

An hourglass-shaped graphic with a globe inside. The top bulb is dark blue, and the bottom bulb is light blue. The globe is centered in the narrow neck of the hourglass. The word "WikiLeaks" is written in white on a dark blue rectangular background at the bottom of the graphic.

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*ECUADOR: INTERNATIONAL NARCOTICS CONTROL  
ISSUES*

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**Abstract.** Increasingly, Colombian drug trafficking and narco-linked insurgent activity appears to be spilling over into Ecuador. U.S. supported military operations against narcotrafficking/guerilla groups in Colombia could accelerate such a trend. Such rising activity by narcotrafficking/insurgent groups, if confirmed, could well limit the effectiveness of U.S. anti-drug support to Colombia and threaten the territorial integrity and stability of Ecuador.

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# CRS Report for Congress

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## Ecuador: International Narcotics Control Issues

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### Summary

Colombian drug traffickers and narco-linked insurgents have taken advantage of easy access to Ecuador's border areas for a number of years, primarily for rest and recreation, and purchase of supplies. Concern has been voiced that U.S. supported military operations against narco-trafficking/guerilla groups in Colombia could accelerate guerilla encroachment into Ecuador. Increased presence of Colombian drug traffickers and narco-linked insurgents could limit the effectiveness of U.S. anti-drug support to Colombia and threaten the territorial integrity and stability of Ecuador. However, another viewpoint, gaining increasing acceptance, is that the insurgents do not want to start a new front of military activity in Ecuador anytime soon.

In light of these developments, and strong Administration and congressional interest in a broader Andean oriented approach, it is likely there will be (1) enhanced policy focus on Ecuador in a regional context; (2) enhanced intelligence focus on narco-trafficker/insurgent activity there; and (3) ongoing review of U.S. narcotics-related assistance for the Quito Government. This report will be updated only if major important events warrant.

### Background

Strategically situated between the major drug producing nations of Colombia and Peru, Ecuador is increasingly becoming an important transshipment area for Colombian cocaine and heroin. A fragile economy, lack of strong government controls, and lengthy maritime and land borders provide an attractive, relatively open and unregulated environment for drug trafficking, street crime, corruption and a growing presence of Colombian narco-linked insurgents in the north. In Ecuador's northern border regions, poverty and lack of government presence and services in the region make inhabitants there more willing to accept the income traffickers or insurgents may provide. Another factor impacting stability in Ecuador is an ongoing national Indian uprising which resulted in the government declaring a state of emergency on February 2, 2001.

On November 12, 1999, the United States concluded a 10-year lease with the Government of Ecuador for a narcotics monitoring “Forward Operating Location” (FOL) based in Manta, a move likely to increase U.S. presence and strategic interest in this economically fragile Andean nation.

Of special concern to the pro-environmental community are reports of the use of the Galapagos Islands, an ecological preserve, as a drug transshipment area, and of rising use and possible small scale cultivation of coca there.

## Drug Trafficker Activity

The State Department’s FY2001 International Narcotics Congressional Budget Presentation estimates that “Narcotics kingpins appear to be trafficking approximately 30 to 50 metric tons of cocaine per year through (Ecuador’s) loosely monitored ports and road networks.” Cocaine is smuggled from Colombia on the Pan American Highway (which bisects Ecuador from north to south) and then west to the major seaports of Guayaquil, Esmeraldas and Manta, where it is co-mingled with commercial cargo and shipped to the United States (often via Mexico) and to Europe. Cocaine is also shipped by low profile fast-moving boats from Colombian ports to the port of Esmeraldas in northern Ecuador. Law enforcement officials in the Galapagos Islands suggest that such “go fast” boats increasingly penetrate the territorial waters of the Galapagos, where mother ships lie in wait.<sup>1</sup> Small quantities of heroin from Colombia are also smuggled by couriers through Ecuador’s international airports of Quito and Guayaquil.

From Ecuador, precursor drug processing chemicals are smuggled north into Colombia, as are small arms, dynamite, medicine, and other logistical items for use by narco-traffickers/insurgents. From Peru, cocaine base is smuggled overland through Ecuador via the Pan American Highway to Colombia for processing and eventual reshipment to Ecuador for storage, consolidation, and transit to U.S. and European markets.

