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AN ANALYSIS OF THE TERRORIST/INSURGENT GROUPS AND  
THEIR RELATIONSHIP TO COCAINE TRAFFICKING ORGANIZATIONS  
IN THE UPPER HUALLAGA VALLEY OF PERU

REPRODUCED ON 1/24/90  
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By [REDACTED]  
Drug Enforcement Administration  
and  
[REDACTED]

Lima, Peru

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Preface

The 1989 Post-Reporting Plan for the U.S. Mission to Peru suggested the inclusion of a study analyzing the state of the relationships between the insurgent groups and trafficking organizations, active in the Upper Huallaga Valley of Peru. Although the Drug Enforcement Administration section at Post was selected to take the lead in compiling this project due simply to its presence and intelligence-gathering mechanisms in place in that area, it must be made clear that this effort could not have been possible without the invaluable input of a number of knowledgeable contributors in other sections of Post.

The personnel assigned to this project quickly realized, once they began to methodically query other Mission Sections, Government of Peru police and military sources, informants and residents on site in the Upper Huallaga Valley, and to research the voluminous prior Post reporting, press accounts, and other published material related to the subject matter, that this project was anything but routine. The cellular infrastructure and existence of imitators has surrounded the Sendero Luminoso with a clandestine mystique that further complicates the presentation of a responsibly researched intelligence analysis supported by hard evidence, particularly in light of the fact that the UHV is, in reality, a "denied access zone". Furthermore, it became increasingly more difficult to limit the scope and length of the project as originally proposed without omitting background and peripheral information necessary to support the conclusions reached. Post feels that this background and peripheral information, which to some readers may appear to be superfluous, may be of special interest and usefulness to those not having had the opportunity to visit Peru and who may not fully appreciate the historical, political, and social issues involved. To further complicate matters, the first few months of Calendar Year 1989 have been unusually active in terms of terrorist-related incidents in Peru, and many of these incidents are indicative of possible new trends that had to be closely examined.

What follows is what Post feels is a compilation of the most accurate and up to date intelligence available on this subject. In areas where conflicting information exists, both sides have been presented, although in terms of the central issue surrounding this document (i.e. the current status of the narco/insurgency relationship) Post feels that stated conclusions are well supported.

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POST REPORT PLAN 1989  
AN ANALYSIS OF THE PERUVIAN TERRORIST/INSURGENT GROUPS AND  
COCAINE TRAFFICKING ORGANIZATIONS  
IN THE UPPER HUALLAGA VALLEY OF PERU  
MAY 1989

PART ONE

Introduction

Historically, the concept of a liaison between Peruvian terrorist or insurgent organizations and cocaine trafficking groups has been widely discounted, both by USG/Post elements as well as the GOP in general. This was based primarily on lack of concrete evidence combined with analysis of SL and MRTA ideology and doctrine (which on its face would discourage involvement in such activities). Currently, there are few skeptics left who, once presented with existing intelligence and hard evidence, remain unconvinced that a relationship does indeed exist. The conflicts usually arise when one attempts to define the boundaries of these relationships and the levels of involvement on the part of each of the two elements. As will be articulated in this report, an extremely wide range of opinion exists in this regard, which goes to the extreme of insisting the SL has established its own cocaine laboratories in the UHV and operates its own trafficking mechanisms into Colombia and elsewhere.

The ultimate goal of this project is to narrow the parameters of that spectrum to what can be reasonably supported by existing intelligence of credibility levels acceptable to all Post sections providing input and clearance of this document.

Sources utilized in the preparation of this report include the following:

- Peruvian military terrorism experts and documents.
- Peruvian police terrorism experts and documents, both in Lima and on site in the UHV, including the explosives deactivation unit (UDE).

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- A variety of POL, NICO, NAU, DAO, MAAG, and USAID sources of information and prior reporting.

- Approximately ten DEA sources of information currently operational in the UHV.

- Personal on-site interviews, mainly by POLOFF and DEA personnel, of UHV residents, coca cultivators, and businessmen.

- Personal on-site observations by DEA, POL, NAU, and AID employees deployed in the UHV.

- Peruvian press SOIs and releases.

- Current reporting, referred to specifically in reference sections by DIA, DS and DOD.

- Existing publications in subject area, also identified in other sections.

- Current related DEA intelligence, particularly from Colombia and Bolivia, in subject area, used for purposes of comparison and precedence. The Organized Crime/Terrorism Section (OIOO) of DEA Headquarters was of significant value in coordinating the accumulation of such information.

- Personal interviews by POLOFF of SL members.

In light of the subject material this project deals with, sources will be referred to in extremely vague terms, with very few exceptions.

The SL is without a doubt currently firmly entrenched in the UHV, and controls virtually every aspect of the political, economic, and social sectors there, while (contrary to the situation in the Sierra regions) enjoying a disturbing level of popular support on the part of the campesino population. Some critics prefer to use the term "popular cooperation" rationalizing that the typical campesino will support whichever entity appears in the best position to afford protection, law and order, and who generally give the impression of being "in control". Also, while the SL goes to great lengths to perpetuate the "advocate and Robin Hood" image, they leave no doubts as to the consequences of non-cooperation. Although GOP forces have recently scored a number of significant victories against the SL in other regions (particularly in the southern departments) they have been for the most part totally ineffective toward the SL in the UHV. The second most significant terrorist organization in Peru, the MRTA, is currently not considered a threat in the UHV and will be

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afforded only minimal coverage in this report. At this early stage Post wishes to inform readers that the catchword "narco-terrorism", currently in vogue in other reporting and especially in the press, will be deliberately omitted from this report for the reasons that it in itself suggests confusing implications which severely conflict with the conclusions reached as a result of this project.

Unfortunately, the overall picture is somewhat dismal. In the eyes of many, Peru appears on the verge of collapse due to the combined onslaught by insurgents, a flourishing narcotics industry, and a state of economic chaos. Referring specifically to the insurgency, knowledgeable sources agree that the SL does not threaten the existence of the Peruvian state, but what it does jeopardize is the continuation of genuine democracy in Peru.

On the positive side, the Peruvian military has very recently made overtures both to Post and in public speeches indicating their intentions to intensify counter insurgency efforts, particularly in the UHV, and have appealed to the USG and other GOP elements for funds to realistically enable them to do so.

Meanwhile, in the anti-narcotics arena, USG-sponsored interdiction and eradication operations continue in a "stand-down" status pending security enhancements of rear and forward operating bases. DS and DOD Mobile Training Teams are currently conducting or are preparing to initiate security and general operations training to select PNP units in-country, the first aerial herbicide experiments have been completed, and a variety of intelligence enhancement initiatives to assist mechanisms already in place at Post (largely by DOD and DIA) are being explored.

In terms of long term solutions, there is little doubt among sources consulted during the preparation of this project that an increase in aid to GOP military and police sectors (which, idealistically, would be aimed at reducing the insurgent and trafficking threats) must be accompanied by significant social and development programs aimed at restoring popular faith in the GOP and providing realistic alternatives (e.g. crop substitution programs).

This section will be concluded with a recent, somewhat unsettling, quotation attributed by the January 17, 1989 edition of the "Wall Street Journal" to Hugo Otero, Chief Political Aide to Peruvian President Alan Garcia, as follows, "We have become a terrorist producing nation. Increasingly, Sendero Luminoso is the people".

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As mentioned earlier, one of the most difficult tasks Post found itself facing was the necessity to limit the scope of this project to the original focus (i.e. The current state of the insurgent/trafficker relationship in the Upper Huallaga Valley). Subsequently, the history and current status of the Sendero Luminoso in the Upper Huallaga Valley emerged as an area of secondary focus. For many of the reasons mentioned in the preceding section, and especially due to feedback from Washington which hinted at the growing anticipation and expected wide distribution of this report to include many "new readers" from a wide ranging audience including military, IC, law enforcement, DS, and political entities, it was decided to sacrifice brevity in exchange for a product which, at least to some degree, consolidated the voluminous existing material into one document presenting the "big picture".

What this report is not intended to be is an in-depth analysis of the Sendero Luminoso or Movimiento Revolucionario Tupac Amaru (entire volumes have been dedicated to that task), a report on the current state of the Peruvian cocaine trafficking industry, or a security/threat assessment to USG personnel and assets in the Upper Huallaga Valley. All of these subjects have, and continue to be, reported via routine channels. Elements of all the above categories, however, have been included herein when deemed beneficial for the edification of the reading audience.

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GEOGRAPHIC AND DEMOGRAPHIC DATA FOI

The UHV is located in Central Peru, east of the Andes mountain range (Cordillera Central) which rises to approximately 22,000 feet, and then further east of the Cordillera Azul (4,500 feet in altitude) which comprises the eastern slope of the Andes. The boundaries of the area commonly referred to as the Upper Huallaga Valley vary widely, depending on whether one is attempting to be topographically correct, define the limits of the coca cultivation areas or areas believed to be affected by the insurgency, or finally, to restrict oneself to the areas served by the various USG sponsored programs active there. The most commonly quoted boundaries extend from just south of Tingo Maria, coordinates 09-17.0S/076-00.3W (Cayumba, where the road to Huanuco and then on to Lima crosses the Huallaga River) on the south, northward to Juanjui, coordinates 07-10.0S/076-43.3W, (approximately 350 kilometers or 217.3 Miles). The Huallaga River averages 18 meters (60 feet) wide and flows north to eventually join the Marañon River and subsequently the Amazon River. Valley elevations range from 2,182 feet at Tingo Maria to 1,152 feet in Juanjui and the terrain is composed primarily of gently rolling hills supporting double and triple canopy jungle. The Valley's natural boundary east of the Huallaga River is the Cordillera Oriental, which consists of foothills ranging from approximately 3,000 to 4,000 feet. The UHV is approximately 50 kilometers (31 miles) wide at its widest point. Further east of the UHV lies the Ucayali River Valley, which in itself is significant in terms of a conduit for precursor chemicals and coca derivatives, and which has shown increasing levels of MRTA activity.

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The UHV is split between two "departamentos" (political states), Huanuco and San Martin, the capitals of which are Huanuco and Moyabamba respectively, and may be accessed both by road and by commercial air. Road travel from Lima to the UHV (approximately 342 kilometers) involves an eight to twelve hour drive (in ideal weather conditions), crossing the Andes mountains in the Pampas de Junin, Cerro de Pasco area (16,024 feet above sea level), continuing on to Huanuco and crossing the Huallaga River at Cayumba where it becomes Route 5. Security along this route can best be described as perilous, with frequent reports of terrorists and bandits stopping vehicles to collect "war taxes" and inspect documents. Commercial air traffic (45 minute by commercial jet) is limited to a sometimes-daily Aero Peru. FOI

flight into Tingo Maria, commonly affected by weather, fuel shortages, and a variety of other logistical considerations. The city of Tarapoto, which could be described as being on the far north fringe of the UHV, also has daily commercial air service available.

The primary roadway in the UHV is Route 5, commonly referred to as the Carreterra Marginal, which runs north-south along the Huallaga River the entire length of the area this project has chosen to address (Cayumba to Juanjui), and which is under exclusive control of the SL. This important artery will be discussed at length later in this report, but let it suffice to say that its completion (roughly estimated to have taken place in 1983) while representing an incalculable boost to legitimate development projects in the UHV, also significantly aided both the SL insurgency and the coca industry. The second most significant roadway is route 16, which joins Tingo Maria (Huanuco Department, UHV) with Pucallpa (Ucayali Department and a major port city on the Ucayali River).

Major centers of population in the UHV, from south to north, are Tingo Maria, Aucayacu, Nuevo Progreso, Paraiso, Uchiza, Tecache, and Juanjui. Exact population figures for each of these cities vary greatly at present; however the overall population estimate of the UHV is approximately 200,000, approximately 80% of which is estimated to have migrated from other areas to benefit in some way from the coca industry. Colonization of the area is documented back to the year 1540. The area remained sparsely populated until the agricultural reforms of the 1960's, during which the GOP encouraged migration through land reforms and redistribution programs. A short lived agricultural "boom" related to the rubber latex industry, combined with an aggressive campaign to encourage traditional harvests such as coffee, tea, palm oil, tobacco, and a variety of fruits and vegetables lasted until approximately 1975, when the economic advantages of growing coca (which coincidentally is also documented as already being cultivated in the UHV as far back as 1540 and which expanded at a record pace, particularly in the mid 1960's) became apparent. GOP officials estimate an increase in the population of the UHV from 11,623 inhabitants in 1940 to an estimated 173,718 inhabitants as of the latest census in 1987. Again, current estimates place that figure at over 200,000 persons.

