

LATIN AMERICAN DRUGS II: IMPROVING POLICY AND REDUCING HARM

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TABLE OF CONTENTS

| | |
|---|-----------|
| EXECUTIVE SUMMARY AND RECOMMENDATIONS | i |
| I. INTRODUCTION..... | 1 |
| II. COUNTER-DRUG POLICY..... | 2 |
| A. THE UNITED STATES..... | 2 |
| 1. Supply reduction..... | 3 |
| 2. Demand reduction..... | 7 |
| B. EUROPE | 8 |
| 1. Supply reduction..... | 9 |
| 2. Demand reduction..... | 14 |
| C. THE ANDEAN REGION..... | 16 |
| 1. Colombia | 16 |
| 2. Bolivia | 19 |
| 3. Peru..... | 21 |
| 4. Venezuela | 23 |
| 5. Ecuador..... | 26 |
| D. MEXICO, CENTRAL AMERICA AND THE CARIBBEAN..... | 28 |
| 1. Mexico and Central America..... | 28 |
| 2. Haiti and the Dominican Republic | 30 |
| E. BRAZIL AND THE SOUTHERN CONE..... | 32 |
| 1. Brazil | 32 |
| 2. Argentina | 33 |
| 3. Chile..... | 34 |
| III. POLITICAL AND SOCIAL HARM..... | 35 |
| A. UNDERMINING INSTITUTIONS AND DEMOCRACY..... | 35 |
| B. FUELLING ARMED AND CIVIL CONFLICT..... | 37 |
| C. WEAKENING LOCAL GOVERNANCE AND DEVELOPMENT | 38 |
| D. OBSTRUCTING INTERNATIONAL COOPERATION..... | 39 |
| IV. CONCLUSION..... | 40 |
| APPENDICES | |
| A. COCAINE USE PREVALENCE RATES IN THE U.S., EUROPE AND LATIN AMERICA | 41 |
| B. ABOUT THE INTERNATIONAL CRISIS GROUP | 43 |
| C. CRISIS GROUP REPORTS AND BRIEFINGS ON TK | 44 |
| D. CRISIS GROUP BOARD OF TRUSTEES | 45 |

LATIN AMERICAN DRUGS II: IMPROVING POLICY AND REDUCING HARM

EXECUTIVE SUMMARY AND RECOMMENDATIONS

The policies of a decade or more to stop the flow of cocaine from the Andean source countries, Colombia, Peru and Bolivia, to the two largest consumer markets, the U.S. and Europe, have proved insufficient and ineffective. Cocaine availability and demand have essentially remained stable in the U.S. and have been increasing in Europe. Use in Latin American transit countries, in particular Argentina, Brazil and Chile, is on the rise. Flawed counter-drug policies also are causing considerable collateral damage in Latin America, undermining support for democratic governments in some countries, distorting governance and social priorities in others, causing all too frequent human rights violations and fuelling armed and/or social conflicts in Colombia, Bolivia and Peru. A comprehensive shared policy reassessment and a new consensus on the balance between approaches emphasising law enforcement and approaches emphasising alternative development and harm reduction are urgently required.

Counter-drug policies such as the U.S.-Colombian Plan Colombia and the European Union (EU) Drugs Strategy have not found an effective mix of supply and demand reduction measures. While on both sides of the Atlantic the lion's share of counter-narcotics funds are invested in controlling the drug problem at home, neither the Washington law-enforcement orientation nor the Brussels public health orientation (which is not homogeneously shared across the EU) has significantly reduced cocaine use. Policy coordination between the U.S., Europe and Latin America is severely hampered by the marked differences on both how best to address the world's overall drug problem and how to reduce cocaine supply, as well as by unrelated political disputes.

While the U.S. runs large supply reduction programs in the Andean source countries, in particular seeking to eradicate coca crops through aerial spraying in Colombia but also investing considerable money in alternative development, the Europeans contribute on a smaller scale to the establishment of alternative livelihoods and strengthening of institutions. Drug-shipment interdiction and law enforcement in many of the transit countries are relatively major elements of U.S. policy, while Europe

attempts to guard its borders closer to home and suffers from inadequate law enforcement cooperation within the EU.

In the absence of better coordination between counter-drug authorities on the three continents, highly efficient and sophisticated transnational trafficking organisations adapt rapidly and continue to find ways to cater to the world's most lucrative markets. The harm they do is multiplied by their symbiotic relationships with illegal armed groups, most spectacularly the insurgents and the new groups that have sprung up following disarmament of the paramilitaries in Colombia.

Crisis Group's detailed study is divided into two complementary reports published simultaneously. The first, *Latin American Drugs I: Losing the Fight*, principally examines the scope of the problem, including a detailed examination of cultivation and trafficking. This report analyses policies and their political and social ramifications and presents policy recommendations.

RECOMMENDATIONS

To the U.S. Government:

1. Increase demand reduction efforts by:
 - (a) expanding public drug education and prevention programs at high schools and developing high-impact programs targeting other cocaine and crack cocaine users;
 - (b) increasing drug courts and improving treatment referral and treatment programs for chronic users;
 - (c) offering more and more effective in-prison, transition and treatment follow-up programs;
 - (d) increasing systematic information exchange on drug prevention, treatment, rehabilitation and law enforcement with European and other drug authorities; and

- (e) developing modern communication approaches to stigmatise recreational users of cocaine.
2. Refocus supply reduction efforts by:
- (a) increasing massively the alternative and rural development, institution-strengthening and local governance components of Plan Colombia and the Andean Counter-Drug Initiative (ACI);
 - (b) changing the Colombia coca crop eradication program from all too often indiscriminate aerial spraying to manual eradication, linked to immediately available economic incentives for farmers, and limiting forced eradication to a last resort there and in Bolivia and Peru;
 - (c) increasing information exchange with the EU and Latin American source countries on supply reduction;
 - (d) reinstating Drug Enforcement Administration (DEA) helicopter interdiction operations in Haiti based on the successful 2007 pilot operation;
 - (e) focusing more interdiction efforts closer to, and on, U.S. borders, particularly the Mexican, where the loss of cocaine is costlier and not as easily replaced by traffickers as in the source countries;
 - (f) establishing stronger cooperation with EU and Latin American law enforcement/counter-drug agencies to improve interdiction closer to U.S. and European borders and be more effective at dismantling trafficking organisations;
 - (g) targeting more effectively cocaine brokers and wholesalers in the U.S. and increasing efforts to control and dissolve street gangs and reintegrate their members into civil life; and
 - (h) increasing the focus of the Mérida Initiative on strengthening institutional and law enforcement capabilities in Mexico and Central America, with a priority on addressing corruption.
- To the European Union and its Member States:**
3. Increase demand reduction efforts by:
- (a) expanding public education and prevention programs in the member states, especially in Italy, Spain and the UK, aiming specific programs in particular at high school students and middle-high and high income groups;
- (b) expanding treatment programs specifically tailored to cocaine and crack cocaine users, particularly in Italy, Spain and the UK;
 - (c) evaluating rigorously the impact of harm reduction and law enforcement measures on reducing cocaine demand and taking appropriate action to improve performance; and
 - (d) increasing systematic information exchange on drug prevention, treatment, rehabilitation and law enforcement with the U.S. and other drug authorities.
4. Increase supply reduction efforts through:
- (a) expanding significantly support for alternative and rural development, institution-strengthening and local governance programs in source and transit countries and improving coordination and harmonisation of programs between the EU and the member states;
 - (b) establishing systematic information exchange with the U.S. on supply reduction measures in the Latin American source and transit countries;
 - (c) improving European law enforcement coordination for better interdiction of cocaine shipments closer to European borders and within the EU and to be more effective at dismantling trafficking organisations;
 - (d) establishing stronger cooperation with U.S., Latin American and West African law enforcement and counter-drug agencies to increase the effectiveness of interdiction and chemical precursor control; and
 - (e) targeting more effectively cocaine brokers and wholesalers in the EU.

To the Governments of the Andean Region:

5. Increase supply reduction efforts by:
- (a) expanding massively alternative and rural development, institution-strengthening and local governance programs aimed at addressing historical absence of state presence, indigenous exclusion and rural poverty and including these issues

- prominently in international cooperation agendas;
- (b) shifting the focus of coca crop eradication to manual and, where security conditions permit, voluntary eradication, while progressively phasing out aerial spraying and forced manual eradication;
 - (c) establishing stronger cooperation with law enforcement agencies in Latin America, Europe and the U.S.;
 - (d) strengthening control of chemical precursors; and
 - (e) closing the loopholes in the system of legal coca leaf control in Bolivia and Peru.
6. Increase demand reduction efforts by:
- (a) designing and implementing public education and prevention programs and offering drug users treatment; and
 - (b) establishing systematic information exchange on demand reduction with other Latin American countries, Europe and the U.S.

To the Governments of Brazil and the Southern Cone:

7. Increase demand reduction efforts by:
- (a) acting promptly against increased cocaine and “paco”/“merla” use in Argentina, Brazil and Chile;
 - (b) significantly improving and expanding public education, prevention and treatment programs tailored to cocaine and “paco”/“merla” users and targeting high school students and lower, middle and middle-high income groups; and
 - (c) establishing systematic information exchange on demand reduction with other Latin American countries, Europe and the U.S.
8. Increase supply reduction efforts by:
- (a) improving control at international airports and borders with Bolivia, Paraguay, Peru and between Brazil, Argentina and Chile;
 - (b) increasing law enforcement intelligence capabilities on organised and transnational crime and expanding cooperation with law enforcement agencies in Latin America, the U.S. and Europe;

- (c) stepping up law enforcement against domestic and transnational trafficking organisations, targeting their organisational structures, financial and other assets and drug-producing facilities;
- (d) increasing the fight against corruption in law enforcement agencies and significantly improving conditions in and performance of the prison systems;
- (e) improving control of chemical precursors; and
- (f) increasing efforts to control and dissolve criminal gangs in poor neighbourhoods of the large cities and reintegrate their members into civil life.

To the Governments of Mexico, Central America and the Caribbean:

9. Increase supply reduction efforts by:
- (a) strengthening the fight against corruption within law enforcement agencies and the military, including by proceeding swiftly to create new police forces or reform existing ones;
 - (b) replacing the military progressively by police and civilian law enforcement agencies in the fight against drug trafficking and taking prompt action to improve the human rights records of the military and law enforcement agencies;
 - (c) targeting more effectively senior and mid-level structures of Mexican trafficking organisations and increasing efforts to control and dissolve criminal gangs in poor neighbourhoods of the large cities and reintegrate their members into civil life; and
 - (d) increasing the focus of the Mérida Initiative on strengthening institutional and law enforcement capabilities in Mexico and Central America.
10. Increase demand reduction efforts by:
- (a) improving and expanding public education, prevention and treatment programs tailored to cocaine and crack users and targeting high school students and lower, middle and middle-high income groups; and
 - (b) establishing systematic information exchange on demand reduction with other Latin American countries, Europe and the U.S.

To the United Nations:

11. Conduct a rigorous and transparent evaluation, with civil society participation, of the progress worldwide in reducing supply and demand for drugs since the 1998 UN General Assembly Special Session (UNGASS) on the world drugs problem.
12. Promote establishment of a new policy consensus, capable of overcoming current political divisions, and strengthening cooperation and policy coordination between the U.S., Europe and Latin American source, transit and consumer countries and achieving an effective balance between demand and supply reduction measures.

To the Organization of American States:

13. Continue to evaluate progress in reducing drug supply and demand in the OAS member states and promote strong cooperation between Latin America, the U.S. and Europe.

Bogotá/Brussels, 14 March 2008

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I. INTRODUCTION

In the past decade, great efforts and resources have been dedicated to curbing the production and flow of cocaine from the Andean source countries (Bolivia, Colombia and Peru) to the two largest cocaine markets, the U.S. and Europe. Counter-drug policies, such as the U.S.-Colombian Plan Colombia and the Drugs Strategy of the European Union (EU), have attempted (with different priorities) to cut supply through crop eradication, interdiction, alternative development, institution strengthening and law enforcement and to reduce domestic demand through prevention, treatment, rehabilitation and harm reduction programs.

The results have been poor. U.S. cocaine demand has largely been stable, despite a rise in price and a fall in purity in 2007. It is likely that in the foreseeable future the price will drop again or at least remain constant, since rising demand in several European countries (notably Italy, Spain and the UK), increasingly catered to by Colombian cocaine transiting Venezuela, is at least as responsible for the 2007 variation as small supply reduction successes.¹

A worrying trend is the spreading use of cocaine and cocaine derivatives, such as “paco”/“merla” (produced from coca paste in Argentina and Brazil), in Latin American transit countries. The stable U.S. market and growing consumption in Europe, Argentina, Brazil, Chile and Mexico indicate that overall cocaine availability has not decreased. Further, traffickers show great ability when experiencing difficulties in supplying a given market, such as the U.S. in 2007, to shift operations elsewhere, including to transit countries. Weaknesses in cooperation and coordination between counter-drug authorities in the U.S., Europe and most of Latin America are swiftly exploited.

The expansion of transnational drug usage and of the criminal networks across Latin America that facilitate and benefit from it is paralleled by consistently weak results from counter-drug policies, which are taking a heavy toll on democratic institutions, political systems and societies at large in several Latin American countries. State institutions are undermined by corruption and criminal interests, armed and/or social conflicts in Colombia, Bolivia and Peru are fuelled, and police and military responses in Latin America’s large cities are characterised too often by excessive force, human rights violations and insufficient due process.²

¹ Jonathan M. Katz, “U.S. Drug Czar: Cocaine Trafficking Broadens on Venezuelan-Caribbean Route”, MSNBC wire service, 26 February 2008. The supply reduction successes in 2007 – mostly increased cocaine interdiction – have been offset by greater cocaine production in the Andean region.

² For a broad examination of the overall relationship of human rights protection to national and international drug policies, particularly within the UN system, see Damon Barrett, Rick Lines, Rebecca Schleifer, Richard Elliott, Dave Bewley-Taylor, “Recalibrating the Regime: The Need for a Human Rights-Based Approach to International Drug Policy”, The Beckley Foundation Drug Policy Program, Report 13, 10 March 2008, at <http://hrw.org/pub/2008/hivaid/beckley0308.pdf>

II. COUNTER-DRUG POLICY

A. THE UNITED STATES

Since President Richard Nixon declared “war on drugs” in 1971, U.S. counter-drug policy has focused on interventions at home and abroad to curb the use, trafficking and production of illicit drugs. Despite the rhetoric of a balanced approach equally weighted to reducing supply and demand, priority has consistently been given to supply-side measures, including law enforcement against traffickers and coca crop and poppy eradication.³

Domestically, there are two distinct policies and sets of programs, which, combined, are much larger than those implemented abroad. First, criminal law enforcement, separate from interdiction, and incarceration of those engaged in the sale or use of drugs involve major efforts of local, state and federal authorities. The estimated costs, particularly when those of the violence spawned by trafficking competition are included, are far greater than those of any other aspect of the policy.⁴ Federal, state and local incarceration of users and traffickers alone has been estimated at \$14 billion a year.⁵ In fiscal year (FY) 2007, domestic law enforcement added another \$3.7 billion. The second part of the domestic response – demand reduction through education, prevention and treatment programs – was estimated at \$4.8 billion.⁶ The programs implemented abroad, including interdiction in source and transit countries and at the U.S. border, had a budget of \$3.4 billion; the international counter-drug programs, including eradication, alternative development, and law enforcement support in the source countries, were budgeted at \$1.4 billion.⁷

Policy in the source and transit countries is focused on halting production, trafficking and transport of mostly Colombian but also Peruvian and Bolivian cocaine to the U.S. These supply-side reduction policies, which

include crop eradication, interdiction, law enforcement, alternative development and public education, dominate much of the U.S. involvement in the Andean region and are now partly expanding via the Mérida Initiative to form a significant element in relations with Mexico and Central America.⁸ Plan Colombia, launched under President Bill Clinton in 2000, and its Bush administration successor, the Andean Counter-Drug Initiative (ACI), are the flagship interventions in the Andes. Supply-side reduction in Latin America costs well over \$1 billion a year.⁹

Despite these sizable efforts, there has been virtually no change in the quantity of cocaine flowing into the country. The U.S. continues to be the major consumer of illicit drugs in the Western Hemisphere and the largest market for Andean cocaine in the world. More than six million individuals older than twelve used cocaine in 2005, up from 5.5 million in 2004.¹⁰

Although John Walters, director of the White House drug office (ONDCP), portrayed the increase in cocaine prices and decrease in purity in many of the 38 main U.S. drug markets between January and September 2007 as evidence the supply-side reduction policies in the Andes were finally paying off,¹¹ critics, including Government Accountability Office (GAO) officials, independent experts and, reportedly, some local law enforcement officers warned that this trend could be temporary¹² and that there was no proof the overall availability of cocaine

³ Crisis Group interview, Government Accountability Office (GAO) officials, Washington DC, 14 January 2008.

⁴ Domestic Law Enforcement costs for FY 2007 were estimated at \$3.6 billion. “National Drug Control Strategy FY 2008 Budget Summary”, ONDCP, February 2007, p. 21.

⁵ “The Economic Costs of Drug Abuse in the United States: 1992-2002”, ONDCP, table C-5, at www.whitehousedrugpolicy.gov/publications/economic_costs/economic_costs.pdf.

⁶ “Budget Summary”, op. cit., p. 21; and Crisis Group interview, GAO officials, Washington DC, 14 January 2008. “In Dubious Battle: Fumigation and the U.S. War on Drugs in Colombia,” Washington Office on Latin America, 1 June 2006, at www.wola.org.

⁷ “Budget Summary”, op. cit., p. 21.

⁸ “International Narcotics Control Strategy Report” (INCSR), U.S. Department of State, Washington DC, March 2007. Also, Joy Olson, “Addicted to Failure”, Washington Office on Latin America, 30 March 2006; Jonathan P. Caulkins, Peter Reuter, “Reorienting U.S. Drug Policy”, *Issues on Line in Science and Technology*; “Drug Control: U.S. Assistance has helped Mexican Counternarcotics Efforts, but the Flow of Illicit Drugs into the United States Remains High”, GAO, testimony before the Subcommittee on the Western Hemisphere, Committee on Foreign Affairs, House of Representatives, 25 Oct. 2007.

⁹ “National Drug Control Strategy-FY 2008 Budget Summary”, ONDCP, February 2007, p. 12; Historical Drug Control Funding by Function FY 2001-FY 2008. table 4, at www.whitehousedrugpolicy.gov/publications/policy/08budget/08budget.pdf. Crisis Group interview, GAO officials, Washington DC, 14 January 2008.

¹⁰ “2006 National Survey on Drug Use and Health”, Substance Abuse and Mental Health Services Administration (SAMHSA), Washington DC, September 2007.

¹¹ “National Drug Threat Assessment 2008”, National Drug Intelligence Center, Washington DC, October 2007, p. 4.

¹² According to an anecdotal survey by National Public Radio in December 2007. This assessment is shared by the National Drug Intelligence Center, which stated in its October 2007 report, op. cit.: “Decreased cocaine availability continued into the second half of 2007, but recent reporting indicates that cocaine availability levels may be returning to normal levels in some markets”.

had been reduced.¹³ In December 2007, senior Drug Enforcement Agency (DEA) officials agreed that more cocaine was likely exiting the Andean region than the government acknowledged.¹⁴ Walters himself acknowledged in February 2008 that the outflow from South America had topped 1,421 tons, a 40 per cent increase over the 1,021-ton figure his office used for 2006.¹⁵ Cocaine street prices have been higher and purity lower than at present a number of times in the past without any major impact on demand.¹⁶

With billions spent for no convincing results, the Democrat-controlled Congress has shifted the balance between Plan Colombia's "hard" and "soft" measures somewhat in favour of the latter.¹⁷ Despite Walters's optimism on price and purity, the Bush administration in its last year shows a certain weariness on counter-drug policy towards Latin America. Even formerly strong supporters of Plan Colombia privately acknowledge that it has failed to sharply cut cocaine supplies to the U.S.¹⁸ A senior State Department official told Crisis Group that for twenty years counter-drug policy has consisted of "emergency" measures responding mainly to the security threat posed by drug traffickers and illegal armed groups to the region's elected governments, especially Colombia's.¹⁹ U.S. policy-makers believe that Plan Colombia has helped stabilise Colombia and that President Alvaro Uribe has made important progress in strengthening the state and improving security. This success is seen as outweighing the failure to achieve the stated goals to reduce coca crops by 50 per cent and substantially decrease the flow of cocaine to and demand in the U.S.

Officials continue to stress supply-side reduction, while saying little about demand reduction except that fewer drugs mean less demand, and the U.S. has a moral obligation to curb production because "one cannot say

that having twenty million American drug users is okay".²⁰ It is being left to the next administration to evaluate the policy and mobilise support for any change. In contrast to the determination to achieve a free trade agreement (FTA) with Colombia, counter-drug policy towards Latin America is on "auto-pilot".²¹ The exception is the Mérida Initiative, which is heavily skewed towards interdiction. It has a 2007 \$550 million request (\$50 million for Central America) pending in Congress and a \$578 million request (\$100 million for Central America) in the proposed FY 2009 budget.²²

1. Supply reduction

Since the mid-1990s, the U.S. government has called combating drug trafficking, especially in the Andean region and Mexico, a primary foreign policy objective. The priority attached by both the executive and Congress to fighting drugs in the hemisphere is underscored by the fact that during past years as much as 50 per cent of all U.S. foreign assistance has gone to halting drug trafficking towards the U.S.

To cut off the flow of illegal drugs, Washington focuses primarily on the first three stages of supply: cultivation, processing and transit.²³ In the Andean source countries, it seeks to discourage coca planting and to obtain government cooperation to convince local communities and mostly poor farmers to eradicate crops. It has offered through those governments at times cash, alternative crops and, recently, community infrastructure projects and a broader set of income-generating activities. Failure to cooperate brings forced eradication – in Bolivia and Peru through manually pulling up plants or plowing them under; in Colombia mostly by aerial spraying. The State Department's Bureau of International Narcotics and Law Enforcement Affairs (INL) continues to argue, contrary to most historical

¹³ Crisis Group interviews, drug experts and GAO officials, Washington DC, 10 and 14 January 2008.

¹⁴ Crisis Group interviews, high-ranking DEA officials, Washington DC, 9 January 2008.

¹⁵ Jonathan M. Katz, "U.S. Drug Czar", *op. cit.* Walters's numbers were confirmed by U.S. officials in Crisis Group telephone interviews, Washington DC, 28-29 February 2008.

¹⁶ "Déjà Vu All Over Again? Precedents to an 'Unprecedented' Cocaine Price Spike", Washington Office on Latin America, press release, 12 November 2007.

¹⁷ Public Law 110-161, Consolidated Appropriations Act of 2007 (H.R. 2764), signed by President Bush, 29 December 2007.

¹⁸ Crisis Group interview, expert on U.S. policy towards Latin America, Washington DC, 10 January 2008.

¹⁹ Crisis Group interview, senior State Department official, Washington DC, 11 January 2008.

²⁰ Crisis Group interview, senior National Security Council official, Washington DC, 9 January 2008.

²¹ Crisis Group interviews, senior State Department officials, Washington DC, 10-11 January 2008.

²² FY 2009 State Department and Foreign Operations Budget, p. 78., at www.state.gov/f/releases/iab/fy2009/pdf/index.htm

²³ The primary U.S. government elements in the supply-side war on drugs include the military, through training and support of the Colombian, Peruvian and Bolivian militaries and active support of interdiction, including radar tracking; the Drug Enforcement Administration (DEA), which is active across eradication, interdiction, and law enforcement; the State Department's International Narcotics and Law Enforcement Bureau (INL), which operates the eradication programs; the Department of Justice, which works with law enforcement and justice institutions, and the U.S. Agency for International Development (USAID), which is responsible for alternative development and rural poverty reduction programs and local governance, as well as support to justice institutions.

analysis, that, “crop control is the most cost-effective means of cutting supply”.²⁴

The U.S. also works with host governments to strengthen law enforcement capabilities to arrest and prosecute major traffickers locally or extradite them for prosecution in the U.S. It makes a significant effort to interdict trafficking, within the producer countries, on the high seas, in international air space and in transit countries.²⁵

In 2007, Congress inserted into legislation, over administration objection, a requirement that Latin America receive at least as much in non-counter-drug funding as in 2006, to avoid a proposed cut.²⁶ The law, signed by President George W. Bush as part of an omnibus appropriations bill, provides a near 50 per cent increase in alternative development funding for Colombia beyond the administration’s request, with a commensurate reduction in funding for military aid and a series of additional conditions on use of aerial eradication.²⁷ At the same time, there is growing criticism that Colombia’s own budget allocations are too low for rural poverty reduction, including infrastructure investment and community development, particularly in the subsistence areas where much of the coca cultivation occurs.²⁸

²⁴ INCSR, op. cit. This strategy is not limited to the Andes. In Afghanistan, the U.S. supports poppy eradication to deprive the Taliban insurgency of funding. But according to a Center on International Cooperation report, “[p]oppy eradication does not reduce the amount of drug money available to fund insurgency, terrorism, and corruption. On the contrary, eradication raises the price of opium, thereby making more money available for insurgency, and causes cultivation to migrate to more remote areas”. Barnett R. Rubin and Jake Sherman, “Counter-Narcotics to Stabilise Afghanistan: The False Promise of Crop Eradication”, February 2008, p. 5, at www.cic.nyu.edu/afghanistan/docs/counternarcoticsfinal.pdf.

²⁵ For detailed discussion of the trafficking routes, see Crisis Group Latin America Report N°25, *Latin American Drugs I: Losing the Fight*, 14 March 2008.

²⁶ U.S. Foreign Operations Budget Justification, FY 2008 at www.state.gov/documents/organization/80701.pdf.

²⁷ Public Law 110-161, op. cit. “Foreign Operations and Related Programs FY2008”, Congressional Research Service report for the Congress, 10 September 2007, at www.fas.org/sgp/crs/row/RL34023.pdf; also CIPonline, www.cipcol.org/?cat=39.

²⁸ “Beyond the City: the Rural Contribution to Development”, World Bank, 2005, <http://web.worldbank.org>; also see Crisis Group Latin America Reports, N°8, *Demobilising the Paramilitaries in Colombia: An Achievable Goal?*, 5 August 2004; N°9, *Colombia’s Borders: The Weak Link in Uribe’s Security Policy*, 23 September 2004; N°11, *War and Drugs in Colombia*, 27 January 2005; N°14, *Colombia: Presidential Politics and Peace Prospects*, 16 June 2005; N°17, *Uribe’s Re-election: Can the EU Help Colombia Develop a More Balanced Peace Strategy?*, 8 June 2006; and N°20, *Colombia’s New Armed Groups*, 10 May 2007.

