

Peru: From Virtual Success to Realistic Policies?

Between 1995 and 2000, Peru dropped from being the number one producer of coca leaves in the world to number three, its coca fields decreasing from 115.340 to 34.200 hectares. Fujimori's government trumpeted these figures as proof of its effectivity in combating drugs. The triumph was attributed to a combination of repressive measures and crop substitution programmes.

The drop in production, however, had little to do with the questionably successful alternative development programmes, coercive measures or surveillance flights. Much more significant were the regional dynamics impacting on the Peruvian market: the fall of Colombia's cartels, large purchasers of Peruvian coca; and an increase in Colombia's coca production, which caused Peru's coca price to drop and forced peasants to seek alternative sources of income.

Now, conditions are again good for the Peruvian market, thanks to the crop displacement in Colombia generated by fumigations and the worsening conflict, as well as accelerated eradication programmes in Bolivia. According to official figures, it is estimated that over 59.000 hectares are currently under cultivation, and an upward trend in coca planting is observed. The price of coca leaf has rocketed from USD 40 cents per kilo in 1995 to USD 3.50, making coca the region's most profitable agricultural product. Meanwhile, prices for other crops grown in the Alto Huallaga, such as plantain and coffee, have plummeted. All the possible economic incentives for the illicit drug industry are currently present in Peru. Furthermore, a new trend towards growing poppy is now discernible. According to estimates issued by the National Intelligence Direction of the Ministry of Internal Affairs, Peru has about 1.200 hectares of opium poppy. Morphine was confiscated during two police operations last year.

With respect to criminal organisations, the Fujimori government efforts have proved a fiasco. The disgrace of Vladimiro Montesinos, the regime's strongman, disclosed the extent to which corrupt officials were at the service of drug barons. The capture of major drug dealers like Demetrio Chávez Peñaherrera, 'the Vatican', used to project the image of a Peru combating drug trafficking, in reality served to cover up the true extent of illicit underground activity and the depth

Key problems

- Increasing coca cultivation
- New opium poppy cultivation
- Consolidation of criminal drug trafficking organisations
- Forced eradication within the framework of programmes of the previous Fujimori administration
- Crop substitution without the necessary technical studies and without funds reaching peasants
- Lack of funds for infrastructural and alternative development programmes

Recommendations

- Voluntary and consensual crop reduction only if programmes promised to peasants are carried out
- Law enforcement targeted at organised crime and state corruption
- Support from European Union and international community to efforts to redraft drugs policy
- Reconsideration of alternative development
- Transparency in the management of funds
- US should withdraw pressures and conditions for aid

of government complicity, including the army. The power that independent Peruvian groups have developed in the processing and trafficking of drugs, and the establishment of their own international routes, dates from this period.

The Opportunity to Redraft Policies

Peru's drug czar Ricardo Vega Lona, head of the Commission to Combat Drug Consumption (CONTRADROGAS), recently called for a review of domestic and international drug policies. The Commission's objective is to design a drug policy that has the support of political parties, entrepreneurial circles and society as a whole. The goal, according to Vega Lona, is to develop "a policy of the Peruvian state that, above all else, takes into account the nation's interests." A common strategy is being drafted for the national level, while interdiction programmes are being co-ordinated at regional level. The Commission is now promoting a series of activities aimed at discouraging illicit crop production and combating drug trafficking.

Key to the effort is the centralisation of anti-drug efforts inside Peru. One example is the recent approval of a law for the creation of a Financial Intelligence Unit dedicated to detecting and prosecuting money launderers. Such attempts at centralisation are, however, being developed around the CONTRADROGAS structure, bestowing ministerial rank on what narco-trafficking expert Roger Rumrill calls "the corrupt and inefficient apparatus created by Vladimiro Montesinos in order to weave a web of virtual successes in 1996, and over this dead body they are trying to construct a State policy."

Another important dimension is the prioritisation of economic development. It seems too well understood that any policy is doomed to fail as long as alternative development crops fail to make profits, and as long as coca zones do not yield other economic benefits. Regional economic success is also recognised as being dependent on infra-structural development, such as the building of roads by which alternative development products and livestock can be transported to outside markets offering higher prices.

The last report published by the US General Accounting Office on alternative development (GAO-02-291, *Drug Control*, February 2002) pointed out that "*the cultivation and commercialisation of alternative crops, the development of community organizations and the improvement of social and economic infrastructures can take years to accomplish, but they have longer lasting impacts on reducing coca cultivation.*" Similarly, it holds that it is particularly important to strengthen Peru's local organisations, and that "*communities have a greater incentive to embrace and sustain alternative development activities if they are involved in the design, implementation and funding of projects that raise the quality of life in their communities.*"

Such efforts at creating the conditions for sustainable development are incompatible with forced eradication strategies, of course, and not only for economic reasons. According to Rumrill, the violent eradication of coca crops in the Peruvian jungle would definitely lead to the return of Shining Path. "*If we do that, we are pushing desperate peasants into resorting to violence, nearly 500.000 families directly or indirectly linked to coca crops, who are living an absolute crisis for the lack of an agrarian policy and the existence of a Neo-Liberal economy that castigates Peru's producers.*"

The government has stated publicly that it is against the forced eradication of coca leaf. Nevertheless, the eradication programmes inherited from the Fujimori administration continue in the Alto and Bajo Huallaga Valleys. Central government, meanwhile, has been unable to take a coherent stand on the issue. Peasants naturally oppose eradication as long as the promised funds are not paid. During President Bush's visit to Peru recently, they staged a series of demonstrations in the City of Lima and throughout the region.