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CHRONOLOGY OF SIGNIFICANT EVENTS

- 1921 - First Peruvian legislation, Law 4428, recognizing need to control coca cultivation.
- 1934 - December 3 - Abimael Guzman (later to become founder of SL) born. An important SL anniversary.
- 1949 - Law 4428 expanded via Law 11046 creating predecessor to ENACO (state entity controlling licit coca production).
- 1963 - Guzman joins faculty of Universidad de San Cristobal de Huamanga in Ayacucho, birth place of SL. Begins first efforts to form SL.
- 1964 - Law 15013 passed, ENACO established.
- 1976 - Guzman resigns from University of Huamanga. SL, already well underway, begins last steps toward initiation of armed struggle.
- 1978 - Law 22095 passed, controlling coca trafficking. First NAU project agreements signed in Lima with elements of Peruvian police.
- 1979 - SL breaks with Peking
- 1980 - Law 22926 passed, extended legal penalties for narcotics cultivators.
  - Law 22927 passed, departments of Huanuco and San Martin declared Emergency Zone. Call for repression of illegal coca cultivation and trafficking.
  - Peru's military government declared all coca cultivation in UHV illegal. "Green Sea" police operations conducted.
  - May 18 - First violent act by SL, burning of polling boxes near Ayacucho. GOP declares SL illegal entity.
- 1981 - UMOPAR (rural anti-narcotics police force) established at 64th Comandancia in Tingo Maria.
  - \$18 Million USAID project agreement signed for agricultural development of UHV.
- 1982 - December - 12,000 campesinos assemble in Tingo Maria. First strike to protest anti-narcotics efforts.

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- December 29 - Departments of Ayacucho, Huancavelica, and Apurimac declared Emergency Zones. Peruvian military enters battle against insurgency.
  - Emergency Zones in Huanuco and San Martin repealed.
  - First coca eradication programs initiated in UHV. NAU CORAH programs established.
- 1983
- Carreterra Marginal completed (Route 5) in UHV.
  - SL appears for first time in UHV.
  - November 4 - MRTA formed (officially declared itself).
- 1984
- May 31/June 1 - First violent acts by MRTA.
  - Emergency Zone 7 (Huanuco and San Martin Departments) declared.
  - July - 1,600 troops to UHV to control insurgency. Peruvian Army (EP) begins to establish anti-terrorism bases from Cayumba to Tocache.
  - November - 19 CORAH workers murdered by SL in UHV.
- 1985
- August - First Condor operation launched.
- 1986
- Batallon de las Americas formed.
  - Relative state of peace in UHV in terms of insurgency, Emergency Zone lifted.
  - "Narco wars", great competition between trafficking organizations to gain power in the UHV.
  - June 19 - Peruvian EP and police, in attempts to control massive prison riots, kill 250-300 prisoners (many of them SL members) at El Fronton, Lurigancho, and Santa Barbara prisons. Subsequently dubbed "heroes's day" by SL.
- 1987
- February 13 - first intervention of GOP forces into San Marcos University.
  - March - FAP helicopter destroyed by rifle propelled grenade at Tocache Airstrip. DEA Country Attache and Director of GC Narcotics Division had just exited and thus survived. Attack linked to Maximo Perez Salas trafficking group. (See Reftel A).

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- May 31 - Attack on police post in Uchiza by SL.
- July - SL turf battles with MRTA. MRTA expelled from Tocache by SL, MRTA moved north.
- July 15 - Condor VI assault on Tocache. Police Emergency Zone (EZ-7) re-established in parts of San Martin and Huanuco Departments. First USG helicopters deployed in UHV. DEA Operation Snowcap initiated in Peru. Full details of this incident are contained in DEA file number SFAN-87-8003, Operation Snowcap.
- August 18-20 - First SL sponsored three day forced strike in UHV protesting coca eradication.
- August 19 - USG helicopter takes ground fire near Anda, first direct attack on USG air assets in UHV.
- October 9 - SL battle with trafficker Maximo Perez Salas, aka "Machis" in Paraiso.
- November 6 - MRTA attack on Juanjui. Military EZ-7 expanded to include all of San Martin, Huanuco Departments on November 10. For further details readers are referred to Francisco Guerrero (Peruvian investigative reporter) television film clip on file at USIS/Lima and Snowcap Desk, DEA Headquarters, Washington, D.C.

1988 - Extremely active year for SL

- April - Three PEAH (AID-sponsored development program) workers killed by SL in UHV.
- June 9 - MRTA attacks US Ambassador's residence in Lima with 60mm mortar. (Reftel B).
- June 11 - Osman Morote (2nd in command of SL) captured in Lima.
- July - DOES (police special operations division) unit begins to operate in UHV. Army stops patrolling out of Tingo Maria due to high incidence of road ambushes, budget restraints.
- July - "El Diario" pro-SL newspaper publishes extensive interview by editor Luis Arce Borja of Abimael Guzman. Most GOP and Post sources polled by the author of this report believe interview was genuine and is best indicator that Guzman is indeed alive. GOP closed down "El Diario" shortly thereafter in response to this interview.

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- August 19 - DEA/GC team locates cocaine lab near Uchiza equipped with communist flag.

- August 19 - "Paro de 72 horas", second forced general strike in UHV whereby SL blocks entire route 5 overnight in protest of coca eradication campaigns. (Reftel F).

- September 3 - DEA/GC team locates cocaine lab near Uchiza bearing PCP Slogans.

- November - DOES base at Tulumayo established. Subsequent ambush of DOES convoy north of Tingo Maria 12/19/88.

- October thru December - Series of suspected SL attacks against CORAH groups in UHV. (Reftel G).

- November - SL reported to have killed 13 Colombian traffickers near Uchiza. Another 6 Colombians found dead near Tingo Maria on December 13. Significant SL/Colombian conflicts.

- December 2 - Tourist train to Machu Pichu sabotaged. SL strongly suspected.

- December - Amendment to Peruvian constitution combining three police forces into PNP.

- December 6 - Peruvian Naval Attache Juan Vega Llona murdered in La Paz, SL suspected. (Reftel DD).

- December - Upgraded anti-terrorism law passed. Increases penalties, adds conspiracy statute, separate courts of first instance for terrorist cases.

1989 - SL declares "Año del Gran Salto" (Year of the Great Leap), placing great emphasis on expansion of "liberated zones", permanent bases, and on recruitment from FFAA and PNP ranks.

- January 7-9 - SL attacks a PNP Post at La Polvora, ambushes a PNP patrol near Aguaytia, kills four PNP in Tingo Maria. Total 15 PNP dead. (Reftel H).

- January - 200 persons died nationwide in terrorist-related incidents. (Reftel M).

- January 25 - USG helicopters take ground fire in UHV. Post RSO wounded.

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- February - GOP (Ministry of Interior and Comando Conjunto - Joint Chiefs of Staff) begin discussions with Post regarding aid to assist Peruvian military in becoming more involved in anti-terrorist efforts. (Reftel R).

- February 3 - Victor Polay Campos, head of MRTA, captured in Huancayo. (Reftel L).

- February 4 - Two USG helicopters take ground fire near Uchiza, one Peruvian co-pilot seriously wounded in leg. (Reftel F and G).

- February 10 - U.S. Ambassador to Peru calls for "stand-down" in USG interdiction/eradication operations in UHV in order to assess and initiate security upgrades. (Reftel P).

- February 19 - Francisco Carrillo Mariluz, self-professed SL representative in Uchiza area (according to PNP reports) captured in possession of drug ledgers and notebooks bearing pro-SL Slogans. (Reftel X).

- February 22 - Two SL suspects in Vega Llonca murder arrested. Confess to murder, and thus this incident constitutes first terrorist act by SL outside Peru. During following 15 days a total of 76 SL members arrested, mostly in southern Peru. (Reftel DD).

- March 10 - Peruvian Prime Minister, Armando Villanueva, announces new plan to combat terrorism. Little of substance and no mention of social or development programs. (Reftel EE).

- March 13 - MRTA attack PNP Post at Pichanaki, Junin Department, three PNP killed. Some confusion exists, however, as to whether attack was carried out by MRTA or SL, both of which are currently active in the Junin Province. (Reftel G).

- March 17 - First aerial herbicide application experiments conducted in UHV. (Reftel K).

- March 27 - Attack on PNP Uchiza Post. Eleven PNP killed. Initially attributed in Post reporting to MRTA, now known to be SL orchestrated, and appears to have included substantial collaboration from trafficking elements. Allegations that attack was retaliation relating to corruption on part of PNP personnel stationed there. (Reftel AA).

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- April 9 - Peruvian army patrol clashes with SL column between Uchiza and Nuevo Progreso, killing 20 alleged SL members, resulting in the capture of six notebooks containing after-action reports relative to the March 27th Uchiza attack. Further details in subsequent sections. (Reftel GG)

- Mid April - Reorganization of military Emergency Zones, particularly affecting the UHV, accompanied also by reorganization of Peruvian military forces in UHV and other Emergency Zones.

- April 19 - Joint EP/PNP raids on San Marcos and La Cantuta Universities in Lima, both traditional recruiting grounds for SL and MRTA. Initial press reporting indicates over 500 suspected subversives arrested, and approximately 29 weapons (including numerous automatic rifles and machine guns), 280 sticks of dynamite plus assorted fuses and blasting caps, and voluminous pro-SL/MRTA propaganda were seized. This incident constitutes the second attempt, by the GOP to breach the long standing "autonomy" of Peruvian universities.

- April 28 - Peruvian press reported confrontation near Jauja, Junin between EP and MRTA, resulting in 62 MRTA members killed. Initial reports indicate this column was enroute to attack the town of Concepcion. Subsequent investigation revealed two Bolivian nationals amongst the dead.

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Significance of UHV in International Cocaine Picture

Current DEA statistics indicate that Peru is the source of approximately 62% of the worldwide cocaine supply, with estimates of coca under cultivation ranging from 110,000 hectares (USG estimate) to 200,000 hectares (GOP estimate). (Note: 1 hectare = 2.5 acres and 1 hectare may yield up to a metric ton of coca leaf per year). (Comment: It is significant to note that coca estimates for 1973 consisted of 3,000 hectares, in 1980-81, 12,000 hectares, in 1985, 60,000 hectares). Of the four recognized coca cultivation areas in Peru, the UHV is responsible for approximately 70% of total leaf production. In fact, the UHV is described in much of the recent reporting as the largest and most productive coca cultivation zone in the world. It is estimated that coca output in the UHV alone is increasing at an annual rate of 5-10%. An additional statistic which further serves to clarify the significance of the UHV is the fact that nearly 90% of the coca reaching the US is produced in only two valleys in South America: the UHV of Peru and the Chapare in Bolivia. It should also be noted that of the cocaine leaf cultivated in Peru only approximately 10% is produced for licit purposes (i.e. is licensed by ENACO, the GOP entity which provides licenses to selected coca cultivators, most of which are located in the Cuzco area.) There is currently no licit cultivation of coca in the UHV.

Prior to 1980 the UHV was significant only in terms of leaf cultivation and coca paste production, the latter being subsequently exported (primarily by small aircraft) to Colombia for further refinement to cocaine base and cocaine HCL. In the early 1980's, however, a number of cocaine base laboratories began to emerge in the UHV, and in the ensuing years these installations became increasingly more sophisticated and efficient in terms of output and purity. (In CY 1988 alone joint US-GOP interdiction operations located and destroyed 75 such sites in the UHV.) As in earlier years in the case of cocaine paste, the cocaine base shipments continued to be exported for further refinement, in 400-800 kilogram shipments, by aircraft to HCL laboratories (primarily) in Colombia. It is currently estimated that, based on the low end of the projected cultivation spectrum (i.e. 110,000 hectares), that Peru has the capacity to produce approximately 893.2 metric tons of cocaine paste, or 329.2 metric tons of cocaine base or HCL per year. Airstrips in the UHV are in plentiful supply; currently some 76 clandestine airstrips have been identified there and more appear with growing regularity. Municipal airstrips (notably Uchiza and Tocache) are frequently used due to the pervasive corruption among GOP security forces stationed at such sites.

