# THE WORLD OPIUM SITUATION

October 1970

## Introduction

Abuse of opium-based drugs has been on the rise in the postwar period despite international efforts to suppress it. The present system of international controls is embodied in the 1961 Single Convention on Narcotic Drugs, adopted under United Nations auspices. By the time the Convention was adopted, the controls over opium -- once it came into the possession of the state export organizations and the pharmaceutical firms -- had proved on the whole to be quite effective. One of the main control problems, continues to be the preventing of the diversion of farm production directly into the illicit traffic.

In order to reduce leakage from the farm, the Single Convention calls for the establishment of state opium monopolies which are to designate areas for legal poppy cultivation and license individual farmers to grow the crop. The Convention also permits exports only by those countries which legally exported it in the period prior to 1961: Turkey, Bulgaria, India, Iran, the USSR, Greece, and Yugoslavia. To oversee compliance with its provisions, the Convention established the International Narcotics Control Board; however, the INCB has no enforcement powers.

Notwithstanding the Convention's provisions, illicit production has continued to flourish for many reasons beyond the lack of enforcement authority of the INCB. In addition to the inherently difficult task of administering crop control, the responsible factors include the persistence of consumer demand and the limitations on the ability of enforcement authorities to deal with illicit traders. Given the present scale of opium-based drug abuse

it is unlikely to be lastingly suppressed without greater international cooperation in treatment and enforcement programs as well as in attempts to control production directly. In any case, progress will not be easy, because opium production and consumption reflect larger problems of political, social, and economic developments.

This report attempts first to estimate the scale of world opium production and consumption and to describe the patterns of illicit trade and its organization at the wholesale level. Second, it traces the history of the major changes in the opium market in the postwar period. Finally, the report discusses the problems involved in controlling illicit production, consumption, and trade in opium and its derivative products.

# The Production, Consumption, and Trading of Opium and Its Derivatives

## Sources and Uses of Opium and Opiates

Opium is produced from several varieties of the poppy plant, *Papaver somniferum*. This annual plant rises three to four feet on a thin main stalk and produces several blossoms and pod-like structures about the size of an egg. Planted mostly as a fall crop but sometimes also as a spring crop, it requires intensive cultivation and much harvesting labor. About two weeks after the blossoms fall the pods are lanced by hand and the white latex-like raw opium oozes out and coagulates. It is then collected by scraping the gum from the pod. Upon further exposure, the gum turns brown and hardens into a brick-like form. The chief active chemical principle of opium is the alkaloid morphine, the sole source of the drug's simultaneously analgesic, narcotic, and addictive properties.

In its pure state, opium may be eaten, smoked, or drunk in potions. Eating and smoking are the predominate forms of consumption. Opium has a long tradition in folk medicine, and addiction to it is to some extent associated with the alleviation of physical pain in settings of poverty and low standards of public health. The habitual use of opium for nonmedicinal purposes also reflects long-standing customs in many parts of the world. Only relatively small amounts appear to be consumed by people reacting to stress in settings of rapid social change and conflicts between traditional and modern values.

In modern medicine the use of raw opium has been long superseded by its easily distilled derivatives (opiates) in which the morphine content is isolated. Most morphine is still produced from raw opium, but increasingly it is being derived from the industrial processing of poppy straw (pods and upper parts of stalks). This yields no opium and results in the direct production of morphine. The use of morphine as an analgesic has fallen off especially since World War II in favor of synthetic substitutes, but the further processing of morphine into codeine, the major antitussive in modern medicine, has been

on the rise. While addiction to morphine is now a serious problem in only a few countries, heroin addiction has spread to many. Heroin is a semi-synthetic derivative of morphine obtained by the action of acetic anhydride or acetylchloride on morphine. Now generally regarded as having no unique medical value, heroin is outlawed in most countries. For the most part it is now produced in small, crude clandestine laboratories.

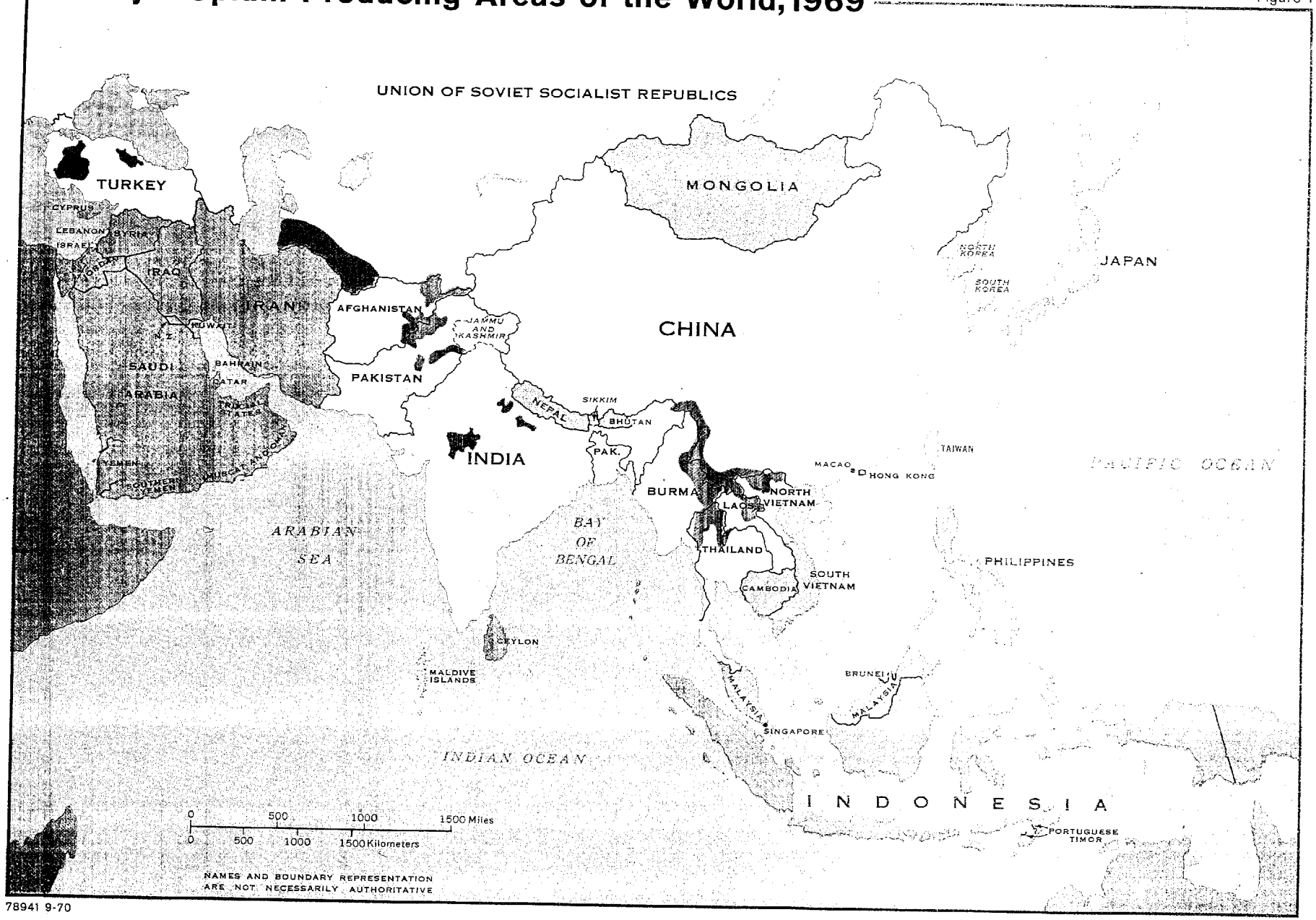
In morphine the effects of opium are multiplied several times and in heroin they are even more intensified, particularly when the substances are taken by injection. Euphoria and indifference to pain and distress are heightened as are the after-effects and addictive craving. Although a substantial portion of populations consuming opium may be classified as users rather than addicts, in those consuming morphine and heroin addiction is the general rule. Addiction to heroin especially can be associated with societies undergoing rapid social change and with attendant conflicts between traditional and modern values. In contrast to opium consumption, heroin consumption is essentially an urban phenomenon restricted mostly to people under 40 years of age.

Zone of Production

The location and extent of opium poppy cultivation are profoundly influenced by factors of climate, terrain, and economics. While the opium poppy can be grown in a variety of soils, it dislikes heavy, clayey, or sandy soils. The plant thrives in warm but not humid climates. It requires only a moderate amount of water before and during the growth cycle to insure profitable yields, but rainfall during the harvest period can be disastrous because it leaches alkaloids from the pod. Much of the sometimes irrigated flat terrain of mountain valleys, 3,000 feet or more above sea level, in the Middle and Far East meets the climatic and soil conditions well. Most world poppy cultivation occurs within a zone extending from the Turkish Anatolian Plain to Yunnan Province in China (see Figure 1).

# Major Opium Producing Areas of the World, 1969

Figure 1

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The greatest concentrations of opium poppy acreage are in India and within the contiguous areas occupied mostly by hill tribes of Burma, Laos, and Thailand. India has well over 35,000 hectares under cultivation, and the other Far Eastern areas probably have a significantly larger acreage under cultivation. In the region embracing the Pushtu-speaking peoples of northwestern West Pakistan and northeastern Afghanistan and in the Central Asian republics of the USSR there is also extensive poppy acreage. Turkish poppy cultivation was reported to be 12,000 hectares in 1970, probably somewhat less than in either Afghanistan, Pakistan, or the USSR. The poppy acreage in Communist China is unknown but may well be less than it is in Turkey. Iran, which abolished production during 1956-68, planned to have 12,000 hectares under poppy cultivation in the fall of 1970. The scattered cultivation in Mexico, South America, and parts of North Africa is of very little significance compared with the major growing areas. In all the above-cited areas, poppy is raised by hand cultivation and harvesting, chiefly to obtain raw opium. Poppy is raised also by mechanical cultivation and harvesting on a relatively modest scale in Northern and Eastern Europe and the European parts of the USSR for the purpose of processing poppy straw into morphine. In 1969, such processing accounted for about 40% of world morphine production. An equally important purpose of this European and Soviet cultivation, however, is to obtain poppy seed for bakery products.

In most opium-producing areas, poppy cultivation represents only a minor portion of the cropped land. Poppy farmers from Turkey and Iran through India seldom devote more than one hectare to the crop. In these producing countries the farmers use the major part of their land to produce food for their own needs, chiefly to produce wheat. In some producing areas of the Far East, however, poppy acreage represents a larger portion of the cropped land. Among some of the Meo hill tribes of northern Thailand pursuing a slash-and-burn type of agriculture, half or more of the cropped land may be in poppy, with the remainder in upland rice. These farmers produce only part of the rice they need for food, and hence they market part of their opium for additional rice.

Beyond the need to produce food, another major constraint on the extent of poppy cultivation arises from its highly labor-intensive character. Some authorities have estimated that from 175 to 250 hours of labor are required to produce one kilogram of opium. Although yields vary with soils, temperatures, rainfall, and quality of seed, they also depend upon farming techniques. Thus in practically all producing areas yields can be significantly increased with proper irrigation. Moreover, because poppy rapidly depletes the soil of nutrients, good yields can be obtained only with fertilization or, at a minimum, by rotating land used for poppy with other crops. The most important determinant of yields, however, is the amount of labor used. The plant cannot thrive without thinning the young plants to allow for proper spacing and without several hoeings and weedings during the growth cycle. Harvesting, however, requires the greatest amount of labor. Each of the five or six pods growing on a single plant must be lanced and then -- usually within a 24-hour interval -- the gum must be collected. Lancing is commonly done at least twice (with a one-week interval between the first and second time) in Turkey but may be done as much as six or eight times in India. This harvesting labor is sufficiently time-consuming to occupy entire families -- and sometimes hired hands as well -- over periods extending from two to three weeks to two months at times close to the harvesting or planting of other crops. Because of the tremendous amount of labor it involves, poppy tends to be raised only where labor is abundant and cheap -- annual per capita incomes range from $370 in Turkey to less than $100 in India and the Far East.

The Economic Motivation to Produce

The farmer's income from poppy cultivation is affected both by the yield he obtains and by the quality of his product. These, in turn, reflect to an important degree the intensity of his cultivation techniques and his care in developing quality seed. In gross terms, yields are highest in India (20 kilograms per hectare), but Indian opium is commonly adulterated with seed, leaves, and even foreign matter. Turkish yields during the late 1960s ran 15 to 16 kilograms per hectare. Afghani

and Pakistani yields may approximate the Turkish but mainly because of adulteration. In Burma, Laos, and Thailand, yields may amount to only about 8 to 10 kilograms per hectare. The quality of opium may be defined as its morphine content. In Turkish opium this ranges from 9% to 13%, the highest in the world. In other producing countries the morphine content is generally lower, varying from 4% to 12%. In Turkey and India the farmer receives additional income from the harvesting of poppy seed and straw.

In general the farm price of opium, both licit and illicit, tends to decline moving from west to east in a pattern corresponding with changes in product quality. On the illicit market the price to Turkish farmers is estimated to have been about $25 per kilogram in 1969 (see Table 1).

Table 1

Prices to Farmer for Raw Opium
1969

| Producing Country | US $ per Kilogram |
|---|---|
| Turkey | |
| Licit | 11.00 |
| Illicit | 25.00 |
| Pakistan | |
| Licit | 10.00 |
| Illicit | 12.00 to 15.00 |
| India | |
| Licit | 10.00 |
| Burma/Laos | |
| Illicit | 12.00 |
| Iran | |
| Licit | 91.80 a/ |

*a. Price for top-grade opium only.*

In Pakistan the illicit price averaged an estimated $12 to $15 and in Burma, Laos, and Thailand about $12. Prices to farmers on the licit opium market vary less markedly, except for the special case of Iran. In Turkey and India, the only significant exporters of licit opium, the upper limit is determined by the world market price. Both countries export most of their licit production and attempt to make a small profit on the export sales. For Turkish opium the price was about $12 per kilogram during most of the 1960s, and for Indian opium it was about $1 less. Iran is a special case because when it resumed licit production in 1969 it set a producer price of $91.80 per kilogram for top-grade opium and an average price of perhaps half that amount in order to discourage leakage into illicit market channels.

Even though the price for opium declines moving eastward, poppy cultivation as an element of farmers' incomes is usually more significant in the eastern countries. In Turkey, for example, earnings for the 70,000 farmers cultivating poppy in the late 1960s averaged $70 to $80 per year, with half this amount deriving from illicit production. These earnings represented roughly 10% of the average income in the major poppy-growing areas of about $700 per farm and accounted for perhaps half the cash income per farm. In India, 200,000 farms each earned $70 to $75 on the average from poppy cultivation. This could easily represent 15% to 20% of average total income per farm and probably most of its cash income. In Burma, Laos, and Thailand, opium is often the principal source of farm income.

Given the climate and soil conditions of the main opium-producing countries, there is no readily substitutable crop that can yield a comparable income return per unit of cultivated land. In West Pakistan, for example, much of the area sown to poppy could be used for high-yielding Mexican wheat, but given current yields in the area, the return to the farmer would be only about $50 per acre, compared with the $90 realized from poppy. In Turkey it might also be possible to raise Mexican or other high-yielding varieties of wheat on some poppy acreage and obtain the same return as in Pakistan. The disparity between the income from

wheat and poppy per unit of land would be even greater there, however, since the average price for opium -- counting licit and illicit sales -- is considerably higher than in Pakistan. In order for wheat fully to compensate the farmer for forgoing opium production, yields would have to be almost doubled in Pakistan and in excess even of that in Turkey. A recent UN survey of the poppy-growing areas of northern Thailand concluded that the prospects for developing an alternative crop to poppy that would bring anything like commensurate returns are not encouraging.

Licit Production, Consumption, and Trade

Licit opium production probably approaches 1,100 tons annually, or less than half of total world production (see Table 2). India, with 750 tons of licit output in 1968, far outranks any other national producer. The USSR and Turkey, each with an output of roughly 120 tons in 1968, are the second-ranking producers. On the basis of the likely medical requirements for its vast population, production in Communist China can be estimated at 75 to 100 tons. Production in North Vietnam is very much less. Pakistan, Japan, Bulgaria, and Yugoslavia all produce only small amounts of licit opium. In 1969, Iran produced 9 tons.

Practically all the world's licit opium production is used for the manufacture of medicinal opiates. Morphine production currently runs about 160 tons per year, with 40% originating from the processing of poppy straw. In 1968, 30,000 tons of poppy straw were processed, including 6,500 tons by the USSR. Other leading processors include the Netherlands, Czechoslovakia, Hungary, and Poland. The supply of opium is adequate for world medicinal needs and, although prices for opium have risen in the past year or so, this has reflected no long-term shortages.

The major portion of licit opium produced -- about two-thirds of world production in the late 1960s -- is exported as raw material to pharmaceutical firms, chiefly in Western Europe and North America. India accounted for more than 80% of these exports in 1968 and Turkey for nearly all

Table 2

Estimated World Opium Gum Production a/
1968

Metric Tons

| Producing Country | Licit Production b/ | Illicit Production | Total Production |
|---|---|---|---|
| India | 750 | 175 to 200 | 925 to 950 |
| Turkey | 120 | 100 | 220 |
| USSR | 115 | -- | 115 |
| Yugoslavia | Negl. | -- | Negl. |
| Pakistan | Negl. | 175 to 200 | 175 to 200 |
| Japan | Negl. | -- | Negl. |
| China | 75 to 100 | Unknown | 75 to 100 |
| Afghanistan | | 100 to 125 | 100 to 125 |
| Burma | | 400 | 400 |
| Thailand | | 200 | 200 |
| Laos | | 100 to 150 | 100 to 150 |
| Mexico | | 5 to 10 | 5 to 10 |
| Other c/ | | 5 to 10 | 5 to 10 |
| *Total* | *1,060 to 1,085* | *1,260 to 1,395* | *2,320 to 2,480* |

*a. Rounded to the nearest five tons.*
*b. As reported by licit exporting countries to the United Nations, except for Communist China.*
*c. Mainly North Africa and the Near East.*

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the remainder. Both countries sell most of their licit output abroad. The USSR and China export none of their opium production, and the USSR supplements its domestic supply with substantial imports from India. Exports of poppy straw also serve as medicinal raw materials. World exports amounted to 6,560 tons in 1968, with 98% from Turkey.

A very minor portion of licit opium production is used by some governments for the treatment of addicts, mainly to provide maintenance dosages for registered addicts. Maintenance programs are in effect in India, Pakistan, and Iran. India planned to dispense two tons of opium in 1970 to registered addicts through authorized vendor outlets. This amount would account for only a small percentage of total consumption by Indian addicts and users. Pakistan's program is also small in relation to total consumption. Iran began registering addicts only in late 1969. By March of this year, 30,000 persons had registered, and by mid-year the figure may have reached 50,000, or perhaps 15% of the national addict and user population. Though the quantity of opium provided by government maintenance programs varies among these countries, in each of them, as in other victim countries, most addicts are supplied exclusively by the illicit market.

Illicit Production and Consumption

The world's illicit production of opium is an estimated 1,250 to 1,400 tons annually. The principal concentration of illicit production is the Far East, with the other areas tending to rank in descending order of importance moving westward. Together Burma, Laos, and Thailand account for an estimated 700 to 750 tons, or more than half of world illicit output, and Burma alone for about 30%. Afghanistan-Pakistan is in second place as a producing region, with an output on the order of 300 tons. Pakistan's production of 175 to 200 tons is about the same as India's. Turkey's illicit output, estimated at 100 tons in 1968 and 1969, may not be significantly less. Some opium is produced illicitly on a very small scale in Mexico and in some South American, North African, and Near Eastern countries. Communist China's once vast illicit output dwindled to insignificance in the latter 1950s. Illicit output in the USSR, the Communist countries of Eastern Europe, and North Vietnam is probably also insignificant.

It is possible that the user and addict populations consuming the world's illicit supply of opium and opiates number at least two million persons (see Table 3). No firm data on these populations are available for any individual country, and for the most part the only estimates available are based on the judgments of health or police authorities or independent observers. Moreover, estimates vary widely as to the populations in individual countries. Yet practically all observers are agreed that the largest single grouping of users and addicts consists of overseas Chinese in the Far East and Southeast Asia. Burma, Laos, and Thailand may together account for three-quarters of a million users and addicts, with Burma having the largest share. Hong Kong alone may account for another 150,000, indicating the highest per capita opium-based drug abuse rate in the world. The largest national populations of users and addicts are in Burma and Iran where their number in each could be 350,000. A likely figure for India is 250,000 to 300,000 persons and for the Afghanistan-Pakistan region, perhaps 100,000 to 150,000. For North America (mainly the United States) and Western Europe the best estimates are more than 100,000 and 75,000, respectively.

