

# **SOUTHEAST ASIA**



# Australia

## I. Summary

Australia is a committed partner in international efforts to combat illicit drugs. Domestically, Australian government policies are designed to address fully both the law enforcement needs and the demand reduction sides of the equation. Australian law enforcement agencies work closely with their U.S. counterparts in Australia and the United States, and have a robust and growing law enforcement liaison structure in numerous overseas posts where they also work closely with U.S. counterparts.

## II. Status Of Country

Cannabis remains the most abused drug in Australia but law enforcement and health officials continue to be concerned about the increased use of crystal methamphetamine and cocaine. The trend towards the use of crystal methamphetamine ('ice') is of particular concern to Australian law enforcement, given its destructive effect on users and the public. Law enforcement agencies throughout Australia continue to seize greater amounts of methamphetamine precursor chemicals and have shut down sophisticated clandestine laboratories with increased frequency. MDMA (Ecstasy) is still very prevalent in the major cities throughout Australia, although a recent study indicates use may be falling. Large shipments of MDMA have been seized entering Australia from Europe and Asia, and law enforcement officials continue to encounter sophisticated MDMA production laboratories in the Sydney and Melbourne areas. Cocaine use also appears to be increasing throughout Australia. The number of cocaine seizures has increased, with a majority of the seizures involving couriers and smaller amounts, but there have also been large shipments seized from Canada, Hong Kong and Chile. Cocaine remains the drug of choice in Australia for the affluent due to the high price (US\$277/gram to US\$92-115,000/kilogram). But its use has been increasing across all socio-economic levels. Australian media are describing crystal methamphetamine as the "new heroin," a reference to the heroin abuse "epidemic" which swept through Australia in the late 1990's and early 2000's. The heroin "epidemic" resulted in a significant increase in heroin overdoses and deaths. A variety of factors contributed to a subsequent decrease in heroin availability and many heroin users began utilizing other drugs. Of note, a recent annual drugs survey reported this downward trend in heroin may not be continuing as many abusers of crystal methamphetamine may be switching back to heroin due to the government's high profile campaign against crystal methamphetamine.

## III. Country Actions Against Drugs In 2007

**Policy Initiatives.** In an effort to address the increase in the numbers and sophistication of clandestine synthetic drug laboratories, changes in legislation have limited the availability of pseudoephedrine, a precursor chemical for methamphetamine. All products containing pseudoephedrine are now stored behind the pharmacy counters, and products with high concentrations of pseudoephedrine also require a doctor's prescription. In response to this legislation, many organized crime groups have undertaken large scale smuggling of ephedrine and pseudoephedrine products from locations throughout Asia, and most recently Africa. Australian law enforcement officials seize large illicit shipments of pseudoephedrine on a regular basis. With the view that stable governments in the regions are less likely to be utilized by drug trafficking groups in establishing drug production facilities, the Australian Government has strengthened the Australian Federal Police (AFP) capacity to respond to international crises, particularly within the region. The AFP's International Deployment Group (IDG) has been increased by about 400

personnel, taking the total to 1200. This has been the largest single increase in AFP staff since the force was established in 1979. The extra resources will allow the IDG to establish a 150 member-strong Operational Response Group that is ready to respond at short notice to emerging law and order issues in the region and to undertake stabilization operations. The AFP's international network currently has 86 officers located in 31 posts in 26 countries worldwide. Many of these posts have close working relationships with area DEA Country Offices.

**Law Enforcement Efforts.** Responsibility for counternarcotics efforts is divided among the Federal Government, primarily the AFP, the Australian Customs Service (ACS), the Australian Crime Commission (ACC), and the Therapeutic Goods Administration (TGA), in addition to state/territorial police services. Australia also has a large and growing international deployment of AFP overseas liaison officers focusing on transnational crime, including international drug trafficking. Australian law enforcement has made it a priority to identify and dismantle clandestine laboratories whose numbers appear to have stabilized after several years of drastic increases. In the period of July 2006/2007, a total of 333 clandestine labs were seized in Australia. For the period of July 2005/2006, there were 390 clandestine labs seized, and in 2004/2005, 381 clandestine labs seized. Although a majority of the seized laboratories are unsophisticated, small capacity operations, there has been an increase in the number of sophisticated methamphetamine/crystal methamphetamine "superlabs" seized throughout the country. Law enforcement authorities continue to report the seizure of large-scale active and inactive MDMA labs in the country. For July 2006/2007, 17 MDMA labs were seized, up from 7 MDMA labs seized during the July 2005/2006 period. During the 2005/2006 period, some of the MDMA clandestine labs were 'superlabs'.

**Corruption.** Australian federal agencies rarely are implicated in corruption and misconduct. The Australian Crime Commission (ACC), the Australian Federal Police (AFP), the internal affairs sections of State Police departments and legislative-established commissions actively investigate and pursue corruption or misconduct charges. Generally, investigations involving public corruption are reported by the media. As a matter of policy, the Government of Australia (GOA) does not encourage or facilitate the illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. Likewise, no senior official of the federal government is known to engage in, encourage or facilitate such illicit production, or to launder proceeds of illegal drug transactions, to post's knowledge.

**Agreements and Treaties.** The U.S. and Australia cooperate extensively in law enforcement matters, including drug prevention and prosecution, under a bilateral mutual legal assistance treaty and an extradition treaty. In addition, Australia is a party to the 1961 UN Single Convention, as amended by the 1972 Protocol, the 1971 UN Convention on Psychotropic Substances, the 1988 UN Drug Convention, the UN Convention against Transnational Organized Crime and the UN Corruption Convention. Australia also is actively involved in many international organizations that investigate drug trafficking. Australia acts as co-chair of the Asia-Pacific Group on money laundering, is a member of the Financial Action Task Force, INTERPOL, the Heads of Narcotics Law Enforcement Association (HONLEA), the International Narcotics Control Board, the South Pacific Chiefs of Police, the International Drug Enforcement Conference (IDEC) and the Customs Cooperation Council among others.

**Cultivation/Production.** The licit cultivation and processing of opium poppies in Australia is strictly confined to the Australian state of Tasmania. Tasmania is considered one of the world's most efficient producers of poppies with the highest yield per hectare of any opiate producing country. With an annual average licit opium production of approximately 2.5 tons per hectare, Tasmania supplies around one half of the world's legal medicinal opiate market. The Australian poppy industry utilizes the Concentrated Poppy Straw process, which processes the dry poppy plant material 'poppy straw' for use in the production of codeine and thebaine. The Australian

Federal Government and the Tasmanian State Government share responsibility for control of the poppy industry. During the growing and harvesting season, crops are regularly monitored by the Poppy Advisory and Control Board field officers and any illegal activity is investigated by the Tasmania Police Poppy Task Force. The export to the U.S. of Australia's narcotic raw material (NRM) is regulated by the '80/20 rule' which reserves 80 percent of the NRM market to traditional suppliers (India and Turkey) while the remaining 20 percent is shared by non-traditional suppliers (Australia, France, Hungary, Poland and currently, Former Yugoslavia). There were approximately 1000 poppy growing licenses granted for the 2006/2007 growing season in which 13,000 hectares were under poppy cultivation. Domestically produced marijuana (cannabis) continues to be Australia's most abused illicit drug. Cannabis cultivation and distribution is not dominated by any group and appears to be organized on an individual basis. Sophisticated hydroponic cultivation sites of various sizes have been seized throughout the country. Use of hydroponic grow sites continues to be the preferred method of the more advanced marijuana trafficking organizations. There is still no evidence indicating any large exportation of Australian produced marijuana, but there have been instances of small amounts of Australian-produced hydroponic marijuana being transported to Asian nations for use by expatriate communities in those countries.

**Drug Flow/Transit.** The U.S. Embassy in Canberra continues to receive information indicating MDMA traffickers may be utilizing Australia as a transit point for MDMA shipments to other parts of the world. These reports remain unconfirmed, but the situation continues to be monitored closely by both the DEA and Australian law enforcement organizations.

**Domestic Programs/Demand Reduction.** The availability of treatment services for drug users remains an integral part of Australia's National Drug Strategy. There is a wide range of treatment options available throughout Australia, including detoxification, therapeutic communities, residential facilities, outpatient treatment, day programs, and self-help groups. As part of the "Tough on Drug Strategy" launched in 1997, the Australian government has committed substantial resources to reducing the demand for illicit drugs throughout the country. This strategy, coupled with the activities of state/territorial agencies and non-governmental organizations, is aimed at reducing the demand for all types of drugs throughout the country. In 2001, the New South Wales government approved a heroin injection room in the Kings Cross area of Sydney. The Commonwealth of Australia government has opposed the operation of these injection rooms and is pursuing alternative harm reduction methods. To date, this safe injection room remains in operation.

#### **IV. U.S. Policy Initiatives and Programs**

**Bilateral and Multilateral Cooperation.** The United States undertakes a broad and vigorous program of counternarcotics activities in Australia, enjoying close working relationships with Australian counterparts at the policy making and working levels. There is an active collaboration in investigating, disrupting, and dismantling international illicit drug trafficking organizations. The United States and Australia cooperate under the terms of a Memorandum of Understanding that outlines these objectives. U.S. and Australian law enforcement agencies also have agreements in place concerning the conduct of bilateral investigations and the exchange of intelligence information on narcotics traffickers. Both sides continue to pursue closer relations, primarily in the area of information sharing.

**The Road Ahead.** Australia continues to take a leadership position in the international fight against drug trafficking in its domestic, regional and worldwide activities. The expanded Operational Response Group allows them to have greater participation in regional law and order activities and stabilization efforts. Strong bilateral relations between Australia and the U.S. on counternarcotics issues are confidently expected to continue.

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# Burma

## I. Summary

Burma took many wrong turns in 2007, including in the war on drugs. Both UNODC and U.S. surveys of opium poppy cultivation indicated a significant increase in cultivation and potential production in 2007, while production and export of synthetic drugs (amphetamine-type stimulants, crystal methamphetamine and Ketamine) from Burma continued unabated. The significant downward trend in poppy cultivation observed in Burma since 1998 halted in 2007, with increased cultivation reported in Eastern, Northern and Southern Shan State and Kachin State. Whether this represents a sustained reversal in poppy cultivation in Burma, which remains far below levels of 10 years earlier, remains to be seen. It does indicate, however, that increases in the value of opium are driving poppy cultivation into new regions. An increased number of households in Burma were involved in opium cultivation in 2007. While Burma remains the second largest opium poppy grower in the world after Afghanistan, its share of world opium poppy cultivation fell from 55 percent in 1998 to 5 percent in 2006, and rose slightly in 2007. This large proportional decrease is due to both decreased opium poppy cultivation in Burma and increased cultivation in Afghanistan. The Golden Triangle region in Southeast Asia no longer reigns as the world's largest opium poppy cultivating region; that dubious honor is now held by Afghanistan.

Despite increased cultivation in 2007, Burma's opium cultivation declined dramatically between 1998 and 2006. The UN Office on Drugs and Crime (UNODC) estimates a decrease from 130,300 ha (ha) in 1998 to 21,500 ha in 2006, an 83 percent decrease. Cultivation in 2007 increased 29 percent, from 21,500 ha in 2006 to 27,700 ha. The most significant decline over the past decade was observed in the Wa region, following the United Wa State Army's (UWSA) pledge to end opium poppy cultivation in its primary territory, UWSA Region 2. UWSA controlled territory accounted for over 30 percent of the acreage of national opium poppy cultivation in 2005, but almost no poppy cultivation was reported in the Wa region in 2006 and 2007. However, there are indications that cultivation has increased in regions closely bordering UWSA Region 2.

Burma has not provided most opium farmers with access to alternative development opportunities. Recent trends indicate that some opium farmers were tempted to increase production to take advantage of higher prices generated by opium's relative scarcity and continuing strong demand. Increased yields in new and remaining poppy fields (particularly in Southern Shan State), spurred by favorable weather conditions in 2007 and improved cultivation practices, have partially offset the affects of decreased cultivation. Higher yields in some areas may also signal more sophisticated criminal activity, greater cross border networking, and the transfer of new and improved cultivation technologies.

Burma's overall decline in poppy cultivation since 1998 has been accompanied by a sharp increase in the production and export of synthetic drugs, turning the Golden Triangle into a new "Ice Triangle." Burma is a significant player in the manufacture and regional trafficking of amphetamine-type stimulants (ATS). Drug gangs based in the Burma-China and Burma-Thailand border areas, many of whose members are ethnic Chinese, produce several hundred million methamphetamine tablets annually for markets in Thailand, China, and India, as well as for onward distribution beyond the region. There are also indications that groups in Burma have increased the production and trafficking of crystal methamphetamine or "Ice"—a much higher purity and more potent form of methamphetamine than the tablets.

Through its Central Committee for Drug Abuse Control (CCDAC), the Government of Burma (GOB) cooperates regularly and shares information with the U.S. Drug Enforcement Administration (DEA) and Australian Federal Police (AFP) on narcotics investigations. In recent years, the GOB has also increased its law enforcement cooperation with Thai, Chinese and Indian counternarcotics authorities, especially through renditions, deportations, and extraditions of suspected drug traffickers.

During the 2007 drug certification process, the U.S. determined that Burma was one of only two countries in the world that had “failed demonstrably” to meet its international counternarcotics obligations. Major concerns remain: unsatisfactory efforts by Burma to deal with the burgeoning ATS production and trafficking problem; failure to take concerted action to bring members of the United Wa State Army (UWSA) to justice following the unsealing of a U.S. indictment against them in January 2005; failure to investigate and prosecute military officials for drug-related corruption; and failure to expand demand-reduction, prevention and drug-treatment programs to reduce drug-use and control the spread of HIV/AIDS. Burma is a party to 1988 UN Drug Convention.

## II. Status of Country

Burma is the world’s second largest producer of illicit opium. Eradication efforts and enforcement of poppy-free zones combined to reduce cultivation levels between 1998 and 2006, especially in Wa territory. However, in 2007, a significant resurgence of cultivation occurred, particularly in eastern and southern Shan State and Kachin State, where increased cultivation, favorable weather conditions, and new cultivation practices increased opium production levels, led to an estimated 29 percent increase in overall opium poppy cultivation and a 46 percent increase in potential production of dry opium.

According to the UNODC, opium prices in the Golden Triangle have increased in recent years, although prices in Burma remain much lower than the rest of the region due to easier supply. Burmese village-level opium prices or *farm-gate* prices increased from \$153 per kg in 2004 to \$187 in 2005, to \$230 in 2006 and to \$265 per kg in 2007. Burmese opium sales contribute about half of the annual household cash income of farmers who cultivate opium, which they use to pay for food between harvests. Forty-five percent of the average yearly income (\$501) of opium cultivating households in Shan State was derived from opium sales in 2007.

In 2007, the UNODC opium yield survey estimated there were approximately 27,700 ha planted with opium poppies, with an average yield of 16.6 kg per hectare (significantly higher than the 2006 average yield of 14.6 kg per hectare). [Independent U.S. opium poppy cultivation surveys also indicated increased poppy cultivation and estimated opium production to approximately 27,700 ha cultivated and 270 metric tons (MT) produced]. The UNODC’s opium yield survey concluded that cultivation had increased 29 percent in Burma from 2006 levels, with a 46 percent increase in potential production to 460 MT. This represented a 67 percent increase in the total potential value of opium production in Burma, from \$72 million in 2006 to \$120 million in 2007. Nonetheless, both surveys indicated that opium production is still down 90 percent from its peak production in 1996.

The general decline in poppy cultivation in Burma since 1996 has been accompanied by a sharp increase in the local production and export of synthetic drugs. According to GOB figures for 2007, [the GOB seized approximately 1.5 million methamphetamine tablets, compared to 19.5 million seized in 2006. Opium, heroin, and ATS are produced predominantly in the border regions of Shan State and in areas controlled by ethnic minority groups. Between 1989 and 1997, the Burmese government negotiated a series of cease-fire agreements with several armed ethnic minorities, offering them limited autonomy and continued tolerance of their narcotics production and

trafficking activities in return for peace. In June 2005, the United Wa State Army (UWSA) announced implementation in Wa territory of a long-delayed ban on opium production and trafficking. While the cultivation of opium poppies decreased in the Wa territory during 2006 and 2007, according to UNODC and U.S. surveys, there are indications from many sources that Wa leaders replaced opium cultivation with the manufacture and trafficking of ATS pills and “Ice” in their territory, working in close collaboration with ethnic Chinese drug gangs.

Although the government has not succeeded in persuading the UWSA to stop its illicit drug production and trafficking, the GOB’s Anti-Narcotic Task Forces continued to pressure Wa traffickers in 2007. UWSA also undertook limited enforcement actions against rivals in Shan State in 2006 and 2007. In May 2006, UWSA units found and dismantled two clandestine laboratories operating in territory occupied and controlled by the UWSA-South in Eastern Shan State. When the UWSA units entered the lab sites, a firefight ensued, with eight people fatally wounded, four arrested, and 25 kg of heroin and 500,000 methamphetamine tablets seized by the raiding UWSA units. In June 2006, the UWSA passed custody of the contraband substances to Government of Burma (GOB) officials. The prisoners remained in the custody of the UWSA. These UWSA actions likely were motivated more towards eliminating the competition in their area than by a desire to stop drug trafficking. In Burma, opium addiction remains high in places of historic or current opium production, ranging from 1.27 percent of the total adult population in Eastern Shan State to 0.97 percent in Kachin State and an estimated 0.83 percent in the Wa region, the main area of opium production until 2006.

### III. Country Actions Against Drugs in 2007

**Policy Initiatives.** Burma’s official 15-year counternarcotics plan, launched in 1999, calls for the eradication of all narcotics production and trafficking by the year 2014, one year ahead of an ASEAN-wide plan of action that calls for the entire region to be drug-free by 2015. To meet this goal, the GOB initiated its plan in stages, using eradication efforts combined with planned alternative development programs in individual townships, predominantly in Shan State. The government initiated its second five-year phase in 2004. Ground surveys by the Joint GOB-UNODC Illicit Crop Monitoring Program indicate a steady decline in poppy cultivation and opium production in areas receiving focused attention, due to the availability of some alternative livelihood measures (including crop substitution), the discovery and closure of clandestine refineries, stronger interdiction of illicit traffic, and annual poppy eradication programs. The UNODC estimates that the GOB eradicated 3,598 ha of opium poppy during the 2007 opium poppy cropping season (ranging between July-March in most regions), compared to 3,970 ha in 2006.

The most significant multilateral effort in support of Burma’s counternarcotics efforts is the UNODC presence in Shan State. The UNODC’s “Wa Project” was initially a five-year, \$12.1 million supply-reduction program designed to encourage alternative development in territory controlled by the UWSA. In order to meet basic human needs and ensure the sustainability of the UWSA opium ban announced in 2005, the UNODC extended the project through 2007, increased the total budget to \$16.8 million, and broadened the scope from 16 villages to the entire Wa Special Region No. 2. Major donors that have supported the Wa Project include Japan and Germany, with additional contributions from the UK and Australia. The U.S. previously funded the UNODC Wa project, but halted funding over death threats issued by UWSA leadership against U.S. DEA agents following the January 2005 indictment of seven UWSA leaders in a U.S. district court for their role in producing and smuggling heroin to the U.S.

**Law Enforcement Measures.** The CCDAC, which leads all drug-enforcement efforts in Burma, is comprised of personnel from the national police, customs, military intelligence, and army. The CCDAC, under the control of the Ministry of Home Affairs, coordinates 27 anti-narcotics task

forces throughout Burma. Most are located in major cities and along key transit routes near Burma's borders with China, India, and Thailand. As is the case with most Burmese government entities, the CCDAC suffers from a severe lack of adequate funding, equipment, and training to support its law-enforcement mission. The Burmese Army and Customs Department support the Police in this role.

Burma is actively engaged in drug-abuse control with its neighbors China, India, and Thailand. Since 1997, Burma and Thailand have had 11 cross-border law enforcement cooperation meetings. The most significant result of this cooperation has been the repatriation by Burmese police of drug suspects wanted by Thai authorities: two in 2004, one in 2005 and one in 2006. According to the GOB, Thailand has contributed over \$1.6 million to support an opium crop substitution and infrastructure project in southeastern Shan State. In 2007, Thailand assigned an officer from the Office of Narcotics Control Board (ONCB) to its mission in Rangoon. Burma-China cross border law enforcement cooperation has increased significantly, resulting in several successful operations and the handover of several Chinese fugitives who had fled to Burma. While not formally funding alternative development programs, the Chinese government has actively encouraged investment in many projects in the Wa area and other border regions, particularly in commercial enterprises such as tea plantations, rubber plantations, and pig farms. China has assisted in marketing those products in China through lower duties and taxes. There are also indications that China conducted its own opium cultivation and production surveys in 2007 in regions of Burma bordering the PRC, although they have not shared data resulting from those surveys with other parties.

After Burma and India signed an agreement on drug control cooperation in 1993, the two countries have held cross border Law Enforcement meetings on a bi-annual basis, the last being held September 11, 2004, in Calcutta.

The GOB has to date taken no direct action against any of the seven UWSA leaders indicted by U.S. federal court in January 2005, although authorities have taken action against other, lower ranking members of the UWSA syndicate. In 2007, one of the indicted leaders, Pao Yu-hua, died of natural causes and another indicted leader, Ho Chun-t'ing, was captured by Hong Kong Police. Another notorious Burmese drug lord, Khun Sa, who was held under house arrest in Rangoon following his surrender to the GOB in December 1996, died from natural causes in October 2007.

**Narcotics Seizures.** Summary statistics provided by Burmese drug officials indicate that through September 2007, Burmese police, army, and the Customs Service together seized 1154 kg of raw opium, 354 kg of low quality opium, 73 kg of heroin, 91 kg of marijuana, approximately 1.5 million methamphetamine tablets, 455 kg of methamphetamine powder, 395 kg of methamphetamine ICE, 238 kg of ephedrine, 3,116 kg of powdered precursor chemicals, and 8,723 liters of precursor chemicals.

On January 19, 2007, based on DEA and AFP information, the Lashio CCDAC ANTF dismantled a heroin refinery in the Man Lin Hills near Lashio, Shan State. This operation resulted in the arrest of two defendants and the seizure of approximately 20.3 kg of heroin, 20.3 kg of brown opium, 1.02 kg of opium residue, 1,100 kg of ammonium chloride, 770 kg of sodium chloride, 1,470 liters of ether, 438 liters of hydrochloric acid, 183 liters of chloroform, and various equipment used in the refining of heroin.

On February 14, 2007, based on DEA and AFP information, the Muse CCDAC ANTF dismantled a heroin refinery near Khar Li Khu Village, Mong Ko Township, Burma. This operation resulted in the arrest of 7 individuals, and the seizure of 7 kg of brown opium, 89 kg of ephedrine, 22.75 liters of mineral spirit, 3 kg of sodium hydroxide, 2 liters of hydrochloric acid, 183 liters of chloroform, and various equipment used in the refining of heroin.

On April 21, 2007, the Tachilek ANTF seized a total of approximately 264,000 methamphetamine tablets.

On April 23, 2007, based on DEA and AFP information, CCDAC ANTF seized 224.3 kg of opium, 300 grams of heroin, opium seeds, 7.1 million kyat (approximately \$6,000), and 50,000 Chinese Yuan (approximately \$6,250) in Pan Se, Nam Kham Township, Burma.

During a May 26, 2007 raid on a heroin refinery in Kokang region, the Muse ANTF captured a Kachin Defense Army (KDA) major. Returning from the refinery, ANTF was ambushed by approximately 60-armed individuals. In the ensuing firefight, the KDA major was rescued and the opposing force escaped with the drugs and money seized at the refinery. Four ANTF officers were killed and two were wounded. The attackers were identified as KDA and were believed to be primarily interested in recovering the KDA major.

On June 7, 2007, based on DEA information, the Taunggyi ANTF seized 195.2 kg of opium from three locations and dismantled a heroin refinery.

**Corruption.** Burma does not have a legislature or effective constitution; and has no laws on record specifically related to corruption. While there is little evidence that senior officials in the Burmese Government are directly involved in the drug trade, there are credible indications that mid-and-lower level military leaders and government officials, particularly those posted in border and drug producing areas, are closely involved in facilitating the drug trade. The Burmese regime closely monitors travel, communications and activities of its citizens to maintain its pervasive control of the population, so it strains credibility to believe that government officials are not aware of the cultivation, production and trafficking of illegal narcotics in areas it tightly controls. A few officials have been prosecuted for drug abuse and/or narcotics-related corruption. However, Burma has failed to indict any military official above the rank of colonel for drug-related corruption.

**Agreements and Treaties.** Burma is a party to the 1961 UN Single Convention on Narcotic Drugs as amended by the 1972 Protocol, the 1971 UN Convention on Psychotropic Substances, and the 1988 UN Drug Convention. Burma is a party to the UN Convention against Transnational Organized Crime and its protocols on migrant smuggling and trafficking in persons, and has signed but has not ratified the UN Corruption Convention.

**Cultivation and Production.** According to the UNODC opium yield estimate, in 2007 the total land area under poppy cultivation was 27,700 ha, a 29 percent increase from the previous year. The UNODC also estimated that the potential production of opium increased by 46 percent, from 315 MT in 2006 to 460 MT in 2007. The significant increase in potential opium production in 2007 indicated in the UNODC estimates reflect improved agricultural methods and an end to several years of drought, resulting in more favorable growing weather in major opium poppy growing areas, such as Shan State and Kachin State.

Burma as yet has failed to establish any reliable mechanism for the measurement of ATS production. Moreover, while the UNODC undertakes annual estimates of poppy cultivation and production, the U.S. has been unable to conduct its annual joint crop survey with Burma since 2004 due to the GOB's refusal to cooperate in this important area.

**Drug Flow/Transit.** Most ATS and heroin in Burma is produced in small, mobile labs located near Burma's borders with China and Thailand, primarily in territories controlled by active or former insurgent groups. A growing amount of methamphetamine is reportedly produced in labs co-located with heroin refineries in areas controlled by the United Wa State Army (UWSA), the Shan State Army-South (SSA-S), and groups inside the ethnic Chinese Kokang autonomous region. Ethnic Chinese criminal gangs dominate the drug syndicates operating in all three of these areas. Heroin and methamphetamine produced by these groups is trafficked overland and via the Mekong River, primarily through China, Thailand, India and Laos and, to a lesser extent, via Bangladesh,

and within Burma. There are credible indications that drug traffickers are increasingly using maritime routes from ports in southern Burma to reach trans-shipment points and markets in southern Thailand, Malaysia, Indonesia, and beyond. Heroin seizures in 2005, 2006 and 2007 and subsequent investigations also revealed the increased use by international syndicates of the Rangoon International Airport and Rangoon port for trafficking of drugs to the global narcotics market.

**Demand Reduction.** The overall level of drug abuse is low in Burma compared with neighboring countries, in part because most Burmese are too poor to be able to support a drug habit. Traditionally, some farmers used opium as a painkiller and an anti-depressant, in part because they lack access to other medicine or adequate healthcare. There has been a growing shift in Burma away from opium smoking toward injecting heroin, a habit that creates more addicts and poses greater public health risks. Deteriorating economic conditions will likely stifle substantial growth in overall drug consumption, but the trend toward injecting narcotics is of significant concern. The GOB maintains that there are only about 65,000 registered addicts in Burma. According to several HIV Estimation Workshops conducted in 2007 by the National AIDS Program and the World Health Organization, there are an estimated 60,000 to 90,000 injecting drug users in Burma. Surveys conducted by UNODC and other organizations suggest that the addict population could be as high as 300,000. According to the UNODC, Burma's opium addiction rate is high, at 0.75 percent. NGOs and community leaders report increasing use of heroin and synthetic drugs, particularly among disaffected youth in urban areas and by workers in mining communities in ethnic minority regions. The UNODC estimated that in 2004 there were at least 15,000 regular ATS users in Burma; there are surely more now..

