

GAO

## Testimony

For the Subcommittee on National Security, International Affairs, and Criminal Justice, Committee on Government Reform and Oversight, House of Representatives

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# DRUG CONTROL

## U.S. Heroin Control Efforts in Southeast Asia

Statement for the Record by Jess T. Ford, Associate  
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Mr. Chairman and Members of the Subcommittee:

I am pleased to be able to provide this statement for the record on the results of our review of the production and trafficking of heroin from Southeast Asia to the United States and current efforts to stop it. The information in this statement is based primarily on our March 1996 report entitled, Drug Control: U.S. Heroin Program Encounters Many Obstacles in Southeast Asia, which was initiated at the request of this subcommittee.<sup>1</sup> The statement covers (1) the extent and nature of the heroin threat to the United States, (2) impediments to successful heroin control efforts in Southeast Asia, and (3) the efforts of the United Nations Drug Control Program (UNDCP) in Burma.

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## Summary of Observations

Heroin use continues to pose a serious and growing threat to the people of the United States. The Department of State reported in March 1996 that, in recent years, worldwide heroin production has risen, the number of heroin users in the United States has increased, the average purity level of heroin on the street is significantly higher, and the number of heroin-related hospital emergency room episodes has climbed. The majority of the heroin consumed in the United States originates in Southeast Asia, most of which is produced in Burma.

The U.S. international heroin strategy calls for a regional approach focused on Southeast Asia and the need to reduce opium production in Burma as a key to reducing the flow of heroin from the region. However, stemming the flow of heroin will be difficult because a number of factors pose substantial difficulties for the United States in establishing effective counternarcotics programs in Burma. These factors include (1) the lack of a meaningful U.S. program in Burma, (2) the lack of Burmese government commitment to drug control efforts, and (3) ineffective U.N. drug control efforts within Burma. U.S. efforts have achieved some positive results in certain other Southeast Asian countries and territories, such as in Thailand and Hong Kong, that have demonstrated the political will to implement counternarcotics activities. However, problems with Burma limit the success in the region.

The United States increasingly relies on international organizations, such as the United Nations, in countries such as Burma where the United States faces significant obstacles in providing traditional bilateral

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<sup>1</sup>Drug Control: U.S. Heroin Program Encounters Many Obstacles in Southeast Asia (GAO/NSIAD-96-83, Mar. 1, 1996).

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counternarcotics assistance. The United States has supported UNDCP drug control projects in Burma, but the projects have not significantly reduced opium production because (1) the scope of the projects has been too small to have a substantive impact on opium production, (2) the Burmese government has not provided sufficient support to ensure project success, and (3) inadequate planning has reduced project effectiveness.

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## The Heroin Threat in the United States Is Serious and Increasing

According to recent U.S. government reports, the U.S. heroin addict population, which had remained stable at about 500,000 persons for nearly two decades, has risen and is now about 600,000 or higher. The Office of National Drug Control Policy (ONDCP) estimates that Americans now consume 10 to 15 metric tons of heroin annually, an increase from the estimated 5 tons consumed during the mid-1980s.

In comparison with the 1980s, heroin now has an added appeal to users because it is more potent—containing higher purity levels than in the past. For example, average purity for retail heroin in 1995 was about 40 percent compared to about 7 percent a decade ago. As a result of increased purity, heroin can now be snorted or smoked and the user is freed from the added threat of contracting AIDS through a contaminated needle. In addition, there is a reported increase in the number of multiple-drug users who are using both heroin and crack cocaine.

