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Andean Regional Initiative (ARI): FY2002 Supplemental and FY2003 Assistance for Colombia and Neighbors

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Summary

Congress is considering President Bush's requests for new funding and additional authority to provide assistance to Colombia and six regional neighbors in a continuation of the Andean Regional Initiative launched in 2001. As of April 19, 2002, FY2002 funds for Colombia's military and for aerial fumigation are on hold until certain certifications are made regarding human rights and safety as required in the FY2002 Foreign Operations Appropriations Act (P.L. 107-115).

On February 4, 2002, President Bush submitted a FY2003 budget request that would provide \$979.8 million for the Andean Regional Initiative (ARI), with \$731 million in counternarcotics assistance under the Andean Counterdrug Initiative (ACI). This request includes \$537 million in ARI funding for Colombia, with \$439 million in ACI funding and \$98 million in Foreign Military Financing (FMF) to train and equip a Colombian army brigade to protect an oil pipeline in northeastern Colombia. It also includes \$186.6 million in ARI funding for Peru (with \$135 million in ACI funds); \$132.6 million in ARI funding for Bolivia (with \$91 million in ACI funds); and \$65.1 million for Ecuador (with \$37 million in ACI funds). Lesser amounts were requested for Brazil, Panama, and Venezuela.

On March 21, 2002, the Bush Administration proposed an Emergency FY2002 Supplemental for counter-terrorism purposes that included a request for \$4 million of State Department international narcotics control (INC) funding for Colombia police post support, \$6 million of FMF funding for Colombia and \$3 million for Ecuador for counter-terrorism equipment and training, and \$25 million of Nonproliferation, Anti-Terrorism and Demining funding for counter-kidnapping training in Colombia. Also included in the submission were requests to broaden the authorities of the Defense and State Departments to utilize FY2002 and FY2003 assistance and unexpended Plan Colombia assistance to support the Colombian government's "unified campaign against narcotics trafficking, terrorist activities, and other threats to its national security." Proponents of the Administration's requests argue that, in the context of the global war on terrorism, Colombia and the region should be supported with counter-terrorism assistance before Colombia's violence worsens and endangers other countries. They note that the country's leftist guerrillas have demonstrated little willingness to negotiate peace. Critics argue that counterinsurgency and anti-terrorism assistance would thrust the United States into a major guerrilla conflict on the side of the Colombia armed forces with links to rightist groups guilty of extensive human rights abuse.

Another aspect of the Andean Regional Initiative was President Bush's request in 2001 for the extension and broadening of the Andean Trade Preferences Act (ATPA) to give duty free or reduced-rate treatment to the products of Bolivia, Peru, Ecuador and Colombia. While the House passed H.R. 3009 in late 2001 to extend the ATPA through 2006, action by the full Senate is still pending. When President Bush met with Andean leaders during his trip to Peru on March 23, 2002, extension of the Andean Trade Preferences Act was a major topic of discussion.

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Andean Regional Initiative (ARI): FY2002 Supplemental and FY2003 Assistance for Colombia and Neighbors

In 2002, Congress is considering President Bush's request for additional funding and additional authority to provide assistance to Colombia and six regional neighbors in a continuation of the Andean Regional Initiative that was launched in 2001.¹ The region has been viewed as important primarily because it produces virtually all of the world's cocaine and increasing amounts of heroin. Moreover, the stability of Colombia and the region is threatened by Colombia's longstanding guerrilla insurgency and rightist paramilitary groups, which are both believed to be largely funded by "taxes" on illegal narcotics cultivation and trade.

President Bush's Andean Regional Initiative

Past Request for FY2002 Assistance

The Andean Regional Initiative (ARI) was launched in April 2001, when the Bush Administration requested \$882.29 million in FY2002 economic and counternarcotics assistance, as well as an extension of trade preferences and other measures, for Colombia and six regional neighbors (Peru, Bolivia, Ecuador, Brazil, Panama, and Venezuela). Of this amount, \$731 million was designated as International Narcotics Control (INC) assistance in a line item in the budget request known as the Andean Counterdrug Initiative (ACI). A central element of the program has been the training and equipping of counternarcotics battalions in Colombia.

According to the Administration, the distinctive features of the program, compared to Plan Colombia assistance approved in 2000,² are that a larger portion of the assistance is directed at economic and social programs, and that more than half of

¹This report draws from CRS Report RL31016, *Andean Regional Initiative (ARI): FY2002 Assistance for Colombia and Neighbors*, by K. Larry Storrs and Nina M. Serafino, which provides more background on the ARI and covers congressional action in 2001.

²"Plan Colombia" refers to the \$1.3 billion in FY2000 emergency supplemental appropriations approved by the 106th Congress in the FY2001 Military Construction Appropriations bill (H.R. 4425, P.L. 106-246) for counternarcotics and related efforts in Colombia and neighboring countries. There was no limitation on the fiscal year in which the funding could be obligated or spent; see Appendix C for a chart on the obligation of this and other funding to Colombia in FY2000 and FY2001. For more detail, see CRS Report RL30541, *Colombia: Plan Colombia Legislation and Assistance (FY2000-FY2001)*.

the assistance is directed at regional countries experiencing the spill-over effects of illicit drug and insurgency activities. Another aspect of the initiative was President Bush's request for the extension and broadening of the Andean Trade Preferences Act (ATPA) expiring in December 2001, that would give duty free or reduced-rate treatment to the products of Bolivia, Peru, Ecuador and Colombia. This was a central topic when President Bush met with Andean leaders at the Summit of the Americas meeting in Canada in April 2001.

In a mid-May 2001 briefing on the Andean Regional Initiative, Administration spokesmen set out three overarching goals for the region that could be called the three D's – democracy, development, and drugs. The first goal was to promote democracy and democratic institutions by supporting judicial reform, anti-corruption measures, human rights improvement, and the peace process in Colombia. The second was to foster sustainable economic development and trade liberalization through alternative economic development, environmental protection, and renewal of the Andean Trade Preference Act (ATPA). The third was to significantly reduce the supply of illegal drugs to the United States from the source through eradication, interdiction and other efforts.³ Under consideration by the Congress in 2001, critics of the initiative argued that it overemphasized military and counter-drug assistance, and provided inadequate support for human rights and the peace process in Colombia. Supporters argued that it continued needed assistance to Colombia, while providing more support for regional neighbors and social and economic programs.

By the end of 2001, Congress approved, in the Foreign Operations Appropriations Act (H.R. 2506/P.L. 107-115), \$625 million for the ACI, \$106 million less than the President's ACI request. Also included were a series of conditions and certification requirements relating to human rights and to the controversial aerial eradication spraying (also known as aerial fumigation) program to destroy illicit coca crops, and an alteration of the cap on military and civilian contractors serving in Colombia.

As detailed in the February 2002 budget submissions, the Bush Administration has allocated \$782.82 million in FY2002 assistance to the ARI, of which \$645 million was for the ACI account, including \$20 million transferred from the general International Narcotics Control account.⁴ While the House passed H.R. 3009 in late 2001 to extend the Andean Trade Preference Act through 2006, action in the Senate was not completed.

Hold on Certain FY2002 Funding for Colombia. As of mid-April 2002, all assistance provided to the Colombian armed forces under the FY2002 and prior foreign operations appropriations acts was on hold, awaiting the Secretary of State's certification to Congress that the armed forces were meeting three human rights

³See U.S. Department of State International Information Programs Washington File, Fact Sheet: U.S. Policy Toward the Andean Region, and Transcript: State Department Briefing on Andean Regional Initiative, May 17, 2001, also available at the following website [<http://usinfo.state.gov/regional/ar/colombia/>].