Alternative development programs financed by the U.S. Agency for International Development (USAID) offer opportunities for farmers to grow legal crops and otherwise generate legal income.²⁹ They also place strong emphasis on community infrastructure, education and health, while including voluntary agreements not to grow coca and to eradicate existing fields. Over the past seven years, more than \$500 million has been spent and some substantial increases achieved in legal crops, community infrastructure and rule of law.³⁰ However, in terms of priority and financial commitment, funding for alternative development has been treated as the least significant aspect of the strategy – at least until the congressional intervention in late 2007.³¹ Officials acknowledge privately that discouraging Bolivian, Colombian and Peruvian farmers from cultivating coca has not been successful and has not stopped traffickers from maintaining the flow of cocaine into the U.S.³²

²⁹ INCSR, op. cit., p. 16.

³⁰ “Andean Regional Alternative and Institutional Development Results for the Fourth Quarter of FY 2007, cumulative amounts by country and in the Andean Region”, USAID report to Congress. In circulating the report, a USAID official said, alternative development programs have supported development or expansion of nearly 500,000 hectares of licit crops and provided important institutional, economic, technical or social assistance to more than 500 municipalities. Sales of legal products reached nearly \$95 million in FY 2007. The projects created more than 126,000 jobs in the Andean region in 2007, thus reducing pressures that could have pushed people into drugs trafficking. They also help national and local governments improve access to justice and have assisted the justice sector to handle more than six million cases. The result is gradual improvement of legal opportunities for people in areas that produce drug crops and gradual increase in life quality, which encourages people to work with local and national governments and to support drug eradication programs. Also, “Testimony before the House Foreign Affairs Committee Subcommittee on the Western Hemisphere”, Ambassador Anne W. Patterson, Assistant Secretary (INL), Washington DC, 24 April 2007.

³¹ Budget allocation under Plan Colombia to alternative development and justice and human rights activities constitutes some 56 per cent of the congressional approved funds for FY 2008. Public Law 110-161, Consolidated Appropriations Act of 2007 (H.R. 2764), signed by President Bush, 29 December 2007, at www.rules.house.gov/110/text/omni/divj.pdf

³² INCSR, op. cit. Also see House of Representatives Appropriations Committee Report 110-197 to accompany H.R. 2764: “The Committee observes that the President’s fiscal year 2008 budget summary for the National Drug Control Strategy indicates that the primary mission for ... (INL) is to reduce the entry of illegal drugs into the United States, yet the Committee is disappointed to note that since the beginning of Plan Colombia in 2000 the amount of hectares of coca cultivated in Colombia has gone up, not down and the area involved in illicit drug production has increased by over 42 per cent.

Overall levels of coca cultivation and estimated cocaine production in the three source countries are far from the Plan Colombia and ACI goal of a 50 per cent reduction. In 2006, following six years of intense eradication efforts, crops had been reduced to just under 80,000 hectares in Colombia, according to UNODC estimates, but continued to increase in Bolivia and Peru so that the three-country total was 156,900 hectares – just 3,000 hectares below the 2000 estimates for the Andean region. ONDCP figures show an increase from 2000.³³ Despite the expenditure of more than \$5 billion on Plan Colombia and the ACI, the fundamental goals have not been achieved.³⁴

Interdiction along the transit corridors from the Andes has become an increasing U.S. focus. Growing concern for the permeability of the border with Mexico, across which most of the Andean cocaine is transported to the American market, and signs of destabilisation in Guatemala owing to the activities of trafficking groups and organised crime, prompted President Bush and President Felipe Calderón of Mexico to launch the Mérida Initiative in 2007.³⁵ The chances of passage without modification in the legislature of either country are not good. It reflects, however, the serious difficulties U.S. interdiction policy faces. According to GAO officials, once shipments reach Mexico, “they are as good as in the U.S.”³⁶ In 2006 only 33 tons of cocaine were seized at U.S. arrival zones, mostly along the border – much less than 10 per cent of the cocaine that reached the country. In 2007, seizures rose to 48.5 tons, according to U.S. officials, but are still a small fraction of the flow.³⁷

The reported shortages and decreased purity of cocaine in the U.S. in 2007 thus cannot be attributed primarily to either coca crop eradication in the source countries or seizures, much less the Calderón government’s more aggressive policies. Feuding between Mexican trafficking

organisations in 2006-2007, the extradition of some leaders to the U.S., and diversion of cocaine to Europe due to higher prices and growing consumption there, as well as consolidation of Venezuela and several West African countries as major trans-shipment points for Europe, all played a role in what is believed to be a temporary increase in prices on the U.S. market.

Bilateral agreements with Latin American countries allow the U.S. to give law enforcement support and gain jurisdiction over some cases. In FY 2006, the administration requested \$721 million for the ACI, including Colombia.³⁸ Congress made approximately the same available in FY 2007. The budget request was reduced by \$30 million in FY 2008, and it was proposed to transfer \$192 million to the State Department Economic Support Fund (ESF) for Colombia. In FY 2008, Congress cut overall ACI funding by \$60 million to \$327 million and shifted nearly \$100 million to the ESF budget for Peru, Bolivia and Ecuador for alternative development and institutional building. In addition, in its major policy shift, it changed the balance of military/non-military funding for Colombia from 80:20 to 56:44. Some \$196 million also was moved from the ACI to the ESF budget for Colombia alone for alternative development and justice reform, with a requirement that USAID manage the funds.

An additional \$40 million from ACI funds was earmarked specifically for human rights, Organization of American States (OAS) monitoring of paramilitary demobilisation and the Colombian attorney general’s pursuit of paramilitary investigations related to the country’s Justice and Peace Law. This is direct foreign aid and does not include funding through the Defense Department budget, which has ranged between \$133 million and \$155 million for Colombia in recent years.³⁹

In its FY 2009 budget request, the administration seeks to increase ACI (largely interdiction) funding to \$406 million, including \$329 million for Colombia. However, it is virtually certain Congress will object, not least because the Bush budget also proposed to cut alternative development and justice funds for Colombia from \$196 million to \$142 million. The administration seeks to move most alternative development funding for Bolivia and Peru

Furthermore, the Committee observes that the Justice Department’s 2007 National Drug Threat Assessment stated that there have been no sustained cocaine shortages or indications of stretched supplies in the United States. An analysis performed for the ... (ONDCP) by the RAND Corporation states that the cocaine supply and availability remains robust. This fact is reinforced by estimates of cocaine’s low retail-level price and high level of product purity within the United States. The Committee is concerned that the perennial goal of reducing Colombia’s cultivation, processing and distribution to restrict supplies enough to drive up prices and diminish purity has not worked and the drug economy continues to grow – further weakening the fabric of Colombian society”.

³³ ONDCP estimates went from 190,000 hectares in 2000 to between 177,800 and 254,800 hectares in 2006.

³⁴ See Crisis Group Report, *Latin American Drugs I*, op. cit.

³⁵ See *ibid.*

³⁶ Crisis Group interview, GAO officials, Washington DC, 14 January 2008.

³⁷ See Crisis Group Report, *Latin American Drugs I*, op. cit.

³⁸ Raphael F. Perl, “International Drug Trade and U.S. Foreign Policy”, Congressional Research Service (CRS), Library of Congress, November 2006, p. 13; also, report for the Congress, 10 September 2007, op. cit.

³⁹ House Report 110-497, at [http://thomas.loc.gov/cgi-bin/cpquery/R?cp110:FLD010:@1\(hr497\)](http://thomas.loc.gov/cgi-bin/cpquery/R?cp110:FLD010:@1(hr497)); “International Narcotics and Law Enforcement: FY 2008 Program and Budget Guide”, State Department, September 2007, budget summary, at www.state.gov/p/in1/rls/rpt/pbg/93290.htm; FY 2008 D.O.D. appropriations provision for interdiction and counter-drug activities, public law 110-116, at <http://thomas.loc.gov/cgi-bin/query/F?c110:7:./temp/~c110qHEck2:e49128>.

to USAID's development assistance account rather than ESF but give both, along with Ecuador, slight increases over FY 2008 levels.⁴⁰

Stated U.S. policy includes helping governments strengthen their enforcement, judicial and financial institutions in order to reduce drug trafficking and encourage basic reforms in the judicial system, including "transparency, efficiency, and better pay for police and judges". However, much State Department assistance in these areas, contrary to broader USAID and Department of Justice objectives, is narrowly targeted on units in Colombian agencies dedicated directly to combating drugs. The U.S. also seeks to disrupt trafficking organisations by capturing leaders and facilitators involved in money laundering or trade in precursor chemicals. Such disruptions, however, are usually short-lived, both because the reduced supply from one operation is filled by others and because new bosses take over.⁴¹

The U.S. supports, but with far fewer resources, demand reduction efforts in the hemisphere similar to those financed at home, which are designed to raise awareness of the harmful effects of drugs, discourage use by vulnerable populations and provide treatment programs for addicts. The State Department has "funded comprehensive multi-year scientific studies on pilot projects and programs to learn how these initiatives can help assist U.S. and foreign-based demand reduction efforts".⁴² Congress has required studies on the health and environmental impacts of aerial spraying. Environmental groups have criticised these studies and vigorously oppose the spraying policy.⁴³

The U.S. argues that the process of converting coca into coca paste, cocaine base and cocaine, involving precursor chemicals, is itself a major environmental threat, along with deforestation resulting from coca cultivation.⁴⁴ The government is required by law to monitor and prevent diversion of chemicals such as potassium permanganate, vital for cocaine manufacture. It cooperates in this with European and producer countries, including Mexico, Brazil, Argentina and Canada, and the OAS.

The global entity in charge of controlling trade in precursor chemicals is the International Narcotics Control Board (INCB). The U.S. is a major financial supporter, particularly of its databank. Two projects were a focus of its monitoring efforts in 2006: Cohesion, directed at potassium permanganate and acetic anhydride (another chemical vital for cocaine production), and Prism, aimed at other chemicals. But control efforts are difficult, given the large quantities of chemicals legally produced and the relatively small amounts needed for illegal requirements.⁴⁵

For money laundering, the U.S. relies primarily on its Treasury Department, DEA and the State Department (INL) for investigations, training and equipment support and (partly for anti-terrorism reasons) has upgraded efforts at cooperation with banks. What at inception in 1989 was a G-7 Financial Action Task Force (FATF) of the leading industrial countries now has 31 participants. Washington provides intelligence, training and on-the-ground support aimed at preventing drug-related money-laundering.⁴⁶ Congress requires the administration to include money laundering in its annual drug trafficking report and to identify those countries where it is a major problem.⁴⁷

While the training and cooperation have increased law enforcement capabilities throughout the region and produced seizures of large amounts of illicit money, the challenge overwhelms banking and law enforcement capabilities. Its magnitude is shown by the January 2007 Colombian police seizure of \$80 million worth of dollars, euros and gold in a single operation based on DEA intelligence.⁴⁸ Sufficient money laundering takes place to enable the traffickers to make a substantial profit.

Substantial differences exist between the counter-drug programs in Bolivia, Peru and Colombia, particularly eradication.⁴⁹ Interdiction efforts are much more limited in Peru and Bolivia, since the bulk of Colombian

⁴⁰ State Department FY 2009 State and Foreign Operations Budget, pp. 70-71, 73-74, 80, at www.state.gov/f/releases/iab/fy2009.

⁴¹ INCSR, pp. 23, 21; Crisis Group interview, U.S. official, Cartagena, 19 November 2007.

⁴² INCSR, op. cit., p. 25.

⁴³ "The Politics of Glyphosate. The CICAD Study on the Impacts of Glyphosate and the Crop Figures", The Transnational Institute, drug policy briefing, 14, June 2005, at www.tni.org/.

⁴⁴ "Drug Crop Eradication and Alternative Development in the Andes", GAO, 18 November 2005, p. 10.

⁴⁵ Annual Report of the International Narcotics Control Board", UN, 1 March 2007, at www.incb.org; also INCSR, op. cit. The INCB, operating pursuant to the 1961 Single Convention on Narcotic Drugs, is independent of the UN but serviced by a UN-funded secretariat. It has thirteen members, ten nominated by governments, three by the World Health Organization, who serve in personal, not national, capacities. It monitors and promotes compliance with the 1961, 1971 and 1988 drug treaties.

⁴⁶ INCSR, op. cit., vol. II, p. 4.

⁴⁷ Foreign Assistance Act of 1961 as amended, at www.state.gov/documents/organization/81447.pdf.

⁴⁸ INCSR, op. cit., p. 4. Crisis Group interviews, DEA officials, Washington DC, 9 January 2008.

⁴⁹ Kathryn Ledebur and Coletta A. Youngers, "Bolivian Drug Control Policy", Washington Office on Latin America (WOLA), August 2007, at www.wola.org/bolivia/WOLA%20AIN%20Drug%20Policy%20Press%20Memo.pdf.

production is destined for the U.S. market, while Bolivian and Peruvian production increasingly goes to European and Latin American markets.⁵⁰

With the election of President Evo Morales and his adoption of a “zero-cocaine, not-zero-coca-leaf” policy, U.S. counter-narcotics efforts in Bolivia have become more difficult. A sharp break has been avoided because Bolivia has eradicated the promised hectares and cooperated on seizures and law enforcement. The net area of cultivation has risen, but the U.S. has little option except to continue cooperation and hope there will be no final divorce. Relations with the Peru of Alan García are much closer, though cultivation figures are of even greater concern.⁵¹

2. Demand reduction

The National Drug Control Strategy (NDCS) U.S. administrations have produced annually since 1989 has repeatedly emphasised that effective policy ought to balance demand- and supply-side interventions at home and abroad. Analysing the current and earlier federal drug budgets, it is clear, however, that commitment to a balanced approach has not been much more than rhetoric. Demand reduction has regularly been outweighed by measures to curb supply. The gap between funds for supply and demand reduction has increased substantially, going from \$600 million (\$5 billion vs. \$4.4 billion) in 2001, to \$3.7 billion (\$8.3 vs. \$4.6 billion) in 2008.⁵²

U.S. demand reduction programs focus on two broad areas of intervention: preventing drug use before it starts; and treating users. The FY 2008 budget allocates \$1.6 billion for random drug testing of high school students, the National Youth Anti-Drug Media Campaign, support for drug-free schools and communities and the work of local educational agencies. Treatment receives \$3 billion, including for programs such as screening, brief intervention, and referral (SBIRT), access to recovery (ATR) and drug courts.⁵³

Despite the decline in federal funds for demand reduction, drug and security policy officials speak of shrinking the drug market in the U.S. and emphasise that use is a disease and a public health challenge. The policy response

and resources, however, remain focused largely on law enforcement, interdiction and incarceration of users and traffickers. They caution, however, that it is difficult to measure success in prevention and treatment and tend to be over-optimistic regarding the decrease in overall use among young people, which is said to be 24 per cent in all drugs between 2001 and 2007.⁵⁴ This trend has been driven above all by reduction in use of cannabis, ecstasy, LSD, amphetamines, methamphetamines and steroids, all of which are produced in large quantities in the U.S., not cocaine and heroin.⁵⁵

ONDCP stated recently that there are over twenty million drug users in the U.S., of whom seven million are “problem users”. According to federal Substance Abuse and Mental Health Services Administration (SAMHSA) data, 2.4 million Americans older than twelve used cocaine in the previous month of 2006; close to 1.7 million of the seven million “problem users” were addicted to it.⁵⁶ The National Surveys on Drug Use and Health (NSDUH) and the Monitoring the Future program (MTF) figures show no demand reduction progress between 2002 and 2006.⁵⁷ The fairly constant percentages in a growing population indicate a rise in total users. ONDCP estimated 6.1 million Americans over twelve used cocaine at least once in 2006.⁵⁸

The lack of success in reducing cocaine demand and use is due not only to the failure to cut supply and insufficient funds for demand-side measures, but also to shortcomings in demand reduction policies. Although the number of drug courts, which provide non-penal sanctions for users and seek to induce treatment, has increased from 500 (1999) to just under 2,000 (2006), they handle only a small minority of some 1.6 million drug-related arrests per year. ONDCP officials acknowledge a lack of in-prison and transition programs for drug detainees and that juvenile referral facilities are insufficient. Post-discharge follow-up on patients is also not stringent enough and lacks a community-based component.⁵⁹ The officials and others also point to the use of mass media and social marketing to discourage smoking, “binge-drinking” at universities and drinking while driving and suggest that such methods could be used

⁵⁰ Crisis Group interview, U.S. State Department official, Washington DC, 29 November 2007.

⁵¹ Ibid. Also see “ONDCP Reports No Increase in Coca Cultivation in 2006”, WOLA Memo, 23 May 2007.

⁵² “National Drug Control Strategy – FY 2008 Budget Summary”, ONDCP, Washington DC, February 2007.

⁵³ The drug courts have existed since 1989 and are part of the criminal justice system. It is questionable whether they should be included as a demand reduction measure, even though they seek to induce treatment of arrested users.

⁵⁴ Crisis Group interviews, ONDCP and National Security Council officials, Washington DC, 9, 11 January 2008.

⁵⁵ “Current State of Drug Policy: Successes and Challenges”, ONDCP, Washington DC, January 2008, p. 1.

⁵⁶ Ibid., pp. 5, 1.

⁵⁷ For prevalence rates of cocaine use among youths and young adults see, Appendix A.

⁵⁸ “Facts & Figures Cocaine - Drug Facts”, ONDCP, 2008, at www.oncdp.gov/drugfact/cocaine/index.html

⁵⁹ Crisis Group interview, ONDCP officials, Washington DC, 11 January 2008.

more effectively to stigmatise recreational cocaine use among affluent users.⁶⁰

U.S. federal officials, nevertheless, remain adamantly opposed to harm reduction measures, such as controlled and regulated use of cannabis, safe injection rooms and needle exchange programs. Arguing often on moral grounds, they tend to reject the measures and a strategic re-evaluation on the grounds that the concept is not working in Europe, “which is less concerned about security on its streets”,⁶¹ and that in the U.S. a “positive cultural shift has been observed; youth is turning away from intoxication”.⁶² But other officials, such as big-city mayors, called current programs a failure in 2007 and urged a public health approach and more effective and widespread options for reducing drug use and preventing recidivism.⁶³

B. EUROPE

Since the inception of the High-Level Specialised Dialogue on Drugs between the EU and the Community of Andean Nations (CAN)⁶⁴ in 1995 and the ministerial meeting of the Río Group⁶⁵ and the EU in Cochabamba (Bolivia) in 1996, an effort has been made to increase coordination and cooperation on drugs and trafficking. Important way stations have been adoption of the Comprehensive Action Plan on Drugs in Panama in 1999, a few months after the preceding year’s UN General Assembly Special Session (UNGASS) on the world drug problem, and the eight declarations of the Coordination and Cooperation Mechanism on Drugs between Latin America and the Caribbean and the EU since 1999, the

last of which was signed in Port of Spain in May 2007.⁶⁶ The goals of all this activity reflect the priorities of EU counter-drug policies regarding both reducing drug demand in Europe and Latin America/Caribbean and curbing Andean cocaine supply to Europe.

Despite the progressive institutionalisation of counter-drug cooperation within the EU and with source and transit countries in the past decade, European policy at home and abroad resembles less a mosaic in which a number of initiatives form a coherent picture than a patchwork of many, often divergent programs. In private, officials of the Council and the European Commission (EC) tacitly acknowledge a lack of policy convergence but stress that this is due to the fact that the primary competence in dealing with illegal drugs lies with the member states, and that the EU is working to streamline the different approaches.⁶⁷ Nevertheless, Europe, as the world’s fastest growing cocaine consumer market,⁶⁸ needs to make a greater contribution to controlling the global problem.

The basic premises of EU policy are contained in the EU Drugs Strategy (2005-2012)⁶⁹ and the EU action plan on drugs (2005-2008), which seek to coordinate the actions of the 27 member states and facilitate international dialogue.⁷⁰ Even though individual members remain responsible for their own counter-drug policies, the EU promotes convergence and reinforcement of inter-governmental cooperation, especially on supply reduction.

The strategy acknowledges the EU’s “share of responsibility for the world drugs problem, both as a consumer of narcotic drugs and psychotropic substances originating in third countries, and as a producer and exporter of synthetic drugs”.⁷¹ It focuses on two clusters of

⁶⁰ Ibid. Also C. Ott and C. Haertlein, “Social norms marketing: a prevention strategy to decrease high-risk drinking among college students”. *Nursing Clinics of North America*, vol. 37, no. 2, pp. 351-364, at http://profiles.nlm.nih.gov/NN/B/C/X/X/_/nnb_cxx.pdf; and Cornelia Peachmann, Ellen Thomas Reibling, “Anti-smoking advertising campaigns targeting youth: cases studies from USA and Canada”, at http://tobaccocontrol.bmj.com/cgi/content/abstract/9/suppl_2/i18.

⁶¹ Crisis Group interview, senior State Department official, Washington DC, 10 January 2008.

⁶² Crisis Group interview, high-ranking ONDCP official, Washington DC, 11 January 2008.

⁶³ “A new bottom line in reducing the harms of substance abuse”, U.S. Conference of Mayors, resolution June 2007.

⁶⁴ CAN members are Bolivia, Colombia, Ecuador and Peru. Venezuela announced its withdrawal on 19 April 2006. The high-level dialogue on drugs has been part of the political dialogue between the EU and the Andean Community since the mid-1990s.

⁶⁵ The twenty-member Río Group was created in 1986 as an “alternative” to the Organization of American States (OAS), which many Latin Americans then perceived as dominated by the U.S.

⁶⁶ The other declarations were adopted in Lisbon (2000), Cochabamba (2001), Madrid (2002), Cartagena de Indias (2003), Dublin (2004), Lima (2005), Vienna (2006) and Port of Spain (2007).

⁶⁷ Crisis Group interviews, European Council and Commission officials, Brussels, 21 September, 3 October and 9 November 2007.

⁶⁸ At least 4.5 million Europeans (EU member states and Norway) used cocaine at least once in 2007; at least 12 million have used it in their life. “Selected issue: Cocaine and crack cocaine: a growing public health issue”, European Monitoring Centre for Drugs and Drug Addiction (EMCDDA), November 2007.

⁶⁹ “EU Drugs Strategy (2005-2012)”, Council of the European Union, Brussels, 22 November 2004.

⁷⁰ “Communication from the Commission to the European Parliament and the Council on a EU Drugs Action Plan (2005-2008)”, Brussels, 14 February 2005. The responsibilities of the EU (as opposed to the member states) for drug policy include public health (information and damage prevention), chemical precursor control and prevention of money laundering.

⁷¹ “EU Drugs Strategy”, op. cit., p. 5.

measures: supply-side reduction in the cocaine source and transit countries, including stopping traffickers by law enforcement and interdiction of shipments in transit countries, at European borders and within the EU, preventing diversion of chemical precursors and combating the surge of coca cultivation through alternative development programs not conditioned on farmers' previous eradication of crops; and law enforcement, prevention, treatment, rehabilitation and harm reduction measures at home.

In Europe, U.S. and U.S.-led counter-drug policies in Latin America are often perceived as efforts to exert influence on domestic politics in Latin America and as counterproductive attempts to reduce the scale of the drug problem by concentrating on fighting supply in the source and transit countries. EU officials underscore that effective strategies need to focus on reducing the harmful impact of drugs on societies and balance interventions in the source, transit and consumer countries.⁷² This reflects the general European stance that drugs are both a public health and public order problem on a global scale.⁷³

The EU does, however, prioritise reducing supply through interdiction and law enforcement, in particular at its borders and within the Union, and curbing demand at home through prevention, treatment and rehabilitation programs. Supporting creation of alternative livelihoods in the source countries is linked rather vaguely to the broader, long-term goal of contributing to development by "mainstreaming drugs issues into the general common foreign and security policy dialogue and development cooperation".⁷⁴ Improving cooperation on drugs is mainly a matter of improving work between member states and within the EU itself. Cooperation with source and transit countries, as well as with the U.S., are lesser priorities.⁷⁵

The realities of drug production and trafficking in Latin America and limited demand reduction progress in Europe, in particular in Italy, Spain and the UK, show that EU policy is falling short of its goals. The emphasis on supply reduction through law enforcement and interdiction within the EU and its immediate neighbourhood has not significantly interrupted the cocaine flow. A European Commission official acknowledged that once routes and methods have been detected and action taken, the

traffickers adjust and find new ways to supply the European market: "The traffickers are more intelligent than we are, and they change routes quickly".⁷⁶ The law enforcement, prevention, treatment, rehabilitation and harm reduction schemes in Europe are producing some results in some countries but are insufficient to cope with the increasing demand.

In the Andean source countries, the EU emphasis on alternative development, strengthening communities and income generating programs – such as the Peace Laboratories in Colombia discussed below – is important but in the final analysis not much more than a drop in the ocean.⁷⁷ In Bolivia, substantial efforts by both the European Commission and some member states to stimulate socio-economic development and contribute to managing legal, traditional coca crops come up against the major, long-term challenge of inducing development in South America's poorest country, as well as resistance from the Morales administration and social movements linked to the coca industry. This political and social resistance, also felt in Peru, is compounded by the EU's adherence to the 1961 Single Convention on Narcotic Drugs, which lists the coca leaf as an illegal substance and hence forbids countries to promote increased coca production that may result in illicit traffic.⁷⁸

The following sections, while not exhaustive, provide an overview of European counter-drug measures, particularly with respect to Andean cocaine.

1. Supply reduction

European cocaine supply reduction efforts assign much weight to tracking down, dismantling and prosecuting shipment and distribution rings on the continent. The EU has allocated €600 million to tackle organised crime in 2007-2013.⁷⁹ Europol is an effective information and intelligence sharing body, especially for data collection on seized drug loads and trafficking organisations, and supports investigations. In 2005, Spanish authorities seized 48.4 tons of cocaine (45.1 per cent of total European seizures); Portugal seized 18.1 tons (16.8 per cent), the

⁷² Crisis Group interviews, European Council and Commission officials, Brussels, 3 October and 9 November 2007.

⁷³ Crisis Group interview, European Commission official, Brussels, 9 November 2007.

⁷⁴ "EU Drugs Strategy", op. cit., p. 18.

⁷⁵ The Dublin Group was established in 1990 by the U.S. as an informal forum to discuss and analyse consumption and production of illegal drugs. Members include the EU (Commission and member states), Japan, Canada, Australia and Norway, and observers from the UN. It meets every six months in Brussels.

⁷⁶ Crisis Group interview, European Commission official, Brussels, 3 October 2007.

⁷⁷ Crisis Group interviews, European Council and Commission officials, Brussels, 21 September and 3 October 2007.

⁷⁸ See Articles 26 (on creation of government agencies to control coca production in countries that allow coca cultivation and the destruction of illegally cultivated coca bushes) and 27 (on export of coca leaves only for the preparation of a flavouring agent not containing any alkaloids) of the Single Convention on Narcotic Drugs.

⁷⁹ "The EU policy in the drugs field: present priorities", European Commission, Memo/06/249, 26 June 2006.

