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COLOMBIA'S NARCO-DEMOCRACY THREATENS HEMISPHERIC SECURITY

INTRODUCTION

For the first time since 1986, when the U.S. started passing judgment on the counter-narcotics efforts of 29 major drug-producing and drug-transit countries, Colombia this year received a failing grade.¹ However, on February 28, President Clinton issued a "national interest waiver"² exempting it from this failing grade. As a result, Colombia will be eligible for continued U.S. aid even though it is not doing enough to stop the illegal drug trade.

This policy is deeply misguided. The threat to U.S. and hemispheric security posed by Colombia's narco-democracy cannot be overestimated. The U.S. may be the world's largest consumer of drugs, but Colombia ranks third in the world in per capita consumption. Literally every country in the Americas has a serious domestic drug crisis. The drug cartels are well-positioned to influence Latin America's economic reforms and manipulate the region's weak political and judicial institutions. In Colombia, they have penetrated

- ¹ The Foreign Assistance Act of 1961, as amended, requires the President to submit to Congress, on March 1, an annual determination of counter-drug cooperation by major drug-producing or drug-transit countries with the United States. In order to continue receiving U.S. assistance and support in multilateral development banks (MDBs), U.S. law requires that a nation either must have cooperated fully with the United States or "taken adequate steps on its own to achieve full compliance" with the 1988 United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances. If a nation fails to meet either of these requirements, it is "decertified," triggering U.S. opposition to MDB loans and a reduction in U.S. aid. However, if the President decertifies a country, he can waive the sanctions mandated by the law if he determines that their application is "contrary to the national interest of the United States."
- ² Presidential Determination No. 95-15, "Memorandum for the Secretary of State - Subject: Certifications for Major Producing and Transit Countries," The White House, February 28, 1995. Bolivia, Peru, Paraguay, Lebanon, and Pakistan also were certified with "national interest" waivers, but Colombia was highly significant because, as a "core" drug-producing country, it was downgraded for the first time ever in a clear gesture of U.S. government dissatisfaction with its failing counternarcotics efforts.

the regulatory and lawmaking processes to the point that they can influence constitutional and financial reform. They also have been financing election campaigns for many years, and at least three Colombian presidents have knowingly taken money from drug traffickers.³

Congress should demand an explanation from the Clinton Administration. Why should the U.S. provide aid to stop the drug trade and support Colombia's economic development when Colombia's government is not serious about ending the production and trafficking of narcotics? The Clinton Administration's counternarcotics policy clearly is not working. It should be reviewed with two objectives in mind: to establish tougher standards for Colombia and to increase pressure on the Colombian government to eradicate the drug cartels. Specifically, the U.S. should:

- ✓ **Decertify Colombia for its lack of cooperation with the U.S.** Decertification would block Colombia's access to financial and technical aid from the multilateral development banks and should trigger the suspension of all counternarcotics aid to Colombia as well. The U.S. should not consider granting even a "national interest" recertification until President Ernesto Samper dispels, with actions instead of words, international perceptions that he has been compromised by the Cali cartel.
- ✓ **Insist that Colombia sign an extradition treaty with the U.S.** This would allow Colombian citizens under indictment in the U.S. for drug trafficking, money laundering, and other drug-related crimes to be extradited to the U.S.
- ✓ **Urge Colombia to sign a bilateral law enforcement treaty with the U.S.** Colombia would agree to enact tough money-laundering and sentencing laws for narcotics traffickers and to confiscate all commercial, real estate, and personal assets owned by convicted traffickers.
- ✓ **Develop specific performance benchmarks for Colombia as a condition for any renewed bilateral assistance.**
- ✓ **Hold extensive congressional hearings to review Colombia's counter-drug cooperation and performance.** These hearings should focus on narco-politics and narco-corruption in both Colombia and Mexico, since drug cartels in both countries are working together to flood the United States with drugs and weapons.
- ✓ **Impose visa prohibitions on Colombian officials, regardless of rank, who are implicated in narco-corruption or any drug-related offenses.**
- ✓ **End Colombia's participation in the Andean Trade Preferences Act (ATPA).** This would mean that Colombian products would lose preferential tariff access to U.S. markets, potentially costing the Colombian economy hundreds of millions of dollars in reduced export earnings.