The growing HIV/AIDS epidemic has been tied to intravenous drug use. According to the National AIDS Program, one third of officially reported HIV/AIDS cases are attributable to intravenous drug use, one of the highest rates in the world. Information gathered by the National AIDS Program showed that HIV prevalence among injecting drug users was 46.2 percent in 2006 – a figure that remained stable in 2007. Infection rates are highest in Burma's ethnic regions, and specifically among mining communities in those areas where opium, heroin, and ATS are more readily available.

Burmese demand reduction programs are in part coercive and in part voluntary. Addicts are required to register with the GOB and can be prosecuted if they fail to register and accept treatment. Altogether, more than 21,000 addicts were prosecuted between 1994 and 2002 for failing to register. (The GOB has not provided any data since 2002.) Demand reduction programs and facilities are limited, however. There are six major drug treatment centers under the Ministry of Health, 49 other smaller detoxification centers, and eight rehabilitation centers, which, together, have provided treatment to about 70,000 addicts over the past decade. Prior to 2006, the Ministry of Health treated heroin addicts with tincture of opium. However, based on high levels of relapse, the Ministry of Health in 2006 began to treat heroin addicts with Methadone Maintenance Therapy (MMT) in four drug treatment centers, found in Rangoon, Mandalay, Lashio, and Myitkyina. The Ministry of Health also began dispensing methadone treatment in three additional sites, two in Kachin State and one in Rangoon. By August 2007, the Ministry of Health had treated more than 370 patients using MMT.

As a pilot model, in 2003 UNODC established community-based treatment programs in Northern Shan State as an alternative to official GOB treatment centers. UNODC expanded this program, opening centers in Kachin State. In 2007, UNODC operated 16 drop-in centers. Since 2004, more 2,000 addicts received treatment at UNODC centers. In 2006 and 2007, an additional 8,028 addicts have sought medical treatment and support from UNODC-sponsored drop-in centers and outreach workers who are active throughout northeastern Shan State. The GOB also conducts a variety of narcotics awareness programs through the public school system. In addition, the government has

established several demand reduction programs in cooperation with NGOs. These include programs coordinated with CARE Myanmar, World Concern, and Population Services International (PSI), focus on addressing injected drug use as a key factor in halting the spread of HIV/AIDS.

However, while maintaining these programs at pre-existing levels, Burma has failed to expand demand-reduction, prevention, and drug-treatment programs to reduce drug use and control the spread of HIV/AIDS. The Global Fund, which had a budget of \$98.5 million to fight AIDS, TB, and Malaria in Burma, withdrew in 2005. In 2006, foreign donors established the 3 Diseases Fund (3DF) to provide humanitarian assistance for AIDS, TB, and malaria. The 3DF, with its budget of \$100 million over five years, supports the work of local and international NGOs, the United Nations, and the Ministry of Health. In 2007, the 3DF supported HIV/AIDS programs such as HIV surveillance and training on blood safety. The 3DF also provided funds for antiretroviral therapy and the MMT program.

#### **IV. U.S. Policy Initiatives and Programs**

**Policy and Programs.** As a result of the 1988 suspension of direct USG counternarcotics assistance to Burma, the USG has limited engagement with the Burmese government in regard to narcotics control. U.S. DEA, through the U.S. Embassy in Rangoon, shares drug-related intelligence with the GOB and conducts joint drug-enforcement investigations with Burmese counternarcotics authorities. In 2006 and 2007, these joint investigations led to several seizures, arrests, and convictions of drug traffickers and producers. The U.S. conducted opium yield surveys in the mountainous regions of Shan State from 1993 until 2004, with assistance provided by Burmese counterparts. These surveys gave both governments a more accurate understanding of the scope, magnitude, and changing geographic distribution of Burma's opium crop. In 2005, 2006 and again in 2007, the GOB refused to allow another joint opium yield survey. A USG remote sensing estimate conducted indicated a slight increase in opium cultivation in 2007 and a significant increase in potential opium production, mirroring UNODC survey results. Bilateral counternarcotics projects are limited to one small U.S.-supported crop substitution project in Shan State. No U.S. counternarcotics funding directly benefits or passes through the GOB.

**The Road Ahead.** The Burmese government must reverse the negative direction of narcotics production in 2007 to restore the significant gains it made over the past decade in reducing opium poppy cultivation and opium production. This will require greater cooperation with UNODC and major regional partners, particularly China and Thailand. Large-scale and long-term international aid—including increased development assistance and law-enforcement aid—could play a major role in reducing drug production and trafficking in Burma. However, the ruling military regime remains reluctant to engage in political dialogue within Burma and with the international community. Its barriers to those offering outside assistance have limited the potential for international support of all kinds, including support for Burma's counternarcotics law enforcement efforts. Furthermore, in order to be sustainable, a true opium replacement strategy must combine an extensive range of counternarcotics actions, including crop eradication and effective law enforcement, with alternative development options, support for former poppy farmers and openness to outside assistance. The GOB must foster closer cooperation with the ethnic groups involved in drug production and trafficking, especially the Wa, refuse to condone continued involvement by ceasefire groups in the narcotics trade, tackle corruption effectively, and enforce its counternarcotics laws more consistently to reach its goals of eradicating all narcotics production and trafficking by 2014.

The USG believes that the GOB must further eliminate poppy cultivation and opium production; prosecute drug-related corruption, especially by corrupt government and military officials; take action against high-level drug traffickers and their organizations; strictly enforce its money-

laundering legislation; and expand prevention and drug-treatment programs to reduce drug use and control the rapid spread of HIV/AIDS. The GOB must take effective new steps to address the explosion of ATS that has flooded the region by gaining closer support and cooperation from ethnic groups, especially the Wa, who facilitate the manufacture and distribution of ATS. The GOB must close production labs and prevent the illicit import of precursor chemicals needed to produce synthetic drugs. Finally, the GOB must stem the troubling growth of domestic demand for heroin and ATS.

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# Cambodia

## I. Summary

With the recent discovery of a major methamphetamine laboratory, Cambodia now has a confirmed role in illegal drug production, consumption, and trafficking. In recent years, crackdowns on drug trafficking in Thailand and China have pushed traffickers to use other routes, including through Cambodia by land, river, sea, and air. Drug use, particularly of amphetamine-type stimulants (ATS), cuts across socio-economic lines. Recent efforts to improve Cambodia's counternarcotics performance include: effective law enforcement responses to the methamphetamine lab, a highly successful lab clean up effort, significant increases to the budget of the National Authority for Combating Drugs (NACD), and stiffening penalties for drug use and trafficking. However, continuing concerns about corruption, lack of capacity, and continuing low counternarcotics funding levels—even with the new budget increase—hamper government efforts. The NACD and the Anti-Drug Police cooperate closely with the U.S. Drug Enforcement Administration (DEA), regional counterparts, and the United Nations Office on Drugs and Crime (UNODC). Cambodia is a party to the 1988 UN Drug Convention.

## II. Status of Country

The April 2007 discovery of a major methamphetamine production lab in Cambodia confirmed suspicions that in recent years the country's narcotics problem has grown from transit and consumption to production as well. Many experts believe that additional clandestine labs are operating in the country. Mobile groups harvest *dysoxylum loureiri* trees in environmentally protected areas in the Cardamom Mountains and extract safrole oil. The harvest, sale, and export of safrole oil—which can be used as a precursor for Ecstasy production as well as for other purposes, such as perfume or massage oil—is illegal in Cambodia. In October 2007, Thai authorities intercepted a 50-ton shipment of safrole oil which had originated in Cambodia and was reportedly destined for the U.S. and China.

ATS and heroin enter Cambodia primarily through the areas bordering Laos, Thailand, and Vietnam in the northern provinces of Stung Treng, Preah Vihear, and Ratanakiri.. Small shipments of heroin and ATS enter and exit Cambodia overland. Larger shipments of heroin, methamphetamine and marijuana are thought to exit Cambodia concealed in shipping containers, speedboats, and ocean-going vessels. Drugs, including cocaine and heroin, are also smuggled on commercial flights concealed in small briefcases, shoes, and on/in the bodies of individual travelers. Some cannabis cultivation continues despite a government eradication campaign.

ATS is the most prevalent narcotic in Cambodia, accounting for nearly 80 percent of drug use according to the NACD. Both ATS tablets, known locally as yama, and crystal methamphetamine are widely available. Heroin use is a significant problem among a relatively small number of users, three-quarters of whom are in Phnom Penh according to NACD statistics. Cocaine, Ketamine, and opium are also available in Cambodia. Glue sniffing is also a large problem, particularly among street children.

## III. Country Actions Against Drugs in 2007

**Policy Initiatives.** Cambodian narcotics policy and law enforcement agencies suffer from limited resources, lack of training, and poor coordination. Under new leadership and with a 55 percent budget increase in 2007, the NACD has made strides in becoming a more effective organization. A UNODC project slated to run from 2008-2010 aims to build capacity at the NACD through

structural and functional reform, managerial and technical capacity building, and a stronger national drug control network.

The NACD is implementing Cambodia's first 5-year national plan on narcotics control (2006-2010), which focuses on demand reduction, supply reduction, drug law enforcement, and expansion of international cooperation.

Over the past few years, the Cambodian government has worked to strengthen previously weak legal penalties for drug-related offenses. A new drug law, drafted with help from the Anti-Drug Police and passed in 2005, provides for a maximum penalty of \$25,000 (100,000,000 riel) fine and life imprisonment for drug traffickers, and allows proceeds from the sale of seized assets to be used towards law enforcement, and drug awareness and prevention efforts. However, some observers have noted that the law is too complex for the relatively weak Cambodian judiciary to use effectively. In July 2007, the Ministry of Health issued a directive increasing penalties for saffrole oil production and distribution to two to five years in jail plus fines.

**Law Enforcement Efforts.** In general, drug-related arrests and seizures declined in 2007, although big cases such as the April superlab raid and the August bust of a tableting facility by military police show increasingly credible law enforcement action. According to NACD reports, 229 people were arrested for various drug-related offenses in the first nine months of 2007, compared to 439 in the first nine months of 2006. Similarly, total seizures of methamphetamine pills declined 13 percent and heroin seized declined 25 percent. After several years of increasing arrests and seizures, it is difficult to determine if lower levels in this time frame are part of a new trend in trafficking or law enforcement capability, or merely a statistical variation.

On April 1, 2007, police raided a methamphetamine lab in Kampong Speu province, arresting 18 suspects including 14 Cambodians, three Chinese and one Thai national, and seizing nearly six tons of drug-making chemicals. Two additional Cambodian suspects were later arrested. The laboratory was capable only of the first stage of methamphetamine manufacture, producing the intermediate product chloroephedrine. This lab, the first uncovered in Cambodia, was among the largest discovered in Southeast Asia to date.

**Corruption.** The Cambodian government does not, as a matter of government policy, encourage or facilitate illicit production or distribution of drugs or controlled substances, or launder proceeds from their transactions. Nonetheless, corruption remains pervasive in Cambodia, making Cambodia highly vulnerable to penetration by drug traffickers and foreign crime syndicates. Senior Cambodian government officials assert that they want to combat trafficking and production; however, corruption, low salaries for civil servants, and an acute shortage of trained personnel severely limit sustained advances in effective law enforcement. The judicial system is weak, and there have been numerous cases of defendants in important criminal cases having charges against them dropped after paying relatively small fines, circumstances which raise questions about corruption.

In July 2006, Heng Pov, the former chief of the Anti-Drug Police, fled Cambodia and alleged that high-ranking government officials and well-connected businessmen were involved in drug trafficking, but due to government pressure were not prosecuted. In August 2007, Oum Chhay, a tycoon and political advisor who was charged with involvement in the Kampong Speu superlab, died in police custody. The police maintain that he committed suicide by jumping out a window. Some observers allege that he was murdered, noting with suspicion that he was being supervised by three guards at the time of his death, and that the fall was from a second-story window in which he landed on his back. It is difficult to assess the credibility of these claims.

At the Consultative Group (CG) meeting in December 2004, a group of donor countries jointly proposed a new benchmark for Cambodian government reform: forwarding an anticorruption law,

which meets international best practices, to the National Assembly. The government agreed to meet this benchmark by the next CG meeting, which was held in March 2006. Unfortunately, the government failed to meet this deadline and, as of October 2007, had still not completed the law. A government committee was in the process of reviewing possible models in Singapore and Hong Kong. At each quarterly meeting of the Government-Donor Coordinating Committee, the international community has highlighted the government's still un-met commitment and outlined the international best practices to be included in the Cambodian draft corruption law. Cambodia signed the UN Convention against Corruption in September 2007 and the convention is pending ratification by the National Assembly.

**Agreements and Treaties.** Cambodia is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, and the 1961 UN Single Convention as amended by the 1972 Protocol. The National Assembly ratified the 1972 UN Protocol amending the 1961 Single Convention in September 2007 and the King signed it into law the following month. Cambodia is a party to the UN Convention against Transnational Organized Crime and its protocols against migrant smuggling and illegal manufacturing and trafficking in firearms.

**Cultivation/Production.** Cannabis-related arrests, eradication and seizures have declined dramatically over the past several years. In 2007, there was an up tick in eradication, with 1,075 square meters of cannabis plantations destroyed in the first nine months, compared to 144 square meters destroyed during the full year 2006. Four people were arrested for cannabis cultivation and/or trafficking between January and September 2007.

**Drug Flow/Transit.** Crackdowns on drug trafficking in Thailand and China have pushed traffickers to use other routes, including routes through Cambodia. Heroin and ATS enter Cambodia by both primary and secondary roads and rivers across the northern border, transit through Cambodia via road or river networks, and enter Thailand and Vietnam. Effective law enforcement of the border region with Laos on the Mekong River, which is permeated with islands, is nearly impossible due to lack of boats and fuel among law enforcement forces. At the same time, recent improvement in National Road 7 and other roads is increasing the ease with which traffickers can use Cambodia's rapidly developing road network—a trend likely to continue as further road and bridge projects are implemented. Heroin, cannabis, and ATS are believed to exit Cambodia via locations along the Gulf—including the deep-water port of Sihanoukville—as well as the river port of Phnom Penh.

Airports in Phnom Penh and Siem Reap suffer from lax customs and immigration controls. An October 2006 circular from the Prime Minister called for law enforcement agencies to carry out security checks, including x-ray and other screening, at airports. However, according to the NACD, these checks are still conducted by contract employees of the airport concessionaire because the government lacks the funding to buy the required equipment. Some illegal narcotics transit these airports en route to foreign destinations. On February 15, 2007, a Taiwanese national was arrested at Phnom Penh International Airport with five condoms containing 265 grams of heroin strapped to his lower abdomen. On October 14, 2007, another Taiwanese national was arrested at Phnom Penh International Airport with 800 grams of heroin in his pockets.

**Domestic Programs (Demand Reduction).** With the assistance of USAID, UNODC, UNICEF, WHO, the Japanese International Cooperation Agency (JICA), and several NGOs, the NACD is attempting to boost awareness about drug abuse among Cambodians—especially Cambodian youth—through the use of pamphlets, posters, and public service announcements. A UNODC treatment and rehabilitation project, funded by Japan, will work to increase the capacity of health and human services to deal effectively with drug treatment issues, beginning by conducting an in-depth baseline study of drug use in 2008. Several local NGOs, including Mith Samlanh and Korsang, have taken active roles in helping to rehabilitate drug users.

The Cambodian government recently launched a major initiative to establish additional drug treatment facilities. A 2006 circular from the Prime Minister directed each province to establish residential drug treatment centers. As of October 2007, there were ten government-run treatment centers, with additional centers under construction. A joint NACD/Ministry of Health assessment of these centers, conducted during January and February 2007, documented serious shortcomings. The centers could not conduct proper physical and psychological intake assessments, lacked trained medical staff, did not gain consent from patients over the age of 18, and failed to provide follow-up services or refer patients to organizations that can provide those services. While proven drug rehabilitation techniques include individual and group counseling, cognitive behavioral therapy, relapse prevention, and vocational training, the government facilities rely on confinement, military-style drills, exercise, and discipline to rehabilitate their patients. In addition to the government-run centers, Mith Samlanh operates a small residential rehabilitation program which offers medically-supervised detoxification, individual and group counseling, and referral into Mith Samlanh's extensive network of vocational training and other services.

During the first nine months of 2007, 727 drug users and addicts were admitted to the government-run centers and 89 had received such drug detoxification and rehabilitation services through Mith Samlanh. While estimates of the number of drug users in Cambodia vary widely—from the official 2007 NACD figure of 5,773 to a 2004 UNAIDS estimate of 40,000 with a 5 percent annual growth rate—it is clear that the need for drug treatment services far outstrips the available supply.

Cambodia is also implementing harm reduction programs for the first time. In 2004, the NACD granted permission to the Mith Samlanh to begin a needle exchange program in Phnom Penh. Korsang now also runs a needle exchange program as well. NACD and the World Health Organization are working to develop a pilot methadone maintenance program, which will likely be implemented at the Khmer-Soviet Friendship Hospital in partnership with Korsang, starting in late 2008.

#### **IV. U.S. Policy Initiatives and Programs**

**Policy Initiatives.** While Cambodia has moved beyond its recent turbulent political history to a period of relative political stability, the country is still plagued by many of the institutional weaknesses common to the world's most vulnerable developing countries. The challenges for Cambodia include: nurturing the growth of democratic institutions and the protection of human rights; providing humanitarian assistance and promoting sound economic growth policies to alleviate the debilitating poverty that engenders corruption; and building human and institutional capacity in law enforcement sectors to enable the government to deal more effectively with narcotics traffickers. One unique challenge is the loss of many of Cambodia's best trained professionals in the Khmer Rouge period (1975-1979), as well as during the subsequent Vietnamese occupation. Performance in the area of law enforcement and administration of justice must be viewed in the context of Cambodia's profound human capacity limitations. Even with the active support of the international community, there will be continuing gaps in performance for the foreseeable future.

**Bilateral Cooperation.** The recent lifting of U.S. congressional restrictions on direct assistance to the Cambodian government has given the U.S. government increased flexibility in partnering with Cambodia in battling narcotics. The Defense Department's Joint Interagency Task Force-West (JIATF-West) conducted two training missions in Cambodia in 2007 and renovated a military classroom and barracks in Sisophon. In February and March, U.S. Army personnel led training in basic land navigation, patrolling, reconnaissance, and respecting human rights in the line of duty in Battambang. In June 2007, U.S. Navy personnel instructed Cambodian military personnel in Phnom Penh in small boat maintenance.

Cambodia regularly hosts visits from Bangkok-based DEA personnel, and Cambodian authorities cooperate actively with DEA, including in the areas of joint operations and operational intelligence sharing.

In three 2-week sessions during 2007, trainers from the U.S.-based drug treatment organization Daytop International provided training in residential drug treatment techniques to government officials, NGO workers, monks, military and police officials. This training, funded by the State Department's Bureau of International Narcotics and Law Enforcement (INL), was the first comprehensive training on residential drug treatment ever held in the country.

The U.S. and Cambodia worked closely together in the aftermath of the discovery of the Kampong Speu methamphetamine lab. Bangkok-based DEA agents traveled to the site immediately after the discovery to assist in the investigation, and a team of DEA forensic chemists and precursors specialists traveled from the U.S. and other countries to analyze the laboratory. Working through the UNODC, INL provided \$140,000 for the clean up effort, the largest monetary contribution by any country.

Drug use among populations targeted for HIV prevention is a growing concern as needle sharing is the most efficient means of transmitting HIV. USAID HIV/AIDS programs work with populations at high risk of contracting HIV, including sex workers and their clients, homosexual men, and drug users. These groups are not mutually exclusive as many sex workers also use and inject drugs. Prevention programs targeting high risk populations aim to reduce illicit drug use and risky sexual practices.

**The Road Ahead.** Cambodia is making progress toward more effective law enforcement against narcotics trafficking; however, its capacity to implement a satisfactory, systematic approach to counternarcotics operations remains low. Instruction for mid-level Cambodian law enforcement officers at the International Law Enforcement Academy in Bangkok (ILEA) and for military, police, and immigration officers by JIATF-West has partially addressed Cambodia's dire training needs. However, after training, these officers return to an environment of scarce resources and pervasive corruption.

With congressional restrictions on direct assistance to the Cambodian government lifted, the U.S. and Cambodia are working together to transfer some excess soldier and unit equipment from the U.S. (such as uniforms, boots, first aid pouches, compasses, cots, and tents) for use by Cambodian Army border battalions. Such equipment will help increase the Cambodian military's ability to conduct patrols along the borders. The JIATF-West training events in FY08 will consist of one event at the newly renovated Sisophon site and another event in Preah Vihear. JIATF-West will continue their training infrastructure renovation project, which will both facilitate future JIATF-West training and also build the capacity of Cambodian law enforcement and military authorities. State INL funding for FY08 will be used to support and strengthen Cambodia's narcotics interdiction capabilities. The U.S. is encouraged that Cambodia has recently signed the UN Convention against Corruption and will continue to press the government to adopt anti-corruption legislation.

# China

## I. Summary

The People's Republic of China is a major drug transit country to regional drug consumers in neighboring parts of Asia as well as for international drug markets (though not the U.S.). China continues to have a domestic heroin consumption problem along with an upsurge in the consumption of synthetic drugs such as Ecstasy and crystal methamphetamine, known as "ice." Chinese authorities view drug trafficking and abuse as a major threat to China's national security, its economy, and its national and regional stability, but corruption in far-flung drug producing and drug transit regions of China limits what dedicated enforcement officials can accomplish. Authorities continue to take steps to integrate China into regional and global counternarcotics efforts. China is a party to the 1988 UN Drug Convention.

## II. Status of Country

Mainland China is situated adjacent to major narcotics producing areas in Asia, Southeast Asia's Golden Triangle, Southwest Asia's Golden Crescent, and Northeast Asia's Golden Azalea (North Korea). Burma continues to be the major source of opiates entering China. While the Golden Triangle area has been a longstanding problem, Chinese officials note that the Golden Crescent is the source of increasing amounts of heroin trafficked into Western China, particularly Xinjiang Province. China's 97-kilometer border with Afghanistan is remote, but Chinese authorities are increasingly concerned that opiates from Afghanistan can find their way into China through other countries in South and Central Asia. Quantities of heroin and methamphetamine produced in North Korea continue to find their way into China's northeastern provinces that border North Korea. Beijing claims that there are no heroin refineries in China. However, China is a major producer of licit ephedrine and pseudoephedrine which when diverted from licit uses can be used in the manufacture of methamphetamine. There is a widespread belief among law enforcement agencies, worldwide, that large-scale illicit methamphetamine producers in other countries use Chinese-produced ephedrine and pseudoephedrine, and there are numerous examples from criminal investigations to confirm this suspicion. Diverted Chinese precursor chemicals may sustain synthetic drug production in other countries as far away as Mexico, Belgium, and the Netherlands. Although China enacted enhanced precursor chemical control laws in November 2005 and is fully engaged in multilateral and bilateral efforts to stop diversion from its chemical production sector, Chinese efforts have not matched the size of its enormous chemical industry with sufficient resources to effectively ensure against diversion.

Statistics on drug usage within China are contradictory. The National Narcotics Control Commission (NNCC) recently claimed that the number of drug users had declined. However, data from non-government sources indicate that drug abuse continues to grow at a moderate rate. 2006 NNCC statistics claim there are over 1,160,000 registered drug users in China, but some officials acknowledge the actual number of addicts is most likely much higher, and there have been published reports that China might have as many as 15 million drug abusers. Government reports indicate that 78.3 percent (700,000 people) of all registered drug addicts are heroin users. Youth between the ages of 17-35 comprise the largest percentage of registered addicts (59.3 percent), fueled largely by a dramatic increase in the disposable income of urban youth. Although the per capita reported HIV/AIDS rate in China is relatively low at 0.08 percent or 1 case in every 1,300 citizens, nevertheless, the government reported that 70.8 percent of all confirmed HIV/AIDS cases were intravenous heroin addicts. As China's economy has grown and its society has opened up

over the last decade, the country's youth have come to enjoy increasing levels of disposable income and freedom. This has been associated with a dramatic increase in drug abuse among the country's youth in large and mid-sized cities. The number of abusers of new drugs is increasing and drugs such as crystal methamphetamine, Ecstasy, Ketamine, and triazolam have become more popular.

Ecstasy's popularity is increasing among the young in nightclubs and karaoke bars along China's wealthy east coast, particularly in Beijing, Shanghai, Nanjing, Guangzhou, and Shenzhen. According to the Beijing University National Surveillance Center on Drug Abuse (BUNSC), nearly 23 percent of drug abusers get their drugs at entertainment sites. In Beijing, nine entertainment venues were recently found to be selling drugs and shut down. With a very large, widely scattered, and developed chemical industry, China is one of the world's largest producers of precursor chemicals, including acetic anhydride, potassium permanganate, piperonylmethylketone, pseudoephedrine, ephedrine, and ephedra. China produces and monitors all 22 of the chemicals on the tables included in the 1988 UN Drug Convention. China continues to be a strong partner of the U.S. and other concerned countries in implementing a system of pre-export notification of dual-use precursor chemicals. China tries to strictly regulate the import and export of precursor chemicals. According to NNCC, Chinese authorities investigated 968 cases involving precursor chemicals in 2006 and seized 1460.88 tons of precursor chemicals, a significant increase over the 157 tons reported seized in 2005. In 2006 the NNCC issued 747 precursor chemical pre-export notifications involving 89,318 tons of precursor chemicals. Nevertheless, diverted precursor chemicals from China are a major source for methamphetamine production around the world, and most observers believe that China is also the source for precursor chemicals in Golden Triangle heroin production as well.

### III. Country Actions Against Drugs in 2007

**Policy Initiatives.** China takes active measures to combat the use and trafficking of narcotics and dangerous drugs. China's Ministry of Public Security (MPS) is in the third year of its National People's War on Illicit Drugs, begun in 2005 at the initiative of Chinese President Hu Jintao. MPS has designated five campaigns as part of this effort: drug prevention and education; drug treatment and rehabilitation; drug source blocking and interdiction; "strike hard" drug law enforcement; and strict control and administration, designed to inhibit the diversion of precursor chemicals and other drugs. In June 2004, MPS Bureau of Narcotics Control (BNC) implemented a nationwide drug-related information gathering, sharing, and storing network allowing data comparison alerts, and improved overall coordination in counternarcotics operations. In November 2005, China passed an Administrative Law on Precursor Chemicals as well as an Administrative Regulation on Narcotic Drugs and Psychotropic Substances. In the same month, China issued Provisional Administrative Regulations on the Export of Precursor Chemicals to Special Countries, strengthening the regulation of exports of 58 types of precursor chemicals to countries in the Golden Triangle. According to China's State Food and Drug Administration (SFDA), the government is currently reviewing a new law, the Narcotics Control Law of China, regarding ephedrine and pseudoephedrine preparations and expects to approve it in 2007. In June 2007 MPS Minister and NNCC Director Zhou Yongkang announced China would intensify its war against drugs and called for reinforced efforts to fight heroin and curb the spread of new types of drugs. The People's Procurate and the Supreme Court have improved legal standards for cases involving new types of drugs. China has actively participated in an international cooperative effort with its neighbors in the Golden Triangle to reduce poppy cultivation in Laos and Burma in recent years, resulting in a 27 percent decrease in the total area of production since 1995. China continues to participate in United Nations Office of Drug Control (UNODC) demand reduction and crop substitution efforts in areas along China's southern borders and has worked closely with Burma to implement an alternative crops program. In May 2006 the State Council authorized a 250 million RMB fund (approx. \$32.5

million) for crop substitution projects in Northern Burma and Laos. Nevertheless, according to the NNCC's 2006 report, Burma remains the major source of opium entering China. China continues to build on the counternarcotics MOUs with Laos, Cambodia, Thailand, Vietnam, Burma, and the UNODC and regularly hosts and/or participates in conferences and bilateral meetings. With UNODC support, NNCC conducted ongoing training in 2006 in cross-border drug enforcement cooperation, amphetamine type stimulant (ATS) data collection, and combating ATS crimes in Southern China. China participates in counternarcotics education programs sponsored by the International Law Enforcement Academy (ILEA), located in Bangkok, Thailand, and has provided training to neighboring countries. Chinese law enforcement agencies also participate in DEA sponsored professional exchanges. China has several anti-narcotics and transnational crime agreements with Shanghai Cooperation Organization (SCO) member countries in Central Asia.