Netherlands 14.6 tons (13.6 per cent), Belgium 9.3 tons (8.6 per cent) and France 5.2 tons (4.8 per cent).⁸⁰

As the majority of Europe's cocaine enters through Spain, the Spanish authorities have drafted a National Drug Action Plan 2005-2008 which includes improved interdiction via reorganisation of investigation units of the security forces such as the Drugs and Organised Crime Unit (UDYCO) and the Organised Crime and Anti-drug Team (EDO). A maritime service has been established under the civil guard, and the Intelligence Centre against Organised Crime, created in 2006 within the interior and justice ministry, has been made responsible for coordinating policy and actions of all law enforcement agencies against trafficking organisations.⁸¹

The EU action plan identifies preventing diversion of chemical precursors as a key objective,⁸² and the European Commission and individual member states have launched a variety of measures to control and track those used for cocaine production. Trade of precursors among the member states and with third countries is regulated at EU level, with little room for national variation. All shipments and exports of drug precursors listed in the Annex of the 1988 UN Convention must be documented and clearly labelled.⁸³ On the EU internal market, national authorities are required to oversee the licensing, labelling and documentation of drug precursors.⁸⁴ The Commission belongs to the international Pre-Export Notification System (PEN), developed by UNODC, which requires registration of all listed substances before shipment.

The Europol-supported Joint Unit on Precursors in The Hague is responsible for improving cooperation and exchanging information on the control of chemicals between the Netherlands, Austria, Belgium, France, Germany and the UK. Individual member state activities include the German Office for Criminal Investigation's Joint Precursor Chemical Unit to investigate the diversion of precursors, which since the enactment of the Precursor Control Act of 1994 is criminalised.⁸⁵ Other examples are increasing precursor control in Bulgaria through the Interdepartmental Committee for Precursor Control and

the creation of the National Anti-drug Agency in Romania.⁸⁶ A number of member states, including those with large chemical industries or commerce in chemicals such as Germany and the Netherlands, cooperate in Project Cohesion with the U.S. and Latin American states in monitoring the diversion of potassium permanganate.⁸⁷

Relations with the Andean Community in the prevention of precursor diversions involve non-binding coordination and information-sharing mechanisms. Both the High Level Specialised Dialogue on Drugs and the Coordination and Cooperation Mechanism on Drugs seek to enhance such cooperation.⁸⁸ The European Commission has signed bilateral precursor agreements with Bolivia, Colombia, Ecuador, Peru and Venezuela intended to "strengthen administrative cooperation" in limiting diversion.⁸⁹ Joint Follow-Up Group meetings discuss developments annually and exchange information on legislation and implementation programs.⁹⁰ The Commission is spending €1.6 million to improve information sharing and local capacity in the Regional Project for the Prevention of the Diversion of Chemical Precursors used for the Production of Illicit Drugs in the Andean Countries (PRECAN).⁹¹

To improve cocaine shipment interdiction close to European shores, Italy, Spain, Portugal, France, the UK,

⁸⁰ "World Drug Report 2007", UNODC, June 2007, p. 75.

⁸¹ "Estrategia Nacional Sobre Drogas: Plan de Acción 2005-2008", health and consumer affairs ministry, Spain, p. 68.

⁸² "EU Drugs Action Plan", op. cit.

⁸³ Council Regulation (EC) no. 111/2005, on rules for monitoring drug precursor trade with third countries, 22 December 2004.

⁸⁴ Regulation (EC) No 273/2004 of the European Parliament and the Council on drug precursors, 11 February 2004.

⁸⁵ "Action Plan on Drugs and Addiction", Germany, 2003; at www.emcdda.europa.eu. The Federal Customs Office also has an important role.

⁸⁶ "National Anti-Drug Strategy of the Republic of Bulgaria 2003-2008", p. 17, at www.emcdda.europa.eu; Romanian National Anti-Drug Agency, at www.ana.gov.ro/eng/index.htm.

⁸⁷ "International Narcotics Control Strategy Report 2006", INL, March 2006.

⁸⁸ See, for example, the 2007, "Conclusions of the IX High-ranking-Level Meeting of the Coordination Mechanism on Drugs between Latin America and the Caribbean and the European Union," Port of Spain Declaration, 5 June 2007.

⁸⁹ "Agreement between the European Community and the Republic of Colombia on precursors and chemical substances frequently used in the illicit manufacture of narcotic drugs or psychotropic substances", 30 December 1995, at <http://eur-lex.europa.eu>. Similar agreements were signed with Bolivia, Ecuador, Peru and Venezuela.

⁹⁰ "Minutes of the 6th Meeting of the Follow-up Group of the Precursor agreements between the Andean countries and the European Community", Lima, 30 May 2005.

⁹¹ "5th meeting between the EC and the Andean Community on the agreement on precursors and chemical substances frequently used in the illicit manufacture of narcotic drugs and psychotropic substances", Brussels, 20 April 2004, p. 4. Only two of the five local websites set up by PRECAN for tracking chemical precursors have functioned without interruption: Peru and Colombia. Those in Bolivia and Ecuador have gone down due to staff changes and general lack of political support. Venezuela has collaborated with the program but has had technical difficulties. Venezuelan chemical producers have been the most pro-active, creating a "chemical network" in an attempt to set new standards. An EU commission is studying expansion of the program. Crisis Group interview, chemical precursor expert, Bogotá, 17 January 2007.

the Netherlands and Ireland established the Maritime Analysis and Operational Centre on Narcotics (MAOC-N) in September 2007.⁹² From Lisbon, it coordinates intelligence, naval equipment and aircraft of member states operating between South Africa and Norway. Its staff includes country liaison officers and observers from Europol and the U.S. Joint Inter Agency Task Force (JIATF).⁹³ It is hoped that all European states, including Russia, will eventually participate in some form.⁹⁴ Given the weakness of African law enforcement agencies and the vast expanse of sea the MAOC-N covers, however, it remains to be seen how effective a deterrent it will be.⁹⁵

Several member states cooperate with Latin American authorities in law enforcement and cocaine shipment interdiction through embassy drug liaison officers and help increase intelligence capabilities.⁹⁶ The UK is the most active, with special emphasis on Colombia, Venezuela and Brazil.⁹⁷ In Colombia, the British defence ministry trains counter-narcotics forces, provides human rights and de-mining assistance and says this support is contingent upon the forces not being involved in abuses.⁹⁸ The Netherlands, though less prominent, also cooperates with Colombian law enforcement. Others do specific activities and operations. For instance, the Spanish interior ministry has financed 30 seminars on technical bilateral cooperation in Colombia, Bolivia, Cuba, Ecuador, Guatemala, the Dominican Republic, Costa Rica and Argentina, as well as Morocco.⁹⁹

The UK, France and the Netherlands contribute ships, aircraft and liaison officers to the operations of the JIATF post in Key West (Florida), which monitors a radar network to detect flights and ships in the Caribbean and the South American coast.¹⁰⁰ The UK navy has a presence in the

Caribbean for much of the year, working with the Dutch and U.S. to patrol the major trafficking routes; it was involved in the interception of seventeen tons of cocaine in 2006-2007. The Netherlands navy has a permanent operation around the Netherlands Antilles and Aruba. The Belgian navy has played a more limited role in intercepting cocaine in the region.¹⁰¹

Since December 2003, the Netherlands has implemented a "100-per cent control" policy on some commercial flights from the Netherlands Antilles, Aruba, Suriname and Venezuela. As of 1 January 2006, all couriers are arrested regardless of the type of drug they carry or the amount. This has led to a fall in the number of couriers detected from more than 450 in the second quarter of 2004 to less than twenty for the second quarter of 2006.¹⁰² Out of 6,550 people profiled for a search between 1 January 2004 and 1 April 2006, two thirds were found to possess illegal drugs, mainly cocaine.¹⁰³ The Dominican Republic now appears to be used increasingly as a transit point,¹⁰⁴ further evidence that a comprehensive, coordinated European policy is needed if traffickers are not to find their way around unilateral controls.

In November 2007, UNODC head Antonio Maria Costa described Guinea Bissau as under "attack" from cocaine runners and called for international help.¹⁰⁵ European countries are starting to react to the growing importance of West Africa in general as a cocaine transit route. The UK and Spanish navies seized almost ten tons of cocaine on ships from West Africa in 2006,¹⁰⁶ and EU member states are collaborating with West African authorities to step up drug interdiction.¹⁰⁷ Italy has a 2008 action plan,

⁹² "Naval centre to combat cocaine", BBC, 29 September 2007

⁹³ "European centre to tackle cocaine smuggling", *EurActiv.com*, 1 October 2007.

⁹⁴ Crisis Group interview, EMCDDA researcher, Lisbon, 16 November 2007.

⁹⁵ Crisis Group interview, foreign drug agency officer, Bogotá, 14 January 2008.

⁹⁶ Crisis Group interview, high-ranking official, European Commission, Brussels, 9 November 2007.

⁹⁷ Crisis Group interview, foreign drug agency official, Bogotá, 14 January 2007. The UK hesitates to transfer surveillance technology to Venezuela. London is apprehensive about the possibility that it could be used by the Chávez government to spy on the political opposition; it also is aware that the U.S. would not appreciate a British technology transfer of this kind to Venezuela. Crisis Group interview, London, 22 February 2008.

⁹⁸ UK State Secretary Des Browne's responses, 23 November 2006, at www.theyworkforyou.com.

⁹⁹ "Estrategia Nacional Sobre Drogas", op. cit., p. 73; 775 specialists have taken part in the seminars.

¹⁰⁰ The JIATF, created in 1994, includes various U.S. agencies (Defence, Coast Guard, Customs, DEA, FBI, Defence Intelligence

Agency, Naval Criminal Investigative Service and the NSA). Argentina, Brazil, Colombia, Ecuador and Peru assign liaison officers. Crisis Group interview, senior European Commission official, Brussels, 9 November 2007.

¹⁰¹ Royal Navy, "North Atlantic", 14 December 2007; UK State Secretary responses, op. cit.; "The Royal Navy of The Netherlands", Dutch foreign ministry, 14 December 2007; and "Belgium Seeks Buyer for Frigate", *Defensenews*, 12 September 2007.

¹⁰² "Crime, Violence, and Development: Trends, Costs, and Policy Options in the Caribbean", World Bank and UNODC, March 2007. Crisis Group email correspondence, Dutch foreign ministry official, Bogotá, 23 January 2008.

¹⁰³ "100 per cent-controles op Schiphol, 2006/230", De Nationale Ombudsman, 27 June 2006. The policy has not been without controversy; in 2006 the ombudsman investigated complaints, including poor behaviour of security officials and a lack of information on and the duration of the search process.

¹⁰⁴ INCSR, op. cit.

¹⁰⁵ "Guinea-Bissau under 'attack' by drug cartels -U.N.", Reuters, 27 November 2007.

¹⁰⁶ "Cocaine Trafficking in West Africa: the threat to stability and development", UNODC, October 2007.

¹⁰⁷ In partnership with Ghanaian counter-narcotics officers, UK customs authorities launched "Operation Westbridge" in 2006;

which foresees more cooperation with Morocco as well as the West Africans. Its law enforcement attachés work in capitals, including Dakar, and do police counter-drug training in Central and Northern Africa.¹⁰⁸ The Portuguese EU Presidency in the second half of 2007 prioritised stronger cooperation with West Africa, in particular ex-colonies such as Guinea-Bissau, against Latin American traffickers in international waters.¹⁰⁹ The EU signed a partnership agreement in November 2007 with Cape Verde, which aimed in part at preventing the flow of illegal drugs.¹¹⁰

As a general rule, the European Commission and EU member states do not support forced eradication of coca crops in the source countries but instead concentrate on alternative development.¹¹¹ In 2006, the European Council outlined the principles of the European approach, including a special focus on generating alternative lifestyles and ending the marginalisation of cultivation areas, as well as an emphasis on voluntary eradication.¹¹² The Commission gave the Andean countries €406 million in 2002-2006 and earmarked €713 million for 2007-2013, including €234 million for Bolivia, €160 million for Colombia and €132 million for Peru.¹¹³ Another €50 million is planned for regional programs to support Andean cooperation on economic integration, social development and the fight against illicit drugs.¹¹⁴

Of the €160 million budgeted for Colombia, 70 per cent is to be invested broadly to promote peace and stability, which includes alternative development and a third peace laboratory. The remaining 30 per cent will be divided

the UK gave training and equipment to help stem the cocaine flow. In November 2007 a Ghanaian court convicted two British girls of trying to smuggle 6kg of into the UK. "Schoolgirls, 16, held in Ghana with cocaine worth £300,000", *The Times*, 13 July 2007.

¹⁰⁸ Italian has also given anti-drug dogs to Brazil, Crisis Group interview, interior ministry official, Rome, 28 September 2007.

¹⁰⁹ Crisis Group interview, EMCDDA researcher, Lisbon, 16 November 2007.

¹¹⁰ "EU-Cape Verde deal boosts anti-drug efforts", Reuters, 20 November 2007.

¹¹¹ Crisis Group interview, European Commission official, Brussels, 3 October 2007.

¹¹² "The EU Approach on Alternative Development", Council of the European Union, 18 May 2006.

¹¹³ €137 million has been allocated to Ecuador which has few coca crops, though none for specific alternative development programs. The Country Strategy Paper includes the possibility of funding alternative development, if needed, as part of the stimulation of economic opportunities and sustainable livelihoods in areas at risk of coca cultivation and incursions from Peru and Colombia. "Ecuador Country Strategy Paper: 2007-2013", European Commission, April 2007.

¹¹⁴ "La UE va a entablar negociaciones para celebrar un Acuerdo de Asociación con la Comunidad Andina. La dotación de ayuda a la región asciende a 713 millones de euros", European Commission Delegation in Bolivia, press release, 24 April 2007.

between human rights, justice and rule-of-law programs (20 per cent), and productivity, competitiveness and trade initiatives (10 per cent).¹¹⁵ The peace laboratories are the Commission's most important initiative in Colombia, accounting for over €100 million since 2002: €68 million having funded the first two laboratories and €30.2 million approved for the next five years, of which Colombia will contribute €6 million.¹¹⁶ The first peace laboratory, established in 2002, covered 30 municipalities in the Middle Magdalena River region; the second, approved in late 2003, covered 62 municipalities in Norte de Santander, the eastern part of Antioquia departments and the south western region of the Macizo Colombiano-Alto Patía; the third, approved in March 2006, is to cover 33 municipalities in the central Meta department and the northern Montes de María region.¹¹⁷

The peace laboratories broadly support local human rights, economic development and reconciliation initiatives.¹¹⁸ They seek to stimulate alternative development and coca crop reduction and strengthen institutional capacity at the local level by involving communities and working closely with local counterparts, such as the Catholic Church, entrepreneurial associations and universities.¹¹⁹ While there are voices of concern about their effectiveness among certain European officials,¹²⁰ the program has evolved as lessons are learned. The evolution of the EU's alternative development efforts is reflected, for instance, in the third laboratory, which includes areas with a high incidence of coca crops. This positive evolution notwithstanding, the three laboratories cover only 125 of Colombia's 1,098 municipalities and do not include many of the 23 departments where coca is grown today.

Although the EU has not been directly involved in the coca eradication programs in Colombia, some member states have supported the projects, which promote alternative crops for food security in rural and farming

¹¹⁵ "Ferrero-Waldner visits Colombia and announces €160 million aid package", European Commission, press release, 16 April 2007.

¹¹⁶ See Crisis Group Report, *Uribe's Re-election*, op. cit., p. 20.

¹¹⁷ The third peace laboratory has been approved through 31 December 2010. "Laboratorios de Paz", Agencia Presidencial para la Acción Social y la Cooperación Internacional, at www.accionsocial.gov.co. The program has done sufficiently well that Colombia is creating more with World Bank aid, "Dos laboratorios de paz tendrá el Meta para el 2009", *Semana*, 19 November 2007.

¹¹⁸ "Colombia Country Strategy Paper: 2007-2013", European Commission, March 2007; and Crisis Group interview, EMCDDA researcher, Lisbon, 16 November 2007.

¹¹⁹ "Colombia Country Strategy Paper", op. cit. For more information, see Crisis Group Report, *Uribe's Re-election*, op. cit. p 17.

¹²⁰ Crisis Group interviews, EU member states' officials, 11, 24 January 2007.

communities. Spain, Italy, the Netherlands and the UK are financing seven alternative development projects at a cost of over \$8 million in collaboration with the government's Program against Illicit Crops.¹²¹

As South America's poorest country, Bolivia has received the most EU development aid.¹²² In 2002-2006, Commission alternative development cooperation amounted to €20 million, of which €7 million was for a depressed mining area around Oruro and Potosí and €13 million for a program in the coca cultivation region of the Yungas. Following eight years of alternative development in the Chapare, the EU started working in 2005 in the Yungas region (FONADAL), where coca crops have been increasing.¹²³ The Commission is funding the Yungas-FONADAL program for seven years.¹²⁴ Under the 2007-2013 Country Strategy Paper, it has indicated it plans to expand alternative development programs within Bolivia's National Plan for Comprehensive Development 2006-2010, for which it has earmarked €4 million, as well as an initial €10 million to support social control programs in coca-growing regions and continue funding the National Alternative Development Fund.¹²⁵

Programs will focus on economic opportunities for farmers in coca cultivation areas and food security in out-migration zones. However, the Commission has said, with reference to the government's proposals for industrialising coca leaf, that cooperation must be consistent with international drug conventions. The signing of a €1 million grant has

just been announced for completion of a study on the potential legal uses of coca leaf products, a project included in the previous country strategy.¹²⁶

Between 2002 and 2006, EU member states channeled roughly €170 million annually in bilateral aid to Bolivia and supported rural development. Germany and Spain have channeled over \$650,000 through the alternative development program since 2003.¹²⁷ Italy supports projects in collaboration with UNDP in the Cochabamba tropics and "transition zones" in Yungas for the sustainable use of natural resources and the establishment of small businesses.

Another important element of the EU's alternative development strategy in Bolivia is support for an independent study on the traditional use of coca leaf as a basis for deciding if the limit of 12,000 hectares of legal crops should be revised.¹²⁸ However, little progress has been achieved, despite the fact that the European Commission has already earmarked funds for the study.¹²⁹ Political difficulties have arisen as the Morales government pursues removal of coca leaf from the illicit substances list of the 1988 UN drug convention, which the EU does not support.¹³⁰ Also controversial are the introduction of measures that violate Bolivian Law no.1008 (1988), which regulates production, interdiction, eradication and marketing of coca,¹³¹ as well as the implementation of a "cato" (roughly a 1,600-square-metre plot) per farmer as a measure to control production and the government's desire for the study to include industrialisation and traditional consumption of the coca leaf in northern Argentina. Some experts believe the latter ideas are worth exploring, but EU officials publicly dispute their feasibility.

¹²¹ This does not include aid through UNODC, the International Organization for Migration (IOM) or the UN High Commissioner for Refugees (UNHCR). Spain sponsors one project with a \$170,000 grant; The Netherlands four with \$7.3 million; the UK one with \$60,000; and Italy one with \$500,000. "Proyectos en Ejecución: Tema – Cooperantes", Agencia Presidencial para la Acción Social y la Cooperación Internacional, at http://www.accionsocial.gov.co/acci/web_acci/nuevomapa/bienvenida.html.

¹²² The EU has cooperated with Bolivia on poverty reduction, state modernisation, private sector development and regional integration initiatives for several years and is the country's principal donor, responsible for 57 per cent (about \$300 million annually) of its foreign aid, http://ec.europa.eu/external_relations/bolivia/intro/index.htm. For background, see Crisis Group Latin America Report N°18, *Bolivia's Rocky Road to Reforms*, 3 July 2006; and "Bolivia Country Strategy Paper 2002-2006", European Commission, 2002.

¹²³ Between 1998 and 2006, the EU gave €19 million for alternative development in Chapare. FONADAL resources cannot be used in Chapare, Apolo or Caranavi coca regions. Crisis Group, email correspondence, 8 June 2006; also "Desarrollo Alternativo, 530 millones de dólares invertidos en el Chapare", *La Prensa*, 18 November 2007.

¹²⁴ More information available at the European Commission Delegation in Bolivia website, www.delbol.ec.europa.eu.

¹²⁵ "Bolivia Country Strategy Paper", op. cit. Crisis Group telephone interview, EU Commission Delegation in Bolivia official, Bogotá, 24 January 2008.

¹²⁶ "Bolivia y Unión Europea impulsan estudio integral de la hoja de coca", Agencia Boliviana de Información, 5 December 2007.

¹²⁷ "Convenios de Desarrollo Alternativo 2002-2007", Ministerio de Planificación del Desarrollo, internal document, 25 January 2007.

¹²⁸ See Crisis Group Latin America Report N°12, *Coca, Drugs and Social Protest in Bolivia and Peru*, 3 March 2005, p. 10.

¹²⁹ The study, including eight household surveys, economic analyses and qualitative case studies, will cost €1,050,000 over eighteen months. The European Commission provides €1,000,000, Bolivia the rest. The financing agreement was signed on 5 December 2007 in La Paz. Crisis Group interview, European Commission official, Brussels, 3 October 2007.

¹³⁰ Crisis Group interviews, senior EU Council official, Brussels, 21 September 2007, and European Commission officials, Brussels, 3 October 2007.

¹³¹ These include the opening of a third coca leaf market in Caranavi; the authorisation to coca growers to sell coca leaves directly; and the increase of the legal cultivated area to 20,000 hectares. Crisis Group, email correspondence, Bogotá/La Paz, 8 June 2006. Crisis Group interview, European Commission official, Brussels, 3 October 2007.

Peru is the single-largest recipient of EU alternative development money. The Commission has approved €132 for the Country Strategy Paper 2007–2013. Out of the €22.6 million allocated to alternative development in Pozuzo and Palcazu and the regions of Pasco and Huanuco, around half the programs have been executed, and an extension until the end of 2009 is being studied. The programs focus on building infrastructure and agribusinesses, reforestation, institutional development, environmental protection and tourism.¹³² Germany's funding of alternative development in Tocache-Uchiza is undergoing mid-term evaluation; Italy finances alternative development in the Tambopata and Inambari valleys and offers flexible credit to projects in coca-growing regions; Finland supports a program for the integral management of forest land in the coca-growing regions in the Pichis Valley; Spanish money is being channeled to projects in San Martín.¹³³

2. Demand reduction

UNODC has described the rapid increase in European consumption of cocaine in recent years as “the most alarming trend”.¹³⁴ The European Monitoring Centre for Drugs and Drug Addiction (EMCDDA) indicates that 4.5 million Europeans used the drug in 2006, up from 3.5 million in 2005. Cocaine is the second most-used drug on the continent after cannabis and well ahead of ecstasy. Spain, the UK, Italy and Denmark are the main consuming countries, recording respectively past year use prevalence rates of 5.2, 4.7, 3.2 and 2.9 per cent for young adults (ages 15–34) in recent surveys. Consumption rates in other EU states are comparatively low, with eight showing past year use prevalence rates between 1 and 2 per cent and ten below 1 per cent.¹³⁵

Europe is the world's fastest growing cocaine consumer market, and its demand reduction measures are clearly not yet sufficiently coordinated and effective. While the focus of demand reduction measures in member states often differ, none relies fully on a single approach. France, Greece and Sweden apply tough measures – suppression of drug use by criminalisation – while secondarily facilitating medical treatment and prevention campaigns. The Netherlands,

Germany, Switzerland, the UK, Spain, Luxembourg and, to a lesser extent, Nordic states have integrated harm reduction programs into national drug strategies.¹³⁶ “They aim at providing medical assistance and social counselling to vulnerable groups and drug addicts with the goal of reducing drug demand and taking the wind out of the criminal black market”.¹³⁷

A big challenge is the significant annual increase in crimes related to trafficking between 1995 and 2005 in new member states, including Bulgaria (37 per cent), Hungary (30 per cent), Poland (24 per cent), Romania (16 per cent) and the Czech Republic and Latvia (15 per cent each).¹³⁸ Even though cocaine consumption rates in new member states remain low in comparison to Western Europe, there is concern that growing availability could increase use.¹³⁹ Eight of the twelve have drug strategies and actions plans, but few of these are as specific as those of the UK, Spain and Portugal, and there are questions about their ability to implement policies; the others have merely created helplines or websites.¹⁴⁰

While harm reduction strategies have become widespread in Europe, a few member states continue to emphasise criminalisation. Sweden has one of the strictest policies. Its quest for a “drug free society” has meant a progressive tightening of legislation against use, which became a criminal offence in 1988 and since 2003 can be punished by imprisonment.¹⁴¹ French policy continues to revolve around penalisation and prohibition: the public health code provides one-year prison sentences and heavy fines for users.¹⁴² However, Sweden is also a leader in needle exchange programs, and France includes administrative

¹³² “Presidente de DEVIDA viajó a Bruselas”, Comisión Nacional para el Desarrollo y Vida sin Drogas, press release, 25 September 2006.

¹³³ Juan Francisco Castro, “Balance de la Cooperación Europea en Perú (2006)”, European Commission Delegation in Peru, July 2006.

¹³⁴ “World Drug Report 2007”, UNODC, op. cit. p. 63.

¹³⁵ “The State of the Drug Problem. Annual Report 2007”, EMCDDA, November 2007. Comparable data was unavailable for Belgium, Luxembourg, Malta, Romania and Sweden. For prevalence rates of cocaine use among young adults (ages 15–34), see Appendix A.

¹³⁶ Harm or risk reduction policies are understood as a set of measures that are geared not at reducing the number of people addicted, but at limiting the damage to addicts and society. Measures include needle exchange programs, methadone and other drug-substitution treatments, information on safer drug use and outreach work.

¹³⁷ See Crisis Group Report, *War and Drugs in Colombia*, op. cit., p. 30.

¹³⁸ Eleven years of statistics are available for all these counties except Bulgaria, whose is only available since 2000. Drug trafficking crimes include illegal possession, cultivation, transportation, importing, exporting, financing and all other related criminal activities not solely related to personal consumption. Cynthia Tavares and Geoffrey Thomas, “Crime and Criminal Justice”, Eurostat, 16 November 2007.

¹³⁹ Crisis Group interview, foreign drug agency official, Bogotá, 14 January 2007.

¹⁴⁰ Crisis Group interview, EMCDDA researcher, Lisbon, 16 November 2007.

¹⁴¹ “Sweden's Successful Drug Policy: A Review of the Evidence”, UNODC, February 2007.

