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ACTION ARA-01

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UNCLAS SECTION 01 OF 03 LIMA 008980
DEPT PASS TO ARA/AND AND INL
PANAMA PLEASE PASS TO GEN MCCAFFREY
USSOUTHCOM PLEASE PASS TO ELIZABETH BOLLMAN
E.O. 12958: N/A
TAGS: SNAR PE
SUBJECT: MCCAFFREY VISIT SCENE SETTER
REF: LIMA 08804

1. FOLLOWING IS A REVISED SCENE SETTER FOR GENERAL MCCAFFREY'S VISIT. IT IS STAND-ALONE, AND PREVIOUS VERSION TRANSMITTED REFTTEL SHOULD BE DISCARDED. REVISIONS TO THE ORIGINAL TEXT CONSIST OF REFERENCES TO ABANDONED COCA/REFORESTATION AND TO LICIT PURCHASE OF
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COCA IN THE APURIMAC RIVER VALLEY BY ENACO, THE PERUVIAN STATE COCA MONOPOLY.

BEGIN TEXT

GENERAL MCCAFFREY SCENE SETTER

YOUR VISIT COMES AT A PARTICULARLY OPPORTUNE AND AUSPICIOUS

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UNITED STATES DEPARTMENT OF STATE
REVIEW AUTHORITY: SAM A. MOSKOWITZ
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MOMENT TO HELP MAKE SIGNIFICANT ADVANCES IN OUR COUNTERINARCOTICS AGENDA WITH PERU.

GOP AIR BRIDGE DENIAL SUCCESSES HAVE DROPPED THE PRICE OF COCA TO THE POINT WHERE ALTERNATIVE DEVELOPMENT TIED TO VOLUNTARY COCA REDUCTION HAS A FIGHTING CHANCE TO SUCCEED.

PERU'S COUNTERNARCOTICS STRATEGY SEEKS TO USE INTERDICTION TO CONTINUE REDUCING THE PRICE OF COCA LEAF AT THE FARMGATE, AND SUBSEQUENTLY, REDUCING THE TOTAL AMOUNT OF COCA UNDER CULTIVATION, BY OFFERING FARMERS ALTERNATIVE DEVELOPMENT INCENTIVES (IN COMMUNITIES SIGNING AGREEMENTS WITH THE PERUVIAN GOVERNMENT TO VOLUNTARILY REDUCE COCA). THIS STRATEGY INCLUDES THE ESTABLISHMENT AND IMPLEMENTATION OF A VERIFICATION SYSTEM TO MEASURE COMPLIANCE WITH THE COMMUNITY AGREEMENTS TO REDUCE COCA.

ADDITIONALLY, SUCCESS IN COUNTERING THE TERRORIST ORGANIZATIONS SHINING PATH AND TUPAC AMARU REVOLUTIONARY GROUP HAS ALLOWED THE GOP TO FOCUS MORE RESOURCES ON COCA REDUCTION. THE GOP IS KEENLY AWARE THAT BOTH TERRORIST GROUPS EXPLOIT NARCOTICS TRAFFICKING TO HELP FINANCE THEIR ORGANIZATIONS. HOWEVER, IN THE WAKE OF LAW 824 PROMULGATED IN APRIL OF THIS YEAR, THE PERUVIAN MILITARY'S ROLE IN SUPPORT OF POLICE COUNTERNARCOTICS LAW

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ENFORCEMENT NEEDS TO BE CLARIFIED.

MOREOVER, THE GOP NEEDS TO SEEK MORE ACTIVELY THE PARTICIPATION OF NON-US INTERNATIONAL DONORS IN ORDER TO ENSURE FINANCING OF A LONG-TERM AND LASTING PROGRAM FOR ALTERNATIVE DEVELOPMENT.

