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DRUG CONTROL

U.S. Antidrug Efforts in Peru's Upper Huallaga Valley





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The Honorable John Conyers, Jr.,
Chairman
The Honorable Alfred A. McCandless
Ranking Minority Member
Legislation and National Security Subcommittee
Committee on Government Operations
House of Representatives

In response to your request, we are providing you information on U.S. antidrug efforts in Peru. Specifically, we ascertained (1) the rationale for, and costs associated with, the construction, maintenance, and operations of the Santa Lucia base, an antidrug base in the Upper Huallaga Valley; (2) the subsequent rationale for discontinuing support of the Santa Lucia base; (3) and the current status of U.S. efforts to restructure antidrug programs in Peru.

Background

Nearly two-thirds of the world's coca crop is grown in Peru. Most of that coca is processed into cocaine base, which is flown to Colombia to make cocaine for shipment to the United States and Europe. Since the 1980s, the primary coca-growing and drug-trafficking activities in Peru have been in its Upper Huallaga Valley.

During the early 1980s, the United States provided support for Peru to conduct manual eradication of mature coca leaf. However, because of security concerns for personnel conducting manual eradication, these activities ceased in 1987. Gradually, the United States began to (1) support Peruvian efforts to eradicate coca seedbeds and (2) conduct law enforcement operations against drug-trafficking activities. Before 1989, both operations were conducted by helicopter from Tingo Maria, about 150 miles southeast of Santa Lucia, the center of illegal drug activities. In 1989, the United States and Peru moved their operations to a base located near the town of Santa Lucia. The base, which became the center of U.S. and Peruvian eradication and law enforcement operations, supported between 430 and 492 personnel, including 32 U.S. personnel. The United States continued to provide support to the base until late 1993. The map on page 3 shows the locations of these bases.

The Departments of State and Defense and the Drug Enforcement Administration (DEA) coordinate antidrug activities with Peruvian law

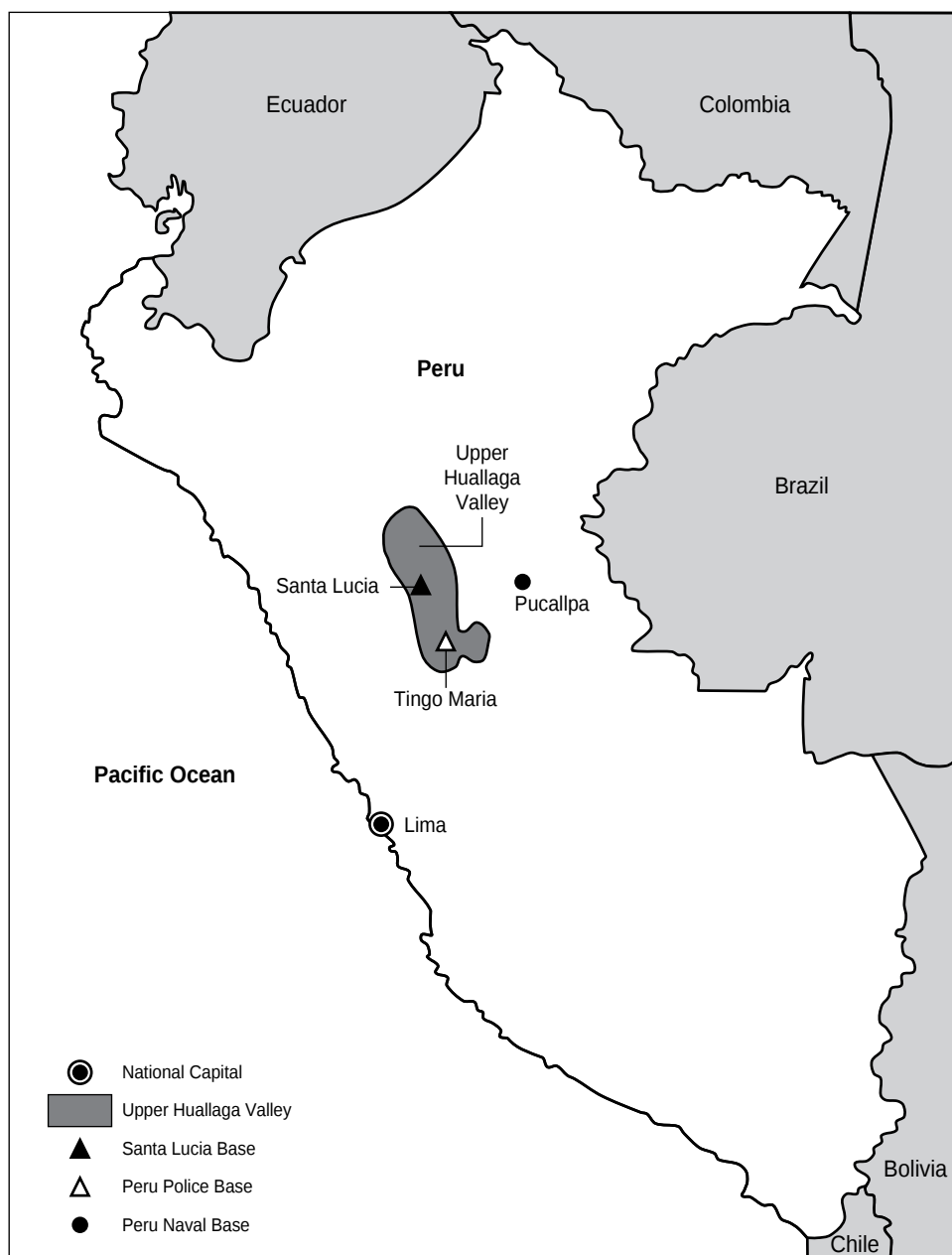
enforcement and military organizations. At the U.S. embassy in Peru, these functions are carried out by the Narcotics Affairs Section (NAS), the U.S. Military Assistance Advisory Group, and the DEA Country Attache's Office. Other U.S. agencies also provide support to Peruvian antidrug programs and operations.

