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Testimony

Before the Committee on International Relations  
House of Representatives

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For Release on Delivery  
Expected at  
11:00 a.m. EDT  
Thursday,  
February 26, 1998

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DRUG CONTROL

Counternarcotics Efforts in  
Colombia Face Continuing  
Challenges

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Division



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Mr. Chairman and Members of the Committee:

I am pleased to be here today to discuss the results of our review of counternarcotics efforts in Colombia. At the request of the Committee, we focused our review on (1) the nature of the drug-trafficking threat in and from Colombia; (2) the political, economic, and operational implications of the U.S. decisions to decertify Colombia in 1996 and 1997; and (3) U.S. efforts to plan and manage counternarcotics activities in Colombia. Our report on this review is being released today.<sup>1</sup> My statement will highlight the principal findings and observations from the report as well as other relevant issues from our previous reports.<sup>2</sup>

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## Summary

The narcotics threat from Colombia continues and may be expanding, as Colombia remains the world's leading manufacturer and distributor of cocaine. According to recent State Department and Drug Enforcement Administration reports, the cultivation of coca leaf in Colombia increased by 50 percent between 1994 and 1996, and the prevalence of Colombian heroin on the streets of the United States has steadily increased. Significant obstacles, including widespread corruption and extensive violence, impede U.S. and Colombian counternarcotics efforts. Colombian insurgent groups have further complicated the situation, as they are increasingly involved in drug-trafficking activities, making it difficult for Colombian police and military forces to reduce drug-trafficking activities within their borders.

Since the initial decertification decision in March 1996, Colombia has taken several actions to address U.S. concerns, including passing laws to hinder drug-trafficking; eradicating illicit drug crops; interdicting drugs; and combating drug-trafficking activities and organizations. U.S. officials believe Colombia must now fully implement newly passed laws on asset forfeiture, money laundering, and trafficker sentencing and show a willingness to investigate and punish corrupt officials. Decertification had little impact on Colombia's economy because the President chose not to apply discretionary sanctions against Colombia. However, mandatory economic sanctions required by the decertification decisions led to the

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<sup>1</sup>Drug Control: U.S. Counternarcotics Efforts in Colombia Face Continuing Challenges (GAO/NSIAD-98-60, Feb. 12, 1998).

<sup>2</sup>Drug Control: U.S.-Supported Efforts in Colombia and Bolivia (GAO/NSIAD-89-24, Nov. 1, 1988); Drug War: Observations on Counternarcotics Aid to Colombia (GAO/NSIAD-91-296, Sept. 30, 1991); The Drug War: Colombia Is Undertaking Antidrug Programs, but Impact Is Uncertain (GAO/NSIAD-93-158, Aug. 10, 1993); and Drug War: Observations on the U.S. International Drug Control Strategy (GAO/T-NSIAD-95-182, June 27, 1995).

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termination of some U.S. economic aid and resulted in actions that may have hurt some U.S. businesses.

When the initial decertification decision was made in March 1996, the Department of State was not prepared to determine whether some programmed assistance intended for the Colombian police and military could continue to be provided. It took State, in conjunction with other executive branch agencies, about 8 months to make this decision, and as a result, about \$35 million in programmed counternarcotics assistance was canceled or delayed. The overall operational implications of the cutoff on U.S. and Colombian counternarcotics programs are not clear. The Colombian police and military were able to maintain or increase some types of operations by purchasing parts and equipment on the commercial market that were once available through the Department of Defense. Also, the U.S. Embassy helped fund some of the activities with resources taken from other projects. However, Colombian police officials told us that some operations could not be conducted because certain types of assistance, such as aviation spare parts and explosives, were not available.

The U.S. counternarcotics program in Colombia has continued to experience management challenges. For example, State and the U.S. Embassy were unprepared for the financial consequences of State's 1996 decision to expand aerial crop eradication. Due to unplanned expenditures to support the eradication effort, other Embassy counternarcotics activities, including interdiction efforts, demand reduction within Colombia, and efforts to strengthen Colombian law enforcement institutions, were scaled back or lost support. Moreover, State did not take adequate steps to ensure that equipment included in a 1996 \$40-million assistance package from Defense Department inventories could be integrated into the Embassy's plans and strategies to support the Colombian police and military counternarcotics forces. As a result, the package included items that had limited immediate usefulness to the Colombian police and military and will require substantial additional funding to become operational. Examples include five C-26 aircraft, six river patrol boats, and 12 UH-1H helicopters. Moreover, the assistance was also delayed for 10 months because State and the Embassy could not reach an agreement with the government of Colombia over acceptable end-use provisions to ensure that the assistance was not being provided to units suspected of human rights violations.

To address the problems in planning and coordinating assistance packages drawn from Defense Department inventories, we recommended that State

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Department, in close consultation with the Defense Department and the National Security Council, ensure that future assistance is compatible with the priority needs of the Colombian government and that adequate support resources are available to maximize the benefits of the assistance. Defense and State agreed with our recommendation.

