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Southern Cone Situation Report

Drug Intelligence Report

Intelligence Division

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Drug Enforcement Administration

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November 1994

ADMINISTRATOR'S MESSAGE

Cocaine trafficking is increasing in the Southern Cone nations of Argentina, Chile, Paraguay, and Uruguay. Political, social, and economic problems in these countries make them susceptible to exploitation by drug trafficking organizations. Moreover, successful drug law enforcement operations and initiatives in the Andean Ridge source countries of Bolivia, Colombia, and Peru have forced drug traffickers to extend their illicit activities into the Southern Cone region. This report examines the threat posed by drug trafficking throughout that region.

The Drug Enforcement Administration (DEA), in conjunction with host nation drug law enforcement officials, has responded to this threat by establishing multilateral counterdrug programs. These cooperative working arrangements disrupt the flow of illegal drugs, regulate essential chemicals, and address drug money laundering issues in the region. These measures have achieved some degree of success, but much more needs to be accomplished to prevent the Southern Cone nations from becoming a major drug transshipment area. DEA remains committed to countering the continuing threat posed by the cultivation, manufacturing, and smuggling of illicit drugs.



Thomas A. Constantine
Administrator

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EXECUTIVE SUMMARY

Drug smuggling in the Southern Cone has increased in recent years as law enforcement initiatives in Andean Ridge coca source countries have forced multinational trafficking groups to establish new routes between the Andean Ridge and illicit markets in the United States and Europe. Utilizing a variety of conveyances—including rail cargo and private aircraft—drug smugglers based in Bolivia have filtered substantial quantities of cocaine hydrochloride (HCl) into the cities and seaports of the Southern Cone.

The growth in the cocaine trade has produced a virtual cornucopia of problems in the nations of the Southern Cone. In Argentina and Chile, illicit drug consumption has increased as cocaine has been syphoned from smuggling routes that link clandestine laboratories in Bolivia to Atlantic seaports such as Rosario in Argentina and Arica in Chile. Cocaine trafficking has expanded in Paraguay, historically a country that derives a substantial income from illicit activities. As a major international financial center located far from the Andean Ridge, Uruguay has been tainted more by drug money laundering activity than by in-country cocaine trafficking.

In addition to the limited capabilities of law enforcement entities in the Southern Cone, regional counterdrug initiatives are hindered by an absence of effective counterdrug legislation. As military dictatorships have been replaced by democratic governments, legal codes have been liberalized. Also, proposed laws, such as asset forfeiture provisions, have been viewed as an infringement upon individual and property rights. Strict bank secrecy laws also shield suspected drug traffickers and money launderers from prosecution.



ARGENTINA

INTRODUCTION

Situated south of the traditional coca source countries, Argentina plays a peripheral role in the international illicit drug trade. Illicit drug production and clandestine laboratory activity sporadically occur in the northern provinces, such as Salta, while international ports in Buenos Aires, Mar del Plata, Rosario, and other locations are used as drug transshipment sites. Domestic drug abuse is considered modest but growing, as greater quantities of cocaine have appeared on Argentine streets.

DRUG PRODUCTION

Although climate and topography inhibit the cultivation of coca leaf, small coca fields often are discovered in northern Argentina where civil laws permit coca leaf chewing. Cocaine conversion laboratories also are uncommon in Argentina—with only seven cocaine hydrochloride (HCl) laboratories being seized throughout the entire country between 1992 and 1994. Cannabis cultivation is more widespread but Argentine marijuana is not of exportable quality. Cannabis plots (usually comprised of no more than 50 plants) have been reported in several Argentine provinces including Catamarca, Chaco, Corrientes, Entre Ríos, Formosa, Jujuy, La Rioja, Salta, Santa Fe, and Santiago del Estero.

