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Embassy of the United States of America



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1.5(D), B1, B7(F), B7(E)

March 31, 1989

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MEMORANDUM TO THE FILES

FROM : ADCM - John R. Hamilton

SUBJECT: Summary of Meetings with Study Commission from the
Office of the National Drug Control Policy

The Study Commission consisted of General (ret.) Paul Gorman, Mr. Clair George, Mr. Paul Mahlstedt and Admiral (ret.) E.A. Burkhalter. Gorman, George and Mahlstedt held meetings with Embassy officials March 27-28, departing 1400 March 28. Admiral Burkhalter held an abbreviated series of meetings with Embassy staff March 29. These notes summarize the Gorman/George/Mahlstedt meetings.

Discussion with Embassy Narcotics Action Committee:
General Gorman's Remarks:

General Gorman emphasized that the growing threat to U.S. national security interests posed by international narcotics trafficking is more visible in Congress than ever before. In Washington there is substantial enthusiasm for action in the Andes and that expectations of success on this issue over the short run and for the next five years are considerable. The General said that he and his group were here at the wishes of Dr. William Bennett, the "Drug Czar", to review the anti-narcotics program in the Andes, a subset but a most important element of the administration's narcotics program. The National Security Council fully supported the selection of an outside, impartial collection of foreign affairs "experts" for this purpose. General Gorman said they sought the support and counsel of those on the ground to help them fulfill their mission, addressing the narcotics issue adequately across the board, including the interests of all concerned agencies. He said they plan to issue a report of their findings and recommendations to Dr. Bennett and General Scowcroft within 30 days.

Briefing by Embassy Narcotics Action Committee (NAC):

The NAC, led by the Ambassador and political and economic counselors, described the delicate political environment in which

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the Embassy endeavors to advance our narcotics control objectives. They described the pressures that the GOP faces as it evaluates its options concerning its anti-narcotics policy. Peru is going through a slow awakening on the narcotics issue, a problem that is only a decade old here. The urgency of the problem and the government's attitude are changing largely because of international pressure (mostly USG), increasing violence and corruption, and the inflow of dollars in the economy. The loss of sovereignty to narcotics traffickers and the Sendero Luminoso (SL) in the UHV is a growing embarrassment to the GOP. Polls also reveal that Peruvians would welcome stronger government measures, and if necessary outside assistance, to combat the growing narcotics problem. Although the GOP is probably as sincere as any government in the region in its commitment to tackle the drug problem, Peru is limited by the resources available.

The NAC briefed the Gorman team on the flow of narcotics money through Peru, stressing how reliable figures do not exist and that most of the money probably leaves the country again. Although Peruvian figures run as high as 1.4 Billion U.S. dollars, our conservative estimate is that only about 400-450 million U.S. dollars in 1988 entered the country for narcotics transactions. Because of the unstable political environment [redacted] Peru is not attractive for money laundering. B1, 1.5(D)

The increasing role that Sendero plays in the UHV was explained and its growing involvement in narcotics trade. In the coca valley, Sendero is now dominant and there might be three or four columns comprising more than 1200 Senderistas cadre. In response to General Gorman's question on SL ties to narcotics trafficking, we noted that initially SL provided campesinos protection, but now it is forcing campesinos to grow coca. Although SL has been siphoning off significant resources from the drug trade, the big question is where has the money gone. SL appears better funded in the UHV, but its weaponry is not more sophisticated.

NAU Briefing:

NAU Director Bernal, assisted by NAU Officer Moreno, presented an overview of Embassy's anti-narcotics program, including a detailed discussion of the successes of the coca eradication campaign last year. Following a brief history of USG efforts against international narcotics trafficking, Bernal described the role of NAU air assets in Peru (nine helicopters and two C-123s) and of U.S. contract personnel in the UHV (42 people, mostly mechanics and pilots).

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Asked about our anti-narcotics fundings, Bernal estimated that about 70 percent of the allocated 10 million dollars to combat narcotics trafficking in Peru supports interdiction; 20 percent sustains the eradication workers (approximately 400 CORAH workers); the remaining 10 percent supports a variety of other projects. We provide the equipment, uniforms, and food, and expend these funds whether or not eradication and interdiction operations are underway.

At General Gorman's request, Bernal reviewed the chain of command at the Embassy on narcotics matters and explained the rules of engagement of INM aircraft in Peru. Bernal emphasized that INM helicopters do not engage in counter-insurgency operations. However, about every two weeks at the request of Peruvian authorities, our aircraft evacuate dead and wounded members of the Peruvian security forces. Bernal noted that this type of humanitarian assistance, usually two to three hours a shift, goes a long way to earn support from police in the anti-narcotics effort.

In response to a question on narcotics-related casualties, Moreno noted that coca eradication workers often face sniper fire during helicopter extractions from the field, and that the majority of injuries and helicopter damage sustained thus far has been during these types of operations. Although there were no Guardia Civil or eradication workers wounded in these operations in 1988, Bernal warned that two or three incidents could occur every month during future eradication missions.

Briefing from DEA:

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[redacted] offered a thumbnail sketch of DEA relations with Peruvian counterparts. Until 1984, he said, the DEA ran a traditional investigative operation designed to find and bust the leaders of the drug families. This design relied heavily on DEA-Peruvian investigative police cooperation and began to fall apart in the wake of police corruption. Under General Juan Zarate, the civil guard (another branch of the police) began jungle operations in 1984 targeted against labs and airstrips at the site of production. This cooperation continues today.

