (GAO) officials, Washington DC, 11 and 14 January 2008.

³²³ "Cocaine Smuggling in 2006", ONDCP, Washington DC, August 2007.

³²⁴ Crisis Group interview, DEA official, Washington DC, 10 January 2008.

³²⁵ Crisis Group interview, GAO officials, Washington DC, 14 January 2008.

³²⁶ Crisis Group interviews, DEA, State Department and GAO officials, Washington DC, 9-11 January 2008.

In the last decade, trafficking and distribution of cocaine, as both powder and crack,³²⁷ has undergone important changes. Starting in the early to mid-1990s, as noted, Colombia-based organisations, which had controlled most of the U.S. market since the late 1970s,³²⁸ progressively relinquished it to Mexicans.³²⁹ A 1997 constitutional amendment permitted extradition of Colombian citizens, removing the obstacle to the extradition treaty with the U.S. The Pastrana administration extradited a few traffickers in line with the launch of Plan Colombia, the multi-billion dollar U.S.-Colombia counter-drug and counter-insurgency strategy, in 2000, and with the growing bilateral cooperation, including extradition of hundreds by President Alvaro Uribe, traffickers became increasingly risk averse.³³⁰ They withdrew from lower-end operations in the U.S.,³³¹ such as local retailing, and began reducing the brokering and wholesaling of cocaine in the big cities, handing the business to Mexico-based organisations.³³² They also started contracting with smaller Dominican, Cuban and Haitian groups.

Mexican organisations now dominate cocaine brokering, wholesaling and retailing across the U.S., operating as national-level distributors.³³³ Like the Colombians before them, they run a sophisticated, efficient national network of cells and have expanded from initial strongholds in the south west and California to almost every corner of the U.S., including all 28 government-designated High Intensity Drug Trafficking Areas (HIDTAs).

³²⁷ Crack is produced by chemically processing powder cocaine and can be smoked. Since it is inhaled, it is highly addictive and usually sold in smaller amounts than powder cocaine, which is snorted. It is much cheaper than powder cocaine, which continues to be used by wealthier populations. Since the 1980s, it has come to be the “cocaine of the poor”, with devastating effects on less affluent communities, families and individuals. It is usually produced by domestic trafficking and criminal groups in the U.S. and not in the cocaine source or transit countries.

³²⁸ In 1990, the Federal Bureau of Investigation (FBI) identified 250 Colombian cocaine trafficking organisations operating in the U.S., Joseph Fuentes, *Life of a Cell: Managerial Practice and Strategy in Colombian Cocaine Distribution in the United States* (New York, 1998), p. 9.

³²⁹ Crisis Group interview, high-ranking DEA official, Washington DC, 9 January 2008.

³³⁰ Ibid.

³³¹ “High-end” trafficking is usually defined as the activities of “brokers” and “wholesalers” at the top of the trafficking pyramid in a country; “low-end” trafficking refers to retail distributors working at the local level and street retailers.

³³² Crisis Group interview, DEA official, Washington DC, 10 January 2008.

³³³ “National Drug Threat Assessment 2008”, op. cit., p. 35.

The National Drug Intelligence Center reports that Mexican organisations increased their activities in 2007 by expanding transportation and distribution networks even into small rural communities and suburban areas, as well as establishing cocaine retail locations in regions as diverse as Washington/Baltimore, Chicago and the midwest.³³⁴ Colombian and Dominican organisations continue to control or exert influence on cocaine markets in some parts of the regions of the north east and Florida.³³⁵ Even though no U.S. citizens are on the list of Specially Designated Narcotics Traffickers (SDNT), DEA officials believe many Mexicans, Dominicans and other Latin Americans involved in the trafficking hold U.S. passports.³³⁶

While the upper echelons of cocaine wholesaling and distribution in the U.S. are today largely controlled by Mexicans, many other criminal and trafficking groups are active in street-level retailing, processing of powder cocaine into crack and other related activity, such as money laundering. The more powerful Mexican, Colombian and Dominican organisations sub-contract with numerous such groups, including Hispanic street gangs such as the Mara Salvatrucha (MS 13), 1-5 Amigos, Southside Locos and Latin Kings; African American gangs such as the Bloods, Crips, Gangster Disciples and Vice Lords; and predominantly white American (“Caucasian” as U.S. drug authorities say) gangs such as outlawed motorcycle groups (OMGs) like the Hells Angels, Galloping Goose and Sons of Silence. There are also smaller groups of Italian mafia still active in some areas.³³⁷ Law enforcement agencies estimate that in Chicago alone there are 75-100 gangs with a membership of some 70,000. Most operate in specific neighbourhoods or counties, but some have national reach and membership.³³⁸

