

**Statement by John P. Walters
Director, Office of National Drug Control Policy**

**Before the House Committee on International Relations
Chairman Henry Hyde, 109th Congress**

**“The Andes: Institutionalizing Success”
May 11, 2005**

Chairman Hyde, Ranking Member Lantos, and distinguished Members of the Committee: I am honored to appear before you today to discuss counternarcotics policy in the Andes and the progress of the Andean Counterdrug Initiative. Before I proceed, I want to thank Chairman Hyde for his 32 years of service in the United States Congress. A true statesman with a distinguished record of accomplishment, I have valued your friendship, guidance, and insight over the years. Further, this Committee has consistently supported our policy and programs in the Andes by which the Western Hemisphere is safer and more secure. Through visits to the region by Members and staff, and by maintaining a dialogue with the principal policy actors in the Andes, the Committee has kept close watch on developments and contributed greatly to the historic successes we have witnessed.

My testimony today will be a positive one because our policies and programs have measurably improved the security, health, and economic well-being of the people most affected by the narcotics threat. I will focus on Colombia, but there is also good news to report in Peru and Bolivia. The so-called “balloon effect,” the theory that drug production will simply expand into new areas in the proportion that it is squeezed out of old areas, has simply not materialized. Across the region, we have witnessed three successive years of declining production of both cocaine and heroin. At the same time, the regional security threat from narco-terrorist organizations has diminished.

We are heading in the right direction and we are winning. Cocaine production in the Andes has declined by 29% since 2001 and Colombia’s opium crop was cut in half from 2003 to 2004. As the threat we face adapts, we will make adjustments as needed, but in large measure, the job that remains for us is to help our willing regional allies with training, intelligence, supplies, and mobility so that they can finish the destruction of the existing large-scale cocaine and heroin trafficking infrastructure. In particular, we need to help Colombia disrupt the ability of the FARC and AUC to coerce rural producers into cultivating coca. Eradication, interdiction, enforcement, and alternative development are essential to this end and will proceed with great intensity.

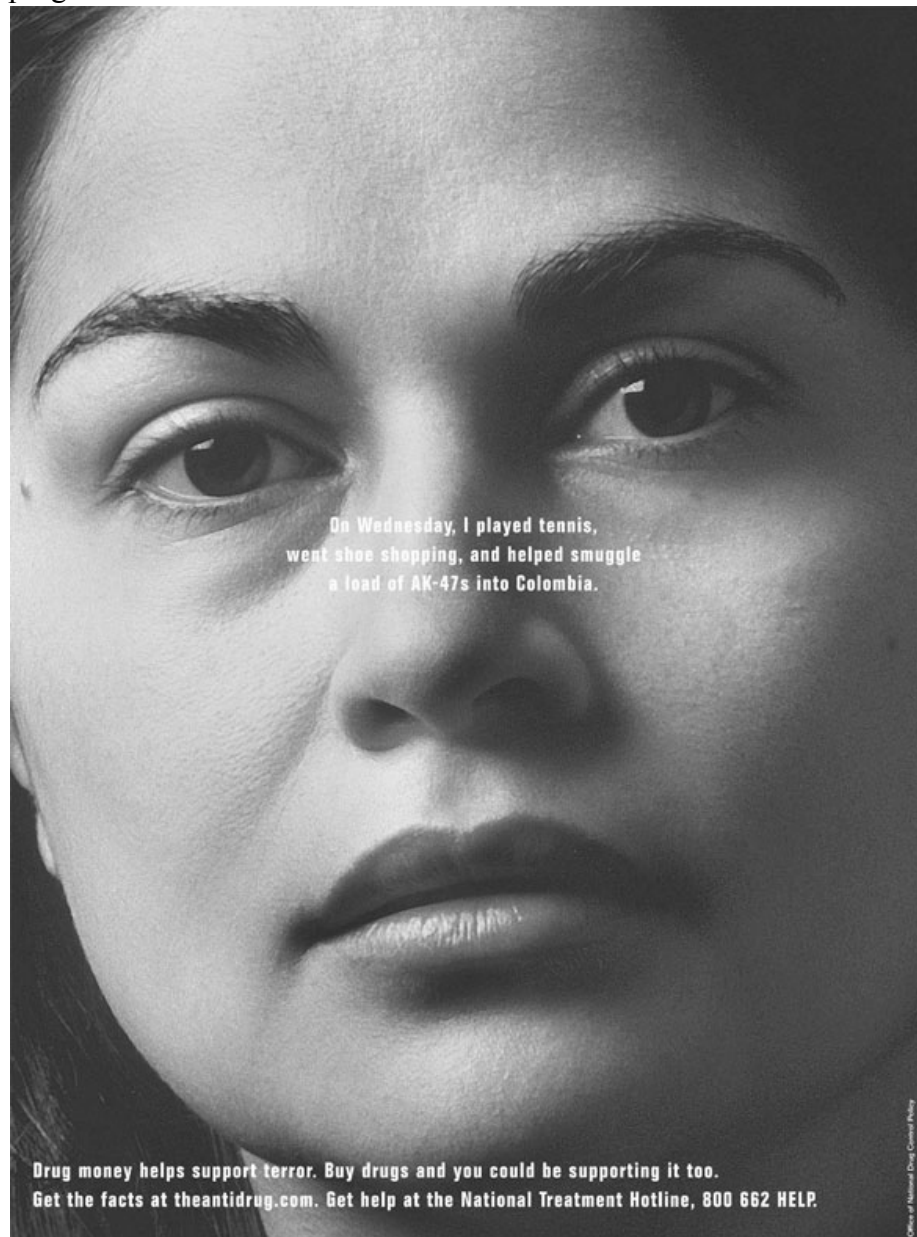
National Drug Control Strategy:

