

PRIME MINISTER

17 October 1986

DRUG ABUSE - RECENT VISIT TO SOUTH AMERICA  
AND INTERNATIONAL UPDATE

We attach a report at Flag A by David Mellor following his trip to South America and my report at Flag B. Then at Flag C there is a short note of recent developments in the USA and in Europe.

The Home Office conclude that:

- vigorous law enforcement could depress the price of coca paid to the campesinos;
  - international knowledge and interest at diplomatic mission level is disappointing and should be improved;
  - while some UNFDAC work is unimpressive, our modest contribution will allow more "leverage" over the project because we are committed to pay in three annual installments;
  - training and advice for law enforcement agencies would be a valuable contribution for us to make;
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- we should use our rôle in Europe to stir up anti-drug action;

- we should impress upon the Americans the need to steer more of their drug programme towards Peru and Ecuador.

To this I add recommendations that:

- the Government puts back the topic of drug abuse on the international agenda for European Heads of Government from which it has slipped;

- more serious thought be given to the economic aspects of the drug production problem in South America;

- we use the triple international financial agencies of the World Bank, the IMF and the Inter-American Development Bank to set realistic anti-drug conditions on lending;

- Britain launch a specific anti-cocaine advertisement campaign to mirror the successful anti-heroin campaign;

- we do not make new funds available to UNEDAC in South America for the time being;

[No: it is already on the agenda of the European Council in December]  
CDP  
17/11



- we agree an overall anti-drug scheme for South America that will specifically address the cross border leakage problem.

From the International Section (Flag C), we recommend European-wide legislation on freezing and confiscation of assets.

*H. Booth*

HARTLEY BOOTH

**E.R.**

CONFIDENTIAL

From the Minister of State

cc Mr Waddington  
Mr Hogg  
Lord Caithness  
Sir Brian Cubbon  
Mr Faulkner  
Mr Bohan  
Mr Nagler  
Mr Hayzelden  
Mr Mower  
Mr Haslam  
Mr Bickham  
Mr Booth (No 10) ✓

Secretary of State

VISIT TO SOUTH AMERICA

I attach a report of the visit I made to South America from 6 - 19 September to develop co-operation on drug problems (Annex A). I visited Bolivia, Peru, Ecuador and Colombia, and also had talks with US officials in Miami on both my outward and return journeys.

Objectives

2. I regard the visit as having proved worthwhile. I set out with six main objectives:

- (i) To obtain a better appreciation of the drugs problem in the region;
- (ii) To assess the nature of the measures already taken by local governments;
- (iii) To encourage the governments concerned to strengthen their efforts against drug production, trafficking and misuse;
- (iv) To determine the allocation of the £1 million contribution which the Home Office is making available to Latin America over the next three years;
- (v) To lay the basis for continuing co-operation between the UK and South American governments on drug matters in the future;
- (vi) In our position both as President of the EC and as Chairman of the Pompidou Group, to emphasise the increasing concern of European governments about the effects of cocaine production and trafficking.

I believe that all these objectives were secured in the course of my visit.

CONFIDENTIAL



Programme

3. We were accorded excellent treatment throughout the visit. In Bolivia, I was received by the President, the three most senior members of the Cabinet and leaders of the Congress working on drug prevention programmes. In Peru I was hosted throughout the visit by the Vice-Minister of the Interior, and also had useful exchanges with the Ministers of the Interior and Justice. In Ecuador and Colombia I had talks with the most senior members of the government. In each country I also met police and army chiefs engaged in the fight against drugs; representatives of the UN Fund for Drug Abuse Control (UNFDAC); representatives from EC embassies; and the US Ambassador and DEA officers. In Bolivia I was taken on a field visit to the traditional coca-growing area of Los Yungas and saw the UNFDAC crop-substitution scheme (which Italy is financing). In Peru I visited the main coca-producing area and took part in a helicopter operation against clandestine airstrips. It was a pity that my proposed visit to the coca-eradication area in Colombia had to be cancelled because of the security risk. I attach a summary of the programme at Annex B.

Background

4. In assessing the South American drugs problem, it is important to take account of a number of significant background factors.

- (i) The countries where coca is cultivated are all comparatively under-developed, particularly Bolivia. Their economies are parlous, they are thinly populated and lack much of the infrastructure (eg roads or communications) needed for effective law enforcement, particularly in the jungle areas.
- (ii) In three of the countries I visited the governments are less than a year old and still getting to grips with the job, whilst Ecuador is virtually paralysed by an opposition majority in Congress: their commitment outstrips their capacity to deliver. Law enforcement resources are limited, and in each country except Bolivia a major priority is to combat subversive guerrilla movements.
- (iii) The scale of coca cultivation is enormous, and expanding fast: in parts of Bolivia it is said to be increasing at 30% per year. I was saddened to see large areas of forest being destroyed by the 'slash and burn' method to create new land for coca, and to see areas where 20 years of coca growth have ruined the soil so that nothing else will



grow. Although it is difficult to be precise about the scale of total cocaine production in South America, I believe 1000 tons would be a reasonable central estimate for this year. (By contrast only about 0.08 tons of cocaine was seized in the UK in 1985).

- (iv) Given the vast profits generated by cocaine trafficking (1 kilo would sell for about £200,000 on the streets of London), the scale of corruption in South America is enormous. In Bolivia a senior police officer has an annual salary of up to \$600; the drug traffickers can easily afford to pay many times that in order to operate with impunity. In Ecuador, the police told us that at least half of the country's judges are corrupt. In addition, the value of coca to the economies of these countries is substantial: a recent Bolivian Senate committee estimates that the cocaine trade is worth more than the country's entire Gross National Product, and the Minister of Interior made it clear that the Bolivian economy cannot function without the inflow of "narco-dollars".

#### Overall assessment

5. This very depressing background gives little ground for optimism about the future, despite the positive action which the individual governments are seeking to take - and each struck me as being more committed than its predecessors. I believe that it is totally unrealistic to expect to halt the cultivation of coca and the processing of cocaine in South America. The scale of the problem, the growing vested interests and the obstacles to effective law enforcement are too great for that. But some useful reductions in supply can be made by law enforcement measures in the producer countries which we are right to support. It can be cost-effective eg. the US support of the Condor programme of enforcement in Peru works out at \$10 per kilo seized. Good value on any view. Furthermore, their governments are often acting with great courage: they need every bit of support we can provide, both moral and material. It is no platitude to say that in the fight against drug trafficking the role of international co-operation is vital. However the visit has reinforced my own view that the most effective way to fight the cocaine problem remains taking domestic measures, both in strengthening law enforcement and deterrents and, more important, in reducing demand by stepping up prevention programmes. But as I say both for political and practical reasons I do not believe we can afford to abandon South America, nor would it be right to do so.



6. It was encouraging to note that only a couple of the Ministers I met sought to blame the drugs problem on the consumer countries. Most acknowledged that they had a responsibility to act, not least because of the devastating effect of the traffickers on their own countries. One of the major menaces of drug trafficking in the region is the growth of alternative power structures which can take root rapidly on the basis of the enormous profits which it generates. The risk is that the drugs barons will make common cause with the guerrilla movements (as is already happening in Colombia) or with a political faction and either immobilise or take over government: at least one recent government in Bolivia was under the control of the traffickers, while one senior Minister in the present government was offered \$500,000 a month not to act against the traffickers. The recent offer by one of Bolivia's major traffickers to pay off the country's entire national debt is well-known. In Colombia the problem is even more urgent as the drug traffickers have almost paralysed the administration of justice, killing some 70 judges in the last five years; the Supreme Court, half of whose members were murdered within the last year, is now virtually incapable of functioning. Furthermore in Colombia US sources indicate that one guerrilla movement (FARC) earns \$100m per annum from offering protection to the traffickers. It is a sinister interaction.