Once cocaine has entered the U.S., mostly across its southern land border, Mexican cells collect it and move it to 38 major distribution hubs,³³⁹ selected for their convenient location and highly developed interstate highways. Large Mexican or Latin communities in the areas are also important, since the traffickers seek to blend

³³⁴ “Washington/Baltimore, Chicago and Midwest. High Intensity Drug Trafficking Area Drug Market Analyses”, National Drug Intelligence Center/U.S. Department of Justice, Washington DC, May and June 2007.

³³⁵ Crisis Group interview, DEA official, Washington DC, 10 January 2008; “National Drug Threat Assessment 2008”, op. cit., p. 35.

³³⁶ Crisis Group interview, senior DEA officials, Washington DC, 9 January 2008. The SDNT list is known as the “kingpin list”.

³³⁷ Ibid.

³³⁸ “Washington/Baltimore”, op. cit.

³³⁹ Crisis Group interview, GAO officials, Washington DC, 14 January 2008.

in. “Multi-pound to multi-ton shipments of illicit drugs [are transported] using sophisticated and unsophisticated concealment methods in private and commercial vehicles and by package delivery services. [These include] equipping... vehicles with elaborate hidden compartments, [and] concealing shipments among legitimate freight goods [and] in packages treated with odour-masking agents such as grease and mustard”.³⁴⁰ For smaller quantities, the postal service and couriers are also used.

E. EUROPE

Europe is the world’s second largest cocaine market and growing. EU Police (EUROPOL) estimate that 250 tons enter annually. Experts believe the rapid increase in seizures – 72.3 tons in 2004, 107 tons in 2005– is due partly to traffickers increasingly seeking to supply a growing demand and profit from wholesale prices almost double those in the U.S.³⁴¹ Colombians continue to be the main suppliers, but there is some evidence that Mexican and Peruvian organisations have started to appear, working mostly with couriers, who carry small amounts.³⁴² Wholesale trafficking across the Atlantic involves larger networks with links to both providers and distribution networks in various countries. Colombians are dominant in the trans-Atlantic trafficking and in distribution from the Iberian Peninsula, which is the primary entry point in Europe, followed by the Netherlands and Belgium.³⁴³

West African criminal groups are also increasingly important in trafficking of Andean cocaine to the EU. Whether they are mainly hired as middlemen to handle logistics or buy from Colombians to link up with European traffickers themselves is unclear.³⁴⁴ Both probably happen, but there is likely growing African responsibility.³⁴⁵

When Colombians keep control of the cocaine, they collaborate with organisations in Spain and Portugal³⁴⁶ and use France as a staging post for distribution across Europe. French, British and Dutch groups have permanent presences in Spain and Portugal. Rotterdam is one of the main seaports for cocaine import, from where it is distributed domestically within the Netherlands and sent to larger European markets, including the UK. The international character of the Netherlands, its excellent infrastructure and tolerant attitude towards drugs all help make Rotterdam a favoured location.³⁴⁷ Organisational forms tend to be flexible, however. Some Colombians combine the import, middle man and retail functions.³⁴⁸ Other organisations divide labour, working with entrepreneurs in the source countries, receivers at the point of arrival and “runners” who distribute and retail. Ethnic ties are important in the first two stages, but once drugs have arrived in Rotterdam, Colombians seem to rely on locals and business contacts for distribution.

Authorities estimate that 75-95 per cent of the drugs coming through Belgium are linked to traffickers in the Netherlands. While investigations point to Colombian groups in both countries, retail is handled mainly by Belgian and Dutch groups and to a lesser extent by small Moroccan gangs.³⁴⁹ Colombian groups retain control over the entry of much cocaine into Italy, maintaining strong links with the mafia, as well as Italian-based Algerians.³⁵⁰ According to the Italian interior ministry, the ‘Ndrangheta uses the Reggio Calabria region to import and export drugs from the Middle East and South America.³⁵¹ It acquires wholesale loads from the

³⁴⁰ “Chicago High Intensity Drug Trafficking Area Drug Market Analysis”, National Drug Intelligence Center, op. cit., pp. 5-6.