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Rumors of cocaine HCL laboratories emerging in the UHV began surfacing as early as 1987, although cocaine HCL laboratories had been previously located in major metropolitan areas much earlier than that. Several recent indicators have surfaced during late 1988 and early 1989 (such as the seizure of precursor chemicals utilized in the HCL conversion process and the discovery of operational laboratories equipped with microwave ovens, a traditional trademark of HCL laboratories in Colombia) which indicate that Peru may be on the verge of progressing to the level of producing cocaine HCL on a large scale basis in the UHV. Crackdowns by Colombian authorities in 1988 and 1989 may in fact be forcing many major trafficking organizations to relocate to Peru, which would add fuel to this theory.

Two different types of cocaine trafficking organizations have emerged in the UHV; those run by Peruvian traffickers, and those run by Colombian representatives of the major cartels. Both types of organizations are well armed, with some described as being capable of assembling private "armies" of up to 500 men. Currently, Uchiza is the center of all cocaine exportation and production activities in the UHV. Of the 75 laboratories seized by joint DEA/GE Condor/Snowcap teams in CY 1988, 73% were located in and around Uchiza.

The long awaited, and highly controversial, experiments involving the aerial application of the herbicide Tebuthiron (Spike) were finally conducted on March 17, 1989, utilizing two INM Turbo Thrush aircraft in coca growing regions near La Morada in the UHV. Soil samples have since been collected for analysis, and Post awaits the results.

As of May 1, 1989 all interdiction and eradication programs continue in "stand down" mode ordered by US Ambassador Alexander Watson on 2/10/89, in order to assess and subsequently improve security posture in the UHV. Both DS and DOD have in past months sent security survey teams to the UHV, and as a result RSO TDY contract personnel are on-site at the time of this report, both at the rear base in Tingo Maria as well as the projected forward base at Santa Lucia implementing suggested security improvements. No projected date to recommence operations is available. Completion of the Santa Lucia forward base will be a tremendous boost to both interdiction and eradication operations, as the site lies in the heart of the most productive area of operations in both categories. As an example, the camp is five minutes away from Uchiza by helicopter. In the past, all operations commenced from

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Tingo Maria, a 50 minute helicopter trip away. (Reftel BB). Also vital to efficient usage of Santa Lucia forward base in the future is the completion of the long awaited runway there, enabling the C-123 and DEA fixed wing aircraft to land at the site, saving valuable rotor-wing hours previously dedicated to logistical operations.

SUMMARY OF USG PROGRAMS IN THE UHV

INM/NAU

- CORAH - coca eradication program employing over 400 workers. Based at Santa Lucia, which is currently being upgraded in terms of security as the forward operating base for all USG eradication/interdiction efforts. Enjoyed record year in 1988 based upon the eradication of over 5,000 hectares of coca.

- Logistical support (i.e. helicopter, contract crews and maintenance), pay incentives to GC UMOPAR at 64th Comandancia. Current NAU helicopter fleet consists of five Bell 212 and four UH-1H (Hueys)

- Two C-123 cargo aircraft - lifeline with UHV from Lima, as land routes dangerous, unreliable, and time consuming.

USAID

- PEAH (Proyecto Especial Alto Huallaga) - development program for UHV focusing on crop substitution, but should be credited with a wide range of other accomplishments (notably road improvements) in the area. Based at Aucayacu.

DEA

\* - Although DEA has been conducting joint interdiction programs with GC (Condor I-VII) since mid 1980's, the most significant was set in motion 7/15/87 with the raid on Tocache. This was also the Peruvian inauguration of Operation Snowcap (Created in 1987, initially projected as a three year, \$24 million dollar initiative active in twelve countries in Latin America aimed at stemming the flow of cocaine to the US from the "source"). Snowcap (also know by Peruvian counterparts as "Operacion Relampago") relies on rotating TDY teams, all volunteers, with an emphasis on non-traditional training fire.

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jungle operations) by DOD for the agents involved. UHV air mobile operations are being supplemented with a Pipeline Program (already in place) and a Riverine Program (to commence shortly) in the UHV. The new DEA medic program, utilizing ex-special forces medics who now accompany each DEA team in the field, was recently placed into effect and filled a significant void in available emergency medical assistance which was sorely lacking in the field. The DEA personnel who accompany interdiction teams on missions in the UHV act as advisors and trainers, and assist in verification and intelligence gathering which is vital in predicting trends and threat assessment.

- DEA aircraft - four new special agent/pilot positions were recently added to the LCO in addition to a permanent DEA aircraft, which was urgently needed for medevac purposes and movement of personnel. This development will greatly assist the anticipated initiation of a coordinated nationwide overflight program, aimed at monitoring all four of Peru's major coca growing regions, as well as transshipment points.

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SUMMARY OF GOP PROGRAMS IN THE UHV

Police Forces

- Guardia Civil, (under the new PNP structure renamed Policia General), 64th Comandancia in Tingo Maria. Established in 1981: has been (and continues to be) most active anti-narcotics police element in UHV. Currently all USG helicopters and maintenance based in 64th Comandancia compound. Upon completion of Santa Lucia FOB at least a portion of these air assets will be transferred to that location. Commonly described on paper as a 500 man unit, DEA observers typically see 80-100 men present at any one time. 64th also contributes troops to other police outposts such as Santa Lucia and Aguaytia. Quality of leadership varies, but in general has lately been very operation-oriented and aggressive. Much overdue airmobile, patrolling, firearms, and general security training now being addressed by DS and DOD MTTs in-country or enroute. (RefTel O).

- Guardia Civil, 76th Comandancia in Tocache. Total number of personnel unavailable, but approximately one third the size of 64th. Popular perception is one of high incidence of corruption. Also serves outposts of Polvora and Puerto Pizana (both of which were closed in early 1989 due to SL attacks) and Uchiza (again, where corruption remains a constant problem).

- Guardia Civil, 8th Comandancia in Huanuco. Contributes little or no support to UHV operations.

- Guardia Republicana, (under new PNP structure renamed Policia de Seguridad), basically a "border patrol". Has contributed a minimal number of personnel to UHV effort, especially since "unification" of the three police branches in December 1988. Bases at Pendencia, Cayumba and small contingent at Tocache.

- Directorate for Special Operations (DOES). In mid 1988 this specialized anti-terrorist unit was established utilizing combined personnel from all three police branches, and in late 1989 established a base at Tulamayo, north of Tingo Maria. The unit has achieved a limited amount of success, but has suffered significant budgeting restraints (as have virtually all elements of the GOP), and their current status, organization, and presence is somewhat vague at present. DOES lost a significant number of personnel in late 1988 and early 1989 due to SL road ambushes.

In general, the "police reorganization" issue remains in a confusing, constantly changing state, and the exact police presence and make-up, especially in the UHV, is subsequently difficult to define in exact terms.

Military Forces

Information received by DAO which consists of not finally evaluated intelligence extracted from official Peruvian documents, has revealed that in mid April 1989 the GOP effected a reorganization of the military emergency zones, accompanied by a similar reorganization of military forces in the affected areas. In summary, approximately 12,000 EP personnel were stationed in five numbered Emergency Zones (EZ) not including Lima-Callao. The fifth EZ, EZ-8, encompasses the UHV. EZ-8 now includes the Department of San Martin, the northern part of Huanuco Department, Ucayali Department, and Contamana Province of Loreto Department. The new political-military commander of EZ-8 is Brigadier General Alberto Arciniega Huby, who has established his headquarters at Uchiza. EP presence in EZ-8 currently includes motorized infantry battalions (BIM), jungle infantry battalions (BIS), and commando (CMDO) units as follows:

Unit/Location	Off	NCO's	EM	Total
Headquarters-Tarapoto	07	18	-	25
BIM 313-Tingo Maria	37	50	643	730
BIM 314-Huanuco	37	39	643	719
BIS 30-Tarapoto	21	54	437	512
115 CMDO CO-Tarapoto	06	12	125	143
BIS 28-Pucallpa	37	65	643	745
<b>Total</b>	<b>145</b>	<b>238</b>	<b>2491</b>	<b>2874</b>

The above listed forces may soon be designated as an EP division, and final transfer of personnel to EZ-8 had not been accomplished as of late April 1989. DAO at Post has advised that at present the Peruvian military has no operational anti-terrorism bases in the UHV. The EP has suffered substantial losses in terms of personnel in the UHV as a result mostly of SL road ambushes, and it can safely be said that, at least the 313th Motorized Infantry Battalion in Tingo Maria has been restricted to base for the past year. It's significant to note that the great majority of FFAA ground forces (quoted by some sources as being as high as 90% of nationwide EP strength) and resources are dedicated to the Chilean and Ecuadorian border areas (both traditional "enemies") and to Lima. As was mentioned in the case of UHV police units, corruption on the part of the EP in the UHV is of primary concern to Post.

Worthy of mention at this point are the numerous reports, primarily by DEA SOI's, of the SL purchasing weapons, ammunition, and equipment from members of the EP in the UHV, and of EP units providing security at trafficker airstrips.

As was touched upon in the "chronology of events" section, the FFAA have recently approached Post and have requested financial assistance to aid them in their battle against the "narco-terrorists". Refuel R addresses that issue very well. Briefly, the Peruvian Joint Chiefs of Staff (JCS), as well as General Arciniega, have been briefed by Post on the legal problems involved in the USG providing the FFAA with funding to be used for anti-insurgency efforts (the JCS is eager to exploit the narco-terrorism connection in hopes of tapping funds destined for anti-narcotics operations). Efforts are currently underway, however, to seek mechanisms, possibly involving MAP funds, to address this issue.

The FFAA, particularly since they joined the anti-terrorist fight in 1983, have frequently been criticized for civil rights abuses, especially in Sierra regions. A case in point is the infamous Huanta incident in August 1984, in which Peruvian marines were ultimately accused of killing numerous evangelists, which precipitated the discovery of mass graves also allegedly attributed to FFAA. Critics commonly cite a "no prisoners" policy among the EP. The FFAA are also restricted in crossing EZ boundaries. A somewhat vague "hot pursuit" exception exists, but may be restricted to the Ayacucho EZ. According to EP SOT's, the SL is well aware of this restriction and uses it to their advantage. Also, due to the historic rivalry with police it may be difficult to coordinate joint operations. The EP (and GOP in general) simply recognized the threat posed by the SL (and MRTA) at a point when both groups were already well established. DAO sources relate, for example, that it was only in March of the current year that the EP War College started teaching counter-insurgent tactics!

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THE NATURE OF SENDERO LUMINOSO

Ideologically the Sendero Luminoso are primarily Maoists, professing a desire to return to a traditional pre-Spanish, Inca way of life. The latter philosophy is attributable to the influence of the writings of Jose Carlos Mareategui. The SL advocate a four pronged doctrine of Leninism/Marxism/Maoism/"Pensamiento Gonzalo", with the deified leader Abimael Guzman, aka "Presidente Gonzalo", as the "fourth sword" of this ideology following Lenin, Marx, and Mao. There exists an ongoing debate as to whether Guzman is alive or dead. GOP popular opinion is that he is dead, primarily because he was last seen publicly in 1976 and is widely believed to be suffering from kidney dysfunction and leukemia. These reports are uncorroborated. Most Post sources believe the opposite, as the only evidence to the contrary is that there has not been a "confirmed" sighting in thirteen years.

In July 1988 the pro-SL newspaper El Diario published a new famous interview conducted by the newspaper's editor Luis Arce Borja with SL leader Guzman. Borja alleged in the article that the interview had just recently taken place in the Peruvian Sierra. Post and GOP SOI's interviewed regarding the credibility of this incident believe it represents the most recent evidence that Guzman remains alive.

Guzman's teachings speak frequently of the 50 year plan, "The Long March", exemplifying a typically oriental patience in terms of achieving final goals. DAO SL experts at Post believe the UHV is relatively insignificant within the SL's overall plan to seize power in Peru. Briefly, this "big picture" is described as a slow but steady advance toward the capital of Lima, with the ultimate goal being the surrounding of that city and a state of siege put into effect. Meanwhile the SL since its inception in Ayacucho has extended its reach to include virtually the entire spine of the Andes (within Peru) and is now methodically establishing footholds in strategic areas (for example the Montaro Valley, center of most of Peru's mining industry and source of much of Lima's electrical power) which are vital to Lima's continuing growth and survival.

