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**THE U.S. HEROIN PROBLEM AND
SOUTHEAST ASIA**

REPORT

OF A

STAFF SURVEY TEAM

OF THE

**COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES**

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(II)

FOREWORD

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, D.C., January 11, 1973.

This report has been prepared for the Committee on Foreign Affairs by a staff survey team comprised of Dr. John J. Brady and Robert K. Boyer, staff consultants to the committee.

The findings contained in the report are those of the staff survey team, and do not necessarily reflect the views of the members of the Committee on Foreign Affairs.

THOMAS E. MORGAN, *Chairman.*

LETTER OF TRANSMITTAL

WASHINGTON, D.C.,
January 11, 1973.

HON. THOMAS E. MORGAN,
Chairman, Committee on Foreign Affairs,
Washington, D.C.

There is transmitted herewith a report of a staff survey which was conducted per your instructions between August 16, 1972, and September 3, 1972.

The purpose of the survey was to gather information pertaining to the production and smuggling of heroin in Southeast Asia and to ascertain the steps that the governments of Southeast Asia are taking to help control illegal international narcotics trafficking.

During the course of the study, the survey team met in Washington with U.S. Government officials involved in the international aspects of the narcotics control problem, including representatives of the Department of State, the Department of Justice, including the Bureau of Narcotics and Dangerous Drugs, the Department of the Treasury, the White House, and the Central Intelligence Agency.

In the field, the survey team met with U.S. diplomatic, intelligence, and narcotics control officials; with foreign law enforcement and other government officials responsible for narcotics control efforts in Japan, Hong Kong, South Vietnam, Laos, Burma, and Thailand; and with representatives of the United Nations Special Drug Abuse Fund, former military leaders, and private citizens.

The survey team would like to express its thanks and appreciation for the assistance, advice, cooperation, and hospitality extended during the course of its investigations.

JOHN J. BRADY.
ROBERT K. BOYER.

GLOSSARY

BNDD	Bureau of Narcotics and Dangerous Drugs
BCP-WF	Burma Communist Party (White Flag faction)
BCP-RF	Burma Communist Party (Red Flag faction)
CCINC	Cabinet Committee on International Narcotics Control
CIA	Central Intelligence Agency
CIF	Chinese Irregular Forces
FAO	Food and Agricultural Organization
GAO	General Accounting Office
GVN	Government of Vietnam
GSI	Group Spéciale d'Investigation (Lao Narcotics Enforcement Agency)
INR	Bureau of Intelligence and Research, Department of State
INTERPOL	International Criminal Police Organization
KIA	Kachin Independence Army
KKY	Burmese Self-Defense Force Units
KMT	Remnants of Chinese Nationalist Forces now living in north-eastern Burma and northern Thailand
KNU	Karen National Union
KNUP	Karen National Unity Party
MACV	United States Military Assistance Command, Vietnam
MAP	United States Military Assistance Program
MLG	Mon Liberation Group
NMSP	New Mon State Party
No. 4 Heroin	White in color and powder-like in form, this is the most potent variety of heroin and is usually injected by the user
No. 3 Heroin	Purple or brown in hue, this form of heroin is less pure than the No. 4 variety; it is usually smoked by the user
NULF	National United Liberation Front
ONNI	Office of National Narcotics Intelligence
OSI	Office of Strategic Intelligence, Bureau of Narcotics and Dangerous Drugs
SAODAP	White House Special Action Office for Drug Abuse
SNO	Special Narcotics Organization, Thailand
STOL	Short take-off or landing aircraft
SSIA	Shan State Independence Army
SSURA	Shan State United Revolutionary Army
TNPD	Thailand National Police Department
UNFDAC	United Nations Fund for Drug Abuse Control
U.S. AID	United States Agency for International Development
WHO	World Health Organization

CONTENTS

	Page
Foreword.....	III
Letter of transmittal.....	v
Glossary.....	vi
Introduction.....	1
U.S. International Narcotics Control Organization:	
Cabinet Committee on International Narcotics Control.....	5
Department of State.....	7
Bureau of Narcotics and Dangerous Drugs.....	7
U.S. Bureau of Customs.....	8
Central Intelligence Agency.....	9
Office of National Narcotics Intelligence.....	10
Effectiveness of the Cabinet Committee.....	11
The narcotics situation in Southeast Asia:	
Opium production in the Golden Triangle.....	13
Country situation reports:	
Burma.....	17
Insurgency in Burma.....	17
Patterns of traffic in Burma.....	19
Arms smuggling and the opium trade.....	21
American-Burmese relations.....	22
American-Burmese relations.....	23
Laos.....	23
Poppy growing in Laos.....	23
Heroin laboratories in Laos.....	24
Groupe Spéciale d'Investigation (GSI).....	24
The role of Gen. Ouan Rathikoun.....	26
United States-Lao cooperation.....	29
Air America and opium.....	30
Outlook.....	31
Thailand.....	31
Narcotics smuggling in Thailand.....	31
Efforts to resettle the Chinese Irregular Forces.....	32
The effort to discontinue poppy growing in Thailand.....	34
Thai Government enforcement efforts.....	35
Special Narcotics Organization (SNO).....	36
United States-Thai cooperation.....	39
Corruption in Thailand.....	40
South Vietnam.....	41
Background.....	41
United States-Vietnamese actions against drug trafficking and abuse in Vietnam, 1971-72.....	41
Government of South Vietnam enforcement activities.....	43
United States-GVN customs programs.....	44
Extent of official involvement in drug traffic in South Vietnam, 1971-72.....	45
Hong Kong.....	47
United States-Hong Kong Cooperation.....	47
The U.S. Mission.....	48
People's Republic of China.....	49
Japan.....	50
Acetic anhydride.....	50
U.S. antidrug effort in Japan.....	51
Korea.....	51
U.S. narcotics control assistance programs in Southeast Asia.....	53
The U.N. Fund for Drug Abuse Control.....	57
Conclusions.....	61
Recommendations.....	63

VIII

APPENDIXES

	Page
A. Scope of the U.S. heroin problem.....	65
B. Translation of a letter prepared by National Assembly Deputy and former Lao Armed Forces Commander-in-Chief General Ouan Rathikoun on April 10, 1972.....	68
C. The result of the feasibility study on the opium suppression in the Royal Laos, by Gen. Ouan Rathikoun.....	72
D. Text of United States-Thai Memorandum of Understanding (Sept. 28, 1971).....	77
E. Recent SNO seizures and arrests in Northern Thailand.....	79
F. Decree law No. 008/TT/SLU on the eradication of toxic, narcotic and dangerous substances (promulgated by President Thieu on August 12, 1972).....	80

INTRODUCTION

The use of heroin in the United States has reached epidemic proportions. (For background see Appendix A, p. 65.)

Until mid-1971, the Bureau of Narcotics and Dangerous Drugs (BNDD) estimated that 80 percent of the heroin entering the United States originated in the poppy fields of Turkey.

On June 30, 1971, the Government of Turkey announced that it would stop growing poppies after 1972. In return, the United States agreed to furnish \$35 million in financial assistance to help alleviate economic difficulties resulting from the ban on opium production.

As a result of the decision by Turkey to stop growing poppies there is concern in the United States that the countries of Southeast Asia will replace Turkey as the major source of supply for heroin in the United States. For if the decision by the Government of Turkey to discontinue opium production eliminates that country as a source of opium, the international and domestic U.S. drug peddlers will turn to other areas of the world for heroin, particularly Southeast Asia.

There are those who argue that much more heroin already enters the United States each year from Southeast Asia than the 5 to 10 percent estimated by Nelson Gross, Special Assistant to the Secretary of State for Narcotics Matters. For example, a recent report by the Strategic Intelligence Office of the Bureau of Narcotics and Dangerous Drugs stated, "More of the heroin reaching the United States is from this area than conventional knowledge has recognized."

A senior official of the Bureau said "Southeast Asia is playing a more important role and more heroin is coming from that part of the world. The exact amount cannot be ascertained because the chemists are unable to determine beyond a reasonable doubt where heroin originates. Therefore, it is not possible to determine how much Southeast Asian heroin is entering the United States."

While the percentage of Southeast Asian heroin entering the United States cannot be determined with any accuracy or certainty, there is no doubt that that area can and does produce more than enough opium to replace Turkey as the major supplier to the illegal market in the United States.

It is estimated that three countries, Burma, Laos, and Thailand, produce about 700 tons of opium per year. This amount of opium will yield 70 tons of heroin which is many times the estimated 10 to 12 tons required to sustain the heroin population of the United States.

Before 1970 the bulk of Southeast Asia's opium was consumed by Asians, mostly in the form of opium or as No. 3 purple smoking heroin. A small amount, less than 10 tons of opium equivalent, was sold to non-Asians in the form of high quality injectable heroin (No. 4 heroin).

This pattern began to change in 1970 when 90 to 98 percent pure No. 4 white heroin began to appear in South Vietnam. By spring of 1971 the widespread use of No. 4 heroin by U.S. troops in Vietnam had reached alarming proportions. It was in great supply, it was readily available and the market was profitable.

That market has almost disappeared with the reduction in U.S. troop levels in Vietnam from about 300,000 in mid-1971 to less than 30,000 in November 1972. The question is what will the illegal heroin traffickers do? Will they attempt to increase the amount of heroin being smuggled out of Southeast Asia to the United States and Europe, or will they be satisfied to cater to the hundreds of thousands of opium addicts in Southeast Asia as in the past?

Reliable U.S. intelligence sources are convinced that there are large quantities of opium and heroin hidden in warehouses in Vietnam and Burma and there is apprehension that those who deal in opium and heroin will soon begin moving it to the United States or to Europe in greater quantities than heretofore.

As a result of the widespread use of heroin among U.S. servicemen in South Vietnam, the growing number of addicts in the United States and the determination to lessen the threat that Southeast Asia will become the primary source of heroin in the United States, the U.S. Government has initiated programs designed to encourage the governments of Southeast Asia to take effective action to stop cultivating poppies and to interdict the movement of narcotics into and through those countries.

To date progress has been slow. Initially, U.S. officials failed to recognize the dimensions of the problem and efforts to gain international cooperation were not given the priority necessary to convince foreign governments that the United States needed and expected their cooperation and assistance. Prior to the end of 1970 and before the seriousness of the heroin problem in South Vietnam became known, U.S. officials were not overly concerned about the production and use of narcotics in Southeast Asia. It was regarded as a local problem, which from the advantage of hindsight was naive. Second, many foreign governments regarded the heroin problem as being uniquely American and have been slow in reacting to U.S. initiatives to develop programs to stop the production of and the trafficking in narcotics, particularly heroin.

Third, the governments of Southeast Asia do not exercise effective administrative or political control over large areas of the opium growing and heroin producing regions.

Cambodia, Laos, and South Vietnam are engaged in hostilities and Burma and Thailand are confronted by insurgent movements which hinder effective government control of the mountain regions where poppies are grown.

Fourth, there is widespread corruption in Southeast Asia and there are reports that high-ranking government officials, particularly in Laos and South Vietnam, are involved in the illicit production of and trafficking in narcotics. The narcotics trafficker is a resourceful, sophisticated operator with the financial resources needed to buy political protection.

Fifth, there has been and is a shortage of trained personnel available for narcotics control. It will take time to develop a cadre of officials with the expertise required to effectively deal with the narcotics trafficker.

These are some of the problems. What is being done to overcome them? Is the United States properly organized at home and abroad to provide the leadership, advice and assistance required to conduct a successful campaign against the international drug trafficker? Are the countries of Southeast Asia doing all that is necessary and possible, to eradicate the production of, and trafficking in opium and its derivatives? What are the prospects that the combined efforts of the United States and the various governments of Southeast Asia will inhibit or prevent the flow of narcotics from that region into the United States?

This report deals with these and related questions.

U.S. INTERNATIONAL NARCOTICS CONTROL ORGANIZATION

CABINET COMMITTEE FOR INTERNATIONAL NARCOTICS CONTROL

On September 7, 1971 the President established the Cabinet Committee for International Narcotics Control to coordinate anti-narcotics activities.

The Cabinet Committee is responsible for the "formulation and coordination of all policies of the Federal Government relating to the goal of curtailing and eventually eliminating the flow of illegal narcotics and dangerous drugs into the United States."

Because the cooperation of foreign governments is absolutely essential if these objectives are to be achieved the Secretary of State was designated Chairman of the Cabinet Committee. Its members include the Attorney General; the Secretaries of Defense, Treasury, Agriculture, the Permanent United States Representative to the United Nations; the Director of the Central Intelligence Agency, and such others as may be deemed necessary by the Secretary of State.

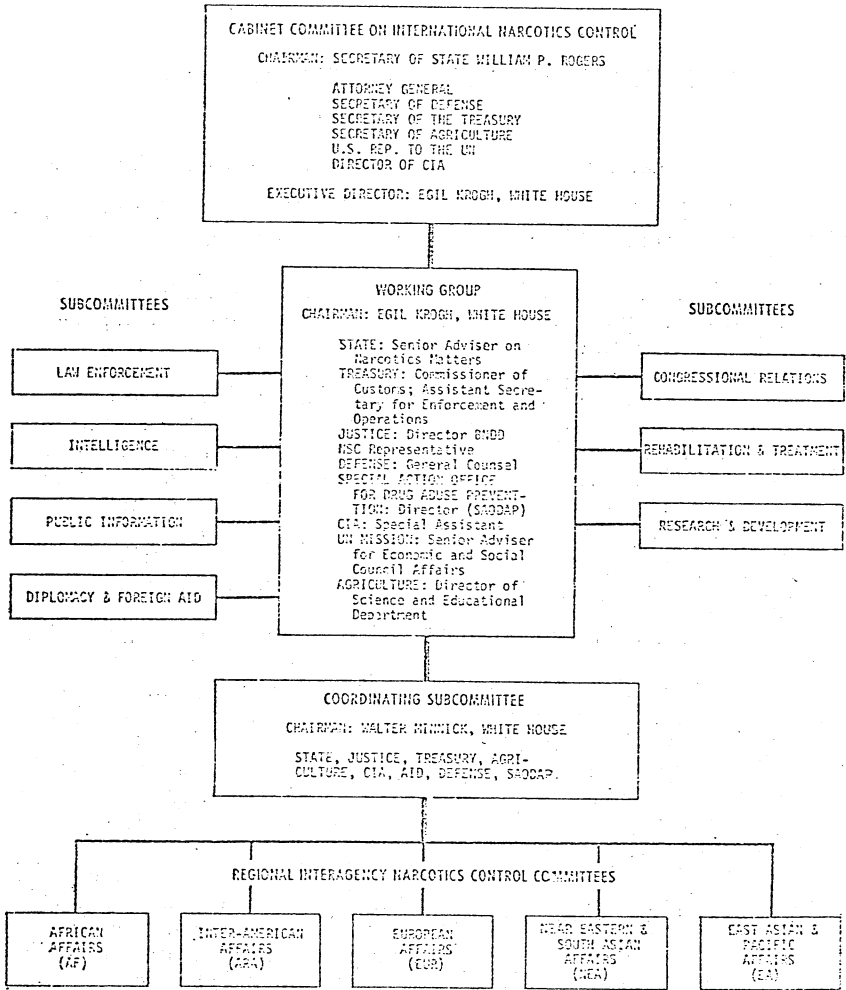
The Executive Director of the Cabinet Committee is a Special Assistant to the President.

The Committee is supported by a Working Group composed of personnel from each of the Departments and Agencies represented on the Cabinet Committee, the National Security Council, and the Special Action Office for Drug Abuse Prevention. The Chairman of the Working Group is also the Executive Director of the Cabinet Committee.

The Working Group has seven functional subcommittees—Law Enforcement, Intelligence, Public Information, Diplomacy and Foreign Aid, Congressional Relations, Rehabilitation and Treatment, and Research and Development.

Under the Working Group is a Coordinating Subcommittee which is a staff level group responsible for coordinating interagency narcotics control actions within five geographic regions. This group which develops policy recommendations and monitors implementation is also chaired by a White House Official who is responsible to the Chairman of the Working Group. The following chart shows the organizational structure of the Cabinet Committee.

U.S. GOVERNMENT INTERNATIONAL NARCOTICS CONTROL



The Cabinet Committee's international effort is to coordinate action: (1) to gain the cooperation of other countries in the narcotics control program; (2) to develop the climate in which foreign law enforcement officials will work in conjunction with United States officials, particularly BNDD and Customs; and (3) to gather intelligence regarding illicit opium production and trafficking.

The major responsibility for coordinating and carrying out the international aspects of the narcotics control problem rests with the Department of State and BNDD, with strong supporting assistance from the Central Intelligence Agency, United States Customs, the Agency for International Development, and such other Federal agencies as are required from time to time.

DEPARTMENT OF STATE

The Secretary of State has appointed a Senior Adviser and Coordinator for International Narcotics Matters.

In addition, the regional and functional bureaus in the Department have designated drug control coordinators and each of the five geographic bureaus chairs an Inter-Agency Narcotics Control Committee.

To complement the Washington effort, Narcotics Control Coordinators have been designated at virtually all foreign posts. The Coordinators operate within the framework of the Country Team which utilizes the expertise of all appropriate agencies represented at the Mission, particularly BNDD, Customs, CIA, AID, and the U.S. Information Agency.

For most countries where narcotics and other dangerous drugs are produced or transported, Narcotics Control Action plans have been developed to help increase the effectiveness of programs to reduce or eliminate the production and flow of narcotics.

The United States has also expanded the activities of BNDD and Customs abroad and the Central Intelligence Agency has been instructed to coordinate the collection of narcotics intelligence.

BUREAU OF NARCOTICS AND DANGEROUS DRUGS

The Bureau of Narcotics and Dangerous Drugs (BNDD) is the principal Federal law enforcement agency operating in the narcotics suppression area. The primary mission of BNDD is to disrupt the illegal traffic in narcotics which is organized at an international or interstate level. The emphasis of the international effort is on stopping the flow of narcotics as close to the foreign poppy field as possible and, in conjunction with the Bureau of the Customs and foreign enforcement officials, to disrupt the illegal commerce in narcotics before they enter the United States.

In Southeast Asia, BNDD officials have established working relationships with their counterparts. This cooperation has led to an increase in enforcement efforts, particularly in Laos, Thailand, and South Vietnam, where special narcotics suppression units have been established with the advice and assistance of BNDD agents who work side by side with local enforcement officials.

The significance of this should not be overlooked. The fact that a country admits law enforcement officials from another country and permits those officials to participate in law enforcement activities involves certain political risks for the governments involved. This willingness to cooperate with the United States in programs which are aimed at controlling and eliminating drug abuse is vital if the illegal traffic in heroin is to be suppressed.

Of the 120 BNDD Special Agents serving in various overseas locations, 21 are stationed in Southeast Asia as follows:

Thailand -----	12
Singapore -----	2
Laos -----	2
Malaysia -----	2
Saigon -----	3

As important as bilateral programs are to the solution of the problems, in the final analysis the suppression of narcotics in Southeast Asia will require regional cooperation. To attack it, therefore, requires coordination between narcotics law enforcement officials of all countries in the area.

The United States is attempting to encourage regional cooperation in Southeast Asia through the Regional BNDD Office which is located in Bangkok. While there has been little success in these efforts and the results are not yet satisfactory, several countries are developing an awareness of the need to coordinate activities and to exchange information.

BNDD agents in Southeast Asia also work closely with U.S. Customs officials stationed in the area.

U.S. BUREAU OF CUSTOMS

Briefly stated, the role of the U.S. Bureau of Customs is to prevent the illegal entry of narcotics into the United States.

It is the contention of U.S. Customs that the best place to interdict the flow of narcotics is at the U.S. border. As several Customs officials explained, "the bottleneck in narcotics smuggling is at the U.S. border and this is the best place to attack the problem." This has not proved to be completely effective, however, for in spite of intensified inspection and examination procedures, an unknown quantity of heroin slips by Customs and enters the United States each year. As part of its program to impede the illegal flow of narcotics the United States has offered Customs assistance to foreign countries (1) to improve inspection and screening of traffic at lawful points of entry and exit; and (2) to prevent smuggling at border and coastal points and interior air strips.

U.S. Customs agents are stationed in several countries around the world, including Laos, Thailand, and South Vietnam. These agents advise and assist local customs officials and in Laos conduct inspections and examinations of aircraft personnel and baggage entering or leaving the country. In addition, U.S. Customs agents participate in border patrol operations along the Mekong River in the Golden Triangle. And in March 1972 Customs began recruiting 25 agents with intelligence experience to collect data on smuggling operations abroad. These agents are being assigned to principal opium source countries or at key points along the smuggling routes to the United States. (At the time the Survey Team was in Southeast Asia, Customs intelligence personnel were in Laos and South Vietnam but not in Thailand.)

According to several Customs officials in Southeast Asia and in Washington, the *raison d'être* for establishing an intelligence collection capability was that "BNDD did not share all of the intelligence that it collected." One particularly outspoken official said, "BNDD is not likely to work on behalf of Customs. As a result it was decided to send our own intelligence agents overseas." Unfortunately, like many BNDD agents overseas, all of those Customs intelligence officials do not speak the language of the country in which they are stationed.

On the other hand, BNDD officials complained that Customs is "not entirely forthcoming with a lot of the information that they get. BNDD does not receive a regular flow of intelligence from Customs."

It is deplorable that this situation exists. The ultimate objective is to stop heroin from reaching the addicts and it will require the whole-hearted participation and cooperation of all parties and agencies involved. The dimensions of the problem are such that the United States cannot afford the luxury of interagency friction.

CENTRAL INTELLIGENCE AGENCY

In war, intelligence on the activities of the enemy is vital. This is especially true of the war on narcotics where the entire process is clandestine. Poppies are grown illegally. Opium is purchased from the grower covertly, processed in illicit laboratories and smuggled across national borders in violation of international and national laws.

Prior to the establishment of the Cabinet Committee, narcotics intelligence was the responsibility of the Bureau of Narcotics and Dangerous Drugs. This was an unsatisfactory arrangement. The view of several U.S. officials was that BNDD agents were not trained to handle the collection, collation, analysis, and dissemination of foreign intelligence. As a result, a lot of good intelligence went largely unused.

To remedy this situation and to improve the quality of intelligence, the President directed the Central Intelligence Agency to give narcotics intelligence collection a major priority. The Agency has done this.

It is the consensus among most officials with whom the Survey Team met, in and out of the intelligence community, that the inclusion of CIA in the narcotics intelligence collection effort was necessary. The Agency has the expertise, the resources, and the contacts that BNDD and Customs do not have. These same officials are concerned, however, that the requirement to participate in the narcotics intelligence effort will interfere with the Agency's capability in other areas. This concern is valid. While CIA was given the responsibility, the Agency was not authorized additional personnel, and overall funding was reduced.

In Southeast Asia, the CIA has been given the responsibility for coordinating the narcotics intelligence collection activities of the various U.S. Missions.

To prevent any of the agencies engaged in collecting intelligence on narcotics from using the same informers, the CIA provides coordinated intelligence support. This enables them to monitor the program and insure maximum effectiveness with a minimum amount of confusion and duplication.

Domestically, a Central Intelligence Agency official serves as Chairman of the Cabinet Committee's Working Group Subcommittee on Foreign Intelligence. The purpose of this subcommittee is to coordinate the foreign intelligence collection effort at the Washington level and to develop collection guidelines for the field. The subcommittee conducts its activities on an informal rather than organizational basis. As a result, a working relationship has developed among the individual representatives of its more important components; i.e., CIA, BNDD, and Customs.