Table 3

Annual Consumption of Illicit Opium
and Opiates and Sources of Supply

| Country/Area | Users and Addicts a/ (Thousand) | Metric Tons of Raw Opium: Domestic Illicit Supplies | Metric Tons of Raw Opium: Net Illicit Imports |
|---|---|---|---|
| Iran | 350 | Negl. | 250 |
| Afghanistan/Pakistan | 100 to 150 | 75 to 100 | |
| India | 250 to 300 | 175 to 200 | Negl. |
| Thailand | 250 | 175 | Negl. |
| Burma/Laos | 500 | 350 | Negl. |
| Hong Kong | 150 | -- | 105 |
| Singapore/Malaysia | 40 | -- | 30 |
| North America | 100 | -- | 40 |
| Western Europe | 75 | -- | 30 |
| Other b/ | 100 | Negl. | 70 |

*a. Including heroin and morphine addicts whose consumption is converted to units of raw opium equivalent.*
*b. Including Indonesia, South Korea, Japan, the Philippines, Taiwan, Macao, North Africa, and the Near East.*

Most of the world's users and addicts consume opium in its raw form either by smoking or eating. From Iran through India, eating is generally the main form of consumption, whereas in the Far East and Southeast Asia smoking is more common. In Iran and all the countries now producing illicit opium, except Turkey, user and addict populations are traditionally found in both rural and urban areas and among both the youth and older people. The poppy-growing tribes of the Far East, in particular, contain sizable numbers of users and addicts. Turkey itself, however, has no significant user or addict population.

The illicit consumption of opium derivatives -- overwhelmingly in the form of heroin -- is now a major problem for many countries of the world. The United States, with no addiction to raw opium, has the largest single population of heroin addicts, which is estimated to be more than 100,000. A major heroin population of some 50,000 also exists in Iran, while the total for Western Europe as a whole may be on the order of 75,000. Addiction to heroin also accounts for a significant and increasing part of the opium consumed in Thailand, Hong Kong, Taiwan, Japan, South Korea, and the Philippines. Morphine accounts for a substantial share of the opium consumed only in Singapore and Malaysia.

In the populations consuming opium or opiates there is considerable variance among individuals regarding the amounts consumed. Consumption varies with the form of the drug and the manner in which it is taken as well as with the severity of the habit or addiction and the availability of the drug at any given time. Opium smokers may consume up to five times more of the product than eaters. It requires 10 units of opium to produce one like unit of heroin, but because of the strength of the converted substance, heroin addicts generally consume less of their product in terms of raw opium than do opium addicts. In the Far East, where heroin is mostly smoked, the consumption of the average addict is presumably greater than in Western countries, where heroin is taken almost exclusively by injection.

If all these variable factors in consumption are considered, only the roughest rule-of-thumb

estimate can be devised for an average per capita consumption in terms of opium among user and addict populations. For this purpose the norms provided by the Iranian maintenance dosage program for registered opium addicts appear to be useful. These norms represent minimal requirements of an addict population, allowing a daily ration of 4.7 grams for smokers (roughly 1,700 grams per year) and one gram for eaters (365 grams per year). Since the available information indicates Iran has some 200,000 opium eaters and 100,000 smokers plus 50,000 heroin addicts, who consume at a minimum about the same amount per person as US addicts, then the per capita consumption for the entire user and addict population would be about 700 grams annually.

The use of the Iranian consumption norms for the major victim countries indicates that about three-fifths of the world's illicit opium supply is consumed within the political territories of the producing countries and handled through their domestic black markets. Burma is the largest single consumer among these countries and, combined with Laos, the domestic user and addict population may require some 350 tons per year. Thailand's consumption possibly approaches another 175 tons. India probably absorbs between 175 and 200 tons of illicit opium and Afghanistan-Pakistan about half the level.

The remainder of the world's illicit consumers are supplied by imports smuggled from the major producing countries. The largest market for such imports is Iran, where they have reached a level of perhaps 250 tons. The large consumer population of Hong Kong probably absorbs more than 100 tons per year in terms of opium equivalent. The other major markets are the United States, with the estimated smuggled imports of 40 tons in opium equivalent, Singapore and Malaysia combined (30 tons), and Western Europe (30 tons). Lesser markets may together account for another 70 tons, including Japan, Indonesia, South Korea, the Philippines, Taiwan, Macao, and parts of North Africa and the Near East.

On the basis of the national origin of these illicit imports in the late 1960s, the major sources are the poppy-growing regions of Burma, Laos, and Thailand and those of Afghanistan and Pakistan (see Figure 2). An estimated two-thirds of the

latter region's output -- 175 to 200 tons -- is smuggled out, mostly to Iran's massive market. Burma and Laos together probably export about 30% of their combined output, or 150 to 200 tons, to other Far Eastern and Southeast Asian countries. Thailand consumes most of its production and exports only 25 tons to the same markets. Sixty tons of Turkey's illicit opium production of about 100 tons in 1968 and 1969 was the source of about 80% of the heroin consumed in Western Europe and North America. The remaining 40 tons was nearly all smuggled into Iran. Small amounts of opium are smuggled into India (mainly from Pakistan) and out of the country (in several directions), but on a net basis India is probably not a significant exporter. The small production of Mexico and some South American countries is nearly all exported to the United States. Only a small amount -- perhaps only 5% -- of the US heroin supply was of Far Eastern origin in the late 1960s, and perhaps 15% entered from Mexico. A very small amount of Western Europe's heroin came from the Far East, India, and Pakistan. The latter two countries also supplied small amounts to North Africa and the Near East. There has been no evidence of any illicit exports of opium originating from the USSR and the East European Communist countries, or in recent years from Communist China.

Except in Iran, a substantial part of the heroin consumed in victim countries is manufactured abroad. All of the North American supply so originates, the bulk of it from Turkish morphine processed into heroin in France. Other European countries are also supplied for the most part by laboratories located in France. Heroin laboratories have been observed in Burma, Laos, and Thailand, and some of their product is exported, chiefly to Hong Kong. That colony is also a major site of heroin processing and, like France, a source of heroin exports. Heroin laboratories also have been detected in Mexico. In Iran, virtually all the heroin consumed through the 1960s was processed within the country from opium or morphine of Turkish origin.

Organization of the Illicit Trade

The illicit markets for opium and opiates are seller's markets from which the major supplying firms (individuals and organizations) receive very

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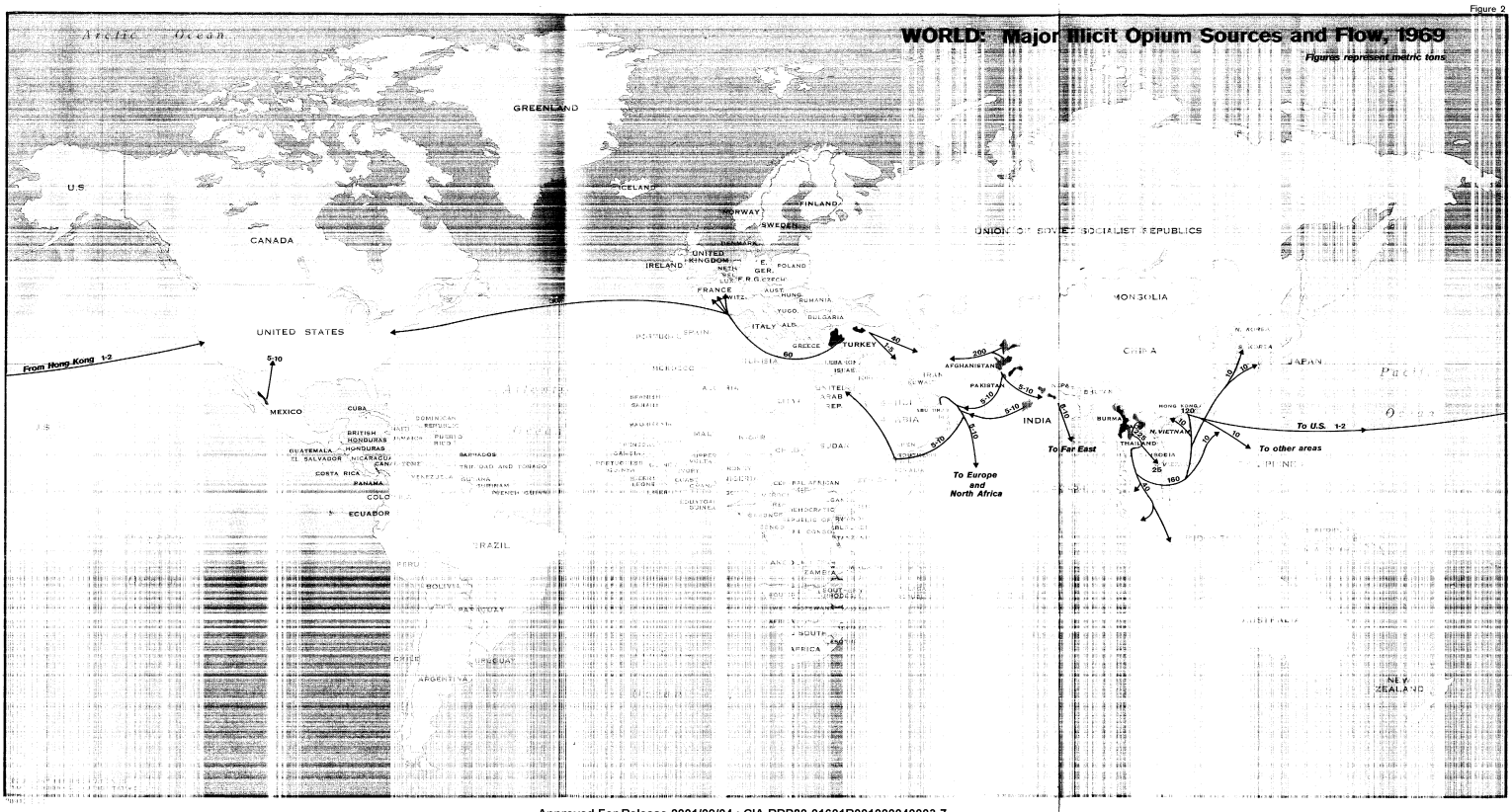
Figure 2



high rates of return on their investment. Supplying the US market offers the largest scope for profits, as can be shown from the development of the price of heroin in 1969: from a farm price of $25 per kilogram for opium in Turkey to a wholesale price of $22,000 per kilogram for heroin in New York City to a retail price of $88,000 for the product in adulterated form (see Table 4). In Iran the $15 originally paid to the Afghani or Pakistani farmer for a kilogram of opium spiralled to $2,600 wholesale for the like amount of heroin and to $13,000 retail. In Hong Kong, $2,000 was about the average wholesale price for heroin last year. In Pakistan, where little if any heroin is consumed, the price for opium rose from $15 per kilogram at the farm to $25 in Peshawar to $75 in Karachi. In general, despite the large gap between wholesale and retail price, the largest profits are realized in the wholesale trade where firms can handle large volumes of their product. Typically, retail distribution is managed by dealers selling relatively small quantities.

The wholesale firms trafficking in opium and opiates operate as oligopolies. They are large and few enough for each to exercise considerable influence over the local or national market. Rarely, however, do they choose to act independently. They normally operate in explicit or implicit collusion to set prices and they tend to form cartels to divide up national markets. The established firms also seek a stable environment that will allow them to restrict output of rival firms and dependably to arrange for the handling of large volumes with regularity. Rather elaborate organization as well as careful planning and efficiency of operations are required. Characteristically, wholesalers also minimize the legal risks to themselves from engaging in criminal activity. In some cases they may not actually come into direct contact with the contraband product and restrict their role to financing, negotiating contracts, and arranging through intermediaries for the collection or delivery of supplies.

The movement of opium from Turkish farms to illicit markets to the East and West serves to illustrate the general rule of highly organized wholesale trade. The collection of raw opium from the farmers is arranged by the so-called middlemen,

Table 4

Development of Retail Price of Heroin
in the United States and Iran
1969

| United States | US $ per Kilogram | US $ per Kilogram of Raw Opium Equivalent |
|---|---|---|
| Price to farmer for opium (In Turkey) | $25 | -- |
| Wholesale price for heroin a/ (Marseilles) | $5,000 | $500 |
| Border price for heroin (New York) | $10,000 | $1,000 |
| Wholesale price for heroin (New York) | $22,000 | $2,200 |
| Retail price for heroin (New York) | $220,000 b/ | $22,000 |
| **Iran** | | |
| Price to farmer for opium (In Afghanistan/Pakistan) | $12 to $15 | -- |
| Border price for opium (Afghanistan/Iran) | $80 to $110 | -- |
| Wholesale price for heroin a/ (Teheran) | $2,600 | $260 |
| Retail price for heroin (Teheran) | $13,000 | $1,300 |

*a. When raw opium is converted to morphine and heroin the volume is reduced by a ratio of 10:1.*
*b. If sold as pure heroin. In fact, heroin is greatly adulterated when it reaches the addict; the price for adulterated heroin -- 40% purity -- would be about $88,000 per kilogram.*

small-scale entrepreneurs who may deal with several villages and who individually gather relatively small quantities of the product. When the product as raw material or in the form of morphine base comes under the control of criminal syndicates in Istanbul, however, the supplies have been aggregated into relatively large amounts. These groups arrange for the export of morphine base westward to France through the use of smugglers who may carry it overland via Bulgaria or Yugoslavia and thence to Germany where other operators arrange delivery to France. They may also use smugglers who carry it directly to Marseilles by boat. Turkish workers based in Europe may be utilized for overland delivery and individual sailors or entire crews for delivery by boat.

The morphine exported west from Turkey is all delivered to a few nationally prominent criminal syndicates in France which arrange for its conversion into heroin and for delivery to European and North American markets. The delivery to the North American markets has been made by some smugglers operating as individuals and others operating in rather well-organized rings. In either event, during the 1960s most of this heroin was delivered to 10 to 12 wholesale firms in the United States and Canada that were major elements in the organized crime of both countries. When arranging the export of morphine and opium eastward to Iran, the Turkish syndicates usually arranged for its movement to the border areas and then for its smuggling into Iran both by groups of Kurdish tribesmen via Iraq and by individual Turkish smugglers directly to Iran. There the narcotic substances were commandeered by wholesalers who marketed some of the opium directly to retailers and arranged for the conversion of morphine and some of the opium into heroin before distribution.

In Afghanistan and Pakistan the first major aggregation of opium for supplying the Iranian market is usually the business of tribal chieftains near the producing areas. These in turn deliver to groups sufficiently organized to arrange transportation for the contraband overland across Afghanistan to the Iranian border, usually by means of trucks using the cross-country northern highway. In the western border area, delivery is usually made to tribal chiefs resident there whose tribesmen make the actual delivery to Iran in armed gangs for small commission fees,

often in quantities of several hundred kilograms. In the distribution of opium on the local black market of Pakistan, tribal chiefs near the producing areas of the country deliver their product to rings which arrange for its movement southward as far as Karachi. In India, where smuggling and black marketing are major economic activities, the wholesale trade in illicit opium may also invite a fairly elaborate degree of organization.

The pattern of wholesale trade is most elaborate in the Far East. The major flow of the traffic from the producing areas of Burma, Laos, and Thailand is directed through the Mekong River valley in the latter two countries. Major cities in these two countries, such as Luang Prabang, Vientiane, and Bangkok serve both as final markets and transshipment points. Thence a major part of the exported opium and heroin is smuggled to Hong Kong which is also both a final market and a transshipment point. Other routes proceed from the transshipment points in Laos and Thailand directly to other markets in the Far East (South Vietnam and Cambodia, for example), by land through Thailand to Malaysia and Singapore, and by boat or air to other countries. The first major collections of the raw opium in Burma are made by the so-called Kuomingtang Irregulars and guerrilla armies of Shan tribal insurgents who themselves convey the product southward for delivery to wholesale operators in cities. The latter arrange for conversion to heroin and for the domestic and export distribution of both opium and heroin. Often these wholesalers are prominent local businessmen. In Laos, both the Communist and the government armed forces are major wholesalers of opium and heroin and have been directly involved in large-scale smuggling operations. In Hong Kong the most prominent importers and wholesalers have also frequently been businessmen whose other activities may have been largely licit.

In general the wholesale organizations trading in opium and opiates seek to involve government officials in their activities by corruption. Essentially, the wholesalers want both legal protection for themselves and insurance for the dependability of their business operations. In order to provide deliveries of contraband in large volumes and with regularity, the wholesalers must indeed seek to corrupt officialdom at fairly high levels if possible.

At the same time, officialdom itself may be vulnerable to corruption because of the relatively large compensation it can get for collaborating with the major traders. For this reason, some officials have been directly involved in marketing transactions. Military officers, for example, were among those recently executed for narcotics violations in Iran. The involvement in the traffic of individual officials and military officers in some other countries has also been documented, as has the use of diplomatic pouches for smuggling opium and heroin. In no country, however, is there likely to be a flourishing illicit trade in opium or heroin without the complicity of at least a few key civil servants or police officials.

## Postwar Changes in the Opium Market

### Key Developments

The world market for opium has experienced dynamic change -- including two major upheavals -- from the beginning of the postwar period down to the present. In order of importance the landmark events were (1) the shutdown of China's vast illicit market with the change of governments there in 1949, and (2) the abolition of cultivation in Iran after 1955 coupled with the rapid suppression of China's illicit production at about the same time. Although the gradually increasing use of poppy straw and changes in the medicinal uses of opiates have influenced world markets for opium, the major shifts have resulted from government policies.

The market has demonstrated a continuous flexibility in replacing sources of supplies that have been eliminated, in responding to shifts in demand, and in devising new traffic routes. The most massive change in the market was the sudden closure of the incomparably large Chinese illicit market, which greatly reduced world demand for opium. In response to abolition of poppy cultivation in Iran and the sharp reduction or possibly cessation of illicit cultivation in South China, new supplies were developed in Afghanistan-Pakistan, India, Turkey, and the hill areas of Burma, Laos, and Thailand. Further changes in the world distribution of opium production appear to have been put in motion as a result of a cutback in Turkish production beginning in 1968.

### Trends in Licit Production, Consumption, and Trade

World licit opium production has fluctuated widely in the postwar years without any clearly discernible long-term trend. The fluctuations may chiefly reflect changes in demand coincident with buildups and depletions of stockpiles. Production was high in the early 1950s -- averaging 1,100 tons annually -- probably because of a desire to replenish

stocks drawn down during World War II (see Table 5). This was followed by a drop of about 25% in average annual production until the late 1950s, after which output rapidly soared to reach 1,500 tons in 1960, or about 50% above the level of 1950. Production remained high until the mid-1960s but has fallen since then to an average of 800 to 900 tons per year. As an indication of the probable drawdown of stocks by pharmaceutical manufacturers in recent years, annual average exports of opium were about the same during 1959-63 and during 1964-68.

Table 5

World Licit Opium Production
by Principal Country a/

Metric Tons

| Year | India | Turkey | USSR | Iran | Others | Total |
|---|---|---|---|---|---|---|
| 1950 | 231 | 185 | 86 | 481 | 20 | 1,003 |
| 1951 | 527 | 358 | 94 | 32 | 23 | 1,034 |
| 1952 | 350 | 466 | 104 | 131 | 19 | 1,070 |
| 1953 | 629 | 321 | 92 | 227 | 26 | 1,295 |
| 1954 | 438 | 71 | 103 | 144 | 17 | 773 |
| 1955 | 362 | 222 | 109 | 95 | 33 | 821 |
| 1956 | 348 | 277 | 105 | -- | 51 | 781 |
| 1957 | 485 | 45 | 147 | -- | 37 | 714 |
| 1958 | 657 | 162 | 93 | -- | 27 | 939 |
| 1959 | 763 | 168 | 132 | -- | 35 | 1,098 |
| 1960 | 914 | 365 | 169 | -- | 50 | 1,498 |
| 1961 | 912 | 172 | 120 | -- | 50 | 1,254 |
| 1962 | 971 | 311 | 148 | -- | 15 | 1,445 |
| 1963 | 691 | 287 | 172 | -- | 21 | 1,171 |
| 1964 | 644 | 83 | 188 | -- | 25 | 940 |
| 1965 | 625 | 86 | 177 | -- | 13 | 901 |
| 1966 | 436 | 139 | 201 | -- | 6 | 782 |
| 1967 | 473 | 115 | 181 | -- | 9 | 778 |
| 1968 | 752 | 122 | 116 | -- | 3 | 993 |

*a. Excluding Communist China and North Vietnam.*

The lion's share of licit opium production and exports came to be concentrated in India following a sharp reduction in Iran's licit production after 1950 and its total abolition of poppy cultivation after 1955. India's share of the licit market seems likely to be further enlarged as a result of the recent cutback in Turkish poppy acreage, from 20,000 hectares in 1967 to about 12,000 hectares in 1970. India by 1968 accounted for about three-quarters of world licit output and exports (see Table 6).

