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

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Summary

In 2002 and continuing into 2003, Congress considered President Bush's requests for FY2002 supplemental and FY2003 assistance for Colombia and six regional neighbors in a continuation of the Andean Regional Initiative launched in 2001.

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 included $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.

On March 21, 2002, the Administration proposed an Emergency FY2002 Supplemental for counter-terrorism purposes that included a request for $4 million of State Department international narcotics control (INCLE) 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 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."

In legislative action in 2002, Congress passed the FY2002 Emergency Supplemental Appropriations Act (H.R. 4775/P.L. 107-206), with expanded authorities for activities in Colombia but with various human rights conditions, and it approved the Andean Trade Preference Act (ATPA) extension and expansion as part of an omnibus trade bill (H.R. 3009/P.L. 107-210). Later, it passed the Foreign Relations Authorization for FY2003 (H.R. 1646/P.L. 107-228), and the FY2003 Intelligence Authorization Act (H.R. 4628/P.L. 107-306), with provisions relating to Colombia.

In early 2003, the FY2003 Foreign Operations Appropriations bill was included in an omnibus spending package (H.J.Res. 2/ P.L. 108-7). The measure passed on February 13, 2003, and encompassed 11 of 13 appropriations bills that had not been enacted by the start of the new fiscal year. It provided $835.5 million for the Andean Regional Initiative (ARI), of which $700 million was provided for the Andean Counterdrug Initiative (ACI). It further allowed the transfer of $31 million from the State Department's International Narcotics Control and Law Enforcement (INCLE) account to the ACI.

Contents

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

In 2002 and early 2003, Congress considered 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 (INCLE) 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

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[1] This report draws from CRS Report RL31016, *Andean Regional Initiative (ARI): FY2002 Assistance for Colombia and Neighbors*, by (name redacted) and (name redacted), 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).* For

(continued...)

of the assistance is directed at economic and social programs, and that more than half of 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 2003 budget submissions, the Bush Administration has allocated $786.40 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] In the FY2002 supplemental (P.L. 107-26), Congress provided $25 million in funding for counter-kidnapping training, $4 million in counternarcotics funds, and $6 million to protect the Cano-Limon Covenas oil pipeline. Further, Congress agreed to the Administration's request to significantly

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[2] (...continued)
the latest figures on aid to Colombia, as well as past assistance, see CRS Report RS21213, *Colombia: Summary and Tables on U.S. Assistance, FY1989-FY2003*.

[3] See 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 web site [http://usinfo.state.gov/regional/ar/colombia/].

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

expand the use of U.S. funds for a unified campaign against narcotics trafficking and terrorism.

Congress also acted on the President's request for an extension and broadening of the Andean Trade Preference Act (ATPA). Following lengthy debate in July 2002, the Trade Act of 2002 was signed into law (P.L. 107-210) on August 6, 2002. Title XXXI of the Act, entitled the Andean Trade Promotion and Drug Eradication Act, extended preferential tariff treatment through December 31, 2006, and broadened coverage to include products previously excluded.

FY2002 Conditions and Reporting Requirements. The FY2002 Foreign Operations Appropriations Act (P.L. 107-115) contains requirements for two certifications on human rights performance and one report on the proper usage and safety of the chemicals used in eradication spraying, and on the implementation of alternative development programs. The first human rights certification was issued on April 30, 2002, the second on September 9, 2002. On September 4, 2002, the usage and safety certification was issued, along with information on alternative development programs.

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 was similar to the FY2002 request, except that the Administration requested $98 million in Foreign Military Financing (FMF) for Colombia to train and equip a Colombian army brigade to protect the Cano-Limon Covenas 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 also requested $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, was proposed to be distributed as follows in descending order:[5]

- 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.

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[5] Other 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 argued in the context of the post-September 2001 war on terrorism that Colombia and the region should be supported, and they urged the Administration to seek expanded authority to provide support for an expansion of activities.[6] 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 argued that the new request would expand the U.S. military role in Colombia, previously strictly limited to counternarcotics, into a problematic counterinsurgency one. Critics who emphasize human rights considerations argued that such a role would inevitably involve tolerance of the linkages between the Colombian military and paramilitary groups that are reportedly 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, warned 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.

Congress passed 11 of 13 appropriations bills in an omnibus bill on February 13, 2003 (P.L. 108-7). This omnibus bill provided funding for the remainder of FY2003. Provisions relating to the Andean Regional Initiative and Colombia included both funding and reporting requirements. Overall ARI funding totaled $835.5 million. Of that amount, Congress provided $700 million for the Andean Counterdrug Initiative, a reduction of $31 million from the President's request. However, the conference agreement provided the authority to transfer up to $31 million from the State Department's International Narcotics Control and Law Enforcement account to the Andean Counterdrug Initiative. The conference

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[6] For critical comments, see statements on the Center for International Policy's Colombia Project web site [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 web site under U.S. Military and Police Aid (especially Other Groups' Analyses), and U.S. Government Information (especially statements from Officials and Legislators).

agreement provided that up to $93 million in Foreign Military Financing funds may be transferred to the Andean Counterdrug Initiative for helicopters, training, and other assistance for the Colombian Armed Forces for the security of the Cano Limon Covenas oil pipeline, a reduction of $5 million from the President's request.

The enacted legislation specified that not less than $250 million of the ACI account is to be apportioned directly to the U.S. Agency for International Development (USAID) for social and economic programs. It also directs specific funding for several functions: (1) not less than $5 million for training and equipping a Colombian Armed Forces unit dedicated to apprehending the leaders of paramilitary organizations; (2) not less than $3.5 million for assistance to the Colombian National Park Service for training, equipment, and other assistance to protect Colombia's national parks and reserves, which according to the report are threatened by illegal drug cultivation and illegal logging; (3) not less than $3 million for web monitoring software for use by the Colombian National Police; and (4) not less than $1.5 million for vehicles, equipment, and other assistance for the human rights unit of the Procurador General. The agreement also included a number of conditions and reporting requirements.

FY2003 Conditions and Reporting Requirements. Congress maintained a number of reporting requirements and set conditions on ARI funding. The FY2003 Omnibus Appropriations Act required two certifications on human rights performance, one report on the aerial fumigation program, one report on the Peruvian air interdiction program, and a report on the proposed uses of funding on a "country-by-country basis for each proposed program, project, or activity." The law also maintained caps of 400 each on military personnel and civilian contractors. It also maintained language that was initially approved in the FY2002 supplemental for expanded authorities to fight a unified campaign against narcotics trafficking, against terrorist organizations such as the FARC, ELN, and AUC, and to protect health and welfare in emergency circumstances.

Human Rights. Section 564 allowed for the distribution of only 75% of the funds for Colombia's military, after which the Secretary of State must certify that Colombian members of the armed forces alleged to have committed human rights violations are being suspended, prosecuted, and punished, and that the Colombian military is severing ties with and apprehending leaders of paramilitary organizations. Such a certification by the Secretary would release 12.5% of assistance to the Colombian military. The remaining 12.5% would be available after July 31, 2003, if the Secretary certifies that the Colombian military is continuing to meet its obligations required in the first certification and trying to gain authority and protect human rights in areas under control of paramilitary and guerrilla organizations. These certification requirements are similar to provisions contained in both House and Senate bills, although the House measure (H.R. 5410) would have required only a single certification to release all funds. On July 8, 2003, the Secretary issued the first certification that released approximately $30 million. Congress also maintained a prohibition on the issuance of visas to any alien who the Secretary of State determines has willfully provided support to the FARC, ELN, or AUC, or has participated or ordered the commission of gross violations of human rights.

Eradication Spray Chemicals Usage and Safety. The Secretary of State must certify that aerial fumigation of drug crops is occurring within a series of guidelines for health, environment, compensation for those unjustly sprayed, and availability of alternative development "where security permits." Until such a report is issued, 80% of funding for herbicides is withheld. (Conditions in FY2002 held up 100% of the funding for this function until a similar report was issued.) The conference report (H.Rept. 108-10) states that Congress expects that "...every reasonable precaution will be taken in the aerial fumigation program to ensure that the exposure to humans and the environment in Colombia meets Environmental Protection Agency standards for comparable use in the United States."

Specifically, the Secretary of State is required to report to the Committees on Appropriations, within 90 days of enactment, 1) the steps taken to enhance environmental safeguards, including implementation of EPA recommendations in the FY2002 fumigation report; 2) plans to conduct an independent, long-term program to monitor the health and environmental effects of the fumigation program; and 3) steps taken to implement environmental training programs for fumigation pilots. As of July 22, this report had not been submitted.

Caps on Personnel. Congress maintained the existing caps on military and civilian personnel that can be assigned to duty in Colombia at 400 each. Although this cap only applies to U.S. personnel in Colombia "in support of Plan Colombia," Bush Administration officials have stated that they will stay within those limits, except in special cases related to search-and-rescue operations. In February 2003, it was reported that the number of military personnel had topped the 400 cap, the additional personnel being deployed to search for several American contractors who were being held by the FARC after their plane crashed. According to Defense Department officials, these numbers returned to under 400 in May 2003.

Expanded Authorities. As in the FY2002 supplemental, Congress provided authority for a unified campaign against narcotics trafficking and terrorist organizations and to take actions to protect health and human welfare. The was done, the conference report notes, in recognition that "the narcotics industry is linked to the terrorist groups, including the paramilitary organizations in Colombia." However, the conference report also states: "However, the managers still conclude that coca provides the revenue and a motive for the violence committed by both guerrilla and paramilitary groups. Therefore, the managers expect counternarcotics, alternative development, and judicial reform to remain the principal focus of United States policy in Colombia. The expanded authority is not a signal from the managers for the United States to become more deeply involved in assisting the Colombian Armed Forces in fighting the terrorist groups, especially not at the expense of the counternarcotics programs, but to provide the means for more effective intelligence gathering and fusion and to provide the flexibility to the Department of State when the distinction between counternarcotics and counterterrorism is not clear cut."

Expanded authorities would end if the Secretary of State has credible evidence that the Colombian military is not "conducting vigorous operations to restore government authority and human rights in areas under the effective control of paramilitary and guerrilla organizations." The report also calls for the Secretary of State to report, within 90 days of enactment, the changes in policy, including new

procedures and operations, as a result of implementing expanded authorities. Language is also maintained that requires the return of any helicopters procured with ACI funds that is used to aid or abet the operations of any illegal self-defense organizations.

Peruvian Air Interdiction Program. Following the shooting down of an airplane on April 20, 2001, which was found not to be associated with drug trafficking and which resulted in the deaths of several individuals, including two Americans, Congress maintained language prohibiting the resumption of U.S. support for a Peruvian air interdiction program. In order to resume U.S. support, the Secretary of State and the Director of Central Intelligence must certify to Congress, 30 days prior to any resumption of U.S. involvement, that the ability of the Peruvian Air Force to shot down aircraft will include enhanced safeguards and procedures to prevent similar accidents.

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 $38 million in additional funding and authorities relating to Colombia and the Andean Region. Included in this submission was a request for $4 million of INCLE funding for Colombia police post support, $6 million of FMF funding for Colombia for infrastructure security, $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 proposed to broaden the authorities of the Defense and State Departments to use 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.

