
Andean Regional Initiative

By

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Good afternoon, Mr. Chairman, Members of the Committee. I am pleased to be here today to discuss with you the Department of State's programs envisioned under the Administration's proposed Andean Regional Initiative (ARI).

First, I'd like to provide you background on the origin of the President's Initiative. In July 2000, Congress approved a \$1.3 billion supplemental appropriation to carry out enhanced counternarcotics activities in the Andean region. Of that amount, approximately \$1 billion in Function 150 funding through the State Department was the U.S. contribution to what has become known as Plan Colombia, a comprehensive, integrated, Colombian action plan to address Colombia's complex and interrelated problems. The initial two-year phase of Plan Colombia focused on the southern part of the country. It began with an intensive counternarcotics push into southern Colombia, along with the expansion of programs aimed at social action and institutional strengthening, and alternative development. Plan Colombia is now well underway and showing good early results. In addition to stemming the flow of narcotics entering the U.S., our assistance is intended to support institutional and judicial reform, as well as economic advancement, in one of this hemisphere's oldest democracies.

Members of Congress, the non-government community, and other interested observers had previously expressed concerns regarding aspects of U.S. government support to Plan Colombia. Those concerns focused particularly on three areas: that we did not consult widely enough in putting together our support package; that we focused too much on security and law enforcement, and not enough on development and institutional reform; and that our assistance was too heavily oriented toward Colombia as compared to the rest of the region.

The Administration has taken to heart those concerns in formulating the President's proposed Andean Regional Initiative. ARI is the product of consultations with the staffs of committees and members of Congress, with the governments of the region, and with other potential donor countries and international financial institutions. ARI addresses the three issues that lie at the heart of the challenges facing the region: democracy, development, and drugs. ARI balances the need to address the continuing challenges in Colombia with the competing priority of working with the rest of the region to prevent a further spreading of Colombia's problems or backsliding in areas where progress already has been made.

The President has proposed \$882 million in Function 150 programs for the ARI. \$731 million of the \$882 million in ARI is for the Department's Bureau for International Narcotics and Law Enforcement Affairs (INL) funding of the Andean Counterdrug Initiative (ACI). The ARI also includes funding for relevant Economic Support Funds (ESF), Developmental Assistance (DA), and Child Survival and Disease (CSD) programs, plus a small amount of Foreign Military Financing (FMF). The ARI covers programs in Bolivia, Colombia, Ecuador, Peru, and Venezuela, and those areas and programs in Panama and Brazil most affected by the region's problems and those where our assistance can best make a difference. In addition to being balanced geographically, our budget will likewise be balanced programmatically. About 50 percent of the ARI budget will be devoted to programs focused on development and support for

democratic institutions. Integral to ARI as well are the economic development and job creation afforded by expanded trade opportunities. The Free Trade Area of the Americas (FTAA) can help the entire region through increased investment and job creation. More immediately, renewal and enhancement of the Andean Trade Preferences Act (ATPA) can provide real alternatives to drug production and trafficking for farmers and workers desperate for the means to support their families.

Our support to Plan Colombia was the first step in responding to the crisis underway in Colombia. The Andean Regional Initiative is the next stage of a long-term effort to address the threat of narcotics and the underlying causes of the narcotics industry and violence in Colombia, while assisting Colombia's neighbors to ward off those same dangers in their own countries. Their success is vital to our own national interests in promoting the spread of strong democratic institutions, the enhancement of trade and investment opportunities for U.S. businesses and workers, and the reduction of narcotics production and trafficking that threaten our society.

My USAID colleague will describe in detail the status of our alternative development projects. However, I want to point out that alternative development is an integral part of our plan for weeding out illicit coca and poppy cultivation in the Andes. We have had large alternative development programs in Bolivia and Peru for many years, and they have been quite successful, combining with aggressive eradication and interdiction programs to produce significant declines in the coca crops of those countries. Colombia is trying to replicate that success in Plan Colombia, combining a substantially expanded alternative development program with aerial eradication and interdiction activities in southern Colombia, currently the largest concentration of coca cultivation in the world.

I am pleased to report that the Department is moving quickly to implement our support to Plan Colombia. Below, I will discuss delivery of helicopters, aerial spray aircraft, and other equipment which is proceeding smoothly. I will also describe our support for the Colombian government's aerial spraying program.

