

Cocaine

Production set for a new takeoff stage

by Dennis Small

Nowhere is the foolishness of the standard demand-driven analysis of the drug trade more evident, than in the case of cocaine. The typical official argument goes like this: U.S. "demand" for cocaine has been dropping—for reasons undefined—since about 1989-90, and as a result, hardcore users supposedly fell from 2.6 million to 2.1 million during 1989-93, while occasional users declined from 6.5 million to 4.1 million during the same period. The White House's own showpiece publication, *The National Drug Control Strategy: 1996*, announced

hopefully that "cocaine use has fallen 30% in the last three years alone."

The data for these conclusions were drawn principally from surveys of households and of prison populations, where drug "consumers" are questioned about their habits. Reliable information? Hardly.

Not surprisingly, such surveys also produce internally contradictory evidence. For example, the same White House report which talks about an overall 30% drop in cocaine consumption, also reports a 1995 increase of cocaine use among high school

students. Similarly, the NNICC annual survey for 1994 reports: "Survey results for 8th and 10th graders indicated an increase in all cocaine use categories from 1993 to 1994." So, is cocaine consumption falling or rising? Or, is it falling rapidly among adults, while rising swiftly among adolescents?

The actual picture of the U.S. and the world cocaine market is better approached from the opposite direction: by looking at what Dope, Inc. is physically producing for market, in order to generate its gigantic flows of hot money. Consumption levels are a result of that orchestrated offensive, not its cause. From that standpoint, it is evident that the supply of cocaine has continued to grow, as has its availability in both the United States and Europe.

Cocaine production: an 'S-shaped' curve

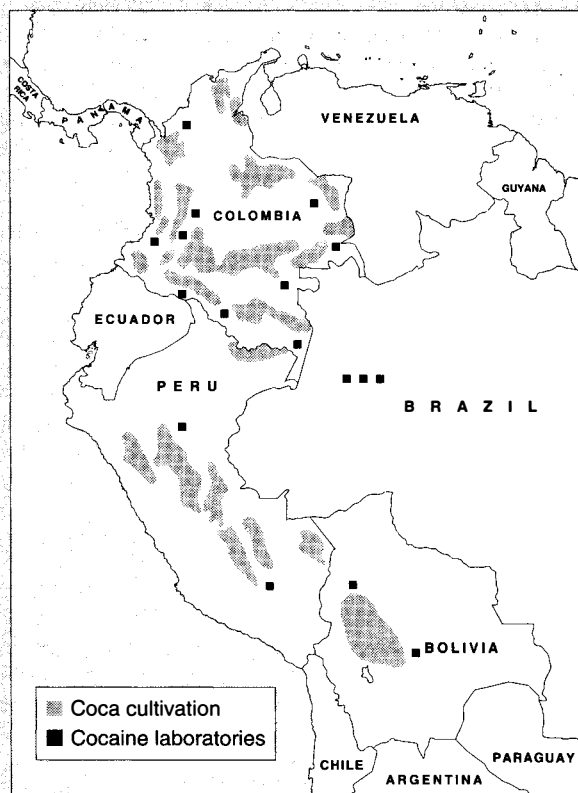
Cocaine hydrochloride, commonly called cocaine, is produced from coca leaves. Coca plants are grown in significant quantities in only three countries in the

MAP 1
Coca cultivation in the Andes, 1985



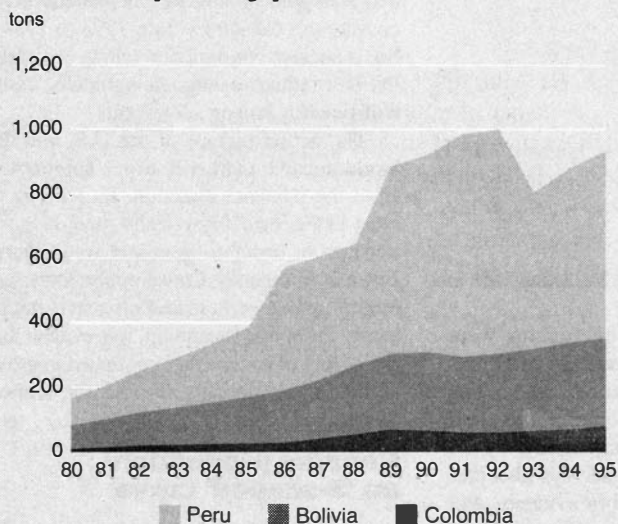
Source: EIR.