¹⁴² “Illicit Drug Use in the EU: Legislative Approaches”, EMCDDA, 2005.

penalties, such as compulsory attendance at drug prevention seminars, for offenders.¹⁴³

In 2003, the European Council recommended as a public health objective prevention of drug dependence and the reduction of related risks.¹⁴⁴ The aim is to reduce drug-related deaths and health damage by encouraging strategies in member states to prevent and reduce drug-related harm. According to an official, European Commission recommendations have been useful for all member states, especially the new ones, because they provide orientation for elaborating national drug strategies.¹⁴⁵ The Commission planned to spend at least €21 million on implementation of the prevention and information parts of the EU Action Plan in 2007.¹⁴⁶ All member states have policies that reflect the Council recommendations, though implementation varies.¹⁴⁷ In several, measures to address the harmful affects of drugs have been in place for years. In others, harm reduction as a response to drug use has been recent and investment in it is limited.

Some common approaches to harm reduction, however, have emerged, notably in public information and measures to reduce the spread of HIV/AIDS through intravenous drug abuse. The UK has increased emphasis on prevention and harm reduction. The number of local health care professionals in drug prevention and treatment, the key deliverers of harm reduction programs, has grown by half since 2002.¹⁴⁸ This has been supported by the 2003 launch of a nationwide information campaign, “Frank”, to give online, telephone and hard copy advice, complemented by an education campaign that reaches 96 per cent of secondary school children.

A decisive shift to a harm reduction approach in Portugal came in July 2001 with decriminalisation of all types of personal drug use. This followed measures from the early 1990s, including needle exchange programs, addiction centres in major cities and special health commissions to review treatment and rehabilitation options for drug users.¹⁴⁹ Spain and several Scandinavian states were among the last to integrate harm reduction into national strategies.¹⁵⁰

Substitution programs for intravenous drug users have been widely adopted at the European level. While primarily targeted at heroin, intravenous cocaine users – about 10 per cent of the total – have been absorbed into programs to reduce personal and social costs of unhygienic injection. Addiction treatment is now provided in all member states, and needle and syringe exchange programs are available in 24.¹⁵¹ Supervised injection facilities have been added to existing health care in several, providing legally sanctioned, hygienic and protected areas for intravenous drug users so as to reduce the risk of related infections or overdose. Germany, Spain, Luxembourg and the Netherlands (as well as Switzerland) have such facilities in major cities. In June 2004 Norway joined them, establishing drug injection rooms as part of an attempt to move away from a punitive model of drug prevention. The demand reduction program is designed to “facilitate an evaluation of the effect of exemption from punishment for possessing and using drugs in a specifically delineated area”.¹⁵²

The wide adoption of harm reduction policies, however, has not been matched by a drop in cocaine use. Rates have risen steadily over the last decade, remaining stable only in Germany,¹⁵³ though the demand for advice on cocaine abuse has also risen in some states, possibly reflecting public information campaigns.¹⁵⁴ In accounting for consumption levels, health bodies have identified failure to tailor harm reduction programs to the specific risks in cocaine use.¹⁵⁵ EMCDDA cites the lack of proven effective drug substitution treatments; the social diversity of users, including significant differences in living conditions, health levels and income; diversity of use patterns and overlap with other sources of vulnerability,

¹⁴³ “Law no. 2007-297, 5 March 2007 on prevention of delinquency”, Official Journal, French Republic, 5 March 2007.

¹⁴⁴ “While the U.S. says: let’s reduce the scale of the problem, the EU says: let’s reduce the harm that drugs cause to the society. E.g. it’s better to have somebody on heroin, but working in a shop and he gets his clean needle round the corner, costs no money and contributes somehow to the society (this is the European way), than putting him in prison. There is nothing more expensive than putting one in prison”, Crisis Group interview, senior European Commission official, Brussels, 9 November 2007. “Council Recommendation on the prevention and reduction of health-related harm associated with drug dependence”, 2003/488/EC, 18 June 2003.

¹⁴⁵ Crisis Group interview, European Commission official, Directorate-General Health and Consumer Protection, Luxembourg, 29 October 2007.

¹⁴⁶ “The EU policy in the drugs field”, op. cit.

¹⁴⁷ “Implementation of the Council Recommendation of 18 June 2003 on the prevention and reduction of health-related harm associated with drug dependence”, Commission report to the European Parliament and the Council, 18 April 2007.

¹⁴⁸ “Drug Strategy”, UK Home Office, available at <http://drugs.homeoffice.gov.uk/drug-strategy/>.

¹⁴⁹ “Decriminalisation of drugs in Portugal: a current overview”, The Beckley Foundation Drugs Policy Program, 2004.

¹⁵⁰ “Illicit Drug Use in the EU: Legislative Approaches”, EMCDDA, 2005.

¹⁵¹ “Implementation of the Council Recommendation”, op. cit.

¹⁵² Regulations on Injection Rooms Scheme, para 1, www.regjeringen.no.

¹⁵³ “Cocaine use in Europe: implications for service delivery”, EMCDDA, 2007.

¹⁵⁴ The European Foundation of Drug Helplines said the Belgian-Flemish helpline DrugLijn confirmed a rise from 10 per cent in 2000 to 17 per cent in 2004; REFERALS, a cooperative of 50 European services, confirmed a rise in calls on cocaine abuse.

¹⁵⁵ “Cocaine use in Europe”, op. cit.

such as involvement in sex work or homelessness among crack users.

The UK, Ireland and Spain are the only EU states to develop strategies directly tailored to cocaine and crack users.¹⁵⁶ Along with Germany, Spain, Italy and the Netherlands, they are at the early stages of responding to a need for specific services: each funds research into cocaine dependency treatment. In Estonia, Greece, Slovakia, Finland and Norway, with comparatively low use levels, cocaine treatment and harm reduction services are priorities.¹⁵⁷

An EMCDDA official commented that “we have reacted by creating a drug strategy that tries to handle the drug epidemic, not to combat it entirely”.¹⁵⁸ While the turn towards demand reduction through harm reduction programs has gained wide currency, in all cases it has been pursued beside supply reduction policies.

C. THE ANDEAN REGION

1. Colombia

Counter-drug policy in Colombia is tied to President Uribe’s Democratic Security Policy (DSP), which aims to recover security in conflict-ridden areas from illegal armed groups that draw income from drug trafficking.¹⁵⁹ Plan Colombia, a joint strategy with the U.S., has had law enforcement and security aspects of the fight against drugs as its main axes. Initially, it proposed a \$7.5 billion budget (\$4 billion from the U.S.) with a near even military/non-military split. However, those proportions were altered virtually from the outset, with the costs of helicopters and fixed-wing aircraft used for spraying and secure eradication driving up the military side.¹⁶⁰

While the counter-drug objectives which were its major selling point in the U.S. have not been thoroughly achieved, its role in countering the FARC and ELN insurgencies is relatively undisputed. Plan Colombia clearly strengthened government security forces, enabling them, starting in 2002, to confront an increasingly powerful FARC and to achieve significant military successes, as well as to see the major paramilitary groups demobilised.¹⁶¹ However, the record is by no means totally positive: the demobilisation process is criticised, credible human rights charges against the armed forces continue to be made by non-governmental organisations (NGOs) as well as UN and Inter-American human rights organisations, the FARC and ELN remain active, and underlying structural issues are not yet resolved, particularly in the rural areas.¹⁶²

Colombian government documents state that of the \$10.7 billion invested by Bogotá and Washington from 1999 to 2005, 57.5 per cent was for eradication of coca crops through aerial spraying and manual means and modernisation of the security forces; 26.6 per cent was for strengthening institutions, including the judiciary.¹⁶³ Independent observers noted that those figures may underestimate Colombian funds going to the police and military for counter-drug activities because it is difficult to disaggregate spending for counter-insurgency and counter-drug activities. U.S. funding alone was \$5.5 billion prior to FY 2008, when \$4.4 billion was allocated to a combination of counter-narcotics and counter-insurgency activity. From FY 2000 to FY 2007, actual amounts available to USAID totalled only \$863 million for alternative development and “democracy” programs, including local government, support for human rights, NGOs and rule-of-law”, internally displaced persons and demobilisation and reinsertion.¹⁶⁴

¹⁵⁶ The UK Home Office established a national crack plan in 2002, followed in 2004 by the 2005-2008 crack cocaine strategy for London. Spain adopted the Action Program Against Cocaine 2007-2010 as a result of growing use between 1999 and 2005 and increases in cocaine availability and addicts admitted to health institutions.

¹⁵⁷ “Cocaine and crack cocaine: a growing public health issue”, EMCDDA, November 2007, p. 22.

¹⁵⁸ Crisis Group interview, EMCDDA researcher, Lisbon, 16 November 2007.

¹⁵⁹ The Uribe administration defines five main areas for its counter-drug policy: illicit crops; interdiction and arms smuggling; money laundering and forfeiture of illegal assets; internal consumption; and shared responsibility, “Plan Nacional de Desarrollo 2006—2010”, Departamento Nacional de Planeación, 2007, at www.dnp.org.

¹⁶⁰ Crisis Group interview, former U.S. officials involved with Plan Colombia, Washington DC, January 2008; also

the Plan Colombia report of the Committee for Human Rights of the American Anthropological Association. November, 2001, MIT Western Hemisphere Project, at <http://web.mit.edu/hemisphere/pubs/planc.shtml>.

¹⁶¹ See Crisis Group Reports, *Colombia's Borders, War and Drugs in Colombia*, and *Presidential Politics and Peace Prospects*, all op. cit.

¹⁶² See Crisis Group Latin America Reports N°16, *Colombia: Towards Peace and Justice?*, 14 March 2006; and N°17, *Uribe's Re-election* and N°20, *Colombia's New Armed Groups*, both op. cit.

¹⁶³ The remaining 16 per cent was allocated to “economic and social reactivation”, including alternative development, support for internally displaced persons (IDPs) and the disarmament, demobilisation and reintegration (DDR) program, among others. “Balance Plan Colombia 1999-2005”, Departamento Nacional de Planeación, September 2006, p.11.

¹⁶⁴ Crisis Group interview, USAID official, Washington DC, 8 February 2008; also “US Aid to Colombia since 1997”, Center for International Policy Colombia Program, at <http://ciponline.org/colombia/aidtable.htm> From 2000 to 2007, the State Department gave more modest non-military/police funding

Efforts to control illicit crops, mainly through aerial spraying, show ambiguous results. During its initial application, spraying contributed to the quick reduction of the area of such crops, from 102,000 hectares in 2001 to 80,000 in 2004. Yet, despite a sustained rate of spraying – over 130,000 hectares a year since 2002, reaching a peak of 172,025 hectares in 2006¹⁶⁵ – the cultivation area grew to 86,000 hectares in 2005 and dropped only slightly to 78,000 in 2006. According to UNODC, over 70 per cent of the crops identified in 2006 were in new zones. Moreover, reduction of the average plot and development of techniques to protect crops have meant that only 25 per cent of the aerially sprayed plots have been permanently eradicated; the rest show quick regrowth.¹⁶⁶

Aerial spraying's questionable effectiveness has prompted the increase in manual eradication. Since late 2004, the government has established over 130 30-man eradication groups (GMEs),¹⁶⁷ and between 2002 and 2006 the technique has grown from covering 2,762 hectares to covering 42,110 and has been more effective, with only 15 per cent of the plots analysed by UNODC experiencing regrowth.¹⁶⁸ Officials claim it will soon become more prominent yet, but it continues to be used to complement rather than substitute for aerial spraying, because it is hard to implement in conflict zones.¹⁶⁹

To complement eradication, the Uribe government invested \$324.6 million between 2003 and 2006 in alternative development,¹⁷⁰ including the Forest Warden Families

program, which requires families to keep their plots clear of coca crops in return for a \$1,500 stipend every eighteen months and technical assistance. This helped eradicate 1,515 hectares between 2002 and 2006.¹⁷¹ In addition, the government's Productive Projects program has helped establish over 93,000 hectares of legal crops, such as cocoa, African palm, rubber and premium coffee.¹⁷²

However, critics believe these projects offer only slight aid, not long-term alternatives to illegal crops. Even USAID officials said a core problem is that effective alternative and rural development requires the full cooperation of peasant families. When linked to aerial spraying, resistance is a natural reaction.¹⁷³ UNODC has pointed out that departments with over 60 per cent of all coca crops, such as Nariño, Meta, Caqueta, Guaviare and Vichada, account for only 8 per cent of current and 14 per cent of completed projects.¹⁷⁴ The difficulties in organising highly vulnerable communities, the continued presence of illegal armed groups in coca crop areas, the inability of government programs to adapt to local needs and the lack of ambitious regional, national and international development policies cast doubt on ultimate results.¹⁷⁵

The humanitarian side effects of eradication policies are also worrying. The Anti-Narcotics Police consider most community complaints groundless.¹⁷⁶ Yet, it is no secret that intensive aerial spraying in Nariño, Putumayo, Meta and Vichada departments has also eradicated legal crops near coca growth, forcing farmers to abandon their land.¹⁷⁷ Officials say forced manual eradication, in which security

directly to UNHCHR, the OAS, the Department of Justice and relief agencies.

¹⁶⁵ To 25 November, 144,972 hectares had been aerially sprayed in 2007. "Balance de Erradicación de Cultivos de Coca en Colombia, 1994 – 2006", Observatorio de Drogas de Colombia – Dirección Nacional de Estuperficientes, 30 July 2007.

¹⁶⁶ Peasants have developed techniques such as preventive pruning of plants, coating coca leaves with molasses, mixing legal and illegal crops and using alternative plots to frustrate the spraying cycles, Crisis Group interview, Bogotá, 18 October 2007.

¹⁶⁷ "Colombia supera meta de erradicación manual de cultivos ilícitos", Servicio de Noticias del Estado (SNE), 2 November 2007.

¹⁶⁸ According to government officials, manual eradication is both cheaper and has a regrowth rate of around 25-30 per cent compared to aerial spraying's 70 per cent, Crisis Group interview, Bogotá, 8 November 2007. However, some critics believe GMEs are slower and costlier because they require military support, Gonzalez Posso, *op. cit.*, p. 8.

¹⁶⁹ Following an attempt to manually eradicate 4,500 hectares in the Sierra de la Macarena natural park and the death of over 28 eradicators due to FARC activity in early 2006, the government withdrew and implemented an aerial spraying campaign in August 2006.

¹⁷⁰ From 2003 to 2006, the planned alternative development budget reached \$324.6 million, of which \$90 million was allocated by the government. "Programa de Desarrollo

Alternativo 2003-2006", Documento Conpes 3218, National Planning Department of Colombia, 3 March 2003, p. 13.

¹⁷¹ The program is designed for four years, during which, with environmental and cooperative skills training, families are expected to lay the foundations for an alternative income. The government estimates, over 100,000 families are involved in growing coca.

¹⁷² Crisis Group interview, Bogotá, 8 November 2007.

¹⁷³ Crisis Group interview, Washington DC, 8 February 2008.

¹⁷⁴ "Colombia: Monitoreo de Cultivos", UNODC, July 2007, pp. 58-59.

¹⁷⁵ Crisis Group interviews, Bogotá, 18 October and 8 November 2007. The EU's Peace Labs promote alternative development, partly by strengthening local social organisation. This has led to gradual eradication of some illicit crops in areas where they are active, but not always; illegal armed groups and peasants continue to profit from illegal crops in areas such as southern Bolivar.

¹⁷⁶ The Anti-Narcotics Police are charged with collecting and evaluating all complaints on aerial spraying. A study showed that only 28 of 5,316 complaints between 4 October 2001 and 31 December 2005 were deemed to merit compensation.

¹⁷⁷ "Acción Urgente por Desplazamiento Masivo a Causa de Fumigaciones de Cultivos de Uso Ilícito", Consultoría para los Derechos Humanos (CODHES), 26 November 2007; internal report, Defensoría del Pueblo-Sistema de Alertas Tempranas, 2007.

forces are sent to secure the area, also often results in peasants abandoning their land,¹⁷⁸ as well as human rights violations.¹⁷⁹ Contingency plans to reduce the damage reportedly are seldom drawn up,¹⁸⁰ so peasants have no alternative but to migrate to other coca-growing regions.¹⁸¹

The priority on law enforcement and interdiction initially produced better results. Cocaine seizures rose from 95.2 tons in 2002 to 168.4 tons in 2005, then dropped to 130.9 tons in 2006, largely, experts believe, because of changes in trafficking techniques.¹⁸² Similarly, the exponential increase in security force capability¹⁸³ initially allowed authorities to be more effective in interrupting cocaine movements. Aerial interdiction rapidly increased the detection of suspicious flights, from 141 in 2002, when the Aerial Interdiction Plan with the U.S. was reactivated,

¹⁷⁸ Crisis Group interview, Bogotá, 8 November 2007.

¹⁷⁹ In January 2007, complaints were received regarding looting by members of mobile eradication groups following displacements caused by campaigns in Valle del Gamuez (Putumayo) which combined aerial spraying and manual eradication. Internal Report, Defensoria del Pueblo-Sistema de Alertas Tempranas, 2007.

¹⁸⁰ Internal displacement records kept by the Agencia Presidencia para la Acción Social do not count IDPs resulting from aerial spraying campaigns. However, the Constitutional Court (Sentence T-025) said the government is responsible from implementing measures that prevent any type of human rights harm as a result of legitimate actions by the authorities.

¹⁸¹ Following the large eradication campaign of the late 1990s and early 2000s in Putumayo, peasants migrated to Nariño. A similar move, to Guaviare, has recently been observed by humanitarian agency officials as a result of the eradication campaigns in the Macarena natural park in Meta, Crisis Group interview, Bogotá, 22 November 2007. In a recent report, the Washington Office on Latin America consolidated much of the documentation surrounding displacement, health and environmental impacts from aerial spraying. The U.S. Congress has raised the bar on the use of aerial spraying by requiring the Secretary of State to make additional findings before funds may be used for the purpose. On the public health side, opinions are divided: the U.S. government consistently has asserted minimal impact, while others, ranging from Colombian and Ecuadoran NGOs, the Ecuadoran government and most recently the UN special rapporteur on the right to health have raised serious questions, on both direct impacts over time as well as indirect impacts on food security from destruction of crops. "Chemical Reactions Fumigation: Spreading Coca and Threatening Colombia's Ecological and Cultural Diversity", Washington Office on Latin America (WOLA), February 2008; "Consolidated Appropriations Act of 2007", Public Law 110-161.

¹⁸² Crisis Group interview, foreign drug agency official, Bogotá, 29 November 2007. The fact that despite increasing seizures, U.S. drug prices remained unaffected was explained by Colombian authorities in mid-2006 as the result of the sudden simultaneous sale of large consignments of cocaine hidden by paramilitary leaders during demobilisation.

¹⁸³ According to defence ministry figures, security forces went from using 35 planes against drugs in 1999 to 139 in 2004.

to 462 in 2004. Maritime traffic, believed to handle close to 78 per cent of the drug trade, was better controlled thanks to improved cooperation with the U.S.¹⁸⁴ But experts believe the decline in suspicious vessels detected in 2006 was due in part at least to traffickers' ability to adjust, including flying planes through unmonitored territory along the Venezuela border and carrying smaller cargoes across the Brazilian and Peruvian borders.¹⁸⁵

While Colombian authorities have emphasised their disruption of the finances of criminal organisations and illegal armed groups,¹⁸⁶ trafficking networks' ability to launder money appears to be only marginally affected.¹⁸⁷ Introduction of the oral trial system¹⁸⁸ and a law making the financing of terrorism a crime have given the state new tools to fight money laundering but these are not yet fully utilised.¹⁸⁹ Since its establishment in 1999, the Financial Information and Analysis Unit (UIAF), an independent institution previously linked to the finance ministry, has improved the detection of suspect money flows, from some \$399.1 million in 2002 to \$559 million in 2005.¹⁹⁰ The attorney general's Unit against Money Laundering has steadily increased forfeiture from 1,099 assets in 2002 to 4,348 in 2006 and expropriated 6,627

¹⁸⁴ This took place within the framework of the maritime agreement of 20 February 1997, which provides for technical, economic and training cooperation, as well as the development of improved interdiction procedures.

¹⁸⁵ Crisis Group interview, Bogotá, 29 November 2007.

¹⁸⁶ "Plan Nacional de Desarrollo 2006-2010", Departamento Nacional de Planeación, 2006, at www.dnp.org.

¹⁸⁷ Crisis Group interview, foreign drug agency officer, Bogotá, 11 December 2007.

¹⁸⁸ Traditionally the criminal justice system in Colombia operated on the basis of written submission of dossiers with judges considering questions of guilt and innocence without open hearings. The more transparent oral process of charges and defence conducted in open court has been implemented over the past decade in Colombia with U.S. support. Earlier as well, because of fears of intimidation of witnesses, prosecutors and judges, closed court proceedings were conducted, at times even hiding the identity of judges.

¹⁸⁹ Law 1121 (2006) includes regulations for prevention, detection, investigation and sanction of activities resulting in the financing of terrorist organisations, in compliance with international standards. The shift from an inquisitorial to an accusatorial legal system has allowed use of tools such as phone taps and controlled deliveries to build stronger cases.

¹⁹⁰ The UIAF was established as an independent entity as a result of recommendations from the Grupo de Acción Financiera de Suramérica (GAFISUD) and EGMONT group for financial intelligence. It collects Suspect Operation Reports (ROS) from banks, currency exchange institutions, insurance companies, stockbrokers and others and is charged with analysing suspicious financial operations and centralising information for development of policies against money laundering.

assets during the same period.¹⁹¹ However, the diversification of money-laundering methods and skill at exploiting both loopholes in national regulations¹⁹² and the authorities' inadequate ability to monitor currency exchange operations¹⁹³ has kept traffickers a step ahead. UIAF Director Mario Aranguren recently admitted that as much as \$8 billion in drug money is laundered through the Colombian financial sector every year.¹⁹⁴

The authorities know domestic drug consumption is rising and needs to be taken more seriously.¹⁹⁵ While the government is yet to implement a national demand reduction policy, it has a strategy aimed at giving local and regional authorities and civil society organisations the tools to deal with the drug problem within their jurisdictions.¹⁹⁶ To establish coherence with its tough supply reduction measures, the Uribe administration has proposed legislation which would penalise personal use of illicit drugs, especially cocaine and cannabis. However, it should consider giving priority to demand reduction programs.

¹⁹¹ Seized and expropriated assets include real estate, cars, aircrafts, boats, weapons, commercial stores and financial assets, among others. Their value is difficult to estimate, because many are reported with their cadastre value, which could be significantly below market value. Attorney General's Office-Unit Against Money Laundering communication, 15 January 2007.

¹⁹² Most drug-trafficking organisations reportedly use two or more money-laundering methods, "National Drug Threat Assessment 2008", National Drug Intelligence Centre, October 2007. Money-laundering networks take advantage of the black market for peso exchange, which emerged due to the difference between the exchange rate set by the Central Bank and the informal market for foreign currency. Networks have also been able to avoid controls on bank transactions by depositing amounts under \$1,000.

¹⁹³ Colombian regulations forcing small currency exchange agencies (*cambistas*) to register have been, experts say, somewhat counterproductive, as they have legitimised agents often used by traffickers to import large amounts of cash. Small exchange agencies transfer money to larger ones, which in turn make legitimate transactions into the national and international banking systems. Crisis Group interview, foreign drug agency official, Bogotá, 11 December 2007.

¹⁹⁴ "En Colombia blanquean U.S.\$ 8 mil millones al año", *ABC Digital*, 3 November 2007. This figure coincides with an assessment that Colombian and Mexican trafficking organisations have laundered between \$8.3 billion and \$24.9 billion, "National Drug Threat Assessment 2007", National Drug Intelligence Centre, October 2006.

¹⁹⁵ "Preocupante creciente consumo de drogas en Colombia", *El Espectador*, 5 May 2006. For prevalence rates of cocaine and coca paste use see Appendix A.

¹⁹⁶ The National Drug Plan Decentralisation Program has been implemented in cooperation with the social protection ministry, UNODC and the National Illegal Drug Directory, which includes regional committees and local demand reduction campaigns.

2. Bolivia

President Morales is acutely aware of the political sensitivity of the coca issue in his country. His left-wing government's approach is "zero cocaine, not zero coca leaf". He still leads the six federations of coca growers unions in the Chapare region (Cochabamba department), while social movements and unions involved in cultivation are important parts of his Movement towards Socialism (MAS) party. The government released in late 2006 its two-tier "Fight Against Drug Trafficking and Revalorisation of the Coca Leaf Strategy 2007-2010", which aims at: "(a) rationalising, stabilising and controlling coca leaf production on a sustainable level through social participation; and (b) ensuring the legitimate purposes of the coca produced".¹⁹⁷

Forced eradication of excess coca has been replaced by consensual eradication, the goals of which are being set by the coca growers unions.¹⁹⁸ In the Chapare, the control of the coca area has been supported by the successful implementation of the principle that each union member may cultivate a "cato" of land.¹⁹⁹ Coca eradication totalled 6,250 hectares in 2007, over 1,000 hectares more than in 2006, most of it in the Chapare.²⁰⁰ The government sought to register every coca hectare in the Chapare by the end of the year via "social control" mechanisms, including encouraging neighbours and union members to denounce violations of the one-"cato" rule. Both the National Police's Special Force for the Fight Against Narcotics Trafficking (FELCN) and the social defence vice ministry have received growing numbers of reports from coca producers who warn of excess crops, especially in the Chapare.²⁰¹

The success of voluntary eradication and "social control" appears to be closely linked to Morales's standing among farmers in his Chapare political stronghold.²⁰² Coca growers of the Yungas region (north of La Paz), however, have been reluctant to eradicate. Their crops have steadily increased over the past three years, and the government has only

¹⁹⁷ "Estrategia de Lucha contra el Narcotráfico y Revalorización de la Hoja de Coca 2007-2010", Consejo Nacional de Lucha Contra el Tráfico Ilícito de Drogas (CONALTID), December 2006.

¹⁹⁸ President Hugo Banzer (1997-2001), with Clinton administration help, implemented Plan Dignidad, which advocated forced eradication of the coca leaf and tough measures against growers. The resulting confrontations propelled Evo Morales's rise as a leader of the growers unions. Crisis Group Report, *Coca, Drugs and Social Protest*, op. cit.

¹⁹⁹ On the "cato" system, roughly a 40-square metre plot, see Section II above.

²⁰⁰ "La reducción de coca durante el 2007", *La Razón*, 20 December 2007.

²⁰¹ "Social control" by the coca growers unions include harsh penalties, such as loss of the "cato" and expulsion from the union.

