THE DRUG WAR

Extent of Problems in Brazil, Ecuador, and Venezuela

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554509

GAO/NSIAD-92-226
June 5, 1992

The Honorable Sam Nunn
Chairman, Permanent Subcommittee
on Investigations
Committee on Governmental Affairs
United States Senate

Dear Mr. Chairman:

In response to your request, we reviewed drug trafficking problems spilling over from Colombia, Bolivia, and Peru into Brazil, Ecuador, and Venezuela. Our objectives were to determine the (1) extent of narcotics activities in Brazil, Ecuador, and Venezuela and (2) efforts to combat these activities and the impediments to these efforts.

Results in Brief

The specific extent of narcotics activities in Brazil, Ecuador, and Venezuela is unknown because of the lack of information about these activities. U.S. and host country officials believe coca growth and cocaine production in Brazil, Ecuador, and Venezuela are occurring but that the levels are not significant compared with those of Colombia, Bolivia, and Peru. However, the officials also believe that drug trafficking, transshipment and diversion of chemicals essential to cocaine production, and money laundering are significant and growing problems.

Brazil, Ecuador, and Venezuela have limited counternarcotics programs and receive limited U.S. assistance. Combating narcotics activities is not a national priority in these countries because they have limited resources that are committed to other national priorities. Additionally, the lack of effective coordination and cooperation among host country agencies and among U.S. agencies involved in counternarcotics assistance programs impedes the effectiveness of activities to combat narcotics production and trafficking. Further, host government corruption continues to be a problem. Bilateral and regional cooperation in antidrug efforts are beginning to develop.
The United States developed a national drug control strategy in 1989 in response to the effects of widespread drug use in the United States, such as violent crime, damage to the nation's health, and strains on relationships with allies. The national drug control strategy, which is updated annually, is composed of several strategies that address narcotics problems in different parts of the world.

The Potential Source and Transit Countries Strategy, one part of the national drug control strategy, proposes two goals. The first is to curtail the flow of drugs from Colombia, Bolivia, and Peru—the major drug-producing countries in the world—to the countries that surround them. The second is to increase the capabilities of institutions in the surrounding countries that are responsible for antinarcotics enforcement activities. The major U.S. agencies that implement antidrug programs—the Office of National Drug Control Policy, State Department, Drug Enforcement Administration, Department of Defense, Customs Service, and Coast Guard—try to achieve these goals by (1) expanding U.S. efforts to collect and process intelligence, (2) assisting the countries in developing their intelligence capabilities, (3) helping the countries develop the means to act on gathered intelligence, and (4) directing bilateral and multilateral efforts against drug trafficking organizations. The strategy limits U.S. drug control assistance to modest levels in these countries.

The Potential Source and Transit Countries Strategy places high priority on narcotics problems in Brazil, Ecuador, and Venezuela because they could become large-scale profitable coca growers, according to the U.S. agencies involved in international counternarcotics programs. Appendix I shows the drug activities occurring in these countries and the other three surrounding countries—Argentina, Chile, and Paraguay.

The lack of information on narcotics activities prohibits U.S. and host country officials from determining the full extent of coca growth, cocaine processing, drug trafficking, chemical transshipment and diversion, and money laundering in Brazil, Ecuador, and Venezuela. In 1990, U.S. officials reported that information on drug activities in these countries was generally considered to be inadequate. Additionally, the lack of information about narcotics activities hampers efforts to conduct successful law enforcement activities.

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1The Potential Source and Transit Countries Strategy was prepared by the Department of State's Bureau of International Narcotics Matters and approved on December 5, 1990.
Coca Growth and Cocaine Processing

Although the specific amount of coca grown and cocaine processed in Brazil, Ecuador, and Venezuela is unknown, U.S. officials believe the amount is not significant compared with the amount grown and processed in Colombia, Bolivia, and Peru. The State Department estimated in March 1992 that about 303,000 pounds of coca leaf was grown in Brazil, Ecuador, and Venezuela during 1991, whereas over 706 million pounds of coca leaf was grown in Colombia, Bolivia, and Peru during the same period. Antidrug authorities in Brazil, Ecuador, and Venezuela seized over 33,000 pounds of cocaine products and destroyed seven laboratories in 1991, whereas authorities in Colombia, Bolivia, and Peru seized about 172,000 pounds of cocaine products and destroyed 382 laboratories during the same period. U.S. officials caution, however, that these figures may not be accurate because of the difficulty in gathering precise data. Appendix II breaks down the State Department's estimates, by country, of the amounts of coca grown, cocaine seized, and laboratories destroyed in Brazil, Ecuador, and Venezuela during 1991 and 1990.