³⁴¹ There has been no rise in cocaine’s price or significant fall in purity, thus indicating a greater supply. “World Drug Report 2007”, op. cit., p. 74. “Euro becomes currency of choice for cocaine traffickers”, *International Herald Tribune*, 10 May 2007. The price in Europe for 1kg of cocaine is around \$50,000; in the U.S. it is \$30,000.

³⁴² Crisis Group interview, NGO representative, Amsterdam, 16 October 2007.

³⁴³ See below.

³⁴⁴ For differing views, see “Project COLA: European Union Cocaine Situation report 2007”, Europol, 5 September 2007, p. 4; and Emmanuel Akyeampong, “Diaspora and Drug Trafficking in West Africa: A Case Study of Ghana”, *African Affairs*, vol. 104, no. 416 (2005), p. 436.

³⁴⁵ Antonio L. Mazzitelli, “Transnational Organized Crime in West Africa: the additional challenge”, *International Affairs*, vol. 83,

no. 6 (2007), p. 1076.; and “World Drug Report 2007”, op. cit., p. 174.

³⁴⁶ Jennifer Sands, “Organised Crime and Illicit Activities in Spain”, *Mediterranean Politics*, vol. 12 no. 2 (2007), p. 217.

³⁴⁷ Paul Gruter and Dike Van de Mheen, “Dutch Cocaine Trade: The Perspective of Rotterdam Cocaine Retail Dealers”, *Crime, Law & Social Change*, vol. 44, no. 1 (2005), p. 20. “Fighting organised crime in the Netherlands through criminal law, 2005-2010”, public prosecutor’s office, 2004, p. 34. Damian Zaitch, *Trafficking Cocaine: Colombian Drug Entrepreneurs in the Netherlands* (The Hague, 2002).

³⁴⁸ Gruter and Van de Mheen, op. cit., p. 21.

³⁴⁹ Crisis Group email communications, Dutch foreign ministry official, Bogotá, 23 January 2008.

³⁵⁰ “Attività svolta, risultati conseguiti – Primo Semestre 2006”, Direzione Investigativa Antimafia/DIA-Ministero dell’Interno. “Project COLA”, op. cit. p. 12.

³⁵¹ “Attività svolta”, op. cit., secondo semestre 2006, p. 33. This mafia group is mainly organised in family clans. Instead of the pyramid structure of bosses used by other mafia groups, the ‘Ndrangheta uses families based on blood relationships, inter-marriages or a godfather. Each group is named after its village or the family leader. “Who are the ‘Ndrangheta’?”, CNN news, 15 August 2007.

Colombians,³⁵² but also from Brazilians and Venezuelans, which are then moved through middlemen to Germany, France, Spain, the Netherlands, Belgium and Switzerland.³⁵³

Distribution and supply to the UK is organised by multiple groups. While the routes and modes of transporting cocaine are varied and sometimes depend on the ethnic and national background of the major middle men and distributors, Colombian groups are the main wholesalers. Caribbean groups obtain small amounts of cocaine via couriers from that region, who swallow gum-wrapped cocaine balls, whereas British groups acquire loads from their representatives in Spain.³⁵⁴ As in other major consumer countries, distribution and retail activity at the middle and lower levels is highly fragmented, conducted by many organisations organised by ethnic ties, place and target audience. British groups, especially in northern cities, are still the main retailers, but particularly Afro-Caribbeans (e.g., Jamaicans in London and Bristol) and independent Colombians are also involved in retail in major southern towns.³⁵⁵ When Colombians control distribution, they tend to operate under clear command structures and through established routes, particularly Spain, maintaining representatives along the supply chain.³⁵⁶

Trafficking operations to Europe are highly diversified; traffickers are adept at shifting patterns depending on law enforcement operations. Traditional relatively direct sea routes from the western hemisphere to the Iberian peninsula and other parts of Europe are being complemented by a growing number of alternatives, including air, with strong links evident between European countries and their former colonies, such as between the Dutch Antilles-the Netherlands and Jamaica-the UK. But traffickers increasingly use West Africa for

transit.³⁵⁷ Cocaine is often sent to Cape Verde, then to the African mainland, or from Brazil (Santos) to especially Senegal, Ghana and Guinea-Bissau.³⁵⁸ More than half the cocaine seizures reported in Africa are in West and Central Africa; 33 per cent are in North Africa, 14 per cent in Southern Africa.³⁵⁹ UNODC estimates that 12 per cent of cocaine seized in Europe in 2006 arrived via Africa, up from 9 per cent in 2005, while a quarter of all cocaine that reaches Europe arrives via West Africa.³⁶⁰ Recent UK information confirms an increase in cocaine arriving from that region.³⁶¹

