



Testimony of **Mark L. Schneider**, Senior Vice President, *International Crisis Group* to the House Committee on Foreign Affairs' Subcommittee on the Western Hemisphere

“Assessing U.S. Drug Policy in the Americas”

15 October 2009
2172 Rayburn House Office Building

I want to thank the Chairman of the Foreign Affairs Committee, Rep. Howard L. Berman, Chairman of the Subcommittee on the Western Hemisphere, Rep. Eliot L. Engel, and the ranking members Rep. Ileana Ros-Lehtinen and Rep. Connie Mack for the invitation to offer testimony this afternoon on “Assessing U.S. Drug Policy in the Americas”.

I appear before you today on behalf of International Crisis Group, the leading independent, non-partisan NGO providing a unique combination of field-based analysis, strategic policy prescriptions and high-level advocacy on the prevention and resolution of deadly conflict. In the Americas, Crisis Group has been particularly engaged in the Andean countries and Haiti, seeking to identify the drivers of conflict, analyze their origins, and offer policy recommendations to resolve them through political and diplomatic, rather than violent means. In both areas, as well as the Central American transit areas, violence, corruption and instability result from coca cultivation, cocaine production and trafficking and thus pose significant threats to democratic institutions.

Mr. Chairman, I applaud the Committee’s efforts in attempting to open up a full dialogue on US drug policy effectiveness in the Americas. We have seen history repeat itself time and time again – from Plan Colombia to the Andean Counterdrug Initiative to the Merida Initiative. The Congress, we think wisely, has mandated moving away from the heavy concentration on military equipment and concentrating more on strengthening law enforcement institutions, human rights and alternative development. However, after \$6.8 billion on these supply side efforts and perhaps \$30 billion this year on domestic incarceration, law enforcement and treatment, it is clear that there are fundamental changes required in US strategy or the elements of that strategy. I think there is a recognition that some program elements need to shift. For instance, the Colombian government itself has chosen to move away from aerial eradication and instead, towards manual eradication, USAID has shifted its programming as well to focus on more sustainable alternative economic options for poor rural farmers. The legislation that you have introduced, H.R. 2134, Western Hemisphere Drug Policy Commission Act of 2009, offers that opportunity for a bi-partisan examination of these issues.

The International Crisis Group called for the independent review of counter-narcotics policy that you are proposing in our March 2008 reports: [Latin American Drugs I: Losing the Fight](#) and [Latin American Drugs II: Improving Policy and Reducing Harm](#). Earlier this year, leaders in the Latin American Commission on Drugs and Democracy focused on the same history, costs and results of the “war on

drugs” strategy and suggested that the strategy needed radical revision. As you know Mr. Chairman, these leaders are seriously concerned about the situation of organized crime, violence that accompanies the drug trafficking industry and damage to their societies.

I would also note that one of their key points was the need for a public health focus rather than a criminal prosecution focus on cocaine addicts in their countries, a demand reduction position that recently was echoed by the new director of National Drug Control Policy R. Gil Kerlikowske, who stated “It’s time to recognize drug abuse and addiction for what it is – not just a law enforcement and criminal issue, but also a very complex and dynamic public health concern...” Essentially, along with the Latin American Commission, he argued for law enforcement concentration on drug traffickers and a greater public health and treatment response to addicts. He also cited new data that one-fifth of all the cocaine users in the U.S. account for about two-thirds of U.S. total cocaine consumption---and that less than 10 percent of all diagnosed cases of addiction are treated.

The Latin American Commission report, our own reports and your bill also appropriately urge a new review on the impact of the current counternarcotics supply side policies in the hemisphere.

The Andean countries produce 100 percent of the cocaine in the world and Colombia remains the major producer. There too, while major steps forward have occurred on security and strengthening of the state, the cocaine industry remains a significant funding source for the FARC, the primary motive for some paramilitary refusing to demobilize, and a continuing generator of new criminal groups and violent combat over drug corridors, including those into Venezuela and to the Pacific coast ports of export toward the U.S. In countries like Guatemala, criminal traffickers control municipalities and local authorities, simultaneously penetrating upper echelons of law enforcement and compromising both the legitimacy and sovereignty of the state. In Haiti, President Preval has called drug trafficking the major threat to political transition, to police and judicial reform, and to clean political campaigns. Venezuela is increasingly used as a point of transit for Colombian cocaine. Bolivia and Peru are reported to have increasing levels of coca cultivation and cocaine production, although both also have reported substantial levels of drug seizures. In almost every country where a link of the trafficking chain exists, the illicit drug trade undermines democratic institutions, weakens local governance structures, and corrodes respect for the rule of law.