⁴See CRS Report RL31016, *Andean Regional Initiative: FY2002 Assistance for Colombia and Neighbors*, for details on the aid conditions and levels of assistance.

conditions, as required by Section 567(a) of the FY2002 Foreign Operations Appropriations Act (P.L. 107-115).⁵ Under provisions of that act, funds for aerial coca fumigation programs are also on hold until the Secretary of State reports to the appropriations committees that such fumigation is being carried out under EPA regulatory controls applicable in the United States, that the chemicals and their manner of application do not pose unreasonable risks to or result in adverse effects on people or the environment, that the spray is in accordance with Colombian law, and that compensation procedures are in place for damages. The Administration will lose authority to continue aerial fumigation spraying in Colombia after June 10, 2002, unless and until alternative development programs have been put in place. According to State Department officials, these matters are still under study.

Current Request for FY2003 Assistance

On February 4, 2002, President Bush submitted a FY2003 budget request for the Andean region that would provide about \$979.8 million for the Andean Regional (ARI) Initiative, including \$731 million in counternarcotics assistance under the Andean Counterdrug Initiative (ACI), with some ACI funds being used for social and economic programs. The FY2003 request is similar to the FY2002 request, except that the Administration is requesting \$98 million in Foreign Military Financing (FMF) for Colombia to train and equip a Colombian army brigade to protect the Cano-Limon oil pipeline in northeastern Colombia. The request marked a sharp break with previous policy towards Colombia, as it was the first request for military assistance provided specifically for a purpose other than counternarcotics operations. The Administration is also requesting \$1 million each for Bolivia, Ecuador, Panama, and Peru in FY2003 FMF funding.

Requested FY2003 foreign operations funding of \$979.8 million for ARI, including \$731 million for ACI, is to be distributed as follows in descending order:⁶

- Colombia: \$537 million in ARI funding, including \$439 million in ACI funding and \$98 million in FMF funding.
- Peru: \$186.6 million in ARI funding, including \$135 million in ACI funding and \$1 million in FMF funding.
- Bolivia: \$132.6 million in ARI funding, including \$91 million in ACI funding and \$1 million in FMF funding.

⁵These criteria are (1) that the Colombian Commander General is suspending soldiers and officers credibly alleged to have committed gross violations of human rights or to have aided or abetted paramilitary groups; (2) that the Colombian armed forces are cooperating with civilian prosecutors and judicial authorities in prosecuting and punishing in civilian courts any members credibly alleged to be involved in such offenses; and (3) that the Colombian armed forces are taking steps to sever links with paramilitary groups and to execute outstanding orders for the capture of their members.

⁶Other funding, for Department of Defense activities in the Andean Region, is requested as part of the DOD counternarcotics account, which funds DOD counternarcotics activities worldwide. A breakdown of intended allocations of that account does not become publically available until after DOD funds are appropriated.

- Ecuador: \$65.1 million in ARI funding, including \$37 million in ACI funding and \$1 million in FMF funding.
- Brazil: \$29.5 million in ARI funding, including 12 million in ACI funding.
- Panama: \$20.5 million in ARI funding, including \$9 million in ACI funding and \$1 million in FMF funding.
- Venezuela: \$8.5 million in ARI funding, including \$8 million in ACI funding

Proponents of the Administration's request argue in the context of the post-September 2001 war on terrorism that Colombia and the region should be supported, and they have urged the Administration to seek expanded authority to provide support for an expansion of activities.⁷ On March 6, 2002, the House passed H. Res. 358 expressing the sense of the House of Representatives that "the President, without undue delay, should transmit to Congress for its consideration proposed legislation, consistent with United States law regarding the protection of human rights, to assist the Government of Colombia protect its democracy from United States-designated foreign terrorist organizations and the scourge of illicit narcotics."

Critics argue that the new request would expand the U.S. military role in Colombia, now strictly limited to counternarcotics, into a problematic counterinsurgency one. Critics who emphasize human rights considerations argue that such a role would inevitably involve tolerance of the linkages between the Colombian military and paramilitary groups which are responsible for gross violations of human rights. (A particular concern is the lifting of human rights conditions concerning paramilitary groups in the FY2002 supplemental request, see below.) Others, who believe U.S. military power should not be committed unless it can be effective, warn that the proposed assistance falls far short of that required to have any significant effect on the situation in Colombia. Many also worry that the United States is slowly being drawn into a Vietnam-like morass, providing assistance to a government that does not have the credibility and political will to pay for and successfully wage its own war, and conclude a just peace.

⁷For critical comments, see statements on the Center for International Policy's Colombia Project website [<http://www.ciponline.org/colombia/>] under CIP Analyses, under U.S. Military and Police Aid (especially Other Groups' Analyses) and under U.S. Government Information (especially Legislators). For supportive comments, see statements on the same website under U.S. Military and Police Aid (especially Other Groups' Analyses), and U.S. Government Information (especially statements from Officials and Legislators).

Current Request for Emergency FY2002 Supplemental Aid

On March 21, 2002, the Bush Administration requested \$27.1 billion in Emergency FY2002 Supplemental Assistance, which was mostly to support Department of Defense and Homeland Security counter-terrorism efforts, but would also provide additional funding and authorities relating to Colombia and the Andean Region. Included in this submission was a request for \$4 million of INC funding for Colombia police post support, \$6 million of FMF funding for Colombia for infrastructure security and \$3 million for Ecuador for counter-terrorism equipment and training, and \$25 million of Nonproliferation, Anti-Terrorism and Demining funding for a counter-kidnapping program for members of Colombia's police and armed forces.

The submission also included a request for up to \$100 million in Department of Defense funding for defense articles, services, and training to be used worldwide "to support foreign nations in furtherance of the global war on terrorism, on such terms and conditions as the Secretary of Defense may determine . . ." and for \$30 million to assist "indigenous" forces. Although the request contained no indication that the Administration intended to use any of these funds for Colombia or any other ARI country, critics feared the precedent that would be set by granting such assistance. Such funds, they argued, could be used by the Department of Defense to carry out foreign security assistance programs free of the Congressionally-mandated controls on State Department programs.

The supplemental submission proposes to broaden the authorities of the Defense and State Departments to utilize FY2002 and FY2003 assistance and unexpended Plan Colombia assistance to support the Colombian government's "unified campaign against narcotics trafficking, terrorist activities, and other threats to its national security." According to the Administration's explanation, these provisions "would allow broader authority to provide assistance to Colombia to counter the unified 'cross-cutting' threat posed by groups that use narcotics trafficking to fund their terrorist and other activities that threaten the national security of Colombia."

Such a change would allow the Administration to expand the scope of U.S. assistance, particularly military assistance, to Colombia, allowing State and Defense department funds to assist the Colombian government to counter any threat to its national security. The immediate, and widely discussed, effect of this change would be to allow the U.S. government to broaden the circumstances under which it currently shares intelligence with Colombian security forces, providing intelligence not only for counterdrug operations, but also for military operations against the Colombian guerrillas and paramilitaries. The change would also permit the Plan Colombia helicopters and other equipment that the United States has provided to be used for such purposes.

The "Leahy Amendment" conditions in the foreign operations and defense appropriations legislation forbidding assistance to military and police units credibly alleged to engage in gross violations of human rights would continue to apply, as would the current caps of 400 each on the number of U.S. civilian contractors and U.S. military personnel in Colombia. The Administration's proposed legislation does not include conditions like those of Section 567 of P.L. 107-115, the FY2002

Foreign Operations Appropriations Act, which has stiffer provisions regarding human rights violations by security forces, and also requires the armed forces to address the continuing links of some of its members with illegal rightist paramilitary groups. Nor does it mention the continuation of P.L. 107-115 conditions regarding aerial fumigation spraying and alternative development.

For further discussion on U.S. policy towards Colombia, see the section on Colombia, below.

Pending Request for Extension of Andean Trade Preference Act (ATPA)

Another aspect of the Andean Regional Initiative was President Bush's request in 2001 for the extension and broadening of the Andean Trade Preferences Act (ATPA) that expired in December 2001, that would give duty free or reduced-rate treatment to the products of Bolivia, Peru, Ecuador and Colombia. The countries are looking for parity with Central American and Caribbean preferences, provided in the U.S.-Caribbean Trade Partnership Act approved in 2000, in order to prevent a diversion of trade and investment from the Andean region to Central America or the Caribbean.⁸ While the House passed H.R. 3009 in late 2001 to extend the ATPA through 2006, action by the full Senate is still pending. Without congressional action the Act expired on December 4, 2001, but on February 15, 2002, the Administration implemented a 90-day deferral of duties to stay increased tariff burdens. When President Bush met with Andean leaders during his trip to Peru on March 23, 2002, extension of the Andean Trade Preferences Act was a major topic of discussion.

