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(E8)

PTQ3411

PTQ3411 RELEASED IN FULL

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ACTION INL-01

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|------|---------|---------|---------|---------|---------|---------|--------|
| INFO | LOG-00 | ACDA-08 | ACDE-00 | INLB-01 | AID-00 | ARA-01 | ACQ-01 |
| | DINT-00 | DOEE-00 | SRPP-00 | DS-00 | EB-00 | OIGO-01 | H-01 |
| | TEDE-00 | INR-00 | IO-00 | JUSE-00 | L-01 | ADS-00 | DCP-01 |
| | NSAE-00 | OIC-02 | OMB-01 | OPIC-01 | PA-00 | PM-00 | PRS-00 |
| | P-00 | CIO-00 | SP-00 | STR-00 | TRSE-00 | T-00 | PMB-00 |
| | DSCC-00 | PRM-01 | DRL-04 | G-00 | SAS-00 | /025W | |

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P 282118Z APR 98
 FM AMEMBASSY LIMA
 TO SECSTATE WASHDC PRIORITY 2762
 INFO AMEMBASSY SAN SALVADOR
 AMEMBASSY BRASILIA
 AMEMBASSY LA PAZ
 AMEMBASSY SANTIAGO
 AMEMBASSY PANAMA
 SECDEF WASHDC
 NSC WASHINGTON DC
 USCINCSO MIAMI FL
 USIA WASHDC 4349
 CIA WASHINGTON DC
 DEA HQS WASHDC

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STATE FOR INL, ARA/AND, ARA/PEC, G, P, DRL
 DEPT PASS AID - FOR LAC
 USCINCSO FOR GENERAL WILHELM, ALSO FOR POLAD

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DEPT PASS TO ONDCP

E.O. 12958: DECL: 01/24/01
 TAGS: SNAR, PGOV, PREL, PHUM, PE
 SUBJECT: ONDCP DIRECTOR MCCAFFREY'S CALL ON PRESIDENT FUJIMORI

1. (U) CLASSIFIED BY DENNIS C. JETT, AMBASSADOR, EMBASSY LIMA.
 REASON 1.5(D).

n/a

[REDACTED]

2. (C) SUMMARY: IN HIS APRIL 21 CALL ON PRESIDENT FUJIMORI, ONDCP DIRECTOR MCCAFFREY PRAISED PERU FOR ITS SUCCESS IN DRASTICALLY REDUCING COCA CULTIVATION IN PERU. NOTING THE GOODWILL AT THE SANTIAGO SUMMIT IN THE AREA OF NARCOTICS, THE DIRECTOR SAID IT IS TIME FOR COUNTRIES TO WORK TOGETHER. FUJIMORI SAID PERU WOULD CONTINUE ITS EFFORTS: IT WOULD AIM TO CAPTURE THE TRAFFICKERS AND TO KEEP COCA PRICES DOWN AND WOULD HELP COCA GROWERS SUBSTITUTE CROPS. ON THE MCC, FUJIMORI THOUGHT CERTIFICATION WAS AN IRRITANT EVEN ON ISSUES LIKE THE MCC. MCCAFFREY URGED FUJIMORI NOT TO DIVIDE COUNTRIES INTO PRODUCERS AND SUPPLIERS. FUJIMORI SAID HE UNDERSTOOD BUT RESOURCES HAD TO COME FROM THE DEVELOPED COUNTRIES. IN THE END HE NOT ONLY CAME AROUND TO THE IDEA OF SHARED RESPONSIBILITY FOR THE DRUG PROBLEM, BUT BACKED OFF HIS GOOFY IDEA OF HAVING CONSUMER COUNTRIES PAY THE INTEREST ON THE DEBT OF DRUG PRODUCING COUNTRIES. END SUMMARY.

3. (C) ONDCP DIRECTOR BARRY MCCAFFREY MET WITH PERUVIAN PRESIDENT ALBERTO FUJIMORI ON APRIL 21. ALSO ATTENDING THE MEETING WERE AMBASSADOR JETT, ONDCP DEPUTY DIRECTOR FOR SUPPLY REDUCTION THOMAS UMBERG, DCM HODGES, MINISTER OF FOREIGN RELATIONS EDUARDO FERRERO COSTA, SECRETARY GENERAL OF THE PRESIDENCY JOSE KAMIYA, AND CHIEF OF STAFF OF THE SECRETARIAT OF THE PRESIDENCY JULIO CARDENAS.