SL doctrine describes a five step strategy:

1. Mobilization, agitation, and propaganda
2. Sabotage and rural guerrilla activity
3. Generalization of violence into guerrilla war
4. Establishment of bases and "liberated zones"  
(the SL is believed to be in this phase now)



5. Blockading of towns and cities by peasant armies, leading to the downfall of the government.

The entire SL "picture" has historically differed greatly in the Sierra (mountains) versus the UHV, primarily in terms of levels of popular support. (Thus, not considered a true insurgency until establishment in UHV.) Lack of peasant support in the Sierra (mountainous region) is widely attributed to the FFAA "no prisoner"/human rights abuse allegations beginning in late 1982 and early 1983, and continuing to date, resulting in large number of civilian deaths which the indigenous population believed were indirectly caused by the SL. Again, the question arises - is the SL willing to sacrifice the loss of the popular support and cooperation they have achieved in the UHV by turning that area into a "battle zone" (i.e. by stepped up attacks against USG personnel, resources, and installations?)

#### Organizations of SL

The SL is divided into three arms:

1. The Party
2. Frente Unica - support groups
3. EGP - Ejercito Guerrillero Popular

The EGP is the armed, guerrilla faction of the SL and is divided into six regional committees, one of which, the "Comite Regional Oriente" is dedicated to the Huallaga Valley. The EGP is further divided into four main categories: (1) Cuadros - armed troops (cells of 5-10 men), (2) Militantes - intellectuals, leaders, recruiters, (3) Activistas - persons being trained to move up in the structure, front groups such as El Diario newspaper, and (4) Militia - sympathizers, campesinos, persons recruited to add volume to "columns" during attacks.

The actual number of hard-core cadre of SL is impossible to calculate due to their being insulated and surrounded by the above support groups. Numbers range, for what they're worth, from 1,600 to 10,000 nationwide, depending on the source. We suggest basing estimates of SL threat on past and present achievements as opposed to irresponsible estimates of numbers.

The SL has traditionally isolated itself from other terrorist and insurgent groups, and has allegedly refused, as opposed to the MRTA, all outside support. There are many allegations that this unique aspect of the SL is changing, and this will be addressed later in this report. It is also important to note that historically the SL has expressed severe ideological differences with the MRTA, and that these differences have often manifested

themselves in violent armed confrontations. It has become obvious that the two groups cannot and will not co-exist, and that in instances where they are vying for the same territory the SL, due to their overwhelming superior strength, will undoubtedly remain dominant. Two such examples are currently developing in the Departamento of Junin, particularly the Montaro Valley, and the Ucayali Valley.

The SL, and to some degree the MRTA, are fond of "celebrating" anniversaries which are significant to their movement, especially the date the SL was established (May 18), "El Fronton" (June 19), Peruvian Independence Day (July 28), Christmas, and New Year's Day. These are traditionally "celebrated" by violent acts, but not as much currently, as GOP prepares for these expected strikes. SL counters, however, by acting earlier or later than expected.

Many "Senderologists" feel that the SL is currently weakened nationally by the many recent arrests, and may be suffering from lack of popular support - except in the UHV. DAO and other Post analysts strongly disagree and believe the Sendero has never been stronger. The SL continues to be extremely active in what is now been designated EZ-7 (Junin and Pasco Departments), and in EZ-5 (Ayacucho, Huancavelica, and the area of Chincheros in the Andahuaylas Province of Apurimac). In addition, there are increasing reports of SL activity in the Ucayali Valley, particularly near Pucallpa, where the MRTA established a strong presence following their expulsion from the UHV.

Post has received reports of many SL "support groups" worldwide supplying moral and financial assistance. Also, the first incidents of the SL crossing international borders have recently emerged, including the murder of Peruvian Naval Attache Juan Vega Llona in La Paz, Bolivia on December 6, 1988, and reports of SL involvement in the attack on an Argentine army base near Buenos Aires recently (Post very skeptical). (RefTel S).

Reports of Foreign Advisers in the UHV

A DEA SOI, further described as [REDACTED]

[REDACTED] During that incident the SOI alleges a Soviet, Nicaraguan, and Cuban participated in the propaganda speeches. Post strongly disputes this information as the SL have openly referred to all three of the above referenced movements/nationalities as "revisionists" (the lowest insult in the communist lingo). It is also significant that at least Soviet targets in Peru have suffered the attentions of the SL in the past.

A second DEA SOI, who has "infiltrated" peripheral SL support mechanisms in the WHV, has related an incident having occurred in June 1988 near Aguaytia. In that incident the SOI alleges having observed two trainers, described by the SOI as "gringos" due to their appearance and accents, who spent one week with an SL column in that region conducting classes in the manufacture of homemade explosives, land mines, and booby traps. Post also disputes this report (although it is somewhat easier to swallow than the incident described in the above paragraph) simply because the SL since its conception has prided itself in rejecting all outside offers of assistance.

Women in the SL

In a Latin American country, with the traditionally low social status allotted to women, it is somewhat difficult to comprehend the important role which female members of the SL cadres enjoy. SL propaganda speaks frequently of the Peruvian women's "triple oppression" and has adopted a version of what in other countries would be termed a "feminist" movement, as part of their nationwide effort to seek popular support. As a result, we have seen an increasingly large number of female SL members in command positions. Examples are as follows:

- Edith Lagos - widely hailed as an SL martyr. Killed in Ayacucho in September 1982.

- [REDACTED] Reports she was killed in February 1983 have not been substantiated.

- [REDACTED] Arrested in July 1984.

[REDACTED]

reference is made to the March 27, 1989 Uchiza attack by the SL. COP reporting indicates a female SL member (no further information available) was captured [REDACTED]

Further information regarding such insignia will be provided in subsequent sections.

The Sendero Luminoso in the UHV

The Sendero Luminoso first appeared in the UHV in 1983. EP pressure, in EZ-5 (Ayacucho) once FFAA entered the fight against the insurgency, forced the SL to flee to the north. Whether or not the SL pre-targeted the UHV in anticipation of popular support and potential revenue to be gained from exploitation of the coca industry is irrelevant. Regardless, the UHV was chosen as a potential "liberated zone", at least for the following reasons:

- Little police or military presence. What there was, was ill-equipped and isolated.
- Easy to support a guerrilla army there on a "shoe-string" budget.
- Population of UHV recognized as mostly low income, poorly educated, and ignored by central government in Lima. Thus, ripe for indoctrination and recruitment.
- Limited access into UHV makes area easily isolated.
- UHV utilized as a "zona de retiro" (rear base) for following reasons: R&R, training, to recover from actions elsewhere, and financing (narcotics industry).

What appears certain is that the SL recognized a ready source of popular campesino support (which they so vitally lacked in the sierra) in the grass roots levels of the coca industry, which they rapidly exploited by placing themselves in the position of "advocates" for the rights of campesino coca growers, who were commonly exploited by the large trafficking firms, and who were being "targeted" by USG sponsored PEAH and CORAH programs.

The SL progressively came to dominate the UHV. There ensued a campaign of infiltration, indoctrination, and elimination of local government elements in UHV communities (Post can find evidence of local government representatives in only four cities in the UHV, and even these are questionable). In each village which the SL came to control (subsequently called a "base de apoyo"), a "comite popular" (popular committee) governed by five to six SL representatives was established. That entity then assumed virtually total control of the area's economic, political, and social arenas. DEA and POL SOI's routinely

describe an extremely strict code of conduct imposed on the local populace by the SL (examples - no drinking except on weekends, and crimes such as the use of narcotics, infidelity, and theft are dealt with harshly). SL is commonly viewed as the only law and order in the UHV by the local population.

The Structure of the SL in the UHV

The structure of the SL in the UHV is a subject which, again, is widely disputed. EP experts describe this structure as follows: 10th SL Battalion, composed of four companies, each of them broken down into platoons. EP's estimate of SL UHV cadre is 800-1,200.

DAO SL experts at Post strongly disagree, and adhere more to the "cell" theory, whereby small (typically 5 or less) men and women travel throughout the SL and rely heavily on the various support mechanisms they have put into place. It is recognized, however, that in cases involving a major offensive a large number of "cells" would typically unite to form a large central attacking force, complemented subsequently by campesino supporters. DAO intelligence indicates that each SL cell is able to "manage" approximately 40 supporters, and that two cells (plus supporters) would typically unite to form a column.

DEA SOI's in place in the UHV, and for that matter PNP SL experts, commonly describe these "columns" of SL, each with a different area of responsibility, in place throughout the valley. SL columns, usually referred to as consisting of up to 100 men and women depending on the sources, number from six to ten, and are almost constantly mobile. Reference is once more made to the March 27, 1989 Uchiza attack. In that incident witnesses described approximately 120 armed SL members arriving in Uchiza by truck. Witnesses and survivors have placed the number of persons participating in the attack at approximately 800. Post believes this case represents a tactic commonly used by SL which Post military sources describe as "effective use of force multipliers".

Regardless of which structure theory one chooses to believe, it appears certain that at the center of the SL's UHV activities is a small number of strongly motivated cadre, earlier defined in the "cuadro" category, who have set up supporters in the "Bases de Apoyo" under their control, and who they count on to join them when a specific attack is planned. The "cuadro" would then gather their sympathizers enroute to the target, and thus a "column" is formed. Survivors of SL attacks often describe an attacking force of 400-500 persons. We would suspect that the vast majority of such a group consists of these hastily gathered sympathizers.

Tactics and Armament

Typical SL tactics in the UHV consist of either road ambushes (the SL counts on "word of mouth"/runner system to alert them to outbound convoys, and sets up an ambush upon convoy's return to base) or attacks on small (10-60) man EP and PNP posts. The primary goal of either action is the capture of weapons, ammunition, uniforms and other equipment, the intimidation of GOP forces, and the assertion of the SL's control over the UHV in general.

Prior to the recent Uchiza incident we had seen little evidence of armament other than what the SL had stolen from the EP and PNP during their routine attacks. These included AKM Assault Rifles (AK-47), Belgian (FN) FAL Automatic Rifles, H&K G-3 SMG, a miscellaneous assortment of other South American (Brazilian, Venezuelan) rifles, plus an equally diversified assortment of handguns; again, nothing "exotic". Survivors of the March 27, 1989 Uchiza incident, and to a lesser degree survivors of the January 7, 1989 La Polvora incident, described tripod-mounted, heavy machine guns, further qualified as .50 Caliber. DEA observers at the scenes of both attacks did indeed report damage to the two police posts possibly indicative of weapons of a more powerful nature than those described above. Firearms experts at Post, both military and civilian, strongly dispute the theory of the SL possessing .50 Caliber machine guns, as such weapons do not lend themselves to the mobility the SL finds necessary in their typical operations and ammunition for such a weapon would, at least at this stage, be difficult to obtain in-country. Both Post and GOP analysts knowledgeable in this area suggest that the "heavy" machine guns described in such attacks may be drum-fed, bi-pod mounted, 7.62mm heavy machine guns referred to by the PNP as "RPD's" (four out of eleven formerly in the inventory of the 64th Comandancia are presently unaccounted for and are believed to have fallen into SL hands). Additionally, Peruvian press reporting of the March 27th Uchiza attack allege that four more RPD's were acquired by the SL in that incident.