Results in Brief

The Santa Lucia base was constructed to serve as a secure center to house and support antidrug forces responsible for eradicating coca and conducting law enforcement activities to stop the flow of illegal drugs from Peru through Colombia to the United States. Between fiscal years 1988 and 1993, the State Department spent about \$49.2 million to construct, maintain, and operate the base. In fiscal year 1994, the Congress reduced the State Department's International Narcotics Control Program from \$148 million to \$100 million. In December 1993, the U.S. embassy restructured its antidrug programs in Peru because it could not continue to support the base while also supporting other efforts required in the U.S. antidrug strategy. The restructuring efforts included (1) moving U.S. helicopter maintenance operations to a Peruvian naval base in Pucallpa (see fig. 1), (2) turning over the operation and maintenance of the Santa Lucia base to Peru, and (3) returning the State Department's fixed-wing aircraft that were used to support the base to the United States.

As part of the decision to stop supporting the Santa Lucia Base, the executive branch approved a formal mobile basing concept to implement antidrug efforts, which included establishing an operational planning group within the U.S. embassy. The U.S. embassy has been slow in implementing the mobile basing concept because of maintenance problems with helicopters, internal differences within the U.S. embassy over how the group actually would function to coordinate law enforcement operations, and the May 1994 decision by the United States to stop sharing with the government of Peru information that could be used to shoot down civilian aircraft suspected of drug trafficking. Legislation was recently passed to allow information sharing to resume; however, the administration has not reached agreement with Peru on certain required preconditions.

Figure 1: Map of Peru



Note: Boundaries are not necessarily authoritative.

Rationale for Building the Santa Lucia Base

According to U.S. officials, the rationale for building the Santa Lucia base was to place U.S. personnel in the safest possible environment from which to conduct antidrug activities. U.S. personnel flying into the heart of the drug-trafficking area were increasingly at risk because in the mid-1980s, the Sendero Luminoso—a Maoist organization attempting to overthrow the Peruvian government—took control of the area. This group protected those trafficking in drugs in return for monetary support for the Sendero.

In 1988, the United States began to build the Santa Lucia base, which included an airfield, a maintenance facility for 6 to 10 U.S. UH-1H helicopters used for eradication and law enforcement missions, and housing. Because the base was in a highly dense, tropical area with no safe, accessible roads, fixed-wing aircraft (C-123s and C-130s) were supplied by the State Department's Bureau of International Narcotics Matters (INM)¹ to transport personnel, equipment, and supplies to the base from Lima several times each week. In addition, DEA and Peruvian aircraft used the base for law enforcement operations.

Costs of the Santa Lucia Base

According to INM and U.S. embassy records, about \$49.2 million was provided to construct, maintain, and operate the Santa Lucia base during fiscal years 1988-93. These funds were included as part of the State Department's International Narcotics Control Program, which is authorized under the Foreign Assistance Act of 1961, section 481, as amended. INM provided these funds for five projects in Peru (see table 1).