**Law Enforcement Efforts.** The Chinese Government continues its aggressive counternarcotics campaign. In China, three agencies have primary responsibility for controlling the licit/illicit drug markets: the Ministry of Public Security (MPS), the State Food and Drug Administration (SFDA), and the General Administration of Customs (GAC). All three are part of the National Narcotics Control Commission (NNCC) that forms drug policy in China similar to the Office of National Drug Control Policy (ONDCP) in the U.S. In 2006, 58 drug smuggling investigations involving Golden Crescent heroin resulted in the arrest of 110 suspects and the seizure of 106.4 kg of heroin. Southwest Asian heroin seizures continued to increase in the first half of 2007. China Customs Anti-Smuggling Bureau (ASB) reported the arrests of 180 suspects and the seizure of 229 kg of suspected Afghan heroin between January 1 and June 15, 2007. To curb the growing Golden Crescent heroin threat specifically, Chinese authorities have stepped up border and airport checks in Guandong, Beijing, Shanghai, and Xinjiang. Overall, China invested RMB 110 million (U.S. \$13.75 million) in 2006 to improve the counternarcotics system in police, border, railway, aviation, customs, and postal departments nationwide. In the first half of 2007, police seized 1.8 tons of heroin, down 43 percent over the same period last year; 244 kg of opium, down 68 percent; 2.8 tons of methamphetamine, down 9 percent. However, police seized 3.6 million methamphetamine tablets, a 283 percent increase over the same period last year, and 1.9 tons of ketamine, up 42 percent.

According to the 2007 Annual Report on Drug Control in China, Chinese authorities were involved in 46,300 drug-related cases and apprehended 56,200 suspects in 2006. China seized 5.79 tons of heroin (a 16 percent decrease from 2005), 1.69 tons of opium (a 26.8 percent decrease from 2005), 454,000 Ecstasy tablets (an 80 percent decrease from 2005), 1.79 tons of ketamine (a 32 percent decrease from 2005), and 5.95 tons of methamphetamine (an 8 percent increase from 2005.) In 2006, the NNCC investigated 968 cases involving precursor chemicals and seized 1460.88 tons of precursor chemicals, a huge increase over the 157 tons seized in 2005.

NNCC regards 2007 as a transition year, when drug use moves further away from traditional to synthetic drugs. However, because almost 80 percent of China's drug addicts use heroin, the Golden Triangle and Golden Crescent will remain areas of serious concern for China. In 2006, in cooperation with Laos, Burma, Thailand, and the Philippines, Chinese authorities carried out an operation and captured and extradited 37 Chinese nationals living outside of China who were wanted as suspected leaders of drug trafficking rings, according to the Ministry of Public Security.

On a case-by-case basis, MPS provides DEA with strategic and operational intelligence which is used to target international drug rings. MPS has allowed DEA to interview witnesses in China and has allowed DEA to jointly conduct other investigative activity to help identify drug rings. In addition, MPS helps to facilitate the travel of U.S. law enforcement personnel, based at the U.S. Embassy in Beijing. DEA received several drug samples from MPS and Customs for analysis. DEA provided Chinese law enforcement counterparts with lead information that assisted in the development of an ongoing enforcement operation, "Operation Vulture Hunting," to target the

flows of Southwest Asian heroin into China. During the first three months of the operation there were 81 arrests and the seizure of approximately 80 kg of heroin. In January 2007, a joint operation among China, Canada, and the U.S. resulted in the seizure of approximately 25 kg of cocaine in New York and the arrests of one defendant in Canada and six defendants in China. The Chinese Government also successfully conducted joint counternarcotics operations with neighboring countries. According to the NNCC, China and Pakistan have strengthened counternarcotics cooperation, to include information-sharing and joint operations. Philippines, Hong Kong, Guangdong, and Beijing Police counterparts worked together to break up an international “ice” making and trafficking gang headed by a Fujian Province native. In June 2007, Chinese and Vietnamese police jointly destroyed 381 kg of narcotics including heroin, ketamine powder, and Ecstasy pills at Pingxiang Friendship Pass.

**Corruption.** China has a very serious corruption problem. Anticorruption campaigns have led to arrests of many lower-level government personnel and some more senior-level officials. Most corruption activities in China involve abuse of power, embezzlement, and misappropriation of government funds, but payoffs to “look the other way” when questionable commercial activities occur are another major source of official corruption in China. While narcotics-related official corruption exists in China, it is seldom reported in the press. The government reported that it investigated more than 32,000 persons in 2005 for alleged corruption and more than half were found guilty. Most of the investigations involved people accused of taking bribes, dereliction of duty, or gambling. There were more cases involving higher level officials accused of taking bribes and embezzlement than in past years. One case involved the former Medicine Registration Division Director of the State Food and Drug Administration, Cao Wenzhuang, who was executed for accepting RMB 2.4 million (U.S. \$320,000) in bribes.

MPS takes allegations of drug-related corruption seriously, launching investigations as appropriate. Most cases appear to have involved lower-level district and county officials. There is no specific evidence indicating senior-level corruption in drug trafficking. Nevertheless, the quantity of drugs trafficked within China raise suspicions that official corruption is a factor in trafficking in certain provinces bordering drug producing regions, such as Yunnan, and in Guangdong and Fujian, where narcotics trafficking and other forms of transnational crimes are prevalent. Official corruption cannot be discounted among the factors enabling organized criminal networks to operate in certain regions of China, despite the best efforts of authorities at the central government level.

China is engaged in an anti-corruption dialogue with the U.S. through the U.S.-China Joint Liaison Group on Law Enforcement Cooperation (JLG). Narcotics-related corruption does not appear to have adversely affected ongoing law enforcement cases in which U.S. agencies have been involved. As part of its efforts to stem the flow of corrupt Chinese officials who embezzle public funds and flee abroad to evade punishment, China has used its legal assistance channels with foreign countries to capture 70 people overseas suspected of corruption. According to MPS, of these, 37 corrupt officials were repatriated to the Chinese mainland in 2006 from Hong Kong, Macao and 11 countries, including the U.S. and Canada.

**Agreements and Treaties.** China actively cooperates with other countries to fight against drug trafficking and has signed over 30 mutual legal assistance agreements with 24 countries. China has signed 58 bilateral treaties on legal assistance and extradition with 40 countries. China is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention as amended by the 1972 Protocol, the 1971 Convention on Psychotropic Substances, the UN Convention against Corruption and the UN Convention against Transnational Organized Crime. The U.S. and China cooperate in law enforcement efforts under a mutual legal assistance agreement signed in 2000 and which entered into force in March 2001. In January 2003, the U.S. and China reached agreement on a Customs Mutual Assistance Agreement (CMAA.). In February 2005, NNCC and DEA signed a memorandum of intent to establish a bilateral drug intelligence working group (BDIWG) to

enhance cooperation and the exchange of information. In July 2006 ONDCP and NNCC signed a Memorandum of Intent to increase cooperation in combating drug trafficking and abuse.

China cooperates with international chemical control initiatives in Operation Purple and accounts for 70 percent of the worldwide seizures of potassium permanganate that have been made under that operation. China also participates in Operation Topaz, an intergovernmental operation to detect and prevent precursor chemicals used for the illicit manufacture of heroin, and Project Prism, targeting synthetic drug chemicals. China continued its participation in the ASEAN and China Cooperative Operations in Response to Dangerous Drugs (ACCORD).

**Cultivation/Production.** China has eliminated the cultivation of drug-related crops within China. China's mountainous and forested regions where illegal cultivation can occur are subject to aerial surveillance, field surveys, and drug eradication. Due to China's effective law enforcement, opium poppies are only grown in small quantities by ethnic minority groups for local consumption. Chinese officials state that there are no heroin refineries in China. Coca is not cultivated in China. China is a main source for natural ephedra, which is used in the production of ephedrine. China is also one of the world's largest producers of ephedrine, licit synthetic pseudoephedrine, and ephedra products. China has a large pharmaceutical industry and these products all have legitimate medicinal use, but they can also be used in the production of ATS. The Chinese central government, supplemented by stricter controls in critical provinces such as Yunnan and Zhejiang, makes efforts to control exports of these key precursors. Despite these efforts, there is a widespread belief among law enforcement authorities in Asia that large-scale production of methamphetamines, most notably in super and mega-labs, in the Asia Pacific Rim, use China-produced ephedrine and pseudoephedrine. Large-scale seizure of Chinese-made chemicals that have been diverted is almost commonplace in law enforcement investigations around the world. Chinese authorities continued to seize clandestine methamphetamine laboratories. In the past, the majority of the labs were discovered and/or seized in the southern provinces of Fujian and Guangdong, although recently there have been laboratories seized in northeast China, specifically Shenyang and Liaoning Province.

**Drug Flow/Transit.** China continues to be used as a transshipment route for drugs produced in the Golden Triangle to the international market, despite counternarcotics cooperation with neighbors such as Vietnam, Thailand and Burma. Chinese authorities report that the majority of heroin produced in Burma travels via China to the international market. China shares a 2000-kilometer border with Burma, much of which lies in remote and mountainous areas, providing smugglers unrestricted crossing into China. In addition, there are many official crossings on the Burma/China border that also provide access. Transshipment of drugs through Yunnan and Guangxi to Guangdong for storage, distribution, or repackaging has been especially widespread. Smaller amounts of heroin are also coming from Laos, Vietnam, and other Southeast Asian countries. Traffickers continue to use Guangzhou, Shenzhen, and Zhuhai in Guangdong Province as transit and transshipment points for heroin and crystal methamphetamine leaving China. In addition, Xiamen and Fuzhou in Fujian Province have also recently become major exit points. Between January 2006 and March 2007, Guangzhou seized 415.5 kg of heroin and arrested 510 suspects (309 of which were not Chinese) for attempted narcotics smuggling on commercial airlines. Chinese counternarcotics police have strengthened their efforts in Guangdong in 2006, disabling 17 foreign drug-trafficking gangs and capturing more than 30 foreign drug dealers. Chinese authorities acknowledge that Western China is experiencing significant problems as well. They report that drugs such as opium and heroin are being smuggled into Xinjiang Province for distribution throughout China. They are increasingly concerned about the growing source of opium from the Golden Crescent and have seen a steady increase in the flow of heroin from that region, specifically from Afghanistan. They have seen an increase in the number of Afghan heroin seizures in western China. MPS and DEA report that Pakistan serves as a key trafficking route for heroin from

Afghanistan into China. In 2006, Pakistan arrested 54 couriers from airports in Lahore, Islamabad, and Peshawar destined for China. They seized an average of 0.75 kg of Golden Crescent heroin from each courier.

**Domestic Programs (Demand Reduction).** The most recent MPS statistics indicate there are over 1,160,000 registered drug users in China, but officials acknowledge the actual number of addicts is higher, with some published reports indicating there may be as many as 15 million drug abusers. Government reports indicate that 78.3 percent (700,000 people) of all registered drug addicts are heroin users. Youth between the ages of 17-35 comprise the largest percentage of addicts. Although the per capita reported HIV/AIDS rate in China is relatively low at 0.08 percent or 1 case in every 1,300 citizens. The government reported that 70.8 percent of all confirmed HIV/AIDS cases were intravenous heroin addicts. In addition to the standard reform through labor camps, the government is using media campaigns, the establishment of drug-free communities, compulsory drug rehab treatment, and voluntary rehab centers to reduce drug demand. Gansu Province assigned 2000 drug control officers to communities and villages and set up 30,000 after-care groups covering 96,000 drug users. NNCC and MPS set up an online drug users' database to improve monitoring and information sharing across agencies. According to NNCC figures, 269,000 drug addicts underwent compulsory drug rehabilitation, 71,000 drug addicts were re-educated through labor, and 36,000 drug addicts underwent community rehabilitation. As part of its National People's War on Illicit Drugs, China takes a multi-agency approach to educating people about drug prevention. China Central Television (CCTV) produced 80 special programs on drug control, and other Chinese news media published more than 4500 stories on drug control. CCTV held a Drug Control Publicity Week featuring in-depth reports on drug control and an eight-hour special on the People's War on Drugs. There was extensive coverage of a successful China-Philippine joint counternarcotics investigation. The Ministry of Education held special classes in middle and primary schools on drug prevention. Guizhou Province conducted special training courses on new-type drugs for owners and managers in 16,000 entertainment locations. A 30-part TV play, "Borderless Operation," addressed the fight against transnational drug organizations. NNCC produced a drug control fairy tale, "Escaping Terrorist Island," published a mini novel, "Behind the Heaven," and composed a popular song, "Let Life Be More Splendid", all dealing with counternarcotics themes. Two well known movie stars, Liu Yuanyuan and Tao Hong, became counternarcotics spokespersons, performing in public awareness messages airing on TV and radio. Shanghai distributed 2.4 million booklets to families, and Guangdong set up 1000 village-level drug control education bases.

#### **IV. U.S. Policy Initiatives and Programs**

**Bilateral Cooperation.** Counternarcotics cooperation between China and the U.S. continues to develop. Chinese authorities are working with the U.S. on a number of ongoing investigations and initiatives, including use of precursors in the production in China of steroids and human growth hormones that are subsequently illegally exported to the U.S. DEA hosted the second annual bilateral drug intelligence working group (BDIWG) in June 2006 at DEA Headquarters and discussed ways to enhance strategic and investigative cooperation. China also has police liaison officers posted in several countries around the world, including the U.S. The 2005 Memorandum of Intent between DEA and MPS in February 2005 has led to a steady improvement in U.S.-China efforts to combat drug trafficking.

**Road Ahead.** The most significant problem in bilateral counternarcotics cooperation remains the lack of progress toward concluding a bilateral Letter of Agreement (LOA) enabling the U.S. Government to extend counternarcotics assistance to China. Reaching agreement on the LOA is a major U.S. goal that, if achieved, would greatly increase counternarcotics cooperation between the two countries. While China has provided the DEA on a case-by-case basis with some samples of

drugs, the U.S. Government would welcome routinely receiving samples of all drugs seized by Chinese authorities. Despite these issues, bilateral enforcement cooperation remains on track and is expected to improve over the coming year.

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# Hong Kong

## I. Summary

Hong Kong is not a major transshipment point for illicit drugs destined for the international market, however can be seen as a transit point as some drugs flow through because it is a major shipping hub. Hong Kong is not a major transshipment point for drugs because of its efficient law enforcement efforts, the availability of alternate routes, and the development of port facilities elsewhere in southern China. Some traffickers continue to operate out of Hong Kong to arrange shipments from nearby drug-producing countries via Hong Kong and other international markets, including to the United States. The Government of the Hong Kong Special Administrative Region (HKSAR) actively combats drug trafficking and abuse through legislation and law enforcement, preventive education and publicity, treatment and rehabilitation, as well as research and external cooperation. The 1988 UN Drug Convention, to which the People's Republic of China (PRC) is a party, also applies to Hong Kong.

## II. Status of Country

Hong Kong's position as a key port city in close proximity to the Golden Triangle and mainland China historically made it a natural transit/transshipment point for drugs moving from Southeast Asia to the international market, including to the United States. In recent years, Hong Kong's role as a transshipment point has diminished due to law enforcement efforts and the availability of alternate routes in southern China and a diminished demand for Southeast Asian heroin in North America. Despite the diminished role, some drugs continue to transit Hong Kong to the United States and the international market. Some drug-traffickers continue to use Hong Kong as their financial base of operations, including investors involved in international drug trafficking activity who reside in Hong Kong. Drug trafficking groups operating in Hong Kong are primarily transnational in nature.

Hong Kong law enforcement officials maintain very cooperative liaison relationships with their U.S. counterparts in the fight against drugs. According to HKSAR authorities, drugs seized in Hong Kong are smuggled mostly for local consumption and to a lesser extent for further distribution in the international market, including the United States. Hong Kong continued to experience an overall decrease in drug abuse in 2006. The 56<sup>th</sup> edition of the Hong Kong Central Registry of Drug Abuse for 2006, with a comparison of the first halves of 2006 and 2007, reported that the total number of reported drug abusers in recent years continued to decline from 18,513 persons in 2001 to 13,204 in 2006.

Though heroin is traditionally the most commonly abused drug in Hong Kong, the number of heroin abusers has been declining for years. In 2006, there were 8,101 (or 61.7 percent of drug abusers) reported heroin users. There was a general rising trend in the abuse of psychotropic substances as a whole between 1997 and 2006. The number of psychotropic substance abusers reached a record high of 7,368 in 2006. Among psychotropic substances, the more commonly abused types include Ketamine (23.2 percent of drug abusers), triazolam/midazolam/zopiclone (16.9 percent), MDMA/Ecstasy (11.6 percent), cannabis (7.4 percent), crystal methamphetamine (6.5 percent), and cough medicine (5.7 percent). The comparison of the first half of 2006 to that of 2007 showed a decrease in heroin abusers from 5,211 to 4,788, but an increase in psychotropic drug abusers from 4,054 to 4,410 with Ketamine being abused by almost half (approximately 2,150) of the abusers.

In 2006, the Hong Kong Government gave a high priority to tackling psychotropic substance abuse. The Hong Kong Government has identified the continuing prevalence of psychotropic

substance abuse and the growing trend of young people experimenting with drugs as their major area of concern in the battle against drug abuse and trafficking.

### III. Country Actions Against Drugs in 2007

**Policy Initiatives.** Although there were no major policy changes in 2006 and 2007, the Hong Kong Government continued to work with existing counternarcotics policies and strategies in drug prevention efforts. Minor policy changes included the replacement of the Action Committee Against Narcotics on Research by the Research Advisory Group (RAG). Apart from monitoring research, the RAG provides advice on interpreting drug abuse statistical trends and drawing together the latest research findings from both local and overseas narcotics-related studies.

**Law Enforcement Efforts:** Hong Kong's law enforcement agencies, including the Hong Kong Police and Hong Kong Customs and Excise Department (HKCED), place high priority on meeting the objectives of the 1988 UN Drug Convention. Their counternarcotics efforts focus on the suppression of drug trafficking and the control of precursor chemicals. The Hong Kong Police have adopted a three-level approach to combat narcotics distribution: at the headquarters level, the focus is on high-level traffickers and international trafficking; the regional police force focuses on trafficking across police district boundaries; and the district level police force has responsibility for eradicating street-level distribution. In 2007, the Hong Kong Police continued id checks on entertainment premises in order to deter young people from visiting venues where drugs are more easily available.

The HKCED's Chemical Control Group, in cooperation with the U.S. DEA office in Hong Kong, closely monitors the usage of precursor chemicals and tracks the export of suspicious precursor chemical shipments to worldwide destinations with significant results impacting on several regions including the United States. Due to an effective chemical tracking program, in March 2007, a significant chemical trafficker was identified as suspected of involvement in diverting large quantities of precursor chemicals to illicit uses through use of his licit pharmaceutical business. This individual had amassed over US\$207 million dollars in cash which was seized. A related investigation by the HKCED and U.S. DEA identified bank accounts in Hong Kong totaling over US\$10.1 million dollars being maintained by this same individual.

**Corruption.** The HKSAR government strongly opposes illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, and the laundering of proceeds from illegal drug transactions. No senior government official is alleged to have participated in such activities. Hong Kong has a comprehensive anticorruption ordinance that is effectively enforced by the Independent Commission Against Corruption (ICAC), which reports directly to the Chief Executive. In addition, the UN Convention Against Corruption, which the PRC ratified on January 13, 2006, is applicable to Hong Kong.

**Agreements and Treaties/International Cooperation.** Upon resuming the exercise of sovereignty over Hong Kong, China advised the UN Secretary General that the 1961 Single Convention and the 1972 protocol, the Convention on Psychotropic Substances, and the 1988 UN Drug Convention apply to Hong Kong. Also, the UN Convention against Transnational Organized Crime and the UN Convention against Corruption apply to Hong Kong. Hong Kong has "mutual legal assistance in criminal matters agreements" with the United States and many other countries. Hong Kong signed surrender of fugitive offenders' agreements with Finland, Germany and Korea in 2006 and with Ireland in 2007 to bring the total number of countries with which Hong Kong has such agreements or treaties to 17, including the U.S. Hong Kong has also signed transfer of sentenced persons' agreements with eight countries, including the U.S. In 2007 Hong Kong signed a mutual legal assistance agreement with Finland.

Hong Kong law enforcement agencies enjoy a close and cooperative working relationship with their mainland counterparts and counterparts in many countries. Hong Kong law enforcement agents cooperated with Japan to seize HK\$18 million (apx. US\$2.3 million) in drug proceeds and charge one person with money laundering. A joint investigation with New Zealand authorities resulted in two arrests for money laundering and HK\$10.3 million (apx. US\$1.3 million) seized.

Last year Hong Kong's Joint Financial Intelligence Unit (JFIU) entered into Memoranda of Understanding in respect to intelligence sharing with the financial intelligence units of Australia, Korea, Japan, Singapore and Canada. In the ten years since Hong Kong returned to Chinese control, liaison information sharing and data-networking functions between Hong Kong and Chinese authorities, such as customs information, have been formalized and have successfully increased the levels of inter-system cooperation and efficiency. Training has also become an important element of cooperation between U.S. and Hong Kong law enforcement counterparts. In September 2007, the U.S. DEA and Hong Kong Customs Drug Investigation Bureau (CDIB) hosted a joint training workshop, which focused on enhancing the investigative and tactical capabilities of investigators in drug interdiction operations. The training workshop stressed the continued open exchange of information and increased international cooperation between the two participating agencies.

Hong Kong participates in Project Prism and Operation Cohesion, both managed by the International Narcotics Control Board, to control the illegal diversion of chemical precursors. Hong Kong also participates in joint tracking programs, which allow Hong Kong Customs and the U.S. Drug Enforcement Agency to target the movement of precursor chemical shipments exported from, transshipped or transiting via Hong Kong to high-risk countries. In addition to the monitoring of controlled chemical precursors, Hong Kong monitors the movement of ephedra, a raw material for the manufacture of ephedrine. The 1988 UN Drug Convention, 1961 UN Single Convention as amended by the 1972 Protocol, and the 1971 UN Convention Against Psychotropic Substances are applicable to Hong Kong.

**Cultivation and Production.** Although Hong Kong police detected and destroyed several minor drug production and cultivation enterprises in 2006, including four small-scale crack cocaine production labs and three cannabis cultivation sites, Hong Kong is generally not considered a significant producer of illicit drugs.

**Drug Flow/Transit.** Some drugs continue to flow through Hong Kong for the overseas market, to destinations including Australia, China, Japan, Taiwan, Europe, and the United States. In July 2007, based on an aggressive container profiling program, the HKCED seized 160 kilograms of cocaine which was concealed within containerized cargo believed to be destined for European markets. The container was transiting through Hong Kong in order to disguise its origin. Traffickers use land routes through mainland China to smuggle heroin into Hong Kong. In 2007, Hong Kong Customs authorities arrested 14 Thai nationals at Hong Kong International Airport attempting to smuggle heroin into Mainland China.

The heavy volume of vehicle and passenger traffic at the land boundary between PRC and Hong Kong continues to pose difficulties in the fight against the trafficking of drugs into and out of Hong Kong. In an effort to curb Hong Kong's role as a transit/transshipment point for illicit drugs, the HKSAR maintains a database of information on all cargo, cross-border vehicles, and shipping. The air cargo clearance system, the land border system and the customs control system are all capable of quickly processing information on all import and export cargoes, cross-border vehicles and vessels. The local Chinese population dominates the Hong Kong drug trade. Contrary to common belief, there is not a significant and direct connection between Hong Kong narcotics activity and Hong Kong triads at the wholesale and manufacturing level. Therefore, drug investigations are not

focused on known triad societies, but rather on the particular trafficking syndicates or individuals involved. Trafficking destined for mainland China by Southeast Asians continues to be prominent.

**Domestic Programs.** The Hong Kong Government uses a five-pronged approach to confront domestic drug problems, including legislation and law enforcement; preventive education and publicity; treatment and rehabilitation; research; and external cooperation. In 2006, the Hong Kong Government's preventative education policy efforts continued to focus on youth and parents. The Hong Kong Government has provided a comprehensive drug prevention program throughout Hong Kong's education system.

In 2006, the Hong Kong Police Narcotics Division stepped up publicity efforts to teach Hong Kong adolescents about the detrimental effects of commonly abused drugs like Ketamine by using announcements in the public interest through TV and radio broadcasts. The Hong Kong Government's Narcotics Bureau partners with youth organizations and groups such as Junior Police Call, the Hong Kong Red Cross, and the Scout Association of Hong Kong to promote an anti-counternarcotics message to youths. The Hong Kong Government also implemented a public awareness campaign to educate the public about the harmful effects of Ketamine and Ecstasy, the two most commonly abused drugs among youth. A HKG-sponsored Hip Hop Dance and Music Competition encourages youth to participate in healthy activities and reinforces a healthy drug-free lifestyle. The Hong Kong Government also launched a new drug education kit to disseminate counternarcotics messages in schools and publicizes the consequences of cross-boundary drug abuse.

In June 2004, the Hong Kong Government formally opened the Drug Information Centre (DIC), funded by the Hong Kong Jockey Club. The DIC is the first exhibition center in Hong Kong dedicated to counternarcotics education. Since the DIC's opening, it has received more than 100,000 visitors for various drug-prevention education activities. The Government also continued to commission nongovernmental organizations to assist in educating primary and secondary school children by sponsoring counternarcotics education programs in local schools and conducting counternarcotics seminars with parents, teachers, social workers and persons from various uniform groups. For the 12 month period ending in August 2007, 163,000 school-age children participated in drug education programs provided by the government.

The Hong Kong Government also continued to implement a comprehensive drug treatment and rehabilitation program in 2007. The fourth Three-year Plan on Drug Treatment and Rehabilitation Services was released in March 2006. The plan sets out the overall direction for enhancing Hong Kong's treatment and rehabilitation services and increases focus on early intervention efforts and focus programs that reach out to substance abusers. The Department of Health and the Social Welfare Department continued to operate seven residential drug treatment centers and five counseling centers for psychotropic substance abusers and the Department of Health continued its operation of a methadone treatment program. The Correctional Services Department continued to provide compulsory treatment for convicted persons with drug abuse problems. The Hong Kong Government will launch a pilot cooperation scheme in early 2008 to refer abusers to designated medical practitioners who will provide comprehensive health check-ups and motivational interviews, to alert abusers of any signs of health deterioration as a result of drug use, and to heighten abusers awareness of early treatment options.

#### **IV. U.S. Policy Initiatives and Programs**

**Bilateral Cooperation.** The U.S. Government and the HKSAR continue to promote sharing of proceeds from joint counternarcotics investigations. In May 2003, Hong Kong began participating in the U.S. Container Security Initiative (CSI), which U.S. law enforcement believes will increase the potential for identifying shipments of narcotics, even though its focus is on terrorism and

weapons of mass destruction. Hong Kong is also an active participant in the International Law Enforcement Academy (ILEA) in Bangkok, Thailand. From 2003 to October 2005, Hong Kong Customs, Hong Kong Department of Health and the U.S. DEA launched a joint operation to monitor the movement of precursor chemicals that are used in the production of methamphetamine and other drugs from Hong Kong to high-risk countries. The operation effectively decreased the frequency of these shipments and, through the high level of information exchange and timely international tracking, indicated strong cooperation between Hong Kong Government officials and their U.S. counterparts.