In February 1991, the Director of the State Department's Narcotics Affairs Section in Brazil cited the lack of reliable, comprehensive Brazilian or U.S. data on the nature and extent of drug cultivation and production as a major problem in carrying out U.S. drug programs. In addition, U.S. officials reported that most of Brazil's coca cultivation was the epadu² variety grown by Indians in remote, inaccessible jungle areas, which made gathering information about epadu growth difficult. Also, according to Brazilian and U.S. officials, some cocaine base was being shipped from Colombia, Bolivia, and Peru and processed into cocaine in Brazilian border towns. Recent seizures of cocaine base and finished cocaine are indicators that processing is occurring in Brazil, but few laboratories have been captured.

In Ecuador, the U.S. Embassy said that a program needed to be established to accurately quantify coca growth and cocaine processing. During the 1980s, Ecuador began eradicating coca growth that was spilling over from Colombia. U.S. officials believe the government of Ecuador has virtually eradicated all coca.

In Venezuela, the U.S. Embassy's 1991 Post Operating Plan noted that illicit cultivation of coca had been occurring. An Embassy report noted

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²Epadu is a variety of the coca plant that has a lower alkaloid content than the variety of coca grown in Colombia, Bolivia, and Peru. Therefore, more leaves are needed to process the same amount of cocaine.
Drug Trafficking

Cocaine is sent from Colombia, Bolivia, and Peru to Brazil, Ecuador, and Venezuela for shipment to the United States and other user countries. Drug trafficking has been difficult to stop in Brazil, Ecuador, and Venezuela, according to host country and U.S. officials. The Drug Enforcement Administration (DEA) stated that cocaine smuggling patterns shifted rapidly as traffickers adjusted their modes and routes in response to detection, monitoring, and interdiction operations. It also said that, despite some encouraging gains from counternarcotics operations during 1990, the cocaine trade remained largely intact due to the traffickers' enormous financial resources and power to corrupt counternarcotics personnel.

The U.S. agencies involved in counternarcotics programs noted that serious gaps existed in their knowledge of how cocaine is transported from South America to the United States. These agencies did note that transshipment of cocaine by commercial routes increased in Brazil, Ecuador, and Venezuela. Further, they noted that the use of Venezuelan territory as a staging and departure point increased during 1991.

The numerous ways traffickers transport cocaine to the United States further hinders interdiction efforts. A 1991 U.S. report said that smugglers were likely to use any South American commercial port facility to transport the cocaine to the United States. The report also said that cocaine was frequently shipped to the United States concealed in coffee, cement, fruit and fruit pulp, general textiles, and lumber. For example, Venezuelan drug traffickers recently embedded bags containing about 35,000 pounds of cocaine in concrete fence posts. DEA officials told us in January 1992 that they believed cocaine had already been shipped by this method but had not been detected.

U.S. and host country officials believe drug trafficking problems are increasing in Brazil, Ecuador, and Venezuela. For example, in May 1991, the former director of the Narcotics Affairs Section in Brazil said the Brazilian police believed that Colombian traffickers were intensifying their efforts to establish new trafficking routes through Brazil. According to an early 1991 U.S. government report, as much as 66,300 to 88,400 pounds of cocaine is estimated to pass through Ecuador annually. According to
Department of Defense officials, the drug trafficking volume through Venezuela has almost quadrupled since 1988. In Venezuela, U.S. agencies are receiving consistent, but unconfirmed, reports that indicate a large number of tanker ships leaving the port city of Maracaibo are involved in cocaine smuggling.

**Transshipment and Diversion of Essential Chemicals**

Cocaine processors use several common chemicals, called precursor or essential chemicals, to process coca leaves into cocaine. These chemicals, which include kerosene, sulfuric acid, acetone, ether, and benzene are produced worldwide for legitimate industrial uses. However, these chemicals are also imported to or produced in South America and then diverted for illegal use in processing cocaine. According to U.S. government reports, these chemicals are difficult to track because they have many legitimate uses and controls over the chemicals in South America are weak.