3 David L. Marcus, "Drug traffickers' grip on Colombia tightens," *The Dallas Morning News*, February 26, 1995.

THE WORLD'S FIRST NARCO-DEMOCRACY

U.S. counternarcotics experts believe that Colombia is the world's first narco-democracy, a country whose economy, political system, and society have been profoundly compromised and distorted by the wealth and power of the drug cartels. Former President Misael Pastrana, who governed Colombia from 1974-1978, asserts: "*El Tiempo* [Bogota's leading daily newspaper] talks about a 'narco-project.' People talk about 'narco-crimes,' they talk about 'narco-money,' and if you add that up, logically it implies general contamination."⁴

Joe Toft, former head of the U.S. Drug Enforcement Agency (DEA) in Bogota, claims that Colombia is "already at the abyss."⁵ Narco-democracy "really is here [in Colombia]," he said during a live interview with Colombian television. "I can't think of a single institution in Colombia that I know of, with any judicial, legal or political influence, which does not have problems of penetration by the narcotics traffickers. The Attorney General's office has serious problems. Congress is also very infiltrated by narco-traffickers.... Everything favors [the] Cali [drug cartel]. They got rid of extradition, which was the only thing they truly feared. And now the situation is very favorable [for the drug kingpins]."⁶

Colombian drug traffickers repatriate between \$3 billion and \$7 billion a year in laundered drug-related earnings from the United States and Europe, according to U.S. counter-drug analysts.⁷ Drug money has created a construction frenzy in Colombia's main cities—Bogota, Medellin, Cali, and Barranquilla—and has pushed up the prices of land and housing drastically. In a country where the minimum wage is 31 cents an hour, four-bedroom apartments are selling for up to \$400,000 in cash.⁸ U.S. and government authorities have evidence that drug proceeds have been deposited in every major bank in Colombia.

Every resident of Cali or Medellin is affected directly or indirectly by drug-tainted money. For example, a \$10 million deposit of drug money in a Cali or Medellin bank may be loaned out to build a new apartment complex. This money eventually trickles down to the local economy for the purchase of everyday goods and services. Drug trafficking proceeds have been a primary source of revenue for the cities of Cali and Medellin since the mid-1980s, and more recently for Barranquilla, according to U.S. anti-drug analysts.

4 *Ibid.*

5 "Yo Acuso," *Semana Magazine* (Bogota, Colombia), Issue No. 648, October 4-11, 1994, pp. 22-23. Toft said "there is no doubt that the [presidential] campaign of Ernesto Samper received money from narco-traffickers."

6 *Ibid.*

7 "Colombian Economic Reform: The Impact of Drug Money Laundering within the Colombian Economy," DEA-94072 Drug Intelligence Report, Intelligence Division, Drug Enforcement Administration, U.S. Department of Justice, September 1994 (cited hereafter as DEA Report).

8 David L. Marcus, "Killer Drugs: Narcotics trade destroys every-day life in Colombia," *The Dallas Morning News*, February 26, 1995.

The DEA believes that “the revenue generated by the influx of drug proceeds into the economy has provided the Colombian Government with funds for debt payments and national infrastructure development....[T]hrough the purchase of government-issued securities, Colombian drug kingpins are investing in their country’s future development. The immense resources of the drug cartels afford them a cushion of security in Colombia. Their influence within the banking industry, government, and law enforcement agencies already has impeded attempts to prosecute them. Through bribery and intimidation, they have altered and reversed undesired policy decisions by the country’s government and banking regulators.”⁹

The Colombian drug cartels have expanded their operations around the world significantly since the early 1990s. U.S. counternarcotics intelligence agencies have identified at least 14 “core” Colombian cartels in business with 19 Mexican cartels to transport Colombian-produced cocaine and heroin into the United States. Since the 1980s, the Colombian cartels have opened new consumer markets for cocaine in practically every Latin American country. Venezuela has become a major drug-transit country; Panama retains its historical position as a key drug-transit and money-laundering country; and Guatemala has emerged as an important “warehousing” country, used by Colombian and Mexican cartels running loosely integrated drug trafficking operations.¹⁰

In Europe, the Colombian drug barons are doing business with the Sicilian Mafia and other criminal groups in Italy, Germany, France, and Britain. They also are penetrating Eastern Europe and opening new markets in Russia in association with Russia’s thriving criminal underworld. Although the production and international distribution of cocaine and heroin is their primary business, Colombian cartels also trade in weapons, icons, raw materials, radioactive materials, and counterfeit U.S. dollars.

The Official Position. The Colombian government and many Colombians express outrage at the word “narco-democracy,” rejecting the argument that drug cartels have thoroughly penetrated every aspect of Colombian society. The official government line on the Colombian drug problem is that the drug traffickers comprise a very small minority and that Colombians have battled the drug traffickers much longer, and have died in far greater numbers, than anyone else. The drug problem is described by the Colombian government as an international issue that requires international solutions.

But Colombians tend to overlook the global reach and power of their country’s drug cartels. Colombia’s five-year-old constitution bans the extradition of Colombian citizens wanted for crimes committed in other countries, and the courts rarely punish drug traffickers. In fact, 38 percent of the drug traffickers who turn themselves in through the plea bargain system never spend a single day in jail, and not one major trafficker has been jailed in more than a year.¹¹

9 DEA Report.

10 The Colombian and Mexican cartels operate like “virtual” corporations, retaining their independence from each other but working together to maximize profits.