²⁰² Crisis Group interview, foreign expert, La Paz, 18 November 2006.

succeeded in voluntary removal of 1,250 hectares.²⁰³ Alternative development assistance from the EU has shifted from the Chapare to the Yungas since 2006. It seeks to build better roads, infrastructure, and educational and social services and encourage cultivation of alternative crops in order to improve the standard of living and discourage coca. The EU also includes the “social control” approach in its Yungas programs to be in line with the government’s overall strategy.²⁰⁴ However, other profitable crops must be readily available for farmers if coca is to be replaced as the main source of income for 50,000 families.²⁰⁵

Though government measures to curb coca crops appear to be respected by Chapare growers, the neighbouring nature parks, Isiboro Secure and Carrasco, have had important cultivation increases; parks in Santa Cruz department are also at risk. This suggests landless peasants and even Chapare farmers may be entering the parks illegally to log the primary forest as well as to grow coca for cocaine. The government says it is committed to using FELCN’s Rural Mobile Police Patrol Units (UMOPAR) to eradicate these crops but there are few results thus far.²⁰⁶

The government has supported initiatives aimed at legitimising several aspects of coca production: increasing the national legal limit of coca crops from 12,000 to 20,000 hectares; opening a third legal market for coca leaves in Caranavi (north of La Paz); a June 2006 commercial regulation allowing coca producers to sell unprocessed coca leaf in national markets without using retail traders as middlemen; a declaration in the new constitution that coca leaf is part of the national cultural heritage;²⁰⁷ and

the campaign for removing the coca leaf from the UN Drug Convention’s list of prohibited substances. If the new constitution is approved by referendum, a revised legal framework can be expected by late 2008 that would likely recognise a greater number of traditional coca crop areas and separate regulation of the traditional uses of coca from penalisation of drug trafficking and cocaine production.

Since the current coca crop could well be between 27,500 and 30,000 hectares, a 20,000-hectare cap would be both a substantial decrease and a realistic goal.²⁰⁸ However, the government needs to be able to enforce that limit and ensure that the 20,000 hectares are exclusively for traditional consumption and industrialisation. It is still uncertain how much coca is needed to supply traditional demands. Though the European Commission-financed study of traditional consumption by the National Statistics Institute (INE) should be completed by the end of 2008, officials insist on leaving room for industrialisation and development of new international markets for coca tea, as well as supplying the traditional consumption of Argentina’s Salta and Jujuy provinces. Selling coca leaves to third countries, however, would violate the 1961 Single Convention on Narcotic Drugs.²⁰⁹

Despite Morales’s strong leadership and popular support, his MAS party lacks political structures, so he and his government rely on the coca growers unions and social movements for street support.²¹⁰ After the violent clashes between growers and city dwellers in Cochabamba on 11 January 2007, which left two dead and hundreds injured, the growers have repeatedly mobilised to “defend” the Morales government and the Constituent Assembly from the right-wing opposition.²¹¹

²⁰³ In La Asunta in August 2007, coca growers and the government agreed to reduce 1,000 hectares of a total of 3,200 hectares in exchange for development projects in Caranavi, an area traditionally strongly resistant of eradication; 250 hectares were eradicated in 2007. Crisis Group telephone interview, government official, La Paz, 11 October 2007.

²⁰⁴ Crisis Group interviews, EU official and analyst, La Paz and Cochabamba, 5 and 18 October 2007. Crisis Group telephone interview, EU Commission Delegation official in Bolivia, Bogotá, 24 January 2008.

²⁰⁵ Crisis Group was told several stories of farmers in the Chapare region compelled to eradicate coca crops and switch to oranges or bananas. The cost of transporting oranges to market sometimes exceeded the production cost. Efforts have been underway since the 1990s, some funded by USAID, and more recently others by the EU, to reduce transportation costs between the Chapare and Argentina. Crisis Group interviews, analysts, La Paz and Cochabamba, 4 and 18 October 2006.

²⁰⁶ Crisis Group telephone interview, government official, La Paz, 11 October 2007.

²⁰⁷ According to Article 384 of the draft constitution approved in Oruro on 9 December 2007, “the state protects the ancestral coca as cultural heritage, a renewable natural resource of Bolivia’s biodiversity and as a factor of social cohesion; in

its natural state, the coca is not narcotic. Its revalorisation, production, commercialisation, [and] industrialisation will be ruled by the Law”, “La Constitución despenaliza la hoja de coca”, *La Razón*, 10 December 2007 (Crisis Group translation).

²⁰⁸ Crisis Group was told that 20,000 hectares was the minimum the government could propose “without putting social peace at risk”, as growers in the Yungas were unlikely to accept less than 12,000 hectares and the Chapare coca growers less than 6,000. The remaining 2,000 would come from both regions and be used for industrialisation. Crisis Group interviews, analyst, EU official and police official, La Paz, 4, 5 and 12 October 2007.

²⁰⁹ See above. Argentinean authorities also worry that increased Bolivian coca leaf production, if sent to Argentina, could be used for coca paste and “paco”. Crisis Group interview, counter-drug and gendarmerie officials, Buenos Aires, 10-11 September 2007.

²¹⁰ Crisis Group interview, foreign source, La Paz, 16 November 2006.

²¹¹ See Crisis Group Latin America Report N° 23, *Bolivia’s New Constitution: Avoiding Violent Conflict*, 31 August 2007, pp. 13-14.

The armed forces and the attorney general's office cooperate, sharing resources and doing joint operations. However, FELCN needs electronic surveillance technology and logistical support, especially its own helicopters.²¹² Bolivia interdicts chemical precursors within the framework of the PRECAN accord of the Community of Andean Nations (CAN), as well as Operation Six Borders, an initiative of the International Drug Enforcement Conference (IDEC) that covers the Andean countries plus Venezuela and Brazil.²¹³ However, there is a need to control the borders with Peru and Brazil better to hinder trans-shipment of Peruvian cocaine.

Indeed, Brazil is worried about trafficking from Bolivian territory. Crisis Group was told that Bolivia's ability to curb the drug flow has decreased since the U.S. reduced direct involvement in its counter-drug operations. Brasilia and La Paz are accordingly interested in establishing a bilateral commission and a high-level dialogue to enhance response mechanisms, especially for intelligence cooperation.²¹⁴

Increasing domestic drug use is another problem the Morales administration has to deal with more rigorously, including prevention campaigns and addict treatment.²¹⁵ FELCN coordinates education programs in schools with the aid of local councils. Since January 2007, its agents have visited at least 540 schools.²¹⁶ Examples of local school programs include the joint UNODC-municipal government project in El Alto, supported by Sweden and the U.S. embassy, which trains 5,000 teachers in drug-

use awareness and will reach up to 170,000 students in the region.²¹⁷

3. Peru

As in Bolivia, Peruvian Andean peoples have cultivated coca for traditional purposes such as leaf chewing, tea and medicinal preparations for centuries. In 1978, the General Law on Drugs allowed coca cultivation to satisfy the traditional demand (estimated at 9,000 tons of coca leaves annually) and prohibited any excess. It also established the coca growers registry and the monopoly of the National Coca Enterprise (ENACO) for commercialisation and industrialisation of the leaves. Once the world's main coca producer, Peru's cultivation declined sharply between 1995 and 1999, from 115,300 hectares to 38,700.²¹⁸ However, coca growers have steadily re-activated the fields in the 2000s, increasing cultivation to well over 51,400 hectares; and coca leaf production to 114,100 tons in 2006, of which 92 per cent is diverted to drug production.

To reduce coca-cultivated areas that exceed estimated annual internal demand, the government undertakes two types of manual eradication: voluntary – “gradual and concerted” according to the authorities – and forced, or “programmed”. The National Commission for Development and Life without Drugs (DEVIDA), set up in 2002 to design, coordinate and implement drug control policies, is in charge of the voluntary schemes, which are accompanied by alternative development programs. A total of 2,733 hectares was eradicated under such arrangements in 2004, 3,266 in 2005 and 2,551 in 2006. Over 62,000 families in 779 communities have been involved. Forced eradication of illegal crops conducted by the interior ministry's Control and Reduction of Coca Leaf in Upper Huallaga (CORAH) Unit has increased annually, from 7,605 hectares in 2004 to 8,966 in 2005 and 10,137 in 2006. Over 5,800 families in 87 communities in Tocache have been involved with UNODC and USAID help.²¹⁹

DEVIDA alternative development programs are implemented in Lower, Middle and Upper Huallaga, Aguaytía, Pichis, Pachitea, Apurímac, Tambopata and Pasco-San Gabán, but there are no eradication initiatives in the VRAE (Valley of the Apurímac and Ene Rivers)

²¹² DEA gives training and the narcotics affairs section of the U.S. embassy logistical support, Crisis Group interview, high FELCN official, La Paz, 16 November 2006.

²¹³ The International Drug Enforcement Conference (IDEC), established in 1983 to bring together senior Western Hemisphere officials, has become a global forum, with 62 member and 22 observer countries. The principal purpose is to share information and coordinate efforts to fight international traffickers.

²¹⁴ Bilateral cooperation, including a judicial attaché at Brazil's embassy in La Paz, is still at an early stage. Brazilian authorities reportedly would support joint police drug operations, Crisis Group interview, foreign drugs expert, La Paz, 14 June 2007.

²¹⁵ A senior police official in La Paz told Crisis Group in October 2007 that “crime has changed” in Bolivia, and this change, including a higher rate of violent crime, was connected to drug abuse. “People didn't used to kill for a cell phone or for money. Now they do”. For prevalence rates of cocaine and coca paste use see Appendix A.

²¹⁶ “Miles de jóvenes se movilizan en contra del consumo de drogas”, Agencia Boliviana de Información, 27 September 2007.

²¹⁷ “Los jóvenes dicen que la droga está muy cerca de ellos”, *La Razón*, 28 September 2007; and “A la FELCN”, *El Potosí*, 27 September 2007.

²¹⁸ See Crisis Group Reports, *War and Drugs in Colombia* and *Coca, Drugs and Social Protest in Bolivia and Peru*, both op. cit.

²¹⁹ See www.devida.gob.pe; “Monitoreo de cultivos en el Perú 2006”, UNODC, June 2007, p. 62; also “Alternative Development Program 2002-2007”, USAID presentation to Crisis Group, Lima, 7 November 2007.

or the Monzón areas. In the VRAE, police focus on eliminating maceration pits for coca paste and cocaine laboratories; the Monzón valley is considered by many a no-man's land, where coca growers are prepared to resist eradication and the authorities are afraid to go.²²⁰

With the help of the U.S. and EU development agencies, the German development bank (Kreditanstalt für Wiederaufbau, KfW) and UNODC, peasants can establish cooperatives for cultivating products such as cacao, coffee, palm heart and palm oil, which are exported mainly to Europe, North America and Asia.²²¹ More effective market access policies are needed, however, to increase exports and win more peasants away from cultivating illegal coca. These include everything from building roads to bring product to ports, to strengthening commercial networks and eliminating quotas and other commercial barriers. A high government official warned that many peasants who chose alternative development and failed to make a living from it have returned to coca.²²²

While the Toledo government (2001-2006) focused on eradication that failed to curb coca expansion, the García government's National Strategy 2007-2011 at first seemed to emphasise prevention, rehabilitation of drug users, interdiction of trafficking networks and development in affected areas to discourage cultivation.²²³ Despite assurances forced eradication would not be a central element of the strategy, peasants contend that it has been

increased, and even those registered by ENACO are liable to eradication without warning.²²⁴ Sources believe the government increased eradication to ensure U.S. approval of the bilateral Free Trade Agreement (FTA).²²⁵

In April 2007, after violent roadblocks and protests by coca growers associations in Tocache (Upper Huallaga), Huánuco,²²⁶ and Aguaytía (Ucayali),²²⁷ President Alan García ordered Interior Minister Luis Alva Castro to "bomb" maceration pits with jet fighters, a tactic widely criticised as unrealistic.²²⁸ Increasing violence by traffickers against police, judges and attorneys reinforced the government's hard line.²²⁹ On 19 November, President of the Council of Ministers Jorge del Castillo proposed to Congress an increase of the security forces' budget and reactivation of military bases in the Amazon to fight terrorism and insurgents.²³⁰ The government was

²²⁴ Crisis Group interviews, peasants' representative, Andean Parliament representative, Lima, 6-7 November 2007.

²²⁵ The FTA passed the Peru's Congress in 2006, the U.S. Congress in 2007. Peruvian critics, including the main opposition Nationalist Party (PNP), contend it will only benefit the coastal cities' middle and upper classes, increased U.S. imports could be disastrous for small industry and peasants, and a decline in productivity of local agriculture networks would likely favour illicit activities, Crisis Group interviews, trafficking, Amazon and political analysts, Lima, 5-7 November 2007.

²²⁶ Coca growers from the Central Nacional Agropecuaria Cocalera del Perú (CENACOP) took to the roads on 11 April to protest "programmed" eradication. About 50 peasants were arrested during more than three weeks of violent clashes with police.

²²⁷ 300,000 coca farmers began a strike on 29 October 2007 in anticipation of a national day of protest by the General Confederation of Peruvian Workers (CGTP) against labour conditions and organised on 8 November. Seventeen police were injured in Aguaytía (Ucayali) and five journalists received death threats from Sergio González Apaza, leader of the "Saúl Guevara Díaz" association of Tocache. "Coca grower leader threatens to kill five journalists", *Reporters sans Frontières*, 9 November 2007.

²²⁸ The police are responsible for fighting trafficking and do not have such planes. Maceration pits are hidden by jungle canopy, with only peasants working them. Crisis Group interviews, trafficking analyst and Amazon analyst, Lima, 5-6 November 2007.

²²⁹ Since 2005 at least 30 police have been killed by trafficking organisations in drug-affected areas, including the assassination of thirteen in 2005 in the Amazon jungle area; the massacre of five (and three civilians) in Machete, VRAE, in 2006; and the ambush and murder of four in Huancavelica, VRAE, in November 2007. "Alarma en Perú por Sendero Luminoso", *La Nación*, 23 December 2005; Róger Rumrill, "Se Dibuja un Posible Nuevo Mapa del Consumo de Drogas: crece exponencialmente la demanda de drogas de laboratorio", December 2006; "Otra emboscada narcoterrorista", *La República*, 15 November 2007.

²³⁰ Ministers announced in Congress, among other measures, the need to double the \$26 million security budget in the

²²⁰ Crisis Group interviews, high government official, drugs and foreign experts, Lima, 5-7 November 2007.

²²¹ Exports of alternative development products (including cacao, coffee, cotton, bananas and palm oil) have increased: to Europe, from \$22 million in 2005 to \$31.3 million in 2006; to North America, from \$13.7 million in 2005 to \$17.7 million in 2006; and to Asia, from \$299,150 in 2005 to \$711,824 in 2006. USAID has also funded infrastructure (roads, bridges, schools, health centres, potable water systems, electrification, sports areas and community centres) and governance and social development. "Alternative Development Peru: Commercial performance of farm enterprises supported by UNODC in 2006", UNODC, March 2007. "Alternative Development Program 2002 - 2007", USAID Presentation delivered to Crisis Group, Lima, 7 November 2007.

²²² Crisis Group interviews, high government official, peasants' representative, Lima, 5 and 7 November 2007.

²²³ The goals by 2011 are: to increase seizures to 40 per cent of potential drug production, 25 per cent of chemical precursors and 20 per cent of laundered money; reduce coca cultivated areas by 40 per cent and student drug use by 10 per cent; increase care for drug addicts and alcoholics by 50 per cent and beneficiaries of alternative development programs by 40 per cent; and create a drug use prevention system fully integrated into regional governments. "Cambio de receta antidrogas en el Perú: de erradicación a interdicción", *El Comercio*, 25 March 2007. "Presentación Estrategia Nacional 2007-2011", at www.devida.gov.pe.

criticised after heavily armed groups, believed to be remnants of the Shining Path movement still operating in the VRAE area, killed five police and injured several more.²³¹ Those groups protect important trafficking corridors to the coast and Bolivia.

DEVIDA aims to achieve a 10 per cent reduction in drug use among students, a 50 per cent increase in care for addicts and alcoholics and a drug-use prevention system fully integrated into the regional governments. Although a number of agreements have been signed with the regional governments, it is unclear how much was achieved in 2007.²³²

Recent laws have toughened prison terms for money laundering (2004, 2007) and improved control of chemical precursors (2005) and property confiscation/recovery (*pérdida de dominio*)²³³ In addition, DIRANDRO is

VRAE, and increase patrols and create 162 self-defence committees there; security forces should consider *mochileros* (young people who transport cocaine in backpacks to the Peruvian coastline, using the ancient Inca trails that cross the Andes ranges) as trafficking “agents” and control more strictly the more than 3,000 ex-Shining Path members released from prison since 2000; some ten helicopters non-operational before García took office should be repaired; and a river navy and police base should be built in Pichari (Cusco). “Gobierno pide más recursos y ajustes legales para frenar el narcoterrorismo”, *El Comercio*, 20 November 2007.

²³¹ On 31 October 2007, 60 heavily armed persons attacked the Ocobamba (Apurímac) police station, killing a lieutenant and injuring others. On 14 November, four more police were killed in an ambush in central Peru, near Ocobamba. The police later killed “Comrade JL” in combat and arrested six members of the armed group led by “Artemio”. “La incursión terrorista en Andahuaylas fue en respuesta a la detención de narcos”, *El Comercio*, 1 November 2007. “Policía da duro golpe a Sendero en el Huallaga”, *Perú21*, 28 November 2007.

²³² “DEVIDA y Gobierno Regional de Loreto firmaron convenio para impelemantar plan antidrogas”, DEVIDA press release, 8 November 2007. The La Libertad, Arequipa, Lambayeque, Tumbes, Ucayali, Ica, San Martín and Junín regional governments have also signed agreements, or indicated intentions to cooperate with DEVIDA. Tacna department, with one of Peru’s largest problems, has expressed need to revise its program for prevention and treatment of drug use. Regional and local authorities have also participated in workshops to draft plans to combat drug use, particularly among the young. See also www.devida.com.pe. For prevalence rates of cocaine and coca paste use see Appendix A.

²³³ Crisis Group interview, foreign expert, Lima, 6 November 2007. Law 28355 (2004) introduced tougher punishment for money laundering, including no parole and 25-year sentences for drug-trafficking and terrorism-related money laundering. Law 28305 (2005) introduced controls over chemical precursors and controlled substances listed in the 1988 UN Drug Convention. Law 29009 (2007) gave the executive broad powers to issue regulations on drug and people trafficking, money laundering, terrorism, kidnapping, extortion, organised crime and gangsterism.

reinforcing its money-laundering investigation capacity, working closely with the Superintendent’s Office for Tax Collection and Customs (SUNAT), the public registry office and the Superintendent’s Office for Banking and Insurance. According to a senior DIRANDRO official, “we want to locate not only the traffickers, but also their assets and the assets of their networks”.²³⁴ But no drug kingpin has yet been brought to justice.

4. Venezuela

For many years, Venezuela cooperated closely with U.S. counter-drug authorities. However, shortly after President Hugo Chávez took office in 1999, he banned mixed-crew interdiction flights over Venezuelan territory.²³⁵ The U.S. contends that Venezuela has not been fully engaged in controlling trafficking since 2005, when the bilateral anti-drug cooperation agreement was suspended, and is now the main trans-shipment point for Colombian drugs.²³⁶

As traffickers exploit every route to markets, international cooperation is essential. Chávez’s animosity to the Bush administration has prevented such cooperation. Venezuela no longer participates in the Joint Interagency Task Force-East (JIATF), whose radars monitor flights and ships in the Caribbean and along the South American coast.²³⁷ Venezuelan authorities appear unwilling even to receive real-time intelligence.²³⁸ Lack of U.S.-Venezuelan cooperation concerns EU officials, who say stopping traffickers in the Caribbean is more difficult also because

Law 29037 (2007) amended Law 28305 to add 27 chemical substances and toughen prison terms for traffickers in the controlled substances. As part of efforts to improve information related to drug control, supply reduction and drug use prevention, DEVIDA promoted establishment of the Peruvian Drug Observatory in 2006.

²³⁴ Crisis Group interview, DIRANDRO director, Lima, 7 November 2007.

²³⁵ These flights, agreed under the Cooperating Nations Information System (CNIES) mechanism, resumed in September 2002, when the government sought improved relations at a time of domestic political turmoil, but stopped again in 2005.

²³⁶ In August 2005, the bilateral anti-drug cooperation agreement of 1978 was suspended after Chávez accused the DEA of spying. Since then Venezuela has said counter-drug cooperation is contingent on an amendment to the agreement.

²³⁷ The JIAFT, created in 1994 at Key West, includes U.S. agencies (Defense Department, coast guard, customs service, DEA, FBI, Defense Intelligence Agency; Naval Criminal Investigative Service and NSA); European countries with Caribbean interests that provide ships, planes and liaison officers (UK, France, the Netherlands); and South American countries that assign liaison officers (Argentina, Brazil, Colombia, Ecuador, Peru).

²³⁸ Crisis Group interview, foreign expert, Caracas, 18 September 2007.

of Venezuela's withdrawal from the Community of Andean Nations.²³⁹

Venezuelan authorities insist they are making unilateral progress but require reciprocity in any partnership. They claim the U.S. uses the war against drugs for its own political purposes and that Venezuela has become one of the leading countries in cocaine seizures despite lacking the large resources Washington contributes to others.²⁴⁰ There is cooperation with many countries, they say, despite the high cost of pursuing interdiction.²⁴¹ Such cooperation, especially with Colombia and the Caribbean countries, is vital. Relations with Colombia, however, have steadily worsened, high officials say, because it is perceived as a proxy which parrots U.S. criticism.²⁴² However, criticism is not surprising when it is possible to point to substantial increases in radar-tracked flights from Venezuela to Hispaniola. The U.S. claims that Venezuela has not acted on information it has provided about such flights.²⁴³ 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.²⁴⁴

Venezuelan officials insist they are serious about fighting traffickers and point to the 2005 Organic Laws against Illicit Traffic and Consumption of Drugs and Psychotropic Substances and Organised Crime. In early 2006, the National Anti-Drugs Office (ONA) replaced the National Commission against the Illicit Use of Drugs (CONACUID).

²³⁹ Crisis Group interview, high European Commission official, Brussels, 9 November 2007.

²⁴⁰ An official gave several examples of continued cooperation with the U.S. In March 2007, he said, agents from the Division of Military Intelligence (DIM) captured a U.S. citizen with Interpol's help. He was deported to the U.S. (South Dakota), where he was wanted on six charges, including trafficking and distributing marijuana and methamphetamine. There has reportedly been cooperation in cases with the DEA. Crisis Group interview, ONA official, Caracas, 20 September 2007. "Militares venezolanos capturaron a un narcotraficante de EEUU, al que deportarán", *El Día*, 23 March 2007.

²⁴¹ Venezuela has anti-drugs agreements with Germany, the UK, France, Spain, the Netherlands, Portugal, Canada, Australia, Colombia, Panama and Brazil and works with UNODC to expand SIMCI surveillance of illegal crops. Crisis Group interviews, foreign expert and government official, Caracas, 18 and 20 September 2007.

²⁴² Crisis Group interview, police intelligence, Bogotá, 4 October 2007. On the often difficult bilateral relations over drugs, see Crisis Group Latin America Report N°3, *Colombia and its Neighbours: The Tentacles of Instability*, 8 April 2003, pp. 12-16.

²⁴³ Crisis Group interview, senior DEA official, Washington DC, 9 January 2008.

²⁴⁴ 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.

The government's counter-drug plan for 2008-2013 (not yet published) is expected to emphasise preventing drugs from entering Venezuela as opposed to fighting transit to the U.S. and Europe as such.²⁴⁵ Observers note, however, that the counter-drug field offices often have inadequate resources.²⁴⁶

Drug-trafficking control is based on programs aimed at getting communities to cooperate actively with ONA and police; small drug dealers in neighbourhoods and others can be denounced on a free telephone line or ONA's website. Witness protection programs were discussed at the first meeting of the Technical Work Group on Transnational Organised Crime (OAS) in July 2007,²⁴⁷ but there is no indication this will be part of the national plan or that ONA might reinforce human intelligence units operating against trafficking networks.

The authorities acknowledge a need to strengthen security.²⁴⁸ New x-ray units are to be bought from the UK to improve port and airport surveillance;²⁴⁹ air, river and maritime transport companies are to be held accountable for stricter measures;²⁵⁰ furnaces to incinerate seized drugs will be built in all regions; and air surveillance is to be improved in 2008 by using recently bought, Russian-built jet fighters to interdict suspicious flights and introducing an Identification Friend or Foe (IFF) system.²⁵¹ Special

²⁴⁵ Publication of the Counterdrug Plan, to which the OAS drugs office, CICAD, was an important contributor, was initially scheduled for November 2007 but has been delayed. Officials note proudly that communities across the country also participated in its development. Crisis Group interview, government official, Caracas, 20 September 2007.

²⁴⁶ According to a foreign analyst living in Venezuela, the investigative criminal police (CICPC) and the National Guard field offices in charge of counter-drug activities often lack such basic supplies as gasoline and even paper. Crisis Group interview, Caracas, 6 March 2008.

²⁴⁷ "ONA presente en la I Reunión del Grupo Técnico sobre Delincuencia Organizada Transnacional de la OEA", ONA, press release, 1 August 2007.

²⁴⁸ Crisis Group interview, government official, Caracas, 20 September 2007.

²⁴⁹ The U.S. complains the Container Inspection Facility (CIF) – a high-tech x-ray system – at Puerto Cabello is not in operation, pending investigation into improper handling of the radioactive source used to scan outbound cargo for drugs or other illicit goods. DEA considers the port a major departure point for drugs transiting from north eastern Colombia. INCSR, op. cit.

²⁵⁰ About 3.9 tons of cocaine sent by ordinary delivery and postal services were seized in 2006 (10 per cent of total seizures). "Estadísticas: Decomisos y Detenidos por Delitos de Drogas en Venezuela Año 2006", Oficina Nacional Antidrogas, January 2007. Additional measures will include better inspection of containers and biometric identification of private couriers.