Brazil produces large amounts of chemicals that can be used to produce cocaine. In January 1991, DEA said it found Brazilian-produced chemicals at drug laboratories in Brazil. DEA reported that some chemicals were diverted at the wholesale level. The former Country Attache for the DEA office in Brazil said in April 1991 that Brazil was an important source of ether and acetone. The Attache said that between January and March 1991 DEA and Brazilian police visited 37 chemical companies that sold precursor or essential chemicals. The Attache reported that many of these companies were unaware of Brazil’s requirement to notify the Ministry of Health and the police’s Drug Enforcement Division of sales of ether and acetone in quantities over 1 liter. As a result, the Brazilian police had not been notified of large volume sales of ether and acetone.

Another problem in Brazil is that pharmacies sell ether and acetone. Under Brazilian law, pharmacies may sell only 1 liter of these chemicals to each consumer. DEA cited a major Brazilian magazine article that reported that pharmacies in Corumba, Brazil, which borders Bolivia, appear to be selling the chemicals in wholesale quantities and producing false receipts for 1 liter sales. The report said that in 1988 about 20 pharmacies were located in Corumba, but in 1991 that number had grown to more than 50, although the need for more pharmacies was not apparent.

 Illegal diversion of precursor chemicals is one of Ecuador’s major drug problems. In March 1991, the U.S. Embassy in Ecuador said that most chemicals entered the country legitimately but that some were siphoned off
and eventually ended up in cocaine production laboratories in Colombia, Bolivia, and Peru. The Embassy quoted newspaper accounts that said Ecuador imported 35,000 tons of essential chemicals in 1988; however, the news accounts said local business associations estimated that a legitimate need existed for no more than 25,000 tons. The Embassy said that if the excess 10,000 tons were diverted, almost 800 tons of finished cocaine could be produced. The Embassy noted that about 120 companies imported these chemicals into Ecuador and then distributed them to more than 4,300 users, which made tracking the chemicals difficult.

Venezuela is important to Colombian cocaine producers because it is a major precursor chemical transshipment country. In 1990, Embassy officials in Venezuela estimated that 29 percent of all chemicals legally exported by U.S. chemical companies to Latin America went through Venezuela. The group also noted that Venezuela received additional shipments of chemicals from Holland, Belgium, and Germany. They pointed out that the lack of legal controls over chemicals in Venezuela complicated investigations into the type, amount, and methods used to divert the chemicals to cocaine processors.

In May 1991, the U.S. Embassy in Venezuela developed a list of actions the government of Venezuela could take to better control chemicals. Specifically, the Embassy said controls over the import of chemicals needed to be strengthened, more chemicals needed to be placed under control, and regulatory mechanisms needed improvements to be effective. The Embassy also suggested that a presidential decree might be the best way to update the existing drug law to include more chemicals. Additionally, the Embassy suggested that the Chemical Diversion Office of the Judicial Technical Police should receive more financial and legislative support. DEA officials told us in April 1992 that the United States and Venezuela signed a bilateral agreement on March 4, 1992, that addresses controlling chemicals used to produce cocaine.

Money Laundering

In March 1992, State Department officials said there was little evidence of significant money laundering within Brazil. However, they noted that drug traffickers might penetrate Brazil's financial system in the future. Department of Defense officials said in April 1992 that some money laundering was already occurring in Brazil.

Money laundering in Ecuador appears to occur both in and outside of financial institutions. A significant amount of money laundering is
concentrated in land investments and in the legal and contraband import/export trade. In April 1991, an official in the U.S. Embassy in Ecuador said that no one knew the amount of money being laundered or which of the many ways to launder money was used most often. The official did say, however, that the most likely method of moving drug money through Ecuador was through trade with Colombia. For example, two textile firms reported to the Embassy that Colombians purchased 40 percent of the textiles they produced. Although the textile producers did not know the source of the funds used to purchase the textiles, they contended that buyers must sell them at a loss to be competitive in Colombia. The Embassy’s Economics Officer said that drug traffickers were willing to take a loss on the goods because all of the sales’ proceeds could be used legally. The officer said the traffickers would rather launder their money at a discount than risk not being able to use any of it.