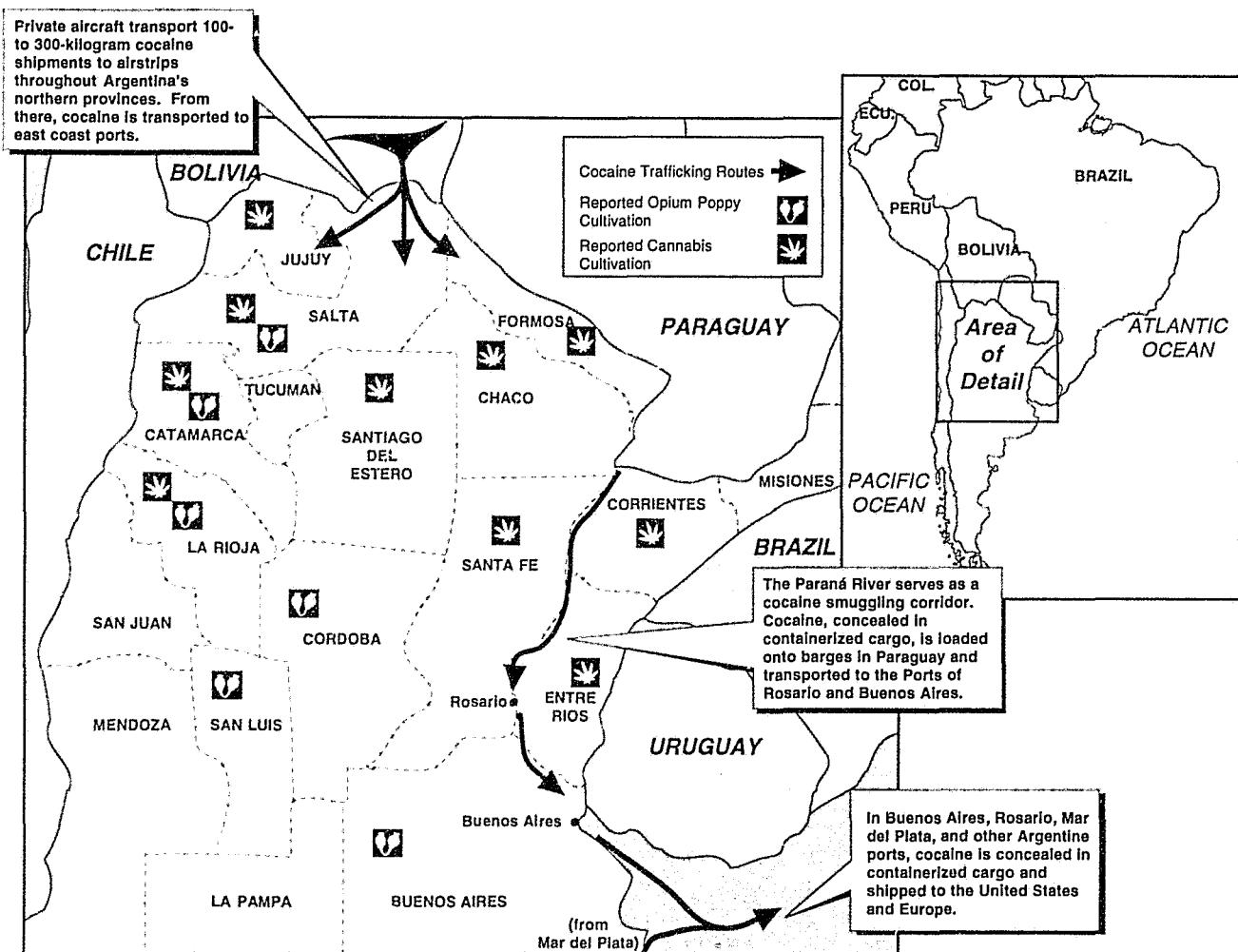
Seizure statistics and additional intelligence indicate that small opium poppy fields are located in the Argentine provinces of Buenos Aires, Catamarca, Córdoba, Entre Ríos, La Rioja, Salta, and San Luis. In comparison to poppy fields that were cultivated legally during the World War II era, these plantations are small and usually contain less than a few dozen plants per field. One exception, however, was a plantation in La Rioja, where approximately 2,300 opium poppy plants were seized in 1991.

DRUG TRAFFICKING ACTIVITY

Due in part to intensified drug enforcement initiatives along the Andean Ridge, Argentina has experienced a rapid growth in domestic drug trafficking. While a 1-kilogram seizure would have made headlines a few years ago, Argentine law enforcement authorities now routinely seize cocaine shipments of 50 to 100 kilograms. To date, the largest seizure in Argentina occurred in 1988 when 585 kilograms of cocaine HCl were seized from Medellín Cartel affiliates in Buenos Aires. Follow-up investigation led to the seizure of an additional 1,124 kilograms in Philadelphia, Pennsylvania.

Drug traffickers have ample opportunity to smuggle drugs through Argentina. Private aircraft is by far the most common method of conveyance. Thousands of uncontrolled airfields and small municipal airports blanket Argentina's northern provinces. Cocaine shipments of 100 to 300 kilograms are off-loaded at these airstrips onto trucks and transported to major ports on the east coast. Once in Buenos Aires, Mar del Plata, Rosario, and other cities, the cocaine is concealed in legitimate containerized cargo and shipped via maritime vessels to the United States and Europe. The lack of regulatory control over containerized cargo inhibits law enforcement's ability to detect cocaine shipments smuggled by this method.