²⁵¹ Venezuela had received at least half of the 24 Sukhoi-30s it bought in 2006 by the end of 2007 and anticipates receiving

attention will be placed on the new airspace surveillance system, which requires further large investments in technology, including a network of Chinese-made radars to cover the coast and the Colombia border beginning in 2008 (an informed source expects them to be fully operational only after 2012).²⁵² Authority to shoot down unidentified aircraft requires a new law.²⁵³

The authorities also know the need to strengthen human resources, not least to root out corruption. National guard/navy task forces are to do maritime surveillance in the Orinoco Delta and south of Lake Maracaibo; the board of the Scientific and Criminal Investigative Body (CICPC) has been restructured and opened offices across the country; ONA will also extend its national coverage, replacing regional commissioners with offices in each state and municipality; the attorney general's office is working closely with it to investigate corrupt officials.²⁵⁴

ONA has not reported forced eradication of marginal illegal crops (poppy, coca and marijuana) since 2006. After aerial reconnaissance over the Apure and Amazonas states on 29 November 2007, it dismissed allegations of coca crops in the Amazon region.²⁵⁵ Notwithstanding, the government is considering regular satellite surveillance of the Colombia border and planning to implement alternative development programs in the border regions to discourage illegal crops.²⁵⁶ ONA also coordinates a financial intelligence unit on money laundering, in which the attorney general's office, CICPC, the public registry office (*notariado*) and the Superintendent's office of Banks and other Financial Institutions (SUDEBAN) jointly investigate suspicious financial operations and investments. In addition, ONA retains custody of seized assets, while the judicial system deals with expropriation cases.²⁵⁷

Nevertheless, critics argue Venezuela is ill-prepared to deal with drug money laundering. There are few prosecutors,²⁵⁸ and the country, with its precarious institutional framework, has become a haven for such

operations. Its macro-economic indicators are unreliable, particularly for government spending. Economists worry the situation is made more acute by the oil price windfall, lack of transparency of exports and income of the state oil company (PDVSA) and the coexistence of a fixed exchange rate with an uncontrolled parallel dollar market.²⁵⁹

The light industry and commerce ministry created a national registry in 2006 under the Law against Illicit Traffic and Consumption of Drugs and Psychotropic Substances to monitor chemical precursors. However, U.S. authorities say it lacks trained personnel and resources to track irregularities and do necessary field inspections.²⁶⁰ ONA is in charge of actions against chemical diversion, but it is uncertain how it will coordinate with the other Andean countries now that Venezuela is no longer a member of the Community of Andean Nations (CAN).²⁶¹

While a few international observers believe the government is taking positive steps against drugs, time is against ONA, and more actions are needed immediately, especially on widespread corruption.²⁶² Despite repeated official assurances that President Chávez has made the fight against trafficking a top priority,²⁶³ there is belief that traffickers will continue to operate with impunity as long as there is insufficient coordination within the security forces. Confusion over possible reforms of the National Armed Force (FAN) structure and resistance to sweeping police reforms contribute to a perception of chaos and reluctance to deal with the issue.²⁶⁴ It also is likely that Chávez's outspoken support for the FARC, an important part of whose financing comes from drug trafficking, will limit the energy the security forces devote to choking off trafficking.

Domestic consumption is believed to be on the rise, though still relatively low. Addicts face social stigmatisation, but the smoking of coca paste (*basuco*) is being progressively replaced among the poor by cocaine and heroin.²⁶⁵ ONA

the others in 2008. "10 helicópteros comprará la FAN a Francia y Rusia", *El Universal*, 1 November 2007.

²⁵² Crisis Group interview, drug expert, Caracas, 20 September 2007.

²⁵³ Crisis Group interview, government official, Caracas, 20 September 2007.

²⁵⁴ ONA has over 200 officials. It hopes for an increase to 300-400 within a year and eventually to 600, *ibid*.

²⁵⁵ "ONA confirma inexistencia de cultivos ilegales", ONA press bulletin, 3 December 2007.

²⁵⁶ Crisis Group interviews, government official, UNODC source, Caracas and Bogotá, 20 September and 19 October 2007.

²⁵⁷ Crisis Group interview, government official, Caracas, 20 September 2007.

²⁵⁸ Crisis Group interview, diplomats, Caracas, 20 September 2007.

²⁵⁹ Crisis Group interviews, economic analysts, journalist, Caracas, 19-20 September 2007.

²⁶⁰ INCSR, *op. cit*.

²⁶¹ The CAN adopted Decision No. 602 (2004) to protect the Andean countries from chemical precursor diversion by designing common verification and control instruments. The EU and CAN countries established the PRECAN project, by which joint action is taken to prevent diversion of chemical precursors and substances. Venezuela left CAN in 2006.

²⁶² Crisis Group interview, diplomats, Caracas, 20 September 2007.

²⁶³ Crisis Group interview, government counter-drug official, Caracas, 20 September 2007.

²⁶⁴ Crisis Group interviews, political analyst, foreign expert and drug expert, Caracas, 17, 18 and 20 September 2007.

²⁶⁵ Crisis Group interviews, political analyst, military analyst and economic analysts, Caracas, 17, 19 and 20 September 2007.

prevention programs fall into three categories: the family, schools (and universities) and the community. A number of training workshops have been given to community spokespersons and government employees, thus far without evidence of their effectiveness in preventing use or improving rehabilitation. ONA is concentrating on cooperation with other government institutions, a change from the practice of outsourcing programs to NGOs.²⁶⁶ The health centres inaugurated by the social development ministry (MINPADES) in indigenous communities in Bolívar have a manual on the comprehensive prevention of alcohol, tobacco and drug use.²⁶⁷ The Barrio Adentro missions also appear to be taking on a more important role in treatment of addicts.²⁶⁸

5. Ecuador

Counter-drug policies are aimed not only at curbing the transit of Colombian and Peruvian drugs and the smuggling of chemical precursors originating in-country, but also at preventing the still small cultivation of coca and the production of drugs. There likewise are efforts against money laundering. The National Council for the Control of Drugs and Psychotropic Substances (CONSEP) has the main responsibility.²⁶⁹ UNODC helps with training.²⁷⁰

²⁶⁶ Until 2005, Venezuelan companies donated directly to CONACUID-approved NGOs working on demand reduction. However, the 2005 Law against Illicit Traffic and Consumption of Drugs and Psychotropic Substances requires companies with more than 200 workers to give 1 per cent of profits to ONA, which passes it to NGOs. It appears this has created red tape, resulting in closure of some NGOs. Some companies have postponed donations, waiting for clarification of the regulation. INCSR, op. cit.

²⁶⁷ For more information see www.ona.gob.ve. The few statistics ONA provided on drug consumption do not give an accurate picture of the problem. The 2006 statistics only survey drug users in rehabilitation centres, 6,523 out of a population of almost 28 million, and concentrate on abuse of tobacco, alcohol, and marijuana. Those under 30 are over 63 per cent of the total.

“Estadísticas: Consumo de Drogas en Centros de Tratamiento, Venezuela Año 2006”, ONA, April 2007.

²⁶⁸ The José Felix Ribas Foundation, associated with the health ministry, has advocated creation of a National Detoxification Institute, which would receive patients in the Misión Barrio Adentro system and assist addicts in treatment, rehabilitation, and reinsertion into society. “Fundaribas promueve conciencia social ante las drogas”, health ministry, 20 November 2007. In Aragua, a specialist centre for treatment and rehabilitation was opened as part of the fourth stage of the Barrio Adentro missions. “Barrio Adentro 4 llega a Aragua”, Corporación de Salud del Estado Aragua, press release, 17 January 2007.

²⁶⁹ CONSEP, established by the Law on Narcotics and Psychotropic Substances of 1990, amended in 1997 (Law 108), has designed the governments’ plans for drug control and prevention. The 2004-2008 National Plan had a \$231.3 million budget

However, sources said CONSEP is not given the resources to fulfil its mandate, particularly on demand reduction.²⁷¹

While much lower than in Argentina and Chile, cocaine and coca-paste use rates are higher than in Bolivia and Peru.²⁷² The justice and human rights ministry that President Rafael Correa’s government established in November 2007 is to work with CONSEP in designing drug-use prevention programs.²⁷³

Since 2001, Ecuador has introduced a number of development initiatives in the northern border provinces of Esmeraldas, Carchi, Sucumbíos, Imbabura and Orellana in order to curb coca cultivation. These have been carried out by the Unit for Northern Development (UDENOR), attached to the presidency. However, it is to be absorbed by the technical secretariat of Correa’s Plan Ecuador, launched in April 2007 with the aim of promoting development and comprehensive security in the northern provinces.²⁷⁴

Compared to the three major producer countries, coca crops are negligible. In 2006, the total area of coca cultivation was estimated at less than 100 hectares, although sources say there could now be 300.²⁷⁵ The doubling of eradicated coca areas from 2006 to 2007 indicates that illicit cultivation is at least increasing.²⁷⁶ Esmeraldas and Sucumbíos are especially vulnerable since they border the southern Colombian departments of Putumayo and Nariño, which despite massive forced eradication in past years still have large coca crops.²⁷⁷

The national police are responsible for combating trafficking networks. The Anti-Narcotics National Direction, created in 1999, has 22 bases across the country.²⁷⁸ The Special Mobile Anti-Narcotics Group (GEMA) does operations such as eradication. In early

²⁷⁰ Its programs include law enforcement and drug prevention in urban communities (Quito, Guayaquil and Cuenca). The latter will be extended during the next two years to other cities, such as Manta, Loja, Ambato, Quito, Ibarra and Santa Cruz.

²⁷¹ Crisis Group interviews, Quito, 7-8 November 2007.

²⁷² For prevalence rates of cocaine and coca paste use see Appendix A.

²⁷³ “Rafael Correa posesionó hoy a tres nuevos ministros”, *El Comercio*, 15 November 2007. See www.presidencia.gov.ec.

²⁷⁴ See Crisis Group Latin America Report N°22, *Ecuador: Overcoming Instability?*, 7 August 2007.

²⁷⁵ Crisis Group interview, Quito, 5 November 2007.

²⁷⁶ 64,000 plants were manually eradicated in 2005, 68,000 in 2006 and over 138,000 in 2007. Crisis Group email communications from Anti-narcotics National Direction (Ecuadorian National Police), 20 November 2007 and 1 February 2008.

²⁷⁷ “Coca Cultivation in the Andean Region. A Survey of Bolivia, Colombia, Ecuador and Peru”, UNODC, 2007.

²⁷⁸ The bases are in Quito, Machala, Imbabura, Baeza, Manta, Tulcán, Esmeralda, El Oro and Pichincha. The U.S. has supported their construction.

2007, the interior ministry set up the Modernisation Support Commission to aid police restructuring, including a new community force and judicial police, more proactive efforts against organised crime and new security policies.²⁷⁹ However, sources said the ministry is not directing police counter-drug efforts, leaving the decisions instead to be coordinated directly between the police and the U.S. embassy.²⁸⁰

According to the 2006 National Defence White Book, the military has only a support role against drugs, though it has become increasingly involved in the past two years. There are twelve detachments with more than 8,000 soldiers on the northern border. During 2007, the army discovered and destroyed 25 camps allegedly run by the Colombian FARC in that area, some with cocaine processing laboratories.²⁸¹ Under the 2007 Law on Energy and Hydrocarbon Sovereignty, the military is also required to control the smuggling of refined fuels (“white gasoline”) to Colombia, which are used as chemical precursors to produce cocaine there and in Peru.

Flights from the U.S. Forward Operating Location (FOL) in Manta detect trafficking routes in the eastern Pacific and the Andean Region, including the cultivation zones of Peru, Colombia and Bolivia. It is believed 60 per cent of the seizures in the western Pacific resulted from these flights in 2006.²⁸² Nevertheless, the government has pledged not to renew the 1999 base agreement when it expires in November 2009. Instead, the 2008 defence budget is to be increased so patrol boats and unmanned aircraft can be purchased for use against traffickers.²⁸³

²⁷⁹ “La Policía sí tendrá una conducción política”, *Revista Vanguardia*, 22 May 2007

²⁸⁰ Crisis Group interview, political analyst, Quito, 7 November 2007.

²⁸¹ Military operations in Sucumbios have dismantled alleged FARC bases and laboratories. Along the San Miguel River in February 2007, Operation Látego IV discovered a cocaine-processing centre, allegedly run by FARC, of about 1,500 square metres, with an estimated monthly production capacity of four tons. Operation Látego V found eleven bases in the Triangle Coembí, including a facility to process coca leaves and 500 tanks of ether. Operations Látego I and II found military uniforms near Palma Seca. “11 bases clandestinas, detectadas en la frontera”, *El Comercio*, 7 March 2007.

²⁸² U.S. embassy fact sheet, 22 February 2007. Forces in the FOL helped seized about 258 tons of drugs in 2006 and more than 125 tons from January to July 2007. “Ecuador, clave en el combate contra la droga”, *El Comercio*, 29 July 2007.

²⁸³ The government will acquire two unmanned air vehicles (UAVs), eight interceptor boats and a satellite monitoring system as part of the Plan for Energy Sovereignty, which will mainly target high-seas smuggling of refined fuel but also drug traffic. “La Marina busca frenar los delitos con la tecnología”, *El Comercio*, 22 October 2007

In April 2007, the government passed the Law on Energy and Hydrocarbon Sovereignty, with measures against smuggling of refined fuels.²⁸⁴ Annual losses from that activity may be between \$200 million and \$1 billion.²⁸⁵ Families along the border and criminal groups are responsible. The former resist the law with strikes;²⁸⁶ the latter are involved in turf wars over “white gasoline”, especially in the town of Shushufindi (Sucumbíos province).²⁸⁷ Ecuador adopted the dollar in 2000 as its official currency, thus indirectly facilitating money laundering by organised crime. Remittances from Ecuadorians living abroad may also contribute to the problem; they totalled \$2.92 billion in 2006 and \$1.44 billion from January to July 2007.²⁸⁸ Implementation of the 2005 Law to Suppress Money Laundering has been hampered repeatedly by procedural and financial bottlenecks; full operation of the Financial Intelligence Unit (FIU), responsible for investigating fraud, is expected only this year.²⁸⁹

²⁸⁴ Petroecuador, the national petroleum company, has opened telephone lines for corruption complaints.

²⁸⁵ The state loses \$700 million to \$1 billion a year through fuel smuggling, claimed Francisco Latorre, Regional Manager of Petrocomercial, “La Marina busca frenar los delitos con la tecnología”, *El Comercio*, 22 October 2007. The energy and mines ministry put the loss between \$200 million and \$300 million. The former minister, Alberto Acosta, spoke of \$500 million. “El Plan Anti Contrabando, en fase de diseño”, *Blanco y Negro Hoy Online*, 19 November 2007.

²⁸⁶ Some 500 families smuggle gas, petrol and diesel in Carchi. The government plans to give Development Bank credits to encourage them to stop. “El Comercio informal rechaza la Ley de Soberanía Energética”, *El Comercio*, 5 October 2007.

²⁸⁷ In late February 2007 the Inter-American Commission on Human Rights (OAS) asked Ecuador to protect families of victims, witnesses and human rights defenders in Shushufindi, after an investigation found that from January 2000 to October 2006, 715 people had been murdered in Sucumbíos. Only about 7 per cent of families reported the crimes. The northern provinces of Esmeraldas, Carchi, and Sucumbíos had more than 1,100 deaths. In June 2007, the Sucumbíos police superintendent was killed in Lago Agrio (capital of Sucumbíos). The presidency said she had received death threats for enforcing smuggling laws.

²⁸⁸ The figures do not include remittances by “human couriers” or “pocket transfers”, Ecuadorian Central Bank at www.bce.fin.ec.

²⁸⁹ CONSEP’s Reserved Information Processing Unit was previously responsible for drug-related money laundering. The law’s National Council on Money Laundering was established in April 2006. The first FIU director claimed threats and lack of support from the attorney general. In September 2006 “Operation Twin Towers” made the first discovery of money laundering operations and ten arrests. Some \$43 million in drug profits were passed through front businesses. The network, led by the Colombian Hernán Cortez Prada, had been operating since 2001. “135 bienes en

D. MEXICO, CENTRAL AMERICA AND THE CARIBBEAN

1. Mexico and Central America

Mexico has for decades fought production of illegal drugs, particularly those derived from poppy and more recently also synthetics, as well as cocaine from the South American source countries transiting to the U.S. It first began to perceive trafficking as a national security threat during the administrations of Miguel de la Madrid (1982-1988) and Carlos Salinas de Gortari (1988-1994).²⁹⁰ This led to alignment with U.S. policy, epitomised by the 1986 National Security Decision Directive issued under President Ronald Reagan, the same year the U.S. introduced its certification process.²⁹¹ Since then, the two countries have better coordination in counter-drug efforts. In response to pervasive corruption within Mexico's police, particularly at municipal and state levels, and U.S. requests,²⁹² the army has become increasingly prominent in the fight against drugs and trafficking.²⁹³

While significant use of the army started under President Ernesto Zedillo (1994-2000), it was his successor, Vicente Fox of the Acción Nacional Party (PAN), who substantially enhanced its role. Fox declared war on Mexican drug-trafficking organisations, launched "Operation Safe Mexico"²⁹⁴ and captured some of the

more visible leaders. However, he was unable to end security force corruption, and violence and turf wars between the cartels prompted by such arrests spiralled out of control.²⁹⁵

On 1 December 2006 Felipe Calderón (PAN), took office in the midst of turmoil after his election was disputed by Andrés Manuel López Obrador and his left-wing Democratic Revolution party (PRD).²⁹⁶ Under pressure from that confrontation and sensing that it would help him gain legitimacy, Calderón increased the federal budget for fighting crime by 24 per cent (\$2.5 billion) in 2007 and made strong and visible action against violence, drug trafficking and organised crime a policy priority in his National Development Plan 2007-2012.²⁹⁷

After Fox's defeat in the fight against the narco-organisations, Calderón arguably had little choice but to deploy the police and armed forces massively. The first joint operation, Michoacán, was in his home state of Michoacán, heavily affected by drug-related violence. Involving 4,260 soldiers, 1,420 federal police (the PFP), 1,054 marines and 54 agents of the attorney general's office (PGR), it was coordinated by the defence ministry, with support from the ministries of the navy, government and public security, as well as the PGR.²⁹⁸ The operation, which has been followed by similar and even larger deployments in four other regions,²⁹⁹ included eradication of illicit poppy crops, roadblocks to intercept shipments, patrols, house searches, arrests of

\$ 43 millones "lavados" por red de Prada", *El Universo*, 30 August 2006. "Operation Tiro Grosso", after a 21-month investigation, broke-up an international network, with three arrests in Ecuador in December 2006. The organisation used businesses in Quito, Squin Universal and had bought several buildings to hide profits. "Se mostró a cabecillas de red de narcotráfico", *El Universo*, 14 December 2006.

²⁹⁰ Luis Astorga, "México: tráfico de drogas, seguridad y terrorismo", in Álvaro Camacho Guizado (ed.), *Narcotráfico: Europa, Estados Unidos, América Latina* (Bogotá, 2006), pp. 139-161. Crisis Group interview, expert, Mexico City, 26 November 2007.

²⁹¹ Since 1986, the U.S. has "certified" countries' counter-drugs and human rights records. If a country is not certified, aid may be suspended. Under an agreement made by the Clinton administration, the U.S. can accept OAS/CICAD monitoring and evaluation of members as an alternative to unilateral certification. Crisis Group interview, OAS official, Washington DC, 14 January 2008.

²⁹² Astorga, op. cit., pp. 155-156; and Ricardo Ravelo, *Los capos. Las narco-rutas de México* (Mexico City, 2005), p. 21.

²⁹³ For historical reasons, Mexican society has never been fully at ease with the enhanced role of the military in counter-drug policy or closer cooperation with the U.S. This is reflected in the opposition of influential sectors to the Mérida Initiative.

²⁹⁴ Operation Safe Mexico, begun in June 2005, involved police and military, coordinated by the public security

ministry, with participation of the defence, interior and finance ministries, the attorney general, the navy and Tamaulipas, Sinaloa, Baja California, Michoacán, Guerrero states and México D.F. "Logra 'Mexico Seguro' 5 mil detenciones", *Notimex*, 10 October 2007.

²⁹⁵ Ravelo, *Los capos*, op. cit., p. 23.

²⁹⁶ Calderón's election was severely questioned by his main contender, Andrés Manuel López Obrador and his left-wing Partido de la Revolución Democrática (PRD). The Federal Electoral Institute (IFE) published the results of the close July 2006 vote only after two months. López Obrador claimed fraud, proclaiming himself the "legitimate" president. Elia López Yebra, "Calderón a un año de las elecciones. Fantasma del fraude electoral superado", *Univisión Online*, 4 July 2007.

²⁹⁷ "Iniciativa Mérida: Un nuevo paradigma de cooperación en materia de seguridad", foreign ministry document, Mexico City, 22 October 2007.

²⁹⁸ Estela Botello, "A Michoacán, 5,300 soldados contra el narco", *Crónica*, 12 December 2006.

²⁹⁹ Chiapas/Tabasco/Campeche (south and south west); Sierra Nevada, including Chihuahua, Durango and Sinaloa states (north and west); Tamaulipas (north east); and Tijuana (north west), public security ministry internal document, 23 November 2007.

suspected traffickers and identification and closure of local drug-sale points.

The authorities said the operations resulted in the arrest of thousands of suspected members of the narco-organisations and seizure of hundreds of weapons and tons of cocaine, including an 11.72-ton load in the north eastern state of Tamaulipas in October 2007.³⁰⁰ Government sources in late November 2007 claimed some 40 tons of cocaine had already been seized in the year, compared to 21 tons in all of 2006 and 30, 27 and 21 tons in 2005, 2004, 2003, respectively.³⁰¹ From its first weeks, the Calderón administration has extradited numerous drug chiefs to the U.S., including Osiel Cárdenas (Gulf cartel) and Gilbero and Ismael Higuera Guerrero (Tijuana cartel).³⁰²

Endemic violence and savage killings, such as beheadings, as well as sporadic firefights between the security forces, appear to have subsided somewhat since mid-2007.³⁰³ Still, the government's first year saw an estimated 2,300 drug-related assassinations,³⁰⁴ a big jump from the 1,500 annual level during his predecessor's six years and even the 2,000 of his last year.³⁰⁵ The impact the joint operations will have over the next year remains to be seen. Concern over continuing or increasing drug-related violence in parts of the country, voiced by various sectors of society including business associations,³⁰⁶ has been coupled with mounting preoccupation with human rights abuses committed by the security forces. An analyst said, "the military involvement [against drug-trafficking] has resulted in putting civilians in the cross-fire".³⁰⁷ Many Mexicans do not want the military to have the

responsibility but are also concerned about the police taking it on because of their long record of corruption.³⁰⁸

Calderón has declared that his administration sees the fight against trafficking and organised crime as a long-term one going beyond the joint operations and requiring deep institutional reforms aimed at professionalising the security forces and decisive action against corruption and impunity within them.³⁰⁹ At the heart of the efforts is restructuring the public security ministry (SSP), reform of the federal police and implementation of the Integrated Strategy to Prevent and Fight Crime. The thrust of these measures is to enhance federal police capability to prevent and fight crime across the country, increase its intelligence component and reduce corruption within its ranks.

In March 2007, SSP restructuring began with publication of new internal statutes, foreseeing creation of four vice ministries³¹⁰ and an administrative office. The vice ministry of strategy and police intelligence is to be a key component, with six divisions³¹¹ and charged with coordinating the institutional response to organised crime and development of the federal police. It will be expected to establish 500 posts across Mexico's 32 states to give the federal police a broader reach; build its stronger intelligence component, including a new crime data base; and generally enhance its operational capability. One division, solely to fight drug trafficking, will be "organically and functionally separate" from the others so as to guarantee the security and effectiveness of its personnel.³¹²

Since these far-reaching reforms require time-consuming constitutional amendments,³¹³ the public security minister, Genaro García Luna, issued a decree in April 2007 establishing the Coordinating Instance of the Federal Police (PFP) and the Federal Investigation Agency (AFI) of the attorney general's office (PGR), with responsibility

³⁰⁰ Ibid.

³⁰¹ Crisis Group interview, foreign ministry official, Mexico City, 27 November 2007; and INCSR, *op. cit.*

³⁰² "El Gobierno de México extradita a los estados Unidos de América a quince personas reclamadas por la justicia de ese país", Secretaría de Relaciones Exteriores, Mexico City, 20 December 2006.

³⁰³ There are several possible explanations. One, given repeatedly in Crisis Group interviews by drug experts and senior public security ministry officials in Mexico City in November 2007, is that the main narco-organisations reached a truce.

³⁰⁴ Crisis Group interview, drugs expert, Mexico City, 27 November 2007.

³⁰⁵ Michael Shifter, "Latin America's Drug Problem", *Current History*, February 2007, p. 61; also "Aumentan 19% las ejecuciones en el país", *El Universal*, 24 September 2007.

³⁰⁶ Business associations are among the core constituency of Calderón's PAN government.

³⁰⁷ Crisis Group interview, political analyst, Mexico City, 26 November 2007.

³⁰⁸ Shifter, "Latin America's Drug Problem", *op. cit.*, p. 61.

³⁰⁹ It is acknowledged in Mexico that military involvement should be temporary, as it risks exposing the institution to more corruption and increasing discontent in the officer corps, which is uneasy about a task that exceeds its constitutional responsibility and perhaps capability. Crisis Group interviews, political analyst, public security and foreign ministry officials, Mexico City, 26-27 November 2007.

³¹⁰ Strategy, police intelligence; prevention, human rights; federal penitentiary system; and evaluation, institutional development.

³¹¹ Social proximity; police intelligence; information, analysis; federal forces; ministerial and judicial services; and counter-narcotics.

³¹² Public security ministry, internal document, undated.

³¹³ Crisis Group interview, high-ranking public security ministry official, Mexico City, 27 November 2007.

for streamlining and strengthening federal capabilities to fight, investigate and prevent crime in the interim.³¹⁴

It is too early to judge whether the federal police reform will curb violence and succeed against the traffickers and organised crime. Considering past failed attempts,³¹⁵ it will be a major challenge for the Calderón administration. Even if the federal police are strengthened, the local and state police will remain vulnerable to corruption. Only 4.54 per cent of police, 20,000 officers, are federal.³¹⁶ Another question is how the incorporation of 70,000 to 100,000 new federal police will be financed.³¹⁷ In light of these obstacles, the government appears to have opted for the potentially counterproductive option of relying on the military to fill the void until the reform is complete.

The Calderón and Bush administrations launched their bilateral Central America Security Cooperation (Mérida Initiative) in October 2007, to contribute to a safer and more secure hemisphere and take decisive action against criminal organisations that “threaten governments and regional security” and to “prevent the entry and spread of illicit drugs and transnational threats throughout the region and to the United States”. In late 2007, President Bush requested \$550 million (all but \$500 million for Mexico) as part of a \$1.4 billion, three-year program to provide high-tech inspection and interdiction equipment, including helicopters and surveillance aircraft, and technical advice and training to strengthen the planned new federal police and establish witness protection programs, among other measures. With that request still pending in Congress, the administration has submitted a new one of \$578 million (including \$100 million for Central America) in its FY 2009 budget.³¹⁸

The Mexican authorities emphasise that the initiative continues and upgrades earlier bilateral counter-drug and crime cooperation with the U.S. and is based on the “principles of shared responsibility, reciprocity, mutual trust and full ... respect for the sovereignty of each country”. They stress that it will not involve deployment of U.S. military or private security personnel in Mexico. The high-tech equipment and training, like drug demand reduction efforts and control of the export of sophisticated U.S.-made weapons and precursor chemicals to Mexico, is described as part of an assumption by the U.S. of shared responsibility

for the fight against organised crime.³¹⁹ U.S. officials, however, stress that the initiative aims primarily not to transfer equipment and technology to Mexico but to help a functioning new federal police force that, eventually, will “cascade into the states and municipalities”.³²⁰

The Mérida Initiative is strongly criticised by parts of public opinion and the opposition, which see it as an encroachment on Mexican sovereignty and “narcotisation” of relations and worry it will lead to a broader American ground presence.³²¹ There is also concern, shared in private by officials, that stricter border controls could result in more domestic drug use, which compared to the U.S. is still moderate but reportedly on the rise.³²² Reflecting this concern, the government has doubled funds for drug-use prevention and rehabilitation programs, particularly in schools. However, that money – \$200 million for 2008 – is a drop in the ocean.³²³

Mexican officials acknowledge that the narco-organisations can adjust swiftly, so there is risk new trafficking routes could be opened, old ones, such as across the Caribbean, revived and new trafficking techniques devised.³²⁴ It is questionable whether the regional approach can work, given that relatively little money is foreseen for Mexico’s southern neighbours. Stronger cooperation between the U.S. and Mexico and Central America is needed, but the initiative will certainly need to focus on more than increasing Mexico’s technological capability, as some Mexican government officials appear to understand it.