In the past, the Agency has produced a number of Intelligence Memoranda on various aspects of the international narcotics problems, for the use of the Department of State, BNDD, Customs, and other agencies. While there are no such documents being produced at the

present time CIA does disseminate intelligence within the U.S. narcotics control community as it becomes available. This intelligence has led to a number of arrests and seizures of heroin, both in the United States and abroad.

In the past year there have been several public allegations to the effect that the Central Intelligence Agency has been involved, directly or indirectly, in narcotics traffic in Southeast Asia. During the course of its investigations the Staff Survey Team investigated these charges carefully, both in Southeast Asia and in Washington. The Staff Survey Team found no evidence to support these allegations.

There are other intelligence analysis groups working on the problem. There is a Strategic Intelligence Office (SIO) in the Bureau of Narcotics and Dangerous Drugs. Customs has an Intelligence Division with a group that confines its activities to narcotics intelligence and the Bureau of Intelligence and Research (INR) in the Department of State occasionally produces studies on international narcotics. In July 1972 another intelligence group was created in the Justice Department—the Office of National Narcotics Intelligence (ONNI).

OFFICE OF NATIONAL NARCOTICS INTELLIGENCE

On July 27, 1972, the President directed the Attorney General to establish an "Office of National Narcotics Intelligence" (ONNI). The office is headed by a Director who is responsible to the Attorney General.

In the Executive Order creating ONNI, the President directed that the Director:

- (1) Be responsible for the development and maintenance of a National Narcotics Intelligence System;
- (2) Be authorized to provide narcotics intelligence to any Federal, State, or local official with a legitimate official need to have access to such intelligence;
- (3) Cooperate with the Director of the Office of Drug Abuse Law Enforcement in order to assist him in insuring that all steps permitted by law are being taken by Federal, State, and local governments, and to the extent feasible, by private persons and organizations, to prevent drug abuse in the United States.

To carry out these instructions, the President further directed that each department and agency of the Federal Government assist the Director of ONNI in the performance of "functions assigned to him" and authorized the Director to utilize the services of any Federal and State agency as "available and appropriate."

The reasons most often cited for the establishment of the Office of National Narcotics Intelligence is that there was no central repository where the information being collected was collated and analyzed. As a result, much valuable information which would have been useful to the Cabinet Committee and to domestic law enforcement agencies was not available.

Another important reason is that due to the dual international-domestic relationship of the anti-narcotics effort, it was necessary to place the responsibility for coordinating intelligence activities in a department which had jurisdiction to operate in the United States. The CIA is precluded by law from performing such a function and

the Department of State has neither the authority nor the resources to manage such activities.

The Department of Justice, on the other hand, has law enforcement jurisdiction in the United States. Moreover, through its membership on the Cabinet Committee it is able to function as the bridge between the overseas and the domestic aspects of the overall United States effort to suppress illicit traffic in narcotics.

In order for an intelligence analysis group to be effective, it must have a constant flow of information from the field; it must have qualified analysts; it must have a data storage capability; it must have an awareness of the requirements of its customers; and it must have a responsive communications network in order to receive and dispatch information rapidly.

Why, then, was it necessary to establish an Office of National Narcotics Intelligence in the Department of Justice separate and distinct from the Bureau of Narcotics and Dangerous Drugs which has an Office of Strategic Intelligence (OSI)? OSI is operational—it has experienced analysts; it has a communications capability; it has a limited data storage capability which can be expanded. BNDD agents are and have been operating in foreign countries and they have developed working relationships with State and local law enforcement agencies. ONNI, on the other hand, must develop assets which BNDD already possesses. This will require more time than has been anticipated. For despite the fact that ONNI was established on July 27, 1972, it is not yet operational. Originally it was thought that ONNI would be functioning by the beginning of October. This estimate, which was revised to mid-November, has now been changed to "around Christmas". There are a number of reasons for this.

First, ONNI did not have any funds until the Congress appropriated \$2.1 million for the Office in October 1972. Second, the Director, who was appointed in July, was assigned two small rooms in the Department of Justice annex and, as of November 16, 1972, still did not have space sufficient in which to establish a working office.

Third, the precise role that ONNI is expected to play in the overall U.S. effort to control drug abuse has not been articulated and there is confusion within the narcotics suppression community as to what the relationship between ONNI on the one hand and BNDD, Customs, State, and CIA on the other, will be.

It was the opinion of many narcotics officials that before ONNI can perform a useful function in the overall narcotics suppression effort, its precise role and position must be more clearly defined. Whatever that role, it will be some time before ONNI develops the capability to produce and disseminate meaningful and useful intelligence on narcotics.

EFFECTIVENESS OF THE CABINET COMMITTEE

As an organization, the Cabinet Committee has not been particularly active. There has been one formal meeting since it was established on September 7, 1971, and the Working Group which is the operating arm of the Committee, has met only three times. Asked why the Cabinet Committee, and especially the Working Group met so infrequently, several senior officials responded that because the mem-

bers of the Working Group represented independent, autonomous agencies and bureaus, each with a different frame of reference and each with a different approach to the problem, the meetings resulted in arguments, and that no decisions are reached. As a result, the anti-narcotics effort is conducted on a personal relationship basis. This system cannot work, however, unless there are dedicated full-time individuals with full authority to represent the agencies and the White House.

This pretty well sums up the shortcomings in the U.S. organization to combat drugs on an international level. Petty bureaucratic jealousies over jurisdiction have inhibited the activities of the Cabinet Committee. This in turn has hampered efforts to mobilize the full resources and to coordinate the agencies of the Federal Government involved in the anti-narcotics struggle. Fortunately this situation does not appear to be as severe in Southeast Asia as it is in Washington. While minor personnel and bureaucratic tensions do arise from time to time, for the most part the representatives of the different agencies, departments, and bureaus work closely with each other and the problems that are present in Washington do not seem to have been exported.

THE NARCOTICS SITUATION IN SOUTHEAST ASIA

OPIMUM PRODUCTION IN THE GOLDEN TRIANGLE

The remote Golden Triangle area of Northern Thailand, Eastern Burma, and Western Laos produces more than one-half (700 tons) of the world's illicit opium (990-1,210 tons). (See map No. 1.)

Efforts to control the production of opium in the Golden Triangle have been unsuccessful. There are several reasons for this.

First, opium represents the only cash crop for the tribes producing it. In many cases, the cash that opium brings, or the opium itself, is used to purchase, or barter for, the arms, ammunition, and supplies needed to support the insurgent groups that operate throughout the area.

Second, most poppy growers are simple hill tribesmen who are unaware of the dimensions of the world heroin problem. The tribes have accepted the use of opium and its derivatives for centuries, and appear to be unaware of the fact that the opium they produce contributes to a serious cultural and sociological problem in the United States and around the world.

The most important factor hindering effective control of opium production, however, must be attributed to the fact that the area has not been under the control of any government and as a matter of fact has been dominated by the several insurgent groups that operate in the Golden Triangle.

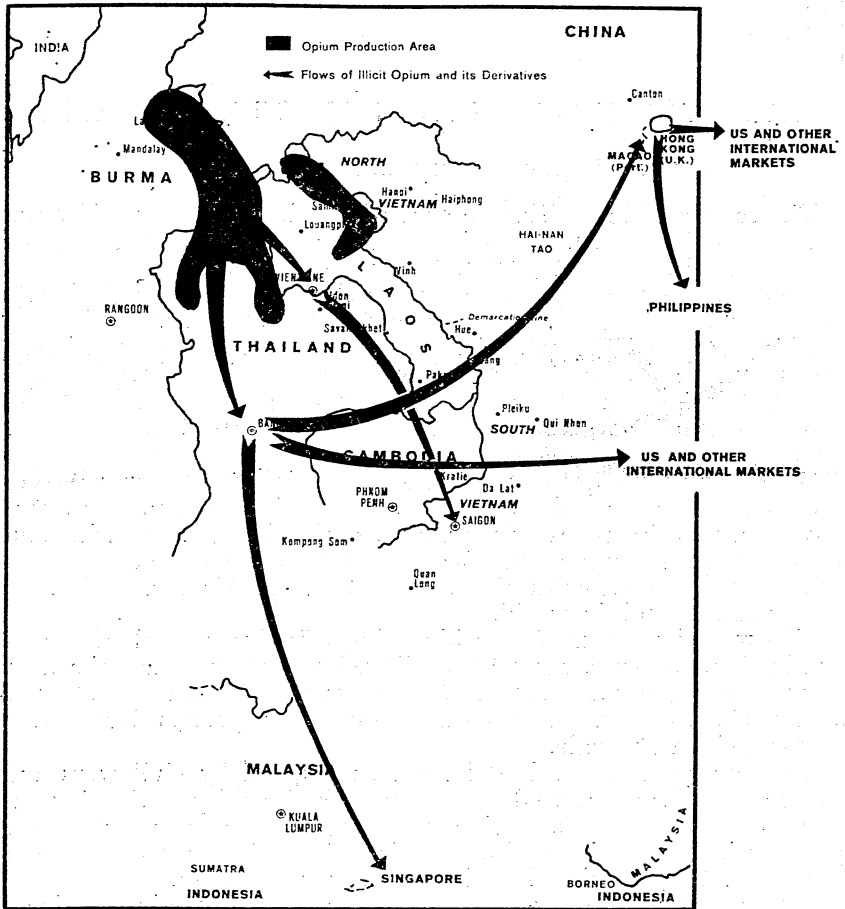
The governments involved have been plagued by civil wars and insurgencies for over two decades. Given the inability of the Governments of Burma, Laos, and Thailand to assert effective administrative and political control over this area, it is unlikely that the production of opium can be stopped, at least in the foreseeable future.

Unfortunately, once the opium or heroin gets into the international smuggling network, at least part of it will reach the addict in the United States. For when the illegal product fans out from the Golden Triangle, it becomes increasingly difficult to intercept. The following map shows the probable smuggling routes from the Golden Triangle.

Nevertheless, if the worldwide scourge of heroin is to be controlled, or eliminated, it is imperative that the governments in Southeast Asia take positive action to inhibit the production and smuggling of opium and its derivatives, morphine and heroin.

To augment the fight against heroin, all governments must improve their enforcement capability. They must take action to intercept smugglers as they come out of the Golden Triangle before the narcotics

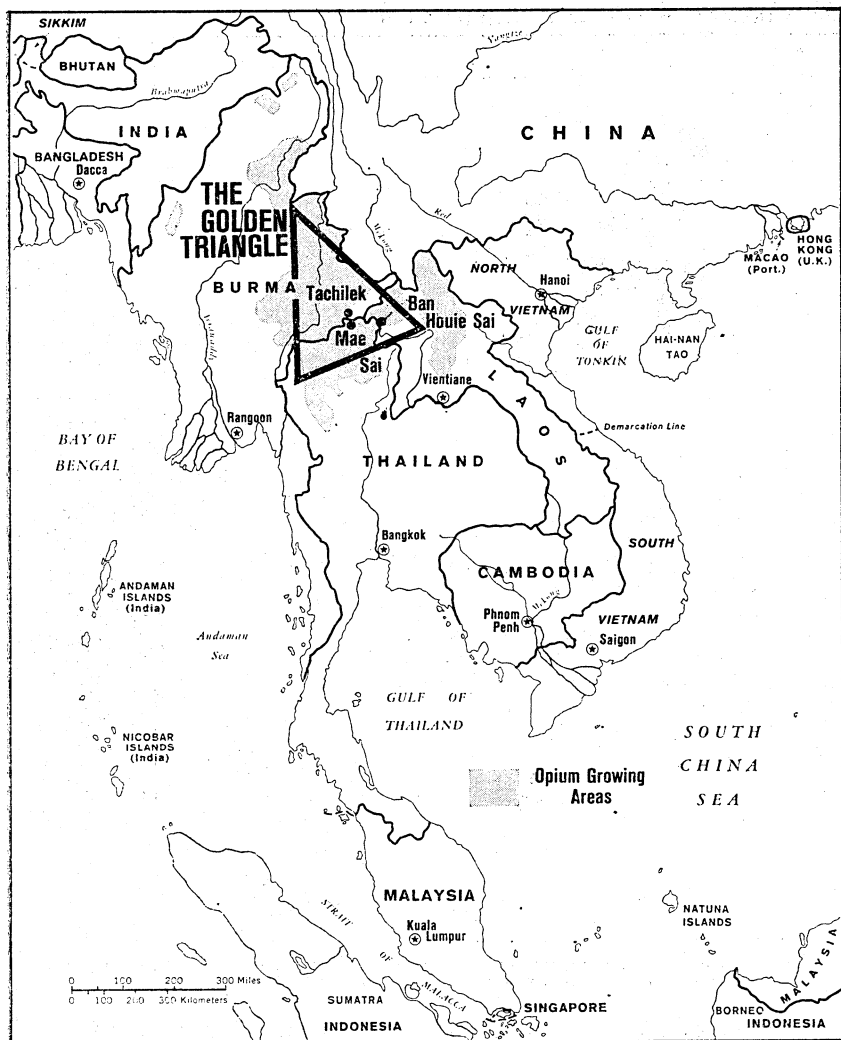
The Southeast Asia Illicit Opium Network ¹



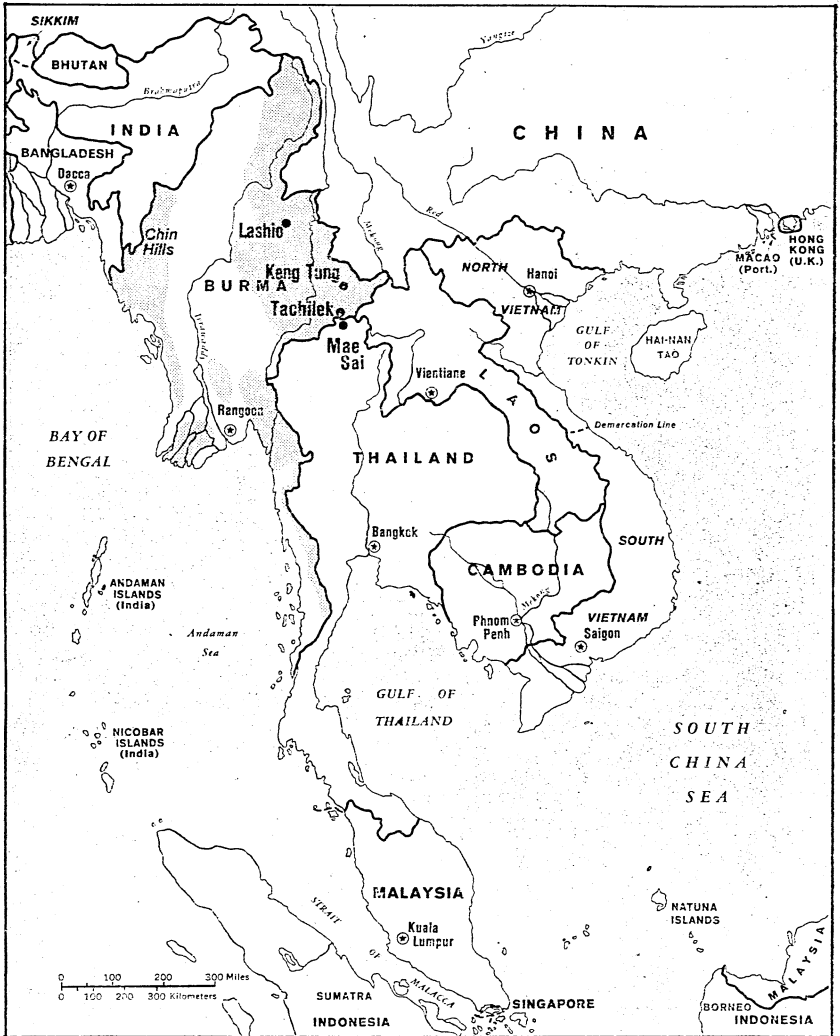
¹ There have been recent reports indicating movement of opium westward from the Shan State and the Chin Hills of Burma toward India and Bangladesh.

reach Bangkok, Vientiane, Saigon, Hong Kong, Manila, Tokyo, and eventually the United States.

The Governments of Laos and Thailand, with the advice and assistance of the United States, have taken steps to stop the growing of poppies and have created special police organizations to improve enforcement efforts. Unfortunately, the Government of Burma has refused to accept any assistance from the United States or to cooperate with the other governments and insists on dealing with the problem unilaterally. If the combined efforts of American, Lao, and Thai authorities were successful, the problem still would not be solved as long as the Burmese portion of the triangle is operational.



BURMA Major Areas of Insurgent Activity



COUNTRY SITUATION REPORTS

BURMA

Of the three countries with territories in the Golden Triangle, Burma presents the most perplexing problem for the United States. An estimated 400 metric tons, or more than one-half of the entire illicit opium output in the Golden Triangle is produced within Burma. Yet, unlike Laos and Thailand, United States presence and influence in Burma is negligible.

To appreciate the complexity of the problem of eradicating the production of and traffic in opium in Burma, it is necessary to recognize the various elements which contribute to that problem.

INSURGENCY IN BURMA

Burma has been beset with insurgency for over 25 years. In 1949-50, the Government of the Union of Burma came very close to being overthrown by the combined attacks of Communist and Karen forces (estimated in excess of 20,000), but it succeeded in defending Rangoon and ultimately in expelling the insurgents from the more populated areas. Subsequent factionalization along ideological, ethnic, or political lines has prevented the insurgents from uniting into a serious threat to the central government. However, more than 30 percent of the country is estimated to be effectively denied to the government by insurgent forces whose numbers probably still exceed 15,000 although accurate estimates of their numbers are difficult. As indicated by the map facing this page, insurgent forces are active in and actually control parts of the Burmese area located in the Golden Triangle as well as the Chin Special Division in western Burma.

The following summary lists the major insurgent groups, their location and political orientation:

Burma Communist Party—White Flag (BCP-WF)

Estimated to number between 4,000 and 6,000, the BCP-WF is located throughout the delta area and in lower Burma as well as in the northern Shan State along the Sino-Burmese border where its major forces are found.

The White Flags are essentially two separate groups—the original Burman insurgents in lower Burma and a primarily ethnic insurgency created and supported by the Peoples Republic of China (PRC) along the border. The former group has been racked by internal purges and severe Government of Burma military pressure and in recent years has been limited to sporadic acts of terrorism and sabotage. In comparison, the White Flag insurgents along the Chinese border are very effective with large, well-armed forces. They have been increasingly aggressive during the past year and control large areas of the northern Shan state between the Salween River and the border. A clandestine radio station, the "Voice of the People of Burma" contributes propaganda support.

Burma Communist Party—Red Flag (BCP-RF)

Numbering only 500, this faction of the BCP inhabits the lower Irrawaddy delta, the Arakan hills, and the Katha District north of Mandalay. Trotskyite in persuasion, the BCP-RF split from the World War II united front in 1946. Losing much of its effectiveness after the capture of a key leader in 1970, BCP-RF engages in occasional acts of terrorism.

Kachin Independence Army (KIA)

The 4,000-man Kachin Independence Army occupies the Kachin State and part of the northern Shan State. Possessing a Christian, anti-Communist background, the KIA's purpose is to create an independent state for the 350,000 Kachin ethnics in the area. Trade in opium and jade provides the KIA with its principal revenue. Because its members spill over into the northern Shan States, the KIA is in conflict with the White Flag insurgents over control of the area.

Karen National Unity Party (KNUP)

Believed to number between 750 and 1,500, the KNUP is located in the delta region of Burma. Because of its leftist separatist tendencies, the KNUP cooperates with the White Flag to a degree. However, there are frequently shifting alliances among individual units.

National United Liberation Front (NULF)

Estimated at 1,000, the NULF operates in both the Karen State and Tenasserim Division with training bases located along the Thai-Burmese border. The NULF represents a coalition of former Prime Minister U Nu's Parliamentary Democracy Party (PDP) and Mons and Karens whose objective is to restore U Nu who is now operating from Thailand to power. Increased activity by the NULF has caused a deteriorating security situation in Tenasserim.

Karen National Union (KNU)

Some 2,000 strong, the KNU is located in the Karen State and has small groups in the delta area and in the Pegu and Tenasserim Divisions of Burma. Consisting predominantly of Christian non-Communists, the KNU includes defectors from the KNUP and other Karen groups such as the Karen National Defense Organization (KNDO) and the Karen National United Front (KNUF). The KNU is also allied with U Nu's National United Liberation Front (NULF).

Shan State Independence Army (SSIA) and Shan State United Revolutionary Army (SSURA)

Estimated to range from 2,000 to 2,500 in strength, these groups operate throughout the Shan State. As a movement, the Shan effort remains splintered and ineffective despite recurrent efforts at unification. However, the Shans have resisted Communist Party penetration attempts. Some groups among the Shans cooperate with the Burmese government as a People's Militia against the BCP insurgency. A major source of revenue for the Shans is the opium trade.

Mon Liberation Group (MLG) and New Mon State Party (NMSP)

Each numbering around 1,000, the MLG and NMSP are located in the Tenasserim Division along the Thai-Burmese border. These are separatist groups representing a small ethnic minority. Some of their

members are allied with U Nu and others are associated with the White Flag Communists and KNUP.

Chinese Irregular Forces (CIF)/Kuomintang Remnants (KMT)

Numbering approximately 2,000 the CIF/KMT are located along the Thai-Burmese and Sino-Burmese borders and in northern Thailand. Although they are not actually insurgents, the CIF/KMT remain an irritant and local force outside of Burmese government control. Many have resettled in Thailand but still maintain extensive contacts in Burma. Occasional conflicts often arise between the CIF/KMT and the Government of Burma or other insurgent forces. Their motivation is mainly commercial, not ideological, with the opium trade a principal source of revenue.

Khakweyei (KKY)

The KKY is a group of independent, autonomous organizations in the Shan State. Most are hired by the Government of Burma to help fight insurgencies and maintain some semblance of a government presence in the Shan State. In return, the Burmese Government does not interfere with KKY trafficking in opiates, gem stones and other contraband items. One of the major KKY leaders is Lo Hsing-Han who is reputed to be one of the opium and heroin magnates in the area. Armed KKY forces are estimated to number approximately 3,000.

PATTERNS OF TRAFFIC IN BURMA

Following the opium harvest in the poppy growing areas in north-eastern Burma, various middlemen—usually ethnic Chinese, representing opium merchants, refinery operators, and/or irregular force units in the area—purchase the crop for eventual delivery to refineries in Tachilek and other locations along the Mekong River or for direct shipment to Bangkok, Vientiane, Saigon, and other population centers in Southeast Asia. The opium is stored to await delivery instructions and the formation of convoys for movement to the border areas.

The opium which is convoyed south from the Shan States is owned by the various KKY leaders. The convoys are guarded by troops under the command of these leaders. At times one or more of the less powerful KKY groups will join forces with Lo Hsing-han, Hsu Chia-chu or Yang Shih-li so that the opium belonging to the former will be provided the added protection of the armed guards of the latter enroute to market. The major convoy operations are conducted by the three aforementioned KKY leaders. CIF forces in Burma number only about 300 to 400 men. The bulk of the CIF forces have been resettled in Thailand. At times they have been reported to have joined forces with a KKY caravan and at other times they have reportedly attacked a KKY opium caravan.

Traditionally, these convoys follow routes originating in the northern Shan State around Lashio. From that point, they travel to Keng Tung and proceed to the tri-border area either across the Mekong into Laos or into Thailand around the Tachilek-Mae Sai area. (See map on p. 16.) Recently, however, these routes seem to be undergoing adjustment due to increased enforcement activity on the Thai and Laotian sides of the Burma border, particularly the arrest of Wan Pen Fen who is a major trafficker in Southeast Asia.²

² Wan Pen Fen, an ethnic Chinese, was arrested in Saigon by US BNDD and South Vietnamese Narcotics Agents for heroin smuggling in July 1971.

