

**STATEMENT FOR THE RECORD OF**

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**Introduction**

Chairman Feinstein, Co-Chairman Grassley, and distinguished Members of the Caucus: On behalf of Drug Enforcement Administration (DEA) Administrator, Michele M. Leonhart, I want to thank you for your continued support of the men and women of DEA and the opportunity to testify about the international drug control issues as they relate to U.S. – Andean security cooperation. I will outline an overview of drug trafficking in the Andean region and offer specific testimony as to current conditions and issues surrounding Colombia, Peru, and Bolivia. My testimony will cover successes we have realized and challenges that remain.

**Background**

The world's three largest cocaine producing countries are Colombia, Peru, and Bolivia, all located in the Andean region, which produces the global supply of cocaine, and is a major producer of opium and marijuana. Drug Trafficking Organizations (DTOs) imported opium poppies to the region in the late 1990s, and have made the region a significant supplier of heroin to the United States. The area's temperate climate, strategic location, abundance of lightly governed territory, and close proximity to major drug consumption countries have contributed to the rise of a major illicit economy centered on the global drug trade.

Although Colombia remains the world's largest cultivator of coca, for the first time in over a decade, the U.S. government estimates that Peru has surpassed Colombia in potential pure cocaine production. Led by significant successes in Colombia, total cocaine production potential has fallen since 2001. However, there have also been some increases in coca cultivation and cocaine production in Peru and Bolivia. These changes highlight the fluid nature and regional character of the drug trade. For example, Venezuela and Ecuador, while not major cocaine or heroin producing countries, have

become major transit zones for narcotics. The implementation of effective regional strategies that reach across borders is thus critical to addressing the global drug threat.

The profitability of the drug trade has given rise to a number of violent DTOs and led to involvement in drug trafficking by insurgent groups in the Andean region, including the Revolutionary Armed Forces of Colombia (FARC), the Colombian National Liberation Army (ELN), and Peru's Sendero Luminoso (or Shining Path), each of whom has been designated by the U.S. as Foreign Terrorist Organizations (FTOs). These groups foster violence and instability throughout the region in an attempt to advance their political agendas, and largely finance their operations through the illicit drug trade.

Over the years, these organizations have become involved in a wide range of activities related to the illicit drug trade, engaging in the cultivation, production, and transportation of drugs. They also use the proceeds from this activity to control large swaths of territory, develop criminal patronage networks, and carry out deadly terrorist attacks. Although their capabilities have been significantly degraded in recent years, these groups remain a considerable security threat and serve as sources of supply for illicit cocaine trafficked across the globe.

For decades, the Andean region has been home to many of the world's most significant drug traffickers, including many US-designated "Kingpins." These individuals and the organizations they control typically act as brokers between major cocaine sources of supply and international buyers. They have developed robust transportation and logistical networks to move large quantities of drugs to international markets. DTOs have a major corrupting influence on local officials and are often responsible for spikes in drug-related violence.

Cocaine is exported from the Andean Region using a variety of routes and conveyances. Although the U.S. continues to be the world's largest consumer of cocaine, DTOs are increasingly exploiting lucrative drug markets elsewhere in South America as well as in Europe, Asia, and Australia. Cocaine originating in Colombia typically transits the Central America or the Caribbean corridors with onward shipment to Mexico and the U.S., while much of the cocaine produced in Bolivia and Peru is shipped to Brazil or through the Southern Cone en route to Europe and West Africa.

DTOs use all manner of conveyances to deliver their product to market, including human couriers, go-fast vessels, fishing vessels, containerized cargo, non-commercial aircraft, self-propelled semi submersibles (SPSS). The basic drug trafficking routes and conveyances used in the Andean region are fairly well-known; however, DTOs are constantly adapting to law enforcement efforts, and frequently shift their operations to minimize risk and maximize profit. The recent seizure of two self-propelled fully submersible vessels in Colombia and a third in Ecuador, for example, underscores the incredible lengths drug traffickers will take to move their product.

The drug problem continues to undermine security throughout the Andean region, and has in many ways impeded economic, political, and social growth and development.

Recognizing the importance of the Andean region, DEA works with other U.S. agencies and foreign law enforcement counterparts to reduce the threat posed to the U.S. by illicit narcotics through vigorous law enforcement.

DEA currently maintains offices in Bogota and Cartagena, Colombia and in Lima, Peru. Until our expulsion in January 2009, DEA had offices in La Paz, Santa Cruz, Cochabamba, and Trinidad, Bolivia. These overseas offices work in close cooperation with DEA's US-based offices and the Departments of Defense and State to seamlessly pursue DTOs at home and abroad and have the following key missions:

- Conduct bilateral investigations with foreign law enforcement;
- Coordinate counternarcotics intelligence gathering with host governments;
- Conduct training programs for host country law enforcement agencies in countries receiving U.S. counternarcotics assistance;
- Assist in the development of host country drug law enforcement institutions and develop mutually beneficial law enforcement relationships with foreign law enforcement agencies.