International rail service provides drug traffickers with another opportunity to transport cocaine from the coca source countries to ports on the Argentine coast. Sealed cargo originating in Bolivia is shipped by rail to the Port of Buenos Aires and subsequently placed on maritime



vessels bound for a third country. Bilateral treaties between Bolivia and Argentina prohibit the inspection of this cargo, if it is destined to a third country.

The Paraná River serves as yet another drug smuggling corridor connecting the Andean Ridge to the Atlantic Ocean. Designated as an international waterway, the Paraná is free of customs inspection. Typically, sealed containerized cargo is loaded onto barges from Paraguay and transported downriver to the Ports of Rosario and/or Buenos Aires. From there, containers holding cocaine are placed on ships headed for U.S. and European ports. Again, as outlined in the commercial shipping treaty, sealed containers cannot be inspected by Argentine authorities unless the final destination is Argentina.

Aside from the aforementioned inspection restrictions, Argentine Customs is understaffed, lacks training and resources, and is held financially

liable for containers and/or ships detained for inspection purposes. Additionally, the sheer volume of containerized cargo shipped through Argentina—combined with liberal harbor regulations that allow containers to be delivered to ports only hours before the freighters are scheduled for departures—offers drug traffickers an almost foolproof method for transporting large quantities of cocaine to virtually any port in the world.

Drug trafficking in Argentina is facilitated by a sophisticated national and international transportation system. Argentina's modern highways, airports, and maritime ports allow for prompt and relatively trouble free transportation of cocaine. Concurrently, European-bound couriers in possession of 1 to 5 kilograms of cocaine are arrested routinely at Ezeiza International Airport in Buenos Aires. Nigerian drug traffickers also have surfaced in Argentina; in April 1994, two Nigerian nationals were arrested in Salta Province in possession of 22 kilograms of cocaine.

CHEMICALS

Numerous cocaine essential chemicals—including acetic acid, acetone, benzene, ethyl ether, hydrochloric acid, sodium carbonate, sodium sulfate, sulfuric acid, and toluene—are manufactured in Argentina. Intelligence indicates that a portion of these chemicals are diverted for cocaine HCl production in Bolivia and, possibly, Argentina.

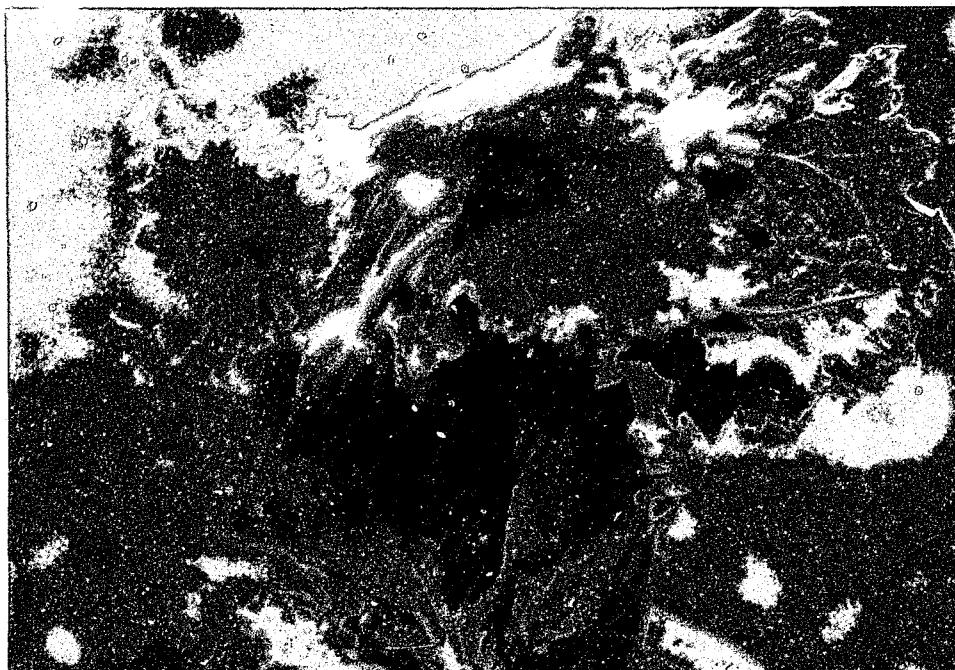
Argentine President Carlos Menem authorized a presidential decree placing tight controls on essential chemicals on September 30, 1991. Based on the 1991 Organization of American States (OAS) Inter-American Commission Against Drug Abuse Conference (CICAD), this decree requires that all transactions, including the manufacture, import, and export of precursor and essential chemicals (and certain pharmaceutical drugs), be registered with the Argentine Drug Secretary's office. A significant improvement in the regulation of essential chemicals, the decree is nonetheless difficult to enforce due to personnel and resource shortages within the Office of the Drug Secretary. In addition, police agencies, as well as chemical companies, lack specific directives in the enforcement aspects of this decree.