Table 6

World Licit Opium Exports
by Principal Country

Metric Tons

| Year | India | Turkey | Iran | Others | Total |
|---|---|---|---|---|---|
| 1950 | 234 | 265 | 246 | 10 | 755 |
| 1951 | 358 | 173 | 267 | 12 | 810 |
| 1952 | 163 | 167 | 200 | 7 | 537 |
| 1953 | 168 | 169 | 41 | 15 | 393 |
| 1954 | 263 | 211 | 56 | 10 | 540 |
| 1955 | 199 | 296 | 100 | 5 | 600 |
| 1956 | 266 | 274 | 106 | 22 | 668 |
| 1957 | 361 | 205 | 71 | 15 | 652 |
| 1958 | 493 | 207 | 98 | 2 | 800 |
| 1959 | 593 | 170 | -- | 4 | 767 |
| 1960 | 626 | 103 | -- | 4 | 733 |
| 1961 | 658 | 64 | -- | 3 | 725 |
| 1962 | 375 | 116 | -- | 39 | 530 |
| 1963 | 472 | 147 | -- | -- | 619 |
| 1964 | 473 | 190 | -- | -- | 663 |
| 1965 | 426 | 257 | -- | -- | 683 |
| 1966 | 531 | 303 | -- | -- | 834 |
| 1967 | 419 | 151 | -- | 3 | 573 |
| 1968 | 532 | 111 | -- | 4 | 647 |

The manufacture of morphine shows an upward long-term trend, from 85 tons in 1954 to 120 tons by 1960 and to 150 tons by the late 1960s (see Table 7). The rather steady growth of morphine

Table 7

World Licit Production
of Opium, Morphine, and Codeine a/

Metric Tons

| Year | Opium | Morphine | Codeine |
|---|---|---|---|
| 1960 | 1,498 | 120 | 104 |
| 1961 | 1,254 | 116 | 105 |
| 1962 | 1,445 | 121 | 105 |
| 1963 | 1,171 | 128 | 119 b/ |
| 1964 | 940 | 119 | 109 b/ |
| 1965 | 901 | 123 | 112 b/ |
| 1966 | 782 | 149 | 131 |
| 1967 | 778 | 143 | 127 |
| 1968 | 1,002 | 153 | 136 |

*a. Excluding Communist China and North Vietnam.*
*b. Incomplete reporting.*

production has been stimulated by the rising demand for codeine, the production of which climbed from 104 tons in 1960 to 136 tons in 1968. About 95% of the morphine produced is now reserved for conversion to other substances, overwhelmingly to codeine. While the drawing down of stocks probably accounted for most of the raw materials not supplied by world exports, requirements were also met to some extent by increasing use of poppy straw. Whereas poppy straw accounted for 29% of the morphine produced in 1965, in 1969 the ratio was 39%.

The decline in the production of raw opium since 1964 has resulted in higher prices. Average prices paid for Turkish exports rose from $11.49 per kilogram in 1966 to $13.00 in 1968 and to $16.00 in 1969. The current shortage in world opium supplies appears to be only temporary, however, and the key question for the longer term is not whether opium will be abundantly available but, rather, whether world demand for the production will be sustained. The recent increase in Indian poppy acreage should be sufficient to meet any foreseeable rise in

medicinal needs under present pharmaceutical technology. Any major change in the market for raw opium will therefore almost certainly depend, in the first instance, on the extent to which satisfactory synthetic replacements are found for codeine. To date, such synthetics have proved costly to produce. The market for licit opium will also depend on whether a rapid expansion of poppy straw production proves both technically practical and economically worthwhile.

The main government programs to provide maintenance dosages of raw opium to registered addicts have long been declining except in Iran. In India, distribution to registered addicts through authorized outlets fell from 150 tons in 1950 to 34 in 1957 to about 3 tons on average since 1960. In Pakistan these sales declined from 14 tons in 1957 to an average of about 7 tons in the mid-1960s. In both countries the decline in the programs appears to be due chiefly to progressively higher excise taxes added on the price to addicts. As a result, supplies are cheaper on the black market. In Iran the maintenance program has been growing rapidly in 1970, with the number of registered addicts reaching 50,000 by mid-year. The growing enrollment largely reflects an intensifying shortage of illicitly imported opium in the country. This shortage has driven up the black market price for opium, sometimes beyond the very high licit maintenance dosage price. The latter price is currently $230 per kilogram, or $0.23 per gram.

## Effects of Government Policies on the Illicit Market

Government policies have produced changes -- in some instances massive changes -- in all aspects of illicit enterprise in opium and opiates. The shutdown of the Chinese market, abolition in Iran, and China's gradual gaining of administrative control over its own poppy-growing areas largely determined the illicit patterns of production, consumption, and trade that existed during the 1960s. These steps led to a concentration of world illicit production in the Far East, Afghanistan-Pakistan, and Turkey. Abolition in Iran also significantly

altered the consumption patterns of that country's large user and addict population.

Illicit Patterns to the Mid-1950s

With the change in government in China in 1949, world illicit demand for opium was greatly diminished. Before 1949, China was the largest single illicit market in the world, possibly several times larger than all other markets combined. Some estimates place the Chinese user and addict population on the eve of World War II at 10 million. This population, which may have changed little during the War, was mostly in the large eastern cities and was supplied principally by imports. These originated chiefly from Iran and India, then the world's two leading producers of illicit opium. Many other countries including Pakistan, Egypt, and countries of French Indochina contributed small amounts to China. The Chinese opium-producing areas centering around Yunnan Province were remote from the main consumer markets of the country. They supplied a relatively small local market, but most of their large output was shipped out of the country to the south. Chinese opium went directly to Burma and the countries of French Indochina and through them to Southeast Asia, Hong Kong, and in some quantity to eastern coastal cities of China itself.

In the early 1950s, after the shutdown of the Chinese market, Iran remained a leading producer and exporter of illicit opium. Given an estimated 25,000 hectares under poppy cultivation and a licit output averaging only 185 tons annually, the balance of output available for illicit purposes was several times larger. In addition to providing for most of the large domestic market, this illicit output supplied many other markets to the east and west of Iran. Probably the larger part of Iranian exports moved in the brisk traffic eastward through the Persian Gulf to Hong Kong and Southeast Asian countries. Toward the west the main flows went both through the Gulf and overland to Iraq, Syria, Lebanon, the Arabian Peninsula, and North Africa. Some of the Iranian opium directed westward was destined for Western Europe and North America

after first being processed into morphine in Syria and Lebanon and then being shipped to Italy and France for processing into heroin.

India's illicit export trade began the drop to its present low level in the early 1950s. The denial of access to the massive Chinese market was the initial cause. At the same time the Indian domestic black market was becoming a major alternative outlet for illicit production. During the first half of the 1950s, the government's maintenance program -- in the past the principal source of addict consumption -- was already declining precipitously.

Production from South China apparently continued to service the markets of the Far East and Southeast Asia during this period, but probably in decreasing measure. Although seizures of Chinese opium continued to be reported by customs authorities in Hong Kong and Southeast Asia, it may be presumed that illicit production in China began to decline as the new government extended its political control. It is reasonable to assume that production in Burma, Laos, and Thailand, which had long been servicing the same markets, probably began to increase as an offset to declining Chinese output.

The remaining major source of illicit output was Turkey. Virtually all its output was exported, mainly southward to the Arab countries also being supplied by Iran. As with Iranian opium, part of the Turkish product was directed to Western Europe and North America after processing and transshipping first through Syria and Lebanon and then through Italy and France. Some portion of Turkish opium was aimed directly at Italy and France by sea routes chiefly originating in Istanbul. In this period, West Pakistan was still a minor producer. Dependent on Afghanistan for a large share of its own supplies, West Pakistan was probably a net importer of opium at this time.

From the Mid-1950s to the Mid-1960s

After Iran banned poppy cultivation in 1955 and China acquired control over its cultivation, the

main shifts in world illicit opium production were responses to continuing high demand in Iran itself and in the region of the Far East and Southeast Asia. In order to meet demand in Iran, illicit production rose sharply in both Afghanistan-Pakistan and Turkey. After the elimination of supplies from China and Iran to the Far East and Southeast Asia, production also rose substantially in Burma, Laos, and Thailand. In addition, with the elimination of Iran's formerly westward-moving illicit exports, Turkey largely filled the gap by increasing its exports to the Arab countries, Western Europe, and North America.

Afghanistan-Pakistan came to supply the larger portion of Iran's post-abolition illicit imports, which eventually reached an estimated 250 tons annually. Reflecting the pull of Iranian demand, the illicit price for opium in West Pakistan rose by more than 250% from 1957 to 1959. Toward the late 1960s, when production had risen to an estimated 175 to 200 tons per year, the price dropped to the 1957 level. While expanding its illicit output, moreover, West Pakistan became virtually the sole supplier to its own fairly large domestic black market. Large increases after the mid-1950s in Afghanistan's poppy acreage, in irrigated valleys adjacent to Pakistan, were noted by several observers. Meanwhile, during the early and mid-1960s, Turkey's illicit output accounted for about 40% of Iran's illicit imports. Opium of Turkish origin largely supplied the western half of the country.

By the end of the 1950s, Burma, Laos, and Thailand together had become a massive producer, and the source of more than half the world's present illicit supply of 1,250 to 1,400 tons annually. Moreover, with this increase in output the region of the Far East and Southeast Asia quickly became self-sufficient in opium.

With the shifts in world illicit production since 1955, there have been some major changes in levels of consumption. Abolition in Iran reduced the active user and addict population of the country significantly. The current population of some 350,000 represents perhaps only one-third that existing before abolition. The growth or decline

of populations elsewhere in the world is not easily documented. Consumption in the Far East and Southeast Asia very likely rose substantially during the 1960s. Increased consumption in Burma, Laos, and Thailand seems especially likely in view of the rise in supply. Western Europe and North America also experienced rapid growth in their addict populations -- almost exclusively addicted to heroin -- after World War II. Some growth in these populations has apparently persisted throughout the postwar period.

Moreover, addiction to opiates -- mostly to heroin -- has been on the rise in the postwar period. Heroin addiction has grown in several other countries besides those in Western Europe and North America. Before the mid-1950s, Iranian addicts were exclusively consumers of raw opium. Heroin was indeed unknown in the country until 1953. From 1960, however, heroin addiction spread rapidly so that by the middle of the decade the population probably reached its present level of 50,000. In the Far East and Southeast Asia, considerable growth in heroin addiction also occurred. The observations of many specialists document this phenomenon as do the increasing number of heroin-processing installations in the region, particularly in the producing countries and Hong Kong.

In both the Far East and Iran, a shift from emphasis on heroin consumption in urban areas has probably been stimulated by enforcement efforts because heroin is easier to handle by traffickers and its consumption is less visible. However, heroin addiction in these countries as elsewhere also reflects basic problems of development and health.

As Turkish traffic toward the Arab countries, Western Europe, and North America increased to replace Iran's exports, the routing of the portion destined for Western Europe and North America increasingly shifted to direct overseas shipments from Turkish to French ports. By the mid-1950s -- thanks to decisive action by Italian enforcement authorities -- Italy ceased to be an important

processing and transshipment point in this traffic. From the 1960s, however, Turkish traffic destined for Western Europe and North America also began to go overland to Europe in increasing amounts in defense against enforcement applied both in Turkey and France to seaborne contraband. Also as a defense against enforcement and for greater profits, Turkish traffic in morphine increased rapidly from the mid-1950s. By the mid-1960s practically all Turkish illicit exports to the West consisted of crude morphine. Heroin has never been manufactured in Turkey, and Turkish smugglers are loathe to carry heroin, probably because the government set very stiff penalties in 1953 for trafficking in the product.

Recent Developments

The main recent change in world illicit production has been the decline in Turkish output. In 1968, illicit production dropped sharply as a consequence of official policies to reduce poppy acreage and to purchase a larger share of the total crop. Substantial cutbacks in acreage were actually begun in 1964 (from 38,000 to 28,000 hectares), but this had no marked impact on illicit output. This was the case because until 1968 government purchases from the farmers averaged much less than half of total production, as indicated by the data on yields from licit production. Derived from government purchases and official acreage estimates, these yields fluctuated from year to year but averaged only 6 kilograms per hectare during 1960-67 (see Table 8). Actual yields from this acreage, on the other hand, may have averaged as much as 15 kilograms, with the balance available to the illicit market. In 1968, however, government purchases rose slightly, to 122 tons, even though acreage had been reduced by one-third. The official yield thus rose to 9.4 kilograms per hectare. On roughly the same 13,000 hectares in 1969, the official yield reached nearly 10 kilograms per hectare. Even if allowance is made for a slight increase in actual yields on the reduced but probably more fertile poppy acreage, illicit diversion in Turkey, which probably averaged

Table 8

Turkish Licit Production,
Acreage, and Yields of Opium

| Year | Production (Metric Tons) | Acreage (Hectares) | Yields a/ (Kilograms per Hectare) |
|---|---|---|---|
| 1960 | 365 | 42,000 | 8.7 |
| 1961 | 172 | 38,000 | 4.5 |
| 1962 | 311 | 36,000 | 8.6 |
| 1963 | 287 | 38,000 | 7.6 |
| 1964 | 83 | 28,000 | 3.0 |
| 1965 | 86 | 22,000 | 3.9 |
| 1966 | 139 | 24,000 | 5.8 |
| 1967 | 115 | 20,000 | 5.8 |
| 1968 | 122 | 13,000 | 9.4 |
| 1969 | 127 | 13,000 b/ | 9.8 |

*a. Derived from official estimates of acreage and government purchases of raw opium from the farmers.*
*b. Estimated.*

well over 250 tons in previous years, may have been cut back by more than half as the government acquired a larger share of the crop.

With the fall in illicit output, Turkish illicit exports must also have declined. The effects of reduced production on exports would not have been felt until 1969, however, because exports in 1968 originated chiefly from the 1967 fall harvest. In 1969, Turkish exports to Iran were probably cut back in favor of maintaining exports to the more profitable Western markets.

There has been a further decline in Turkish illicit output this year which can be related to drought conditions that substantially reduced actual yields and to changes in official policies in both Turkey and Iran. In 1970 the Turkish government decided for the first time to buy up the entire opium crop if possible and instructed

its purchasing officers and enforcement arms accordingly. Also for the first time, Ankara and Tehran in 1970 entered into a formal collaborative effort to suppress opium smuggling from Turkey to Iran. The Turkish army and Iranian gendarmerie signed an agreement in January providing for increased cooperation and forces on both sides. The upshot of all these developments has been a severe reduction in the traffic across the Iranian-Turkish border and in the traffic of Turkish origin across the Iraqi-Iranian border. Seizures in these areas have dwindled to insignificance this year. The incentive to Turkish smugglers to ship opium and morphine to Iran was also dampened in 1969, when Iran imposed the death penalty for narcotics smuggling offenses.

The reduced supply for Iran from Turkey combined with the generally intensive enforcement campaign initiated in 1969 by Iran has resulted in a scarcity of opium and heroin in the country. From August 1969 to August 1970 the illicit price of Turkish opium in Tehran doubled, ranging from $100 to $400 on the latter date, depending on quality. Much of Turkish opium thus was available only at prices in excess of the licit price for maintenance dosages for registered addicts. Prices for heroin, manufactured mainly from Turkish opium and morphine, tripled during this period. While the imposition of capital punishment and increased border surveillance have been weighty deterrents to Turkish smugglers, these measures have been less effective against their Afghani counterparts. By mid-1970 the price of Afghani opium in Iran was still well below the licit price. Iranian seizures on the Afghani border have risen sharply in 1970, but there are also indications of more frequent border incursions from Afghanistan involving smaller shipments in order to thwart the Iranian border authorities. A large number of the more than 40 persons executed in Iran for smuggling offenses since 1969 have been Afghani tribesmen. In view of the reduced supplies from Turkey and the persisting strong demand in Iran, it seems likely that production in Afghanistan-Pakistan will increase.

The drop in Turkish illicit output may soon be reflected in illicit traffic patterns to Western European and North American markets. If illicit Turkish output this year indeed declined, supplies from this source for Western Europe, North America, and the Arab countries will not be available in the usual amounts in 1971.

During the past two years, traffic of Turkish origin has also been the target of stepped-up enforcement by the French and US governments. One consequence has been some shifting in the location of heroin-processing plants formerly based in the Marseilles area but now more widely dispersed to areas both within and outside France. Moreover, the regular smuggling of heroin from Europe to the United States has become a more difficult task for the wholesalers to arrange. At the same time, as established traffic organizations have encountered increased enforcement opposition, the smuggling business itself has witnessed the entry of new organized rings. The recent arrests of Cuban exiles in the United States provide a striking example of this general trend. Finally, enforcement in the United States has evidently helped set the stage for the entry of new groups, attracted by the prospects of large profits, into the wholesale distribution of heroin in the United States. Some established wholesale firms, reacting to the enforcement pressures, have apparently chosen to disengage themselves at least temporarily from the business while some others were forced out by successful prosecutions. The entry of some of the Cuban-exile smuggling groups into the internal wholesaling of heroin in the United States indicates a degree of disarray in the established wholesale structure.

Given the prospect of reduced supplies for Western markets from Turkey and also reduced supplies from Mexico to the United States following Mexican-US collaboration in Operation Cooperation, the traffickers have already begun to seek out new sources. Probably in direct response to enforcement pressures in Mexico, some dealers in the traffic from that country to the United States have

been exploring the possibilities for developing new sources in other countries. Both new heroin distilleries and new areas of poppy cultivation have been observed this year in South America. Other wholesalers are apparently turning to the Far East for supplies. Although that area still remains a relatively small supplier of heroin to the United States, traffic from the Far East has increased in the past year, perhaps severalfold. New smuggling organizations are being formed in anticipation of growth in traffic by that route. Meanwhile, the West European market has also felt the effect of reduced supplies from Turkey. Recently, for example, there have been increasing amounts of heroin appearing in European countries from Pakistan, India, and the Far East.

## Controlling Opium-Based Drug Abuse

### Control and Development

Opium-based drug abuse has persisted as a growing international problem. This is evident in the rise of consumption generally in the Far East and Southeast Asia and in the international spread of heroin addiction. The illicit sector has shown great flexibility in adjusting to drastic changes in sources of supply. When national governments have eliminated or significantly curtailed illicit production, new sources have quickly been developed on a large scale. Similarly, when national enforcement campaigns have unsettled established wholesale structures, the effect has soon been blunted by the entry of new organizations into the trade and the eventual re-emergence of fairly stable marketing arrangements.

The growth of opium-based drug abuse reflects larger problems of economic, political, and social development. The economic incentive to cultivate poppy remains strong in most producing countries because agricultural incomes are low and labor cheap. Complete administrative control over poppy cultivation is difficult in the best of circumstances and made impossible in many areas by lack of national political control. Abuse has grown partly because prevailing public attitudes tend to forestall broad treatment and rehabilitation programs. In most producing countries the public is tolerant of widespread habitual use of opium. In many nonproducing, victim countries, on the other hand, abuse is commonly viewed as a criminal activity and the burden of responsibility falls upon enforcement agencies. At the same time, national resources for an attack on consumer demand itself have not been available on a scale commensurate with the extent of addiction. Also partly because of public attitudes, enforcement itself has lagged in developing techniques appropriate to suppressing the illicit trade at the controlling wholesale level. Progress both in enforcement and treatment has been hampered, finally, by inadequate international cooperation.

Dampening the Incentive to Produce

An economic approach to controlling illicit opium production has serious limitations. The basic problem is that opium is almost always produced where labor is plentiful and cheap and the demand for it is strong. There are many substitute crops that would earn more income than opium per unit of labor input but it is difficult to find any that would earn more than opium per unit of land. So long as large-scale underemployment exists, a farmer can increase his family's income by raising poppy, natural conditions being appropriate.

Thus the government seeking to control production through incentives will probably find that crop substitution will not suffice. Such a program would have to be accompanied by subsidies -- either directly to the farmer as an inducement not to grow poppy or indirectly in the form of supporting above-market prices for substitute crops. In the long run the best solution, of course, is to promote the general economic development of the poppy-growing areas. Raising agricultural yields, diversifying farm output, and establishing industry accessible to local labor would all help. Among the major opium-producing countries, Turkey is most advanced in economic development, and its further development will probably reduce the profitability of opium production significantly. But in the countries to the east this goal probably remains out of reach for a long time to come, and any effective restriction of output will depend most heavily on the capability for direct government control.

Although opium production is an important source of income to individual farmers and thus a political issue of moment in some countries, it does not benefit the national economies of any of the producing countries significantly. India, the world's largest producer and exporter of licit opium, earns only $6 million to $7 million annually from overseas sales compared with total export earnings approaching $2 billion. Income generated from licit production -- measured by the total returns to farmers -- hardly exceeds $12 million

annually. Turkey's situation is similar. In 1967, for example, Turkish licit opium exports were valued at $1.7 million, less than 0.3% of total export earnings. In addition, some smaller amount was earned from exports of poppy straw. Income generated in Turkey that year from licit production may have approached $3 million, out of a national income of nearly $9 billion. Against the scale of national income, it is apparent that illicit production is also of minor significance in all the other producing countries. If the tribal area of Burma-Laos-Thailand were considered as an economic region, however, opium production would assume more economic significance. Opium is a principal source of income at least among some of the tribes. It also helps finance the importation of arms and hence is a main economic support of insurgency.

Direct Control Over Production

While Communist China, Iran, and, on a partial basis, Turkey have shown that energetic national governments can stop the production of opium, the major share of illicit output comes from areas where such national control is not possible. Most of the world's illicit opium is now produced by tribal peoples over which their respective national governments impose little political control. The lack of control is most complete in Burma, Laos, and Thailand where most of the producing areas are also areas of insurgency. In Pakistan, most illicit poppy is cultivated in the settled areas of the Northwest Frontier Province where the settlers cultivating it are mostly tribal peoples although they live mainly outside the designated tribal areas. Much the same situation exists in Afghanistan. The small scattered production in Mexico, South America, and North America takes place in remote rural areas.

Even where control systems to monitor poppy cultivation have been established, however, large illicit production has occurred, as in Turkey and India. Turkey has no licensing system fixing quotas on poppy acreage for individual farms, but both countries record acreage and have state monopolies responsible for the collection of all harvested opium. In general, illicit production

in such countries can originate from two sources: (1) from understating yields on licensed or otherwise reported acreage, and (2) from unlicensed or unreported acreage.

In Turkey, official statistics on acreage are probably fairly complete, and understatement of yields appears to be the principal source of illicit production. Until recently, most production entered illicit channels, as the state opium monopoly restricted its purchases to the amount necessary to fulfill its export sales contracts.