From Africa, traffickers use a myriad of routes to Europe, with shipments often broken into smaller loads. Nigerian and Ghanaian networks, the biggest players in West Africa, tend to smuggle by air using couriers of West African origin with EU residence permits.³⁶² Northern Africa has not traditionally been a transit and storage zone for cocaine,³⁶³ however, in the past several years the overland route from West Africa to the region's established cannabis and heroin trafficking networks has gained popularity.³⁶⁴ Landlocked Mali and Niger are becoming popular transit countries. Traffickers often go from the west coast to Mali's capital, Bamako, and inland towns to evade law enforcement, and then north towards Europe.³⁶⁵ Drugs are also sent by post or to Portugal's northern coast and Galicia in Spain, via container ships, fishing boats and possibly, on some

³⁵² According to a 2005 report by the Italian social research institute Eurispes, \$32.3 billion of the 'Ndrangheta's estimated yearly income of \$52 billion is derived from drugs trafficking, followed by extortion, arms trafficking and loan sharking. Bruce Livesey, "As one Mafia fades, Italy faces another", *The Christian Science Monitor*, 9 November 2007. According to an ex-collaborator, the 'Ndrangheta has more than 2,000 operatives in Colombia involved in moving drugs to Europe. "Mafia calabresa tiene en Colombia más dos mil colaboradores", EFE/Caracol Radio, 8 February 2007.

³⁵³ "Attività svolta, risultati conseguiti - Secondo Semestre 2006", op. cit., pp. 39, 33.

³⁵⁴ Crisis Group interview, foreign drug agency officer, Bogotá, 14 January 2007.

³⁵⁵ Ibid.

³⁵⁶ "The United Kingdom Threat Assessment of Serious Organised Crime", Serious Organised Crime Agency, July 2006, Chapter 5, at www.soca.gov.uk.

³⁵⁷ Growing cocaine seizures reflect the increasing use of West Africa as a route for drug trafficking. Seizures in Ghana rose from 0.6 tons in 2004 to 1.9 tons by May 2006. There has also been an increase in the seizures of single, high-volume loads of cocaine in Cape Verde (0.5 tons in March 2007), Guinea Bissau (0.6 tons in April 2007) and Senegal (1.2 tons and 1.25 tons both in June 2007), "Project COLA", op. cit.

³⁵⁸ Crisis Group interviews, European Commission official, Brussels, 3 October 2007; public security department, interior ministry, official, Rome, 28 September 2007; and European Commission senior official, Brussels, 9 November 2007.

³⁵⁹ "World Drug Report 2007", op. cit., p. 77.

³⁶⁰ Ibid; UNODC seizure database for 2006; "UNODC Warns of Cocaine Trafficking Threat in West Africa", UNODC, 12 December 2007.

³⁶¹ Crisis Group interview, UK Revenue and Customs, London, 11 December 2007.

³⁶² Antonio L. Mazzitelli, op. cit., pp. 1075-1076; and "Cocaine Trafficking in Western Africa", op. cit., p. 11.

³⁶³ "Annual report 2006", International Narcotics Control Board (INCB), 1 March 2007, p. 34.

³⁶⁴ "Project COLA", op. cit., p. 4.

³⁶⁵ "Remarks by Director General, Groupe Inter-gouvernemental d'Action Contre le Blanchiment d'Argent et Le Financement du Terrorisme en Afrique de l'Ouest (GIABA)", at opening ceremony, Expert Group Meeting on Drug Control in West Africa, 10 September 2007.

stretches, speedboats.³⁶⁶ From the Maghreb, Morocco is the main departure point for go-fast boats to Spain, but Mauritania may also be used.³⁶⁷