COUNTERDRUG LEGISLATION AND INTERNATIONAL AGREEMENTS

President Menem has been an outspoken supporter of drug enforcement and demand reduction programs. At the International Conference of Mayors Against Drugs (Buenos Aires, 1992) President Menem condemned drug trafficking, called for a "Marshall Plan" for crop substitution in countries such as Bolivia, and pushed for the death penalty for serious crimes committed by drug traffickers. A lack of financial resources and equipment, however, has hampered Menem's enthusiasm towards counterdrug initiatives.

The Argentine legal system also has constrained the local "war on drugs." Based upon the nineteenth century Napoleonic Code, Argentine law prohibits the use of informants and undercover agents. In addition, there are no provisions allowing defendants to plea bargain in exchange for information.

Argentina is a signatory to the 1961 Single Convention on Narcotics and the 1972 Amending Protocol. In 1992, the Argentine Congress approved a Mutual Legal Assistance Treaty (MLAT) with the United States and ratified the 1988 U.N. Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances.



Young opium poppy plant.

CHILE

INTRODUCTION

During the late 1960's and early 1970's, Chile was the center of the world cocaine trade. Coca paste imported from Bolivia and Peru was refined in Chilean cocaine HCl laboratories and subsequently exported to the United States. The heyday of Chilean cocaine trafficking, however, was brief. After the fall of President Salvador Allende in 1973, General Augusto Pinochet took direct action against cocaine trafficking. As a result, Chile-based traffickers who were not imprisoned or extradited to the United States abandoned their operations and relocated to other South American countries.

DRUG PRODUCTION

Geographic and climatic conditions prohibit the cultivation of coca leaf in Chile. Cannabis, however, is cultivated throughout central and northern Chile. Chilean marijuana is of poor quality and is consumed locally. Only two cocaine HCl laboratories have been seized in Chile during the 1990's; the last seizure occurred in October 1991.

DRUG TRAFFICKING ACTIVITY

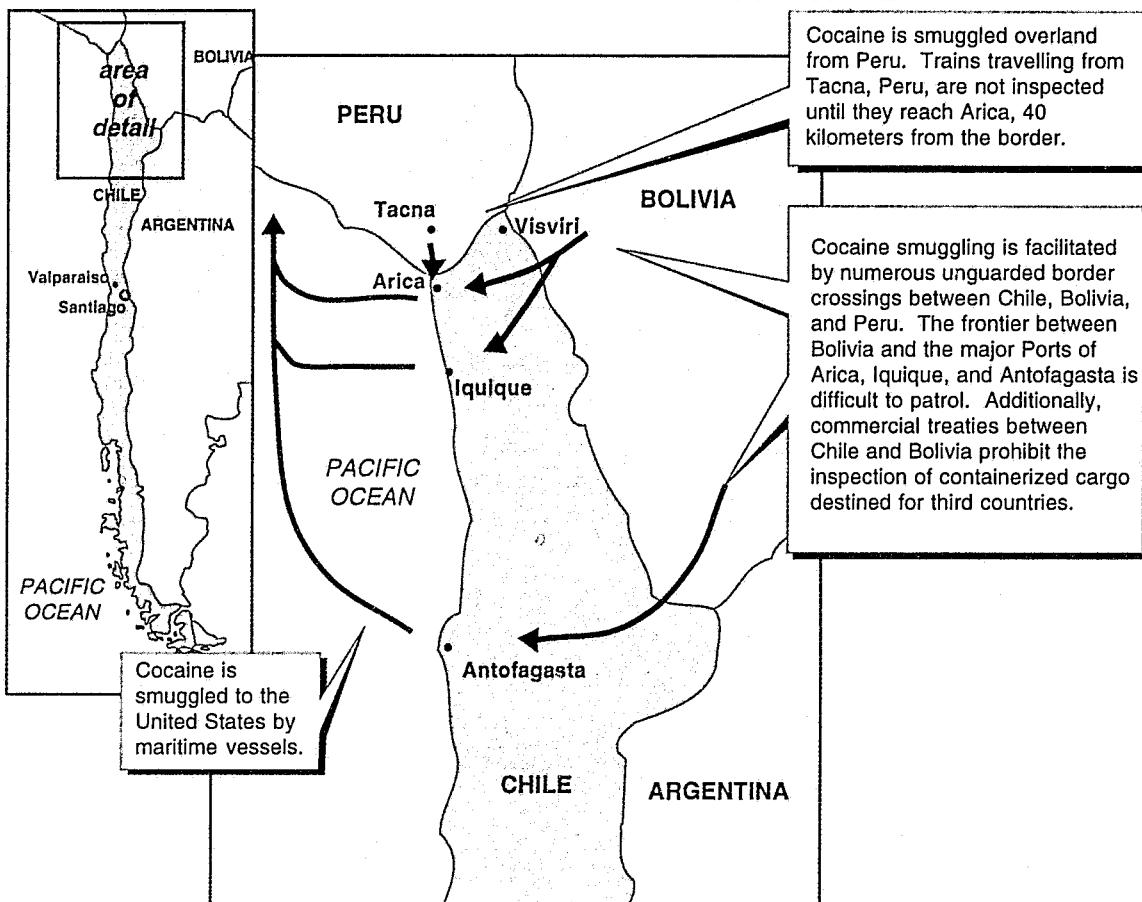
Drug abuse in Chile has been on the increase during recent years as a result of expanded cocaine trafficking between Bolivia and the northern major ports of Arica, Iquique, and Antofagasta. A record 813 kilograms were seized in Chile during 1993. In the same year, Chile reported nearly 4,000 drug-related arrests.