Very little of Pakistan's poppy cultivation is under a formal control system, but where that system has been in force a substantial portion of the production has leaked in the same fashion as in Turkey. During 1966-68 the official Pakistani yield averaged 4.7 kilograms per hectare, probably only one-third the actual yield. This yield mainly represented the opium needed for the government maintenance program for addicts.

In India, probably most illicit production has originated not from understating yields but from unlicensed acreage. Official Indian yields have rather steadily averaged about 20 kilograms per hectare and hence should not understate actual yields by very much. In India as in Turkey the government's purchasing policy largely reflects export contracts. During the 1960s, 70% of licit Indian production was exported.

To date, Iran's fledgling control system over opium production has been subject to little leakage. Its effectiveness has been due to the combination of a high farm price for opium and extremely severe punishment for illicit dealing in opium. A very high priority has been assigned to administering the new program. Responsibility for licensing poppy acreage and collecting the harvested opium has been vested in the Ministry of Land Reform, which has taken elaborate control measures. A number of new laws have been passed, including the one fixing capital punishment for trafficking in opium or opiates. Enforcement efforts, including those of the gendarmerie in the rural areas, have been greatly stepped up.

In countries where poppy is cultivated by tribal peoples beyond the political reach of the national governments, opium production can probably be controlled only with further political development. Such development would probably have to include not only extending national political control into the tribal areas but also socially integrating the tribal peoples into national life. Even in Pakistan the requisite development represents formidable and probably long-term tasks. In Burma, Laos, and Thailand this kind of development must await both an abatement of insurgency and also an easing of international tensions presently focussed in the area.

In order to achieve full control of poppy production in Turkey and India, the governments would have to exert costly administrative and enforcement efforts continuously. The historical tendency, however, has been for both countries to minimize such costs and to hold crop collection down to the level of export commitments. The apparent drop in Turkish illicit output reflects improvement in the control system, but as matters stand it could be vulnerable to recurrent leakage. Whether or not a licensing system is in force, the poppy farmer is attracted to illicit dealings if the black market price is significantly higher than the licit price. Iran is trying to prevent diversion by setting a very high farm price for opium, but if production there becomes large the program's costs will be significant. In view of the cost and effort needed to control even small-scale production in Iran, a simpler answer -- administratively and from the point of view of enforcement -- would be to abolish cultivation altogether. Abolition has proved feasible in the past in all of Iran and more recently in many provinces of Turkey.

Reducing Demand

On the whole, public attitudes toward opium-based drug abuse probably have not changed very much in the last two decades. In much of the world, tolerance based on longstanding beliefs and customs prevails. Among tribal peoples producing opium, its use in religious ceremonies and on festive occasions is common. Among these

peoples and others without access to modern medicine, opium is a general household medicine. Belief in the efficacy of opium as an aphrodisiac and cure-all is widespread. By contrast, in most countries where heroin addiction is the main abuse problem, public fear and outrage tend to focus on the illicit traffickers and addicts alike.

As a consequence of these attitudes, almost nowhere is opium-based drug abuse regarded primarily as a medical problem. In the present state of medical and social scientific knowledge, the costs of treatment and rehabilitation aimed at entire addict populations are not predictable. The costs, however, would almost certainly involve treatment of broader human problems of adjustment to rapid social change and mental health generally and could easily exceed politically acceptable limits. As matters stand the degree of public support for new medical approaches to treatment and rehabilitation is uncertain. Unexpected leakages from the system of free prescriptions for addicts in Britain, for example, may lessen acceptance of further experimental programs in that country. In the United States, methadone programs for treating heroin addicts have an uncertain future not only because medical efficacy has yet to be confirmed but also because public support for broad-scale coverage is as yet undetermined.

The fate of the maintenance programs for opium addicts in India and Pakistan suggests that fiscal constraints can easily weaken government-sponsored treatment programs for addicts in any country. Pressures to record budgetary surpluses from the programs helped price licit opium largely out of the market so that the black market could supply addicts more cheaply but still realize large profits. Moreover, because the programs declined rapidly in both countries, no adequate test of their efficacy in diminishing addiction was possible.

Iran now operates the largest opium maintenance program, with increasing success to judge by the rising enrollment of registered addicts. The governing principle in the Iranian program -- that receipts must cover costs -- has dictated the official price to addicts of $230 per kilogram,

however. In view of that price, the program's success to date must be largely attributed to the effectiveness of police controls over illicit imports and production. If illicit supplies again become more plentiful and cheaper, the program will probably fall off.

Breakthroughs in medical and social science are in all probability essential for any large reduction in illicit market demand. Gaps in knowledge of abuse patterns are formidable and probably less is known about the medical and social effects of raw opium -- still the main form of abusive consumption in the world -- than about those of heroin. Research on opium-based drug abuse would undoubtedly benefit from close links with work on psychomimetic substances. Given the breadth of the research problems and their long-term nature, a greater international pooling of scientific effort would be strongly indicated.

## Suppressing the Illicit Trade

The organizational character of the illicit wholesale trade and the political and economic settings in which it prospers help to place the enforcement tasks in perspective. Although its operations are national and international in scope, wholesaling in opium or opiates often represents only one part of a particular syndicate's business activity and very often not the most important part. Historically the near-monopoly of the US wholesale heroin trade by the major criminal organizations in the country has exemplified this situation. The fact that wholesale organizations the world over frequently manage to protect themselves politically adds to the enforcement complexities. Finally, illicit trade in opium and opiates is very often part of a larger smuggling activity. In some producing countries, for example, a significant portion of international trade moves through smuggling channels. When it reaches this scale, however, the suppression of trade in a single commodity may be extremely difficult.

A change in the public's view of the enforcement mission is probably indispensable to more effective suppression of the illicit wholesale trade. Just as they tend to define the scale of treatment and rehabilitation, public attitudes influence the kind and amount of law enforcement available. By and large any citizenry wants police protection for its immediate safety and protection against locally based, relatively unorganized criminal activity. There is generally little public awareness of criminal activity organized on national and even international lines. It has frequently been observed that this lack of awareness in the United States results in a pendulum effect in law enforcement administration. Occasionally public interest in nationwide enforcement campaigns is aroused, but the interest then wanes and, as a result, the campaigns tend to diminish in intensity and effectiveness.

Moreover, in order to contribute to a lasting suppression of opium-based drug abuse, enforcement probably would have to accomplish a twofold developmental task of its own, consisting of (a) a redefinition of targets and (b) a reform of organization and methods. Most enforcement manpower is necessarily occupied with suppressing locally based criminal

activity, and much work of national police organizations directly supports local enforcement. One effect of this focus is the preponderance of the enforcement effort even at the national police level that is directed against relatively small-scale retailers of opium and opiates, hired couriers of the contraband, and the addicts themselves. In most countries there is no intelligence organization with central responsibility for operational and analytical intelligence in respect to national and international criminal organizations.

Finally, an upgrading of enforcement capabilities against the illicit trade in opium and opiates would almost certainly presume increasing international cooperation among police agencies and perhaps especially multilateral cooperation. Despite their notable achievements the recent bilateral enforcement agreements between the United States and Mexico, the United States and France, and between Iran and Turkey serve to point up the relatively occasional nature, historically speaking, of such accords. There is a need, therefore, for more continuity and a systematic exchange of intelligence on criminal activity involving a broad range of countries. Although the creation of Interpol represents a significant advance in this respect, that organization has been operating with limited support from participant states. It does not have sufficient funds to modernize its communications systems and is not organized for intelligence collection. Often the members must collaborate bilaterally in order to speed up intelligence acquisitions. The limitations on Interpol's effectiveness reflect a narrow view of the enforcement role against highly organized criminal activity in general and against the wholesale trade in opium and opiates in particular. A broadening of this view could be essential to a lasting suppression of illicit traffic in opium-based drugs.

## Conclusions

Less than half the world's opium is produced for licit medicinal purposes, chiefly for manufacturing codeine. The balance of production -- some 1,250 to 1,400 tons annually -- is illicitly produced and marketed for consumption of some two million users and addicts around the world. Illicit production is now concentrated in Southeast Asia (the hill country of Burma, Laos, and Thailand) and in Afghanistan and Pakistan but continues on a significant scale in India and Turkey. Most of the people consuming this illict opium take it in raw form, but a large and increasing proportion has been using it in its refined, more dangerous form of heroin. Addiction to opium is a major problem in every opium-producing country except Turkey as well as in many non-producing victim countries. The United States has the largest single population of heroin addicts -- over 100,000 -- but Western Europe, Iran, the Far East, and Southeast Asia also have large populations. The market for illicit opium and its derivatives is everywhere controlled at the wholesale level by syndicates highly organized on national and even international lines.

Since World War II the main changes in the world market for opium have resulted from national government policies, chiefly policies eliminating or significantly reducing production but also enforcement policies. Despite these government actions, however, the illicit market has shown a continuous flexibility in replacing sources of supplies, in responding to shifts in demand, and in devising new channels of illicit traffic. As a result, abuse of opium-based drugs has been a persistingly growing international problem.

Growth of the abuse of opium-based drugs reflects larger problems of economic, political, and social development. The economic incentive to produce opium remains strong in most producing countries because agricultural incomes are low and labor cheap. Complete administrative control over poppy cultivation is difficult in the best of circumstances and made impossible in many areas of lack of national political control. Abuse has grown

partly because prevailing public attitudes tend to forestall broad treatment and rehabilitation programs. As a reflection of these public attitudes, enforcement itself has lagged in developing techniques appropriate to suppressing the illicit trade at the controlling wholesale level. Progress both in enforcement and treatment has been hampered, finally, by inadequate international cooperation.

Specific problems involved in the control of the illicit opium market include the following:

a. A purely economic approach has serious limitations because crop substitution alone will not suffice. In order to fully offset the loss to the farmer for forgoing opium production, crop subsidies would almost certainly be required.

b. Direct administrative control over poppy cultivation is not possible in many areas of illicit production, because they are not controlled by the national governments. Even in countries where national governments are relatively strong, those governments must exert costly administrative and enforcement efforts continuously in order to suppress illicit production;

c. A greater effort to reduce demand itself is now indispensable for the control of abuse of opium-based drugs, but this requires public support for larger expenditures on treatment. At present the degree of such support is unknown. A reduction in illicit market demand also presupposes breakthroughs in medical and social science and a greater pooling of international efforts in research.

d. Enforcement alone cannot suppress abuse of opium-based drugs in the countries now experiencing its worst effects. Nevertheless, the contribution of enforcement to suppression would be improved by focusing more effort against the illicit trade at the wholesale level and by upgrading enforcement methods and organization, particularly

at the national police level. Increased international collaboration among enforcement arms against organized crime is probably crucial to suppressing the illicit trade.

# The Growing Hashish Traffic

Worldwide use of hashish is increasing. The growing demand in the United States and Europe has resulted in a rapid increase in smuggling. Our information indicates that the traffickers are becoming better organized.

Seizures of hashish reported to the United Nations by Lebanon and neighboring countries suggest that Lebanon is probably the world's leading producer of this drug. Although as much as 90% of the hashish produced in Lebanon appears destined for the illicit traffic in Egypt, there is a rapidly increasing traffic from Lebanon to the United States and Western Europe. A significant amount enters the United States [redacted] STATINTL

During the past year there has been an increase in hashish smuggling from Afghanistan. Preliminary findings are that much of this material is actually grown and produced in West Pakistan. India has been the source country of hashish involved in several recent seizures. Indian officials report that much of the drug found in India is grown and produced in Nepal. Morocco and Tunisia appear to be source countries for hashish being smuggled into Spain frequently for further distribution to the United States and Europe. It is not known how much of the drug from these sources actually originates in Lebanon.

Hashish is grown and produced in Lebanon, Pakistan, North Africa, Afghanistan, Nepal, and India, with some produced in Turkey.

There are persistent reports that hashish is being produced in South America, but apparently not in significant amounts.

The increasing use of hashish can possibly be explained by the emergence of a new class of drug user, predominantly from middle and upper class societies. As an example of increasing use of hashish, the statistics of the Division of Narcotic Drugs of the United Nations showed that between January and August 1968, the member nations reported seizing 6,766 kilograms (kg) of cannabis which

included much hashish. As a comparison, between January and August 1969, 16,987 kilograms of cannabis were seized. The same comparison is valid for the United States. The following is a tabulation of the domestic hashish seizures in the United States (in kilograms):

| | Bureau of Narcotics and Dangerous Drugs | Customs |
|---|---|---|
| 1968 | 152.627 | 95.208 |
| 1969 | 109.339 | 647.706 |
| 1970 (Jan-Jul) | 5.937 | 654.902 |

In Europe alone there were 254 Americans arrested between December 1969 and April 1970, in possession of 864.6 kg of cannabis. The bulk of these United States citizens arrested abroad are between 20 and 30 years of age and not the criminal type as we know it in the heroin and cocaine traffic. Most of these Americans are of the so-called "hippie" class and have been arrested with a small amount of hashish intended for their personal use and that of their immediate associates. However, increasing numbers are found with significant amounts of hashish indicating that they are smuggling for profit.

According to the latest figures submitted to the United Nations, the price of hashish per kilogram in Lebanon has risen to $49 for class-one hashish and $20 for class two. The same hashish when smuggled into the United States will bring from $2,000 to $2,500 per kilogram. Some professional marihuana smugglers have switched to hashish due to the reduction in bulk and increase in price.

Much of the hashish smuggling is not directed at the United States. Several violators have indicated that they were smuggling hashish to Western Europe, especially Germany, France, and Italy, for resale to the nationals of these countries.

Lebanon

Although Lebanese law prohibits the growing, selling, possession, or transportation of hashish,

most evaluations indicate that Lebanon is the leading grower and producer of hashish in world traffic. In 1969, Lebanon reported to the United Nations that over 10,000 kg of hashish were seized in that country. In the first four months of 1970, Lebanon seized over 3,200 kg of hashish. Recently, a reliable reporter observed cannabis growing beside a well-traveled road in Lebanon, as far as he could see for several kilometers.

A large part of the hashish grown and produced in Lebanon is destined for countries other than the United States. It is estimated by various officials that 90% is smuggled through Syria and Jordan to Egypt for local consumption. Syrian and Jordanian authorities do little to curtail the traffic.

Several Americans have been arrested attempting to smuggle significant amounts of hashish (from 9 kg to 83 kg) out of Lebanon by commercial airlines. Some of those arrested were attempting to fly to Canada where they could then enter the United States by various routes. Canada also provides a ready market for the sale of hashish.

As of 31 March 1970, Lebanon had 17 United States citizens in detention for hashish violations. Lebanese law sets a penalty for use at one to three years, and trafficking at three to 15 years. Most of those arrested indicated to State Department officials that they obtained the hashish in Lebanon.

STATINTL

[redacted]

Afghanistan

Afghanistan has recently become a significant source for hashish smugglers. Several individuals have been arrested by Greek authorities on the Greek-Turkish border traveling predominantly in Volkswagen buses with as much as 70 kg of hashish secreted inside the paneling of the vehicles. Americans detained in Greece advised State Department officials that they obtained the hashish in Afghanistan.

One violator stated that he saw and talked with at least 30 youthful smugglers in Afghanistan who were all purchasing multikilogram quantities of hashish. He said that Americans were waiting in line for Afghan peddlers to load their vehicles.

Most of the hashish in Afghanistan is reported to have been grown and produced in Pakistan. Afghanistan cannot stop smuggling across the Afghanistan-Pakistan border because this area is under the control of tribesmen who are deeply involved in the smuggling.

India

India takes a very permissive attitude toward the use of hashish and in fact the drug can be legally purchased through government-controlled outlets. Hashish grown and produced in India is of an indifferent quality and much of the hashish sold there is brought into India from Nepal and Pakistan. Indian officials state that it is very difficult to control smuggling from these countries due to the terrain and the extended borders.

The Indian authorities are examining outgoing mail for hashish, and between January 1970 and 30 April 1970, 135 parcels containing a total of 86.643 kg of hashish were seized at New Delhi alone; 91 of these parcels were addressed to the United States. In 1968, 31 kg of hashish were seized in such a manner and this figure rose to 98 kg in 1969.

According to reports to the United Nations, the government of Nepal prohibited the unauthorized cultivation of cannabis in 1960, but it is unknown what enforcement steps have been taken.

Pakistan

Questioning of traffickers suggests that a large amount of the hashish obtained in Afghanistan and India is actually grown and produced in Pakistan.

Several American citizens have been arrested at the Karachi Airport while attempting to smuggle significant amounts of hashish out of Pakistan. One seizure at Karachi amounted to 169 pounds of hashish. Pakistan reported seizing 93.245 kg of hashish to the United Nations during the first three months of 1970.

The US Customs Bureau has made several seizures of hashish up to 41 kg from ships listing Pakistan as the source country.

Morocco

Morocco and other North African countries have traditionally been a source of hashish. A significant number of persons have been arrested in Spanish seaports returning from Morocco with hashish for personal use.

The French authorities recently made a 108-kg seizure of Moroccan hashish secreted in an automobile waiting to be shipped to the Philippines where it was to be shipped to the United States. An American was arrested by Spanish authorities attempting to smuggle hashish from Tunisia through Spain to Germany where he intended to sell the drug.

According to information furnished by the State Department, Government of Morocco organizations are engaged in the campaign against kief, or hashish. Moroccan law calls for imprisonment of 6 days to 2 months and a fine of from $24 to $720 for hashish violations.

Turkey

In 1968, Turkey reported seizing 552 kg of hashish to the United Nations. Recently Turkish officials reported several seizures of hashish including one 23-kg seizure last June.

The cultivation of the cannabis plant is prohibited by Turkey and, if found, the crops are destroyed and the persons growing cannabis are prosecuted.

# DRUG TRAFFIC IN SOUTH AMERICA

## General

Illegal trafficking in drugs has reached serious proportions in South America over the course of the past several years. Two plants indigenous to the area are involved, the coca shrub (Erythroxylon coca),* from which cocaine is derived, and the hemp plant (Cannabis sativa), which is the source of marijuana. The traffic in cocaine is of particular interest because of the recent increase of the flow of this dangerous drug from South America into Europe and the United States. Also of concern is the illegal trade in synthetic drugs and the transit of heroin and other narcotics introduced from Europe and destined for the United States.

## Coca

Millions of highland Indians in Bolivia and Peru habitually chew the dried leaves of the coca shrub. The custom is also practiced to a lesser extent in southern Colombia, northern Argentina, and western Brazil. From time immemorial coca chewing has been one of the few indulgences of the Andean Indians. Today it is estimated that perhaps 25 million pounds of coca are used annually in Peru and Bolivia alone.

Coca thrives on the moist slopes of the eastern face of the Andes between elevations of 2,000 and 7,000 feet. The shrub is also grown on a small scale by primitive Indian groups scattered through the Amazon Basin. Very little coca is known to be under cultivation any where else in the world, with the exception of Java where there are small plantations. The areas of most intensive cultivation in South America are located in the departments of Cajamarca, San Martín, Huanuco, Ayacucho, Cuzco, and Puno in Peru; and in the departments of La Paz, Cochabamba, and Santa Cruz, in Bolivia.

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* Erythroxylon novogranatense is another cultivated species of coca, and there are numerous wild species of the genus. The word ''coca'' is often confused with ''cacao.'' The two are not related. Cacao (Theobroma cacao) is the name of a tree from which cocoa and chocolate are derived.

Individual coca plantations usually cover 2 or 3 acres in Peru and Bolivia. The shrubs are grown in narrow trenches cut in the steep mountain sides. For ease in picking, the plants, which would normally grow 6 to 8 feet high, are kept to heights of about 3 feet. The glossy green leaves are picked three or four times a year, and after careful drying and packing, are shipped and sold in hundreds of Indian markets throughout the highlands.

Most authorities hold that coca chewing is both physically and mentally debilitating, and recent investigations have pointed to chronic brain damage from habitual use. However, there is little chance that the habit will decrease to any appreciable extent in the foreseeable future. The custom is too deeply ingrained and too widespread to disappear as a result of anything short of a massive improvement in the socio-economic lot of the Indians.

Cocaine

While the great bulk of coca leaves grown in Bolivia and Peru is used in these countries for chewing, smaller amounts are processed for medicinal and industrial purposes; for example, ''de-cocainized'' coca leaf serves as a flavoring agent in beverages. In addition to these legal uses, the coca leaf is also illegally converted to cocaine for consumption by drug addicts. To process one kilo of refined cocaine over 100 kilos of leaves are required; hence the extraction process is most conveniently done near the areas of cultivation in Bolivia and Peru in clandestine laboratories. In Bolivia alone there are reportedly some 100 mobile clandestine cocaine laboratories. However, because the process is also relatively expensive and complicated, conversion operations are frequently performed outside Peru and Bolivia. Therefore the drug may be smuggled across borders in any one of three forms: in the leaves, as a red paste made from the leaves, or as a white powder of hydrochloride of cocaine crystals derived from the leaves or paste.

Cocaine Smuggling from Bolivia to Brazil

Much of the coca paste and cocaine produced in Bolivia moves eastward to Brazil. Principal border crossing point for the drug is between the towns of Puerto Suárez, Bolivia and Corumbã, Brazil. The main road running eastward from Santa Cruz, Bolivia and the parallel Santa Cruz-Corumbá railroad are both extensively used in the illicit traffic. Once across the border in Brazil, the cocaine is usually shipped to São Paulo or Rio de Janeiro, often by air.

