



Director of
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Intelligence

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The International Narcotics Trade: Implications for US Security

National Intelligence Estimate

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THE INTERNATIONAL NARCOTICS TRADE: IMPLICATIONS FOR US SECURITY

Information available as of 18 November 1985 was used in the preparation of this Estimate, which was approved by the National Foreign Intelligence Board on that date.

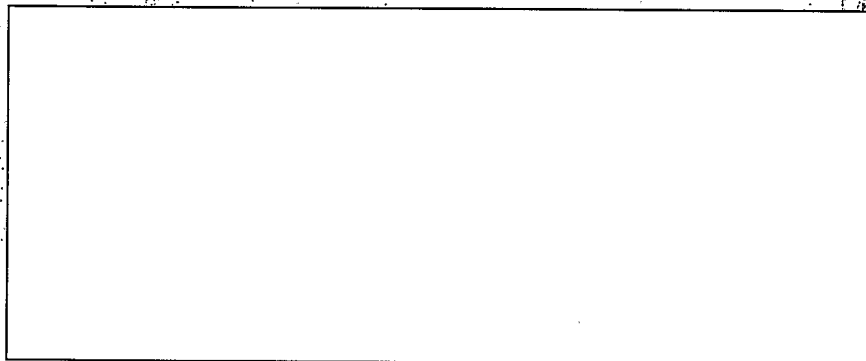
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THIS ESTIMATE IS ISSUED BY THE DIRECTOR OF CENTRAL INTELLIGENCE.

THE NATIONAL FOREIGN INTELLIGENCE BOARD CONCURS.

The following intelligence organizations participated in the preparation of the Estimate:



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SCOPE NOTE

[redacted]

[redacted] Drug trafficking is used in this Estimate to describe all aspects of the drug trade collectively, including illicit drug crop cultivation, refining and processing of narcotics, and the transport and distribution of drugs. While we recognize that important dimensions of US security are threatened by the effects of drug trafficking on the domestic scene, this NIE focuses on those ramifications of drug trafficking that can threaten the integrity of other democratic nations.

[redacted]

[redacted] Nevertheless, this Estimate does underscore the manner and degree to which drug trafficking can undermine countries important to the United States, and it defines the interrelationship between drug trafficking and other issues significant to our national interest such as insurgency and terrorism.

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KEY JUDGMENTS

The multibillion-dollar international narcotics trade poses a threat for US security interests that goes beyond concern for the drug problem itself:

- Powerful trafficking organizations can corrupt and undermine political, economic, social, and security institutions within democratic nations.
- Some insurgent groups are heavily involved in trafficking and others have the opportunity, motive, and capability to participate in the drug trade.
- There are reports of sporadic involvement between some terrorist groups and drug traffickers.
- Some sovereign states support or at least condone international drug trafficking.

We judge that the near-term threat to US interests from the drug trade is particularly severe in Latin America and the Caribbean. Over the next several years, the drug trade will continue to pose serious problems in Mexico, Colombia, Bolivia, Peru, Jamaica, Panama, and The Bahamas. Other countries in the region are now being drawn increasingly into the narcotics trade and we consider them vulnerable to its many debilitating impacts.

Of immediate concern to us is the increase in drug-related violence against government narcotics control officers and high-level officials identified with drug control, including US personnel. We expect the correlation between stepped-up enforcement pressures and trafficker-sponsored violence against officials to continue.

Although the impact of the narcotics industry on national financial and economic institutions and policies is not clear, we believe that continued expansion of the drug trade in some areas, along with deteriorating economic conditions, could further disrupt economies in countries such as Mexico, Peru, Bolivia, and

We judge that insurgent involvement in the drug trade has a relatively small impact on the overall narcotics situation, but access to drug money and narcotics smuggling networks could have a major impact on the capability of insurgent forces. The current involvement

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the drug trade of the Revolutionary Armed Forces of Colombia, the Marxist Communist Party, and [redacted] dissident groups is sufficiently deep that it enhances their capability to sustain operations against governments friendly to or important to the United States. If their involvement in trafficking were to increase significantly, we believe this would further enhance the capabilities of these groups to acquire or move arms, equipment, or personnel.