7. These developments are a potent spur to action on the part of the governments concerned. They are also facing increasing domestic pressure as the spillage of cocaine leads to increasing addiction problems within South America. Children are being hooked on products such as cigarettes containing unrefined cocaine paste, while it appears to be a practice of the traffickers increasingly to pay their peasant workers in coca products.

#### Country assessments

8. In three of the countries I visited I was impressed by the action which is now in hand to counter drug production:

- (i) Bolivia for the moment is cracking down on the traffickers through the operations involving the US armed forces. I have publicly welcomed this action which has lowered the price of cocaine below that of alternative crops and led to the temporary disappearance of traffickers, who have been put on the defensive for the first time. One Bolivian Minister described the position of the US troops as that of "hostages" since their departure would negate all the benefits of the recent operations, and it is difficult to see the Bolivians



taking them over effectively.

ii) In Peru the police have had a number of major achievements in their 'Condor' operations, having seized over the last year cocaine that would be worth \$12 billion on the streets of Europe. I saw for myself their professionalism in taking action against illegal airstrips. An account of that operation by the Ambassador is at Annex C. Cratered airstrips can of course be rapidly repaired, and the chances of finding a processing laboratory in the jungle areas are thin, particularly as the traffickers can rapidly move across the river into Brazil (see point (v) below). But I believe that the best way to contain the problem is to keep the traffickers on the defensive by striking where it hurts them most.

(iii) Colombia is in many ways the most advanced of countries in its fight against drug trafficking. It has made major progress in eradicating drug cultivation and has an impressive law enforcement structure. But the various guerrilla movements are a major constraint on the capacity of the law enforcement services to operate in some areas of the country. Current concern about protection for the judiciary is understandable, especially when viewed against the violent back-drop of Colombian society. I was told that in this year alone 200 police officers have been killed and 400 wounded in the fight against drug traffickers.

(iv) In Ecuador I was disappointed that the government has yet to come to terms with the drugs problem, which is of very recent origin and is still of modest dimensions. Many of those I met had an inadequate grasp of the problem and there was an obsession with rhetoric and unrealistic requests for assistance. The tragedy is that Ecuador could rapidly solve its problem if it takes vigorous action on lines that I tried to emphasise, for example, by co-operation between the police and the army to obtain helicopters for action in jungle areas. I was troubled by the obvious gap between rhetoric and action and by the duplication of effort between two different law enforcement agencies responsible to separate Ministers. There is an unmistakable taint of corruption very near the top as well.



- (v) Although I did not visit Brazil, nearly all those to whom I spoke stressed that this country constituted a major weak link. Its upper Amazon region, which adjoins the drug-producing countries I visited, does not appear to be effectively policed, and the Peruvians were gravely concerned about the ease with which traffickers can cross to and from Brazil. Brazil is also a major supplier of the essential chemicals and precursors which the traffickers are obtaining in massive quantities for their illicit laboratories. There is no doubt that when put under pressure in one area the traffickers just slip across a border into another perhaps inevitably more lightly policed piece of jungle and carry on as before.

#### Financial Assistance

9. One of the main purposes of my visit was to determine the allocation of the Home Office £1 million programme for assistance in the region. The main components of this sum had been agreed by MGMT before my visit, and UNFDAC informed accordingly. But I was also able to announce bilateral contributions to meet requests which we had previously received. The decisions we reached regarding the division of this sum were as follows:

#### Bolivia

- (i) A contribution of £600,000 to the UNFDAC law enforcement project in Los Yungas;
- (ii) An offer in principle of up to £50,000 towards the cost of a drug treatment and rehabilitation centre for children in Cochabamba (to which ODA may be willing to contribute);
- (iii) I was also able to announce during my visit the provision of a major new ODA (non-drugs) aid programme for Bolivia totalling some £5 million.

#### Peru

- (i) The cost of repairing a Britten-Norman Islander aircraft which the police had confiscated from drug traffickers but which was

not operational at present (at a cost of about £17,000);

- (ii) The purchase of a second Islander aircraft (probably second-hand, at at cost of about £150,000). The two aircraft would enable the police to transport a complete 'Condor' team of 20 officers on jungle raids in areas too distant for helicopters and inaccessible to larger aircraft;
- (iii) Training in the UK for police and Customs officers (for which Customs may be willing to meet part of the cost).

#### Colombia

- (i) The provision of 2 spectrophotometers for drug analysis (at a cost of about £26,000);
- (ii) The provision of training and advice in the UK in the setting up of security and intelligence systems;
- (iii) I offered to explore the possibility of developing close co-operation between the judicial police and their UK counterparts.

#### Ecuador

- (i) A contribution of £200,000 to the UNFDAC law enforcement project;
- (ii) Training in the UK for medical, nursing and social work professionals (which ODA may be willing to fund);
- (iii) Training of suitable personnel in Ecuador to enable them to set up a training school for sniffer dogs;
- (iv) I also handed over two land rovers for law enforcement operations, for which FCO had provided the funds.



10. I also made it clear that we would be happy to welcome to London several of the most helpful personalities we encountered, notably the Vice Minister of the Interior in Peru (Sr Mantilla), the chief of narcotics police in Peru (Colonel Zarate) and the Minister of the Interior in Colombia (Sr Cepeda). I shall minute you separately regarding my discussions with Sr Cepeda.

### Conclusions

11. Given the massive poverty which exists among the peasant communities, it is certainly not for us to criticise the decision of the "campesinos" to grow coca, especially in the traditional growing areas, such as Los Yungas. When coca can yield ten times the income of an alternative crop, and when it is often the only crop that will grow in some areas, it may be that the only scope for encouraging substitute crops is through effective development programmes of the kind I saw in Pakistan. I was not particularly impressed by the UNFDAC scheme in Los Yungas which aims at discouraging the campesinos from planting any new coca bushes and thus relies on natural wastage over a twenty-year term. The price factor is far more likely to influence the extent of coca cultivation, and it will only be through vigorous law enforcement that we can hope to obtain a lasting reduction in the price paid to the campesino. At least the experience of Peru and Colombia demonstrates that it is possible to take some effective action against coca cultivation and production: in Peru, as I have said, it is estimated that the 'Condor' operations cost \$10 per kilo of cocaine seized: the cost of seizing the same kilo in the UK is substantially higher.

12. In my view it is of the utmost importance to give the governments in the region every encouragement and support for their efforts. Against the problems they face, it takes considerable political courage to develop and sustain vigorous action against the traffickers; but all four countries seem prepared to take that risk. For too long, the region has been viewed exclusively as an American problem and only the US have been prepared to support the efforts of these



countries (with all the political overtones which US support entails in this region). I believe my visit was the first drug-related visit by a European Minister and as such it was greatly welcomed because of the political commitment it entailed. I was disappointed however that my meetings in each capital with other EC ambassadors showed a surprising lack of knowledge and interest in the drugs problem, not only as it affects the countries to which they are accredited but also in terms of what their own governments might be doing to tackle the problem at home.

13. Throughout the visit I was accompanied by our Ambassadors, and I cannot praise too highly the efforts which both they and all their staff made to ensure the success of the visit. I must say that their knowledge of the drugs and broader political scene in the countries to which they were accredited seemed far superior to that of their EC counterparts whom I met. I was also accompanied throughout the visit by a representative of the BBC Today programme, and in Bolivia and Peru by an ITN team. I believe their presence was helpful in encouraging responsible reporting and in publicising the realities of the drug scene in the region and the very real efforts which the governments there are making. I was very heartened by the willingness of many of those I met to talk to the UK media, and by the help given by our embassies in setting up the necessary arrangements.