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## Source Countries for Heroin

Opium poppies, from which heroin is derived, are grown primarily in three regions of the world—Southeast Asia, Southwest Asia, and Mexico and South America. According to the Department of State, worldwide opium production has nearly doubled since 1987—increasing from about 2,200 to nearly 4,200 metric tons in 1995. In 1995, the Southeast Asia region was the source of approximately 75 percent of the world's opium poppy cultivation and 62 percent of the world's estimated opium production. The bulk of the remaining cultivation and production occurred in the Southwest Asia region (primarily Afghanistan), accounting for about 20 percent of worldwide opium poppy cultivation and over 35 percent of opium production. Cultivation in the region comprised of Mexico and South America accounted for only about 5 percent of worldwide opium poppy cultivation and 3 percent of opium production. Nevertheless, DEA reported on September 3, 1996, that South America became the predominant source area for heroin seized in the United States during 1995.

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Southeast Asian opium production has increased by about 2-1/2 times—from just under 1,100 metric tons in 1987 to nearly 2,600 metric tons in 1995. About 87 percent of the opium poppy cultivation and 91 percent of the opium production in Southeast Asia occurred in Burma—primarily in Burma’s eastern Shan State. (See app. I.) In addition, the State Department reported that, in 1995, Burma was a major supplier of heroin to the United States. From its estimated yield of 2,340 metric tons of opium gum, Burma had the potential to produce an estimated 230 metric tons of heroin—enough to meet U.S. demand many times over.

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## Efforts to Control Heroin

U.S. funding of heroin control efforts accounts for a small portion of the overall international drug control budget. ONDCP estimated that, during fiscal year 1994, the United States spent \$47.5 million on international heroin control activities, or about 14 percent of its international narcotics control budget.

In Burma, Hong Kong, and Thailand, as of June 30, 1996, DEA had a total of 43 permanent staff, while the State Department has 7 staff assigned to its Narcotics Affairs Section in Thailand and none in Burma or Hong Kong. In Burma and China—two key countries involved in heroin cultivation, production, and trafficking—the State Department has no Narcotics Affairs Sections, while DEA has only three staff—all in Burma. Other U.S. efforts in the region include intelligence analysis support for U.S. law enforcement agencies, and equipment and training for host nation counternarcotics forces provided by the Joint Interagency Task Force-West, based in California, and the Department of Defense’s Pacific Command.

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## Burma Presents Challenges to U.S. Heroin Control Efforts

The U.S. international heroin strategy addresses the worldwide threat but focuses on Southeast Asia because this region is the primary source and includes major trafficking routes for heroin imported into the United States. The strategy places special emphasis on reducing Burmese opium production as a key to decreasing the regional flow of heroin into the United States. However, the United States faces the following significant obstacles in implementing this approach:

- Since 1988, the United States has not provided direct counternarcotics assistance to Burma because of its record of human rights abuses and its refusal to yield control of the country to a democratically elected government.

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- Much of Burma's opium-producing region is not under the effective control of the Burmese government.
  - Due to unique trafficking patterns, law enforcement efforts against the criminal organizations responsible for moving heroin from Southeast Asia into the United States have not been effective.
  - The lack of law enforcement cooperation between the United States and China continues to impede interdiction of key heroin-trafficking routes.
  - Although the U.S. international heroin strategy was signed by the President in November 1995, guidelines to U.S. counternarcotics agencies for implementing the strategy are still under review.

The United States does not have a significant counternarcotics program in Burma because of U.S. concerns over human rights violations by the Burmese government and the unwillingness of the Burmese government to yield control of the country to a democratically elected government. In 1988, the United States discontinued foreign aid to Burma, including direct counternarcotics funding support, because Burmese military forces violently suppressed antigovernment demonstrations for economic and political reform and began establishing a record of human rights abuses. Furthermore, the military regime refused to recognize the results of national elections held in 1990 and, for decades, has engaged in fighting with insurgent armies who represent ethnic minority groups seeking autonomous control of territory within Burma. Some of these minority groups control major opium production and heroin-trafficking areas.

Currently, the United States provides only limited low-level law enforcement cooperation, such as information sharing. U.S. policy restricts direct counternarcotics assistance until the Burmese government improves its human rights stance and recognizes the democratic process. In addition, the President has denied certification for counternarcotics cooperation since 1989. According to State Department officials, there has been no improvement in the political and human rights situation, and U.S. policy toward Burma is unlikely to change under current conditions.