MAP 2
Coca cultivation and refining in the Andes, 1995



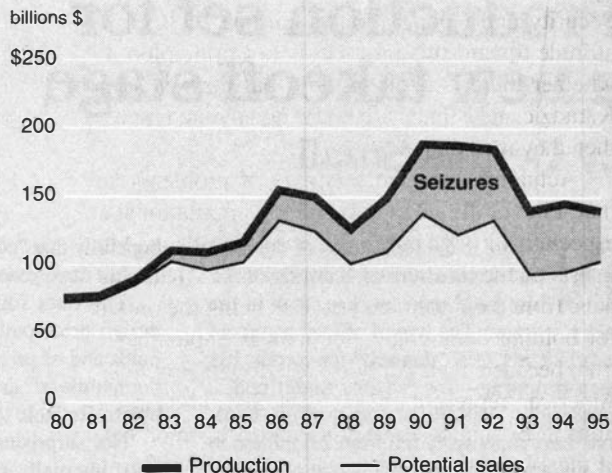
Source: EIR.

FIGURE 6
Cocaine: quantity produced



Sources: NNICC; OFECOD, Peru; EIR.

FIGURE 7
Cocaine: value of production vs. potential sales



Sources: NNICC; DEA; UN; OFECOD, Peru; Abt Associates; EIR.

world: Colombia, Bolivia, and Peru, all in the Andean region of Ibero-America. The coca leaves are then converted into cocaine paste, and from there into pure cocaine, with the use of a variety of easily acquired chemicals, such as ether and acetone. Although these are legal chemicals that have valid industrial uses, they are obtained illegally by the drug traffickers in large quantities, principally from the United States, western Europe, and also Brazil.

As **Maps 1** and **2** show, there has been a significant increase in the area under coca cultivation in the Andean region, between 1985 and 1995. Most of the coca is grown in Peru, while most of the processing laboratories are located in Colombia. (More recently, laboratories have also been established in the Amazon region of Brazil.) However, Dope, Inc. has woven an elaborate logistical interconnection throughout the region, in which tens, if not hundreds, of illegal cocaine flights occur daily, transporting drugs, chemicals, and dirty money back and forth among the different production and processing sites.

Figure 6 shows total world production of refined cocaine from 1980 to 1995, which rose from 166 metric tons to 933 metric tons over this period—a nearly sixfold increase. On an annualized basis, production has been rising at an average 12.2% per year. Over the last five years, that rate of growth slowed down, largely as a result of the steep drop in production which occurred in 1993.

Over 60% of the total quantity of coca

originates in Peru, with smaller shares coming from Bolivia and Colombia. These figures should not be misunderstood to imply a lesser role for Colombia in the overall cocaine trade: They simply indicate that its local production of coca leaves is less than that of Peru and Bolivia, while it plays a larger role in downstream processing.

As is evident from **Figure 6**, the sharp decline in 1993, of almost 20% of total production, can be attributed totally to Peru—in fact, Colombia and Bolivia's output continued to rise throughout the 1990s. What happened in Peru is of the greatest political significance. First, there was an apparently "natural disaster" which struck the coca plantations, especially in the Upper Huallaga Valley, the heart of the producing region. As a result of overcultivation and monoculture growing patterns, soil depletion began to set in around 1991, as did the deadly *fusarium oxysporum* fungus.

The second factor is referred to euphemistically by the NNICC as "tumultuous" political conditions in the region, and as "the cumulative impact of counternarcotics efforts of all types in the Huallaga Valley," in the words of the U.S. State Department. What actually happened is that, over the course of 1992, the Fujimori government in Peru launched an all-out war against Shining Path and other narco-terrorists in the country. In April of that year, President Alberto Fujimori summarily shut down the country's Congress and Supreme

Court, for complicity with the subversives. And then, in September, his government captured the notorious Abimael Guzmán, the head of Shining Path, and quickly sentenced him to life in prison. From that point on, a series of further devastating blows was delivered to the entire narco-terrorist apparatus across the country.

At no point did the Fujimori government explicitly target the drug trade. But Shining Path's main rural base of operation is the coca-producing Upper Huallaga Valley, and the terrorists are so thoroughly integrated with the Dope, Inc. apparatus, that their suppression led to a serious disruption of the drug trade.