U.S. agencies estimated in August 1991 that at least $3 billion per year was being laundered in Venezuela. U.S. officials believe the most common methods of laundering are through the construction of buildings, investment in hotels and nightclubs, purchase of gold and other precious metals, and speculation in urban real estate. Department of Defense officials cautioned in April 1992 that no official study had been conducted to determine the amount of money being laundered in Venezuela.

Counternarcotics Programs Are Limited

Counternarcotics programs in Brazil, Ecuador, and Venezuela are limited, in part, because of the severe economic problems and lack of resources to dedicate to counternarcotics in these countries, according to U.S. and host country officials.

U.S. officials said that the counternarcotics force in Brazil consisted of about 600 people for the entire country—which is larger than the continental United States—because the Brazilian government had not viewed drug trafficking as a major priority and did not have the resources to hire additional help. However, in March 1992, State Department officials said that Brazil is considering legislation to increase its antidrug force by 2,000 agents because the current counternarcotics police force is too small to address the country’s drug problems. In March 1991, the Assistant Secretary of State for International Narcotics Matters said that the United States continued to partially fund the canine drug detection program in Brazil because the Brazilian government could not fund the program. In June 1991, U.S. Embassy officials in Brazil stated that it was doubtful that
any counternarcotics programs would continue if U.S. funding were stopped.

U.S. personnel who work with Ecuador's canine drug detection program told us they had to purchase food for the dogs because resources were not available from other Ecuadoran programs. Ecuadoran officials complained that a lack of compatible communications equipment hindered their operations but that additional funding was not available from their government to purchase the equipment. An independent review of Ecuador's communications equipment by the U.S. Army in December 1990 supported this contention. State Department officials said in April 1992 that, on the basis of this review, the United States plans to provide the needed equipment.

In Venezuela, an office that is supposed to coordinate the national policy on counternarcotics has a budget that is only large enough to pay salaries. The President of Venezuela also created a Unified Drug Command to coordinate the narcotics enforcement efforts of Venezuela's counternarcotics agencies. The Operations Officer for the Venezuelan National Guard's counternarcotics forces said that more information about drug activities was needed to help fight the drug war; however, additional resources were not available. Further, the officer said that U.S. aid was essential to the counternarcotics program because Venezuelan resources were not sufficient.

U.S. programs are also limited in Brazil, Ecuador, and Venezuela. The 1990 Potential Source and Transit Countries Strategy said that these countries' involvement in coca cultivation was limited and large antinarcotics programs were not warranted. Appendix III shows the level of U.S. funding for counternarcotics programs in these countries for the past 3 years.

The United States funds programs for law enforcement training, equipment purchases, reconnaissance aircraft missions, and canine drug detection through the Narcotics Assistance Sections. DEA supplements these programs with law enforcement technical assistance in each country. Ecuador is the only country we visited that received Foreign Military
Financing from the United States, receiving $2 million during fiscal year 1991. In addition, Ecuador received about $3 million in 506 (a)(2) drawdown authority in fiscal year 1990 for counternarcotics purposes. Also, the United States has assigned a Tactical Analysis Team\(^4\) to Venezuela and Ecuador to help identify narcotics trafficking activities to improve antidrug efforts. U.S. officials in all three countries said that they did not believe the counternarcotics programs would be continued without U.S. assistance.

### Impediments Hinder Programs

Although the United States and Brazil, Ecuador, and Venezuela have programs to address drug problems, the lack of effective coordination and cooperation, corruption, funding, and other priorities hinder the effectiveness of these programs. Additionally, U.S. agencies involved in counternarcotics programs do not always effectively cooperate and coordinate their activities.

### Lack of Effective Coordination and Cooperation

Although coordination and cooperation between host country agencies are improving, the lack of effective coordination and cooperation between them prevents some counternarcotics programs from being effective. U.S. and host country officials in Brazil, Ecuador, and Venezuela cited the lack of coordination and cooperation as a major problem.

In Brazil, the Federal Police are responsible for counternarcotics operations, but they depend on the Brazilian Air Force for transportation to remote areas. However, a Brazilian official said that cooperation between the police and the Air Force was based on personal relationships rather than on institutional agreements. A U.S. Embassy report added that the Brazilian military would strenuously resist any initiative to expand its role in the counternarcotics efforts. Department of Defense officials said in April 1992 that the Brazilian military is considering some proposals that might complement antidrug efforts.