The Burmese government commitment to controlling opium production and trafficking within its borders is questionable. After decades of conflict with ethnic minority insurgent groups, the government has signed a number of cease-fire agreements with them that, according to the State Department, have prevented the implementation of any meaningful drug enforcement operations in areas under the control of ethnic armies, thus furthering opium production and heroin trafficking. For example, in 1989, the government concluded a cease-fire agreement with the United Wa

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State Army (UWSA) in which the UWSA agreed to end its armed insurgency and the government permitted the Wa people to have autonomous control of their territory. Since the government ended its attempt to establish its authority over Wa territory, the Wa have gained control of 80 percent of the opium cultivation areas in Burma and UWSA has become one of the world's leading trafficking organizations. Other minority groups in opium poppy cultivation areas have reached similar agreements with the Burmese government.

Also, in January 1996, the Shan United Army (SUA), headed by Khun Sa, a well-known drug lord, ended its armed conflict with the Burmese army. Despite the potential for the government to undertake meaningful counternarcotics efforts in former SUA-controlled territory, there has been little substantive impact on the flow of Burmese heroin. Furthermore, according to U.S. officials, while Khun Sa is under indictment in the United States for heroin-trafficking offenses, the Burmese government has granted him immunity from prosecution from drug-trafficking offenses and has refused U.S. extradition requests. Based on these limitations, U.S. officials told us that they are not optimistic that meaningful changes will take place under the current Burmese military regime.

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## Numerous Obstacles Impede U.S. Regional Interdiction Efforts

Difficulties in stemming Burmese opium production are compounded by challenges in providing a regional approach to interdicting heroin-trafficking routes. The impact of U.S. regional interdiction efforts to date has been limited by the ability of traffickers to shift their routes into countries with inadequate law enforcement capability and by poor law enforcement cooperation between the United States and China. Although some U.S. programs in countries such as Thailand and Hong Kong that possess the political will and capability to engage in counternarcotics activities have achieved positive results, the problems in Burma have limited the progress in the region.

According to DEA, each heroin producing region has separate and distinct distribution methods that are highly dependent on ethnic groups, transportation modes, and surrounding transit countries. From Southeast Asia, heroin is transported to the United States primarily by ethnic Chinese and West African drug-trafficking organizations. These organizations consist of separate producers and a number of independent intermediaries including financiers, brokers, exporters, importers, and distributors. Heroin-trafficking organizations are not vertically integrated, and heroin shipments rarely remain under the control of a single individual

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or organization as they move from the overseas refinery to U.S. streets. Since responsibility and ownership of a particular drug shipment shifts each time the product changes hands, direct evidence of the relationship among producer, transporter, and wholesale distributor is extremely difficult to obtain. According to DEA officials, these factors combine to make the detection, monitoring, and interdiction of heroin extremely difficult.

The impact of U.S. efforts to interdict regional drug-trafficking routes has been limited by the ability of traffickers to shift their routes into countries with inadequate law enforcement capability. (See app. II.) For example, Thailand's well-developed transportation system formerly made it the traditional transit route for about 80 percent of the heroin moving out of Southeast Asia. However, in response to increased Thai counternarcotics capability and stricter border controls, this amount has declined to an estimated 50 percent in recent years as new drug-trafficking routes have emerged through the southern provinces of China to Taiwan and Hong Kong or through Laos, Cambodia, and Vietnam. Similarly, cooperation between the United States and Hong Kong has helped reduce the use of Hong Kong as a transshipment point for Southeast Asian heroin, but law enforcement weaknesses in China and Taiwan have encouraged drug-traffickers to shift supply routes into these countries.