I'd then like to discuss the proposal we have submitted in our fiscal year 2002 budget request for INL's \$731 million Andean Counterdrug Initiative (ACI), as part of the larger \$882 million ARI. This initiative addresses holistically providing assistance for social and economic development as well as for counternarcotics and security efforts the narcotics scourge throughout the Andean region. We are hopeful that this macro approach will eliminate the balloon effect which we observe when programs are developed country by country. Finally, I will note our support for the ATPA.

Status of Spending on Plan Colombia

In less than one year, the department has committed approximately 75 percent of the \$1.018 billion two-year Plan Colombia supplemental. By committed, we mean that we have contracted for equipment or services, signed reimbursable agreements with other agencies or bureaus within the department, and contributed to the U.N. Taken together, these commitments total more than \$760 million of the supplemental.

Status of Equipment Deliveries

Turning now to our equipment deliveries, I can say that they have proceeded smoothly, generally adhering to the anticipated schedules. Some have even been accelerated from their original estimates. As of July 10, 2001, the status of UH-60, UH-1N, Huey-II and spray planes is as follows:

- COLAR and CNP Black Hawks - A contract was signed with Sikorsky on December 15th for fourteen Black Hawks for the Colombian Army (COLAR) and two helicopters for the Colombian National Police (CNP). Specifications for the aircraft configuration were based on SOUTHCOM recommendations with input from respective Colombian organizations. Arrangements are being made for delivery by the end of this month of the two CNP aircraft and the first COLAR aircraft. Remaining deliveries will be made in increments through December of this year. The contract includes one year of contractor logistics support (CLS). We expect to extend this contract pending availability of fiscal year 2002 funding.

- COLAR UH-1Ns - The UH-1Ns supplied to Colombia earlier continue to provide air mobility support to the troops of the Counterdrug Brigade. CNP Huey-IIs: INL and the CNP agreed to use the \$20.6 million CNP Huey-II and \$5 million CNP aircraft upgrade budget lines from the supplemental to modify nine additional aircraft to desired specifications and retrofit 22 of the earlier produced Huey-IIs to include additional options, such as floor armor and passive infrared (IR) countermeasures. A delivery order has been issued for four modifications to be accomplished by U.S. Helicopter (completion expected approximately August/September), and the other five modifications will be done by CNP in-country with kits furnished by INL. (Note: 25 Huey-II helicopters have been delivered to the CNP from previous fiscal year 1998 and fiscal year 1999 funding.)

- COLAR Huey-IIs - SOUTHCOM presented their recommendations on the configuration of the COLAR Huey-IIs on February 22nd. An interagency team then selected a configuration that includes a passive IR engine exhaust system, floor armor, M60D door guns, secure radios, and a radar altimeter, along with other standard equipment. We estimate that 25 Huey-IIs modified to this standard, along with individual crew equipment (NVGs, survival vests, helmets, etc.) and some spares will be possible within the \$60 million line item of the Supplemental Appropriation. We have established a contract delivery order for the accomplishment of the initial 20 modifications, with options for additional aircraft. Work is in progress on these aircraft and we believe that aircraft deliveries to Colombia can begin by approximately January 2002.

- Additional OV-10D Spray Planes - Three aircraft are currently undergoing refurbishment/modification at Patrick Air Force Base and are expected to be completed in August of this year.

- Additional Ayres Turbo-Thrush Spray Planes - A contract is in place for nine additional agricultural spray planes. The first aircraft should be delivered in August, with the balance phased in through February 2002.

Aerial Spraying

Plan Colombia-related aerial spray operations began on December 19, 2000, in the southern department of Caqueta and moved into neighboring Putumayo on December 22. Operations later shifted to the northern and eastern parts of the country.