Situation in Colombia and Neighboring Countries

The Andean Regional Initiative is designed to provide assistance to seven countries in the broadly defined Andean region⁹, or what the Administration has called the Andean Ridge: Bolivia, Brazil, Colombia, Ecuador, Panama, Peru, and Venezuela. The ARI built on the Clinton Administration's 2000 "Plan Colombia" legislation, which sought to address the increasing cultivation of coca and heroin crops in Colombia through the creation of a Colombian Army counternarcotics brigade, and sharply increased assistance for eradication and alternative development programs in the country's two southern provinces of Putumayo and Caquetá, the region where illegal coca production and a leftist guerrilla presence was expanding most rapidly. The ARI expanded assistance to help counter possible spill-over effects in six nearby

⁸For information on ATPA see CRS Report RL30790, *The Andean Trade Preference Act: Background and Issues for Reauthorization*, by J.F. Hornbeck. For information on the U.S.-Caribbean Trade Partnership Act and other regional free trade agreements, see CRS Issue Brief IB95017, *Trade and the Americas*, by Raymond J. Ahearn.

⁹Panama and Brazil are not normally considered to be part of the Andean region; Bolivia is an Andean country but it does not share a border with Colombia. For usage of the term "Andean Ridge" see citations under Plan Colombia on the website of the State Department's International Information Programs [<http://usinfo.state.gov/regional/ar/colombia/>].

countries: Peru and Bolivia, where past successes in reducing cocaine production could be threatened by expected progress in eradicating crops in Colombia; Ecuador, the most exposed neighbor because of its border with Colombia's Putumayo province; and Brazil, Venezuela and Panama, where the threat is primarily confined to common border areas with Colombia. In early 2002, there is increased concern among Colombia's neighbors as the Colombian conflict escalates following the breakdown of peace talks between the government and the country's largest leftist guerrilla group.¹⁰

The region is important to the United States not only because it includes the three major drug producing countries (Colombia, Bolivia, and Peru) where virtually all the world's cocaine and 60% of the heroin seized in the United States are produced, but also two major oil producing countries (Venezuela and Ecuador) which supply significant quantities of oil to the United States and are members of the Organization of Petroleum Exporting Countries (OPEC). While the designated countries have diverse trading relationships, the United States is the major trading partner by far for all of them. For the five traditional Andean countries (Colombia, Venezuela, Ecuador, Peru, and Bolivia) the Andes mountain range that runs through South America poses geographical obstacles to intra-state and inter-state integration, but the countries are linked together in the Andean Community economic integration pact. The ARI countries are some of the most heavily populated in Latin America, including the first (Brazil), third (Colombia), fifth (Peru), sixth (Venezuela), and eighth (Ecuador) most populous. Although Colombia and Venezuela have largely European-Indian mixed race (mestizo) populations, Bolivia, Peru, and Ecuador have significant indigenous populations.

Colombia

Colombia's spacious and rugged territory, whose western half is transversed by four parallel mountain ranges, provides ample isolated terrain for drug cultivation and processing, and contributes to the government's difficulty in exerting control throughout the nation. With a population of 40.3 million, Colombia is the third most populous country in Latin America after Brazil and Mexico, with a largely mixed race (mestizo) population. It is known for a long tradition of democracy, but also for continuing violence, including guerrilla insurgency dating back to the 1960s, and persistent drug trafficking activity. Negotiated settlements were achieved with some of the guerrilla groups in the 1980s, but fell apart by 1990 when former guerrilla leaders and members participating in political activities were assassinated. Recent administrations have had to deal with a complicated mix of leftist guerrillas, rightist paramilitary (or "self-defense") forces, both associated with many groups of independent drug traffickers.

¹⁰For more information on the reactions of Colombia's neighbors to events in Colombia, as of mid-2001, see Judith A. Gentleman. *The Regional Security Crisis in the Andes: Patterns of State Response*. Publication of the Strategic Studies Institute, U.S. Army War College, and the Dante B. Fascell North-South Center, University of Miami. July 2001. This can be accessed on the web through publications on Latin America at [<http://carlisle-www.army.mil/usassi/welcome.htm>].

President Andres Pastrana was elected and inaugurated in 1998 for a four year term largely on the basis of pledges to bring peace to the country by negotiating with the guerrillas, strengthening the Colombian military and counternarcotics forces, and seeking international support for these efforts and other reforms to address the country's unusually serious economic difficulties.¹¹ Months after he was inaugurated, Pastrana's administration initiated peace talks with the country's largest guerrilla group, of some 17,000 - 20,000 combatants, the Revolutionary Armed Forces of Colombia (FARC), and subsequently participated in more informal tripartite talks with representatives from the smaller 3,000 - 5,000 member National Liberation Army (ELN) and civil society groups.

In 1999, President Pastrana, with U.S. assistance, developed a \$7.5 billion plan called Plan Colombia, with \$4 billion to come from Colombia and \$3.5 billion from international donors, but funding from Colombia and the international community fell far short of those goals. In response to Colombian requests, the Clinton Administration developed and the U.S. Congress approved a \$1.3 billion package of assistance in 2000, also called Plan Colombia assistance. Some \$860.2 million or 67% of this assistance was to support programs in Colombia, with \$416.9 million for helicopters, training, and other assistance to three Colombian Army counternarcotics battalions. This plan was targeted mainly at Colombia and expenses for big ticket items were weighted toward support for counternarcotics activities, although there was funding for alternative development and governance programs (mostly to support counternarcotics objectives) and human rights programs, and conditions to encourage an improvement in the military's human rights performance.¹²

President Pastrana's term expires in August 2002. The two leading candidates in the May 26, 2002 elections to succeed him (with a possible run-off in June) are independent Alvaro Uribe, and the Liberal Party candidate Horacio Serpa. Colombia's next President is likely to take office amid a still escalating conflict with the FARC, intensified by Pastrana's decision on February 20, 2002, the day after the FARC and the government had exchanged cease-fire proposals, to terminate the peace talks with that group. Pastrana's decision was prompted by the FARC's hijacking of an airliner and kidnapping of a Colombian Senator on the plane, the fifth national legislator to be taken in eight months. The decision took place in the midst of an intensification of guerrilla actions, including infrastructure sabotage. Days later, FARC kidnapped another Colombia Senator who is also a presidential candidate with a small following.

The new President most likely will face decisions concerning the continuation of the U.S.-supported "Plan Colombia" eradication and alternative development program in Putumayo and Caquetá, which is highly controversial in both Colombia and the United States. The eradication spraying by the U.S. funded counternarcotics brigade

¹¹For information on the multi-faceted conditions in Colombia, see CRS Report RL30330, *Colombia: Conditions and U.S. Policy Options*, by Nina M. Serafino.

¹²For information on U.S. "Plan Colombia" assistance in FY2000-FY2001, including all Congressional action and congressionally imposed conditions, see CRS Report RL30541, *Colombia: Plan Colombia Legislation and Assistance (FY2000-FY2001)*, by Nina M. Serafino. This report also contains charts detailing U.S. assistance to Colombia since 1989.

in Putumayo beginning in December 2000¹³ caused social and political turmoil in Colombia, with critics alleging it destroyed legal crops as well as illicit coca, and caused people and animals to suffer ill health. Another problem is the Colombian government's failure to deliver much of the promised \$800 worth of farming inputs to the 38,000 families in 33 municipalities who signed voluntary eradication pacts. According to accounts in early 2002, less than a third of those families have received any compensation and many are still growing coca. Reports also indicate that many Putumayo farmers do not intend to voluntarily eradicate coca before the July 2002 deadline¹⁴. This has led many, including U.S. government officials, to conclude that the alternative program is, at best, in great difficulty.