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4. (C) DIRECTOR MCCAFFREY OPENED THE MEETING TALKING ABOUT THE IMPORTANCE OF THE SANTIAGO SUMMIT AND REFERRING TO THE ALSO IMPORTANT MAY CICAD MEETING AND THE JUNE U.N. SPECIAL GENERAL ASSEMBLY SESSION ON NARCOTICS. MCCAFFREY NOTED THAT THERE IS NOW A LOT OF GOODWILL AMONG THE LATIN COUNTRIES ON NARCOTICS ISSUES AND THE CICAD MEETING IS AN OPPORTUNITY. HE COMMENTED THAT IN THE U.S. THE INTERNAL POLITICAL DEBATE IS STILL FOCUSED ON OUR CURRENT CERTIFICATION BUT THAT PRESIDENT CLINTON AND HE WANTED A MULTILATERAL APPROACH.

5. (C) PRESIDENT FUJIMORI REPLIED THAT THERE WAS INDEED VERY SINCERE GOODWILL BUT THAT THERE IS A LONG DISTANCE FROM GOODWILL TO FACT. BUT, HE SAID, WHEN YOU HAVE A STRATEGY, THINGS WORK OUT. "LOOK AT COLOMBIA," HE ADDED, "THEY HAVE THE SAME PROBLEMS WE HAD, THE TERRORISTS AND THE NARCOS WORKING TOGETHER. THEY NEED A STRATEGY. I THINK THE COLOMBIAN GOVERNMENT HAS TO WIPE OUT TERRORISM FIRST."

6. (C) FUJIMORI SAID THAT HE HAS THREE POLICY TARGETS RIGHT NOW: SMUGGLING; NARCOTICS-TRAFFICKING; AND THE RELATIONS BETWEEN ECUADOR

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AND PERU. ON NARCOTICS-TRAFFICKING HE SAID THEY WOULD FIGHT EFFICIENTLY: THEY WOULD CAPTURE THE MAIN CAPOS, THEY WOULD KEEP COCA PRICES DOWN AND WOULD HELP THE COCA GROWERS SUBSTITUTE CROPS. IF THEY CONTINUED REDUCING THE AREA UNDER COCA CULTIVATION AT THE PRESENT PACE, PERU WOULD SOON NOT BE A PRODUCER COUNTRY. FUJIMORI NOTED THAT THERE HAD BEEN A CHANGE OF ATTITUDE OF THE ARMED FORCES AND POLICE VIS A VIS THE COCA GROWERS. THE GROWERS ARE NO LONGER CONSIDERED ENEMIES. THE IMPORTANT THING IS TO HAVE THE GROWERS ON OUR SIDE, HE SAID. ON BOLIVIA, FUJIMORI COMMENTED THAT THE CONFRONTATION OF THE GROWERS AND THE STATE IS A FACT, EVEN WITH A

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 GOOD ALTERNATIVE DEVELOPMENT PROGRAM. GOOD RELATIONS WITH THE GROWERS ARE IMPORTANT, HE EMPHASIZED.

7. (C) MCCAFFREY POINTED OUT THAT IT HAD TAKEN THAILAND 20 YEARS TO CONTROL THEIR PROBLEM. IF PERU SUCCEEDS IN SUCH A SHORT TIME, IT WILL BE HISTORIC. THE DIRECTOR THEN ASKED FUJIMORI WHAT HE THOUGHT OF THE CONCEPT OF THE MCC. FUJIMORI REPLIED THAT HE HAD TALKED TO PRESIDENT BALLADARES ABOUT IT. "WHAT WE LATINS WANT," HE SAID, "IS THE POSSIBILITY OF MULTILATERAL EVALUATION BUT NOT MULTILATERAL ACTION. IF INTERNAL PROBLEMS ARE OPENED UP TO INTERNATIONAL ACTION, THERE IS A PROBLEM OF SOVEREIGNTY." FUJIMORI POINTED OUT THAT THE IDEA ORIGINALLY CAME OUT OF BARRILOCHE AND THAT IT WAS GOING TO BE A LATIN AMERICAN ALLIANCE. "TO BE FRANK," HE WENT ON, "THERE IS SOME FRICTION BECAUSE OF CERTIFICATION. OF COURSE WE IN PERU ARE ALWAYS CERTIFIED, BUT WITH OTHERS THIS CAUSES SOME PROBLEMS. YOU HAVE TO BE CAREFUL ABOUT THE MANAGEMENT OF THIS. YOUR GOVERNMENT AND MINE HAVE A GOOD ALLIANCE, BUT THERE ARE MISUNDERSTANDING WITH OTHER COUNTRIES, LIKE BOLIVIA AND COLOMBIA. MY SUGGESTION IS NOT TO TALK ABOUT MULTILATERAL ACTION."