On April 9, 1989, an EP patrol in the UHV ambushed an SL column resulting in the seizure of six notebooks containing "after-action reports" relating to the March 27th Uchiza attack. (Note: Section II of this document carries an in-depth analysis of this incident). NICO at Post has received initial information regarding the contents of these notebooks. This intelligence relates that the SL regrets having executed the PNP officers

following the surrender of the police at Uchiza, but generally considered the operation a success and a significant blow to the GOP. Although the documents in question appear to contain a number of discrepancies (for example, while criticizing thefts by unnamed persons following the attack, the SL claims credit for robbing several Uchiza banks during the course of this operation), they also contain a detailed list of equipment captured, as well as ammunition expended by the SL, as follows:

Captured

Expended

- 12,972 - 7.62 FAL ammo
- 5,671 - 7.62 AKM ammo
- 130 - .38 Cal ammo
- 14 - Rifle grenades
- 80 - Hand grenades
- 5 - Cans blasting caps
- 6 - Walkie talkies
- 16 - Typewriters
- 6 - Xerox machines

- 9,725 - 7.62 FAL ammo
- 4,587 - 7.62 AKM ammo
- 15 - Rifle grenades
- 30 - Hand grenades

(Note: There is no mention of the actual weapons stolen from the police by the SL)

In terms of explosives and ordnance, evidence has always existed of the SL having in their possession dynamite (readily available through the loose control of southern mining sites), and rifle-launched grenades such as the Spanish Instalaza and French Api, as well as a variety of hand grenades (all of which are obtained via EP and PNP attacks). The SL is especially effective in the utilization of homemade land mines. Post constantly receives reports of the SL having acquired sophisticated artillery such as mortars and anti-tank shoulder launched rockets. Initial reporting concerning the March 27th attack on Uchiza included "eyewitness" accounts of crew served mortars and rocket propelled grenade launchers utilized by the SL in this incident, and early reporting regarding this attack included such accounts. Although Post is not willing at this time to totally discount the fact that the above described ordnance was utilized or seen at the scene of the attack, the latest intelligence would strongly dispute this. Personal observations by DEA and RSO personnel during helicopter overflights of Uchiza subsequent to the attack indicate the total absence of craters (which would have certainly been present should a mortar attack have in fact occurred) or damage to the police post indicating usage of "rockets" of any type. Post has, however, confirmed that at least four Heckler

and Koch 40mm grenade launchers and ammunition for same were stolen by the SL from the PNP Armory in this attack. There is also some recent disturbing evidence that the SL is now receiving more sophisticated weaponry from their alliances with narcotics trafficking groups, but again, intelligence in this sector is extremely vague at this time.

### Intelligence Mechanisms and Propaganda

One area most analysts vastly underestimate are the intelligence capabilities and PsyOps potential of the SL. It is becoming quite clear that the SL, not only in the UHV but nationwide, have extremely capable intelligence gathering mechanisms. Some recent examples are as follows:

- Polvora Incident - Prior to the attack on 1/7/89, the SL had a full list of all PNP personnel assigned to that Post.

- Huanuco Incident - Two separate DEA SOI's reported that in mid February 1989, SL surveillance teams were observing and recording the movements of USG personnel in Huanuco, where these personnel were quartered. (Reftel I and J).

- Allegations of infiltration by SL of FFAA and PNP, in addition to CORAH.

- Recent erroneous reports in Peruvian press that two USG helicopters were shot down. Believed by some GOP and Post elements to be SL-originated.

- A PNP raid on an SL "safehouse" on 10/7/88 in Lima yielded maps and other information relative to the residence of the US Ambassador to Peru. (Reftel D and E).

- Recently circulated rumors, widely believed to be SL originated, that large-scale aerial herbicide applications have begun in UHV, accompanied by completely unfounded details of damage to environment and populace, have been reported to Post.

- Traditional instigation and exploitation by SL of EP "human rights abuses".

- Reftel Y describes SL surveillance operation of USG personnel in March 1989 at the Turista Hotel in Tingo Maria.

- SOI's widely report the use of females by the SL in surveillance/intelligence gathering roles.



The basis of the SL's support and recruitment in the UHV has been their indoctrination and propaganda campaigns, which are comprised of "assemblies publicas" (forced public propaganda forums, often accompanied by "people's trials" of existing GOP, EP, or PNP officials), "escuelas populares" (SL sponsored schools, commonly conducted in vacated GOP schools, with rigid schedules for age groups beginning at approximately six years of age), and the "paros de 72 horas" (forced strikes involving closures of the Carreterra Marginal during August of 1987 and 1988 to protest USG coca eradication programs).

Little existing SL printed material has surfaced (MRTA is much more active in this area). As will be articulated later in this project a significant amount of pro-SL written material is commercially available outside of Peru. Pro-SL graffiti which is commonly seen on walls and roadways in the UHV serves to reinforce the popular belief that the SL is omnipresent. The SL does, however, count on the support of the "El Diario" newspaper, which is widely recognized as an SL front. El Diario was closed in July 1988 and just re-established in March 1989 as a weekly. (Ref:tel U).

Equipment and Uniforms

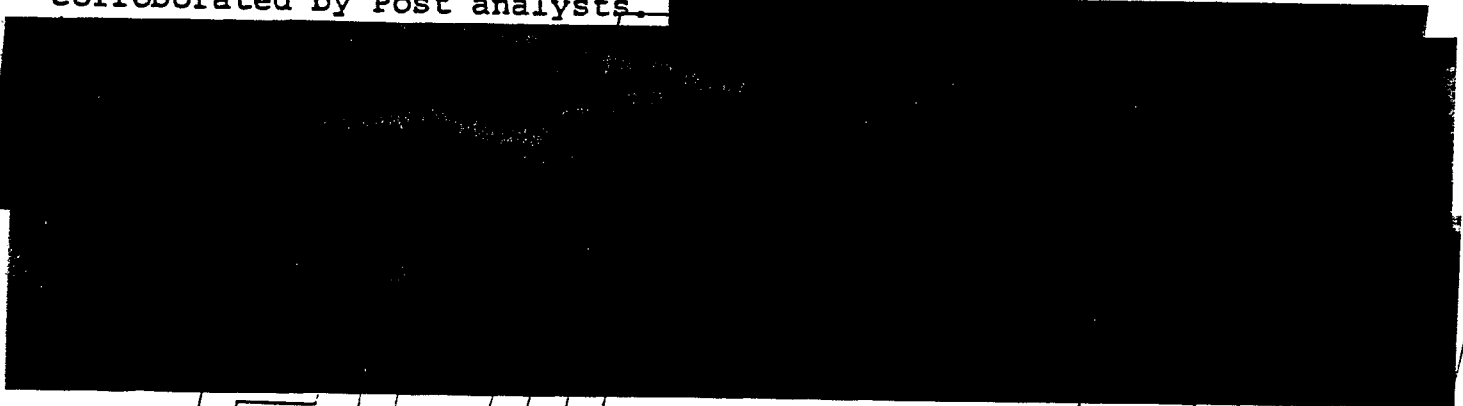
In the area of communications, although Post has received some reports of backpack radios and assorted hand-held or HF radios, it is widely believed that the SL more commonly uses "runners" carrying written messages, or word-of-mouth.

DEA and other Post-related SOI's have described in extremely accurate accounts wide-ranging medical support mechanisms utilized by the SL in the UHV. These accounts leave little doubt that the SL not only enjoy the presence of qualified medical personnel within their "columns", but also are afforded medical care at clinics and other pseudo-medical facilities throughout the UHV. There have also been reported instances of SL members, during roadblocks on the Carreterra Marginal forcibly collecting blood from passengers for wounded cadre members.

Traditionally, only the MRTA was believed to use uniforms of any type. However, we are receiving more and more reports of the SL using uniforms (although not as standardized nor of the quality of the MRTA). Two recent examples are the SL attacks against PNP Posts in La Polvora (1/7/89) and the attack at Uchiza (3/27/89). Witnesses and survivors describe the SL cadre in both cases.

having been uniformed in black or camouflaged trousers and black T-shirts. Also commonly observed were either armbands or T-shirt logos bearing the letters "EGP" (Ejercito Guerrillero Popular). An additional uniform item popular among the uniformed SL cadre are black rubber knee-high boots.

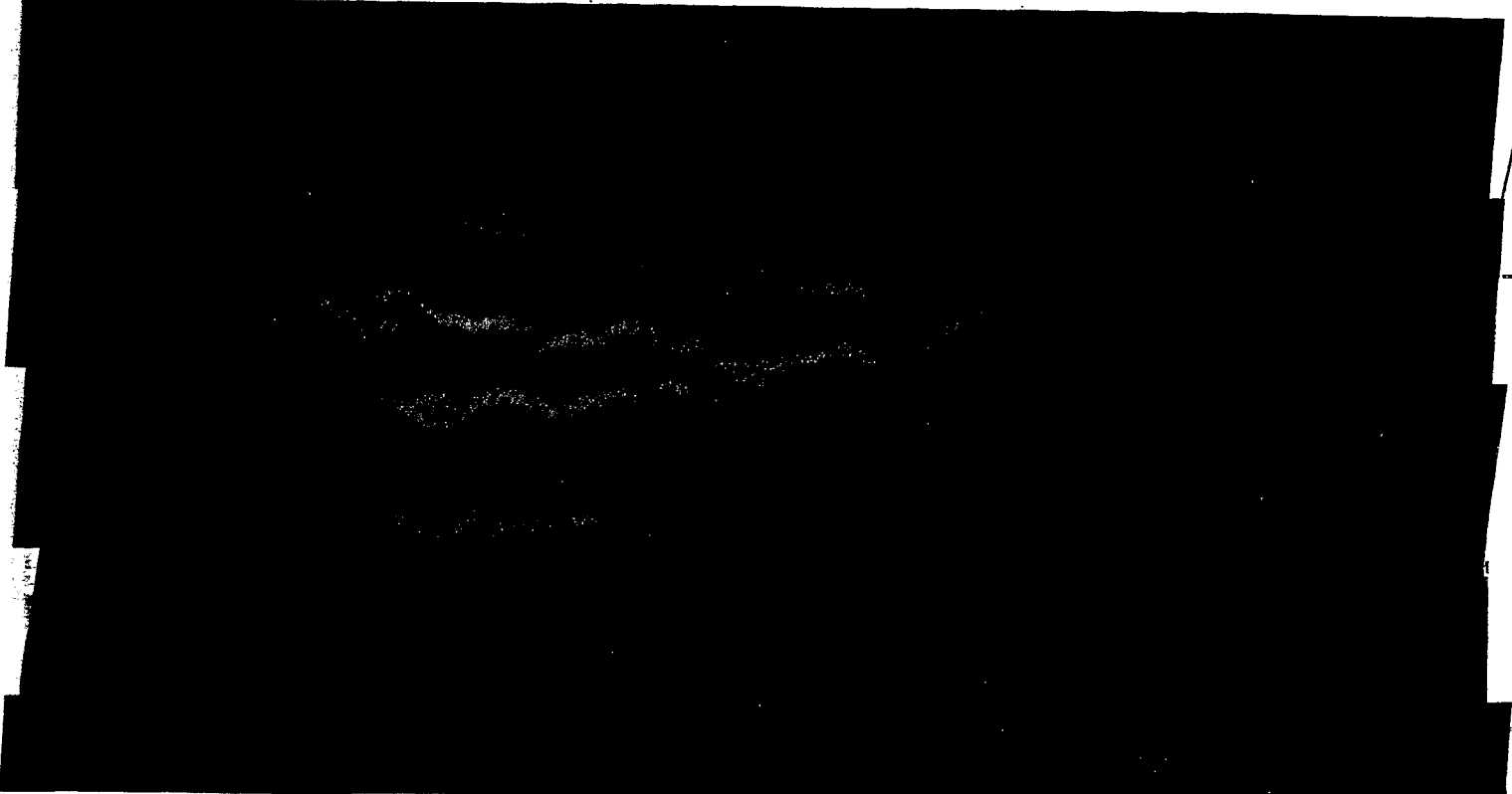
GOP reporting relative to the March 27th Uchiza attack also brought to light what may be an early indication of a change in SL policy regarding the utilization of rank-indicative insignia. Post wishes to stress that this reporting has not been corroborated by Post analysts.



Base Camps, Training, and UHV Leaders

Another source of dispute is the existence of permanent SL bases in the UHV. Many DEA and PNP SOI's describe well-established bases (differentiated from the "bases de apoyo" which are simply communities over which the SL exerts control) and training camps. The DEA SOI referred to in earlier sections as having marginally infiltrated peripheral SL support groups has described approximately four such installations west of the Huallaga River between Tingo Maria and Aucayacu. The most significant of these bases was identified as "Los Cedros". A separate SOI has identified a major SL permanent base camp south of Uchiza referred to as "San Pancho". Although FFMA contacts have been provided with this information, those entities currently lack the resources and abilities to mount operations against such camps. Post, therefore, has been unable to independently verify their existence.





It is also interesting to note that in the April 24, 1989 edition of NEWSWEEK magazine, in an article entitled "Reign of Terror" by Joseph Contreras, Contreras describes himself and a NEWSWEEK photographer as being allowed to visit an SL base camp north of Ramal de Aspuzana on the west bank of the Huallaga River.