In a February 2002 report, the U.S. General Accounting Office pointed out that AID's expansion of alternative development projects to coca-growing areas in 2001 face "serious obstacles," most importantly inadequate security in coca-growing areas, where the Colombia government lacks control, and the government has "limited capacity to carry out sustained interdiction operations."¹⁵ The GAO report cast doubt whether AID would be able to fulfill its goal of achieving dramatic reductions of 11,500 hectares (almost 29,000 acres) in coca cultivation in 2002 through voluntary eradication of coca crops. Another difficulty is that the soil in Putumayo has been found to be too poor to support the number currently farming in that province if all were growing legal crops. The State Department reportedly has decided to shift some funds from alternative development to infrastructure projects that would provide jobs elsewhere.¹⁶

Some policymakers argue, however, that neither the eradication nor the alternative development program should be abandoned, but that they should be given the time and conditions necessary to work. In its response to the GAO, incorporated as an appendix to the GAO report, AID pointed out that alternative development programs do not achieve drug crop reduction on their own, and that the Colombia program was designed to support the aerial eradication program and to build "the political support needed for aerial eradication efforts to take place." It claimed that the 84,000 hectares (over 207,000 acres) of coca that were sprayed in Colombia in 2001 represented a level unprecedented in new eradication programs. Despite this, the State Department announced in March 2002 that coca cultivation in Colombia had increased 25% in 2001, although in December 2001 the Colombian government had estimated a 25% drop in cultivation that year.¹⁷

¹³The two Army counternarcotics battalions funded by Plan Colombia were trained and operating by the spring of 2001. The first commenced operations in December 2000.

¹⁴Susannah A. Nesmith. Anti-drug Crop Plan in Doubt, Study Says Cocaine Growers in Colombia Seen with Few Choices. *The Boston Globe*. April 4, 2002. p A24.

¹⁵U.S. General Accounting Office. GAO-02-291. *Drug Control: Efforts to Develop Alternatives to Cultivating Illicit Crops in Colombia Have Made Little Progress and Face Serious Obstacles*. February 2002.

¹⁶T. Christian Miller. In Colombia, Anti-drug Plan Has Come a Cropper. *Los Angeles Times*. March 29, 2002. p 1.

¹⁷See Reuters dispatch. Colombia's Coca Up, U.S. Says. *The New York Times*. March 9, (continued...)

The current U.S. policy focus on counternarcotics programs has become increasingly controversial for reasons beyond implementation difficulties. On the one hand, this focus is viewed by some policymakers and analysts as insufficient to provide the support needed by a friendly democracy under siege by powerful armed forces fueled by drug money. Proponents of the Administration's requests, in keeping with the sense of the House resolution (H. Res. 358) mentioned above, argue in that in the context of the global war on terrorism, Colombia and the region should be supported with counter-terrorism assistance before the situation becomes even more dangerous, particularly when the guerrillas have demonstrated little willingness to negotiate peace.¹⁸ They favor expanding the scope of military assistance to strengthen the ability of Colombian security forces to combat the leftist guerrillas and to expand their control throughout rural areas, thereby undercutting the rationale and support for paramilitary groups. Those who favor an expanded military approach do not necessarily favor continuing the eradication and alternative development programs under current circumstances, however. Some argue that these programs, particularly the forced aerial eradication, contribute to a counterproductive distrust of, if not hostility toward, the Colombian government, alienating people whose support is needed for counterinsurgency operations. Some also argue that substantial assistance should be provided to improve civilian government institutions and expand their presence throughout Colombia.

Some analysts and policymakers who would like to expand military aid nonetheless argue that further military assistance should not be provided until the armed forces have adhered to current conditions on assistance requiring that they break ties to the paramilitary groups and end human rights abuses. They fear that paramilitary groups, with their alleged ties to drug production and trafficking, may become influential in Colombia's national politics.¹⁹ This, they argue, is itself a significant threat to U.S. security interests. In addition, some also believe that any expansion of U.S. involvement should await a greater commitment by Colombia's government and elites to the war effort, including a larger budget for the Colombian military.

Opponents of military aid attribute the problems of the counter-drug program to what they view as its emphasis on a repressive and military approach to curbing

¹⁷(...continued)

2002, p. A5, and Letter to the editor by Robert S. Weiner. *The Colombian Coca Crop*. *The Washington Post*. March 13, 2002, p. A28. The State Department attributed one-third of the increase to the inclusion of a area that had not been surveyed in 2000 because of cloud cover.

¹⁸For supportive comments, see statements on the same website under U.S. Military and Police Aid (especially Other Groups' Analyses), and U.S. Government Information (especially statements from Officials and Legislators). For critical comments, see statements on the Center for International Policy's Colombia Project website [<http://www.ciponline.org/colombia/>] under CIP Analyses, under U.S. Military and Police Aid (especially Other Groups' Analyses) and under U.S. Government Information (especially Legislators).

¹⁹See: Joseph Contreras. *The Paramilitary Effect*. *Newsweek International*. April 8, 2002. [<http://www.msnbc.com/news/731960.asp>].

drug production. They would halt aerial fumigation spraying of coca crops and counter-drug aid to the Colombian army, arguing that coca farmers cannot be expected to abandon coca farming voluntarily until adequate economic alternatives are in place. They fear that forcing such farmers to give up coca growing will only drive many to the ranks of the armed groups or to become displaced persons dependent on the state, perpetuating Colombia's current economic difficulties and violence. Instead, many urge that current policy be replaced by one that focuses largely on economic and social aid to combat the conflict's root causes, curbs the still rampant human rights abuses by paramilitary groups, provides vigorous support for a negotiated end to the fighting in Colombia, and increasingly emphasize illicit drug demand reduction in the United States. They also maintain that the emergency supplemental proposal, in particular, with its request for authority to provide assistance to help Colombia counter its many threats, would involve the United States in a major guerrilla conflict of indeterminate duration, i.e., in a counterinsurgency campaign.²⁰

Funding and Requests for Colombia.

- Under the P.L. 106-246 Plan Colombia funding, Colombia received \$860.3 million. Of that, \$424.9 was State Department funding and \$91.8 was Department of Defense funding to assist Colombian military anti-drug efforts through interdiction support and the training and equipping of the Colombian counternarcotics battalions. The remaining \$435.4 was State Department funding for assistance to the Colombian police, economic and alternative development assistance, assistance for displaced persons, human rights, administration of justice and other governance programs.
- Under ARI allocations for FY2002, Colombia received \$380.50 million (rather than the \$399 million requested), with \$243.50 million in counternarcotics assistance, and \$137 million in economic and social programs.
- Under the Emergency FY2002 Supplemental request, Colombia would receive \$4 million of INC funding for police post support in areas of weak government control, \$6 million of FMF funding for counter-terrorism equipment and training, and \$25 million of Nonproliferation, Anti-Terrorism and Demining funding for counter-kidnapping training.
- Under the FY2003 request, Colombia would receive \$537 million in ARI funding, including \$439 million in ACI funding, and \$98 million in FMF funding to train and equip a Colombian army brigade to protect an oil pipeline in the country.

Peru

Peru, which shares its northern border with Colombia, is the fifth most populous country in Latin America, with 27.5 million inhabitants (45% indigenous, 37%

²⁰Christopher Marquis. U.S. to Explore Aid to Colombia, Citing Threat of Terrorism. *The New York Times*. March 3, 2002. p A6.

mestizo, and 15% of European descent). Peru's new President, Alejandro Toledo, was inaugurated on July 28, 2001, following two-round presidential elections in April and June 2001. His election and inauguration ended a period of political uncertainty since the constitutionally questionable third term re-election in June 2000 of President Alberto Fujimori. Although President Fujimori had considerable support during his presidency (1990-2000) for restoring the economy, defeating the guerrilla insurgency, and reducing drug trafficking activity, he was criticized for corruption, human rights violations, and authoritarian tendencies. He suddenly resigned and fled into exile in November 2000, following allegations of corruption associated particularly with security chief Vladimiro Montesinos. Acting President Valentin Paniagua governed during a transition period that included the well regarded presidential elections.