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\(^3\) The Foreign Assistance Act of 1961 authorizes the President to provide defense articles and services and military education and training for counternarcotics activities if he determines it is in national interests.

\(^4\) The Tactical Analysis Teams, deployed by the U.S. Southern Command, develop tactical intelligence to support the U.S. counternarcotics programs.
The Chief of Staff of the Ecuadoran Armed Forces said more compatible communications equipment could improve cooperation between the armed forces and the police. For example, the armed forces and police conducted a joint exercise in June 1991 in the capital city of Quito. Because of poor coordination and incompatible communication equipment, the armed forces, which only had to reposition its forces a few blocks within the metropolitan area, arrived at the main coordination point 2 hours late. Also, a U.S. Embassy representative said that the law enforcement and customs agencies that operate within the airports did not routinely cooperate. However, U.S. officials said in April 1992 that even though cooperation is not optimal, the airport interdiction program is one of the most successful in Ecuador.

In Venezuela, the Director of the Narcotics Affairs Section noted that interagency law enforcement cooperation was so poor that drug interdiction efforts were adversely affected.

Because so many U.S. agencies assist host countries in promoting counternarcotics activities, different approaches for curtailing narcotics activities exist. Additionally, each agency strives to achieve the greatest results from its programs, which may result in some competition between the agencies, according to one State Department official. To ensure that all agencies work together to achieve U.S. Embassy goals, each Embassy in South America has a Narcotics Coordinating Committee composed of representatives from the agencies involved in implementing U.S. counternarcotics assistance and activities. These committees are usually headed by the Deputy Chief of Mission. However, even with these committees, full cooperation between U.S. agencies involved in counternarcotics programs is difficult. We noted internal conflicts about program implementation at each Embassy we visited in June 1991. For example, in Ecuador, DEA and the U.S. Embassy disagreed about the usefulness of a program that provides temporary duty DEA agents to assist host country agencies in planning and conducting counternarcotics operations. Additionally, conflicts existed between agencies in Washington and, in some cases between headquarters and field offices.

State officials told us in April 1992 that personnel changes, more diligent efforts to cooperate, and a higher priority on narcotics programs within the embassies solved the U.S. agency coordination and cooperation problems. We believe that, although specific examples we discussed with State Department officials had been solved to their satisfaction, the ways in
which U.S. agencies implement the Potential Source and Transit Countries Strategy continue to differ.

Host Country Corruption

Corruption is also a problem in all three countries we visited. For example, in Brazil, the former Director of the Narcotics Affairs Section said in February 1991 that corruption in state drug enforcement units was one of the most significant problems for counternarcotics programs. In Ecuador, a DEA official said in June 1991 that some Ecuadorans did not want to deal with police because they considered them to be corrupt. Additionally, a March 1991 U.S. Embassy report said the court and police systems are endemically corrupt, particularly at lower levels. In Venezuela, the U.S. Embassy reported in 1991 that corruption in the police and military was escalating. It pointed out that inadequate salaries might contribute to the lack of professionalism and ethics.

Host Country Priorities

A major problem the United States has faced in trying to implement counternarcotics programs in Brazil, Ecuador, and Venezuela is getting the host countries to focus on narcotics trafficking as a priority and commit adequate resources to antidrug efforts. In Brazil, DEA wanted to open an office in Sao Paulo to improve its enforcement capabilities; however, the government of Brazil did not give approval to open the office until April 1992, more than 1 year after negotiations began. In Ecuador, a March 1991 U.S. Embassy’s plan said that implementation of the new drug council had been painfully slow. Additionally, the Director of the Narcotics Affairs Section and the Ambassador agreed that Ecuador’s government continually claimed to be ready to start many counternarcotics programs, but few had materialized. The President of Venezuela said in a June 1991 speech announcing his war on drugs that those who pay for drugs are more guilty than those who produce the drugs. Additionally, U.S. agencies involved in antidrug programs in Venezuela said it was too early to assess the impact of the February 1992 coup attempt against the Venezuelan President on counternarcotics efforts in that country.