Limited Chinese counternarcotics cooperation with U.S. law enforcement has compounded difficulties in interdicting heroin-trafficking routes in the region. Chinese cooperation has become increasingly important because, as counternarcotics efforts in other countries have achieved positive results, DEA has noted an increase in the use of drug-trafficking routes through China. However, the Chinese government has been reluctant to cooperate with U.S. efforts. For example, cumbersome Chinese requirements have delayed dissemination of counternarcotics intelligence information from DEA to Chinese law enforcement authorities. DEA faces difficulties in undertaking joint investigations with Chinese law enforcement officials and assisting the Chinese in making timely seizures and arrests in China. Further, the Chinese have been unresponsive in providing counternarcotics information that could possibly assist DEA investigations.

Furthermore, it is possible that the 1997 transition of Hong Kong from British to Chinese control will further complicate U.S. regional counternarcotics activities. The small DEA presence in Hong Kong is currently responsible for covering counternarcotics activities in Hong

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Kong, China, Taiwan, and Macau. According to DEA officials, DEA is planning to continue its Hong Kong activities from there but the Chinese government is unlikely to approve regional coverage of Taiwan.

In March 1996, we reported that DEA had planned to open a one-agent office in Beijing to expand its regional coverage. Even though DEA officials remain optimistic that an office will eventually be established, to date the Chinese government has refused DEA requests for opening a Beijing office. As a result, DEA's ability to assist other countries in the region in interdicting heroin-trafficking routes opened through southern China and Taiwan are constrained.<sup>2</sup>

In Thailand, we found that sustained U.S. support since the early 1970s and good relations with the Thai government have contributed to abatement of opium production and heroin trafficking. Since 1978, State Department has provided \$16.5 million of counternarcotics support that assisted the Thai government in reducing opium production levels from an estimated 150 to 200 metric tons in the 1970s to 25 metric tons in 1995. As a result, Thai traffickers no longer produce significant amounts of heroin for export. Also, law enforcement training programs funded by the State Department and support for Thai counternarcotics institutions provided primarily by DEA have enhanced Thailand's law enforcement capability. For example, using U.S. assistance, the Thai police captured 10 key members of Burma's SUA heroin-trafficking organization in November 1994. The United States also provided support to establish a task force in northern Thailand that could foster intelligence analysis and information sharing among Thai counternarcotics police organizations.

The United States has also obtained successful counternarcotics cooperation with Hong Kong. For example, the sharing of DEA intelligence with Hong Kong law enforcement authorities has resulted in the seizure of heroin shipments destined for the United States and the capture of major drug traffickers. The U.S. and Hong Kong governments also have worked closely to arrange extraditions of drug traffickers to the United States for trial. Also, a bilateral agreement permits assets seized by the Hong Kong authorities from convicted drug offenders to be shared between Hong Kong and the United States. As of August 1995, Hong Kong had frozen or

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<sup>2</sup>According to DEA, an increasing share of Southeast Asian heroin is imported to the United States through southern China and Taiwan. Large-scale heroin shipments, mostly from Burma, move across southern Chinese provinces to ports on China's eastern and southern coasts. From there, the heroin is often shipped to Taiwan by Chinese fishing trawlers and transferred to Taiwanese vessels for movement to the United States. Taiwan also serves as a transshipment point for heroin brought by fishing trawlers from Thailand, usually by way of ports in southeastern China.

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confiscated approximately \$54 million worth of drug traffickers' assets under a bilateral agreement. Of this amount, the seizure of at least \$26 million in assets was based on information that U.S. law enforcement agencies provided.

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## U.N. Drug Control Efforts