Some allege that the glyphosate used in the spray program results in health side-effects to exposed populations. First, let me stress that glyphosate is one of the least harmful herbicides available on the world market. Glyphosate has been the subject of an exhaustive body of scientific literature which has shown that it is not a health risk to humans. It is used throughout the United States and over 100 other countries and has been rigorously tested for safety for animals and humans. Nonetheless, we feel compelled to probe assertions that it is making people sick. The Narcotics Affairs Section (NAS), with assistance from our regional Environmental Protection Agency representative in Embassy Lima, is sponsoring a study on the issue. A NAS-contracted physician, Colombia's leading toxicologist, completed evaluation and treatment of

several hundred individuals in Putumayo on June 20. His report is not complete, since the evaluations were so recently done. However, the same physician completed a similar study in Narino Department in May, concerning the same types of health problems as alleged in Putumayo, and found the several cases that he reviewed to be inconsistent with glyphosate exposure. He also discovered that, in fact, many of the cases were reported well before any aerial spraying was conducted in the area.

The timing of spray operations in Putumayo was based on a number of factors. Some were operational concerns, such as seasonal weather conditions. The timing of operations was also meant to discourage the return of an itinerant labor pool coca leaf pickers or raspachines who generally spend the December holidays at their homes in other parts of the country. Importantly, the timing also corresponded with efforts to recruit communities to enroll in development programs. While the intent of the Colombian government to conduct eradication in southern Colombia was well publicized, coca growing communities in the region initially showed little interest in participating in development programs, preferring instead to continue their illicit activity. Only after those initial spray efforts in Putumayo, which demonstrated the government of Colombia's resolve to address the growing problem of coca cultivation in the region, did these communities express real interest in abandoning their illegal activities in exchange for assistance. Funding was already in place for these programs at the time spray operations began and, as each community signed up for the program, the process began to tailor community-specific assistance packages.

Many safeguards are built into the selection of spray targets and further improvements are constantly being made to the system. And while the Department of State does not select the spray locations, those decisions are made by the government of Colombia, the Department, through the Narcotics Affairs Section (NAS) of U.S. Embassy Bogota, does consult on the selection and supports the Colombian National Police (CNP) efforts.

According to Colombian law, an Inter-Institutional Technical Committee (ITC) of Colombian government officials determines what areas of the country may or may not be sprayed. The CNP generates quarterly estimates of the illicit coca crop by flying over coca growing regions on at least a quarterly basis to search for new growth and to generate an estimate of the illicit coca crop. This information is reviewed for accuracy by technical and environmental auditors and is passed on to the ITC. The Directorate of Dangerous Drugs (DNE) chairs the ITC, which includes representatives from the Anti-Narcotics Police, Ministry of the Environment, the National Institute of Health, the National Institute of Agriculture, the National Plan for Alternative Development (PLANTE), regional environmental agencies, technical, and environmental auditors. The CNP notifies the NAS Aviation Office of all decisions as to which areas may not be sprayed. Spray operations are then coordinated and conducted in approved areas only.

Generally, reconnaissance flights are conducted over areas identified by the CNP in their quarterly coca crop estimates. With the use of SATLOC, an aircraft-mounted global positioning system, these flights identify the precise geographical coordinates where coca is being grown. Areas with large concentrations of coca are then plotted, and a computer program sets up precise flight lines, calibrated for the width of the spray swath of the spray plane to be used. Once the government of Colombia has approved spraying in a given area, spray pilots then fly down those prescribed flight lines and spray the coca located there.

Also, every effort is made to protect legitimate farming operations from possible damage from the aerial spray program. The spray aircraft apply glyphosate at low altitude against predetermined fields, identified by earlier reconnaissance. The planes carry computerized GPS monitoring equipment that records their position and the use of the spray equipment. This system serves to verify that glyphosate is being accurately applied to intended areas. After spraying,

combined U.S. and Colombian teams also visit randomly chosen fields, security permitting, to verify that the treated plants were indeed coca. To further aid in the identification of fields not subject to aerial eradication, the government of Colombia is currently working to produce a comprehensive digitized map indicating exempted areas.

Furthermore, the government of Colombia maintains a system to compensate farmers for damages caused by the program. Over the past few months, we have encouraged the Colombian government to streamline the process and efforts have begun to better educate the public about that option.

Recent field visits encountered evidence that coca growers in southern Colombia are using dangerous chemicals, such as paraquat. That is a concern to us as it presents a very real risk to the people of the region. The traffickers' utter disregard for human health and environmental security that pervades the illegal drug industry goes beyond the obvious examples of poisoning millions of drug consumers with their illegal products. It includes the clear cutting of rain forest; the contamination of soil and watersheds with acids and chemical salts; and the exposure of their workers and themselves to potentially deadly chemicals all in the name of profit.