President Toledo, a longtime anti-Fujimori opposition leader, was elected on June 3, 2001, with 53% of the vote, against former left-leaning Peruvian President Alan Garcia with 47%.²¹ President Toledo has promised to end corruption and to stabilize the economy, and most observers worry that the expectations of the populace, especially poor, indigenous groups, are almost impossible to achieve. The President has labeled drug trafficking a national security problem for Peru and has established a drug czar for the country to better coordinate counternarcotics initiatives. When President Bush visited Peru on March 23, 2002, the two Presidents agreed to enhance cooperation on counternarcotics and counter-terrorism issues.

Representatives of Peru and the United States launched an investigation into the circumstances and procedures leading to an incident on April 20, 2001, in which a Peruvian military plane shot down a small plane, killing an American missionary woman and her infant daughter, after a CIA surveillance plane had indicated that the small craft might be involved in drug trafficking activities. As a result of this accident, U.S. surveillance of drug-related flights in Peru and Colombia was suspended pending clarification of procedures. The State Department released the report of the U.S.-Peruvian investigative team on August 2, 2001, concluding that "communications systems overload" and "cumbersome procedures" played a role in the accident. President Bush indicated during his March 2002 trip to Peru that talks were continuing on appropriate procedures before the renewal of the anti-drug surveillance flights.

Peru is viewed as a success story in counternarcotics efforts because six years of joint U.S.-Peru air and riverine interdiction operations, aggressive eradication efforts, and alternative development programs have reduced coca production by 70%. However, coca production remained constant in 2001 and there are reports of rising prices for coca and increased growing of poppies. Peruvian spokesmen have worried about spillover effects of illicit drug activities from Colombia into Peru, and a possible increase in coca production. They have denounced illicit plantings of coca and poppies in Peru, and international trafficking of arms through Peru to FARC guerrillas in Colombia. Responding to press reports that FARC forces have penetrated into Peruvian territory, Peruvian officials stated in early 2002 that there are no permanent FARC forces in Peru, but they concede that they may cross temporarily into border

²¹For more details, see CRS Report RL30918, *Peru: Recovery from Crisis*, by Maureen Taft-Morales.

areas. Because of these threats, Peru has moved military bases from its border with traditional rival Ecuador, where tensions have diminished, to the border with Colombia. The March 20, 2002 bombing of a shopping center near the U.S. Embassy in Lima, three days before President Bush's visit to Peru, raised fears of a resurgence of guerrilla groups. At the conclusion of the presidential visit, the two Presidents agreed to cooperate on counternarcotics and counter-terrorism issues.

Funding and Requests for Peru.

- As part of the FY2000 Plan Colombia emergency supplemental funding, Peru received \$25 million for KMAX helicopters for the Peruvian National Police, and benefitted from regional interdiction funding .
- Under ARI allocations for FY2002, Peru received \$194.87 million (rather than the \$206.15 million requested), with \$119.87 million in economic and social programs, and \$75 million in counternarcotics aid.
- Under the FY2003 ARI request, Peru would receive \$186.6 million, including \$119.6 million in economic and social programs, and \$67 million in counternarcotics and security assistance. Peru is not mentioned in the FY2002 supplemental request.

Bolivia

Landlocked Bolivia shares no border with Colombia, but its significant gains in reducing illegal coca production could be threatened, in part, by success in controlling production in Colombia. With a population of 8.3 million (roughly 55% indigenous, and 45% mestizo and European), Bolivia is the eleventh most populous country in Latin America. President Jorge Quiroga assumed the presidency on August 7, 2001, when President Hugo Banzer, whom he served as vice president, resigned because of cancer. He cannot, by law, run for his own term in the June 2002 elections.

With a large indigenous population, Bolivia experienced a significant social revolution under one party in the 1950s with sweeping land reform, universal suffrage, rural education, and nationalization of the country's important tin mines. A period of military control ran from the mid-1960s to the mid-1980s and was followed by a series of ineffective and largely corrupt governments with linkages to drug traffickers. Beginning in the mid-1990s, reformist governments in Bolivia carried out major privatization programs and reforms, and put the country on a sound economic footing. Bolivia is actively involved with the Andean Community, and is an associate member of the Southern Common Market (Mercosur) formed by Brazil, Argentina, Paraguay and Uruguay.

When elected in 1997, President Banzer set a goal in his "Dignity Plan" of eliminating illegal coca cultivation and narco-trafficking during his five year term. In support of Bolivia's counternarcotics efforts, the United States has provided significant interdiction and alternative development assistance and it has forgiven all of Bolivia's debt for development assistance projects, and most of the debt for food assistance. Bolivia, like Peru, has been viewed by many as a counternarcotics success story, with joint air and riverine interdiction operations, successful eradication efforts,

and effective alternative development programs reducing illegal coca cultivation to the lowest level in five years, with a net reduction of approximately 70% between 1996 and 2001.

Since mid-2001, however, the program has suffered reverses, according to the State Department's International Narcotics Control Strategy report (INCSR) for 2001. Although Quiroga had promised to carry out the Dignity Plan program, he has relented after violent protests by coca growers in the Yungas and the Chapare regions. The latter was once the country's primary illegal coca-growing region. Much of the illegal commercial crop had been eliminated there, but some has been replanted. The INCSR states that coca cultivation in Bolivia, which had dropped steadily from 48,600 hectares (120,000 acres) in 1995 to 14,600 hectares (36,000 acres) in 2000, had risen again to 19,900 hectares (49,000 acres) as of June 1, 2001.

The General Accounting Office, in its February 2002 report (GAO-02-291)²², notes that U.S. and Bolivia officials attribute the Quiroga government's faltering commitment to crop elimination to a weakened governing coalition. Their statements also point to the possibility that, with the approach of the June 2002 elections, some members of the coalition may be fashioning political arrangements with the well-organized *cocaleros* (coca growers), who have their own political party. In addition, critics, and even some who have supported the program, claim that while eradication has been successful in dramatically reducing coca cultivation, it has hurt the overall economy.

Funding and Requests for Bolivia.

- As part of the FY2000 Plan Colombia emergency supplemental funding, Bolivia received \$25 million for regional interdiction assistance and \$85 million in alternative development assistance.
- Under ARI allocations for FY2002, Bolivia received \$122.96 million (rather than the \$143.48 million requested), with \$74.46 million in economic and social assistance, and \$48.50 million in counternarcotics aid.
- Under the FY2003 ARI request, Bolivia would receive \$132.6 million, including \$82.6 million in economic and social programs, and \$50 million in counternarcotics and security programs. Bolivia is not mentioned in the FY2002 supplemental request.

Ecuador

On Colombia's southern border, Ecuador is the most exposed of Colombia's neighbors because it is situated adjacent to southern Colombian areas that are guerrilla strongholds and heavy drug producing areas. With a population of 13.2 million, Ecuador is the eighth most populous country in Latin America. While roughly 65% of the population is mixed race mestizo, about a quarter is indigenous. Ecuador is led

²²Drug Control: Efforts to Develop Alternatives to Cultivating Illicit Crops in Colombia Have Made Little Progress and Face Serious Obstacles, op. cit., p 25.

by President Gustavo Noboa, the former Vice President who took office in January 2000, after an uprising by elements of the military and indigenous groups. He is the fifth president in five years, with several of the previous Presidents leaving office as a result of corruption charges. The country experienced hyperinflation and depression in the late 1990s, leading to dollarization (the establishment of the dollar as the official currency) in early 2001. Since then the economy has rebounded, with a growth rate of 5.9% in 2001, and a projected growth rate of 4.5% for 2002.