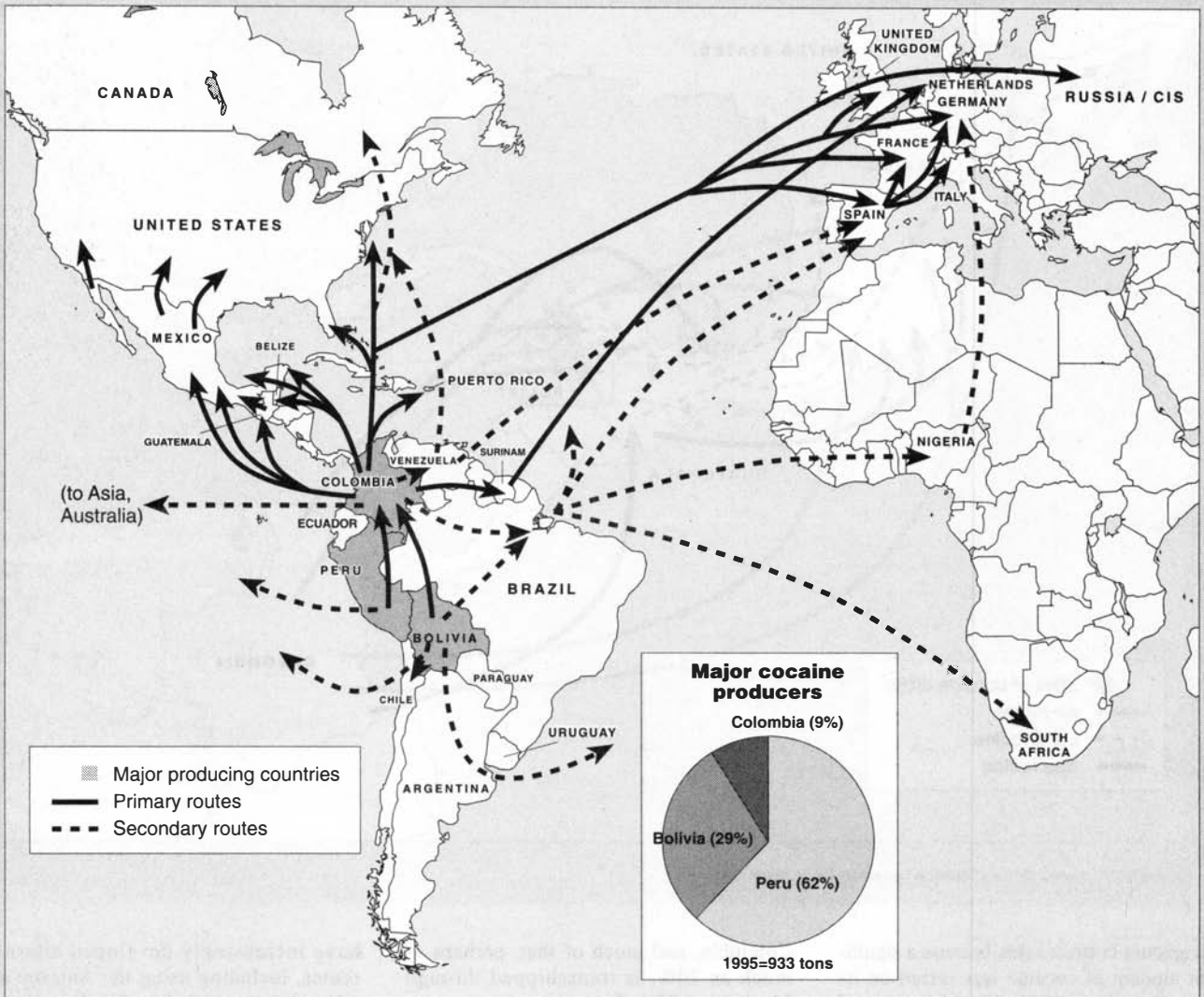
Dope, Inc., however, reacted swiftly, and moved to shift significant amounts of coca growing to other river valleys in Peru. By 1994, that diversification had led to an additional half-dozen river valleys joining the Upper Huallaga as major coca growing regions. According to informed Peruvian sources consulted by *EIR*, the 1994 area under cultivation, by valley, was as follows:

Upper Huallaga	28,900 hectares
Aguaytía	21,400 hectares
Apurímac	17,000 hectares
Cuzco	9,900 hectares
Central Huallaga	8,500 hectares
Lower Huallaga	7,500 hectares
Ucayali	2,000 hectares
Others	13,400 hectares

In the Aguaytía and Apurímac valleys, the area planted to coca grew by 20% in 1994 alone, according to informed Peruvian

MAP 3

Cocaine-trafficking routes



Sources: NNICC; DEA; PGR, Mexico; OFECOD, Peru; EIR.

sources. But it takes a couple of years for a coca plant to mature and produce viable leaves for cocaine production, so the new production sites could not immediately make up for the drop in output caused by the Upper Huallaga problems.