We are also concerned about the National Liberation Army of Colombia, the People's Liberation Army of Colombia, Sendero Luminoso, Tamil dissidents, [redacted] and the New People's Army in the Philippines because they either have shown some occasional interest in narcotics as a fundraising proposition or because they are located in areas where the drug trade is expanding rapidly.

We judge that urban terrorists are less likely to become directly involved in drug trafficking than insurgents, but we note that the profits from even one consignment could provide small terrorist cells with substantial operating capital.

[redacted] the expanding European drug market and the recent entry into these groups of less ideologically committed members could lead to their involvement in narcotics trafficking to raise money or to obtain access to the gray arms market.

Some sovereign states support or at least condone international drug trafficking, [redacted]

[redacted] but we suspect that the leaders of these countries see the disruption drugs cause as a beneficial byproduct of an activity that they engage in for other reasons, such as obtaining hard currency, gaining access to smuggling networks to move arms or equipment, collecting intelligence, and promoting subversive activities beyond their borders.

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DISCUSSION

International Narcotics Trafficking

A. Profitable Enterprise

1. US Government sources estimate that worldwide the dollar value of illegal drug trafficking and the related cost to society may total \$150-300 billion annually. The clandestine nature of the drug trade complicates not only estimates of its profits but also any attempt to determine the destination of the profits, in particular what share eventually returns to the countries involved in production and trafficking. We suspect that drug money returned home by traffickers in 1983 probably represented the principal unregulated source of hard currency in many source

the officials of debt-ridden governments are well aware of the accumulation of such surpluses in international banks, and we judge that some of them might decide that access to drug money might obviate the need to take austerity measures.

2. Most of the income from drug sales is earned by distributors in major markets, with significantly less accruing to those involved in production and transport. The millionaires of the international narcotics industry are groups such as the large Colombian cocaine-trafficking organizations that supply the US market, for their control extends from acquisition of the raw materials in the coca-producing countries of South America through wholesale distribution in the United States. We estimate that gross receipts of Colombian trafficking organizations from US sales in 1983 were in the billions of dollars and that about half of this was profit. In terms of affluence, the Colombians' closest competitors are the large Mexican traffickers, who also handle multiple drugs and operate deep within the US market.

Trafficking Organizations

3. Criminal drug-trafficking organizations range from small specialized operations active in one segment of the production, smuggling, or distribution of a specific drug to large, sophisticated enterprises that resemble a vertically integrated, multinational company in their size, scope, and manner of operations. The infrastructure of such a large network rivals many legitimate businesses and even some national governments in the amount of property, sophistication of equipment, and network of financial, political, and commercial contacts. Colombian organizations that dominate the production, processing, and distribution of cocaine for the US market are the best examples of this. Although a large trafficking network may specialize in one drug, such as cocaine, it can use its infrastructure and contacts to handle other drugs in response to shifting market preference or to exploit targets of opportunity: for example, Colombian marijuana traffickers began supplying the US market with methaqualone when that became popular. Drug traffickers usually know one another and cooperate on occasion. However, when money is owed, drug shipments are stolen, or someone cooperates with law enforcement, reprisals are often violent. There is also competition among traffickers for a larger share of the drug market.

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When this happens, the ramifications for the United States go far beyond concern for the narcotics problem. Trafficker penetration and influence over friendly governments is of immediate concern in Latin America and the Caribbean, but it is a potential problem in virtually any country with a flourishing narcotics industry. Many of these states have other priorities and have been either unable or unwilling to commit sufficient resources to counternarcotics efforts.

6. Traffickers—through use of the media, influence with public officials, and associations with key opinionmakers—have been able to arouse public opinion against control measures by playing on nationalistic themes and labeling such programs manifestations of "Yankee imperialism." Such activities could affect more than bilateral cooperation on narcotics control measures; they could undermine the ability of the government to cooperate with the United States on a wide range of foreign policy or security initiatives. Although attempts to manipulate local and national public opinion in favor of the narcotics industry are most common in Latin America and the Caribbean, they also occur in other countries [redacted]

7. Of immediate concern to us is the increase in drug-related violence against government narcotics-control officers and high-level officials identified with drug control, including foreign citizens such as US Embassy personnel. Traffickers have demonstrated a willingness to use terrorist tactics in an attempt to intimidate government officials.