It is the general consensus of opinion that the SL's overall military leader (i.e. EGP branch) and especially in the UHV, is



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MRTA

MRTA ideology is normally described as Marxist-Nationalist. As compared to the SL, the MRTA is primarily an urban terrorist organization, numerically inferior to the SL, and closely aligned with other international terrorist movements, (i.e. Cuba, F-19/FARC of Colombia, and the Sandinistas of Nicaragua). The MRTA is a member of the "Batallon de las Americas" (an alliance of Latin American insurgent groups), and is traditionally much better equipped and uniformed due to outside support. The MRTA is eager for press coverage and much more active in the area of printed propaganda. The MRTA (as does the SL) also uses an established newspaper (Cambio) as a propaganda tool. Cambio's editor, Walter Palacios, is a known MRTA supporter.

Weapons utilized by the MRTA have also primarily consisted of those stolen from the EP and PNP, but connections to other groups have provided the MRTA with more sophisticated weaponry, to include: 60mm mortars (used on US Ambassador's residence 6/9/88 in Lima), and home-made shoulder launched "rockets" such as the one used against the "Prefectura" two blocks from Post in February 1989. Reference is also made to the Juanjui attack 1/6/87. Photos and video coverage of damage to front wall of the GC station would appear to indicate usage of a shoulder-launched "rocket" of some variety.

In general, the MRTA seems to enjoy a greater and more sophisticated variety of weapons and explosives than the SL. An interview with the Guardia Republicana bomb squad (UDE) on 1/26/89 revealed that the MRTA is currently utilizing a great deal of aluminum powder-based explosives, and that sophisticated electronic timing mechanisms have recently come to light.

Unlike the SL, MRTA tactics involve activities such as kidnapping or ransom, recent high class restaurant bombings/robberies in Lima, and the bombings of electrical towers serving Lima (not necessarily restricted only to MRTA). MRTA strength nationwide is estimated (EP and PNP SOI's) at 200-250; however, as in the case of the SL, membership is extremely difficult to define. Little doubt exists, however, that numerically the MRTA cannot compare to the SL.

Available intelligence is vague in the area of MRTA organization, but the military arm appears to be broken down into regional sectors; for example,

Recently obtained NICO information would appear to outline an "ideal" MRTA structure

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The MRTA was marginally active in northern San Martin in the following months, but their largest and most significant act was the attack on Juanjui on November 6, 1987, where a column of approximately 80 well-equipped members simultaneously attacked the PIP, GC, and GR outposts there. During the lengthy fire fight that followed, miraculously only one GC was killed. The action was a tremendous victory for the MRTA, not only in terms of the enormous cache of weapons, explosives, and equipment captured, but also in terms of regaining recognition in the area, plus a large amount of press coverage. The Francisco Guerrero Panorama report, broadcast November 8 on Peru's Channel 5, graphically shows many aspects of the attack and a copy is on file at USIS/Lima. Of particular interest in this coverage is the evidence of an extremely well uniformed, equipped, and disciplined unit. Cadre members were shown using hand-held radios and carrying US made M-16 rifles, and numerous female members are evident. An interview with [REDACTED]

[REDACTED] in which he admits having sent an MRTA squad to Colombia to assist the M-19 movement is of particular interest. This event precipitated the November 10, 1987 declaration by President Alan Garcia which expanded EZ-7 into the remaining provinces of San Martin and Huanuco, which in effect passed jurisdiction to the military. A large FFAA presence in northern San Martin was subsequently established and as of several months later (early 1988) the MRTA had all but disappeared from the area.

There has been significant reporting in recent months, however, of the MRTA resurfacing in the Ucayali Valley, particularly near Pucallpa, and they remain extremely active in Lima. We also cite the recent Pichanaki attack in the Junin Department, (although some doubt exists at present as to whether the MRTA was indeed responsible for this incident), and recent evidence of clashes with the SL in the Junin capital city of Huancayo (site where Victor Polay was arrested February 3, 1989). As mentioned previously, the MRTA suffered a significant blow on April 28, 1989, with the death of 62 members in a clash with the EP near Jauja, Junin.

An interesting trend which has recently come to light is the practice by the MRTA of issuing "revolutionary bonds" consisting of professionally printed certificates in amounts ranging from 10,000 Intis (roughly \$5.00 US as of May 1, 1989) to 1,000,000 Intis (\$500.00 US). In copies of letters which have been acquired by Post, the MRTA "suggests" to a selected individual or entity an appropriate amount of bonds to purchase, in support of the "revolutionary war", and mentions the names of persons executed following their refusal to comply.

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EFFECTS OF TERRORISM/INSURGENCY ON UHV

Undoubtedly the most evident effect of the insurgency on the UHV has been the collapse of GOP local governments, replaced by SL-controlled "Comites Populares". Again, resistors are dealt with harshly. From 1984 to the present the SL is credited with the assassination of 28 mayors of major cities in Peru. Two of those individuals were the mayors of Tingo Maria (one in 1986 and one in 1987). The current mayor of Tingo Maria is believed to be actively cooperating with the SL.

GOP official school closures in the UHV have also become commonplace. PEAH sources indicate that, in the Leoncio Prado area near Tingo Maria alone, there have been 27 documented school closures from 1984 to 1987 due to the presence of the SL. SOI's in UHV tell us SL commonly converts these sites into their own "Escuelas Populares" used for indoctrination campaigns.

Nationwide, GOP figures list as of May 1, 1989, 13,351 persons killed throughout Peru in terrorist related violence since 1980. In 1989 alone there have been 738 such deaths as of mid April, a 25% increase over the same period in 1988. Although a significant percentage of those fatalities can certainly be documented as having taken place in the UHV, POL figures indicate 75-80% occurred in Sierra area. It is not uncommon, however, to find bodies of SL victims accused of non-cooperation or of being informants strewn along the Carreterra Marginal or the Huallaga River, and the numbers of EP and PNP officers who have died at the hands of the SL in the UHV are well documented.

The SL is also in full control of immigration, emigration, and travel within the UHV. New arrivals in most UHV areas are questioned by SL, scheduled for indoctrination, and often assigned tasks. Persons desiring to depart the UHV, especially "cocaleros" (coca growers) or other farmers, are allowed to do so, but ordered not to sell their land, but to allow the SL to redistribute the land to others, to be utilized as SL orders. Many such families flee the UHV only to seek "refuge" in the "pueblos juvenes" (shantytowns) surrounding Lima, which themselves are fertile recruiting grounds for the SL.

Travel, especially on the Carreterra Marginal<sup>s</sup> severely controlled, and the SL issues "passes" authorizing such travel. Vehicles and buses on the Marginal are often stopped while occupants are questioned and documents examined, and some reports of "cupos" (taxes) being collected exist. (Comment: due to presence of many SL "imitators", one must be cautious in

accepting such reports at face value). As previously articulated, the "taxes" collected by the SL are, in Post's opinion, synonymous with extortion, keeping in mind the proven consequences of not "contributing".

Much recent reporting indicates campesinos are being ordered to grow coca (directed at those who previously were not) to the extent that the SL is providing the seeds, and others are directed to produce certain food crops for feeding the "people". This area will be further discussed in Part II of this report, dealing with the motives of the SL for promoting coca cultivation.

As mentioned previously, a strict code of conduct and morality is imposed on the populace. SL is viewed as the only "law and order" in the UHV, and violators are dealt with harshly.

Supply lines from the coast are often disrupted due to the SL's forced strikes and frequent closures of the Carreterra Marginal. Even today several bridges between Tingo Maria and Tocache remain inoperative - dating from "Paro de 72 Horas" in August 1988.

The Peruvian army is largely restricted to barracks and no longer patrols. Virtually all EP anti-terrorist posts in the UHV have been abandoned. PNP outposts in La Polvora and Puerto Pizana were closed in early 1989.

The financial effects on the UHV in terms of lost potential legitimate revenue as a result of SL activities is literally incalculable. We cite the example of the GOP-owned palm oil plantation, Indepalma, near Tocache which is estimated to be able to produce \$25 million in profits annually. In 1987 Indepalma produced only approximately 4% of its estimated potential profit due to SL threats. This particular example may be further clouded by allegations of plantation's employees using plantation as cover for trafficking. As a second example, the Palma de Espina Palm Oil Plantation (the owners of which provided the land the Santa Lucia forward base is located on) has been the frequent target of SL attacks (especially road convoys). A case in point was an incident on July 21, 1987, in which a Palma de Espina convoy consisting of eight trucks was destroyed near the plantation by the SL.

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PART TWO

Discussion of Ideology

At first glance, the ideology, particularly of the SL, would appear to be in direct opposition to the narcotics industry. We cite the historic example of Mao executing opium/heroin traffickers during the Chinese revolution. We can also cite, however, Marx's often quoted "the end justifies the means".

Support of trafficking is advantageous to the SL in that it contributes to the destabilization of the GOP by splitting and stretching already-suffering resources, and provides avenues for the exploitation of FFAA and PNP human rights abuses and general inability to re-establish control of the UHV. The SL can justify limited participation by rationalizing that the narcotics are being shipped out of Peru, and this in turn contributes to the destabilization of the "Imperialist USA", the ultimate destination of much of Peruvian cocaine, and one of the GOP's principal economic supporters. The "Pensamiento Gonzalo" portion of the four-pronged SL ideology would appear to permit this flexibility. We must keep in mind, however, that severe penalties exist within the SL "code of conduct" in the cases of Peruvians caught consuming cocaine.

While the trafficker/insurgent partnership can be mutually beneficial in straining GOP military and PNP resources, it is not without conflicts of interests:

- The presence of the SL aids traffickers as it attracts the FFAA to the area, and the FFAA has traditionally (in the traffickers' experience) been easier to corrupt than have the elements of the PNP, thus facilitating ability for traffickers to operate (in terms of GOP interference)

- The reverse is true in the case of the SL. The FFAA, charged by GOP law with the control of insurgencies/terrorism, is therefore an undesirable presence, and it benefits the SL's goals to encourage a stronger PNP presence.

The UHV represented a ready source of much-needed popular support for the SL. Some information indicates that the SL had already established a similar relationship (i.e. a precedence) in the southern coca-growing regions prior to relocating to the UHV, and as we have already discussed in this report, a similar situation

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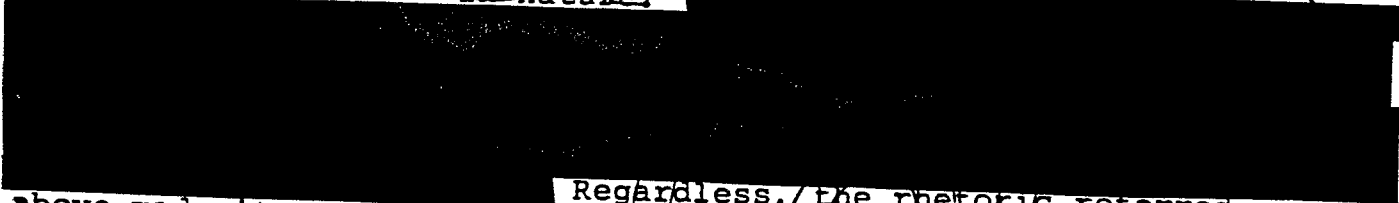
is emerging currently in the Montaro and Ene Valleys of the Junin Departamento. This campesino support base aided in gaining overall control of the UHV and the subsequent establishment of the SL within the economic and political infrastructures there. The SL made the "people" dependent on them, thus, the reports being received by Post of the SL currently insisting the populace grow coca in the UHV.

"Where does the money go?" DEA and POL sources of information report the great majority of UHV generated revenue is forwarded to the Comité Central for the overall party. The remainder is used for support of the columns within the UHV, in areas such as the purchase of weapons and ammunition, bribes to free captured members, and for general expenses incurred in supporting the column (e.g. medical, food, etc.). There exists no evidence, however, of enormous amounts of revenue being generated, supported by the lack of sophisticated armaments, and we cite the El Diario example; supposedly an SL "front" newspaper, it couldn't even raise enough to purchase a new printing press in October 1988. Also of potential significance is the lack of printed propaganda within Peru. This, as will be detailed in subsequent sections, was not found to be the case outside of Peru, and may be attributed to the desire of the SL to maintain the image of a "grass roots" movement. In summary, referring to the sections in Part I of this project which describes the structure of the SL in the UHV, we quote a DAO SL expert at Post, "If you don't have a standing army, you don't have to feed and clothe one".