The GAO almost exactly one year ago noted the following with respect to Plan Colombia:

“In October, 1999, the Colombian government announced a 6-year strategy, known as Plan Colombia, to (1) reduce the cultivation, processing, and distribution of illicit narcotics in Colombia by 50 percent over a 6-year period and (2) improve the security climate in Colombia by reclaiming control of areas held by a number of illegal armed groups, which in the last decade had financed their activities largely through drug trade profits.”

“Plan Colombia’s goal of reducing the cultivation, processing, and distribution of illegal narcotics by 50 percent in 6 years (through 2006) was not fully achieved, however, major security advances have been made.”

“Estimated coca cultivation was about 15 percent greater in 2006 than in 2000 as coca farmers took countermeasures such as moving to more remote portions of Colombia to avoid U.S. and Colombian eradication efforts. Estimated cocaine production was about 4 percent greater in 2006 than in 2000.”

In its latest report, the White House Office of National Drug Control Policy (ONDCP) has reported a record 20-year high of coca leaf production in the Andean Ridge (as a composite of Colombia, Peru and Bolivia), raising the estimated total of regional coca cultivation land to over 230,000 hectares. Its source was the Crime and Narcotics Center (CNC) at the CIA:

Estimated Andean Region Coca Cultivation and Potential Pure Cocaine Production, 2001-2007

	2001	2002	2003	2004	2005	2006	2007
Net Cultivation (hectares)	221,800	200,750	166,300	166,200	204,500	225,000	232,500
Bolivia	19,900	21,600	23,200	24,600	26,500	25,800	29,500
Colombia	169,800	144,450	113,850	114,100	144,000	157,200	167,000
Peru	32,100	34,700	29,250	27,500	34,000	42,000	36,000

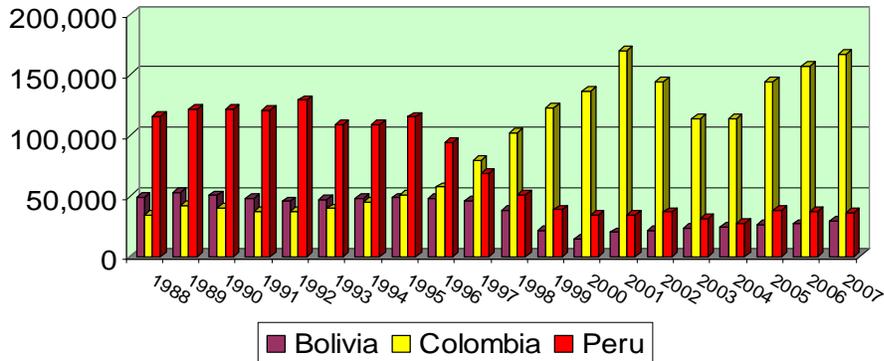
	2001	2002	2003	2004	2005	2006	2007
Potential Pure Cocaine Production (metric tons)	920	820	790	760	890	930	865
Bolivia	60	60	100	115	115	115	120
Colombia	700	585	445	415	525	550	535
Peru	160	175	245	230	250	265	210

Source: Crime and Narcotics Center.

In 2008, the equivalent numbers from the CNC are not yet available for cultivation or cocaine production—perhaps the longest delay in the reporting of that data in recent memory. What is clear is that over time, there have been relatively minor changes in the cumulative levels of cultivation and cocaine production in the Andes. In fact, if one looks over the course of a longer time frame, going back to the 1980’s for the Andean ridge as a whole, the average number of hectares has been very, very steady---just over 200,000 hectares although production shifted away from Peru and Bolivia in the early 1990s to Colombia.

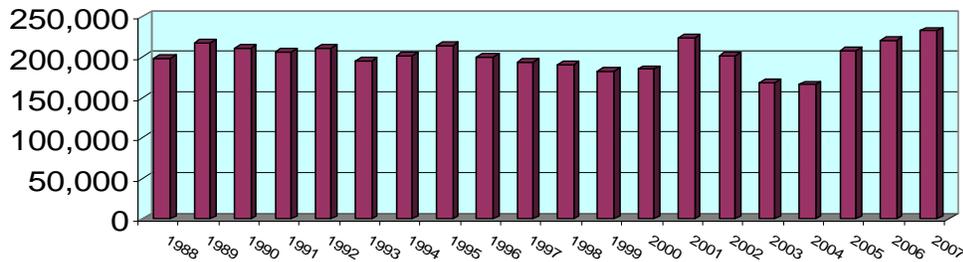
Andean Coca Cultivation in Hectares

Source: State Department International Narcotics Control Strategy Reports. 1988-2005
Source: White House Office of National Drug Policy, 2008