Law enforcement organisations also express concern over a slow but steady increase in cocaine shipments through the Balkans and Eastern Europe.³⁶⁸ EU officials say Turkish and Romanian criminals are taking advantage of the East Africa heroin route to bring cocaine into Europe this way;³⁶⁹ there are reports of trafficking into Montenegro via the Adriatic and Romania across the Black Sea,³⁷⁰ and in November 2007 Croatian, Bosnian and Greek police arrested eight people for smuggling more than 160 kg into Croatia and Greece, headed for Bosnia.³⁷¹

Traffickers are also diversifying transport methods. Drugs parcels are moved in freighters and container ships or dropped in international waters by low flying planes, then collected at sea by African-flagged fishing boats with mixed African and Spanish or South American crews.³⁷² Colombian and Venezuelan networks have started setting up seemingly legitimate trading business in West African to facilitate transport to Europe and money laundering.³⁷³ EU authorities believe some 30 tons of cocaine are still being transported by couriers into Europe every year.³⁷⁴

³⁶⁶ Even though UNODC reports do not mention East Africa as a trafficking route, EU officials believe heroin trafficking routes there are increasingly being used for cocaine as well. Crisis Group interview, European Commission senior official, Brussels, 9 November 2007.

³⁶⁷ Moroccans were 15 per cent of those arrested in Spain in 2005 for cocaine trafficking, "World Drug Report", op. cit., p. 75; and "Cocaine Trafficking in Western Africa", UNODC, op. cit., p. 9.

³⁶⁸ According to UNODC, less than 1 per cent enters Europe by this route, "World Drug Report", UNODC, op. cit., p. 77.

³⁶⁹ Crisis Group interview, European Commission senior official, Brussels, 9 November 2007.

³⁷⁰ "World Drug Report", op. cit., p. 77.

³⁷¹ "Balkan police stop cocaine smuggling ring", United Press International, 28 November 2007.

³⁷² "Project COLA", op. cit.

³⁷³ Crisis Group interview, European Commission official, Brussels, 9 November 2007.

³⁷⁴ "Project COLA", op. cit.

IV. CONCLUSION

Years of efforts to reduce coca crops in the Andes by aerial spraying and manual eradication and, to a lesser extent, alternative development programs have had little success. UNODC estimated that combined coca cultivation in Bolivia, Colombia and Peru largely remained stable at a high level between 2004 and 2006. ONDCP now admits not only that 2006 may have seen higher production figures than the peak year of 2000 but also that the 2007 flow of cocaine out of South America exceeded previous record highs. Andean cocaine production potential and availability of the drug in the U.S. and European markets has stabilised at a high level.

Transnational trafficking organisations and cocaine retailers across the Americas and Europe have not been controlled. To the contrary, they have proven capable of adjusting to law enforcement and interdiction by adopting new forms and methods, exploring new routes or reopening old ones and expanding their reach. Despite an increase in seizures worldwide until 2006, there are no convincing indications that availability has been interrupted for any significant length of time in the U.S. and Europe, or the growing Southern Cone markets. Experienced traffickers avoid ostentatious displays of money and power and opt for stealth and corruption in moving hundreds of tons of cocaine annually, relying on street and criminal gangs as retail distributors.

Political tensions between the U.S. and Venezuela, which has become an important trans-shipment point for Colombian cocaine, U.S. inability to control its 2,000-mile border with Mexico and limited EU disposition to coordinate among member states on more rigorous interdiction efforts are major obstacles to supply reduction. The latest flare-up between Colombia, Venezuela and Ecuador, following Colombia's raids on a FARC camp in Ecuador, while seemingly resolved by diplomacy, is likely to further complicate border cooperation.³⁷⁵ But while more cooperation on and from both sides of the Atlantic is certainly needed to reduce cocaine supply, it will never be sufficient. It is, therefore, at least equally important to focus on preventing coca cultivation in the first place through more ambitious alternative and rural development programs in the source countries. Building a consensus on this and pooling U.S. and European resources are indispensable steps. So too are larger and more effective programs to reduce demand in consumer countries, as discussed in the complementary Crisis Group report.

Bogotá/Brussels, 14 March 2008

³⁷⁵ Crisis Group interview, U.S. officials, Washington, DC, 4 March 2008; also see John Otis, "Colombia's Deadly raid unlikely to halt rebels", *Houston Chronicle*, 8 March 2008.

APPENDIX A

MAP OF COLOMBIA INDICATING COCA CULTIVATION



This map has been adapted by the International Crisis Group from a map made available by The General Libraries, The University of Texas at Austin, with information from the United Nations Office of Drugs and Crime. The coca cultivation areas and region names have been added.