Bolivian authorities sometimes capture the smugglers before they get the drug out of the country, and occasionally they are able to track down and destroy the clandestine laboratories. In recent years many small laboratories have been discovered and destroyed in the vicinity of Santa Cruz.

In attempting to control the traffic in cocaine coming from Bolivia, Brazilian authorities have directed most of their efforts at centers of distribution such as São Paulo and Rio de Janeiro rather than at the border zone. Army officers responsible for security along the frontier have complained that although their men check vehicles as well as they can, cocaine is so easy to conceal that the task of discovering it is almost impossible. As in smuggling generally, most arrests are made as the result of tips or the recognition of known traffickers. Habitual smugglers are well known by the police as are the hotels that they frequent in Corumbá, Cuiabá, and Campo Grande. The police also know the usual sleeping hours of couriers, when it is relatively easy to apprehend them. However, when one smuggler is arrested another almost immediately takes his place.

Cocaine Smuggling from Bolivia to Paraguay

Very little information is available on the movement of cocaine out of Bolivia into Paraguay. The existence of a regular traffic in the drug through Paraguay to points south has frequently been rumored around Asunción, but nothing has been officially reported. Scheduled airline service is now available from La Paz to Asunción, and it might well be used by cocaine smugglers. Another possible smuggling route would involve transit of Brazilian, Paraguayan, Argentine, and Uruguayan territory via the Paraguay, Paraná, and La Plata rivers. Barge loads of manganese ore from the Corumbá area are shipped by this route, and hidden cargoes of drugs could easily accompany them. Cocaine is known to have reached the United States by air from Uruguay.

Cocaine Smuggling from Bolivia to Argentina

Cocaine and sizeable amounts of coca leaf have been smuggled from Bolivia into the provinces of Salta and Jujuy in northwestern Argentina. In 1964 an exceptional quantity of leaves, weighing almost 15,000 kilograms, was confiscated. The demand for the leaves is a reflection of the large number of Bolivian coca chewers that live and work in northwestern Argentina.

As in Brazil, arrests on narcotics charges often take place at the centers of distribution in Argentina rather than in the frontier zones. For example a gang of cocaine traffickers was recently captured in downtown Buenos Aires. Included in the group were five Argentines, a Lebanese, and a Bolivian woman who brought the cocaine in from her homeland.

Cocaine Smuggling from Bolivia to Chile

A considerable flow of coca leaves and paste enters northern Chile from Bolivia. Arica is probably the most important reception center for the drug. In and around this port city clandestine laboratories convert the raw material into refined cocaine. After refining, the drug is shipped south to consumption and distribution centers such as Santiago, Concepción, Valparaizo, Iquique, Antofagasta, and Punta Arenas. Only a small part of the illicit production goes to Chilean addicts; traffickers prefer the external market, particularly Europe and the United States, where much higher profits can be obtained.

Chilean authorities discovered a number of clandestine laboratories in 1969 in Arica, in nearby Azapa, and in Puente Alto on the southeastern outskirts of Santiago. In 1970 still more clandestine laboratories have been discovered in Arica and also in Antofagasta. Police officials concluded that although some of the cocaine produced in these laboratories was for domestic consumption, most of it was being shipped to Italy and the United States.

Cocaine Smuggling from Peru to Brazil

Much of the cocaine manufactured in clandestine laboratories in southern Peru is directed to Guajará Mirim, Brazil, situated some 500 miles northeast of Cuzco on the Bolivia-Brazil border. From Guajará Mirim the drug probably moves southeastward to São Paulo and Rio de Janeiro. Cocaine produced in the northern part of Peru often goes by air from Iquitos to Leticia, Colombia and then to São Paulo de Olivença, Tefe, and Manaus, Brazil. From Manaus the cocaine either continues by ship or plane down the Amazon and across the Atlantic to Italy or by air to Surinam and thence to Cuba, Mexico, and the United States.

Cocaine Smuggling from Peru to Ecuador, Colombia, and Venezuela

Considerable amounts of paste are smuggled out of northern Peru into Ecuador for conversion to cocaine, which is then shipped to the United States via Colombia

or by more direct routes from Guayaquil or Quito. Small amounts of the cocaine continue through Colombia to Venezuela and from there to Europe or the United States. Little of the drug is consumed by addicts in Ecuador, Colombia, or Venezuela.

Three international narcotics rings were broken up in northern Peru in early March 1969. Their clandestine laboratories are estimated to have turned out a half million dollars worth of cocaine before being discovered. Later in the same month members of another gang of drug traffickers were captured. This group had been operating for about a year, in the course of which they managed to ship nearly a million dollars worth of cocaine and paste to Guayaquil, to Panama, and the United States. Main centers for their operations were in the vicinity of the coastal towns of Tumbes, Peru and Huaquillas, Ecuador. The group was supplied by a clandestine laboratory located near Tarma in central Peru.

In March 1970 police authorities were investigating an international network of narcotics smugglers including Peruvians, Ecuadorians, Colombians, and Venezuelans that had been trafficking for the past 6 months in cocaine, arms, and prostitutes. Cali, Colombia and Guayaquil, Ecuador were the main centers of their illicit operations. Colombian prostitutes, recruited in and around Cali, were sent to Guayaquil and Quito in exchange for Peruvian cocaine refined in Ecuador. From Colombia the cocaine was transshipped to Venezuela and the United States by other international gangs. In May one of the more important international cocaine couriers was captured by Colombian agents at the Eldorado Airport near Bogotá. He had been engaged for months in smuggling cocaine into Colombia from Guayaquil and Quito. At the time of his arrest some $60,000 worth of cocaine was found on his person. In July a notorious Cuban trafficker was captured in a luxury hotel in Bogotá with cocaine that would have been worth an estimated half million pesos on the black market. He had travelled in Africa, America, and Europe and lived in Caracas for some time before his recent arrival in Bogotá.

Marijuana

Marijuana is derived from the hemp plant, which is distributed very widely in South America. Depending on climate and soil conditions, plants have a greater or lesser value for either their drug-producing properties or for the production of textiles, cord, and twine. As a source of marijuana, the plant is common in most of the countries of the continent, with the possible exception of Peru, Bolivia, Chile, and Argentina. Marijuana smoking is outlawed throughout South America.

Marijuana Smuggling from Colombia to Venezuela

It has been estimated that there are over 400,000 marijuana smokers in Venezuela. The habit cuts across socio-economic lines. Jails, barracks, night clubs, schools, and universities are all scenes of marijuana use -- as in the United States and Europe.

Although some of Venezuela's marijuana is home grown, the vast majority of its supply is derived from Colombia. The traffic is said to be in the hands of astute merchants and cultivators and to be very well organized. The centers of greatest production in Colombia are located in the north in the departments of Norte de Santander, Magdalena, Cesar, and in La Guajira. In these places the most advanced agricultural methods are applied. The planters who raise marijuana usually do so exclusively -- their entire farms are dedicated to its cultivation.

At certain times during the year, preferably before winter, the marijuana crop is harvested and stored in large sheds where it undergoes a curing process. From these sheds the marijuana passes through the hands of a number of regional and local wholesalers, always increasing in price, until it reaches the Venezuelan border zone, at Maicao or Cucutá for example. By then it has increased in value from about 15 pesos a pound to 100 or more pesos a pound. Once the drug has gone over the border into Venezuela the price triples.

The traffickers employ diverse methods to get the drug across the border. Often they use pack animals and take long roundabout routes over the mountains and through the forests. They sell their merchandize to local wholesalers in Venezuela, in places such as San Antonio in Tachira State or Guzare in Zulia State at 200 to 300 bolivares a pound. The marijuana is then transported to important urban centers, such as Caracas, Valencia, Barquisimeto, and Maracay. Local wholesalers sell the marijuana to distributors at 350 to 600 bolivares a pound depending on the quality of the product.

The marijuana finally reaches the hands of the consumer in the form of 10, 20 or up to 50-bolivar packets. A 10-bolivar packet might have enough marijuana to make three cigarettes; generally 100 to 150 packets are produced from a pound of marijuana. In other words, the marijuana has increased in value from slightly less than US $1 a pound when it leaves the Colombian farm to about US $220 when it reaches the Venezuelan consumer. Hence, enormous profits are made in the traffic.

Marijuana is also smuggled out of Colombia by air to Puerto Rico and the Netherlands Antilles.

Marijuana Traffic in Brazil

Marijuana (called maconha) is cultivated for the illicit drug traffic in nearly all of the states of Brazil. In descending order of importance the chief producing states are: Alagoas, Mato Grosso, Pernambuco, Sergipe, Piauí, Mananhão, and Bahia. All of these, with the exception of Mato Grosso, are located in the poverty-striken northeastern portion of Brazil; Mato Grosso is both geographically and culturally the ''wild west'' of Brazil, an enormous expanse of forests and grasslands. The main consumption centers, on the other hand, are located in the more prosperous central and southern coastal regions, particularly in the cities of São Paulo, Rio de Janeiro, Belo Horizonte, and Porto Alegre. Most of the marijuana is brought to the consumption centers from the areas of production by trucks and private automobiles.

The emergence of Mato Grosso as a major producer of marijuana is a relatively recent phenomenon, perhaps related to suppression of cultivation of the crop in the northeast or interdiction of traffic to the south. São Paulo State is also beginning to grow marijuana for its local market.

Marijuana Smuggling from Paraguay to Brazil

Beginning in 1964 Paraguayans began to export marijuana to Brazil by way of Corumbá, Mato Grosso. In 1966 police in Corumbá seized a trunk containing 40 kilograms of the drug. By 1969 it could be said that the cultivation and smuggling of marijuana had become ''a way of life'' in the Pedro Juan Caballero area and in other towns in northeastern Paraguay along the Brazilian border. It was even claimed that Paraguay might soon become the world's largest producer of marijuana. The upsurge of marijuana cultivation in Paraguay is said to be the result of the strong crackdown on illicit cultivators in northeastern Brazil some years ago. The cultivators first tried operating in Mato Grosso, but many of them found the risks still too great there and moved across the border into Paraguay. The price of the marijuana doubles on crossing the border into Brazil. Local Paraguayan officials have reportedly been heavily involved in the illicit trade.

Synthetic Drugs

In addition to the traffic in cocaine and marijuana, an alarming growth has taken place in the illicit movement of dangerous synthetic drugs, especially within and to Brazil.

It is sustained both by Brazilian laboratories and by illicit importation from Argentine and Uruguayan laboratories. In 1966 Brazilian authorities seized 4,000 ampoules of Pervitin from Argentina, more than 300 phials of Dexamyl from Uruguay, 1,500 tubes of Stenamine from Argentina, and a further 3,000 tubes of the same drug from Cochabamba, Bolivia. In 1968 over 40,000 tablets of various psychotropic drugs were seized in Brazil. One of the principal centers for the introduction of the synthetic drugs into Brazil is Pedro Juan Caballero, Paraguay, notorious for gambling, prostitution, and smuggling of all types. The synthetic drugs are said to be of Argentine origin and to move into the area as a countercurrent to the marijuana which is moving out.

Opiates

The consumption of opium and its derivatives within South America is not currently considered to be a major problem. There is no known significant cultivation of opium poppies or production of morphine or heroin.

During 1966, heroin traffic into Brazil was said to be substantial, mainly because of illicit imports to Santos and São Paulo by Chinese crewmen from Dutch vessels. Most of the drugs were believed to have come from Hong Kong. Over the 5-year period from 1963 through 1967, however, Brazilian authorities reported actual seizures totaling less than 2 kilograms of heroin, 1,263 ampoules of morphine, and 23 grams of opium. The latest available official report, 1968, indicates no opiates seized during that year.

Certain key cities in South America have become increasingly important as transshipment points for heroin from Europe moving into the United States. As early as 1966 reports indicated the probability of narcotics smuggling by air from France to Argentina and then on to the United States. Elements from the predominantly Italian La Boca section of Buenos Aires were suspected of being involved in the contrabanding. Currently (1970) French-Italian and Latin American gangs are engaged in smuggling heroin into Rio de Janeiro for transshipment to the United States. These gangs apparently have connections in New York and Naples, and probably in Buenos Aires and São Paulo as well. Most recent addition to the list of transshipment points is Santiago, Chile.

NEW YORK TIMES
22 FEB 1972


# Coca Means Cocaine; It's Also Way of Life

By JUAN de ONIS
Special to The New York Times

CHULUMANI, Bolivia, Feb. 6 — With the rainy season drawing to a close in the Tamampaya River valley, Ricardo Misme, a Bolivian Aymara Indian, has finished planting a new plot of coca shrubs, the source of cocaine.

The tender green seedlings are rooted in moist, terraced beds that rise like steps on a hillside that plunges down to the rushing river. In the warm sun, the seedlings will grow into rows of low, green bushes by next year when Mr. Misme picks his first crop of coca leaves.

Mr. Misme, 32 years old, has lived all his life in the valleys of the Yungas region in the Andes of western Bolivia and does not know that cocaine has become one of the most lucrative drugs in international smuggling to the United States.

He is a poor farmer, supporting a wife, three children and two elderly parents on 20 acres of land, and coca is a crop that is legal and deeply rooted in the Indian cultures of the Andes.

But the chain that runs from the coca plots in Bolivia and Peru to the cocaine pushers in New York or Miami involves powerful criminal organizations making profits in the tens of millions of dollars.

This traffic has become a major target of the United States Bureau of Narcotics and Dangerous Drugs in the expanding war on South American drug smuggling, which involves not only cocaine but also large shipments of heroin originating in Europe.

Mr. Misme's coca plot is less than half an acre, which is small compared with some plantations of up to 30 acres in the Yungas. But for the next 25 years it will yield upward of 120 pounds of coca leaves annually, worth about $50 at current prices.

That and about $100 a year in honey sales from 23 beehives enable Mr. Misme to buy rice, salt, cooking oil, sugar and a few other staples to supplement his own food crops, mainly potatoes, corn and oranges.

### Coca a 'Safe' Crop

"Coca is safer than planting fruit trees, which can get sick," said Mr. Misme, squatting on his terraced land, which he cleared, graded and planted in 25 days with a short hoe and a machete.

Other small plots could be seen on hillsides across the river. There are thousands of small farmers producing coca in the Yungas and in Cochabamba Province for a consumer market that covers Bolivia, northern Argentina and Chile.

The chewing of coca leaf combined with a small amount of lye is a deeply rooted Indian tradition. Stimulating alkaloids, including cocaine, are released.

Coca chewing is reputed to give physical strength, reduce hunger and produce mental clarity. Coca is also widely used as a medicinal herb, particularly as a tea. There is scientific debate over the nutritional value of chewing coca, but millions of Indians believe it to be beneficial.

"To deny the use of coca to the Indians is as serious a disregard for human rights as would be an attempt to outlaw beer in Germany, coffee in the Near East or betel chewing in India," said Richard T. Martin of Harvard University's Botanical Museum in a study published by the Journal of Economic Botany in 1970.

### Much Enters Drug Traffic

Nonetheless a rough estimate of production in illegal "laboratories," many of which are crude wildcat "stills," indicates that as much as one-third of Bolivia's official coca output of 4,200 metric tons a year is going into the drug traffic.

It takes about 500 pounds of coca leaves, with a local market value of $250, to produce a pound of cocaine "paste," which is a semi-refined product. The process is simple, involving little more than an oil drum, kerosene, water and sulphuric acid. There are scores of operators in Bolivia.

For pure cocaine, a bitter, white crystalline substance that is popularly called "snow," or dama blanca (white lady) in Spanish, some simple industrial chemistry is needed.

The work can be done in a laboratory that can be hidden in a house. In the past month two such clandestine laboratories near Santiago, Chile, have exploded, killing the operators. Much of the "paste" from landlocked Bolivia is taken to neighboring Chile for refining and shipment to the United States.

The cocaine is moved north in ships touching at Chilean ports, aboard private planes, in hiding places such as the hollow end of wine bottles and by or body carriers.

### The Profits Are High

The enormous increase in the value of cocaine between a Chilean port and the United States makes the risk of being caught worth chancing for many carriers and finances the large criminal organizations that are the major traffickers.

A kilo of cocaine (2.2 pounds), worth $1,000 in the Chilean in retail drug sales in New York, according to narcotics agents. This means that the 3,000 kilos of cocaine originating in Bolivia are worth $70-million in the United States.

The temptations of such profits apparently caused the death of two young Americans in a La Paz hotel in December when a technique for smuggling cocaine proved fatal. The youths swallowed sizable quantities of cocaine packed in rubber contraceptives several hours before boarding a flight for New York, hoping to pass it through the digestive system. But the containers broke, apparently from the effect of gastric juices, and both died from cocaine intoxication.

### Narcotics Squad Set Up

Bolivia set up a small narcotics squad, headed by a police major, after a two-week training course financed by the United States Agency for International Development. But while the policy of the military government of President Hugo Banzer Suárez is to crack down on drug abuse and to cooperate with United States narcotics agents, personnel and funds are very limited.

The widespread operation of clandestine laboratories and the ease with which cocaine can be smuggled across the border to Chile make disruption of the traffic from here very difficult.

The United States Bureau of Narcotics and Dangerous Drugs concentrates on penetrating the international ring by recruiting informers and developing detection systems along the route from Chile to Miami or New York.

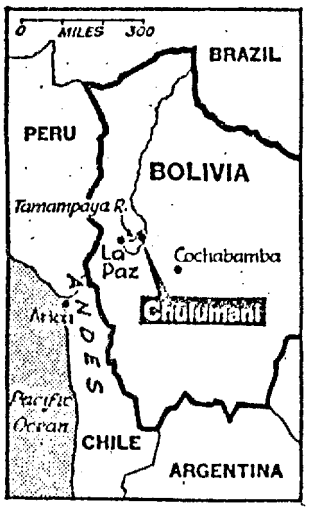
International police have long known of several Chilean organizations that began as so-called "pickpocket rings," which trained thieves and sent them to the United States. According to narcotics sources, these rings, which have criminal connections in the United States, are now in the cocaine and heroin traffic.

### Frenchman Is Accused

The rings are similar in origin to that believed to have been operated by Auguste Ricord, a 61-year-old Frenchman who is in jail in Paraguay. The United States is seeking to extradite him as one of the major traffickers in South America.

Ricord went to Buenos Aires, Argentina, after World War II and, according to the police, established a major white-slave operation that sent girls to nightspots and prostitution rings in Uruguay, Brazil and Venezuela.

When heroin traffic from Marseilles to the United States through Canada and United States ports came under increasing pressure in the late nineteen-sixties, Ricord's operation reportedly became a major channel for heroin shipments to the United States through Miami.




The New York Times/Feb. 22, 1972

In Chulumani region and other areas of Bolivia coca is an important crop for thousands of farmers.

NEW YORK TIMES
16 FEB 1972


## Ton of Marijuana Found

TIJUANA, Mexico, (AP)—A ton of marijuana was found wrapped in plastic in a storage shed here recently, the police said.

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FOR PUBLIC AFFAIRS STAFF

PROGRAM CBS Morning News STATION WTOP TV CBS Network

DATE February 1, 1972 7:00 AM CITY Washington

## HUMPHREY WOULD HAVE CIA TRACKING DRUG SMUGGLERS

JOHN HART: Senator Hubert Humphrey, campaigning in Florida, says the $230 million President Nixon wants to spend on drug treatment is, in his words, totally inadequate. He wants to get rid of narcotics before they get into the country, says Humphrey, saying it's time to put the CIA to work tracking down smugglers.

He was at Dade Junior College in Miami yesterday, courting the kind of audience he alienated four years ago, as David Schoumacher reports.

SENATOR HUBERT HUMPHREY: I think the important question today is to face up to a fact....

DAVID SCHOUMACHER: Hubert Humphrey is going after campus support with the vengeance of a man trying to taste everything he missed in 1968. As a teacher as well as a politician, the not always cold war between Humphrey and the students four years ago was particularly bitter for him. Now, he must prove as much to himself as to them that he still has something to say, that he is still relevant.

SENATOR HUMPHREY: I tell the student body here that this country, your fathers and mothers helped rebuild a wartorn Europe in the 1950's with our money, our taxes, $20 billion. And today the European city makes the American city look old and obsolete. If we could help Europeans build new cities and new industries and new parks and new highways and new airports, and put their people to work, why in the name of common sense can't we do the same thing for the American people that want to go to work?

SCHOUMACHER: Of course, it is a new campus population. Many students were only 14 or 15 at the time of the 1968 Chicago Convention, and perhaps more to the point, they and their friends are no longer being drafted for Vietnam.

Vietnam, and Humphrey's role as Vice President in the Johnson Administration still comes up, but without the bitterness of 1968. And now after all he's on their side.

In his bid for the students' approval Humphrey occasionally and awkwardly borrows some of their catch phrases, but when pushed he can be firm.

SENATOR HUMPHREY: Now, first of all, that was '68, 1968, and may I say most respectfully, it was the only candidate that suggested a programmed withdrawal, a cease-fire and an ending of the bombing of the North. As a result of it, as a result of it, Mr. Nixon, Mr. Wallace, both condemned me. The President of the United States said he didn't agree with me. I think that that position represented a forward position at the time, and it said withdrawal of our forces, a cease-fire, an ending of the bombing of the North. No president could possibly say to do that without regard for the safety of our troops or he wouldn't be worthy of being president of the United States. I have no apologies whatsoever. It is now....

SCHOUMACHER: The students seemed to respect Humphrey's toughness. And after his appearances he's mobbed for autographs and snapshots. The former professor is given passing grades.

