

United States General Accounting Office

GAO

Testimony

Before the Subcommittee on Treasury, Postal Service and General Government, Committee on Appropriations, United States Senate

For Release on Delivery
Expected at
10:00 a.m., EDT,
Thursday,
February 25, 1993

DRUG CONTROL

Increased Interdiction and Its
Contribution to the War on
Drugs

Statement of Louis J. Rodrigues, Director, Systems
Development and Production Issues, National Security and
International Affairs Division



144390

U.S. Department of Justice
National Institute of Justice

This document has been reproduced exactly as received from the person or organization originating it. Points of view or opinions stated in this document are those of the authors and do not necessarily represent the official position or policies of the National Institute of Justice.

Permission to reproduce this ~~copyrighted~~ material has been granted by
Public Domain

~~U.S. General Accounting Office~~

to the National Criminal Justice Reference Service (NCJRS).

Further reproduction outside of the NCJRS system requires permission of the ~~copyright~~ owner.

Mr. Chairman and members of the Subcommittee:

I am pleased to be here today to discuss interdiction and its impact on the supply of cocaine entering the United States. In September 1991, we reported on DOD's implementation of its new detection and monitoring mission in support of drug interdiction.¹ We found that DOD had significantly expanded the nation's capability to detect and monitor drug traffic. But we also found that, even with this expanded capability, interdiction had been unable to counter new smuggling methods--and had been unable to stem the flow of cocaine into the United States. We also noted that the high profits in cocaine trafficking make it doubtful interdiction can achieve its ultimate goal of deterring drug smuggling by seizing shipments headed to the U.S.

DOD HAS EXPANDED

SURVEILLANCE CAPABILITIES

Before 1989, the limited surveillance assets of civilian law enforcement agencies allowed only intermittent and sporadic coverage of key transit areas in the Caribbean and the eastern Pacific. As directed by the fiscal year 1989 National Defense Authorization Act, however, DOD has improved that coverage by providing the resources to conduct extensive surveillance of

¹Drug Control: Impact of DOD's Detection and Monitoring on Cocaine Flow (GAO/ NSIAD-91-297, September 19, 1991).

primary smuggling routes. DOD's approach has been to layer ground, air, and sea based radars near the South American countries where cocaine is produced and distributed. This expanded coverage has contributed to drug seizures by allowing suspects to be detected early, monitored continuously, and handed off to law enforcement agencies near expected arrival zones.

DOD had been involved in efforts to reduce cocaine and other drug supplies before 1989, primarily by providing equipment, training and other support to civilian interdiction agencies. However, the 1989 authorization act significantly expanded that involvement. It gave DOD leadership of all federal efforts to detect and monitor drugs smuggled by air and sea.

DOD's mission is generally restricted to those two phases of the interdiction process--detection and monitoring. Two civilian law enforcement agencies, the U.S. Customs Service and the U.S. Coast Guard, share the overall leadership for air and maritime interdiction, including the critical final phase culminating in arrests and seizures.

Funding for supply reduction initiatives over the last 5 years has grown from about \$4.6 billion to about \$8.6 billion. DOD's detection and monitoring budget began at \$212 million in fiscal year 1989 and grew to over \$900 million in fiscal year 1993.

ESTIMATED COCAINE FLOW

HAS NOT DECLINED

A key goal of the National Drug Control Strategy has been to reduce cocaine supplies on the streets of American cities. According to sources in the intelligence community, however, the estimated volume of cocaine entering the country has not appreciably declined since DOD was given its lead-agency mission, despite the enhanced detection and monitoring capabilities that mission has provided.

Interdiction has had limited successes. Seizures have increased, and traffickers have been forced to adopt new, and presumably more expensive, smuggling methods. But interdiction has not made a difference in terms of the higher goals of deterring smugglers and reducing the flow of cocaine. Cocaine price, purity, and availability on American streets have remained relatively stable.

The problem is that detection and monitoring of suspect ships and planes is not presently the weak link in the interdiction process. The weak link is the inability to execute the so-called "end game" of apprehension--culminating in arrests of suspected smugglers and seizure of their cargo.