The emphasis placed on each component is determined by the conditions within the individual host country. In countries where the law enforcement infrastructure is advanced and well developed, such as Colombia, DEA focuses on joint enforcement and joint intelligence gathering activities, to great effect. In countries lacking a robust law enforcement capability, DEA personnel often provide training assistance to help build capacity while improving cooperation and joint efforts with the U.S.

DEA's overall counter narcotics strategy is to disrupt and dismantle the highest-level DTOs, reduce the flow of cocaine, and increase foreign counternarcotics capability and cooperation. Beyond simply providing funds or training in classrooms, the hallmark of the DEA's effectiveness is "boots-on-the-ground," side-by-side cooperation between DEA Special Agents, Intelligence Research Specialists, and host-nation counterparts. As the lead US drug law enforcement agency overseas, DEA is able to leverage international contacts in concert with other counterdrug country team components, to turn a local investigation into a multilateral effort, connecting foreign agencies with mutual concerns to pursue the major international drug trafficking organizations.

### **Colombia**

In the last ten years, Colombia has experienced a remarkable transformation. Once beset by drug traffickers and a violent insurgency, which continues today, albeit to a lesser degree, Colombia is now one of the most prosperous countries in South America and has become a key ally in the region. Since Plan Colombia was implemented in the early 2000's, the Colombian government, with considerable support from the U.S., has restored a state presence throughout much of Colombia, and as a result seen a significant reduction in the threat posed by the drug trade. According to U.S. government estimates, Colombian cocaine production has steadily declined since 2001. Likewise, membership in Colombia's insurgent groups is down by over half. In addition to vastly improving

local conditions, the reduction in Colombian cocaine production has also contributed to a dramatic decline in wholesale cocaine purity in the US, which is now at an all-time low (73% in 2010).

Despite these impressive achievements, Colombian criminal organizations are still responsible for a majority of the world's supply of cocaine. Also, according to DEA's Cocaine Signature Program, Colombia produces virtually all of the cocaine seized in the U.S. (95%). In addition, the FARC and ELN continue to control key coca cultivation and transit areas and receive a large proportion of their operational funding from drug trafficking. As more of the FARC's original members are captured or killed, the group has become less ideological and increasingly involved in drug trafficking and other criminal activity.

Finally, a number of powerful *bandas criminales* (BACRIM) groups have emerged to challenge the FARC's drug trafficking dominance. These heavily-armed groups, unlike the FARC and the ELN, are largely apolitical and focus primarily on drug trafficking. They have capitalized on pre-existing paramilitary networks and corrupt relationships to expand their influence, and routinely forge and shift alliances with other DTOs and guerrilla organizations to facilitate criminal activity. While their exact numbers are unknown and currently not as powerful as the Colombian cartels of old, reporting suggests that they are growing in both size and strength, and are rapidly becoming a major source of violence and criminal activity. In addition, numerous BACRIM groups, including Los Rastrojos, Los Urabenos, and Los Paisas, along with the FARC and ELN, continue to control key coca cultivation and transit areas throughout country and receive a large proportion of their operational funding from drug trafficking.

These groups, mostly made up of the remnants of previously powerful DTOs, new criminals, and former paramilitaries or guerrillas, continue to use a large number of drug trafficking routes and conveyances to deliver cocaine to global markets. Maritime routes relying upon fishing vessels, merchant ships, SPSSs, and go-fast boats in particular, are most commonly used to smuggle large quantities of cocaine to Central America and the Caribbean for onward shipment to Mexico and the U.S.

In recent years there has also been a significant increase in Colombian cocaine bound for Europe, sometimes via West Africa, where higher drug prices increase traffickers' profit margins. In many cases, Colombian drug traffickers smuggle the drugs into Venezuela where it is then transported via maritime or noncommercial aircraft across the Atlantic. DTOs have also begun to use fully submersible vehicles to surreptitiously deliver large shipments of cocaine. Although these vessels are unlikely to supplant more traditional drug trafficking conveyances, analysis suggests that fully submersible vehicles carry large loads of cocaine and are extremely difficult to detect. Three fully submersible vehicles have been seized to date on land, two of which were located in Colombia.

Traffickers have also developed a number of sophisticated money laundering methods to conceal the billions of dollars in drug proceeds moved into the Andean region each year. These methods include bulk cash smuggling, contraband trade, black market peso

exchange (BMPE), wire transfers, and the barter system (i.e., the exchange of drugs for weapons, which are traded to illegal armed groups to avoid currency transactions). A large portion of the drug proceeds are returned to the Andean region in the form of bulk cash concealed in cargo shipments, general aviation, or by human couriers. However, large amounts of drug money are also laundered through the Colombian black market, the international banking system, and investment in real estate.