However, as the new areas have come on line, total Peruvian coca production began to rise again in 1994 and 1995, with ominous implications for the future. In fact, Peruvian experts consulted by *EIR* note that the demonstrated ability to diversify quickly to new areas, means that Peru may well become a super-producer of coca and poppy. The same experts also report that, in addition to the 130,000 hectares under active

coca cultivation in Peru, there are an estimated additional 100-150,000 hectares that are part of Dope, Inc.'s holdings, but which in any given cycle are either fallow (in-between cropping) or under preparation for future planting.

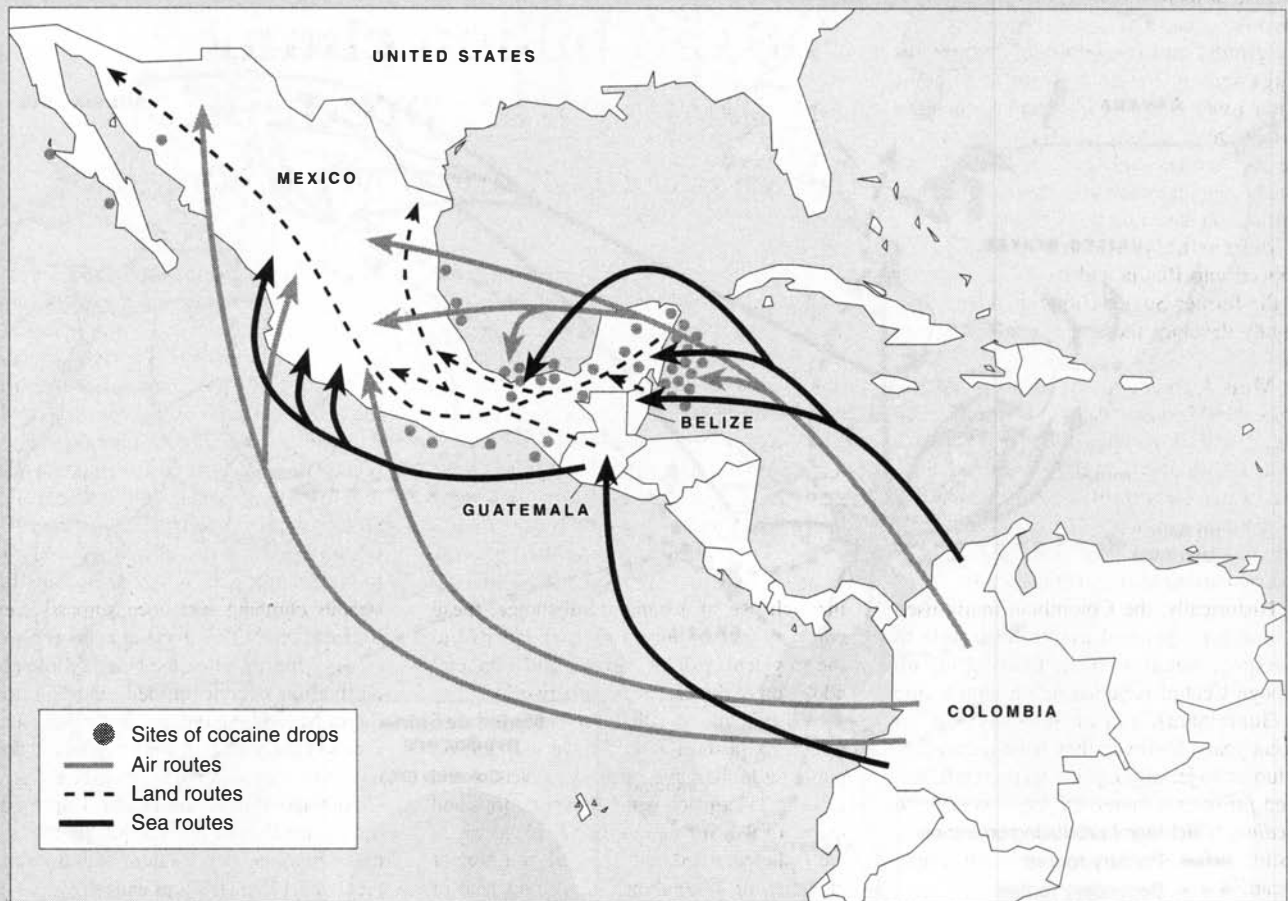
It is therefore probable that the relative stagnation of total cocaine production of the early 1990s, will not continue as a trend. Rather, it appears to be a momentary leveling off in what will actually turn out to be an "S-shaped curve" which has just begun its second ascent stage. Nor can much be expected in the short term from coca eradication in any of the three producer countries: Only trivial amounts are

eradicated in Colombia and Bolivia, and none at all in Peru (see article on eradication, p. 53).