8. We expect the correlation between stepped-up enforcement pressures and trafficker-sponsored violence against officials to continue. In Colombia, a high-level assistant in the Justice Ministry was assassinated in February 1984, Justice Minister Lara Bonilla was murdered in April 1984, and a Superior Court judge investigating these murders was killed in July 1985. Colombian Government agreement to extradite traffickers triggered death threats to President Betancur among others [redacted]

The extradition issue also probably prompted a car bomb explosion near the US Embassy in Bogota in November 1984 and perhaps another near an American-owned language school. Also during 1984, 19 members of a US-financed coca eradication team were murdered in Peru, [redacted]

[redacted] Since 1982, more than 100 Mexican officials associated with drug-control programs have been [redacted]

The Threat to US Security Interests From Drug Trafficking

5. The existence of a large narcotics industry and powerful criminal trafficking organizations in a country can undermine political, economic, social, and security institutions in a variety of ways. The effect on US interests from such a situation can range from a government unwilling or unable to cooperate with US counternarcotics programs to a government that does not have control of key drug-trafficking areas, elements of its own judiciary, its military, or its economy. [redacted]

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murdered by traffickers, and in February 1965, traffickers murdered Drug Enforcement Administration (DEA) Special Agent Camarena and his Mexican pilot. The lives of DEA agents have been threatened throughout the world.

9. The narcotics trade can threaten the integrity of democratic governments by corrupting political and judicial institutions.

10. Corruption of bureaucrats, politicians, the military, and police is a way of life to criminal traffickers and a common phenomenon in all important narcotics-trafficking countries.

11. The impact of the narcotics industry on national financial and economic institutions and policies is even less clear than on political ones.

12. In addition, we are concerned about the impact of the drug trade on agricultural production in trafficking countries. Legitimate farmers face increasing competition from drug crop growers for land and labor in such countries as Mexico, Peru, Bolivia, and [redacted]. Continued expansion of the drug trade in some areas, along with deteriorating economic conditions, could further disrupt economies. In some trafficking countries, illicit drug production and trafficking have already outstripped legitimate agricultural exports.

13. Within several trafficking countries, this is further complicated by the widespread belief on the part of local leaders and citizens that the benefits of the drug trade are enormous. This frequently prevents governments from invoking strict counternarcotics programs. Those revenues that are returned to local levels within source countries have given the traffickers a strong grip on many rural areas such as the Tingo Maria area in Peru's Upper Huallaga River Valley and the Chapare Region in Bolivia.

14. The social disruption caused by drug abuse and drug trafficking manifests itself in four major areas: an erosion of the moral standards and the sense of individual responsibility; a disruption of the family unit; lower educational and personal achievement levels resulting from the mental and physical disabilities caused by drug use; and a frequent cause of suicide. Almost every major drug-trafficking country is experiencing a rise in domestic drug abuse, an unavoidable byproduct of expanding narcotics production and the desire of the traffickers to find new markets. Coca-producing countries have always had a large population that chewed the coca leaf, but now they are developing urban addict populations who use refined coca products such as cocaine.

15. Countries in which there is a thriving narcotics industry also report a rising rate of societal violence, including crimes by those seeking to buy drugs and by those trafficking them.

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[redacted]
[redacted] For the Caribbean states heavily dependent on foreign tourists, a reputation for a high crime rate can adversely affect this important source of hard currency for the national economy.

16. We judge that over the next several years the drug trade will continue to pose serious problems for several Latin American and Caribbean countries including Mexico, Colombia, Bolivia, Peru, Jamaica, Panama, and The Bahamas. [redacted]

[redacted] countries on the fringes of established trafficking areas are now being drawn increasingly into the narcotics trade in response to changing situations elsewhere. We consider these countries vulnerable to several debilitating aspects of the drug trade.
[redacted]

Insurgent Involvement in the Drug Trade

17. Some insurgent groups are heavily involved in trafficking and others have the opportunity, motive, and capability to participate in the drug trade. Insurgency and illicit drug cultivation tend to occur in remote regions for the same reasons: government presence is limited; economic and political infrastructure is weak or nonexistent; the local populace often has few ties to the national regime; and rugged terrain makes it difficult for the police or military forces to operate.