According to press reports, Colombian guerrillas pass into Ecuadoran territory for rest, recuperation, and medical treatment, and there are reports that Colombians are buying ranches and farms in the Ecuadoran border region, possibly for drug cultivation. Ecuadoran officials say they have uncovered and destroyed several small cocaine processing labs in the area. The Ecuadoran border region is experiencing a constant flow of Colombian refugees into the poor areas, and fighters with Colombian paramilitary organizations have been arrested for running extortion rings in Ecuadorian border regions. The FARC has been accused of kidnapping people in Ecuador, although the FARC denies the allegations.²³ Ecuador reinforced its northern border with Colombia in early 2002 as Colombian anti-guerrilla operations intensified following the breakdown of the peace talks, and Ecuador was said to be seeking additional international assistance.²⁴

Funding and Requests for Ecuador.

- As part of the FY2000 Plan Colombia emergency supplemental funding Ecuador received \$20 million in U.S. assistance, of which \$12 million was to support drug interdiction efforts, and \$8 million was for alternative development assistance. Another \$61.3 million has been allocated for the construction of a Forward Operating Location in Manta, Ecuador for counternarcotics aerial surveillance.
- Under ARI allocations for FY2002, Ecuador received \$46.86 million (rather than the \$76.48 million requested), with \$31.85 million in economic and social programs, and \$15 million in counternarcotics aid.
- Under the Emergency FY2002 Supplemental request, Ecuador would receive \$3 million of FMF funding for counter-terrorism equipment and training.
- Under the FY2003 ARI request, Ecuador would receive \$65.1 million, including \$43.1 million in economic and social programs, and \$22 million in counternarcotics and security assistance. Under the Emergency FY2002 Supplemental request, Ecuador would receive an unspecified amount of FMF funding for counter-terrorism equipment and training.

²³For more information, see CRS Report RS20494, *Ecuador: International Narcotics Control Issues*, by Raphael Perl.

²⁴See Ecuador Wants Money to Strengthen Border; Guerrilla Infiltration Concern Grows After Military Action Against FARC, *Financial Times*, March 8, 2002, p. 10.

Brazil

Brazil's isolated Amazon region, populated largely by indigenous groups, forms Colombia's southeastern border. With a population of 174.5 million, Brazil is the largest and most populous country in Latin America, with most of its 174.5 million inhabitants concentrated in the more developed southeastern areas of the country and along the Atlantic coast. The country is led by President Fernando Henrique Cardoso who is approaching the end of his second and final term. He is credited with leading the country into a period of growth after ending years of inflation with his Real Plan and also weathering a financial crisis with IMF assistance in late 1998 and 1999. New presidential elections are approaching in October 2002, with the governing coalition splitting apart, raising doubts about the government's ability to carry out needed reforms and to maintain current economic policy. Brazilians have long been concerned about the sparsely populated territory in the huge Amazon region, and they have been fearful historically of foreign designs and intervention in this territory.

Brazil is not an illicit drug producing country, but it is a growing transit area for cocaine moving from the Andean Ridge to Colombia. In an effort to exercise control over this vast territory Brazil has constructed a \$1.4 billion sensor and radar project called the Amazon Vigilance System, or SIVAM from its acronym in Portuguese, and it has offered to share data from this system with neighbors and the United States. It has established a military base at Tabatinga, with 25,000 soldiers and policemen, with air force and navy support, and has launched Operation Cobra with heightened vigilance to deal with spillover effects from Colombia. Press accounts suggest evidence of Colombian drug traffickers encouraging indigenous communities in Brazil to plant coca, Brazilian drug traffickers linked to Colombian traffickers, and FARC incursions along the border. In one example in late 1998, the FARC captured a city on the Colombian border, forcing Colombian troops to withdraw into Brazilian territory, before recapturing the city. In another example, a plane from Suriname with arms for FARC guerrillas was discovered when it was forced to make an emergency landing in Brazil. In another more recent example, FARC forces crossed into Brazil in early March 2002 and exchanged gunfire with Brazilian military forces.²⁵

Funding and Requests for Brazil.

- Brazil received only a small amount of Plan Colombia assistance, but under ARI allocations for FY2002 Brazil would receive \$18.63 million (rather than the \$26.18 million requested), including \$6 million for counternarcotics and security, and \$12.63 million for economic and social development.
- Under the FY2003 ARI request, Brazil would receive \$29.5 million, including \$12 million for counternarcotics and security, and \$17.5 million for economic and social programs. Brazil is not mentioned in the FY02 supplemental request.

²⁵See Brazil: Incidents with FARC on Border with Colombia Viewed, BBC Monitoring Americas, March 9, 2002.

Venezuela

Venezuela, Colombia's eastern neighbor, is the United States' fourth largest supplier of crude oil. With a population of 23.9 million (of largely mestizo stock), Venezuela is the sixth most populous country in Latin America. The country is presently led by President Hugo Chavez, a former disgruntled military leader and a populist, who was initially elected in late 1998 on a campaign to rewrite the constitution, rid the country of corruption, and more adequately meet the needs of the people. During 1999, at Chavez's request, Venezuelan voters approved the creation of a National Constituent Assembly, elected members of the new assembly, and approved the newly written constitution which lengthened the presidential term and expanded presidential powers. On July 30, 2000, in a so-called mega-election, President Chavez easily won election to a new six year term of office.²⁶ Because of his previous attacks on the legislature and other institutions, many observers fear that he has authoritarian tendencies somewhat like those of former President Fujimori in Peru.

Chavez has established close ties with Fidel Castro and other leftist leaders, and he often employs anti-U.S. rhetoric. He has denounced Plan Colombia as a U.S.-dominated military strategy, he has denied the United States overflight rights over Venezuela territory, and there have been reports that he has friendly relations with Colombian guerrillas. Following the September 2001 terrorist attacks on the United States, Chavez criticized U.S. military action in Afghanistan, saying that the United States was "fighting terror with terror," and he visited Libya, Iran, and Iraq, prompting President Bush to exclude him from his March 2002 meeting with Andean leaders in Peru.²⁷ In recent months Chavez's popular support has fallen and there have been street demonstrations against him, calls for his resignation by retired and active duty military officials, and disputes with the national oil monopoly over his appointments. In late March 2002, a Colombian military official claimed that the FARC guerrillas had a camp in Venezuelan territory from which they launched an attack, but Venezuela has rejected this claim and demanded clarification.²⁸

After massive opposition protests and military pressure, President Chavez was removed from office on April 12, 2002, and business leader Pedro Carmona was designated as head of an interim government, but Chavez returned to power on April 14, 2002 following street protests and dissatisfaction with Carmona's hardline anti-democratic measures. Criticism of the United States for appearing to recognize the Carmona government and for having had contacts with opposition groups make it likely that tensions between the United States and Venezuela will continue.

²⁶For more details, see CRS Report RS20978, *Venezuela under Chavez: Political Conditions and U.S. Relations*, by Mark P. Sullivan; and Scott Wilson, "Chavez's Unfinished Revolution; Venezuelan's Accomplishments Fall Short of His Rhetoric," *Washington Post*, May 21, 2001, p. A1.

²⁷See Peter Slevin, Political Crisis in Venezuela Worries White House, *Washington Post*, February 23, 2002, p. A18.

²⁸See Fabiola Sanchez, Chavez Demands Colombia Clarify Claim, Associated Press Report, April 2, 2002.

Venezuela is a major transit route for cocaine and heroin from neighboring Colombia to the United States and Europe. In 2001, some coca fields were located and eradicated, and processing labs were detected and destroyed. Despite various policy disagreements with the United States, the Chavez government has cooperated with the United States in counternarcotics efforts.

Funding and Requests for Venezuela.

- While Venezuela received only a small amount of Plan Colombia assistance, under the final ARI allocations for FY2002, Venezuela would receive \$5.5 million (rather than the \$10.5 requested), including \$5 million in counternarcotics and security aid, and the remainder in economic and social development programs.
- For Venezuela, \$8.5 million was requested in ARI funding, all but \$500,000 of which is ACI funds. Venezuela is not mentioned in the FY02 supplemental request.