As proposed by the Administration, the "Leahy Amendment" conditions in the foreign operations and defense appropriations 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 supporting "Plan Colombia" activities in Colombia. (The new proposed military activities, i.e., infrastructure protection and anti-kidnapping assistance, are not, however, "Plan Colombia" activities.) Except for those two specifically mentioned conditions, however, the Administration's proposal stated that funding would be provided "notwithstanding any provision of law." That statement would lift 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 requires the armed forces to address the continuing links of some of its members with illegal rightist paramilitary groups. It would also lift P.L. 107-115 conditions regarding aerial fumigation spraying and alternative development.

The House approved the conference report on H.R. 4775 (H.Rept. 107-593) on July 23, 2002, and the Senate approved it on July 24, 2002. The President signed the bill into law (P.L. 107-206) on August 2, 2002. The conference report funded $25 million for counter-kidnapping training for Colombia as requested by the President, $4 million in additional counternarcotics funding, and $6 million for protection of Colombia's Cano-Limon oil pipeline, but changed the source of funding from the FMF to the INC account. The supplemental also granted broader authority to pursue new activities in Colombia, but with modifications that blended House and Senate provisions.

The bill provided identical expanded authority for the use of INC and Department of Defense (DOD) funds, including prior year funds, but used different language than that proposed by the Administration. That language stated that FY2002 funds "shall be available to support a unified campaign against narcotic trafficking, against activities by organizations designated as terrorist organizations such as the Revolutionary Armed Forces of Colombia (FARC), the National Liberation Army (ELN), and the United Self-Defense Forces of Colombia (AUC), and to take actions to protect health and welfare in emergency circumstances, including undertaking rescue operations." (Section 601 contains the authority for INCLE, Section 305 for DOD).

The use of these funds is subject to the full range of human rights conditions on prior year funding in P.L. 107-115 and P.L. 107-117. These include restrictions on

visas (P.L. 107-115, Sec. 568) that prohibit the Secretary of State from issuing a visa to any alien who the Secretary determines has willfully provided support to the FARC, ELN, or AUC, or who has "committed, ordered, incited, assisted, or otherwise participated in the commission of gross violations of human rights, including extra-judicial killings, in Colombia."

Further, in order to exercise expanded authority to use funds for a unified campaign against drug trafficking and terrorist organizations, the Secretary of State must report to the Committee on Appropriations that the President of Colombia has committed, in writing, (1) to establish comprehensive counter-drug measures, (2) to restore government authority and respect for human rights in areas under effective control of paramilitary and guerrilla organization, (3) to implement significant budgetary and personnel reforms of the Colombian Armed Forces, and (4) to support substantial additional Colombian financial and other resources to implement such policy and reforms, particularly to meet the country's previous commitments under Plan Colombia.

The section on INCLE funding provided that the Secretary of State also must report that no U.S. Armed Forces personnel or U.S. civilian contractor employed by the United States will participate in any combat operation in connection with assistance made available for Colombia under that funding chapter. The DOD section placed a ban on the use of such personnel in combat operations "except for the purpose of acting in self defense or rescuing any U.S. citizen to include U.S. armed forces personnel, U.S. civilian employees, and civilian contractors employed by the United States." The INCLE authority will cease to be effective "if the Secretary of State has credible evidence that the Colombian Armed Forces are not conducting vigorous operations to restore government authority and respect for human rights in areas under the effective control of paramilitary and guerrilla organizations."

For further discussion on U.S. policy towards Colombia, see the section on *Colombia*, and for discussion on the progress of legislation, which was signed into law on August 2, 2002 (H.R. 4775, P.L. 107-206), see the section on *Major Legislative Activity*, both below.

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.[7] The House passed H.R. 3009 in late 2001 to extend the ATPA through

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[7] For information on ATPA see CRS Report RL30790, *The Andean Trade Preference Act:* (continued...)

2006, and the Senate passed the ATPA extension on May 23, 2002, as part of an omnibus trade bill including trade promotion authority and trade adjustment assistance. 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. Following lengthy debate and passage of the House-Senate conference report by both houses in July 2002, the Trade Act of 2002 was signed into law (P.L. 107-210) on August 6, 2002. Title XXXI of the Act, entitled the Andean Trade Promotion and Drug Eradication Act, extends preferential tariff treatment through December 31, 2006, and broadens coverage to include products previously excluded.

Situation in Colombia and Neighboring Countries

The Andean Regional Initiative is designed to provide assistance to seven countries in the broadly defined Andean region[8], 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 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 was 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.[9]

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[7] (...continued)
Background and Issues for Reauthorization, by (name redacted). 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 (name redacted).

[8] Panama 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 State Department's International Information Programs web site [http://usinfo.state.gov/regional/ar/colombia/].

[9] For 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, (continued...)

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 three 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. 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.

During the presidency of Andres Pastrana (August 1998 - August 2002), U.S. involvement in Colombia deepened. Pastrana was elected 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.[10] Months after Pastrana's inauguration, he initiated peace talks with the country's largest guerrilla group, 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, Pastrana, with U.S. assistance,

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[9] (...continued)
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].

[10] For information on the multi-faceted conditions in Colombia, see CRS Report RL30330, *Colombia: Conditions and U.S. Policy Options*, by (name redacted).

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.

To support "Plan Colombia," the Clinton Administration developed and the U.S. Congress approved a $1.3 billion package of assistance in 2000. 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. 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.[11]

Pastrana's hopes that his "Plan Colombia" would bring peace were frustrated by a variety of factors. Among those often cited are the government's lack of a negotiating strategy, the poor implementation of elements of Plan Colombia (by both the U.S. and Colombian governments), and a lack of interest by the guerrillas in negotiating peace. On February 20, 2002, the day after the FARC and the government had exchanged cease-fire proposals, Pastrana decided to terminate peace talks with that group, and ordered the military to retake the "despeje," i.e., the sanctuary territories conceded to the FARC in November 1998 as an incentive to enter into negotiations. 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 8 months. The decision was taken in the midst of an intensification of guerrilla actions, including infrastructure sabotage. Days later, FARC kidnapped, Ingrid Betancourt, another Colombia Senator who was also a presidential candidate with a small following.

The Uribe Administration: Security and Peace Plans. [12] The perception of a deteriorating security situation in Colombia's major cities is often cited as the deciding factor in the May 26, 2002 presidential election. The winning candidate, Alvaro Uribe, had promised more aggressive action to combat drug trafficking and terrorism. He won the election by a relative landslide, taking just over 53% of the vote in an eleven-candidate field. (He is the first president since the 1991 constitution to win by an outright majority, thus avoiding a run-off election.) In his victory speech, Uribe indicated that he would ask for international mediation to promote a dialogue with illegal armed groups in Colombia, but that the government would only engage in negotiations with those groups that would "give up terrorism and agree to a cease-fire." With that statement, he seemed to indicate that he would treat the paramilitary groups on a par with the guerrillas, departing to some extent from the Pastrana administration's refusal to negotiate with them. Before his

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[11] For 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 (name r edacted). This report also contains charts detailing U.S. assistance to Colombia since 1989.

[12] For more information on Uribe, see CRS Report RS21242, *Colombia: The Uribe Administration and Congressional Concerns*. June 14, 2002.

inauguration, Uribe visited the United States and met with U.N. and U.S. officials, and requested U.N. assistance in resolving the conflict in the country. He also appointed a largely moderate and technocratic cabinet with representation from various parties.

Uribe took office on August 7, 2002, amid a still escalating conflict with the FARC. In the days after his election, the FARC (now estimated at some 16,000-17,000 and operating in all but one of Colombia's 32 departments), threatened with death all mayors who did not resign their posts. (Although some mayors did resign, many others decided to remain in their posts, and some moved to exercise their positions from more secure areas.) The FARC also opened a new offensive with armed attacks, including relatively large confrontations with rightist paramilitary groups and massacres of civilians in several geographic areas, and bombings in the urban areas of Medellín and Cartegena.[13] On inauguration day, the FARC launched a mortar attack in Bogotá, close to the Congress building where Uribe was being sworn in. At least 19 people died in the attack.[14]

Within days of the inauguration, Uribe or members of his administration announced several measures to support a military build-up:

- Uribe quickly promulgated a decree invoking emergency powers, which provides "authority to recruit quickly up to 6,000 soldiers for two elite, mobile brigades, as well as 10,000 new police officers and 100,000 civilian informers,"[15] and to restrict certain freedoms;[16]

- He imposed a 1.2% war tax on approximately 400,000 upper income individuals and businesses (with liquid assets over $60,000) to raise the $800 million needed for an expanded military effort;[17]

- He initiated the "Plan Meteor," an unarmed "citizen police" informant network;
- His administration announced a plan to arm thousands of peasants (news accounts cited some 15,000 or 20,000) to be the first line of

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[13] Scott Wilson. "Colombian Rebels Move to Retake Lost Territory." *The Washington Post.* June 30, 2002. p A18; and Scott Wilson. "Colombia Poised to Install Leader as Rebels Attack." *The Washington Post*. August 7, 2002, p A12.

[14] Scott Wilson. "Rebel Attack Seen As Grim Harbinger for Colombians." *The Washington Post.* August 9, 2002. p A14.

[15] Juan Forero. "Colombia President Declares Limited State of Emergency." *The New York Times.* August 13, 2002. p 2.

[16] According to a *Los Angeles Times* article (T. Christian Miller. "Uribe Widens War on Rebels." *Los Angeles Times*. August 13, 2002. p A-1), measures that might be imposed under this decree include "new laws that would make it easier to go after guerrilla finances and property; requirements for citizens to register their movements with local authorities; and restrictions on the media and public demonstrations." The powers may be extended to a total of nine months (270 days).

[17] *Ibid*.

defense against guerrillas and paramilitaries in areas where there is no military presence;[18] and

- He called for a referendum to cut government spending and pension payments, to prohibit the re-election of corrupt officials, and to restructure the Colombian Congress by reducing the number of representatives, restricting its budgetary powers, and allowing it to be dissolved by popular vote. The country's Constitutional Court approved most of the proposals on July 9, 2003, but excluded those relating to extending terms for state governors, mayors and town councils by one year, giving the President the authority to grant pardons to illegal armed groups, and criminalizing personal drug use. The referendum has tentatively been scheduled for October 2003 to coincide with mayoral and gubernatorial elections slated for October 26, 2003.

In his inaugural speech, Uribe announced that he had asked U.N. Secretary General Kofi Annan for his assistance in promoting a dialogue with the guerrillas through U.N. "good offices" mediation. Annan responded favorably to the request, but the FARC rejected the notion of U.N. mediation. In a message to Uribe dated August 20, 2002 and posted on the FARC website [http://www.farc-ep.org], the FARC indicated its willingness to resume dialogue with the government on the agenda established with the Pastrana administration, and with the active participation of "social and popular organizations." It also asked for several guarantees, including the "demilitarization of the departments of Putumayo and Caquetá." It also called for a government commitment to "eradicate paramilitarism as the official policy of the government," punishing military, police, and other government personnel who have been implicated in paramilitary activities, as well as those who finance and otherwise promote them.

