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MEMORANDUM FOR

MR. CARNES LORD
Assistant to the Vice President
for National Security Affairs

BG THOMAS E. WHITE
Executive Assistant to the
Chairman
Joint Chiefs of Staff

Mr. J. STAPLETON ROY
Executive Secretary
Department of State

MS. MOLLY HAGEBOECK
Chief of Staff
Agency for International
Development

COL GEORGE P. COLE, JR.
Executive Secretary
Department of Defense

MR. CRAIG R. HELSING
Chief of Staff
Department of Commerce

MS. EMILY L. WALKER
Executive Secretary
Department of Treasury

MR. GARY EDSON
Chief of Staff
U.S. Trade Representative

MR. ROBERT S. ROSS, JR.
Chief of Staff
Department of Justice

MR. WILLIAM J. BENNETT
Director
Office of National Drug Control
Policy

MR. H. LAWRENCE SANDALL
Executive Secretary
Central Intelligence Agency

SUBJECT: Deputies Committee Discussion Paper
re Andean Drug Summit (S)

The discussion paper at Tab A is provided under separate cover
(per the NSC October 26 memorandum) for use at the Deputies
Committee meeting, November 2, 1989, from 10:00 - 11:00 a.m. in
the White House Situation Room. Please distribute accordingly.
(S)

Dept. of State, RPS/IPS, Margaret P. Grafeld, Dir.
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W. H. Hughes
G. Philip Hughes
Executive Secretary

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Attachment
Tab A Discussion Paper

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ANDEAN DRUG SUMMIT

The leaders of Colombia, Peru and Bolivia -- the Core Three cocaine producing countries discussed in National Security Directive (NSD) 18 -- have invited the President to participate in a narcotics summit. The President has accepted. As indicated in NSD-18, an Andean Summit is a critical opportunity to obtain Core Three support in combating the production-trafficking organizations of the sub-region -- the source of virtually all the cocaine entering the U.S. Our principal summit objective is to obtain Core Three agreement to move forward with the general framework of our Andean Strategy.

Meanwhile, the Core Three are sorting out the "who, when, where" of the summit and will hold a summit planning session amongst themselves on November 20 in Santa Cruz, Bolivia. To influence in advance Core Three thinking on the agenda, venue, timing, and participation, we need to determine our views and a modality for communicating them.

In preparing for the Deputies Committee on an Andean Drug Summit, agencies should be aware that the President has already expressed his views regarding location, Cartagena; participation, the Core Three plus the U.S.; and timing, mid-February.

AGENDA

What We Want

We seek enhanced counternarcotics programs in the Andean region against the multinational criminal organizations responsible for the production, processing, transportation and distribution of narcotics. Specifically, we seek to:

- Strengthen the political commitment by senior Andean politicians to combat trafficking networks.
- Enhance law enforcement, military and intelligence cooperation with the Andean nations.
- Strengthen local police and military operations against narcotics criminal organizations, including:
 - isolation of key coca growing areas;
 - blocking shipments of precursor chemicals;
 - destruction of existing labs and processing centers;
 - control of air corridors;

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- eradication, especially using aerial herbicides, when it can be effective.
- Strengthen the ability Andean judicial systems to prosecute, extradite and punish narcotics traffickers and money laundering operations,
- Strengthen economies and support democratic institutions.

In short, we want the Andean leaders to sign on to our Andean Strategy by making the practical commitment which will enable us to provide the levels economic and military assistance foreseen in NSD-18. We will want to talk in detail about a series of issues.

- Military Participation in the Andean Strategy: Because we perceive the drug problem in the Andes, especially when coupled with insurgencies, as beyond the capabilities of national law enforcement agencies, we have recommended the involvement of U.S. and host nation militaries in the Andean Strategy. Peru and Bolivia have not yet fully accepted this premise.

- Insurgency: If the Core Three are to pursue law enforcement strategies to control the movement of illicit substances and disrupt trafficking organizations, they will need to provide security against the ability of insurgent movements to disrupt their efforts. In Colombia and Peru and to some extent in Bolivia, the traffickers work with insurgent movements or rely upon the instability which they create. Host governments will want to use our assistance, at least in part, to deal with such threats, and we will need to discuss the guidelines for such cooperation, particularly in the area of human rights. In addition, we will want to work together with the Core Three, the Europeans, and other to prevent the flow of weapons to arm both the insurgents and the traffickers.