Bilateral and Regional Cooperation

Some efforts have been taken recently by Ecuador and Venezuela to improve regional cooperation between the countries involved in the drug trade. For example, the government of Venezuela has taken some actions to counter narcotics activities. The State Department reported that in October 1991 the Venezuelan and Colombian Ministers of Defense agreed to meet every 6 months to increase cooperation in fighting the Colombian
insurgency and drug trafficking along the Venezuelan-Colombian border. These officials also agreed to have a subcommittee on narcotics meet every 2 months.

Department of Defense officials told us in February 1992 that Ecuador was participating in a U.S.-sponsored regional antidrug effort with Colombia and Peru. Ecuador supports this effort by using its Air Force to monitor and intercept drug aircraft violating its airspace. The officials said that this was a positive development for counternarcotics operations, given historic tensions between Ecuador and Peru.

State officials told us in April 1992 that Ecuador and Venezuela demonstrated their commitment to the antidrug efforts by attending the San Antonio Drug Summit in February 1992. By signing the San Antonio Declaration, the countries committed themselves to cooperate with Bolivia, Colombia, Mexico, Peru, and the United States to implement strategies to control drugs and strengthen their judicial systems. The officials also said they believed the argument about whether consumer countries or producer countries were responsible for the drug problem was ending. We believe the extent to which the countries implement the agreements in the declaration also needs to be considered in determining their commitment to antidrug programs.

Agency Comments

The Department of State provided written comments on a draft of this report. The Department generally concurred with the information in the report. However, the Department said that we implied that U.S. counternarcotics assistance programs in Brazil, Ecuador, and Venezuela were not valuable. Although we reported that resources in these countries were limited, we did not intend to imply that the programs did not have some value. The State Department also said that the report exaggerated the lack of internal coordination and cooperation within U.S. agencies involved in counternarcotics programs. We believe examples discussed with the State Department and summarized in the report adequately reflect the more-than-temporary nature of differences between the U.S. agencies. The State Department's comments and our response appear in appendix IV.

The Department of Defense also provided written comments on a draft of this report. The Department agreed with the report's findings and conclusions. Its comments appear in appendix V.
We requested written comments from the Drug Enforcement Administration, but none were provided. However, we discussed the information in the report with responsible agency officials and incorporated their comments where appropriate.

We also requested written comments from the Office of National Drug Control Policy. The Office provided us with classified comments that did not substantially disagree with the report. However, since the comments were classified, we were unable to include them in the report. The Office also provided us with unclassified oral comments on regional cooperation issues, and we incorporated them in the report where appropriate.

Scope and Methodology

To accomplish our objectives, we interviewed officials and gathered documentation in Washington, D.C., from the Defense Security Assistance Agency, the Office of the Secretary of Defense, the Office of National Drug Control Policy, the Defense Intelligence Agency, the Department of State’s Bureau of International Narcotics Matters and Intelligence and Research Office, and the Drug Enforcement Administration.

We visited Brazil, Ecuador, and Venezuela and interviewed officials and gathered documents from the U.S. Embassies’ Narcotics Affairs Sections, Security Assistance Organizations, Drug Enforcement Administration country offices, the Agency for International Development, and the U.S. Information Agency. Additionally, we interviewed the Ambassador or his representative in each country and interviewed and gathered documentation from host country officials responsible for counternarcotics programs. We also visited the U.S. Southern Command in Panama.

We conducted our review between February 1991 and April 1992 in accordance with generally accepted government auditing standards.

As arranged with your office, unless you announce this report’s contents earlier, we plan no further distribution until 30 days after its issue date. At that time, we will send copies of the report to other appropriate congressional committees, the Secretaries of State and Defense, the Administrator of the Drug Enforcement Administration, and the Directors of the Office of National Drug Control Policy and the Office of Management and Budget. We will also make copies available to other interested parties on request.
Please contact me on (202) 275-4128 if you or your staff have any questions concerning this report. Major contributors to this report are listed in appendix VI.