In late December 2002, the Uribe government appointed a commission to explore the possibility of a dialogue with the AUC. This initiative grew out of an October 2002 meeting of Colombia's High Commissioner for Peace and five Roman Catholic bishops with the AUC leadership, after which the AUC declared an indefinite cessation of hostilities. The Bush Administration, which on September 25, 2002, requested the extradition of two top AUC leaders, Carlos Castaño and Salvador Mancuso, announced on January 8, 2003, that it would not withdraw the request. On July 15, 2003, the Uribe Administration announced that an agreement had been reached with leaders of the AUC that would result in their demobilization by the end of 2005.

The Eradication Spraying and Alternative Development Controversies. In his inaugural speech, Uribe asserted that if Colombia does not "drive out drugs, drugs will destroy our freedoms and our ecology, and the hope of living in peace will be no more than an illusion." In that speech, he announced that his administration would continue with Plan Colombia. However, his administration

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[18] "Colombian Rebels Reject Call for U.N. Mediation." *The Miami Herald*. August 23, 2002.

would seek to improve the program by "adding aerial interdiction and practical substitution programs, such as payments to small-farmers for the eradication of unlawful crops and care for the restoration of our woodlands."

The "Plan Colombia" eradication spraying program which began in December 2000 with operations by the U.S. funded counternarcotics brigade in Putumayo[19] has caused social and political turmoil in Colombia. (The Plan Colombia eradication spraying program in the southern departments of Putumayo and Caquetá is not the first such program in Colombia. The United States has supported spraying efforts elsewhere in the country for several years.) Critics state that the spraying has destroyed legal crops as well as illicit coca, and caused people and animals to suffer ill health. The related effort to support alternative development has been plagued by delays, and the Colombian government has been slow 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 were still growing coca. Reports also have indicated that many Putumayo farmers did not intend to voluntarily eradicate coca before the July 2002 deadline[20] This has led many, including U.S. government officials, to conclude that the alternative program is, at best, in great difficulty.

On June 26, 2003, a Colombian court ruled that the Colombian government should immediately suspend its aerial fumigation program until the Environment Ministry conducts an Environment Management Plan. Officials of the Uribe Administration have stated that fumigation will continue while it appeals the decision. Two previous appeals have been won by the government.[21]

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 faced "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."[22] The GAO report cast doubt on 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. The State Department's annual International Narcotics Control Strategy report for 2002 claims that since the inception of the Alternative Development program in December 2000, 20,128 families have benefitted and 15,742 hectares (38,898 acres) of licit crops have been

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

[20] Susannah 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.

[21] "Update: Colombia Court Rules Against Drug Crop Spraying," *Dow Jones International News*, June 26, 2003.

[22] U.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.

planted in previous coca and poppy areas. Another difficulty noted in the GAO study was that the soil in Putumayo had been found to be too poor to support the number currently farming in that province if all were growing legal crops. As a result of these difficulties, the State Department decided to shift some funds from alternative development to infrastructure projects that would provide jobs elsewhere.[23] According to the H.Rept. 107-663, which accompanies the House FY2003 Foreign Operations Appropriations bill (H.R. 5410), the strategy focuses on the "historic underdevelopment of the [Putumayo] region" and concentrates on "local infrastructure needs (roads, electricity, water) and delivery of services at the community level."

Some analysts and policymakers have argued, 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.[24] In a report to Congress on December 3, 2002 (required by the FY2002 Supplemental Appropriation Act, P.L. 107-206), the State Department reported that 94,000 hectares (about 234,200 acres) of coca had been sprayed in 2001. It also reported voluntary eradication of 9,000 hectares (about 22,200 acres) to that point in 2002. According to the Colombian government, coca cultivation decreased by 15% in 2002, from 169,800 hectares (419,576 acres) in 2001 to 144,450 hectares (356,936 acres). An additional 65,000 hectares (160,615 acres) had been sprayed from January through the end of May of 2003. Cultivation of opium poppy similarly declined in 2002, from 6500 hectares (16,062 acres) in 2001 to 4,900 (12,108 acres) hectares, marking a 24% decrease. An additional 1,658 hectares (4,097 acres) were sprayed from January through the end of May 2003.[25]

U.S. Policy Debate. During 2002, the U.S. policy focus on counternarcotics programs became increasingly controversial for reasons beyond implementation difficulties. On the one hand, this focus was viewed by some policymakers and analysts as insufficient to provide the support needed by a friendly democracy under

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

[24] See Reuters dispatch. "Colombia's Coca Up, U.S. Says." *The New York Times*. March 9, 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.

[25] Testimony of Colombian Vice President Francisco Santos-Calderon before the U.S. Senate Caucus on International Narcotics Control, June 3, 2003.

siege by powerful armed forces fueled by drug money. Proponents of the Administration's requests argued that in the context of the global war on terrorism, Colombia and the region should be supported with counter-terrorism assistance before the situation became even more dangerous, particularly when the guerrillas had demonstrated little willingness to negotiate peace.[26] They favored 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 favored an expanded military approach did not necessarily favor continuing the eradication and alternative development programs under current circumstances, however. Some argued 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 argued that substantial assistance should be provided to improve civilian government institutions and expand their presence throughout Colombia.

Some analysts and policymakers who wanted to expand military aid nonetheless argued 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 feared that paramilitary groups, with their alleged ties to drug production and trafficking, may become influential in Colombia's national politics. This, they argued, is itself a significant threat to U.S. security interests. In addition, some also believed 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 attributed the problems of the counter-drug program to what they view as its emphasis on a repressive and military approach to curbing 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 feared 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 urged 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 maintained that expanded authority to provide assistance to help Colombia counter its many threats, would involve the

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

United States in a major guerrilla conflict of indeterminate duration, i.e., in a counterinsurgency campaign.[27]

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 $379.9 million in ACI funding, with $243.50 million in counternarcotics assistance, and $137 million in economic and social programs.

- Under the Emergency FY2002 Supplemental, the Administration requested $4 million of International Narcotics Control and Law Enforcement (INCLE) funding for police post support in areas of weak government control, $6 million of FMF funding (which Congress directed to be transferred to the INCLE account) for counter-terrorism equipment and training, and $25 million of Nonproliferation, Anti-Terrorism and Demining (NATD) funding for counter-kidnapping training. The enacted legislation specifically provided $6 million for infrastructure protection for the Cano-Limon Covenas oil pipeline and fully funded the other accounts.

- For FY2003, the Administration requested $537 million in ARI funding for Colombia, 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. Congress reduced this request by $5 million, providing $93 million in FMF funds for the oil pipeline, as well as $433 million in ACI funding.

Peru

Peru, which shares its northern border with Colombia, is the fifth most populous country in Latin America, with 27.5 million inhabitants. President Toledo, inaugurated on July 28, 2001 and considered a longtime opposition leader to the previous President, Alberto Fujimori, was elected on June 3, 2001, with 53% of the

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

vote, against former left-leaning Peruvian President Alan Garcia with 47%.[28] President Toledo promised to end corruption and to stabilize the economy, and many observers worry that tangible results may not meet the expectations of the populace, especially poor, indigenous groups. 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 a 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 between the countries on appropriate procedures before the renewal of the anti-drug surveillance flights. Current U.S. law requires the Secretary of State to notify Congress 30 days prior to resuming U.S. support for the air interdiction program and to provide assurances that greater safety enhancements are in place. As of July 17, 2003, notification had not been submitted, although news reports indicated that talks are proceeding and that flights over Colombia would be resumed soon.[29]

Peru is the second largest cocaine producer in the world and exports high purity cocaine and cocaine base to markets in South America, Mexico, Europe, and the United States. But it has also been viewed as a success story in counternarcotics efforts because 6 years of joint U.S.-Peru air and riverine interdiction operations, aggressive eradication efforts, and alternative development programs have significantly reduced coca production. However, while coca production remained constant in 2001, the State Department's International Narcotics Control Strategy report noted an 8% increase in 2002. This level is still 36,000 hectares (88,956 acres) below 1995 levels. 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 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

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[28] For more details, see CRS Report RL30918, *Peru: Recovery from Crisis*, by (name r edacted).

[29] Arshad Mohammed. "U.S., Colombia near Agreement on Anti-drug Flights." *Reuters News*. July 15, 2003.

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.

Facing mounting protests, the Peruvian government temporarily suspended the drug eradication program in the Upper Huallaga Valley in early July 2002, but resumed the program in September 2002 once concerns were addressed.

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 $142.5 million in ACI funds, with $75 million in counternarcotics aid and $67.5 million for alternative development. In addition, Peru received $23.7 million in Child Survival and Health funds, $15 million in Development Assistance, and $14.5 million in Economic Security Funds. No funds were requested for Peru in the FY2002 supplemental.

- Under the ARI allocation for FY2003, Peru would receive $128.1 million in ACI funds, with $59.5 million in counternarcotics aid and $68.6 million for alternative development. In addition, it would receive nearly $22 million in Child Survival and Health funds, $16.3 million in Development Assistance, and $9 million in Economic Support Funds.

Bolivia

Landlocked Bolivia shares no border with Colombia, but Bolivia's significant gains in reducing illegal coca production could be threatened by any successes in controlling production in Colombia. Once the world's foremost producer of coca leaf, Bolivia made great strides in reducing coca cultivation under the Banzer-Quiroga administration (1997-2002).[30] However, forcible eradication of coca has become a source of social discontent, exacerbating tensions over class and ethnicity that may foment political instability in Latin America's poorest country.

With a population of 8.3 million, Bolivia is the eleventh most populous country in Latin America. Despite having the highest rate of changes of government in Latin America, with few governments lasting for their mandated terms, Bolivia has, since the mid-1980s, experienced a period of unprecedented political stability as a series of elected governments instituted extraordinary political changes and economic

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[30] President Jorge Quiroga assumed the presidency on August 7, 2001, when President Hugo Banzer, whom he had served as vice president, resigned because of illness. Quiroga could not, by law, run for reelection.

liberalization, and peacefully transferred power to their successors. Beginning in the mid-1990s, governments have carried out major privatization programs and reforms that were heralded as putting the country on a sound macroeconomic footing, but have also led to significant social dislocations. Economically, it is tied to the region through two organizations - the Andean Community, and as an associate member of the Southern Common Market (Mercosur) formed by Brazil, Argentina, Paraguay and Uruguay.

President Gonzalo Sanchez de Losada, of the National Revolutionary Movement (MNR) a 72-year old wealthy businessman who has served once before as president (1993-1997), began his 5-year term[31] on August 6, 2002, with only 22% of the vote in an eleven candidate field. Evo Morales, a 42-year old Aymara, who is head of the Movement Towards Socialism (MAS) party and leader of the Bolivian coca growers union, ran a close second. Under the Bolivian constitution, the lack of a majority victory sent the election to the Bolivian Congress, where Members of the upper and lower chambers (27 senators and 130 representatives) selected between the two top vote getters. To secure the presidency, the MNR formed a coalition with the Movement of the Revolutionary Left (MIR), led by fourth place winner Jaime Paz Zamora, Sanchez de Lozada's traditional adversary and also a former president (1989-1993).

Shortly after Sanchez de Lozada's inauguration, his Interior Minister announced the government would resume the eradication efforts of the previous government. Perhaps foreshadowing challenges to come, both domestically and in relations with the United States, confrontations erupted the next day between peasants and police in the coca-growing Chapare and Yungas regions.