Overland smuggling is facilitated by numerous unguarded border crossings from both Bolivia and Peru to Chile. The nearest inspection area upon entering Chile from Peru, Chacalluta, is located in a desert area 20 kilometers inside of Chilean territory. Trains arriving from Tacna, Peru, are not inspected until reaching the Arica train station, 40 kilometers from the frontier. There are reportedly 24 unguarded road crossing areas located near Visviri, Chile, where the borders of Chile, Bolivia, and Peru intersect. In addition, the extensive frontier between Bolivia and the Chilean cities of Arica and Iquique is difficult to patrol due to its size, harsh geographic conditions, and inadequate customs control.

Bilateral commercial treaties between Chile and Bolivia prohibit the inspection of containerized cargo destined for a third country unless customs officials suspect it is linked to drug smuggling. With a high volume of in-transit cargo flowing in and out of Chile's northern seaports and overland across the border to Bolivia, South American drug traffickers have ample opportunity to exploit these agreements. One such instance occurred in August 1989, when Chilean authorities in Arica discovered 500 kilograms of cocaine HCl secreted in a false compartment of a 20-foot metal container that was dropped accidentally by a loading crane. The broken container had been transported from Cochabamba, Bolivia, and was destined for Valparaiso, Chile, where it was to be loaded with seafood and shipped to Los Angeles, California.

Chilean-owned maritime vessels frequently are used to smuggle illicit drugs into the United States. In 1993, a year after 4.5 metric tons of cocaine were seized from the M/V *Harbour* off the coast of south Florida, the U.S. Coast Guard confiscated an additional 5.2 metric tons of cocaine from the M/V *Sea Chariot* south of Panama. In both instances, the cocaine was smuggled aboard the vessels after they had departed Chilean waters. The crews of both vessels, however, were composed primarily of Chileans. Nineteen of the seamen on board the M/V *Harbour* were sent to prison in the United States, including the ship's captain who received a life sentence. A similar seizure occurred in December 1991, when U.S. Customs officers confiscated 2 tons of marijuana from a Chilean vessel in Pascagoula, Mississippi.

COCAINE TRAFFICKING THROUGH CHILE



Chilean nationals are involved in courier networks that export small kilogram quantities of cocaine to European cities via commercial air. Chilean couriers typically receive cocaine from local traffickers in Santiago or in São Paulo and Buenos Aires for subsequent delivery in Europe. Traffickers also commonly smuggle cocaine out of Chile by concealing it within air freight containers of fruit and frozen seafood that are bound for the United States and Europe.

Smuggling cocaine into Chile for local consumption or for transit to the United States and Europe is facilitated by numerous factors. Similar to its neighbors in the Southern Cone, Chile's legal system is based on the Napoleonic Code. Accordingly, conspiracy laws or plea bargain agreements are prohibited. Undercover operations and use of informants also are illegal. A comprehensive anti-drug legislative package awaiting approval by the Chilean Congress, however, includes laws allowing for undercover

work and reduced sentences for defendants who cooperate with law enforcement authorities.

The OS-7 branches of the *Carabineros de Chile* (a paramilitary organization) and *Investigaciones de Chile* (judiciary police) are responsible for conducting criminal drug investigations in Chile. Interagency rivalry and, to a lesser extent, corruption occasionally have compromised in-country counterdrug operations; but both organizations have grown more effective in recent years. Both organizations, as well as the Customs Service, suffer from manpower and equipment shortages.