That arrest along with increased enforcement activity along the Thai and Laotian sides of the tri-border area has brought about both a buildup of opium stocks and a drop in price on the Burmese side, according to U.S. intelligence estimates. In addition, the withdrawal of U.S. troops stationed in South Vietnam has caused a backlog of opium and heroin stocks particularly in the Tachilek area and in South Vietnam.

Although no one has determined how much opium and its various derivatives are stored in Tachilek and other refinery locations, it is estimated that over 300 tons of opium has been conveyed to Tachilek since January 1972. The following list shows the status of the current market in Tachilek compared with last year's prices:

	1971 (April-July) (per kilo)	1972 (August) (per kilo)
Raw opium.....	\$36	\$14
Heroin (No. 4).....	1,780	300-400
Morphine base.....	495	232

The market is also reported as being depressed in the Shan State areas of cultivation. There, the farmer, whose crop is financed by Chinese ethnic entrepreneurs, is absorbing the loss. Whether the backlog of opiates and the depressed prices can be translated into a shortage on the consumer end is not evident. Insofar as local consumption is concerned, there is no evidence of a shortage in Bangkok, Saigon, or Hong Kong.

Furthermore, there are indications that growers and traffickers are convinced that the current depression in the market is only temporary. Growers are reportedly buying fertilizer for next year's poppy crop and major traffickers such as Lo Hsing-han are attempting to modernize their operations. This is an indication that the major traffickers do not view the current depression as being permanent.

There are, however, developments which demonstrate that recent enforcement efforts in the tri-border area have caused the traffickers to experiment with different routes. One such route which U.S. intelligence sources have identified involves the capital city, Rangoon. Originating in the town of Pinlaung in the southern Shan State, the new route bears straight south to Toungoo, Pegu and reaches Rangoon where the opiates are transshipped either by rail or water to Moulmein. From the latter location, the shipments are transported down through Tavoy, and Mergui to Victoria Point in the Malaysian peninsula. It has not yet been determined whether the shipments then go to Bangkok or whether other routes are used.

While in Rangoon, the Survey Team was told by Burmese officials that trafficking through Rangoon was impossible due to stringent government controls. In view of the development cited above, it is evident that the Burmese Government must increase its vigilance throughout all of Burma. If the Government of Burma does exercise control in the Rangoon area, there must be some acquiescence to the traffickers as is the case in Tachilek.

More ominous than the development of a Rangoon route is the increased activity reported in the Chin Hills in western Burma. Although opium poppies have been cultivated traditionally in the Chin Hills, the region's production has always been small compared to the output in the Shan State. Recent reports, however, show that Chin Hills production has doubled and the Chin Hill farmer is receiving twice the price his Shan State counterpart is collecting.

The Chin Hills product is moved westward into the newly named state of Bangladesh. This, for the United States, is a disturbing development. Because there is ample opium production in the Indian subcontinent, it is unlikely that the local consumer would require an external source. Moreover, the lack of purchasing power on the part of a prospective consumer in Bangladesh would appear to make a Chin Hills-to-Bangladesh operation unprofitable. The other option—i.e., a Chin Hills-Bangladesh connection to the international traffic routes—seems more credible. Given the existing chaos in Bangladesh, the use of a port area such as Chittagong should pose little problem for a trafficker.

ARMS SMUGGLING AND THE OPIUM TRADE

Inherent in the Burmese opium trade is the illicit traffic in armaments in Southeast Asia. From the inception of U.S. military sales and military assistance programs in that region, substantial amounts of arms, ammunition, and equipment have fallen into the hands of indigenous insurgent groups in the various countries of the area.

Officials in the Burmese Ministry of Foreign Affairs told the Survey Team that one of their primary concerns was the traffic of contraband arms of U.S. origin into Burma. According to these officials, the abundant availability of modern U.S. arms makes those insurgent forces who obtain them better equipped than the Burmese military forces. As a result, it becomes even more difficult for Rangoon to combat the insurgents and the opium traffic flourishes for it provides a principal source of revenue with which to buy these arms.

Although most cases of arms smuggling in the area involve only small lots, there is at least one instance of a large scale operation. According to U.S. sources, Gen. Ouan Rathikoun (former Chief of Staff, Royal Lao Army) had "plane loads" of U.S. arms flown into Laos. These arms subsequently fell into the possession of insurgent forces in Burma during the period 1966-70. These weapons were acquired by General Ouan in Taiwan. While the Survey Team has not determined whether these arms came to Taiwan under the U.S. military assistance program, it should be noted that, under MAP conditions, recipient countries agree not to transfer MAP-supplied equipment to third countries.

Further, the Thai Government was reported to have furnished arms to CIF insurgents on both sides of the Thai-Burmese border with arms procured in Taiwan. Again the Survey Team was unable to determine whether these arms came to Taiwan under the U.S. military assistance program.

The special circumstances surrounding former Burmese President U Nu also contribute to area arms smuggling. Now residing in northern Thailand, he directs the insurgent activities of his followers on both

sides of the Thai-Burmese border. The Thai Government allows him such latitude because his anti-Communist stance is seen as yet another buffer protecting the Thais from Communist inspired insurgency. Obviously, this arrangement angers the Burmese and impedes any possible cooperation between the two countries to eliminate the cross-border opium/heroin traffic.

Apart from the support given U Nu by the Thais, he also receives considerable external monetary support which he utilizes to procure arms.

Earlier this year, U.S. sources estimated that U Nu would run out of operating expenses in May. However, this did not occur for he again received sufficient external aid to continue his operations.

In the three instances described above, the recipients of the arms have been and still are involved in the opium trade which in the Golden Triangle area has enjoyed a symbiotic relationship with arms smuggling; i.e., opium is often bartered for guns or it provides cash with which arms are purchased.

The problem of stanching the illicit arms flow in Southeast Asia is enormous given the numbers of weapons made available by wartime conditions. In addition, the triborder area, particularly the Thai-Burmese border, is extremely rough terrain where policing is inadequate.

Given the close relationship of the arms traffic and the opium trade in Burma and elsewhere in the triborder area, and given the abundance of U.S. supplied weapons, a greater effort should be made both to gather intelligence involving arms traffic and, if necessary, to enforce MAP regulations more stringently.

AMERICAN-BURMESE RELATIONS

Another factor hindering the effort to curb the flow of opiates from Burma is the status of United States-Burma relations. Unlike the U.S. presence in Laos, Thailand, Cambodia, and South Vietnam, the American profile in Burma is extremely low. Apart from the United States Embassy in Rangoon and a Consulate in Mandalay, there is no U.S. AID program nor is there a military assistance program (MAP).

Whereas the comparatively high level of U.S. activity in Laos, Thailand, Cambodia, and South Vietnam provides U.S. envoys some leverage in those countries, the U.S. Ambassador in Rangoon has virtually none. Currently, in the former countries, the U.S. has specific bilateral narcotics control programs which provide training for local personnel, in-country U.S. narcotics experts and enforcement personnel, support for local enforcement efforts, and in one instance, a program for in-country addict treatment.

Unfortunately the Burmese Government is unwilling to modify its rigid policy of non-alignment and neutrality and declines to accept narcotics assistance from the United States. Despite their preference to resolve the problem themselves, Burmese officials have recently been more willing to exchange views on the international drug situation with the United States and international agencies. As long as Burma's internal security is threatened, however, the Burmese Government will undoubtedly continue to devote its resources to the counter-insurgency effort, including continued tolerance of the activities of the KKY.

During the Survey Team's visit in Rangoon, it was learned that the Burmese Government had recently inquired about the possibility of a soft loan of \$2.5 million to finance the purchase of some U.S.-made earth-moving equipment for irrigation projects. After relaying this request to Washington, the Embassy in Rangoon was told that such a loan would require authorizing legislation.

Upon returning to Washington, the Survey Team was advised by U.S. AID officials that new legislation would be needed because U.S. AID does not have a commercial credit capacity in countries where there is no existing U.S. AID country program. (It is noteworthy that the Japanese Government has such a capacity for the purpose of promoting Japanese export products.) According to the Department of State, the Government of Burma indicated that if its initial request was honored it would be interested in increasing the amount of the loan request to \$10 million.

Such a request would provide an inexpensive "foot in the door" where the United States now has virtually no influence. While this type of relationship with Burma would not directly affect the ability of the United States to encourage Burmese cooperation in narcotics control, it could provide a starting point for meaningful negotiations on the problem.

In the absence of positive leverage in Burma, there is very little that the U.S. Government can do about internal Burmese opium production short of taking unilateral action to disrupt the operations of those elements involved in the opium trade.

Fortunately, this situation does not exist in Laos where that Government is cooperating with the United States in programs to control the illegal production of and trafficking in opium, morphine, and heroin.

LAOS

POPPY GROWING IN LAOS

Northern and western Laos are the traditional poppy growing areas because of climate and the fact that opium has been the only certain source of cash for the Meo and Yao hill tribes, who produce it. Because of the military successes of the Pathet Lao and the North Vietnamese, opium production has been reduced significantly, primarily because the Meo tribes have been forced to evacuate their historic homelands.

Since the Communists now control most of the traditional poppy growing areas of Laos, little is known about current opium production in that country. The Department of State estimates that production may be about 30 tons per year, a substantial reduction from the 100-150 tons thought to have been produced annually in the 1960's. Narcotics officials believe that almost all of the opium now being produced remains in that country. Laos, however, is a conduit for opium coming out of Burma for further smuggling to Thailand and through Laos to other parts of the world, including to the U.S. serviceman in South Vietnam.³

³ The G.I. market in South Vietnam, which reached its peak during the period 1970-71, has shrunk considerably due to the large scale withdrawal of U.S. troops.

HEROIN LABORATORIES IN LAOS

For several years there have been rumors that heroin was being manufactured in laboratories located along the Mekong River particularly in the area of Ban Houei Sai in northwest Laos in the heart of the Golden Triangle, in Vientiane, Luang Prabang, and Long Cheng. Until recently, efforts to locate such laboratories have been largely fruitless. On August 2, 1971, however, a laboratory was seized at Houei Phee Lork just north of Ban Houei Sai and destroyed by Lao irregular forces. In addition, an opium producing laboratory at Ban Houei Tap was found abandoned. Lao officials believe that the closing of these two laboratories has ended narcotics production in the Ban Houei Sai area.

This optimism may be unwarranted. Laboratories could be operating without the knowledge of the authorities.

One factor supporting the government's assessment, however, is the fact that the enforcement effort in Laos has been stepped up, thus increasing the risks of operating such laboratories. This may have resulted in some producers moving out of Laos and into the Tachilek area of Burma where there are at least 16 morphine and heroin laboratories in existence. There is no enforcement effort in that part of Burma and operations can be conducted without governmental interference.

There have been unsubstantiated reports that heroin laboratories are also located in Luang Prabang, Pakse, Vientiane, and Long Cheng.

Long Cheng is the headquarters of Gen. Vang Pao, leader of the Meo irregular forces which are supported almost entirely by the United States in their struggle against the Pathet Lao and the North Vietnamese.

According to several U.S. officials, there is no evidence indicating that Gen. Vang Pao is involved in the Lao drug trade. It was their opinion that the forces of Vang Pao are the principal Lao deterrent to North Vietnamese aggression and that U.S. Government personnel have been in constant contact with him for a number of years. If he had been involved in the production of and trafficking in narcotics it would have been discovered by U.S. authorities and appropriate action taken.

In an effort to stop the illegal production of and trafficking in opiates the Lao Government has promulgated a law prohibiting the cultivation of poppies, except under certain controlled conditions. This law became effective on November 15, 1971.

GROUPE SPÉCIALE D'INVESTIGATION (GSI)

On January 2, 1971, the Groupe Spéciale d'Investigation was established to direct and coordinate implementation of the narcotics law. GSI is currently staffed by 60 trained military and civilian agents. The unit is headed by the Lao Chief of Intelligence, Maj. Gen. Khamhou Boussarath, who reports directly to the Prime Minister. His jurisdiction includes both civilian and military investigations.

The Narcotics Attache of the U.S. Embassy, a BNDD officer, is the principal American adviser to the Director of GSI.

According to Lao officials, if the struggle to control narcotics in Laos is to be successful it will be necessary (1) to control the growing of poppies, (2) to discover and close heroin producing laboratories, and (3) to interdict the movement of narcotics into and out of Laos.

Narcotics and arms are smuggled into Laos along the Mekong by many of the dissidents and other groups operating in the Golden Triangle. They have been and probably still are being smuggled out of Laos on Royal Lao Air Force aircraft, on Lao and other commercial aircraft, by trucks, automobiles and by foot and caravan.

An example of some of the problems faced by the GSI in Laos is the case of Maj. Chao La, a Yao irregular force leader who is located in Houa Khong Province.

Chao La has written that he has 3,000 kilos of opium that he is willing to sell to the Lao Government. The Lao Government does not want to purchase the opium and has approached the United States, Japan, France, and the United Kingdom asking if they would buy the opium. Simultaneously the Prime Minister ordered Chao La to turn the opium over to the Provincial Governor, Chao Khoueng. Chao La, who does not trust the Provincial Governor, refused to turn over the opium as ordered and the Lao Government has issued instructions that the opium is not to be seized. The plan is to wait until it has been decided which government will make the preemptive buy of the opium. All governments concerned are reluctant to encourage such a practice. They are fearful that once preemptive buying starts, it will encourage farmers to produce more opium for sales to those governments at constantly increasing prices. Paying premium prices for a product which is as valuable on the illicit market as is opium can only encourage those who deal in opium to cater to both the licit and the illicit markets.

For example, according to U.S. authorities in Ban Houei Sai, Chao La needs money. He owes the Chinese irregulars cash, which he does not have, for services rendered (probably for conveying opium from Burma into Laos). Opium is not moving on the illicit market and stocks are piling up in warehouses in Tachilek as well as in Chao La's village.

Chao La wants to sell 3,000 kilos of opium (which will yield 660 pounds of heroin). The Lao Government does not believe that the Yao could have produced more than 1,000 kilos of opium and that the remaining 2,000 kilos have been obtained in Burma.

If the latter estimate is true, a governmental buy of the opium would have the effect of "bailing out" those in Burma who are having trouble moving the opium into and through Laos and Thailand.

If the precedent established in Thailand where the United States purchased 26 tons of opium for \$1 million is followed in Laos, the results could be disastrous. Opium is not in short supply and production in Burma alone is estimated to be about 400 tons per year.

The Government of Laos and Thailand have both established narcotics control organizations and there have been some initial successes.

Lo Hsing-han and others are having trouble moving their opiates and as a result can be expected to seek other smuggling routes. Already there is evidence to suggest that some opiates are being moved westward through Burma into Bangladesh where conditions are chaotic and governmental control in many parts of the country almost nonexistent.

What could be a better way to finance these operations than to sell opium to governments that are concerned with the problems created by

the use of opium and its byproducts while retaining sufficient quantities of opium to satisfy the illegal market as well?

There are other problems in Laos which inhibit enforcement of antinarcotics legislation. On June 6, 1972, a Deputy in the National Assembly, Moua Xu, was arrested with 9½ kilos (approximately 21 lbs.) of heroin and 26 kilos (57 lbs.) of opium. Moua Xu is still free. As a member of the National Assembly he enjoyed immunity from trial and confinement until the Lao legislative body adjourned.⁴ He is still free to continue his activities.

According to several sources, other members of the National Assembly are suspected of being involved in the narcotics trade in Laos.

One such individual is Prince Sopsaisana, Vice President of the National Assembly. In April 1971 Sopsaisana, who was Laos' Ambassador designate to France arrived in Paris to assume those duties. Sopsaisana attempted to smuggle heroin into France inside a suitcase. As a result, the French Government refused to accept his credentials and Sopsaisana was recalled by the King. He was subsequently elected Vice President of the National Assembly. A critic of U.S. narcotics policy in Southeast Asia has charged that the U.S. Embassy in Laos "demonstrated a remarkable disinterest in the entire subject of Sopsaisana's recall."

The U.S. Ambassador in Laos, G. McMurtrie Godley, claims that the U.S. Government was very much interested in the Sopsaisana affair and that he had numerous meetings with the King of Laos, Lao Government officials, and the French Ambassador in Vientiane on this matter. Ambassador Godley indicated that the U.S. Ambassador in France discussed the affair with French authorities, including the then Prime Minister Jacques Chaban-Delmas.

According to reliable sources, Sopsaisana is rich, powerful, and influential, and has police and military officials, rich businessmen, and politicians working with him. The rich businessmen, mostly ethnic Chinese whose families have lived in Laos for generations, pay government and military officials, including members of the National Assembly, to help them in their dealings whether it is arms, gold, or heroin.

Moua Xu and Sopsaisana are members of the National Assembly. In addition, U.S. and Laotian officials advised the Survey Team that other members of that body were suspected of dealing in opiates although again there was no hard evidence. One such individual is General Oan Rathikoun, Commander of the Laos Armed Forces between August 19, 1959 and August 1, 1971.

THE ROLE OF GEN. OUAN RATHIKOUN

The law banning opium transactions in Laos became effective on November 15, 1971, and was the first such law in Laos. The situation that existed prior to that time was conducive to manipulation.

⁴ The Lao National Assembly adjourned on Nov. 11, 1972. As of Dec. 5, 1972 the Lao Government had not started prosecution.

Lao law prior to November 1971, was based upon an old French law which did not prohibit poppy cultivation and sale of opium in Luang Prabang and other northern provinces of Sam Neua, Xieng Khoung, Houa Khong, and Phong Saly primarily because the law could not be enforced and second because tribal peoples needed the cash which opium netted. The Government did not proscribe the cultivation and sale of opium in Vientiane and the southern provinces. It did, however, attempt to control and monopolize the trade as a source of state revenue for financing the Lao Armed Forces.

In October 1963 Deputy Prime Minister and Minister of Finance Phoumi Nosovan officially directed Gen. Ouan Rathikoun to take responsibility for negotiating the sale and traffic of opium as a Government monopoly. Accordingly, a contract was signed with the Sacda Co. as the sole agency responsible for regulating the sale of opium.⁵ Lao Government enforcement agencies were directed to arrest any other merchants dealing in the opium trade not sanctioned by the Sacda Co. Thus while the sale of and trafficking in opium was not illegal by law, it was made subject to Government regulation and violations were liable to arrest and fine.

When Ouan assumed responsibility for regulating opium traffic in 1963 he was permitted to keep a portion of what he collected "for his efforts." Ouan claims that the amount collected never exceeded more than \$800 per month.

While Ouan had a legal responsibility to control opium in Laos there have been countless reports that he was also implicated in illicit narcotics activities. According to several U.S. officials in Southeast Asia, Ouan provided the transportation and protection to the refineries. These same officials indicated that Lao soldiers guarded the laboratory at Ban Houei Tap which was reportedly owned by General Ouan.

In 1964, 5 months after Ouan assumed control of the effort to control opium, he recommended that that effort be abolished. In a letter to Prime Minister Souvanna Phouma, dated April 10, 1972, Ouan said.

After being ordered to do so in 1963, I learned about those who traded in opium and about the quantity of opium produced in Laos and sent from Burma. I also learned of the number of opium addicts in Vientiane.

After having controlled opium for five months, I saw that it was not good to continue to control it because such control was criticized by foreigners. I then sent my report to General Phoumi, informing him that it was not good to control opium because all merchants were transacting their sales and purchases outside the established channels, since they were losing money by remaining in channels.

General Phoumi then issued an official order for stopping the control of opium on 2 May 1964.

In spite of this order, Ouan continued his efforts to gain control of opium transactions in Laos. He told the Survey Team on August 27, 1972, that it "took him until 1967 to get it under control." He did this by concentrating on the "big entrepreneurs. As a result some small

⁵ The former head of the Sacda Co. is a quaint character. His name is believed to be Ts'ai Kuang-jung. His known aliases are Sakda, Savang Chaman, and Jua Luong-jung. He was born in Thailand around 1925. He left that country in 1958 and after a short stay in Kunming China went to Laos in 1959. During his stay in Laos he was reported closely associated with the Chinese Communists, was identified as head of Air Vientiane and an administrator for General Ouan's opium affairs. He is now believed to be living in Chiang Mai, having returned to Thailand in 1971.

operators were able to get small shipments out of Laos—but not much.”

What is not clear is by what authority Ouan continued to regulate opium transactions in Laos after the Prime Minister had rescinded the order banning opium transactions in 1964.

Whatever the circumstances there is no doubt that by 1967 Ouan Rathikoun knew more about the narcotics business in Laos than probably any other Government official.

For Ouan's own assessment of the opium situation in Laos, see appendix A and appendix B.

During this same period, Royal Lao Air Force aircraft were used to transport opium throughout Laos, with the approval of General Ouan. Ouan has written that in 1966—

After being told by some of the Air Force officers about their poor living conditions, I decided to allow them to transport goods on the condition that the transportation must be organized and made under only one chief's orders; there must be no transportation of private goods for any officer of the Air Force; the transportation must occur in the Kingdom of Laos only; there must be no transportation of goods outside the Kingdom of Laos; and it must be the duty of the merchants themselves to transport goods outside of Laos.

Seventy percent of the income from this activity went to the Air Force, 15 percent to the pilots, 10 percent to those who worked on the ground, and 5 percent to the mechanics.

At the same time, I contacted the U.S. Government asking it to aid the Air Force. I told the U.S. Government that if the Air Force was given aid, it would stop completely the transportation of opium. [Italics added.] My request was considered by the U.S. Government. Later, in 1969-70, the U.S. Government sent its administrative experts to investigate. After their three-month investigation, no change was made. Later, in 1971, the U.S. Government began to pay sufficient per diem to pilots. At the present time, the U.S. Government still pays them per diem.

According to the Department of State, the United States does not pay per diem to Lao pilots. Combat pilots do receive a small payment per combat mission. A representative from the Department of State indicated that the United States makes no direct payments in Laos. U.S. aid is placed in the Lao Defense budget and is disbursed by the Lao Government.

Ouan claims that the Royal Lao Air Force stopped transporting opium in 1971. The Survey Team was told that Lao Air Force pilots are still involved in the smuggling of opiates throughout Southeast Asia.

U.S. officials state that there is no evidence of this. They do not discount the possibility, however. According to one U.S. official in Vientiane “there are a number of Air Force officers suspected of smuggling narcotics at the present time.”

Ouan is not the only high ranking Lao official thought to be involved in the smuggling activities, particularly opium, arms, and ammunition. There have been rumors that the other government officials are also implicated. Again there is “no hard evidence.”

In addition to the smuggling of narcotics, it is likely that Lao military personnel are also involved in the arms traffic. As noted else-

where in this report opium is used to obtain arms, cash, and other necessities by the dissidents and other groups that operate in Burma, Laos, and Thailand. One U.S. official observed that some high ranking military officials in Laos may be trafficking in munitions.

While there is no proof that high ranking Lao officials have been or are involved in smuggling activities, the fact that opium has been produced in Laos and smuggled into the country from Burma on Lao aircraft with the support of at least one high ranking official would tend to bear out the allegations that there was official involvement before the law banning opium transactions was passed in 1971. U.S. officials in Laos indicated that there is no evidence to prove that Gen. Ouan Rathikoun and others are implicated at the present time.

The questions that remain unanswered are the nature of the role of Ouan and others in supplying heroin to United States military forces in South Vietnam and, if they were implicated, with whom were they working in South Vietnam?

The answer to these questions may never be known.