For some 20 years, U.S. relations with Bolivia have centered largely on controlling the production of coca leaf and coca paste, which was usually shipped to Colombia to be processed into cocaine. 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. Not until President Hugo Banzer set a goal in his "Dignity Plan" of eliminating illegal coca cultivation and narco-trafficking by the end of his 5 year term in 2002, was there much success. 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 5 years, with a net reduction of approximately 70% between 1996 and 2001. Others, however, view the forced eradication as a social and political disaster: in places it was implemented regardless of the availability of alternative development programs funding, and in some places the Dignity Plan's mandated use of the military to carry out the eradications has generated charges of human rights abuses.[32]

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[31] In an amendment to the Bolivian constitution in 1994, the presidential term was extended from 4 years to 5.

[32] Kathryn Ledebur. *Coca and Conflict in the Chapare*. Drug War Monitor Briefing Series. Washington Office on Latin America. July 2002. pp 6-7. According to recent reports, (continued...)

According to the State Department's International Narcotics Control Strategy report, coca cultivation has increased by 23% in 2002. Nearly 12,000 hectares (29,652 acres) was eradicated, but the authorities have had little success in preventing replantings. Yet, Bolivia's coca cultivation is about half of its 1995 levels. Also, Bolivian law allows up to 12,000 hectares of coca cultivation for traditional use. Although President Jorge Quiroga (the vice president who assumed the presidency in August 2001 when President Banzer resigned because of ill health) had promised to carry out the Dignity Plan program, he 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.

Sanchez de Lozada faces several crucial issues, related to the coca issue. Critics, and even some who have supported the program, claim that while eradication has been successful in dramatically reducing coca cultivation, it has cost the overall economy several hundred million dollars annually. This cost is considerable in a country where gross domestic product (GDP) growth in 2002 was predicted to tally only 1%. Another critical task for the new president will be to decide how to proceed with a foreign investment proposal to construct and operate a $5 - $6 billion Liquid Natural Gas (LNG) export facility. The intent has been to supply LNG to California from this field by 2006. In connection with the project, Bolivia would like to develop a bilateral trade agreement with the United States.

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 $87.6 million in ACI funds, consisting of $52 million in drug interdiction and eradication, and $35.6 million in alternative development. In addition, Bolivia received $19.7 million in Child Survival and Health funds, $12.9 million in Development Assistance, $10 million in Economic Support Funds, and $500,000 in Foreign Military Financing.
- Under the FY2003 ARI allocation, Bolivia would receive nearly $91 million in ACI funding, consisting of $49 million in interdiction and eradication and $41.7 million in alternative development. In addition, Bolivia would receive $18.5 million in Child Survival and Health funds, $12.2 million in Development Assistance, $10 million in Economic Support Funds, and $2 million in Foreign Military Financing.

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[32] (...continued)
alleged abuses committed by members of the U.S. funded Expeditionary Task Force, a unit of 1,500 armed ex-soldiers based in the Chapare region, have included at least five killings and 50 cases this year of beatings and theft. See Anthony Faiola. "U.S. Role in Coca War Draws Fire." *Washington Post.* July 23, 2002. pp A1-A23.

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. President Lucio Gutierrez, a retired colonel and a leader of the January 2000 uprising that toppled the previously elected President, Gustavo Noboa, was inaugurated on January 15, 2003.

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.[33] 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.[34]

As a major transit country for cocaine and heroin from Colombia and Peru, Ecuador cooperates extensively with the United States in counternarcotics efforts. In November 1999, the United States signed a 10-year agreement with Ecuador for a forward operating location (FOL) in Manta, on the Pacific Coast, for U.S. aerial counterdrug detection and monitoring operations. Although the agreement is solely for the detection of drug trafficking flights in the region, some human rights groups and politicians in Ecuador fear that the facility could be used to support operations against guerrillas in neighboring Colombia.

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 $25 million in ACI funding, consisting of $15 million in interdiction and law enforcement programs, and $10 million in alternative development.

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

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

In addition, Ecuador received $6.9 million in Development Assistance, $15 million in Economic Support Funds.

- Under the Emergency FY2002 Supplemental request, Ecuador received $3 million in FMF funding.

- Under the FY2003 ARI allocations, Ecuador would receive nearly $30.9 million in ACI funding, consisting of $15 million for interdiction and law enforcement programs, and $15.9 million for alternative development. In addition, Ecuador would receive $7.1 million in Development Assistance, $15.5 million in Economic Support Funds, and $1 million in Foreign Military Financing.

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 inhabitants concentrated in the more developed southeastern areas of the country and along the Atlantic coast President Fernando Henrique Cardoso of the center-left Brazilian Social Democratic Party (PSDB) completed his second term in the last days of 2002, ending an eight-year period (1995-2002) that, despite criticisms and difficulties, has been recognized as an era of political stability and free market economic reform. Following two rounds of elections in October 2002, Luis Inacio Lula da Silva of the leftist Workers Party (PT) was elected and inaugurated as President on January 1, 2003, with support from a wide range of parties. He has promised to follow sound economic policies, while putting priority on the elimination of hunger in the country.

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.[35]

Funding and Requests for Brazil.

- Brazil received only a small amount of Plan Colombia assistance, but under ARI allocations for FY2002 Brazil received $6 million in ACI funds, nearly all in law enforcement funding. Brazil also received $9.2 million in Child Survival and Health funds and $4.8 million in Development Assistance.

- Under the FY2003 ARI allocation, Brazil would receive $6 million in ACI funds, nearly all in law enforcement funding. In addition, Brazil would receive $9.8 million in Child Survival and Health funds and $6.4 million in Development Assistance.

Venezuela

Venezuela, Colombia's eastern neighbor, is now the fourth largest supplier of crude oil to the United States. With a population of 24 million, Venezuela is the sixth most populous country in Latin America. The country is presently led by President Hugo Chavez, a former unsuccessful military coup leader and populist, who was initially elected in 1998 on a campaign to rewrite the constitution, rid the country of corruption, and more adequately meet the needs of the people. Under President Chavez, Venezuela has undergone enormous political changes, with a new constitution and revamped political institutions.

Although Chavez remained widely popular until mid-2001, his popularity eroded significantly after that amid his ineffectiveness in improving living conditions and concerns that he was imposing a leftist agenda on the country. Following massive anti-Chavez protests in April 2002, the Venezuelan military took Chavez into custody and business leader Pedro Carmona declared himself interim President, but Chavez was restored to power in days with the support of the military. From December 2002 until February 2003, the opposition orchestrated a general strike that disrupted the economy but was unsuccessful in getting President Chavez to agree to early elections or a non-binding referendum on his rule. After months of negotiations facilitated by OAS Secretary General Cesar Gaviria, Chavez and the opposition signed an agreement on May 29, 2003, to resolve the political crisis. Implementation of the accord, which could lead to a recall referendum for President Chavez, will not necessarily be easy, but observers emphasize that it is an important first step for achieving political stability.[36]

Under the Chavez government, there has been friction at times in U.S.-Venezuelan relations, and Chavez has at times used anti-U.S. rhetoric. He denounced

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

[36] For more details, see CRS Report RS20978, *Venezuela: Political Conditions and U.S. Policy*, by (name redacted).

Plan Colombia as a U.S.-dominated military strategy, and denied the United States overflight rights over Venezuela territory for drug interdiction. Following the September 2001 terrorist attacks on the United States, Chavez criticized U.S. military action in Afghanistan, and he visited Libya, Iran, and Iraq, prompting President Bush to exclude him from his March 2002 meeting with Andean leaders in Peru.[37]

There also has been increasing concern about the guerrilla conflict in Colombia spreading to Venezuela. At times, Colombian guerrillas and paramilitaries have entered Venezuela territory, causing frictions in Colombian-Venezuelan relations. In April 2003, Venezuela's military exchanged fire with Colombian paramilitaries that had crossed the border pursuing FARC guerrillas; a subsequent meeting between Chavez and Colombian President Alvaro Uribe eased tensions and led to Venezuelan promises to increase border patrols in order to prevent incursions by armed Colombian groups. There also have been long-held suspicions that President Chavez has supported the Colombian guerrillas, but President Chavez denies the rumors.

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. There were no eradication efforts in 2002. 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.

- Although Venezuela received only a small amount of Plan Colombia assistance, under the final ARI allocations for FY2002, Venezuela received $5 million in ACI funding, consisting of law enforcement and administration of justice programs. Venezuela also received $500,000 in Economic Support Funds.

- Under FY2003 ARI allocations, Venezuela would receive $2.1 million in ACI funding, consisting of law enforcement and administration of justice programs. Venezuela would also receive $500,000 in Economic Support Funds.

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.

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

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.[38] This forced the United States to develop the Forward Operating Locations (FOLs) 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 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.

- Although Panama received only a small amount of Plan Colombia assistance, under allocations for FY2002, Panama received $5 million in ACI funding, consisting largely of border control and law enforcement funds. Panama also received $4.5 million in Development Assistance and $4.2 million in Economic Support Funds.

- For FY2003, Panama would receive $4.5 million in ACI funds, consisting largely of border control and law enforcement funds. In addition, Panama would receive $4.9 million in Development Assistance, $3 million in Economic Support Funds, and $1 million in Foreign Military Financing.

[38] For more detail, see CRS Report RL30981, *Panama-U.S. Relations*, by (name redacted) and (name redacted).

Major Legislative Activity in 2002 and Early 2003 on Andean Regional Initiative Issues

FY2002 Emergency Supplemental Appropriations

The House approved the conference report on H.R. 4775 (H.Rept. 107-593) on July 23, and the Senate approved it on July 24, 2002. The President signed the bill into law (P.L. 107-206) on August 2, 2002.

House Action. On May 9, 2002, the Appropriations Committee began to mark up the FY2002 Emergency Supplemental Appropriations Act, granting the President some of the requested authorities relating to Colombia but denying some of the other authorities. On May 15, the committee forwarded the bill to the House (H.R. 4775, H.Rept. 107-480), where it was passed, amended, on May 24. Provisions regarding Colombia remained as in the Committee-reported bill. On May 23, 2002, the House rejected, 192-225, an amendment offered by Representatives McGovern and Skelton that would have deleted the Committee language authorizing expanded U.S. military activities in Colombia.

Committee Action. As passed by the House Appropriations Committee, H.R. 4775 retained the full $38 million ($35 million for Colombia and $3 million for Ecuador) requested for the ARI countries, but modified assistance for Colombia and the conditions on that assistance. The bill left the $25 million for anti-kidnapping funds under Non-Proliferation, Anti-Terrorism, and Demining (NATD) Funding (as the President's request is fully funded with no changes suggested), but shifts $6 million for infrastructure security from the FMF account to the INCLE account, where $4 million is also provided for assistance to police posts.

As the President requested, the bill provided authority to expand the use of FY2002 and previous year funding from the Department of State (Section 601) and Department of Defense (Section 307) for Colombia well beyond counternarcotics operations, although the authorizing language is slightly different from the President's proposed use of funds against "all threats" to Colombia's national security. (The language of Sections 601 and 307 is identical.) Instead, the Committee provided that funds would be available "to support a unified campaign against narcotics trafficking, against activities by organizations designated as terrorist organizations...and to take actions to protect human health and welfare in emergency situations, including undertaking rescue operations." The specified terrorist groups are the two leftist guerrilla groups, the FARC and the ELN, and the rightist paramilitary forces of the AUC.