To further strengthen international cooperation against trafficking of precursors used in the production of amphetamine and other amphetamine-type stimulants (ATS) drugs, Hong Kong secured an agreement with the U.S., Mexico and Panama to impose stringent controls on such shipments. Since the agreement's implementation in April 2005, no shipment of such products to Mexico or any other high-risk countries has been detected. Another cooperative chemical initiative was implemented in February 2006. This new program allows the U.S. DEA and Hong Kong Government to monitor and track other precursor chemical shipments sourced from countries or territories in Asia, which transit through Hong Kong, and are destined to high-risk countries.

**The Road Ahead.** The Hong Kong Government has proven to be a valuable partner in the fight against drug trafficking and abuse. Hong Kong law enforcement agencies, among the most effective in the region, continue to cooperate closely with U.S. counterparts. The U.S. Government will continue to encourage Hong Kong to maintain its active role in counternarcotics efforts.

# Indonesia

## I. Summary

Indonesia—the fourth largest country in population in the world—has historically not been considered a major drug producing, consuming or transit country. However, in recent years Indonesia has experienced a major increase in the production, transshipment, trafficking and consumption of narcotics. The executive branch of the Indonesian government has made anti-corruption efforts a major policy initiative along with counterterrorism and counternarcotics. Since 2002, Indonesia has seen a significant increase in the number of large-scale clandestine MDMA and methamphetamine laboratories seized by Indonesian authorities.

MDMA (Ecstasy) and methamphetamine production syndicates exploit Indonesia's lax precursor chemical controls and use corrupt means to operate with relative impunity. These clandestine laboratories are capable of producing multi-hundred kilogram quantities of amphetamine type substances (ATS). However, in August 2006, there was a highly successful police raid disrupting some illicit drug operations.

In addition, regional drug trafficking syndicates are exploiting Indonesia's 1.2 million miles of coastline, lack of border and port security resources, etc., for the transshipment of heroin and ATS. Increases in narcotics production/trafficking have been mirrored in drug abuse rates. These rates—specifically intravenous drug use-combined with inadequate health care, rehabilitation and demand reduction programs has resulted in a significant increase in HIV/AIDS infection.

The Indonesian counter narcotics code is sufficiently inclusive to cover arrest, prosecution and adjudication of narcotics cases. Nevertheless corruption in Indonesia is an on-going challenge to the rule of law. Among the 161 countries ranked by Transparency International in their Corruption Index, Indonesia was ranked 130th. The level of political corruption in Indonesia seriously limits the effectiveness of all law enforcement, including narcotics law enforcement and poses the most significant threat to the country's counter drug strategy. However, the current Indonesian National Police (INP) Chief Sutanto is committed to reducing corruption and illegal activities by members of the police. Sutanto has made significant progress in internal investigation reform, human rights and governance of the national police. In 2006 over 4000 officers were disciplined for violations of the Code of Ethics and Discipline Code with 230 officers being terminated for ethics violations alone.

The INP leadership has been consistently improving, with the integration of more modern law enforcement management systems and procedures including anti-corruption efforts. The INP participates in several international donor-initiated training programs and continues to commit increased resources to counter narcotics efforts. The INP has received both specialized investigative training and equipment, including vehicles, software, safety and tactical equipment to support its efforts against crime and drugs. The INP relies heavily on assistance from major international donors, including the U.S., for the skills and equipment it needs to carry out its mission. Indonesia is a party to the 1988 UN Drug Convention.

## II. Status of Country

In 2006, Indonesian authorities continued to seize large-scale clandestine methamphetamine and MDMA laboratories, suggesting that Indonesia is quickly becoming a manufacturing site for narcotics. As recently as 2005, Indonesia has been listed as an important importer of pseudoephedrine. Lax and inadequate precursor chemical controls combined with porous borders and endemic levels of corruption continue to be a significant threat to Indonesia's counter drug

efforts. The diversion and unregulated importation of precursor chemicals remains one of the most significant problems facing Indonesia's counter drug efforts. To date, Indonesian authorities have been unsuccessful in controlling the diversion of precursor chemicals and pharmaceuticals. Numerous large international pharmaceutical and chemical corporations have large operations throughout Indonesia.

The Indonesian National Narcotics Board (BNN) estimates that approximately 3.2 million people or, 1.5 percent of Indonesia's total population are drug abusers. According to INP arrest data, in 2006, the INP conducted 14,105 narcotics investigations. All major groups of illegal drugs are readily available in Indonesia: amphetamine-type stimulants, especially, MDMA Ecstasy, as well as, heroin, marijuana and modest amounts of cocaine.

The large scale production of MDMA and methamphetamine is one of the most significant drug trafficking threats in Indonesia. Clandestine mega MDMA and methamphetamine laboratories are capable of producing multi-thousand kilogram quantities. Indonesian/Chinese organized crime syndicates use familial connections in the People's Republic of China (PRC) as a source for precursor chemicals and laboratory equipment. Furthermore, production syndicates rely upon chemists trained in the Netherlands for the production of MDMA, as well as Taiwanese chemists for the production of crystal methamphetamine.

**Southwest Asian Heroin.** Despite Indonesia's proximity to the "Golden Triangle" there remains no market base for Southeast Asian heroin in Indonesia. However, Southwest Asian heroin is trafficked through Indonesia by West Africans and Nepalese trafficking groups utilizing sources of supply in Afghanistan, Pakistan and Thailand. These trafficking groups utilize human couriers traveling via commercial air carrier, to smuggle drugs to Europe, Canada, and the United States.

**Cocaine.** While there is no known market base for cocaine in Indonesia, authorities in Indonesia have made several small cocaine seizures in Jakarta and Bali, based on information provided by the DEA. Cocaine is suspected of being transshipped through Indonesia, via commercial air carrier, en route to Australia and Japan, with small user amounts remaining in Indonesia for use by Western tourists.

### III. Country Actions Against Drugs In 2007

**Policy Initiatives.** The Indonesian counter narcotics code is sufficiently inclusive to enable, police, prosecutors and judiciary to arrest, prosecute and adjudicate narcotics cases. Under Indonesian Laws No. 22/1997 on narcotics and 5/1997 on psychotropic substances, the Indonesian courts have sentenced approximately 57 drug traffickers to death. The continued lack of modern detection, enforcement and investigative methodologies and technology, and pervasive corruption, are the greatest obstacles to advancing Indonesia's counternarcotics efforts.

According to the BNN, the GOI has established new policies and strategies, in a "goal oriented rolling Plan of Action", consisting of stages covering 3 years for each stage. These stages will continue until Indonesia reaches a drug-free condition, hopefully by 2015. The mission of Indonesia's National Drug Plan is: 1) To reduce illicit drug supply, trafficking and production; 2) To reduce drug use among Indonesian youth; and 3) To minimize the harmful effects of drugs and drug use in Indonesian society.

The primary policy goals of Indonesia's National Drug Plan are to: 1) To minimize the level of illness, disease, injury and premature death associated with the use of illicit drugs; 2) To minimize the level and impact of drug-related crime and violence within the community; and 3) To minimize the loss of productivity and other economic costs associated with illicit drug use.

In March 2007, lawmakers from Indonesia's House of Representatives Commission III and the BNN proposed a new regulation, to be attached to the national narcotics law which would allow for

law enforcement agencies to confiscate convicted drug traffickers assets to fund Indonesia's drug trafficking eradication program. Under the new regulation, assets seized by the GOI would be used to rehabilitate impoverished drug abusers and would serve to supplement the budget of the BNN. The BNN receives approximately \$30 million per year from the state budget, far below \$53 million the agency requests for its yearly budget.

**Law Enforcement Efforts.** The Indonesian National Police (INP) Narcotics and Organized Crime Directorate continues to improve its ability to investigate and dismantle international drug trafficking syndicates. The Narcotics Directorate has become increasingly active in regional targeting conferences designed to coordinate efforts against transnational drug organizations. The Indonesian National Police, Narcotics and organized Crime Directorate, has a good working relationship with its Thai and Australian counterparts and participates in joint investigations with DEA and other U.S. law enforcement agencies.

<b>Recorded drug cases, including trafficking throughout Indonesia:</b>					
2001:	3,013				
2002:	3,544				
2003:	3,729				
2004:	7,753				
2005:	20,023				
2006:	14,105				
<b>Drugs Seized:</b>					
	Heroin (kg)	Cocaine (kg)	Cannabis (mt)	MDMA (tablets)	Meth. (kg)
2001	13.5	15.2	15.7	22,627	412.5
2002	19.0	8.3	59.8	68,324	46.2
2003	13.0	13.4	43.3	183,721	16.3
2004	12.7	6.32	50.4	251,072	28.4
2005	17.71	1.0	20.9	233,467	318.15
2006	11.9	1.12	111.17	466,907	1,241.2
2005	Marijuana Plants:		160,211		
2006	Marijuana Plants:		1,019,307		

The Indonesian Narcotics Control Board (BNN) continues to strive to improve interagency cooperation in drug enforcement, interdiction, and precursor control. In 2005, under the auspices of BNN, the United States Government (USG)-sponsored PACOM JIATF West Joint Interagency Counter Drug Operations Center (JIACDOC) was opened in Jakarta, Indonesia. In 2006, the BNN had begun staffing and subsequently utilizing the JIACDOC's facilities to improve coordination and information exchange between various Indonesian law enforcement agencies and supporting ongoing narcotics investigations.

The INP Narcotics and Organized Crime Directorate continues to improve in its ability to investigate and dismantle international drug trafficking syndicates, as well as cooperate with other international law enforcement agencies. The Narcotics Directorate has become increasingly active in the regional targeting conferences designed to coordinate efforts against transnational drug and crime organizations. In 2006, INP attended the Drug Enforcement Conference (IDEC) held in Montreal, Canada. INP's Director for Narcotics and Organized Crime was subsequently appointed as the Chairman of the East Asia Regional IDEC Working Group.

**Corruption.** Indonesia has laws against official corruption and an effective anti-corruption commission; but despite these laws, corruption in Indonesia is endemic. As a matter of government policy and practice, the GOI does not encourage or facilitate the illicit production or distribution of drugs or the laundering of proceeds from illegal transactions.

Corruption of Indonesia's judiciary is pervasive and poses a significant threat to the country's counter drug strategy. Indonesian prosecutors' low wages encourage official corruption and explain a low level of motivation. The average salary of an Indonesian prosecutor with 30 years of seniority is approximately \$400 a month. Furthermore, corrupt police and prosecutors abuse their authority in illegal searches, as Indonesian courts do not exclude evidence obtained without a warrant. Corrupt prosecutors are suspected of carrying out investigations to elicit bribes from suspects. Similarly, corrupt officers in narcotics cases are reported to request bribes for a reduction in charges with defense attorneys serving as facilitators.

**Agreements and Treaties.** Indonesia is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances and the 1961 UN Single Convention as amended by its 1972 Protocol. Indonesia is a party to the UN Convention against Corruption and has signed but not yet ratified the UN Convention against Transnational Organized Crime.

**Cultivation/Production.** The large-scale production of MDMA and methamphetamine is one of the most significant drug trafficking threats in Indonesia. Indonesian/Chinese trafficking syndicates exploit Indonesia's lax precursor chemical controls, weak law enforcement and political corruption to establish large-scale clandestine MDMA and methamphetamine laboratories capable of producing multi-hundred kilogram quantities. These syndicates secure precursor chemicals from the People's Republic of China (PRC). Production syndicates rely upon chemists trained in the Netherlands for the production of MDMA (Ecstasy), as well as chemists from Taiwan and Hong Kong for the production of crystal methamphetamine.

Normally, the production of MDMA and crystal methamphetamine in Indonesia never occurs in the same laboratory. Separate production syndicates specialize in either MDMA or methamphetamine. However, in 2005, INP seized the world's first combination clandestine MDMA/methamphetamine laboratory near Jakarta, Indonesia. This large-scale dual MDMA/methamphetamine laboratory was the third largest clandestine laboratory seized by law enforcement in the world and was capable of producing thousand-pound quantities of both illicit drugs. Subsequent investigation revealed that the construction of this clandestine laboratory was financed by an ethnic Chinese organized crime syndicate based in Hong Kong and mainland China. This syndicate utilized chemists from Taiwan for the production of methamphetamine and chemists from the Netherlands for the production of MDMA.

Marijuana is cultivated throughout Indonesia; the equatorial climate of Sumatra allows for year round growing and cultivation of marijuana. Large-scale (greater than 20 hectares) marijuana cultivation occurs in the remote and sparsely populated regions of the province, often in mountainous areas. Regional marijuana cultivation syndicates are believed to be exploiting INP's limitations by locating cultivation sites in remote and high elevation areas where there is little law enforcement presence.

**Drug Flow/Transit.** The INP reports that the majority of heroin seized in Indonesia originates in Afghanistan. The heroin trade in Indonesia is predominantly controlled and directed by Nigerians. Heroin is smuggled by West African and Nepalese trafficking organizations utilizing sources of supply in Karachi, Pakistan and Kabul, Afghanistan. West African and Nepalese couriers travel utilizing commercial air carriers transiting Bangkok, Thailand, and India, en route to Jakarta, Indonesia. In addition to heroin being trafficked domestically in Indonesia, heroin is also transhipped from Indonesia by couriers traveling via commercial air carrier to Europe, Japan and Australia.

Historically, MDMA has been smuggled into Indonesia from sources of supply in the Netherlands. However, in recent years importation has been unnecessary as there has been large-scale MDMA and methamphetamine production in Indonesia itself. MDMA and methamphetamine produced in Indonesia is trafficked both domestically and internationally. In addition, MDMA and methamphetamine produced in the People's Republic of China (PRC) is smuggled to Indonesia by Chinese organized crime syndicates based in Hong Kong. Specifically, Indonesian authorities point to two of the largest methamphetamine seizures of 2006, 200 kg (February 2006) and 956 kg (August 2006), which originated from the PRC and were smuggled via maritime cargo and fishing vessels.

INP reports that marijuana trafficking in Indonesia is controlled by Indonesian trafficking syndicates based out of Jakarta. The majority of marijuana cultivated in Indonesia is consumed domestically and typically is not trafficked to the international market. Although cocaine seizures continue to occur in major Indonesian airports, the market for cocaine in Indonesia is believed to be very small.

**Demand Reduction.** The GOI views drug abuse and narcotics trafficking as a major long term threat to social, Islamic and political stability. Government agencies continue to promote counternarcotics abuse and HIV/AIDS awareness campaigns through various media outlets. The BNN is responsible for the development of Indonesia's demand reduction programs. During 2006, BNN engaged in a large anti-narcotics campaign targeting a wide demographic of Indonesia's citizenry. No statistics exist regarding the success of these counternarcotics abuse programs.

#### IV. U.S. Policy Initiatives and Programs

**Bilateral Cooperation.** Indonesia and the U. S. maintain excellent law enforcement cooperation in narcotics cases. During 2006, the United States sent hundreds of INP officers to training on a variety of transnational crime topics. Furthermore, 120 Indonesian law enforcement officers attended training at the International Law Enforcement Academy (ILEA) in Bangkok. Similarly, training and development initiatives by Department of State INL funded DOJ ICITAP Indonesia Program, DEA, and PACOM JIATF West has trained hundreds of law enforcement officers from a variety of Indonesian government agencies. In 2006, DEA provided training in the areas of drug intelligence analysis, precursor chemical control, basic drug investigations and airport narcotics interdiction. USCG provided maritime boarding officer training as well. INP and BNN maintain excellent relationships with the DEA regional office in Singapore and continue to work closely with DEA in narcotics investigations.

**The Road Ahead.** In 2008 the U.S. will assist the BNN and its member agencies further utilizing the resources and capabilities of the Counter Drug Operations Center and Network. The U.S. will further work with INP and BNN to standardize and computerize the reporting methods related to narcotics investigations and seizures, develop a drug intelligence database, and build an information network designed to connect to the major provinces of Indonesia. This will permit Indonesian law enforcement to contribute to and access the database for investigations. Similarly, the U.S. will work with INP and BNN to further expand the scope and impact of narcotics investigations targeting the large-scale production of methamphetamine and MDMA in Indonesia.

# Japan

## I. Summary

While methamphetamine abuse remains the biggest challenge to Japanese anti-narcotics efforts, marijuana use also is widespread and MDMA (Ecstasy) trafficking has increased significantly. Cocaine use is much less prevalent but still significant. According to Japanese authorities, virtually all illegal drugs consumed in Japan are imported from overseas, usually by Japanese or foreign organized crime syndicates. In spite of legal and bureaucratic obstacles, Japanese law enforcement officials are becoming more proactive in addressing Japan's illegal drug distribution problem. Japanese Police conducted several complex drug investigations during 2007, both independently and in cooperation with the U.S. Drug Enforcement Administration (DEA) office in Tokyo. Japan is a party to the 1988 UN Drug Convention.

## II. Status of Country

Japan is one of the largest markets for methamphetamine in Asia. Methamphetamine trafficking is a significant source of income for Japanese organized crime syndicates, and more than 80 percent of all drug arrests in Japan involve methamphetamine. MDMA is also a significant problem in Japan—over 1 million Ecstasy tablets had been seized by police as of November 2007, and officials say that they expect MDMA abuse to increase. Marijuana abuse also has grown steadily in Japan since 2000. In 2007, Japanese authorities discovered the first domestic commercial marijuana “indoor grow” operation. More generally, Japan is not a significant producer of illicit narcotics. The Ministry of Health, Labor and Welfare strictly controls some licit cultivation of opium poppies, coca plants, and cannabis for research. According to DEA and the Japanese National Police Agency, there is no evidence that methamphetamine or any other synthetic drug abused in Japan is manufactured domestically.

## III. Country Actions Against Drugs in 2007

**Policy Initiatives.** The Headquarters for the Promotion of Measures to Prevent Drug Abuse, which is part of the Prime Minister's Office (Kantei), announced the Five-Year Drug Abuse Prevention Strategy in July 2003. This strategy includes measures to increase cooperation and information sharing among Japanese agencies and between Japanese and foreign law enforcement officials, promotes greater utilization of advanced investigative techniques against organized crime syndicates, and mandates programs to raise awareness about the dangers of drug abuse. The Ministry of Health, Labor and Welfare added 30 more drugs to its list of controlled substances in 2006 and plans to add three more in 2008.

**Law Enforcement Efforts.** Japanese police are increasingly effective at gathering intelligence and making arrests in spite of legal and operational constraints, but their investigations are largely reactive in nature. Prosecutors do not have the plea-bargaining tools to motivate the assistance of co-defendants and co-conspirators in furthering investigations. Japan also has laws restricting the proactive use of informants, undercover operations, and controlled deliveries using a human courier. When laws and circumstances allow, proactive policing does occur. Although wiretapping remains infrequent, police are increasingly making use of legislation that took effect in 2003 authorizing the use of telephone intercepts. In addition, officials maintained detailed records of Japan-based drug trafficking, organized crime, and international drug trafficking organizations. Japan regularly shares intelligence with foreign enforcement agencies and participates readily in international drug trafficking investigations with a Japanese nexus.

The supply of methamphetamine in Japan appears to be on the rise after a period of decline. The mid-2006 closure of several methamphetamine mega-labs in Indonesia, Malaysia, and the Philippines, combined with tightened security measures in the Sea of Japan, are believed to have been responsible for a decline in availability that led to a spike in methamphetamine prices that lasted until mid-2007. Law enforcement officials believe Chinese traffickers, using supplies from China and Canada, have stepped in to fill the production gap. Methamphetamine prices have returned to their May 2006 levels, indicating a significant rebound in available supply.

After a year of unremarkable interdictions in 2006, increased efforts by Japanese customs officials produced dramatic results in 2007. In August 2007, police and customs officials seized 688,000 MDMA tablets, 155 kg of methamphetamine, and 280 kg of marijuana from a vessel originating in Vancouver, Canada. In the first half of 2007, police had seized 112 kg of methamphetamine, eight times more than the 14 kg confiscated during the same period in 2006. More than 1 million tablets of MDMA/Ecstasy had already been seized by November, five times more than in all of 2006. Marijuana and cannabis resin seizures January – June 2007 were 12 kg and 83 kg respectively, approximately the same as the previous year. Cocaine, heroin, and opium seizures remained low, roughly at their 2006 levels.

**Corruption.** There were no reported cases of Japanese officials being involved in drug-related corruption in 2007. The government does not encourage or facilitate the illicit production or distribution of narcotics, psychotropic drugs, controlled substances, or the laundering of proceeds from illegal drug transactions.

**Agreements and Treaties.** Japan's parliament failed to agree on an anti-conspiracy bill for the fourth consecutive year. As a result, Japan still cannot ratify the UN Convention against Transnational Organized Crime. Japan is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention, as amended by the 1972 Protocol, and the 1971 UN Convention on Psychotropic Substances. Japan has signed but not ratified the UN Convention against Corruption. An extradition treaty is in force between the U.S. and Japan, and a Mutual Legal Assistance Treaty (MLAT) went into effect in August 2006—Japan's first MLAT with any country. The MLAT allows Japan's Ministry of Justice to share information and cooperate directly with the Department of Justice in connection with investigations, prosecutions and other proceedings in criminal matters.

**Cultivation/Production.** Japan is not a significant cultivator or producer of controlled substances. The Ministry of Health, Labor, and Welfare's research cultivation program produces a negligible amount of narcotic substances purely for research purposes.

**Drug Flow/Transit.** Authorities believe that methamphetamine smuggled into Japan originates in the People's Republic of China (PRC), Taiwan, North Korea, Burma, Malaysia, Indonesia, the Philippines, and Canada. Drugs other than methamphetamine often come from these same source countries, but airport customs officials have made several recent seizures of cocaine transiting from the United States, and authorities confirm that methamphetamine, MDMA, and marijuana are being imported in large quantities from Canada as well. Most of the MDMA in Japan originates in either the Netherlands or China.

**Domestic Programs/Demand Reduction.** Most drug treatment programs are small and are run by private organizations, but the government also supports the rehabilitation of addicts at prefectural (regional) centers. There are a number of government-funded drug awareness campaigns designed to inform the public about the dangers of stimulant use, especially among junior and senior high school students. The Ministry of Health, Labor, and Welfare, along with prefectural governments and private organizations, continues to administer national publicity campaigns and to promote drug education programs at the community level.

#### **IV. U.S. Policy Initiatives and Programs**

**Policy Initiatives.** The United States will build on the successes of the last year by strengthening law enforcement cooperation related to controlled deliveries and drug-related money-laundering investigations. Other U.S. objectives include encouraging more demand reduction programs; supporting increased use of existing anticrime legislation and advanced investigative tools against drug traffickers; and promoting greater involvement from government agencies responsible for financial transaction oversight.

**The Road Ahead.** DEA Tokyo will continue to work closely with its Japanese counterparts to offer support in conducting investigations on international drug trafficking, money-laundering, and other drug-related crimes. DEA will continue to pursue an aggressive education and information-sharing program with Japanese law enforcement agencies to foster knowledge of money laundering investigations, and their relationship to narcotics trafficking and terrorist financing.

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# Laos

## I. Summary

Laos made tremendous progress in reducing opium cultivation between 2000 and 2007, and estimates by the USG and UNODC of poppy cultivation in 2007 were at the lowest levels ever. However, the momentum of this effort may be slowing, and gains remain precarious. Thousands of former poppy growers who have yet to receive alternative development assistance create a substantial potential for a renewal of poppy production. Trafficking in illegal drugs and controlled chemicals continues unabated throughout the country. Both awareness programs and treatment capacity targeting abuse of methamphetamines expanded during 2007, but remain insufficient to respond to the very high level of methamphetamine abuse which now affects virtually every socio-economic group in Lao society. Law enforcement capacity is woefully inadequate, and the inability to establish an effective deterrent to regional trafficking organizations makes Laos a transit route of choice for Southeast Asian heroin, amphetamine-type stimulants (ATS), and precursor chemicals en route to other nations in the region. The combination of weak law enforcement, a central geographic location, and new highways and river crossings connecting China, Thailand and Vietnam will be likely to exacerbate this already troubling transit situation. Laos is a party to the 1988 UN Drug Convention.

## II. Status of Country

In 2007, the Government of Laos (GOL) continued its battle to eliminate cultivation of opium, with continuing but diminishing assistance from international donors. Donors sought primarily to alleviate rural poverty, and secondarily to reduce cultivation of illegal drugs. High prices for unprocessed opium, driven by a reduction in supply and a remaining population of opium addicts estimated at 12,000, frustrated efforts to completely end poppy cultivation. Inhabitants of many villages in former opium growing regions face increasingly desperate circumstances. Many former poppy growers, finding themselves without the assistance they expected, face severe food security problems. These circumstances create significant incentives for resumption of poppy cultivation by growers and communities that had abandoned it. Only the provision of adequate medium- to long-term rural development assistance will enable the Laotian authorities to completely and sustainably eliminate opium cultivation.

Methamphetamine and similar stimulants constitute the greatest current drug abuse problem in Laos. The abuse of methamphetamines, once confined primarily to urban youth, is becoming more common among rural peoples in highland areas and has had some visible impact on virtually every socio-economic group in Laos. The scope of this problem has overwhelmed the country's limited capacities to enforce laws against sale and abuse of illegal drugs, and to provide effective treatment to addicts. Methamphetamine in Laos is largely consumed in tablet form, but drug abuse treatment centers report admission of a growing number of users of injected amphetamine-type stimulants (ATS). Continued emphasis on drug abuse prevention through comprehensive drug awareness programs, and greatly increased capacity to provide effective treatment to addicts, are both essential to control the growth in domestic demand for ATS.

Heroin abuse in Laos, once limited to foreign workers and tourists, has emerged as a potentially serious problem in highland areas bordering Vietnam. Injected heroin is replacing smoked opium as the preferred method for illegal drug abuse in some ethnic minority communities, bringing with it an attendant potential for increased transmission of HIV/AIDS, hepatitis or other blood-borne diseases. The Laotian government is working to develop a treatment capacity to address this new

problem, but at present, there is only one facility in Laos which has a marginal capability to address the problem of heroin abuse.

Laos occupies a strategic geographic position in the center of mainland Southeast Asia. It contends with long, remote and geographically difficult borders which are very difficult to effectively control. Illicit drugs produced in Burma and precursor chemicals diverted from China are trafficked through landlocked Laos to Thailand and Vietnam, and from major ports in those countries to other nations in the region. Recently completed sections of the Kunming-Bangkok Highway in northwestern Laos, and the Danang-Bangkok Highway in southern Laos, have further aggravated this problem, as new high-speed truck routes overwhelm limited existing border control capacity. Enhanced law enforcement and border control, and more effective regional cooperation, could assist in ameliorating this problem, but will require substantial investment in Laos and its neighboring countries.

### III. Country Actions against Drugs in 2007

**Policy Initiatives.** Laos did not introduce any significant new drug control policy initiatives in 2007. The Lao government instead emphasized implementing existing policies, including its policy commitment to complete elimination of opium cultivation, and on securing sufficient support from international donors to make drug control policies effective in practice.