18. Colocation of the two activities fosters interaction that can lead to linkages among insurgents and traffickers; cooperation between the two is attractive in many respects. The drug trade offers insurgents access to sizable amounts of money to obtain arms and equipment and to finance political and social welfare programs. Some insurgent groups tax drug producers and traffickers in the same fashion as any other economic enterprise that occurs in areas where they operate. Other groups, however, encourage growers and refineries in their area, and provide protection or transportation. Some eventually become full-fledged narcotics trafficking operations in their own right. The extent of involvement varies with need and opportunity; some groups have become heavily engaged in narcotics only after other sources of financing dried up. From the traffickers' perspective, well-armed

insurgents can provide protection from police. Both traffickers and insurgents need clandestine smuggling networks, the one to ship drugs out of the region, the other to bring arms in. In both cases, the ability to appear to be defending local interests against national government actions provides common cause and helps enlist popular support. Insurgents may find it convenient to support local peasants involved in drug cultivation because this is another way to side with them against the national government.

19. Insurgent involvement in the drug trade probably has relatively small impact on the overall narcotics situation, but access to drug money and narcotics-smuggling networks could have a major impact on the capability of the insurgent forces. This is of particular concern in countries where the national military forces are poorly armed and trained. Insurgents who can establish their own arms pipeline based on narcotics smuggling also have more independence from outside supporters. The type of weapons most insurgent groups favor are low-cost, small arms easily purchased on the gray arms market.

20. Thus far, insurgents involved in the narcotics industry have been largely restricted to growing and refining the drugs, the least profitable part of the industry. But, if they were to acquire control of production or refining from a large area, this could become a more lucrative source of funds than any other form of enterprise available to groups operating in remote areas. The only comparable support would be an unlimited money and equipment pipeline from a major outside state supporter.

21. In addition to using the narcotics trade as a means to acquire revenue, arms, and logistic support, we are also concerned that insurgent and other dissident groups may seek to take advantage of the resentment that could be aroused in rural areas by aggressive government narcotics-control programs. Active counternarcotics programs that upset rural economies and make enemies of peasant growers could play into the hands of insurgent groups looking for adherents. The insurgents need not make the first approach; traffickers and growers seeking to shield their activities from government enforcement might well approach the insurgents, seeking cooperation against government forces.

22. We judge that the current involvement of the following insurgent groups in the drug trade is sufficiently deep that it enhances their capability to sustain operations against governments friendly to or important to the United States. If their involvement in the

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drug trade were to increase significantly, this could further enhance the capabilities of these groups to acquire or move arms, equipment, or personnel. The continued growth of the international narcotics trade and its spread to new markets will be likely to enable these insurgent groups to expand their involvement and thus the benefits they derive.

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Terrorist Use of the Narcotics Industry

urban terrorists are most likely to become involved in the distribution rather than the production of narcotics. Terrorist groups and narcotics traffickers operate in the same illegal milieu, have contacts with arms smugglers, have experience in moving contraband clandestinely, are willing to use violence, and want easy ways to raise large amounts of money. As a result, members of terrorist groups and drug-trafficking organizations may well come in contact with each other, although we think it likely that hardcore terrorist members would keep a careful buffer between themselves and the traffickers because the latter are well known to police and could compromise the identity of the terrorists.