Follow-up action

14. I am anxious that my visit should be seen as the start of a process of continuing co-operation with the region on drugs matters. We shall therefore be pursuing the following major themes over the coming months:

- (i) Continuing liaison, through UNFDAC and our embassies in the region, over the allocation of the drug-related assistance we have offered. The fact that the contribution to UNFDAC is phased over 3 years will enable us to exert continuing leverage to ensure that objectives built into the projects are met and that the governments meet the obligations imposed by UNFDAC. If it becomes apparent that our contribution is proving particularly cost-effective, I would certainly be prepared to bid for additional Home Office funds for this purpose.
- (ii) We shall be following up the proposals for training and other high-level visits, and give every encouragement and advice to law enforcement efforts in the region.



- (iii) I shall be particularly anxious to encourage greater interest on the part of our European partners. As a minimum the sort of EC drug co-operation group which our Ambassador in La Paz has started should be encouraged in the other capitals of the region. I shall also take the opportunities afforded by the European Parliament, whom I am addressing in early October, and the meeting of Pompidou Group Ministers in January to emphasise the need for EC countries to support the efforts of South American governments, either directly or through UNFDAC. With the exception of Italy, who have provided \$40 million to UNFDAC, their present lack of interest is disappointing, especially when Spain and West Germany for example seized more cocaine than heroin in 1984. I would also hope it may be possible for the Commission to disburse some of its development funds for drug-related projects in South America (although not at the cost of seeking additional budgetary funds for this purpose).
- (iv) When the opportunity arises, I shall seek to impress upon the US State Department the case for their considering making extra funds available for drug enforcement in Latin America. At a time when their overall drugs programme is said to be costing some \$3 billion, it is disappointing that the US Ambassadors in both Peru and Ecuador should have expressed regret to me that their government did not regard those countries as a sufficient priority for major drug-related assistance.

15. In summary, I regard my visit as highly successful in terms of developing an improved understanding of the problems of the region. I am convinced however that the key to containing cocaine production should not be sought in the region itself but in the efforts which the consumer countries make to curb demand, to stop imports and to support the efforts of those law enforcement agencies which have shown themselves to be effective. I have publicly acknowledged that our £1 million is a drop in the ocean in terms of the region's needs, but would hope that our judicious support for a range of activities will yield substantial dividends. More important I would hope to see this as a spur to other European governments. We shall pursue the outstanding points with the utmost vigour over the coming months.



DAVID MELLOR

29 September 1986



**E.R.**

ANNEX A

MR MELLOR'S VISIT TO SOUTH AMERICA, SEPTEMBER 1986  
BOLIVIA, 6-11 SEPTEMBER

On 8 September Mr Mellor and his party made calls on the Bolivian Foreign Minister, Sr Bedregal; the Minister of the Interior, Sr Barthelemy, with Police General Vargas in attendance; the Planning Minister, Sr Sanchez de Lozada; and the US Ambassador in La Paz, Mr Edward Rowell.

2. Sr Bedregal expressed the view that the narcotics problem was essentially one for the consumer countries. While assuring Mr Mellor of the Bolivian Government's will to tackle the problem, he saw it as one which was called into existence and continued simply as a result of the demand for cocaine by the industrialised world. He spoke of the need for a global strategy to counter the trade and welcomed the proposal for a UN Conference on drugs (of which it is understood that he will be the Latin American candidate for Chairman): world governments should, he suggested, be working towards the formulation of a strategy for this conference. Mr Mellor, however, preferred to emphasise the need for immediate action with clear and realistic aims not tied to any particular theoretical account of the position of the kind that Sr Bedregal appeared to have in mind. This was indeed the kind of project for which the UK had allocated £600,000 for drug work in Bolivia. Sr Bedregal, however, appeared unimpressed by this contribution, and invited the UK government to allocate much greater funds in aid to his country.

3. Sr Barthelemy, in the course of a full briefing on the drugs position in Bolivia, made it clear that he took a more subtle view of the supply/demand equation than his colleague: abundant supplies, he recognised, could of themselves create or increase demand for drugs in consumer countries. His Ministry was preparing a three year plan designed to reduce cocaine production to its traditional, legitimate, levels: this would include action on cocaine cultivation, its conversion to paste, tracing precursor chemicals, and a squeeze on the distribution of illicit cocaine at home and abroad. In his view the key to success lay in driving down the price of cocaine to the point at which it was no longer attractive to the cultivator: but this, as he recognised entailed finding some alternative crop which might in favourable conditions prove more attractive. He welcomed the UK commitment to UNFODAC's law enforcement project in Las Yungas, which was targetted on some of the most serious weaknesses in Bolivia's law enforcement efforts - a point confirmed by General Vargas.

4. Replying to Sr Barthelemy, Mr Mellor said that, while he recognised that the UK's financial contribution was limited, it could prove to be the precursor of a greater commitment if it were demonstrated that the projects supported were properly managed and achieving their objectives. He congratulated Sr Barthelemy, as he had Sr Bedregal, on the clear commitment made by the Bolivian government against the drug traffickers by their decision to allow the Americans to deploy troops in their country. That courageous decision would itself make it easier for Britain and its partners to make available more aid in the future.

5. Sr Barthelemy raised two further points on international co-operation. The first concerned the tracing of precursor chemicals used in cocaine manufacture: large quantities of acetone, ether, and sulphuric acid had to be imported for the purpose. Exporting countries should record the destinations of large consignments of those substances and make the information available to other governments. Similarly greater co-operation among governments in the investigation of the wealth of drug traffickers was urgently required. Mr Mellor confirmed that the promotion of such arrangements was an object of UK policy, and that a draft of a UN Treaty committing signatories to establish them was now being circulated.



**E.R.**

6. The Planning Minister - who is in effect the Minister responsible for the economy - gave a colloquial and penetrating account of the drug situation in his country. Unlike Sr Bedregal he saw bilateral rather than multilateral aid as the most effective approach. He advocated the channelling of aid into an Emergency Social Fund which would provide credit for the private sector where none was now available and, in the longer term, projects for the removal of population from the overcrowded drug producing areas to the underinhabited and fertile districts elsewhere in the country. At the same time he acknowledged that a strong law enforcement effort aimed at interdiction of the cocaine trade was necessary. The Americans involved in Operation Blast Furnace, he observed, were virtually hostages: they could not withdraw from the country without providing adequate substitutes, or their Government would forfeit a good deal of credibility.

7. Ambassador Rowell, accompanied by Frank Macolini of the DEA, gave a briefing on American policy with regard to the Bolivian drug trade, and in particular on the progress and prospects of Operation Blast Furnace. His account was, not unexpectedly, optimistic. In his view the US action had paralysed the cocaine market, forcing prices down to an uneconomic \$15 per kilo. The operation had been freely agreed to by President Paz, whose Government was now widely regarded in Congress and elsewhere as genuinely committed to destroying the illegal drugs trade. At the same time he acknowledged the internal difficulties which the operation had caused for Paz, and recognised that the Bolivians were unlikely to wish to see it continue for much longer than the current 60 days in its present form. Statements of support from European Governments would of course be very welcome. So far as the future was concerned, the Ambassador could foresee one alarming development if the trade were not quickly brought under control. By 1985 many campesinos were not just growing cocaine but also turning it into paste. He thought it possible that many campesinos would shortly go one stage further and convert the paste to base, thus making the task of interdiction virtually impossible.