2. Haiti and the Dominican Republic

The administration of President René Préval in Haiti has assigned high priority to fighting drug trafficking, which it acknowledged on 10 January 2007 as a key challenge to security and development.³²⁵ During a Caribbean

³¹⁴ “Acuerdo 05/2007 del Secretario de Seguridad Pública, por el que se crea la Instancia de Coordinación de la Policía Federal”, *Diario Oficial*, 25 April 2007.

³¹⁵ See Astorga, op. cit., pp. 139-161.

³¹⁶ Public security ministry, internal document, undated.

³¹⁷ Crisis Group interview, political analyst, Mexico City, 28 November 2007.

³¹⁸ “The Merida Initiative”, fact sheet, 22 October 2007, FY 2009 State and Foreign Operations Budget, both Department of State.

³¹⁹ “Palabras de la Secretaria de Relaciones Exteriores, Embajadora Patricia Espinosa Cantellano, a propósito de la Iniciativa Mérida”, Mexico City, 22 October 2007. Crisis Group interview, foreign ministry official, Mexico City, 27 November 2007.

³²⁰ Crisis Group interview, senior State Department official, Washington DC, 11 January 2008.

³²¹ Crisis Group interview, political analyst, Mexico City, 26 November 2007; and José Eduardo Navarrete, “La iniciativa Medellín”, *La Jornada*, 15 November 2007.

³²² The general sense among Mexican drug experts is that cocaine use rose in 2007; UNODC’s world drug reports stated it remained stable at 0.4 per cent from 2001 through 2006.

³²³ Crisis Group interview, foreign ministry official, Mexico City, 27 November 2007.

³²⁴ Crisis Group interviews, public security and foreign ministry officials, Mexico City, 27 November 2007.

³²⁵ “Le trafic de drogue, principale cause de l’insécurité selon Préval”, *Alterpresse*, 8 January 2007.

drugs summit in the Dominican Republic in March 2007, and in his address to the nation on 18 May, Préval reiterated his determination to act strongly against corruption, contraband and trafficking. However, more effective efforts depend on cleaning up and reforming the National Police (HNP) and establishing a functioning justice system. This is a major medium- to long-term task, which has barely begun and for which continuing international help is required.³²⁶

The HNP has 50 vetted staff in its counter-drugs office (BLTS), subordinate to the Judiciary Police Department (DCPJ).³²⁷ A coast guard contingent has only 95 naval personnel and two patrol boats, operating from bases in the west (Admiral Killick coast guard base) and Cap Haitien in the north.³²⁸ The BLTS is assisted by 47 UN police seconded to the DCPJ and eight seconded to the coast guard. The U.S. DEA has trained and supported a Sensitive Investigation Unit inside the BLTS but it rarely shares information with colleagues and the UN.³²⁹ The Central Financial Intelligence Unit, (UCREF) investigates money laundering but lacks specialised staff for drug issues.³³⁰

The inter-ministerial and DEA-supported Narcotics Centre for Information Coordination (CICC) has eight staff and gathers information on drugs and border issues. An integrated border management concept has begun to be implemented in early 2008 and includes deployment of new HNP personnel, staff of the National Office for Migration, customs officers and UN mission (MINUSTAH) soldiers at strategic points opposite the Dominican Republic.³³¹ Since early 2007, the neighbours have been working on enhancing their anti-drug cooperation, with the police in regular contact.³³² The Dominican Republic has more interdiction resources.

Since the 11 September 2001 terrorist attacks on the U.S., however, Washington has redeployed coast guard units from the Caribbean to increase national port security, while radar equipment has been relocated to the Middle East, thus limiting anti-drug capabilities in the region. Préval and other regional heads of state criticise this downgrading

of U.S. counter-drug activity; not all DEA positions in Port-au-Prince are regularly filled, and the U.S. has been reluctant to station helicopters more often in Haiti. After this criticism became public at the drugs summit in the Dominican Republic, the Bush administration, at Préval's request, increased cooperation with Haiti, contributing to the arrest of several traffickers and interdiction of drug shipments in the spring and summer of 2007.

Three U.S.-led operations (Rum Punch, Rum Chaser and Puente Roto) were carried out jointly by Dominican and Haitian counter-drug forces in 2007.³³³ From March to May 2007, the first two reduced drug flights into Haiti by 40 per cent and seized 1.14 tons of cocaine on four flights.³³⁴ With two helicopters operating during the latter operation, radar tracking showed suspicious flights into Haiti came to a virtual halt. They restarted again after the operation ended, and total such flights over Haiti and the Dominican Republic actually rose for the year.³³⁵

Canada has helped the HNP fight drugs and plans to increase support to the BLTS. In 2007, it committed funds for construction of a maritime base on the southern coast near Les Cayes but has been slow to disburse them. MINUSTAH, which has started border management cooperation, is to receive sixteen patrol boats from Uruguay and other countries to conduct regular patrols. But this operation will depend on the Haitian judicial system, which alone can issue warrants against

³²⁶ See Crisis Group Latin America/Caribbean Report N°21, *Consolidating Stability in Haiti*, 18 July 2007.

³²⁷ *Loi relative à la Police Nationale*, 1994, Articles 31-32.

³²⁸ Perito and Maly, *op. cit.*

³²⁹ Crisis Group interview, UN police (UNPOL) staff, Port-au-Prince, 15 November 2007.

³³⁰ Approximately 42 employees, including 25 investigators, work for UCREF. "Air smuggling of Cocaine surging", DEA, Haiti Democracy Project, at www.haitipolicy.org/content/3776.htm?PHPSESSID=6321cf5e7fe78.

³³¹ *Ibid.*

³³² Sixteen Haitian National Police did U.S. and French training in the Dominican Republic on detection/identification methods.

³³³ Operations Rum Punch and Rum Chaser targeted interdiction of drugs into Haiti and the Dominican Republic. Rum Punch involved the U.S. DEA, customs and border protection (CBP), air force and marines, the Dominican Republic's Dirección Nacional de Control de Drogas and the Haitian BLTS. It also coordinated with the Caribbean Corridor Initiative, a U.S. anti-maritime trafficking program. Puente Roto involved Dominican agents, the DEA, CBP, and the U.S. Coast Guard.

³³⁴ Perito and Maly, *op. cit.* Rum Punch alone resulted in seizure of over half a ton of cocaine and capture of three drug smugglers in international waters off the coast of Hispaniola. Crisis Group interviews, State Department official, Washington DC, November 2007, and justice ministry official and Western diplomat, Port-au-Prince, 30-31 January 2008. The U.S. can arrest traffickers in Haitian waters under the 1997 U.S.-Haiti maritime agreement on drug control, which entered into force in 2002. Haiti is creating a serious crimes chamber to handle major trafficking cases. It can transfer indictees for trafficking in the U.S. to that country under judicial cooperation agreements authorised by UN conventions, justice ministry officials say.

³³⁵ Crisis Group interview, DEA officials, 14 January and 6 February 2008. "DEA seizes 1,056 pounds of cocaine and arrests 3 drug smugglers in international waters near the Hispaniola", DEA press release, 21 May 2007.

traffickers in territorial waters.³³⁶ More international presence at the Dominican border may deter but interdictions will depend on intelligence sharing between the Haitians and Dominican sides.

E. BRAZIL AND THE SOUTHERN CONE

1. Brazil

Brazil faces a trafficking crisis. It is an important drug-transit zone, and increased trafficking has been accompanied by an escalation in drug-related crime and domestic use. The Luiz Inácio Lula da Silva administration's response has been insufficient to prevent illegal consumption, curb violence or reduce trafficking and transit.

Brazil has several agreements with neighbours on control of chemical precursors and the traffic of illicit drugs.³³⁷ The military deployment at the Amazon frontier with Colombia has facilitated exchanges of information, which in turn have contributed to the seizure of drugs on the river and in the air. Police cooperation has been particularly important for these seizures.³³⁸ The frequent police and military operations in several slums (*favelas* in Brazilian Portuguese) in Rio de Janeiro, however, have added little to the fight against crime, while increasing popular anger and fear.³³⁹ The police can only go in with strong support from special forces, such as the Special Police Operations Battalion (BOPE), which have a record of brutality, and once they leave the traffickers are back on the street. More effective operations must target the heads of organisations and their finances. Only 1 per cent of the slum population is believed to be involved with criminal gangs. The often disproportionate police response costs innocent lives and creates resentment.³⁴⁰

Brazilian police have had some recent high-profile successes, however, especially the arrest of Juan Carlos Ramirez Abadía alias "Chupeta", associated with the

Colombian Norte del Valle cartel, who had been in the country for three years. The Federal Police had been pursuing him since he entered, but it was reportedly a tip from the DEA, which had been working on a larger police operation ("Farrapos") aimed at a Brazilian ring shipping drugs to the Europe and the U.S. via Spain and Mexico, that led to his arrest.

The most controversial element of Lula's drug surveillance and interdiction plan is the Amazonia Surveillance System (SIVAM/SIPAM). The \$1.4 billion project, inaugurated in 2002, was designed to decrease illegal logging and drug trafficking in the Amazon region, a main entry point into Brazil. However, it remains far from fully operational: many of the radar stations have been abandoned for lack of resources; the only systems able to scan at low altitudes have been moved outside Amazonia.³⁴¹ The Amazonia federal police coordinator, Mauro Spósito, said the police never received information on illegal aircraft carrying drugs or other contraband. For many commentators, the program has been an expensive failure.³⁴²

Lula's answer to the increase in aerial trafficking was to regulate in 2004 the "shoot-down" law (*lei do abate*) that allows the air force to intercept and, if necessary, shoot down unidentified aircraft suspected of carrying drugs. Although it has not been used, it is believed to have dissuaded traffickers and to have helped reduce such flights between Colombia and Brazil substantially.³⁴³ Cocaine seizures doubled in 2006, however, and the use of boats to transport drugs has increased dramatically in the Amazon River networks, which are not covered by the surveillance system or the shoot-down law.³⁴⁴ This suggests that traffickers have found new, less dangerous routes.

While still relatively low, drug use has increased.³⁴⁵ According to UNODC, Brazil is the largest opiates consumer in South America with a 0.5 per cent annual use rate.³⁴⁶ The National Drugs Plan is centred on prevention, treatment, rehabilitation, social reinsertion and harm and

³³⁶ Crisis Group interviews, Canadian officials, MINUSTAH staff, Port-au-Prince, 15 October 2007.

³³⁷ See "Atos Bilaterais em Vigor para o Brasil no Ambito do Direito Penal, Contrabando e Entorpecentes", at <http://www2.mre.gov.br/dai/bidpenal.htm>.

³³⁸ Alejandro Reyes et al., "El Narcotráfico en las Relaciones Fronterizas de Colombia", Ministerio de Interior y Justicia, Dirección Nacional de Estupefacientes, May 2006, pp. 47, 106.

³³⁹ On 17 October 2007, twelve people were killed, including a four-year-old, when 300 police officers entered the da Coréia slum.

³⁴⁰ 1 per cent is 10,000 people, half estimated to be underage, "Crianças Combatentes em Violência Armada Organizada: Um estudo de crianças e adolescentes envolvidos nas disputas territoriais das facções de drogas no Rio de Janeiro", ISER/Viva Rio, Rio de Janeiro, 2002.

³⁴¹ Crisis Group interview, senior UNODC official, Brasilia, 12 March 2008.

³⁴² See, for example, "La vigilancia aérea es costosa y deficiente", *Argenpress*, 6 August 2007.

³⁴³ The Polícia Federal estimate a 60 per cent decrease in clandestine flights, Crisis Group telephone interview, police official, 5 September 2007; and Crisis Group interview, Brazilian congressman, Brasilia, 11 March 2008.

³⁴⁴ See "Escritório da ONU diz que nova rota de tráfico de drogas inclui o Brasil", *Folha*, 1 March 2007.

³⁴⁵ For prevalence rates of cocaine and coca paste use see Appendix A.

³⁴⁶ "World Drug Report 2007", op. cit., p. 241.

supply-side reduction.³⁴⁷ There is also increasing concern about the connection between drug use and HIV/AIDS in a country where in 2004 close to 600,000 were infected. Since 1994, a project for prevention of drug abuse and HIV infection has targeted young people at risk and intravenous drug users. A national prevention plan addresses marginal communities and women.³⁴⁸ In 2006, the law on drug use and possession for personal use was amended to offer rehabilitation and community service rather than jail.³⁴⁹

2. Argentina

Resources are insufficient to halt the clandestine flights used by traffickers from Paraguay to Argentina. Efforts have largely concentrated on the border regions of Misiones and in Salta and Jujuy. Since 2006, DEA has financed the Northern Border Task Force, which operates along the Bolivian frontier in Jujuy Salta with the national gendarmerie and the Salta police and recently created a task force in El Dorado, covering Misiones and Formosa provinces near the tri-border (Brazil and Paraguay) area. The Paraná River border-crossing to Paraguay is important and hard to patrol. The gendarmerie and the army use practically obsolete radars from the Malvinas/Falklands war to detect clandestine flights, which small planes easily frustrate. Some officers in the Salta region complain they can see the flights but can do nothing. There is no shoot-down law.

Counter-drug institutions face a difficult situation. The Secretariat of Planning for the Prevention of Drug Addiction and Fight against Narcotrafficking (SEDRONAR),³⁵⁰ is supposed to coordinate the federal and provincial police, gendarmerie and coast guard. But during President Nestor Kirchner's term, it was hampered by then Interior Minister Aníbal Fernández's attempt to centralise activity under his ministry. In March 2005, the Fiscal Drugs and Organised Crime Investigative Unit (UFIDRO) was created under the interior ministry. According to a counter-drug official, this has meant poorer coordination, since the ministry has no overview of tasks and responsibilities.³⁵¹

³⁴⁷ "Política Nacional Sobre Drogas", Conselho Nacional Antidrogas, October 2005.

³⁴⁸ See www.un.org/spanish/aboutun/organs/ga/specsess/aids/hojas/FSdruguse_sp.htm; <http://www.aids.gov.br>.

³⁴⁹ Luiz Flávio Gomes, "Nova lei de drogas: descriminalização da posse de drogas para consumo pessoal", 19 November 2006, at www.mp.pr.gov.br.

³⁵⁰ SEDRONAR is accountable only to the president. In 2005, it designed the Integral Prevention Federal Plan of Drug Dependency and Control of Illicit Drug Trafficking.

³⁵¹ Crisis Group interview, counter-drug official, Buenos Aires, 10 September 2007. Three years after the 2004 seizure in Spain of 60kg in unaccompanied luggage of an Argentine airliner and the arrest of four federal police in possession of 115kg of cocaine in Salta in 2005, there have been no prosecutions. There

The new president, Cristina Fernández de Kirchner, appointed the ex-interior minister, Aníbal Fernández, as justice minister. As this appointment involves responsibility for some internal security aspects, it could cause further friction.³⁵²

The various police forces (gendarmerie, federal and provincial police) are stretched by having to deal with daily arrests of minor offenders while criminal leaders remain largely untouched. Nevertheless, de-penalisation of illicit drugs for personal use has stimulated political controversy, with no agreement in sight.³⁵³

Increased consumption, especially of "paco" by the very poor, is a source of worry.³⁵⁴ Authorities acknowledge the negative implications of coca crop eradication for poor farmers in Peru and Bolivia but contend those countries should do more to curb coca leaf and coca paste production that illegally enters Argentina.³⁵⁵ SEDRONAR programs include a drug-prevention project within the public and private school curriculum for children aged ten to fourteen. A program for youths eighteen to 29 has been implemented in cooperation with the National Youth Directive, the Office for Provincial Drugs and the provincial youth directives. Programs also target drug use in the workplace, community, sport and prisons.³⁵⁶

As the continent's main source of precursor chemicals, Argentina has had tighter controls since 2005. The control registry (RENPRE) compels all companies working with at least one of the 60 main chemicals that can be used to produce cocaine to register with SEDRONAR. Precursor seizures fell substantially between 2004 and 2005, suggesting less was being shipped illegally to Bolivia and Peru. However, officials acknowledge cocaine can be produced with over 200 chemicals not on the RENPRE list.³⁵⁷ At the same time,

is also concern about the turf war between Peruvian trafficking organisations in the Buenos Aires slums, as well as possible police involvement in trafficking. Cristian Alarcón, "La policía y la guerra de narcos en la ciudad", *Página/12*, 8 January 2007.

³⁵² "Polémica entre dos funcionarios por la lucha contra el narcotráfico", *Clarín*, 20 June 2007. Fernández has been involved in controversial judicial cases. "El prontuario de Aníbal Fernández", *La Nación*, 14 January 2008.

³⁵³ "Reforma a la Ley 23.737", at the congressional website www.l.hcdn.gov.ar. "Críticas a la desfederalización del combate a las drogas", *Río Negro*, 11 October 2004. "Dejarán de perseguir a los consumidores de drogas", *Infobae.com*, 19 June 2007.

³⁵⁴ For prevalence rates of cocaine and coca paste use see Appendix A.

³⁵⁵ Crisis Group interviews, counter-drug and gendarmerie officials, Buenos Aires, 10-11 September 2007.

³⁵⁶ Information available at www.sedronar.gov.ar.

³⁵⁷ Crisis Group interview, counter-drug official, Buenos Aires, 10 September 2007.

there was an increase in coca leaf reaching Argentina for processing into cocaine. 52.9 tons were seized in 2005, a 27 per cent increase.³⁵⁸

Lack of reliable data on seizures and use makes it impossible to analyse the evolution of the internal market and of transit. It is important for President Cristina Fernández de Kirchner to send a clear signal that a new drugs policy, with adequate resources, needs to be defined and implemented quickly. It is also urgent to determine which government institution will be in charge of that policy so as to avoid further internal disputes.

3. Chile

Chile faces a dual threat: increasing transit and consumption. In an effort to tackle both, its National Strategy on Drugs 2003-2008 aims at reducing use of marijuana, coca paste and cocaine among high risk populations, cutting the production and availability of drugs and controlling diversion of chemical precursors.³⁵⁹

The emphasis has been on reducing consumption and developing more flexible legal instruments, especially against traffickers, rather than punishing consumers. The innovative Law 20,000 (2005) modified how the authorities deal with use. In an effort to target internal distribution, it differentiates between micro-trafficking, tied to personal consumption, and large-scale trafficking by criminal networks. Personal use, including of cocaine and heroin, is not necessarily penalised by imprisonment. The lack of specific penalty guidelines for use, micro-trafficking and trafficking allows judgements to be based not just on amounts confiscated but also on context and extenuating circumstances.³⁶⁰ Detentions for consumption, which rose from 1,704 in 2003 to 4,365 in 2005, dropped to

4,037 in 2006.³⁶¹ Though sometimes criticised as too permissive, Law 20,000 is widely seen as a success.³⁶²

The government has implemented prevention programs through the National Council for Control of Narcotic Drugs (CONACE), which with the education ministry undertook in 2003 to reach all students from pre-school to secondary school. As of 2006 the program had trained 35,655 teachers and reached over three million students.³⁶³ A number of municipal programs have also been initiated with CONACE help, for example the “Work with Quality of Life” project in La Serena Municipality, which concentrates on the workplace.³⁶⁴ Regional campaigns to prevent imports from Peru and Bolivia as well as domestic cannabis cultivation have likewise been implemented.³⁶⁵

President Michelle Bachelet announced in November 2007 expansion of the “CONACE Prevention in the Community” network from 107 municipalities to 140, a response to increasing use of drugs and alcohol and drug trafficking.³⁶⁶ The country has one of South America’s highest consumption rates. Despite education campaigns, the general perception of risk from cocaine use has not changed since 2002 when it was 81 per cent. Chile has the continent’s highest marijuana rate: 12.73 per cent in 2006.³⁶⁷

Authorities believe Law 20,000, which envisages modern investigative techniques such as controlled deliveries, wire taps and undercover agents, allows more effective targeting of major trafficking operations.³⁶⁸ Police and border authorities enjoy improved coordination and have better equipment. They work with Bolivian counterparts against traffic in cocaine base and chemicals precursor diversion. There is also a cooperation agreement with the Peruvian

³⁵⁸ See coca leaf seizures at www.unodc.org/pdf/research/wdr07/seizures.pdf.

³⁵⁹ “Estrategia Nacional Sobre Drogas 2003-2008”, CONACE, January 2003.

³⁶⁰ “Micro-traffickers” do not move large amounts of drugs and money. “Traffickers” are involved in networks and move large amounts of drugs and money. Law 20,000 still punishes drug use with fines and mandatory rehabilitation sessions but establishes exceptions for those cases where the consumer can “justify that its use is for medical purposes or for exclusive personal use and not too far apart in time”. Use in public is not allowed. The public ministry says the “small amount concept” is a “regulative or normative one” that also considers context, such as the amount of money involved and product purity. If the subject has small amounts but a lifestyle beyond his/her means, further investigation can be initiated. Crisis Group interview, public ministry official, Santiago de Chile, 25 September 2007.

³⁶¹ “Informe Nacional Procedimientos Policiales por Infracción a la Ley de Drogas N°20.000 Año 2006”, División de Seguridad Pública -Ministerio del Interior, February 2007.

³⁶² Crisis Group interview, police official, Santiago de Chile, 26 September 2007. It gives more flexibility to focus on dealers and trafficking organisations.

³⁶³ “Informe Anual de la Situación de las Drogas en Chile 2006”, Chilean Drug Observatory, 2006; also www.conace.cl.

³⁶⁴ “Municipio de La Serena fortalece trabajo preventivo”, CONACE, press release, 22 November 2007.

³⁶⁵ “Gobierno lanza campañas de prevención del tráfico de drogas”, CONACE, press release, 4 October 2007.

³⁶⁶ “Presidenta Bachelet anunció aumento en la cobertura de programas comunitarios para la prevención de drogas”, Prensa Presidencia, 5 November 2007.

³⁶⁷ Runner-up Colombia’s was 7.09 per cent. For prevalence rates of cocaine and coca paste use see Appendix A.

³⁶⁸ Law 20,000 Sanciona el tráfico ilícito de Estupefacientes y Sustancias Sicotropicas, 2005; Crisis Group interview, police official, Santiago de Chile, 26 September 2007.

National Police on trafficking.³⁶⁹ Detentions for trafficking rose from 4,507 in 2003 to 6,985 in 2006.³⁷⁰

Nevertheless, Chile continues to lag in implementing controls over chemical precursors and money-laundering operations. Even though Law 20,000 contains strict measures for tracing controlled chemicals, a national registry was completed only in late 2007.³⁷¹ An office for unified financial analysis (UAF), set up in December 2003 as an independent entity linked to the finance ministry and the president's office, monitors financial operations in an effort to prevent money laundering but officials admit to delays in the reform of bank secrecy and other norms that prevent it from fulfilling its mandate effectively.³⁷²

III. POLITICAL AND SOCIAL HARM

The threat posed by drug trafficking and organised crime and the failure of current counter-drug policies are two sides of the same coin. Drug trafficking threatens the rule of law, security and stability in Latin America. Counter-drug strategies are recognised as ineffective, publicly by neutral observers and privately by many policy-makers and police chiefs throughout the hemisphere. Nevertheless, policies remain largely unaltered. After more than a decade of sustained effort, cocaine production in the three Andean source countries has not been reduced; and trafficking organisations have increased their reach across the continent to supply the world's two largest cocaine markets, the U.S. and Europe, as well as growing markets in Brazil and the Southern Cone.

The criminal organisations operate this international network without regard for human life or damage to society and institutions and are resilient in adapting to law enforcement and counter-drug measures. Trafficking methods and routes as well as organisational structures change continually. Kingpins have been captured and extradited to the U.S. or killed by their competitors and security forces, but others quickly take their places. Drug trafficking and related organised crime is a wrecking ball hammering at Latin America's institutions, political systems and societies. While large chunks of already strained national budgets are dedicated to fighting drugs, state institutions are rendered nearly powerless by infiltration, bribery and criminal intimidation; Colombia's armed conflict and much of the social protest in Bolivia and Peru are fuelled by cocaine profits; insecurity in the large cities is spreading. After struggling for decades to achieve the relatively recent transitions from authoritarian or single-party rule to civilian democracy, citizens in some countries are welcoming militarisation of public security.

A. UNDERMINING INSTITUTIONS AND DEMOCRACY

While differing in degree, in country after country throughout the Americas, organised drug traffickers infiltrate courts and police, corrupt officials at all levels and taint national elections. Colombia, Mexico, Venezuela and Haiti are particularly affected, but the pattern exists in many other countries in the Southern Cone, the Andean region, the Caribbean and Central America. Colombia's decades-old armed conflict is clearly fuelled by drug trafficking. In Mexico, Venezuela and Haiti, criminal organisations are shaping to their

³⁶⁹ "Fuerzas antidroga de Bolivia y Chile priorizan control de precursores químicos en fronteras", *Los Tiempos*, 7 December 2006. "VII Reunión del Comité de Frontera Bolivia-Chile", press release, Bolivian foreign ministry, 3 October 2007, www.reee.gov.bo. "V Reunión del Comité de Frontera Chile-Perú", Subcomisión Coordinación y Cooperación Policial, Arica, Chile, 22-23 November 2004, at www.cooperaciondecentralizada.gov.cl.

³⁷⁰ "Informe Nacional Procedimientos Policiales por Infracción a la Ley de Drogas N°20.000 Año 2006", División de Seguridad Pública-Ministerio del Interior, February 2007.

³⁷¹ Daniela Santelices, "El Triste Rol de Chile en la Cadena del Narcotráfico", *El Mercurio*, 19 September 2006. "Potencian prevención de narcotráfico en la macro zona norte", Noticias CONACE, 16 October 2007.

³⁷² Informe de Evaluación Mutua Sobre Lavado de Activos y Financiamiento del Terrorismo", GAFISUD, 13 December 2006. Crisis Group interview, police official, Santiago de Chile, 26 September 2007. In April 2007, the Council for the Defence of the State's (CDE) Operation "Suspiro Europeo" dismantled a money-laundering network run by the owners of a Chilean currency exchange bureau. \$280 million of Colombian drug money is estimated to have been laundered in the past years. "Lavado de dinero en Casas de Cambio: senadores deciden pedir antecedentes", Senate of the Republic of Chile, 2 April 2007, at www.senado.cl.

advantage the institutional and political setting in which they operate or exploiting existing institutional fragility.