## Drug Cultivation

Ecuador is not a major drug growing area, although limited cultivation of coca occurs in the northeast near the Putumayo River region along the border with Colombia, according to Ecuadorian military sources. The presence of Colombian guerrillas in the region, however, makes it difficult to verify the extent of such cultivation. Cultivation of marijuana in Ecuador does not reach commercial levels and opium poppy cultivation is small scale. In response to a relatively recent phenomenon, members of Ecuador’s environmental community and Ecuadorian Navy personnel based in the Galapagos Islands

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<sup>1</sup> Note that in 1999, law enforcement officials on the Galapagos, who express strong concern over rising cocaine use on the islands, reportedly seized 32 kilograms of cocaine HCL. Cocaine smuggling coupled with an escalating and highly lucrative trade in endangered species items such as shark fins and sea cucumbers, if not curbed, could undermine the Island’s delicate ecological balance. Given the importance the international environmental community attaches to the Islands, reports of use of the Islands as a drug transshipment area and of rising use and small scale cultivation of coca there could prompt further investigation and policy focus.

privately express concern over reports of small scale coca cultivation on the island of Santa Cruz, although such reports are unconfirmed to date.

## Drug Processing

According to the Department of State's Fiscal Year 2001 International Narcotics Budget Congressional Presentation Document, illicit drugs are increasingly processed in Ecuador. Data is incomplete, but DEA and Ecuadorian sources suspect that some cocaine HCL processing takes place in Sucumbios Province near the Colombian border. A cocaine base laboratory was recently seized in northeastern Ecuador, supporting the theory that proximity of the area to Colombian coca fields and to a central smuggling route for precursor chemicals, make the area attractive for cocaine processing laboratories.

## Colombian Insurgent Activity

Revolutionary Armed Forces of Colombia (FARC) guerrillas are increasingly present in Ecuador's northeastern border region. Ecuadorian sources interviewed in December 1999 indicate regions exist near the Putumayo River border where FARC guerrillas demand payment for safe transit. On September 11, 1999, eleven foreign and one U.S. oil worker were kidnaped, reportedly by FARC insurgents, in northeastern Ecuador, later to be released. As recently as February 6, 2001, a hostage situation was ongoing in the region with one U.S. oil worker killed. Moreover, many Ecuadorians in this region reportedly have strong ethnic and family ties to Colombia, with estimates of those of Colombian descent ranging from 40% to as high as 75%. In this milieu, sympathy with the FARC is considered to be high.

From the FARC perspective, Ecuador's new counterdrug "alliance," which allows a U.S. base on its territory, could well change Ecuador's perceived status from that of the neutral neighbor, and laissez faire trading partner of major parties to the Colombian civil war, to that of a menacing enemy. Two unresolved issues are: (1) the degree to which the U.S. presence at Manta, coupled with more aggressive U.S. support for the Colombian military's counterdrug initiative, may eventually lead to FARC confrontation with Ecuadorian military or civilian personnel, or even U.S. personnel or facilities; and (2) the degree to which FARC attacks against Ecuadorian or U.S. interests could erode existing levels of public support in Ecuador for the presence of the U.S. based facility in Manta. In fact, some have questioned whether future developments in Ecuador could become an Achilles' heel of hemispheric regional support for the Administration's Colombia counterdrug initiative. To assist in curbing what appears to be a rising presence of FARC narco-insurgents in Ecuador's northern border region, Ecuadorian officials have requested an additional \$400 million in narcotics related military assistance over four years from the U.S. (For background on the FARC and related policy issues see *Colombia: Conditions and U.S. Policy Options*, CRS Report RL30330.)

## Money Laundering

DEA intelligence sources estimate "hundreds of millions" of dollars are laundered in Ecuador annually – mostly from Colombia. Although hard evidence is lacking to link reported Medellin-based investment in Ecuadorian port-connected businesses to drug cartel activity, Ecuadorian counterdrug personnel are concerned that extensive investments

by Colombian firms may have more than legitimate profit-based motives. Weak legislation and poor interagency cooperation provide a hospitable, relatively risk-free environment for money laundering. Officials in the Galapagos Islands privately estimate that at least \$30 million from the endangered species and drug trade on the Islands were laundered in 1999 during a two month period alone.