Since the price of cocaine in both major consumer markets, the United States and Europe, has been steadily dropping over the last 15 years (as we noted at the outset of this report), the total dollar value of the output did not rise as rapidly as the physical production. As **Figure 7** shows, the total value of production rose from \$76 billion in 1980 to \$140 billion in 1995, i.e., it "only" doubled, as compared to the sixfold increase in the volume of cocaine output during that time frame.

Dope, Inc., however, did not realize that

MAP 4

The Colombia-Mexico cocaine corridor

Sources: PGR, Mexico; Uniform Statistical System for Drug Control, OAS.

full amount in street sales, because a significant amount of cocaine was seized on its way to market. In 1980, this only amounted to about \$3 billion worth, but by 1995, a full 26% of total production was seized, whose sales value would have been an additional \$36 billion. So, the value of all potential cocaine sales worldwide—i.e., the total revenue that would accrue to Dope, Inc., if they were to sell their total available cocaine production at street retail prices—came in at \$104 billion in 1995. In 1980, the value of all potential sales was \$73 billion.

Trafficking routes

Despite the rising share of total cocaine production that is now being shipped to Europe, the United States still consumes about 60% of the world total. Nearly all the refined cocaine entering the United States comes from the Cali Cartel in

Colombia, and much of that, perhaps as much as 70%, is transshipped through Mexico (see **Map 3**).

Most of the cocaine crosses into the United States in southern California, Arizona, Texas, and southern Florida, and then proceeds to the four main distribution centers: Los Angeles, Houston, Miami, and New York City. These cities in turn serve as the consolidation centers for the proceeds from the drug sales. Another frequent entry point into the United States is the island of Puerto Rico.

Over the last couple of years, the blows delivered to the Cali Cartel, combined with surveillance and interdiction cooperation between the United States and the Peruvian governments, have disrupted the Peru-Colombia air bridge used by the traffickers to get coca paste to processing laboratories in Colombia, before shipment on to the United States and Europe. The traffickers

have increasingly developed alternate routes, including using the Amazon and other rivers to ship into Brazil, and from there, abroad. Similarly, Peruvian and Colombian Pacific Coast ports are being used for maritime shipments to the United States and, to a lesser extent, to Asia. (Cocaine is still not a particularly popular drug in most of Asia, where it is considered too “Western,” as compared to the more familiar opium and heroin.)

Most amazingly, there have also been cases of the use of both manned and unmanned *submarines* to ship large quantities of drugs across the Caribbean, to waiting speed boats, known as “go fast boats,” just outside U.S. territorial waters.

In both maritime and air shipments directly to the United States, traffickers frequently conceal large quantities of cocaine in legitimate containerized cargo.

Shipments from South America to

Europe also go both by air and by sea—although air cargo predominates. Spain, because of its historical and language ties to Ibero-America, continues to be a major staging ground and transshipment center for drugs sent throughout Europe. Another major route goes directly from Surinam, a former Dutch colony in South America, to the old “mother country,” the Netherlands, which is an important drug consumption and distribution haven for all of Europe.

Increasingly, cocaine is also being shipped into Russia and the other countries of the former Soviet Union, as Dope, Inc. rapidly develops these new markets (see p. 46).

Map 4 presents a “close-up” of the Colombia-Mexico cocaine corridor, through which most of the drug passes on its way to the United States. A tightly knit infrastructure of narcotics trafficking now links the two countries, which is also expressed in the form of close working relations between the Colombian and Mexican drug cartels.

Historically, the Colombian mafia used twin-engine general aviation aircraft to transport cocaine from Colombia, up through Central America (often with a stop in Guatemala), and on into Mexico. In recent years, however, they have increasingly turned to jet cargo, passenger aircraft, and even *full-size commercial jets loaded with cocaine*, which are landed on remote clandestine airfields in Mexico, and then simply discarded.