Cocaine traffickers have been able to remain relatively immune to increased interdiction efforts by adopting new tactics. Instead of flying cocaine directly into the U.S., for example, they fly it

into Central America and Mexico--where U.S. law enforcement agencies lack jurisdiction--and then transport it by various means across our Southwest land border. Traffickers also transport cocaine in shipping containers and in the numerous, difficult-to-find hiding places aboard large vessels. Without more law enforcement assistance in transshipment countries and without improved search technology at U.S. ports and border crossings, traffickers can continue to ship cocaine via these methods with impunity.

DRUG PROFITS MAKE INTERDICTION

SUCCESS DOUBTFUL

Interdiction has both symbolic and real value. As the National Drug Control Strategy notes, the symbolic value of interdiction lies in the demonstration of our national will to oppose drug smugglers, to defend our borders, and to protect the security and well-being of U.S. citizens. Real value is derived from the disruption of trafficking organizations and seizure of drugs, thereby raising their cost of doing business.

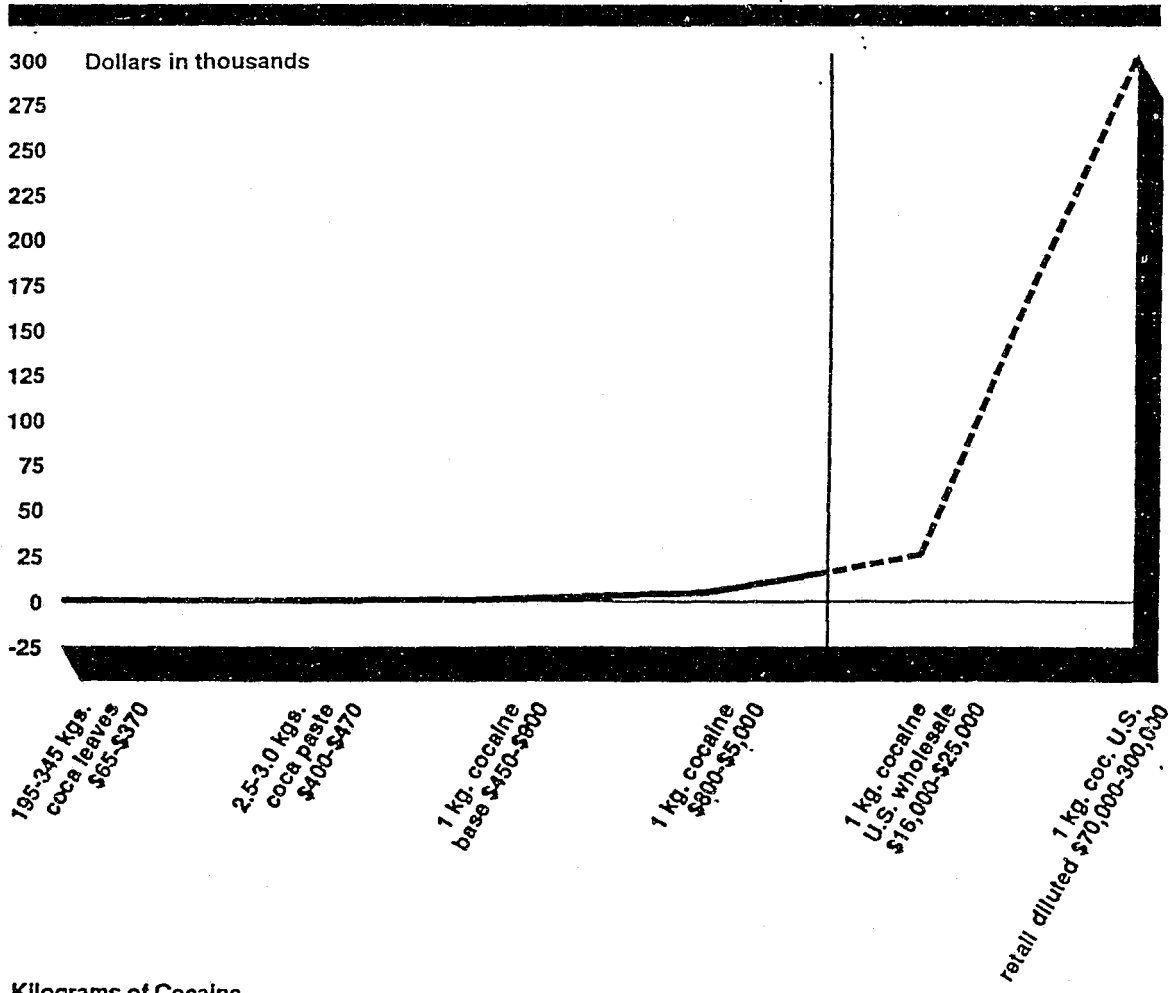
However, even with the increased capability provided by DOD's support, interdiction has not had--and is unlikely to have--a significant impact on the national goal of reducing drug supplies in the United States. The enormous profits in cocaine trafficking make interdiction losses relatively inconsequential, especially in