Sincerely yours,

Joseph E. Kelley
Director, Security and International Relations Issues
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Appendix VI
Major Contributors to
This Report

Abbreviations

DEA Drug Enforcement Administration
FMF Foreign Military Financing
IMET International Military Education and Training
Appendix I

Drug Activity in South America

Note: Boundaries are not necessarily authoritative
## Amounts of Coca Grown and Cocaine Seized and Number of Laboratories Destroyed in Brazil, Ecuador, and Venezuela

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<td>Brazil</td>
<td></td>
<td>8,928.4</td>
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<tr>
<td>Ecuador</td>
<td>79,560</td>
<td>2,570.2</td>
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<tr>
<td>Venezuela</td>
<td>223,210</td>
<td>21,658.0</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>302,770</strong></td>
<td><strong>33,156.6</strong></td>
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<tr>
<th>Country</th>
<th>1990 Pounds of potential coca grown</th>
<th>1990 Pounds of cocaine seized</th>
<th>1990 Number of laboratories destroyed</th>
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<tr>
<td>Brazil</td>
<td></td>
<td>5,922.8</td>
<td>4</td>
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<tr>
<td>Ecuador</td>
<td>238,680</td>
<td>2,802.3</td>
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<tr>
<td>Venezuela</td>
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<td>12,376.0</td>
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<td><strong>Total</strong></td>
<td><strong>238,680</strong></td>
<td><strong>21,101.1</strong></td>
<td><strong>5</strong></td>
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Note: The amounts of coca grown and cocaine seized have been rounded.

*a* These figures were derived using the Department of State's estimating techniques for the amount of coca potentially available for conversion to cocaine.

*b* These figures represent both finished cocaine and cocaine base.

*c* Data were not reported.

# U.S. Funding for Counternarcotics Programs and Military Assistance in Brazil, Ecuador, and Venezuela

| Country     | Narcotics<sup>a</sup> | FMF<sup>b</sup> | IMET<sup>b</sup> |
|-------------|------------------------|----------------|----------------
| Brazil      | $3,500                 | 0              | $150           |
| Ecuador     | 3,000                  | $5,000         | 800            |
| Venezuela   | 2,000                  | 0              | 175            |
| **Total**   | **$8,500**             | **$5,000**     | **$1,125**     |
| Brazil      | $2,500                 | 0              | $79            |
| Ecuador     | 1,500                  | $2,000         | 815            |
| Venezuela   | 1,000                  | 0              | 389            |
| **Total**   | **$5,000**             | **$2,000**     | **$1,284**     |
| Brazil      | $1,900                 | 0              | $97            |
| Ecuador     | 1,400                  | $485<sup>c</sup> | 701            |
| Venezuela   | 1,000                  | 0              | 80             |
| **Total**   | **$4,300**             | **$485**       | **$900**       |

<sup>a</sup>Narcotics funding includes monies provided through various agencies.

<sup>b</sup>Foreign Military Financing (FMF) and International Military Education and Training (IMET) are provided by the Department of Defense.

<sup>c</sup>Figures for 1992 are estimates.

<sup>d</sup>The Department of Defense provided Foreign Military Financing to Ecuadoran Customs and the Ecuadoran National Police to support their antidrug efforts. The Department also provided about $3 million in 506 (a)(2) drawdown authority, which is not included in this figure.
Dear Mr. Conahan:

Thank you for the opportunity to comment on your draft report, "The Drug War: Extent of Problems in Brazil, Ecuador, and Venezuela" (GAO Job Code 464137). Comments are enclosed. Enclosed also find a copy of the report annotated with requested classification designations.

If you have any questions on this issue, please call Stephanie Deenaner, INM/C, on (202) 647-4867.

Sincerely,

Deputy Chief Financial Officer

Enclosures:
As stated.

Mr. Frank C. Conahan,
Assistant Comptroller General,
National Security and International Affairs,
U.S. General Accounting Office,
441 G Street, N.W.,
Washington, D.C. 20548
Appendix IV
Comments from the Department of State

GAO DRAFT REPORT
"The Drug War: Extent of Problems in Brazil, Ecuador and Venezuela" (GAO Job Code 464137)

While the GAO report on drug trafficking in Brazil, Ecuador and Venezuela offers valuable comments, it should be considered in the context of the Administration's global efforts to combat drugs.

The report mentions repeatedly the lack of resources required to get the job done in the "spillover" countries, which is true. The bulk of foreign aid devoted to our counter-narcotics endeavors is devoted to the Andean nations in line with our strategy of addressing the problem as much as we can at the source. This does not mean, however, that American efforts in Brazil, Venezuela and Ecuador are not valuable. Indeed, programs in these countries have been reinvigorated in recent months with counter-narcotics efforts figuring much higher in terms of mission program objectives. In Brazil, for example, the Deputy Chief of Mission now serves as the Narcotics Coordinator, a job formerly handled by the Political Counselor.