A problem unique to the Chilean Customs Service is its lack of female inspection officers. An estimated 3,500 to 11,000 Peruvians enter Chile on a daily basis at the Chacalluta Inspection Center near Arica. Without women inspectors, females suspected of drug smuggling cannot be subjected to body searches.

CHEMICALS

The Chilean petrochemical industry produces and imports several cocaine essential chemicals including acetone, ethyl ether, potassium permanganate, soda ash, and sulfuric acid. Used domestically in the Chilean mining industry, these chemicals often are diverted to cocaine laboratories in Bolivia and Peru. As Chilean chemicals continue to be discovered at seized clandestine laboratories in Bolivia, the Chilean Government repeatedly has accused the Bolivian Government of complicity in the diversion of legitimate chemical exports. Thus far, these allegations have not endangered bilateral counterdrug agreements between the two nations.

COUNTERDRUG LEGISLATION AND INTERNATIONAL AGREEMENTS

The Chilean Congress currently is reviewing a comprehensive counterdrug legislative package that would codify drug trafficking activities that currently are exempt from prosecution. If approved, new laws pertaining to money laundering and essential chemical diversion will complement legislation permitting undercover operations, asset forfeiture, and reduced sentences for defendants who agree to cooperate with law enforcement investigations.

Chile is party to both the 1961 Single Convention on Narcotics, the 1972 Amending Protocol, and the 1988 U.N. Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances. In November 1992, the Governments of Chile and Bolivia signed an eight-part agreement to fight drug trafficking and the diversion of essential and precursor chemicals. Earlier in the year, the Chilean Government signed a similar bilateral agreement with Peru. Chile's current extradition treaty with the United States (the treaty has not been amended since its ratification in 1902) does not address drug trafficking offenses.

PARAGUAY

INTRODUCTION

Despite sporadic reporting of coca plantations and clandestine laboratory activity, Paraguay is primarily a transit country for Bolivian cocaine en route to the United States and Europe. Already plagued by widespread contraband smuggling, the influx of Andean-produced cocaine has led to increased domestic drug consumption and further internal corruption. In 1993, Paraguayan authorities seized 43 kilograms of cocaine HCl.

DRUG PRODUCTION

Cannabis is a primary cash crop in northeastern Paraguay. With cultivation concentrated in the hinterlands between Pedro Juan Caballero and Capitán Bado, Paraguayan cannabis reputedly is of high quality and widely popular among Brazilian marijuana consumers. Intelligence estimates collected by the DEA country office in Asunción suggest that up to 2 metric tons of cannabis are harvested per hectare during each of Paraguay's two annual harvests (April and October). In 1993, Paraguayan officials eradicated 193 hectares of cannabis and seized over 661 metric tons of marijuana.

In 1993, the National Anti-Drug Secretariat (SENAD) joint military/police task force carried out over a dozen operations to eradicate cannabis cultivations, monitor airstrips, and interdict drug shipments. The largest single drug seizure was of 23 kilograms of cocaine in Asunción.

DRUG TRAFFICKING ACTIVITY

During the last decade, cocaine increasingly has been transported over Paraguayan smuggling routes that once were reserved for the smuggling of automobiles, electronics, and cigarettes. Destined for illicit markets in the United States and Europe, cocaine smuggled through Paraguay is transported overland to major ports in Brazil and Argentina. Drug trafficking in Paraguay is expedited further by the region's largely unpatrolled borders.

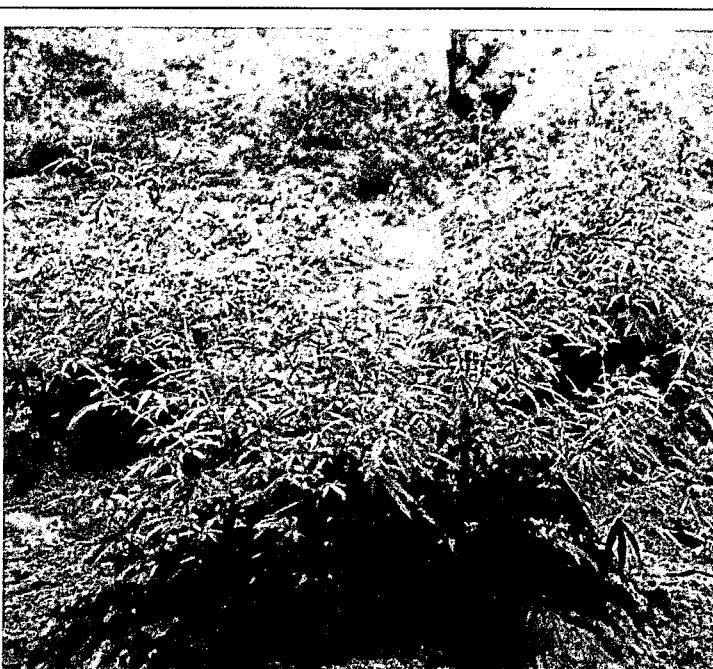
The majority of cocaine smuggled through Paraguay is imported from Bolivia via private aircraft. By utilizing clandestine airstrips in the