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[redacted] described the evolution of DEA ops from targeting maseration pits (called "labs" in Bolivia) to the current focus on destroying base production labs in the jungle. He noted the difficulty in locating these laboratories. Responding to General Gorman's question, he agreed that "hi tech" solutions could assist in some areas of DEA operations, but that the current focus should be on interrupting the coca pipeline at what now is its weakest point, the air traffick. [redacted]

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noted that while recent DEA efforts have had an impact (equivalent to 18 percent of total Peruvian coca production), DEA does not currently have the resources to run an effective anti-aircraft operation. [redacted] offered rough figures that 90 percent of the coca base coming out of Peru is flown by air and that geographically Peru offers excellent conditions to restrict these illegal flights. B1, B7(F)

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Charles Loveridge described the public affairs environment by referring to recent public polling sponsored by USIA and completed in Peru, Bolivia, Colombia and Ecuador. He expressed his confidence in the general reliability of the Peruvian survey which showed a high public awareness of the drug problem and a low public tolerance for drug trafficking in Peru. He noted that there was a need to conduct new surveys, and to repeat them regularly to measure the trends of public opinion. Of particular interest, he said, would be to target specific opinion leader groups such as the press, environmentalists, doctors, etc. He also noted that the December 1987 poll did not test public opinion on the question of aerial herbicide application.

General Gorman agreed with the need to fund new polls and noted that positive poll results can be used to convince GOP officials they have no problem with their constituents. General Gorman also asked if there were qualified people inside the GOP or in private businesses to manage "psyops" as a tool to bolster our anti-narcotics effort and to strengthen the public and self-image of the military. Mr. Loveridge noted that the Embassy had not had a positive experience to date in attempting to teach the Peruvian military new ideas and methods. He reviewed recent exchanges and training events. Mr. Loveridge opined that there is little expertise in or out of the GOP on managing effective public affairs campaigns.

General Gorman asked how USIS would run such a campaign, would they do it themselves or contract it out? Mr. Loveridge said it would have to be done outside the GOP. He reviewed USIS success with the non-profit drug-awareness group, Cedro. Though the organization is AID-funded, USIS works closely to provide it information. He described it as very successful. A radio campaign we would have to do, said Loveridge, but we would have to be careful not to send the message that drugs is a U.S. problem and therefore we will run the campaign ourselves without GOP help or consultation.

AID Briefing:

AID Director Donor Lion reviewed the briefing paper which his office had prepared and which the study group had reviewed prior to the meeting. General Gorman asked if the Ambassador had seen the paper, referring specifically to a portion where the brief speaks of the serious problem of a "valley by valley" approach in interdiction and eradication. Mr. Lion responded that the Ambassador had seen the document and reacted to it by

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saying that he found nothing in it to take exception to. Mr. Lion also noted that some of the views in the paper represent a minority view among the country team, but that they are issues freely aired and discussed by the group.

General Gorman asked about the Andean Regional Plan which was included in the briefing packet. Mr. Lion responded that the need for a regional plan was something he had been arguing for a number of months, including during conversations with Washington officials during his visits there. Finally, he said, in October, 1988, ARA/AND notified the Embassy that a regional strategy plan was needed and tasked the Embassy to take the lead, along with the other Andean nations. Mr. Lion explained that while other embassies were helpful, the paper was written in Lima.

As the time for the meeting was short, Mr. Lion itemized some of the more important issues from the USAID perspective.

-- Our eradication/interdiction effort has gotten ahead of our development capacities.

-- The AID development plan does not depend on herbicide eradication. Peasants can be drawn away from coca for economic reasons.

-- As we expand our development plans, the GOP must provide the manpower to minimize U.S. costs.

-- No development plan will work in the UHV until the security situation is resolved.

-- The police and military must work together to fight narco-terrorism. A special, elite force should be U.S. trained.

-- Demand reduction is not the only answer. It does not solve Peru's problem which is also a U.S. concern.

-- We must be prepared to face the eventuality that demand reduction in the U.S. will force the narcos into developing other marketing strategies, including marketing in places and nations where they have not been before.

Briefing on Military Attitudes and Capabilities:

DAO Col. Froude and MAAG Col. Jannarone stressed the poor state of the armed forces, indicating that as an institution it is struggling for its survival. The armed forces now devote about

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95 percent of the military budget to pay and feed troops. There is no real military training, and the military is losing more soldiers through desertions than from subversion and combat. Col. Jannarone said that there are two prevalent attitudes in the Peruvian armed forces toward insurgency: A) the military is unable to act decisively and waits for our help, and B) it tends to ignore that a problem exists,

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Froud and Jannarone emphasized that the military is unprepared to face the growing insurgency threat posed by Sendero Luminoso. Largely because of lack of resources, the military is on the defensive, "circling the wagons," and is not aggressive in counterinsurgency, maintaining only fixed patrols in populated areas. In the UHV, where the army has main fighting units, the three battalions generally have two or three helicopters apiece but each, if operational, only flies 5-10 hours per month.

Concerning narcotics trafficking, the armed forces tend to view it as a subset of the larger subversion problem, according to Col. Froude. There is a historic, intense dislike between the military and the police, and the mistrust is now exacerbated by U.S. anti-narcotics support to the police and the lack of U.S. assistance to the military. The disproportionate number of police and military.

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