Humphrey's campus tour went well, if not all the students agreed with him they did listen. That, at least, has changed since 1968.

David Schoumacher, CBS News, Miami, Florida.

WASHINGTON DAILY NEWS

7 FEB 1972



# Fulbright and the drug traffic

By VIRGINIA PREWETT

SENATOR J. WILLIAM FULBRIGHT, D-Ark., in a parlimentary putsch late last Friday introduced an amendment to the foreign aid appropriations bill that will kill the best mechanism the United States has for getting other countries to cut the drug flow into the United States.

Sen. Fulbright pulled out of his pocket in the final stage of the floor debate on foreign aid an amendment abolishing an AID operation called the "public safety program." It provided police advisory assistance and some equipment to 15 countries in Latin America and 25 over the world.

The program employs 314 people overseas and 105 in Washington at a cost of $26 million annually. It was attacked in the subcommittee stage last week, but survived. Sens. Fulbright, Proxmire of Wisconsin and Pastore of Rhode Island assailed the program on the Senate floor, while Sens. Wong of Hawaii and Cooper of Kentucky defended it. With 29 senators absent, the amendment won by a vote of 37 to 34.

THE BILL will be rushed to a Senate-House conference tomorrow, allowing no time for public awareness or discussion.

The public safety program, started in 1954, during the 1960s has emphasized advising foreign police forces on the humane handling of street riots and the suppression of urban guerrilla warfare. Since its inception in 15 Latin American countries, rifles have ceased to be used against dissenting crowds. The more humane methods of crowd-handling have to an extent pulled the sting out of street-rioting as a radicalizing tactic. As the overseas police met street riots without undue harshness, it became less necessary to call in military forces, with consequent harsh jolts to internal political stability.

The public safety assistance program has been a chief target of Latin America's extreme leftists and urban guerrillas as it has aided neighboring police forces to suppress such dramatic urban guerrilla tactics as kidnapping diplomats.

The extremist charge that U.S. public assistance advisors "assist" Latin American police in torturing prisoners has never been proved. Sen. Frank Church, D-Idaho, as chairman of the Inter-American subcommittee of Sen. Fulbright's Foreign Relations Committee, held hearings on this and had to admit no proof was available. He had special reference to Brazil, where extremists' records themselves reveal that alleged tortures took place in military barracks, not in police hands.

MANY FEEL that if our National Guard had had the crowd-handling training in which U.S. experts advise foreign police forces, the tragedies of Kent State and Jackson State would never have occurred.

With drug use among U.S. youth a national catastrophe, AID's public safety program had begun to concentrate on getting overseas police cooperation in stopping drug traffic into the United States. Special efforts were under way in countries of the greatest "drug flow" to our country. A similar drive was under way in Bolivia, Ecuador and Colombia, the three New World cocaine producers.

E - 434,849
JAN 25 1972

Insight

## Top-level officials on both sides of Atlantic involved in charges linking drugs, spy system

# Smuggler chills U.S.-Paris ties

By Milt Freudenheim
*Daily News Foreign Service*

PARIS—Roger Delouette, 47, high-living sometime French secret agent and gun-runner, kissed his young blond mistress good-by and left Paris for New York on a mysterious adventure that turned sour on an apocalyptic scale.

It rocked French politics, infuriated President Georges Pompidou, threw a pall over the entire French spy system and for a time at least curdled French-American relations.

Cabinet ministers on both sides of the Atlantic were drawn into the maelstrom, including American Secy. of State William P. Rogers, Atty.-Gen. John Mitchell and the French defense and interior ministers. President Nixon's top-priority international war against drugs was jeopardized at a painfully sensitive point.

**FINALLY, A HIGH-LEVEL** decision was made to impose a cloak of official secrecy, halt all public statements and wait for better days.

Delouette's ill-fated trip last April started it all. He was smuggling heroin. He did a poor job of hiding 44 kilograms in a new Volkswagen camper and was arrested at the dock in Port Elizabeth, N.J. He telephoned Paris to tell his pretty friend Marie-Jose Robert, 22: "Something has gone terribly wrong with the car." But the attempted warning was too late.

French police showed up at their apartment and found nearly $17,400 in counterfeit dollars. Marie-Jose was jailed and held until July when she was released to give birth to a daughter.

**SOON AFTER HE WAS** arrested in New York, Delouette told American authorities he was smuggling heroin for French intelligence Col. Paul Fournier.

This charge was a delayed-action bombshell that exploded seven months later when Delouette's American lawyer leaked it to the New York Daily News.

Fournier is head of investigations for the French equivalent, but in a much smaller and exceedingly corrupt way, of the American Central Intelligence Agency. Behind 14 foot spiked walls in a run-down quarter of northeast Paris, he works in a headquarters nicknamed the "Swimming Pool." A real pool is across the street.

Also known as SDECE (Service de Documentation Exterieure et Contre-espionnage), it was home base for Communist agents helping the Russians who were fictionalized in the best-seller novel "Topaz."

When it hit the headlines, Delouette's charge against Fournier brought on a sensational public airing of the sinister history of the "Swimming Pool."

**IN THE BEGINNING, FRENCH** officials didn't respond for months to demands from the prosecutor of the Delouette case. He is Herbert J. Stern, a hard-driving young U.S. attorney in Newark, N.J. Stern demanded action against Col. Fournier.

But Delouette, who eventually pleaded guilty to smuggling the heroin, wanted a promise of immunity from French punishment in return for his co-operation in exposing Fournier. This type of immunity doesn't exist in French law. However, in previous cases Frenchmen convicted in the United States have not, in fact, been retried for the same offense in France.

The French investigating judge, Gabriel Roussel, declined to make any promises to Delouette. Stern flew to Paris and waved his finger at Roussel demanding to see Col. Fournier. Request refused.

Convinced that Fournier was being protected by a French coverup, Stern obtained federal grand jury indictments of both Fournier and Delouette. Fournier then was called in by Judge Roussel, a top French investigator with a good record of narcotic convictions. Fournier denied everything and told newsmen his job with SDECE prevented his going into details.

Next day a French cabinet spokesman, Leo Hamon, expressed official "skepticism" about the American charges.

Pro-government newspapers such as France-Soir became indignant at the indictment and hinted that it was a revenge move by the CIA, which had been implicated in drug-running in southeast Asia. Opposition French newspapers recalled previous accusations by U.S. officials that "big wheels" were protecting the heroin racket in France.

continued

John T. Cusack, the U.S. Narcotics Bureau chief for Europe, was transferred home to Washington in order, it was widely believed, to placate the French. A few weeks later, Max Fernet, head of the French police judiciaire and a bitter antagonist of Cusack, also was eased out. The score appeared even.

Then the affair escalated from narcotics to the murky world of espionage. A former employer of Delouette suddenly went on Luxembourg radio charging unnamed SDECE agents with "complicity" in the case.

**THIS WAS COL.** Roger Barberot, head of a French agency helping third-world countries with their agriculture and doing a bit of intelligence work on the side. Barberot is a former French ambassador who seems to know a lot. He identified Fournier as using a second name, Paul Ferrer. Barberot once had attached Delouette to a French aid mission in Cuba, but the French foreign ministry objected and got him removed.

## *Pompidou acts*

According to Barberot, Delouette was the victim of an "operation" by SDECE factions who had been purged for acting as double-agents for the Soviet Union and other Communist countries.

The "Swimming Pool" has been purged and re-purged over the years. During the presidency of Gen. Charles de Gaulle, SDECE agents co-operating with the CIA were ousted.

When Pompidou became president, he moved to clean up SDECE. He named a friend, pro-American businessman Comte Alexandre de Marenches, as head of SDECE.

Anti-Communist newspapers charged that the Delouette case was being used to discredit the Pompidou-style SDECE and get rid of de Marenches.

**THE FRENCH SENATE,** where government forces are outnumbered, voted to cut SDECE'S budget. But the Assembly restored it. Defense Minister Michel Debre defended de Marenches and SEDCE. This was important because Debre earlier had tried to minimize the de Marenches purges of pro-Communist agents.

French Minister of Interior Raymond Marcellin, in charge of the anti-narcotics crusade, weighed in with a public promise that France would "do everything to help the American government."

These promises were renewed last week when John Ingersoll, head of the U.S. Bureau of Narcotics and Dagerous Drugs, met top French police. But Ingersoll and his French counterparts ducked all questions on Delouette and Fournier.

Originally, Debre accused New Jersey U.S. Atty. Stern of playing politics. But now Marcellin agrees that "it is necessary that the truth be found in this Delouette affair."

## *Probe pushed*

In Washington, Atty. Gen. John Mitchell leaned on Stern who stopped making public accusations against the French. Just before Christmas, Stern and Delouette's attorney made a discreet trip to Paris, this time without a word for the press. Later, word leaked from French sources that Judge Roussel would be traveling to Newark for an official inquiry into Delouette's charges against Fournier.

Like Americans, the French public is now deeply worried about drugs. They are involving French young people of all background.

The French sorely resent U.S. narcotics agents' well-documented charges that [illegible] York is processed in clandestine laboratories in France. In 20 years of looking, French police uncovered only 13 of these labs, the last one over two years ago.

WASHINGTON STAR
1 9 JUN 1972



## LATIN CRIMINALS MOVE IN

# Mafia Outstripped on Drug Traffic

By MIRIAM OTTENBERG
Star Staff Writer

Spanish-speaking criminals are outdistancing the Mafia moguls as the key men in international narcotics traffic.

"They're moving tremendous amounts of heroin and cocaine to the point where they rival if not surpass the traditional organized crime elements in the United States," said John R. Enright, who is assistant director for criminal investigation in the Bureau of Narcotics and Dangerous Drugs.

When BNDD agents earlier this month made the largest heroin seizure ever reported, the eight persons arrested included two Cubans, five Puerto Ricans and an Argentinean. BNDD Director John E. Ingersoll said the 385 pounds seized in Miami would have had a street value of $76 million.

Enright said one of the prime factors in the greater availability of heroin and cocaine in this country is a dramatic increase in activities of important Spanish-speaking traffickers.

### Mafia Still at It

Before the 1960s, the international heroin traffic had been dominated by the Mafia. They're not out of it yet, Enright said. One such mob in New York recently smashed by BNDD was responsible, Enright said, for importing more than a ton and a half of heroin in the past year and a half.

"There has been some retrenchment of the traditional crime groups from the heroin trade, however," Enright said, "and Spanish-speaking criminals filled the gap. At the same time, there's been a tremendous increase in demand for heroin and cocaine."

Cocaine traditionally has been in the hands of Cubans. They were the key middlemen for cocaine shipments from Bolivia, Peru and Ecuador via laboratories in Chile.

When the pre-Castro Cuban criminal element left Cuba along with the doctors, lawyers and professors, the Cuban criminals spread all over South America, and to the United States and Spain as well.

With expertise gained in the cocaine trade they went into the expanding heroin market. In Spain, they set up shop across the border from Marseilles and its heroin labs. From Barcelona, they smuggled heroin by ship.

In South America, they developed routes to the United States for heroin moving via Argentina and other South and Central American ports. They worked with the "contrabandistas," the soldier-of-fortune pilots who will fly smuggled goods anywhere.

### First Noted in 1969

And in the United States, they recruited couriers and narcotics distributors in the Cuban colonies in Miami, New York and Chicago.

The widespread operations of the Spanish-speaking smugglers, particularly the Cuban immigrants to the United States, first was noted by narcotics enforcement officials in 1969 when two major drug cases were developed.

One case involved European heroin smuggled by ship into New York in food cans purported to be filled with a Spanish delicacy, paella. The other case involved a number of Cuban conspirators smuggling heroin and cocaine into the Miami area.

When BNDD information indicated that the hub of the smuggling operation was the large Cuban immigrant colony in Miami, a bureau task force of Spanish-speaking undercover specialists was set up to penetrate the system and gauge its proportions. The investigation was known as "Operation Eagle."

As the investigation developed, it became apparent that an organized criminal group of interstate and international proportions was involved. Links were established to New York and Chicago and other U.S. cities with Cuban colonies. And the drug traffic routes north from South America, Central America and the Caribbean islands were traced.

### 169 Arrests Made

In mid-1970, after spending a lot of money on narcotics buys to prove the Spanish-speaking smugglers could furnish multi-kilogram quantities of heroin as well as cocaine, agents made raids in nine major cities. With arrests made one weekend and thereafter, the total was 169 people.

Last week, the U.S. 5th Circuit Court of Appeals freed six members of what the government charged was a Florida-based narcotics gang uncovered during "Operation Eagle." All but one of those freed, including one described as a top figure of the nationwide ring, were Spanish-speaking.

The appeals court threw out their convictions on the ground that Atty. Gen. John N. Mitchell's executive assistant, acting under authority delegated him by Mtichell, approved actions ultimately leading to two court-approved wiretaps. The appeals court said federal law requires that Mitchell himself authorize the taps.

NEW YORK TIMES
18 JAN 1972

# 23 Accused of Smuggling 1,500 Lbs. of Heroin Here

By ARNOLD H. LUBASCH

Twenty-three men were charged here yesterday with smuggling 1,500 pounds of heroin into the United States during the last two years in one of the largest narcotics operations ever uncovered.

Federal authorities estimated that the smuggled heroin had an importation value of at least $8-million and a street value of more than $200-million, with some estimates of almost $300-million, depending on conditions in the narcotics market.

American and French agents cooperated in the extensive investigation, which included months of surveillance in New York, Montreal, Paris and other cities.

United States Attorney Whitney North Seymour Jr. said that the 23 men were indicted by a Federal grand jury here on Jan. 4, but the indictment was not unsealed until yesterday, after six of the defendants were arrested in France during the weekend.

Twenty of the defendants named in the indictment were identified as Frenchmen, one as an Austrian national who was arrested in France and two as Bronx residents, identified as Louis Cirillo and John Anthony Astuto.

The indictment accused all of the defendants of conspiring to conceal large amounts of heroin in automobiles shipped to the United States directly from France or through Canada, according to Andrew J. Maloney, the Federal prosecutor in charge of the investigation.

Mr. Maloney, who is chief of the narcotics section in Mr. Seymour's office, said that the defendants had smuggled in the heroin in expensive automobiles, including a Bentley, a Mercedes, a Cadillac and an Alfa Romeo.

A key break in the case came last September when United States Customs agents intercepted a heroin-laden car that had been shipped here from France.

After the initial interception, which resulted in several arrests here, French authorities made additional arraests in Paris and seized 233 pounds of heroin last Oct. 6, described at the time asFrance's biggest drug haul.

Most of the heroin mentioned in the indictment was allegedly smuggled into this country without being recovered by the authorities, but Federal agents said their investigation could document shipments totaling three-quarters of a ton.

Andre Labay, a French industrialist, and two others arrested as part of the heroin case in Paris last October were named in yesterday's indictment here, but all the French suspects arrested in France will face prosecution in their own country.

Federal authorities here expect to extradite Guido Randell, an Austrian arrested in Paris, and Michael Mastantuono, a French citizen arrested in Montreal.

Five defendants, including the 48-year-old Cirillo of 2970 Randall Avenue in the Bronx, were arrested in the United States and face trial in Federal Court here, but several others were still being sought by the authorities.

One of those still being sough is Astuto, 27, who formerly lived at 4712 Osman Place in the Bronx.

### 4 Others in Custody

Besides Cirillo the defendants currently in Federal custody here are Richard Berdin, Roger Preiss, Laurent Fiocconi and Jean Claude Kella, all French citizens ranging in age from 26 to 35.

The defendants who are prosecuted here face maximum sentences of up to 20 years in prison and fines up to $20,000 on each of nine counts in the indictment if they are convicted, according to Arthur J. Viviani and Dean C. Rohrer, the prosecutors who presented the case to the grand jury.

The first count of the indict-

### Little Dent Made in Supply

Special to The New York Times

PARIS, Jan. 17—A joint 11-month fight by the American and French police to halt the drug traffic was acknowledged today to have made little dent in the level of supply and consumption of narcotics in the United States.

John E. Ingersoll, chief of the American Bureau of Narcotics and dangerous drugs, said after a meeting here with French police officials that he was not satisfied with the efforts of the French police or of his own agents.

The area of biggest failure has been in finding the clandestine heroin laboratories in southern France, notably around Marseilles. No laboratory has been discovered for several years, but Jacques Solier, head of the French criminal police, said "all our efforts are being directed towards finding them."

The indictment announced today in New York of 23 suspected drug smugglers was hailed by Mr. Ingersoll and Mr. Solier as one of the most important results to date of French-American cooperation.

The objective of the new policy is to induce foreign concerns to take the Antidumping Act into account *before* they engage in sales to the United States.

The 25 Percent Rule

The Antidumping Act provides that in normal situations fair value shall be determined by comparing the ex factory home market price of the merchandise under investigation with the ex factory price at which the merchandise is sold in the United States. If the price in the United States is less than the home market price, then there are "sales at less than fair value" within the meaning of the statute.

The Act also states that in situations where the quantity of merchandise sold in the home market is so small in relation to the quantity sold for exportation to countries other than the United States as to form an inadequate basis for comparison, then third country price should be used as the basis for comparison.

The Antidumping Regulations provide that generally for purposes of determining what constitutes an "inadequate basis of comparison" for fair value purposes, home market sales will be considered to be inadequate if less than 25 percent of the non-U.S. sales of the merchandise are sold in the home market.

The selection of home market or third country price for fair value comparison can easily be crucial to the results of antidumping investigations, for frequently home market price tends to be higher than third country price. This is particularly true where merchandise is sold in a protected home market and, when sold in third countries, is exposed to the vagaries of world competition.

It has been Treasury's experience that cases arise where sales in the home market are adequate as a basis for fair value comparison, even though less than 25 percent of the non-U.S. sales are sold in the home market. From a technical standpoint, the existing regulations provide for this situation, since the 25 percent rule is introduced by the adverb "Generally." Examination of the precedents, however, revealed that the Treasury has not, in recent years at least, made an exception in applying the 25 percent rule.

This left the Treasury with two alternatives. It could have ignored the previous interpretations of the Antidumping Regulations which had, in effect, applied the regulations as if the word "Generally" were not there, or it coud propose a change in the Antidumping Regulations to eliminate the 25 percent rule. We chose the latter course. The proposal was published in the Federal Register of April 27, and is currently open for comment by interested persons. Any comments received will be carefully considered before we take final action on this proposal.

A LOOK INTO THE FUTURE

In my judgment, we have only come to the end of the beginning of the rejuvenation process. But, I believe we have made a solid start.

Let me take a final brief moment to touch upon what I see happening in the future. We have taken steps to initiate a fresh examination of the Treasury's antidumping procedures and regulations to see what more can be done. The regulations were substantially revised in mid-1968 after a broad review, with the dual objectives of conforming the Treasury's procedures to the requirements of the International Anti-Dumping Code, and also of having the regulations implement in clear and precise language the objectives of the Antidumping Act. With almost three additional years of experience under the regulations, as then revised, it is now appropriate to stop and take a new look to see whether additional changes may be appropriate. A Notice of Proposed Rule Making to this effect was published in the Federal Register of April 13, 1971.

Sixty days are being allowed for the submission of comments. I would assume that many persons present here today—if you are not already aware of the Treasury's invitation to submit comments—may wish to do so.

Let me emphasize that the Treasury Department continues, as always, to adhere to its policy of equitable administration of the Antidumping Act. With the increased personnel assigned to this field and modernized procedures and policies, we shall speed up antidumping investigations, thereby making administration of the law more effective—all this without sacrificing equity.

Let me also emphasize that the Treasury Department and the Administration are strongly opposed to having the Antidumping Act transformed into an instrument of protectionism. On the other hand, we are equally strongly opposed to allowing foreign firms to injure U.S. industry by unfair price discrimination. It is with the latter objective in mind that the Treasury Department introduced the changes in the administration of the Antidumping law, which I have discussed with you today. To the extent that we succeed in our objective, the Treasury's rejuvenation of the Antidumping Act will become an increasingly important influence in favor of a freer international trade policy.

In conclusion, I would like to repeat a statement made by Secretary Connally on May 17 before the Subcommittee on International Trade of the Senate Committee on Finance:

"The efforts to foster increased competitiveness in our economy must be actively pursued in the context of fair and liberal trading arrangements."

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## RAMPARTS MAGAZINE MISREPRESENTS ROLE OF CENTRAL INTELLIGENCE AGENCY IN FIGHTING AGAINST IMPORTATION OF DANGEROUS DRUGS

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### HON. CHARLES S. GUBSER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, June 2, 1971*

Mr. GUBSER. Mr. Speaker, recently Ramparts magazine published an article which, like so many other articles which appear in new left publications, attempted to discredit established agencies of the Government, including the Central Intelligence Agency. Unfortunately, the Stanford Daily, the newspaper published by students at Stanford University, saw fit to lend credibility to this article by reprinting it.

A tearsheet from the Stanford Daily was sent to me by a constituent and I submitted it to the Bureau of Narcotics and Dangerous Drugs with a request for comment. Under date of May 27 I received a reply from Mr. John E. Ingersoll, director of the Bureau of Narcotics and Dangerous Drugs. His letter should be brought to the attention of all responsible Members of Congress and the press since it certainly contradicts the implications contained in the Ramparts magazine article. Mr. Ingersoll's response follows:

Hon. CHARLES S. GUBSER
*U.S. House of Representatives*
*Washington, D.C.*

DEAR CONGRESSMAN GUBSER: This is in response to your letter of May 21, 1971, which enclosed a tearsheet from the "Standard Daily" (a publication of Stanford University) of the article entitled, "The New Opium War," as reprinted from "Ramparts Magazine."