Another relatively recent innovation of Dope, Inc. is the extensive use of air-drops of large, sealed packages of cocaine into the waters surrounding Mexico. Here again, waiting “go fast boats” pick up the cargo and take it ashore, where it is transported by land up to the border with the United States.

Note the two areas of greatest density of such air drops:

- the Gulf of Mexico coast off the Isthmus of Tehuantepec, where most of Mexico’s offshore oil platforms are located, and where there is consequently a significant amount of related onshore ground transportation, construction, and so forth; and
- the Caribbean coast off the Yucatán Peninsula and the nation of Belize, a member of the British Commonwealth which plays a crucial role in coordinating both drugs and terrorism in southern Mexico. This cocaine is then transported overland through southern Mexico, in particular through the state of Chiapas where the British-sponsored Zapatista narco-terrorists are active, and northwards to the United States.

A \$150 billion chunk of Dope, Inc. production

by Valerie Rush and Joyce Fredman

The number-one drug of preference in the United States is still marijuana, and official government surveys indicate that the major decline in consumption over the previous decade and a half has now been reversed, and that consumption is again on the rise, especially among school-age children. Law enforcement officials are particularly concerned over what they call a “gateway effect,” by which this age group is introduced to other, still more deadly drugs. That is, by crossing over into illegality through use of a banned substance, these children become increasingly vulnerable to the physical, psychological, and financial addiction of the narcotics netherworld.

What is this so-called “recreational drug,” which its pushers would have us legalize, putting it in the same category as alcohol and tobacco? Marijuana is the flowering tops and leaves of the *Cannabis sativa L.* plant, which are gathered, dried, and smoked in a pipe or cigarette, or in combination with tobacco or other drugs. Both the plant, and the psychoactive chemical delta-9-tetrahydrocannabinol (THC) found most densely in its flowering tops, are considered “controlled substances,” that is, their consumption is illegal. Two other substances are derived from the cannabis plant, hashish and hashish oil, which contain a higher THC content than marijuana, but which do not have a significant U.S. market.

World production

Although cannabis is grown around the globe, from South America to Asia, from the Middle East to Africa, the United States has become in the past decade the single largest grower of marijuana in the world, contributing an estimated 34% to total world production in 1995 (see below).

The bulk of marijuana consumed in the United States is also produced domestically. As of 1995, *EIR* estimates that at least 50% of all marijuana consumed in the United States was domestically grown, with the rest coming from Mexico, or through Mexico from points further south, primarily Colombia (see **Map 5**). Because marijuana is a relatively bulky product

to ship (unlike cocaine and heroin, for example), it is more cost-effective and less risky to either grow it domestically or to transport the drug to the U.S. market from nearby sources.

After the United States, Colombia and Mexico together account for another 45% of total world production. Colombian cultivation, which, by 1990, had been nearly eliminated altogether through eradication by glyphosate, began to climb again in 1991-92, when eradication was abandoned, had a dramatic resurgence in 1993, and has been steadily climbing ever since, surpassing even Mexican production in the last year or two.

As **Map 6** shows, the bulk of Colombian cultivation is concentrated in the northern Sierra Nevada region, and in the Serranía de Perija in the northeast, a no-man’s-land dominated by narco-terrorist bands along the Colombian-Venezuelan border. Current estimates are that at least 5,000 hectares are under marijuana cultivation, with a potential yield of 4,133 metric tons annually.

Because of the consolidation of financial and political power by the cocaine cartels in Colombia during the past decade, marijuana trafficking is no longer an independent affair. Combined shipments of Colombian marijuana and cocaine are now making their way northward to Mexico, by boat and air, through both Pacific and Caribbean routes, and thence across the border into the United States. Although most of Colombia’s marijuana heads north to Mexico, the United States, and Canada, multi-ton shipments have also been seized in western Europe in recent years, entering largely through Germany and the Netherlands.

In Mexico, marijuana cultivation is largely concentrated in the western states of Sinaloa, Nayarit, Michoacán, Sonora, Jalisco, Oaxaca, and Durango. Mexico’s so-called “golden triangle” of marijuana (and poppy) cultivation extends from Badiraguato in Sinaloa, to Tomazula in Durango, to Guadalupe y Calvo, in Chihuahua (see map). Although the bulk of Mexican marijuana is of commercial grade, the more potent *sinsemilla* has been on the increase here, too, since 1992. It is estimated that Mexico currently has nearly 7,000