8. On 9-10 September Mr Mellor and his party visited the coca-growing area of Las Yungas, north-east of La Paz. The group spent an afternoon travelling on the roads between Coroico and Coripata, and saw extensive cultivation of the cocaine plant. Figures supplied by UNFDAC indicate that even in this traditional coca-growing area the land under coca cultivation had increased from 4,100 hectares in 1977 to 28,000 in 1985. Plenty of evidence was also seen of the barren condition in which coca cultivation leaves the soil.

9. The opportunity was taken to visit the UNFDAC project based at Coroico, and funded by the Italian Government. The aim of the project is to promote the rural economy of the Yungas and by doing so to induce the campesinos to pledge to grow no further cocaine. Since, however, the lifetime of the coca plant is 25 years the project would take that long to achieve an end to coca-growing in its chosen area. Mr Mellor's view was that, however admirable in terms of rural development (a matter on which he left judgment to others), it simply was not credible as an exercise in drug eradication. At the very least, he felt, there should be some commitment on the part of the campesino to eradicate a proportion of their existing plants. The project managers readily recognised that schemes of this kind could achieve relatively little unless accompanied by a strong law enforcement effort. They had deliberately avoided establishing their project at Coripato in the heart of the Yungas coca-growing region precisely because they felt that nothing could be achieved there. Mr Mellor was frankly disappointed at what he had seen and heard, particularly when set against his enthusiasm for the UNFDAC project at Buner, Pakistan. He concluded that support for this or any similarly-run project would not be a justifiable use for UK Anti-Drug funds.



**E.R.**

10. On returning to La Paz on 10 September, Mr Mellor had a short, relatively formal, meeting with leading members of the Senate. In a brief speech, which was well received, he emphasised the common danger which drugs posed to Bolivia and the UK, the importance of finding alternatives to coca for the campesinos, and his admiration of the Bolivian government for its willingness to co-operate with the Americans in law enforcement.

11. Mr Mellor then met President Paz for half an hour: the Interior and Agriculture Ministers were also present. Again Mr Mellor made clear his high regard for the determination of the Bolivians to attack the drugs trade, as evidenced by their readiness to agree to the involvement of US forces: he drew an analogy with the British decision to co-operate with the American action against Libya. He undertook to make this point forcibly when he addressed the European Parliament on drugs next month. The President indicated that he was likely to accept the American offer to continue the operation for 60 days, but that it would certainly last no longer than that. He spoke of the serious nature of the drugs problem, and welcomed the announcement that £600,000 would be made available for anti-drugs work in his country: he looked forward to further co-operation between the United Kingdom and Bolivia in tackling this problem.

12. In a short meeting with the Bolivian press after his interview with the President, Mr Mellor publicly affirmed his support for the joint operation with the Americans and announced the £600,000 aid programme. Both items were prominently reported in the Bolivian press.

PERU, 11-15 SEPTEMBER

13. On the afternoon of his arrival in Lima Mr Mellor called on Sr Mantilla, Vice-Minister of the Interior, who was accompanied by Col Zarate of DIPOD (the drugs section of the Guardia Civil) and Sr Vargas of DINTID (the plain clothes drug investigation police). Sr Mantilla welcomed Mr Mellor and his party, and said that the Government of President Garcia had made a clear political commitment to solve Peru's drug problem: such a commitment had not previously existed. Mr Mellor congratulated the Vice-Minister on that commitment, and looked forward to greater co-operation between Britain and Peru against the drug trade.

14. Colonel Zarate then gave an impressive presentation on the drug trade in Peru and the 'Condor' operations undertaken against it by DIPOD; the presentation was continued next morning at his own headquarters. Among many interesting points to emerge was the difference between the effect of coca production in Bolivia and Peru: in Peru the coca plant grows much taller and the soil can be cultivated again four years after the death of the plant (some citrus cultivation is indeed possible earlier). Also in contrast to Bolivia, coca cultivation is permitted in Peru only to registered growers in 'traditional' areas, and then no more than 5 hectares. In 1984, however, this legal production of coca leaves amounted to no more than about 10,000 hectares out of a total of some 35,000. Against this background DIPOD's 'Condor' operations had achieved several successes which, if small-scale compared with the total size of the problem, were nonetheless notable. 163 illicit landing strips had so far been identified and destroyed (though it was admitted that they could relatively easily be brought back into use), large quantities of cocaine and precursor chemicals seized, and 63 important arrests made.



**E.R.**

15. Col. Zarate mentioned that a British-made Britten Norman Islander 10-seater plane had been seized from the traffickers and had proved extremely useful until it had to be grounded for lack of spare parts. In view of the favourable impression he had formed of Colonel Zarate's integrity and determination, (an impression which was confirmed by the opinions of the drug liaison officers based at Lima and the American Charge d'affaires), Mr Mellor decided that the acquisition of another such plane, and of the spares needed for the first, would be the most appropriate form of drug-related aid which Britain could supply to Peru. He announced this decision, which was very well received, to Interior Minister Salinas at a reception held by the British Ambassador on 12 September.

16. By contrast, the rival police organization, DINTID, failed to give a good account of itself. The presentation given at its headquarters on 12 September dwelt on lack of resources rather than achievements. Widely acknowledged to be extremely corrupt, DINTID did not strike Mr Mellor as a reliable instrument in the fight against the drug trade.

17. On 12 September Mr Mellor held a meeting with Sr Carlos Blancas, Minister of Justice, whose responsibilities include the prevention of drug abuse. Sr Blancas said that the consumption, as apposed to production and storage, of cocaine in his country was not yet a major problem (although the American Charge d'affaires later suggested the nationalist feeling led Blancas, who otherwise impressed us as honest and open-minded, to play down the problem). He believed the main difficulty to lie in law enforcement and not in the legislative provisions for which he had responsibility: he was, however, very interested in Mr Mellor's exposition of the new British arrangements for confiscation of the assets of drug traffickers and criminalisation of the laundering of such assets. He acknowledged that Peru had not gone so far in this direction, and welcomed Mr Mellor's offer of a detailed note on the subject. Sr Blancas mentioned the publicity campaign recently launched by the Peruvian Government against drug abuse. He was well aware of the danger of such campaigns being seen by their audience simply as government propaganda; the Peruvians had sought to avoid this by using peer groups - whether church, youth, or student organisations - as the cornerstones of the campaign. Again, Sr Blancas welcomed Mr Mellor's offer to let him see the results of the British market research on this subject.

18. At the Ambassador's suggestion Mr Mellor raised the subject of repatriation of prisoners. He hoped that the proposals for a treaty between the UK and Peru could be taken forward speedily as an earnest of the friendship between the two countries. He also mentioned the particular case of Alan Groves, whose parole conditions do not allow him to leave Peru despite his mental illness, and asked that he be allowed to return to the UK where a place in hospital was available. Sr Blancas said that he too looked forward to an early treaty, on the basis that the receiving country took an equally serious view of the offence in question as the transferring country. He undertook to look personally at the representations made on behalf of Mr Groves.

19. Later in the day Mr Mellor saw the US Charge d'Affaires in Lima, John Youell, together with DEA agent Peter Rieff. The Americans put forward an extremely gloomy view of Peru's prospects. While the new Government might not be as corrupt as was that of President Belaunde, virtually the whole of Peruvian officialdom was based on the payoff: the ordinary Peruvian considered the whole system deeply unjust. Indeed, honesty could be a positive bar to advancement, as Colonel Zarate appeared to prove. No long-term solution to the drug problem could be expected from this material.