sparingly populated Chaco region, multinational drug trafficking organizations are able to transfer and stockpile cocaine shipments with impunity. Shipments earmarked for Brazil generally are transported through the city of Pedro Juan Caballero (a notorious drug trafficking outpost inhabited by Bolivians, Brazilians, and Paraguayans) by way of automobile or railway. Cocaine en route to Buenos Aires, on the other hand, is routed through the Paraguayan capital of Asunción. Commercial airlines and the Paraguayan river system are exploited less frequently as methods of conveyance. Intelligence indicates that large quantities of cocaine are shipped in sealed containers to Argentine ports by way of the Paraná River, an international waterway exempt from customs inspections.

Most of the cannabis cultivated in Paraguay is consumed in Brazil, where traffickers are willing to pay a premium for high-quality marijuana. Paraguayan marijuana, in fact, is so popular in Brazil that Brazilian traffickers occasionally contract Paraguayan peasants to cultivate cannabis plots on their behalf. Smaller quantities are consumed locally or are sold to traffickers in Argentina.

Drug trafficking in Paraguay reportedly has been facilitated by widespread corruption among high-ranking officials and politicians. After the downfall of longtime President Alfredo Stroessner in 1988, several leading U.S. newspapers linked coup leader and former president General Andres Rodriguez to South American drug traffickers. President Rodriguez, however, repeatedly denied all accusations made against him and during his tenure made several modest attempts to counter drug trafficking. In October 1992, President Rodriguez proposed a government-financed program that would introduce the ka'ahe'e plant (used to produce sweeteners) on farms that formerly produced cannabis.

PARAGUAYAN CANNABIS CULTIVATION



Cannabis cultivation plot in Paraguay.

	1993	1992	1991	1990
Cannabis Cultivation (ha)	2,500	425	425	425
Cannabis Eradication (ha)	193	133	250	250
Marijuana Seizures (mt)	661	634	250	--

Source: International Narcotics Control Strategy Report, April 1994

CHEMICALS

Cocaine essential chemicals are not produced in Paraguay. Limited reporting, however, does indicate that essential chemicals occasionally are transshipped through Paraguay to Bolivia and Brazil.

COUNTERDRUG LEGISLATION AND INTERNATIONAL AGREEMENTS

In May 1991, President Rodriguez established the National Anti-Drug Secretariat (SENAD) as part of the executive branch to coordinate and direct antidrug activities carried out by both government and non-government agencies. SENAD is responsible for drug enforcement, prevention, and rehabilitation programs.

Paraguay's new constitution, ratified in June 1992, includes an article that pledges to repress the production and illegal trafficking of drugs, act against drug money laundering, and fight illicit drug consumption. In addition, the constitution pledges to establish preventive education and rehabilitation programs in coordination with private organizations.

In June 1992, in an effort to reduce the amount of illicit drugs being flown into and out of Paraguay, the Direction of Civil Aviation (DINAC) issued a

resolution establishing new requirements for the issuance of airworthiness certificates. DINAC now requires all general aviation aircraft to be certified and inspected by the *Dirección de Narcóticos* (Counter Narcotics Police Agency, or DINAR). Aircraft suspected of being used in the smuggling of drugs may be impounded and the owner may be subject to legal action.

Paraguay is party to the 1961 Single Convention on Narcotics, the 1972 Amending Protocol, and to the 1988 U.N. Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances. Paraguay also has signed multilateral counterdrug agreements with Bolivia and Argentina. Paraguay's extradition treaty with the United States, which has been effective since September 1973, includes drug trafficking as an extraditable offense.

URUGUAY

INTRODUCTION

Due to its distance from the primary cocaine trafficking nations of Bolivia, Peru, and Colombia, Uruguay largely has been unaffected to date by drug trafficking. Annual in-country seizures traditionally have been statistically insignificant and domestic illicit drug cultivation is virtually nonexistent. Despite this good fortune, the Uruguayan financial industry has been exploited as a center for the laundering of drug proceeds.