Charges made in the article appear to be a part of a continuing effort to discredit agencies of the U.S. Government, such as the U.S. Military, the FBI, the CIA, and the Department of State, all of which are, in point of fact, working actively with the Bureau of Narcotics and Dangerous Drugs (BNDD) in our worldwide effort to curtail international drug traffic.

Actually, CIA has for sometime been this Bureau's strongest partner in identifying foreign sources and routes of illegal trade in narcotics. Their help has included both direct support in intelligence collection, as well as in intelligence analysis and production. Liaison between our two agencies is close and constant in matters of mutual interest. Much of the progress we are now making in identifying overseas narcotics traffic can, in fact, be attributed to CIA cooperation.

In Burma, Laos, and Thailand, opium is produced by tribal peoples, some of whom lead a marginal existence beyond the political reach of their national governments. Since the 1950's, this Southeast Asian area has become a massive producer of illicit opium and is the source of 500 to 700 metric tons annually, which is about half of the world's illegal supply. Up to now, however, less than ten percent of the heroin entering the United States comes from Far Eastern production.

The dimensions of the drug problem and the absence of any strong political base for control purposes has been a dilemma for United Nations opium control bodies operating in Southeast Asia for many years. Drug traffic, use, and addiction appears to have become accepted as a fact of life in this area and, on the whole, public attitudes are not conducive to change.

The U.S. Government has been concerned that Southeast Asia could become the major source of illicit narcotics for U.S. addicts after the Turkish production is brought under control. The Bureau of Narcotics and Dangerous Drugs, with the help of CIA, DOD, and the Department of State, has been working to define and characterize the problem so that suitable programs to suppress the illicit traffic and eliminate illegal opium production, such as the proposed United Nations pilot project in Thailand, can be implemented.

It is probable that opium production in Southeast Asia will be brought under effective control only with further political development in these countries. Nevertheless, in consideration of U.S. Military personnel in the area, as well as the possibility that opium from this area may become a source for domestic consumption, concerned U.S. Agencies, including CIA, Bureau of Customs, DoD, and State, are cooperating with BNDD to work out programs to meet the immediate problem as well as provide longer term solutions.

Since the subject matter of your letter concerns CIA, I have taken the liberty of furnishing a copy along with my reply to Director Richard Helms.

Sincerely,

JOHN E. INGERSOLL,
*Director.*

As an enclosure to his letter, Mr. Ingersoll included a paper entitled "Recent Trends in the Illicit Narcotics Market in Southeast Asia." This should also be of interest to every person who is concerned about this problem and I therefore include the text herewith:

RECENT TRENDS IN THE ILLICIT NARCOTICS MARKET IN SOUTHEAST ASIA

1. The reported increasing incidence of heroin addiction among U.S. servicemen in Vietnam and recent intelligence indicating that heroin traffic between Southeast Asia

and the United States may also be increasing suggest that Southeast Asia is growing in importance as a producer of heroin. While this phenomenon in part reflects improvement in information available in recent months to the U.S. Government, there are also good indications that production of illicit narcotics in Southeast Asia has indeed risen in 1971.

BACKGROUND

2. The Burma, Laos, Thailand border area, known also as the "Golden Triangle," is considered one of the world's largest opium producing regions. This region normally accounts for about 700 tons of opium annually or about one-half of the world's total illicit output. A substantial proportion is consumed within the region. Burma, by far the largest producer of opium in this region, accounts for about 400 tons annually.

BURMA

3. Production in Burma is concentrated in the Eastern and Northern parts of Shan State and in the Southwestern part of Kachin State. Poppy fields cover the rugged slopes in Eastern Shan State around Keng Tung and in Northern Shan State from Lashio east and north to the China border. The latter territory, comprised of the former Wa and Kokang feudal states, is now a center of insurgency directed against the Burmese government, with much of the area under insurgent control.

4. The growing season varies with the altitude, but the planting season generally falls during the months of August and September, with the harvest some seven months later during February and March. At harvest time the women of the hill tribes slit the poppies and collect the raw opium by hand. The opium plants themselves are ground into a compound for smoking. In Northeast Burma, the raw opium is packed by the growers and traded to itinerant Chinese merchants who transport it to major collection points, particularly around Lashio and Keng Tung. Agents of the major entrepreneurs circulate through the hill country shortly after harvest time arranging for payment and pickup. Payment is often in the form of weapons and ammunition, although gold and silver rupees are also used.

5. The opium harvested in Shan, Wa, and Kokand areas is picked up by caravans that are put together by the major insurgent leaders in these areas. The caravans, which can include up to 600 horses and donkeys and 300 to 400 men, take the opium on the southeasterly journey to the processing plants that lie along the Mekong River in the Tachilek (Burma)-Mae Sai (Thailand)-Ben Houei Sai (Laos) area. Caravans carrying in excess of 16 metric tons have been reported.

THAILAND

6. Opium-growing areas in northern Thailand are located in the upland tracts occupied by various tribal groups. The provinces of Ching Mai, Chiang Rai, and Nan, which have the largest concentration of Meos, produce most Thai opium. Illicit opium production in Thailand is estimated at 200 tons.

LAOS

7. Another, less productive, opium growing area is along the 2,500 to 4,500 foot high mountainsides of Northwest Laos. The opium cultivated by the Meo in this area is of a relatively lower grade and thus less suitable for refinement into morphine base or heroin. In these areas where the tribesmen have been encouraged to grow corn, the poppies are planted among the corn. When the corn is cut, the poppies continue to grow until they too can be harvested.

8. Major producing areas include Phong Saly Province in the North, Houa Phan (Samneua) Province in the Northeast, and the Plaine de Jarres area of Xiang Khoang Province in the East-central part of the country. However, large areas of production in Phong Saly, Houa Phan, and Xiang Khoang have fallen under the control of the Pathet Lao and North Vietnamese.

9. The trade in Northwest Laos is less well structured and organized for significant commercial exploitation. There are no advance purchasing agents or pick-up caravans. The harvested opium and the poppy plants which are ground up for smoking are transported to nearby village markets by the growers themselves. In highland market places the raw opium and its by-product are used openly as currency. Ethnic Chinese merchants are the traditional purchasers of the opium products throughout Laos. The products they collect are transported to population centers and also to processing plants along the Mekong River by travelers, particularly government soldiers, who have the most mobility and access to air travel in the area, and refugees. Opium produced in the Communist-controlled areas also find its way into the regular marketing channels.

DISTRIBUTION AND REFINERIES

10. The KMT irregular "armies" and the Burmese Self Defense Forces (KKY) are the most important trafficking syndicates in Northern Southeast Asia. The KMT irregulars—formerly the remnants of the Chinese Nationalist forces which retreated across the Chinese border in 1949—now composed largely of recruits from the local population, have a combined strength of between 4,000 and 6,000 well-armed men. The largest force, with an estimated strength of 1,400 to 1,900, is the Fifth Army. The second largest with a troop strength of between 1,200 and 1,700 is the Third Army. The headquarters of both armies are located in a remote part of Northern Thailand between Fang and Mae Sai. It is estimated that these two KMT irregular forces control more than 80 percent of the opium traffic from the Shan State.

11. The KKY have been major competitors of the KMT irregulars in the opium trade. The KKY are comprised of former Shan State insurgents and bandits who have allied themselves with the Burmese government against both the KMT and Chinese Communist-backed insurgents. In return the government of Burma allowed them to pursue their opium trafficking activities.

12. The Shan States Army, an insurgent group, is also heavily involved in the opium business. It maintains several camps in Northern Thailand where opium is marketed for weapons and military supplies.

13. About 140 tons of raw opium is normally transported annually out of Northeast Burma to foreign markets. Most of this opium is stored or processed in the Mekong River tri-border area before transiting Thailand and Laos. Tachilek, Burma is probably the most important transshipment point in the border area. In 1970, out of a total of 123 tons reportedly shipped out of Northeast Burma, 45 tons was received in the Tachilek area. In the first two months of 1971, 53 out of a total of 87 tons had Tachilek as its destination. Other important transshipment points appear to be located in the vicinity of Ban Houei Sai, Laos, and Mae Salong, Thailand.

14. There appear to be at least 21 opium refineries of various sizes and capacities located in the tri-border area, of which about 7 are believed to be able to process to the heroin stage. The most important are located in the areas around Tachilek, Burma, Ban Houei Sai and Nam Keung, Laos, and Mae Salong, Thailand. The best known, if not largest of these refineries is the one at Ban Houei Tap, Laos, near Ban Houei Sai which is believed capable of processing some 100 kilos of raw opium per day. The 14 refineries in the Tachilek area apparently process the largest volume of raw opium in the region. In 1970, about 30 tons was converted by the Tachilek refineries into refined opium, morphine base, and heroin.

15. The typical refinery is on a small tributary of the Mekong River in an isolated area with a military defense perimeter guarding all ground approaches. Most of these refineries operate under the protection of the various military organizations in the region, or are owned or managed by the leaders of these military groups. The KKY units protect and operate most of the refineries in Burma. Leaders of these groups also hold an ownership interest in many of these facilities. In Thailand, the refineries appear to be operated by units of the KMT irregulars, whereas in Laos, most of the refineries operate under the protection of elements of the Royal Laotian Armed Forces (FAR). While the management and ownership of the Laotian refineries appear to be primarily in the hands of a consortium of Chinese, some reports suggest that a senior FAR officer may hold an ownership interest in a few of these facilities.

16. Most of the narcotics buyers in the tri-border area are ethnic Chinese. While many of these buyers pool their purchases, no large syndicate appears to be involved. The opium, morphine base, and heroin purchased in this area eventually finds its way into Bangkok, Vientiane, and Luaing Prabang, where additional processing may take place before delivery to Saigon, Hong Kong, and other international markets.

17. Much of the opium and its derivatives transisting Thailand from Burma moves out of such Northern Thai towns as Chiang Rai, Chiang Mai, Lampang, or Tak by various modes of ground and water transport. These narcotics, along with those produced in Thailand, are smuggled into Bangkok for further refinement into morphine or heroin. A considerable quantity of the raw opium and morphine base is sent by fishing trawler from Bangkok to Hong Kong during a period from about 1 January to 1 May. During this period, approximately one fishing trawler a day—carrying one to three tons of opium and/or quantities of morphine base—leaves Bangkok for Hong Kong. The boats proceed to the vicinity of the Chinese Communist-controlled Lema Islands—15 miles south of Hong Kong—where the goods are loaded into Hong Kong junks.

18. Opium and its derivatives which move through Laos are transferred from the Mekong River refineries by river craft and FAR vehicles to Ban Houei Sai, further downstream on the Mekong in Laos, from where it is transported on Royal Laotian Air Force (RLAF) aircraft to Luaing Prabang or Vientiane. From Vientiane narcotics are usually sent via RLAF aircraft, as well as Air Laos, to other cities in Laos such as Savannakhet or Pakse or to international markets. A considerable portion of the Laotian produced narcotics is smuggled into Saigon on military and commercial air flights, particularly on Royal Air Laos and Air Vietnam. Although collusion between crew members and air line agents on one hand and individual narcotics smugglers on the other has been reported, poor handling of commercial cargo and the laxity of Lao customs control in Vientiane and other surreptitious loading of narcotics aboard commercial flights.

RECENT CHANGES IN THE AREA

19. There are tentative indications that larger quantities of raw opium may now be moving into the tri-border area for refining and that larger quantities of this raw opium are now being refined into morphine base and heroin in this area. As suggested in paragraph 13 above, data on the first two months of 1971 indicate that the Tachilek transshipment and refining area may be receiving and processing sizably larger amounts of raw opium than was the case in 1970. As for changes in the type of refined narcotics produced, the processing plants at Mae Haw in Thailand and Houei Tap in Laos noy appear

to be converting most of their opium into No. 4 or 96 percent pure white heroin. Previously, these refineries tended to produce refined opium, morphine base and No. 3 smoking heroin. An increased demand for No. 4 heroin also appears to be reflected in the steady rise in its price. For example, the mid-April 1971 price in the Tachilek area for a kilo of No. 4 heroin was reported to be U.S. $1,760 as compared to U.S. $1,240 in September 1970. Some of this increase may also reflect a tight supply situation in the area because of a shortage of chemicals used in the processing of heroin. Rising prices for opium and its derivatives can also be seen in other areas of Southeast Asia.

20. The establishment of new refineries since 1969 in the tri-border area, many with a capability for producing 96 percent pure heroin, appears to be due to the sudden increase in demand by a large and relatively affluent market in South Vietnam. A recent report pertaining to the production of morphine base in the Northern Shan States would indicate a possible trend toward vertical integrations—producing areas establishing their own refineries—in the production of narcotics. Such a development would significantly facilitate transportation and distribution of refined narcotics to the market places.

## HOW FAIR THE FARE?

### HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, June 2, 1971*

Mr. ROSENTHAL. Mr. Speaker, representatives of U.S. transatlantic airlines are going to Montreal later this month to negotiate air fares—actually the word should be to "fix" air fares, for the competing carriers meet in private to decide the rates they all will charge.

The prices are fixed by the International Air Transport Association. Frances Cerra, Newsday's consumer writer, has aptly described IATA as "a cartel which operates without the participation of consumers and above the laws of the United States and any international organization."

The position of the American carriers is thrashed out by the airlines and the Civil Aeronautics Board in secret sessions. The people who must pay the fares will be given no opportunity to participate or express their views; after all, they have little choice: only one or two transatlantic airlines land in the United States that are not IATA members.

The Aviation Consumer Action Project has written to CAB Chairman Secor D. Browne protesting the lack of public participation in these proceedings. That letter said, in part:

Such practices on the part of a federal regulatory agency are hostile to elementary notions of due process and deprive citizens of basic participatory rights assured in the First Amendment.

I would like at this time to join them in urging an end to these secret meetings with the airlines in the course of fare negotiations.

So that all my colleagues may be aware of this situation, I am inserting in the RECORD at this point the Aviation Consumer Action Project's letter to CAB Chairman Browne, and Miss Cerra's very fine article on the setting of international air fares:

AVIATION CONSUMER ACTION PROJECT,

*Washington, D.C., May 25, 1971.*

HON. SECOR D. BROWNE,
*Chairman,*
*Civil Aeronautics Board,*
*Washington, D.C.*

DEAR CHAIRMAN BROWNE: The traffic conference of the International Air Transport Association (IATA) is scheduled to meet at Montreal on June 28, 1971, to negotiate transatlantic air fares. The Presidents of the transatlantic IATA carriers will meet in New York on May 27, 1971, to discuss the Montreal fares conference. And the Board, in accordance with its customary practice, will probably meet with the representatives of the U.S. carriers and discuss with them the various views and positions which they will adopt in the IATA negotiations at Montreal. All these meetings will, as usual, be held in secret. Members of the public and farepayers will not be given an opportunity to present their views and opinions in any of those meetings.

The Aviation Consumer Action Project (ACAP), is writing to express its deep resentment and disapproval of the restrictive price-fixing practices of IATA, and the Board's complicity in those practices.

ACAP is a non-profit consumer organization which has been founded for the purpose of providing an independent voice for the advocacy of consumer and environmental interests in matters and proceedings before the Board and other regulatory agencies.

Whatever may be the underlying reasons for the Board's approval of U.S. carriers' participation in IATA meetings, ACAP is of the opinion that there cannot be any justification for the Board's secret meeting with airline executives on the eve of the IATA conference. The issues raised by such a meeting are rendered all the more serious when the Board, on the exclusive basis of the airlines' *in camera* presentations, formulates policies and opinions with respect to the appropriate and permissable fare levels for various international routes and traffic regions. Such policies and opinions are communicated to the carriers by the Board in the form of "directives." For all practical purposes these directives are informal decisions of the Board which tentatively set forth the fares that the Board considers reasonable and legal.

The Federal Aviation Act and the regulatory scheme outlined therein do not permit the Board to make *ex parte* decisions after hearing the airlines in closed sessions. Such practices on the part of a federal regulatory agency are hostile to elementary notions of due process and deprive citizens of basic participatory rights assured in the First Amendment. They are wholly inconsistent with the procedural principles embodied in the Administrative Procedure Act.

ACAP urges the Board not to engage in secret or private audiences with the airlines concerning fares or other matters to be negotiated in the IATA conference, except in open proceedings of record, in which all interested and affected parties would have the right to attend and lawfully participate. We urge the Board to abstain from convening any secret meeting with the airlines whether prior to or in the course of IATA fares negotiations.

Sincerely,

K. G. J. PILLAI,
REUBEN B. ROBERTSON III.

INTERNATIONAL FARES: ARE THEY SET FAIRLY?

(By Frances Cerra)

Unless you really dig bazouki music or care about the color scheme of a plane's interior, it doesn't pay to shop around for the cheapest flight to Athens. Whatever airline you choose, the flight will cost you $555 round trip for a 17- to 28-day stay.

The same is true for Rome or Cairo or any other international destination except Luxembourg. (Icelandic, a maverick airline, flies there.) The prices are fixed by the International Air Transport Association, a cartel which operates without the participation of consumers and above the laws of the U.S. and any international organization. This year the price of international travel increased from eight to 12 per cent as a result of IATA agreements. Next month, the process of fixing the 1972 prices will begin, but a new element may be added: A new consumer group backed by Ralph Nader promises to challenge the IATA system in the courts.

Since its formation in 1929, IATA has been involved in the complicated maneuvers of international politics. Many governments in the world subsidize their own airlines and therefore want to be protected from true competition on air fares. These governments therefore adopt the IATA agreements as law and threaten to prosecute any foreign airline which tries to charge lower fares. Great Britain, which subsidizes BOAC, actually made such a threat against the U.S. airlines in 1963 when the Civil Aeronautics Board opposed a five per cent increase in air fares. Faced with this threat and an international incident, the CAB backed down.

Foreign governments also enforce the IATA agreements by another simple measure: They refuse to allow an airline that is not a member of the cartel to land in their countries. That is why Icelandic Airlines, the only nonmember of IATA, can land only in Luxembourg. No other European country will give it landing rights.

A spokesman for Pan American, whose president, Najeeb E. Halaby, is on the executive committee of IATA, said that he would not call IATA agreements "price fixing," but "an area of cooperation."

"If there were not an area of cooperation," he said, "many airlines would not be able to exist. The U.S. airlines in particular would have a hard time because they are not subsidized by the government. IATA makes for fair play, and without it there would be chaos."

Herb Aswall, the acting chief of the IATA rates and fares section of the Civil Aeronautics Board, which sets domestic air fare rates, echoed Pan American's concern. "With 20 carriers flying the Atlantic alone," he said, "to not have IATA would result in chaos because we would have to deal with each individual foreign government to establish fares. And because the CAB has no authority to regulate international fares, we might have to accept an uneconomic fares, which would drive an American carrier out of business."

Dr. K. G. J. Pillai, author of a book on IATA called "Air Net," and head of the new Aviation Consumer Action Project, calls such arguments illogical. "The private airlines are now at a disadvantage in IATA because they are negotiating as private concerns with government-owned airlines. That is exactly why we say IATA should not exist. If there were competition in air fares I personally don't think it would be very destructive because the efficient airlines would survive. But the alternative is for the U.S. government to directly represent the private airlines in these conferences."

Pillai said that such negotiations would not be unusual for the government which now makes tariff and excise duty agreements on thousands of products like oil and textiles, and even airmail rates. "I can't understand why air fares should be different," he said. Pillai said that if the government was involved in fixing the international air fares, the consumer would have a better chance of influencing the negotiations. Right now, he charges, the consumer has no chance of influencing IATA.

WASHINGTON STAR
JAN 1972




# Another 'French Connection'

By JEREMIAH O'LEARY
Star Staff Writer

The United States is making a major diplomatic effort to obtain the extradition from Paraguay of a Corsica-born Argentine citizen who is described as one of the major narcotics smugglers in the world.

He is Auguste Ricort, 61, now in jail in Asuncion, Paraguay, the mastermind of a multi-million dollar ring of narcotics operators engaged for years in smuggling narcotics into the United States from France by way of a number of Latin American cities. Ricort's long and spectacular career is reminiscent of the principal villain of the current movie hit, "The French Connection."

His importance was underlined yesterday when State Department spokesman Charles Bray disclosed that the United States is continuing its efforts to obtain Ricort's extradition.

Ricort, a native Frenchman and in recent years a resident of Asuncion, is known to international law enforcement officials as a man who was a Nazi collaborator during World War II and is wanted on criminal charges in France. He fled to South America after the war and set up his elaborate heroin network.

He rarely used individual couriers, the Justice Department's Bureau of Narcotics and Dangerous Drugs said, instead, employing small planes, ships and commercial flights with the heroin hidden in artifacts and other containers. The Ricort ring brought the heroin to Latin America from ports in the vicinity of Marseilles. Then Ricort arranged, a spokesman said, for the heroin to be transshipped from Buenos Aires, Santiago, Montevideo, Asuncion and a half dozen other terminals in South America to the United States.

Ricort stands indicted by a federal grand jury in New York in one case involving shipment of 97 pounds of heroin in October 1970. This shipment was flown in a Cessna 210 by way of Panama and Jamacia to Miami and then to New York. The BNDD and the Customs Service collaborated on the case, shadowing the shipment from origin to destination where they arrested two Frenchmen, a Paraguayan, an Argentine and a Brazilian.