**E.R.**

20. Mr Mellor said that, while he had been impressed by what he had learned of the Condor operations, he was increasingly troubled by the lack of any law enforcement on the Brazilian side of the border: traffickers could simply slip across until the heat was off. Mr Rieff confirmed this impression, and added that precursor chemicals for cocaine production were completely uncontrolled in that country. But it was not the case that law enforcement was impossible in the region, since the rivers offered 'choke points' at which all cargoes moving towards the area of illegal production could be monitored. In Mr Mellor's view some diplomatic pressure might usefully be applied to the Brazilian Government on this subject.

21. While in Peru Mr Mellor twice met the Interior Minister, Sr Abal Salinas, socially, and was able to exchange views with him. He also launched with the drug liaison officers based in Lima and had a meeting with the EC Ambassadors there. Others are in a better position than I am to record any impressions arising from Mr Mellor's visit to the Tingo Maria area.

ECUADOR, 15-17 SEPTEMBER

22. On arriving in Quito on 15 September Mr Mellor had a briefing at the Residence from Colonel Montesinos, the President's Assistant on drugs matters, supported by Colonel Zumarraga of the National Police. Col Montesinos gave assurances about the seriousness with which the problem was treated in Ecuador. The country, traditionally only a staging post for the drugs trade, had now become a producer. There were already signs that any money was corrupting politicians and judges. But President Febres Cordero had in 1984 declared his country's total commitment to the attack on drugs.

23. Col. Zumarraga outlined some of the anti-drug operations undertaken by the police: such operations were currently taking place in the north-east of the country. 560 hectares of coca had been destroyed since August 1984. A number of clandestine airships had been identified in that part of the country. Twelve of those were currently being studied with a view to determining whether they were used solely for narcotics trafficking. Mr Mellor expressed some concern that the airstrip remained functional while this process of investigation was continuing: he felt, at the risk of dispensing rough justice, peremptory action should be taken against airstrip which appeared to be put to illegal use. Col. Zumarraga mentioned that, although there were no legal restrictions on transactions involving precursor chemicals the President had in fact authorised their seizure by the exercise of his executive power. This seemed on the fact of it to be an example of the kind of rough justice which Mr Mellor had in mind.

24. A long series of meetings in Quito on the afternoon of 15 September began with a visit to the Headquarters of the Customs Police. The Commanding Officer, Col Lopez, however, appeared to be poorly briefed. He spoke of the seizures of drugs and precursor chemicals at the borders, and of the relative lack of resources available to his organization; but he was unable to point to any new developments in policing techniques brought about by the greatly increased size of Ecuador's drugs problem.

25. The next visit was to Col Luis Suarez, National Police Commander, whose organization covers the whole country. Col Suarez described the operations carried out by his forces and the scale of the drug problem in Ecuador: he identified the Oriente area of the centre of drugs trafficking in Ecuador, though he believed that as yet it lacked large-scale processing facilities. Drug abuse was, however, most common in the Guayaquil area, where a good deal of basuco (crack) was consumed. Col. Suarez said that, if the UK were considering providing assistance, a helicopter would be extremely useful in jungle operations; help with the training of sniffer dogs and their handlers

/... would



## E.R.

would also be invaluable. Mr Mellor thanked the Colonel for the briefing and outlined some of the assistance which would be made available by the UK; but he said that he was a little concerned at the lack of urgency with which the problem appeared to be viewed in Ecuador.

26. This theme was continued when Mr Mellor called upon the Minister of Foreign Affairs, Dr Teran. He paid tribute to Ecuador's civilised traditions, but expressed his fear that that very quality might inhibit the determined efforts which needed to be made if the narcotics trade were not to corrupt the country altogether. Dr Teran responded that he too was worried about the problem; indeed he considered it to be connected with the subversive activities of the Nicaragua government throughout the region. Effective enforcement, however, was an expensive business, and more resources were required. Mr Mellor suggested that one way forward would be improved co-operation between the police and the army, who did not lack the equipment necessary for intensive law enforcement operations.

27. Mr Mellor next called upon the Interior Minister, Sr Robles, who emphasised the Government's determination to crack down on drug trafficking and its willingness to co-operate with international partners in order to do so. But Sr Robles acknowledged that some legislative changes (for instance, on the laundering of assets) might be necessary, and that the division of responsibility between the National Police and the anti-drug agency DINACTIE might require scrutiny.

28. Finally on 15 September Mr Mellor called on the Procurator-General, Sr Maldonado. The Procurator-General indulged himself in a frankly tedious ramble about the Ecuadorian constitution, emphasising the importance of his own post and the DINACTIE for which he was responsible. He referred obliquely to the corruption which had made necessary a complete restructuring of DINACTIE: the process of selection of new agents to replace those ousted earlier in the year was now well-advanced.

29. On the morning of 16 September Mr Mellor and his party visited the port of Guayaquil. His first call was on the city's Interpol Office. The Colonel in charge told him of the drug problem in the city: cocaine use was growing among all social groups. Law enforcement successes had taken place as a result of surveillance of drug-traffickers; but bribery of judges was proving an effective means of escaping conviction. The relative ineffectiveness of the judicial process was illustrated when Mr Mellor visited the Guayaquil offices of the Procurator-General. Of 2253 drug-related prosecutions initiated between 1970 and 1986, no fewer than 1038 had run into the sand for various reasons. Several important figures had been indicated, but as yet no one above the middle levels of the Guayaquil drug organizations had been convicted. Finally, a short briefing on the work of the Customs Police took place in a refrigerated container in the port of Guayaquil: no new points of substance emerged.

30. Returning to Quito that afternoon, Mr Mellor signed the documents relating to the gift of two Land Rovers to the National Police at a ceremony at the Procurator-General's office. Representatives of a number of organizations made short presentations requesting aid from the UK. DINACTIE requested helicopters for operations in rough terrain; laboratory equipment for the detection of cocaine and other substances; and a computer to be used for information retrieval. The Ministry of Health requested training for 20 social workers and psychologists involved in the development of treatment and rehabilitation services for drug addicts. The Institute of Hygiene similarly sought help in the training of personnel involved in rehabilitative work. Mr Mellor rehearsed the assistance which the UK had pledged to make available. He made clear, however, that he could hold out no hope of the provision of helicopters: the army already had such



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machines, and it should be possible for DINACTION to reach agreement for that use in anti drug operations as their counterparts in Peru had done. But he was very willing that the prospects of UK aid on the treatment and rehabilitation side should be explored, and he publicly invited the representatives of the Ministry of Health and the Institute of Hygiene to call on HM Ambassador to discuss their requirements with him.

31. I was not present at the working breakfast which Mr Mellor held with the US Ambassador on 17 September, or the informal meeting which he held later in the morning with the EC heads of mission in Quito.

COLOMBIA 17-19 SEPTEMBER

32. It had originally been intended that while in Colombia Mr Mellor and his party would be the guests of the National Police on a visit to a coca-growing area in the south of the country. A sudden deterioration in the security situation made this impossible: the Police offered in its place a visit to a marijuana-growing region near the Caribbean coast, but Mr Mellor took the view that such a visit would be peripheral to his main concerns and would not be a worthwhile use of time. To avoid giving offence, however, his decision to leave the country a day earlier than planned was explained, on the Ambassador's advice, as the result of pressure of work arising from his recent promotion.

33. A long series of meetings took place on 18 September in Bogota. The first call was to the office of the Procurator-General of the Judicial Police. Dr Ortega, the deputy Procurator-General, outlined the functions of the judicial police: its total staff was less than 120 and it carried out investigations in parallel with the National Police: this provided a check against infiltration by the drug traffickers. Fixed units operated in all major cities and ports, and a mobile team operated from Bogota. His colleague Dr Quimbay said that, while the National Police tended to concentrate on the flow of drugs from Bolivia to the US, the Judicial Police was seriously concerned at the increasing Colombian drugs exported to Europe (this may explain why the US embassy had relatively little knowledge of the Judicial Police). The Judicial Police had therefore established close links with the West German police, where Frankfurt was a major entrepot, and would very much like to establish similar co-operation with Britain. Mr Mellor undertook that this proposal would be carefully examined.