The administration is now taking the first steps towards reaching an agreement with the country's 16 coca basins. This is the first time that a Peruvian government has shown an interest in negotiating with the *cocalero* population. The coca producers, however, allege that up to now the negotiations, so-called 'dialogue hammocks', have not solved the economic crisis facing these farmers, the policy of forced eradication continues and funds destined for crop substitution programmes are still not reaching the peasants directly.

In accounting for the failure of crop substitution, both the GAO report and the *cocalero* point to the lack of technical studies to determine the kinds of crops that might be cultivated and how these might yield profits for farmers. Rumrill, on his part, affirms that *"a complete restructuring has to take place, including the broad and expensive bureaucracy that controls loans and donations."*

It might be useful for the Peruvian government to introduce the concept of 'harm reduction' to their new policy in relation to the supply side of the drugs problem. This would mean de-criminalising peasant production and measuring success in terms of improvements to the living conditions of the *cocaleros*, rather than in terms of eradicated hectares.

In any event, as Vega Llona says, *"drug trafficking will not disappear while consumption exists."* There is no doubt that any policy success as regards a global reduction of supply, whether by means of forced eradication or alternative development programmes, will always be relative to the levels of demand that exist.

A Symbolic Visit

The US President visited Lima in March, ostensibly to consolidate the trade agreements widely hoped to boost regional development. The president of every Andean country, bar Venezuela, attended the Lima summit. Unfortunately, this proved no more than a symbolic, formal event. The only outcome on the economic front were a few vague promises, including that the US Senate would finally consider renewing the Andean Trade Preferences Act (ATPA). The Peruvian government hopes that the eventual prolongation of this and other treaties, such as the bilateral trade treaty with Peru, will help reactivate the country's licit economy.

While the US neglected any serious economic discussions, much attention was paid to the subjects of drugs and terrorism, two words used interchangeably in US political discourse nowadays. The Lima summit might have been a good opportunity for the Andean countries to negotiate with Washington as to how to proceed with a joint co-ordinated effort, stressing shared responsibility as regards the drugs issue. The only outcome, however, was an agreement to share intelligence and rumours of the possible installation of an anti-narcotics base near the Colombian-Peruvian frontier.

The US reiterated its proposal to triple drug control aid to Peru. In 2002, North American financing under the aegis of the Andean Initiative will reach almost USD 156 million. Of this, USD 77.5 million is allocated to alternative development programmes directed at encouraging farmers to abandon coca cultivation, while USD 75 million is for law enforcement, interdiction and eradication. Co-operation also includes bilateral agreements on technical support for port and maritime control, and a bilateral drug control agreement as regards rivers, to which USD 3 million is allocated. The US is considering making alternative development aid conditional on the Peruvian government proving that it has complied with the eradication objectives, subject to US aerial verification. According to the head of CONTRADROGAS, however, Peru would need some USD 1.200 million for drug control. Peru currently devotes USD 450 million a year to carrying out its drug policy, far exceeding its fiscal budget.

This might be a moment for the Peruvian government to insist on the need for Washington to take a different approach to the drugs issue. Rather than imposing ill-fated aid conditionalities, such as imposing targets or setting strict deadlines for eradication, it should be impressed on the US and international donors that, in order to be effective, alternative development necessarily has to be a complex gradual process. Large investments of money, but also of time and patience, are required before results begin to show. The Peruvian government will be all the more effective without US pressure to comply with eradication targets and deadlines, provided it receives sufficient funds and is allowed autonomy in managing the programmes implemented in coca-growing areas.

Forgetting 'success'

Meanwhile, the Peruvian government has become the victim of the false image of success it launched at the end of the 1990's. International donor attention and support has since been directed to countries considered more troublesome, such as Colombia and Bolivia. The international community needs to recognise the reasons for Peru's so-called success proving unsustainable and to help the country design and draft a more effective anti-drug strategy.

"I don't like to say that we are losing the war on drugs. It sounds better if we simply say that we are not winning it", said drug czar Vega Llona in reference to the complexity of the situation. Given the failure of combined strategies (crop substitution and repression) in the region, the new Peruvian administration seeks more pragmatic solutions. European countries and other donors would do well to support a more rational alternative development strategy, more in keeping with the reality of the producers concerned. Given the chance, Peru could set an example of what can be achieved through the application of a different drug control model. Such a model would steer clear of forced eradication, apply repressive measures only in relation to organised crime, and would have at its centre a rural development strategy negotiated with the communities themselves. It remains to be seen whether Peru's new policy will be encouraged in this direction.

For further information on Alternative Development, see: Alternative Development and Eradication - A Failed Balance, Drugs and Conflict number 4, TNI, March 2002.
<http://www.tni.org/reports/drugs/debate4.htm>



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