Based on the retail price of $250,000 a kilo (2.2 pounds), the shipment was valued at $11 million by the Justice Department.

It was on the basis of this seizure that Ricort was indicted on March 15, 1971. Ten days later, he was arrested by Paraguayan authorities on the basis of the U.S. request for extradition.

Under new laws and treaties by which nations are attempting to stamp out the narcotics traffic, it was possible for the United States to request extradition of Ricort even though he never has set foot in the United States.

Ricort, a wizened, bald man who looks like a mummy according to one source, was picked up at the Paris Niza, a motel he owns on the outskirts of Asuncion. He has remained in jail ever since.

Some sources consider that Ricort's continued imprisonment is a minor miracle because of his enormous wealth and Paraguay's reputation as a country where money talks and smuggling is not regarded as a major crime.

### Court Snag Hit

The Paraguayan solicitor general, in effect attorney for the United States under the treaty, rendered a favorable opinion when Washington's extradition request was presented by Ambassador Ray Ylitalo, a former FBI agent who has taken a personal interest in the case. But Bray said yesterday the court of original jurisdiction in Asuncion denied the request.

"We hope and are confident in view of the solicitor general's favorable opinion," Bray said, "that Paraguay will exercise appeal procedures to obtain the desired extradition." January is a judicial holiday in the landlocked South American nation and officials say no final action is likely until March or April.

Paraguay is a small country under the very personal leadership of Latin America's most durable dictator, President Alfredo Stroessner. The outcome for Ricort probably depends on Stroessner's relationship with the United States, which normally is very close.

### Early Skepticism

Some Paraguayan newspapers at the time of Ricort's arrest predicted he would not be extradited. It generally is believed that, because of their wealth, some Nazi war criminals have remained safely hidden with new identities in Paraguay despite Israeli efforts to [illegible]

Some Paraguayans believe the United States, which gave the country a sugar quota last year for the first time, did so to induce Stroessner to give up Ricort. The United States says this is not true. The members of Congress who gave Paraguay the highly-profitable sugar quota had no idea Ricort existed when the quota was set.

The official estimate in Washington is that Ricort will be handed over to the United States when the due process has been completed because of Stroessner's desire to continue friendly and responsible relations under the narcotics treaty.

NEW YORK TIMES
29 DEC 1971




# U.S. REPORTS GAIN IN FIGHT ON DRUGS

## 6 Tons of Heroin Seized in World Traffic in Year

By DANA ADAMS SCHMIDT
Special to The New York Times

WASHINGTON, Dec. 28—Nelson Gross, the State Department coordinator for international narcotics affairs, said today that at least six tons of heroin and related materials were confiscated in the last year through the direct or indirect efforts of United States authorities. He said this would have been enough to supply this country for one year.

Mr. Gross, who since August has held the post of coordinator and senior adviser on drugs to Secretary of State William P. Rogers, discribed seizures as a "very severe deterrent" to the international drug traffic and said that supplies had been severely reduced in some parts of the United States.

The main effect, he said, had been to reduce the quality of the narcotics reaching addicts. "Whereas formerly they purchased 10 per cent heroin from pushers," he said, "today the $6 packets commonly distributed contain 4 or 3 per cent and in some areas only 2 per cent of heroin."

Speaking at a news conference at the State Department, Mr. Gross attributed this year's success to the "high priority given enforcement." He added that a Cabinet committee on drugs reaffirmed on Dec. 16 this high priority for the coming year and decided to seek a budget increase for enforcement.

### Customs Seizures Double

Mr. Gross said that seizures of drugs by the Bureau of Customs doubled during the last year and would undoubtedly increase when new equipment — aircraft, high-speed boats and sophisticated sensors—was put into operation.

He said that the Bureau of Narcotics and Dangerous Drugs had more than doubled its previous overseas operations and in 1972 would have 46 offices overseas staffed by 123 men.

On the domestic front, he said he held high hopes for the effect of the International Revenue Service's systematic tax investigations of middle and upper echelon narcotic traffickers, smugglers and financiers.

More than a million copies of a warning to travelers against violations have been distributed through travel agencies and consulates abroad, Mr. Gross reported. They warn Americans that American consuls abroad will not be able to protect them if they are arrested for narcotics violations.

DRUG Trade

Ann Bostrom
DX-4 - Green

AMS 74
ZCZC NYB068
YY LJP
1944: LEAD HEROIN: (NO PICKUP)

NEW YORK, NOV. 11, REUTER--A PHILIPPINE DIPLOMAT AND A BANGKOK MERCHANT WERE ARRESTED TODAY AND CHARGED WITH SMUGGLING 13 MILLION DOLLARS WORTH OF HEROIN THROUGH JOHN F. KENNEDY INTERNATIONAL AIRPORT, AUTHORITIES SAID.

DOMINGO S. CANIESO, 59, WHO IS ATTACHED TO THE PHILIPPINE EMBASSY IN VIENTIANE, LAOS, AND HIS TRAVELING COMPANION, SIU TSIEN CHOU, WERE ARRAIGNED IN FEDERAL COURT BEFORE U.S. MAGISTRATE MAX SCHIFFMAN. HE ORDERED THEM HELD IN JAIL IN LIEU OF 200,000 DOLLARS BAIL EACH PENDING A HEARING NOV. 22.

U.S. AATTORNEY ROBERT MORSE SAID THE MEN WERE ARRESTED AFTER CHECKING INTO A MIDTOWN-MANHATTAN HOTEL A FEW HOURS AFTER ARRIVING BY AIR FROM VIENTIANE. THEY WERE ARRESTED BY CUSTOMS AGENTS AND AGENTS OF THE BUREAU OF NARCOTICS AND DANGEROUS DRUGS.

MORSE SAID THE BUREAU OF NARCOTICS AND DANGEROUS DRUGS LEARNED OF THE SMUGGLING ATTEMPT AND HAD AN AGENT TRAILING THE TWO MEN WHEN THEY LEFT VIENTIANE YESTERDAY.

AT THE AIRPORT, CANIESO CLAIMED TWO SUITCASES IN WHICH THE HEROIN WAS LTER FOUND. ON THE BASIS OF HIS DIPLOMATIC PASSPORT, HE WAS ALLOWED TO PASS THROUGH CUSTOMS WITHOUT EXAMINATION AND BOARDED A CAB WITH CHOU. CUSTOMS AND NARCOTICS AGENTS FOLLOWED THEM TO THE HOTEL.

THE MEN, CHARGED WITH SMUGGLING AND POSSESSION OF THE HEROIN WITH INTENT TO DISTRIBUTE IT, EACH FACE A MAXIMUM SENTENCE OF 15 YEARS.

;; REUTER BB/MJ

BALTIMORE SUN
6 JAN 1972



# $47 million in heroin seized

Miami (Reuter)—Government agents Tuesday night seized 238 pounds of heroin valued at about $47 million on the illegal market, a federal narcotics bureau official announced yesterday. It was a near-record seizure.

Edward Theisen, regional director for the Bureau of Narcotics and Dangerous Drugs, told a news conference eight persons were arrested at Miami International Airport and a private home.

Mr. Theisen, who said the heroin would sell on the street for about $47 million, said the suspects were jailed on charges of possessing heroin and each was being held in custody in lieu of $2 million bail each.

They were scheduled to appear later yesterday before a federal magistrate who would advise them of their rights.

A United States attorney, Robert Rust, who secured the warrants to arrest the suspects, earlier said 308 pounds of the drug were confiscated, making it the largest heroin seizure in the world.

However, when the heroin was re-weighed, it came to only 238 pounds, 10 pounds less than the amount seized in another raid here a year ago.

Four of the suspects are Puerto Ricans who now live in New York; the other four suspects are an Argentine who resides in Buenos Aires, a Puerto Rican resident and two young female Cuban refugees who reside here.

Mr. Theisen said the house where the two Cuban refugees lived had been watched for the past two weeks after he received a tip from an informer.

His agents made the arrests after three men left the house for the airport, where they were arrested when they emerged from a taxi, Mr. Theisen said. A large quantity of the heroin was found in the baggage of the three men who were headed for New York, Mr. Theisen added.

The other five suspects were arrested at the house where the rest of the heroin was found, he said.

Mr. Theisen said the drug "is believed to be white European heroin," but he could not be sure until it underwent chemical analysis.

He said much of the heroin entering this country arrives in Miami from Europe via South America.

# Philippine Diplomat Seized Here as Heroin Smuggler

By MORRIS KAPLAN

Tailed by a Federal agent halfway around the world, a Bangkok merchant were arrested here yesterday on charges that they had smuggled $13-million worth of heroin heroin into the United States.

Acting on an informant's tip, an agent of the Bureau of Narcotics and Dangerous Drugs joined the two in boarding a Pan American World Airways jetliner at Vientiane, the capital of Laos. He kept them under surveillance as the plane touched down in Vienna and London.

On arrival Wednesday night at Kennedy International Airport, the two suspects were permitted to pass through customs without examination of their luggage. Both the narcotics and customs agencies had agreed on this procedure.

The authorities had identified their quarry as Domingo S. Canieso, attache for administration at the Philippine Embassy in Laos and Tsien-sin Chou, a Chinese-born Bangkok merchant who was traveling with a Taiwan passport.

Agents watched closely as Mr. Canieso carried two blue suitcases outside. They followed as the two entered a taxicab and heard the English-speaking Mr. Canieso order the driver to take them to the Lexington Hotel, at Lexington Avenue and 48th Street.

The suspects registered and took an elevator to their rooms. But before they could unlock the door, narcotics agents seized them in the corridor and opened the suitcases.They found, according to a complaint authorized by United States Attorney Robert A. Morse of the Eastern District of New York, more than 34 pounds of heroin.

Sources close to the investigation reported that the heroin was packed in 58 plastic bags. They indicated also that the men had not been searched at the airport in the expectation that their trail might lead agents to other suspects.

Edward J. Boyd, chief of the criminal division of the United States Attorney's office, declined to say whether other suspects had been uncovered. He requested $250,000 bail for each of the defendants on their arraignment before United States Magistrate Max Schiffman.

The magistrate fixed bail at $200,000 each, pending a hearing on Nov. 22. A court interpreter was assigned to Mr. Chou, who reportedly spoke Cantonese. He asked that he be permitted to make a telephone call to Thailand, and his wish was granted.

The court assigned counsel to both men. Mr. Canieso, 58 years old, gave his home address as Caloccem, the Philippines. Mr. Chou, 59, who is the father of four children, was said to be a broker in the construction business in Bangkok.

In addition to smuggling, they were charged with intent to distribute the alleged narcotics. If convicted, they could receive 30-year prison sentences and fines of $40,000 each.

In Washington, a State Department spokesman explained that Mr. Canieso did not enjoy diplomatic immunity, even though he carried a Philippine diplomatic passport. He was traveling on a tourist's visa.

He would have been given diplomatic immunity only if he had been credited as an envoy to the United States, the spokesman said.

In another narcotics case yesterday, a Federal jury in Manhattan convicted a bondsman of conspiring to smuggle $981,750 of heroin in a French auto that arrived in New York via Spain and Mexico.

Judge John M. Cannella set Dec. 9 for sentiecing of the defendant, Antonio Segura, 27, of 2530 Independence Avenue, the Bronx. A key Government witness was Edmond Tailet, 38, of Paris, who said he delivered the car last April 12.

Meanwhile Federal officials rearrested two French citizens yesterday on an indictment charging them with smuggling about $9-million worth of heroin into the country last year. The suspects were identified as Charles Lauent Fiocconi, 30, of Paris and Jean Claude Kella, about 30, of Toulon.

In an earlier case in Boston, the two had been extradited from Italy to face charges in a 1969 drug conspiracy. Last Friday each posted $250,000 bail and came here to answer grand jury subpoenas served in Boston.

The new indictment accuses them of smuggling the heroin on May 27, 1970. Although the indictment gave no details, it was learned that the contraband had been found in the body of a Bentley automobile.

# Woodcock Would Free Health Care From Ris

Dr. Charles Yanofsky
*Basic research*

Dr. Sidney Brenner
*Basic research*

Dr. Seymour Benzer
*Basic research*

Dr. Ed
*Clin*

Leonard Woodcock, president of the United Auto Workers, said yesterday that "systematic and secure national funding by the Federal Government" was necessary "to liberate medical care from the tyranny of wildly escalating costs and assure every family of new opportunities for preventive care, early diagnosis of illness and effective therapy and rehabilitation."

Mr. Woodcock spoke at the annual Lasker Research Award luncheon at the St. Regis Hotel where four scientists were honored for their research.

Mr. Woodcock is a supporter of the Kennedy Health Plan, a nationalized health in-

Dr. Edward D. Freis, senior medical investigator at the Veterans Administration Hospital in Washington, received the clinical research award for his work in hypertensive disease. He found that moderate cases of high blood pressure could be treated with drugs and that this treatment could reduce the incidence of stroke and heart failure.

The basic research award was shared by a team of three scientists whose decoding of genetic material helped to explain the nature of gen-

surance proposal that would provide "cradle-to-grave coverage." He is an opponent of the Administration's plan, which would provide a minimum level of insurance through private insurers.

etic mutations. Dr. Seymour
California Insti
nology, Dr. Sy
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bridge and
Yanofsky of
versity.

# Weather Reports and Forecast

## Summary

Cloudy skies and cool temperatures are expected to develop across the Northeast later today with some light rain and showers over south-

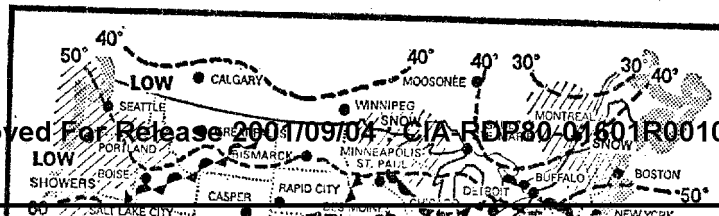


Figure beside Station Circle is temperature. Cold front: a boundary air and warmer air, under which the colder air pushes like a wedge, usually south and

NEW YORK TIMES
28 DEC 1971



# U.S. REPORTS GAIN IN DRUGS SEIZED

## Customs Head Credits Fund Rise for Performance

By DANA ADAMS SCHMIDT
Special to The New York Times

WASHINGTON, Dec. 27—The Customs Bureau of the Department of the Treasury said today that it had achieved notable success in 1971 against the smuggling of heroin and other dangerous drugs.

The bureau reported that heroin weighing 1,315 pounds, the equivalent of about 100 million average doses of the narcotic, were seized during the first 11 months of the year. That is eight to nine times as much as during 1970, the bureau said.

Other narcotics seizures quadrupled during the same period, the bureau said, while the quantity of marijuana seized rose by 29.75 per cent, from 131,000 to 170,000 pounds. The figure for hashish was up 63.34 per cent from 3,600 to 5,800 pounds.

"On the street" value of all drugs taken by customs officials was put at $630,221,200, about four times more than the value of drugs seized in the first 11 months of 1970.

The director of the bureau, Myles J. Ambrose, attributed his agents' performance to the additional money, men, training and equipment that have been made available by Congress. He credited President Nixon for his personal prestige having put behind the program.

Other officials of the Custom Bureau acknowledged that another reason for the increase in seizures was that traffic in drugs had soared.

The first big increase in the resources of the Customs Bureau came in December, 1969, when Congress appropriated $8.75-million for 915 additional men and for equipment. The second, in June of this year, was a $15-million supplemental appropriation approved by Congress at President Nixon's request to finance the hiring of 1,000 more personnel and the purchase of aircraft, boats, detection systems, computers and other sophisticated equipment.

The additional personnel increased the total number of Customs Bureau employes to about 13,000 not countingthe early 3,400 "sky marshals" who ride aircraft to guard against hijackers.

This year's achievement, according to Mr. Ambrose, is largely the result of the December, 1969, appropriation. The men hired were trained during the first half of 1970 and have become fully effective this year. HE said that he believed that the effect of this year's supplemental appropriation would be reflected in another upswing in the bureau's effectiveness in 1972.

The new personnel are divided among inspectors, import specialists, special agents, patrol officers, and automated data processing employes, such as programers and systems analysts.

Much of the new equipment is being utilized on the Mexican border, not only to block the importation of marijuana but also to head off heroin smugglers from Europe and the Far East seeking to evade surveillance at major East and West Coast points of entry.

# Fighting the Drug War

For most commodities traded throughout the world, six tons is an insignificant amount. Heroin is something else. It is worth far more than its weight in gold, and a modest-size package of it can bring a small fortune.

It is heartening news, then, to hear from the State Department that in the year just ending, various enforcement agencies throughout the world, from the United States to Europe to Laos and Hong Kong, confiscated some six tons of heroin. At current prices for the dirty stuff, that is worth approximately $3 billion, and it is about equal to the estimated consumption of the drug in the U.S. for an entire year.

The widespread crackdown reflects the growing seriousness with which many governments, including our own, are taking the illicit international trafficking in narcotics. The Nixon administration has stepped up its enforcement efforts at home and, moving largely behind the scenes, has worked diligently at getting cooperation abroad. A number of nations have responded well, among them, interestingly, the Soviet Union and two other Communist countries along a major overland narcotics route, Bulgaria and Yugoslavia.

It is difficult to measure the impact of all this on narcotics usage in this country. A State Department report indicates no substantial dropoff in usage. It claims the quality of heroin peddled to addicts in many areas has been declining. But this could be one of those cyclical swings with many causes.

The problem, of course, is that the movement of narcotics is so devilishly difficult to stop, or even slow down, for very long. Drugs are easy to conceal, the people who traffic in them are very resourceful, and our borders are very long. Only recently, for instance, has our Customs Bureau become thoroughly alerted to one of the newest drug-import routes — over the Mexican border by light plane at night.

It's a war that must continue on all possible fronts. Too many lives, too many futures are at stake to permit it to lag. But no country can do the job alone. Our nation especially, prime target of the narcotics movers, needs help. We might hope it will continue to come from countries that in most matters are our adversaries. We have every right to expect it from Turkey, France, our neighbors to the south and other countries we generally consider as friends.

WASHINGTON POST
D. C. 1971



# Foreign Help, Including Reds, Cited in $3 Billion '71 Drug Haul

By Elsie Carper
Washington Post Staff Writer

Six tons of heroin and heroin ingredients worth about $3 billion were seized this year as part of an international program to control traffic in narcotics, a State Depatment official reported yesterday.

Nelson Gross, Department coordinator for international narcotics matters, also told a news conference that the United States is receiving increasing cooperation from two East European Communist countries, Yugoslavia and Bulgaria, in helping to stop the flow of drugs from Turkey, through Europe.

The press briefing was held with the release of a year-end report from Secretary of State William P. Rogers, entitled "International Narcotics Control Summary." It detailed the Nixon administration's efforts "to diminish and eventually to suppress the illicit drug production and trafficking."

Calling narcotics "this horrendous problem," Rogers said that effective control is "one of the major objectives of our diplomacy in contacts with other countries."

Rogers is chairman of President Nixon's Cabinet Committee for International Narcotics Control, established last September.

Gross said that six tons of heroin would sell for about $3 billion at present street prices in the United States and was about equal to consumption here for a year.

He could not estimate the size of the worldwide heroin market but said that the seizures, make in Laos, Hong Kong and in Europe, put a sizable dent in supplies intended for the United States and had cut back the quality of drugs being sold illicitly.

Prices have remained about the same in this country, at about $5 a dose but the heroin content has dropped from 10 per cent to three per cent and even less, Gross told the press conference.

Gross said the siezures were made by the police of cooperating countries with the help of U.S. agents in pinpointing the supplies.

Last month the government of Laos seized 730 gallons of acetic anhydride sufficient to make three tons of heroin. This chemical is essential to the making of heroin from morphine, which is an opium derivative.

During the year, Hong Kong police seized 12,200 pounds of opium convertible to more than a half-ton of heroin and morphine base convertible to another half-ton of heroin.

Also during 1971, about two tons of heroin or its ingredients were seized in European cities or in U.S. ports on entry from Europe.

The report said that the U.S. Bureau of Customs seized more than 100 pounds of heroin in the first nine months of 1971 as compared to 26 pounds seized in the comparable period last year.

To its fleet of boats, helicopters and special vehicles, the bureau has now added high speed aircraft equipped with sophisticated sensor devices and supported by tactical ground operations, the report said.

Cross said the cabinet committee, which held its second formal meeting Dec. 16, will intensify its efforts by seeking additional approrpiations next year to finance the international program.

While no figures were released yesterday, some $25 million was appropriated last year in the foreign aid bill for the narcotics program. Participating government departments received about $5 million in addition.

Gross said that the United States is now working out a cooperative plan with Yugoslavia to intercept drugs en route from Turkey to France. The major route from Turkey, the present main source of heroin entering the United States, is through Bulgaria or Greece to Yugoslavia and then across Europe to the port of Marseilles.

Gross recently visited Yugoslavia as the aftermath of President Tito's recent visit here with President Nixon to work out an agreement under which the United States will send a team from the Justice Department's Bureau of Narcotics and Dangerous Drugs to train agents there.

Gross said there are "indications" that Bulgaria also wants to cooperate and that there was a recent seizure there of about 150 pounds of morphine base.

Gross discounted reports that France has not been cooperating fully with the United States but he said that it has been difficult to track down the mobile laboratories in the Marseilles area where the morphine base is converted into heroin.

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