- Intelligence Cooperation: If we are to pursue transportation networks and trafficking organizations using host country law enforcement and military institutions, we need to share intelligence more fully. Concerns about the security of information within and between countries are an important consideration for all participants. In some cases, law enforcement agencies do not trust military establishments, and each country in the region has questions about security in the others.

- Cooperation on Prosecutions and Extraditions: We need to duplicate our cooperation with Colombia with the others and between all three. Enhanced cooperation between Core Three and U.S. drug law enforcement agencies in international investigations against the traffickers offers enormous opportunities.

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- Support for Judicial Systems: We have begun efforts in this area with Colombia. Our European friends have also been helpful. We will need to develop similar programs with Peru and Bolivia and to draw the UN into law enforcement assistance.

- Institution Building: Strong institutions in the judiciary, police, military, and press will be important in any counternarcotics effort. We and the Europeans need to work with the Core Three to improve professionalism and institutional management capabilities through education and training, through leadership grants and other opportunities to visit outside the region, and through interactions with our own professionals in the region. As in the case of El Espectador, we may need private assistance for the press.

- Precursor Chemical Controls: We have new laws and procedures in the U.S. To be effective, we will need to set up a mechanism for cooperation with the Core Three. We also need to draw in the Europeans and other Latin countries, e.g., Brazil, Ecuador, and Venezuela.

- Asset Seizures: Colombia has instituted new procedures for asset seizure. We need to encourage similar laws in Peru and Bolivia. In addition, we need to develop better arrangements for asset sharing with the Core Three. This will require them to provide better information which can be tied to specific cases in the U.S. courts.

- Money Laundering: Money laundering is a major U.S. enforcement priority, and we are setting up a new money laundering center at Treasury. We engaged in a major cooperative venture with the Europeans. We are also obtaining new intelligence from operations in Colombia. We need to encourage better collection throughout the region and to exploit such information more effectively in a collective manner.

- Technical Support for and Cooperation on Air Traffic Surveillance and Control: Each country needs better control of its own air space as well as a mechanism for cooperation with each other. In addition, the U.S. needs to be able to pass and receive information, particularly with respect to Colombia, regarding aircraft departing for or returning from drug runs.

- Narco Penetration and Intimidation: While corruption may not be appropriate as a formal agenda item, a frank discussion of the problem and possibilities for combating it are important to making the strategy work. It may be useful to acknowledge that we have problems of our own in order to avoid a sense that we are fingerpointing and lecturing. If we can agree to work together in this area, participants may be more willing to share information freely and frankly, thereby reducing press leaks and public accusations.

- Demand Reduction: We will also want to brief the Core

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Three on our own demand reduction efforts. The Latins have for a long time blamed the U.S. for causing the cocaine problem because of demand in this country. While they have recently backed off such criticism, we will want to show that we recognize their concerns and are responsive. The Core Three are also experiencing increased consumption/addiction in their own countries, and we may usefully discuss this issue in order to inquire how they are doing domestically.

- Follow-On Steps: To provide follow through beyond the summit itself, we may wish to propose subsequent ministerial meetings on an annual or semiannual basis. We might also agree on common themes for the broader drug summit called for in the President's drug strategy. Finally, we may wish to work together on the Special Session of the UN and the Demand Reduction Conference being organized by the UK.

What The Andean Leaders Want

The Andean nations need help in strengthening their economies:

- Budgetary assistance to compensate for loss of income in the underground economy, stemming from successful interdiction and eradication,
- Debt reduction, new money for project financing,
- Assistance in developing alternative crops and markets for them,
- Special trade regime for project financing,
- Special trade regime for textiles, apparel and agricultural goods,
- Colombia, especially, wants a new international coffee agreement,
- Instructions to multilateral development banks to pursue policies which promote an international counternarcotics effort.