UNITED STATES-LAO COOPERATION

In spite of the possibility that several members of the Laotian National Assembly, and other military and governmental officials, may be implicated in narcotics smuggling, it is the opinion of U.S. officials in Laos that the Government there is serious in its efforts to detect and prosecute violators of the anti-narcotic law.

To support this conclusion, U.S. officials cite a number of examples. The establishment of the Groupe Spéciale d'Investigation (GSI), passage of the first comprehensive anti-narcotics law in the history of Laos, the prohibition which has been placed on the importation of acetic anhydride (an essential chemical in the production of heroin), and the demonstrated willingness of the Lao Government to allow U.S. narcotics agents, Customs personnel, and other U.S. officials to advise and train Laotian narcotics enforcement personnel are the most prominent. BNDD agents work closely with GSI, and the Lao Government has requested U.S. assistance in improving their Customs Service.

In addition to the close working relationship that has been established between BNDD agents in Laos and the Group Spéciale d'Investigation, other American advisers from the Agency for International Development (AID) work closely with their counterparts in the National Police.

Successful interdiction of narcotics also depends upon effective customs inspection procedures. The U.S. Bureau of Customs is assisting Lao Customs with a program which it is hoped will result in increased seizures, especially along the Mekong River in the Golden Triangle area. As a part of this program, U.S. Customs has implemented a "customs to customs" exchange to help Laos develop an effective customs force capable of enforcing customs law and anti-narcotics laws.

To facilitate the interdiction of opium and its derivatives, Lao Customs, with U.S. assistance and advice has established four outposts along the Mekong River from which river and frontier patrols will conduct surveillance operations along the Burmese-Lao and Thai-Lao borders.

U.S. Customs advisers are also working closely with Lao Customs at the airport in Vientiane, at river ports and at post offices in the hopes of impeding the flow of narcotics into and out of Laos.

An excellent rapport has been established between the Laos Customs service and a U.S. Customs advisory team. Weekly staff meetings with Laos Customs are held to review activities, plan future actions, and render advice on customs matters.

AIR AMERICA AND OPIUM

There have been several allegations that Air America has been involved in transporting opium in Laos. The charges are based partly on statements alleged to have been made by Gen. Ouan Rathikoun, Gen. Thao Ma, and a Meo village leader named Ger Su Yang. General Ma, former commander of the Lao Royal Air Force, is now in exile in Thailand. All denied to the Survey Team that they had ever made such statements. The managing director of Air America has also denied the charge. Air America regulations have always prohibited the carrying of contraband of any sort, and through the years Air America has inspected all cargo to insure that opium would not be carried on company aircraft.

Following the promulgation of antinarcotics laws in Laos in November 1971, Air America was authorized to conduct body searches of all passengers in Laos. This has been effected through the establishment of the Special Investigation Service (SIS), in January 1972, by Air America under a contract with USAID/LAOS. At last count the SIS comprised five Americans and 33 Laotians. Numerous seizures of insignificant amounts of opium, apparently intended for individual personal consumption, have resulted from the program, and in each case the prospective passenger has been denied access to the aircraft and turned over to local authorities.

This analysis is supported by Mr. Nelson Gross, Special Assistant to the Secretary of State for Narcotics Matters who is reported to have told a correspondent of the Christian Science Monitor that—

Sure, Air America was probably used as a vehicle for some transit, just as all commercial and military aircraft probably were, until the fall of 1970 when we really became aware of the narcotics problem in the area.

Prior to the establishment of SIS it is probable that unknown quantities of opium were body carried on Air America aircraft. Ger Su Yang and Gen. Ouan Rathikoun cited instances of opium addicts carrying opium being transported on Air America aircraft. It was, and is, customary for Air America to furnish transportation to any individual if there is room as a good will gesture. There is no evidence available to suggest that carrying opium was ever condoned by Air America and the present SIS program now prevents passengers from even carrying personal opium supplies and smoking equipment on the aircraft.

OUTLOOK

The framework for Lao-American cooperative efforts to halt the production and flow of narcotics in Laos has been established. Success, however, may be agonizingly slow. Laos is an underdeveloped country, beset by civil war, threatened by external aggression, and unable to control large parts of its territory. Due to the complex political and military situation in Laos, the apprehension and arrest of individuals engaged in narcotics is difficult.

Nevertheless the United States must apply diplomatic and economic pressures at the highest levels of the Lao Government to insure that there is no weakening of the effort that has begun. Success ultimately depends upon the willingness of the Laos Government to apply the antinarcotics laws to all of its citizens.

Success in Laos alone will not solve the problem, however. Stopping the flow of heroin from the Golden Triangle also depends upon the cooperation of Burma and Thailand. As has been discussed, Burma is the weak link in the suppression effort. Thailand, on the other hand, is in the process of developing narcotics suppression programs similar to those in Laos.

THAILAND

NARCOTICS SMUGGLING IN THAILAND

Thailand is a vital link in the antinarcotics effort in Southeast Asia because it is both a producer of opium and a conduit for opiates moving out of Burma and Laos.

The bulk of the opium and heroin is smuggled into Northern Thailand in the vicinity of Mae Sai in the Golden Triangle. Mae Sai is separated from Tachilek, Burma by the Mae Kok river, a shallow, narrow river which can be easily forded at all times of the year, including the rainy season. Tachilek and Mae Sai are connected by a two-lane concrete bridge.

According to BNDD and U.S. Customs agents, there are no indications of bulk movement of opium over the bridge. It is the opinion of those officials that there is no reason for traffickers to take the risk of being stopped by Thai Customs at the bridge when there is nothing to impede the transporting of narcotics in any form into Thailand at any one of a number of crossings up or down stream from the bridge. There does not appear to be any effort by agencies of either country to deter border crossing at points away from manned control stations nor are there any significant border patrols performed during hours of darkness.

There is a 15-man Thai Customs complement at Mae Sai and a checkpoint at the bridge is manned by Customs and police officials 24 hours a day. This, combined with the fact that passage over the bridge is restricted to pedestrian and bicycle traffic, inhibits the large scale movement of narcotics across the bridge. Official vehicles crossing the bridge, however, are not inspected. Given the corruption that is re-

ported to exist among some police officials in Thailand, including the Border Patrol Police, there is a likelihood that a quantity of opiates are driven across the bridge in official Government vehicles.

Narcotics are also reported to be smuggled into Thailand by air. There is an unknown number of privately owned short takeoff or landing (STOL) aircraft which can take off and land from unprepared strips anywhere in the country. Until an effective aircraft monitoring system is developed, opium and heroin will move into the country and get into the international narcotics network.

It is not known how much opium is moved into Thailand by this method. It could be considerable.

There is no effort to interdict illicit transportation of narcotics by commercial aircraft in Thailand. There are numerous scheduled internal flights between cities in the north and Bangkok and other points in Thailand. There is no in-country inspection system and it is possible to carry quantities of opium or heroin aboard aircraft without being detected. As one BNDD agent put it, "Nobody is searched. Why go by truck if you can go free by air?"

Opium and its derivatives are transshipped through Thailand—usually through Bangkok—by trawlers and commercial aircraft to Hong Kong, Singapore, and other points.

Until recently, it was thought that the trawlers dropped their illegal cargo near the Lima Islands in Communist Chinese waters. According to BNDD and Customs officials, this is not the case. The trawlers actually drop the opiates in international waters where they are fished out of the water and taken to Hong Kong by the many junks and other vessels that operate in the waters around Hong Kong.

This trawler activity is of special concern to United States and Thai authorities.

Much opium also enters Thailand by mule caravans escorted by remnants of the 3d and 5th Kuomintang (KMT) Armies which were driven out of China in 1949. Now referred to as Chinese Irregular Forces (CIF), these forces under the command of Generals Li and Tuan have operated in southern Burma and northern Thailand for over two decades.

EFFORTS TO RESETTLE THE CHINESE IRREGULAR FORCES

In its efforts to control narcotics traffic, the Thai Government has initiated a resettlement program for the Chinese Irregular Forces. In return for land to settle on and potential Thai citizenship, the CIF's agreed to turn over all of their opium stocks.

This agreement was made between the Government of Thailand and Generals Li and Tuan, commanders of the respective Chinese forces, with the concurrence and support of the United States.

BNDD agreed to help finance the Thai Government resettlement project by turning over 20.8 million baht (almost \$1 million) to the Thais who in turn contributed 17 million baht (about \$850,000) in Thai Government funds. In connection with this, the Agency for International Development transferred \$1 million to BNDD.

Subsequently, 26 tons of opium were turned over to the Thai Government by Generals Li and Tuan. On March 7, 1972, Thai officials burned the 26 tons of opium.

This burning was witnessed by two BNDD officials, the Regional Director for Southeast Asia and a forensic chemist.

According to BNDD, the opium was wrapped in balls weighing between 185 and 191 pounds. The balls were wrapped in leaves, paper, and plastic and sealed in 319 burlap bags.

The BNDD representatives sampled each of the bags by randomly cutting into each with a knife and withdrawing a small amount of the contents with a wooden applicator stick. Each stick was placed in a test tube and later examined under a microscope.

BNDD officials insist that the bags contained opium and that the opium was completely destroyed.

After the burning, it was alleged that only 5 of the 26 tons consisted of opium.⁶

BNDD called a press conference on August 1, 1972, and denied the allegations. Included in the press conference was a 20-minute film which showed both Thai and U.S. officials inspecting the opium prior to burning.

Another U.S. official present in Chiang Mai corroborated the fact that the opium had been checked prior to burning by both Thai and BNDD officials. He was also certain that all the bags had contained opium. According to this official, Thai customs inspected the opium in the mountains of Thailand first and BNDD then inspected it after it had been brought down to Chiang Mai.

A high ranking Thai official also contends that the Chinese turned over 26 tons and that it was all opium. According to this official, the Chinese actually brought 27 tons of opium to the turn-in point, but Thai and U.S. authorities refused to accept the additional ton of opium. Instead the CIF were ordered to get the extra ton of opium out of Thailand. It is unfortunate that there is no official explanation available which would indicate what actually did happen to the 27th ton of opium. It could have been returned to Burma or it could have been smuggled to Bangkok, Hong Kong, or elsewhere.

When questioned as to why 1 ton of opium was refused, both Thai and U.S. officials told the Survey Team that there was no additional money authorized to pay for the extra ton and that they did not wish to negotiate further with Li and Tuan lest the whole deal fall through. For this reason, 1 ton of opium was returned to the Chinese.

One aspect of this case which should be given critical attention is the precedent that has been established. Regardless of explanations about resettlement the transaction involved paying \$1 million for opium. To many this constitutes a preemptive buy which could encourage more opium production, not less. Under some circumstances such buys may be necessary. As a general rule, however, it is a dangerous practice and should be avoided.

The success of the agreement depends upon whether the Chinese will abide by their part of the bargain and stay out of the opium business. At this point, it is debatable whether the project can succeed. Many CIF officers and men question the wisdom of entering into such an agreement and a large number have refused to accept the con-

⁶ One BNDD official stated that an informer had told him that the bags had contained 70 percent opium and 30 percent fodder. It was not possible to refute or substantiate the accuracy of this statement although all of the Thai and U.S. officials contacted by the Survey Team substantiated the details as set forth above.

ditions of resettlement. According to reliable sources, both Li and Tuan claim that they no longer control those who refused resettlement and that these elements may remain in the opium trade in spite of Li and Tuan.

The possibility that Li and Tuan will continue their activities in the opium trade has occurred to Thai authorities and both the United States and Thai narcotics control communities have the CIF under close surveillance to insure that they abide by the agreement. If the CIF continues to deal in opium the agreement will be null and void and resettlement will be discontinued. For the Chinese who have been nomads since 1949 the inducement of land and eventual Thai citizenship is an attractive prospect and it may be sufficient to keep them honest.

The Government of Thailand is also attempting to discontinue poppy cultivation by encouraging the hill tribesmen to convert to alternate crops.

THE EFFORT TO DISCONTINUE POPPY GROWING IN THAILAND

The hill tribes in the mountains of northwest Thailand bordering Burma and Laos produce an estimated 130 to 200 tons of raw opium per year. Opium cultivation and smoking have been illegal since 1959.

The rugged terrain and the difficulty in policing the area have made it impossible for the Thai Government to enforce this ban and poppy cultivation continues.

In an effort to stop opium production, the Government of Thailand has been engaged in several experiments to induce the farmers to substitute other crops such as tea, silkworm, fruits, beans, cabbage, and livestock for the opium poppy. The United States and the U.N. are assisting and it is planned that representatives from the U.S. Department of Agriculture will go into the hill tribe areas to help them develop suitable substitute crops. There are many factors, however, which may impede the transition from poppy cultivation to any alternate crop. Poppies have been grown by these tribes for generations and the opium they yield serve many purposes. It is easy to handle and transport and produces cash almost immediately. In addition, opium is also bartered for arms and ammunition.

In 1967 and again in 1970, Thailand requested the United Nations to help by conducting a study of the economic and social needs of the tribes producing opium in Thailand. As a result of its studies, the U.N. concluded that the prospects for developing a profitable alternative to the poppy were not encouraging.

While efforts to find substitute crops have been unsuccessful so far, enforcement efforts to inhibit the traffic in opium and its derivatives have been intensified and have been relatively successful. For example, the price of opium in Thailand has dropped appreciably since the beginning of 1972. This, however, has created economic difficulties among the hill tribes. There is also concern among both Thai and U.S. officials that if these economic difficulties become widespread, the hill people will become susceptible to Communist propaganda. The Communists have made a number of radio broadcasts criticizing the Thai Government for enforcing the narcotics laws and have indicated that they would permit the growing of poppies if they gain control.

AID officials in Thailand are apt to question the success of the suppression effort on three grounds: First, the economic hardship of the hill tribesmen may be localized. Second, prices of opium may have dropped because there is a surplus of opium. And third, the situation may be temporary because traditional smuggling patterns have been disrupted.

Whether the situation is temporary or not, there is little doubt that the hill tribes are suffering some economic difficulties.

These difficulties have not been entirely due to the drop in opium prices. In those instances where alternate crops have been cultivated, the farmers have had difficulty in transporting and selling the new product. For example, in 1971, the hill tribes were encouraged to plant beans, which they did. There was only one problem—when the beans were ready for harvesting there was no market for them and the farmers were unable to sell their crops.

To cite another example of poor planning, several years ago Thai authorities encouraged the hill tribes to grow cabbage instead of poppies. The sheer bulk of the cabbage and the relative value of a kilo of opium as compared to a kilo of cabbage doomed the experiment to failure from the beginning.

Any successful alternative crop to the opium poppy must be easy to handle, must be salable, and there must be access to the marketplace.

According to representatives from the U.N. Special Fund for Drug Abuse Control, it was originally thought that there would be 5 years before suppression programs would be effective and that the Thais with multilateral assistance from the United Nations and bilateral assistance from the United States, Japan, and some other countries had that much time to develop alternate crops. Consequently, there was no sense of urgency surrounding agricultural programs.

For example, one part of the crop substitution program involved aerial survey of the poppy-growing areas to determine where poppies were being grown. This would have enabled the authorities to pick target areas on which to concentrate their crop substitution efforts. The aerial survey which was to have been conducted during the dry season in late 1971 and early 1972 was not made. According to several U.S. and U.N. sources, there was a lack of enthusiasm on the part of U.S. officials in Washington and the project which would have cost \$250,000 was not approved.

Authorization to conduct the survey was finally given in late 1972.

THAI GOVERNMENT ENFORCEMENT EFFORTS

Thailand outlawed the growing of poppies in 1959. By 1961, however, it became apparent that the governmental organization for dealing with this problem was inadequate. There was an increase in narcotics offenses, heroin smoking, morphine trafficking, and heroin manufacturing. A Ministerial Council meeting in 1961 determined that the task of narcotics suppression was so divided between various government agencies, the metropolitan police, provincial police, Criminal Investigation Division, Excise and Customs Departments, each acting

independently, that the suppression effort was ineffective. As a result of this meeting it was decided to set up a system of unified control and on December 23, 1963, the Thai Government organized the Central Bureau of Narcotics under the Director General of the Police Department.

The duties of this Bureau are to :

- (1) Suppress all illicit traffic in narcotics;
- (2) Take measures to control drug addicts;
- (3) Coordinate the activities of the various government agencies in narcotics matters;
- (4) Cooperate with International Criminal Police Organization (INTERPOL) for the direct exchange of information on international narcotics matters; and
- (5) Coordinate Thailand's activities with those of the United Nations Commission on Narcotics Drugs.

Also in 1961 the Government of Thailand authorized the death penalty for narcotics offenses. The decree stated that manufacturers and traffickers in dangerous drugs will be suppressed mercilessly by the authorities. "In addition to being inflicted with punishment, they will be regarded as traitors against the national security too."

Importation of all chemicals used in the production of opiates such as acetic anhydride has been placed under government regulation.

In spite of this regulation, smuggling of acetic anhydride is still a problem. It is manufactured in Japan in large quantities and sold without registration or export controls. It is easy to disguise in various sizes and shapes of containers and detection is difficult.

The Thai Government has also established a Special Narcotics Organization (SNO) to deal with the trafficking of narcotics into and through Thailand.

SPECIAL NARCOTICS ORGANIZATION (SNO)

The movement of illicit narcotics to and through northern Thailand from the various sectors of the Burma-Laos-Thailand Golden Triangle was virtually unimpeded before 1971. Thai enforcement activities were basically centered in Bangkok with only one officer and three NCO's on station in the north at Chiang Mai. In the summer of 1971 the Royal Thai Government and the U.S. Embassy in Bangkok jointly examined existing Thai enforcement capabilities with the specific objective of enhancing operational effectiveness. This aim was underscored in the September 28, 1971 "Memorandum of Understanding" in which the two governments agreed to cooperate in a set of programs designed to meet all four facets of the narcotics problem—enforcement, crop substitution, education, and rehabilitation and training, with priority given to the enforcement effort. (The Thai-United States memorandum of understanding is reproduced in appendix D, p. 77.

The basic outline of the requirements for an increased enforcement effort evolved out of a series of meetings. It was agreed that, in addition to upgrading the metropolitan police capability, initial emphasis should be given to developing a new unit, well equipped, mobile and fully backed logistically to operate throughout northern Thailand as a Special Narcotics Organization (SNO). In late 1971 and early

1972 the necessary support arrangements were made, quarters located, and the Thai enforcement officers assigned.

The primary mission of SNO is to provide for the greatest possible interdiction of narcotic substances and chemicals used in the production of opiates along the major surface routes of the north where the possibility of such interdiction is the greatest and to close down collection and storage points located along these routes. SNO has also targeted for destruction any narcotics conversion facilities which may be discovered in the area of its jurisdiction. As a necessary corollary, SNO has the responsibility for developing and utilizing tactical intelligence from clandestine sources. Further, it is prepared to move against narcotic couriers when information concerning their clandestine movement is developed.

As of August 15, 1972, including the commanding officer, SNO had a total of 37 officers and NCO's on active duty, positioned as follows: Chiang Mai Headquarters, 13; Lampang, 6; Chiang Rai, 6; Fang, 6; and Mae Sai, 6. It is estimated that operating expenses at these locations will be between \$4,000 and \$5,000 per month which will be paid by the United States.

In its first few months of operation SNO has seized a total of 4,720 kilograms of opiates, the equivalent of some 17,050 pounds of raw opium. A synopsis of these major operations may be found in appendix E. (See p. 79.)

Technically an element of the 7th Sub-Division (narcotics enforcement) of the Crime Suppression Unit, Thai National Police Department, in practice SNO operates as a semi-independent strike force and its mandate provides for personnel input not only from the police but also from Customs, Excise, Border Patrol Police and the military. Other police elements in the north have been ordered by the Director General of the Thailand National Police Department (TNPD) not only to cooperate fully with SNO, but to deal directly in enforcement matters with its commander, a variation from the traditional Thai police system for diffusion of information and supply of intradepartmental support between police units. In practice this means that the SNO commander can utilize, for example, the Police Aviation Division for logistical support and the Border Patrol Police for manpower augmentation for a given operation without previous specific approval of the TNPD Headquarters in Bangkok.

Unfortunately, this has not worked as well in practice as it should and SNO has had difficulty in obtaining aircraft or helicopter support to the extent required to conduct effective aerial surveillance operations. The commander of SNO and U.S. officials in Chiang Mai are of the opinion that the United States should furnish aircraft to SNO as part of the U.S. assistance program. Some officials in the U.S. Agency for International Development disagree. They contend that the United States has already provided the Thai Government with an adequate number of aircraft and helicopters and that with proper coordination that Government could provide aerial support to SNO.

The Survey Team discussed this matter with officials at the U.S. Embassy in Thailand and in Washington, D.C., and was told that it was receiving active consideration. Some officials in Washington

stated further that if the Embassy in Bangkok recommended that SNO be furnished with fixed wing and rotary aircraft, such action would be approved.⁷

An air capability would enable SNO to conduct surveillance operations over a wider area. It would also give the unit a capability to establish mobile roadblocks, particularly in the mountains, and it would generally facilitate operations.

For example, one village was raided in June and opium confiscated. It took the raiding party, which was accompanied by a BNDD agent, a full half day to walk to the village, although it was in sight of the main highway between Chiang Rai and Mae Sai.

Opiates are brought down from Burma by mule train along remote mountain trails. If SNO had helicopters, it could establish roadblocks along the trails by landing police officers in front of and behind the caravan, thus trapping the traffickers.

SNO also needs weapons. Some of the insurgents and Burmese dissidents engaged in narcotics smuggling are armed with modern U.S. and Soviet-made weapons such as M-16 rifles, AK-47's, M-79 grenade launchers, etc. Yet in Chiang Rai, there was only one carbine for the SNO officer and the five men stationed there.

SNO headquarters also needs additional vehicles of a different type than at present. They are now equipped with six Jeep Wagoneers which were surplus to U.S. AID requirements, and a Landrover which is too distinctive for efficient covert operations. What is needed are a number of smaller Japanese-made vehicles similar to other automobiles in the area.

There is a difference of opinion between BNDD and U.S. Agency for International Development personnel in Thailand as to what kind of assistance the United States should furnish to SNO.

For example, SNO has paid for the installations, the radios, and most of its operating costs of SNO. AID, on the other hand, has been unwilling to pay for this kind of local currency costs. It is their opinion that the United States should pay the foreign exchange costs of the program while the Thais should pay the baht costs.

This situation is aggravated by the fact that BNDD is interested in developing SNO into an effective narcotics suppression organization immediately while AID is more interested in developing the entire Thai police apparatus into an efficient, effective institution. While there is no basic disagreement between AID and BNDD on the end objective, there is disagreement as to what kind of assistance the United States should provide.

BNDD and other U.S. officials in Thailand attribute the restricted movement of opium in northern Thailand to the manner in which SNO has conducted its operations.

Thai enforcement officials have established roadblocks in the northern areas. Vehicles and trucks are monitored and inspected. These procedures combined with other SNO operations are considered to be a deterrent to opium smuggling.

Although it will be a long time before SNO becomes the effective police force envisioned, it has great potential providing that it can

⁷ In December 1972 a Cabinet Committee Working Group subcommittee voted to supply aircraft to SNO. The vote was 7 in favor and 1 against. The AID representative cast the dissenting vote.

overcome organizational, bureaucratic, personnel, and equipment problems.

UNITED STATES-THAI COOPERATION

The U.S. Embassy is of the opinion that the Government of Thailand is cooperating in the combined effort to control smuggling of narcotics through Thailand. U.S. personnel working on the narcotics problem, therefore, reject the allegation that the United States is "taking it easy on the Thais because we need the air bases."