Three years ago, this Administration issued its first National Drug Control Strategy. That Strategy set ambitious two- and five-year performance-based goals to reduce the rate of drug use

by youth and adults in the United States by 10 percent over 2 years and by 25 percent over 5 years. We exceeded our two-year goal for reducing youth use and are on track to reach our five-year goal. At the end of 2004 we reported a 17 percent reduction in the number of young people who had used any category of drug in the last 30 days. Considering that children are most vulnerable to drugs during their high school years, the reductions achieved in that demographic bode well for long-term reductions in the number of adult addicts and hard-core users. The public health condition that is drug abuse and drug dependence almost inevitably has its roots in use by young people, so the change in attitude and usage for 8th, 10th, and 12th graders is a hopeful sign of additional progress in the future.

Among the critical programs leading our efforts to reduce youth drug use and educate young people on the direct impact of illicit drugs is ONDCP's own National Youth Anti-Drug Media Campaign. Exposure to anti-drug advertising has had an impact on improving youth anti-drug attitudes and intentions.

With respect to the over 19 million Americans who still use drugs on a monthly basis and the roughly seven million who meet the clinical criteria for needing treatment, we have proposed \$3.2 billion for treatment in FY 06, an increase of about 4.5 percent over FY 05. This includes \$150 million for Access to Recovery—a treatment initiative which provides drug treatment to individuals otherwise unable to obtain access to services.



That said, even with effective prevention and treatment programs, reducing drug use is complicated by the availability of addictive substances. A key pillar of the National Drug

Control Strategy is therefore to disrupt the supply of drugs by attacking the economic basis of the drug trade. In the Andes, our efforts have focused on destroying the cocaine and heroin manufacturing apparatus. There is clear common ground for our efforts in major drug producing countries because the governments in those nations realize that an entrenched illegal drug industry is a threat not only to the health of their own citizens, but also to national security.

Supply Reduction in the Andes:

The U.S. has a staunch ally in Colombian President Alvaro Uribe in our Global War on Terrorism. President Uribe understands that drug money finances the most powerful terrorist organizations in his country. He has courageously led a broad attack against every vulnerable node in the illegal drug production and trafficking business: elimination of terrorist-controlled safehavens for cultivation and production; massive aerial coca fumigation; arrest and incarceration of major traffickers; interdiction at clandestine lab-sites on the rivers, roads, and in coastal waters; seizure and confiscation of drug assets; investigation and arrest of money launderers; and extradition of fugitives. As we approach the conclusion of the six-year time frame originally envisioned for Plan Colombia, many of the necessary elements to destroy the capacity of major drug traffickers to deliver multi-ton loads of cocaine to the United States, are in place. Coca plant eradication is proceeding vigorously and concurrently opium poppy eradication in Colombia and Mexico has destroyed the greater part of the potential crop. Interdiction at sea is removing hundreds of tons of cocaine from the market and hurting traffickers financially as they are forced to write-off multi-million dollar investments in cocaine.

At the core of our accomplishments, we have helped Colombia reverse the growth of terrorist organizations and put the country on course to end decades of rural banditry, intimidation, and shocking cruelty perpetrated by the FARC, AUC, and ELN. That central accomplishment is closely linked with our success in disrupting drug production and trafficking that for more than a decade has generated most of the money necessary to underwrite the terrorist organizations. We are uprooting narco-terrorist organizations from their former safehavens, causing them to switch to defensive tactics and a strategy of attempting to survive militarily while focusing their energies on seeking to undercut the government's political will. The integrated U.S. military, police, counterdrug, USAID, and intelligence support to Colombia has been crucial in achieving these results.