**Law Enforcement Efforts.** Laos' law enforcement and criminal justice institutions remain inadequate to deal effectively with the problems created by domestic sale and abuse of illegal drugs and international trafficking in drugs, chemical precursors and other contraband. Laos does not currently possess means to accurately assess the extent of production, transit or distribution of ATS or its precursors. There has been an increase in reported seizures of ATS moving in transit through Laos to neighboring countries. Methamphetamine addiction and related crime in Laos have grown rapidly. Laos' principal narcotics law enforcement offices are Counter Narcotics Units (CNU's), the first of which was created in 1994 and which now exist as elements of provincial police in all provinces. The CNU's, however, remain generally understaffed, poorly equipped, and with personnel inadequately trained and experienced to deal with the drug law enforcement environment in Laos. CNU's in most provinces generally number fewer than 15 officers, who are responsible for patrolling thousands of square kilometers of rugged rural terrain, and starting in 2007, for drug education as well. This limited law enforcement presence in rural areas creates an obvious vulnerability to establishment of clandestine drug production or processing activities by regional organizations seeking new locations, although it cannot be confirmed that this has yet actually happened. Assistance provided by the USG, UNODC, South Korea and China has mitigated equipment and training deficiencies to some extent, but prosecutions that do occur almost exclusively involve street-level drug pushers or low-level couriers. As in many developing countries, Lao drug enforcement and criminal justice institutions have demonstrated a continuing serious inability to investigate and develop prosecutable cases against significant drug traffickers without external assistance, and Lao authorities have generally pursued such major cases only under international pressure.

The Lao National Assembly passed a narcotics law that defines what substances are prohibited and which pharmaceuticals are permissible for medical use. The new law also outlines criminal penalties for possession and contains provisions for asset seizure. Prosecutors still lack legal means to seize assets of convicted drug traffickers except for those assets that were the instruments of the drug trafficking offense. Extrajudicial asset seizures reportedly may occur in some cases. The National Assembly and the Lao National Commission for Drug Control and Supervision (LCDC) are now working on implementing regulations for the new law.

Laos did not make significant progress in disrupting domestic distribution of illegal drugs in 2007. There is no reliable estimate of illegal sales on a national basis, but secondary information, such as increasing property crime, the emergence of youth gangs, growing methamphetamine addiction and the emergence of heroin addiction among Lao and ethnic minority groups all suggest that trafficking in drugs for internal sale and abuse in Laos is increasing. Individuals or small-scale merchants undertake the majority of street-level methamphetamine sales. Criminal gangs involved in drug trafficking across the Lao-Vietnamese border, especially gangs that involve ethnic minority groups represented on both sides of the border, constitute a particular problem for Lao law enforcement. Such cross-border gangs now reportedly play a leading role in the significant expansion of injected heroin use in northern Laos, and in the cultivation of marijuana for export in the central province of Bolikhamxai.

Opium distribution is now relatively limited. Net production within Laos has diminished below estimated consumption levels, making Laos now probably a net importer of unprocessed opium. The majority of opium addicts still reside in households or villages that produce, or used to produce, opium poppy. There is some opium distribution between villages; especially as remaining opium cultivation is displaced to more distant and remote locations. Despite progress made by the Lao government in reducing the number of opium addicts, Laos continues to suffer from one of the highest opium addiction rates in the world.

**Corruption.** Corruption in the Lao People's Democratic Republic (PDR), long present in many forms, may be increasing as the flow of illicit drugs and precursors in and through Laos grows. Lao civil service pay is inadequate, and those able to exploit their official positions, particularly police and customs officials, can augment their salaries through corruption. This is especially true in areas distant from central government oversight. Lao law explicitly prohibits official corruption, and some officials have been removed from office, and/or prosecuted, for corrupt acts. The GOL has made fighting corruption one of its declared policy priorities, and has made serious efforts to do this, but such efforts confront entrenched corruption throughout much of the government bureaucracy. As a matter of government policy, Laos strongly opposes the illicit production or distribution of narcotic drugs, psychotropic or other controlled substances, and the laundering of the proceeds of illegal drug transactions. No senior official of the GOL is known to engage in, encourage, or facilitate the illicit production or distribution of illegal drugs or substances, or the laundering of proceeds of illegal drug transactions.

**Agreements and Treaties.** The USG signed initial agreements to provide international narcotics control assistance in Laos in 1990, and has signed further Letters of Agreement (LOAs) to provide additional assistance to projects for Crop Control, Drug Demand Reduction, and Law Enforcement Cooperation annually since then. Laos has no bilateral extradition or mutual legal assistance agreements with the United States. During 2007, Laos delivered no suspects or fugitives on drug offenses to the United States under any formal or informal arrangement. Laos is a party to the 1988 UN Drug Convention. It has made substantial progress in the control of opium cultivation, production and addiction, but has not yet achieved all objectives of the 1988 UN Convention. Laos is party to the 1961 UN Single Convention, but is not yet party to the 1972 Amending Protocol to the Single Convention. Laos is a party to the 1971 UN Convention on Psychotropic Substances. Laos is a party to the UN Convention against Transnational Organized Crime, and its three protocols. Laos is also a party to the UN Convention against Corruption. GOL officials consult frequently with UNODC on narcotics control issues and strategy, and UNODC continues to support a number of crop control, demand reduction and law enforcement programs. Laos has legal assistance agreements with China, Thailand, Vietnam, Cambodia, Burma and Indonesia. Lao membership in ASEAN and APEC has increased the number of bilateral and multilateral legal exchanges for Laos since 2000, and training programs supported by several international donors are improving the capacity of the Ministry of Justice, police, customs and immigration officials to

cooperate with counterparts in other countries. Laos has declared its support for the ASEAN initiative to promote a drug-free region by 2015. Laos has extradition treaties with China, Thailand, Vietnam and Cambodia. The GOL has assisted in the arrest and delivery of individuals to some of those nations, but does not use formal extradition procedures in all cases. Laos has participated in bilateral conferences with Thailand on drug control cooperation, and cooperates with Thailand and UNODC in measures to prevent drug trafficking along the Mekong. Laos has met trilaterally on narcotics issues with Vietnam and Cambodia, and participates in an occasional regional consultative group on drug issues under UNODC auspices which brings together officials from those four countries, Burma and China.

**Cultivation/Production.** In 2007, Laos again made measurable progress in further reducing opium poppy cultivation. Estimates of poppy cultivation in Laos by the UNODC (1500 hectares, down from 2500 hectares in 2006) and the USG (1100 hectares, down from 1700 hectares in 2006) stood at the lowest level since such estimates were first prepared in the 1980's. The remaining poppy cultivation observed in these surveys was encountered in five northern provinces: Phongsaly, Luang NamTha, Oudomxay, Luang Prabang and Huaphan. Opium production, as estimated by UNODC, also declined from 2006, from an estimated 20 metric tones in 2006 to an estimated 9.2 metric tones in 2007. UNODC reported that its survey found a reported average price for opium in Laos of \$974/kilogram, nearly double the \$550/kilogram reported in 2006. With the decline in estimated production and increasing price, UNODC estimates that Laos has now become a net importer of opium to supply its remaining population of opium addicts.

Most opium produced in Laos is consumed domestically in northern border areas, where raw and cooked opium is smoked or eaten. The share of the opium product in Laos at this time that is refined into heroin is thought to be very small or nonexistent. Sustained high farm prices in growing areas suggest that the supply of available opium is decreasing more rapidly than the demand. Reportedly, increased prices for opium were one of the factors that led to a notable spread in injected heroin abuse among ethnic minority groups resident in poppy-growing border areas during 2007. The USG Crop Control projects implemented in Laos from 1990 to 2005 did not employ chemical herbicides or any other form of compulsory eradication of opium poppy. The government of Laos began forced eradication in 2003, and since 2006, USG crop control assistance has supported the limited use of involuntary eradication (by hand) when individual farmers are found attempting to cultivate poppy. Opium eradication in 2007 totaled more than 700 hectares. Within the areas of the Lao-American Projects for opium poppy reduction in Houaphan, Phongsaly and Luang Prabang, growers themselves, or officials of their villages, carried out eradication of poppy as a condition of written agreements between villages and GOL authorities that villages would cease production of opium. In recent years, and particularly since it declared Laos to be formally opium-free in 2006 (a policy assertion it justifies by arguing that net eradication which GOL officials carry out reduces harvestable cultivation to insignificant levels), the GOL has stated that it may employ compulsory poppy eradication in selected areas where alternative development programs are not available, or have not by themselves sufficed to reduce and eliminate poppy cultivation. The GOL reported to UNODC that its officials eradicated a total of 779 hectares of poppy in 2007.

Despite the positive results of the 2007 opium crop survey, the UNODC Resident Representative in Laos noted in announcing those results that the situation of the farm population that has depended primarily or exclusively on poppy cultivation remains "precarious" and that "the current reduction in cultivation is dependent on the existence and creation of appropriate and sustainable livelihood opportunities." However, UNODC reports that international donor support for such alternative development programs continues to diminish. UNODC has reported that many former opium growers survived the loss of income from opium only by consuming their savings, generally in the form of livestock. Such savings, where they existed, are now depleted. The U.S. Embassy in Laos

has received frequent reports from the World Food Program of serious food security concerns among rural populations, but the WFP and other donors also report diminishing international resources available for food security assistance. Villages and farming groups who stopped growing poppy because they expected alternative livelihood assistance are becoming disillusioned. Continued diminution in medium-term international support for alternative livelihoods among populations previously dependent on poppy cultivation creates a substantial continuing risk that 2008 and future years will be characterized by resumption of poppy cultivation among farm populations that correctly perceive no other remaining alternative.

After several years in which cannabis cultivation and reported seizures diminished, there now again appears to be substantial “contract” cannabis production in central Laos, as evidenced by significant recent seizures in that region. Continuing use of cannabis as a traditional food seasoning in some localities complicates attempts to eradicate this crop.

**Drug Flow/Transit.** Laos’ highly porous borders are dominated by the Mekong River and remote mountainous regions. This terrain is notoriously difficult to control, and is permeable to trafficking of illicit drugs or other contraband, although there are no reliable estimates of the possible volume of such flows. An increase in the number and size of seizures in neighboring countries of drugs that reportedly passed in transit through Laos suggests an increasing transit problem. Illegal drug flows include methamphetamine, heroin, marijuana and precursor chemicals destined for other countries in the region, some of which is diverted for consumption in Laos. Opium and methamphetamine from Laos are shipped to the U.S. via parcel post and commercial express packages.

New regional transportation infrastructure, trade agreements, and special economic zones intended to facilitate regional trade and development may inadvertently also benefit transnational criminal trafficking organizations. The opening of two new transit arteries in Southeast Asia that pass through Laos, one a continuous paved highway running from Danang in central Vietnam to Bangkok, and another from Kunming to Bangkok, have greatly complicated the already difficult challenge posed by illicit transit of drugs or other contraband for Lao law enforcement and border control agencies. Truck-borne cargo containers transit Laos from the Chinese border at Boten to the Thai border at Houayxai in six hours, and the trip from Lao Bao, Vietnam, through southern Laos to Mukdahan, Thailand takes only four hours. There are also indications of continued drug and chemical smuggling on the Mekong River. Laos is not a principal destination for the majority of cargo that transits its territory, but the volume of traffic overwhelms Laos’ limited capacity for border control, and becomes a continuing problem for Laos’ geographic neighbors. In addition to increased volume, new bilateral and regional trade agreements will also result in proportionally fewer cargo inspections and a greater reliance on intelligence to identify suspect shipments of drugs or other contraband. Laos, which has very limited capabilities in this area, will have to rely substantially on regional cooperation with its neighbors to effectively impede trafficking in illegal drugs or other contraband. While clearly beneficial for legitimate trade, the potential for abuse of these developing arrangements for illicit trafficking in drugs or other contraband is considerable.

Illicit trafficking in drugs also may be growing on less developed routes. There are unconfirmed reports that heroin destined for southern Vietnam may now be moving along sections of the former Ho Chi Minh Trail in Laos. Transit costs are low, and anecdotal evidence suggests that some trafficking organizations formerly involved with opium may now be shifting to moving and marketing methamphetamine, which is easier to move and has a growing market in Laos. It is likely that some individuals or organizations that traffic in drugs are also involved in legitimate businesses, in part as a way to cover their drug-trafficking activities.

**Domestic Programs.** Laos made limited advances during 2007 in reducing the demand for and consumption of illicit drugs. The most significant single new development was the opening of a new 100-bed drug addiction treatment facility in Udomxai Province, built with funds from China.

Brunei funded construction of two smaller drug abuse treatment facilities in Sayabouri, which opened in January 2007. The United States supported the renovation of the women's rehabilitation facility at the Somsagna treatment center on the outskirts of Vientiane, which can house up to 64 female patients. The U.S. is also preparing to finance construction of a new smaller center in Vientiane Province about 70 kilometers from the capital, which is scheduled for completion in 2008.

Despite this augmentation of Laos' treatment capacity, the capacity of existing facilities remains well short of even the most optimistic estimates of the numbers in Laos addicted to methamphetamine or other illegal drugs. Available evidence suggests that many untreated addicts turn to crime as a means to support their addiction. Most existing treatment facilities are notably deficient in staff proficiency and effective vocational training. The national treatment center at Somsagna has reported guardedly hopeful results, but limited marketable post-release skills have left many addicts vulnerable to recidivism. The U.S. is providing assistance to treatment facilities throughout Laos to enhance their capabilities to offer effective pre-release vocational preparation. In 2008, the GOL will undertake a new nationwide drug awareness program and media campaign with U.S. support.

Estimates by the GOL in 2007 indicate that the number of remaining opium addicts has stabilized at approximately 12,000, after years of steady decline. Many opium addicts may remain unreported, either because they reside in extremely remote areas, or because they wish to conceal their addiction, or both. Significant impediments to the effective treatment of all opium addicts include the ill health of many elderly opium users, the isolated location of some addict populations, and the lack of sufficient rural health care infrastructure to displace traditional medicinal use of illegal opium, which often serves as the entrance to addiction. Detoxification of opium addicts will probably become increasingly difficult as their numbers diminish, since those remaining are likely to be the most resistant to treatment. Recidivism is estimated at approximately 45 percent, and information about follow-on rehabilitation is scanty. Moreover, during 2007 a disturbing new development became visible as a significant number of former opium users among ethnic minorities living on the border with Vietnam reported having turned from opium to abuse of injected heroin. The GOL hopes to ultimately treat all remaining opium addicts, since ending opium addiction and thus eliminating the market for domestic consumption of opium is critical to complete and sustainable elimination of cultivation of opium poppy.

#### **IV. U.S. Policy Initiatives and Programs**

**Policy Initiatives.** The United States continues to be a substantial, albeit diminished, donor of drug control assistance to Laos. Other donors (primarily European but now including some other Asian countries) have become the largest contributors to alternative development programs for opium poppy crop reduction. The Lao-American Opium Crop Control Projects in Phongsaly and Luang Prabang Provinces, which delivered integrated rural development assistance to reduce poppy cultivation, were completed in December 2007. The limited remaining assistance in the USG Crop Control project will in 2008 be delivered to more direct and limited village-based alternative livelihood programs, designed to provide assistance to hundreds of former opium growing communities that have not yet received such assistance. The U.S. cooperates closely with international organizations such as UNODC and the World Food Program in areas where serious economic distress in farming communities makes resumption of opium cultivation a continuing significant possibility.

**Bilateral Cooperation.** Since U.S. drug control assistance to Laos began in 1989, the U.S. has provided over \$42-million, which has been employed primarily to support the successful, multi-year effort that has reduced poppy cultivation in Laos to a historically low level. During 2007, with the established Lao-American Projects closing down, the NAS (Narcotics Affairs Section) in

Vientiane cooperated closely on Crop Control and Demand Reduction projects with the Programme Facilitation Unit (PFU), an element of LCDC, primarily responsible for implementing alternative development and opium addict detoxification. U.S. funds for drug demand reduction activities support enhancements to methamphetamine abuse treatment centers including vocational training, and a variety of national drug awareness and prevention programs. Limited U.S. law enforcement assistance funds support very limited operational costs, training and equipment for Counter Narcotics Units (CNU's) and the Lao Customs Department. These limited funds are complemented by continuing regular Lao participation in regional training opportunities offered by the U.S. and Thailand at the International Law Enforcement Academy in Bangkok. Bilateral cooperation in drug law enforcement improved somewhat in 2007, with DEA receiving drug samples from the GOL for the first time since 2005.

**The Road Ahead.** Laos' two-decade effort to sustainably eliminate opium poppy cultivation has reached an advanced stage, but as noted by GOL, UNODC and third country officials—and large numbers of Lao farmers—it is by no means over. If significant near-term emergency food security support, and medium- to long-term assistance to establish viable alternative livelihoods, is not delivered in 2008 and the coming few years, it is very probable that the decline in poppy cultivation observed in 2007 will be the last for many years. If former poppy growers revert to opium cultivation, persuading them a second time to stop will be far more difficult. Laos does not have the law enforcement and criminal justice capabilities and resources necessary to prevent large-scale trafficking of methamphetamine and other illicit drugs and contraband through Laos, nor the distribution, sale and abuse of illegal drugs among the Lao people. For this reason, the GOL will be compelled to rely for its immediate future on drug demand reduction measures for drug abuse prevention and treatment to respond to its epidemic of illegal drug abuse. Existing programs to educate youth and other vulnerable groups on the dangers of addiction must be enlarged and reinforced, and drug abuse treatment availability must be greatly further enhanced. Better Lao integration in regional anti-trafficking initiatives and a substantially enhanced investment in law enforcement and criminal justice institutions are essential for Laos to respond effectively to regional and international trafficking and organized crime.

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# Malaysia

## I. Summary

Malaysia is not a significant source country or transit point for U.S.-bound illegal drugs; however, domestic drug abuse in Malaysia remains on the rise, and Malaysia is increasingly being used as a regional hub for methamphetamine production. The government continues promoting its “drug-free by 2015” policy. Malaysia’s counter narcotics officials and police officers have the full support of senior government officials, but instances of corruption hindered adequate enforcement and interdiction. Malaysia has a low conviction rate (2 percent) for arrested drug traffickers, and the country relies heavily on preventive detention rather than active prosecution (98 percent of the time). Malaysia’s sensitivities to issues of national sovereignty circumscribe U.S. – Malaysian cooperation. It is noteworthy that in the past two years the Royal Malaysia Police (RMP) have had five different Narcotics directors. Each time a new director is put in place, a lengthy transition period takes place and momentum toward cooperation is stalled. The U.S. maintains active programs for training Malaysian counter narcotics officials and police. Malaysia is a party to the 1988 UN Drug Convention.

## II. Status of Country

Malaysia is not a significant source country or transit point for U.S.-bound illegal drugs. Nevertheless, regional and domestic drug-trafficking remains a problem and international drug syndicates are increasingly turning to Malaysia as a regional production hub for crystal methamphetamine and Ecstasy (MDMA). Narcotics imported to Malaysia include heroin and marijuana from the nearby Golden Triangle area, and other drugs, such as amphetamine type stimulants (ATS), including crystal methamphetamine, Ecstasy and Ketamine from India. These imports either transit Malaysia bound for other markets such as Thailand, Singapore, China and Australia, or are consumed domestically as local consumption continues to rise. Police report that Ketamine and crystal methamphetamine are the fastest growing illicit drug in Malaysia.

Between January and August 2007, police encountered and identified 10,800 addicts of whom 4,934 were new cases. Since 1988, the Malaysian Government cumulatively has identified 300,241 drug addicts, and the government-linked Malaysia Crime Prevention Foundation estimated, in October 2007, that there are currently some 900,000 to 1.2 million drug addicts in Malaysia. Statistics continue to show that the majority of the nation’s drug addicts are between 19 and 39 years of age and have not completed high school.

## III. Country Actions Against Drugs in 2007

**Policy Initiatives.** Malaysia continues a long-term effort launched in 2003 to reduce domestic drug use to negligible levels by 2015, a goal shared by the whole of ASEAN. Senior officials including the Prime Minister continue to speak out strongly and frequently against drug abuse. The Prime Minister chairs the Cabinet Committee on Eradication of Drugs, composed of 20 government ministers. The National Anti-Drugs Agency (NADA) is the policy arm of Malaysia’s counter narcotics strategy, coordinating demand reduction efforts with various cabinet ministries. Malaysian law stipulates a mandatory death penalty for major drug traffickers, with harsh mandatory sentences also applied for possession and use of smaller quantities. In practice however, many minor offenders are placed into treatment programs instead of prison or referred to the “Preventive Measures Act” where they can be held for two years (renewable to eight years).

**Law Enforcement Efforts.** Malaysian authorities raided three clandestine drug labs in 2007, and had several successful drug seizures confiscating large quantities of methamphetamines and

Ecstasy (MDMA). Police arrested 36,534 people for drug-related offenses between January and August 2007, and held in detention or rehabilitation centers a total of 111,416 drug addicts during the same period. Enforcement officials continued to show successes in ATS related seizures and have also recorded a higher level of heroin seizures over the same period than last year. The Royal Malaysian Police recorded a forty-six percent increase in confiscated property derived from drug related cases for the first eight months of 2007.

Malaysian police are generally effective in arresting small-time drug offenders but have shown limited success in arresting mid- to upper level syndicate members. The Royal Malaysian Police have acknowledged these shortcomings and have begun implementing training plans to improve their investigations and procedures. These training programs include the DEA KLCO instituting a narcotics “skill set” as part of the DEA sponsored “Baker Mint” anti-narcotics training. This training includes a 40 hour course on DEA approved classroom and practical instruction. Prosecutorial successes are generally of even quality with police investigations, i.e., more trouble convicting higher-level drug syndicate members. In one widely publicized example in 2007, three accused drug traffickers facing the death penalty were released from custody when the prosecutor failed to show up in court for the trial. Most suspected traffickers continue to be detained under Malaysia’s “special preventive measures,” including the Restricted Residence Act and the Emergency Ordinance 1969, which allow for detention without trial of suspects who pose a threat to public order or national security. There is very limited judicial oversight for these preventive detention laws.

**Corruption.** As a matter of government policy, Malaysia does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. While Malaysian and foreign media organizations continued to highlight cases of government, no senior officials were arrested for drug-related corruption in 2007. Malaysia’s Anti-Corruption Agency (ACA) investigated competing complaints filed against several senior police officers and one deputy cabinet minister for corruption involving known drug trafficking syndicates, including allegations of corruption concerning the release of suspects from preventative detention. The ACA’s investigations found no evidence to substantiate any of the allegations, and all parties remained in office.

**Agreements and Treaties.** Malaysia is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention as amended by the 1972 Protocol, and to the 1971 UN Convention on Psychotropic Substances. Malaysia signed a mutual legal assistance treaty (MLAT) with the U.S. in July 2006. The U.S.-Malaysian MLAT has not yet entered into force. Malaysia also has a multilateral MLAT with seven Southeast Asian nations, and an MLAT with Australia. The U.S.-Malaysia Extradition Treaty has been in effect since 1997, and in 2007 the first successful extradition was completed.

**Cultivation/Production.** While there is no notable cultivation of U.S.-listed drugs in Malaysia, local officials report significant cultivation/presence of a local plant known as ketum (*Mitragyna speciosa*) with known psychoactive properties and used for its narcotic effects throughout the region. ATS production has shown a marked increase over the past year leading local officials to admit that international drug syndicates are beginning to use Malaysia as a base of operations.

**Drug Flow/Transit.** Drugs transiting Malaysia do not appear to make a significant impact on the U.S. market. However, Malaysia’s proximity to the heroin production areas and methamphetamine labs of the Golden Triangle leads to smuggling across Malaysian borders, destined for Australia and other markets. Ecstasy from Amsterdam is flown into Kuala Lumpur International Airport (KLIA) for domestic use and distribution to Thailand, Singapore, and Australia. Ketamine comes from Tamil Nadu (Southern), India and is exported to several countries in the region. There is evidence of increased transit of cocaine although police have not yet thoroughly developed

information on this trend. Production of ATS in Malaysia is unquestionably on the rise, as evidenced by the elimination of three large methamphetamine labs in 2007 and the seizure of a substantial quantity of precursor chemicals found at each of these labs.

**Domestic Programs (Demand Reduction).** The NADA targets its demand reduction efforts toward youth, parents, students, teachers, and workers, with extensive efforts to engage schools, student leaders, parent-teacher associations, community leaders, religious institutions, and workplaces. Government statistics indicate that 6,447 persons were undergoing treatment at Malaysia's 29 public rehabilitation facilities as of June 2007, indicating over a fifty percent increase from last year.

#### **IV. U.S. Policy Initiatives and Programs**

**Bilateral Cooperation.** U.S. counternarcotics training continued in 2007, via the International Law Enforcement Academy (ILEA) in Bangkok and the "Baker-Mint" program sponsored by the U.S. Department of Defense. Baker-Mint aims to raise the operational skill level of local counter narcotics law enforcement officers. In 2007, U.S. officials from the Department of Justice, DEA, and FBI presented a training workshop for Malaysian prosecutors, counternarcotics and criminal investigators on interviewing and interrogation techniques. In addition, USCG conducted basic and advanced boarding officer training for Malaysian maritime law enforcement officers.

**The Road Ahead.** The United States' goals and objectives for the year 2008 are to improve coordination and communication between Malaysian and U.S. law enforcement authorities in counternarcotics efforts. United States law enforcement agencies will utilize better coordination with Malaysian authorities to interdict drugs transiting Malaysia, and to follow regional and global leads. U.S.-funded counternarcotics training for Malaysian law enforcement officers will continue and U.S. agencies will continue working with Malaysian authorities to improve Malaysia's investigative and prosecutorial processes.

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# Mongolia

## I. Summary

Drug trafficking and abuse are not widespread in Mongolia, but continue to rise and draw the attention of the government. Mongolia's young, burgeoning urban population is especially vulnerable to the growing drug trade. The government continues to implement the National Program for fighting Narcotics and Drugs, adopted in March 2000. The National Council, headed by the Chief of Police, coordinates implementation of this program. The program is aimed at preventing drug addiction, drug-related crimes, creating a legal basis for fighting drugs, implementing counternarcotics policy, and raising public awareness of the drug-abuse issue. Mongolia is a party to the 1988 UN Drug Convention.

## II. Status of Country

Mongolia's long, unprotected borders with Russia and China are vulnerable to all types of illegal trade, including drug trafficking. Police believe that most smuggled drugs come from China, and are carried by Mongolian citizens. Illegal migrants, mostly traveling from China through Mongolia to Russia and Europe, also sometimes transport and traffic in drugs. Police express particular concern that, if drug use in Mongolia continues to rise, organized-crime involvement in the trade will grow beyond the current low levels. The Government of Mongolia (GOM) has made the protection of its borders a priority. U.S.-sponsored projects to promote cooperation among the security forces have provided some assistance, as has training. A lack of resources and technical capacity, along with corruption in the police forces and other parts of government, hinder Mongolia's ability to patrol its borders, detect illegal smuggling, and investigate transnational criminal cases.

## III. Country Actions Against Drugs in 2007

**Policy Initiatives/Law Enforcement.** The Mongolian Government and law-enforcement officials have increased their participation in international fora focused on crime and drug issues. In September, Mongolian police took part in a regional counternarcotics conference in Russia called "Channel 2007." During the event, the Mongolians reportedly provided their Chinese counterparts with information on African drug traffickers based in Beijing. Chinese law enforcement was later able to identify the group in question and take appropriate measures.

**Corruption.** Mongolian internal corruption and related criminal activity appear unrelated to narcotics activities. The Anti-Corruption Agency (ACA), an independent governmental body with 90 employees, was formed on January 1, 2007, and on September 7, 2007, acquired investigative power, previously held by police and prosecutors. The ACA quickly succeeded in compelling the country's top 252 officials, including all Parliamentarians, Cabinet ministers and Supreme Court justices, to declare their assets and income. The weakness of the legal system and financial structures leaves Mongolia vulnerable to exploitation by drug traffickers and international criminal organizations, particularly those operating in China and Russia.

The Government was not afraid to imprison senior officials convicted of drug offenses. In October, a court in Ulaanbaatar imposed a ten-year sentence to Shatarbal Dugerjav, who had worked as a Counselor at Mongolia's Embassy in Bulgaria. In March 2005, Dugerjav was driving his car when a search by Bulgarian police found 138 kg of psychotropic drugs in the vehicle, allegedly bound for Turkey.