These officials believe that the Thais have no choice but to cooperate. There are an estimated 200,000 to 300,000 opium addicts in Thailand and the use of heroin, particularly among the young, is increasing.

According to the U.S. Ambassador who meets with the Prime Minister and other Government leaders at least once per week to discuss this and other aspects of United States-Thai relations, the Thai Government is of the opinion that it is cooperating with the United States and that it is abiding by the agreements as outlined in the Memorandum of Understanding. The Government of Thailand resents charges that it is not sincere in its antinarcotics programs and that high ranking officials are corrupt. The Thai Government was, therefore, grateful when the Special Assistant to the Secretary of State for Narcotics Matters told members of the U.S. House of Representatives Committee on Foreign Affairs on June 6, 1972, that "Based on intelligence information available, the leaders of the Thai Government are not engaged in the opium or heroin traffic, nor are they extending protection to traffickers. There have been some reports of corruption among some working level narcotics officials. Police General Prasert, head of the Thai National Police and a member of the ruling National Executive Council has stated publicly that he would punish any corrupt officials."

Further, the U.S. Ambassador said that the Thais also appreciate the fact that a U.S. narcotics official had publicly defended the Thai Government against the charge that it had not destroyed 26 tons of opium that had been turned over to the Government by Chinese Irregular Forces in return for land to resettle.

In spite of their pronounced willingness to cooperate, however, the Thai Government could do more. Although there is little doubt it would like to deal more effectively with narcotics the Thai Government is preoccupied with security and political problems in the north.

The Thais are fearful that the area east of the Salween River in Burma will be used to furnish Chinese Communist assistance to the Communist insurgents who are operating against the Government in northern Thailand.

For this reason, Thailand permits U Nu, former Prime Minister of Burma, to operate in Northern Thailand and to direct the activities of his antigovernment forces operating in Burma from that location.

The Thais are of the opinion that if U Nu were successful he would return to Burma and establish a government which would be more friendly toward Thailand.

In addition, the Thai Government has also provided safe haven in Thailand from some of the dissidents operating in Burma in return for information on the Burmese Communists and other groups.

This exacerbates Thai relations with the present Government of Burma. U Nu is actively engaged in activities aimed at the overthrow

of that Government and Burmese leaders cannot be expected to condone Thai support for U Nu.

According to several authorities it is in the interest of Thailand to maintain a buffer zone between China and its northern territory. The dissident Burmese groups who are fighting the Communists in eastern Burma fill this role very well. The dissidents need arms and ammunition, however, and most of these arms are purchased with money earned from the opium trade.

As a result many U.S. officials were of the opinion that Thai support for U Nu has somewhat diminished the effectiveness of the overall effort to stop trafficking in opiates in northern Thailand.

The United States has been encouraging the Government of Thailand to develop better relations with Burma but without success.

CORRUPTION IN THAILAND

According to United States and Thai officials there are indications that middle level police, customs officials and Border Patrol police are involved in illegal narcotics transactions. U.S. narcotics authorities indicated, however, that in spite of widespread rumors of high level complicity in the narcotics trade, no evidence exists to substantiate those rumors.

There is a considerable difference between rumor and hard evidence upon which criminal prosecution, or other action, can be initiated, and there is no concrete evidence upon which the Thai Government could take action. According to U.S. officials, the Thais have expressed a willingness to prosecute when there are sufficient grounds.

On October 11, 1972, the Deputy Commander of the Crime Suppression Division of the National Police, Col. Pramuan Vanigblandu was relieved because of involvement in illegal narcotics dealings.

Prior to that, on Sept. 30, 1971, General Prasert, Director General of the National Police was retired ostensibly due to his age. According to U.S. officials, Prasert was involved in many corrupt practices but not narcotics.

In a followup interview in Washington a reliable U.S. official told the Survey Team that Prasert had been involved in narcotics and that this was the reason for his retirement.

Other U.S. officials contend that this is not so and that there is still no evidence to implicate Prasert in narcotics. These same officials, however, surmising that Prasert was possibly protecting Pramuan, speculate that Thai authorities knew about Pramuan's involvement but "could not touch him" as long as Prasert remained Director General of the police.

This raises several questions: Were U.S. authorities in Thailand aware of Pramuan's involvement? Was Prasert protecting Pramuan and was this information available to U.S. officials? If the answer to these questions is affirmative, why did U.S. officials in Thailand tell the Survey Team that there was no evidence of high level involvement in narcotics among officials of the Thai Government?

SOUTH VIETNAM

BACKGROUND

American concern over narcotics traffic in Southeast Asia did not arise until early 1971 when reports of serious heroin addiction among GI's stationed in South Vietnam began to surface. In May 1971 a Foreign Affairs Committee study mission composed of Representatives Morgan F. Murphy and Robert H. Steele reported that 10 to 15 percent of all U.S. troops then stationed in South Vietnam were addicted to heroin in one form or another, and, in some units, the addiction rate was estimated as high as 25 percent. Those GI's on heroin smoked it, sniffed, or "snorted" it, and an estimated 5 to 10 percent of users injected it.

There are several underlying factors which contributed to this epidemic use of heroin. Among them were the ready availability of heroin, boredom, and the fact that youthful GI's merely reflected the burgeoning drug culture in American society as a whole. While some of those on heroin in South Vietnam were found to have been users in the States, most encountered the drug for the first time in South Vietnam.

Prior to the extensive use of heroin by U.S. troops, marijuana was the popular drug among GI's. However, in a program instituted by the United States Military Assistance Command-Vietnam (MACV) in November 1966, an all-out effort to eradicate marijuana smoking was initiated. U.S. and Vietnam officials set about to defoliate and destroy the abundant marijuana fields located throughout the country. Those convicted of using marijuana were strictly disciplined.

The rise in the incidence of heroin abuse coincides with the U.S. military's crackdown on marijuana. Because heroin can be consumed more discreetly than marijuana its use became more widespread as the restrictions on "pot" increased. In addition, GI's fell under the dangerous illusion that heroin consumed by means other than injection is not addictive. Unfortunately, for the naive users, nothing could be further from the truth. Thus, in Vietnam, it is possible that the absence of marijuana, not its use, led to a GI addiction rate of epidemic proportions.

UNITED STATES-VIETNAMESE ACTIONS AGAINST DRUG TRAFFICKING AND
ABUSE IN VIETNAM, 1971-72

Although MACV launched its first Drug Abuse Suppression Program in December 1970, and the United States conveyed its concern to President Thieu in January 1971, it was not until the May 1971 that measurable action was taken either to combat trafficking or to detect and treat heroin addicts.

On May 3, 1971, the U.S. Ambassador and MACV Commander presented a memorandum to President Thieu setting forth recommendations for alleviating the narcotics situation. They stressed

that narcotics suppression was of grave importance to the U.S. Government and emphasized that continued U.S. assistance to the Government of Vietnam (GVN) could not be assured if the narcotics situation was not corrected. Their recommendations included increased policing of Vietnamese military forces, cooperation with other Southeast Asian countries, controlled sale of amphetamines and barbiturates, and speedy punishment of apprehended drug pushers.

Subsequently on May 4, 1971, President Thieu called a meeting of his cabinet to set up machinery to deal with the narcotics problem and to coordinate GVN and U.S. efforts. Five intelligence and police officials were appointed to a newly formed Special Committee for Eradication of Drugs and Smuggling. The committee was empowered to investigate all facets of drug use and traffic, as well as other major smuggling in Saigon.

The following actions were then taken by the GVN during May 1971:

Customs and security measures at Tan Son Nhut Airport were upgraded, replacing all police, customs, and military security personnel and by rearranging the airport customs area to facilitate better control and to deny access to unauthorized persons;⁸

Increased publicity was given on arrests, seizures of contraband, and the urgency of the antinarcotics campaign;

The GVN began sealing off airports and harbors through which most narcotics seemed to be flowing at that time;

The Ministry of Health ordered pharmacies to stop selling dangerous drugs without prescription;

The GVN established a system of tax-free rewards to informers and officials for information on narcotics;

Two additional U.S. Customs advisers with narcotics experience were assigned to Vietnam, and more U.S. police advisers were assigned to assist the Vietnamese narcotics bureau.

On July 15, 1971, the U.S. Ambassador again met with President Thieu to discuss the progress of the joint antinarcotics campaign which began July 1, 1971. The Ambassador commented that Vietnamese enforcement had tightened up and that cooperation between the two governments had been excellent. President Thieu was told, however, that the campaign's results had not been sufficient to remove the issue as a threat to continued U.S. support. Arrests to date had been mostly of small peddlers and street pushers, who were not adequately punished when brought to trial. The U.S. Ambassador emphasized that it was essential that the big traffickers be investigated, prosecuted, and severely punished.

During the period July to September 1971, 2,803 narcotics arrests were made. About 73 kilograms of heroin, 397 kilograms of opium, and 717 kilograms of marijuana were seized. However, the antidrug campaign was not as successful as hoped because the Vietnamese had other priorities at the time including Lower House elections, the Presidential referendum, planning for the October 31 inauguration and the war.

On October 14, 1971, U.S. Embassy officials met with GVN officials to discuss plans for a second antidrug campaign. Embassy officials

⁸ Although the GVN customs agents spent a great deal of time processing passports and visas and opening passengers' luggage, observation of the baggage inspection procedures indicated that the examination process was not as thorough as it should have been.

suggested three areas where attention should be focused during the new campaign.

(1) Interrogation of those arrested should be improved with the aim of unraveling trafficking rings;

(2) Customs controls over the Vietnamese military, especially the Air Force, should be tightened; and

(3) Customs inspections of Free World Forces entering Vietnam, especially Korean and Thai forces, should be required.

GVN officials acknowledged that the above subjects were still significant problem areas. With respect to the Vietnamese Air Force, Vietnamese officials stated that there were too many military airfields (about 300) and too few customs officials. Thai military flights also continue to be a serious problem, but the GVN had not approached the Thai Government because the subject was too sensitive.

According to U.S. Embassy officials, under the terms of agreements, governments of the free world forces entering Vietnam are responsible for customs inspections of their own troops. Although records show that such customs inspections are made, U.S. officials believe that large-scale smuggling still persists among those forces.

The MACV Coordinator for Drug Suppression told General Accounting Office (GAO) investigators that, despite all efforts of the United States and GVN to stop trafficking, only an insignificant amount of heroin had actually been interdicted and seized. He expressed the opinion that, even if they were totally successful in preventing heroin from entering Vietnam, there was enough heroin incountry to keep every soldier high until the last U.S. serviceman was withdrawn from South Vietnam.⁹

By August 1972 the combined U.S.-GVN antidrug campaign involved, on an organizational level, almost every aspect of the two governments. On the American side, the military, BNDD, Customs, and AID had developed significant ongoing capabilities incountry.

GOVERNMENT OF SOUTH VIETNAM ENFORCEMENT ACTIVITIES

Little drug suppression occurred in Vietnam prior to 1954, when opium and marijuana prohibitions first appeared. Early enforcement was ineffective due to public and official indifference. Although the GVN has now publicly denounced drug abuse, the average Vietnamese citizen remains quite ignorant of the seriousness of the drug threat, and some have become involved in the drug trade unknowingly. Others engage in drug trafficking at various levels for its quick and high profit. For example, according to MACV sources, a kilo of heroin which sells for \$1,600 in Bangkok or Vientiane sells for \$11,000 on the streets of Saigon.

Despite the opium-permissive environment in Vietnam, the GVN, at the United States urging, has made some significant efforts and accomplishments. In the area of U.S.-GVN cooperation, police narcotics suppression efforts are integrated with U.S. civil and military efforts. For example, BNDD agents, U.S. Customs officials, and U.S. AID public safety experts work directly with their Vietnamese counterparts.

⁹ Several MACV, BNDD U.S. Customs officials are also of the opinion that large stores of No. 4 heroin remain sequestered in the Cholon area.

The most ambitious of these relationships is that existing between U.S. AID public safety personnel and the GVN's National Police. While BNDD and Customs agents concentrate on day-to-day operational and intelligence aspects, the Public Safety sector of U.S. AID programs incountry emphasizes institution building in the field of narcotics suppression.

Under the current program, 11 Public Safety Advisers (one full-time) are assigned specifically to narcotics training, intelligence gathering and suppression. Commodities and equipment and participant training are supplied through the normal AID police assistance program. Public Safety funding for narcotics suppression in South Vietnam for fiscal year 1973 is around \$500,000 out of a total budget of \$6,179,000.

During the period 1969-71, a total of 1,023 police investigators were trained in narcotics and 486 are now performing specialized work in the Vietnamese Narcotics Bureau and in covert teams assigned to key drug abuse areas. Narcotic identification has been introduced into the curricula of all National Police Training schools and the police are engaged in a public education program. Included in the training of police personnel in narcotics, is a program for 67 to be trained in the U.S.

As of July 10, the GVN had carried 1,353 investigations in 1972, made 2,324 narcotic arrests in 1972 and seized 13 kilos of heroin.

Further, in the field of legal activity, President Thieu promulgated, on August 12, 1972, a new tougher law on the eradication of toxic, narcotic, and dangerous substances. A comprehensive measure, Thieu's decree provides for life imprisonment of those involved in importation, exportation, speculation, production, or transportation of opium, morphine, heroin, and cocaine. Moreover, if the offender belongs to a "well-organized group", he will be subject to the death penalty. (For the text of the law, see appendix E.)

UNITED STATES-GVN CUSTOMS PROGRAMS

Whereas the U.S. Army-run Joint Customs Group, established in December 1970, has been effective in preventing GI's from smuggling drugs out of Vietnam, Vietnamese customs officials have been lax in the past. At the height of the GI heroin addiction epidemic in South Vietnam, U.S. Customs advisers conducted a computer study of imports at Tan Son Nhut Airport which revealed numerous violations and irregularities.

Based on those findings, the U.S. Ambassador directed U.S. Customs advisers to insist on a crackdown on lax customs practices at Tan Son Nhut. Following that directive, the U.S. Commissioner of Customs visited Vietnam to discuss upgrading GVN customs with that Government's Director General of Customs. As a result of those discussions, a "Narcotics Squad" was created within the framework of Vietnamese Customs and a joint decree issued by the Ministries of Economics and Finance ordered the flow of unlicensed imports of air cargo through Tan Son Nhut stopped.

Despite those actions, by January 1971 open smuggling through the Tan Son Nhut passenger terminal increased and threats of violence were made against U.S. Customs advisers. On February 27, 1971, these irregularities in Tan Son Nhut Customs were officially reported to the Director General of Customs who, the following month, requested

additional U.S. Customs advisers to help solve the problem at the airport. Nevertheless, threats against U.S. advisers increased.

On April 15, 1971, additional U.S. Customs advisers arrived at Tan Son Nhut.

After a series of inter-governmental high level meetings during which U.S. officials urged their Vietnamese counterparts to set a high priority on the narcotics enforcement, President Thieu ordered the following steps taken to tighten Vietnamese customs:

(1) The Director General of Customs was replaced and other high GVN Customs officials, including a brother of the Prime Minister, were transferred to less sensitive positions;

(2) Customs checks and security measures at Tan Son Nhut Airport were tightened;

(3) All police, customs, and military security service personnel at the airport were replaced;

(4) The airport customs area was rearranged to facilitate better control and deny access to unauthorized persons.

U.S. officials claim that, as a result of these measures, narcotics smugglers in Laos, Thailand, and elsewhere have been forced to find other points of entry into Vietnam.

In May 1971 the GVN took steps to seal off airports and harbors, particularly Danang, Vung Tau, and Saigon harbors, through which most narcotics and other contraband appeared to be entering at that time. And, in July 1971, with the approval of the GVN's new Director General, U.S. Customs advisers were dispatched to Danang, Nha Trang, Cam Ranh Bay, Qui Nhon, and Chu Lai on the sea coast, and to Tan Chau, Chau Doc, Go Sau Ha, and Ma Tien on the Cambodian border.

When the Survey Team met in August 1972 with U.S. Customs agents assigned to Vietnam, the latter pointed out that, like U.S. AID public safety experts and the National Police, U.S. customs relationship with the local customs organization is one of institution building. U.S. agents do not work with their counterparts on an operational basis for the Vietnamese fear that the presence of Americans would draw fire.

In the view of the U.S. Customs agents interviewed by the Survey Team, the situation has improved considerably over the past 1½ years. They regard the new Director General of Customs, Colonel Cao Van Khanh, who is the former head of the GVN's equivalent to the CIA, as a capable and aggressive official. His predecessor, on the other hand, was termed ineffective and possibly corrupt.

EXTENT OF OFFICIAL INVOLVEMENT IN DRUG TRAFFIC IN SOUTH VIETNAM

Since attention was initially focused on Southeast Asia as a potential source of supply of heroin for the U.S. market, a wide range of charges and allegations involving high ranking officials of the area's governments have been made. In the case of South Vietnam, those charges have been leveled at high officials in the GVN including President Thieu, former Vice President Ky, and Prime Minister Khiem as well as several high ranking military officers.

Executive branch officials representing the White House, State Department, Customs, BNDD, and CIA told the Survey Team that there is no "hard evidence" which would implicate either President Thieu,

Prime Minister Khiem, former Vice President Ky, or any of their close supporters, in the narcotics traffic. In Saigon, the Survey Team was also informed by U.S. officials that there is no available evidence which would incriminate the GVN's leadership.

In the case of the Vietnamese military, General Ngo Dzu, former commanding general of Military Region 2, has been accused in several quarters of being involved in narcotics trafficking. Although the U.S. intelligence sources claim to have no evidence which would link Dzu to the drug trade directly, the General's father is believed to be implicated in a heroin trafficking ring by U.S. officials.

The most prominent member of the South Vietnamese Government to be arrested and convicted for trafficking in narcotics is a former Lower House Deputy, Pham Chi Thien. He was apprehended on March 10, 1971, at Tan Son Nhut Airport while trying to smuggle in 4.6 kilos of heroin. On March 27, 1972, he was sentenced to 7 years imprisonment. On the same date the Saigon Criminal Court also sentenced codefendant Vu Van Than, a former National policeman, to 7 years confinement and his wife, Le Thi Tut, to 5 years confinement. Others in the case included Nguyen Thi Than and Tran Quy Duc who were sentenced to terms of 5 years and 18 months respectively. Another defendant, Nguyen Ky (no relation to former Vice President Ky) was acquitted.

Apart from the case cited above, the only other arrest and conviction of a government official was that of an ARVN colonel who, according to an Associated Press release of October 17, 1972, was fired for trafficking in opium. In spite of the Presidential decree which sets forth the death penalty for opium traffickers, the colonel was merely censured, ordered into retirement, and given 3 months leave with pay.

Short of criminal prosecution, some Vietnamese officials who were either suspected of involvement in the narcotics trade, or of doing little to retard trafficking, have merely been replaced or retired. Among those are the former Director General of Customs, the Chief of National Police, and the top customs official at Tan Son Nhut Airport.

In summing up, three points should be made:

(1) Few high ranking officials have actually been tried or convicted.

(2) Despite the stringent antidrug law decreed by President Thieu, the sentences levied so far against Vietnamese officials have been comparatively mild.

(3) Although rumors involving some members of the GVN leadership in the drug trade are rampant, U.S. intelligence sources say that they have not accumulated firm evidence which would incriminate those top officials most often mentioned in accusations.

With regard to the latter point, a theory advanced by one American official with years of experience in Vietnam could, in part, explain why Vietnamese officials often are insulated from any direct connection to the drug trade. According to this official, the power brokers and influence peddlers in the Vietnamese underworld are often female relatives, wives and/or mistresses of high ranking government officials, not the officials themselves.

Many American officials are of the opinion that, given the range of

U.S. involvement at every level of the GVN over the last 10 years, any participation in the drug trade by high Vietnamese officials would have become known and would have been reported to appropriate U.S. and South Vietnamese officials.

HONG KONG

The British Crown Colony of Hong Kong plays a significant role in the trafficking of narcotics originating in Southeast Asia's "Golden Triangle". Its large (150,000 est.) addict population provides a lucrative market for the "Triangle" opiates. It is a primary source of the indispensable "chemists" who transform raw opium into morphine base and heroin in the laboratories in and around Tachilek and elsewhere in the triborder area. Its well-organized, secretive, criminally-oriented groups such as exist in the Ch'ao Chu ethnic community, provide the brains and banking required to operate a sophisticated narcotics trafficking ring. As a widely-used, international free port, it provides the trafficker an excellent point for transshipment of heroin and other opiates to their ultimate destinations, including the United States.

Given Hong Kong's pivotal position in the Southeast Asia connection, it follows that United States efforts to curb trafficking from the triborder area should give high priority to the Crown Colony. Although the United States Government has stationed BNDD and customs agents in Hong Kong and has directed the entire U.S. Mission there to give high priority to the narcotics problem, there are some problems and deficiencies which require attention.

UNITED STATES-HONG KONG COOPERATION

Through representation in the United States Mission by BNDD and Customs Agents, the United States Government maintains a liaison with its counterparts in the Hong Kong Government. In comparison with the counterparts in Laos, Thailand and Vietnam, the exchange in Hong Kong is far more formal and United States agents do not work as closely with their Hong Kong counterparts as they do in Southeast Asia. This situation is due in part to the traditional British attitude which holds that they, the British, know how to do the job and require no external assistance in carrying it out.

While the Hong Kong authorities eschew outside help, they have, in recent actions, reflected a greater concern over the drug problem. The creation of the new position of Commissioner of Narcotics was announced in June 1972. The Commissioner will serve under the Secretary for Home Affairs and be responsible for coordinating police, customs, and prison and medical programs concerned with narcotics. The post of Commissioner of Narcotics will provide the Hong Kong Government for the first time with a senior official who will devote his full time to coordinating efforts in the narcotics field. The new Commissioner, N. G. Rolph, is a highly respected police officer who was Deputy Commissioner of Police prior to his appointment.

Indicative of the differences in the attitudes of U.S. and Hong Kong authorities toward the drug problem is the new Commissioner's opinion of the United States Government's World Opium Survey, 1972.

In a section on Hong Kong, the Survey stated that the Crown Colony was not only a major consumer of illicit opiates (an estimated 150,000 users), but also a major transit point. Playing down the Survey, Commissioner Rolph denied that Hong Kong was a major transit point for drug traffickers, although he admitted that the port is used "to a certain extent." Another Hong Kong Government drug expert, Dr. L. K. Ding, also disputed the Survey's estimate of local drug users by contending that the figure should be between 80,000 and 100,000 and no higher.

THE UNITED STATES MISSION

To coordinate the United States antidrug effort in Hong Kong, the United States Consulate has established three groups designed to deal with all aspects of the problem. At the top is an overall mission committee on which everyone tasked with a narcotics assignment is represented. The second group acts as a liaison to the Hong Kong Community with the local chamber of commerce acting as the focal point. The U.S. Consul General started the program when it became evident that young people in the American community were becoming heavily involved in drugs. The third group is the intelligence committee which included representatives from the enforcement and intelligence agencies of the Consulate. This committee will soon be expanded to include representatives from the immigration section, the Defense Liaison, and Customs.

While the Survey Team was told the antidrug effort was one of the Consulate's highest priorities, one official complained that, aside from those associated with enforcement agencies, the other members of the mission do not give the problem proper attention nor are they motivated to do so.

The Survey Team was also informed that although Hong Kong is a major consumer, conduit, and financier of narcotics originating in Southeast Asia, U.S. Government activities relating to the Crown Colony are centered in BNDD's Far East region which includes Manila, P.I. (the regional headquarters), Tokyo, Seoul, Japan and Okinawa. Representatives of the United States Narcotics Control Committee told the Survey Team that if Hong Kong were placed in the Southeast Asia region that the overall narcotics suppression effort in that area would be more effective.