IN SHORT, CONDITIONS IN PERU FOR PROMOTING EFFECTIVE COUNTERNARCOTICS PROGRAMS ARE THE BEST THEY HAVE BEEN IN RECENT MEMORY; BUT WE NEED TO KEEP THE GOP FOCUSED SHARPLY ON THREE MAJOR UNDERTAKINGS: 1) IMPLEMENTATION OF AN EFFECTIVE GOP MECHANISM FOR INTER-AGENCY COORDINATION OF LAW ENFORCEMENT/ALTERNATIVE DEVELOPMENT/COCA REDUCTION ACTIVITIES; 2) CLARIFICATION OF MILITARY SUPPORT TO POLICE COUNTERNARCOTICS ACTIVITIES; AND 3) PRESENTATION OF A COMPREHENSIVE ALTERNATIVE DEVELOPMENT PLAN TO INCLUDE POTENTIAL INTERNATIONAL DONORS IN ADDITION TO THE USG.

WE RECOMMEND THAT YOU CONSIDER THE FOLLOWING MAJOR POINTS IN YOUR DISCUSSIONS WITH PRESIDENT FUJIMORI AND OTHER KEY PERUVIAN PLAYERS.

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COCA REDUCTION AND ALTERNATIVE DEVELOPMENT

THE NATIONAL INSTITUTE FOR DEVELOPMENT (INADE), UNDER THE MINISTRY OF THE PRESIDENCY, HAS DEVELOPED A DRAFT "NATIONAL PLAN FOR ALTERNATIVE DEVELOPMENT." HOWEVER, THIS IS ONLY ONE OF THREE OR FOUR SEPARATE AND DISJOINTED GOP EFFORTS UNDERWAY TO DEVELOP SUCH A PLAN. BETTER LONG-TERM GOP PLANNING IS REQUIRED, AS WELL AS THE KIND OF COORDINATION WHICH CAN BRIDGE GAPS AND UNITE DISPARATE ELEMENTS FROM CIVILIAN, POLICE AND MILITARY SECTORS, BEHIND A SINGLE PLAN.

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WE HAVE MADE CLEAR TO THE PERUVIANS THAT UNLESS THEY REDUCE THE OVERALL AMOUNT OF ILLICIT COCA UNDER CULTIVATION, THERE CAN BE NO SIGNIFICANT INCREASE IN USG FUNDING FOR THE PERUVIAN ALTERNATIVE DEVELOPMENT PROGRAM. ALSO, WITHOUT NET COCA REDUCTION THROUGH WHATEVER COMBINATION OF MEANS, CONTINUING CERTIFICATION OF PERU IS NOT ASSURED. IN THIS CONTEXT, ALTERNATIVE DEVELOPMENT, AS A MEANS TO COCA REDUCTION, ALSO REQUIRES COCA ERADICATION AND POLICE LAW ENFORCEMENT.

IN THE CONTEXT OF COCA REDUCTION, THERE HAS BEEN BILATERAL DISCUSSION ABOUT ERADICATION OF "ABANDONED" COCA AND ITS REPLACEMENT ON THE CLEARED LAND BY LEGITIMATE TREE OR OTHER PERMANENT CROPS. THIS PROPOSAL FIRST SURFACED IN TALKS BETWEEN INL ASSISTANT SECRETARY GELBARD AND GOP HEALTH MINISTER COSTA BAUER DURING THE LATTER'S VISIT TO WASHINGTON IN AUGUST OF THIS YEAR. COCA CAN BE SAID TO BE ABANDONED WHEN IT HAS LAIN FALLOW FOR A SUFFICIENT PERIOD (GENERALLY, UP TO TWO YEARS) SO AS TO NO LONGER BE RECUPERABLE. IN THE SAME VEIN, THE GOP HAS ALSO REFERRED TO

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"ISOLATED" COCA, WHICH IS COCA LOCATED AWAY FROM POPULATED AREAS.
THE GOP IS PURSUING SERIOUSLY THE DESIGN OF A REFORESTATION/TREE
CROP PROJECT TO BE IMPLEMENTED AS PART OF THE COCA REDUCTION
PROGRAM -- THE CONCEPT PAPER MAY BE READY BY THE TIME OF YOUR
VISIT.