Panama

Panama is separated from Colombia along its southern border by the difficult and environmentally sensitive wetlands and rain forest of the “Darien Gap.” Here, the 16,000 mile Pan American highway (stretching from Alaska to the tip of southern Chile) is interrupted for a 60 mile stretch. A part of Colombia until 1903, Panama is now the twentieth most populous country in Latin America, with a population of 2.8 million (of largely mestizo and West Indian origins).

Panama’s history has been heavily influenced by its strategic location and the transit of commerce through the Panama Canal in the center of the country, where the major cities are located. It is led by President Mireya Moscoso, elected and inaugurated in 1999, who has been dealing with economic difficulties in Panama, and with Panama’s new responsibilities for the Panama Canal since the U.S. withdrawal on the last day of 1999. Despite considerable effort in the period leading up to the U.S. withdrawal, Panama was unwilling to allow the United States to retain a formal military presence in Panama for counternarcotics surveillance purposes.²⁹ This forced the United States to develop the Forward Operating Locations in El Salvador, Aruba/Curacao and Ecuador as substitute locations for such activities. Panama has been the scene of cross-border incursions by Colombian guerrillas and by Colombian paramilitary groups. There is some evidence that paramilitary groups are being founded in Panama, with support from Colombian groups, because of the perception that the Panamanian government has left some areas unprotected. Shipments of small arms for the Colombian guerrillas have been seized in Panamanian territory as well.

Panama is not an illicit drug producing country, but it is a major transshipment point for illicit drugs, especially cocaine, smuggled from South America, and it is a major site for money-laundering activity. In recent years Panama has cooperated with

²⁹For more detail, see CRS Report RL30981, *Panama-U.S. Relations*, by Mark P. Sullivan and M. Angeles Villarreal.

the United States in bilateral counternarcotics efforts, seizing significant amounts of illicit drugs and enforcing recently passed anti-money laundering legislation. In early 2002, a comprehensive U.S.-Panama maritime anti-drug agreement entered into force.

Funding and Requests for Panama.

- While Panama received only a small amount of Plan Colombia assistance, under allocations for FY2002, Panama is to receive \$13.50 million (rather than the \$20.5 million requested), including \$8.5 million in economic and social development funding, and \$5 million for counternarcotics and security programs.
- For FY2003, the Bush Administration has requested \$20.5 million in ARI funding, including \$9 million in ACI and \$1 million in FMF monies. Panama is not mentioned in the FY02 supplemental request.

Major Legislative Activity in 2002 on Andean Regional Initiative Issues

Foreign Relations Authorization, FY2002-FY2003

(Action commenced in 2001; to be completed in 2002)

House Action. The House International Relations Committee reported out H.R. 1646 on May 4, 2001, with four reporting requirements on Colombia and a prohibition on the issuance of visas to supporters of illegal armed groups in Colombia. The bill was passed by the House on May 16, 2001, without additions or modifications in that area. The required reports relate to the elimination of Colombian opium, the effects of Plan Colombia on Ecuador, alternative development and resettlement programs, and the Colombianization of counternarcotics activities.

Committee Action. H.R. 1646 was introduced by Representative Hyde on April 27, 2001, with two reporting requirements concerning the elimination of Colombian opium poppy crops and the effect of Plan Colombia on Ecuador (see below for details). The measure was referred to the House Committee on International Relations. When the Committee marked up the bill on May 2, 2001, it adopted by voice vote two amendments offered by Representative Delahunt: the first imposed reporting requirements on Department of State activities and on the “Colombianization” of counternarcotics activities; the second prohibited the issuance of visas to supporters of Colombian illegal armed groups (see below for details). The bill was reported out amended (H.Rept. 107-57) by the Committee on May 4.

Floor Action. After floor consideration on May 10 and 16, 2001, with no additional amendments on Colombia or the Andean region, H.R. 1646 was approved by the House on May 16, and sent to the Senate on May 17, with the following provisions relating to the Andean Regional Initiative:

- **Reporting Requirement Concerning Elimination of Colombian Opium.** Sec. 204 requires the Secretary of State, through the Bureau of International Narcotics and Law Enforcement, to submit, not later than 60 days after enactment, a report which outlines a comprehensive strategy to address the crisis of heroin in the United States due to opium originating from Colombia, including destruction of opium at its source.
- **Reporting Requirement Concerning Effect of Plan Colombia on Ecuador.** Sec. 211 requires the Secretary of State, through the Bureau of International Narcotics and Law Enforcement, to submit, not later than 60 days after enactment, a report which outlines a comprehensive strategy to address the spillover effect of Plan Colombia on Ecuador.
- **Reporting Requirement on Department of State Activities in Colombia.** Sec. 213 (a) requires the Secretary of State to submit within 180 days of enactment, and every 180 days thereafter, a report on State Department funded and authorized activities in Colombia to promote alternative development, recovery and resettlement of internally displaced persons, judicial reform, the peace process, and human rights. This report would include summaries of activities undertaken during the previous 180 days, estimated timetables for the next period, an explanation of any delays in meeting planned timetables, and an assessment of steps to be taken to correct such delays.
- **Reporting Requirement on the “Colombianization” of U.S. Funded Counternarcotics Activities.** Sec. 213 (b) states that U.S. policy “encourages” the transfer of counternarcotics activities in Colombia, now carried out by U.S. businesses under agreements with the State Department, to Colombian nationals, “in particular personnel of the Colombian antinarcotics police, when properly qualified personnel are available.” It also requires the Secretary of State to report within 90 days of enactment and subsequently not later than March 1 on the counternarcotics activities carried out by U.S. businesses under State Department agreements. The report must include the names of such businesses, the total State Department payments to each business, a statement justifying the agreement, an assessment of risks to personnel safety and potential involvement in hostilities incurred by employees of each such business, and a plan to provide for the transfer of these activities to Colombians.
- **Denial of Visas to Supporters of Colombian Illegal Armed Groups.** Sec. 236 prohibits the issuance of visas to any alien who the Secretary of State determines has wilfully provided direct or indirect support to either of the two leftist guerrilla groups, the Revolutionary Armed Forces of Colombia (the FARC) and the National Liberation Army (the ELN), or to the rightist United Self-Defense Forces of Colombia (the AUC); or “has wilfully conspired to allow, facilitate, or promote the illegal activities of any of those groups. A waiver is provided for cases where a visa “is necessary to support the peace process in Colombia, for urgent humanitarian reasons, for significant public benefit, or to further the national security interests of the United States.”

Senate Action. The Senate Foreign Relations Committee approved the Senate version of the Foreign Relations Authorization for FY2002-FY2003 (S. 1401) on August 1, 2001, and reported out the bill on September 4, 2001, with a requirement for a report outlining a strategy to eradicate opium in Colombia.

Committee Action. The Committee on Foreign Relations reported out S. 1401 on September 4, 2001, with a provision in section 606, similar to a provision in the House version of the bill, requiring the Secretary of State to submit to appropriate congressional committees within 60 days after enactment a report that outlines a comprehensive strategy to eradicate all opium at its source in Colombia.

Extension of Andean Trade Preference Act (ATPA)³⁰

(Action commenced in 2001; to be completed in 2002)

House Action. On October 5, 2001, the House Ways and Means Committee ordered reported H.R. 3009, the Andean Trade Promotion and Drug Eradication Act, that would extend the ATPA through December 31, 2006. On November 16, 2001, the House passed H.R. 3009, the Andean Trade Promotion and Drug Eradication Act, which would offer expanded trade benefits to the Andean region through December 31, 2006.

Committee Action. On October 5, 2001, the House Ways and Means Committee approved and ordered reported H.R. 3009, the Andean Trade Promotion and Drug Eradication Act, that would extend the ATPA through December 31, 2006, and provide duty-free treatment to selected apparel, tuna, and other products previously excluded. The bill would also expand the conditions countries would have to meet to remain eligible for program benefits.

Floor Action. On November 16, 2001, the House passed H.R. 3009, the Andean Trade Promotion and Drug Eradication Act, which would offer expanded trade benefits to the Andean region through December 31, 2006.