light of the fact that production and smuggling costs account for such a small part of street prices. In 1988, for example, the RAND Corporation reported that only 10 percent of cocaine's final price is attributable to production and smuggling costs.²

Most of the price growth occurs after cocaine crosses U.S. borders. As shown in the chart, our 1991 report noted that the price for enough coca leaf to produce one kilogram (2.2 pounds) of cocaine is between \$65 and \$370. The finished product that enters the country is valued between \$800 and \$5,000 per kilogram. This product is then diluted and eventually culminates in a street price of between \$70,000 and \$300,000 a kilogram. Therefore, the profit margin after cocaine has passed beyond the threat of interdiction in route or at our borders could range from about 6,000 to 8,600 percent. Given this huge profit margin, it appears unlikely that interdiction is a significant cost deterrent to traffickers.

²Peter Reuter, Gordon Crawford, Jonathan Cave, et al., Sealing the Borders: The Effects of Increased Military Participation in Drug Interdiction. The RAND Corporation (January 1988).

Price Growth of Cocaine



Kilograms of Cocaine

- Cocaine trafficked in South America
- - - Cocaine trafficked in United States

CONCLUSIONS

In summary, Mr. Chairman, interdiction has not made a significant contribution to the national goal of reduced drug supplies. The portion of the federal drug budget allocated to supply reduction initiatives has almost doubled over the last 5 years, and funding for DOD's detection and monitoring mission has increased over 400 percent since 1989. Yet cocaine remains affordable, its purity remains high, and it continues to be readily available on American streets. The continuing failure to reduce the amount of cocaine entering the country is the combined result of (1) the enormous profits that make interdiction losses relatively inconsequential to drug traffickers and (2) our continuing inability to counter successful smuggling methods.

It is true, as the National Drug Control Strategy has noted, that interdiction efforts should be viewed, not in isolation, but as merely one of the fronts on which the drug war is being waged. Some level of interdiction effort obviously needs to be maintained, not only as a symbolic gesture of national resolve but also as a key part of the national strategy for combatting the cocaine cartels. However, the level of that effort should be commensurate with the relative contribution that interdiction is making--and can be expected to make--to the national war on drugs. In that context, we believe that additional investments in air and maritime

surveillance will not substantially improve our ability to
interdict drugs.

Mr. Chairman, that concludes my statement. I will be happy to
answer any questions you or members of the Subcommittee may have.

(707005)

Ordering Information

The first copy of each GAO report and testimony is free. Additional copies are \$2 each. Orders should be sent to the following address, accompanied by a check or money order made out to the Superintendent of Documents, when necessary. Orders for 100 or more copies to be mailed to a single address are discounted 25 percent.

Orders by mail:

**U.S. General Accounting Office
P.O. Box 6015
Gaithersburg, MD 20884-6015**

or visit:

**Room 1000
700 4th St. NW (corner of 4th and G Sts. NW)
U.S. General Accounting Office
Washington, DC**

**Orders may also be placed by calling (202) 512-6000
or by using fax number (301) 258-4066.**