Table 1: Costs Associated With the Santa Lucia Base During Fiscal Years 1988-93

Dollars in millions	
Project	Cost
Construction of the base	\$ 9.8
Coca Eradication in the Upper Huallaga Valley (CORAH)	16.9
Law enforcement	6.4
Program development and support	4.6
Fixed-wing aircraft	11.5
Total	\$49.2

Construction Costs

Included in the \$9.8 million construction project are the costs of daily laborers to construct the base and its related infrastructure; installation of prefabricated housing; equipment and commodities needed to construct

¹INM maintains an air wing of rotary and fixed-wing aircraft to assist host governments in conducting counternarcotics operations in several Central and South American countries, including Peru.

and operate helicopter and fixed-wing aircraft facilities and an airstrip; recreational equipment, food, and clothing; and miscellaneous items such as payments to the Peruvian engineer in charge of constructing the airstrip and the rental of heavy equipment.

CORAH Costs

The \$16.9 million for CORAH was provided for the direct and indirect costs of supporting between 200 and 250 Peruvian workers to help construct, maintain, and operate Santa Lucia base; provide support services; and perform limited antidrug duties. Direct costs were for activities on the base, including operating equipment such as electrical generators, providing food service, cutting the grass, procuring supplies, and monitoring U.S.-provided equipment to ensure that it was used for counternarcotics purposes.

Indirect costs were for support provided from the CORAH headquarters at Tingo Maria, including the purchase of food, construction equipment such as trucks and a bulldozer, supplies and materials, and general supplies for Santa Lucia; and administrative support functions for CORAH personnel at the base.

Between March 1990 and November 1993, 10 CORAH workers eradicated coca seedbeds about 3 to 4 hours a day, 3 to 4 days a week. This work was suspended in November 1993 because of budgetary constraints. In addition, up to 50 CORAH workers installed concrete obstacles to block 10 illegal airstrips in the Upper Huallaga Valley. The costs for blocking the airstrips could not be readily determined, but the embassy's Narcotics Affairs Section said they were included in the direct and indirect costs discussed above.

Law Enforcement Costs

About \$6.4 million was spent for police support at Santa Lucia, including (1) per diem for Peruvian police officers stationed at the base to provide security for the base and for workers on eradication missions and (2) commodities used by the police to support the base.

Program Development and Support Costs

About \$4.6 million was provided for salaries and expenses of the NAS staff and activities related to administrative support of the base as well as other antidrug programs in Peru. Such support included processing procurement vouchers for goods and services.

Fixed-Wing Aircraft Costs

About \$11.5 million was spent on operating and maintaining the fixed-wing aircraft that transported personnel, supplies, and other items to and from Santa Lucia. Generally, two C-123 and two C-130 aircraft were used for these missions. This was funded by INM's airwing account and not included in Peru's antidrug program budget.

Rationale for Suspending U.S. Support for Santa Lucia Base

The Congress reduced the State Department's annual International Narcotics Control Program request for fiscal year 1994 from \$148 million to \$100 million. After coordinating with various U.S. agencies involved in antidrug activities regarding program options, the State Department decided that it could not adequately support maintenance and operations at the Santa Lucia base while supporting its antidrug programs in Peru and other countries. Thus, in December 1993, the United States stopped supporting the base and the Peruvian government assumed responsibility for the base's administrative and operational control.

State Department officials reported that although trafficking activities had moved outside of the immediate range of U.S.-provided helicopters, they would have maintained the Santa Lucia base had the budget not been reduced. U.S. embassy officials stated that they had already begun to cover an expanded area by conducting helicopter operations using forward operating locations outside of the Santa Lucia area.

Status of Restructuring Counternarcotics Operations in Peru

Some aspects of the restructured programs have been completed and are in place. Specifically, NAS has moved its helicopter maintenance facilities from Santa Lucia to Pucallpa and the government of Peru is now responsible for operating the Santa Lucia base. In addition, INM-owned fixed-wing aircraft used to support U.S. antidrug operations have been returned to the United States and fixed-wing aircraft are now being rented from Peru. However, the U.S. embassy has faced a number of obstacles to fully implementing a mobile basing concept for conducting antidrug missions, including problems with helicopter maintenance, internal conflicts over the responsibility for planning and coordinating antidrug operations, and a U.S. decision not to share with Peru real-time information and assistance that could lead to the shoot down of civilian aircraft suspected of drug trafficking.