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## The Drug Threat From Colombia Continues and May Be Expanding

Colombia provides almost three-quarters of the cocaine consumed in the United States. While Colombia accounts for 1.5 percent of the world's illicit opium production, recent data shows that 62 percent of all heroin seizures in the United States that were tested by the Drug Enforcement Administration during 1995 were of Colombian origin. The Department of State reported in March 1997 that the amount of coca under cultivation in Colombia increased from 44,700 hectares to 67,200 hectares, or about 50 percent, between 1994 and 1996. U.S. officials attribute this increase partially to successes in shutting down drug-trafficking activities in Peru.

According to the Drug Enforcement Administration, new cartels and drug-trafficking groups have emerged as major drug-trafficking organizations in Colombia. Furthermore, insurgent groups have increasingly funded their activities through drug trafficking. The two groups posing the most serious threats to internal security are the Colombian Revolutionary Armed Forces (FARC) and the National Liberation Army (ELN), with a combined strength of 10,000 to 15,000 personnel. According to a 1997 U.S. interagency report, FARC units are involved in growing coca, protecting coca fields from eradication, and providing security for drug-processing facilities of various drug-trafficking organizations. Recent reports also indicate that the two insurgent groups are enhancing their capabilities and are gaining strength throughout the country.

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## The Political, Economic, and Operational Implications of the U.S. Decertification of Colombia

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### Colombia Has Taken Some Actions to Address U.S. Concerns

Since the initial presidential decertification decision in March 1996, Colombia has addressed some U.S. concerns by (1) enacting a new law allowing for the seizure of drug traffickers' assets, (2) approving legislation increasing sentences for those convicted of drug-trafficking and money-laundering activities, (3) signing a maritime agreement allowing the United States to pursue suspected drug traffickers, and (4) passing a new extradition law. However, State Department and U.S. law enforcement officials believe that Colombia must demonstrate greater political will by

- addressing the pervasive public corruption that continues to weaken the government and undermine law enforcement activities;
- improving prison security to prevent convicted traffickers from directing drug-trafficking activities from prison; and
- fully implementing the newly passed laws on asset forfeiture, money laundering, and trafficker sentencing.

According to State officials, these factors will be considered as part of the 1998 certification process.

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### Economic Sanctions May Have Hurt U.S. Commercial Interests

The mandatory sanctions from decertification required the termination of official U.S. export and investment support of certain transactions and may have resulted in business losses. The Foreign Assistance Act of 1961 and the Narcotics Control Trade Act of 1974 contain both mandatory and discretionary sanctions that the President can invoke when denying certification to a drug-producing or drug-transiting nation. Mandatory sanctions include the termination of most forms of foreign assistance and bilateral loans and a U.S. vote against multilateral development bank loans to the decertified country. Counternarcotics assistance provided through State's International Narcotics Control Program and disaster and humanitarian aid are not subject to the sanctions. Discretionary sanctions

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include the loss of trade preferences, the suspension of sugar quotas, tariff penalties, and the curtailment of transportation arrangements. According to State and U.S. Embassy officials, there was no intention to use discretionary economic sanctions to harm Colombia's economy because the Colombian private sector is viewed as a positive influence in strengthening the government of Colombia's resolve to combat drug-trafficking activities.

Some U.S. businesses operating in Colombia believe that the mandatory sanctions required by decertification have harmed their business activities there. The State Department reported that the 1996 decision required the Overseas Private Investment Corporation and the Export-Import Bank to freeze about \$1.5 billion in investment credits and loans for U.S. companies investing in Colombia. Also, a 1996 survey by the Council of American Enterprises—an American business consortium in Colombia—indicated that its member companies lost \$875 million in sales because of the sanctions. State officials indicated they have not conducted an in-depth assessment of the economic consequences of decertification and could not validate the information in the survey by the Council.

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### Overall Operational Impact of Delays of Assistance Is Unclear

The initial decertification decision resulted in the delay or cancellation of approximately \$35 million in U.S. counternarcotics assistance to Colombia. The overall impact of the delays and cancellations on Colombian counternarcotics operations is unclear. We do know that the State Department, in conjunction with other executive branch agencies, took about 8 months to decide what aid could be provided under decertification. During this period, the United States did not provide Colombia with, among other things,

- almost \$30 million in counternarcotics Foreign Military Financing grant assistance (helicopter spare parts, ammunition, and explosives),
- about \$1.4 million in planned U.S. International Military Education and Training assistance for Colombian police and military units involved in counternarcotics operations, and
- about \$3.6 million in counternarcotics assistance to the Colombian police and military units to be provided under the U.S. Foreign Military Sales Program and the State Department International Narcotics Control Program.

The Foreign Military Sales and State assistance was released in October 1996, but the Foreign Military Financing grant aid and some military

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training was frozen until August 1997, when the President released it as part of a national security waiver.

According to U.S. Embassy and Colombian officials, the assistance delays prevented Colombian police and military units from receiving some U.S.-funded military training and from conducting some planned counternarcotics activities. However, data from the Colombian National Police shows that they were able to operate their interdiction and eradication helicopters at higher levels from March 1996 to June 1997, compared to the 2 months before decertification. U.S. military reports indicated that each of the services conducted more counternarcotics operations and seized more narcotics during 1996 than in 1995.