Andean Coca Cultivation in Hectares: Combined Total

Source: State Department International Narcotics Control Strategy Reports. 1988-2005
Source: White House Office of National Drug Policy, 2008

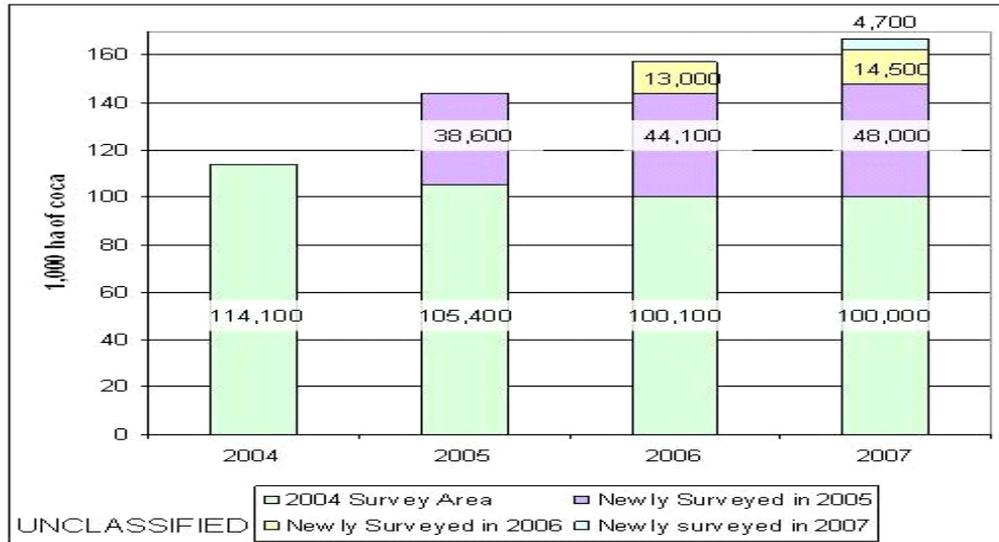


While Colombian production in particular saw a marginal decline in hectares cultivated in 2008 according to the UNODC's 2009 World Drug Report it really just returned to the same levels reported by UNODC in 2004 and 2006. Meanwhile UNODC found increases for the third consecutive year in both Peruvian and Bolivian potential pure cocaine production. The differences between the U.S. and UNODC calculation of annual cultivation and production are substantial. Each uses a slightly different balance between satellite, other intelligence and ground observation surveys. While each prefers its own methodology, they both also acknowledge that these are estimates and therefore subject to uncertainty. That uncertainty is even clearer when one turns to differing estimates of the cocaine that can be produced from those cultivated hectares.

Production Shifts. Specifically on the production side, coca cultivation in the Andean region has shifted to more remote areas, causing deforestation as farmers push farther into the forest to escape the watchful eye of aerial surveillance. Furthermore, cultivation is more spatially dispersed, causing production to spread more widely in smaller plots dotted along the country-side. For example, in 1999, coca was grown in 12 departments in Colombia, whereas in 2008, after the hugely expanded eradication

efforts, coca was cultivated in 25 of 34 departments. The 2009 World Drug Report finds that in 2008, most of Colombian coca cultivation reduction occurred in the regions of Meta-Guaviare and Putumayo-Caqueta; however, significant new increases were found to sprout up in the Pacific region as well as in some smaller cultivation regions.

Year-to-Year Cultivation Comparison (Source: *International Narcotics Control Strategy Report 2009*)



(2007 coca cultivation estimate: 167,000 ha*, a 6% increase over 2006; Reconstitution and new planting in existing survey areas; 4,700 ha (3%) in newly surveyed areas; Survey Areas increased 6% over 2006; *90% confidence interval: 156,000-178,000 ha; Numbers do not appear to add due to rounding.)

Another process of determining the amount of cocaine aimed at the U.S. market is produced by the Interagency Assessment of Cocaine Movement (IACM) which estimated that on the whole, between 545 to 707 MT of cocaine departed South America toward the US in 2007, a slight increase over 2006 estimates of 509 to 709 MT. The IACM is coordinated by the Defense Intelligence Agency and brings together all information in the U.S. government on this subject. As of 2008, the IACM remains the only source of U.S. estimates of the amount of cocaine coming out of South America toward the U.S..