8. (C) FUJIMORI SAID THAT AT THE SUMMIT HE HAD PROPOSED THE

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| PRM-01 | DRL-04 | G-00 | SAS-00 | /024W | | |

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 TO SECSTATE WASHDC PRIORITY 2763
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 AMEMBASSY PANAMA
 SECDEF WASHDC
 NSC WASHINGTON DC
 USCINCSO MIAMI FL
 USIA WASHDC 4350
 CIA WASHINGTON DC
 DEA HQS WASHDC

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STATE FOR INL, ARA/AND, ARA/PPC, G, P, DRL
 DEPT PASS AID - FOR LAC
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 DEPT PASS TO ONDCP

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INTEREST ON LOANS FROM THE INTERNATIONAL FINANCIAL ORGANIZATIONS TO DRUG PRODUCING COUNTRIES BE PAID BY DRUG CONSUMING COUNTRIES. ONE OF THE PROBLEMS OF SUCH LOANS WAS THE HIGH INTEREST RATE. REFERRING TO THE NEED FOR A PAVED ROAD IN SAN FRANCISCO (IN THE APURIMAC VALLEY) HE NOTED THAT AT A COST OF 500,000 DOLLARS A KILOMETER, A 100 MILLION DOLLAR LOAN WOULD BE REQUIRED. THE INTEREST ON SUCH A LOAN WOULD BE 7 PERCENT AND THAT WAS TOO HIGH FOR A COUNTRY LIKE PERU.

9. (C) MCCAFFREY CAUTIONED FUJIMORI ABOUT TALKING ABOUT COUNTRIES IN TERMS OF SUPPLIERS AND CONSUMERS AND ABOUT COMPARING DRUG USE RATES. NOTING DRUG CONSUMPTION DECREASES IN THE U.S., INCLUDING A

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DECREASE IN COCAINE USE, AND INCREASES IN LATIN AMERICA, (E.G., VENEZUELA AND BRAZIL), THE DIRECTOR SUGGESTED THAT THE REASON TO COOPERATE SHOULD NOT BE JUST FOR THE U.S. "WE DON'T WANT TO DIVIDE COUNTRIES UP INTO PRODUCER, CONSUMER AND TRANSIT COUNTRIES. EVERYONE HAS TO WORK TOGETHER." FUJIMORI SAID HE UNDERSTOOD, BUT DEVELOPED COUNTRIES COULD NOT JUST SAY TO COUNTRIES LIKE PERU THERE IS NO DISTINCTION TO BE MADE BETWEEN PRODUCERS AND CONSUMERS AND LEAVE IT AT THAT. "YOU ARE THE COUNTRIES WITH THE RESOURCES. FIGHTING THIS PROBLEM COSTS BILLIONS OF DOLLARS. WE NEED YOUR HELP WITH ALTERNATIVE DEVELOPMENT," THE PRESIDENT ASSERTED.

10. (C) TURNING TO ANOTHER SUBJECT, THE DIRECTOR SAID THE HE WAS VERY IMPRESSED WITH THE EFFORTS OF PINO ARLACCHI, THE NEW UNDCP

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 HEAD. HE FELT THERE WERE OPPORTUNITIES TO WORK MORE WITH UNDCP. THE DIRECTOR THEN TOLD FUJIMORI THAT HE HAD SOMETHING VERY INTERESTING TO SHOW HIM. HE HAD BROUGHT A CIA ANALYST ALONG TO GIVE A SHORT BRIEFING ON THE AERIAL PHOTOGRAPHY THAT VERIFIED THE DRAMATIC RESULTS OF COCA CULTIVATION ABANDONMENT IN THE PERU. CIA ANALYST SUE BROMLEY THEN PROCEEDED TO SHOW FUJIMORI COMPARATIVE PHOTOS OF AREAS IN THE UPPER HUALLAGA, APURIMAC AND AGUAYTIA OVER A SEVERAL YEAR PERIOD. THE PRESIDENT WAS VERY IMPRESSED WITH THE CONCLUSIVE EVIDENCE OF ABANDONMENT OF COCA CULTIVATION.

11. (C) COMMENT. IN THE END THE PRESIDENT SEEMED TO BACK OFF HIS PROPOSAL THAT CONSUMING COUNTRIES SHOULD PAY THE INTEREST ON LOANS TO CONSUMING COUNTRIES WHICH IS A GOOD THING SINCE SUCH LINKAGE WOULD NOT PROVE POPULAR IN WASHINGTON. HE DID ACKNOWLEDGE THAT DRUGS IS A SHARED RESPONSIBILITY WHICH SHOULD CONTINUE TO ALLOW US TO HAVE AS POSITIVE AND PRODUCTIVE A DIALOGUE AS POSSIBLE WITHOUT GETTING SIDE-TRACKED ON ISSUES THAT ARE DIVERSIVE AND IRRECONCILABLE. JETT

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