The SL-trafficker relationship is fragile with hostility on both sides. In October of 1987, [redacted] attempted to resist the SL, resulting in his Paraiso compound being attacked and his organization subsequently wiped out. [redacted] apparently disgusted with the SL's "interference" in the trafficking picture, formed the MAT, Movimiento Anti-Terrorista, (anti-terrorist movement) with the intention of confronting the SL in the UHV with his private army. For his efforts, [redacted] compound (better described as an extremely well-defended fortress) was attacked by a large SL contingent, and [redacted] accompanied by a small group of survivors, had to be rescued (ironically by the USG helicopters operating in the area). Current reports indicate that trafficker [redacted] is preparing a second private army to confront the SL in the UHV in the near future.

The SL is also known to have had frequent clashes with Colombians. In November and December of 1988, there were two incidents of the

killing groups of Colombians in the UHV. Other evidence  
lists of the SL being extremely concerned at present about  
controlling the number of Colombians in the UHV. Reference is  
made to the incident in Uchiza on 2/19/89 during which PNP  
personnel arrested two individuals, one of whom was in possession  
of notebooks consisting both of drug ledgers and rhetoric which  
is obviously SL-related in nature.



Regardless, the rhetoric referred  
above made it very clear that the number of Colombians in the  
Uchiza area, the number of Colombians within each separate  
trafficking organization, and the behavior of the Colombians in  
general (especially in social environments) was being closely  
monitored.

It is the opinion of most persons studying this issue that in the  
most likely event the SL were to ever take power, they would no  
longer need the trafficking industry's support and would rapidly  
bring an end to it, converting back to their "purist" ideology.  
This is not lost on the traffickers, as shown by current alleged  
reports by [redacted]

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A Poloff SOI who [redacted] business in the UHV has related her business is currently suffering due to the fact that many of her suppliers are no longer available as they are being forced by the SL to grow coca. This "crop management" goes to the extreme of actively supplying the campesinos with coca seeds and seedlings.

On 2/19/89, two Peruvian males [redacted]

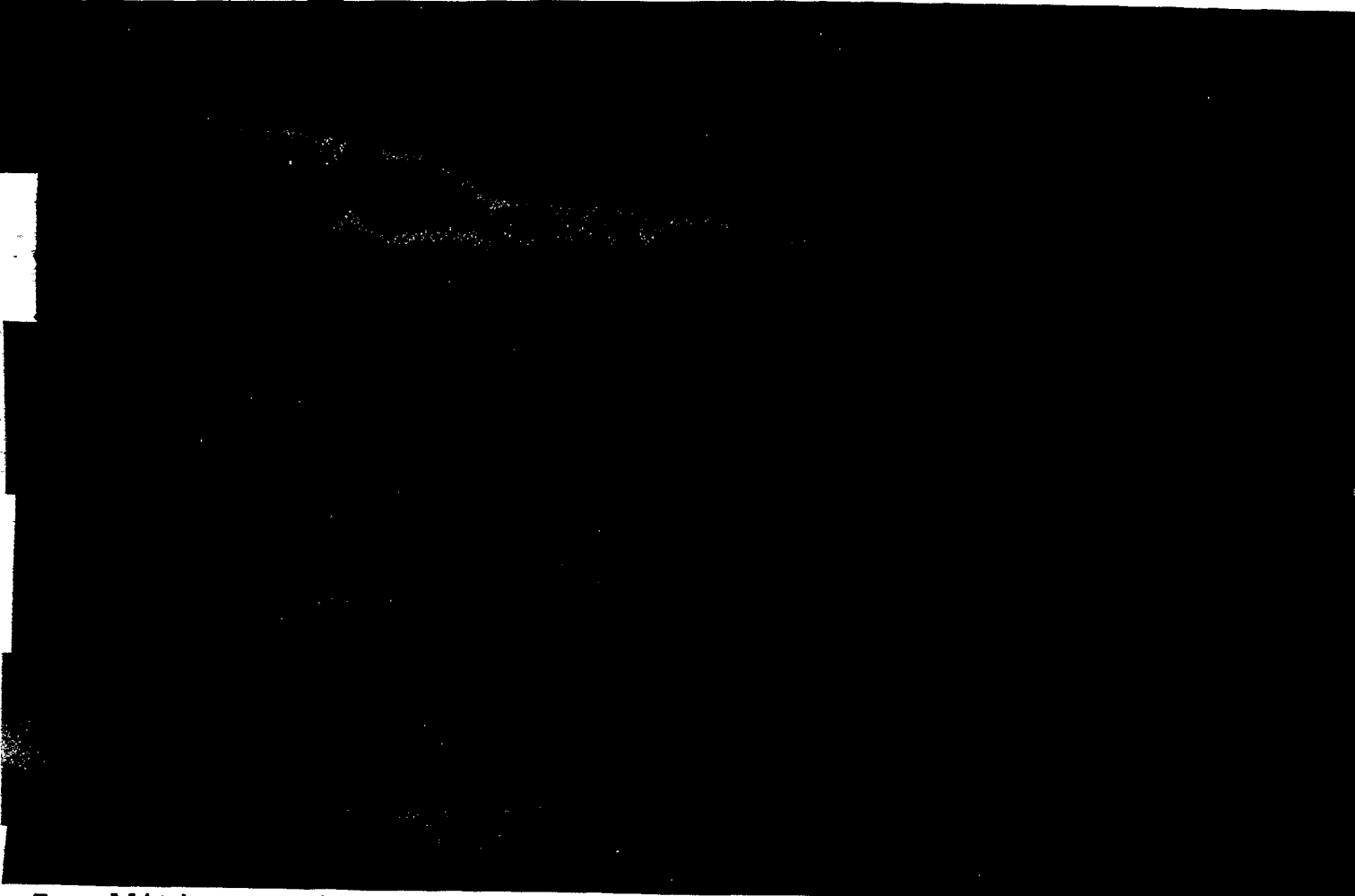
[redacted] were stopped on their motorcycle at about kilometer 11 from Uchiza by the Guardia Civil Drug Police based out of Santa Lucia. In their possession was a briefcase containing several notebooks with accounting notations of drug trafficking groups in the area and other notations related to subversion.

There were a total of seven notebooks seized. The agendas contained ledgers of drug trafficking transactions covering the period of November 1988 through February 1989. The ledgers identify different trafficking groups, the names of cocaine base suppliers and collectors, as well as dates, quantitative amounts of cocaine base, price per kilogram of cocaine base in US dollars, rates of exchange utilized in the transactions involving Peruvian Intis, and payoffs made to the police.

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In addition to the narrative, the agendas make reference to sums of money remaining from transactions that go to the "Party". There are notations that clearly show that funds are used to purchase FAL automatic weapons, FAL ammunition (specifically FAL incendiary rounds), Instalazas (40mm rifle-propelled grenades), jackets and vests.

During SL sponsored three-day strikes affecting the entire UHV, which took place in August of 1987 and August of 1988, graffiti which specifically called for an end to USG sponsored eradication programs, and for that matter, for the expulsion of US entities from the UHV in general (e.g. "Fuera Yanquis") appeared throughout the UHV. (Reftel D).

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Post reporting during the past six months has included numerous accounts of armed attacks against CORAH eradication teams and USG helicopters extracting these teams. Some controversy has existed concerning the identity of the attackers in these incidents (i.e. SL or simply disgruntled coca growers). Most Post analysts believe the majority of such attacks, based upon tactics utilized and other evidence at the scene of the attacks, are at least SL-orchestrated. (Reftel D, G, and Q).

An AK-47 assault rifle, stolen by the SL during the Uchiza attack on May 31, 1987, was recovered by a DEA/GC team during a fire-fight with trafficker "security" at an airstrip near La Morada on 11/3/88. Many interpretations of this can be drawn, but at the very least we must recognize that a specific weapon stolen in a confirmed SL attack reappeared at a clandestine airstrip where a ground crew awaited the arrival of trafficker aircraft.

Two incidents have been documented of communist flags or graffiti having been located by Snowcap DEA/GC teams in 1988 in cocaine base labs. Again, these must be carefully analyzed. We stress that many conclusions may be drawn from such incidents but we believe that these two isolated cases constitute possible misinformation efforts on part of traffickers involved and should not be interpreted as evidence that the SL is operating cocaine laboratories.

A recent DIRCOTE document acquired by Post relates the details of the detention of an individual described as passing thru the UHV on business during August 1988. This individual was forced by the SL to remain in the "Nuevo Progreso" area for approximately two weeks, during which he was obliged to perform a number of logistical tasks in support of an SL column. This document also describes involvement by the SL in the coca cultivation industry (according to the SOI involved), to the extent of the SL "crop managing" and defending cocalero's rights.

The 3/27/89 attack on Peruvian police barracks in Uchiza illustrates in frightening detail the level of association and cooperation between Sendero Luminoso insurgents and narcotics traffickers in the UHV. Information developed from unilateral DEA sources, debriefings of surviving police personnel and citizen sources, on-site observation by DEA personnel, and Peruvian police internal affairs documents indicate the following as virtual certainties:

The attack was precipitated, at least in large part, as a result of corrupt police in Uchiza accepting bribes from narcotics traffickers but failing to provide protection services as promised. (There is also information to support a belief that Uchiza police were double-crossing traffickers by "tipping off" anti-narcotics police based in Santa Lucia and Tingo Maria who have made a number of successful arrests and seizures in Uchiza.)

Uchiza traffickers were paying Sendero Luminoso insurgents, in addition to the police, for "protection". The attack on Uchiza was conducted by both Sendero Luminoso insurgents and Uchiza based narcotics traffickers. (Some of the attackers claimed to represent the Ejercito Guerrillera Popular - the armed cadre of Sendero Luminoso and other participants were identified by multiple eyewitnesses as documented Uchiza based narcotics traffickers.) A police major and captain assigned to Uchiza were specifically named in Peruvian police internal affairs documents and in unilateral source debriefings for accepting bribes from narcotics traffickers. These same individuals were asked for by name during the attack and were executed by persons identifying themselves as Ejercito Guerrillera Popular after a public trial.

While the aforementioned may lend itself to multiple interpretations, at least one unilateral DEA source, considered to be generally reliable, is reporting that Uchiza based traffickers specifically requested Sendero Luminoso to intercede on their behalf.

Reference is made to April 24, 1989 Newsweek article entitled Reign of Terror, by Joseph Contreras, in which Contreras and a Newsweek photographer are described as having been allowed to interview SL members in the UHV in early April. The article quotes an SL spokesman as follows, "They label us narco-terrorists. We find that repugnant. To us, coca is a poison. But we must also protect the interests of the campesinos".

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Precedents and Patterns

History is rife with examples of terrorist/insurgent groups which have been linked in one way or another with the narcotics industry. The most commonly cited examples are the M-19 and FARC of Colombia and various similar movements in Burma. It is Post's opinion, however, that the Peruvian situation is unique and cannot be responsibly compared with any other examples worldwide.

What is happening in the UHV is now emerging in the Montaro and Ene River Valleys (Junin Department) during the past 1 1/2 - 2 years (i.e. SL assuming control of economic/political aspects of area in addition to coca cultivation).

Some evidence, albeit vague at this time, is emerging of relationships between growing insurgencies (Tupac Katari, for example) and the Bolivian narcotics industry. We stress that concrete evidence is currently lacking in this area, but suggest the situation bears close monitoring in the future.

Some evidence exists that the MRTA attempted, while trying to establish a foothold in the UHV, to get involved in narcotics trafficking at the limited level the SL has, and some rumors exist of such activity on the part of the MRTA in Ucayali and Junin Departments.

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SL Support Worldwide

Abundant prior intelligence has reported moral and perhaps financial support of the SL by the Revolutionary International Movement (RIM), with headquarters in London, Paris, Madrid.

While on a fact finding mission to DEA Headquarters during the week of March 27, 1989, DEA [redacted] of the Lima Country Office had an opportunity to visit a bookstore called Revolution Books located at 2438 18th St., N.W., Washington, D.C. at the suggestion of DEA's Office of Intelligence. At that location [redacted] observed a sobering amount of pro-SL publications, posters, buttons, and videotapes. The most significant result of this visit occurred as [redacted] was paying for such purchases. The cashier commented that the SL can use any support they can get, and suggested that a portion of the proceeds of [redacted] purchases would "get to the right people". It is significant to note that this book store is only one within the "Revolution Books Network" which has branches in New York City, Cambridge, Cleveland Heights, San Francisco, Berkeley, Los Angeles, Seattle, Honolulu, Atlanta, Chicago, and Detroit.