In terms of intelligence collection, the United States Mission in Hong Kong admittedly has gotten a late start. As a result, the estimates citing local consumption, prices, and local narcotics operatives are dated and misleading. Indicative of the shortcomings of narcotics intelligence in Hong Kong is the fact that no concrete information is available on the heroin "chemists" who originate in the Colony.¹⁰ It is widely assumed that Hong Kong is a major source of these technicians who are vital to the heroin trade. Yet, without a solid fix on their movements, they will continue to operate with impunity.

¹⁰ These "chemists" are not university-trained but could best be termed "brew-masters" who have learned their trade through apprenticeship.

While the United States Consulate recognizes those problems, there has been only a nominal effort to alleviate those conditions through United States assistance. For example, in November 1971, the consulate's overall narcotics action committee drafted a request for \$190,000 to send local law enforcement officials to the United States for narcotics training. However, there has been no followup on this request. Given the fact that Hong Kong only has one man per mile of coastline in enforcement work and given the staggering amount of traffic through the Colony, a major effort to upgrade local enforcement capabilities is needed.¹¹

THE PEOPLE'S REPUBLIC OF CHINA

Actually, little is known about opium production in mainland China. That country is not a signatory of the Single Convention on Narcotics and does not report production figures or control procedures to the United Nations. It is known that the Government of the Peoples Republic of China does control the production and use of opiates in China.

According to several U.S. officials in Southeast Asia, it is possible that some of the opium which is produced in the part of Yunnan Province which borders the Golden Triangle is transported into Burma. It is the opinion of these officials, however, that if any Chinese opium does enter the world markets, it does so in spite of the government of the People's Republic of China and not with official approval.

There have been other reports that such controls do not extend outside of China and that the People's Republic is involved in the production and illegal export of narcotics.

For example, the Washington Post reported on October 8, 1972, that "The Soviet Union is currently accusing China of involvement in the production and illegal export of narcotics." In addition, on May 17, 1972, a Miss Yuan Moun-Ru, a political refugee from mainland China, told the Subcommittee on Asian and Pacific Affairs of the House Committee on Foreign Affairs that she saw the Chinese Communists Liberation Army growing opium. She further stated that "it is illegal to sell opium or other narcotics in Communist China, although a black market in opium exists. The government controls all the opium for exports, especially for the United States."

U.S. narcotics officials cannot verify these reports. The official U.S. Government position has been outlined by the Cabinet Committee on International Narcotics Control in the World Opium Survey, 1972. In that document, the Cabinet Committee stated:

There is no reliable evidence that China has either engaged in or sanctioned the illicit export of opium and its derivatives nor are there any indications of government participation in the opium trade of Southeast Asia and adjacent markets. British authorities in Hong Kong believe that most of the opium and related narcotics seized in Hong Kong in recent years comes into the Colony by sea from Southeast Asia.

This was also the consensus of U.S. officials in Southeast Asia.

¹¹ 7,700 ships load and unload yearly and twice that number pass through with more than 1 million passengers. In addition, ferries carry 1½ million passengers between Hong Kong and Macao.

JAPAN

Japan does not produce opium or its derivatives, except for a small, controlled quantity for experimental purposes. Moreover, in contrast to the Southeast Asian countries and Hong Kong, Japan does not have an extensive addiction problem within its population. However, Japan does play a role in the international traffic in narcotics and, as such, has an effect on the flow of narcotics to Americans in Japan and in the United States. As a major world producer of chemicals, it is also a primary source of chemicals required to produce heroin in Golden Triangle refineries, particularly acetic anhydride. The large U.S. military and dependent population in Japan is vulnerable to drug traffic incountry and as a major crossroads in the Far East, its sea-ports and airports provide a potential conduit through which drugs can be routed to the United States.

ACETIC ANHYDRIDE

Acetylation is the key process in converting morphine base to heroin and can be accomplished by using either acetyl chloride or acetic anhydride. Acetyl chloride is flammable, irritating to the eyes, reacts violently with water or alcohol, and requires careful handling in laboratory processes. Although acetic anhydride is corrosive and requires care in handling, it is less hazardous to the user than acetyl chloride and hence is the key chemical used in illicit processing.

Enormous quantities of acetic anhydride are produced annually in the world's industrial countries. U.S. output alone was on the order of 700,000 tons in 1971, with comparable amounts produced in Western Europe and Japan. In the case of Japan, who is the prime supplier of acetic anhydride to Golden Triangle heroin laboratories, there are no Government controls over the production and exportation of the chemical.

Acetic anhydride is relatively inexpensive. Recent prices range from 21 cents per kilogram in the United States, to 26 cents in France, to 39 cents in Japan. Between 80 and 90 percent of the world output is used to manufacture synthetic fibers, with the remainder going to pharmaceutical use (primarily the manufacture of aspirin) and other uses (plastics, perfumes, flavoring materials, and dyestuffs). As a general rule, the production of one kilogram of heroin requires one kilogram of acetic anhydride. Given the chemical's abundance and cheapness, both the quantity and value of acetic anhydride used in illicit narcotic production is miniscule. These factors make government monitoring and control of acetic anhydride production and distribution difficult in industrialized countries such as Japan. However, such monitoring is simpler to accomplish in Laos and Thailand where the chemical must be imported.

Nevertheless, given Japan's role as a primary producer of acetic anhydride for Southeast Asia's heroin laboratories, the U.S. Government should request the Government of Japan to adopt procedures to identify producers, exporters, and purchasers of this vital chemical.

UNITED STATES ANTIDRUG EFFORT IN JAPAN

Unlike the U.S. Missions' narcotics programs in Laos, Thailand, and South Vietnam, the U.S. Embassy in Tokyo does not appear to regard the effort against narcotics as one of high priority in Japan. Although BNDD and Customs have personnel incountry attached to the U.S. Mission, there is little, if any, overall coordination of the narcotics program.

Whereas the Ambassador is directly involved in the narcotics programs in the U.S. Missions in Southeast Asia, the U.S. Ambassador to Japan has no visible role on the Mission's narcotics committee where he is represented by a low-ranking foreign service officer who must meet with intelligence and enforcement officials with much more rank and experience.

KOREA

In addition to covering narcotics activities in Japan, one of the BNDD agents assigned to the U.S. Embassy in Tokyo monitors drug activity in South Korea on a temporary duty (TDY) basis. According to the agent, the U.S. military population in Korea, which totals approximately 40,000, is vulnerable to drug abuse.

In support of his evaluation, he cited figures which show the results of 47,492 urinalysis tests taken as of May 31, 1972. Among those tested, 1,811 were positive and 689 hospitalized for detoxification. Withdrawal symptoms were observable in 206 of those hospitalized. Of that latter figure, 85 were found to be on barbiturates, 5.8 percent on amphetamines, 8.8 percent on opiates including methadone, morphine, and heroin.

According to two military doctors who work with drug users in Korea, 20 to 30 percent of all GI's under 25 use barbiturates while some 200 military personnel per month voluntarily request help to shake drug dependence.

In terms of availability, the area surrounding U.S. military bases is called a "no-man's land" where drugs are easy to purchase. Enforcement is minimal since there is no domestic coordination by the Korean police against trafficking. Moreover, the United States does not yet have a country plan devised for Korea. The agent who covers the area on a part-time basis is currently assimilating the information necessary to devise such a plan.

U.S. NARCOTICS CONTROL ASSISTANCE PROGRAMS IN SOUTHEAST ASIA

Prior to fiscal year 1972, the United States did not provide assistance specifically for international narcotics control activities in Burma, Laos, Thailand, Cambodia, and South Vietnam. In some instances prior to fiscal year 1972, AID Public Safety Advisers with narcotics control experience did assist the local governments as a part of the overall Public Safety Program. On June 17, 1971, in a special message to Congress, the President announced a major worldwide expansion in existing programs to control the illicit international traffic of narcotics and dangerous drugs. In that message, the President requested an amendment to the Foreign Assistance Act which would permit assistance to any country willing to cooperate in antidrug efforts. The Congress incorporated the President's request in section 481 of the Foreign Assistance Act of 1971. Section 481 also included a provision which requires the President to cut off economic and military aid to any country which he determines to be uncooperative in the narcotics control effort. This latter provision has never been invoked.

Since the beginning of fiscal year 1972, the United States has provided a total of \$2,627,000 in narcotics control assistance to Laos, Thailand, and South Vietnam. For fiscal year 1973, the executive branch has programed \$2,193,000 for narcotics control assistance in Southeast Asia.

In Laos, a total of \$1,100,000 was obligated for narcotics control activities in fiscal year 1972. This amount includes equipment and training for Lao narcotics control personnel and support for a pilot methadone maintenance program which was initiated after Laos outlawed the use of opium in November 1971. In addition to direct assistance to the Lao Government, the United States funds staff support in Laos provided by BNDD and Customs personnel and a program of reward payments to informants. The fiscal year 1973 proposed program for Laos is \$1,532,000.

In Thailand, a total of \$1,028,000 has been obligated for fiscal year 1972. Of that sum, \$28,000 was allocated for research on drug addiction and training. The larger portion, \$1 million, has gone to support the purchase of 26 tons of illicit opium. The details of the transaction are discussed elsewhere in this report. The United States intends to furnish \$1,184,000 in fiscal year 1973.

Narcotics control programs in South Vietnam in fiscal year 1972 totaled approximately \$500,000, principally for advisory salaries and the cost of training programs administered by Customs, Public Safety, and BNDD personnel. The fiscal year 1973 program in South Vietnam is expected to remain at about \$706,000.

In the case of Burma, no funds have been expended nor are any programs planned in the immediate future. While there is a strong desire on the part of the United States to assist Burma in its antinarcotics activities, Burma is not willing to accept external aid. A detailed

explanation for this situation is found under the section of the report devoted to Burma.

Some critics of U.S. policy question the adequacy of U.S. narcotics assistance programs in Southeast Asia. They point out that, of the \$20,800,000 allocated for international narcotics assistance in fiscal year 1972, only \$2,627,000 was programmed for Laos, Thailand, and South Vietnam. In 1973, of the \$42.5 million proposed for worldwide narcotics assistance programs, \$3,422,000 will be expended in those countries. The following chart compares fiscal year 1972 worldwide programs with fiscal year 1973.

INTERNATIONAL NARCOTICS CONTROL PROGRAM

[In thousands of dollars]

	Estimated, fiscal year 1972	Proposed, fiscal year 1973 control program	Revised, fiscal year 1973
Africa:			
Algeria.....			5
Tunisia.....			8
Subtotal.....			13
East Asia:			
Cambodia.....			8
Indonesia.....			85
Korea.....			25
Laos.....	1,100	723	1,532
Malaysia.....			25
Philippines.....	230		752
Singapore.....			65
Thailand.....	1,028	970	1,184
Vietnam.....	498	500	706
Subtotal.....	2,856	2,193	4,382
Latin America:			
Argentina.....	17		100
Bahamas.....			15
Barbados.....			33
Bolivia.....	19		147
Brazil.....			35
Chile.....			94
Colombia.....			348
Ecuador.....			217
Guyana.....			51
Jamaica.....			75
Mexico.....			1,300
Netherlands Antilles.....			2
Panama.....			115
Paraguay.....			45
Peru.....			12
Uruguay.....			38
Venezuela.....			36
Subtotal.....	36		2,663
Near East:			
Jordan.....			7
Nepal.....			5
Pakistan.....			25
Syria.....			8
Turkey.....	15,700	15,000	15,000
Subtotal.....	15,700	15,000	15,045
Worldwide program:			
Interregional costs.....	25		350
Training.....			2,000
U.N. Special Fund.....	2,000	5,000	5,000
Subtotal.....	2,025	5,000	7,350
Subtotal, all programs.....	20,617	22,193	29,453
Undistributed.....		20,307	13,047
Total program.....	20,617	42,500	42,500

On the other hand, the consensus among most U.S. narcotics officials throughout Southeast Asia is that funding for narcotics assistance programs has been adequate. In their judgment, the capacity of the governments to absorb large amounts of financial and material assistance is limited and assistance programs for Southeast Asia should be based upon this reality.

Despite the fact that most officials are agreed that funds for programs in Southeast Asia have been sufficient, there is friction between many narcotics control officials and several Agency for International Development officials over the kind of assistance that the United States should furnish.

For example, many U.S. officials, particularly BNDD, are critical of the way in which narcotics assistance programs are formulated and administered by the Agency for International Development. According to these officials, AID does not understand the nature of the international narcotics control assistance problem. The consensus was that, philosophically, AID thinks in terms of long-range development and that for this reason, the agency is slow to fund narcotics assistance programs which are not related to the long-term objective of institution building. It is the view of these officials that the crisis nature of the drug abuse problem in the United States is so acute that funds must be expended on programs which will have an immediate impact.

AID, on the other hand, argues that these criticisms are unwarranted and that the Agency will furnish assistance wherever and whenever it can be proved that such assistance can be effectively used.

In the judgment of the survey team, these differences must be resolved at the White House level. Narcotics control assistance programs cannot be effective if bureaucratic tensions between BNDD and Customs, on the one hand, and AID, on the other, over the type of assistance that is to be furnished, are permitted to continue. The result would be a diminished effort and an eventual competition for funds.

In addition to bilateral assistance programs, the United States also contributes to the United Nations Special Fund for Drug Abuse Control.

THE U.N. FUND FOR DRUG ABUSE CONTROL

The United Nations established the Fund for Drug Abuse Control on April 1, 1971. At the outset, the Secretary General indicated that member nations were expected to voluntarily contribute \$5 million annually for the first few years and about \$20 million thereafter.

The objective of the Fund is to furnish assistance to governments, international organizations, and specialized agencies in their efforts to:

- (1) Limit the supply of drugs to legitimate requirements by putting an end to their illegal or uncontrolled production, processing and manufacture, making use of crop substitution or other methods, as appropriate;

- (2) Improve the administrative and technical capabilities of existing bodies concerned with the elimination of the illicit traffic in drugs;

- (3) Develop measures to prevent drug abuse through programs of education and special campaigns, including the use of mass media; and

- (4) Provide facilities and develop methods for treatment, rehabilitation, and social reintegration of drug dependent persons.

The Fund intends to support the expansion of research and information facilities of United Nations drug control bodies; the planning and implementation of programs of technical assistance in pilot project for crop substitution purposes; the establishment and improvement of additional drug control administration and enforcement machinery, the training of personnel and the setting up or expanding of research and training centers which could serve national or regional needs; the enlargement of the capabilities and the extension of the operation of United Nations drug control bodies; the promotion of facilities for the treatment, rehabilitation and social reintegration of drug addicts; and the development of educational material and programs suitable for use on high-risk populations.

The first major country program to be financed under the U.N. Fund is in Thailand. A U.N.-Thai agreement approved in December, 1971, includes projects to replace opium poppy cultivation by substitute crops. The U.N. will also assist Thailand in the treatment and rehabilitation of drug addicts, in the suppression of illicit drug traffic, and in creating drug education and information programs. The cost of the program to the U.N. Fund will be about \$2 million. The U.N. Division of Narcotic Drugs is the executing organization, with technical assistance from the Food and Agricultural Organization (FAO) and the World Health Organization (WHO).

The Fund is exploring in cooperating with the U.N. Specialized Agencies comprehensive drug abuse control programs with other governments in critical areas, and is stationing representatives in major regions to provide advice and assistance to governments.

To get the fund started, the United States made an initial pledge of \$2 million. That was in 1971. Since that time, the response of other countries has been disappointing. For although the United States has met its pledge, the contributions of other nations have not been substantial. West Germany, for example, has contributed only \$310,000, yet according to knowledgeable sources, there are indications that West Germany is becoming more prominent in the illegal trafficking in narcotics. There have been unsubstantiated reports that there is an illicit heroin laboratory located in the Munich area and that West Germany also serves as a conduit for opiates being smuggled from the Middle East.

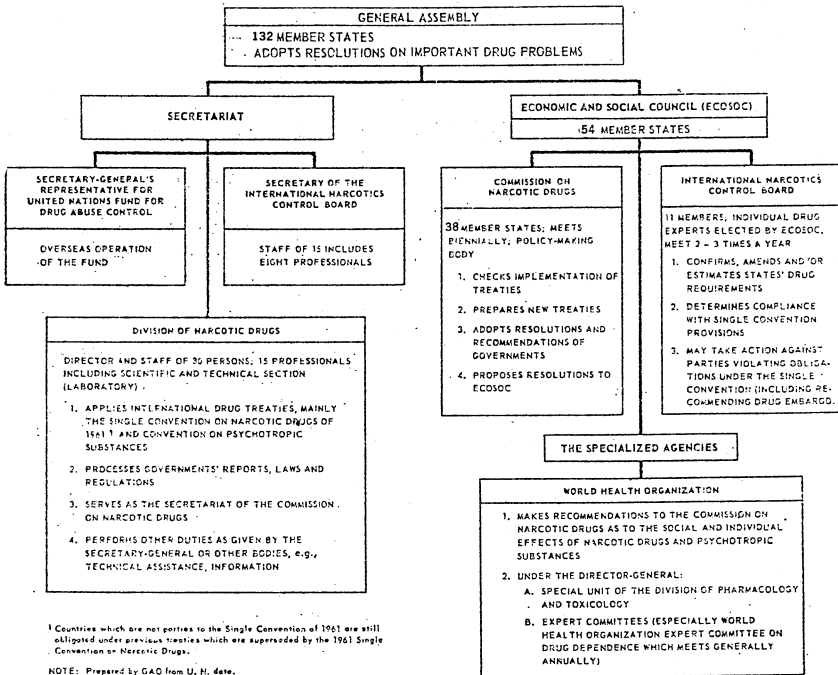
In spite of the lack of response from other countries, the United States pledged another contribution of \$5 million in fiscal year 1973. This will raise the U.S. contribution to \$7 million since the inception of the plan as opposed to \$1,201,208 for the other 131 members of the United Nations.

Status of the United Nations Fund for Drug Abuse Control

Contributions:		Pledges:	
United States	\$2,000,000	Canada	\$250,000
Canada	150,000	Cyprus	2,500
France	100,000	Greece	2,000
West Germany	310,482	Iran	5,000
Holy See	1,000	Italy	101,350
Morocco	2,000	Norway	74,626
Saudi Arabia	2,000	Sweden	41,580
Sweden	20,790	United Kingdom	125,000
Turkey	5,000		
Vietnam	1,000	Total	602,106
Nongovernmental	6,830		
		Total contributions and pledges	3,201,208
Total	2,599,102		

Given the less than enthusiastic support for the Fund, the United States must begin a concentrated effort to obtain wider participation from members of the United Nations, particularly from those countries that are links in the international narcotics traffic pattern. As the situation now stands, the attitude of most countries toward the U.N. Fund for Drug Abuse Control is an indication that they view the heroin problem as uniquely American and appear to be unwilling to contribute to its solution.

UNITED NATIONS ORGANIZATIONAL STRUCTURE FOR DRUG CONTROL



¹ Countries which are not parties to the Single Convention of 1954 are still obligated under previous treaties which are superseded by the 1954 Single Convention on Narcotic Drugs.

NOTE: Prepared by GAO from U. N. data.

CONCLUSIONS

(1) The Cabinet Committee on International Narcotics Control, which is responsible for the formulation and coordination of all policies and programs relating to the fight against the illegal entry of narcotics into the United States, is both inefficient and ineffective. Comprised of autonomous departments, bureaus, and agencies of the Federal Government, the Committee conducts its business on a person-to-person level rather than institutionally. U.S. anti-narcotics programs, therefore, are often formulated in an ad hoc fashion rather than upon a well conceived, well thought out, well coordinated manner. As a result the following questionable decisions and programs have emerged:

(a) Yet another intelligence group, the Office of National Narcotics Intelligence (ONNI) has been formed in spite of the fact that the Bureau of Narcotics and Dangerous Drugs' Office of Strategic Intelligence (OSI) was already in existence and possessed the necessary intelligence capabilities which must be developed by the new group before it can operate at all.

(b) Twenty-five Customs agents have been sent overseas to collect narcotics intelligence. This program will result in a duplication of effort. The Central Intelligence Agency, the Bureau of Narcotics and Dangerous Drugs (BNDD), the Department of State, and other U.S. Government agencies are already collecting such intelligence. The problem in the past was not a lack of intelligence but an inability to exploit it properly.

(c) BNDD and Customs agents in foreign posts are involved in intelligence collection efforts although many of them do not speak the language of the country in which they operate.

(d) The decision to make a preemptive purchase of opium from the Chinese Irregular Forces in northern Thailand set a bad precedent which could encourage increased production in the Golden Triangle.

(2) In Southeast Asia, where most of the world's illicit opiates are produced, all U.S. Mission components have been mobilized in the fight to suppress the narcotics traffic. Coordination both within the missions and between the missions and most host governments has improved over the past several months. There is no evidence that any U.S. Government agency is implicated in the narcotics traffic in Southeast Asia.

(3) The use of opium has been accepted and tolerated in many Southeast Asian countries. These attitudes are beginning to change as a result of the increasing use of heroin among the area's youth and there is a growing willingness to cooperate with the United States and the U.N. in international efforts to control the production of and trafficking in opiates.

(4) Under present circumstances, however, the elimination of opium and heroin production in the Golden Triangle is not possible. Even if the efforts of Laos and Thailand to control the production of and trafficking in opium and its derivatives, morphine and heroin, are completely successful, which is unlikely, the problem cannot possibly be solved as long as the Government of Burma fails to declare war on producers and traffickers in Burma.

(5) The Burmese Government blames the United States for a large part of the illicit arms trafficking in Southeast Asia, claiming that much of the weaponry in the possession of the insurgents is of U.S. origin. This situation has had a negative effect upon U.S. efforts to gain Burmese cooperation in the narcotics suppression programs.

(6) Suppression efforts have been temporarily successful in northern Thailand. While there is no assurance that this situation will continue there are indications that alternate smuggling routes are being developed westward through Burma, Bangladesh, and in other directions.

(7) While efforts have been made by the Thai Government to resettle Chinese Irregular Forces who have been traditionally involved in the opium trade, there is no assurance that they will not continue to engage in the production of and trafficking in opiates.

(8) It is widely believed that the production of and trafficking in opium and its derivatives have had the support of high ranking government officials in Laos, especially Gen. Ouan Rathikoun, former Chief of the Imperial General Staff and presently serving in the National Assembly as a delegate from Luang Prabang. The extent of Ouan's involvement may never be known.

(9) Despite the stringent antidrug law recently passed by South Vietnam, individuals involved in narcotics traffic risk minimal punishment.

(10) Given the current situation, there is a limit to the amount of financial and material assistance that the countries of Southeast Asia can usefully absorb. U.S. narcotics assistance programs should, therefore, be based upon a realistic assessment of what can be effectively utilized.

(11) Acetic anhydride is an essential element in the production of heroin. The bulk of this chemical used in Southeast Asia heroin laboratories is processed in Japan. There are no government restrictions, controls, or monitoring of its export.

(12) Efforts to fight the illicit production of and trafficking in narcotics in Southeast Asia will require regional programs, regional cooperation, and a complete and frank exchange of intelligence on producers, financiers, traffickers, routes, and users. Intergovernmental cooperation in the Southeast Asia region, which has been slow in developing, must be vigorously pushed by the United States.

RECOMMENDATIONS

(1) The Cabinet Committee on International Narcotics Control, in its present form, should be abolished.

(a) In its place, an International Narcotics Control Board should be established which would be headed by a White House based official appointed by the President.

(b) The head of the Board, which would be a full-time job, should be authorized to preside over the formulation of policies and programs relating to international narcotics control.