The Committee did not include the President's language requesting permission to use the funds "notwithstanding any other provision of law," except the Leahy Amendment and the personnel caps on Plan Colombia activities. It did, however, specify that the new authorities are "in addition to authorities currently available to provide assistance to Colombia." Under this provision, all current conditions on aid to Colombia for previously appropriated funds would continue to apply. The conditions would not apply, however, to the funding provided under this bill.

The Committee added a requirement for an "Andean Security Strategy" report within 30 days of the bill's enactment. The report would outline U.S. "policy and strategy to assist Colombia as well as to achieve a robust security environment in the Andean region." Six specific points are to be addressed: (1) the United States' key objectives in providing aid to Colombia; (2) a timetable and cost estimate for achieving those objectives; (3) the U.S. role in assisting Colombian efforts to provide security within the country; (4) how U.S. strategy in Colombia relates to a region-wide Andean strategy; (5) a strategy, timetable, and cost estimates for assisting Colombia's efforts "to contain and eliminate the threat which the United Self-Defense Forces (AUC)" poses to Colombia's national security; and, (6) strategies to help Colombia reach a negotiated political solution to its conflicts and to help it design and implement a comprehensive strategy to deal with "the underlying socio-political sources of the insurgencies and paramilitary counter-insurgency."

The committee report (H.Rept. 107-480) made other references to Colombia. In the report, the Committee recommended that, in view of "the troubling situation facing many internally displaced persons (IDPs) in Colombia" up to $10 million be made available from INCLE or other funds to meet emergency IDP needs. Regarding new authorities, the Committee report noted that although the new authorities are intended to be used against terrorist organizations identified through the State Department's processes, "the Committee recognizes that in certain emergency situation[s], such as kidnappings, the use of United States assets may be required before the affiliation of the perpetrators has been determined." The Committee stated that it expects the authority to continue through FY2003 "unless the new government of Colombia fails to commit itself to the counterdrug and security policies of the Pastrana administration. It also noted "that these authorities will continue to be in effect in the event a continuing resolution is necessary for a portion of 2003."

The Committee refused the President's request that the Secretary of Defense be given discretion to decide on the uses of two new pots of money in the bill totaling $130 million requested to assist foreign nations and indigenous forces with defense articles, services, and training. (Although Colombia was not specified as a potential recipient of these funds, they could conceivably have been used there.) "The primary responsibility of the Secretary of State for foreign assistance, and in particular military assistance, is well established," according to the report. "Existing provisions of law ... already provide sufficient authority for the purposes identified in the President's request."

The House did include in two DOD funding accounts, however, counter-terrorism monies which could be used for Colombia, although Colombia is not specifically mentioned in regards to either. In language relating to the Department of Defense's Defense-wide Operations and Maintenance account, $420 million is earmarked for payments to cooperating nations for military support provided to the United States military in connection with the war on terrorism. (The language specifically mentioned Pakistan, Jordan, and the Philippines as recipients.) Section 312 provided that $100 million from the DOD's Defense Emergency Reserve Fund "may be made available to reimburse foreign nations for the costs of goods, services, or use of facilities provided in direct support of the operations by U.S. military forces in the global war against terrorism..." upon written notification to and approval of the appropriations committees.

Floor Action. On May 23, 2002, the House considered the McGovern/Skelton amendment that would have stricken the additional authorities in the bill that permit U.S. assistance to go beyond strictly counter-narcotics purposes and to engage in counter-guerrilla and counter-terrorism activities as well. Proponents argued that the new authorities would unnecessarily involve the United States in the internal affairs of Colombia with an uncertain outcome, while proponents argued that broader authority was necessary to provide the Colombian government with needed counter-narcotics, counter-insurgency, and counter-terrorism assistance. The amendment was rejected by a vote of 192-225.

Senate Action. On May 22, the Senate Appropriations Committee reported its version of the supplemental appropriations bill, S. 2551, without a report, and then filed the report, S.Rept. 107-156, on May 29, 2002. On June 7, 2002, the Senate approved H.R. 4775, after incorporating the text of S. 2551 into the House measure, thereby retaining the provisions reported by the Senate Appropriations Committee. During floor action, Senators Graham and DeWine introduced but later withdrew an amendment (S.Amdt. 3569) to permit the use of Department of Defense funds for counter-terrorism purposes.

Committee Action. The Senate Appropriations Committee substantially altered the President's request on Colombia. In the State Department portions of the supplemental bill, funding is specifically provided for Colombia in the INCLE and FMF accounts. Colombia was also mentioned in the Committee report (S.Rept. 107-156) under the Migration and Refugee Assistance account as one of the countries suffering a refugee crisis that threatens humanitarian and national security interests. Although the Administration had not requested refugee assistance, the Committee added $50 million to the bill for that purpose. (The House added $10 million but did not mention Colombia.) No mention was made in the bill of the $25 million in anti-kidnapping funding requested for Colombia in the NATD account language, although the amount appropriated by the committee bill for that account could conceivably fully or nearly fully fund the Administration request. (The Committee added $10 million to the President's request but also suggested changes in allocations.) The report noted that "Bolivia has made great strides in reducing coca cultivation" and that the Bolivian government has requested human rights training, and counter-terrorism training and assistance, for its police forces. "The Committee urges the State Department to seriously review these requests."

The Senate Appropriations Committee bill would have broadened authority for U.S. military activities in Colombia, but not to the same extent as requested by the President or as passed by the House. Under Section 603(a), the Committee authorized the use of counterdrug funds (i.e., those appropriated by this bill for Andean Counterdrug Initiative (ACI) assistance, FY2002 ACI funds appropriated in P.L. 107-115, and unexpired balances from previous year funds from foreign operations acts) "to support the Colombian Government's unified campaign against narcotics trafficking and against paramilitary and guerrilla organizations designated as terrorist organizations in that country." There was no similar authority in the bill for funds provided for other than counternarcotics purposes. According to the report, "the Committee has broadened current authority to permit the use of U.S. equipment, and U.S.-trained counternarcotics battalions" to support the unified campaign.

The bill included all human rights conditions contained in P.L. 107-115 and the existing personnel caps on U.S. military personnel and civilian contractors and added new conditions under Section 603(b). Section 603(c) specified the provisions of previous laws that remain applicable: Sections 556, 567, and 568 of P.L. 107-115; Section 8093 of the DOD FY2002 appropriations act; and Section 3204(b)(1), as amended, of P.L. 106-246. These provisions apply to funds appropriated under Section 603(a) as well as funds made available elsewhere in the act for assistance to the Colombian Armed forces and the Colombian National Police.

As summarized by report (S.Rept. 107-156), the new Section 603(b)(1) conditions "include a commitment by the newly inaugurated President of Colombia to implement significant budgetary and personnel reforms of the Colombian Armed Forces, and to expend substantial additional Colombian financial and other resources to restore government authority and respect for human rights in areas under the effective control of paramilitary and guerrilla organizations. The Committee intends that the reforms and additional resources will result in a better educated, higher paid, professionally trained military which respects human rights." Section 603(b)(2) provided that no U.S. military personnel or civilian contractors employed by the United States "will participate in any combat operation in connection with assistance made available under this Act or any other Act."

The bill also required a detailed report from the President on his policy objectives, the operations necessary and the cost to the United States, Colombia, and any other participating country to achieve those objectives, and on benchmarks to measure progress towards those objectives. The President's report was also to include information on and a time frame regarding the expected reduction in the amount of cocaine and heroin entering the United States as a result of the ACI, and a statement on the mission and objectives of U.S. military personnel and civilian contractors employed by the United States in connection with ACI assistance, and threats to their safety in Colombia.

In the State Department portions of the bill, the FMF language provided authority for funds to establish, train, and equip a Colombian Army brigade dedicated to providing security to civilian prosecutors in operations to collect evidence and execute arrest warrants against leaders of paramilitary organizations. No amount was specified for that purpose. The language also provided authority for assistance to the Colombian armed forces to protect the Cano Limon oil pipeline, but with a cap of $3.5 million (instead of the requested $6 million), and two conditions. Obligation of the pipeline protection funding was contingent upon a report from the Secretary of State to the Appropriations Committee that an appropriate amount from the Colombian government's oil revenues from that pipeline will be spent on primary health care, basic education, microenterprise, and similar activities and programs to improve the lives of the people of Arauca department. It was also contingent on written promises from the private sector partners using the pipeline, Occidental Petroleum and Repsol, that they will refund a portion of the funds based on their respective shares in pipeline. (The refunds would be placed in the Andean Counterdrug Initiative account for use without any further appropriation by Congress.)

The INCLE account language, also in the State Department portions of the bill, specified that $2.5 million is appropriated for the Colombian National Park Service

for training and equipment for park rangers. S.Rept. 107-156 noted that the State Department proposed using $4 million from this account to "extend the presence of Colombia's police forces to rural areas previously under guerrilla or paramilitary control." It stated that the Committee "has also provided not less than $2,500,000 for training and equipment for law enforcement officers to protect Colombia's biological reserves and national parks, which are increasingly vulnerable to coca growers and illegal loggers."

Like the House, the Senate Appropriations Committee did not include authority or funding for the Secretary of Defense to use $130 million to assist foreign nations and indigenous forces with defense articles, services, and training. It also did not specifically provide funding for reimbursing foreign nations for counter-terrorism assistance, which the House did. However, in language similar to that of the House, the Committee also earmarked $420 million in the Department of Defense's Defense-wide Operations and Maintenance account for payments to cooperating nations for military support provided to the United States military in connection with the war on terrorism. Colombia was not specifically mentioned, however.

Floor Action. The Senate considered the Supplemental FY2002 Appropriations bill (H.R. 4775) providing counter-terrorism assistance on June 3-7, 2002, after incorporating the Senate measure (S. 2551) into the House bill. The Senate approved H.R. 4775 on June 7, 2002, retaining the Committee-reported provisions relating to the Andean region, which provided less authority and more restrictions than the House approved measure. During the floor debate, Senators Graham and DeWine introduced amendment (S.Amdt. 3569) to give the President greater latitude to use Department of Defense funds for counter-terrorism purposes, but then withdrew the amendment to facilitate passage of the broader package on grounds that the issue would be resolved in conference.

Conference Action and Enactment. In the conference version of the bill (H.Rept. 107-593), the conference committee fully funded the President's request for Colombia, and granted broader authority to pursue new activities in Colombia, but with modifications that blend House and Senate provisions. The House approved the conference report on July 23, and the Senate approved it on July 24, 2002. The President signed the bill into law (P.L. 107-206) on August 2, 2002.

Anti-Kidnapping and Police Post Funding. Neither the bill nor the managers' statement specifically mentioned the $25 million requested in Non-Proliferation, Anti-Terrorism, and Demining Funds for an anti-kidnapping program in Colombia, but that account was funded at $5 million more than the $83 million requested by the President, providing funds to cover that program. Neither the bill nor the statement specifically mentioned the $4 million requested in International Narcotics Control (INCLE) funds for the Colombia police post program for Colombia, although that account appeared fully funded. INCLE funds remain available through FY2003.