Move to Pucallpa

To stay within the budget, the State Department moved helicopter maintenance facilities and associated U.S. and Peruvian police personnel from Santa Lucia to several different sites in Pucallpa, where an international airport is located. The airport serves as the center from which operations are conducted and for resupplying and supporting maintenance operations. The airport also houses U.S. fixed-wing aircraft used by DEA and other agencies to support law enforcement operations. The maintenance facilities, aviation ground support equipment, and spare parts for 10 UH-1H helicopters are located at a Peruvian naval base in Pucallpa. About 15 U.S. contractor personnel assist the Peruvian police in maintaining and operating the helicopters.² A total of about 30 U.S. and 30 to 35 Peruvian personnel live in a hotel about 10 minutes from the naval base.

The United States spent about \$450,000 for (1) security improvements to the hotel, (2) improvements to three warehouses behind the hotel, (3) improvements to a refueling area, and (4) refurbishment of a warehouse and extension of the perimeter wall at the naval base. Planned projects include improvements to the hotel and naval base and construction of a small hangar and ramp area at the airport for fixed-wing aircraft. Cost estimates for these projects were not available.

U.S. embassy personnel stated that U.S. personnel are not allowed to leave the hotel unless they are transported in official vehicles to and from work because of security concerns. According to NAS personnel, morale at Santa Lucia was much better because personnel were free to move around the base after work and tended to interact more readily.

Peru's Support of Santa Lucia

With the loss of U.S. support to Santa Lucia, the government of Peru agreed to administer the base and maintain it as a location from which antidrug operations could be conducted. According to the U.S. Embassy's NAS Director, U.S. officials were concerned that the government of Peru might be unable to provide the resources needed to maintain and operate the base adequately. At the time of our visit, the airstrip needed repair because of holes in the runway and other maintenance problems. The NAS Director estimated that about \$1.5 million is needed to repair the airstrip. Nevertheless, DEA is continuing to conduct antidrug operations from the base.

²DynCorp Aerospace, Inc., a private contractor, provides management, administrative, rotary-wing, and maintenance services.

Eliminating the Use of INM-Owned Fixed-Wing Aircraft to Support Antidrug Operations

Because the State Department stopped supporting the Santa Lucia base, INM-owned fixed-wing support was terminated. In December 1993, INM's fixed-wing aircraft—two C-123s and two C-130s—and almost \$10.1 million in aircraft spare parts were shipped for storage to Davis Monthan Air Force Base in Tucson, Arizona. The 28 personnel responsible for maintaining the aircraft were returned to the United States. To support antidrug missions at Pucallpa, the embassy now rents fixed-wing aircraft from the Peruvian air force and civilian companies. According to the embassy, the monthly rental costs should be less than \$20,000.

Mobile Basing Concept

The embassy's implementation of the mobile basing concept has been complicated by several problems. The concept included the following assumptions:

- 8 to 10 helicopters and fixed-wing aircraft would be available for antidrug operations, and
- an operational planning group would be established in the embassy to plan law enforcement operations.

In early 1994, the Defense Department notified State that it had to ground UH-1H helicopters that had certain engine numbers, which had to be overhauled because of mechanical problems. This created maintenance problems with the UH-1H helicopters that limited the embassy's ability to fully support the mobile basing concept. Five of the 10 helicopters used in Peru were grounded for 6 weeks because their engines required overhaul. A total of 11 engines had to be overhauled at a cost of \$1.65 million. The five remaining helicopters were used extensively during the 6-week period, and thus, all subsequently needed maintenance at about the same time. In June 1994, 3 of the 10 helicopters were in for scheduled maintenance, leaving the embassy with only 7 to conduct operations. Recent embassy reports say that high levels of metal particles are being found in gear boxes and engines, indicating excessive wear and use. An embassy official indicated that this situation may cause future maintenance problems and affect mobility of operations.

According to DEA officials, helicopter maintenance problems have limited their ability to plan and conduct operations. For example, a DEA official stated that of the 13 missions requiring helicopter support during a recent 3-month period, the helicopters experienced mechanical problems during 6 of them. In two cases, DEA teams were delayed in the jungle because of the problems. In addition, DEA's CASA-212 fixed-wing transport aircraft

was grounded for several months because of maintenance problems. Finally, an embassy official stated that Peruvian aircraft are frequently grounded because their mechanics have not been properly trained.