(2) The Office of National Narcotics Intelligence should be transferred to BNDD and integrated with that Bureau's Office of Strategic Intelligence.

(3) Only personnel who speak the language of the country in which they operate should be assigned to intelligence collection duties abroad.

(4) Congress should authorize and appropriate international narcotics control assistance funds on a line item basis to insure that funding requests do not become excessive.

(5) Steps should be taken to preclude interagency competition for international narcotics control assistance funds. These funds should be expended on programs which will have the greatest impact whether such program originates in the Bureau of Narcotics and Dangerous Drugs or AID.

(6) Congress should require periodic reports from the executive branch showing the amount of assistance furnished to each country, including the type, quality, and value of equipment furnished. This report should also contain data giving amounts spent by all agencies of the Federal Government on international narcotics control programs, including personnel salaries, allowances, and U.S. overhead costs.

(7) The United States should enforce the provisions of section 505 of the Foreign Assistance Act of 1961, as amended, and insure that all countries receiving U.S. military assistance provide the same degree of security protection afforded such articles by the United States.

(8) The United States should continue to apply diplomatic and economic pressures at the highest levels of government in Southeast Asia to insure that there is no weakening of the narcotics suppression efforts which have been started, particularly in Laos, Thailand, and South Vietnam.

(a) Where conclusive evidence shows high ranking or influential figures to be involved in narcotics, the U.S. Government should strongly urge those governments to prosecute

such individuals more vigorously than has been the case in the past.

(b) If these efforts are unsuccessful, the United States should terminate all economic and military assistance to that country.

(9) Crop substitution programs should be developed as expeditiously as possible.

(10) The United States should conduct an intensive campaign both bilaterally and multilaterally to encourage the Government of Burma to cooperate fully in the antinarcotics effort in South-east Asia.

(11) The U.S. Government should request the Japanese Government to establish controls and restrictions on the export of acetic anhydride.

(12) The United States should initiate efforts to gain the cooperation of Bangladesh in the worldwide effort to control the smuggling of narcotics.

(13) If U.S. officials in Hong Kong are not able to impress upon British authorities the importance of, and the need for, cooperation in the antinarcotics effort, then the Department of State should bring this matter to the attention of Her Majesty's Government in London.

(14) The United States should make a concerted effort in the United Nations to promote increased funding and support for the U.N. Drug Abuse Control Fund.

APPENDIX A

SCOPE OF THE U.S. HEROIN PROBLEM

The use of heroin in the United States has reached crisis proportions. It is now estimated that there are between 500,000 and 600,000 heroin users in the United States, a substantial increase over the mid-1971 estimate of 315,000 addicted.¹

Precise statistics on heroin abuse are difficult to collect. It is, therefore, likely that there are more addicts than current assessments indicate. For example, the White House Special Action Office for Drug Abuse Prevention has stated "that all available data seems to indicate that drug abuse in the United States is rising."

In New York City, drug abuse is the largest single cause of death for persons between the ages of 15 and 35. Last year, there was 1,259 confirmed drug-related deaths in that city.²

Heroin is not only a scourge to those who use it—it is also a cancer to the society upon which it feeds.

Reliable estimates indicate that the average addict spends about \$30 per day on heroin. Some spend as much as \$100 per day.

Roughly, this means that if there are 500,000 addicts spending \$30 per day on heroin, the cost per day is \$15 million, or approximately \$5,475 million per year. If there are 600,000 heroin addicts, the daily cost would be approximately \$18 million while the yearly cost would exceed \$6,570 million. A large majority must turn to crime to support their habits.

HEROIN ADDICTION AND CRIME IN THE UNITED STATES

In May 1971 Congressmen Morgan F. Murphy and Robert Steele in a report to the Committee on Foreign Affairs stated that:

Reliable authorities estimate that the addict would have to steal goods worth at least four or five times the cost of his habit per year to support that habit.

If 75 percent of those addicted resorted to crime * * * the cost in crime committed to sustain the habit would be in excess of \$8 billion per year at a minimum.

Based upon this formula, 500,000 to 600,000 heroin addicts would commit crimes involving property, cash, and other tangibles worth between \$16 and \$20 billion per year.

HEROIN CONSUMED IN THE UNITED STATES

It is estimated that the heroin addict population in the United States requires from 10 to 12 tons of heroin per year. Since it requires 10 tons of opium to produce 1 ton of heroin, it would only take between 100 and 120 tons of opium to satisfy these needs.

¹ The increase in the number estimated is due in part to refined techniques of identification and detection. It, therefore, should not be construed that the number of addicts doubled during the past year.

² The Bureau of Narcotics and Dangerous Drugs announced in December that there was evidence of a heroin shortage in New York City and Washington, D.C., and prices were rising. Such a shortage, however, has not occurred in other major metropolitan areas.

THE WORLD OPIUM SUPPLY

There are two separate markets for opium—the licit and the illicit. According to “The World Opium Survey 1972,” published by the Cabinet Committee on International Narcotics Control, the licit market used 1,500 tons of the world’s opium production in 1971 while the illicit market consumed an additional 1,000 tons.

Most of the world’s licit opium is used to manufacture medicinal opiates and is grown in India and Turkey. In 1971, the two countries probably accounted for close to 99 percent of total world opium exports. Now that Turkey has decided to discontinue cultivation of the opium poppy, India will most likely become the source of practically all of the legal opium used in the non-Communist world.

WORLD LICIT PRODUCTION OF OPIUM, BY COUNTRY¹

[In metric tons]

Crop year ²	Total ³	India	Turkey	U.S.S.R.	Iran	Other ⁴
1950	739	179	147	86	307	21
1951	832	410	284	94	21	23
1952	849	272	370	104	83	19
1953	1,007	489	255	92	145	26
1954	609	341	56	103	92	18
1955	660	281	176	109	61	33
1956	643	270	220	105	-----	48
1957	589	377	40	147	-----	24
1958	775	511	144	93	-----	27
1959	909	593	149	132	-----	35
1960	1,253	711	323	169	-----	50
1961	1,037	709	157	120	-----	51
1962	1,203	755	284	148	-----	15
1963	993	538	263	172	-----	20
1964	787	501	73	188	-----	25
1965	754	486	77	177	-----	14
1966	671	339	126	201	-----	5
1967	662	368	104	181	-----	8
1968	815	585	111	116	-----	3
1969	1,219	868	117	217	8	9
1970	1,157	794	51	227	78	7
1971	1,449+	943	150	200	156	(9)

¹ Data for 1950-69 are from International Narcotics Control Board reports, data for 1970-71 are estimated. Data for India, Turkey, and Iran refer to opium containing 10 percent moisture. The U.S.S.R. and most other countries have not provided information to the United Nations on the moisture content of their opium.

² Ending July 30 of the stated year.

³ Because of rounding, components may not add to the totals shown.

⁴ Including Yugoslavia (40 tons in 1960, reduced to 1 ton in 1970), Japan (4 tons or less annually), Pakistan (12 tons annually), Bulgaria (7 tons in 1952, reduced to little or none in recent years). Data on licit production in China and North Vietnam are not available.

⁵ Not available.

Because of the very nature of the terminology—illicit production—precise estimates of the amount of opium produced illegally are not available. As a result of improved intelligence collection and more vigorous efforts on the part of governments involved, however, it is possible to approximate the amount of opium produced in 1971 for the illicit opium market.

As can be seen in the following table—of the estimated 990 to 1,210 tons of the world’s illegal opium, 700 tons, or more than one-half of the total, is believed to be produced in Burma, Laos, and Thailand.

Estimated Illicit Opium Output, by Major Producers, 1971

<i>Country</i>	<i>Metric tons</i>
India -----	100
Afghanistan -----	100
Turkey -----	35-80
Pakistan -----	20-160
Burma, Thailand, and Laos -----	700
Mexico -----	10-20
Other ¹ -----	20-50
Total -----	990-1,210

¹ Mainly Eastern Europe.

² Additional amounts probably are produced in Latin America, North Africa, and the Far East.

APPENDIX B

TRANSLATION OF A LETTER PREPARED BY NATIONAL ASSEMBLY DEPUTY AND FORMER LAO ARMED FORCES COMMANDER-IN-CHIEF GENERAL OUAN RATHIKOUN ON APRIL 10, 1972

The following is a "translation of a letter prepared by National Assembly Deputy and former Lao Armed Forces Commander-in-Chief General Ouan Rathikoun" and sent by him to Prime Minister Souvanna Phouma "on April 10, 1972." The letter was subsequently sent to all members of the National Assembly under a covering letter signed by the President of the National Assembly Phoui Sananikone.

"The Sixth National Assembly passed the government bill banning the cultivation of the opium poppy and the trafficking of opium in the Kingdom.

"The law was passed quickly and the cultivators of the opium poppy, the opium addicts and the opium traders were not given advance warning.

"On June 1, 1970, I wrote a report on opium growing areas in Laos and sent it to you. My report was later published in the *Xat Lao* newspaper and in booklets. It is a report on facts about the living conditions of the people in six northern provinces—Houa Khong, Phongsaly, Sayaboury, Sam Neua, Xieng Khouang and Luang Prabang, the opium growing areas in Laos.

"Some foreigners and Laotians have assumed that I, General Ouan Rathikoun, was involved in trading and trafficking of illicit opium in Laos. Though I am blamed, I am still proud of the service I have performed for helping my compatriots. Born in this nation, I am very proud of the part I have played in liberating our country, on many occasions at the risk of my life.

"I am writing to you in all sincerity and telling you the truth. I wish to ask that you yourself try to better the living conditions of the people who live in the mountains.

"I have never been interested in opium because, born in Luang Prabang, I used to see the cultivation of the opium poppy and the private and official trading in opium each year. I saw that the Government permitted some merchants to purchase opium from hilltribesmen and sell it to the Government. From 1945 to 1954, when I was involved in guerrilla work in northern Laos, I saw opium poppy plantations in every village of the Meo, the Eko, the Kouy, the Muser and the Laytane (Lantene) peoples. Therefore, I have been able to write about the facts in my booklet.

"In 1955 when I was the Commander of Military Region I, I officially reported to the Government that a plane of Thai merchants frequently landed at a tobacco plantation at Ban Ton Pheung (possibly PC 1545), Houa Khong Province. After receiving my report, the Government ordered us to try to arrest the Thai merchants. In its order, the Government said that it would award us if we could arrest them. After receiving the order, we planned to arrest the Thai merchants who carried opium. In arresting them, there was a firefight and two of our soldiers were killed. One of those who carried opium was killed, two of them were wounded, and three of them, who were Thais, were arrested. We captured 950 kilograms of opium hidden inside empty bomb casings.

"By order of the Government, all prisoners were sent to Luang Prabang where they were sentenced to imprisonment by the Court. The captured opium was sent to Vientiane as ordered.

"The military officers and men who carried out their duty of suppressing the opium merchants fully expected to receive awards. However, after long waiting, they have not yet received them.

"In Vientiane, the captured opium was delivered to the Central Warehouse of the Customs Department where it hardened to such a degree that it could no longer be refined. In 1960, the year of the Kong Le coup, when the captured opium was inspected, it had hardened completely.

"In 1963, General Phoumi Nosavan, Deputy Prime Minister and Minister of Finance, issued an order permitting me to control opium and the opium traders. The order is herewith attached :

'AUTHORIZATION

'A. Mr. Saveng, Manager of the SACDA Company in Vientiane is authorized to proceed with the purchase and sale of opium within the Kingdom of Laos.

'B. The circulation of the products belonging to said company within the territory of Laos will be free and assured by the Ministry of National Security of which General Ouan Rathikoun is the permanent representative.

'C. The sale of this opium to the smokers of Laos is absolutely prohibited, except with the special authorization of the Ministry of National Security.

'D. As the representative of the Ministry, General Ouan Rathikoun is empowered to deliver all authorization in view of facilitating the functioning of the company.

'E. The details of application will be made in a new contract between General Ouan Rathikoun, representative of the Ministry, and Mr. Saveng, representative of the SACDA Company.

'Vientiane, 7 October 1963
Vice President of the Council
of Ministers
Signed and Sealed
Division General
Phoumi Nosavan'

"After being ordered to do so in 1963, I learned about those who traded in opium and about the quantity of opium produced in Laos and sent from Burma. I also learned of the number of opium addicts in Vientiane.

"After having controlled opium for five months, I saw that it was not good to continue to control it because such control was criticized by foreigners. I then sent my report to General Phoumi, informing him that it was not good to control opium because all merchants were transacting their sales and purchases outside the established channels, since they were losing money by remaining in channels.

"General Phoumi then issued an official order for stopping the control of opium on 2 May 1964.

"At that time, after the Government had issued its order for stopping the control of opium, General (Thao) Ma was Commander-in-Chief of the Royal Lao Air Force. Instead of commanding all 1,250 men of the Air Force, General Thao Ma controlled only 40 pilots of the T-28 planes. He did not control the transportation personnel and the personnel of other section of the Air Force. That caused a lack of discipline among officers of the Air Force. These officers were hired to transport things and they did so because they needed money. There was no discipline in the Air Force and the men of the Air Force played the game of nepotism until General Thao Ma fled to another country after he bombed a military camp in Vientiane.

"In 1966, after General Thao Ma had fled, General Sourith was appointed Commander-in-Chief of the Royal Lao Air Force, a position which he still holds.

"I called a meeting of the Air Force officers from throughout the country at the Wattay Air Force Camp.

"I asked them to maintain discipline in the Air Force and prohibited them from being hired to transport illicit goods. After being told by some of the Air Force officers about their poor living conditions, I decided to allow them to transport goods on the condition that the transportation must be organized and made under only one chief's orders; there must be no transportation of private goods for any officer of the Air Force; the transportation must occur in the Kingdom of Laos only; here must be no transportation of goods outside the Kingdom of Laos; and it must be the duty of the merchants themselves to transport goods outside of Laos.

"Seventy percent of the income from this activity went to the Air Force, 15 percent to the pilots, 10 percent to those who worked on the ground, and five percent to the mechanics.

"At the same time, I contacted the U.S. Government asking it to aid the Air Force. I told the U.S. Government that if the Air Force was given aid, it would stop completely the transportation of opium. My request was considered by the

U.S. Government. Later, in 1969-70, the U.S. Government sent its administrative experts to investigate. After their three-month investigation, no change was made. Later, in 1971, the U.S. Government began to pay sufficient per diem to pilots. At the present time, the U.S. Government still pays them per diem.

"Reports on Opium.—Since the year 1963, I have known that there are three kinds of opium transported by the merchants.

"A. Raw opium for sale in the Singapore, Malaysia, and Hong Kong markets.

"B. 100 percent manufactured opium that can be smoked immediately, for sale only in Saigon, South Vietnam.

"C. Morphine for sale in Hong Kong and other unknown places.

"Later in 1971, no raw opium and morphine were known to be transported through Laos. Only 100 percent manufactured opium was seen. Heroin, another kind of narcotics, has also been seen. It has been transported to the Saigon market.

"The new kind of narcotics (heroin) can be carried by the merchants themselves in small cases. Therefore, they stopped hiring the Air Force to transport opium in late 1971. The Air Force also was no longer interested in the transportation of narcotics because its men were being paid sufficient per diem.

"At the same time, in late 1971, the Government also had enacted the Narcotics Law.

"To produce heroin, there must be a special chemist, good equipment, and many kinds of chemical ingredients so the Lao people do not know how to produce it.

"Opium Factory.—In the year 1963, a factory for manufacturing opium was set up in Luang Prabang. Later, when the merchants were ordered to stop manufacturing opium, they moved their factory to a place North of Ban Houei He (PC-3597) bordering Burma, where they secretly manufactured it. They also manufactured it at a Yao village in the area North of Ban Nam Kheung (PC-3657 or PC-3054).

"In fact, the merchants secretly manufactured opium at various places on the Burma border.

"In 1971, the Ho came to Laos from Burma and Chiang Mai. They established two factories for producing heroin in the area of Nam Kheung, North of Houei Sai. They hired technicians from Hong Kong. At the beginning of their work, none knew that they were producing heroin. All understood that they were producing ordinary opium. After six months of production, some knew that they were producing heroin. After being informed that they were producing heroin, I ordered the Houei Sai Provincial Commander to order them to stop their production immediately. I told the commander to let the merchants know that if they refused to stop their work we would arrest them immediately. After receiving the order, the merchants stopped their work. In October 1971, they moved their equipment back to Burma. Only low grade equipment was left in the area North of Houei Sai.

"I believe that there is now no heroin production factory in Laos. The illegal factories were operating for only six months.

"Proposal for Banning the Cultivation of the Opium Poppy, the Trafficking of Opium, and the Trading of Opium.—First of all, the merchants must be prohibited from trading in opium and they must be told to run other businesses which are better and honest.

"Next, the people must be prohibited from cultivating the opium poppy.

"I understand that the U.S. Government has allocated considerably large amounts of money for the narcotics suppression program. News reports said that the United States has given \$20 million to the Turkish Government for the suppression of opium, which will be used in its development program under which its people will grow other crops instead of the opium poppy.

"Early this month, the U.S. Government also gave \$2 million to the Thai authorities, which will be used in their attempts to suppress opium. In addition, the news reports said that the Thai authorities and the International Police purchased opium from the hill tribesmen living along the Burmese border areas and sent it to be kept in Chiang Mai. Most peoples possessing opium in areas bordering Burma are of the Kuomintang group, the General Li group, and the General Tuan group. These authorities bought about 30 tons of opium from the groups for almost \$2.6 million.

"In Burma, the Burmese Government refused to allow the United Nations officials concerned with narcotics to get involved in its affairs. The Burmese Government itself will suppress opium. I understand that it is very difficult to

suppress opium in that country because there is much opium in the Shan State. There is also much opium in the areas that cannot be controlled by the Burmese Government, particularly in the areas on the path leading to Lipa. There is also much opium in areas bordering China that cannot be controlled by the Burmese Government.

"In order to suppress the trafficking of opium from Burma to Laos and the trafficking of it in Laos, I propose that the Government ask the U.S. Government for money. I do not think that we need for U.S. \$1 million for suppressing the opium trade.

"In fact, opium traders have together invested their funds and established their companies and hired managers to run their businesses. If the Government suppresses the companies, the traders will break up their partnerships and run other businesses and the opium trafficking will no longer exist. I want the Government to purchase the opium that the traders have on hand to be destroyed or used for medicinal purposes. These purchases would be on condition that the traders did not continue to trade in opium. I understand that the traders will be glad to stop trading in opium because they will be safe.

"Many people who cultivated the opium poppy in the six northern provinces had moved to live in areas controlled by the Government. Only those who live in the Neo Lao Hak Sat (NLHS)—controlled areas in Phongsaly, Muong Sai, Nam Tha and Muong Houn continue to cultivate the opium poppy. The Government should take this opportunity to ask the United States Government to provide it with equipment for clearing the lands and divide the land among those hill tribesmen as suggested by my booklet attached herewith."

APPENDIX C

THE RESULT OF THE FEASIBILITY STUDY ON THE OPIUM SUPPRESSION IN THE ROYAL LAOS

(By Gen. Ouan Rathikoun)

Opium is considered one of the narcotics, destroying health and properties of the world. I have been following up the "opium" story since 1962 which was the time of Finance Minister General Phoumy Norsavane, who ordered me to control opium and opium addicts. I have launched a heavy campaign on opium growing, opium trading, opium trafficking and opium marketing. I can give you the figure number of opium and tell you the necessity of opium growing to the best of my knowledge.

I therefore studied hard in an effort to tackle down the opium problem, especially opium growing, and can give you the details as follows:

WHY DO WE GROW OPIUM? No one knows where the opium originally came from. But some Chinese people said the Europeans had brought the opium in Asia for growing and smoking. The substantial evidence on this allegation could not be proved, it's just rumor.

The opium can grow in the hilly and mountainous area with cool climate. Consequently, the opium is stretchingly grown up along the Himalayas Range up to the Gulf of Tonkin. The countries in which the opium is available or grown are Turkey, India, Burma, Thailand, Laos, China and North Vietnam. Most of the opium is abundant in India, Burma, China and Turkey. In Laos, the opium grows in some Khouangs such as Phong Saly, Houa Khong, Louang Prabang, Samneua, Xieng Khouang, Xayabouri and a certain area east of Khoueng Khammouane. The 20-30 tons of opium product are harvested in Laos yearly. But its quantity is depended on the seasons. Most of the opium in foreign markets is exported from Burma, India, China and Turkey. The opium in Laos is mostly consumed locally though some is sent to Saigon, South Vietnam, for sale. Morphine and heroin are processed in Burma and Thailand; the Royal Laos of Kingdom does not know how to process them nor use them.

Some countries do not prohibit the people to smoke opium. So the hilltribemen can smoke. But some countries such as Thailand did not allow the people to smoke opium, Morphine and heroin are therefore processed from opium. I dare say that morphine and heroin which have been sent out for sale in Europe and the U.S. must not be from Laos because the Laotian people do not produce them for sale and do not know what drug is called heroin. Heroin should be processed from the countries which can grow a great deal of opium, such as Burma, India, Turkey, Thailand and Mainland China. There is a possibility that Red Chinese are conducting a retaliatory campaign through drugs against European and American people who firstly introduced opium in China in the olden days. We can jump into the conclusion that wherever Chinese are living, there is opium trade more or less.

NECESSITY OF GROWING OPIUM IN THE ROYAL LAOS OF KINGDOM

Geographically speaking, Laos has had opium since the ancient time because opium is one of the Laotians' trade. I'm speaking what I have known and seen when I spent over ten years with the hilltribemen conducting our guerrilla units in the mountainous area. Laos is situated along the Mekhong River, bordering Vietnam to the east. Most of the terrain in Laos are hilly and mountainous, only some parts in the central Laos are plain while northern and eastern Laos are densed jungles. The population in Laos is totally 3 million. There are 46 tribes, included big and small ones. Almost half of the population is living in the mountainous areas, in which they mainly grow rice as their staple food. Rice in the high land has never grown up by flood water but by rain. It is necessary for me to talk about how the tribesmen are living because they have to face

economic problems in their daily life every year. The cultivation of rice on the hill spends 10 months in a year. The tribesmen have to clear the forest in January or February for their next coming crops, leaving the cut-down trees dried in the sun until they are burnt in April or May. If it rains before April or May earlier, the trees will not be burnt, and that means no rice growing in that year. After the trees are burnt and the land is ready for plough but if there is no rain in June, sowing of rice seeds cannot be made. Sometimes, in June and July there is heavy rain, making the land too good for the rice seeds to grow but the grasses growing rapidly. If the grass is not destroyed, the rice cannot be grown and given its yield. Speaking in a short cut, the rice grows very well and can give the yield but many various natural damages such as fire, insects, beast animals, etc. destroy their crops. Concluded that there is no certainty for the tribesmen to receive the product which they spend almost a year to cultivate unless the grains of rice are kept in the barn. Some families do not have grains enough to consume all year around. Every year the tribesmen have to exchange their rice for what they need such as salt, clothings, medicines and others, excluding education for their children.

Each family can receive at most 500 muns of rice paddy or 30 sacks of milled rice a year. If the rice is sold, it can bring in not over 180,000 kip. Judging from the above reason, the tribesmen must grow other crops so that they can survive themselves in the jungle. Opium is one of the crops which the tribesmen grow beside their rice field. Also opium will grow well if the weather in that year is pretty cool; if not the opium will die. Many other factors hamper the growing of opium, such as fertilized land, fog, etc. Supposed that the opium grows well in the fine circumstances, each family will get the product not over 6 Pong or 2½-3 kilogrammes which cost about 70,000 kip. The opium which the tribesmen grow will be able to support their families when the hard-time comes, the rice in the field cannot produce good product, the opium will be sold or exchanged for their necessities. The annual products are conclusively brought in about 250,000 kip in the good year for each family.

