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. 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

\*\*\*The former head of the Sacda Co. is a quaint character. His name is believed to be Ts'ai Khuang-jung. His known aliases are Sakda, Savang Chaman, and Jua Luang-jung. He was born in Thailand around 1923. He left that country in 1963 and after a short stay in Kunming China went to Laos in 1950. 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. My request was considered by the U.S. Government. Later, in 1969–70, the U.S. Government sent 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 Spécialé 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 Spécialé 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/LAO. 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. 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-

*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 market-place.

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 Narcotic 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.  

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. SKO 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.

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.

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

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*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 Vanigbladu 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?
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.

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;
- 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

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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 in country to keep every soldier high until the last U.S. serviceman was withdrawn from South Vietnam.

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 in-country.

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.

*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 in-country 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 $8,179,000.

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 narcotics 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 Khieu, 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 Nhat 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 Tint, 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 Nhat 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 become 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.

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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. 1

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 1 ½ 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 in-country and as a major crossroads in the Far East, its seaports 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 in-country 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.
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 programmed $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
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 programed 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.

<table>
<thead>
<tr>
<th></th>
<th>Estimated, fiscal year 1972</th>
<th>Proposed, fiscal year 1973</th>
<th>Revised, fiscal year 1973</th>
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<tr>
<td><strong>Africa:</strong></td>
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</tr>
<tr>
<td>Tunisia</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
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</tr>
<tr>
<td><strong>East Asia:</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Cambodia</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Indonesia</td>
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<td></td>
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<tr>
<td>Korea</td>
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<td></td>
</tr>
<tr>
<td>Laos</td>
<td>1,100</td>
<td>723</td>
<td>1,532</td>
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<td>762</td>
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<tr>
<td>Thailand</td>
<td>1,028</td>
<td>970</td>
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</tr>
<tr>
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<td>458</td>
<td>500</td>
<td>706</td>
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<tr>
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<td>2,193</td>
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<tr>
<td>Venezuela</td>
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<tr>
<td><strong>Subtotal</strong></td>
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<td></td>
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<td><strong>Near East:</strong></td>
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<tr>
<td>Nepal</td>
<td></td>
<td></td>
<td>5</td>
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<td>Pakistan</td>
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<td>Syria</td>
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<td>Turkey</td>
<td>15,700</td>
<td>15,000</td>
<td>15,000</td>
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<tr>
<td><strong>Subtotal</strong></td>
<td>15,700</td>
<td>15,000</td>
<td>15,045</td>
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<tr>
<td><strong>Worldwide program:</strong></td>
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<tr>
<td>Training</td>
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<td></td>
<td>350</td>
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<td>U.N. Special Fund</td>
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<td><strong>Subtotal</strong></td>
<td>2,025</td>
<td>5,000</td>
<td>7,350</td>
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<tr>
<td><strong>Subtotal, all programs</strong></td>
<td></td>
<td></td>
<td>20,617</td>
</tr>
<tr>
<td><strong>Undistributed</strong></td>
<td>22,193</td>
<td>29,453</td>
<td>13,047</td>
</tr>
<tr>
<td><strong>Total program</strong></td>
<td>20,617</td>
<td>42,500</td>
<td>42,500</td>
</tr>
</tbody>
</table>
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**

<table>
<thead>
<tr>
<th>Contributions:</th>
<th>Pledges:</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>Canada</td>
<td>150,000</td>
</tr>
<tr>
<td>France</td>
<td>100,000</td>
</tr>
<tr>
<td>West Germany</td>
<td>310,482</td>
</tr>
<tr>
<td>Holy See</td>
<td>1,000</td>
</tr>
<tr>
<td>Morocco</td>
<td>2,000</td>
</tr>
<tr>
<td>Saudi Arabia</td>
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</tr>
<tr>
<td>Sweden</td>
<td>20,790</td>
</tr>
<tr>
<td>Turkey</td>
<td>5,000</td>
</tr>
<tr>
<td>Vietnam</td>
<td>1,000</td>
</tr>
<tr>
<td>Nongovernmental</td>
<td>6,830</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,599,102</strong></td>
</tr>
</tbody>
</table>

| United States  | $500,000  |
| Canada         | 2,500     |
| Cyprus         | 2,000     |
| Greece         | 5,000     |
| Italy          | 101,350   |
| Norway         | 74,028    |
| Sweden         | 41,580    |
| United Kingdom | 125,000   |
| **Total**      | **602,100** |

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.