## **Ecuadorian/U.S. Counternarcotics Programs**

Ecuadorian counternarcotics law (Law No. 108) grants the 30,000-member Ecuadorian National Police (ENP) primary responsibility for drug interdiction. Within this force, a special national drug unit (NDU) (300 strong, but reinforced up to 700 for specific operations) works narcotics issues. In areas where the police are not able to operate, this responsibility falls to the navy/marines (approximately 7,500 strong) and army (approximately 23,500 strong). As much of Ecuador's border is accessible only by sea or river traffic, a counterdrug responsibility disproportionate to force size falls to the navy. Drug interdiction is also a secondary responsibility of customs personnel. These agencies rarely cooperate on drug issues—each accusing others of corruption and ineffectiveness.

According to one view, levels of corruption are generally highest in the Customs Service and ENP, with the exception of the ENP's National Drug Unit, which is considered to be untainted. The navy is generally well respected outside rival governmental hierarchies. Critics of the army point out that military operations against narcotraffickers/insurgents near the northeast border region are regularly compromised by what appears to be advanced notice received by the traffickers. Aside from raising potential issues of corruption, such a pattern of events brings into question the willingness of army units to actually engage traffickers/insurgents. Both the army and the navy suffer from chronic shortages in fuel and ammunition. Communications and air/ground transportation equipment, as well as reconnaissance aircraft and patrol craft for riverine operations and coastal interdiction, are in short supply as well.

U.S. counterdrug policy and programs in Ecuador focus on seizing contraband drugs, with cocaine (HCL, base and paste) seizures down 67% in 2000; marijuana seizures up 503%, and heroin seizures up 35% over 1999 levels. Some 40% of all drug seizures occurred at road checkpoints. Scarce resources, reluctance to get embroiled in non-narcotics related issues (i.e., threats to Ecuadorian national security or regional stability), and lingering concern over U.S. congressional reaction to legitimizing military organizations supportive of January 21, 2000 coup events in Ecuador are factors affecting current programs.

U.S. counter drug programs currently support (1) the National Drug Unit of the ENP; (2) Ecuador's interagency coordinating organizational equivalent of the U.S. Drug Czar's Office: the National Drug Council (CONSEP); (3) Ecuador's Customs Service; and, to a lesser extent, (4) the military. Major U. S. program priorities include (1) strengthening ENP canine detection units and mobile and fixed road checkpoints; (2) sustaining an operational office for the National Drug Council; and (3) providing port interdiction assistance to host nation customs personnel.

The State Department's FY2002 narcotics control request for Ecuador is \$3.5 million, significantly up from \$2.2 million in FY2001. FY2002 budget request allocations include \$2 million for law enforcement for the ENP; \$ 50,000 for the National Drug

Council; \$1 million for a U.S. port facility training/advisory support program, and \$450,000 for program development and support. The Administration's FY2001 \$21,060,000 aid request (absent "Plan Colombia" supplemental aid and Defense Department (DOD) counterdrug funding) for Ecuador and its recent history is as follows:

**Table 1. Ecuador: U.S. Foreign Aid & Other Support**  
(\$ in thousands)

Account	FY1999 Actual	FY2000 Estimate	FY2001 Request
INC <sup>a</sup>	1,200	1,200	2,200
ESF <sup>b</sup>	1,200	1,500	6,000
DA <sup>c</sup>	13,700	12,100	12,300
CSD <sup>d</sup>	1,950	500	
IMET <sup>e</sup>	586	500	560
NADR <sup>f</sup>	500	1,000	
DOD <sup>g</sup>	7,256	15,892	8,784

**Notes:** <sup>a</sup>International Narcotics Control; <sup>b</sup>Economic Support Funds; <sup>c</sup>Development Assistance; <sup>d</sup>Child Survival & Disease; <sup>e</sup>International Military, Educational & Training; <sup>f</sup>Non-proliferation, Anti-Terrorism & Demining. <sup>g</sup>Section 1004 counter-drug funding primarily for FOL operating costs and limited host nation training.