DRUG PRODUCTION

Although climatic conditions preclude the cultivation of coca leaf in Uruguay, cannabis reportedly is grown in small patches along the Brazilian frontier. Intended for personal use, Uruguayan-produced marijuana is consumed domestically and is of marginal quality. Beyond recreational consumption by tourists frequenting Uruguay's internationally renowned beach resorts, cocaine is somewhat of a novelty in Uruguay. Over the past 10 years, Uruguayan authorities have seized less than 10 kilograms of cocaine HCl per year and the largest domestic seizure has been 7 kilograms.

DRUG TRAFFICKING ACTIVITY

Although scant, reporting indicates that Uruguay occasionally is used as a transit point for multikilogram quantities of Bolivian-produced cocaine bound for the United States and Europe. Annual seizure statistics for marijuana are traditionally small and have not exceeded a total of 100 kilograms.

Carrasco International Airport in Montevideo is an exit point for cocaine that has been transported through Uruguay. Couriers aboard commercial air carriers primarily en route to European cities frequently are arrested at the airport in possession of small quantities of cocaine.

Marijuana, the drug of choice among Uruguayan citizens, primarily is imported from Brazil. Cocaine use traditionally was limited to the wealthy but reportedly has been spreading into the middle class in recent years. In the past, cocaine was readily available only during the summer months in wealthy resort areas such as Punta del Este. Reporting also indicates that small quantities of cocaine are available for personal use at numerous nightclubs in Montevideo.

A number of factors potentially could facilitate drug trafficking within Uruguay in the future. Law enforcement agencies and the Uruguayan Customs Service, for one, are dedicated to drug law enforcement but are undertrained and insufficiently equipped.

CHEMICALS

Uruguay does not produce cocaine essential chemicals. However, significant amounts of European-manufactured chemicals—including acetone, ethyl ether, and acetic acid—are imported into Uruguay for internal use or shipped through Uruguay en route to Bolivia and Paraguay. Essential chemicals from Argentina and Brazil, in addition, are transported duty free into Uruguay, where they are used in the hide and leather processing industry. It is highly plausible that a percentage of these chemicals are diverted to clandestine laboratories in Bolivia and, perhaps, in unique cases to Brazil.

COUNTERDRUG LEGISLATION AND INTERNATIONAL AGREEMENTS

Conspiracy laws are prohibited under the Uruguayan Constitution. In addition, Uruguayan law does not address money laundering, which by definition is not a crime. Counterdrug initiatives have been a low priority for the Administration of President Luis Alberto LaCalle Herrera. Nevertheless, the Uruguayan Government has taken steps to strengthen its counterdrug and money laundering legislation. After hosting the 1992 OAS Inter-American Commission Against Drug Abuse Conference (CICAD), the Uruguayan Government launched a legislative drive to criminalize money laundering and essential chemical diversion. Another goal is to improve domestic drug enforcement capabilities. Also under review in the Uruguayan parliament is an MLAT agreement with the United States and the 1988 U.N. Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances.

OUTLOOK

ARGENTINA

Of the nations of the Southern Cone, Argentina's drug trafficking situation is of the greatest concern. Cocaine trafficking and domestic drug consumption have increased steadily during the 1990's, with no indications that these trends will abate in the coming years. Law enforcement investigations have identified major Colombian- and Bolivian-led trafficking groups operating in rural Argentina and the major ports of Rosario and Buenos Aires. If Bolivian cocaine traffickers who generally use Argentina as a transshipment region become increasingly independent of their Colombian counterparts, then Argentina will emerge as a more prominent outlet for cocaine destined for the United States and Europe.

CHILE

Future drug trafficking patterns in Chile will reflect evolving relations between Bolivian and Colombian trafficking groups. Northern Chile's Atlantic ports are already ideal drug smuggling points since the region abuts the cocaine source countries of Bolivia and Peru. With recent multiton cocaine seizures having been made from maritime vessels that called on Chilean ports, law enforcement authorities must recognize the potential for increased drug trafficking activity in this region.

PARAGUAY

Cannabis will continue to be cultivated in significant quantities within Paraguay, but it is highly unlikely that Paraguayan marijuana ever will be exported beyond Brazil and the Southern Cone. Future eradication efforts and cooperation with DEA and other U.S. Government entities will depend on the priorities of Paraguay's new President. Unless major counterdrug initiatives are implemented, Paraguay will remain a significant transit country for cocaine due to, among other factors, its historical ties to contraband smuggling and its history of corruption.

URUGUAY

Uruguay may become a cocaine transit country as increased drug law enforcement efforts in neighboring countries drive traffickers to seek alternative routes. However, only limited quantities of cocaine will be transported through Uruguay. For the foreseeable future, traffickers will continue to utilize Uruguay to launder drug profits.

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