**Agreements and Treaties.** Mongolia is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention as amended by its 1972 Protocol, and the 1971 UN Convention on Psychotropic Substances. Mongolia also is a party to the UN Convention Against Corruption. The GOM attempts to meet the goals and objectives of international initiatives on drugs. The United States and Mongolia have in force a customs mutual legal assistance agreement.

**Drug Flow/Transit.** While drug use is not widespread, marijuana, the most commonly used illegal drug, grows wild in various parts of the country. Police said a growing number of Mongolians and foreign residents were collecting and smoking cannabis; however, there were no reliable surveys on drug use. Cocaine, amphetamines, heroin and abused over-the-counter drugs were less common and less available than cannabis. Hashish is smuggled into Mongolia from China in small quantities. During the first ten months of 2007, Mongolian law enforcement uncovered eight cases of drug possession/trafficking, yielding 5 kg of cannabis, 60 grams of hashish, and an unidentified amount of psychotropic drugs. Seventeen people were investigated in connection with these cases: 13 Mongolians, three Russians and one Briton. As of November 5, none had been convicted. No illegal drug lab was identified in Mongolia during the year. The Mongolian Government is alert to precursor chemical trade and the potential for diversion.

**Demand Reduction.** Domestic, non-governmental organizations work to fight drug addiction, including glue sniffing by street children. International donors are working with the government to help Mongolia develop the capacity to address narcotics and related criminal activities before they become an additional burden on Mongolia's development.

#### **IV. U.S. Policy Initiatives and Programs**

**Bilateral Cooperation.** U.S. Government assistance has included international visitor programs on transnational crime and counternarcotics, as well as some training by U.S. law-enforcement agencies.

**The Road Ahead.** The United States will continue to cooperate closely with Mongolia to assist Mongolia with the implementation of its counternarcotics policies, including border protection, the Anti-Corruption Agency, and per the request of Mongolian law enforcement, training and assistance for Mongolian police.

# North Korea

## I. Summary

Drug trafficking with a connection to the Democratic People's Republic of (North) Korea (DPRK) appears to be down sharply and there have been no instances of drug trafficking suggestive of state-directed trafficking for five years. Small-scale trafficking along the DPRK-China border continues, but as time passes since the last incident of large-scale trafficking involving the use of DPRK state assets and personnel, it certainly seems possible that the DPRK has curtailed trafficking in narcotic drugs. However, there is insufficient evidence to say for certain that state-sponsored trafficking has stopped at this time. The DPRK became a party in March 2007 to the 1988 UN Drug Convention.

## II. Status of Country

There were no confirmed instances of large-scale drug trafficking involving the DPRK or its nationals during 2007. Anecdotal evidence suggests that small-scale trafficking and drug abuse in the DPRK itself and along its border with China continue. The China-DPRK border region is the only area in the world where there are continuing reports of drug trafficking involving DPRK nationals. Most reports indicate small-scale trafficking by individual North Koreans who cross the border into China. In some cases there are reports of slightly larger-scale trafficking by locally prominent individuals living along the border who misuse their modest positions of local influence in the ruling party to traffic in methamphetamine. Also, there are indications that some foreign nationals from Japan and South Korea might travel to this area to purchase the stimulant drugs available there.

## III. Country Actions Against Drugs in 2007

**Law Enforcement Efforts.** Most of the reports about drug trafficking along the China-DPRK border emerge only after the individuals involved are apprehended. There is no evidence of a central role for DPRK state institutions in organizing the trafficking, as had emerged regularly in the past, especially in Japan during the mid- to late nineties, and continuing until the 2003 incident in Australia involving the "Pong Su," a DPRK cargo vessel involved with the delivery and seizure of a large quantity of heroin. In fact, it appears that both China and the DPRK try to discourage such trafficking through law enforcement efforts and information campaigns on both sides of the border. An atmosphere of lawlessness, however, remains along this border as individuals who wish to leave the DPRK can apparently do so through payments to guides or so-called "snakeheads," while, at the same time, other DPRK goods, such as copper wire, are smuggled into China for profit.

There also continues to be press, industry and law enforcement reporting of DPRK links to large-scale counterfeit cigarette trafficking in the North Korean Export Processing Zone at Rajiin (or Najin). It is unclear the extent to which DPRK authorities are complicit in this illegal activity, although it is all but certain that they are aware of it, given the relatively high-profile media reports. The fact that it is continuing suggests that DPRK authorities have been unwilling to take enforcement steps to counter it. Furthermore, such an example of non-narcotics-related acts of criminality suggests that DPRK-tolerance of criminal behavior may exist on a larger, organized scale, even if no large-scale narcotics trafficking incidents involving the state itself have come to light.

**Agreements and Treaties.** In 2007, the DPRK became a party to the 1988 UN Drug Convention. The DPRK also became a party to the 1961 UN Single Convention and the 1971 UN Convention on Psychotropic Substances.

**Cultivation/Production.** At an international meeting on illicit drug issues in Vienna in March 2007, Japanese police authorities stated that they were able to link through chemical analysis methamphetamine seized in Japan in the mid-to-late nineties with pharmaceutical factories in North Korea. They also said that methamphetamine drugs, which had been seized recently in Japan, but had been viewed as Chinese in origin, were “very similar” in their chemical properties to the aforementioned methamphetamine seized in the nineties and linked to the DPRK. The Japanese authorities explained that Japanese companies built and operated three North Korean chemical factories in the period just before and during the Second World War. Since the same factories still remain in operation in North Korea, Japanese officials are, therefore, in a unique position to comment on the chemical properties of the drugs produced at these factories, thought to be the source of the illicit stimulants. These comments by Japanese police link North Korea more closely to past drug trafficking activity, and also suggest that some drug smuggling to Japan from DPRK may be continuing, with the drugs possibly camouflaged as Chinese in origin.

Nevertheless, as time continues to pass since the last seizure of drugs anywhere in the world having a clear link to a DPRK state entity—it is now almost five years since such a seizure has come to light—the question naturally arises as to whether the DPRK has abandoned its involvement in drug trafficking. There is no clear answer to this question. The Department has no evidence to support a finding that state trafficking has stopped, and no clear evidence it is continuing. But the absence of any seizures linked to DPRK state institutions, after a period in which such seizures involving very large quantities of drugs occurred regularly, does suggest, at least, considerably less state trafficking, and perhaps a complete end to it.

On the other hand, the continuing large-scale traffic in counterfeit cigarettes from DPRK territory suggests, at the least, that enforcement against notorious organized criminality is lax, or that a lucrative counterfeit cigarette trade has replaced a riskier drug trafficking business as a generator of revenue for the DPRK state.

#### **IV. U.S. Initiatives and Programs**

The Department is of the view that it is likely, but not certain, that the North Korean government has sponsored criminal activities in the past, including narcotics production and trafficking, but notes that there has been no evidence for almost five years that it continues to traffic in narcotics.

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# The Philippines

## I. Summary

The Government of the Philippines (GRP) attributes a reported decline in the number of users of illicit drugs to continued joint efforts of the Philippine law enforcement authorities in disrupting major drug trafficking organizations and in dismantling clandestine drug laboratories and warehouses. The Dangerous Drugs Board (DDB) reports that in 2007, there was a significant increase in seizures of clandestine labs, while the number of drug abusers reportedly declined. The Philippine government continues to build the capacity of the Philippine Drug Enforcement Agency (PDEA), which was established by the GRP in 2002; the PDEA Academy graduated its first 55 agents in February 2007. Based on 2007 seizures, the Philippines continues to be a producer of methamphetamine. There is some evidence that terrorist organizations may use drug trafficking to fund their activities. The Philippines is a party to the 1988 UN Drug Convention.

## II. Status Of Country

According to the DDB, in the Office of the President, there has been a continuous decline in the number of drug users and a downward trend in the number of drug-related arrests in the Philippines. The most recent DDB survey (2007) reported that there are approximately 3.4 million regular and occasional drug users, compared with 6.7 million in 2004, the last year the survey was conducted. Methamphetamine, locally known as “shabu,” is the primary drug of choice in the Philippines. However, the significant number of seizures of clandestine laboratories has resulted in the continuous decline of supply of methamphetamine. The DDB reports that the current price of methamphetamine has escalated from 2,000 pesos per gram in 2006 to 5,000 pesos in 2007, although according to the PDEA, the price varies from 3,000 pesos on the streets of Manila to 5,000 pesos in outlying provinces. In quantities of 10 grams or more, the price can be as low as 2,500 pesos per gram.

Methamphetamine is clandestinely manufactured in the Philippines. Precursor chemicals are smuggled into the Philippines, or illegally diverted after legal importation, from the People’s Republic of China (PRC), including Hong Kong. Ephedrine has also been smuggled from India, although there have been no seizures since 2005. In 2007, there were 220 local drug trafficking groups identified, compared with 105 in 2006. According to the DDB, there were eight known transnational drug organizations operating in the country in 2007, compared with seven in 2006. Each group includes at least five major foreign drug lords from the PRC and Taiwan. Muslim separatist groups participate in the distribution of methamphetamine in the Philippines, particularly in the southern section of the country. The Abu Sanyaf Group (ASG) along with elements of the Moro Islamic Liberation Front (MILF) are also directly involved in smuggling, as well as protection of methamphetamine production and its transportation to other parts of the country and across southeast Asia. The Philippines is a source of methamphetamine exported to Australia, Canada, Japan, South Korea, and the U.S. (particularly Guam and Saipan).

Dealers sell methamphetamine hydrochloride in crystal form for smoking (shabu). No production or distribution of methamphetamine in tablet form (“yaba”) has been reported in the Philippines. Producers typically make methamphetamine in clandestine labs through a hydrogenation process that uses palladium and hydrogen gas to refine chlor-ephedrine mixture into crystal form. Another production method involves the use of red phosphorous.

The Philippines produces, consumes, and exports marijuana. Cultivation of marijuana is in mountainous, often government-owned, areas inaccessible to vehicles. Marijuana has gained popularity because of the price increase of methamphetamine. Although Philippine law

enforcement officials have conducted numerous eradication operations, the lack of fuel for military and police helicopters makes it difficult for the Philippine government to keep up with rapid marijuana re-cultivation. The New People's Army (NPA) insurgent group control and protect most marijuana plantation sites. Most of the marijuana produced in the Philippines is for local consumption, with the remainder smuggled to Korea, Japan, Malaysia, and Taiwan.

Methylenedioxy-methamphetamine (MDMA) Ecstasy is gaining popularity among young expatriates and affluent members of Philippine society. Although there was no significant increase in seizures during 2007, there is a reported MDMA smuggling organization operating in Mindanao, in the southern region of the country. PDEA reports an increase in the number of dealers operating in the Manila metropolitan area.

According to the DDB, while there are no reports of Ketamine abuse in the country, intelligence indicates the presence of transnational drug groups that utilize the country as a venue for the production of Ketamine powder for export to other countries.

### **III. Country Actions Against Drugs In 2007**

**Policy Initiatives.** The administration of President Gloria Macapagal Arroyo has pledged to continue to concentrate on the full and sustained implementation of counternarcotics legislation and the PDEA as the lead counternarcotics agency. In 2002, President Arroyo created by executive order the Philippine National Police (PNP) Anti-Illegal Drugs Special Operations Task Force (AIDSOTF) to maintain law enforcement pressure on narcotics trafficking while PDEA became fully functional by 2007. In 2006, PDEA began training its first new agent academy class, which provided approximately 55 new newly trained PDEA agents in February 2007. A second class of 200 new agents began training in November 2007; U.S. DEA agents from Manila support PDEA's training goals by serving as adjunct instructors in the new agent courses and in-service classes for existing PDEA personnel.

In mid-2007, the Secretary of the Department of Interior and Local Government ordered the then-Chief of PNP to recall over 600 officers who were seconded to PDEA. Only a small number of PNP officers were allowed to remain in PDEA temporarily, primarily in the headquarters unit and special teams, drastically reducing PDEA's investigative capability in many provinces. For example, there is now only one PDEA agent in Region I (Ilocos Norte, Ilocos Sur, La Union provinces), the primary area for export of marijuana.

The GRP has developed and is implementing a counternarcotics master plan known as the National Anti-Drug Strategy (NADS). The NADS is executed by the National Anti-Drug Program of Action (NADPA) and contains provisions for counternarcotics law enforcement, drug treatment and prevention, and internal cooperation in counternarcotics, all of which are objectives of the 1988 UN Drug Convention. In 2007, cities, towns, and barangays (neighborhoods) continued to utilize counternarcotics law enforcement councils, as mandated by NADPA, to conduct community awareness programs, such as rallies, seminars, and youth activities.

The GRP has institutionalized a drug-testing program (urinalysis) for law enforcement personnel, students, drivers, firearms owners, and workers. Additionally, the GRP has promulgated a national drug-free workplace program, which provides for random drug testing of employees, and assistance for employees who admit to having a drug problem.

**Law Enforcement Efforts.** Counternarcotics law enforcement remains a high priority of the GRP. Lack of resources continues to hinder operations, but law enforcement efforts are relatively effective, given low funding levels. PDEA officials believe ILEA and JIATF-West training for law enforcement and military personnel have helped make interdiction operations more efficient and effective. GRP law enforcement agencies continued to target major traffickers and clandestine drug

labs in 2007. Significant successes included the seizures of a number of clandestine laboratories and warehouses.

PDEA reports that in 2007, authorities seized 368.82 kilograms of methamphetamine, which they valued at \$44.978 million (at PHP5,000 per gram and PhP41/\$1), 31.72 kilograms of Ketamine, which they valued at \$12,222,848.17 million (at \$100 per gram), 1,204 kilograms of processed marijuana leaves and buds, which they valued at \$734,472 (at \$0.50 per gram), and 2.528 million plants (including seedlings), which they valued at \$11.66 million (at \$4.60 each). Philippine authorities claimed to have seized total narcotics worth approximately \$58,343,301, arrested 10,293 people for drug related offenses, and filed 3,359 criminal cases for drug crimes in 2007. By comparison, 8,616 individuals were arrested in 2006 and 9,040 cases were filed in court in 2007. Out of 13,667 drug cases filed from 2003 to 2007, only 4,790 led to convictions (most of which were cases of simple possession). The rest were either acquitted or dismissed. PRC and Taiwan-based traffickers remain the most influential foreign groups operating in the Philippines. In September 2007, the PNP recovered 246 kilograms of high-grade “shabu” from an overturned vehicle on the South Luzon Expressway, south of Manila; PNP estimated the potential street price of the methamphetamine to be P1.23 billion (\$ 27.33 million).

The Philippine authorities dismantled nine clandestine methamphetamine mega-laboratories and 13 warehouses in 2007. GRP law enforcement officials cite three factors behind the existence of domestic labs: a. The simplicity of the process in which ephedrine can be converted into methamphetamine on a near one-to-one conversion ratio; b. The crackdown on drug production facilities in other methamphetamine-producing countries in the region; and c. The relative ease, increased profit, and lesser danger of importing precursor chemicals for methamphetamine production (ephedrine/pseudo-ephedrine), compared to importing the finished product.

Along with a nearly 80 percent loss of its investigative manpower in July 2007, the lack of a functioning laboratory remains a significant operational weakness for PDEA, as in previous years. Dismissals and resignations in early 2007 have also decreased the number of experienced staff at the laboratory. In addition, the lab lacks basic equipment. The Japanese International Cooperation Agency donated a sophisticated gas chromatograph mass spectrometer scanner to PDEA in 2006, but the capacity of the PDEA lab has not been fully developed; many exhibits are analyzed at the PNP crime laboratories, particularly in the provinces. In addition, the lack of a functioning lab means there is no adequate storage facility for evidence; currently, PDEA stores seized drugs and chemicals (some highly toxic) in shipping containers in the headquarters parking lot. PDEA recently selected an experienced, fully qualified forensic chemist to take over operations and develop standard operating procedures; this was the first vital step in creating a credible, functional laboratory service.

Pervasive problems in law enforcement and criminal justice system such as corruption, low morale, inadequate resources and salaries, and lack of cooperation between police and prosecutors also hamper drug prosecutions. The slow process of prosecuting cases not only demoralizes law enforcement personnel but also permits drug dealers to continue their drug business while awaiting court dates. GRP statistics in 2007 showed only a 35 percent conviction rate in drug cases; the leading cause for dismissal of cases is the non-appearance of prosecution witnesses, including police officers. By the time a case gets to trial, witnesses have often disappeared, or been persuaded through extortion or bribery to change their testimony.

In 2003, the President created the Anti-Illegal Drugs Special Operation Task Force within the Philippine National Police, and the Anti-Illegal Drugs Task Force within the National Bureau of Investigation to permit those agencies to support PDEA’s counternarcotics efforts. These task forces have proven to be highly effective, having conducted several of the most significant seizures and arrests. They require an annual Memorandum of Agreement with PDEA to remain in

compliance with the law. The 2008 agreement is stalled, however, thus jeopardizing on-going investigations and GRP counternarcotics goals.

The Comprehensive Dangerous Drug Act prohibits plea-bargaining in exchange for testimony once a suspect has been charged; this concept conflicts with standard practices in the U.S. and other Western countries. There is no incentive for a defendant to plead guilty and offer testimony against superiors in the drug trafficking organization, so investigations in the Philippines generally end with the first arrests. Often, runners and street dealers are the only ones charged, and they have no motive to give up their sources and patrons. This is a significant weakness in the Comprehensive Dangerous Drug Act.

Current Philippine laws regarding electronic surveillance and bank secrecy prevent Philippine enforcement agencies from using electronic surveillance techniques, and restrict access to bank information of suspected drug traffickers. The 1965 Anti-Wiretapping Act prohibits the use of wiretapping, as well as consensual monitoring of conversations and interrogations, as evidence in court. Additionally, there are no provisions to seal court records to protect confidential sources and methods. Hence, most drug arrests result from information from disgruntled drug trafficking insiders who voluntarily give leads to the Philippine authorities.

The terrorist Abu Sayyaf Group (ASG) and New People's Army (NPA) are directly linked to drug trafficking activity. PNP officials believe elements of the ASG are engaged in providing security for marijuana cultivation, protection for drug trafficking organization (DTO) operations, and local drug distribution operations, particularly in Jolo and Tawi-Tawi. Philippine police and military officials report that the ASG continues to provide protection for major drug trafficking groups operating in the Sulu Archipelago as well as local drug trafficking activity, in exchange for cash payments that help fund their own operations; many ASG members are drug users themselves. Likewise, NPA cadres throughout the country earn money to feed their members by providing protection to drug traffickers and marijuana cultivators.

Additionally, corruption and inefficiency in the judicial process encourage foreign traffickers to establish their clandestine laboratories in the Philippines vice other countries in Asia. They are less likely to be caught, particularly since their communications cannot be intercepted, and if they are arrested, they are unlikely to be convicted.

Corruption. Corruption among the police, judiciary, and elected officials continues to be a significant impediment to Philippine law enforcement efforts. The GRP has criminalized public corruption in narcotic law enforcement through the Comprehensive Dangerous Drug Act (CDDA), which clearly prohibits GRP officials from laundering proceeds of illegal drug actions. Four PDEA employees were arrested in 2006 for the theft of seven kilograms of seized methamphetamine from PDEA headquarters. These personnel have been detained and charges are still pending against them. Ten PDEA and PNP AIDSOTF officers were arrested in October 2006 for conducting illegal raids, and for kidnapping the subjects of those raids. Both the PNP and PDEA have divisions for internal policing, for corruption, and other violations of policy and law. There are strong indications that drug money is funding illicit aspects of provincial and local political campaigns, such as vote buying, bribery of election officials, ballot theft, and voter intimidation.

As a matter of government policy, the Philippines does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drug or other controlled substances, or the laundering of proceeds from illegal drug transactions. No known senior official of the GRP engages in, encourages, or facilitates the illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. However, a city mayor from Quezon province was convicted in 2007 on charges from a 2001 drug trafficking investigation, and is now serving a term of life imprisonment. Numerous other active and former

politicians and officials, some of them senior, have been implicated in drug trafficking and money laundering, but have yet to be charged.

**Agreements and Treaties.** The Philippines is a party to the 1988 UN Drug Convention, as well as to the 1971 UN Convention on Psychotropic Substances, the 1961 UN Single Convention on Narcotic Drugs, and the 1972 Protocol Amending the Single Convention. The Philippines is a party to the UN Convention against Transnational Organized Crime and its protocols against trafficking in persons and smuggling of migrants. The U.S. and the GRP continue to cooperate in law enforcement matters through a bilateral extradition treaty and Mutual Legal Assistance Treaty. The Philippines has signed the UN Convention Against Corruption.

**Cultivation/Production.** DDB reports that there are at least 60 marijuana cultivation sites spread throughout the mountainous areas of nine regions of the Philippines, compared with PDEA's estimate of 120 sites in 2006. Using manual techniques to eradicate marijuana, various government entities claim to have successfully uprooted and destroyed 2.536 million plants and seedlings in 2007, compared with 2.713 million plants and seedlings in 2006.

**Drug Flow/Transit.** The Philippines is a narcotics source and transshipment country. Illegal drugs and precursor chemicals enter and leave the country through seaports, economic zones, and airports. The Philippines has 7,000 islands and over 36,200 kilometers of coastline. Vast stretches of the Philippine coast are virtually unpatrolled and sparsely inhabited. Traffickers often use shipping containers, fishing boats, and cargo vessels (which off-load to smaller craft) to transport multi-hundred kilogram quantities of methamphetamine and precursor chemicals. AFP and law enforcement marine interdiction efforts are made ineffective by a lack of intelligence sharing and basic resources such as fuel for patrol vessels. Commercial air carriers and express mail services remain the primary means of shipment to Guam, Hawaii, and to the mainland U.S., with a typical shipment size of one to four kilograms. One unique case involved female airline passengers carrying methamphetamine to Guam, Hawaii, and California on their person. There has been no notable increase or decrease in transshipment activities in 2007.

**Domestic Programs and Demand Reduction.** The Comprehensive Dangerous Drug Act of 2002 includes provisions that mandate drug abuse education in schools, the establishment of provincial drug education centers, development of drug-free workplace programs, the implementation of random drug testing for secondary and tertiary students; mandatory drug testing for military and law enforcement personnel, and driver's license and firearm license applicants; and other demand-reduction classes. Abusers who voluntarily enroll in treatment and rehabilitation centers are exempt from prosecution for illegal drug use. The southern Philippines enjoys a robust, though underfunded Drug Abuse Resistance Education (DARE) program in both public and private elementary schools. For instance, in the conflicted southern Mindanao region, which suffers from a high rate of methamphetamine abuse, the DARE program promotes healthy behavior in children and positive police-community relations.

#### **IV. U.S. Policy Initiatives And Programs**

**U.S. Policy Initiatives.** The USG's main counternarcotics assistance goals in the Philippines are to: a. Work with local counterparts to provide an effective response to counter the still-growing clandestine production of methamphetamine; b. Cooperate with local authorities to prevent the Philippines from becoming a source country for drug trafficking organizations targeting the United States market; c. Promote the development of PDEA as the focus for effective counternarcotics enforcement in the Philippines; and d. Provide ILEA, JIATF-West, and other drug-related training for law enforcement and military personnel.

**Bilateral Cooperation.** The U.S. assists the Philippine counternarcotics efforts with training, intelligence gathering and fusion (coordination centers), and infrastructure development.

In July 2005, the DEA Manila Country Office and Joint Inter-Agency Task Force-West (JIATF-W) began to develop a network of drug information fusion centers in the Philippines. The primary facility, the Maritime Drug Enforcement Coordination Center (MDECC) is located at PDEA Headquarters in Quezon City. There are three satellite centers, called Maritime Information Coordination Centers (MICCs), located at the headquarters of the Naval Forces Western Mindanao, Zamboanga del Sur (southwestern Mindanao), Coast Guard Station General Santos City (south-central Mindanao), and at Poro Point, San Fernando, La Union (northwestern Luzon). These centers are intended to serve as regional collection points for information about drug smuggling and other maritime security issues, and provide actionable target information that law enforcement agencies can use to investigate, interdict, and prosecute criminal organizations. In February 2006, a draft executive order was submitted to the Office of the President for signature, requiring all Philippine government agencies involved in maritime security and counternarcotics operations to comply with an earlier Memorandum of Agreement and partner in the Maritime Drug Enforcement Coordination Center (MDECC) project; the Philippine Drug Enforcement Agency, Philippine Coast Guard, and National Intelligence Coordinating Agency have voluntarily assigned representatives to the MDECC, but the Armed Forces of the Philippines (particularly Philippine Navy) await the executive order.

The Road Ahead. The USG plans to continue work with the GRP to promote law-enforcement institution building and encourage anti-corruption mechanisms via JIATF-West programs, as well as ongoing programs funded by the Department of State (INL and S/CT, and USAID). Strengthening the bilateral counternarcotics relationship serves the national interests of both the U.S. and the Philippines.

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# Singapore

## I. Summary

The Government of Singapore (GOS) enforces stringent counternarcotics policies through strict laws, including the death penalty and corporal punishment, vigorous law enforcement, and active prevention programs. Singapore is not a producer of precursor chemicals or narcotics, but as a major regional financial and transportation center, it is potentially an attractive target for money launderers and those engaged in drug transshipment. Singapore is widely recognized as one of the least corrupt countries in the world. Corruption cases involving Singapore's counternarcotics and law enforcement agencies are rare, and their officers regularly attend U.S.-sponsored training programs as well as regional forums on drug control. Singapore is a party to the 1988 UN Drug Convention.

## II. Status of Country

In 2006, there was no known production of illicit narcotics or precursor chemicals in Singapore. While Singapore itself is not a known transit point for illicit drugs or precursor chemicals, it is one of the busiest transshipment ports in the world. The sheer volume of cargo passing through makes it likely that some illicit shipments of drugs and chemicals move undetected. With few exceptions, Singapore does not screen containerized shipments unless they enter its customs territory. Neither Singapore Customs nor the Immigration and Checkpoint Authority (ICA) keep data on in-transit or transshipped cargo unless there is a Singapore consignee involved in the shipment.

According to GOS statistics, the number of drug abusers arrested in 2006 increased 34.8 percent to 1,218, up from 793 in 2005. The change in part reflects additional enforcement actions related to amendments made to the Misuse of Drugs Act enacted in August 2006. The number of first-time offenders in Singapore increased slightly in 2006, with 477 arrests compared to 463 in 2005. Nearly half (49 percent) of drug abusers used synthetic drugs, including Ketamine, Methamphetamine, MDMA (Ecstasy), Erimin-5, and Nimetazepam. Buprenorphine (Subutex) users accounted for 31 percent, and heroin offenders for 9.7 percent, of total drug abusers.

## III. Country Actions Against Drugs in 2007

**Policy Initiatives.** Singapore continues to pursue a strategy of demand and supply reduction for drugs. The GOS has worked closely with numerous international groups dedicated to drug education, including the Partnership for a Drug-Free America. In addition to arresting drug traffickers, Singapore focuses on arresting and detaining drug abusers for treatment and rehabilitation, providing drug detoxification and rehabilitation, and offering vigorous drug education in its schools. Singaporeans and permanent residents are subject to random drug tests. The Misuse of Drugs Act gives the Singapore Central Narcotics Bureau (CNB) the authority to commit all drug abusers to rehabilitation centers for mandatory treatment and rehabilitation. Since 1999, individuals testing positive for consumption of narcotics have been held accountable for narcotics consumed abroad as well as in Singapore.

Singapore has continued efforts to curb synthetic drug abuse, of which Ketamine is the most prevalent. Amendments made to the Misuse of Drugs Act in 2006 designated Ketamine as a Class A Controlled Drug and increased penalties for trafficking accordingly. Anyone in possession of more than 113g of Ketamine is presumed to be trafficking in the drug and can face maximum penalties of 20 years imprisonment and 15 strokes of the cane.