Pipeline Funding. The bill did specifically mention funding of the $6 million requested for protection of Colombia's Cano-Limon oil pipeline, but changed the source of funding from the FMF to the INCLE account. The Secretary of State was required to submit a report describing oil revenues earned by the government of

Colombia from the operation of the pipeline for the past year, the amount expended by the government and by private oil companies using the pipeline to improve the lives of the inhabitants of Arauca, the province in which the pipeline is located, the steps being taken to increase and expand such programs, and the mechanisms being established to monitor such funds.

Other Funding. The bill also stated that INC funds "should be made available to train and equip a Colombian Armed Forces unit dedicated to apprehending the leaders of paramilitary organizations." No amount was specified.

The managers' statement noted that the situation of Internally Displaced Persons (IDPs) in Colombia is "troubling." The managers directed that up to $10 million of INC funds or of Migration and Refugee funds should be available to the State Department for the emergency needs of IDPs, although they did not specifically state IDPs of Colombia.

The managers noted that the bill does not contain $2.5 million for the protection of Colombian National Parks, whose environment is harmed by illegal drug cultivation. They stated their intention to provide such funds in the FY2003 ACI account. There was no specific mention of the requested $3 million in Foreign Military Financing for Ecuador.

Expanded Authorities. The bill provided identical authority for the use of INC and Department of Defense (DOD) funds, including prior year funds, to support "a unified campaign against narcotics trafficking, against activities by organizations designated as terrorist organizations" such as the FARC, ELN and AUC, "and to take actions to protect human health and welfare in emergency circumstances, including undertaking rescue operations." (Section 601 contains the authority for INC, Section 305 for DOD). The use of these funds was subject to the full range of human rights conditions on prior year funding in P.L. 107-115 and P.L. 107-117), to the restrictions on visas in P.L. 105-115, and to current caps of 400 on the number of U.S. civilian contractors, and on the number of U.S. military personnel (with certain exceptions) in Colombia. The managers recognized in their statement that "in certain emergency situation [sic], such as kidnappings, use of funds may be required before identity of perpetrators has been established."

Required Reports and Conditions. In order to exercise this authority, the Secretary of State must report to Committee on Appropriations that the newly elected President of Colombia has committed, in writing, (1) to establish comprehensive counter-drug measures, (2) to restore government authority and respect for human rights in areas under effective control of paramilitary and guerrilla organization, (3) to implement significant budgetary and personnel reforms of the Colombian Armed Forces, and (4) to support substantial additional Colombian financial and other resources to implement such policy and reforms, particularly to meet the country's previous commitments under Plan Colombia. (In its December 3, 2002, report to Congress, the State Department stated that it had provided a separate report to Congress on "President Uribe's determination to take a number of specific actions, many of which are underway." This report does not appear to have been posted on any website.)

The section on INCLE funding provided that the Secretary of State also must report that no U.S. Armed Forces personnel or U.S. civilian contractor employed by the United States will participate in any combat operation in connection with assistance made available for Colombia under that funding chapter. The DOD section placed an ban on the use of such personnel in combat operations "except for the purpose of acting in self defense or rescuing any U.S. citizen to include U.S. armed forces personnel, U.S. civilian employees, and civilian contractors employed by the United States." The INCLE authority will cease to be effective "if the Secretary of State has credible evidence that the Colombian Armed Forces are not conducting vigorous operations to restore government authority and respect for human rights in areas under the effective control of paramilitary and guerrilla organizations."

The statement of the managers noted that the bill does not require an Andean Strategy Report required, but the Secretary of State was directed to submit within 90 days a report to appropriations committees describing the President's policy toward Colombia, and benchmarks for meeting goals, and other policy details. (This strategy report was submitted on December 3, 2002, and is available at [http://www.ciponline.org/colombia/02120302.htm].)

The managers stated that they expect that expanded authorities would continue into 2003 unless Colombia fails to make a good faith effort to fulfill commitments required by the bill, and intend for authorities to continue in any continuing resolutions.

FY2003 Foreign Operations Appropriations

The House and Senate appropriations committees each passed separate versions of the FY2003 Foreign Operations Appropriations bill (H.R. 5410/S. 2779), with restrictions on the use of funds for Colombia and other limitations on funding for the Andean Counterdrug Initiative (ACI). The House version fully funded the President's request for $731 million for the ACI; the Senate version funded it at $637 million, i.e., $94 million less than the request. The foreign operation bills were incorporated into an omnibus spending package that incorporated 11 of the 13 appropriations bills that had not been enacted by the beginning of fiscal year 2003.

House Action. The House Appropriations Committee marked up and reported H.R. 5410 on September 19, 2002 (H.Rept. 107-663).

Committee Action. The House Appropriations Committee fully funded the President's request for $731 million for the Andean Counterdrug Initiative, with funds to remain available until expended. Using language authorizing expanded activities in the emergency supplemental appropriations act (P.L. 107-206), the bill provides that the funds available to the Department of State for assistance to the Colombian government can be used to support the "unified campaign" against drug trafficking and against activities of designated terrorist groups, as well as emergency actions to protect human health and welfare. The bill also contains the President's requested $98 million in Foreign Military Financing Funds (which may be transferred to the International Narcotics Control and Law Enforcement account), specifically for "helicopters, training and other assistance for the Colombian Armed Forces for security for the Cano Limon pipeline." The bill specifically prohibited any further

FMF funds in the bill from being used for helicopters "and related support services" for Colombia.

The committee bill contains several **restrictions on the ACI funds**. Two concerned **Colombia**:

- The authority for funding to support Colombia's unified campaign "shall cease to be effective if the Secretary of State has credible evidence that the Colombian Armed Forces are not conducting vigorous operations to restore government authority and respect for human rights in areas under the effective control of paramilitary and guerrilla organizations..."

- Any helicopter purchased with ACI funds from this act that is used "to aid or abet the operations of any illegal self-defense group or illegal security cooperative...shall be immediately returned to the United States..."

One concerned **Peru**:

- No funds from the act may be used to support a Peruvian air interdiction program until the Secretary of State and Director of Central Intelligence certify to the Congress that any such program which permits the Peruvian Air Force to shoot down aircraft will include enhanced safeguards and procedures in order to prevent accidental shootdowns such as the one that occurred on April 20, 2001. The certification must be made 30 days before the U.S. resumes any involvement in a Peruvian air interdiction program.

Two were general restrictions:

- The Secretary of State, in consultation with the Administrator of USAID, must provide the Appropriations committees with a detailed report on the proposed uses of all ACI funds, broken down by program, project, or activity for each country within 45 days of enactment of the bill, and before obligating any funds.

- Not more than $15.68 million of the ACI appropriation may be used for administrative expenses of the Department of State, and not more than $4.5 million for such expenses of USAID.

The bill capped the amount available from the ACI account for administrative expenses of the Department of State at $14.24 million, and for U.S. AID at $4 million.

In the committee report (H.Rept. 107-663) accompanying the bill, the Committee expressed a number of concerns. Seven were related to Colombia:

- Stating that "coca provides the revenue and motive behind the violence committed by both the guerrilla and paramilitary groups," the Committee noted that it expected that counternarcotics,

alternative development, and judicial reform would remain "the principal focus of United States policy in Colombia." It stated that its decision to make FY2003 funds available to support Colombia's unified campaign against narcotrafficking and terrorism, "is not a signal from the Committee for the United States to become deeply involved in assisting the Colombian Armed Forces in fighting the terrorist groups, especially not at the expense of the counternarcotics programs, but to provide the means for more effective intelligence gathering and fusion, and to provide the flexibility to the Department of State when the distinction between counternarcotics and counterterrorism are not clear cut." The committee directed the Secretary of State to report within 90 days of enactment on "the changes in United States policy, including new procedures and operations, as a result of implementing the expanded authorities."

- The Committee noted that eradication spraying of coca crops in Putumayo was conducted for only three months during the past two years, and expressed hope that, during the 17-month suspension of spraying (February 2001 through July 2002), development programs had caught up with the needs of those whose crops had been sprayed. The Committee stated its strong support for USAID's "ambitious new alternative development strategy" in Colombia, which began in early 2002, focusing on the construction of infrastructure and community development rather than support for alternative agricultural production.

- The Committee noted that Afro-Colombians, whom it stated represent "at least 25 percent" of Colombia's population, "suffer disproportionately from violence and displacement" due to violence. It instructed USAID to provide "significant" additional funding for programs that benefit Afro-Colombians, and "to take the views and specific problems of Afro-Colombians into account as it formulates assistance projects in the areas of human rights, democracy, displaced persons, and alternative development, including plans of return."

- The Committee noted that the Colombian government had had difficulty recruiting an adequate number of candidates to become helicopter pilots. It encouraged the U.S. Embassy in Bogotá "to continue negotiating with the Colombian Navy and Colombian Air Force in efforts to identify possible candidates to alleviate the pilot shortage...[and with] the new Colombian Minister of Defense to find a way to combat inter-service and inter-agency rivalries that hinder counternarcotics efforts."

- The Committee cited a 70 percent drop in coffee prices since 1997 as responsible for the destitution of 25 million coffee growers, many of them in Central America and Colombia. As a result, the Committee urged USAID "to focus its rural development and relief programs on regions severely affected by the coffee crisis, especially in Colombia."

- The Committee noted that the Department of Justice had obligated only half the funds made available to it for counternarcotics programs in Colombia. Preferring that "instead of sitting idle, [the remaining funds should] be used to help combat the humanitarian crisis facing Colombia," the Committee directed the State Department to transfer the funds to USAID for development, rule of law, and humanitarian assistance programs.

- The Committee noted that it had only asked for one Colombia certification during FY2003, rather than the two, semi-annual communications required in FY2002, because it was "alarmed to learn of the unintended costs to the pilot training program and the helicopter maintenance program that the semiannual certifications incurred at no apparent gain."

One related to **Bolivia**:

- The Committee praised Bolivia for its progress in antidrug efforts. It success, according to the Committee, came about "at a tremendous sacrifice by the Bolivian people," and "in large part" because of U.S. support. Urging the Administration to "continue its strong support of Bolivia's efforts when deciding its allocation of aid," the Committee stated that progress "could be erased quickly if the commitment by either the Bolivian government or the United States were to falter." The Committee noted its concern with delays in the prosecutions of alleged human rights violations committed by Bolivian security forces, and strongly encouraged Bolivia and the Department of State to take all necessary actions under Section 553 of the Act to address the situation. (Section 553 is the "Leahy amendment," which prohibits funds appropriated by the act from being provided to units of foreign security forces if there is credible evidence that members of the unit have committed gross violations of human rights, unless the country is bringing responsible members to justice.)

Two related to the **Andean region** in general:

- The Committee noted that the Andean region (as well as the Central American/Caribbean region) would benefit from trade capacity building assistance, including that related to agricultural exports.

- Noting that European cocaine consumption is rising, the Committee urged the Secretary of State to negotiate with the United States' European allies to contribute more funds to the Andean region's counternarcotics, alternative development, and judicial reform efforts.

One concerned **AID practices** that relate to the Andean region:

- In its explanation for the requirement that USAID submit a report on the proposed uses of ACI funds before initial obligation, the

> Committee noted its "disappointment in the level of pertinent information included in the Department of State's Congressional Budget Justification and congressional notifications."