11 Dan Fisk and Yvette Woolley, *Colombia: Counter-Drug Performance 1994*, Majority Staff Report, U.S. Senate Committee on Foreign Relations, February 27, 1995.

The Samper Administration's response to President Clinton's decision to downgrade Colombia with a "national interest" certification was a mixture of rejection and defiance. Officials close to Samper suggested that Colombia might choose to reject all future U.S. assistance in the counternarcotics war rather than subject their country to a review by the U.S. government which many Colombians consider to be both unfair and biased against them.

The Samper Administration's view was summed up in its official response to the DEA's report on the impact of money laundering in the Colombian economy.¹² In this document, the Samper government defended Colombia's financial controls as adequate, denied that drug traffickers have a significant impact on the Colombian economy, and charged that the DEA is opposed to a free-market economy with a strong and vigorous private sector: "The document circulated by the DEA shows profound ignorance on how the Colombian economy operates.... Due to its lack of methodology or scientific accuracy and to its bias against the country, the [DEA] document constitutes not only an insult to Colombians, but an insult to intelligence."¹³

PRESSURING COLOMBIA TO GET TOUGH ON DRUGS

The Clinton Administration's current counternarcotics policy is not working in the case of Colombia. Something must be done to stem the flow of drugs from the world's most powerful cocaine cartels. The U.S. should consider every possible avenue for compelling the Colombian government to crack down on these criminal cartels. The staff report issued on February 27, 1995, by the Senate Committee on Foreign Relations calls for stronger oversight of Colombia's counternarcotics performance and decertification of Colombia for its failure to combat the illegal drug trade. This approach should be welcomed. Specifically, the U.S. should:

- ✓ **Decertify Colombia for its lack of cooperation with the U.S.** Decertification would block Colombia's access to financial and technical aid from multilateral development banks such as the Inter-American Development Bank (IDB) and World Bank. All U.S. counternarcotics aid to Colombia also should be suspended. The U.S. should not grant "national interest" re-certification until the Samper Administration demonstrates with strong actions its commitment to eliminating the drug cartels. Thus, President Samper not only must increase the volume of cocaine and heroin seizures in Colombia, but also must dismantle the Cali cartel and prosecute all of its leaders, including the Rodriguez Orejuela brothers, Ivan Urdinola, Jose Santacruz Londono, and Pacho Herrera. A credible plan for attacking the cocaine and heroin traffic also should encompass an effective strategy for reducing the coca and opium poppy crops by 10 percent annually and 50 percent within five years. Until Colombia meets these conditions, the U.S. should withhold recertification.

12 "Comments by Colombian financial authorities to the document 'Colombian economic reform: the impact on drug money laundering within the Colombian economy,' published by the Intelligence Division of the United States Drug Enforcement Agency (DEA)." Santafe de Bogota, Colombia, November 21, 1994.

13 *Ibid.*

- ✓ **Insist that Colombia sign an extradition treaty with the U.S.** This would allow for the extradition of Colombian citizens under indictment in the U.S. for drug trafficking, money laundering, and other drug-related crimes. It would require Colombia's political leaders to amend a five-year-old constitution which banned extradition in a deliberate concession to the drug cartels.¹⁴ Colombia's constitution and laws should not be customized to accommodate the interests of these criminals.
- ✓ **Urge Colombia to sign a bilateral law enforcement treaty with the U.S.** In this treaty, Colombia would agree to enact tougher sentencing laws for narcotics traffickers and to enforce other measures, such as confiscation of all commercial, real estate, and other assets owned directly or indirectly by convicted traffickers. Dangerous traffickers believed responsible for dozens of murders now are jailed for only a few years or even months, and the Colombian government makes no effort to confiscate their assets and properties.
- ✓ **Develop specific performance benchmarks for Colombia as a condition for any renewed bilateral assistance.** These benchmarks should take the form of specific targets or quotas relating to the eradication of coca and opium poppy crops, the seizure of cocaine and heroin shipments, the destruction of precursor chemicals and processing labs, and the capture of anyone identified in Colombia, the U.S., or anywhere else in the world as a drug trafficker or money launderer. Because Colombia is a "core" drug producing country and the headquarters of the world's cocaine industry, it should be subject to standards appreciably tougher than those applied to other countries.
- ✓ **Hold extensive congressional hearings to review Colombia's counter-drug cooperation and performance.** These hearings should focus on narco-trafficking, narco-corruption, and narco-politics in both Colombia and Mexico. U.S. counternarcotics officials believe that President Samper's election campaign was partly financed with Cali cartel money and that Samper has been accepting money from the Medellin and Cali cartels, either for himself or for other presidential candidates in whose campaigns he has worked, at least since 1982. When the DEA ran the names of Colombia's 263-member Congress into Naddis (the DEA's computerized list of suspects), more than a fourth showed up on the list.¹⁵ While that alone may not prove guilt, it does indicate that DEA informants and others have linked these people to drug cases. Seven of Colombia's 32 governors also appeared on the list.