For example, the expansion of coca cultivation, production, and trafficking in Peru, Bolivia, and Colombia has resulted in the destruction of, at an absolute minimum, 2.4 million hectares of the fragile tropical forest in the Andean region over the last twenty years. In addition, the very act of refining raw coca leaves into finished cocaine creates significant environmental damage because of the irresponsible disposal of large amounts of toxic chemicals used in the process. A study conducted by the U.S. Drug Enforcement Administration (DEA) in 1993 of cocaine production in the Chapare region of Bolivia showed that production of one kilo of cocaine base required the use of three liters of concentrated sulfuric acid, ten kilos of lime, 60 to 80 liters of kerosene, 200 grams of potassium permanganate, and one liter of concentrated ammonia. Processors discard these poisonous waste products indiscriminately, often dumping them into the nearest waterway, where the extent of damage is greatly increased. They also may dump these chemicals on the ground, where as point sources, they may infiltrate through the soil to groundwater. A report from the National Agrarian University in Lima, Peru estimated that as much as 600 million liters of so called precursor chemicals are used annually in South America for cocaine production. This translates to more than two metric tons of chemical waste generated for each hectare of coca processed to produce cocaine.

These environmental concerns are another reason why we must continue in our efforts to help the governments of the Andean region in their ongoing struggle against the narcotics industry.

Human Rights Progress

The government of Colombia's inability to prevent violence by the three illegal armed groups, the FARC, ELN, and the paramilitary AUC, is at the root of Colombia's human rights woes. Despite continuing institutional weakness, the Pastrana Administration has made a far greater effort than previous governments to improve the state's human rights performance. The government of Colombia has instituted greater human rights accountability for human rights crimes committed by military personnel. It has tackled the challenge of severing covert links between security force personnel and paramilitaries. Recently, Colombian security forces have scored significant successes against paramilitaries, shattering armed columns, arresting key leaders, and targeting major AUC financial backers for investigation. Indeed, these Colombian successes may have provoked recent AUC internal discord between those factions advocating retaliation against the government of Colombia, and those which prefer to continue the AUC's general practice of not targeting Colombian troops, police, or officials. AUC leader Carlos Castano resigned from overall military command of the AUC to become the co-leader of its

political arm, possibly hoping to distance himself from continuing atrocities by AUC elements. In spite of some significant recent successes against the paramilitaries, continued engagement with the government of Colombia on paramilitary impunity and other human rights issues is necessary. Pastrana's appointment of Vice President Gustavo Bell to serve concurrently as Defense Minister received plaudits from many, including the U.S., due to Vice President Gustavo Bell's vice presidential experience coordinating Colombian human rights policy. Still, given his relative inexperience with military matters, Vice President Gustavo Bell's overall effectiveness remains to be seen.

INL's Proposed Andean Counterdrug Initiative

The Andean region represents a significant challenge and opportunity for U.S. foreign policy in the next few years. Important U.S. national interests are at stake. Democracy is under pressure in all of the countries of the Andes. Economic development is slow and progress towards liberalization is inconsistent. The Andes produces virtually all of the world's cocaine, and an increasing amount of heroin, thus representing a direct threat to our public health and national security. All of these problems are interrelated. Sluggish economies produce political unrest that threatens democracy and provides ready manpower for narcotics traffickers and illegal armed groups. Weak democratic institutions, corruption and political instability discourage investment, contribute to slow economic growth and provide fertile ground for drug traffickers and other outlaw groups to flourish. The drug trade has a corrupting influence that undermines democratic institutions, fuels illegal armed groups and distorts the economy, discouraging legitimate investment. None of the region's problems can be addressed in isolation.

Of the \$882 million Andean Regional Initiative request, \$731 million is for INL's Andean Counterdrug Initiative. Our goals in the Andes are to:

- Promote and support democracy and democratic institutions
- Foster sustainable economic development and trade liberalization
- Significantly reduce the supply of illegal drugs to the U.S. at the source

Just as Plan Colombia represented an improved approach by considering drug trafficking as part of Colombia's larger crisis, the Andean Counterdrug Initiative benefits from its appreciation of the illegal drug industry as part of something bigger. Drug trafficking is a problem that does not respect national borders and that both feeds and feeds upon the other social and economic difficulties with which the Andean region is struggling.