34. Dr Ortega also outlined the functions of the National Drugs Council, the group of Senior Ministers and policemen which took all important decisions on drugs questions, on the sides of both supply and demand. Meetings had been interrupted because of the change of government, but would in future take place fortnightly. Mr Mellor took the opportunity of pressing for the release of the British ship Eileen M, impounded when drugs had been found on board even though there was no suggestion of complicity on the part of the owners. Dr Ortega undertook to ensure that the British point of view was put when the Council met later in morning.

35. Mr Mellor then called on Sr Cepeda, Minister of the Interior. Sr Cepeda discussed the formidable difficulties faced by the Colombian authorities in administering justice. The appalling problem of intimidation of judges and witnesses was compounded by the Government's inability to establish adequate legislative provisions to deal with its security difficulties, since these were liable to be declared unconstitutional by the Supreme Court. He also believed that the Colombian police needed better expertise in intelligence techniques. One answer to these serious difficulties, he

/... suggested



**E.R.**

suggested, might lie in making drug trafficking an international crime; by this he appeared to mean not only introducing the kind of international co-operative measures envisaged in the draft UN Convention, but also the establishment of an international court to try drug traffickers.

36. Mr Mellor congratulated Sr Cepeda on the determined efforts made by his Government. The British Government fully accepted that difficult security problems, of the kind experienced in Northern Ireland, made special police and judicial arrangements necessary, and Mr Mellor regretted the difficulties experienced by the the Colombian Government in making the legal provision it considered requisite. He believed, however, that Britain could help in the acquisition of intelligence skills. He invited Sr Cepeda to come to London for discussions with the Home Secretary and himself about the kind of help which could be provided. If Sr Cepeda were unable to come the British Government would still be delighted to receive a team of officials for similar discussions. He undertook that this invitation would be confirmed in writing.

37. Mr Mellor then saw a presentation on the work being done by UNFDAC in collaboration with Colombian organizations dedicated to the fight against the drugs trade. The work on prevention being done under the auspices of UNFDAC and the Colombian Family Welfare organization ICBF was impressive. It involved three tiers of training with the ultimate aim of ensuring that large numbers of ordinary people all over Colombia were able to influence their friends and families against the consumption of narcotics. At the same time the Colombian television advertisements against 'basuco' (crack) showed a sophisticated approach to the problem in its attempt to promote peer group pressure against acceptance of the drug. The technique differed, however, in some important respects from that adopted in Britain, and Mr Mellor undertook to send out material on the British advertising campaign.

38. Herr Hugo of UNFDAC also drew Mr Mellor's attention to UNFDAC's proposal for a project designed to improve the security of Colombian judges. Mr Mellor was of course unable to pledge funds to this project on the spot, but he assured Herr Hugo (in a reference to his conversation with Sr Cepeda) that the UK Government would be considering urgently how it could best assist the administration of justice in Colombia.

39. The final call of the morning was upon Dr Suescun, the Minister of Justice, who subsequently hosted a lunch in Mr Mellor's honour. Dr Suescun also took the view that intimidation was at the root of Colombia's difficulties with enforcement of the law against drug traffickers: he hoped that improved police protection could help to alleviate the problem. He greatly welcomed Mr Mellor's offer of help in the provision of equipment for forensic science: Mr Mellor told him that any detailed list of requirements would be considered most sympathetically.

40. Mr Mellor also raised with Dr Suescun the cases of the Eileen M (see paragraph 34 above) and of John Lightbown, a British citizen detained in Colombia pending trial on drugs charges despite an earlier acquittal by a court martial. Dr Suescun said that further information was required by the authorities before the Eileen M could be released: he acknowledged that the case had been subject to unfortunate delays. Mr Mellor said that he would be most grateful for any progress. So far as John Lightbown was concerned, Dr Suescun said that he had no power to give directions for release. He undertook however to speak immediately to the Procurator-General, who would commission a report on the circumstances which had led to the order for a retrial.

/... Mr Mellor



**E.R.**

Mr Mellor, while making clear that he held no brief for British criminals, pressed for this to be done quickly: he warned that, if raised in Parliament, this case, which did not show Comombian justice in a good light, could seriously damage the otherwise excellent relations between the two countries.

41. In the afternoon Mr Mellor visited the headquarters of the National Police, where he met the Commanding Officer, General Medina. Mr Mellor commended the Police for their determined efforts against the drugs trade in the face of appalling violence, and thanked them for their willing co-operation with the British drug liaison officers. General Medina said that the attacks on his men had only strengthened their resolve, and promised continued collaboration with the liaison officers. Because of other pressing business, I was unable to be present for the whole of the subsequent presentation by Colonel Vargas, which focussed upon the extensive international contacts of the National Police.

42. Finally Mr Mellor visited the US Embassy for a briefing by staff there concerned with the drugs problem. The Deputy Chief of Mission said that this was the most important item in America's relations with Colombia. The Colombian government had been consistently co-operative in efforts to stifle the trade, and were genuinely determined that the traffickers should not take over the country. Other staff members fleshed out the picture. Coca cultivation had begun in Colombia in the late 1970's, and the 15,000 - odd hectares under cultivation made it third to Peru and Bolivia. Plans were now in hand for a programme of eradication with the herbicide garlon-4. At the same time the DEA in Colombia made efforts to identify laboratories and illegal airstrips (350 so far known), passing the information on to their Colombian contacts. The situation however seemed to be deteriorating: the reduction in the amount of cocaine seized in Colombia since 1984's peak of 36 tons reflected enforcement difficulties, not reduced production. No major drug trafficker was at present in prison in Colombia. Nonetheless the Americans hoped that the 1982 Extradition Treaty might remove pressure from the lower courts, admittedly at the risk of placing it on the shoulders of the Supreme Court. Eight extradition requests were currently pending, but only two or three of the subjects were in custody. Mr Mellor said that he could not share even this limited optimism about the Treaty's efficacy. He commended the great efforts being made by the Americans in Colombia, but warned that they should not be impatient for quick success. The problem admitted of no easy solutions.

J B DUKE-EVANS  
Private Secretary

September 1986



## MR MELLOR'S VISIT TO LATIN AMERICA: PROGRAMME

September

Friday 5            1425            Depart Heathrow on BA217 for Washington (Dulles)

1735            Arrive Washington

Saturday 6        0845            Depart Washington (National) on EA195 for Miami

1100            Arrive Miami for DEA briefing

1335            Depart Miami on EA987 for La Paz

2125            Arrive La Paz

## BOLIVIA

Sunday 7                            Briefing by British Embassy on Lake Titicaca

Monday 8           0930            Meeting with Minister of Foreign Affairs Bedregal

1030            Meeting with Minister of Interior Barthelemy and  
Chief of Police

Lunch           EC Ambassadors

1500            Meeting with Minister for Planning and Co-ordination

1600            Briefing by US Ambassador and staff

1930            Ambassador's reception to meet influential Bolivians

Tuesday 9        am            Depart by car for Los Yungas

pm            Visit to UNFDAC programme  
Overnight stay in Los Yungas

Wednesday 10    am            Visit coca growing areas of Los Yungas

1300            Return to La Paz

1500            Visit to Congress to meet Senate Committee on drugs  
and members of Congress

1700            Call on President Paz

1800            Meeting with Embassy staff

2000            Dinner hosted by Minister of Interior



**E.R.**

Thursday 11 1100 Depart La Paz on LB918

PERU

1135 Arrive Lima

1300 Briefing lunch at Residence

1530 Meeting with Vice-Minister of the Interior, Mantilla, Commanding General of Peruvian Police forces, and other officials and police chiefs