Amendments to the Misuse of Drugs Act also established long-term imprisonment penalties for repeat synthetic drug abusers. Those arrested for a third time are subject to five to seven years imprisonment and three to six strokes of the cane; and seven to 13 years imprisonment and six to 12 strokes of the cane for subsequent offenses. Singapore's long-term imprisonment regime, first introduced in 1998, is thought to have helped curb the country's heroin use.

Additional amendments to the Misuse of Drugs Act classified Buprenorphine, the active ingredient in Subutex, as a Class A Controlled Drug. This means that, unless dispensed by a licensed physician or practitioner, the importation, distribution, possession and consumption of Subutex is a felony offense. Subutex, first introduced by the Ministry of Health in 2000, is a heroin substitute clinically used in the detoxification/rehabilitation of heroin addicts. Drug abusers were found to be abusing Subutex by mixing it with other drugs, mainly Dormicum, a prescription sleeping pill. Buprenorphine was the most commonly abused drug in Singapore in 2006, comprising more than one-third of total narcotics offenders.

**Law Enforcement Efforts.** Arrests for drug-related offenses increased 34.8 percent, from 793 arrests in 2005 to 1218 arrests in 2006, a reflection of new enforcement measures under the amended Misuse of Drugs Act. These statistics include persons arrested for trafficking offenses, possession, and consumption. Nearly 46 percent of all drug arrests involved synthetic drugs, including Nimetazepam (14.9 percent); Ketamine (15.3 percent); Methamphetamine (10.2 percent); and MDMA or Ecstasy (5.5 percent). Non-synthetic drug-related arrests included marijuana (10 percent) and heroin (9.7 percent). Singapore recorded no cocaine-related seizures or arrests in 2006. Of the total arrests, 477 involved new drug abusers.

In 2006, authorities executed 52 major operations, during which they dismantled 25 drug syndicates. A majority of these arrests were conducted during sweeps of drug distribution groups, which were infiltrated by undercover Singapore narcotics officers. CNB officers frequently perform undercover work, purchasing small, personal-use amounts of narcotics from generally low and mid-level traffickers and drug abusers. These sweeps often produce additional arrests when subjects present at arrest scenes test positive for narcotics in their system.

Singapore's CNB seized the following quantities of narcotics in 2006: 6.1 kg of heroin; 14.9 kg of cannabis; 4,136 tablets of MDMA; 0.5 kg of crystal Methamphetamine; 22 tablets of tablet Methamphetamine; 5.3 kg of Ketamine; 38,230 Nimetazepam tablets; and 6,432 Buprenorphine tablets.

**Corruption.** Singapore's Corruption Practices Bureau (CPB) actively investigates allegations of corruption at all levels of government. Neither the government nor any senior government officials is thought to engage in, encourage or facilitate the production or distribution of narcotics or other controlled substances, or the laundering of proceeds from illegal drug transactions. The CNB is charged with the enforcement of Singapore's counternarcotics laws. Its officers and other elements of the Singapore Police Force are well-trained professional investigators.

**Agreements and Treaties.** Singapore is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention on Narcotic Drugs, as amended by the 1972 Protocol, and the 1971 UN Convention on Psychotropic Substances. Singapore and the United States continue to cooperate in extradition matters under the 1931 U.S.-UK Extradition Treaty. Singapore and the United States signed a Drug Designation Agreement (DDA) in November 2000, a mutual assistance agreement limited to drug cases. Singapore has signed mutual legal assistance agreements with Hong Kong and ASEAN. Singapore has signed, but has not yet ratified, the UN Convention against Transnational Organized Crime and the UN Corruption Convention. In April 2006, Singapore amended domestic legislation to allow for mutual legal assistance cooperation with countries for which they do not have a bilateral treaty.

**Cultivation/Production.** There was no known cultivation or production of narcotics in Singapore in 2007.

**Drug Flow/Transit.** Singapore is one of the busiest seaports in the world. Approximately 80 percent of the goods flowing through its port are in transit or are transshipped and do not enter Singapore's customs area. Due to the extraordinary volume of cargo shipped through the port, it is highly likely that some of it contains illicit materials, although Singapore is not a known transit point for illicit drugs or precursor chemicals. Singapore does not require shipping lines to submit data on the declared contents of transshipment or transit cargo unless there is a Singapore consignee to the transaction. The lack of such information creates enforcement challenges. Singapore Customs authorities rely on intelligence to uncover and interdict illegal shipments. They reported no seizures of transshipment or transit cargoes involving illicit narcotics shipments in 2006. GOS officials have been reluctant to impose tighter reporting or inspection requirements at the port, citing concerns that inspections could interfere with the free flow of goods, thus jeopardizing Singapore's position as the region's primary transshipment port.

However, Singapore has increased its scrutiny of goods, primarily as part of an enhanced posture to combat terrorism and control the proliferation of weapons of mass destruction (WMD) and their precursors. Singapore became the first Asian port to join the Container Security Initiative (CSI) in 2003, under which U.S. Customs personnel prescreen U.S.-bound cargo. Singapore also participates in other counterterrorism-related programs such as the Proliferation Security Initiative, the Megaports Initiative, and the Secure Freight Initiative. The country's new export control law went into effect in 2003, and it is implementing an expanded strategic goods control list that takes effect in January 2008. While these initiatives aim to prevent WMD from entering the United States, the increased scrutiny and information they generate could also aid drug interdiction efforts.

Singapore is a major regional aviation hub. Changi International Airport handled 35 million passengers in 2006. The Changi Airfreight Center is one of the world's busiest and operates as a Free Trade Zone where companies can move, consolidate, store or repack cargo without the need for documentation or customs duties. CNB seized narcotics at Changi Airport in 2006, including a 20-kilogram shipment of marijuana smuggled from Johannesburg, South Africa.

**Domestic Programs (Demand Reduction).** Singapore uses a combination of punishment and rehabilitation of first-time drug offenders. Rehabilitation of drug abusers typically occurs during incarceration. The government may detain addicts for rehabilitation for up to three years. In an effort to discourage drug use during travel abroad, CNB officers may require urinalysis tests for Singapore citizens and permanent residents returning from outside the country. Those who test positive are treated as if they had consumed the illegal drug in Singapore.

Adopting the theme, "Prevention: The Best Remedy," Singapore authorities organize sporting events, concerts, plays, and other activities to reach out to all segments of society on drug prevention. Drug treatment centers, halfway houses, and job placement programs exist to help addicts reintegrate into society. At the same time, the GOS has toughened anti-recidivist laws. Three-time offenders face long mandatory sentences and caning. Depending on the quantity of drugs involved, convicted drug traffickers may be subject to the death penalty, regardless of nationality.

#### **IV. U.S. Policy Initiatives and Programs**

**Bilateral Cooperation.** The United States and Singapore enjoy good law enforcement cooperation, in particular under the Drug Designation Agreement, which provides a basis for sharing the forfeited proceeds of crime in joint investigations. In 2006, approximately 45 GOS law enforcement officials attended training courses at the International Law Enforcement Academy (ILEA) in Bangkok on a variety of transnational crime topics. The GOS has cooperated with the

United States and other countries in the forfeiture of drug-related proceeds discovered in Singapore banks, including the equitable sharing of seized and forfeited drug-related funds with the United States.

**The Road Ahead.** The United States will continue to work closely with Singapore authorities on all narcotics trafficking and related matters. Increased customs cooperation under CSI and other initiatives will help further strengthen law enforcement cooperation.

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## South Korea

### I. Summary

Narcotics production and abuse is not a major problem in the Republic of Korea (ROK). However, reports continue to indicate that an undetermined quantity of narcotics is smuggled through South Korea en route to the United States and other countries. South Korea has become a transshipment location for drug traffickers due to the country's reputation for not having a drug abuse problem. This combined with the fact that the South Korean port of Pusan, which is one of the region's largest ports, makes South Korea an attractive location for illegal shipments coming from countries, which are more likely to attract a contraband inspection upon arrival. The ROK is a party to the 1988 UN Drug Convention.

### II. Status of Country

Drugs available in the ROK include methamphetamine, heroin, cocaine, marijuana, and club drugs such as LSD and Ecstasy. Methamphetamine continues to be the most widely abused drug, while marijuana remains popular as well. Heroin and cocaine are only sporadically seen in the ROK. Club drugs such as Ecstasy and LSD continue to be popular among college students. In early 2007, ROK authorities discovered a mobile clandestine lab in South Korea that two individuals had been using to produce small amounts of methamphetamine from legally-obtained cold medicines. In response, the South Korean government implemented stricter controls on the purchase of over-the-counter medicines containing ephedrine and pseudoephedrine, requiring customer registration for quantities greater than 720 mg (a three-day standard dose).

### III. Country Actions Against Drugs 2007

**Policy Initiatives.** In 2007, the Korean Food and Drug Administration (KFDA) continued to implement stronger precursor chemical controls under amended legislation approved in 2005. The KFDA continued its efforts to educate companies and train its regulatory investigators on the enhanced regulations and procedures for monitoring the precursor chemical program. The KFDA also implemented in 2007 new regulatory oversight procedures to track and address diversion of narcotics and psychotropic substances from medical facilities and emerging patterns of abuse in South Korea of additional substances, including gamma butyrolactone (GBL), psychotropic-containing appetite suppressants, and the veterinary anesthesia Ketamine.

**Law Enforcement Efforts.** In the first nine months of 2007, South Korean authorities arrested 878 persons for narcotics use, 6,041 persons for psychotropic substance use, and 591 persons for marijuana use. ROK authorities seized 18 kg of methamphetamine. Ecstasy seizures increased to 18,151 tablets from 319, approaching previous levels before 2004 (20,385 tablets). South Korean authorities seized 19.6 kg of marijuana.

**Corruption.** There were no reports of corruption involving narcotics law enforcement in the ROK in 2007. As a matter of government policy, the ROK does not encourage or facilitate illicit production or distribution of narcotic or psychotropic or other controlled substances, or the laundering of proceeds from illegal drug transactions.

**Agreements and Treaties.** South Korea has extradition treaties with 23 countries and mutual legal assistance treaties in force with 18 countries, including the United States. South Korea is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, and the 1961 UN Single Convention, as amended by its 1972 Protocol. South Korea has signed, but has not yet ratified, the UN Convention on Transnational Organized Crime and the UN Convention against

Corruption. Korean authorities exchange information with international counternarcotics agencies such as the United Nations Office on Drugs and Crime (UNODC) and the International Criminal Police Organization (INTERPOL), and have placed Korean National Police and/or Korea Customs Service attachés in Thailand, Japan, Hong Kong, China, and the United States.

**Cultivation/Production.** Legal marijuana and hemp growth is licensed by local Health Departments. The hemp is used to produce fiber for traditional hand-made ceremonial funeral clothing. Every year, each District Prosecutor's Office, in conjunction with local governments, conducts surveillance into suspected illicit marijuana growing areas during planting or harvesting time periods to limit possible illicit diversion. In the first six months of 2007, local authorities seized 274 marijuana plants, down significantly from 3,783 in the first nine months of 2006. Opium poppy production is illegal in South Korea, although poppy continues to be grown in Kyonggi Province where farmers have traditionally used the harvested plants as a folk medicine to treat sick pigs and cows. Opium is not normally processed from these plants for human consumption. Korean authorities continue surveillance of opium poppy-growing areas and seized 13,927 poppy plants in the first six months of 2007.

**Drug Flow/Transit.** Few narcotic drugs originate in South Korea. The exportation of narcotic substances is illegal under South Korean law, and none are known to be exported. However, the ROK does produce and export the precursor chemicals acetone, toluene, and sulfuric acid. Transshipment through South Korea's ports remains a serious problem. ROK authorities recognize South Korea's vulnerability as a transshipment nexus and have undertaken greater efforts to educate shipping companies of the risk. ROK authorities' ability to directly intercept the suspected transshipment of narcotics and precursor chemicals has been limited by the fact that the vast majority of the shipping containers never enter ROK territory. Nonetheless, the ROK continued its international cooperation efforts to monitor and investigate transshipment cases. In the previous year, ROK authorities and the Seoul DEA Country Office completed a modified controlled delivery of crystal methamphetamine, which was originally intended for transshipment through South Korea from China to Guam. These efforts resulted in the dismantling of an international crystal methamphetamine organization in the U.S. and South Korea. Redoubled efforts by the Korean Customs Service (KCS) have resulted in increased seizures of methamphetamine and marijuana (12.4 kg and 7.7 kg respectively in the first 6 months of 2007) transported by arriving passengers and through postal services at South Korea's ports of entry. Most methamphetamine smuggled into South Korea comes from China. A majority of the LSD and Ecstasy used in South Korea has been identified as coming from North America or Europe. People living in metropolitan areas are known to use marijuana originating in South Africa and Nigeria, whereas those living in rural areas appear to obtain their marijuana from locally produced crops. ROK authorities also report increased instances of marijuana use among the foreign population in South Korea in recent years. These reports coincide with increased law enforcement efforts targeting this segment of the population.

#### **IV. U.S. Policy Initiatives and Programs**

**Policy Initiatives and Programs.** The U.S. Embassy's Drug Enforcement Administration (DEA) and U.S. Immigration and Customs Enforcement (ICE) officials work closely with ROK narcotics law enforcement authorities, and the DEA considers this working relationship to be excellent.

**Bilateral Cooperation.** The DEA Seoul Country Office has focused efforts on international drug interdiction, seizures of funds and assets related to illicit narcotics trafficking, and the diversion of precursor chemicals in South Korea and in the Far East region. In 2007, the DEA Seoul Country Office organized, coordinated, and hosted a one-week training seminar on International Asset Forfeiture and Money Laundering Investigations. This training was co-hosted by the Korean Supreme Prosecutors Office (KSPO) with 50 prosecutors, investigators, and analysts from the

Korea Financial Intelligence Unit, KSPO, KCS, Korean National Intelligence Service (KNIS), and the Korean National Police Agency (KNPA) in attendance. The DEA Seoul Country Office continues to share intelligence regarding the importation of precursor chemicals into South Korea from the United States and other Asian countries with the KFDA, KCS, KSPO, and KNIS. DEA also works closely with the KSPO and KCS in their activities to monitor airport and drug transshipment methods and trends, including the use of international mail by drug traffickers.

**The Road Ahead.** ROK authorities have expressed concern that the popularity of South Korea as a transshipment nexus may lead to greater volume of drugs entering Korean markets. Korean authorities fear increased accessibility and lower prices could stimulate domestic drug use in the future. South Korean authorities also indicate a growing concern about the importation of narcotics, psychotropic drugs, and illegal medicines purchased via the internet, predominately from web sites maintained in the United States. In the first nine months of 2007, South Korean authorities intercepted 341 internet-based drug purchases. In response, Korean authorities established a Memorandum of Understanding with a number of Korean internet portal sites to allow the KNPA to track and intercept such purchases. The South Korean government is currently seeking further international cooperation to better navigate the legal complexities surrounding the prosecution of transnational cyber crimes. The DEA Seoul Country Office will continue its extensive training, mentoring, and operational cooperation with ROK authorities.

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# Taiwan

## I. Summary

Domestic usage and seizures of psychotropic drugs like Ketamine and MDMA increased in Taiwan in 2007, but there is no evidence to suggest that Taiwan is reverting to a transit/transshipment point for drugs bound for the U.S. Taiwan Customs and counternarcotics agencies work closely with their DEA counterparts, guided by the Mutual Legal Assistance Agreement (MLAA) between the American Institute in Taiwan (AIT) and the Taipei Economic and Cultural Representative Office (TECRO) in the U.S. As part of the Drug Signature program, DEA received several samples of heroin and methamphetamine in 2007, demonstrating Taiwan's commitment to fully implement a 2004 provision that permits samples of narcotics seized in Taiwan to be provided to other law enforcement agencies for testing and analysis. Taiwan is not a member of the UN and therefore cannot be a party to the 1988 UN Drug Convention. Nevertheless, the Taiwan authorities have amended and passed legislation consistent with the goals and objectives of this Convention.

## II. Status of Taiwan

Taiwan's role as a major transit/transshipment point for narcotics has diminished due to law enforcement efforts and the availability of alternate routes within southern China. Taiwan authorities continue to strengthen anti-narcotics efforts with enhanced airport interdiction, coast guard and customs inspections, surveillance and other investigative methods. Some drugs, however, continue to transit Taiwan enroute to Japan and the international market. The People's Republic of China (PRC), the Philippines, Thailand and Burma remain the primary sources of drugs smuggled into Taiwan. In 2007, Taiwan law enforcement and Customs agencies continued to seize drug shipments originating from Thailand and Burma as well as identifying heroin shipments seized in Thailand destined for the Taiwan market.

## III. Actions Against Drugs In 2007

**Policy Initiatives.** Taiwan's Legislative Yuan (LY) again failed to enact any new counternarcotics legislation in 2007 due to protracted infighting between the two major political blocs in the LY. Legislation that would permit the use of confidential sources of information and enable undercover operations was not enacted during 2007, however, a continued effort is being made to encourage the LY to implement such legislation. A proposal aimed at establishing a unified drug enforcement agency modeled after the U.S. Drug Enforcement Administration (DEA) remains in the preliminary proposal stages. However, within the Executive Yuan (EY), an Anti-Drug Council was established to coordinate and approve an island-wide counternarcotics strategy.

In June 2007, the Taiwan Ministry of Justice hosted a National Drug Control Conference and International Drug Control Symposium. This event brought together experts from law enforcement, academia, and health care from several different countries. Representatives from the DEA Hong Kong Country Office and the DEA Bangkok Regional Office were invited and participated in this event.

**Law Enforcement Efforts.** In the absence of a single drug enforcement agency, the Ministry of Justice continues to lead Taiwan's counternarcotics efforts with respect to manpower, budgetary and legislative responsibilities. The Ministry of Justice Investigation Bureau (MJIB), the National Police Administration/Criminal Investigation Bureau (NPA/CIB) and Customs all contributed to counternarcotics efforts in 2007. MJIB, NPA/CIB, and Coast Guard Administration continue to cooperate on joint investigations and openly share information with their DEA counterparts.

In September 2007, Taiwan authorities, with less than a day's notice, detained a U.S. fugitive transiting Taiwan en route to Vietnam and deported him back to the United States to stand trial on a charge of conspiracy to manufacture and distribute marijuana.

In October 2007, a joint investigation involving MJIB, the DEA's Hong Kong and Singapore offices, and Indonesian authorities culminated in the seizure of a large-scale crystal methamphetamine clandestine laboratory in Batam, Indonesia. This successful multi-lateral investigation thwarted the production of thousands of kilograms of crystal methamphetamine, and led to the dismantling of this major trafficking syndicate that is believed to have had a significant impact on crystal methamphetamine distribution within the region. In 2007, MJIB representatives traveled to several East Asian countries seeking cooperation and exchanging intelligence with foreign narcotics agencies to take preemptive steps in tracking the sources of drugs in an effort to dismantle the organizations responsible for importing drugs into Taiwan. Furthermore, the NPA/CIB has stationed agents in other countries such as Thailand, Malaysia, and Indonesia to enhance international cooperation in the counternarcotics effort in the East Asian region.

From September 2006 through September 2007, Taiwan authorities seized 159.8 kilograms of heroin/cocaine, 699.2 kilograms of marijuana/MDMA/amphetamine, 1560.1 kilograms of Ketamine/nimetazepan, and 623.3 kilograms of ephedrine.

**Corruption.** There is no indication that the Taiwan authorities, as a matter of policy, either encourage or facilitate the illicit production or distribution of narcotics, psychotropic drugs or other controlled substances, nor launder proceeds from illegal drug transactions. No cases of official involvement in narcotics trafficking or the laundering of proceeds from illicit drug transactions were reported in 2007.

**Agreements.** In 1992, AIT and its counterpart, TECRO, signed a Memorandum of Understanding on Counternarcotics Cooperation in Criminal Prosecutions. In 2001, AIT and TECRO signed a Customs Mutual Legal Assistance Agreement. In March 2002, the AIT-TECRO Mutual Legal Assistance Agreement (MLAA) entered into force and remains the primary avenue for enforcement and other legal cooperation.

**Drug Flow/Transit.** Thailand and Burma remain the principal sources for heroin, but there is increasing evidence that heroin is also being smuggled into Taiwan from Cambodia and Vietnam. The PRC, Philippines, and Malaysia are seen as intermediary smuggling points for methamphetamine and psychotropic drugs, such as Ketamine and MDMA, destined for Taiwan. India is also emerging as a primary source for diverted pharmaceutical-grade liquid Ketamine which is typically converted to a powdered form and then smuggled into Taiwan and other international markets.

Fishing boats, cargo containers and couriers remain the primary means of smuggling these types of drugs into Taiwan. There have also been drug seizures at Taiwan's international airports. Most of the drugs smuggled into Taiwan appear to be for local consumption; the remainder is intended for further distribution to international markets, especially Japan. Figures issued by Taiwan's Department of Health indicate that heroin and methamphetamine use has remained relatively unchanged in 2007, but the use of psychotropic drugs like Ketamine and MDMA has increased. Seizures of both domestically-produced methamphetamine and methamphetamine that was imported from the PRC remained at the same levels in 2007.

**Domestic Programs/Demand Reduction.** The Ministry of Education and the Taiwan National Health Administration continue to forge partnerships with various civic and religious groups to raise awareness about the dangers of drug-use and educate the public about the availability of treatment programs.

#### IV. U.S. Policy Initiatives and Programs

**Policy Initiatives.** Working with the local authorities to prevent Taiwan from reverting to its earlier status as a major transit/transshipment point for U.S.-bound narcotics remains the primary goal of U.S. counternarcotics policy. Counternarcotics training and institution building have proven to be the cornerstones of this policy. In December 2006, the DEA and U.S. Customs and Border Protection conducted training for Taiwan Customs officers. The topics included information on regional drug trafficking trends, intelligence analysis, and concealment techniques. In March 2007, the DEA provided law enforcement tactical training to forty officers from MJIB. The training highlighted officer safety, operational planning, defensive tactics and weapon safety. In August 2007, the DEA also sponsored one NPA/CIB officer to attend a Clandestine Laboratory Training Seminar at the Justice Training Center in Quantico, Virginia.

Taiwan law enforcement and Customs agencies enjoy a close working relationship with the DEA and AIT's Regional Security Office. Agents from MJIB, NPA/CIB and the Coast Guard Administration all participated in joint investigations and shared intelligence with their DEA counterparts in 2007, resulting in several significant drug seizures and arrests in Taiwan and throughout the region.

**Road Ahead.** AIT and DEA anticipate building upon and enhancing what is already an excellent working relationship with Taiwan's counternarcotics agencies. The DEA has provided training in several areas that included an advanced narcotics in-service seminar, clandestine lab safety, tactical safety, and precursor chemicals training. As a result of those efforts, Taiwan counterparts have pursued an island-wide forensic clandestine laboratory response capability. In the coming year, the DEA is already planning to conduct an International Asset Forfeiture Seminar in Taipei and further plans to conduct additional drug enforcement training. This training will strengthen the investigative abilities of Taiwan's law enforcement agencies while, at the same time, promoting continued cooperation and information exchange in the counternarcotics effort. More intelligence exchange and jointly conducted investigations are anticipated for 2008. DEA will also continue to promote the Drug Signature Program to receive samples of drugs seized in Taiwan.

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# Thailand

## I. Summary

Thailand is not a significant drug cultivation or drug production nation, but is now a net importer of drugs and also serves as a transshipment point. The trade and use of illicit drugs remains a serious problem for the Kingdom. The primary drugs of concern today in Thailand are amphetamine type stimulants (ATS), which although less widespread than a few years ago are still readily available across the country. “Club drugs” such as Ecstasy and cocaine are mainly used by some affluent Thai and foreign visitors, and are of continuing concern.

Trafficking of illicit drugs through the Kingdom poses a continuing challenge to Thai law enforcement agencies. When suppression succeeds in targeted border areas, smugglers promptly change their routes in response. Heroin and methamphetamine continue to move from Burma across Thailand’s northern border for domestic consumption as well as export to regional and international markets. Methamphetamine, and some heroin, moves into Thailand from Burma not only via well-established northern trafficking routes, but increasingly via Laos across the Mekong River where it is then smuggled into Thailand’s northeastern border provinces. Drugs also travel southbound through Laos into Cambodia where they then enter Thailand across the Thai-Cambodian border, as well as being trafficked directly through Laos to Vietnam and Cambodia for regional export. Some opium enters Thailand from Laos, and large quantities of marijuana are moved into/through Thailand from Laos, while smaller quantities are smuggled from Cambodia. Small amounts of marijuana are grown domestically, as well. Thailand is a party to the 1988 UN Drug Convention.

## II. Status of Country

There is, effectively, no cultivation or production of opium, heroin, methamphetamine or other drugs in Thailand today although various regional and international drug trafficking networks use Thailand as a transit nation as well as a market for sale of drugs produced in Burma and elsewhere.

Use of low-dosage methamphetamine tablets produced in Burma of caffeine, filler, and methamphetamine—known locally as “ya ba” or “crazy medicine”—slightly decreased from 2006 although “ya-ba” remains Thailand’s most-commonly abused illicit drug. Recent emergence of crystal methamphetamine or “ice” production in the Shan State of Burma worries Thai authorities, who believe that its more intense addictive nature could cause an increasing impact on domestic Thai consumption.

Thailand has for some time been a net importer of opium. The small quantities that are likely produced in Thailand cannot support even the domestic needs in traditional opium smoking ethnic regions, much less refining into heroin. Nevertheless, small pockets of local opium cultivation continue, usually by ethnic highland peoples attempting to supplement their meager incomes or meet their own consumption needs. The region’s largest drug producer, the Burma-based United Wa State Army (UWSA), publicly pledged to eliminate opium poppy cultivation by the end of 2005, and appeared to reduce poppy cultivation, although it was not eliminated by their self-proclaimed target date. A long-term decline in opium production over recent years has been accompanied by increasing production of methamphetamine tablets in Burma. These two developments have had an impact on drug abuse and transit patterns in Thailand, with less opiate trafficking and abuse, but growing abuse of synthetic drugs.

Small markets remain active in Thailand for Ecstasy and cocaine. Ecstasy arrives in Thailand from a variety of sources including Cambodia, Malaysia, Burma, Europe and Canada. The cocaine

market in Thailand, like that of Ecstasy, is still primarily restricted to some affluent Thai and foreigners in large cities. Some of the cocaine that arrives in Thailand is for onward transit to regional countries such as China. While the cocaine market is still largely controlled by West African criminal organizations, South Americans have become engaged in Thailand and elsewhere in the region.

Marijuana is sold and consumed widely without much enforcement attention being paid to it, and a steady market continues to transit Thailand. It is still used by some as a flavoring ingredient in curries and noodle soup. In southern Thailand, the expanding use of Krathom is of concern to central government authorities, as chewing of the addictive leaf has become commonly accepted among many communities, which view it as an easy way to remain alert and ready for work. The Office of Narcotics Control Board (ONCB) reports that users also mix the Krathom plant leaf with cola drinks, cough syrup or tranquilizers to form a narcotic-laced drink. Krathom is reportedly popular due to its cheapness, difficulty to detect and broad acceptance by village society. Ketamine has become widely used throughout Asia by those seeking an alternative “high” without the same criminal liabilities as other controlled substances. It is found in both liquid and powder forms. Most Ketamine used in Thailand is produced in India. Besides being a veterinary tranquilizer, it has hallucinogenic side effects and is sometimes used in the party scene because it is cheaper and considered less dangerous than Ecstasy. Ketamine causes distorted perceptions of sight and sound and makes the user feel disconnected and out of control. The coordination and senses of Ketamine users are impaired for up to 24 hours while the hallucinogenic effects can last 90 minutes. Finally, although they are not always listed as a controlled substance, there is significant abuse of inhalants such as glue that impoverished users turn to because it is readily available and cheap.