No nation in the region is free of trafficking or the attendant ills of other crime forms and corruption. To combat these ills, we propose a regional versus Colombia-centric policy and a comprehensive and integrated package that brings together democracy and development as well as drug initiatives.

For this reason, we plan to allocate almost one-half of the requested \$731 million for this initiative to countries other than Colombia. In so doing, we intend to bolster the successful efforts and tremendous progress we have made in counternarcotics in countries such as Peru and Bolivia, while preventing the further expansion of the drug trafficking problem into other countries of the region, such as Brazil, Panama, Venezuela, and Ecuador.

In addition to ensuring regional balance, the ACI also spans all three of our stated goals counternarcotics, economic development, and support for democratic institutions. The full ARI budget of \$882 million breaks into an approximately 50/50 split between counternarcotics and

alternative development/institution-building programs. Its ACI component (\$731 million) breaks into a 60/40 (counternarcotics vs. development/democracy) split. \$293 million of the ACI budget will be devoted to programs focused on alternative development and support for democratic institutions.

All of Colombia's neighbors are worried about the possibility of spillover, specifically that the pressure applied by the government of Colombia in southern Colombia will result in the flight of refugees, guerrillas, paramilitaries, and/or narcotics traffickers across porous borders into other countries. We will work with the countries of the region to strengthen their capacity to cope with potential outflows. In Peru and Bolivia, we will work with those governments to continue their reductions in coca through a combination of eradication, interdiction, and alternative development. In all countries, we will work to strengthen democracy and local institutions in order to attack trafficking networks which move precursors, money, fraudulent documents, and people.

Since we believe Plan Colombia will result in major disruption of the cocaine industry, ACI's regional approach becomes even more of an imperative. Traffickers will undoubtedly try to relocate as their operations in southern Colombia are disrupted. We believe they will first try to migrate to other areas inside Colombia, then try to return to traditional growing areas in Peru and Bolivia. But if those options are forestalled, they may well seek to move more cultivation, processing and/or trafficking routes into other countries such as Ecuador, Brazil, or Venezuela.

The nations of the region are already heavily committed in all three of the major areas of concern: democratization, economic development, and counternarcotics. All devote significant percentages of their annual budgets to these areas and are willing to work with us in the design and integration of successful programs. Exact figures are impossible to come by, but the nations of the region in total are committing billions of dollars to economic development, democratization and counternarcotics efforts. For example, Ecuador has established a Northern Border Initiative to promote better security and development in the region bordering Colombia. Brazil has launched Operation Cobra, a law enforcement effort concentrated in the Dog's Head region bordering Colombia. Bolivia has been attacking drug production through its Dignity Plan and is developing a comprehensive poverty reduction strategy. Colombia continues to pursue its commitments under Plan Colombia. Panama has taken concrete steps to improve security and development in the Darien region. The new Peruvian Government has made reform of democratic institutions a national priority, and continues to pursue aggressively the counternarcotics missions. In Venezuela, local authorities have cooperated admirably on drug interdiction, exemplified by last year's record multi-ton seizure during Operation Orinoco.

Programs to provide humanitarian relief for displaced persons, to help small farmers and low-level coca workers find legitimate alternatives to the drug trade, and to strengthen governance, the rule of law, and human rights will also be incorporated into the ACI.

Andean Trade Preferences Act Renewal

Renewal of the Andean Trade Preferences Act (ATPA) is perhaps the single largest short-term contribution to economic growth and prosperity in the Andes. By renewing the Act and expanding its benefits, we can continue to provide economic alternatives to narcotics trafficking in Bolivia, Peru, Ecuador, and Colombia. The Act has already succeeded in doing so without adverse economic impact for the United States. The original justification for the legislation still stands, but it expires at the end of the year, and should clearly be renewed at the earliest possible date. ATPA renewal would serve to strengthen the credibility of democratically-elected governments in the region and provide them with a clear demonstration of the benefits of

continuing to cooperate on counternarcotics. It would also halt a potentially crippling exodus of U.S. industries that relocated to the region when ATPA was established.