While we cannot help in all of these areas or help to the degree desired, we have similar concerns regarding the Andean region. More importantly, we have conducted reviews on various forms of economic assistance and do, in fact, wish to engage the Core Three in this area. We are undertaking several important initiatives to which we will wish to draw attention:

- The economic component of the Andean Strategy (\$725 million for FY 91-94);
- Efforts to gain economic assistance from Summit Seven partners and others, possibly including a high-level (the Vice President) visit to capitals in January;

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- The USTR trade policy initiatives (to be announced shortly);
- Instructions to U.S. representatives to the major development banks to have these institutions review their policies to improve support to programs which support the counternarcotics effort.

We also have underway an internal, State-led, USG review of other economic measures, to include consideration of debt relief.

Finally, while the above agenda may appear broad, our Andean Strategy is likewise. Many of the topics are already being worked, and discussions of them with the Core Three would take place whether or not there was a summit. In fact, to some extent, the Drug Summit in 1990 may be viewed as an opportunity both to affirm our Andean Strategy and to assess how far we have moved forward since its announcement in September. That said, there we will still have plenty of work for the future.

PARTICIPATION

The Core Three are still sorting out their thinking on summit participation. President Barco, however, agreed with the President to seek to limit attendance to the Core Three and the U.S. President Borja agreed at San Jose that Ecuadoran attendance was not necessary. Should Barco be unsuccessful in convincing Garcia and Paz Zamora to limit attendance, we may need to have a fallback position. Fallbacks include adding Venezuela and Ecuador; Mexico, Jamaica, and/or Brazil; and/or an EC or Summit Seven observer (France as the last EC and Summit chairman).

TIMING

While President Barco agreed with the President that a mid-February summit date was acceptable, he noted that the other Presidents might have different views and that we would have to be flexible. In the event that another date is required, we may need a fallback. January is possible, but the State of the Union will create scheduling problems. Early February or late February are probably better.

VENUE

While President Bush agreed in principle to a Cartagena summit site, we will still need a security survey. If the problems appear insurmountable we may need an alternative site. Peru is less safe than Colombia. La Paz, Bolivia, presents an altitude acclimatization problem. Going beyond the Core Three leaves

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only the U.S., unless another country and participant is desirable.

MODALITIES OF COMMUNICATION

In order to influence Core Three views on agenda, participation, venue, and timing, we need to get to them in advance of the November 20 meeting in Santa Cruz. Further discussions with Barco should precede talking to the others. The following options are not mutually exclusive.

Option 1: A/S Aronson Visits the Core Three to lay the groundwork for the summit. (He addresses numerous policy-level agreements necessary for strategic cooperation.

Pros: Personal contact, opportunity for extensive working group discussions.

Cons: Because the visits will be consecutive, it may require further visits to pin down issues of disagreement among the Core Three.

Option 2: On the margins of the OAS General Assembly

Pros: General Assembly meeting will occur in Washington anyway during the week of November 13.

Core Three will participate at the Foreign Minister level.

Allows discussions with all three countries simultaneously.

Cons: Will require additional scheduling arrangements to the General Assembly.

Option 3: Instruct Ambassadors

Pros: Reinforces our network for dealing with host country authorities.

Cons: Taken alone, lacks the impact of a high-level mission from Washington.

Option 4: Presidential Letter

Pros: Demonstrates President's direct interest.

Cons: Taken alone, does not afford timely dialogue or expeditious decision-making.

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- Option 5: Telephone Calls (by the President or Secretary Baker)
- Pros: Demonstrates Washington interest.
-- Facilitates high-level, expeditious decision-making.
- Cons: Taken alone, does not allow time for extended dialogue.

CONTINUING SUMMIT PREPARATIONS

Beyond communicating our views to the Core Three, we will continue our internal deliberations on, and reviews of, issues of relevance to the Drug Summit. This effort will include implementation plans for FY 90 assistance, encouragement of other donors, and efforts to expand economic support with the international financial institutions. As part of the work of the Counternarcotics PCC, we will also assign preparation of briefing and background materials. Where appropriate, we will conduct discussions with the Core Three. We would envision another meeting of the Deputies Committee to review progress in December or in early January depending on the timing of the U.S.-Soviet Summit and the Andean Drug Summit.

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