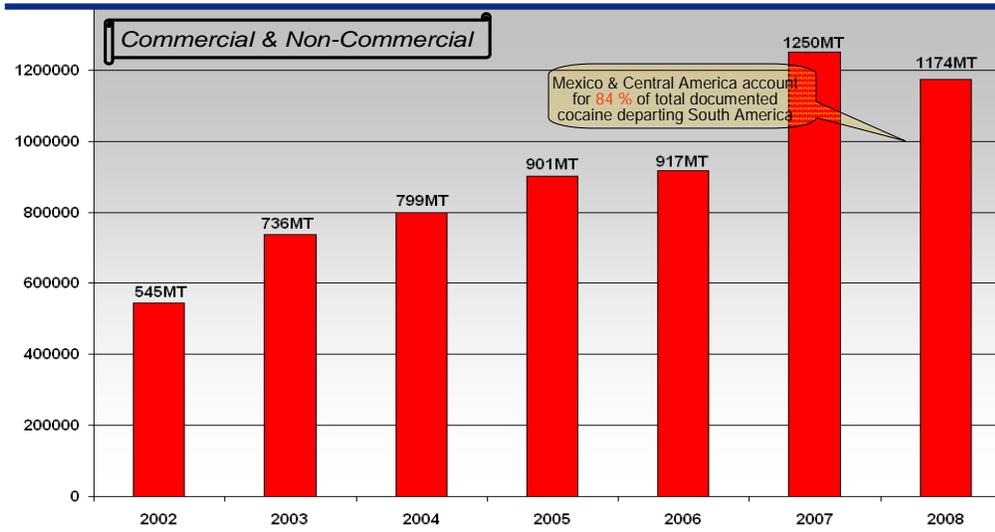
Their estimate for 2008 was a whopping 1174 metric tons of cocaine coming from South America and transiting Central America and Mexico. These numbers come in part from intelligence, in part from other U.S. agencies estimates of cultivation and production and in part from extrapolating data from actual seizures and known disruptions. These include incidents in which planes are forced down or ships are sunk or scuttled, halting a substantial amount of cocaine before it reaches the Mexican border with the U.S. According to the Joint Interagency Task Force South, (JTIAF-S) which manages all of those interdiction activities, the IACM figure represents the best transit estimate currently available.

Trafficking Shifts. Apart from supply-side production shifts in Andean coca cultivation, US drug policy has also caused significant shifts in drug trafficking that have counter-intuitively pushed the drug trade to countries previously unassociated with high levels of drug transit. In the 1990s, the successful disruption of Colombian cartels in South America did not minimize the flow of cocaine to the US; instead, it strengthened Mexican trafficking organizations to the point where today, Mexican cartels control almost 90% of cocaine trafficking into the United States.

However, recent pressure on Mexico through the Mérida Initiative and in support of President Calderón’s policy of combating the cartels have caused drug traffickers to shift their transit patterns.

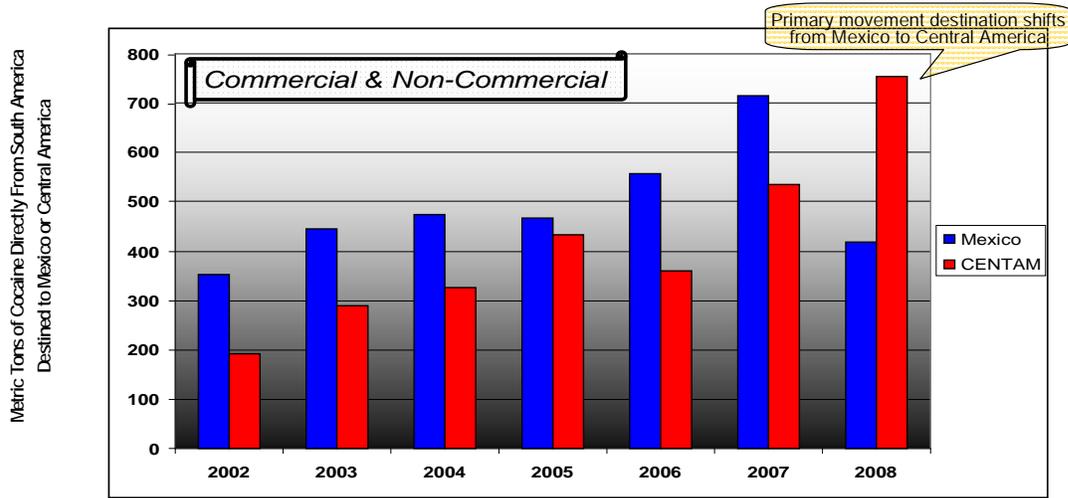
Rather than lowering cocaine availability in North America, the heavy focus on interdiction and intense pressure in Mexico has forced traffickers to seek alternate routes – this time through Central America and the Caribbean. Last year, approximately 65% of cocaine shipments from the Andean region went first to Central America. Guatemala is the preferred stop and it saw a 47% hike in cocaine trafficking between 2006 and 2008. It also saw homicides, mostly linked to drugs, reaching 6200, equal to the number of killings in Mexico in 2008.