As Congress examines Colombia's role in the drug trade, it also should take a hard look at Mexico. A total of 33 "core" Colombian and Mexican cartels are working together to produce cocaine and heroin in Colombia. They transport these drugs by air and sea, and overland through Central America. The drugs are warehoused in Guatemala with the connivance of corrupt members of the Guatemalan armed forces. From Guatemala, the drugs are shipped across Mexico to U.S. border crossing points in California, Arizona, and Texas.

14 Specifically, the Medellin cartel, which formed a group called "Los Extraditables" (The Extraditables), who announced that they preferred a grave in Colombia to a lifetime in a U.S. prison.

15 Marcus, "Drug traffickers' grip on Colombia tightens."

Mexico plays an increasing role in the Western Hemisphere's cocaine trade. Yet, the U.S. has no extradition treaty with Mexico, and corruption within Mexican law enforcement agencies is endemic. More than 80 percent of the drug gangs in Texas come from Mexico, and street gangs in Dallas, Fort Worth, and Houston are supplied by Mexican cartels.¹⁶ Throughout the Southwest U.S., Mexican drug gangs, most of whom are in the U.S. illegally, operate significant drug trafficking operations and provide street gangs with drugs and guns, thereby increasing the level of violent crime in many American cities.¹⁷

- ✓ **Impose visa prohibitions on Colombian officials, regardless of rank, who are implicated in narco-corruption or any drug-related offenses.** These should include any suspected member of the Colombian executive, judiciary, and Congress, plus all members of their immediate families, until such time as an investigation deemed satisfactory by the U.S. establishes their guilt or innocence.
- ✓ **End Colombia's participation in the Andean Trade Preferences Act (ATPA).** The ATPA was enacted by the U.S. government to help drug-producing and drug-transit countries in the Andean region¹⁸ reduce the production and trafficking of narcotics and to promote the cultivation of legal agricultural products and other goods by reducing U.S. tariffs on imports from these countries. ATPA was meant to be a quid pro quo for effective efforts to curb drug trafficking. Moreover, two key conditions for inclusion in ATPA are signing an extradition treaty with the U.S. and achieving quantitative progress in reducing illegal drug production and trafficking. However, Colombia's five-year-old constitution specifically bans the extradition of Colombian citizens to other countries, and President Clinton's use of a "national interest waiver" to recertify Colombia clearly proves that Colombia is not meeting the requirements of U.S. law for inclusion in the ATPA. Colombia's preferential access to U.S. markets under ATPA should be suspended immediately because Colombia does not meet its key conditions.

CONCLUSION

By any standard, Colombia is no longer a reliable ally in the U.S. war on drugs. The time has come to begin treating the Colombian government as part of the American drug problem rather than part of the solution. Recognizing this with presidential decertification is an important first step. This will help to prevent Colombia from obtaining assistance from multilateral financial institutions, which in effect are helping to subsidize the production of Colombia's poisonous narcotics exports.

Beyond this, the U.S. should take the lead in isolating Colombia internationally. This will involve denying visas to known drug operatives in the Colombian government and even withdrawing trade preferences for Colombian exports as permitted by the Andean

¹⁶ According to Oliver "Buck" Revell, a 30-year veteran of the Federal Bureau of Investigation who now heads The Revell Group International, Inc., a global business and security consulting firm.

¹⁷ *Ibid.* U.S. counternarcotics officials also have discovered that the Colombian and Mexican drug cartels increasingly are using the services of Salvadoran criminals residing illegally in the U.S.

¹⁸ Colombia, Peru, Bolivia, and Ecuador.

Trade Preferences Act (ATPA).¹⁹ While trade is a blunt and usually inappropriate tool for governments, in this case it will send the clear signal that Colombia no longer deserves the preferential treatment provided by the ATPA.

Finally, the Clinton Administration must reaffirm its commitment to the war on drugs, which had begun to show substantial progress by 1992.²⁰ Unfortunately, most of the earlier gains have been reversed because of President Clinton's benign neglect of the problem. Colombia's national interest recertification is only the most recent example of this. Although much ridiculed as an insufficient response at the time, the Reagan Administration's "Just Say No" effort was more successful than many want to admit. It is time to just say no to Colombia.

John P. Sweeney
Policy Analyst

19 Removing Colombia's trade preferences under the ATPA will increase the cost to American consumers of goods imported from Colombia, but doing nothing to combat the hemispheric security threat posed by Colombia's narco-democracy is far worse.

20 John P. Walters, "How the Clinton Administration is Abandoning the War Against Drugs," Heritage Foundation *Background* No. 989, June 16, 1994.