36. We judge that, in contrast to insurgent groups, urban terrorists are on balance less likely to become

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directly involved with the narcotics industry. We expect, however, that some terrorist groups will continue to take advantage of the drug trade to support their activities but that this contact will continue to be ad hoc and to occur among the lower levels of both groups. Although ideological constraints may play a role, we judge that the deciding factor will be the ability of terrorist groups to obtain sufficient financial support through other means. [REDACTED]

[REDACTED]

[REDACTED]

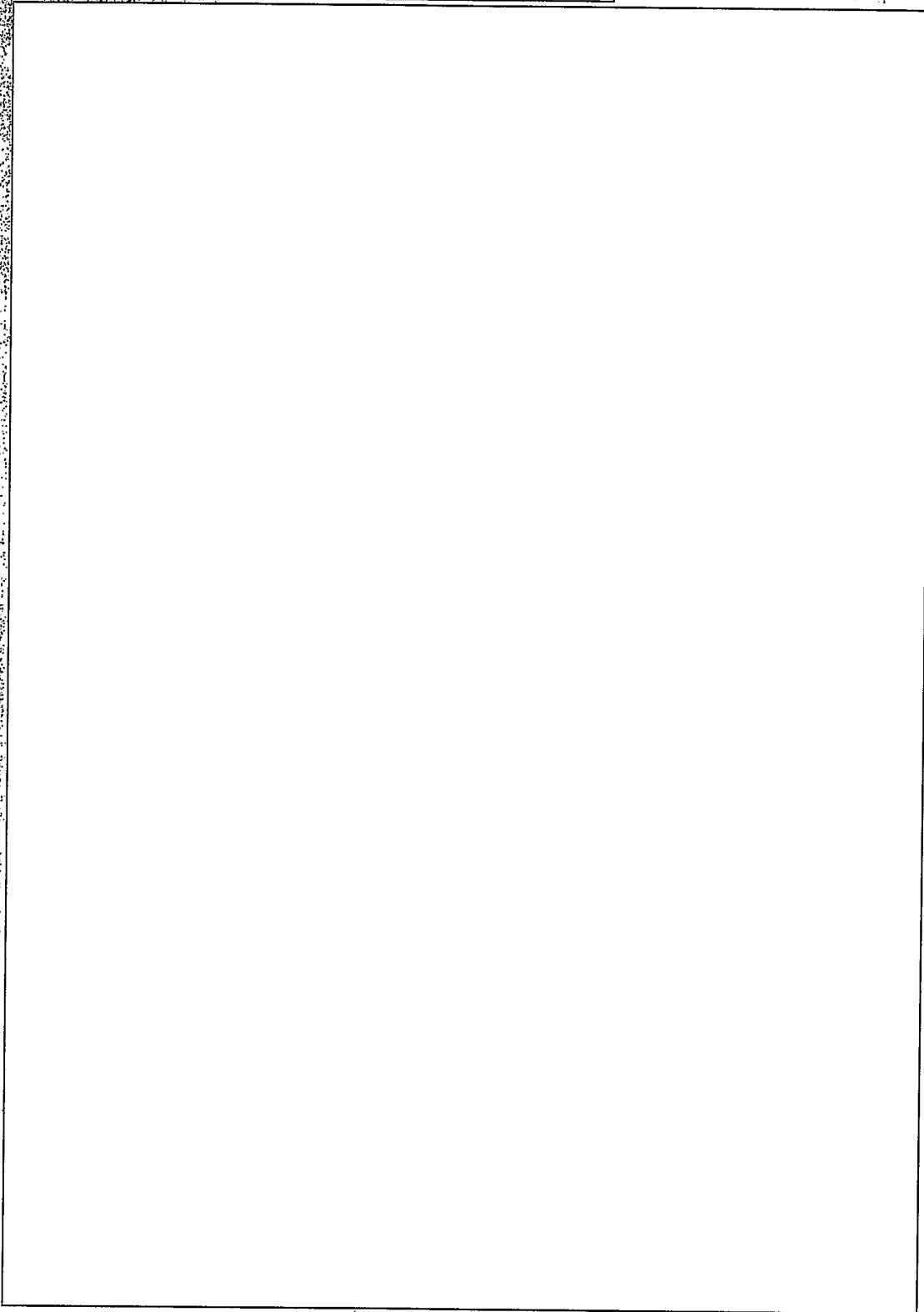
39. Terrorist groups operating in or from drug-trafficking areas may have the advantage in exploiting the drug trade for their own ends. The groups that depend heavily on a state sponsor for operating capital and support might be most tempted to take advantage of the narcotics trade in order to achieve more independence. We are particularly concerned about Middle Eastern terrorist groups because: large volumes of drugs move through this region; their bases are located in areas that also host a flourishing narcotics production, refining, and trafficking industry; and political and social turmoil in the region facilitates contact with traffickers. There are probably also longstanding ethnic and family ties among the terrorists, guerrillas, and trafficking families. [REDACTED]