2000 Dinner hosted by Minister of Interior Salinas

Friday 12 0930 Call on Minister of Justice Blancas

1030 Call on Guardia Civil Narcotics Unit (DIPOD)

1200 Visit to Peru Investigation Police Narcotics Division (DINTID)

1300 Lunch with European drugs liaison officers

1500 Meeting with EC Heads of Mission

1630 Meeting with US Charge d'Affaires and staff

2000 Ambassador's reception for prominent Peruvians

Saturday 13 Field trip to Tingo Maria  
Overnight stay at Hotel Turistas

Sunday 14 am Continue field trip

1300 Return to Lima

1830 Drinks at Residence with British press

Monday 15 0725 Depart Lima on LH513

ECUADOR

0925 Arrive Quito

1030 Briefing at Residence by Ecuador police chiefs

1230 Lunch at Residence

1430 Visit Commander of Military Customs Police, Colonel Lopez

1515 Visit Commander of National Police, General Suarez



**E.R.**

1600 Visit Minister of Foreign Affairs, Dr Teran  
1645 Visit Minister of Interior Robles  
1730 Visit Procurator-General, Dr Maldonado  
2000 Buffet supper at Residence with prominent Ecuadoreans

Tuesday 16 0815 Depart Quito on EH99  
0845 Arrive Guayaquil  
0900 Visit Interpol Guayas office  
1000 Visit Procurator-General  
1100 Visit Military Customs at Puerto Maritimo  
1230 Rest at hotel  
1400 Depart Guayaquil  
1430 Arrive Quito  
1500 Lunch at Residence  
1700 Meeting with Procurator-General and presentation of national plan  
1800 Presentation of 2 landrovers to Procurator-General  
2030 Dinner hosted by Procurator-General

Wednesday 17 0900 Breakfast with US Ambassador  
1130 Coffee with EC Heads of Mission  
1230 Lunch at Residence  
1400 Depart Quito on AV074

COLOMBIA

1520 Arrive Bogota  
1730 Briefing at Residence  
2030 Dinner given by Ambassador

Thursday 18 0800 Visit Procurador Delegado para la Policia Judicial  
0915 Visit Minister of the Interior, Dr Cepeda  
1030 Call on UNFDAC representative at the Drugs Information Centre



**E.R.**

	1145	Visit Minister of Justice, Dr Suescun
	1230	Lunch hosted by Minister of Justice
	1500	Visit Director General of Police, General Medina, for police presentation
	1620	Call on US Ambassador followed by briefing by Embassy staff
	1930	Supper for Minister at Residence
	2030	Fund-raising concert at Residence
Friday 19	1000	Depart Bogota on EA976
	1425	Arrive Miami DEA briefing in airport lounge
	1800	Depart Miami on Pan Am flight
Saturday 20	0740	Arrive Heathrow





cc Mr Nagler  
Mr Cook  
Mr Denvir  
Mr Haslam

BRITISH EMBASSY,  
LIMA.

17 September 1986

P Lever Esq  
U N Department  
F C O

*From Paul*

MR MELLOR'S FIELD TRIP

1. In my telegram No 303 I gave a brief account of Mr Mellor's visit to Peru from 11 - 15 September. I thought you might be interested by this slightly fuller account of his field trip to the Upper Huallaga Valley, now the main coca-growing area in the country. Mr Mellor's Private Secretary, John Duke-Evans, had to be left behind because there was no space in the aircraft, which is why I am filling the gap with this report of my own.
2. Mr Mellor and his party, accompanied by Vice-Minister Mantilla, several senior police officers and myself, set out from Lima on the morning of Saturday 13 September in a Twin Otter aircraft for Tingo Maria, the district capital of the Huallaga Valley area. Mr Mellor's UK press party followed in a small Cessna (captured earlier from the drug traffickers). They only crossed the Andes with the greatest difficulty and were considerably shaken by their experience. This did not, however, prevent them from giving full coverage to the Minister during the field trip.
3. On arrival in Tingo Maria we transferred to two Air Force helicopters and spent the next few hours flying north along the Huallaga Valley in search of clandestine air strips. We sighted half a dozen strips that had already been cratered in previous police raids and two more that appeared to be in perfect condition. After the first helicopter, containing a small detachment of heavily armed police from the crack "Condor" unit, had landed its passengers to do a quick sweep through the surrounding jungle, we landed ourselves and spent some time on the ground while the police dug holes in the airstrips into which they inserted large quantities of gelignite. They subsequently blew these up with some danger to life and limb - one of the ITN Team was hit on the head by a falling rock!
4. On one of the two intact strips there were clear signs that a drug smuggler's aircraft had landed there a few hours previously. The other strip had obviously been prepared for an imminent landing. Colonel Zárate, the admirable head of the Peruvian drug police who was in charge of the operation, admitted that a day or two

/after



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after the helicopters had left peasants would emerge from the jungle and fill in the craters again but he claimed that the effort of cratering them was well worthwhile since it disrupted the drug smugglers' schedules (eg an aircraft might turn up next day, find it was unable to land and would be obliged to return to where it had come from). In his view, the most effective way to fight the drug smugglers was by continual and unexpected operations of this kind that hit at their communications, supply lines and processing laboratories. This of course, is the rationale for Mr Mellor's decision to offer the Peruvians a Britten-Norman Islander aircraft.

5. In the course of this operation we flew over a large area of jungle adjoining the Huallaga River. We were amazed to see on all sides, and stretching to the far horizon, innumerable small plantations of coca all growing in neat, straight lines, and large areas of jungle that had been cut down and burnt in preparation for the planting of fresh coca bushes. The scale on which this is being carried out - and this is only one of four coca growing areas in the country - is breath-taking.

6. The size of the problem has certainly shaken the drugs police also! Zárate told me that the police had given up arresting peasants for growing coca because there were too many of them and it was simply not worth the trouble. They were now only interested in the bigger fish and had arrested 63 of these since the Condor Operations had begun but he was not sanguine that any would be brought to trial. There was so much money involved, he said, that they would probably all bribe the judge, buy their way out of prison, etc. For this reason he had decided that with the limited resources at his disposal the Condor Operation's best tactic was to strike at the processing side of the coca problem.

*Yours ever*

A handwritten signature in dark ink, appearing to read 'John Shakespeare', written in a cursive style.

J W R Shakespeare

cc to:

✓ PS/Mr David Mellor MP Home Office  
P McLean Esq SAMD FCO  
HM Ambassadors at

La Paz  
Quito  
Bogota

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PRIME MINISTER

15 October 1986

REPORT OF POLICY UNIT ON THE COCAINE THREAT  
FROM SOUTH AMERICA, FOLLOWING VISIT IN SEPTEMBER 1986

1. Objective and Rationale of Visit

- Fact finding - While Britain does receive CIA intelligence, it is also known that different agencies produce differing figures, hence the aim to check the range of evidence. The various guesstimates were nowhere more unreliable than in Bolivia - the US Drugs Enforcement Administration informed Congress last year that the cocaine production there was only 67 tons while the Bolivia Government's own admission was in excess of 580 tons!
  
- "Showing concern" - The tacit political purpose of the Home Office initiative.
  
- Further and wider research - I aimed to focus on any stone the Home Office did not have the time or the inclination to look under. This has in particular involved me in discussing the wider economic considerations with representatives of the World Bank, the IMF and the Bank of England.