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POINTS FOR DISCUSSION WITH THE GOP:

-- HOW DO YOU PLAN TO ENSURE EFFECTIVE ACROSS-THE-BOARD
COORDINATION OF ALTERNATIVE DEVELOPMENT EFFORTS, INCLUDING
ACTIVE PARTICIPATION BY CIVILIAN, POLICE AND MILITARY SECTORS?

-- HOW DO YOU PROPOSE TO USE "CONTRADROGAS", THE GOP'S NEW
COUNTERDRUG COORDINATING ENTITY, IN THIS REGARD, AND TO WHAT
DEGREE WILL IT BECOME A NATIONAL COUNTERNARCOTICS COORDINATING
MECHANISM.

-- I AM PLEASED TO HEAR THAT EFFORTS ARE UNDERWAY TO DEVELOP
A COMPREHENSIVE NATIONAL PLAN FOR ALTERNATIVE DEVELOPMENT.
WHAT IS THE STATUS OF THE PLAN AND TIME FRAME FOR COMPLETING
IT? WHO IS TAKING THE LEAD, AND WHAT IS THE TARGET DATE FOR
PRESENTATION OF THE PLAN TO THE INTERNATIONAL DONOR COMMUNITY?

-- I UNDERSTAND THAT HEALTH MINISTER COSTA BAUER AND INL
ASSISTANT SECRETARY GELBARD SPOKE RECENTLY IN WASHINGTON OF

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POSSIBLE GOP IMPLEMENTATION OF A "REFORESTATION" PROJECT TO ACCOMPANY ERADICATION OF "ABANDONED OR ISOLATED" COCA AS ANOTHER MEANS OF ARRIVING AT AN OVERALL REDUCTION OF COCA UNDER CULTIVATION IN PERU. CAN YOU DESCRIBE THAT PROJECT AND INDICATE ITS PRESENT STATUS?

LAW ENFORCEMENT - POLICE AND MILITARY ROLES

LAW 824, ENACTED IN APRIL OF THIS YEAR, MAKES CLEAR THAT THE NATIONAL POLICE HAS PRIMARY RESPONSIBILITY FOR COUNTERNARCOTICS LAW ENFORCEMENT IN PERU. THE LAW'S ENACTMENT HAS BEEN ACCOMPANIED BY A DECREASE IN MILITARY PRESENCE AND INVOLVEMENT IN COUNTERDRUG

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MISSIONS. THIS IS OF PARTICULAR CONCERN, GIVEN REPORTS OF PROBLEMS WITH INTERDICTION AND DETERIORATING SECURITY IN SUCH CONTENTIOUS AREAS AS THE APURIMAC VALLEY, THE TEST BED FOR THE NATIONAL COCA REDUCTION/ALTERNATIVE DEVELOPMENT PLAN AND PROGRAM. AS A FURTHER COMPLICATING FACTOR, ENACO, THE PERUVIAN STATE COCA MONOPOLY, CONTINUES TO PURCHASE COCA LEAVES FROM A NUMBER OF NON-REGISTERED FARMERS IN THE APURIMAC VALLEY. THIS PRACTICE SENDS MIXED SIGNALS ABOUT THE GOP'S COMMITMENT TO REDUCE COCA IN THE AREA.

IT IS IMPORTANT TO MENTION THAT AS THE GOP GOES FORWARD WITH IMPLEMENTATION OF THE ALTERNATIVE DEVELOPMENT PROGRAM, ITS SUCCESS AND SUSTAINABILITY WILL BECOME INCREASINGLY DEPENDENT UPON MAINTENANCE OF SECURITY IN THE COCA PRODUCING AREAS.

POINTS:

-- LAW 824 MAKES CLEAR THAT THE NATIONAL POLICE HAS PRIMARY RESPONSIBILITY FOR COUNTERNARCOTICS LAW ENFORCEMENT IN PERU. OF NECESSITY, THIS MEANS THE PNP MUST TAKE ON AN EXPANDED MISSION AND ENDURE A STRAIN AGAINST ITS RESOURCES, BOTH HUMAN AND MATERIAL. HOW DOES THIS AFFECT THE INSTITUTION AND ITS ABILITY TO CARRY OUT THE EXPANDED MISSION?