Senate Action. The Senate Appropriations Committee marked up S. 2779 on July 18, 2002; it was reported July 24 (S.Rept. 107-219). On January 15, 2003, Senator Stevens introduced an omnibus FY2003 appropriations bill as S.Amdt. 1 to H.J.Res. 2 (for continuing appropriations). The bill included a slightly modified version of S. 2779, which provided $80 million less in ACI funding than the President's request.

Committee Action. The Senate Appropriations Committee bill (S. 2779) would fund the Andean Counterdrug Initiative at $637 million, $94 million less than the President's request. There was no mention in the bill or accompanying report as to how that was to be apportioned among the recipient countries. The bill provided up to $88 million of the requested $98 million for the Cano-Limon pipeline protection program, of which $71 million is to be used to purchase helicopters. It was not clear how much of the remainder of the total ARI request ($979.8 million, or $150.8 million over the ACI and the Cano-Limon pipeline requests) was funded. The ACI account may be augmented by an additional $35 million from new and prior year monies in the INC account.

The bill specified that not less than $215 million of the ACI account is to be apportioned directly to U.S. AID for social and economic programs. It also earmarked (1) $5 million for training and equipping a Colombian Armed Forces unit dedicated to apprehending the leaders of paramilitary organizations, (2) $3.5 million for assistance to the Colombian National Park Service for training, equipment, and other assistance to protect Colombia's national parks and reserves, which according to the report are threatened by illegal drug cultivation and illegal logging, and (3) $2 million for vehicles, equipment, and other assistance for the human rights unit of the Procurador General.

The bill retained the caps of 400 on the number of U.S. civilian contractors and on the number of U.S. military personnel that can be funded during FY2003. It also placed several conditions on the use of funds in the bill.

(1) It required the Secretary of State to certify that certain human rights criteria are being met before 60% of the funds appropriated by this act or prior foreign operations appropriations act to assist the Colombian Armed Forces and National police can be expended, not withstanding any other provision of law. These criteria are: (a) 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; (b) that the Colombian government is prosecuting and punishing those members of the Colombian armed forces who have been credibly alleged to have committed gross violations of human rights, or to have aided or abetted paramilitary organizations, and 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; (c) that the Colombian armed forces are severing links with paramilitary

groups at the command, battalion, and brigade levels; and (d) that the Colombian armed forces are apprehending the leaders of paramilitary organizations.

The remaining 40% of the funds can be obligated after June 1, 2003, if the Secretary of State again determines and certifies that the Colombian armed forces continue to meet the above criteria, and if they are conducting "vigorous" operations to restore government authority and respect for human rights in areas under the effective control of paramilitary and guerrilla organizations.

In making these certifications, the Secretary of State is required to meet at least 10 days prior to making the certification with internationally recognized human rights organizations regarding progress in meeting these criteria. The Secretary is also required to submit a report to Congress 120 days after enactment and every 120 days after that describing the actions taken by the Colombia armed forces to meet these criteria.

(2) It required that the Secretary of State submit a report on the usage and safety of chemicals used in the aerial coca fumigation program in Colombia (as discussed in the section at the beginning of this report on the hold on certain FY2002 funding) before FY2003 funds can be used to purchase those chemicals.

(3) It banned the participation of U.S. military personnel or U.S. civilian contractors in combat operations. It requires the return of any helicopter procured with funding from this bill if that helicopter should be used to aid or abet the operations of any illegal self-defense groups or illegal security cooperatives.

(4) It prohibited the use of funds from the bill to support a Peruvian air interdiction program unless the Secretary of State and Director of Central Intelligence certify to Congress, 30 days before the resumption of U.S. involvement in such a program, that effective safeguards and procedures are in place to prevent a shoot down similar to that of April 20, 2001, in Peru.

Floor Action. On January 15, 2003, Senator Stevens introduced an omnibus FY2003 appropriations bill (containing versions of the 11 unpassed FY2003 spending measures) as S.Amdt. 1 to H.J.Res. 2 (for continuing appropriations). The bill included a slightly modified version of the ARI/Colombia related provisions of S. 2779. In particular, the bill provided $650 million for ACI funding, specifically for counternarcotics purposes (compared to $637 million in S. 2779). The bill included all the ACI earmarks in S. 2779), but increased the ACI funding earmarked for USAID to $225 million ($10 million over S. 2779) and added an earmark for $3 million for web monitoring software and related training for the Colombian National Police. It retained the cap of $4.5 million of ACI funding for administrative expenses of USAID, but increased the cap for such State Department expenses by $560,000 to $14.8 million. Like S. 2779, S.Amdt. 1 provided $88 million in FMF for oil pipeline protection, which can be transferred to the ACI account.

Most of the ACI-related conditions and certification requirements in S. 2779 were retained in S.Amdt. 1, albeit with some modifications.

- The caps of 400 on military personnel and 400 on U.S. civilian contractors who can be present in Colombia at one time were retained. The bill also continued to waive the Section 482(b) of the Foreign Assistance Act of 1961 (as amended) restriction on the use of ACI funds for weapons and ammunition.

- The human rights certification requirement was retained, with the same criteria as S. 2779, but only on 25% of the ACI funds. An initial 75% of the ACI funds can be obligated and spent without being certified. Of the remaining 25%, one-half (or 12.5%) can be obligated as soon as the Secretary of State certifies that the specified human rights criteria are being met, and the remainder can be spent after that certification, but not prior to July 1, 2003. Unlike S. 2779, no follow-up human rights reports are required.

- The environmental certification requirement for the continued use of funds for the aerial fumigation spraying program was retained, although with modifications and additions to the S. 2779 criteria that enlarge the role of the Environmental Protection Agency (EPA). S.Amdt. 1 required that the Secretary of State and the EPA Administrator *each* certify four criteria. (S. 2779 required only a certification from the Secretary of State, after consultation with the EPA Administrator.) There was one new criterion: that an environmental impact statement (EIS) "has been completed in a manner consistent with that required for comparable use of the herbicide mixture in the United States." Another criterion appeared to be a modification of two S. 2779 criteria: that the "herbicide mixture is being used in accordance with the EIS, EPA label requirements for comparable use in the United States and any additional controls recommended by the EPA for this program, and with Colombian laws including the Environmental Management Plan for aerial fumigation." Two criteria were virtually identical to those of S. 2779, i.e., one regarding the health and safety effects of the fumigation spray, and one to evaluate complaints of ill effects of the spraying.

- The amendment dropped the prohibition regarding the air interdiction program in Peru.

- The amendment retained the ban on the participation of U.S. military personnel or U.S. civilian contractors in combat operations, and the requirement that for the return of any helicopter procured with funding from the bill if it is used to aid or abet operations of illegal self-defense groups or illegal security cooperatives.

Conference Action and Enactment. The conference agreement appropriated $933 million for the Andean Regional Initiative, with $700 million of that total allocated directly for the Andean Counterdrug Initiative. The ACI funding level is $31 million below the President's request, although the conference agreement allows the Administration to transfer $31 million from the State Department's

International Narcotics Control and Law Enforcement account (INCLE) to the ACI. Congress further permitted up to $93 million of military aid for the security of the Cano-Limon oil pipeline, $5 million less than requested. In addition, Colombia would receive $1.2 million in International Military Education and Training (IMET) funding.

The enacted legislation specifies that not less than $250 million of the ACI account is to be apportioned directly to USAID for social and economic programs. It also directs specific funding for several functions: (1) not less than $5 million for training and equipping a Colombian Armed Forces unit dedicated to apprehending the leaders of paramilitary organizations; (2) not less than $3.5 million for assistance to the Colombian National Park Service for training, equipment, and other assistance to protect Colombia's national parks and reserves, which according to the report are threatened by illegal drug cultivation and illegal logging; (3) not less than $3 million for web monitoring software for use by the Colombian National Police; and (4) not less than $1.5 million for vehicles, equipment, and other assistance for the human rights unit of the Procurador General.

The conference report included a number of reporting requirements and conditions on assistance with regard to human rights, aerial fumigation, caps on U.S. personnel, the Peruvian air interdiction program, as well as continuing expanded authorities for a unified campaign against drug trafficking and terrorist organizations that was first approved in the FY2002 supplemental.

FY2003 Foreign Relations Authorization

The conference report on H.R. 1646 was approved by the House by voice vote on September 25, 2002, and was approved by the Senate by unanimous consent on September 26, 2002. It was signed into law (P.L. 107-228) on September 30, 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 required a report on Department of State activities relating to various reform efforts in Colombia, and on the transfer of counter-narcotics activities by contracted U.S. businesses to Colombian nationals; and 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, 2001.

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, 2001, with reporting requirements on Colombia and a prohibition on the issuance of visas to illegal armed groups in Colombia. The required reports related to the elimination of Colombian opium, the effects of Plan Colombia on Ecuador, Department of State funded reform activities, and the transfer of counter-narcotics activities by contracted U.S. businesses to Colombian nationals, especially Colombian antinarcotics police. (See enacted legislation summarized below for details)

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. On May 1, 2002, the Senate approved H.R. 1646 after incorporating the text of a Senate measure on security assistance (S. 1803) approved in December 2001.

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.

Conference Action and Enactment. The conference report on H.R. 1646 (H.Rept. 107-671) filed on September 23, 2002, contained two sections on Colombia, with requirements for reports that are similar to the requirements in the House-passed version of the bill. However, the coverage in the required reports in Section 694 of the legislation is broadened to include the activities of the Department of Defense, and the subsequent reports are to be made yearly rather than semi-annually. The prohibition on the issuance of visas to illegal armed groups in Colombia was dropped on grounds that it was duplicative of existing authorities, particularly authorities in the Immigration and Nationality Act (INA). The conference report on H.R. 1646 was approved by the House by voice vote on September 25, 2002, and was approved by the Senate by unanimous consent on September 26, 2002. It was signed into law (P.L. 107-228) on September 30, 2002, with the following relevant requirements.

Report on State and Defense Departments' Reform Activities. Section 694 (a) of the legislation requires the Secretary of State to submit within 180 days of enactment, and not later than April 1 of each year thereafter, a report on State and Defense Department funded and authorized activities to promote alternative development, recovery and resettlement of internally displaced persons, judicial reform, the peace process, and human rights. This report is to include summaries of activities undertaken during the previous 12-month period, estimated timetables for the next 12-month period, an explanation of any delays in meeting planned timetables, and an assessment of steps to be taken to correct such delays.

Report on "Colombianization" Efforts. Section 694(b) states that it is the policy of the United States to encourage the transfer of counternarcotics activities in Colombia now carried out by contracted U.S. businesses to Colombian nationals, "in particular personnel of the Colombian antinarcotics police, when properly qualified

personnel are available." It requires the Secretary of State to report, within 180 days of enactment, and not later than April 1 of each year thereafter, on the counternarcotics activities carried out by U.S. businesses under State or Defense Department contracts. The report must include the names of such businesses, the total State or Defense Department payments to each business, a statement justifying each 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, in particular to qualified personnel of the Colombian antinarcotics police.

Reports on Eradication of Colombian Opium and on Impact of Plan Colombia on Ecuador and Colombia's Neighbors. Section 695 requires the Secretary of State to submit within 150 days of enactment a report which sets forth a comprehensive strategy for United States activities in Colombia related to (1) the eradication of opium cultivation at its source in Colombia, and (2) the impact of Plan Colombia on Ecuador and the other adjacent countries to Colombia.