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2. Cocaine Chronology Chemistry and Price Rise

(Starting in Producer Countries, Bolivia and Peru)

1 ton of coca leaves (Bolivia, Peru)(worth)\$600

[The financial incentive on the farmer is both the high value of the crop - \$2000 per acre for low labour input and comparatively high income to him - a small farmer in Bolivia would earn \$200 per year, a senior policeman \$600 per year and a miner \$800, but a coca farmer could earn \$10,000 per year.]

THIS TON PRODUCES

10 kilos of basic coca paste (worth) \$10-25,000

[Ether, kerosene or acetone is used on the crushed leaves.]

THIS 10 KILOS PRODUCES



3.3 kilos of washed paste (worth) \$15-30,000

[This is produced by adding Potassium Permanganate. Filtrate and spin dry then dry under lamps and mix with ammonia.]

THIS 3.3 KILOS PRODUCES

3.3 kilos of Cocaine Hydrochloride (worth) \$260,000 wholesale  
 OR \$2.5m (US street value, ie \$800,000 per kilo)  
 OR £750,000 (UK street value, ie £200,000 per kilo)

### 3. The Scale of the Problem

Bolivia: Has between 200 and 300,000 hectares under cultivation, of which only 18,000 hectares is licit. This produces possibly 150-200,000 tons of coca leaf and 250-400 tons of cocaine. The economy benefits from possibly \$3-4 billion per annum from the illicit trade. It is said the

Footnote Chemicals seized in Ecuador indicate a wide variety used as alternatives in the refining process.



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- 4 -

20 Barons are known and cannot be arrested. One of them recently offered to pay off the national debt of \$6 billion. Most 'Narco' money is banked and laundered out of Bolivia. The Bank of Santa Cruz is said to be most deeply involved. Of 2,000 arrested in the last 18 months, none are still in jail; so poor are the prisons and so corrupt is the system. 100,000 addicts.

Peru: Has a similar area under cultivation and similar production to Bolivia. At least half of the judiciary are said to be corrupt. 92% of coca production is illicit. Huge new areas in the jungle are being cleared. 60-100,000 addicts.

Ecuador: The area under cultivation may be as little as 3,000 hectares, producing 4,000 tons of leaf and 1 ton of cocaine but the problem is developing fast, and Guayaquil and Quito have a major transit trade, particularly through the container port of Guayaquil. Small addiction problem.

Columbia: Probably earns more from cocaine than any other South American country, although its area under cultivation may only be 30,000 hectares producing 40,000 tons of leaf and 100 tons of cocaine. This is because it also organises, processes and transports the illegal trade here and in other countries. 75% of US imports come from Columbia. Its links with violent crime have included the assassination of half the judges and a notable win over the US Mafia in the key US transit port of Miami. Addiction substantial.

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Argentina, Brazil, Chile, Venezuela and the Caribbean

Islands: None of these countries were included in the survey. All, however, were mentioned as notorious participants, either as providing an umbrella for illicit laboratories (Brazil), as other producer countries (Argentina, Chile) or as staging posts (Venezuela, Belize and the Caribbean). Only a full survey with the assistance of the DEA and CIA would complete the picture.

USA: The trade in cocaine in the US was worth at least \$200 billion last year, a rise from \$50 billion worth in 1978. Trade is still growing, though some estimates say the market is badly glutted. 20 million Americans have tried or use cocaine. The crack epidemic may have been exaggerated, but it has the horrific characteristic of being very quickly addictive. It is made by adding calcium carbonate to pure cocaine hydrochloride.

#### 4. Analysis and Recommendations

##### (A) International Crisis

After the Bonn Summit in July 1985, the international traffic of narcotics reached the agenda for heads of Government. It has since slipped from this agenda. The problem not only involves a generation of young people in North America and increasing numbers of young in South America, it now is entering Europe in very substantial amounts. But the problem is not just a law and order one. It



is for heads of Government, not just Ministers of the interior because of the politics and economics of the issue.

Governments (two of which, Bolivia and Peru, I saw) could fall and with them democracy and such freedom as is currently enjoyed.

We therefore recommend that you might discuss this with heads of state. Only concerted action can hope to address this issue.

(B) Economic Aspects

In Bolivia, drugs exceed all other foreign exchange earners. This may also be true in Columbia and Peru. The affects of this 'black money' can be exaggerated because up to 95% is banked or spent outside these countries. However, the power that narco money has to subvert the producer economy from less lucrative but legitimate alternative products, and to corrupt the administration and the law and order forces is incalculable.

While narcotics produce rich rewards for risk taken, there is little hope that producer countries will exercise self-restraint unless:

- (a) their home addiction problems explode (as in Pakistan);
- (b) there is adequate concerted international action and more international banking disclosure;

(c) the world financial institutions combine on a common line to insist upon a concerted line across the Continent, not just to individual borrower countries.

We therefore recommend that more serious thought be given to the economic aspects of the drug production problem in South America.

We must also exert what influence we can to use the World Bank, the IMF and the Inter-American Development Bank (lending to South America last year about \$9 billion) to set anti-drug targets and conditions with lending tranches fixed to performance. These must be achievable and early failure of some conditions has created doubt about their efficacy. However, there are a number of reasonable conditions that could be imposed while achieving an overall objective of a viable legitimate economy. Colin Moynihan MP has acquired some expertise here.

(C) British Demand

All sides agree this is a key to the problem, though this demand is often cruelly stimulated by pushers and cigarette lancers. Our success in our publicity campaign 1986/7 to make young people reject heroin increased those who would say 'no' to heroin from 80% to 90% in 12 months. We need a similar effective campaign against cocaine. The Home Office are only at the early stages of thinking about this. If you support the idea, it would speed up action considerably if I could



suggest some propaganda to the Ministerial team or if you would write. This propaganda must go hand in hand with voluntary media work on this.

(D) United Nations Fund for Drug Abuse Control

This is extensively dealt with in the Home Office Report. Their report records their dissatisfaction with the control and objectives of this fund. We go further having seen the poor management in Bolivia, and recommend no more money is spent in South America on this fund until they have tightened up their ideas.

(E) Cross Border Leakage and Intelligence

Where action was taken in Bolivia and Peru to stamp out illicit laboratories in the jungle, the traffickers moved across to Brazil. The pattern repeats itself all over South America. If it has not been done already, intelligence agencies should be asked to assess the feasibility of a South America-wide initiative. It would also be timely for the study to cover terrorism as well as South America. This should then be enforced by an international agency.

*This is well beyond our resources. CDP.*

Conclusion

We recommend action under paragraphs 4 (A-E) above to improve international economic and law enforcement action, as well as more advertising to quell home demand for cocaine.

HARTLEY BOOTH

*Hartley Booth*



DRUGS: INTERNATIONAL UPDATE

The August US Initiative

The President launched a programme to hit drug use at work and school. It aimed to strike the international trafficker, at establishing better treatment for users and stiffening punishment for pushers. President Reagan reacted to the recent worrying US situation, not least that US business is losing \$100 million a year because of drug abuse and that drugs are being used by 10 year olds at school. He said users should be helped not imprisoned.

European Action

- (a) The British announcement in Strasbourg on 7 October and the meeting of Interior Ministers on 20 October made and will make seven points concerning cross frontier movement of drugs, frontier controls, more work by ambassadors, and more work on demand reduction and rehabilitation. Nothing very new here.
- (b) Sir Jack Stewart Clark MEP had produced an EEC report which I have discussed in detail with him. His best recommendation is that we need "common legislation on extradition, freezing and confiscation of assets, and conspiracy". This should be injected into our work during our Presidency.

  
HARTLEY BOOTH

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