To further complicate matters, the operational planning group was not formally established by the U.S. Ambassador until July 1994, 7 months after the mobile basing concept was approved, and has not yet been staffed. The delay was caused by internal differences within the U.S. embassy about the structure and staffing of the group. The NAS Director believed that the group should be responsible for more than law enforcement operations and include eradication operations, administrative and training support to the Peruvian police, and other operations that may be needed. He also believed that, since the group would be under the DEA attache that it should be composed primarily with persons having law enforcement backgrounds to ensure that DEA conducts operations meeting U.S. antidrug objectives in Peru. DEA and U.S. military personnel, on the other hand, believed that the group should be primarily responsible for planning law enforcement operations and be staffed with military personnel, who would be more experienced in planning specific operations and identifying logistics support requirements for law enforcement operations in the jungle and interacting with Peruvian military forces in planning military-type operations. According to U.S. officials, the group will be staffed with DEA agents as well as military personnel providing operational, communications, and logistical expertise. The group will be under the control of the DEA country attache. According to a U.S. embassy official, no specific assignments of military personnel have been made to date.

Cut-Off of Real-Time U.S. Antidrug Information

Another factor affecting the mobile basing concept's implementation is the May 1, 1994, decision to stop sharing certain drug-trafficking information with the governments of Colombia and Peru, which we reported on in August 1994.³ This step was taken because of legal concerns about the probable criminal liability of U.S. personnel who provide information that could lead to the shooting down of a civilian aircraft suspected of transporting illegal drugs. According to U.S. officials, the sharing of real-time information is critical to ensuring that they can take timely action against drug-trafficking activities to increase the risks associated with these activities. The officials stated that the policy decision had impacted on their ability to conduct antidrug operations.

³Drug Control in Peru (GAO/NSIAD-94-186R, Aug. 16, 1994).

Although the impact that the policy has had on the flow of drugs being shipped from Peru to Colombia is unclear, it is clear that pilots flying between Peru and Colombia have changed their operations, since there is little fear of interception by U.S. and Peruvian forces as long as detection capabilities remain negligible and there is no sharing of information.

Various U.S. reports and officials have stated that, before the May decision, drug traffickers wanted to minimize their exposure to the air interdiction threat. Thus, they (1) used fewer flights with larger drug loads, (2) flew mainly in the early evening hours, and (3) spent on an average only about 10 to 12 minutes in loading and unloading their cargoes. U.S. officials in Peru said that since the policy change, drug traffickers have changed their operations and (1) have begun multiple flights with smaller drug loads and (2) have begun flying during the day, and some traffickers have doubled their time on the ground. In addition, U.S. officials stated that an analysis of flight patterns indicates that traffickers are reverting to more direct air routes from Peru into Colombia instead of the indirect and more time-consuming routes they were taking before the cutoff of information. DEA officials advised us that the policy to not share real-time information has caused them to forego law enforcement operations against illegal drug activities. Finally, a recent Defense Department report states that the policy of not sharing real-time information has reduced the risks associated with drug-trafficking activities in Peru.

On October 5, 1994, the President signed legislation that provides official immunity for authorized U.S. personnel from liability, notwithstanding any other provision of law, if information they provide is used to shoot down civilian aircraft suspected of drug trafficking. However, before sharing of information can resume, the President must determine that (1) illicit drug trafficking poses a national security threat to Peru and (2) Peru has appropriate procedures in place to protect against the innocent loss of life. The executive branch is discussing this issue with the Peruvian government. As of November 30, 1994, the sharing of information had not yet resumed.

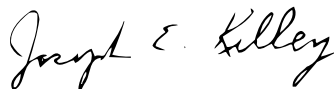
Scope and Methodology

To obtain information for this report, we interviewed officials and reviewed pertinent documents at the Departments of State and Defense and the Drug Enforcement Administration in Washington, D.C.; the U.S. Southern Command in Panama; and the U.S. Embassy in Lima, Peru. We also interviewed Peruvian police officials responsible for counternarcotics programs.

We did our review between April and July 1994 in accordance with generally accepted government auditing standards. As requested, we did not obtain written agency comments on a draft of this report. However, we discussed the information in this report with agency officials and included their comments where appropriate.

Unless you release its contents earlier, we plan no further distribution of this report until 10 days after its issuance. At that time, we will send copies of the report to the Secretaries of Defense and State, the Administrator of the Drug Enforcement Administration, and the Director of the Office of National Drug Control Policy. We will also provide copies to others on request.

This report was prepared under the direction of Mr. Benjamin Nelson, Associate Director, who may be reached on (202) 512-4128. Other major contributors are Mr. Andres Ramirez, Assistant Director, and Mr. Ronald D. Hughes, Evaluator-in-Charge.



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