FY2003 National Defense Authorization

The House-passed cap of 500 on the number of DOD-funded U.S. military personnel involved in operations in Colombia was dropped by conferees on the FY2003 National Defense Authorization Act (H.R. 4546/P.L. 107-314).

House Action. As passed by the House on May 10, 2002, H.R. 4546, the National Defense Authorization bill for FY2003, includes a provision that would establish a cap of 500 on the number of U.S. military personnel in Colombia who are supported or maintained by Department of Defense funds. However, the Secretary of Defense may waive the cap for national security reasons.

Committee Action. On May 1, 2002, the House Armed Services Committee reported out H.R. 4546, the National Defense Authorization bill for FY2003. Section 1206 of the bill, added by amendment during markup, would set a cap of 500 on the number of DOD-funded U.S. military personnel involved in operations in Colombia at any one time. The Secretary of Defense would be allowed to waive the cap for national security reasons. The Secretary would have to report his decision to waive the cap to the armed services committees within 15 days. The amendment offered by Representative Gene Taylor to set the cap at 500 was amended by the addition of the waiver provision by Representative Saxby Chambliss. It then passed 32-26. The cap specifically excludes personnel serving diplomatic functions or performing emergency missions.

There is currently a cap of 400 on the number of U.S. military personnel who can operate in Colombia in support of President Pastrana's "Plan Colombia." This cap was established through the section on Andean Counterdrug Initiative (ACI) funding in the FY2002 foreign operations appropriations act (P.L. 107-115), which amended the original Section 3204(b)(1)(A) cap of 500 set in the "Plan Colombia" FY2000 supplemental appropriations (P.L. 106-246). The cap specifically excludes personnel serving diplomatic functions or performing emergency missions.

U.S. support for Pastrana's "Plan Colombia," provided through P.L. 106-246 and the FY2001 and FY2002 foreign operations acts, includes U.S. military support for the training of Colombian Army Counternarcotics battalions and counternarcotics interdiction funded by the State Department. [As long as the Department of Defense continues to pay the salaries of participating U.S. military personnel, these personnel presumably would be considered to be supported or maintained by DOD funding.] The U.S. military currently also conducts a variety of counternarcotics operations in Colombia under Department of Defense authorities and funding.

Floor Action. The House passed H.R. 4546 on May 10, 2002, with the Committee-reported cap and waiver on U.S. military personnel in Colombia.

Senate Action. As passed by the Senate on June 27, 2002, H.R. 4546, as amended by the incorporation of S. 2514 in lieu of the House version, does not contain a cap on U.S. military personnel in Colombia.

Conference Action. The House receded on its cap provision. The conference report (H.Rept. 107-772) was passed by the House on November 12 and the Senate on November 13, and it was signed into law (P.L. 107-314) on December 2, 2002.

FY2003 Intelligence Authorization

Section 501 of the FY2003 Intelligence Authorization Act (P.L. 107-306, signed into law November 27, 2002) authorizes the use of funds designated for intelligence and for intelligence-related purposes for FY2002 and FY2003, and any unobligated funds available to the intelligence committee for prior fiscal years to support Colombia's unified campaign against narcotics trafficking and specified terrorist organizations, and for specified emergency situations. It contains a one-time certification requirement for such use and restrictions on the use of funds, and provides for the termination of such authority on specified human rights grounds, as detailed below under Floor Action.

House Action. During consideration of H.R. 4628, the House adopted a Pelosi amendment by voice vote on July 25, 2002, which would provide authority for counter-drug and counterterrorism activities in Colombia, but restrict the uses of funds for those activities. The bill passed the House by voice vote on the same day.

Committee Action. On July 18, 2002, the House Select Committee on Intelligence reported H.R. 4628 (H.Rept. 107-592), the FY2003 intelligence authorization bill, which would provide authority for the use of intelligence and intelligence-related funds for counternarcotics and counterterrorism activities, "notwithstanding any other provision of law." The statement of authority reads: "Funds designated for intelligence or intelligence-related purposes for assistance to the Government of Colombia for counter-drug activities for fiscal years 2002 and 2003, and any unobligated funds available to any element of the intelligence community for such activities for a prior fiscal year, shall be available to support a unified campaign against narcotics trafficking and against activities" by the FARC, ELN, and AUC, "and to take actions to protect human health and welfare in emergency circumstances, including undertaking rescue operations."

Floor Action. On July 25, the House adopted the Pelosi amendment (Section 501), which would place much the same restrictions on aid to Colombia as contained in the FY2002 supplemental appropriations act, H.R. 4775.

Section 501 placed the same certification requirement concerning written promises by the President of Colombia and the same human rights conditions, visa restrictions, and personnel caps as H.R. 4775, with the certification to be made by the Secretary of Defense. Section 501 also contains a provision to terminate authority if the Secretary of Defense "has credible evidence that the Colombian Armed Forces are not conducting vigorous operations to restore government authority and respect for human rights in areas under the effective control of paramilitary and guerrilla organizations." In addition, it provides that no U.S. armed forces personnel or U.S. civilian contractor employed by the United State can participate in combat operations in connection with funds made available under Section 501, except to act in self-defense or to rescue U.S. citizens.

Conference Action. Conferees incorporated House language on Colombia in Section 501 of the conference version of H.R. 4628 (H.Rept. 107-789). On November 15, 2002, the House and Senate passed the conference bill, and it was signed into law (P.L. 107-306) on November 27, 2002.

Extension of Andean Trade Preference Act (ATPA)[39]

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, and the Senate passed the ATPA extension on May

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[39] For details on this legislation, see CRS Report RL30790, *The Andean Trade Preference Act: Background and Issues for Reauthorization*, by (name redacted). More detailed and updated information can be found on the CRS Web site in the CRS Electronic Briefing Book on *Trade* at [http://www.congress.gov/brbk/html/ebtra1.shtml].

23, 2002, as part of an omnibus trade bill including trade promotion authority and trade adjustment assistance.

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. On May 1, 2002, the Committee substitute was withdrawn and a broader trade package was subsequently adopted as a substitute amendment.

Floor Action. Following extended negotiations between the White House and Republican and Democratic leaders in the Senate, on May 23, 2002, the Senate approved Senate Amendment 3401 to H.R. 3009, a broader trade package including ATPA extension, trade promotion ("fast track") authority for the President, and trade adjustment assistance for workers displaced by trade agreements. The same day, the Senate approved H.R. 3009, as amended, by a 66-30 vote.

Conference Action and Enactment. On July 26, 2002, conferees reported the conference version of H.R. 3009 (H.Rept. 107-624). The conference report was approved by the House on July 27 and by the Senate on August 1. It was signed into law (P.L. 107-210) on August 6, 2002. Title XXXI of the Act, entitled the Andean Trade Promotion and Drug Eradication Act, extends preferential tariff treatment through December 31, 2006, and broadens coverage to include products previously excluded.

Appendix A. Map Showing Andean Regional Initiative Countries

Source: Map Resources. Adapted by CRS. (09/02 M.Chin)

Appendix B. FY2002 Andean Regional Initiative

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	ACI FY2002 Allocations By Purpose		ARI FY2002 Allocations By Account				
			Economic/ Social/ Governance	Counter-narcotics and Security	International Narcotics Control (Andean Counterdrug Initiative)	Develop-ment Aid	Child Survival and Diseases	Economic Support Fund	Foreign Military Financing
Colombia	**399.00**	**373.90**	130.40	243.50	373.90	0	0	0	0
Bolivia	**143.48**	**130.70**	39.60	48.00	87.60	12.90	19.70	10.00	0.5*
Brazil	**26.18**	**20.00**	0	6.00	6.00	4.80	9.20	0	0
Ecuador	**76.48**	**46.86**	10.00	15.00	25.00	6.86	0	15.00	0
Panama	**20.50**	**13.70**	0	5.00	5.00	4.50	0	4.20	0
Peru	**206.15**	**195.70**	67.50	75.00	142.50	15.00	23.70	14.50	0
Venezuela	**10.50**	**5.5**	0	5.00	5.00	0	0	0.50	0
Totals	**882.29**	**786.40**	**247.50**	**397.50**	**645.00**	**44.06**	**52.60**	**43.70**	**0.50**

Source: Office of the Secretary of State. International Affairs Function 150 Fiscal Year 2003 Budget Request Summary and Highlights. February 2002. These data include funding from accounts that comprise the Andean Regional Initiative: International Narcotics Control and Law Enforcement (INCLE), Andean Counterdrug Initiative, development aid, child survival and health aid, and foreign military financing. The ARI has not included (and consequently these figures do not include) International Military Education and Training funds, food aid, peace corps funds, or Department of Defense counternarcotics funds. Totals may not add due to rounding. Table prepared by (name redacted) and (name redacted), Updated July 17, 2003.

* 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. Amounts for Colombia do not include funds from the FY2002 Supplemental: $4 million for ACI; $25 million in counter-kidnapping training; and $6 million to protect the Cano-Limon oil pipeline. Similarly, amounts for Ecuador do not include $3 million in FMF funds.

Appendix C. Bush Administration's FY2003 Andean Regional Initiative (ARI)

FY2003 Request and FY2003 Estimates by Purpose and by Functional Accounts

($ millions)

Country	Total ARI FY2003 Request	Total ARI FY2003 Allocations	ACI FY2003 Estimates By Purpose		ARI FY2003 Estimates By Account				
			Economic/ Social/ Governance	Counter-narcotics and Security	International Narcotics Control (Andean Counterdrug Initiative)	Development Aid	Child Survival and Diseases	Economic Support Fund	Foreign Military Financing
Colombia	**537.0**	**597.3**	149.2	318.0	467.2	0	0	0	130.1
Bolivia	**132.6**	**133.4**	41.7	49.0	90.7	12.2	18.5	10.0	2.0
Brazil	**29.5**	**22.2**	0	6.0	6.0	6.4	9.8	0	0
Ecuador	**65.1**	**54.5**	15.9	15.0	30.9	7.1	0	15.5	1.0
Panama	**20.5**	**13.4**	0	4.5	4.5	4.9	0	3.0	1.0
Peru	**186.6**	**176.2**	68.6	59.5	128.1	16.3	21.7	9.0	1.0
Venezuela	**8.5**	**2.6**	0	2.1	2.1	0	0	.5	0
Totals	**979.8**	**999.6**	**275.4**	**454.1**	**729.5**	**46.9**	**50.0**	**38.0**	**135.1**

Source: Office of the Secretary of State. International Affairs Function 150 Fiscal Year 2004 Budget Request Summary and Highlights. February 2003. Estimates for FY2003 were provided to CRS by the Department of State. These data include funding from accounts that comprise the Andean Regional Initiative: International Narcotics Control and Law Enforcement (INCLE), Andean Counterdrug Initiative, development aid, child survival and health aid, and foreign military financing. The ARI has not included (and consequently these figures do not include) International Military Education and Training funds, food aid, peace corps funds, or

Department of Defense counternarcotics funds. Totals may not add due to rounding. Table prepared by Nina Serafino and (name redacted), July 17, 2003.

Note: Amounts for Colombia include the FY2003 Emergency Wartime Supplemental. Not included here, because it is not part of the ARI, is $34 million from DOD's counternarcotics program.