The literature and a videotape purchased during the above related visit also revealed the name of an additional pro-SL organization as follows: The Committee to Support the Revolution in Peru, 2483 Hearst Avenue, No. 225, Berkeley, CA 94709. Although, according to NICO files, there exists documentation of approximately 86 organizations and establishments which have been suspected of supporting the SL in one form or another, it is believed that the two organizations named above (i.e. RIM, and the Committee to Support the Revolution in Peru) are the two most significant and efforts are underway at present to develop more detailed intelligence regarding their scope and financial backgrounds.

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Conclusions

- Evidence of collusion between Sendero Luminoso and narco-traffickers in Peru is overwhelming. We believe that Sendero is involved in the UHV cocaine industry in several areas.

- Sendero Luminoso controls the coca leaf industry in the Upper Huallaga Valley and in other coca producing areas of Peru. Sendero manages crops in the UHV, orders campesinos to plant coca and authorizes the amount of acreage which may be planted in other crops.

- Sendero represents the coca producing campesinos of the UHV in the latter's struggle against the eradication forces at work in the area. Sendero organizes the campesinos into Civil Guard units which selectively threaten and harass GOP/US eradication efforts. It provides arms, training, and PsyOps to these campesino producers. Sendero also participates in armed attacks on anti-narcotics units.

- Sendero Luminoso profits financially from the coca leaf industry in the UHV and elsewhere. Campesino growers pay a fee to local SL committees based on a percentage of their crop. "Mules" who purchase leaf or paste from campesinos for resale to laboratories, pay similar fees to the SL for the right to do business. Narcotics organizations pay service fees to Sendero. These latter fees would often appear to purchase protection by armed SL columns of clandestine airstrips and laboratories in the UHV. Sendero also participates with narco-traffickers in armed reprisals against security forces.

- There is anecdotal but less persuasive evidence that the SL, or at least some SL militants, are actually involved in the purchase and resale of coca paste, and in the processing of paste into base in local laboratories. Post would submit, however, that such cases are the exception rather than the rule, and probably involve rogue members.

- Of more recent development, SL also directs a nascent disinformation campaign directed against GOP/US eradication and interdiction efforts. The SL argues that the campesinos have the right to grow their product, distorts the potential hazards of herbicide use in the UHV, and falsely claims widespread abuse by eradication forces in the application of herbicides and in other official eradication practices.

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Appendix A

Abbreviations

APRA - Current Peruvian political party in power under President Alan Garcia, the American Popular Revolutionary Alliance.

CORAH - NAU sponsored coca eradication program

DIRCOTE - PIP anti-terrorist unit

EGP - Ejercito Guerrillero Popular (Popular Guerrilla Army)

EP - Ejercito Peruano (Peruvian Army)

EZ - Emergency zone

FAP - Fuerzas Armadas (Peruvian Armed Forces, Military)

GC - Guardia Civil (Civil Guard), now part of PNP

GOP - Government of Peru

LCO - Lima Country Office (DEA)

MININT - Peruvian Ministry of the Interior, under which falls the PNP

MRTA - Movimiento Revolucionario Tupac Amaru (Tupac Amaru Revolutionary Movement)

MTT - Mobile Training Team

PCP - Partido Comunista Peruano (Peruvian Communist Party)

PEAH - USAID sponsored UHV development program, focusing primarily on crop substitution

PIP - Peruvian Investigative Police

PNP - Policia Nacional del Peru (Peruvian National Police)

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POLOFF - Post Political Officer

S/A - Special Agent (DEA)

SL - Sendero Luminoso

SOI - Source of Information (usually referring to a human confidential source)

UHV - Upper Huallaga Valley

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Appendix B  
Significant SL and MRTA Anniversaries

- January 1 - Triumph of the Cuban Revolution
- January 9 - Death of guerrilla leaders of MIR (Guillermo Lobaton)
- January 21 - Death of Lenin
- January 26 - Death of the martyrs of the "Uchuracay" massacre
- February 4 - Organization of PCP-Sendero Luminoso
- February 14 - Death of Camilo Torres
- February 22 - Day of APRA fraternity
- March 2 - GOP attack on the "Cras" (prison) in Ayacucho
- March 18 - Creation of "Socorro Popular" SL support organization
- April 2 - Peruvian Air Force Day
- April 15 - Death of Jose Carlos Mariategui
- April 19 - Defeat of Bay of Pigs imperialist invasion of Cuba
- April 22 - Birth of Lenin
- April 25 - "Huamanga" anniversary in Ayacucho
- May 1 - International Worker's Day
- May 2 - Peruvian artillery day
- May 7 - Founding of Alianza Popular Revolucionaria Americana (APRA)

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- May 16 - Failed SL attempt to destroy Rio Pampas Bridge. Thirty-three SL militants died.
- May 18 - Beginning of armed struggle by SL
- May 29 - Anniversary of "Revolutionary Vanguard"
- June 9 - Anniversary of MIR combat at "Yahuarina"
- June 14 - Birth of Jose Carlos Mariategui
- June 18 - Uprising at Lima-Callao Cras (prison)
- June 19 - SL's Heroes Day
- June 20 - SL first military offensive against Guardia and Police garrisons. Abimael Guzman arrested.
- June 28 - SL assault on Cerro de Pasco Cras (prison)
- July 4 - US Independence Day
- July 7 - PAP revolution Trujillo
- July 12 - Peruvian National Police Day
- July 19 - Capture of SL leader Laura Zambrano Padilla, aka "Meche"
- July 20 - Colombian Independence Day
- July 26 - Anniversary of Cuban Revolution Movement
- July 28 - Peruvian Independence Day
- August 2 - Death of APRA leader Victor Raul Haya de la Torre
- August 9 - Death of MRTA leader Barreto
- August 9 - Beginning of armed struggle - MIR
- August 30 - Peruvian Civil Guard Day
- September 3 - Death of SL martyr Edith Lagos Saenz
- September 9 - Death of Mao Tse Tung (SL)

September 11 - Death of Allende - Pinochet to power

September 15 - Peruvian Holide Day

September 15 - Creation of Unified Left (IU) of Peru

September 24 - Peruvian Armed Forces Day

October 1 - Triumph of Chinese Revolution by Mao Tse Tung (SL)

October 4 - Uprising at San Pedro Cras (prison)

October 4 - Prisoner of War Day

October 8 - Peruvian Marines Day - Battle of Angamos

October 8 - Death of Che Guevara

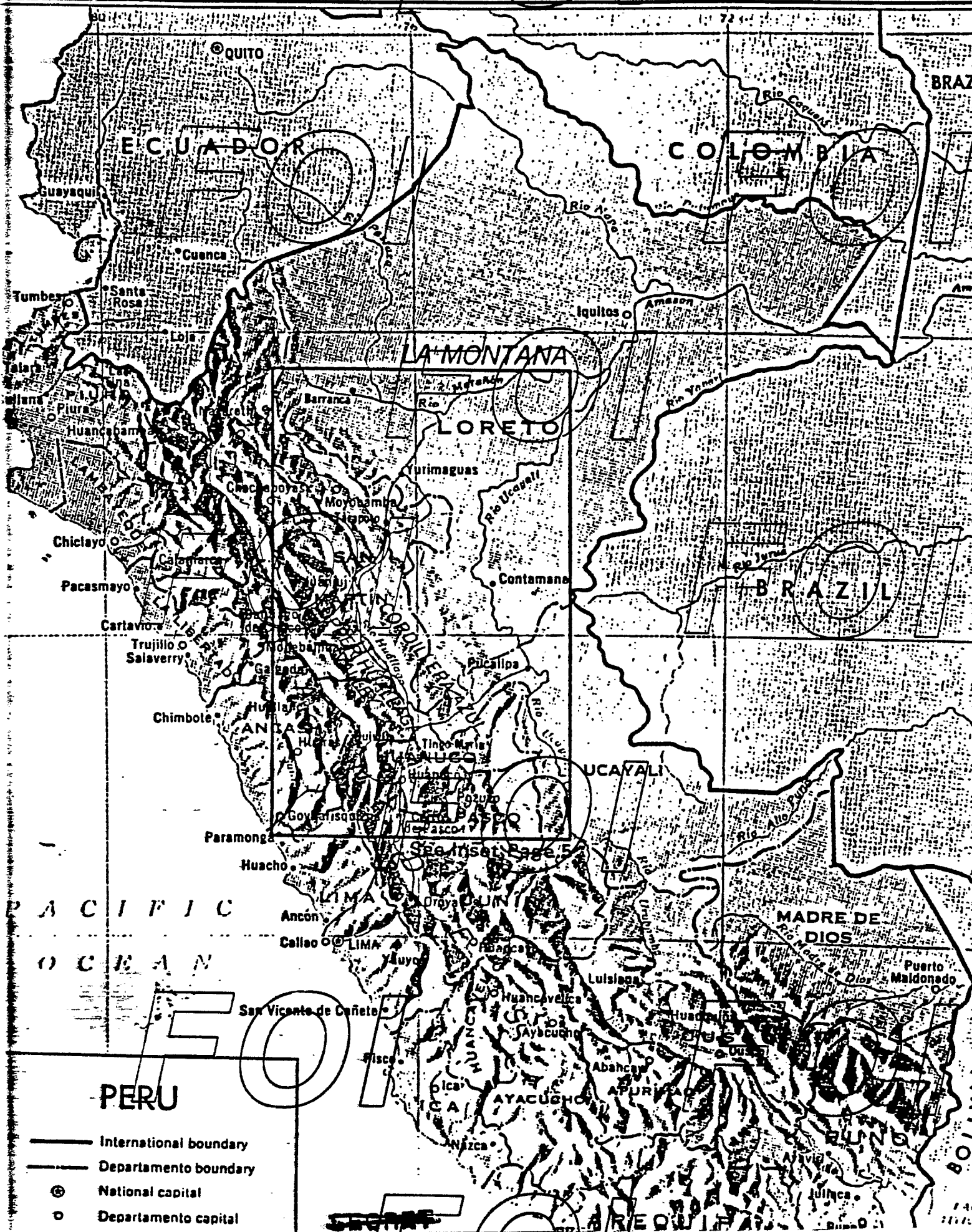
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See inset Page 5

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Map of Upper Huallaga Valley

Source: DIA



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Appendix E

Suggested Reading

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Appendix F  
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- B) Lima 7563 dtg 091436Z Jun 88
- C) Lima 9899 dtg 302202Z Jul 88
- D) Lima 11223 dtg 241649Z Aug 88
- E) Lima 13794
- F) Lima 14416
- G) Lima 16189 dtg 281607Z Nov 88
- H) Lima 330 dtg 092158Z Jan 89
- I) Lima 2594 dtg 172359Z Feb 89
- J) Lima 2872 dtg 242103Z Feb 89
- K) Lima 2336 dtg 150017Z Feb 89
- L) Lima 1823 dtg 061827Z Feb 89
- M) Lima 2206 dtg 102312Z Feb 89
- N) JCS 151704Z Feb 89
- O) State 47821 dtg 150207Z Feb 89
- P) Lima 2212 dtg 110028Z Feb 89
- Q) Lima 1862 dtg 062230Z Feb 89
- R) Lima 2534 dtg 171704Z Feb 89

- S) Buenos Aires 2594 dtg 141329Z Mar 89
- T) Lima 3702 dtg 102348Z Mar 89
- U) Lima 3575 dtg 102216Z Mar 89
- V) Lima 4109 dtg 172246Z Mar 89
- W) Lima 4360 dtg 222349Z Mar 89
- X) Lima 4490 dtg 272051Z Mar 89
- Y) Lima 4361 dtg 230014Z Mar 89
- Z) Lima 4031 dtg 162249Z Mar 89
- AA) Lima 4664 dtg 292327Z Mar 89
- BB) Lima 3856 dtg 142227Z Mar 89
- CC) State 66770 dtg 022347Z Mar 89
- DD) Lima 3863 dtg 142336Z Mar 89
- EE) Lima 3788 dtg 132357Z Mar 89
- FF) Lima 3703 dtg 102352Z Mar 89
- GG) Lima 5270 dtg 102020Z Apr 89
- HH) Lima 5035 dtg 052240Z Apr 89

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