There exists an opportunity to institutionalize a reduction in the capacity in our hemisphere for large international criminal and terrorist organizations to manufacture and transport multi-ton quantities of cocaine to wholesale distributors in the United States. To accomplish this, we need to support programs that have been successful to realize the impact of our efforts throughout the drug production and distribution system. Key programs in the region have been the implementation of the Uribe extradition policy, aerial coca eradication in Colombia and intelligence-driven maritime interdiction in the transit zone.

Coca Eradication:

An aggressive program of eradication, begun in earnest with the election in mid-2002 of Colombian President Alvaro Uribe, has cut Colombia's potential cocaine production by one-third

compared with the year before he took office. That means Colombia now produces 270 metric tons – 33 percent – less than it did in 2001 which includes a seven percent reduction in 2004.

Cultivation estimates have been equally impressive with coca cultivation falling from nearly 170,000 hectares to about 114,000 hectares. Further, coca cultivation in neighboring Peru also dropped during the

Year	Hectares under cultivation	Percent Increase	Hectares Sprayed
1998	101,800	28	49,641
1999	122,500	20	39,113
2000	136,200	11	42,283
2001	169,800	25	77,165
2002	144,450	(-15)	102,225
2003	113,850	(-21)	116,342
2004	114,100	0.2	120,713

same period to below 30,000 hectares, down from its high point of approximately 130,000 hectares and we see no signs of production expanding significantly. While cultivation in Bolivia was up, it was not nearly enough to affect the predominant trend of falling supply.

As Colombia increased the number of hectares sprayed each year until the total approximated the hectareage of tended crops in the field, growers re-planted and pruned furiously, causing an ever-larger proportion of coca cultivation to be comprised of young or marginally producing fields. Coca bushes in Colombia sometimes are harvested as early as nine months after planting, at which stage they would have lower potential leaf yields than if they were permitted to mature a full 12 months before first harvest. Immature, pruned, and damaged plants can produce some cocaine, but their yield is less than mature plants. This trend of diminishing returns for the growers will continue so long as Colombia continues massive fumigation and the ratio of immature or damaged plants to mature healthy plants increases.

Opium Strategy:

The eradication of opium poppy through aerial and ground eradication programs together with alternative development efforts have resulted in a 68 percent drop in poppy cultivation in Colombia since 2001. To put further pressure on heroin traffickers, President Uribe has advanced an initiative to seize farms involved in the cultivation of illicit crops, especially poppy. With continued assistance from our foreign counterparts, the strategy moving forward will be an intensified 5-pronged attack program:

- Eradication of opium poppy in Colombia and Mexico (with an eye to nascent cultivation in Peru).
- Law enforcement attack of the heroin trafficking organizations in Colombia and Mexico (supported by enhanced law enforcement intelligence collection and analysis).
- Heroin interdiction at the departure airports in Colombia, elsewhere in South America, and Mexico.
- Heroin interdiction at the arrival airports on the U.S. east coast and other key locations.
- Increased law enforcement attack of the heroin organizations in the U.S. (supported by enhanced law enforcement intelligence collection and analysis).

In Peru, a reliable estimate of opium cultivation and yield is currently unavailable and there is no clear way to measure the size of the threat. Peru's potential opium growing area is about 20,000 square miles in mountainous areas; the fields we do know about are small, scattered, and in remote locations. In 2004, the Peruvian counternarcotics police eradicated 98 hectares of opium, seized 285 kilos of opium latex and just under a ton of heroin. Our Embassy in Lima with Peru's counternarcotics police plan to conduct reconnaissance for likely areas to plant opium, routes used to move opium products, and collection points. We are working with the Department of State and our Embassy in Lima on a multi-step opium plan that initially determines the threat. The Andean Counterdrug Initiative has made a demonstrable impact on opium—according to the most recent DEA figures from its Heroin Signature Program, the average wholesale purity of South American heroin seized in the U.S. has fallen 17 percent since 2000 (from 86.9 percent to 72.4 percent in 2004).