[REDACTED]

[REDACTED]

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Implications and Options

58. We judge that the near-term threat to US interests from the drug trade is particularly severe in Latin America and the Caribbean. During the next few years, criminal drug traffickers will pose a threat to the political, economic, social, and security institutions in drug-trafficking countries in the Western Hemisphere. We are concerned that certain insurgents, terrorists, and hostile sovereign states in the Western Hemisphere have connections with the narcotics industry. At present, we judge such involvement in most cases to be sufficiently low level or infrequent that it does not significantly enhance the capabilities of these groups nor does it markedly affect the size or nature of the drug trade. Over the longer term, however, any of these groups might decide to participate more actively in the drug trade, and this could substantially increase the threat such a group could pose to friendly governments or US interests.

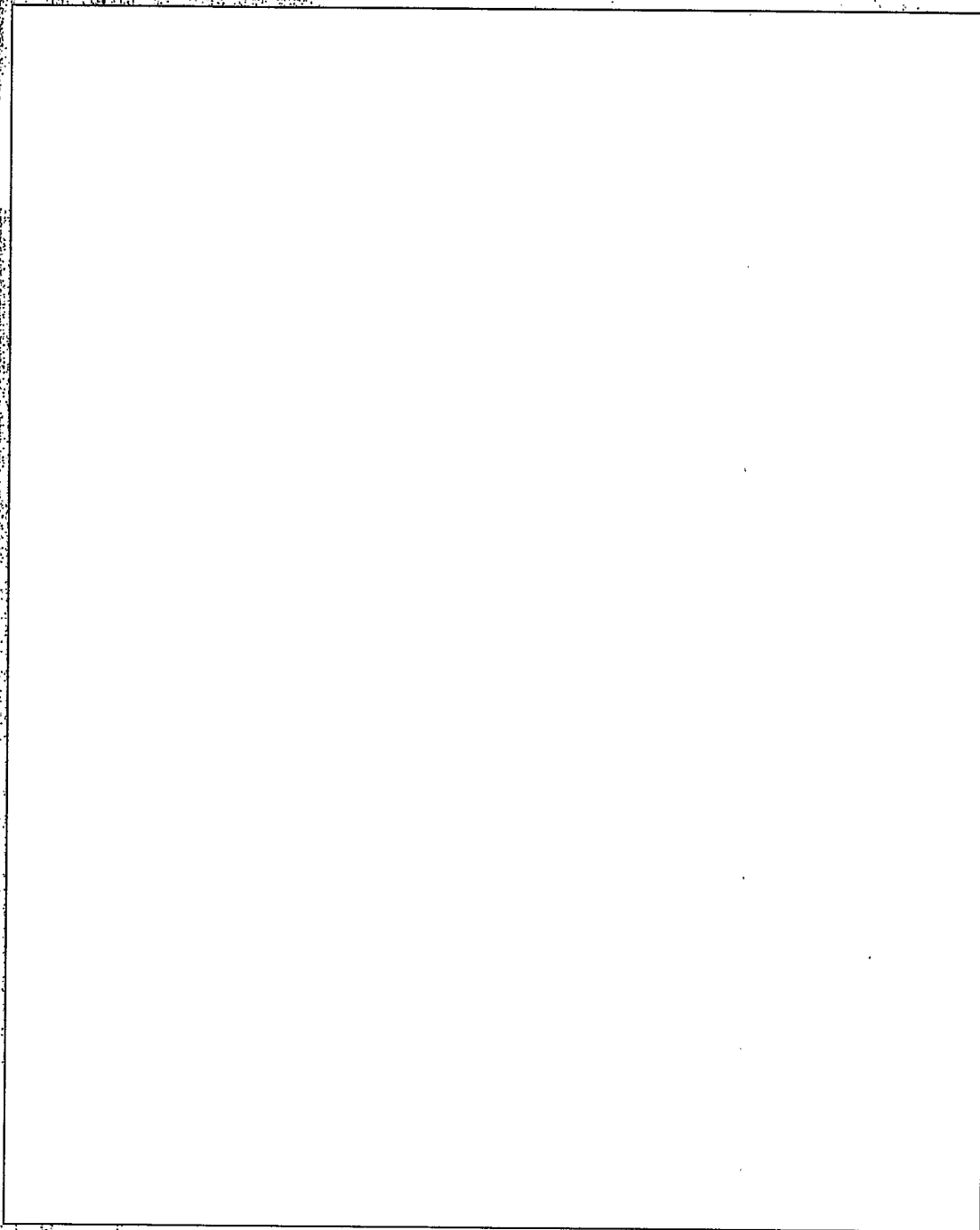
59. The scale of the drug trade as well as political, economic, and security realities within the Hemisphere will continue to hamper counternarcotics programs for the foreseeable future. In the near term, it is probably not possible to make major inroads against the drug trade in countries where it is already entrenched. An aggressive attack on the traffickers by an individual government could succeed in some cases. In a few instances, however, it could entail a heavy cost in economic, political, and social dislocation. We would not expect any Latin American government to set such a course, however, for we suspect that both government leaders and traffickers have a keen appre-