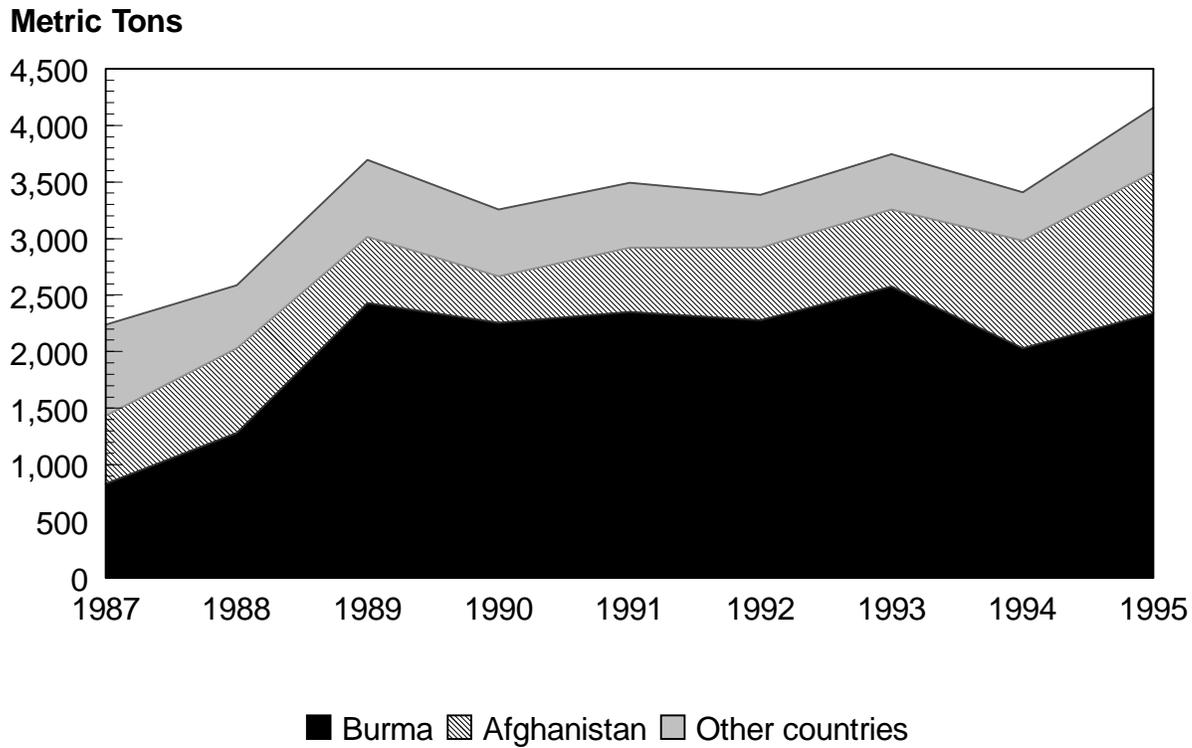
A key element of U.S. heroin control strategy is the increasing reliance on international organizations, such as the United Nations, in countries where the United States faces significant obstacles in providing traditional bilateral counternarcotics assistance. In Burma, the United States has been a major donor for UNDCP drug control projects, providing about \$2.5 million from fiscal years 1992 through 1994. However, we found that the projects have not significantly reduced opium production because (1) the scope of the projects has been too small, (2) the Burmese government has not provided sufficient support to ensure project success, and (3) inadequate planning has reduced project effectiveness. For example, UNDCP created "opium-free zones" in specific parts of Wa territory where poppy cultivation was prohibited. However, U.S. officials told us that some farmers simply moved their planting sites to remote sites outside project areas. Also, the Burmese government failed to provide in-kind resources to support UNDCP activities such as civil engineering personnel and basic commodities such as fuel and did not routinely cooperate in granting UNDCP worker access to the project areas. Finally, aerial surveys of project areas designated for crop reduction were not conducted until 18 months after the projects began. As a result, UNDCP had no way to evaluate accurately the effectiveness of supply reduction projects because no baseline data were established at the outset.

In our March 1996 report, we stated that, despite these problems, U.S. counternarcotics officials believed that UNDCP projects offered the only alternatives to U.S.-funded opium poppy crop eradication and alternative development programs in Burma. UNDCP had planned to expand its efforts with a new \$22 million, 5-year project but, according to State Department officials, the project now has been suspended because of difficulties in obtaining Burmese government support and cooperation, such as refusing UNDCP personnel access and limiting UNDCP communications in some project areas.