Colombia has made great strides in combating the drug trade and improving security and stability throughout the country and the region. However, the continued success of Colombia's counterdrug efforts will largely depend on its ability to establish and maintain and expand a government presence and programs in contested areas. As part of the "Colombianization" of our efforts, both Colombia and the U.S. have developed new strategies to help prioritize resources. Due to aggressive, intelligence-driven investigations of international drug trafficking and money laundering and our extradition relationship with Colombia, never before has U.S. drug law enforcement been better positioned to rapidly and effectively identify, disrupt, and dismantle major Colombian drug trafficking organizations around the globe.

## **Peru**

Peru is at a critical juncture in its struggle against drug trafficking. The administration of President Ollanta Humala, which took office on July 28, 2011, has emphasized that counternarcotics will be among the Peruvian government's highest priorities. Although Colombia remains the world's largest cultivator of coca, for the first time in over a decade, the U.S. government estimates that Peru has surpassed Colombia in potential pure cocaine production. In 2010, Peru had an estimated 53,000 hectares of coca under cultivation, compared to 100,000 hectares in Colombia. However, higher-yielding mature coca fields enabled Peru to potentially produce 325 metric tons of pure cocaine, compared to only 270 metric tons in Colombia. This represents a 44% increase from 2009 and the highest production levels since 1995.

The considerable increase in Peru's cocaine production is due to a combination of factors, including shifting production within the Andean region, growing demand in emerging cocaine markets, and challenges in coca eradication in Peru's traditional growing areas. Unlike Colombia, we believe that the majority of Peruvian cocaine is destined for Europe, Asia, and Australia, where cocaine consumption is on the rise and the price of cocaine exceeds that of the U.S. High profit margins have provided powerful incentives for Peruvian farmers and drug traffickers to expand their activities to help meet market demand.

Eradication efforts are further complicated by the presence of Sendero Luminoso, a U.S.-designated terrorist organization, in key cultivation areas, and popular opposition in some traditional coca growing areas to the government's eradication policies. Approximately 45% of Peru's coca cultivation takes place in Sendero Luminoso's area of operations, especially in the Upper Huallaga Valley (UHV) and the Apurimac and Ene River Valley

(VRAE). In addition, Peruvian coca-growers often resist government eradication efforts, occasionally through attacks and other acts of violence.

Sendero Luminoso has developed a symbiotic relationship with DTOs operating in Peru. Sendero Luminoso provides protection to DTOs operating within their area of operations, and then uses drug trafficking proceeds to help fund anti-government operations. Foreign DTOs, primarily from Colombia and Mexico, also operate robust drug networks in Peru. Mexican traffickers have carved out a role in the Peruvian drug trade, and are increasingly involved in coordinating large drug loads. Colombian DTOs are also heavily involved in drug trafficking and money laundering activities.

Peruvian cocaine is exported via various routes. Much is transported overland to the Southern Cone (Brazil, Chile, and Argentina) for local consumption or transshipment to Europe, Africa, and the Far East. However, in the last few years, DEA has noted a significant increase in cocaine base smuggled from Peru to Bolivia for processing and eventual shipment to markets abroad. Bolivia's long border with Peru and permissive operating environment makes it an attractive base from which to launch drug trafficking operations. Drug traffickers in Peru also exploit the country's extensive coastline and multiple ports along the Pacific Ocean, and frequently use small noncommercial aircraft to move cocaine from Peru to Brazil and other transshipment points. DEA's Cocaine Signature Program suggests that 4% of Peruvian cocaine is bound for the U.S., up from an average 2% that was seized and analyzed in recent years.

### **Bolivia**

Bolivia is the world's third largest producer of cocaine – behind Colombia and Peru – and also a significant transit zone for Peruvian-origin cocaine. The Bolivian government's decision to expel DEA in January 2009 limits our ability to reliably assess the current drug trafficking situation in Bolivia. However, reports obtained from neighboring countries have revealed a number of alarming trends, including an increase in Bolivian cocaine production and Colombian-style manufacturing methods, and the increased presence of Colombian and Mexican drug traffickers operating throughout the country.

For the last three years, the government of Bolivia has failed demonstrably to make sufficient efforts to meet its obligations under counternarcotics conventions. Although coca cultivation and cocaine production remained stable in 2010, these metrics have expanded significantly during the administration of President Evo Morales. Coca cultivation increased over 35% from 2006 to 2010, from approximately 26,000 hectares to 35,000 hectares under cultivation, and potential pure cocaine production increased 70% during this period, from 115 metric tons to 195 metric tons. These figures are the highest in over a decade and are attributed to a number of factors.