-- GIVEN THE ENORMITY OF THE POLICE COUNTERDRUG MISSION, WHICH COULD INCLUDE A SIGNIFICANT RIVERINE ELEMENT IN THE WAKE OF AIR BRIDGE DENIAL SUCCESSES, HOW ACTIVELY CAN THE PERUVIAN MILITARY PARTICIPATE IN SUPPORTING POLICE OPERATIONS?

-- SPECIFICALLY, IN THE APURIMAC RIVER VALLEY, HOW WILL POLICE AND MILITARY COORDINATION BE CARRIED OUT? WE URGE YOU TO ENCOURAGE JOINT POLICE AND MILITARY COOPERATION IN OPERATIONS

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IN PRIORITY AREAS SUCH AS THE APURIMAC RIVER VALLEY?

I UNDERSTAND THAT ENACO, THE PERUVIAN STATE COCA MONOPOLY, CONTINUES TO PURCHASE COCA LEAVES FROM A NUMBER OF NON-REGISTERED COCA FARMERS IN THE APURIMAC RIVER VALLEY. DOES THIS NOT SEND CONFUSING AND CONFLICTING SIGNALS TO THE POPULACE, IN AN AREA WHERE THE CULTIVATION OF COCA IS OVERWHEMINGLY ILLICIT? DOES IT IN THE THE PROCESS NOT LEGITIMIZE AN ILLLEGAL ACTIVITY?. IS THERE NOT SUFFICIENT COCA PRODUCTION IN MORE TRADITIONAL GROWING AREAS TO SATISFY LEGITIMATE NEEDS WITHOUT HAVING TO SET UP SHOP IN WHAT IS OVERWHEMINGLY A CENTER OF ILLICIT ACTIVITY?

INTERNATIONAL DONOR ASSISTANCE

WITH REGARD TO RESOURCES REQUIRED FOR ALTERNATIVE DEVELOPMENT ACTIVITIES, CURRENT USG EFFORTS ARE LIMITED TO WHAT IS ESSENTIALLY A PILOT EFFORT AIMED AT REDUCING 100F THE CURRENT COCA PRODUCTION. THE \$32.5 MILLION IN FUNDING THROUGH CY 1998 PROVIDED

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UNDER THE USAID ALTERNATIVE DEVELOPMENT PROJECT IS ALREADY 85 COMMITTED. MORE U.S. RESOURCES ARE NEEDED AS WELL AS COMMITMENTS FROM OTHER DONORS. WITH A COMPREHENSIVE STRATEGY TO GUIDE THEM, THE GOP WOULD THEN NEED TO DEVELOP DONOR COORDINATION MECHANISMS FOR BRINGING ALL THE PLAYERS TOGETHER TO INSURE THAT THE VARIOUS DONOR ACTIONS WERE COHERENT AND MUTUALLY SUPPORTIVE.

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POINTS:

-- OUR SUPPORT WILL CONTINUE, AND I HOPE INCREASE, FOR YOUR ALTERNATIVE DEVELOPMENT PROGRAM. HOWEVER, I WANT TO MAKE IT CLEAR THAT THE U.S. IS ONLY ONE PLAYER. IT IS VERY IMPORTANT TO SEEK ASSISTANCE FROM OTHER DONORS. I UNDERSTAND THAT JAPAN AND OTHERS HAVE EXPRESSED INTEREST IN INVESTING IN ALTERNATIVE DEVELOPMENT AREAS. WE URGE YOU TO SEEK ADDITIONAL ASSISTANCE IN THE AREA OF ALTERNATIVE DEVELOPMENT.

-- IN TERMS OF DONOR COORDINATION, DO YOU PLAN TO BRING THE ENTIRE POTENTIAL INTERNATIONAL DONOR COMMUNITY TOGETHER TO DEVELOP A COMPREHENSIVE STRATEGY FOR DONOR COLLABORATION WITH YOUR GOVERNMENT; FOR EXAMPLE, IN A DONOR'S "ROUNDTABLE"? WE WOULD BE HAPPY TO HELP WITH YOUR COORDINATION EFFORTS.

END TEXT. JETT

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