ciation of the limits of action and that neither would deliberately cross the boundary. Either side could miscalculate, however; the assassination of Colombian Justice Minister Lara Bonilla is an example of such a misstep by the drug traffickers. It not only provoked popular outrage and stronger government countermeasures, but in so doing demonstrated to the government that the narcotics industry was more vulnerable to attack than had previously been thought possible.

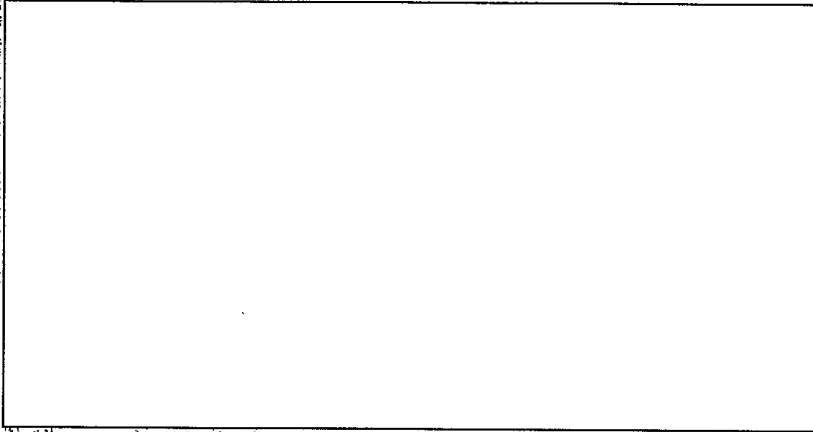
60. Despite the difficulties, we judge that most governments could do more to keep the traffickers off balance and increase their costs of doing business. A key factor will be increasing public and government awareness of the domestic economic, political, and security threat posed by an entrenched narcotics industry. To be effective, many counternarcotics programs will need the same level and type of forces as would a counterinsurgency campaign. This includes not only well-equipped and well-trained paramilitary forces capable of conducting remote area operations, but also political action teams to counter the traffickers' appeal to local self-interest vis-a-vis the central government. None of the governments in the region at present has the resources, manpower, or equipment to sustain such a "war on traffickers." Even a small-scale counternarcotics strike force would require a great deal of outside assistance, including military aid.

61. Existing efforts to improve international cooperation could lay the basis for an effective regional counternarcotics program. Some Latin American governments are already participating in coordinated regional approaches. At present, however, traffickers benefit greatly from the differences in priority and tactics used by the various Latin American countries. If all countries in the region better understood the nature of the threat, it would increase the chances that cooperation would advance to effective joint actions, including intelligence sharing, interdiction, and border control. We judge that continued regional efforts such as those by Colombia and its neighbors could restrict traffickers' freedom of action. At the same time, such efforts could also decrease the attractiveness of drug trafficking for insurgents, terrorists, or sovereign states.

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