APPENDIX B

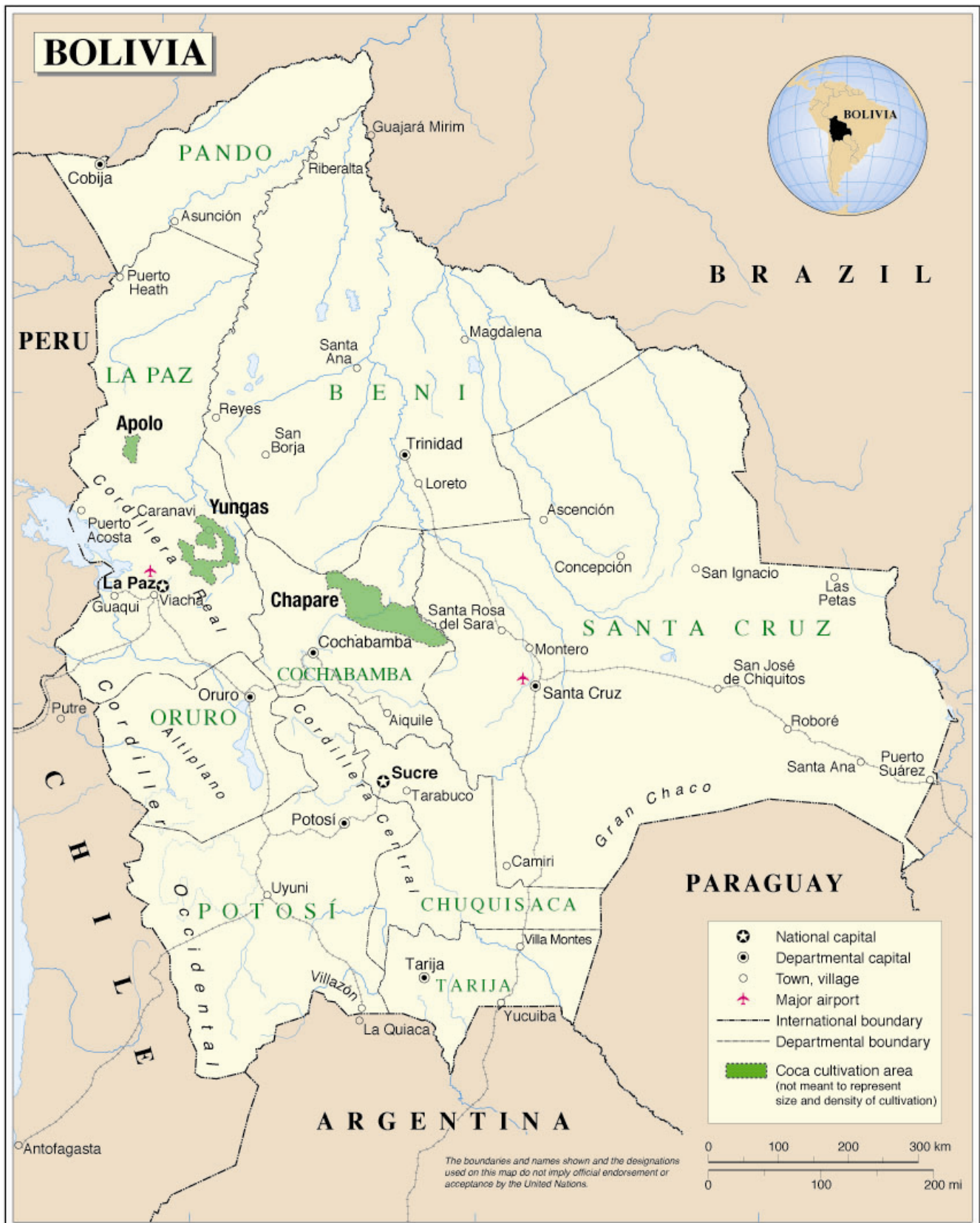
MAP OF PERU INDICATING COCA CULTIVATION



This map has been adapted by the International Crisis Group from Map No. 3838 Rev. 3 (May 2004) by the Cartographic Section of the United Nations Department of Peacekeeping Operations. The coca cultivation areas and region names have been added.