HOW THE OPIUM IN LAOS IS EXCHANGED

The opium is regarded a media of exchange between the tribesmen and the merchants in Laos. The methods of exchange can be made as following:—

Many big companies in Vientiane which import some commodities to sell in the country have to be taxed, and some of them are in debt. The commodities which the tribesmen or the population in the mountainous areas need are clothings, household utensils, medicines, etc. The merchants from such remote Khouengs as Namtha, Phong Saly, Xieng Khouang, Sam Neua, Muong, Xay, Nam Bak, etc. come into Vientiane to place an order of those goods from the big companies have to pay the companies in cash or in credit sometimes. The merchants in those Khouengs mostly sell the goods to the tribesmen, who come down from the mountains and do not have cash to pay. They normally use the opium they bring along with to exchange for what they need. What can the merchant do when they do not have cash to buy the goods in Vientiane? They, of course, have to wait until some men go up and buy the opium they receive from the tribesmen. The companies in Vientiane by no means do receive opium when the merchants do not have money to pay. What can the merchants do if no opium trader goes to buy the opium from them? The merchants will not come to buy goods from Vientiane and the tribesmen will not be able to exchange their opium for the goods, and everything will be halted, even the companies in Vientiane or the nation's economic as a whole. Year after year if the event repeats itself, how can the country of Laos remain? The government must inevitably face the economic crisis. The worst situation will come up in the hard year when the opium product cannot be in marketing. That means the year of death for all people of Laos.

Turning to the opium merchants who buy the opiums from the remote Khouengs, they send the opium to foreign lands for sale in various forms. They know that South Vietnamese in South Vietnam prefer "cooked" opium, they cook for them; they know Singapore and Malaysia prefer "raw" opium, they do as the markets want. In fact, the opium merchants have brought foreign exchanges into the country as well as various commodities. Ironically speaking, most of the opium merchants in Laos run their business in Saigon, South Vietnam, only, because the Saigon market needs the cooked opium at 1,200 kilogrammes or 2,400 kilogrammes of raw opium. Some years, the opium grown in Laos was not sufficient to meet the demand of the Saigon market, particularly

when the weather in that year was bad. This indicated that only 20-30 tons of opium can be yearly produced in Laos. The opium markets in Singapore, Malaysia, Indonesia and Hongkong receive the opium from Burma which channel through Thailand—the most convenient country, but most of the opium sent from Burma is the raw one.

Judging from various circumstances, opium grown in Southeast Asia should be consumed in Southeast Asian countries only. But the opium sent to Europe and America is mostly from Indian and Turkey, which are nearer and have better communication lines. The masterminds of processed heroin must be by all means in Thailand and Burma on the grounds that heroin was produced after the ban of smoking opium by using the pipe and the fire-lamp in the reign of late Field Marshal Sarith Thanarath.

HOW CAN WE SUPPRESS AND SOLVE THE PROBLEM OF GROWING OPIUM?

As I studied from the methods of the World Organization, the suppression campaign has to be launched against its trafficking and its trading. It means that we have to crack down the opium merchants not to suppress the opium growing. This will lead to decreasing number of opium year after year to the nonexistence. There are two different methods to eradicate the opium business. They are:

1. To stop its trading and delivering to foreign countries.
2. To ban any opium growing and destroy all its seeds.

The world Narcotics Suppression Organization has been so far launching a drastic campaign of arresting merchants and halting opium traffic only. No other better methods that the Organization can work out now.

In order to suppress the merchants dealing in opium and delivering it abroad, the Organization should have a fund for buying all opium from the remote Khouengs. The opium which the Organization buys can be used in medical treatment, and if some of it is left, the Organization should throw it away into the ocean. The Organization can do like this every year. But doing this, there will be no end, and the countries which finance the destruction operations will not be tolerate. As for the banning of growing opium, I think that it is a better way but the Organization has to provide a great amount of fund. The budget allocated to the Organization for suppressing the narcotics dealers should be given to the tribesmen as follows:

- (1) To provide the tribesmen with enough food.
- (2) To provide them with clothings.
- (3) To provide them with medicines, hospital and doctors.
- (4) To provide them with houses.
- (5) To provide them with schools, teachers and teaching materials.
- (6) To provide them with self-defense.

As I already mentioned, over one million population in Laos is living in the mountainous areas. They all have to work hard for their sole product in a year. The opium crop sometimes cannot bring their families good living. Now, I'm going to tell you about the six existing problems that I call upon the Organization to provide aids to.

1. Food: This is the prolonged problem that has not been thrashed out since the ancient time, because the gross production in each family when the rain is in season does not cost over 250,000 kip.

2. Clothing: The tribesmen do not have time to make cloth as they have to engage themselves in growing rice and opium. They have never grown cotton before. Rice and opium are regarded significant products of these people for exchanging.

3. Shelters: Most of the tribesmen's houses are temporarily built; they have to move to other places whenever their farmland cannot bring them good products—that's about 2 years their thatched houses with 3-stepped ladder will be moved. They normally are not fond of their houses because of no beauty at all.

4. Public Health: The public health for these people is considered very bad. Most of the new babies—70 per cent got neumornia and some died; they do not have clothes, just get warm from sitting near fire. The government cannot set up a hospital for them on the grounds that there are not many houses and each house is located dispersely. The sick people have never got used to medicines but spiritual things. Sometimes the villagers have to abandon their houses when some of them die of unknown diseases. They believe in ghost or bad spirits. The major problem which causes the people to believe in superstition is that the government

cannot send out the administration authorities to give them the right instruction for good health.

5. Very few tribesmen living in the hilly areas will receive education because of no good communication. A school cannot be set up as the children do not live together in a village. There are many problems about giving education for those children; the government is now facing an acute shortage of teachers. The number of teachers in Laos is totally 3,000-4,000 while the number of villages all over Laos is 11,000. Supposedly, a school is set up in a remote area and some teachers are sent there, there may not be children to attend the school, because most of the parents badly need their children to help earn living, and then it's pretty sure that the school will be abandoned.

6. Security: Owing to not many people in each village, self-defense with arms cannot be provided. If the government provides the villages with arms, the enemy can easily take them away. Besides, the people are easily fallen to prey to the enemy by the reason that they are uneducated, the government officials cannot reach them and the enemy can launch an instigation. It is obvious that any area the enemy can control the FAR cannot retake but on the contrary, the area where the government officials can reach and give the citizen some education, the enemy cannot capture it because the citizen will fight to the end.

I used to study and see a method of President Magsaysay in Philippines in 1956 in connection with the evacuation of all tribesmen living on the mountains down to the plain, providing plots of land and various facilities. This method can prevent the people from being instigated by the opponent but it must take time. When late President Magsaysay launched his campaign of tribesmen evacuation, he had to face many problems—enemy propaganda against the government, fierce fighting, etc. until he won the hearts of the people.

After my study of the Laotian population from 1960 up to present, I know that some of the population were living on the hills in north and east Laos, bordering China and Vietnam. Some of those have already moved their families to settle down in the plain along the Mekong River and various Se rivers but some still lived in big groups on the mountains. Up to one-third of the total population of Laos or 600,000 (must be one-fifth as the total population is 3 million/Asawa) are willing to move down from the hilly areas. I have an idea that the government can take this opportunity to tell those people if the government will provide some plots of land for them to settle down. They will by all means agree with the government whenever they make sure that their new place is better than the one they are living in now. This will lead to the solution to the said six problems. For instance, economically speaking, if the tribesmen move down to cultivate the plain land, at least 500 muns of rice grains in five months each family will bring in. And they can spend the other 7 months in a year to grow other crops, raise 4 pigs each family and others. Judging from the rough estimation, living in the plain can make their life better than that on the mountain. Talking about the clothing problem when they move down, they can live more comfortably because the weather down the hills is warmer. They will have much more time to work. Some women can grow cotton and weave for their own clothings. Besides, buying clothings down the hills is cheaper and better.

On the shelter problem, the tribesmen can live together in a village of more than 50 houses can be built permanently and lastly for their next generations. When they live in a better circumstances and good environment, they will have to love and cherish what they have. Many countries in the world have tried to organize the house-hold project. I see that the "Irrsaelee" project is a better one which we should adopt and adapt to the Laotian custom.

On public health question, when they live in a community, the government can provide them a hospital or health station or good instruction on health. Comparable to living on the hill, when they are sick all of the family members have to watch them with no medical treatment—resulting in loss of valuable time.

Concerning education problem, the government or the Ministry of Education can set up a school for them and send teachers to teach the children in all levels. This will make those children at least literate people of Laos. As for smart children, they can further their studies up to university level. In addition to the children given education in school, the able-bodied young men will be able to serve the country as soldiers. They will learn how to be good compatriots and they will have many friends from various villages which they can help each other. These men eventually will have good knowledge and bravery

to fight the enemy. After the tribesmen move down to the settlement, the subsequent development will follow. There will be roads linking with each community and town, and not so long the settlement will be civilized once society is set up.

I have realized that the new community will create good understanding and relationship between the Laotian people because marriage life in the new world of those tribes can bring about unity, leading to no split of the nation.

I'm pretty sure what I have said above will solve many problems and get rid of various conflicts, such as:

—self-selfish, family-selfish, city-selfish, but bring about worldwide knowledge, sacrifices and donation.

Turning to security and peace, this is the most significant problem of the country, because the enemy have created bad attitudes and no self-confidence to the people of Laos. The enemy have instigated the people to fight against the government for the purpose of overthrowing the Royal throne. If the tribesmen can move down, there have to be a massive training among them as follows:

To educate them to realise the importance of peace and happiness.

To arrange them in group for any possible action.

To train them to assemble arms and provide them with weapons.

To impose rules and regulations.

When the children are brought up in good way, they will realise that they have to fight for country. This programme takes time because we have to prepare everything ready to cope with the present situation. Now the FAR needs manpower to serve the nation so that peace will come. Various disputes or conflicts between compatriots cause no peace, and only peace can bring about happiness to the people from all walks of life.

RESERVATION OF FOREST AND WATER

As I have studied about reserving forest and water, we should not cut down the trees. We can cut the trees down but we have to grow young trees in their places. Many students who studied abroad, France, Canada and India, and come back to serve the country but cannot solve this problem. If you can fly in a plane to upnorth, you will see many points of the mountains and hills being dried, compared to the plain at the foot of the hills or mountains, many parts of the fertile land are abundant of trees. A great deal number of our relatives abandoned their home villages from the abordering areas closed to China and Vietnam to settle down their life in the new area, leaving some families on the mountain. Anyhow, up to 600,000 people of various tribes have been in an exodus since 1960. They were afraid earlier that they would be killed if they moved down because the weather down the hill was very hot for them to be alive. Now, Meo and Nhao tribesmen are cultivating their land in the plain, and some others on the mountain are willing to move down too. This is a golden opportunity for the government to take. Some uncleared parts of land in the plain should be prepared for our relatives who will abandon their opium farmland to join us. If most of the tribesmen or all of them come down, many problems will be thrashed out. In order to maintain peace in the refugees' communities, the government should send out some educated officials to live with them, training them in various aspects, particular politics.

Whenever they all move down, the national budget or the national gross will come up to 50 times. Besides their self-reliance, they will bring in national income to Laos. Laos can solve the problem of opium whenever all of the tribesmen move to live in the plain settlements, because they will not be able to grow opium in the warm climate.

Vientiane, June 1, 1970.

Gen. OUAN RATHIKOUN.

APPENDIX D

TEXT OF SEPTEMBER 28, 1971 UNITED STATES-THAI MEMORANDUM OF UNDERSTANDING

The Royal Thai Government and the Government of the United States, being parties to the Single Convention on Narcotic Drugs of 1961, and other international agreements on the control of illicit narcotics and dangerous drugs whether vegetal or chemical derivative, recognizing that drug addiction and drug abuse present a threat to their respective societies and to the peoples of other nations, accepting the cessation of opium production and the ending of the cultivation of the poppy as international goals, and having issued on August 25, 1971, a joint statement expressing their deep concern over the growth in drug abuse and drug addiction in many parts of the world, reaffirm their desire and intention to cooperation with each other in actions to be taken against the supply of illicit narcotics and dangerous drugs for the purposes of abuse, and against international traffic which serves as a channel connecting production with use, and to discourage the demand for such narcotics and drugs for such purposes, and agree as follows:

(1) Disruption and elimination of narcotics trafficking, processing and storage both within the two countries and across their borders through stringent law enforcement efforts and other means, is the most promising means of achieving significant early reduction of narcotics supplies and, as a matter of first priority, maximum effort will be made to cooperate in this respect. The principal problem facing Thailand is recognized by the two parties to be the illegal transit through Thai territory of certain types of dangerous drugs and narcotics. The Royal Thai Government agrees to make additional police and other officials and other resources and facilities available for its programs to interdict the narcotics traffic. The United States Government, in its part, and wherever it has jurisdiction and authority, agrees to reinforce surveillance and control of drug traffic and drug use. It will also lend its unstinted cooperation in such fields as training, equipment, advisory assistance and other mutually agreed support to make programs of the Royal Thai Government more effective.

(2) The two governments agree to exert their efforts to work with the countries concerned to achieve elimination of illicit agricultural production of poppies. As regards Thailand where effective measures have for many years been taken by the Royal Thai Government to prevent certain hill tribe elements from indulging in such production, further efforts are needed to support the Royal Thai Government's endeavors to bring about the transformation of regions where some poppies are still grown illegally into viable economies based on other types of agriculture and other sources of livelihood. It is further agreed that programs already launched by the Royal Thai Government will be enlarged and that additional programs will be designed so that the desired economic and social change may be realized and that work on such programs will proceed expeditiously. The two governments see the need for each to contribute, as available, area and social expertise, technical and agricultural knowledge, personnel and required equipment. Attainment of this goal will involve, inter alia, more effective research into and application of existing knowledge concerning possible crop substitution, other alternative economic production activities and marketing aspects.

(3) Medical and social rehabilitation of narcotics and drug users and addicts must be a key component of an integrated attack on the narcotic problem. In this connection the two governments agree that the efforts will be made to increase and improve the effectiveness and availability of rehabilitation services. The United States Government will make available, in support of Thai efforts, medical and related social counseling facilities, personnel and equipment and other resources, as needed and available, to implement programs designed to alleviate the dependence on narcotics and drugs of users and addicts and to assist their re-entry into society.

(4) A comprehensive education and public information program is an important aspect of narcotics and drug control and this can be achieved through programs designed to publicize widely the medical and social and economic dangers of narcotics and drugs and to insure the public awareness and understanding of the programs that will be necessary to their full acceptance. The two parties agree to cooperate with each other and to employ existing assets, to the maximum extent feasible, in this effort.

(5) It is important to the combating of international narcotics and drug production and trafficking that the coordinated cooperation of many countries be obtained. Thus, the two governments agree to the desirability of encouraging and cooperating with United Nations and other multilateral programs to combat drug abuse and control traffic in narcotics.

(6) The Joint Planning Groups already established by the two governments will serve as a primary means of policy liaison in furtherance of the programs which are to be undertaken in implementation of this agreement.

(7) In order to carry out the purposes of this Memorandum of Understanding, they will promptly proceed with the preparation and implementation of specific projects and programs within the field of narcotic and drug control.

APPENDIX E

RECENT SNO SEIZURES AND ARRESTS IN NORTHERN THAILAND

Name, place, and case number	Date	Quantity seized (kilos)	Defendants
Raw opium:			
Lamphun WB-72-0004.....	June 9, 1972	16, 00	4 persons.
Chiang Mai, 3 villages, WB-72-0005, 0006, 0007, and 0008.	July 8, 1972	295	1 police sergeant major and 4 suspects
Mae Sai:			
WB-72-0009.....	July 23, 1972	63	None identified.
WB-72-0010.....	July 24, 1972	2, 190	6 defendants (bogus military clothing).
Total (raw opium).....		4, 148	
Morphine base: WB-72-0010.....	do	212	Do.
Smoking opium: WB-72-0010.....	do	353	Do.
No. 4 heroin: WB-72-0010.....	do	7	Do.
Total seizures (15 dependants).....		14, 720	

4,720 kilos opiates is the equivalent of 17,050 lbs. of raw opium (7,750 times 2.2)

In addition:

Vehicles:

- 1 Jeep
- 1 Landrover
- 1 Tank Truck with special compartment

Weapons:

- 11 M-1 US Carbines
- 9 US .30 calibre rifles
- 1 US M-79 grenade launcher
- 1 Chinese automatic hand gun
- 5 hand weapons, not further identified
- 1 US grenade

Ammunition:

For .30 calibre rifles, M-16 Rifles and the M-60 machinegun.

Lab equipment:

47 drums of chloroform and other chemicals and apparatus used in the making of morphine base and #4 heroin were seized as result of leads developed from the raid on the Tank Truck at Lamphun, June 9, 1972

APPENDIX F

DECREE LAW NO. 008/TT/SLU ON THE ERADICATION OF TOXIC, NARCOTIC AND DANGEROUS SUBSTANCES

(Promulgated by President Thieu on August 12, 1972)

Considering the Republic of Vietnam Constitution dated April 1, 1967.

Considering Ordinance No. 60 dated Sept. 27, 1955 on opium and modifying Decree dated July 16, 1919 which was amended by Decree No. 49/1011 dated July 26, 1949 on toxic, narcotic, and dangerous substances;

Considering law No. 005/72 dated June 28, 1972 delegating to the RVN President the power to promulgate by Decree Laws necessary measures in the domains of Security, Defense, Economy and Finance within a six-months period.

After the Ministerial Council's discussions.

Decree Law

Article 1: Ordinance No. 60 dated Sept. 27, 1955 on opium is abolished and a Decree dated July 16, 1919 amended by Decree No. 49/1011 dated July 26, 1949 on toxic, narcotic and dangerous substances is modified.

Article 2: Three name-lists of toxic drugs (A) narcotics (B) and dangerous substances (C) established along with this Decree-Law are to replace three lists A, B, C attached to Decree dated July 16, 1919 amended by Decree No. 49/1011 dated July 26, 1949.

Chapter I

Violations and punitive measures.

Article 3: Penal servitude for life penalty will be given to those who use narcotics not for medical and teaching purpose or violate the regulations in force on narcotics. Violations include import, export, speculation, cultivation, distillation, transportation concession of the following kinds of narcotics: opium, morphine and heroin, cocaine, pethidine. The offender, if belonging to a well-organized group will be subject to death penalty.

Solitary confinement penalty will also be handed down to those who use substances in list B not for medical or instruction purpose, or violate the regulations in force on narcotics. Act regarded as violations are import, export, cultivation, distillation, transportation, speculation and concession of narcotics of list B including marijuana, (root, branches, leaves, browse resin of Cannabis). The limited hard labor penalty is envisaged for violators who are members of an organization.

Article 4: Speculation of narcotics listed in Article 3 at shops or private residences for in-place consumers is prohibited throughout the RVN territory.

The speculator will be given confinement penalty. Offenders who are the speculators or admit minor youths will receive limited hard labor penalty.

Consumers of narcotics including marijuana, and Cannabis plants not for medical purpose under whatever form will be subject to one year to five years of imprisonment and fined from VN\$ 5,000 to VN\$ 100,000.

Article 5: As for toxic substances likely to cause addiction:

—Amphetamine group such as Maxiton, substances of similar character or effect such as Dexamphetamine, Methamphetamine, Phenmetrazine group such as Obesitol; Methylphenidate group and Piprodo group.

—Sleeping drugs: Barbiturates such as Binocetal, Immercotal and substances of the same category.

Punitive measures are fixed as follows:

a—Those who, not for medical or instruction purpose and not in accordance with the regulations in-force on narcotics, toxic and dangerous substances, hoard, transport, produce, distill, import, export, keep in warehouse or concede the above-mentioned hard drugs will be sentenced to from one year to five years of imprisonment and fined from VN\$ 5,000 to VN\$ 100,000. The confinement penalty is reserved for those violators who are members of organization.

b—Consumers of toxic and sleeping drugs under any forms contrary to the medical therapeutic method will be subject to three months to three years of imprisonment and must pay a fine from VN\$ 1,000 to VN\$ 50,000.

Article 6: As for substances which help create illusion in List A including LSC, Mescaline, Psilocybine, DMT, STT or DOM, and substances of the same distillation and category, punitive measures will be limited labor penalty for those who hoard, transport, produce, distill, export, import, concede and use these substances not for medical purpose, or in accordance with the regulations-in-force on narcotics. The violators, if belonging to an organization, will be sentenced to hard labor for life.

Consumers of these toxic substances under any forms not for therapeutic purpose as acknowledged in physicians prescriptions will be sentenced to one year to five years of imprisonment and fined VN\$ 5,000 to VN\$ 100,000.

Article 7: Physicians, pharmacists, dentists, veterinarians who intentionally provide means for violators prescribed in Articles 3, 4 and 5 cause a and Article 6 of this Decree-Law will be subject to the same penalty given to the offenders.

Any misuses in the issuance of prescription authorizing the use and distribution of toxic, narcotic and dangerous substances contrary to the regulations in force will be also subject to punitive measures stipulated in Article 5 clause b of this Decree-Law.

In addition to the penalties, the Court may order the closure of the related consultation office or pharmacy for a period from six months to two years. Besides the Health Minister will ask the Physicians' Union Council, the Pharmacists' Union or the Dentists' Union to adopt disciplinary measures against the offenders.

In case of repetition of the offense, besides the penalties said above, the Court may order the definite closure of the medical consultation office or pharmacy.

Chapter II

De-intoxication

Article 8.—De-intoxication is enforced in separate agencies to be set up by an Order of the Prime Minister or in national hospitals and private consultation office legally recognized in accordance with the demands.

Subject to compulsory treatment at the above-mentioned agencies are addicts of toxic, narcotic and dangerous substances said in this Decree-Law, who are either arrested or voluntarily report for the treatment.

Those who try to escape from the hospitals will be sentenced to imprisonment terms from three months to three years and fined from VN\$1,000 to VN\$50,000.

Chapter III

General provisions

Article 9.—In parallel with the penalties said in the foregoing Articles, the Court will order the seizure of:

—Narcotics, marijuana, toxic and dangerous substances along with transportation means and materials used to conceal the offense.

—Substances used for the distillation and materials used for the cultivation, distillation or the containers of the seized substances.

—Necessary materials and equipments for the use of narcotics, toxic and dangerous substances under all forms.

Article 10.—The offenders will not be entitled to suspended execution of sentence given to cases of offenses envisaged in this Decree-Law.

However, over 55-year-old or sick opium smokers may be entitled to suspended execution of sentence in accordance with the laws in force.

Article 11.—The Prime Minister will fix by an order the detailed application of this Decree-Law whenever necessary.

The Prime Minister may change, by virtue of a Decree signed upon the proposal of the Health Minister, the narcotics toxic and dangerous substances mentioned in Articles 3, 5 and 6 as well as in the A, B, C lists supplemented to this Decree-Law.

Article 12.—During the whole period in which the state of war or martial law is proclaimed, the trial of violators of Article 3 of this Decree-Law belongs to the competence of the Military Field Court.

However, the Ordinary Court can still continue to handle the case if military authorities do not claim for the right to prosecute the violators before the Military Field Court.

Article 13.—All articles contrary to this Decree-Law are abolished.

Article 14.—This Decree-Law is promulgated under the emergency procedures and printed in the official journal of the Republic of Vietnam. (PD/26)