Treatment data reported by the Thai government and United Nations Office of Drugs and Crime (UNODC) indicates that “ya ba” use remains widespread although Thai authorities report that usage continued to drop because of stronger law enforcement, in particular interception of traffickers along border areas, and some increased preference by users for other drugs such as the crystal form of methamphetamine “ice” and Ecstasy. Consumption rates and trafficking volumes of “ya ba” remain less than before former Prime Minister Thaksin’s controversial drug war of 2003, with prices today about three times higher than what they were prior to the “drug war.” Heroin and opium usage continued to decrease in 2007 as well. “Ice” usage increased in 2007, continuing a trend since 2004 although usage remains relatively limited, perhaps as a result of the much higher cost of this drug in comparison to “ya ba.” The use of Kratom (*Mitragyna speciosa*), a plant with addicting stimulant properties found in southern Thai provinces, increased as did marijuana usage.

There were also many crystal methamphetamine “ice” seizures, which Thai officials believe was destined largely for markets outside the country. “Ice” abuse in Thailand is still mostly limited to entertainment districts in the larger cities. “Ice” is smoked in a fashion similar to crack cocaine and costs 3,000 baht (USD \$88) per gram on the street. The “ice” that transits Thailand for regional markets usually goes to established markets in Malaysia, Indonesia, Singapore, the Philippines, Taiwan and Japan.

### **III. Country Actions Against Drugs in 2007**

Policy Initiatives. In late 2006, the Royal Thai Government’s National Narcotics Control Management Centre (NNCMC) launched a year-long program to target trafficking areas and groups deemed to be at high-risk of using illicit drugs. Targeted locations include Bangkok and five nearby central Thai provinces, five southernmost provinces, select border areas and former opium-growing areas in Thailand’s north where small poppy fields are nevertheless detected and destroyed, albeit infrequently. Youth, former addicts and ex-drug prisoners also were encouraged to join drug education and resistance programs. Nationwide local administrative organizations were enlisted to take these programs at the community level.

In October 2007, the Prime Minister endorsed a Cabinet decision to abolish a controversial three-year old incentive system by which investigators and their superiors in the Anti-Money Laundering Office (AMLO) received personal cash awards for successful seizures of illicit funds. The United States and others urged the RTG to rescind this system due to its likely negative influence on case development priorities, and the U.S. Government subsequently ceased providing training and other assistance to AMLO while the rewards system remained in place. Although the executive order that terminated this system contains a controversial grandfather clause which allows payments of incentives already approved, in practice few if any additional rewards payments are expected to be made.

**Law Enforcement Efforts.** Ongoing RTG efforts to interdict the trade and use of illicit drugs included the following measures in 2007: Stronger border interception; utilizing units of the civil service, police and army to patrol, operate check points and monitor high traffic areas; strengthening local communities by education and drug resistance programs; enhancing international assistance and operational cooperation; surveying and manual eradication of poppy cultivation areas; education and alternative livelihood support for northern hill-tribe villagers; and better statistical research and measurement of drug users, traffickers, and released prisoners. The Thai Office of Narcotics Control Board conducts year-round surveillance in upland areas of northern Thailand where new opium poppy plantings are most likely to occur, usually on plots of half an acre or less. The Office coordinates at least one manual opium eradication campaign per year that is carried out by Thai 3rd Army units that have become expert in this activity. These campaigns are conducted with modest financial support from the U.S. Mission, and with leads and intelligence developed by the DEA Bangkok Country Office.

Thailand's regional efforts at border interdiction and law enforcement coordination include continued policing of the northern and northeast border regions of the country. Improved cross-border operational communications along the Mekong River has been fostered in part by continuing scheduled joint Lao-Thai river patrols using U.S. Government-purchased small boats and other equipment. Lao and Thai border law enforcement authorities take advantage of improved, more frequent contacts and meetings as well as better communications tools to support operational cross-border communications. Thai law enforcement authorities employ extensive field training and modern equipment to respond to the border trafficking threat. A wide assortment of counternarcotics tools, including confidential sources, undercover operations, controlled deliveries and court-authorized wiretaps are available and are used in drug suppression and interdiction. Thai agencies also adjust their strategy and tactics to meet the changing threat from modern-day drug trafficking groups as the traffickers adapt and alter their own operations. When traffickers shifted their smuggling routes to Laos and Northeast Thailand, Thai authorities quickly moved enforcement capacity to those areas. A new USG-outfitted drug intelligence center constructed with the help of JITAF-West in northeastern Thailand further bolsters counter narcotics coordinating and operational capabilities within the Thai Police Narcotics Suppression Bureau (PNSB) network.

**Corruption.** As a matter of government policy, Thailand does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of drug proceeds, either by individuals or government agencies. Additionally, no senior official of the Thai government is known to engage in, encourage, or facilitate the illicit production or distribution of narcotic or psychotropic drugs or other controlled substances or the laundering of proceeds from drug transactions. Corruption remains a problem in Thai society, nonetheless, and is frequently chronicled by press reports, high-profile court cases and anecdotal information although such reported incidents are rarely drug-related. Still, some drug-related corruption is likely, given the volume and value of drugs consumed in and moving through Thailand.

**Agreements and Treaties.** Thailand is a party to the 1988 UN Drug Convention and the 1971 UN Convention on Psychotropic Substances. It has signed but not ratified the UN Convention against Transnational Organized Crime and the UN Convention against Corruption. Thailand is an active participant in the Colombo Plan, and a participant in the ASEAN and China Cooperative Operations in Response to Dangerous Drugs (ACCORD) Organization. Thailand signed the ASEAN Treaty on Mutual Legal Assistance. The Kingdom also maintains less formal agreements such as the memorandum of intent with China that outlines an agreement to share information on seized drugs. The United States and Thailand have an extradition treaty in force, and the Thai have always been among the top partners of the U.S. in this area. During calendar year 2007, Thai authorities extradited five individuals to the United States. The United States and Thailand also have had a bi-lateral Mutual Legal Assistance Treaty in force since 1993.

The ONCB continued its efforts to develop better operational relationships with counterpart agencies in Laos by expanding its network of Border Liaison Offices (BLO) along the Thai-Lao Mekong River Border. The BLO initiative was originally proposed to countries in the sub-region as well as China by the United Nations Office of Drugs and Crime (UNODC) in order to promote effective, timely bilateral law enforcement communications and cooperation between locally-based government law enforcement agencies. Thai authorities laud the program as having led to much more effective and timely operational communication with their Lao counterparts. Thailand also continues to host and fund frequent bilateral and multilateral border meetings with Laos, Burma, Cambodia, Malaysia and Vietnam in order to develop better law enforcement planning and operational cooperation. U.S. law enforcement assistance funds were used to provide modest support to Thailand's BLO network in 2007.

**Drug Flow/Transit.** Thailand remains an important regional transit country for heroin and methamphetamine entering the international marketplace, including the United States. Much of the heroin leaving Thailand is destined for regional consumption with small quantities transported and marketed in Taiwan, Australia or other countries. However, several criminal organizations still ship small amounts of heroin to New York, New Jersey, Chicago (and other Midwestern locations), the Pacific Northwest, and California. Drugs are transported into northern Thailand via couriers and small caravans along mountainous jungle trail networks, and are increasingly transshipped from Burma through Laos and Cambodia from where they are introduced into northeastern and eastern Thai towns. Once inside Thailand, the drugs are transported to Bangkok and other distribution areas by vehicle. Use of the Thai mail system also continues to be a common means for moving drugs within and out of the country. Burmese-based international drug trafficking organizations continue to produce hundreds of millions of tablets of methamphetamine ("ya ba") each year. A substantial portion of these end up in Thailand, and "ya ba" remains the number one drug of abuse in the Kingdom.

The increase in cocaine importation and trafficking in Thailand continued in 2007, and there are indications of smuggling cocaine from South America for distribution in Thailand or transshipment to Taiwan, Japan and elsewhere in Asia. A recent trend is of South American males arriving in Thailand, Cambodia and Malaysia with quantities of cocaine secreted inside their bowels. These "swallowers" can ingest anywhere from 50 to 150 capsules, using prophylactic containers. A typical seizure of this nature generally ranges from 0.5 to 1.75 kg of cocaine. Ecstasy trafficking continues to become more common in Thailand, though high street prices still restrict the market. Sources have expanded beyond Europe and Canada, but earlier reports of Ecstasy production in Burma have not yet been confirmed. Thailand-based enterprises continue to market steroids and other pharmaceuticals on a worldwide scale, much of which end up in markets where such products are illegal including the U.S. and Europe. One Thai organization under investigation produces steroids in three countries, distributes to multiple companies around the world and moves much of its financial proceeds through Thailand.

**Domestic Programs/Demand Reduction.** Thailand carries out a comprehensive range of demand reduction programs that encompass combinations of educational programs for the public and treatment for users. In the past three years, the Thai government has taken positive steps to substitute treatment programs for prison terms in instances where the drug user was caught in possession of quantities of drugs that clearly were for personal use and lacked any intent to distribute. In 2005, a demand reduction national task force was formed to promote greater emphasis on treatment versus incarceration for users, and to launch a “drug free workplace” project among other initiatives. A highly visible and effective drug awareness and demand reduction program known as “To Be Number One” continues under the patronage and active involvement of a senior member of the Royal Family who is a highly respected figure in Thai society. This and other drug education and awareness campaign are conducted in cooperation with private organizations, NGO’s and public institutions and uses radio, television and printed media to reach intended audiences.

In 2007, the U.S. Mission provided financial support to a Thai Ministry of Health monitoring project in northern Thailand aimed at determining the effectiveness of treatment programs by interviewing former methamphetamine users. The program is conducted by a regional Thai government drug treatment hospital in Chiang Mai city, in collaboration with U.S. academic researchers who are funded by the U.S. National Institute for Health. The results gleaned from this research are intended to help the Thai and U.S. demand reduction community better understand how to better develop future treatment programs.

#### **IV. U.S. Policy Initiatives and Programs**

**Bilateral Cooperation.** Thailand and the United States maintain an exemplary, long-standing partnership to combat drug trafficking and international crime. Thai-U.S. bilateral cooperation makes possible a broad range of investigations that are conducted jointly by Thai law enforcement agencies and the U.S. Drug Enforcement Administration (DEA), training programs that build capacity in anti-narcotics and other law enforcement areas and cooperation with third countries on a range of narcotics control and anti-transnational crime activities.

The United States continues to provide capacity-building and operational support to Thailand, under annual Letters of Agreement (LOA). Most visible among these activities is the continued operation of the jointly funded and managed Thai-U.S. International Law Enforcement Training Academy (ILEA) in Bangkok, which provides law enforcement operational and management skills training to government officials and police officers from 12 regional countries, plus Hong Kong. In addition to a full schedule of training programs for regional officials, ILEA conducts numerous bilateral skills-building courses and seminars dedicated to benefit Thai law enforcement and government agencies. These programs include training by Federal, state and local U.S. law enforcement professionals, purchases of non-lethal equipment and other commodities, and targeted 3rd-party funded training—all aimed at facilitating Thailand’s capacity to combat the illicit drug trade and transnational and organized crime.

Thailand is one of eleven countries worldwide in which the United States Drug Enforcement Administration (DEA) has established Sensitive Investigative Units (SIU). Thai SIU participants receive specialized training and undergo a rigorous vetting process in order to be selected for the program. This process assures a cadre of highly competent counterparts with whom DEA works closely to target drug trafficking organizations. Five SIU teams currently operate in Thailand, and all are focused on the most important trafficking groups in the region. An intensive forensics crime analysis training program was also begun in 2007 to enhance Thai police and Ministry of Justice ability to build better criminal prosecutions using crime scene and other forensic evidence. This program is funded by the Department of State and carried out by the Department of Justice, and

will be succeeded in 2008 by a more comprehensive program of assistance and capacity building to Thai law enforcement agencies.

**The Road Ahead.** The United States will continue to closely support the Thai Government's efforts to interdict illicit drugs moving into the region and the United States, as well as collaborate on a broad range of international crime control issues via material, legal and technical support approaches. The U.S. will continue supporting Thai/Lao maritime border security by providing small river patrol boats and associated training/equipment, support Thailand's effective work to improve border liaison with neighboring Laos, contribute to manual opium eradication programs, and provide modest support to the alternative livelihood programs for upland populations that have been carried out in northern Thailand by Thai agencies under Royal Patronage for three decades. The U.S. will contribute to justice sector reform at the request of Thai counterpart agencies, and utilize seconded U.S. Department of Justice personnel as well as private sector organizations such as the American Bar Association to help achieve this goal. ILEA Bangkok will continue to aggressively offer a comprehensive program of regional law enforcement training and cooperation, and build Thai agency technical skills in order to enhance capacity to fight transnational crime and illicit drug trafficking.

## V. Statistical Table

<b>Drug Seizures</b>	<b>2007 (as of 12/11)</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
Methamphetamine ("ya ba")	12.1 million tablets	13.7 million tablets	17.7 million tablets	31 million tablets
Crystal methamphetamine ("ice")	45.1 kg	93.9 kg	322.6 kg	47 kg
Ketamine	1.6 kg	42.7 kg	47.5 kg.	163.9 kg
Opium seized: includes raw, cooked, and poppy plants	1,158.8 kg	787.6 kg	5,767.5 kg	1,595 kg
Heroin	256.8 kg	91.7 kg	954.6 kg	820 kg
Ecstasy	18.3 kg	6.8 kg	8.6 kg	31 kg
Ecstasy: expressed in another manner	73,182 tablets	27,800 tablets	34,368 tablets	124,980 tablets
Cocaine	15.8 kg	38.8 kg	6.78 kg	12.3 kg

Note: The seizure data above was gathered from the Asia and Pacific Amphetamine-Type Stimulants Information Centre, a Bangkok-based United Nations Office of drugs and crime project on data and trends with which the Thai government cooperates, and from the Office of the Narcotics Control Board of the Royal Thai Government. Some changes have been made to previously published prior-year information in order to remove duplicate reporting and errors.

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# Vietnam

## I. Summary

The Government of Vietnam (GVN) continued to make progress in its counternarcotics efforts during 2007. Specific actions included: sustained efforts of counternarcotics law enforcement authorities to pursue drug traffickers; increased attention to interagency coordination; continued cooperation with the United Nations Office on Drugs and Crime (UNODC); increased attention to both drug treatment and harm reduction; continued public awareness activities; and additional bilateral cooperation on HIV/AIDS. The United States and Vietnam continued to implement training and assistance projects under the counternarcotics Letter of Agreement (LOA). Operational cooperation with the U.S. Drug Enforcement Administration's (DEA) Hanoi Country Office (HCO) continued to lag behind expectations. In November 2006, DEA and the GVN's Ministry of Public Security (MPS) concluded a memorandum of understanding intended to facilitate operational cooperation between the two agencies on transnational counternarcotics matters. Vietnam is a party to the 1988 UN Drug Convention.

## II. Status of Country

This year, the GVN claims about 37.5 ha of opium and 0.4 ha of cannabis under cultivation nationwide, all of which were eradicated. Official UNODC statistical tables no longer list Vietnam separately in drug production analyses. Cultivation in Vietnam probably accounts for only about one percent of the total cultivation in Southeast Asia, according to law enforcement estimates. DEA has no evidence of any Vietnamese-produced narcotics reaching the United States. There appear to be small amounts of cannabis grown in remote regions of southern Vietnam. In the past, Vietnam has not been confirmed as a source or transit country for precursors, but recently there was a seizure in Thailand of Safrole (sassafras oil-From which Ecstasy can be produced) manufactured in Cambodia. This precursor to MDMA production is no longer produced in Vietnam, but it continues to be imported into Vietnam for re-export to third countries. The potential for diversion of sassafras oil into clandestine MDMA production remains an area of concern for DEA.

In 2007, the GVN continued to view other Golden Triangle countries, primarily Burma and Laos, as the source for most of the heroin supplied to Vietnam. GVN authorities are particularly concerned about rising ATS use among urban youth. During 2007, the GVN increased the pace of enforcement and awareness programs that they hope will avoid a youth synthetic drug epidemic. Resource constraints in all aspects of narcotics programs are pervasive, and GVN counternarcotics officials note that, as a developing country, Vietnam will face such resource constraints for the foreseeable future. Officials also noted, however, significant annual budget increases for counternarcotics efforts. Drug laws remain very tough in Vietnam. For possession or trafficking of 600 grams (something more than one pound) or more of heroin, or 20 kg (44 pounds) of opium gum or cannabis resin, the death penalty is mandatory. Foreign law enforcement sources do not believe that major trafficking groups have moved into Vietnam. Relatively small groups comprised of from five to 15 individuals (who are often related to each other) usually do most narcotics trafficking.

## III. Country Actions Against Drugs in 2007

**Policy Initiatives.** The structure of the GVN's counternarcotics efforts is built around the National Committee on AIDS, Drugs and Prostitution Control (NCADP), which includes 18 GVN ministries and people's organizations as members. In addition, MPS, as NCADP's standing member, has a

specialized unit to combat and suppress drug crimes. During 2007, many provinces and cities implemented their own drug awareness and prevention programs, as well as demand reduction and drug treatment. The GVN continues to view drug awareness and prevention as vital tools and significant objectives in its fight against drugs, as well as integral parts of its effort to comply fully with the 1988 UN Drug Convention. The GVN has continued to rely heavily on counternarcotics propaganda, culminating in the annual drug awareness month in June 2007. Officially sponsored activities cover every aspect of society, from schools to unions to civic organizations and government offices. In 2007, the GVN extended its ongoing effort to de-stigmatize drug addicts in order to increase their odds of successful treatment, and to help control the spread of HIV/AIDS.

**Law Enforcement Efforts.** According to GVN statistics, during the first nine months of 2007, there were 7,185 drug cases involving 9,343 traffickers. Total seizures include 123 kg of heroin, 53 kg of opium, 224 kg of cannabis, 24,300 ATS tablets, and 10,050 other tablets and ampoules of addictive pharmaceuticals. The numbers of cases and traffickers during the first six months of 2007 represent decreases of 22.09 and 34.5 percent, respectively, compared with the same period of 2005. Officials attributed the lower figures to increased admissions of addicts in drug treatment centers, greater effectiveness of counternarcotics forces on the borders and success at raising public awareness. During the first nine months of 2007, courts throughout the country tried 8,357 traffickers in 6,274 cases.

Foreign law enforcement representatives in Vietnam acknowledge that real operational cooperation on counternarcotics cases is minimal due to legal prohibitions and policy restrictions that preclude Vietnam's drug enforcement authorities from sharing information and supporting bilateral investigations with foreign police agencies. Without changes in Vietnamese law to allow the establishment of a legal and procedural basis for Vietnam's cooperation with foreign law enforcement agencies, operational "cooperation" will remain limited and largely determined on a case-by-case basis. USG law enforcement agencies hold out some hope that the development of agency-to-agency agreements will slightly improve the cooperation climate. During 2007, cooperation levels between GVN law enforcement authorities and DEA's HCO continued to gradually improve, although DEA agents have not been officially permitted to work directly with GVN counternarcotics investigators. Cooperation was limited to receiving information and investigative requests from DEA, holding meetings and providing somewhat limited responses to DEA's requests. Thus far, counternarcotics police have declined to share detailed investigative information with DEA. During 2006 and 2007, DEA did receive operational cooperation on one money laundering investigation in which MPS assisted in the receipt of alleged drug money that was remitted to Vietnam through a money laundering organization in the United States. However, despite requests made by DEA, MPS provided no investigation information on the organizations or businesses that facilitated the illegal money remittance in Vietnam.

**Corruption.** As a matter of GVN policy, Vietnam does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. No information specifically links any senior GVN official with engaging in, encouraging or facilitating the illicit production or distribution of drugs or substances, or the laundering of proceeds from illegal drug transactions. Nonetheless, a certain level of corruption, both among lower-level enforcement personnel and higher-level officials, is consonant with fairly large-scale movement of narcotics into and out of Vietnam. The GVN did demonstrate willingness in 2007 to prosecute officials, although the targets were relatively low-level. In September, two prosecutors of the Thai Nguyen Provincial Supreme People's Procuracy were arrested for alleged bribe taking in a drug case. Earlier, two drug police officers were also arrested on the same charge in the case.

**Agreements/Treaties.** Vietnam is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention as amended by the 1972 Protocol and the 1971 UN Convention on Psychotropic

Substances. Vietnam has signed, but has not yet ratified, the UN Corruption Convention and the UN Convention against Transnational Organized Crime.

**Cultivation/Production.** Despite eradication efforts, the GVN reported 37.5 ha of opium replanted nationwide. The total poppy cultivation in 2007 showed a significant decrease compared to the previous year. The total number of hectares under opium poppy cultivation remains sharply reduced from an estimated 12,900 ha in 1993, when the GVN began opium poppy eradication. There have been recent confirmed reports that ATS and heroin have been produced in Vietnam. Local ATS production relies on ATS powder brought from outside the country, which is then processed into pills. GVN law enforcement forces have seized some ATS-related equipment (i.e., pill presses). In January, Vietnam's first-ever prosecution for heroin production, involving 44 kg produced in 2001 and 2003, concluded with the court handing down eight death sentences and thirteen life imprisonments. Officials described the method of production used by the perpetrators as "simple and manual," and "not at a level sufficient to produce saleable heroin." As part of its efforts to comply fully with the 1988 UN Drug Convention, the GVN continued in 2007 to eradicate poppies when found and to implement crop substitution. There were, however, some reports of trafficking in heroin among hill tribes along the border with Laos.

**Drug Flow/Transit.** While law enforcement sources and the UNODC believe that significant amounts of drugs are transiting Vietnam, DEA has not yet identified a case of heroin entering the United States directly from Vietnam. More commonly, drugs, especially heroin and opium, enter Vietnam from the Golden Triangle via Laos and Cambodia by land, sea and air, making their way to Hanoi or Ho Chi Minh City, either for local consumption or transshipment to other countries such as Australia, Japan, China, Taiwan and Malaysia. The ATS flow into the country during 2007 continued to be serious and not limited to border areas. ATS can now be found throughout the country, especially in places frequented by young people. ATS, such as amphetamine, Ecstasy, and especially "ice" methamphetamine (crystal methamphetamine), and other drugs such as diazepam and Ketamine continue to worry the government. Such drugs are most popular in Hanoi, Ho Chi Minh City and other major cities. During 2007, numerous cases involving ATS trafficking and consumption were reported in the media, including mass arrests following raids on popular nightclubs.

**Domestic Programs/Demand Reduction.** According to the Standing Office for Drug Control (SODC), by the end of June 2007, there were 166,291 officially registered drug users nationwide. Included in that figure are 88,315 addicts living in the community, and 45,263 and 32,713 other addicts living, respectively, in MPS (Ministry of Public Security) prisons and MOLISA (Ministry of Labor, War Invalids and Social Affairs) treatment centers. Vietnam has 87 provincial-level treatment centers providing treatment to about 58,000 drug addicts annually, a six-fold increase compared with 2001. The number of "unofficial" (i.e., not acknowledged officially) drug users is at least 1.5 times higher. During the first six months of 2007, 45,572 drug users received treatment, including 8,303 new recipients. This year, the SODC reported that heroin accounts for 84.72 percent of drug use, while ATS use saw a significant increase, especially among the youth. Ministries distributed hundreds of thousands of counternarcotics leaflets and videos, and organized counternarcotics painting contests for children. The Ministry of Education and Training (MOET) carries out awareness activities in schools. Counternarcotics material is available in all schools and MOET sponsors various workshops and campaigns at all school levels.

The UNODC assesses GVN drug awareness efforts favorably, but considers these efforts to have had minimal impact on the existing addict and HIV/AIDS population. Vietnam strives to integrate addiction treatment and vocational training to facilitate the rehabilitation of drug addicts. These efforts include tax and other economic incentives for businesses that hire recovered addicts. Despite these efforts, only a small percentage of recovered addicts find regular employment. HIV/AIDS is a serious and growing problem in Vietnam. The epidemic is closely related to

intravenous drug use and commercial sex work. At least 53 percent of known HIV cases are IDUs. A 2006 national sentinel surveillance indicated a 23 percent HIV prevalence among IDUs. However, in some provinces, the HIV prevalence is reported at as high as 45 percent among IDUs. The Vietnamese National Strategy for HIV Prevention and Control, launched in March 2004, presents a comprehensive response to HIV, including condom promotion, clean needle and syringe programs, voluntary counseling and testing and HIV/AIDS treatment and care. The GVN reported a total of 126,543 HIV cases in the country. Out of that number, 24,788 are AIDS patients. The actual figure is believed to be three times higher. In June 2004, Vietnam was designated the 15th focus country under the President's Emergency Plan for AIDS Relief (PEPFAR). USG FY07 funding, about \$65.8 million, is distributed through key PEPFAR agencies such as USAID, HHS/CDC, and the U.S. Department of Defense. Through PEPFAR, the USG supports the Vietnam National HIV/AIDS Strategy of Prevention, Care and Treatment for People Living with HIV/AIDS (PLWHA). The majority of USG support targets seven current focus provinces (Hanoi, Hai Phong, Quang Ninh, Ho Chi Minh City, Can Tho, An Giang and Nghe An) where the epidemic is most severe; however, PEPFAR also supports HIV counseling and testing and community outreach for drug users and sex workers in 30 provinces. From 2005 through 2007, USG-supported programs have trained nearly 43 substance abuse counselors/case managers who work in Hai Phong and Ho Chi Minh City (HCMC). In cooperation with the HCMC, the PEPFAR team is piloting a comprehensive program to assist former rehabilitation center residents prevent relapse, stabilize their lives and access appropriate care for HIV disease. As this program shows success, it will be expanded to assist drug users in provinces beyond HCMC.

#### **IV. U.S. Policy Initiatives and Programs**

**Policy Initiatives.** Under the Vietnam-U.S. Counternarcotics Assistance LOA, U.S. Customs and Border Protection delivered contraband enforcement training to GVN customs, border guards, and maritime administration officials. This training included three field visits for GVN officials to U.S. ports to observe best practices and three in-country training courses held in major port cities. Also under the LOA, DEA International Training Units conducted an Airport Interdiction and Seizure Seminar in September. During July and August, DEA and JIATF-W sponsored two-week Officer Tactics and Safety training seminars for MPS and Border Army officials in Hanoi and HCMC. Between January and September 2007, using State Department law enforcement assistance, 44 Vietnamese law enforcement officers attended the International Law Enforcement Academy (ILEA) in Bangkok. The USG also provided port security and vulnerability assessment and container inspection training to Vietnam. The USG also contributed to counternarcotics efforts in Vietnam through the UNODC. The USG also contributed to counternarcotics efforts in Vietnam through the UNODC.

**The Road Ahead.** The GVN is acutely aware of the threat of drugs and Vietnam's increasing domestic drug problem. However, there is continued suspicion of foreign law enforcement assistance and/or intervention, especially from the United States, in the counternarcotics arena. During 2007, as in previous years, the GVN made progress with ongoing and new initiatives aimed at the law enforcement and social problems that stem from the illegal drug trade. Notwithstanding a lack of meaningful operational cooperation with DEA, the GVN continued to show a willingness to take unilateral action against drugs and drug trafficking. Vietnam still faces many internal problems that make fighting drugs a challenge. USG-GVN operational cooperation remains very limited pending the development of a legal framework in Vietnam to allow foreign law enforcement officers to participate in some manner in law enforcement investigations on Vietnamese soil, or the signing of a bilateral agreement between the United States and Vietnam that would create a mechanism for the joint investigation and development of drug cases. The November 2006 Memorandum of Understanding between DEA and the GVN's Ministry of Public Security (MPS) is a first step in this direction, but is non-binding in character and directly

addresses law enforcement cooperation only at the central government level, rather than the operational or investigative agency level.