Senate Action. The Senate Committee on Finance reported out a version of H.R. 3009 on November 29, 2001, but no floor action has been taken thus far.

Committee Action. On November 29, 2001, the Senate Committee on Finance reported out an amendment in the nature of a substitute to H.R. 3009 (containing the substance of S. 525). This version would extend the ATPA through February 28, 2006, and provide expanded benefits, but more limited benefits than the House-passed version.

³⁰For details on this legislation, see CRS Report RL30790, *The Andean Trade Preference Act: Background and Issues for Reauthorization*, by J. F. Hornbeck. Updated information can be found in the CRS trade electronic briefing book at [<http://www.congress.gov/brbk/html/ebtra1.shtml>].

Appendix A. Map Showing Andean Regional Initiative Countries

(Colombia, Bolivia, Brazil, Ecuador, Panama, Peru, and Venezuela)



Appendix B. U.S. Assistance to Colombia FY2000-FY2003

(Obligations and authorizations, \$ millions)

Programs	FY2000 Regular Approps.	Plan Colombia (P.L. 106-246) FY2000 Supplemental	FY2001 Regular Approps.	Plan Colombia (P.L. 106-246) FY2001 Supplemental	FY02 Allocations	FY02 Supplemental Request	FY03 Request
Economic							
<i>USAID Grants^a Development Aid</i>	4.0	0.0	4.0	0.0	0.0	4.0	0.0
Counternarcotics							
<i>State Department/INC account^a</i>	50.0	768.5	48.0	0.0	380.5		439.0
<i>State Department INC Air Wing</i>	31.3		28.0	0.0	NA		NA
Department of Defense/Section 1004	90.6		150.0		83.2		NA
Department of Defense/Overlapping Sections 1004/124	6.6		4.6		5.0		NA
Department of Defense/Section 1033 or Section 1033-type authority	7.2		22.3		4.0		NA
Anti-Terrorism						25.0	0
Military							
<i>International Military Education and Training (IMET)</i>	0.9	0.0	1.0	0.0	1.2		1.2
<i>Foreign Military Financing^b</i>	0.0	0.0	0.0	0.0	0.0	6.0	98.0
Drawdowns							
Department of Defense/Section 506 drawdown authorized	0.0		NA		NA		
Other Section 506 drawdowns (i.e., Departments of Transportation, Justice, State, and the Treasury) authorized							
TOTALS (of available numbers)							
	958.2		257.0		473.9	35.0	538.2

NA = Not Available.

Sources: This chart is compiled from a variety of sources. It includes direct U.S. foreign assistance (i.e., the categories usually counted as U.S. foreign aid, which are in italics), as well as the costs of goods and services provided to Colombia from other U.S. government programs supporting counternarcotics efforts in Colombia. The United States also provides a small amount of Department of Defense Excess Defense Articles (EDA) to Colombia. Other funds are spent in Colombia on counternarcotics and other activities that are considered part of U.S. programs: for instance, the Drug Enforcement Administration (DEA) spends its own funds on joint operations in Colombia. Figures on FY2000 and FY2001 State Department INC funding provided January 10-11, 2001. Figures on

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DOD Sections 1004, 1004/124, and 1033 funding provided April 11, 2002. DOD Sections 124, 1004, and 1033 funding is taken from regional accounts and the FY02 allocations are estimates, and can be shifted to respond to developing needs in other areas. This chart also provides a breakout from another central account that Congress appropriates as a lump sum, the State Department Air Wing fund. There are other small central accounts where such a breakout is not available, and no attempt was made here to estimate such funds. Prepared by Nina M. Serafino, April 11, 2002.

^a FY2000 non-DOD Plan Colombia supplemental funds were all assigned to the State Department International Narcotics Control (INC) account; the State Department is transferring them to the other agencies carrying out programs in Colombia with those funds. The A.I.D. FY2000, FY2001, and FY2002 figures are all ESF. These U.S. AID figures do not include funds provided to AID from the INC account. The Plan Colombia funding chart shows a breakdown of the uses of that funding. In the Bush Administration's FY2003 budget request, the Administration estimates that of the \$380.5 million allocated for FY2002, \$243.5 million will be used for interdiction, and \$137.0 for alternative development and institution building. For the FY2003 request, the anticipated breakdown of the requested \$439 million is \$275.0 million for the former and \$164.0 million for the latter. [<http://www.state.gov/m/rm/rls/iab/2003/7809.htm>].

^b These requests did not specify whether they were grants or loans, but as recent FMF financing to Colombia has been grants, they are presumed to be grants.

**Appendix C. Bush Administration's Andean Regional Initiative (ARI) FY2002 Request
and FY2002 Allocations by Purpose and by Functional Accounts**

(\$ millions)

Country	Total ARI FY2002 Request	Total ARI FY2002 Allocations	ARI FY2002 Allocations By Purpose		ARI FY2002 Allocations By Account				
			Economic/ Social/ Governance	Counternarcot ics and Security	International Narcotics Control (Andean Counterdrug Initiative)	Develop- ment Aid	Child Survival and Diseases	Economic Support Fund	Foreign Military Financing
Colombia	399.00	380.50	137.00	243.50	380.50	0	0	0	0
Bolivia	143.48	122.46	74.46	48.00	81.00	12.05	19.41	10.00	0.5*
Brazil	26.18	18.63	12.63	6.00	6.00	3.93	8.70	0	0
Ecuador	76.48	46.86	31.85	15.00	25.00	6.86	0	15.00	0
Panama	20.50	13.50	8.50	5.00	5.00	4.50	0	4.00	0
Peru	206.15	194.87	119.87	75.00	142.50	14.17	23.20	15.00	0
Venezuela	10.50	5.5	0.50	5.00	5.00	0	0	0.50	0
Totals	882.29	782.32	348.82	379.50	645.00	41.51	51.31	44.5	0.50

Source: Office of the Secretary of State. International Affairs Function 150 Fiscal Year 2003 Budget Request Summary and Highlights. February 2002. The ARI does not include International Military Education and Training (IMET) funds. These will range in FY2002 from an estimated \$170,000 for Panama to an estimated \$1,180,000 for Colombia. Prepared by Nina M. Serafino, February 12, 2002.

* The ARI for FY2002 also did not include Foreign Military Finance Funding (FMF). The small amount for Bolivia is included here, even though it was not specifically for counternarcotics purposes, in order to facilitate comparisons with the FY2003 request, which includes FMF for Andean Regional Initiative countries.

Note: Totals may not add due to rounding.

Appendix D. Andean Regional Initiative (ARI) FY2003 Request by Purpose and Functional Accounts

(\$ millions)

Country	Total ARI FY2003 Request	ARI FY2003 Request by Purpose		ARI FY2003 Request by Account			
		<i>Economic/ Social/ Governance</i>	<i>Counter- narcotics and Security</i>	International Narcotics Control (ACI)	Development Aid*	Economic Support Fund	Foreign Military Financing
Colombia	537.0	164.0	373.0	439.0	0	0	98.0
Bolivia	132.6	82.6	50.0	91.0	30.6	10.0	1.0
Brazil	29.5	17.5	12.0	12.0	17.5	0	0
Ecuador	65.1	43.1	22.0	37.0	7.1	20.0	1.0
Panama	20.5	10.5	10.0	9.0	7.0	3.5	1.0
Peru	186.6	119.6	67.0	135.0	40.6	10.0	1.0
Venezuela	8.5	0.5	8.0	8.0	0	0.5	0
Totals	979.8	437.8	542.0	731.0	102.8	44.0	102.0

Source: Office of the Secretary of State, Resources, Plans and Policy. International Affairs Function 150 Summary and Highlights, Fiscal Year 2003 Budget Request. The ARI totals do not include International Military Education and Training funds, which range in the FY2003 request from \$200,000 for Panama to \$1,180,000 for Colombia. Prepared by Nina M. Serafino, Specialist in International Security Affairs, February 12, 2002.

* Includes funds previously cited under Child Survival and Diseases.