Mexico/Central America Predominant Corridor

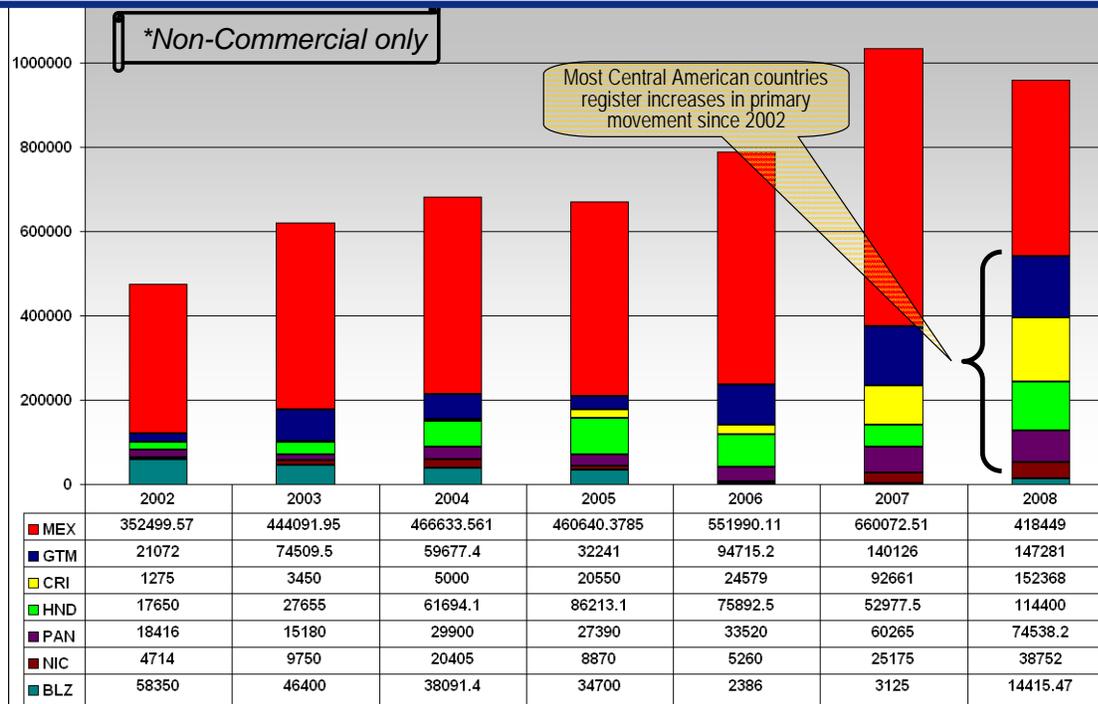


Experts have likened US drug policy in the Americas to the “mercury effect”, mimicking the way one ball of liquid mercury splits into lots of tiny balls when pressure is applied. Direct pressure on Colombia and Mexico have spatially disbursed cultivation and trafficking patterns in the Americas, creating new trends in the ways in which coca is produced, the countries enlisted in its transit, and the emerging markets to which it is directed. Outside this region, we know that the markets in Europe have turned West Africa, a region already politically unstable and largely economically impoverished, into a dangerous intersection for cocaine and organized crime. Here in the Americas, the transit shift to Central America, rather than Mexico, as the “first stop” for Andean drugs poses dangerous consequences for stability in a region barely a decade away from civil conflict.

Cocaine to Mexico/Central America From South America



Primary Flow into MXCA by Country 2002 - 2008



Apart from the extension of drug transit south from Mexico into Central America, illicit drug flows are also shifting eastward toward the Caribbean, as drug smuggling flights from Venezuela to Haiti and the Dominican Republic (presumably destined for the US) increased 167% in 2006 and 38% in 2007. The

proposed new security regimes, the Caribbean Basin Security Initiative and the Central America Regional Security Initiative are attempting to address these challenges. Still, recognition of these shifts needs to be thought of as only a partial response to the issue. The primary focus needs to be on institution-building with a greater emphasis on strengthening the rule of law and on offering young people---inevitably the target market--- many more options for job opportunity.

For all of these reasons, Mr. Chairman, now is the right time to establish an independent commission to examine not only where we are on counter drug policy from a supply side perspective, but also from a demand reduction focus. Ultimately, if we are able to significantly reduce the market for cocaine in the U.S., we will remove a significant threat to the rule of law in Latin America and the Caribbean and therefore a significant threat to stability and democracy as well.