First, the Government of Bolivia permits the cultivation of limited amounts of coca for traditional cultural activities, such as coca tea or coca leaf chewing. Bolivian coca growers are currently authorized to grow 12,000 hectares of coca per year for "personal

consumption,” however, a new law expected to pass later this year would permit an additional 8,000 hectares – bringing the total to 20,000 legal hectares. The government makes limited efforts to monitor and control legal coca cultivation, and farmers often grow coca in excess of the accepted amounts and crops are diverted to illicit purposes.

Bolivian President Evo Morales is also president of the coca growers’ federation in the Chapare region of Bolivia, one of the two major coca-growing areas, and has repeatedly expressed his support for farmers’ rights to legally grow and use coca. In 2010 and 2011, the Government of Bolivia unsuccessfully attempted to amend the 1961 Single Convention on Narcotic Drugs by removing references to coca leaf chewing, and remained committed to passing legislation raising the legal number of hectares of coca cultivation. The political climate regarding coca cultivation is thus unlikely to change in the near future.

Second, since about 2007, DEA has noted a rise in Colombian-style cocaine processing methods and the increasing presence of Colombian and Mexican drug traffickers operating in Bolivia. The type of cocaine processing laboratories and chemicals seized in Bolivia suggest an increase in the so-called “Colombian” method of cocaine production over traditional maceration pits. This method is much more efficient in extracting cocaine from coca leaves and results in greater amounts of finished cocaine.

Finally, Bolivia’s ability to successfully identify, investigate, and dismantle DTOs has been significantly diminished following the expulsion of DEA. Bolivia has failed to reduce net coca cultivation and cocaine production, and has not curtailed the growing drug threat. Indeed, over the last few years, Bolivia has experienced a marked rise in drug-related violence, and countries bordering Bolivia have noted increased drug trafficking from Bolivia. Brazil, in particular, has seen a dramatic increase in Bolivian drug seizures and arrests.

Lacking a presence in the country, it is difficult for DEA to identify major DTOs operating in Bolivia. However, some reporting indicates there are a number of Colombian and Mexican DTOs operating in Bolivia, and evidence suggests that at least some government officials may be complicit in the drug trade. For example, Rene Sanabria-Oropeza recently pled guilty to drug trafficking charges stemming from his attempt to import over 100 kilograms of cocaine into the U.S. At the time of his arrest in February 2011, Sanabria-Oropeza was the Director of CIGIEN, a Bolivian Counter-Narcotics Intelligence unit within the Ministry of Government. Sanabria-Oropeza is also a retired General and former head of the Bolivian National Police anti-narcotics unit, known as FELCN. The arrest and conviction of Sanabria-Oropeza illustrates the corrupting influence of cocaine production and trafficking. As coca cultivation and cocaine production increase, potential for corruption at all levels also increases.

Reports indicate that most cocaine of Bolivian origin flows to other South American countries, especially Brazil, for domestic consumption or onward transit towards Europe, with little exported to the U.S. Cocaine produced in Bolivia is typically transported to Europe and Africa via maritime vessels or noncommercial aircraft, or is consumed within

South America. Brazil is one of the chief recipients of Bolivian cocaine and is currently the second largest cocaine consumer in the world, exceeded only by the U.S. Cocaine produced in Bolivia also transits Argentina, Brazil, and Chile en route to lucrative drug markets in Europe Asia, and Australia.

### **Conclusion**

A number of political and legislative tools help DEA perform its mission abroad. The extradition treaty between the U.S. and Colombia, for example, permits Colombian nationals to be extradited to the U.S., and provides a powerful deterrent to drug trafficking and other criminal activity. Colombia routinely extradites some of the world's most wanted drug traffickers to the U.S. for criminal prosecution, having extradited over 1,200 individuals in the last ten years. Title 21 of the United States Code provides another valuable tool to prosecute transnational drug traffickers whose criminal activities impact the US, but often occur in foreign countries. Similarly, the Transnational Drug Trafficking Act of 2011 (S. 1612), recently introduced by Senator Feinstein on September 22, 2011, supports the Administration's Strategy to Combat Transnational Organized Crime.

This legislation has three main components. First, it puts in place penalties for extraterritorial drug trafficking activity when individuals have reasonable cause to believe that illegal drugs will be trafficked into the United States. Current law says that drug traffickers must know that illegal drugs will be trafficked into the United States and this legislation would lower the knowledge threshold to reasonable cause to believe. Second, this legislation ensures that current penalties apply to precursor chemical producers from other countries. Third, this bill will expand conspiracy liability when controlled substances are destined to the United States from a foreign country. This means that members of any conspiracy to distribute controlled substances will be subject to U.S. jurisdiction when at least one member of the conspiracy intends or knows that illegal drugs will be unlawfully imported into the United States.

Thank you for the opportunity to appear before you today to discuss this important issue. I am happy to answer any questions you may have.