APPENDIX C

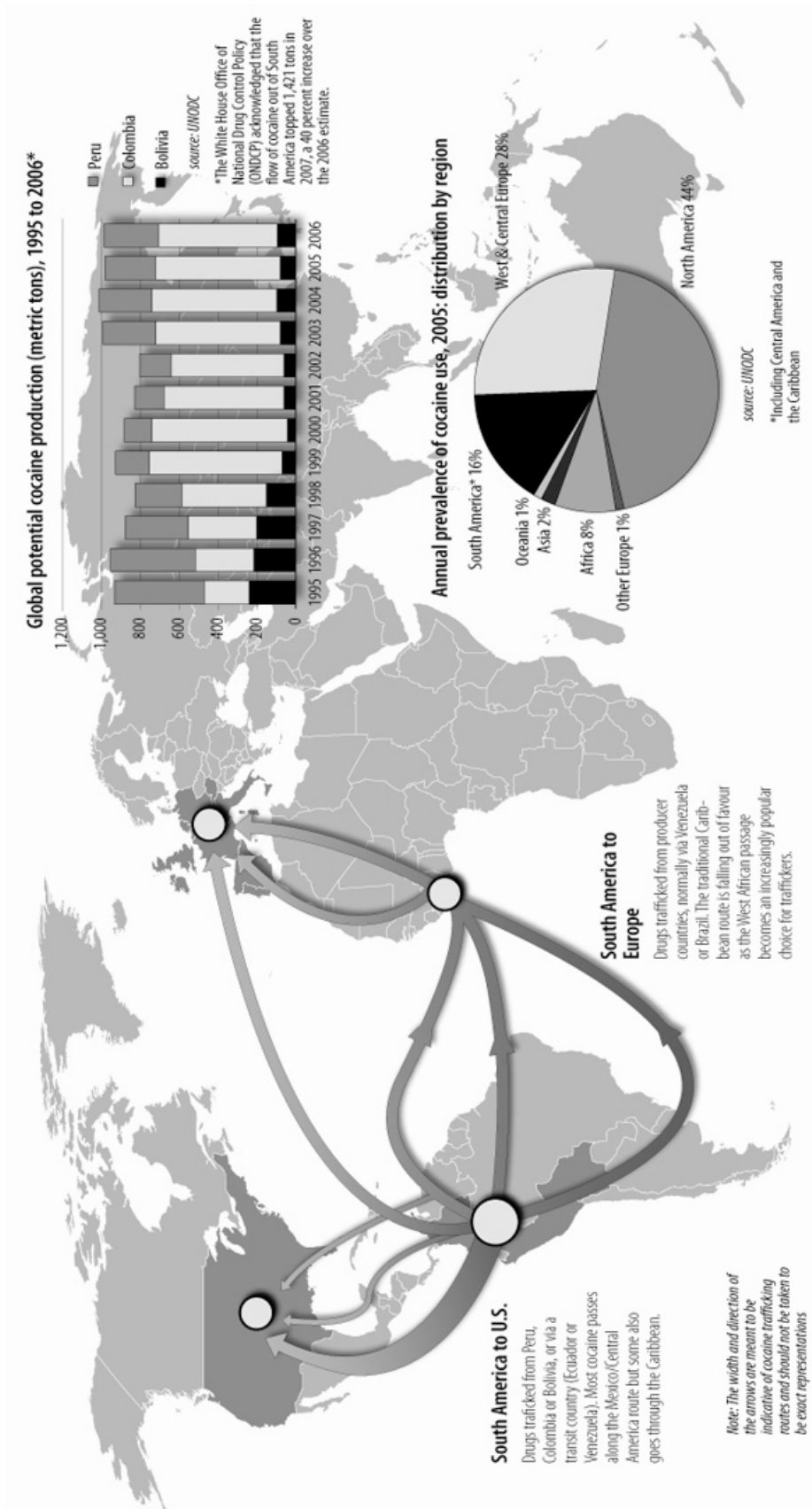
MAP OF BOLIVIA INDICATING COCA CULTIVATION



This map has been adapted by the International Crisis Group from Map No. 3875 Rev. 3 (August 2004) by the Cartographic Section of the United Nations Department of Peacekeeping Operations. The coca cultivation areas and region names have been added.

APPENDIX D

MAP OF COCAINE TRAFFICKING ROUTES



APPENDIX E

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March 2008

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