**Source:** U.S. Departments of State, Defense, March 2000.

In addition to the funding data listed above, P.L. 106-246 emergency supplemental appropriations provides \$20 million in support for Ecuador: \$8 million for alternative development and \$12 million for interdiction programs, with \$4 million of the \$12 million currently under review. P.L.106-246 also includes \$63.1 million for construction upgrades for the U.S.-based FOL at Manta.

## Regional Issues

A number of Members of Congress have been critical of the former Clinton Administration's reluctance to place greater emphasis on a "Plan Colombia" regionally focused response.<sup>2</sup> Drug trafficking/insurgent activity in Colombia is often viewed by neighboring states as a regional problem that can be easily transformed into a threat to regional security. Comments to this effect, stressing the gravity of the threat to neighboring nations and the need for a regional security response, were presented by former Ecuadorian President Jamil Mahaud and Peruvian President Alberto Fujimori during a visit to the InterAmerican Defense College in Washington, D.C. on February 3 and 5, 1999. A similar viewpoint was aired by Mexican Foreign Minister Jorge Castaneda in a meeting with U.S. Secretary of State Colin Powell, January 31, 2001, in Washington.

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<sup>2</sup> Section 215 of **S. 1758, 106<sup>th</sup> Congress (Coverdale, DeWine, and Grassley)**, which was not enacted, for example, would have authorized \$410 million for enhancement of regional interdiction, with up to \$85 million "for governments of the front line states to increase the effectiveness of regional interdiction efforts." Logical candidates for such funding would be police forces, armies, and navies of front line states.

This perceived threat to regional stability goes beyond Ecuador and Peru. Analysts increasingly express concern over the potential for accelerated spillover of Colombian narco-trafficking/insurgent activity into Brazil, Panama and Venezuela (3<sup>rd</sup> largest oil supplier to the U.S.) as well.

Moreover, according to informed sources at the Office of National Drug Control Policy (ONDCP) in February 2001, incursions by the FARC and Colombian paramilitary groups into remote border areas of Ecuador, Panama, and Venezuela have been a common occurrence for “several years.” On January 19, 2001, Ecuadorian Armed Forces personnel reportedly killed six members of the FARC at what was characterized as an illegal drug making lab near the Colombian border. Another area of concern, yet to materialize as a major problem, is the “spillover” of refugees from the conflict in Colombia into neighboring countries. Estimates of the number of Colombian refugees entering Ecuador in the year 2000 vary from 5,000 to 1,600, the latter figure being the more widely accepted.

U.S. support for Plan Colombia is formalized in P.L. 106-246, signed into law on July 13, 2000, which includes \$1.3 billion in emergency supplemental aid. Funding for regional counter-narcotics support primarily for Peru, Bolivia, and Ecuador is earmarked at \$180 million.<sup>3</sup> U.S. support for Plan Colombia gives *regional* intelligence collection high priority with such efforts funded at the \$62.2 million level for the FY2000 and FY2001 two-year period; regional interdiction is funded at \$55 million during the same time frame.<sup>4</sup>

## Prospects

Colombian drug traffickers and narco-linked insurgents have taken advantage of easy access to Ecuador’s border areas for a number of years, primarily for rest and recreation, and purchase of supplies. U.S.-supported military operations against narco-trafficking/guerilla groups in Colombia could accelerate such a trend. Increased presence of Colombian and narco-linked insurgents could limit the effectiveness of U.S. anti-drug support to Colombia and threaten the territorial integrity and stability of Ecuador. Stepped-up levels of FARC activity and violence in Ecuador, to the extent perceived to be a result of growing U.S. pressure on narco-insurgents, could well diminish levels of Ecuadorian public support for the presence of the U.S. based monitoring facility at Manta and erode hemispheric regional support for the Administration’s Colombia counterdrug initiative. However, one viewpoint, gaining increasing acceptance, is that the insurgents do not want to start a new front of military activity in Ecuador anytime soon.

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<sup>3</sup> See CRS Report RL30541, *Colombia: U.S. Assistance and Current Legislation*.

<sup>4</sup> Note that accurate, timely, and relevant intelligence is generally deemed essential to successful operations, but in general, nations spend far less on intelligence programs than operations. For example, ordinarily, DOD’s intelligence budget is less than 10% of its overall budget.