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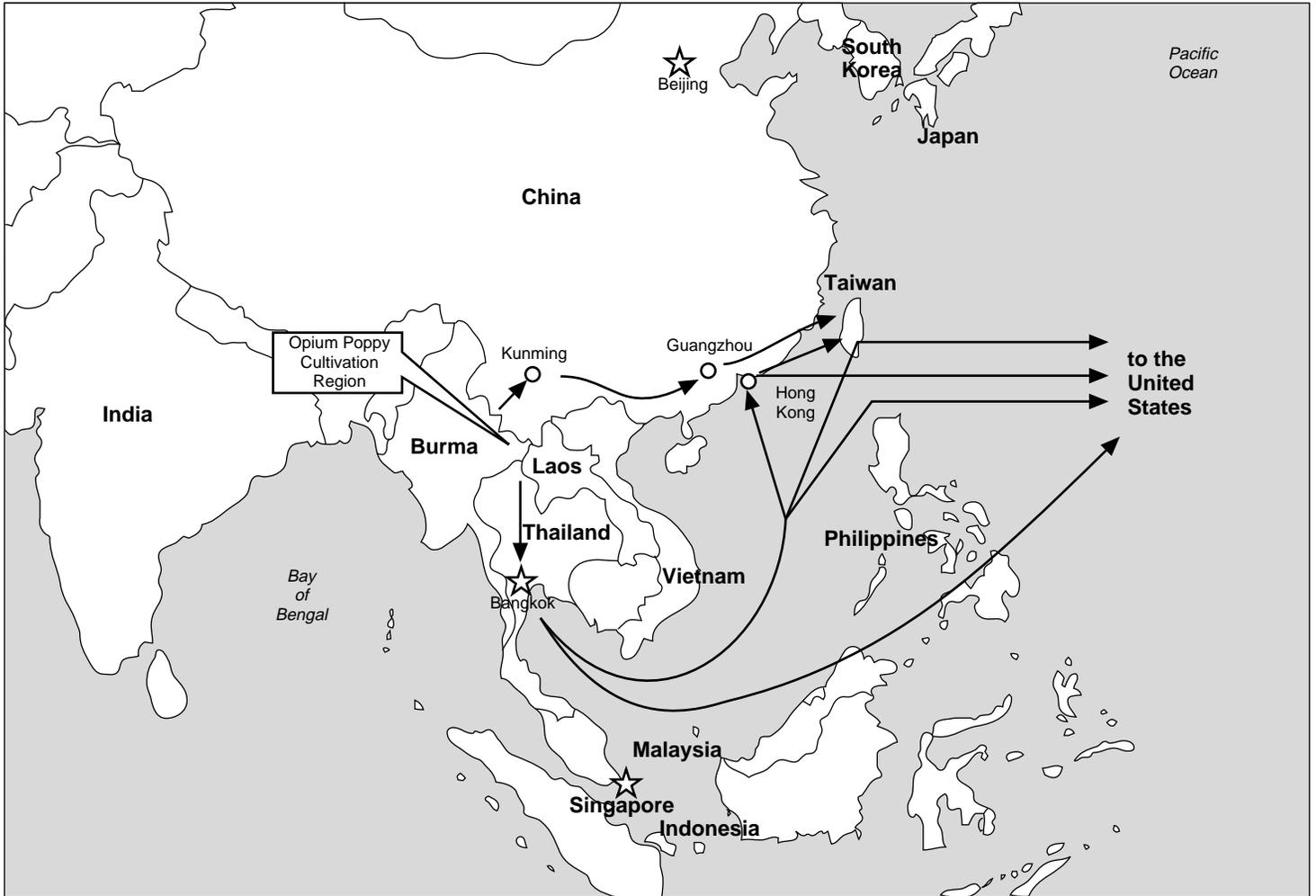
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# Worldwide Opium Production, 1987-1995



Source: Department of State.

# Primary Southeast Asian Heroin-Trafficking Routes



Source: DEA.

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