Lack of information about the extent of drug trafficking hampers programs worldwide, but efforts are being made in the three countries under discussion to improve the situation. A recent State/INM-supported aerial survey in Venezuela, for example, has helped establish the scope of coca cultivation in the country. The limited U.S. Government funds in all of these countries for counter-drug programs is arguably spent as efficiently as possible. However, simply stated, much more is needed. Mostly, it must come from host country resources because U.S. Government resources are severely limited by budget constraints. FY-1992 narcotics assistance levels for these countries have been cut substantially because of the congressional decision to provide INM with only $147.8 million rather than the $171 million requested. The Department does feel that as much counter-narcotics assistance as possible has been provided to these countries. Shifting resources from one program to fund another is not the answer to the problem.

The political will in these three countries to fight drugs has improved. However, lack of resources and competing priorities still leave much less than the required amount to conduct the war on drugs adequately. One important new development was Venezuelan and Ecuadorian participation in
See comment 2.

the San Antonio Drug Summit. At the meeting, both nations recognized the Cartagena Declaration, which laid the foundation for the development of a comprehensive and multilateral strategy to address the problem of illegal drugs.

The report exaggerates the alleged lack of internal coordination within embassies with regard to mission counter-narcotics programs. The shortage of resources means that hard policy and funding decisions must be made, in small programs as much as the large ones, and differing opinions on allocations are a fact of life. The process for developing strategies, coordinating policies, setting priorities and implementing programs in our U.S. Embassies is certainly no different from other situations involving numerous U.S. Government organizations. Where problems did exist, they were temporary in nature and have been resolved. In Brazil, the new Narcotics Affairs Section (NAS) Chief has streamlined operations, insuring regular coordination meetings, and relations among counter-narcotics agencies are cordial and effective. In Ecuador, to facilitate cooperation and coordination of narcotics programs, the Charge and NAS have organized a number of retreats to discuss mission drug efforts. Similarly, minor coordination difficulties in Venezuela have been eliminated.

In sum, in light of limited and diminishing U.S. Government resources, the Administration through the Department of State and other agencies--is doing a credible job at encouraging these three nations to make a more tangible commitment to the war on drugs. Much good work has been done, but much more is needed--as it is everywhere--before we can come to grips with the difficult problem of narcotics.
The following are GAO's comments on the Department of State's letter dated May 5, 1992.

1. Even though we stated several times in the report that resources were limited for counternarcotics programs in these countries, we did not mean to imply the programs did not have some value. State appears to concur with our observation that in Brazil, Ecuador, and Venezuela the lack of resources and competing priorities is the reason that their antidrug efforts are inadequate. We did not suggest that shifting resources from one program to fund other programs will solve this problem.

2. On the basis of discussions with State officials, we revised the report's discussion on the lack of effective coordination and cooperation between U.S. agencies involved in counternarcotics programs. We do not agree with State's comment that the report exaggerates the lack of internal coordination and cooperation between U.S. agencies within the Embassies we visited. We believe specific examples of the lack of effective coordination and cooperation in the draft report1 and the general observation in the final report indicate the more-than-temporary differences in the ways U.S. agencies implement the Potential Source and Transit Countries Strategy. The State Department acknowledged in its comments that difficult policy and funding decisions must be made and that differing opinions on these allocations were common. We recognize that difficult decisions are made. Nevertheless, we found difficulties in coordination and cooperation among U.S. agencies continued after decisions were made. State also pointed out that the process for making decisions involved several government agencies, which we believe complicates this process.

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1 We discussed specific examples of the lack of effective coordination or cooperation in each Embassy we visited. These examples were classified and thus were not included in the final report.
Mr. Frank C. Conahan
Assistant Comptroller General
National Security and International Affairs Division
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Conahan:


The Department reviewed the draft report and agrees with the general findings and conclusions. Previously, the Department provided to the General Accounting Office accuracy and content clarifications, identified during the Department of Defense review of the draft report. The Department of Defense appreciated having the opportunity to comment on the draft report prior to its final publication.

Sincerely,

Stephen M. Duncan

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Appendix VI

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