Cocaine Interdiction:

Cocaine interdiction in the transit zone increased dramatically at the end of 2003 and the beginning of 2004, and stayed at extraordinary high levels throughout the year. Altogether, cocaine losses in the transit zone through seizure and documented disruption totaled approximately 248 metric tons enroute to the United States in 2004 versus about 210 metric tons in 2003, also a record year. The increase was in large part due to intelligence-driven operations facilitated by the Department of Justice Organized Crime and Drug Enforcement Task Force (OCDETF) with interdiction and seizures carried out by the Departments of Homeland Security and Defense assets, along with cooperating nations such as Colombia and Mexico. In terms of economic impact to the cocaine industry, the losses punished the traffickers as the seizures occurred after the owner of the cocaine had spent as much as \$2,500 to \$3,000 per kilogram to obtain it for sale. Depending on how well capitalized the trafficker or transporter was, and whether his suppliers retaliated against him for the loss, seizures decreased profits and contributed to a disruption in the drug trafficking industry.

To keep up this progress, DOD E-3 use in South America will free up DHS P-3 operational capacity for maritime operations. In addition, the Colombian Navy is pursuing better maritime radar on its two MPA assets. The USCG is also exploring the addition of more MPA on-station time. With increased intelligence and the operational capacity we have available, we will maintain our strong focus on interdiction in the littoral and in the transit zone.

Drug Infrastructure Destruction:

There is a symbiotic relationship between the illegal drug business and terrorist organizations such as the FARC, ELN, and AUC. The Government of Colombia estimates that drug trafficking in all of its manifestations is the FARC's greatest source of funds. We have seen a constant expansion of FARC and AUC involvement in illegal drug trafficking; it is not possible to imagine a large-scale drug business in Colombia operating independently of these two terrorist organizations. Terrorist organizations provide security for illegal production areas, shoot at fumigation aircraft, and control cocaine and heroin manufacture and marketing at least up to the stage of off-continent sales. Inside Colombia, terrorist organizations set market prices in their

areas of control, provide material and capital to growers, and set production quotas. They brutally enforce monopoly marketing arrangements within their areas of influence and control entry and exit from their territory by residents and itinerant laborers. In short, the FARC and AUC are the managers and beneficiaries of a cocaine and heroin trafficking system that effectively engages cheap labor and peasant farmers who are economically and coercively prevented from taking up alternative livelihoods. A forced tradition of illicit crop production enforced by the threat of death is the rule in FARC production zones. The AUC tends to focus on brokering coca paste in towns more than on the control of agricultural zones, but it is equally brutal in securing its towns and lines of communication for the drug trade.

By supplying training, logistical assistance, intelligence, and material to the Government of Colombia in its efforts to destroy terrorist organizations and expand the rule of law, the United States has contributed to regional democratic stability as well as the safety and security of the

	2002	2003	2004	2002 vs. 2004
Terrorist Attacks				
All Types	1,645	1,247	709	-56%
Electric Pylons	483	329	121	-74%
Towns	32	5	1	-96%
Roads	248	113	134	-46%
Massacre Victims	680	504	259	-61%
Kidnappings	2,986	2,200	1,441	-51%
Common Homicide	28,837	23,509	20,012	-30%

Colombian people. Homicides, kidnappings, and terrorism cases were all down in 2004 thanks to the reinvigorated security services and the strengthening of the criminal justice system. The Human Rights Ombudsman's Office

reported that two percent of complaints it received about violations of human rights and international humanitarian law implicated members of the security forces. This last statistic clearly reflects the effect of Colombian policy and is consistent with the human rights training that is mandatory for Colombian security forces. While any human rights violation or willful collaboration with human rights violators by the military is unacceptable, Colombia has made remarkable progress and the military is winning back the trust of the people.

To the extent that terrorism and the economic support for terrorism are attacked simultaneously, we are implementing a winning strategy for defeating both. Coca and poppy eradication along with drug interdiction cut into profits for the AUC and FARC weakening their ability to buy arms and engage in battle. Removal of those organizations and the ELN from Colombia's national landscape facilitates destruction of large-scale drug production. This in turn increases the attractiveness of legal development and attracts enhanced investment and employment creation.

Administration of Justice:

Under the auspices of Plan Colombia, we have helped to initiate judicial reform that when fully realized will make justice more accessible to ordinary citizens. In addition, the United States funded the construction of seven trial courtrooms in 2004, for a cumulative total of 35. USAID has inaugurated four additional Justice and Casas de Justicia or "Peace Houses", which are one-stop legal assistance shops, for a total of 37. Accessible and credible justice is essential to the long-term viability of democratic rule of law throughout Colombia. A secure and respected state

presence in the conflicted areas is necessary to protect counterdrug gains over the long term. Now, for the first time in its history, the Government of Colombia has a presence in all 1,098 of its municipalities.