The Mexican state has a long history of corruption and criminal infiltration. Police at the federal, state and municipal levels have been particularly vulnerable, but the military, state governors and members of federal governments have also been involved in scandals. Since their consolidation in the mid-1990s, the large cartels engaged in massive cocaine trafficking to the U.S. have had as their goal to secure the transit routes to the northern border and the trans-shipment points in the cities of Nuevo Laredo, Ciudad Juárez and Tijuana. They have done so by systematically putting police on their payroll and intimidating or killing resistant officials. They have rarely tried to influence the political process, because it has been easier to corrupt officials once in office; in many cases, politicians have turned a blind eye to trafficking to keep violence to a minimum in their areas.³⁷³

However, since the end of the PRI single-party rule and the democratic opening under President Fox in 2000, the criminal organisations have been unable to count on as much official protection and have started to exert more pressure on local politics. An example was the violent attack by ten hooded men on an electoral office and the destruction of voting papers during the municipal elections in Michoacán state in November 2007.³⁷⁴ If this becomes a wider practice, the Calderón administration will be faced not only with the immense task of reforming the state's many security forces, but also with the equal challenge of protecting the democratic process. The worst case scenario would be a Colombianisation of Mexico. Calderón's determination to confront drug trafficking and corruption in the opening months of his administration is thus of great significance, but the reliance on the military, with associated human rights violations, has raised legitimate concerns about the policy's total effects.

The situation in Venezuela is different in the sense that the spread of trafficking has not been associated with the rise of strong domestic narco-organisations. Most of the trafficking is done by Colombian groups working with Venezuelan associates. Thus far, they are not interested in overtly controlling state institutions or exerting pressure on the political process but are exploiting two factors: the Chávez government's struggle against the opposition (and the U.S.) to build "Socialism of the 21st Century",

with strong autocratic and anti-democratic components and reduced accountability for the police and military; and the economic boom spurred by oil, which complicates any effort to identify and counter money-laundering operations in banking and financial institutions.

Creation of a single-chamber National Assembly with only government supporters and subordination of the judicial branch to the executive have weakened or removed important institutional and political checks and balances.³⁷⁵ The armed forces and retired military have been put in charge of civilian law enforcement and other agencies, and there is increasing evidence that the regime has been turning a blind eye to rampant corruption among the officer corps. The same can be said for the management of PDVSA, the state-owned oil company. With a constitutional ban on state financing of parties, politicians are increasingly tempted to take money of dubious origin when standing for office. Traffickers, both Venezuelan and Colombian, have thus found it easy to take advantage of the institutional weaknesses and political turmoil. The authorities are accused of turning a blind eye to FARC's activities in the country, and at the least drug trafficking is not addressed with adequate consistency and vigour.³⁷⁶

Trafficking has a direct impact on Haiti's chronically weak institutions and fragile democracy, contributing to a highly unstable situation. The state's weakness permits local and Latin American criminal organisations (in particular Colombian and Dominican) to move cocaine almost at will and to gain relatively easy access to some members of the political class, the justice system and the police. In recent years, several politicians and high officials from President Jean-Bertrand Aristide's last term (2001-2004) and police from the period of Gerard Latortue's interim administration (2004-2006) have been arrested for trafficking.³⁷⁷ During the vetting of the Haitian National Police (HNP), corruption, some of it

³⁷³ Crisis Group interview, political analyst, Mexico City, 26 November 2007.

³⁷⁴ Crisis Group interviews, political analysts, Mexico City, 26, 28 November 2007; Gabriel León Zaragoza, "La Procuraduría General de la República atrae el caso", *La Jornada*, 17 November 2007.

³⁷⁵ Crisis Group Report, *Hugo Chávez's Revolution*, op. cit. The opposition boycotted the 2007 National Assembly elections.

³⁷⁶ John Carlin, "El narcosantuario de las FARC", *El País*, 16 December 2007; and Crisis Group interviews, DEA, Washington DC, 14 January 2008. President Chávez has sought to persuade the international community to remove the FARC and the smaller Colombian insurgent group, the ELN, from international terrorist lists.

³⁷⁷ Among them were Oriel Jean, former head of presidential palace security, Fourel Célestin, former president of the Senate, Jean Nesly Lucien, former director of the HNP. The DEA arrested them, and they were transferred to the U.S. in February and May 2004. "Aristide, parrain de la cocaine en Haiti", *Le Figaro*, 28 March 2004. See also "Raynald Saint-Pierre pris dans les filets de la Police", *Haiti Observateur*, 20 December 2006.

related to drug trafficking, has been an important reason for the dismissal of hundreds of officers.³⁷⁸

Colombia is unique in that the former paramilitary AUC and its successors, the new illegal armed groups,³⁷⁹ as well as the insurgent FARC and, to a lesser degree, the ELN, are deeply tied to cocaine production and trafficking, simultaneously narco-organisations and parties to the armed conflict. The two guerrilla forces seek to subvert institutions and the political system by armed struggle for both political and criminal ends, financing a large part of their effort with trafficking proceeds. Some of their elements appear motivated solely by greed.

The armed groups strive to control drug- and gun-running corridors and their inhabitants and engage in often temporary alliances with criminal organisations. The insurgents, but above all the paramilitaries before their 2006 demobilisation, have infiltrated state institutions and established close links to the political and economic elites in many regions, producing the “parapolítica” phenomenon, with financing of candidates, intimidation of opponents and even infiltration of state intelligence agencies.³⁸⁰ While Colombia’s institutions are stronger than those of other Andean countries, the impact on the democratic political process of the armed groups’ criminal activities has been considerable, as reflected in interference in departmental and municipal elections.³⁸¹

Against this background, it must be asked whether the counter-drug policies applied in these countries contribute to strengthening state institutions and the democratic political process or are counterproductive. Enhancing security and reducing crime is, of course, a main responsibility of any government, but security, which has largely been elusive, and fighting trafficking, which has not been effective, should not be at the expense of building stronger state institutions and political democracy. Strong democracies can achieve more lasting results against crime than weak and corrupt ones

³⁷⁸ Crisis Group interviews, HNP and UN officials, Port-au-Prince, 29-30 January 2008. The vetting, which continues, is by a special HNP and UN commission as well as by an HNP internal affairs unit.

³⁷⁹ See Crisis Group Report, *Colombia’s New Armed Groups*, op. cit.

³⁸⁰ “Parapolítica” is the term used in Colombia to describe the close links between some members of political parties in the governing coalition and the paramilitaries. The scandal broke in early 2007, when former paramilitary leaders started to name political associates in their voluntary confessions during trials under the Justice and Peace Law. The accusations were taken to the Supreme Court, and more than a dozen politicians have subsequently been jailed.

³⁸¹ See “Mapa de riesgo electoral 2007”, *Hechos del Callejón*, Bogotá, August-September 2007.

or those where human rights are not respected. The heavily security-focused and militarised approach to containing trafficking, organised crime and armed groups of Presidents Uribe and Calderón carry a great risk of serious human rights violations, which can undermine the faith of citizens in their governments.

The policy in Colombia of coca crop eradication by aerial spraying and forced manual destruction has a strongly punitive character and often prompts farmer resentment and opposition to government. It also has humanitarian consequences, such as displacement of rural populations due to the loss of their means of subsistence. In both countries, but especially Mexico, the military engaged in counter-drug operations is exposed to endemic corruption. Both administrations’ strong alignment with the U.S. in the fight against narco-terrorism alienates important sectors of political society, especially in Mexico, which prefer to keep Washington out of domestic affairs. Substantial parts of the national budgets are allocated to fighting trafficking, reducing funds for much needed social and rural development programs and, ultimately, poverty reduction in highly inequitable societies.

The virtual absence of meaningful counter-drug policies in Venezuela and of capabilities in Haiti present different types of problems. Trafficking is on the rise, especially in the former, while efforts in the latter to achieve stability and development are being undermined. It is essential for both to step up counter-drug measures, for which particularly Haiti needs the cooperation of regional neighbours, the U.S. and Europe. Two DEA helicopters have proved able to virtually stop drug transit into Haiti; the U.S. should station them there permanently, while training a more capable Haitian force; MINUSTAH should be a full partner in those efforts. Venezuela’s quest for an autarchic counter-drug capability, including radars and interdiction, is illusory given the transnational nature of trafficking. Since its cooperation with the U.S. and Colombia (and also some EU states, such as Spain) is currently politically almost impossible, the political-ideological divide over counter-drug policy must be bridged.

B. FUELLING ARMED AND CIVIL CONFLICT

Armed conflict and drug trafficking are increasingly linked in Colombia. As trafficking organisations have atomised and specialised, they have come to rely on the various illegal armed groups for essential services. The physical security of their operations, as well as other activities requiring enforcement such as debt collection

and intimidation, have been almost entirely relinquished.³⁸² Certain drug traffickers still handle cocaine crystallisation, but control over coca crops, farmers and initial production is mainly the domain of insurgent groups, especially the FARC, and the new illegal groups working in part with ex-paramilitaries or their associates. It is not uncommon to see collaboration between insurgents, new groups and traffickers. Thus, in Norte de Santander department, traffickers such as the Boyacos and the Pepes buy coca paste from the FARC in La Gabarra and El Tarra and send it to laboratories in Puerto Santander, some protected by new groups such as the “Black Eagles”.

The Uribe administration’s Democratic Security Policy allocates vast resources to defeating the FARC militarily and curbing its narco-financing activities in its traditional Orinoco plains and Amazon jungle strongholds. But this has facilitated the mushrooming of coca crops and transfer of illegal activities elsewhere, like the Nariño department and the Pacific coast. The need to present AUC demobilisation as a major success opened the way for the rapid emergence of the new illegals, many of them created by and composed of former paramilitaries.

Peru has a growing problem with Shining Path remnants and other armed groups that provide security for maceration pits and cocaine laboratories in the coca-growing basins and for shipments across the mountains to the Pacific Ocean. A few months after President García took office in 2006, his government announced plans for rural investment, but increasing violence against law enforcement officials has prompted controversial increases in military and police budgets to fight narco-terrorism at the expense of comprehensive rural development.

In Bolivia, Plan Dignidad, the tough U.S.-backed policy to eradicate “excess coca crops” under Presidents Hugo Banzer and Jorge Quiroga (1997-2002), ignited social conflict in the Chapare coca region and propelled the growers into becoming one of the country’s strongest social movements, leading to the ouster of President Gonzalo Sánchez de Lozada in October 2003, the fall of President Carlos Mesa in June 2005 and the rise of coca growers leader Evo Morales to the country’s presidency in January 2006.³⁸³ Acutely aware of the sensitivity of

coca eradication, he supports legal cultivation for traditional purposes. However, there is growing evidence that traffickers, including from Colombia, Peru and Mexico, are exploiting leniency on cultivation to step up operations. At the same time, the violent clashes between growers and city dwellers in Cochabamba in 2007 and the constant mobilisation of the growers’ federations to “defend” the government and the Constituent Assembly from right-wing and eastern-lowland opponents are adding fuel to the social confrontation.

Turf wars between criminal groups to control drug distribution are driving street violence in the big cities of Venezuela, Brazil and Argentina. Armed groups running illegal activities and with some access to government resources exert coercive control in Caracas slums, while frequent military-style operations in Rio de Janeiro’s slums add little, if anything, to security of populations at risk, which in turn may feel threatened by the authorities.

C. WEAKENING LOCAL GOVERNANCE AND DEVELOPMENT

Colombia’s traffickers have increasingly sought a lower profile.³⁸⁴ The country’s rural regions have traditionally been places where private interests, legal or illegal, economic or political, have benefited from the lack of strong state presence. In an effort to change this, the Uribe administration has focused on regaining the monopoly over the use of force in these areas. It cites the presence of security forces in most towns and increasingly also villages as an important step towards strengthening regional governance. However, there too often is no parallel presence of social and economic agencies and programs. While there has been progress in uncovering links between illegal armed groups (both paramilitaries and insurgents)³⁸⁵ and local political elites, as well as between traffickers and former paramilitaries and the insurgents, the state has been unable to break up the rackets. While local elites are refraining from open collusion with the new illegal armed groups and no longer finance paramilitaries, the traffickers continue to acquire land from which the paramilitaries displaced farmers.

Both the pervasiveness of trafficking and the implementation of counter-drug policies have resulted in deterioration of the local social and community fabric. The combination

³⁸² “Debt collection offices” – la Oficina de Envidado, led by alias Don Berna, and La Terraza, led by alias Macaco – are examples. Traffickers increasingly adopt a low profile, benefiting from the state’s inability to control certain areas because of the guerrillas and new illegal armed groups. It is no coincidence that traffickers such as Johnny Cano, lieutenant to Hernado Gómez (alias Rasguño), have been found hiding in an area protected by the former AUC (paramilitary) Central Bolívar Bloc, led by alias Macaco.

³⁸³ For more information see Crisis Group Reports, *Bolivia at the Crossroads* and *Coca, Drugs and Social Protest*, both op. cit.

³⁸⁴ Crisis Group interview, foreign drug agency official, Bogotá, 11 December 2007.

³⁸⁵ A politician from Arauca was recently indicted for links to the ELN. In addition, Senator Gustavo Petro of the left-wing opposition Polo Democrático Alternativo recently accused the FARC and political elites in Caqueta of working together to eliminate political adversaries.

of violence, corruption, patronage systems and dire economic conditions has contributed importantly to increasing reliance by entire populations on drug-related activities. In some areas in Meta, Nariño, Vichada and Guaviare departments, they have become the only form of subsistence. Farmers and young men and women tend to see coca farming, cocaine processing and transport as their only viable life choices. The government finally has embarked on a pilot program in six municipalities in Meta aimed at bringing integrated security, income and social infrastructure, but with no effective alternative development programs or infrastructure in most of the rest of the country, punitive counter-drug policies further reinforce dependence on illegal economies.

The tough supply-side reduction policies of Plan Dignidad in the late 1990s and early 2000s reduced Bolivia's excess coca crops to a minimum but at a high social cost. They alienated the well-organised coca growers unions, which channelled the discontent of the indigenous and poor majority. Massive marches and strikes paralysed the country for years, and today the government and the coca growers movement have a symbiotic relationship. Indeed, the growers drive aspects of the government's agenda. The study of traditional coca leaf demand, which would help define the number of hectares needed for traditional domestic consumption, has been unnecessarily delayed since President Morales took office. New terms for the study have been stipulated – such as potential industrial uses and foreign demand – while the international earmarked funds are left unused.

Meanwhile, despite Morales's strong leadership and popularity, his MAS party lacks consolidated political structures, so the government relies on the growers' unions and social movements for street support, while turning a blind eye to offences against coca-related regulations still in effect. The 2008 budget allocates more than \$1.26 million to those unions and movements, further privileging them over other social sectors. Coca farmers in the Yungas appear to have voluntarily eradicated only a marginal part of their crop, while steadily increasing the cultivated area. Despite reductions in 2006 and 2007, the situation is worrying in the Chapare, where members of the growers unions have threatened to destroy farmers' legal crops if they do not cultivate coca.³⁸⁶

The autonomy of indigenous peoples under the new constitution could also make it difficult for the authorities to prevent new coca cultivation. For instance, in Santa Cruz in early September 2007, about 100 Ayoreo indigenous people impeded a counter-drug operation by taking the FELCN officers hostage, hiding 400kg of

cocaine and warning the traffickers who were to fly the drugs from a clandestine airstrip on their territory.³⁸⁷ There have been no legal consequences for the Ayoreo people as a result of their complicity in the affair.

In Peru, the re-emergence of some Shining Path terrorism may prompt additional demands for military spending and further strain the limited social budget in poor regions. Relations with coca growers are already hurt by contradictory government moves. The government is widely believed to have stepped up forced eradication to avoid problems with the U.S. Congress over the new Free-Trade Agreement. At the same time, it is charged with not observing signed agreements with the *cocalero* movements, prompting protests and strikes. Some officials appear to believe that trafficking can be defeated by subduing a divided coca grower movement. The government has dismissed repeated growers' demands to separate legal coca cultivation from trafficking. Updating the national census of coca growers, including precise measurement and location of plots, could help produce better control of the sale of coca leaves to the National Coca Enterprise, while allowing easier prosecution of offenders.

In Venezuela, uncertainty over possible reforms of the armed forces, foot-dragging on police reform and lack of effective coordination between law enforcement services, heighten a perception of government unwillingness to deal with rising crime, drug trafficking, violence and corruption. While allocating insufficient resources to the regional and local police is seen as a deliberate attempt by the central government to weaken regional and local opposition politicians, opponents also fear the Chávez government would use a unified national police force for repression. Centralisation of counter-drug efforts in ONA was a positive step, but the government should undertake a security sector reform that ensures better coordination between the military and the various police forces, as well as democratic civilian oversight of all security forces.

D. OBSTRUCTING INTERNATIONAL COOPERATION

The spread of drug trafficking and related crime across Latin America and the Caribbean has not yet prompted a revision of mainstream supply-side reduction strategies. Major change is ruled out as equivalent to accepting defeat after years of heavy financial and political investment. This thinking dominates U.S. views and is echoed by the governments in Colombia, Mexico and Peru. The proposals to continue Plan Colombia with

³⁸⁶ “En el Chapare obligan a tener un cato de coca”, *La Razón*, 11 September 2007.

³⁸⁷ The FELCN seized 300kg of cocaine later. “Ayoreos retienen una carga de droga y cercan a la Policía”, *El Nuevo Día*, 4 September 2007.

only minor adjustments and to focus the Mérida Initiative on similarly narrow law enforcement objectives illustrate a determination of policy-makers to stay on a course which is leading neither to reduced coca cultivation nor reduced cocaine production, trafficking and consumption.

The orthodox counter-drug community's inflexibility has widened the gap between the U.S. and the EU on alternative strategies, primarily European, to control cocaine use and on supply-side reduction, where Washington still prioritises eradication. This divide is due mainly to different perceptions of the problem: in the U.S. drugs are basically still seen and treated as a law enforcement issue; many European policy-makers tend to perceive them more as a public health issue. Political and ideological considerations also play a role. Since 9/11, the U.S. has linked its global war on terrorism with the fight against drugs, incorporating the narco-terrorism concept into its national security threat assessments. Colombia has adopted the new concept, which has also entered Mexican and Peruvian discourse. The EU and most member states as well as the left or center-left governments in Bolivia, Brazil, Ecuador, Chile and Argentina are reluctant or opposed to it. Venezuela has gone farther, freezing cooperation with Colombia and the U.S., largely on political grounds, despite a surge of trafficking and crime.

The divisions over counter-drug policy need to be understood as highly counterproductive and basic assumptions reassessed. The increasing pressure being exerted on especially the Latin American states but also on U.S. and European societies should generate a new effort to find common ground promptly, so as to achieve much greater policy cohesion within Latin America, as well as between the continent and Europe and the U.S.

IV. CONCLUSION

Existing strategies in Latin America, the U.S. and Europe have not controlled coca cultivation and cocaine production and use or defeated the trafficking organisations. The financial, political and social costs are significant. The net impact has to be assessed as negative. The absence of consensus between the U.S., Europe and Latin America on strategies, with respect to both demand and supply reduction, has contributed strongly to the lack of tangible results in controlling cocaine production and trafficking. In light of stable or increasing demand in the U.S. and Europe, as well as in many Latin American countries, it is paramount that governments immediately expand exchange of policy-relevant information on how cocaine use can be reduced substantially. The lessons of social marketing in reducing smoking and other social ills such as drunk driving should be taken into account. As long as massive demand persists or even grows, it is illusory to believe that supply reduction measures can be effective.

Counter-drug policies ought to focus on preventing new users and on the surge of new cocaine markets as well as substantially reducing existing demand. Experience in both the U.S. and Europe has shown that neither a law enforcement-oriented approach nor a public health policy focused on treatment and harm reduction is sufficient in itself. It will take much more tri-continental cooperation to define how societies with large or increasing numbers of cocaine (and other illicit drug) users can achieve a significant reduction in use.

Serious combined review by civil society, business, government and UN leaders is required to forge a new political consensus between the U.S., Europe and Latin America on how best to reduce supply. Innovative thinking is needed on reversing state abandonment and massively expanding alternative and rural development in settings plagued by violence and/or pervasive poverty. Stepped-up cooperation of law enforcement and intelligence agencies also is needed. Finding convincing and effective answers is a huge task that requires systematic sharing of experiences, information and know-how between decision-makers on both sides of the Atlantic – and their political will to cooperate.

Bogotá/Brussels, 14 March 2008

APPENDIX A

COCAINE USE PREVALENCE RATES IN THE U.S., EUROPE AND LATIN AMERICA

U.S. - Cocaine Use Prevalence Rates³⁸⁸

| | Past Year Prevalence | | | | Past Month Prevalence | | | |
|---------------------|----------------------|-------|-------|-------|-----------------------|-------|-------|-------|
| | 2002 | | 2006 | | 2002 | | 2006 | |
| | NSDUH | MTF | NSDUH | MTF | NSDUH | MTF | NSDUH | MTF |
| Youths | 2.10% | 3.20% | 1.60% | 2.60% | 0.60% | 1.40% | 0.40% | 1.30% |
| Young Adults | 6.70% | 6.50% | 6.90% | 7.00% | 2.00% | 2.50% | 2.20% | 2.40% |

NSDUH: National Surveys on Drug Use and Health; MTF: Monitoring the Future program

Youths: Ages 12-17 (NSDUH); 8th and 10th Grades (MTF)

Young Adults: Ages 18-25 (NSDUH); ages 19-24 (MTF)

European Union Member Countries - Cocaine Use Prevalence Rates (young adults ages 15-34)³⁸⁹

| EU Country | Year of Survey | Past Year Prevalence | EU Country | Year of Survey | Past Year Prevalence |
|----------------|----------------|----------------------|---|----------------|----------------------|
| Spain | 2005-06 | 5.20% | Cyprus | 2006 | 0.70% |
| United Kingdom | 2004 | 4.70% | Hungary | 2003 | 0.70% |
| Italy | 2005 | 3.20% | Finland | 2004 | 0.70% |
| Denmark | 2005 | 2.90% | Lithuania | 2004 | 0.60% |
| Ireland | 2002-03 | 2.00% | Portugal | 2001 | 0.60% |
| Norway | 2004 | 1.80% | Czech Republic | 2004 | 0.40% |
| Germany | 2003 | 1.70% | Latvia | 2003 | 0.40% |
| Austria | 2004 | 1.60% | Greece (except Aegean and Ionian Islands) | 2004 | 0.20% |
| Poland | 2002 | 1.30% | Belgium | N/A | N/A |
| Estonia | 2003 | 1.20% | Luxembourg | N/A | N/A |

³⁸⁸ "2006 National Survey on Drug Use and Health", U.S. Department of Health and Human Services and Substances Use and Mental Health Services Administration, Washington DC, pp. 100-101.

³⁸⁹ "Statistical Bulletin 2007". (Table GPS-4 Last year prevalence of drug use among young adults (aged 15 to 34 years old) in nationwide surveys among the general population). European Monitoring Centre for Drugs and Drug Addiction (EMCDDA). Available at <http://www.emcdda.europa.eu/html.cfm/index39554EN.html>.

| | | | | | |
|-------------|------|-------|---------|-----|-----|
| France | 2005 | 1.20% | Malta | N/A | N/A |
| Netherlands | 2005 | 1.00% | Romania | N/A | N/A |
| Slovakia | 2004 | 0.90% | Sweden | N/A | N/A |
| Bulgaria | 2005 | 0.70% | | | |

Producer Countries - Cocaine Use Prevalence Rates (Past Year)*³⁹⁰

| | Students (15-16 years old) | | Students (17 years old and older) | | Overall population | |
|-----------------|----------------------------|------------|-----------------------------------|------------|--------------------|------------|
| | Cocaine | Coca Paste | Cocaine | Coca Paste | Cocaine | Coca Paste |
| Colombia | 1.74% | 1.34% | 3.32% | 2.07% | 1.66% | 1.27% |
| Bolivia* | 0.87% | 0.81% | 1.71% | 1.31% | 0.94% | 0.80% |
| Peru | 1.19% | 0.87% | 1.26% | 1.11% | 1.01% | 0.79% |

* Surveys were carried out in 2005; Bolivia's survey was carried out in 2004

Transit Countries (South America) - Cocaine Use Prevalence Rates (Past Year)*³⁹¹

| | Students (15-16 years old) | | Students (17 years old and older) | | Overall population | |
|-------------------|----------------------------|------------|-----------------------------------|------------|--------------------|------------|
| | Cocaine | Coca Paste | Cocaine | Coca Paste | Cocaine | Coca Paste |
| Ecuador | 1.31% | 0.76% | 1.94% | 1.37% | 1.20% | 0.80% |
| Brazil (1) | 1.77% | | 4.07% | | 1.70% | |
| Argentina | 2.55% | 1.61% | 3.01% | 1.61% | 2.45% | 1.60% |
| Chile | 2.61% | 2.32% | 4.17% | 3.28% | 2.40% | 2.14% |

* Surveys were carried out in 2005

(1) Brazilian figures correspond to cocaine and/or coca paste use

³⁹⁰ “Jóvenes y drogas en países sudamericanos: un desafío para las políticas públicas”, *CICAD/UNODC*, 2006, pp.41, 51-52.

³⁹¹ *Ibid.*

APPENDIX B

ABOUT THE INTERNATIONAL CRISIS GROUP

The International Crisis Group (Crisis Group) is an independent, non-profit, non-governmental organisation, with some 140 staff members on five continents, working through field-based analysis and high-level advocacy to prevent and resolve deadly conflict.

Crisis Group's approach is grounded in field research. Teams of political analysts are located within or close by countries at risk of outbreak, escalation or recurrence of violent conflict. Based on information and assessments from the field, it produces analytical reports containing practical recommendations targeted at key international decision-takers. Crisis Group also publishes *CrisisWatch*, a twelve-page monthly bulletin, providing a succinct regular update on the state of play in all the most significant situations of conflict or potential conflict around the world.

Crisis Group's reports and briefing papers are distributed widely by email and printed copy to officials in foreign ministries and international organisations and made available simultaneously on the website, www.crisisgroup.org. Crisis Group works closely with governments and those who influence them, including the media, to highlight its crisis analyses and to generate support for its policy prescriptions.

The Crisis Group Board – which includes prominent figures from the fields of politics, diplomacy, business and the media – is directly involved in helping to bring the reports and recommendations to the attention of senior policy-makers around the world. Crisis Group is co-chaired by the former European Commissioner for External Relations Christopher Patten and former U.S. Ambassador Thomas Pickering. Its President and Chief Executive since January 2000 has been former Australian Foreign Minister Gareth Evans.

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