The impacts from assistance delays were minimized because the Departments of State and Defense and the Colombian police and military used other funding and procurement sources to obtain critical support necessary to continue operations. Both the Colombian police and military purchased spare parts directly from various commercial sources and used their existing inventories to maintain operational readiness rates for their aircraft. These spare parts, however, were substantially more expensive than they would have been had the Colombians had access to U.S. military assistance and spare parts. For example, the Colombian police reported that certain helicopter parts bought commercially cost 150 percent more than parts obtained through U.S. military sources. In addition, the U.S. Embassy used some State and Defense funds to support Colombian police and military eradication and interdiction efforts.

U.S. Embassy officials said that while the use of commercial and other sources had enabled the Colombian police and military to continue counternarcotics operations after the suspension of U.S. assistance, the higher expenditures for items and effectiveness of operations could not be sustained over a long period.



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## Planning and Management Problems Hamper U.S. Counternarcotics Efforts in Colombia

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### State and the U.S. Embassy Were Not Prepared to Manage Increases in Aerial Eradication

In October 1996, the Department of State, through its Bureau of International Narcotics and Law Enforcement Affairs, decided to significantly increase the level of U.S. support for and participation in Colombia's aerial eradication of coca and opium poppy, primarily to improve upon the eradication results of 1995 and 1996. However, the Narcotics Affairs Section at the U.S. Embassy was unprepared for the escalation in costs to support this effort and was unable to fully support other planned counternarcotics programs meant to achieve all of the Embassy's counternarcotics objectives.

During fiscal year 1997, State increased the number of aircraft and U.S. contractor personnel involved in the aerial eradication program. The role of the contractor also changed from being primarily responsible for training Colombian pilots and mechanics to directly maintaining aircraft and actively participating in planning and conducting eradication operations.

Throughout fiscal year 1997, the Narcotics Affairs Section continually adjusted its estimates for the amount of funding needed to support its program efforts from about \$19 million in the beginning of the fiscal year to \$34 million by July 1997. According to various U.S. Embassy reports, these changes were caused by unforeseen costs that the Embassy incurred as the result of the State Department's decision to increase support for aerial eradication. For example, the Narcotics Affairs Section identified \$3 million to \$4 million needed to upgrade security for contractor personnel that was not included in the Embassy's original budget.

In July 1997, the Embassy's Narcotics Affairs Section informed the State Department that because of the expanded aerial eradication effort, it had to reallocate \$11 million from other planned counternarcotics programs. The Section also reported that it could not continue to support programs for Colombian police interdiction units, demand reduction, and efforts to strengthen Colombian law enforcement institutions. Each of these

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programs supports the Embassy's program plan to fulfill U.S. counternarcotics objectives in Colombia.

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## Assistance Package Was Poorly Planned

On September 30, 1996, the President, in accordance with section 506(a)(2) of the Foreign Assistance Act, notified Congress that Colombia would be provided about \$40 million in assistance from Defense Department inventories. However, the package was hastily developed and did not include sufficient information on specific Colombian requirements, the ability of the host country to operate and maintain the equipment, or the funding necessary from the United States or Colombia to support it. For example, Defense Department and Embassy officials said they were given little time by the National Security Council to determine what equipment was best suited to meet the needs of the Colombian police and military counternarcotics forces. The package contained several items (C-26 aircraft, patrol boats, and utility landing craft) that did not meet the priority needs of the Colombian police and military. In addition, because much of the equipment was not operationally ready for use, substantial unbudgeted funding would be required for the equipment to be of value to the Colombians. For example:

- Five C-26 aircraft included in the package could cost at least \$3 million each to modify to perform the surveillance mission desired by the Colombian police and another \$1 million to operate and maintain annually.
- Twelve UH-1H helicopters, delivered to the Colombian National Police in May 1997, had an average of only 10 hours of available flying time left before substantial maintenance was required. By July 1997, the Colombian police reported that only 2 of the 12 helicopters were operational.
- Six patrol boats required \$600,000 to make them operational, and two of the boats were missing key parts and operational panels.

In addition to these shortcomings, the assistance package was delayed for 10 months while the State Department and the Embassy negotiated end-use monitoring agreements with the government of Colombia to ensure that the aid was not being provided to units suspected of human rights violations. According to Embassy officials, State took 4-1/2 months to provide guidance to the Embassy on the terms to be presented to the Colombian government. The delay was partially due to the Colombian government's unwillingness to finalize an acceptable end-use agreement.

To address the problems in planning and coordinating assistance authorized under section 506(a)(2) of the Foreign Assistance Act of 1961,

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we recommended that the Secretary of State, in close consultation with the Secretary of Defense and the National Security Council, take steps to ensure that future assistance is, to the maximum extent possible, compatible with the priority requirements identified in U.S. counternarcotics programs and that adequate support resources are available to maximize the benefits of the assistance. Defense and State agreed with our recommendation.

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This concludes my prepared remarks. I would be happy to respond to any questions.

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