Colombia is undergoing a dramatic reform to its criminal justice system through the introduction of a new criminal procedure code and an accusatory system. This is one of the most significant legal reforms in Colombia's history and will introduce the presentation and debate of evidence in oral trials through an adversarial system. The United States has been actively involved in assisting the Government of Colombia with this critical transition, one which if implemented correctly would have important impact on the investigation and prosecution of complex cases such as narcotics, money laundering, terrorism and kidnapping.

Demobilization:

The Administration is developing a policy for implementation, and with Congressional consultation as is required in the FY 05 omnibus appropriations legislation, will need to determine a level of commitment. We are very concerned about any demobilization effort that would eliminate adequate penalties for individuals accused of major human rights abuses, or that eliminates extradition for major drug trafficking charges. In this regard, the Government of Colombia law detailing penalties will not be finalized and approved until mid-2005. At this point, it is prudent to assist the Colombians without directly paying stipends and other costs that could go to individuals with major criminal records that could be "commuted" with the mid-2005 law. Our current commitment in aiding OAS monitoring of the demobilization process seems appropriate.

Challenges:

Coca and opium poppy eradication in Colombia was carried out on a large scale from 2002 through 2004. Eradication forces in 2004 sprayed about 120,000 hectares of coca and about 4,000 hectares of opium poppy. Responding in 2004, coca growers re-planted and reconstituted their crops faster than we have seen them do in the past. Opium cultivation was reduced by about half, but coca cultivation held steady for the first time since heavy fumigation began. The areas of greatest coca production were Guaviare, Caqueta, Putumayo, Vichada, Narino and Norte de Santander/Antioquia—areas where there is modest human settlement, but minimal state presence.

We must increase the pressure by increasing aerial eradication to the maximum. If we aerially eradicate 150,000 - 180,000 hectares of coca this year, even at last year's high reconstitution rate, we can reduce the base significantly— mostly to relatively immature, low-yielding plants. As reconstitution struggles to keep pace with eradication, we need to consider steps we might take to counter the effects of pruning, replanting, and new planting. Part of the effort may require the Government of Colombia to increase its presence in rural areas. President Uribe is standing up units of "home town soldiers" in many such areas, establishing police stations in every municipality, and engaging low-income farmers who live on the land to husband Colombia's natural resources and prevent the entry of coca producers. These programs are

ambitious, but considering the re-constitution rate last year, they merit close examination to determine how they might be modified or expanded to reduce the number of reconstituted acres.

A second challenge is to disrupt the cocaine pipeline into Mexico and the United States. Cocaine is shipped in bulk to Mexico and Central America mainly by maritime transporters. Once ashore, government authorities lose track of it as it makes its way north and is distributed to criminal organizations for retail sale all along the route. The affected governments, including Mexico and the United States, have been unable to significantly reduce the flow once it arrives in Central America/Mexico on land. Roughly 90 percent of the cocaine that enters the United States enters through Mexico and is handled by Mexican criminal organizations with distribution networks inside the United States. As we look to the future, it will be necessary to focus more attention on drugs entering from Mexico and work with our southern neighbor to meet the threat posed by organized criminal groups and drug flow numbers.

Our own efforts at reducing the number of cocaine users will be simplified as the availability of the drug is reduced, although U.S. retail price and purity may well be the last indicator to be affected by coca eradication. Drug profit margins are greatest nearest the final consumer and thus provide the broadest area for absorbing upstream increases in expenses.

Part of the explanation for why we have not yet detected a significant change in price and purity of cocaine is due to a time lag likely required to convert leaf in the field to cocaine for sale in the United States. Thus, cocaine on the street in the U.S. today probably comes from coca plants that were harvested in previous seasons; estimates for the time delay range from six months to over a year before a harvested plant is transformed into cocaine on a U.S. street.

Conclusion:

Our national drug control policies in support of counterdrug operations with allied nations, particularly Colombia, have reduced the amount of cocaine available in the world by nearly one-third in the last three years. Aerial eradication, at the heart of our program, must be sustained and reinforced. That effort, combined with support to the Government of Colombia for the rule of law particularly in the areas of highest illegal drug production has the potential to dramatically reduce drug flow to the United States. The opportunity is there to permanently disrupt the efforts of drug traffickers while improving security, stability, respect for human rights, and legitimate economic opportunity in Colombia.

In the future, our assistance will seek to effectively sustain the gains made under the Andean Counterdrug Initiative. The basic goals remain the same: eliminating narcoterrorism, promoting respect for human rights, creating economic alternatives and opportunities, respecting rule of law, and achieving peace.